



SPECIALFASTIGHETER
EN SÄKER VÄRD

Green Bond Framework October 2021



Specialfastigheter - Market leader in secure facilities

We should set an example within the area of sustainable business. We achieve this by balancing and uniting financial, social and environmental aspects in our operations, which is supported by the state's ownership policy, the company's strategies and goals and the UN's SDGs. Through close collaboration with our stakeholders, we are developing a sustainable business. The sustainability areas in which we focus most are CO₂ emissions and biodiversity.

Specialfastigheter owns and manages properties including correctional facilities, juvenile care homes, courts of law and police properties. These are all special facilities that have stringent requirements, particularly in terms of security. We are a safe, secure and proactive property owner that focuses on long-term relationships, and we define both current and future requirements in close collaboration with our customers. The company is wholly-owned by the Swedish state, a long-term and stable owner which pursue active corporate governance and, like us, consider sustainability issues to be a natural part of the company's long-term strategy and business.



Our property holdings comprise floor space of around 1.1 million square metres and a market value of SEK 30 bn. Many of our customers and their operations fulfil vital societal functions and are spread across the country, from Ystad in the south to Haparanda in the north.

Our biggest customers are the Swedish Prison and Probation Service, the Swedish Police, the National Board of Institutional Care, the Swedish Armed Forces and the Defense Materiel Administration. Specialfastigheter's customers are located nationwide, and the same applies to our around 170 employees.

Sustainable value creation through collaboration

Long-term, sustainable value creation requires us to balance and combine financial, social and environmental aspects in our operations and to work strategically in collaboration with our stakeholders. As a state-owned company, we have a particular responsibility to set a good example in terms of acting in a way that fosters confidence in us. For us, this involves managing and developing every part of our business in a sustainable manner and being at the forefront of our most prioritised sustainability areas – CO₂ emissions and biodiversity. Based on the operations we manage, risks and opportunities can be found throughout the value chain and our ability to influence developments are to a large extent dependent on other players. Collaboration and dialogue with our stakeholders are thus of vital importance.

Our main stakeholders include customers, suppliers, employees, investors and our owner. The continuous dialogue with stakeholders helps us to continuously develop and improve our operations, not least from a sustainability perspective.

Sustainability and influence in our value chain

Our operations and properties affect a range of sustainability areas throughout the properties' lifecycle, from planning and construction to management, redevelopment and demolition.

We therefore take active steps to reduce our negative impact and increase our positive impact, both in our operations and in other parts of the value chain. Strategic collaborations and dialogues with our stakeholders, as well as requirements placed on our strategic suppliers, are important parts of these efforts. Expanding our influence further down our supply chain poses a major challenge; collaboration with our suppliers is critical if we are to achieve this.

Our stakeholders, which both influence and are influenced by our operations, have a major impact on our sustainability initiatives. Our customers also represent those who live in and use our properties and are careful to promote their interests. In addition to the sustainability dialogues we hold as part of day-to-day operations, we have regular central sustainability meetings with two of our largest customers, a sustainability committee together with strategic suppliers and regular owner dialogues which integrate sustainability issues. By participating in various networks and sector initiatives, we get the opportunity to pursue a dialogue with a range of operators in our value chain.

Target area – Responsibility for the environment and climate

Our operations and properties affect the environment throughout their lifecycle, from planning and construction to management, redevelopment and demolition.

Specialfastigheter is therefore taking a long-term approach and endeavours to be a sustainable property company in every area of our value chain. We have a structured and targeted approach to reducing our environmental impact and use the precautionary principle as a guide.

Our efforts are based on the impact our operations have on the environment and the climate. International guidelines, the UN SDGs, the Paris climate agreement and the generational and environmental quality targets set by the government all guide us in these efforts. We are making constant improvements in line with ISO 14001.

Our most prioritized sustainability issues are CO₂ emissions and biodiversity based on our impact and the acute situation both for the climate and the biodiversity at a global scale.

Heavily reduce our CO₂-emissions

Climate change is a fact. We, like all other operators in society, have an important responsibility to contribute to the achievement of Sweden's climate target of net-zero emissions by 2045 at the latest – particularly as the construction and property sector accounts for around a fifth of Sweden's national greenhouse gas emissions.

Our long-term goal is therefore to reach net-zero emissions from our value chain by 2045. We have mapped the company's emissions in the value chain and found that more than 90 percent of the emissions arise from scope 3 where building materials and the construction of building accounts for approximately 75 percent. Based on these findings we have set science-based targets that cover the whole value chain, i.e. scope 1, 2 and 3. These targets were validated and approved by Science Based Targets initiative SBTi, in July 2021.

Specialfastigheter's science-based targets

- reduce absolute greenhouse gas emissions in scope 1 and scope 2 with 50 % by 2030 (base year 2018)
- reduce greenhouse gas emissions in scope 3 with 50 % per built m² GFA by 2030 (base year 2018).

Our route to net-zero emissions

To reach our science-based targets we need to adopt a long-term and circular approach to all parts of our operations and collaborate with stakeholders throughout our value chain. We also have to apply a lifecycle perspective when we plan, design, build and use our properties. In order to make the transition we need a clear vision and governance of our climate initiatives.

Strong focus on materials and the construction process

As previously mentioned most of the company's emissions arise from the production of building materials and from the construction process. Our aim is therefore to work more actively to reduce negative climate impact from the use of materials. We can achieve this by designing buildings based on a circular approach, opting for more climate smart materials and reducing wastage. We work with a number of different actions, e.g.:

- Evaluate alternative design solutions and building methods, such as leaner designs, design for deconstruction and reconstruction for climate smart alternatives.
- Evaluate and develop materials and products with a lower climate impact in both production and usage, including maintenance. Locate buildings to optimise the use of existing infrastructure. Adapt the groundwork and construction work to minimise the transportation of excavated materials and material consumption.
- Reuse and circular material
- Reduce waste and use standard dimensions
- Replace equipment run on petroleum and diesel with ones run on electricity.
- Improve efficiency in material transportation to construction sites through smarter logistics solutions and chose transport solutions that use renewable fuels.

Through dialogue with our suppliers and participation in a number of construction-and climate impact focus groups, we gather and exchange expertise and experience with other sector operators in order to reduce the climate impact of the construction and property sector.

Instructions for climate calculations in construction projects

Specialfastigheter has developed instructions for climate calculations in constructions projects, to be used in all our projects in order to evaluate the climate impact and enable alternative, more climate smart solutions. The instructions are openly available on our website and free to use by any actor in the construction and property sector.

Energy efficiency enhancements

A building uses a considerable amount of energy throughout its lifecycle. We work systematically to reduce energy use at our properties. Energy use is reported, analysed and followed up on a monthly basis at property level, geographical level and at company level. In close collaboration with our energy suppliers we strive to only

purchase fossil-free energy by 2030. Specialfastigheter's objective is to reduce the amount of purchased energy with 20% per m² Atemp until 2030, base year 2012.

Protect and enhance Biodiversity

Many of Specialfastigheter's properties include large land and forest areas. This gives us a major opportunity to contribute to the protection and enhancement of biodiversity. Our properties exploit natural environments, and as we manage natural environments and other areas of land on our properties, we have a direct impact on biodiversity. We also have an indirect impact through our supply chain and emissions of greenhouse gases that contribute to climate change, both of which in turn impact on biodiversity.

Our efforts are both strategic and operational. Specialfastigheter is part of the CLImB initiative (Changing Land use Impact on Biodiversity). This initiative brings together actors from different sectors of the business community with the aim of developing well established evaluation and measurement methods in the area of biodiversity in order to set relevant targets, implement measures that have a real effect and follow up on measures effectively.



At the operational level, we carry out biodiversity inventories, at our properties that span more than ten hectares, with the aim of creating a baseline for biodiversity at the properties. The inventories provide us with knowledge about Red List species and will form an important basis for management and forestry plans in the future. How we implement the mitigation hierarchy¹ in our projects and in ongoing operations is also important. In day-to-day work, the property department also works to pinpoint major and minor initiatives that can benefit biodiversity, for example by setting up nesting boxes for bats and bee hotels or by leaving felled trees on the ground for diverse insects and bugs.

Linköping 2021-10-05

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¹ A hierarchical approach in which damage should in the first instance be avoided, then minimised and remedied at the site and, in the last instance, compensated.

Green Bond Framework

As part of Specialfastigheter Sverige AB (“Specialfastigheter”) commitment to sustainability, this updated Green Bond Framework (the “Framework”) has been developed in line with the ICMA Green Bond Principles (GBP) 2021. Therefore, the framework consists of the four key core components for alignment with the Green bond Principles and the key recommendations for heightened transparency.

The four core components:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting



The key recommendations for heightened transparency:




5. Green Bond Framework
6. External Review





It is Specialfastigheter intention to follow best practices, in relation to Green Bonds as the market standards develop. As the EU classification of environmentally sustainable economic activities, the Taxonomy, enter into force this framework may be amended and/or updated to reflect the changes in market practice.

Use of Proceeds

Allocation of net proceeds

An amount equal to the net proceeds from Green Bonds issued by Specialfastigheter will be used to finance new Eligible Assets or to refinance Eligible Assets, in whole or in part. An Eligible Assets does only qualify if it has been financed by Specialfastigheter or its subsidiaries and if it is promoting the transition towards a low-carbon and environmentally sustainable society according to Specialfastigheter and in line with the Green Asset categories defined in this Framework. New assets are defined as assets that have been finalized within one year before the issuance of the bond, refinancing of existing Eligible Assets can be done without any age restrictions. The distribution between new financing and refinancing will be reported on in Specialfastigheter’s annual Green Bond Investor Report.

Eligible Asset categories	Eligible Assets	UN SDG
<p>Green buildings</p>	<p>Environmental Objective: <i>Climate Change Mitigation</i></p> <p>New properties Financing of new buildings that are at least 20% more energy efficient than the level required by the applicable national building code (BBR) and that meet the requirement of at least Miljöbyggnad Silver.</p> <p>Existing properties Financing of existing buildings that reduce the energy use by at least 30% through renovation, refurbishment of a major renovation and that meet the requirement of at least Miljöbyggnad Silver.</p> <p>The confidential nature of high security properties can prevent an official accreditation of the property via the Sweden Green Building Council. In such cases Specialfastigheter will provide a statement from an accredited Environmental Consultant that the property meets the requirements within the Miljöbyggnad building certification scheme.</p>	 <p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>  <p><i>Take urgent action to combat climate change and its impacts</i></p>
<p>Energy efficiency</p>	<p>Environmental Objective: <i>Climate Change Mitigation</i></p> <p>Financing of energy retrofits such as installation heat pumps, district heating/cooling, energy-efficient lighting, IT-technology for monitoring, efficient management and remote operation, energy efficient ventilation systems or improvements in thermal insulation.</p> <p>The Green Finance Committee will only include investments where a minimum on 25% energy saving is targeted and a minimum negative climate impact and minimum potential rebound effect is achieved.</p>	 <p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>

Eligible Asset categories	Eligible Assets	UN SDG
<p>Environmentally sustainable management of living natural resources and land use</p>	<p>Environmental Objective: Climate Change Mitigation</p> <p>Investments in green environments that promote, restore and preserve biological diversity. These investments include for example green roofs, green walls, urban biotopes, parks and trees or other investments that contribute positively to a sustainable and attractive local environment as well as contributing positively to climate related issues such as noise levels, risk of flooding, air particulate pollution and ecological values.</p>	 <p><i>Take urgent action to combat climate change and its impacts</i></p>  <p><i>Protect, restore and promote sustainable use of ecosystems</i></p>
<p>Renewable energy</p>	<p>Environmental Objective: Climate Change Mitigation</p> <p>Financing of solar power either on an existing building or as a stand-alone investment.</p>	 <p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>  <p><i>Take urgent action to combat climate change and its impacts</i></p>

Selection and evaluation of eligible projects

The evaluation and selection process for Eligible Assets is a key process in ensuring that the proceeds from Green Bonds are allocated to assets and activities which meet the criteria in the Framework. Specialfastigheter has a Green Bond Committee (GBC) to evaluate and select assets that are in line with its Green Bond Framework, that they are promoting the transition towards a low-carbon and environmentally as well as social sustainable society according to Specialfastigheter's policies and guidelines and applicable laws and regulation. The Green Bond Committee is responsible for the ongoing monitoring of the Green Portfolio and for the reporting on its environmental benefits. The Green Portfolio of Eligible Assets will be reviewed and updated on a yearly basis, hence the GBC will meet on an annual basis or when needed. The GBC consists of representatives from the Finance, Sustainability and Project and Development departments within Specialfastigheter. A consensus decision by the committee is required to allocate net proceeds to Eligible Assets.

Management of Proceeds

An amount equal to the net proceeds of any Green Bonds raised will be credited to a segregated Green Account with the purpose to finance Specialfastigheter's Eligible Assets as defined in the Use of Proceed section above. The Green Bond Account will be reviewed annually by the Green Bond Committee to account for any re-allocation, repayments or drawings on the Eligible Assets and expenditures within the account. The Company monitors and accounts for the allocation of the proceeds through internal information systems and databases. If, for any reason, a financed Eligible Asset no longer meets the eligibility criteria, it will be removed from the systems and databases of assets financed with proceeds from Specialfastigheter's Green Bonds.

Reporting

Specialfastigheter will provide reporting on the expected or actual environmental outputs and/or impact of the Eligible Assets Portfolio. The Green Bond Investor Report will be published on an annual basis and made available on Specialfastigheter's webpage. The methodology for deriving the impact indicators will be outlined in the investor report.

Allocation Reporting

Allocation reporting will include the following information:

- i. A summary of Green Bond developments
- ii. The outstanding amount of Green Bond issued
- iii. The balance of the Green Assets in the Green Register (including any temporary investments and Green Bond repayments) and the available headroom in the value of the Green Assets (if any)
- iv. The total proportion of Green Bond net proceeds used to finance, and refinance Green Assets and the proportion of Green Bond net proceeds used to refinance Green Assets
- v. The total aggregated proportion of Green Bond net proceeds used per Green Asset Category

Impact Reporting

The impact reporting aims to disclose the environmental impact of the Eligible Assets financed under this Framework. Specialfastigheter will strive to report on the environmental impact of Eligible Assets financed by Green bonds and may be provided on an aggregated portfolio basis because of confidentiality agreements, competitiveness consideration, or numerous projects limiting the amount of detail that can be made available. The impact assessment will be based on the example Key Performance Indicators (KPIs) presented in the table on the following page.

GBP Categories	Examples of impact indicators
<p>Green buildings</p>	<ul style="list-style-type: none"> • Environmental certification of the building and whether it is accredited via SGBC or an Environmental Consultant. • Energy consumption disclosed by absolute consumption (MWh) and intensity (kWh per square meter) aTemp. • The percent of total energy use supplied by on-site renewable energy operated and produced by Specialfastigheter.
<p>Energy and resource efficiency</p>	<p>Each yearly report will include at least 2 examples (if applicable) of Energy efficiency initiatives that have been financed with green net proceeds. Given the number of investment types that qualify under the category the KPI's will not be disclosed in the framework. Specialfastigheter will emphasize energy and carbon savings, where applicable, as relevant performance metrics.</p>
<p>Environmentally sustainable management of living natural resources and land use</p>	<ul style="list-style-type: none"> • Sustainable Forestry certification scheme. • Hectares (size of land) of certified forest holdings.
<p>Renewable energy</p>	<p>Each yearly report will include at least 2 examples (if applicable) of renewable energy initiatives that have been finance with green net proceeds.</p> <ul style="list-style-type: none"> • For a real estate the percent of the property's total energy use supplied MWh/year by the installation and the estimated yearly greenhouse gas savings will be disclosed. • For a stand-alone renewable energy project the MWh/year and the estimated yearly greenhouse gas savings will be disclosed.

External reviews

Second party opinion (pre-issuance)

To secure alignment with national and international guidelines, Specialfastigheter has engaged Sustainalytics to act as an external verifier of this Green Bond Framework and the Eligible Assets.

Third-Party Review (post-issuance)

Specialfastigheter has appointed an external independent auditor to annually assure that the selection process for the financing of Eligible Assets, the allocation of the net proceeds of the Green Bonds and that energy and climate data is reported in accordance with Specialfastigheter Green Bond Framework. The Green Bond Framework, the second party opinion, and the investor letter will be publicly available on Specialfastigheter website.

Supportive Documents
Annual Report 2020
Energistrategi
Policy hållbarhet
Riktlinje statens ägapolicy och principer för bolag med statligt ägande
Riktlinje ansvarskod för leverantörer
Riktlinje uttalande om tillämplighet för ISO 14001
Instruktion mätning av radon
Instruktion mall handlingsplan för minskad miljöpåverkan grönt hyresavtal
Instruktion avfallsarbete i projekt
Instruktion miljöprogram ombyggnation
Instruktion köldmedia
Instruktion hantering av lagionella