



SVENSKA
SAMHÄLLS
FASTIGHETER

Sustainability Financing Framework November 2021



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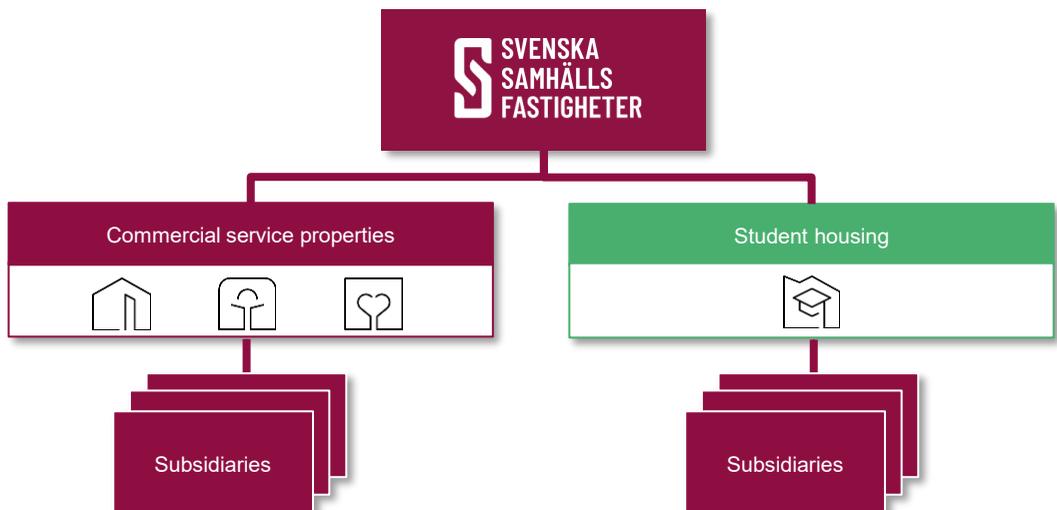
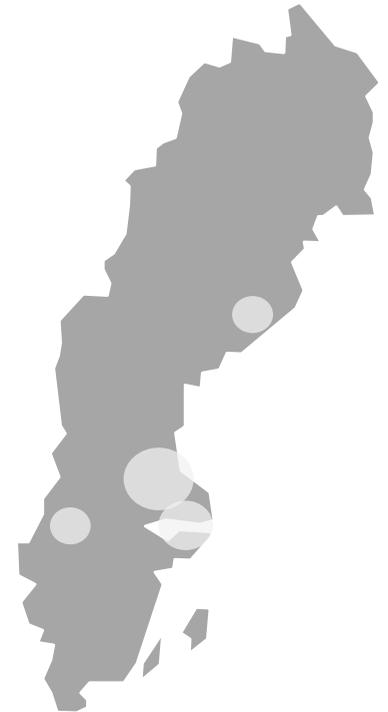


1. Introduction

1.1 About Svenska Samhällsfastigheter AB

Svenska Samhällsfastigheter AB (“Svenska Samhällsfastigheter” or “the Company”), previously Ledstängen Stockholm AB, was founded in 2014 and is a Swedish privately owned real estate company that owns, manages and develops residential and community service properties. The Company operates in Stockholm and in regional cities with leading universities and colleges. Svenska Samhällsfastigheter is owned and managed by Peter Bornvik, Fredrik Engberg and Martin Schmidt. Other owners include the af Jochnick family, Roos Gruppen, Altira, Fredrik Österberg and Jens von Bahr.

Svenska Samhällsfastigheter offers modern, functional and environmentally friendly properties with efficient management. The Company strives to tailor the properties according to each tenant's need in order to create optimal conditions for the activities that are carried out in the properties. The Company is convinced that a local presence is a prerequisite for having well-functioning project and property management operations. Svenska Samhällsfastigheter has consequently decided to implement a hybrid model where both inhouse and leased property management services are being utilised in order to offer the best possible service to tenants. The ambition is to build a resilient portfolio with attractive properties and a strong cash flow. The current property portfolio consists of more than 30 properties, 360 student apartments, 200 care homes and two health care centers. In addition, Svenska Samhällsfastigheter owns six preschools with a capacity of approximately 600 children.





1.2. Svenska Samhällsfastigheter's sustainability contribution

Svenska Samhällsfastigheter's sustainability work focuses on participating in societal development by creating homes suited for all individuals regardless of their needs. The Company strives to be a long-term and responsible owner. Further, the Company aims to work in close collaboration with municipalities, care providers and universities in order to meet their current demand for housing.



Governance

To guide employees and suppliers in their daily work, Svenska Samhällsfastigheter has established a Code of Conduct outlining the Company's principles, standards, and moral and ethical expectations. The Code of Conduct is linked to the real estate sector's standard Code of Conduct for suppliers developed by the Swedish Property Federation (Swedish: "Fastighetsägarna") in 2018. The Code of Conduct for suppliers includes requirements in the areas of the environment, work environment, health and safety, human rights, and anti-corruption. It is well anchored among suppliers and sub-contractors within the real estate sector in Sweden and accordingly helps ensure that all goods and services purchased are produced under sustainable and responsible conditions.



Working towards carbon neutrality

Svenska Samhällsfastigheter has a long-term target of becoming a carbon neutral property owner. The Company has started mapping its climate footprint and continuously works towards reducing its climate impact. Svenska Samhällsfastigheter's Sustainability Policy forms the basis of the Company's sustainability efforts and aims to ensure that the business is steered in a sustainable direction. The Sustainability Policy applies to all employees and provides guidelines in areas such as energy use, greenhouse gas emissions and environmental certification.



Environmentally friendly properties

Properties have major impacts on the environment throughout its life cycle; from planning, design and construction to management, renovation and demolition. As a property developer and landlord, Svenska Samhällsfastigheter has great opportunities to make a difference. Svenska Samhällsfastigheter strives to have the most energy efficient solutions and to limit climate impact to the highest extent possible. Specifically, the Company has committed to the following actions:

- ✓ National building regulation: Svenska Samhällsfastigheter strives to have an energy use in all new buildings that is significantly below the applicable national building regulation, such as Boverket's Building Regulations ("BBR").
- ✓ Electricity prioritization: Svenska Samhällsfastigheter prioritize using electricity for lightning, operation of ventilation systems and other installations in the property including equipment needed in the tenants' activities.
- ✓ Cooperation with tenants: Svenska Samhällsfastigheter closely cooperates with its tenants on initiatives to reduce the tenants' energy use.
- ✓ Climate smart: Svenska Samhällsfastigheter is committed to reducing its greenhouse gas emissions through using renewable energy and phasing out fossil fuels.
- ✓ Renewable heating solutions: Svenska Samhällsfastigheter seeks to mainly use geothermal, biofuels and/or solar as source of heating.

A clear agenda within social sustainability

In addition to limiting environmental impact, Svenska Samhällsfastigheter has a clear agenda within social sustainability. The Company focuses on all individuals in society, including students, elderly, individuals with needs of special assistance, and children.

An example of Svenska Samhällsfastigheter's social engagement is its efforts to mitigate the shortage of student housing in Sweden. This shortage affects the attractiveness of the universities and inhibits growth. Svenska Samhällsfastigheter works as an enabler for both universities and students and seeks to increase the availability of student housing in leading university cities, such as Stockholm. In addition to student housing, the Company is further engaged in education through its six preschools.

Another example relates to the Company's offering of homes to individuals with needs of special assistance (Sw. "LSS boende"). The Swedish Act concerning Support and Service for Persons with Certain Functional Impairments (Sw. "Lagen om stöd och service till vissa funktionshindrade") is an entitlement law that guarantees good living conditions for people with extensive and permanent functional impairment, ensuring that they receive the help they need in daily life and that they can influence the support and services they receive. Today there is a significant shortage of such housing and living arrangements.

The EU Taxonomy

Svenska Samhällsfastigheter is in the process of implementing the EU Taxonomy and is preparing for the reporting for the financial year 2021. However, more time is needed to perform a complete EU Taxonomy assessment covering alignment with technical screening criteria and the requirements for the "do no significant harm" assessment. Hence, the Company has focused on evaluating its activities substantial contribution to environmental objectives so far. The Company's preliminary assessment suggests that its economic activities mainly contribute to the environmental objective Climate Change Mitigation.



1.3. The Sustainability Financing Framework

The establishment of this Sustainability Financing Framework (the “Framework”), focusing on social and energy efficient buildings, will enable Svenska Samhällsfastigheter’s continued positive impact in society.

This Framework has been developed in alignment with the Sustainability Bond Guidelines (“SBG”)¹ which in turn are based on the Green Bond Principles (“GBP”) and Social Bond Principles (“SBP”). The Framework is further developed in alignment with the Green Loan Principles (“GLP”)² and Social Loan Principles (“SLP”)³. The Framework is applicable for the issuance of sustainability bonds, green bonds and social bonds and other types of debt instruments such as loans, revolving credit facilities, hybrid bonds, commercial papers, etc. (collectively referred to as “Sustainable Financing Instruments” hereafter). Sustainable Financing Instruments under this Framework can be issued by the parent company Svenska Samhällsfastigheter or any of its subsidiaries.

The Framework is aligned with the four recommended components of the SBG, GLP and SLP:

Use of proceeds
(Section 2)

Process for
asset evaluation
and selection
(Selection 3)

Management of
proceeds
(Section 4)

Reporting
(Section 5)

Further, the Framework is reviewed by an impartial firm, which has provided a second opinion to confirm its alignment with the applicable principles. The Framework and second opinion from ISS ESG are available on Svenska Samhällsfastigheter’s website (www.svesamfast.se).

¹SBG published in June 2021 are voluntary process guidelines for issuing sustainability bonds established by International Capital Markets Association (“ICMA”)

²GLP published in February 2021 are voluntary process guidelines for green loans established by Loan Market Association (“LMA”)

³SLP published in April 2021 are voluntary process guidelines for social loans established by Loan Market Association (“LMA”)

2. Use of proceeds

An amount equivalent to the net proceeds from Svenska Samhällsfastigheter's Sustainable Financing Instruments shall be used to finance or re-finance, in part or in full, eligible assets providing distinct environmental benefits ("Green Eligible Assets") and/or social benefits ("Social Eligible Assets"). The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the eligible assets.

Green Eligible Assets

The real estate sector is the single largest energy consuming sector in the EU, responsible for about 40% of total energy usage and 36% of total carbon emissions⁴. Investing in green and energy efficient buildings thus play a key role in the energy transition. This is further confirmed by the European Commission's strong focus on energy efficiency of buildings, which is the targeted metric in several of the Commission's strategies, such as the Renovation Wave for Europe and the EU Taxonomy.

Svenska Samhällsfastigheter defines Green Eligible Assets as follows:

1. Green and energy efficient buildings



Buildings that either have or with the objective to receive:

- ✓ An energy performance certificate ("EPC") of class A or B; or
- ✓ Miljöbyggnad (minimum level "Silver"), the Nordic Swan Ecolabel (Sw. "Svanen"), or any other well recognized environmental certification scheme of similar level with regards to energy use; or
- ✓ An energy use per year 20% below the applicable national building regulation, such as Boverket's Building Regulations ("BBR"); or
- ✓ Major renovations resulting in reduced energy use of at least 30% compared to pre-renovation

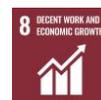
Core UN SDGs:



2. Energy efficiency



Energy retrofits such as extension of district heating and cooling systems, installation of geothermal heating, installation of on-site solar panels, improvements in ventilation systems, converting to LED lighting, etc.



⁴EU Taxonomy Report: technical Annex March 2020, https://ec.europa.eu/info/sites/info/files/business_economy_eu/bankingand_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

Social Eligible Assets

Social Eligible Assets directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a target population(s). Svenska Samhällsfastigheter defines Social Eligible Assets as follows:

1. Affordable student housing



Buildings with rental apartments where rents are either i) lower or on par with the standard rents required for investment grants for student housing proposed in the Swedish National Board of Housing, Building and Planning (Sw. "Boverket"), or ii) set as a result of negotiations with the Swedish Union of Tenants (Sw. "Hyresgästföreningen"). For the latter, negotiations are based on the principle of utility; apartments with the same utility shall have the same price. The result is a rent level, particularly in the largest cities in Sweden, which are substantially lower than the theoretical market rent

 Target population: Students

Core UN SDGs:



2. Access to essential service



Community service properties, such as:

✓ Elderly care homes

 Target population: Dependent elderly people

✓ Care homes for individuals with needs of special assistance

 Target population: Individuals that have

- i. intellectual disabilities or autism; or
- ii. considerable and permanent mental impairment; or
- iii. some other lasting physical or mental impairment that is clearly not due to normal aging

✓ Health clinics (Sw. "Vårdcentral")

 Target population: The general population

✓ Buildings occupied by social services

 Target population: Children, youths and parents

✓ Preschools, primary schools and secondary schools

 Target population: Children



The value of eligible assets

The value of assets under the category "green and energy efficient buildings", "affordable student housing" and "access to essential services" is based on the following criteria; i) new buildings under construction are based on the estimated project value (subject for completion within 24 months), and ii) existing buildings are based on the market value reported in the balance sheet. The value of assets under the category "energy efficiency", correspond to the relevant invested amount.

Note: Sweden has free choice of care (Sw. "fritt vardval") which means that people have the right to choose health centers, child welfare centers, and care homes. Sweden also has a voucher system (Sw. "Skolpeng") enabling free choice among publicly run schools and privately run free schools (Sw. "friskolor").

3. Process for asset evaluation and selection

3.1 Selection of eligible assets

The evaluation and selection process for Green Eligible Assets and Social Eligible Assets is a key process in ensuring that the amount equivalent to the net proceeds from Sustainable Financing Instrument are allocated to assets and activities which meet the criteria in the Framework. The Company will strive to identify and manage potential sustainability risks associated with Green Eligible Assets and Social Eligible Assets. In addition, Svenska Samhällsfastigheter aims to be transparent with regards to potentially identified risks and controversies.

The selection of Green Eligible Assets and Social Eligible Assets is managed by a dedicated group, the Sustainability Finance Committee (“SFC”). Members of the SFC consist of the CEO, CFO, COO and Head of Sustainability. Svenska Samhällsfastigheter will assure that the sustainability expertise always relies within the SFC. All decisions are made in consensus, and that applies to the selection process of Green Eligible Assets and Social Eligible Assets as well.

A list of Green Eligible Assets and Social Eligible Assets is kept by the Head of Sustainability who also is responsible for keeping it up to date.

3.2 Further responsibilities of the SFC

The Framework will be updated from time to time to reflect current market practices and potential updates to the SBG, GLP and SLP, if and when the SFC deems it necessary.

The list of Green Eligible Assets and Social Eligible Assets is monitored on a regular basis during the term of the Sustainable Financing Instruments to ensure that the proceeds are sufficiently allocated to Green Eligible Assets and Social Eligible Assets. This is also a responsibility of the SFC.

3.3 Exclusion

The proceeds of Svenska Samhällsfastigheter’s Sustainable Financing Instruments will not be used to finance fossil fuel energy generation, nuclear energy generation, the weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco



4. Management of proceeds

Net proceeds from Svenska Samhällsfastigheter's Sustainable Financing Instruments will be tracked by using a spreadsheet where all issued amounts of Sustainable Financing Instruments will be inserted. The spreadsheet will also contain the list of Green Eligible Assets and Social Eligible Assets mentioned in section 3. Information available in the spreadsheet will in turn serve as basis for regular reporting described in section 5.

All Sustainable Financing Instruments issued by Svenska Samhällsfastigheter will be managed on a portfolio level. This means that a Sustainable Financing Instrument will not be linked directly to one (or more) pre-determined Green Eligible Assets and/or Social Eligible Assets. The Company will keep track and ensure there are sufficient Green Eligible Assets and Social Eligible Assets in the portfolio. Assets can, whenever needed, be removed or added to/from the Green Eligible Assets' and Social Eligible Assets' portfolio.

Any unallocated proceeds will be temporary held by Svenska Samhällsfastigheter and placed on the Company's ordinary bank account. Should there be any unallocated proceeds, Svenska Samhällsfastigheter strives to allocate them within one year.

5. Reporting

To be fully transparent towards the sustainability investors and other stakeholders, Svenska Samhällsfastigheter commits to regular reporting as long as it has Sustainable Financing Instruments outstanding. If there are no changes in the underlying eligible assets, the Company commits to reporting once per Sustainable Financing Instrument issued. Information on the use of proceeds will be renewed annually until full allocation, and on a timely basis in case of material developments. The report will be published on the Company's website (www.svesamfast.se) and will cover some of the following areas:

Allocation of proceeds reporting

- ✓ Total amount of Sustainable Financing Instruments issued
- ✓ Share of unallocated proceeds (if any)
- ✓ A list of the projects to which Sustainable Financing Instrument proceeds have been allocated, including a brief description of the projects, amounts allocated and their expected impact as described in the following paragraph

Note that where confidentiality agreements, competitive considerations, or a large number of underlying projects limits the amount of detail that can be made available, the information described above will be presented in generic terms or on an aggregated portfolio basis (e.g. as share of proceeds allocated to categories mentioned in section 2 and/or as share of proceeds allocated to financing/refinancing).



Impact reporting

Svenska Samhällsfastigheter intends to report on quantitative impact indicators which may be supplemented with qualitative information. Where reasonable and relevant data is available, the below quantitative impact indicators will be available:

Green Eligible Assets	Impact indicator
1. Green and energy efficient buildings	<ul style="list-style-type: none"> • Energy use (kWh/m²) • Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e) • Energy performance certificate, if any • Type of certification including level, if any (e.g. Miljöbyggnad "Silver")
2. Energy efficiency	<ul style="list-style-type: none"> • Total amount energy saved (MW) • Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)
Social Eligible Asset	Impact indicator
1. Affordable student housing	<ul style="list-style-type: none"> • Total number of affordable apartments • Rental cost compared to i) the maximum permitted standard rent for investment grants for student housing according to the Swedish National Board of Housing, Building and Planning (Sw. "Boverket"), or ii) the theoretical market rent
2. Access to essential services	<ul style="list-style-type: none"> • Total number of elderly care homes and number of benefitted people • Total number of care homes for individuals with needs of special assistance and number of benefitted people • Total number of health clinics and number of benefitted people • Total number of buildings occupied by Social Services and number of benefitted people • Total number of preschools, primary schools and secondary schools and number of benefitted children

6. External review

Second party opinion

To confirm the transparency and robustness of Svenska Samhällsfastigheter's Framework, it is verified and approved by an external second opinion provider. The second opinion by ISS ESG is available on the Svenska Samhällsfastigheter's website (www.svesamfast.se), together with this Framework.

External part/verifier

Allocation of proceeds will be subject for a review by an external part/verifier. A verification report provided by the external part will be published on the Company's website (www.svesamfast.se).

7. Policies and Code of Conduct

Public policies are available at: www.svesamfast.se

Name of policy	Date of approval
Sustainability policy	October 2021
Code of Conduct	October 2021
Code of Conduct for Suppliers	October 2021
Global Compact Commitment Letter	October 2021



