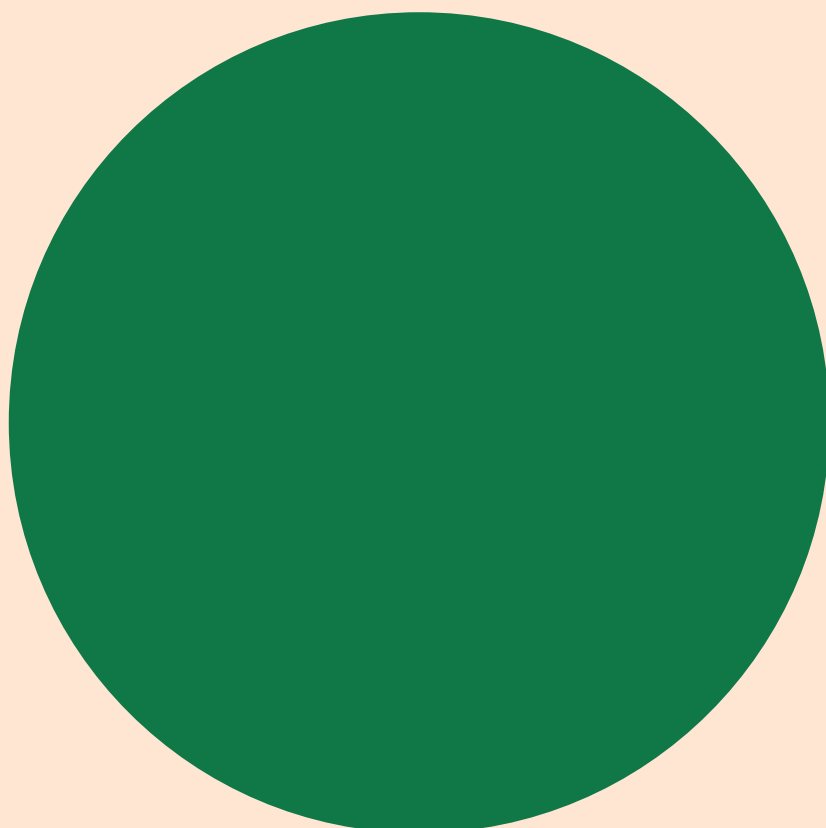


SBAB Group Green Bond Framework 2024



SBAB!

SBAB Bank AB (publ)

SCBC!
Covered bonds of SBAB

AB Sveriges Säkerställda Obligationer (publ)
(Swedish Covered Bond Corporation)

This is SBAB

SBAB Bank AB (publ) ("SBAB") was established in 1985 and is wholly owned by the Swedish State. Our business idea is to be innovative and considerate in our offering of loans and savings products and other services for better housing and household finances to private individuals, tenant-owners' associations and property companies in Sweden.

Vision: To enable tomorrow's homes and housing

Mission: The considerate bank with the best offering in housing and household finances

We have a responsibility to the people and areas of society affected by our business, both now and in the future. We are part of a financial infrastructure that enables consumers to purchase their own homes and companies to finance residential properties. We know that Sweden is facing numerous societal challenges that are economically, socially and environmentally related to housing and the housing stock. For that reason, we set out to

offer financial products and services that are sustainable for both individuals, property companies and tenant-owners' associations as well as the society at large.

About the business

SBAB has two business areas: Retail; and Corporate Clients & Tenant-Owners' Associations.

The Retail business area offers services within housing and household finances, such as savings and loan products, insurance mediation, housing search services and real estate-agent services. The core products are residential mortgages and savings accounts. Activities are operated under the SBAB, Booli and Hit-taMäklare brands. SBAB does not have its own retail branch network. Instead, it distributes its products and services to private individuals through digital channels and telephone banking. The market share in terms of residential mortgages amounted to 8.40% at year-end 2023, which makes SBAB the fifth-largest residential mortgage bank in Sweden.

The Corporate Clients & Tenant-Owners' Associations business area offers property financing solutions to property companies, housing developers and tenant-owners' associations, as well as savings to companies and organisations.

The SBAB Group consists of SBAB and the subsidiaries AB Sveriges Säkerställda Obligationer (publ), in English: The Swedish Covered Bond Corporation ("SCBC") and Booli Search Technologies AB ("Booli"). SCBC's primary operations comprise the issuance of covered bonds, bonds or other comparable full-recourse debt instruments secured by a pool of mortgage credits ("Cover Pool"), in the Swedish and international funding markets. SCBC does not pursue lending activities but instead acquires loans that meet certain criteria from SBAB on a regular basis. Booli develops products and services for the housing market. SBAB and SCBC are hereinafter jointly referred to as "SBAB Group".

SBAB!

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booli!
En tjänst från SBAB

SBAB's commitment to sustainability

Well-functioning banks contribute to growth, societal development and employment and constitute an important element of financial stability. As part of the housing market and financial system, SBAB has a responsibility to promote a development that is sustainable over the long term. Banks are also an integral part for driving the green transition.

SBAB is a signatory of the UN Principles for Responsible Banking. This commitment entails that we ensure our oper-

ations are aligned with the UN SDGs, the Paris Agreement and relevant national frameworks within sustainability.

Housing accounts for a large proportion of the total energy consumption in Sweden and many properties don't live up to current requirements on energy consumption. This is where SBAB, as a financier, can make a major difference. Our financing and credit granting enables us to influence the housing market through requirements, terms and dialogue with

the aim of reducing energy consumption and ultimately the carbon footprint of our business. To this end, SBAB has adopted a long-term climate goal aligned with the Paris Agreement. The goal is integrated into SBAB's overarching structure consisting of five target areas with seven long-term strategic goals, decided in 2022.





Examples of sustainability at SBAB



Long-term climate goal

At the end of 2022, SBAB adopted a climate goal to reduce the company's emissions intensity (kg CO₂e per sqm) by 50% to 2038. This pertains both to the direct emissions from our own operations but also, and more importantly, the indirect emis-

sions related to our lending portfolio. The climate goal is a major and important step for SBAB in driving the green transition. The goal is science-based and will be validated with the help of the Science Based Targets initiative.



Green products to incentivise our customers

Since 2018, we have provided green mortgages to customers who live in houses or multi-family dwellings that have a valid energy performance certificate with energy class A, B or C. The better the energy class, the greater the reduction of the mortgage rate. Our green mortgage is one example of how we exert influence by creating incentives for our customers to invest in more energy-efficient homes. By the end of 2023, a total of 19,232 homes had a green mortgage with the SBAB Group, corresponding to approximately 12.7% of the total residential mortgage portfolio.

In addition to the green mortgage, SBAB offers green investment loans to tenant-owners' associations and property companies, which are loans suited for customers who are looking at implementing energy efficiency measures at their properties, such as replacing windows or investing in a new fossil-free heating source.

We are closely monitoring the development of national thresholds for, inter alia, technical screening criteria, defined in the delegated regulations for the EU Taxonomy. Over time, we will strive to develop our products, methods and processes to ensure our operations are environmentally sustainable pursuant to the EU Taxonomy.



Reducing the climate impact from our own operations

SBAB is a digital bank without its own retail branch network. Instead, we distribute our products and services mainly through digital channels and telephone banking. This enables us to avoid emissions usually associated with the operation of branch offices, thereby reducing the direct climate impact of our business.

Nevertheless, we work actively and systematically to reduce the climate impact from our own operations, including proactive dialogue with our suppliers.



Climate risk analysis

SBAB conducts climate scenario analyses to assess the climate risks and opportunities that may affect the business and its collateral and investments, today and in the future. The aim is to prepare the business to any future developments. SBAB reports in line with the framework of the Task Force on Climate-related Financial Disclosures ("TCFD"). In 2023, an analysis, based on two different climate scenarios prepared by the IPCC (RCP 8.5

and RCP 4.5), was conducted to assess climate risks and opportunities. The scenario descriptions were based on data from sources such as the Swedish Meteorological and Hydrological Institute ("SMHI"), Swedish Civil Contingencies Agency ("MSB") and IPCC-reports.



Collaborations and partnerships

We actively try to find new partnerships and services to help our customers reduce energy consumption and live more sustainably. In 2022, SBAB launched a partnership with Hemma[®], a service that allows retail customers to calculate the effects of energy investments in their homes, including installing solar cells, geothermal heating pumps and air source heating pumps. Other partnerships include electricity agreements through Tiber, which offers services to help maintain control over energy consumption by optimising and reducing it, as well as energy consultations through Anticimex.

In 2023, SBAB, together with other banks, launched an industry-wide initiative (*Sw Bankinitiativet Hållbar byggbransch*) which aims to counteract and reduce economic crime in the construction industry by considering a number of factors in lending and thereby setting higher standards whereby the bank's customers are to have control over their production. The initiative aims to achieve increased control over who conducts work on construction sites across the entire supply chain.

Agenda 2030

At the UN Summit on September 25, 2015, the world's Heads of State and Government adopted Agenda 2030 with 17 overall sustainability goals. Agenda 2030 is a global work plan that describes what all stakeholders in society must contribute to achieve a sustainable development.

SBAB assigns priority to four of the global sustainability goals which we view as particularly relevant and important to our business. The goals are integrated into our daily work and sustainable governance model.

8 DECENT WORK AND ECONOMIC GROWTH



Examples of activities and initiatives relating to Goal 8:

- Promotion of transparency to strengthen the position of consumers in the housing market and the residential mortgage market
- Ethical and labour requirements for suppliers through our Supplier Code
- Tool, "Respekttrappan", to promote respect and equality in the workplace
- Annual salary surveys to prevent non-objective salary differences and salary discrimination
- Strategy and goals to ensure equality and diversity
- Volunteering opportunities for all employees

11 SUSTAINABLE CITIES AND COMMUNITIES



Examples of activities and initiatives relating to Goal 11:

- Green loans to promote sustainable housing
- Industry-wide initiative aimed at combating crime and promoting human rights in the new construction market
- Educating and motivating customers to invest in energy-efficiency measures in their homes
- Financing of new construction to increase access to housing in Sweden
- Issuance of green bonds
- Collaboration on new housing and tenure forms aimed at lowering entry thresholds to the housing market

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Examples of activities and initiatives relating to Goal 12:

- Providing know-how and education to customers and the public to enable everyone to make informed decisions relating to the housing market and the residential mortgage market
- Tools, services and information pages that help and inform consumers on issues relating to housing and household finances
- Code of conduct for mortgage brokers in Sweden together with industry peers
- Efforts to ensure that our channels are accessible for people with disabilities

13 CLIMATE ACTION



Examples of activities and initiatives relating to Goal 13:

- Long-term climate goal
- Green loans to promote sustainable housing
- Scenario analyses to assess climate risks and opportunities
- Issuance of green bonds
- Consultations (together with SBAB's business partners) for corporate clients and tenant-owners' associations on how to improve energy efficiency in properties

Rationale for SBAB's Green Bond Framework

Considerable interest exists in building long-term sustainable and climate-smart housing. Similarly, there is considerable demand from investors to fund these developments. It is of great importance for the SBAB Group to continue to offer investors the opportunity to support the transition to a low carbon and climate resilient society by mitigating or adapting to climate change through the funding of green buildings and buildings which are or will become more energy efficient.

As the first Nordic commercial bank, we issued our inaugural Green Bond already in 2016 and we updated our framework in 2019 to capture market developments.

The sustainable finance market continues to evolve with new standards and regulations such as updated versions of the Green Bond Principles, published by the International Capital Market Association (ICMA), and the EU Taxonomy Regulation.

This updated Green Bond Framework (the "Framework") is a further step towards increasing the SBAB Group's engagement and investments in a more sustainable direction and align with best market practices. The Framework enables us to mobilise debt capital via Green Bonds to support investments contributing to the transition towards a sustainable, resource-efficient and low-carbon energy system.

The Framework is developed to align with ICMA's Green Bond Principles (as of 2021 with June 2022 Appendix 1). The four core components of the ICMA Green Bond Principles and the recommendation to engage an independent external reviewer of the Framework, are:

- Use of Proceeds
- Process for Evaluation and Selection
- Management of Proceeds
- Reporting
- External review

The legal documentation for each Green Bond will provide a reference to this Framework.

Sustainalytics has provided a second-party opinion, which is publicly available at SBAB's website. SBAB will assign an independent external party to annually review the management of proceeds.

This Framework may over time be updated as the market for Green Bonds will continue to develop, not least due to the coming European Green Bond Standard. However, updated versions of this Framework shall have no implications for the Green Bonds that have been issued under this Framework.

Use of Proceeds

Allocation of net proceeds

An amount equal to the net proceeds from Green Bonds issued by the SBAB Group will finance or refinance, in whole or in part, loans disbursed by SBAB that promote the transition towards a low-carbon, climate change resilient and environmentally sustainable society, in each case as determined by the SBAB Group in accordance with the Green Loan categories defined on the following pages ("Green Loans"). All Green Loans will finance projects in Sweden and form a portfolio of assets ("Green Asset Portfolio") eligible for financing and refinancing by Green Bonds.

This Framework enables SBAB to issue notes in the form of Green Bonds under SBAB's Euro Medium Term Note Programme and SCBC to issue covered bonds in the form of Green Bonds under SCBC's Euro Medium Term Covered Note Programme.

Financing and refinancing

Green Bond net proceeds may be used to finance both existing and new Green Loans. New financing is defined as Green Loans disbursed during the reporting year, refinancing is defined as Green Loans disbursed before the reporting year. The distribution between financing and refinancing will be reported on in the SBAB Group's annual Green Bond Report.

Exclusions

For the avoidance of doubt, net proceeds from Green Bonds will not be allocated to loans for which the purpose of the project is fossil energy production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Sustainable Development Goals

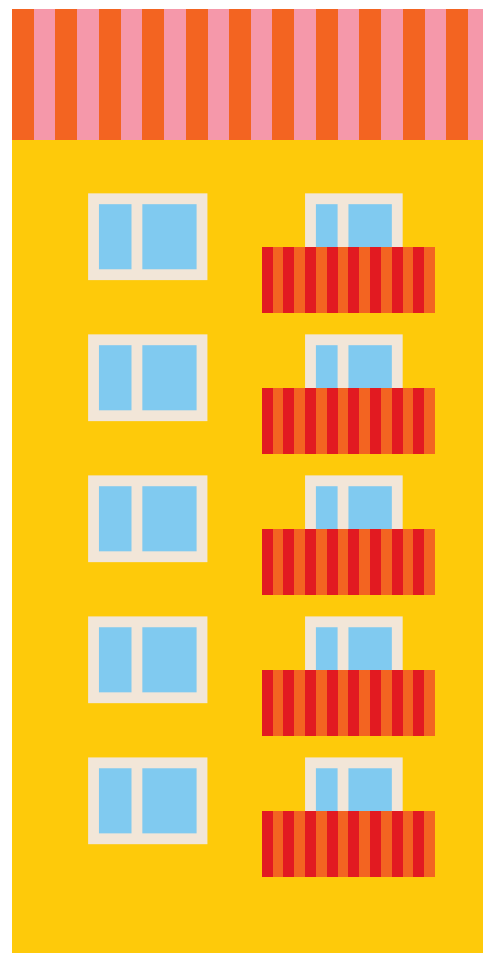
In this Framework, each Green Loan category has been mapped to the UN Sustainable Development Goals ("SDGs") in accordance with the High-Level Mapping to the Sustainable Development Goals published by the International Capital Market Association.

The EU Taxonomy alignment and reporting

The EU Taxonomy Regulation is a classification system establishing a list of environmentally sustainable economic activities with the aim of scaling up sustainable investments and implementing the European green deal. To align with the EU Taxonomy, eligible economic activities must make a substantial contribution to at least one of the EU Taxonomy's six environmental objectives covered by the Climate and Environmental Delegated Act.

In addition, the activity must comply with the criteria for not harming any of the other environmental objectives (the Do No Significant Harm criteria, "DNSH") and be carried out in compliance with Minimum Safeguards ("MS") related to respecting human rights and following good business conduct rules.

The SBAB Group acknowledges the importance of a common definition of sustainable activities and strives to align the Green Loans financed under this Framework with the EU Taxonomy Climate Delegated Act where applicable and to the extent possible. As part of our ambition, we will strive to disclose the proportion of EU Taxonomy-alignment of our Green Asset Portfolio financed in the annual Green Bond Report.



Green Loan categories

Reference

ICMA GBP categories:
Green buildings

EU Taxonomy sector:
Construction and real estate activities

EU Taxonomy objective:
Climate Change Mitigation

SDGs:



Eligibility Criteria

New buildings¹⁾

- New Buildings designed to achieve a net Primary Energy Demand (“PED”) that is at least 10 per cent lower than the level required by the Swedish building regulation (“BBR”).²⁾

Eligible EU Taxonomy category:

7.1 “Construction of new buildings”

Existing buildings³⁾

- Buildings with an Energy Performance Certificate (EPC) of class A or determined to belong in the top 15% of the national or regional building stock expressed as PED and demonstrated by adequate evidence, e. g. through a specialist study or as concluded in relevant statistics.

Eligible EU Taxonomy category:

7.7 “Acquisition and ownership of buildings”

Major renovations

Major renovations complying with one of the following criterion:

- The building renovation leads to a reduction in energy use of at least 30% compared to the pre-investment situation, or;
- The building renovation meets minimum energy performance requirements of the national building regulation for major renovations.

Eligible EU Taxonomy category:

7.2 “Renovation of existing buildings”

Building energy efficiency measures

- Direct costs (e.g. material, installation and labour costs) for installing energy efficient technologies or other energy saving measures during the construction, maintenance and service phase of a building. These measures may include energy management systems, AI and data solutions, energy efficient windows, extended or improved insulation, heat exchangers, heat pumps or costs for enabling renewable energy sources such as photovoltaic systems and charging stations for electric vehicles.

Eligible EU Taxonomy categories:

7.3 “Installation, maintenance and repair of energy efficiency equipment”

7.4 “Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)”

7.5 “Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings”

7.6 “Installation, maintenance and repair of renewable energy technologies”

¹⁾ Built after 2020

²⁾ The Swedish Nearly Zero Energy Building (NZEB) requirement is equivalent to the BBR.

³⁾ Built before 2021

Process for evaluation and selection

Sustainability is integrated throughout the SBAB Group's operations and is reflected in our vision, mission, strategy, goal formulation and the decisions we take. The process for Green Loan evaluation and selection is based on the same standard decision-making processes and policies as well as the standard credit process applied for all lending activities within the SBAB Group.

The process to evaluate, select and allocate Green Bond proceeds to eligible Green Loans comprise the following steps:

- (i) Representatives from each business area (Retail and Corporate Clients & Tenant-Owners' Associations) together with representatives from Treasury and Data Science as well as sustainability experts select and evaluate potential Green Loans, their compliance with the Green Loan Category, and their environmental benefits. If the analysis so requires, SBAB may ask the borrower for additional information. Based on the analysis, representatives can nominate loans as potential Green Loans.
- (ii) A list of the potential Green Loans is presented to the Asset-liability committee (ALCO). The ALCO is solely responsible for the decision to acknowledge the loan as green, in line with the Green Loan Criteria. A decision to allocate net proceeds will require a consensus decision by the ALCO.
- (iii) Green Loans and related environmental details, together with the ALCO's decision, will be recorded into a dedicated registry (the "Green Registry").

The ALCO holds the right to exclude any Green Loan already funded by Green Bond proceeds. If a Green Loan is paid back or for other reasons no longer is deemed eligible, funds will follow the procedure under Management of Proceeds until reallocated to another Green Loan.

The ALCO will convene six times a year or when otherwise deemed necessary. The ALCO is chaired by the CEO and consists of, amongst others, the following representatives: Chief Financial Officer, Chief Risk Officer, Head of Treasury, Head of the Corporate Clients & Tenant-Owners' Association business area, Head of the Retail business area, Head of Capital, Head of Liquidity and Market risk, Head of Asset Liability management (ALM), and Head of Customer Experience.

Management of proceeds

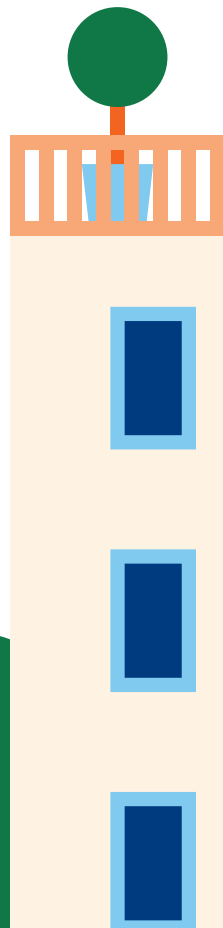
Tracking of Green Bond net proceeds

The SBAB Group will use the Green Registry, on a portfolio basis, to track the Green Loans and the net proceeds from each Green Bond issuance. The Green Registry ensures that Green Bond net proceeds only support the financing of Green Loans, or to repay Green Bonds. The SBAB Group intends to have Green Loans allocation that exceeds the balance of net proceeds from its outstanding Green Bonds. Should there be any deviations from this, the SBAB Group will strive to allocate an amount equal to the net proceeds within 24 months.

Temporary holdings

The SBAB Group will hold or invest any unallocated Green Bond net proceeds, at its own discretion, in its liquidity portfolio managed by SBAB in accordance with SBAB's liquidity portfolio policy. Details of the composition of the liquidity portfolio are on a yearly basis set out in the SBAB Group's consolidated annual report.

For the avoidance of doubt, temporary holdings will not be placed in entities with a business plan focused on fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, environmentally negative resource extraction, gambling or tobacco.



Reporting

To enable the monitoring of performance and provide insight into prioritised areas, the SBAB Group will annually, until the maturity date of green bonds issued, provide investors with a report describing the allocation of proceeds and the environmental impact of the Green Loans (the "Green Bond Report").

Allocation reporting

The allocation report will include the following information.

- A summary of Green Bond developments
- The nominal amount of Green Bonds outstanding
- The balance of Green Loans in the Green Registry (including any temporary investments and Green Bond repayments)

- Relative share of new financing versus refinancing
- The total aggregated proportion of Green Bond net proceeds used per Green Loan Category
- Share of the Green Asset Portfolio's alignment with the EU Taxonomy Climate Delegated Act

Impact reporting

The impact reporting aims to disclose the positive environmental impact of the Green Loans financed under this Framework, based on the SBAB Group's financed share of the total investment.

The report will, to the extent feasible, also contain relevant descriptions of methodology, baselines and assumptions used in the impact calculations.

Given the large number of Green Loans, and considering the General Data Protection Regulation ("GDPR"), the SBAB Group intends to show an aggregation of the Green Loan volume and greenhouse gas ("GHG") avoided or reduced as a result of the Green Loans financed with Green Bonds.

The impact assessment is provided with the reservation that not all related data can be obtained and that calculations therefore will be made on a best effort basis. The impact assessment will, if applicable, be based on these Key Performance Indicators:

- (i) Expected aggregated energy savings (kWh/year), and
- (ii) Expected aggregated GHG emissions reduced/avoided (tonnes/year).

External Review

Second-Party Opinion

Sustainalytics has provided a second party opinion to this Framework verifying its credibility, impact and alignment with the ICMA's Green Bond Principles (as of 2021 with June 2022 Appendix 1).

Post-issuance verification

An independent external party, appointed by the SBAB Group, will on an annual basis, until the maturity date of green bonds issued, provide a review confirming that an amount equal to the Green Bond net proceeds has been allocated to Green Loans.

Publicly available documents

The Green Bond Framework and the second party opinion will be publicly available on SBAB's website, together with the post-issuance review and the Green Bond Report once published.

