



SFF

Green Bond Second Opinion

13 November 2020

Svensk FastighetsFinansiering AB (SFF) is a collaboration between five Swedish real estate companies (Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB, all with a 20 percent share each in SFF) with the sole aim to finance the owners' properties with security in these properties. The owners are all companies operating mainly within the real estate sector of Sweden but with some properties in Denmark. SFF was launched in January 2015 and issued its first green bond the same year.

Eligible projects under this newly updated green bond framework cover investments in Sweden in new and existing green buildings with criteria linked to environmental certifications levels and/or energy intensity performance. The criteria varies in ambition levels, but are basically good and are backed by companies with good environmental standards and procedures. All buildings will have a dedicated energy management.

The governance of the framework is mostly determined by the governance structure of the owners, with little governance capacity inhouse in SFF. While the governance capacity of the owners is varied, they are mostly good with some excellent exceptions. The owners are paying steadily more attention to resilience issues, and screening for climate resilience is usual for new buildings, but not for existing buildings. Overall we find the governance procedures in the framework to be good.

The ambition level of the eligibility criteria is good, but not among the best. Among the strengths of the framework we mention that the owners of SFF, who will select the candidate projects for green bond financing have good targets and policies for tackling climate risks, that external experts are consulted as all properties financed via green bonds will be environmentally certified, and that life cycle analyses are carried out to decide on refurbishment versus new build projects. Based on the green bond framework and information from the issuer and the owners, CICERO Shades of Green find SFF's green bond framework to be Medium Green. In order to get a darker shading, the weakest of the eligible criteria must be more ambitious climate vice, the environmental targets of the owners more harmonized at stricter level and the selection process more transparent.

SHADES OF GREEN

Based on our review, we rate the SFF's green bond framework **CICERO Medium Green**.

Included in the overall shading is an assessment of the governance structure of the green bond framework. CICERO Shades of Green finds the governance procedures in SFF's framework to be **Good**.



GREEN BOND PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.



°CICERO
Medium Green



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1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated November 2020. This second opinion remains relevant to all green bonds and/or loans issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client's policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

Expressing concerns with 'shades of green'

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

CICERO Shades of Green



Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Ideally, exposure to transitional and physical climate risk is considered or mitigated.



Medium green is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Physical and transition climate risks might be considered.



Light green is allocated to projects and solutions that are climate friendly but do not represent or contribute to the long-term vision. These represent necessary and potentially significant short-term GHG emission reductions, but need to be managed to avoid extension of equipment lifetime that can lock-in fossil fuel elements. Projects may be exposed to the physical and transitional climate risk without appropriate strategies in place to protect them.



Brown is allocated to projects and solutions that are in opposition to the long-term vision of a low carbon and climate resilient future.

Examples



Wind energy projects with a strong governance structure that integrates environmental concerns



Bridging technologies such as plug-in hybrid buses



Efficiency investments for fossil fuel technologies where clean alternatives are not available



New infrastructure for coal

Sound governance and transparency processes facilitate delivery of the client's climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green bond are carefully considered and reflected in the overall shading. CICERO Green considers four factors in its review of the client's governance processes: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g. corruption.



2 Brief description of SFF's green bond framework and related policies

Svensk FastighetsFinansiering AB (SFF) is a collaboration between five leading Swedish real estate companies to finance the owners' properties. SFF issues bonds on the Swedish capital market via an MTN program¹ of about SEK 12,000 million. The bonds are secured by mortgage deeds in real estate and are listed on NASDAQ Stockholm. Through SFF, investors in the bond market receive collateral in a diversified real estate portfolio. Starting in 2015, SFF has, through a green bond framework, also issued secured green bonds under the company's MTN program. SFF has now twice updated its green bond framework. CICERO Shades of Green has previously provided Second Opinions (dated 28.09.2015 and 05.09.2018) on earlier green bond frameworks.

SFF is owned in equal parts by the five listed real estate companies Catena AB, Diös Fastigheter AB, Fabege AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB. On September 30, 2020, the companies had a total market capitalization of about SEK 103 billion. The owners own 20% each of SFF and the members have veto in the board, which means that all decisions are made by consensus.

- Catena is a real estate company in logistics. The company develops, owns and manages efficient logistics facilities that supply Scandinavia's metropolitan regions. The properties' market value on 30 September 2020 amounted to SEK 18 billion and the company's market capitalization to SEK 15 billion.
- Diös is a private real estate company in northern Sweden. The company provides both commercial real estate and residential. The market extends from Borlänge in the south to Luleå in the north. The market value of the properties on September 30, 2020 amounted to SEK 24 billion and the company's market capitalization to SEK 9 billion.
- Fabege is a real estate company with a main focus against leasing and management of commercial premises and property development. The property portfolio is concentrated in the Stockholm region with a focus at Stockholm's inner city, Arenastaden, Solna Business Park and Hammarby Sjöstad. The properties' market value on September 30, 2020 amounted to SEK 75 billion and the company's market capitalization to SEK 41 billion.
- Platzer is a real estate company in Gothenburg in commercial properties, mainly offices. The properties' market value on September 30, 2020 amounted to SEK 22 billion and the company's market capitalization to SEK 11 billion.
- Wihlborgs is a commercial real estate company in the region of Öresund. The properties are located in Malmö, Lund, Helsingborg and Copenhagen. The market value of the properties on September 30, 2020 amounted to SEK 47 billion kronor and the company's market capitalization to SEK 27 billion.

¹ A medium-term note (MTN) is a note that usually matures in five to 10 years.



More information about SFF is available on the website: www.svenskfastighetsfinansiering.se.

Environmental Strategies and Policies

SFF's own operations have a limited impact on the environment, social conditions, respect for human rights and the fight against corruption, as the company has a small organization. However, the company thinks environmentally, and most board meetings take place via telephone conference and SFF rarely travels on the company's assignments.

As a financial intermediary, SFF has not developed any sustainability goals or strategies on its own. However, SFF's owners have their own sustainability goals and ambitions. Briefly, some of the climate related goals and ambitions of the owners are as follows:

- Catena's ambition is to reduce its greenhouse gas emissions (scope 1 and 2) with 50% by 2030 compared to 2018 and Catena is developing strategies to reduce its Scope 3 emissions, focusing on emissions that result from construction.
- Diös have set a goal of achieving net zero emissions of greenhouse gases in its operations by 2045 and furthermore that all energy use is to be fossil-free by 2030.
- Fabege has among its targets to achieve 100% green financing in 2020, realise a climate neutral management by 2030 and have 100% Green leases. Fabege also has as a target that the average energy usage should be 77 kWh/m² by 2023, with the target for newbuilds at 50 kWh/m² and existing buildings 85 kWh/m².
- Platzer has as selected sustainable objectives that all properties shall have an environmental certification, achieve 80% Green leases in the long term, reduce long term emissions of carbon dioxide below 0.5 kg/m², and reduce energy consumption by 2% every year in like-for-like properties.
- Finally, Wihlborg has committed to the following main climate related targets for the period 2020-2022: 80% of the office properties in Sweden shall be environmentally certified, and scope 1 and 2 CO₂e emissions shall be less than 1.5 kg/m². They have submitted targets aligned with the 1.5 degree C target to the Science Based Target Initiative.

All of the owner has reduced their energy use and greenhouse gas emissions the last year.

All of the owners report energy use and greenhouse gas emissions according to GRI and/or EPRA standards and all are well aware of physical and transition climate risks and are preparing for this in various ways. None have, however, yet implemented TCFD recommendations fully, but all consider climate risks in their planning and some of the owners are using scenario analysis to future proof their business. All are also working actively to address the environmental lifecycle and supply chain impacts of their operation.

As part of SFF's commitment to sustainability, the Green Bond Framework (the "Framework") has been developed, on a best effort basis aligned with the guidelines in the EU Green Bond Standard (EU GBS) published in 2020 by the European Commission referencing to the EU Taxonomy Regulation as well as to the ICMA Green Bond Principles (GBP) 2018. It is SFF's intention to follow the best practices as the market standards develop and



as the EU classification of environmentally sustainable economic activities (the Taxonomy) and the EU Green Bond Standard enter into force. Therefore, SFF Green Finance Framework may be amended and/or updated to reflect the changes in market practice.

Use of proceeds

SFF will finance eligible assets in part or in full that promote the transition to low-carbon and climate resilient growth as determined by SFF and in line with SFF sustainability policy. The proceeds raised based on the green bond framework can be applied towards new eligible assets and to refinance existing assets defined as assets older than 12 months². All proceeds under the green bond framework will be used in compliance with the criteria in table 1 below. Eligible assets are owned by SFF's owners or indirectly through their subsidiaries. SFF will only finance or refinance investments in Sweden. SFF will continue to report the aggregate amount of green bonds issued and specify how proceeds has been applied in the annual green bond investor report as well as in the dedicated transaction report.

Green bond net proceeds will not be allocated to assets for which the purpose 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. The issuer informs us that there will be no financing or re-financing of buildings with fossil fuel heating.

Selection

The selection process is a key governance factor to consider in CICERO Green's assessment. CICERO Green typically looks at how climate and environmental considerations are considered when evaluating whether projects can qualify for green finance funding. The broader the project categories, the more importance CICERO Green places on the governance process.

Eligible assets are nominated for evaluation by the sustainability department at the borrower to ensure compliance with the use of proceeds and to make sure that an amount equal to the net proceeds qualify or is replaced with eligible assets if needed because of divestment or lost green eligibility for any reason. The selection decision is carried out by SFF's Treasury Department based on the provided evaluated and nominated eligible assets. External experts are consulted as all properties financed via green bonds will be environmentally certified. Furthermore, sustainability managers at each borrowing company are involved in the process. Life cycle analyses are carried out to decide on refurbishment versus new build projects. All decisions to issue green bonds are made by SFF's Board of Directors. The Board of Directors will have to approve any future updates of the Green Bond Framework.

Management of proceeds

CICERO Green finds the management of proceeds of SFF to be in accordance with the Green Bond Principles.

An amount equal to the net proceeds of any green bonds will be credited to an earmarked account that will support SFF's lending to eligible assets. The legal documentation for each green bond will refer to this green bond framework or any update of it. The green portfolio of eligible assets will be reviewed and updated on a yearly basis or when needed. Net proceeds will at all times be disbursed directly from the earmarked account to eligible assets to finance the owner's properties.

² New projects are not chosen by SFF, but by the borrowing company, so it is difficult to make an estimate of how large a part will be new or old buildings. A rough guess of new financing in 2021 is about SEK 500 million.



Reporting

Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs. Procedures for reporting and disclosure of green finance investments are also vital to build confidence that green finance is contributing towards a sustainable and climate-friendly future, both among investors and in society.

SFF will continue to report on the expected or actual environmental outputs and/or impact of the eligible assets. The green bond investor report, developed by SFF based on data from the respective borrowing company, will be published on an annual basis and made available on SFF's webpage as well as complemented by a transaction report in relation to each green bond transaction. The methodology for deriving the impact indicators will be outlined in the investor report.

Allocation reporting will be on a per property basis and will include the following information:

- A summary of green bond developments.
- The outstanding amount of green bond issued.
- The balance of the green assets in the green register and the available headroom in the value of the green assets (if any).

The impact reporting aims to disclose the environmental impact of the eligible assets financed under this framework, based on SFF's financing share of each eligible assets. SFF will strive to report on the environmental impact of eligible assets financed by green bonds when feasible and subject to data availability. The information may be provided on an aggregated portfolio basis because of confidentiality agreements, competitiveness consideration, or numerous eligible assets limiting the amount of detail that can be made available. The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. SFF will provide best estimates of future energy performance levels. The impact assessment will, if applicable, be based on Key Performance Indicators (KPIs) such as:

- Environmental certification.
- Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh/m²) per year.
- Calculated carbon footprint disclosed by absolute emissions (tons) and intensity (kg/m²) per year.



3 Assessment of SFF’s green bond framework and policies


The framework and procedures for SFF’s green bond investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where SFF should be aware of potential macro-level impacts of investment projects.

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in SFF’s green bond framework, we rate the framework **CICERO Medium Green**.

Eligible projects under the SFF’s green bond framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits, green bonds aim to provide investors with certainty that their investments deliver environmental returns as well as financial returns. The Green Bonds Principles (GBP) state that the “overall environmental profile” of a project should be assessed and that the selection process should be “well defined”.

Category	Eligible project types	Green Shading and some concerns
Green buildings 	Financing of <i>new commercial buildings</i> certified in accordance with: <ul style="list-style-type: none"> • Miljöbyggnad Silver, LEED Gold, BREEAM-SE Very Good or an equivalent system determined by SFF that have, or will receive a design stage certification or a post construction certification and that is at least 20% more energy efficient than the level required by the relevant building regulation (BBR) or meet the requirements of NZEB. Financing of <i>existing commercial buildings</i> that have a dedicated energy management system in place and that is certified in accordance with: <ul style="list-style-type: none"> • Miljöbyggnad Silver, LEED Gold, BREEAM In-use Very Good or an equivalent system determined by SFF that have, or will receive a design stage certification or a post construction certification or an in-use certification and that achieves at least one of following criteria: 	Medium Green <ul style="list-style-type: none"> ✓ Miljöbyggnad Silver, LEED Gold, and BREEAM-SE Very Good covers a broad set of issues that are important to sustainable development. However, these certifications alone do not ensure passive or plus housing. ✓ Some In-use certification schemes are relatively weak when it comes to specific energy use, material use and other concerns. The issuer should strive for a similar standard as for instance BREEAM-SE, if another In-use scheme is chosen. ✓ Refurbishment of existing buildings are often better than new constructions from a climate point of view. According to IEA, efficiency of building envelopes needs to improve by 30% by 2025 to be aligned with the Paris target.



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| <ul style="list-style-type: none">○ Reduction of energy use by at least 30%.○ Energy use not exceeding 100 kWh/m² (Atemp) | <ul style="list-style-type: none">✓ Be aware that a recently build building with energy use of 100 kWh/m² is not much better than regulation.✓ Be aware of potential rebound effects following energy efficiency improvements. |
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Table 1. Eligible project categories

Background

The construction and real estate sector have a major impact on our common environment. According to the National Board of Housing, Building and Planning's environmental indicators, it accounts for 32% of Sweden's energy use, 31% of waste and 19% of domestic greenhouse gas emissions. Calculations from Sveriges Byggindustrier indicate that the climate impact of new production of a house is as great as the operation of the house for 50 years.

As member of the EU, Sweden is subject to the EU's climate targets of reducing collective EU greenhouse gas emissions by 40% by 2030 compared to 1990 levels, increasing the share of renewable energy to 32% and improving energy efficiency by at least 32.5%.³ The European Green Deal aims for carbon neutrality in 2050.⁴ Sweden has developed a National Energy and Climate Plan (NECP) in which it outlines the targets and strategies in all sectors.⁵ These strategies include measures such as increasing renewable energy capacity, increasing energy efficiency, facilitating the large scale implementation of clean transportation alternatives, and increasing carbon sinks through reforestation and the LULUCF sector. Non-ETS emissions, of which public buildings and households are a part, must decrease by 63% by 2030.

The real estate sector accounts for a large share of primary energy consumption in most countries, and the IEA reports that the efficiency of building envelopes needs to improve by 30% by 2025 to keep pace with increased building size and energy demand – in addition to improvements in lighting and appliances and increased renewable heat sources.⁶ The energy efficiency of buildings is dependent on multiple factors including increasing affluence and expectations of larger living areas, growth in population and unpredictability of weather, and greater appliance ownership and use. Additionally, approximately half of life-cycle emissions from buildings stem from materials/construction. The other half stems from energy use, which becomes less important over time with the increasing adoption of off-grid solutions such as geothermal and solar. All of these factors should therefore be considered in the project selection process. In addition, voluntary environmental certifications such as LEED and BREEAM or equivalents measure or estimate the environmental footprint of buildings and raise awareness of environmental issues. These points-based certifications, however, fall short of guaranteeing a low-climate impact building, as they may not ensure compliance with all relevant factors e.g., energy efficiency, access to public transport, climate resilience, sustainable building materials. Many of these factors are covered under the World Green Building Council's recommendations for best practices for developing green buildings.⁷ CICERO Shades of Green assesses all of these factors when evaluating the climate impact of buildings.

³ https://ec.europa.eu/clima/policies/strategies/2030_en

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁵ https://ec.europa.eu/energy/topics/energy-strategy/national-energy-climate-plans_en

⁶ <https://www.iea.org/reports/building-envelopes>

⁷ <https://www.worldgbc.org/how-can-we-make-our-buildings-green>



The Exponential Roadmap⁸ lays out a trajectory for reducing emissions by 50% by 2030 and requires that emissions reductions strategies within the buildings sector be rapidly scaled up. The roadmap advocates for standardised strategies that are globally scalable within areas such as new procurement practices for construction and renovation that require dramatically improved energy and carbon emission standards, developing new low-carbon business models for sharing space and smart buildings to achieve economies of scale, and allocating green bond funding for sustainable retrofitting and construction.

EU Taxonomy

The proposed EU taxonomy for sustainable finance includes a number of principles including a “do-no-harm clause” and safety thresholds for various types of activities.⁹ Do-No-Significant-Harm criteria include measures such as ensuring resistance and resilience to extreme weather events, preventing excessive water consumption from inefficient water appliances, ensuring recycling and reuse of construction and demolition waste and limiting pollution and chemical contamination of the local environment. CICERO Green will not here verify SFF’s framework against the full EU taxonomy, but notes that the taxonomy includes specific thresholds for the real estate sector, briefly summarized as follows:

1. The design and construction of new buildings needs to ensure a net primary energy demand that is at least 20% lower than the level mandated by national regulations.
2. Ownership or acquisition of buildings built before 2021 should have an energy performance in the top 15% of similar stock.
3. Renovations should deliver 30% energy savings.
4. Large non-residential buildings should have dedicated energy management system.

It is currently unclear how this will apply to Sweden, but it is reasonable to expect that buildings with energy use 20% below present regulation would be aligned with the taxonomy. The taxonomy also highlights the importance of lifecycle emissions including a focus on building material such as wood. Energy saving renovations for existing properties that result in buildings lowering their primary energy demand with 30% are also to be classified as sustainable within the EU Taxonomy. It is further anticipated that activities related to energy efficiency, including installation of solar panels, heat pumps, extension of district heating and cooling, are to be classified as sustainable according to the EU Taxonomy.

Governance Assessment

Four aspects are studied when assessing the SFF’s governance procedures: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

SFF, as a financial intermediary, does not have quantified policies or goals of relevance to the green bond framework. However, the owners do, with various degrees of ambition levels. As a whole they appear to have reasonable targets, some of which, however, could be more ambitious. The quality of the selection process is also strongly dependent on in-house qualifications and qualities of the owners, which appear good. It is also supported by external experts in cases where environmental certifications are required. The environmental competence of

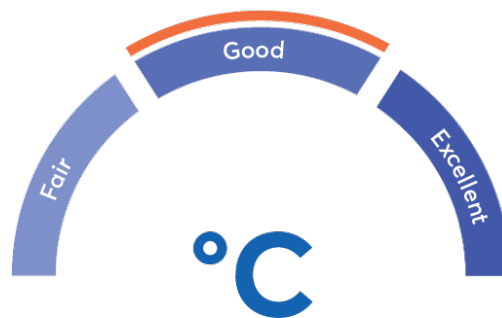
⁸ https://exponentialroadmap.org/wp-content/uploads/2020/03/ExponentialRoadmap_1.5.1_216x279_08_AW_Download_Singles_Small.pdf

⁹ Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020. https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en



SFF itself is at best unclear. CICERO Green finds that the management of proceeds is in accordance with the Green Bond Principles. The planned reporting is generally good. The carbon footprint calculation is based on the energy use in the property according to the BBR requirements, ie electricity (excluding the tenants' electricity if it can be distinguished), heating, cooling and multiplied by emission factors that are received from the energy suppliers ("market-based") to produce CO₂ emissions in absolute numbers and then divided by area of the properties (as far as possible "heated area" ie Atemp).

It should be noted that in 2022, a Climate declaration act will be introduced in Sweden which implicates that an LCA must accompany all new constructions of buildings.



The overall assessment of SFF's governance structure and processes and with considerations of owner's input and competencies, gives it a rating of **Good**.

Strengths

A commitment to impact reporting increases transparency to investors and is a strength. The owners of SFF, who will select the candidate projects for green bond financing, are all environmentally motivated and have good targets and policies for tackling climate risks. It is a strength of the framework that it is backed by five competent companies that also together can learn best practice from each other. Finally, we find it a strength that external experts are consulted as all properties financed via green bonds will be environmentally certified. Similarly, it is a clear strength that life cycle analyses are carried out to decide on refurbishment versus new build projects.

Weaknesses

The heterogeneous nature of the selection process, depending as it is on the various owner's sustainability manager capabilities, makes it somewhat less transparent than ideal. Other than this, we find no weaknesses in the green bond framework.

Pitfalls

The CICERO Dark Green shading is difficult to achieve in particular in the real estate sector because buildings have a long lifetime. CICERO Dark Green shading in this sector should therefore conform to strict measures and is reserved for the highest building standards such as LEED Platinum, Zero-Energy buildings and passive houses. The issuer is encouraged to also consider construction phase emissions and systematically work on reducing emissions related to transportation to and from the properties. Shopping malls in particular have the potential to indirectly generate considerable amount of traffic.

The green buildings eligible under SFF's framework are falling short of the long-term vision of zero-energy buildings or passive houses. For instance, the criteria of certification of "BREEAM In-use Very Good" and with energy performance of less than 100 kWh/m² for existing buildings may open for some relatively weak projects, depending on the age of the building.

We note that district heating is the predominant heating method in Sweden. Also, most of the district heating companies seek to minimize the use of oil or other fossil fuels. However, when waste-to-energy is utilized it is sometimes difficult to know the fossil fraction of the waste stream, e.g. the amount of plastics. Again, many Swedish district heating companies have strong policies to minimize these types of fractions, but without specific information of suppliers of district heating, it is difficult to guarantee totally against the use of some fossil fractions.



As a financial intermediary, SFF has not developed any sustainability goals or strategies. However, SFF can only provide loans to its owners, and as such acts as an internal bank for them. All SFF owners have sustainability goals and ambitions. There is, however, in some cases room for improvement when it comes to quantifying these ambitions in the medium and longer term. The owners are paying steadily more attention to resilience issues, and screening for climate resilience is usual for new buildings, but not for existing buildings. Some of the owners informs us that it is unlikely that properties not screened for climate resilience, will be financed by green bonds. Some of the owners have a few buildings in their portfolio with fossil fuel (natural gas) based heating systems. The issuer has however informed us that no buildings eligible for green financing have fossil fuel boilers.

In a low carbon 2050 perspective the energy performance of buildings is expected to be improved, with passive and plus house technologies becoming mainstream and the energy performance of existing buildings greatly improved through refurbishments. The SFF framework is not quite there yet, but is taking valuable steps towards this long-term vision. More stringent criteria would have been required for a darker shading.



Appendix 1: Referenced Documents List

Document Number	Document Name	Description
1	SFF - Green Bond Framework - clean version 19	SFF Green Bond Framework dated November 2020
2	SFF - Annual Report 2019	SFF Annual report 2019 in Swedish, https://www.svenskfastighetsfinansiering.se/investor-relations/rapporter
3	SFF – rapport 2019 till investerare	SFF Investor report 2019 in Swedish https://www.svenskfastighetsfinansiering.se/investor-relations/grona-obligationer
4	SFF – Brev till investerare 2020-09-07	SFF Letter to the investors dated 7 September 2020 in Swedish, https://www.svenskfastighetsfinansiering.se/investor-relations/grona-obligationer
5	Catena - Annual Report 2019	Catena 2019 annual report in Swedish, https://catenafastigheter.se/investerare/rapporter/
6	Diös - Annual Report 2019	Diös 2019 annual report in Swedish, https://www.dios.se/investerare/finansiella-rapporter/
7	Fabege - Annual Report 2019	Fabege 2019 annual report in Swedish, https://www.fabege.se/investerare/rapporter-presentationer/
8	Fabege - Sustainability Report 2019	Fabege 2019 annual report in Swedish, https://www.fabege.se/investerare/rapporter-presentationer/
9	Platzer - Annual Report 2019	Platzer 2019 annual report in Swedish, http://investors.platzer.se/sv/rapporter-presentationer
10	Wihlborgs - Annual Report 2019	Wihlborg 2019 annual report in Swedish, https://www.wihlborgs.se/sv/investor-relations/rapporter/



Appendix 2: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).

