

Green bond framework

Skandiabanken

January 2024

Sustainability at Skandia

Actively work towards a sustainable Skandia and society as a whole



Sustainable Savings

Offer our clients both risk diversification and a clear sustainable profile



Responsible Banking Services

Offer simple and transparent products and services that benefit our clients as well as society and the climate



Healthy Companies

Pro-actively work with companies and their employees to promote healthy individuals



A Sustainable Skandia

Actively work towards a social, environmental and economic sustainable Skandia and society as a whole

Sustainability at Skandiabanken

Responsible banking



Sustainable savings

- Sustainability-labelling of mutual funds to help customers make sustainable investments
- Continuously adapting, developing and improving the mutual fund offering



Sustainable business

- Environmental requirements defined for suppliers and partners
- Contributing to Skandia Group's goal of halving carbon dioxide emissions and waste from 2019 to 2030



Responsible lending

- Transparent and fair pricing
- Code of conduct for mortgage brokers
- Energy saving webb tool
- Green mortgage offering
- Shaping public opinion on the housing situation for young people

Guidelines and commitments

The Skandia Group

- UN - Global Compact
- OECD – Guidelines for Multinational Enterprises
- UN - The Guiding Principles on Business and Human rights
- The Paris agreement on climate change
- EU - Action plan on sustainable finance
- Global Sustainable Development Goals

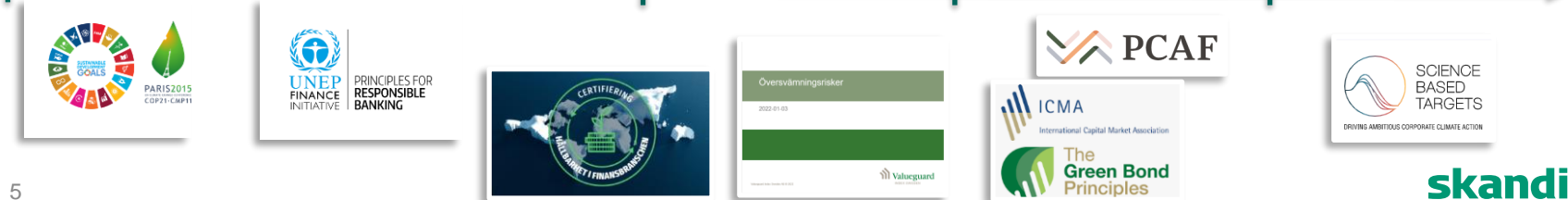
Skandiabanken

- UN - Principles for Responsible Banking
- Partnership for Carbon Accounting Financials (PCAF)
- The Swedish banking industry's framework for climate action
- Skandiabanken's internal policies



Our sustainability journey

2020	2021	2022	2023	Moving forward
<ul style="list-style-type: none"> ✓ Head of Sustainability appointed ✓ Inaugural publication of Skandiabanken's Annual Sustainability Report ✓ Adopted a bank-specific Sustainability policy ✓ Stakeholder dialogue and materiality analysis, emphasizing sustainability 	<ul style="list-style-type: none"> ✓ Committed to the UN Principles for Responsible Banking (PRB) ✓ Sustainability training of employees with Swedsec-license ✓ Sustainability specialist employed 	<ul style="list-style-type: none"> ✓ The first impact analysis completed ✓ The first sustainability report to the UN ✓ Climate analysis of the lending portfolio ✓ Established the general sustainability risk 	<ul style="list-style-type: none"> ✓ Skandiabanken joined the PCAF ✓ Published the Green Bond Framework and Second-party opinion ✓ Launched the energy saving webb tool 	<ul style="list-style-type: none"> ❑ Launch a green mortgage offer and issue our first green bond ❑ Establish a science based target aligned with the Paris agreement ❑ Establish a goal related to social impact ❑ Comply with new regulations



Green Bond Framework

The Green Bond Framework

Key Highlights

- Foundation for the issuance of green bonds
- Supporting Skandiabanken's sustainability strategy and framework
- Aligned with the core components of the ICMA Green Bond Principles 2021
- Broadly aligned with the EU Taxonomy for sustainable activities¹
- Second-Party Opinion from Sustainalytics
- Conservative method for selection of green assets



¹Green project categories with intention to follow relevant Technical screening criteria for substantial contribution to climate change mitigation. Link to the [EU-taxonomy](#)

Compliant with established market standard

Aligned with the core components of the ICMA Green Bond Principles

ICMA Green bond principles

1. Use of Proceeds

The net proceeds of green bonds will finance or refinance eligible loans

2. Process for project evaluation and selection

The Green Bond Committee (GBC) determines which loans constitute eligible loans

3. Management of Proceeds

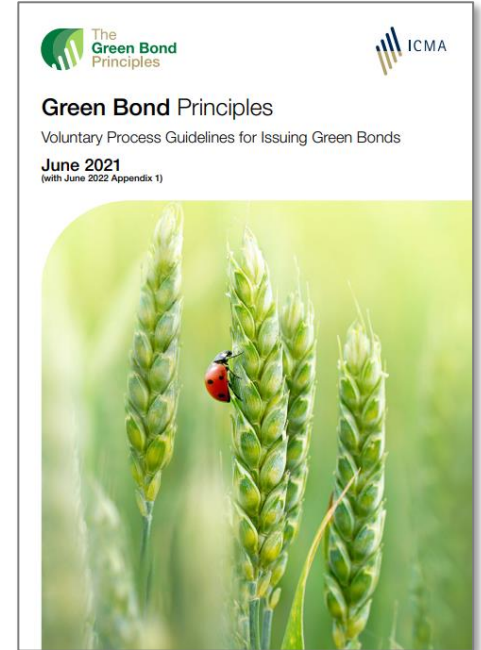
An amount equal to the proceeds is separately identified and applied in the financing of eligible loans

4. Reporting

The allocation of proceeds and the expected or actual outputs and environmental impacts of the eligible loans (impact report)

5. External Review

Second-party opinion by Sustainalytics



Use of proceeds (Eligible loans)

Three categories based on EU Taxonomy Technical Screening Criteria



New buildings

- Built after 2020
- Primary Energy Demand (PED) at least 10 percent lower than the Swedish building regulation-threshold (BBR)²
- Energy performance certified using a valid Energy Performance Certificate (EPC)

Existing buildings

- Built before 2021
- Valid EPC class A, or;
- PED within the top 15 percent of the national or regional building stock³

Major renovation of buildings

- Renovations of existing buildings that lead to a reduction in the PED of at least 30 percent, or;
- Renovations that complies with the applicable requirements for major renovations

Exclusion

Proceeds from Skandiabanken's green bonds will not be used to finance fossil-based energy generation

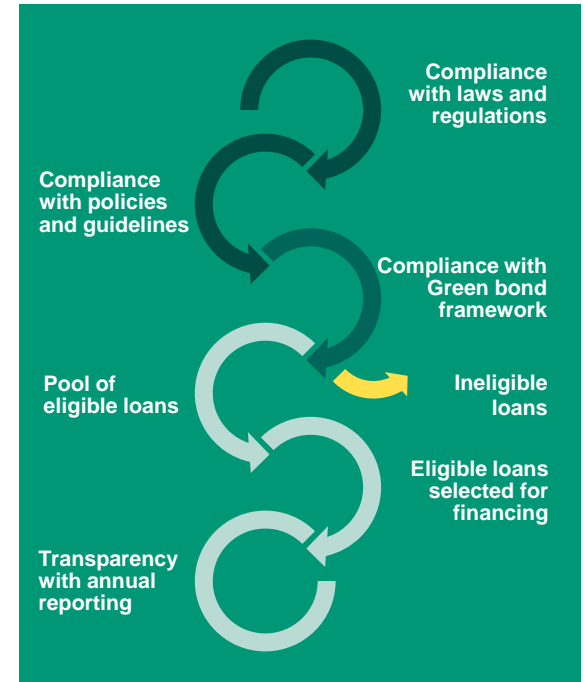
² The EU Taxonomy requires the primary energy demand for new buildings to be 10 per cent lower than the level required for Nearly Zero Energy Buildings (NZEB). Requirements for NZEB and BBR are, according to Skandiabanken's interpretation, equivalent to each other

³ Until further notice, Skandiabanken will use the Swedish Property Federation's study to determine which building's primary energy demand (PED) is within the top 15 per cent threshold. Skandiabanken can also seek guidance from other appropriate external benchmarks to determine the top 15 per cent threshold if such a report is issued by a national government or industry specialist.

Process for Project Evaluation and Selection

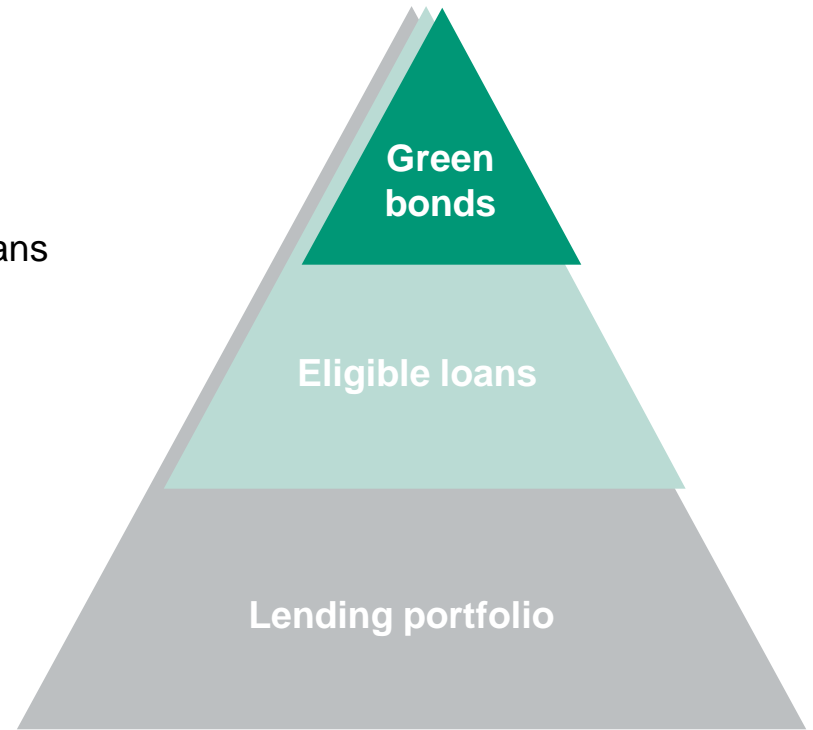
The process for selecting eligible loans

- Foundation in market standards, green bond principles and the EU-taxonomy
- Energy performance certificates as source of information
- Using only EPCs issued on or after September 1st 2020⁵
- This creates a conservative, transparent and robust selection method



Management of Proceeds

- Proceeds from green bonds earmarked for Eligible loans
- In practice the eligible loans will be identified first
- May be temporarily invested in the liquidity reserve



Reporting

Annual green bond investor report

Allocation reporting

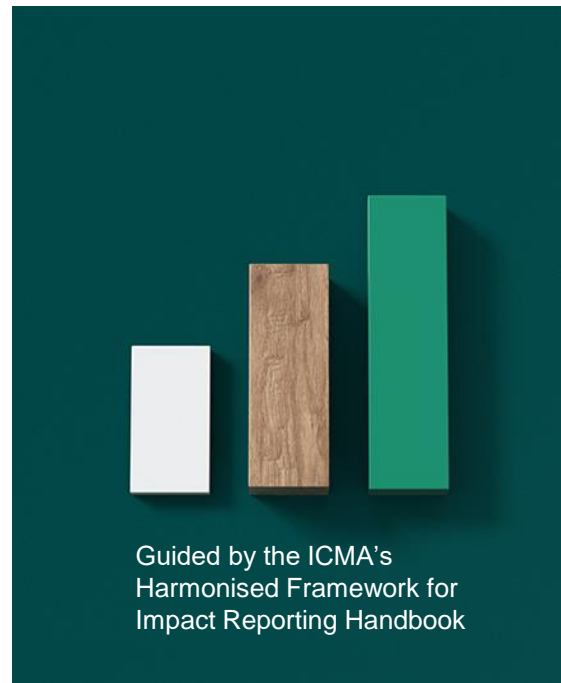
- Green bonds outstanding
- The amount of net proceeds allocated
- A breakdown of the Eligible loans by sub-category
- Distribution of new financing to refinancing

Impact reporting

- The environmental impact of the Eligible loan portfolio

Examples of impact indicators:

- Annual energy savings (MWh or GWh)
- Annual CO₂ emissions reduced/avoided
- Distribution of EPC labels



Second party opinion by Sustainalytics

Key Highlights

- Second party opinion to comply with green bond principles (GBP)⁴
- Confirms our commitment to sustainability
- Supports our choice of method for selecting green assets
- Ensures credibility and relevance



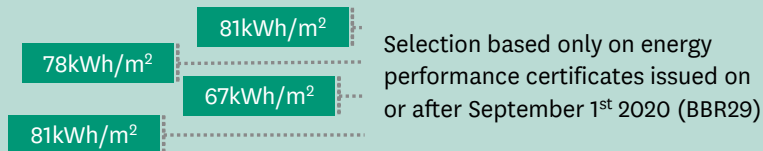
“Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.”

“...Skandiabanken’s financing of green buildings will contribute to emissions reduction in the buildings sector and will further support Sweden in achieving its climate targets.”

“...the Skandiabanken Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.”

Portfolio of eligible loans

Category	Volume (bnSEK)	Max PED (kWh/m ²)
Existing tenant owner rights	3,5	81
Existing single family homes	1,3	78
New tenant owner rights	1,1	67
New single family homes	0,1	81
Total	6	



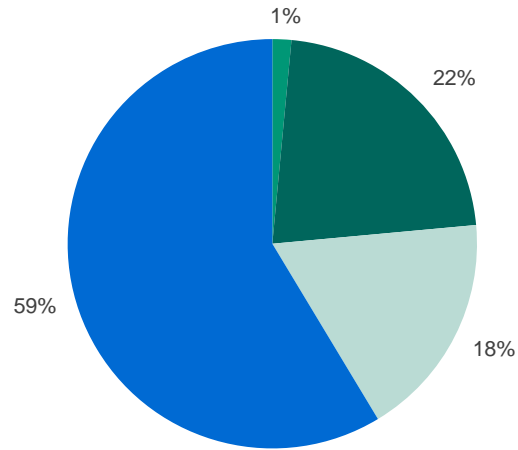
Thresholds based on report from Swedish Property Federation (Sw: "Fastighetsägarna") for determination primary energy demand within top 15%.

Thresholds based on requirements in the the Swedish National Board of Housing, Building and Planning's building regulations (BBR29)

Eligible green loans

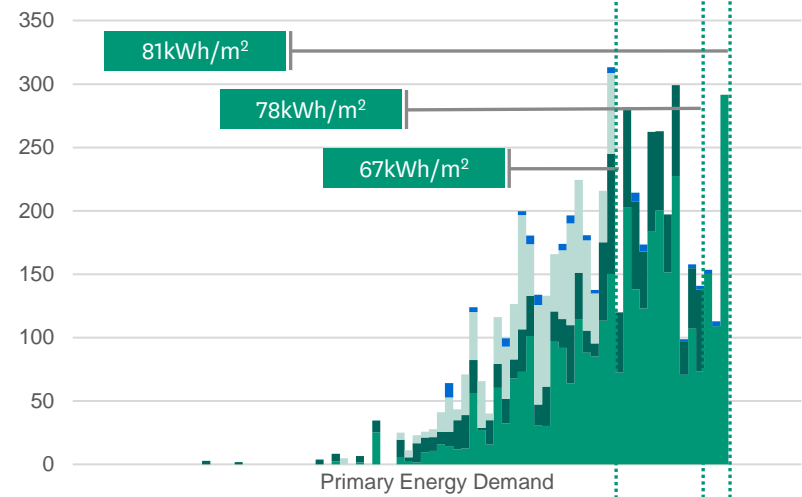
Distribution between categories and PED's

Distribution - Eligible green loans, category



- New single family homes
- Existing single family homes
- New tenant owner rights
- Existing tenant owner rights

Distribution - Eligible green loans, PED (mSEK)

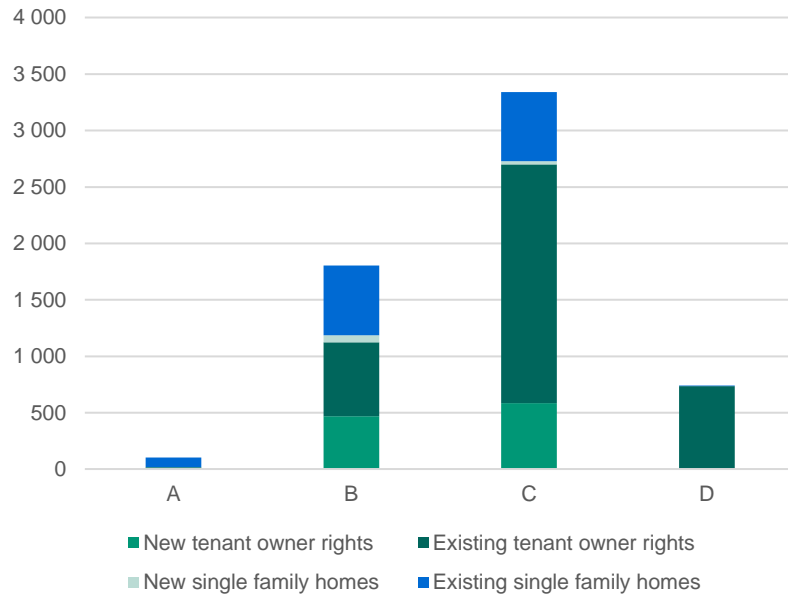


- Existing tenant owner rights
- Existing single family homes
- New tenant owner rights
- New single family homes

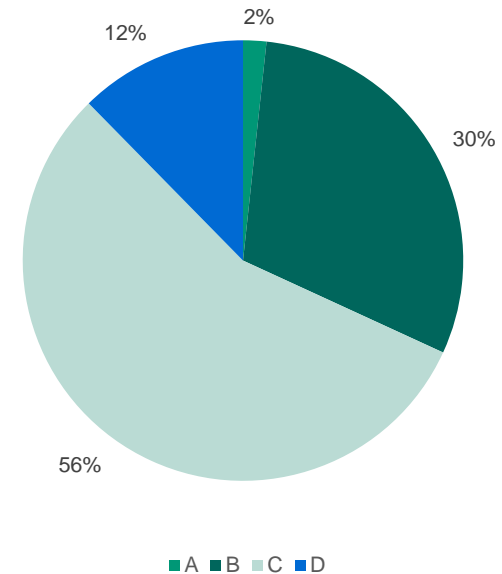
Eligible green loans

Distribution between categories and Energy class

Distribution - Categories, ECP (mSEK)



Distribution - EPC's, energy class



Appendix

Energy performance certificate (EPC)

Who and when?

The energy performance certificate should always be produced by an independent certified energy expert:

- prior to a sale
- in connection with renting
- for larger buildings frequently visited by the public
- for new buildings

The certificate is valid for ten years

Energy classification

Energy classification is included in the certificates to make it easier to compare buildings and to assess their energy consumption.

A building that has an energy consumption corresponding to the requirement imposed on new buildings is placed in Class C

Class A – Low energy consumption
Class G – High energy consumption

Energy performance measures

Energy consumption is described in the energy performance certificate in terms of energy performance measures.

Energy performance measures indicate how much energy is consumed by heating, air-conditioning, hot tap water and the building's property electricity and it's measured in kWh/m² per year

Primary Energy Demand (PED)

The EU taxonomy sets PED⁷ as an indicator for the energy performance of buildings.

PED is calculated based on the energy supplied to the building. On 1 September 2020, weighting factors were introduced to calculate the PED (BFS 2020:4, BBR 29)

Selection of eligible loans

Eligible loans

Valid ECP and fulfilling criterias for one of the categories below

New buildings

Built after 2020
PED 10% less than BBR29 (NZEB)

Existing buildings

Built before 2021
PED top 15%

Single family home

Max PED 81

Tenant owner rights

Max PED 67

Single family home

Max PED 78

Tenant owner rights

Max PED 81

Sources of limit values

BBR29

Tabell 9:2a Högsta tillåtna primärenergital, installerad eleffekt för uppvärmning, genomsnittlig värmegenomgångskoefficient och genomsnittligt luftläckage, för småhus, flerbostadshus och lokaler.

	Energi- prestanda uttryckt som primärenergi- tal (EP_{net}) [kWh/m ² A _{temp} och år]	Installerad eleffekt för uppvärmning (kW)	Genomsnittlig värmegenom- gångskoeffi- cient (U_m) [W/m ² K]	Klimatskärmen s genomsnittliga luftläckage vid 50 Pa tryckskillnad (l/s m ²)
Bostäder				
Småhus >130 m ² A _{temp}	90	4,5 + 1,7 x ($F_{\text{geo}} - 1$) ¹⁾	0,30	Enligt avsnitt 9:26
Småhus >90–130 m ² A _{temp}	95			
Småhus >50–90 m ² A _{temp}	100			
Småhus <50 m ² A _{temp}	Inget krav	Inget krav	0,33	0,6
Flerbostadshus	75 ⁴⁾	4,5 + 1,7 x ($F_{\text{geo}} - 1$) ¹⁾ 5)	0,40	Enligt avsnitt 9:26
Lokaler				
Lokaler	70 ²⁾	4,5 + 1,7 x ($F_{\text{geo}} - 1$) ¹⁾ 3)	0,50	Enligt avsnitt 9:26

the Swedish Property Federation's study

Byggnadskategori	Primärenergital (kWh/m ² A _{temp} och år)	
	Topp 15 procent	Topp 30 procent
Småhus	78	96
Flerbostadshus	81	93
Kontor och förvaltning	80	98
Skolor	89	108
Hotell, pensionat och elevhem	91	114
Restaurang	100	124
Vård dagtid	84	100
Vård dygnet runt	86	103
Köpcentrum	87	110
Butik och lagerlokaler för livsmedel	75	101
Butik och lagerlokaler för övrig handel	67	85
Bad-, sport- och idrottsanläggningar	78	100
Teater-, konsert, biograflokaler och övriga samlingslokaler	85	104
Övriga lokaler	77	98

Resources

- [Skandiabanken Green bond framework](#)
- [Sustainalytics Second-Party Opinion](#)
- [The Swedish Property Federation's study](#)
- [The EU-taxonomy](#)
- [The Swedish National Board of Housing, Building and Planning – Building regulations \(BBR29\)](#)
- [The Swedish Property Federation and The Swedish Construction Federation – Interpretation of the EU-taxonomy](#)

