

Second-Party Opinion

SBAB Group Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the SBAB Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds Green Buildings is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 9.



PROJECT EVALUATION AND SELECTION SBAB has established an Asset-Liability Committee, which is responsible for approving the project evaluation and selection. SBAB’s representatives from the Treasury and Data Science departments and sustainability experts evaluate and select projects in accordance with the eligibility criteria under the Framework, and present a potential list of eligible projects to the committee for approval. SBAB will leverage environmental and social criteria in its credit approval process to monitor and mitigate sustainability-related risks associated with the projects financed through the Framework. This is in line with market practice.



MANAGEMENT OF PROCEEDS The Asset-Liability Committee will be responsible for the management and allocation of proceeds and will track the proceeds using a green registry through a portfolio approach. The Group intends to allocate the net proceeds at issuance and in any case within 24 months of issuance. Pending full allocation, proceeds will be placed in the liquidity portfolio in accordance with the SBAB’s liquidity portfolio policy. This is in line with market practice.



REPORTING SBAB commits to report on the allocation of proceeds and the corresponding impact in a Green Bond Report, which will be published on its website on an annual basis until the maturity date of green bonds issued. Allocation reporting will include a summary of green bond developments, the nominal amounts of outstanding green bonds, the balance of green loans in the Green Registry, the relative share of new financing versus refinancing, the total aggregated proportion of green bond net proceeds used at category level and the share of the portfolio’s alignment with the EU Taxonomy Climate Delegated Act. Sustainalytics views SBAB’s allocation and impact reporting as aligned with market practice.

Evaluation Date	March 22, 2024
Issuer Location	Solna, Sweden

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3

For inquiries, contact the Sustainable Corporate Solutions project team:

Javier Frisancho Salinas (Amsterdam)
Project Manager

Siina Matihaldi (Amsterdam)
Project Support

Kibii Sisulu (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

SBAB Group AB (“SBAB” or the “Group”) was established in 1985 and is wholly owned by the Swedish state. SBAB serves retail and corporate clients as well as tenant-owner associations with a focus on real estate financing. Headquartered in Solna, the Group employs 948 people as of the end of 2023. The Group has total assets of SEK 651 million (EUR 58 million) in the end of 2023.¹

SBAB has the SBAB Group Green Bond Framework dated March 2024 (the “Framework”) under which SBAB intends to issue green bonds through SBAB’s Euro Medium-Term Note Programme and The Swedish Covered Bond Corporation (SCBC)² intends to issue green covered bonds³ under SCBC’s Euro Medium-Term Covered Note Programme. SBAB and SCBC intend to use the proceeds to finance and refinance, in whole or in part, existing and future projects that promote energy efficiency improvements in the buildings sector in Sweden. The Framework defines eligibility criteria in one area:

1. Green Buildings

SBAB engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).⁴ The Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SBAB’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SBAB representatives have confirmed (1) they understand it is the sole responsibility of SBAB to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SBAB.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ SBAB, “Year-end report January–December 2023”, at:

[https://www.sbab.se/download/18.43c35c8018d11ae303024aa/1706795027221/SBAB%20Bank%20AB%20\(publ\)%20Q4%202023%20ENG.pdf](https://www.sbab.se/download/18.43c35c8018d11ae303024aa/1706795027221/SBAB%20Bank%20AB%20(publ)%20Q4%202023%20ENG.pdf)

² SCBC is a wholly owned subsidiary of SBAB.

³ SBAB has communicated to Sustainalytics that: i) it will issue secured green standard bonds as per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021; and ii) there will be no double-counting of eligible projects under the secured sustainable standard bond and any other outstanding sustainable financing instruments.

⁴ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁵ The SBAB Group Green Bond Framework is available on SBAB’s website at: https://www.sbab.se/1/in_english/sustainability/sustainable_business/green_bonds.html.

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SBAB has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the SBAB Group Green Bond Framework

Sustainalytics is of the opinion that the SBAB Group Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible category Green Buildings is aligned with those recognized by the GBP.
 - SBAB has confirmed that it will only refinance capital expenditures.
 - Under the Green Buildings category, SBAB may finance or refinance the following in Sweden:
 - Construction of new buildings built after 31 December 2020 that have or will achieve a primary energy demand (PED) at least 10% lower than the Swedish nearly zero-energy building requirements.⁷
 - Acquisition and ownership of existing buildings built on or before 31 December 2020 that: i) receive an energy performance certificate (EPC) rated A; or ii) belong to the top 15% of energy-efficient buildings at the national or regional level based on PED demonstrated by a specialist study or as concluded in relevant statistics.
 - Renovations of buildings that: i) lead to at least a 30% reduction in PED compared to pre-renovation levels; or ii) meet the minimum energy performance requirements as defined by the Swedish building regulation for major renovations. Sustainalytics notes that the EU Taxonomy⁸ requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive (EPBD),⁹ which vary among EU Member States. Sustainalytics therefore encourages SBAB to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region.
 - Direct costs related to the installation of technologies to improve energy efficiency in buildings during construction, maintenance and service, such as energy management systems, artificial intelligence and data solutions, low U-value windows, insulation technologies, heat exchangers, electric heat pumps and costs related to enabling photovoltaic systems and charging stations. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics encourages SBAB to exclude financing of heat pumps with high-GWP refrigerants, and to promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - SBAB has confirmed to Sustainalytics the exclusion of technologies designed or intended for processes that are primarily driven or powered by fossil fuels.
 - Sustainalytics notes that the Framework excludes loans for which the purpose of the buildings is fossil fuel production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction such as rare-earth elements or fossil fuels, gambling or tobacco.
 - Sustainalytics considers the expenditures under this category to be in line with market practice.

⁷ Boverket, "Boverket's building regulations", at:

<https://www.boverket.se/en/start/building-in-sweden/swedish-market/laws-and-regulations/national-regulations/building-regulations/#>

⁸ European Commission, "Renovation of existing buildings", at: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/351/view>

⁹ European Commission, "Energy Performance of Buildings Directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

- Project Evaluation and Selection:
 - SBAB has established an Asset-Liability Committee (the “ALCO”), which is responsible for approving the project evaluation and selection. The ALCO meets at least six times a year and is chaired by the Chief Executive Officer and also includes 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 and Head of Customer Experience. SBAB’s representatives from the Treasury and Data Science departments and sustainability experts evaluate and select projects in accordance with the eligibility criteria under the Framework, and present a potential list of eligible projects to the ALCO for approval.
 - SBAB will leverage environmental and social criteria in its credit approval process to monitor and mitigate sustainability-related risks associated with the projects financed through the Framework.
 - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The ALCO will be responsible for the management and allocation of net proceeds under the Framework. The Group will track the proceeds using a green registry through a portfolio approach.
 - The Group intends to allocate the net proceeds at issuance and in any case within 24 months of issuance. Pending full allocation, proceeds will be placed in the liquidity portfolio in accordance with the liquidity portfolio policy.
 - Sustainalytics notes that proceeds will not be placed temporarily in entities focused on fossil energy generation, nuclear energy generation, research or development within weapons and defense, environmentally negative resource extraction, gambling or tobacco.
 - Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - SBAB commits to report on allocation of proceeds and corresponding impacts in a Green Bond Report, which will be published on its website on an annual basis until the maturity date of any green bonds issued or in the event of material developments. Allocation reporting will include a summary of green bond developments, the nominal amounts of outstanding green bonds, the balance of green loans in the green registry, the relative share of new financing versus refinancing, the total aggregated proportion of green bond net proceeds used at category level and the share of the portfolio’s alignment with the EU Taxonomy Climate Delegated Act.
 - Impact reporting will include relevant environmental impact metrics, where available, such as expected aggregated energy savings (kWh/year), and expected aggregated GHG emissions reduced or avoided (tonnes/year).
 - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the SBAB Group Green Bond Framework aligns with the four core components of the GBP.

Section 2: Sustainability Strategy of SBAB

Contribution to SBAB’s sustainability strategy

Sustainalytics is of the opinion that SBAB demonstrates a commitment to sustainability with a focus on three key environmental areas: i) decarbonization of its lending portfolio; ii) beneficial loan terms for green products; iii) memberships in national and international sustainability initiatives.

In 2022, SBAB committed to halve its emissions in its lending portfolio by 2038 following the SBTi’s 1.5°C trajectory and intends to have the target validated by February 2025.¹⁰ To achieve its target, the Group aims to continue developing sustainable products and services for retail and corporate customers. For retail customers, as of 2024, the SBAB offers a 0.10 percentage point reduction on interest rate for

¹⁰ SBAB, “Why we have a climate goal”, at: https://www.sbab.se/1/in_english/sustainability/sbabs_climate_target/why_we_have_a_climate_goal.html

mortgages dedicated to homes that have acquired an EPC A or B and a 0.05 percentage point reduction for homes with an EPC C.¹¹ In addition, the Group offers a 0.5 percentage point discount for loans for energy saving investments in geothermal heating, solar panels or EV charging points.¹² For corporate clients, the Group also offers beneficial loan terms for energy efficiency improvements and for buildings that have obtained an EPC A or B.¹³

SBAB became a signatory to the UN Global Compact in 2009 and has reported its progress towards the Ten Principles on human rights, labour, environment and anti-corruption in an annual progress report.^{14,15} Furthermore, the Group joined Principles of Responsible Banking in 2020 through which it committed to report on its sustainability impact and establish science-based sustainability goals.¹⁶ Additionally, the Group is a founding member of the Sustainable Construction Initiative together with six other Nordic banks, which aims to standardize the Group's lending requirements for the construction and real estate industries.¹⁷

Sustainalytics is of the opinion that the SBAB Group Green Bond Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's actions on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects may include issues involving land use and biodiversity loss; emissions, effluents and waste generated in construction; occupational health and safety (OHS) and business ethics.

Sustainalytics acknowledges that the activities financed under the Framework will not be carried out by SBAB itself but rather by the companies and individuals being financed. Nonetheless, Sustainalytics is of the opinion that SBAB is able to manage or mitigate potential risks through implementation of the following:

- Regarding risks related to land use, biodiversity loss, and emissions, effluents and waste, projects financed in the EU are expected to meet the requirements of the EU directive on environmental impact assessments, Directive 2014/52/EU,¹⁸ which requires projects that are likely to have a significant impact on the environment to be adequately assessed before approval. It also requires that adequate measures be undertaken to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats. For land-intensive projects, the directive requires land-use related impacts to be identified, described and assessed through an environmental impact assessment. For large-scale projects, this also includes limiting impact on land and soil, including organic matter, erosion, compaction and sealing.¹⁹ Such projects must also adhere to the EU Habitats Directive²⁰ and the EU Birds Directive,²¹ which are part of the EU's Biodiversity Strategy for 2030 and require EU Member States to conserve flora and fauna, with a special focus on threatened and endemic species. Such EU directives also require Member States to report on the conservation status of habitats and species, and to impose compensation measures concerning projects that have a negative impact on protected areas.
- Regarding occupational health and safety, the Swedish Work Environment Act establishes guidelines to prevent occupational health issues and accidents at the workplace. The Work Environment Act requires employers to implement necessary measures to prevent and manage occupational risks, including the provision of satisfactory working conditions, safe tools and technical equipment, adequate instructions and training, as well as occupational health services

¹¹ SBAB, "Grönt Bolån – lägre ränta med energieffektivt boende", at: https://www.sbab.se/1/privat/lana/bolan/gront_bolan.html

¹² SBAB, "Energilån med rabatt", at: https://www.sbab.se/1/privat/lana/privatlan/energilan_med_rabatt

¹³ SBAB, "Grönt investeringslån för hållbart boende", at:

https://www.sbab.se/1/foretag_bostadsrattsforeningar/lana/lan_hos_sbab/gront_investeringslan.html

¹⁴ SBAB, "Annual Report 2022", at:

https://www.sbab.se/download/18.3dd4193a1867e1c48471941/1679576781139/SBAB%20%C3%85R%202022_ENG_FINAL.pdf

¹⁵ UN Global Compact, "SBAB Bank AB", at: <https://unglobalcompact.org/what-is-gc/participants/9316-SBAB-Bank-AB-publ-SBAB->

¹⁶ SBAB, "Annual Report 2022", at:

https://www.sbab.se/download/18.3dd4193a1867e1c48471941/1679576781139/SBAB%20%C3%85R%202022_ENG_FINAL.pdf

¹⁷ Hållbar byggbransch, "Hållbar byggbransch", at: <https://www.bankinfrastruktur.se/hallbar-byggbransch>

¹⁸ European Commission, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L005>

¹⁹ European Commission, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L005>

²⁰ European Commission, "Biodiversity strategy for 2030", at: https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en

²¹ European Parliament, "Directive 2009/147/EC of the European Parliament and of the Council", (2009), at:

<https://eurlex.europa.eu/legalcontent/EN/TXT/?uri=CELEX:32009L0147>

among other health and safety provisions at the workplace.²² In addition, the Swedish Working Hours Act sets standards on weekly working hours, overtime and on-call time.²³

- With respect to business ethics, SBAB's code of conduct²⁴ follows internationally and nationally recognized business ethics initiatives, including the UN Global Compact, UN Guiding Principles on Business, Human Rights and OECD Guidelines for Multinational Enterprises and the State Ownership Policy.²⁵ Applicable to all suppliers, subcontractors and business partners, it outlines the Group's procedures to prevent, detect, manage and mitigate unethical business practices related to conflict of interest, money laundering, corruption, taxing, competition and bribery. Additionally, SBAB has in place an anonymous whistleblower tool available in SBAB's intranet.^{26,27}
- Sustainalytics notes that the eligible projects financed under the Framework will be located in Sweden, which is recognized as a Designated Country under the Equator Principles,²⁸ indicating the presence of robust environmental and social governance systems, legislation and institutional capacity for protecting the environment and communities, including stakeholder engagement.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SBAB has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible category.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Impact of financing green buildings in Sweden

Buildings are a key contributor of GHG emissions in the EU, accounting for 36% of total GHG emissions, and the largest consumer of energy in the EU, accounting for 40% of total energy consumption.^{29,30} Approximately 35% of the buildings in the EU are more than 50 years old and nearly 75% of the building stock is not energy efficient.³¹ The EU has committed to an emissions reduction target of 55% by 2030 compared to 1990 levels.³² To achieve this goal, the EU would need to reduce GHG emissions from buildings by 60%, final energy consumption by 14% and energy consumption for heating and cooling by 18% by 2030 compared to 2015.^{33,34} The renovation of buildings to improve energy performance is expected to play a major role in decarbonizing the sector.³⁵ To reach the 2030 target, the EU needs to double its annual renovation rate, corresponding to 2-3% of the building stock annually by 2030.³⁶ In addition, the Energy Performance of Buildings Directive (EPBD) requires all public buildings developed since 2019 and all new buildings built from 2021 onwards to be nearly zero-energy buildings (NZEB).³⁷

²² Government Offices of Sweden, "Work Environment Act 1977:1160 and 2014:659", at: <https://www.government.se/government-policy/labour-law-and-work-environment/19771160-work-environment-act-arbetsmiljolagen/>

²³ Government Offices of Sweden, "Working Hours Act 1982:673 and 2013:611", at: <https://www.government.se/government-policy/labour-law-and-work-environment/1982673-working-hours-act-arbetstidslagen/>

²⁴ SBAB, "Our code of Conduct", at:

<https://www.sbab.se/download/18.238e782a18867d68d941cf2/1688978185904/Uppfo%CC%88randekod%20230706%20engelska.pdf>

²⁵ Government Offices of Sweden, "State Ownership Policy and principles for state-owned enterprises 2020", at:

<https://www.government.se/contentassets/aef85fbd7beb4319a70af9a30d6723a1/state-ownership-policy-2020.pdf>

²⁶ SBAB, "Our code of Conduct", at:

<https://www.sbab.se/download/18.238e782a18867d68d941cf2/1688978185904/Uppfo%CC%88randekod%20230706%20engelska.pdf>

²⁷ SBAB, "Leverantörskod", at: https://www.sbab.se/download/18.145d7ee315bf03082157d3/1495434991528/Leverant%C3%B6rskod_maj_17.pdf

²⁸ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

²⁹ European Parliament, "Report on maximising the energy efficiency potential of the EU building stock", (2020), at:

https://www.europarl.europa.eu/doceo/document/A-9-2020-0134_EN.html

³⁰ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

³¹ European Commission, "New rules for greener and smarter buildings will increase quality of life for all Europeans", (2019), at:

https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en

³² European Commission, "Stepping Up Europe's 2030 climate ambition", (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562>

³³ European Environment Agency, "Greenhouse gas emissions from energy use in buildings in Europe", (2021), at: <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emissions-from-energy/assessment>

³⁴ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662>

³⁵ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

³⁶ European Climate Neutrality Observatory, "Buildings", at: <https://climateobservatory.eu/building-block/buildings>

³⁷ European Commission, "Energy performance of buildings directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

Despite the 64% reduction in GHG emissions between 2005 and 2020,³⁸ the buildings sector still accounts for approximately 40% of Sweden’s energy use and 21% of the country’s domestic GHG emissions.^{39,40} Sweden has established a national target of reducing its GHG emissions by 59% by 2030, compared to a 2005 baseline, and achieving net zero GHG emissions by 2045.⁴¹ The Swedish government has implemented the following measures to decarbonize the buildings sector, contributing to achieve its climate goals: i) improving the energy efficiency of buildings and product supply following the EU’s requirements for energy labelling and eco-design;⁴² ii) limiting the energy consumption of buildings to 90 kWh/m² for single family housing, 85 kWh/m² for apartment blocks and 80 kWh/m² for non-residential premises; and iii) providing training programmes on low-energy buildings to stakeholders in the construction sector.^{43,44} Additionally, Sweden follows the EPBD requirements for modernizing the buildings sector, encouraging the construction of energy-efficient buildings and retrofits.⁴⁵

In this context, Sustainalytics is of the opinion that investments in the energy efficiency of buildings are expected to contribute to the decarbonization of the building stock in Sweden and contribute to the EU and Sweden’s climate goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the SBAB Group Green Bond Framework are expected to advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

SBAB has developed the SBAB Group Green Bond Framework under which it may issue green bonds and use the proceeds to finance green buildings in Sweden. Sustainalytics considers that the eligible projects are expected to contribute to energy efficiency improvements in the buildings sector in Sweden.

The SBAB Group Green Bond Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for the Group to report on allocation and impact. Sustainalytics considers that the SBAB Group Green Bond Framework is aligned with the Group’s overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 9. Additionally, Sustainalytics considers that SBAB has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that SBAB is well positioned to issue green bonds and that the SBAB Group Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

³⁸ European Environment Agency, “Greenhouse gas emissions from energy use in buildings in Europe”, (20232), at: <https://www.eea.europa.eu/ims/greenhouse-gas-emissions-from-energy>

³⁹ Blomqvist, S. et al., (2022), “Ten years of energy efficiency—Exploring the progress of barriers and drivers in the Swedish residential and services sector”, Energy Reports, at: <https://www.sciencedirect.com/science/article/pii/S2352484722023745>

⁴⁰ Boverket, “Utsläpp av växthusgaser från bygg- och fastighetssektorn”, (2024), at: <https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--aktuell-status/vaxthusgaser/>

⁴¹ International Energy Agency, “Sweden”, at: <https://www.iea.org/countries/sweden>

⁴² European Commission, “Rules and requirements for energy labelling and ecodesign”, at: https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/energy-label-and-ecodesign/rules-and-requirements_en

⁴³ Ministry of Infrastructure, “Sweden’s Third National Strategy for Energy Efficient Renovation”, (2020), at: https://energy.ec.europa.eu/system/files/2020-05/se_2020_ltrs_official_translation_0.pdf

⁴⁴ Government Offices of Sweden, “Sweden’s draft integrate national energy and climate plan”, (2020), at:

<https://www.government.se/contentassets/e731726022cd4e0b8ffa0f8229893115/swedens-draft-integrated-national-energy-and-climate-plan/>

⁴⁵ European Parliament, “Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency”, (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

Disclaimer

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) shall not be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this deliverable, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (3) do not constitute investment advice, financial advice, or a prospectus, nor represent an “expert opinion” or “negative assurance letter” as these terms are commonly understood or defined by any applicable legislation; (4) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the issuer’s economic performance, financial obligations nor of its creditworthiness; (6) are not a substitute for professional advice; (7) past performance is no guarantee of future results; (8) have not been submitted to, nor received approval from, any relevant regulatory body; (9) have not and cannot be incorporated into any offering disclosure, unless otherwise agreed in writing.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. Sustainalytics has not independently verified any such information or data. The deliverables are provided “as is” and reflect Sustainalytics’ opinion at the date of their elaboration and publication. Sustainalytics does not undertake any obligation to update or revise any of the statements in the deliverable to reflect events, circumstances, changes in expectations which may occur after the date of the opinion or any statements included in the opinion. Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law. Sustainalytics does not assume any responsibility shall the bond default. Any reference to content providers’ names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information, visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring compliance with its commitments, for their implementation and monitoring.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

