





## Important Notice

*This document (the “**Green Bond Framework**” or “**Framework**”) contains information on Vacse’s (“**Vacse**”) and its potential use of financing with added environmental criteria (the “**Green Terms**”). Any such issuance by Vacse that includes the Green Terms in its associated financing documentation, by reference or inclusion, as detailed in this document or in future versions of this document, will be designated as a Green Bond (“**Green Bond**”). Depending on the language of the bond documentation the Green Terms in this Framework may be translated into other languages, as required or preferred in the local jurisdiction. Furthermore, all parties are advised to review the risk factors in the relevant bond documentation. Any issuance of notes will be subject to the version of the Green Terms in the associated bond documentation. Any new issuance of Green Bonds will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Framework on Vacse’s website.*

*Investors and third parties are advised to conduct an independent evaluation of the relevance and adequacy of the information in this Framework and for making such other investigations considered necessary prior to entering into any of the types of transactions or arrangements where the Green Terms would be applicable, for instance regarding the adherence to current and future regulation, standards or market practices such as the Green Bond Principles, the forthcoming EU Green Bond Standard or The EU Taxonomy.*



# Table of content

## Background

Introduction	4
About Vacse	4
Our Sustainability Strategy	4
How we work with sustainability	5
A sustainable and long-term property owner	7
Examples	8
Path towards climate neutrality	8
Sustainable Financing	9

## Methodology

Environmental Objectives (GBP)	10
Exclusions	10
Allocation of net proceeds	10
Alignment with the UN Sustainable - Development Goals	11

## Green Terms

1. Use of Proceeds	13
Green buildings	13
Renewable energy	14
Clean transportation	14
Energy efficiency	14
Environmentally Sustainable Management- of Living Natural Resources and land use	14
2. Process for Project Evaluation and Selection	15
3. Management of Proceeds	16
4. Reporting and Transparency	17-18

## Definitions

Policy documents that govern Vacse's Environmental and Sustainability work	20
---	----

# Background

## Introduction

Climate change is, by no doubt, one of society's greatest challenges, and an inability to act will lead to substantial risks. A refusal to acknowledge and respond to climate change would increase the probability of global warming of more than 2 degrees Celsius and threaten the fulfilment of the 2015 Paris Agreement on Climate Change. Real estate affects the environment throughout its whole life cycle, from the planning, design, and construction phase through operations, rebuilding, and demolition. The property sector faces many major sustainability challenges. As a long-term property owner with a genuine commitment towards sustainability, Vacse has an important role to play in ensuring our properties and operations contribute to sustainable development.

## About Vacse

Vacse strives to be a long-term and reliable property owner of public properties with a consistent conservative view on risk. Vacse was founded in 2009 and is owned by seven Swedish pension funds linked to Apoteket, Atlas Copco, Ericsson, Sandvik, Skanska, Stora Enso, and Volvo. Vacse creates value through long-term relationships with its tenants and construction companies, as a stable financial partner in projects during development. Vacse's property portfolio consists of 188 thousand square meters with most of the properties comprising of larger single-tenant buildings from southern to central Sweden. Vacse focuses on ownership of public properties with governmental tenants. Vacse has 99% governmental tenants which assures a robust property portfolio with a stable rental flow, main tenants are The Swedish Prisons and Probation Service, The Swedish Police, Swedish Courts, Swedish Civil Contingencies Agency, and the Swedish Prosecution Authority. These tenants are active within special operations that demand high standards, not least in terms of security. Vacse is convinced that a clear sustainability strategy is an important parameter to be perceived as a thoughtful and long-term actor on the market. This applies to all activities today as well as in the future.

## Our Sustainability Strategy

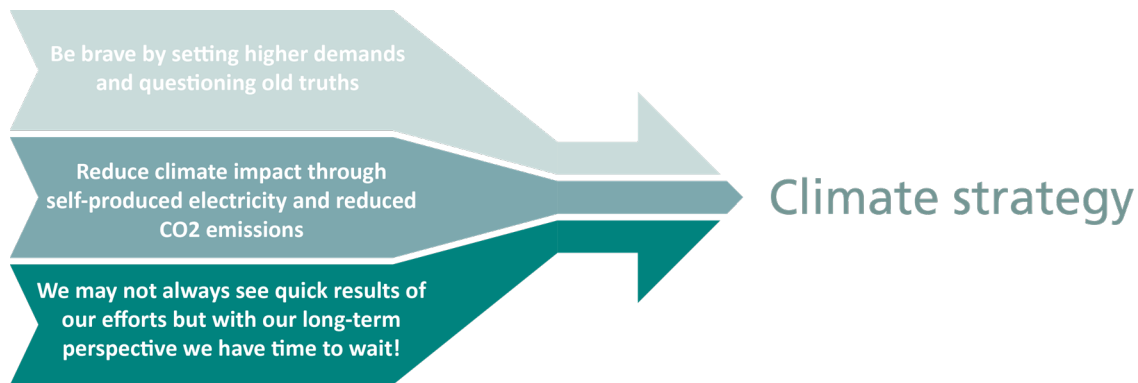
Sustainability is one of the cornerstones of our business strategy and involves taking long-term environmental, ethical and, social responsibility for our development towards our owners, tenants, suppliers, employees and, society at large. Sustainability has been a guiding light since Vacse laid the foundation for its management organization in 2015.

The driving force in Vacse's sustainability strategy derives from the core of the operations – our employees which assure the sustainability work is present in everything we do. Vacse prioritizes the education and training of employees within sustainability. The ambition is to spread the knowledge to tenants and partners, acting as good ambassadors promoting sustainable property ownership.

Vacse's Board of Directors has overall responsibility for adopting a sustainable strategy and objectives for the company. During the fall of 2021, Sara Jägermo was appointed Head of Sustainability at Vacse. In this role she will set strategic goals and plans together with the company's employees. Still, everyone at Vacse are equally responsible for the implementation and enforcement of sustainability within their respective unit. This has been a successful strategy to ensure the integration of sustainability within all operations at Vacse.

In 2021 the Board of Directors adopted an ESG policy that lays out the foundation for Vacse's operations as a long-term property owner. The policy covers three main areas: Responsible business, Sustainable properties and Collaboration for the benefit of society. The policy states that Vacse shall conduct its activities in accordance with international conventions such as the ILO's core convention, and the Paris Agreement. In 2018, Vacse joined the UN Global Compact and have since committed to the ten principles linked to human rights, labour law, the environment and anti-corruption. In addition, Vacse received its ISO14001-certification in the beginning of 2017 and Vacse also works towards the UN Sustainable Development Goals (SDGs) focusing on the goals most relevant to our business and operations.





### How we work with sustainability

Real estate affects the environment throughout its whole life cycle, from the planning, design, and construction phase through operations, rebuilding, and demolition. One of the most important targets for our operations is to reduce the climate impact of our properties. To succeed we continuously work on decreasing energy consumption by operational optimization. However, since the greatest part of our property portfolio consists of newly constructed and modern buildings it is not enough to only focus on the energy consumption of the buildings. It is equally important that we, through measurement, information sharing, and dialogue influence our tenants to change their behaviour for the water- and energy consumption to decrease. To provide a greater understanding of the importance of sustainability issues, and to demonstrate that both large and small changes make a difference, we have signed green leasing agreements with our tenants. The agreement clarifies what actions have been agreed on to decrease the environmental impact within different areas. We use one hundred percent renewable electricity from solar, wind and hydro, throughout the property portfolio and continuously work to streamline energy consumption in existing properties.

In addition, we continue to increase the share of self-produced electricity by investments in solar panels at our properties. During 2020 the share of self-produced electricity was increased by 30%.

In 2016 Fredrik Linderborg took over as CEO for Vacse. Under his leadership, it has been very important to demonstrate that social and ecological sustainability goes hand in hand with strong financial results. The strategy is to own high-quality properties and most of the stock is newly constructed and modern. To assure sustainable property ownership and a decreased climate impact, the aim is to certify the yet uncertified part of the portfolio according to BREEAM In-Use. This certification scheme evaluates the building's sustainability status and how the building is managed during the operation phase. The choice of BREEAM In-Use as the main certification scheme is based on its clear connection to the Sustainable Development Goals, reporting requirements as well as the inclusion of both exterior and interior factors. The share of certified buildings are continuing to increase and by the end of 2020, 85% of the property portfolio was certified through the certification schemes BREEAM In-Use, BREEAM SE, Miljöbyggnad, or LEED.













The choice of BREEAM In-Use as the main certification scheme is based on its clear connection to the Sustainable Development Goals, reporting requirements as well as the inclusion of both exterior and interior factors. The share of certified buildings are continuing to increase and by the end of 2020, 85% of the property portfolio was certified through the certification schemes BREEAM In-Use, BREEAM SE, Miljöbyggnad, or LEED.

***“Through proactive and sustainable ownership of public properties, we want to be a role model within the market. Our target is to reach 100% environmental certification of our properties in 2021”***  
– Fredrik Linderborg

In 2017 Vacse established a target of reaching 100% green financing, a target that was achieved in April 2021. This has been an ambition driven by Vacse's CFO Henrik Molin ever since he joined Vacse. During fall 2020 Vacse's long-term issuer rating was raised to A- from BBB+ with the outlook stable. The upgrade is supported by, among other things, Vacse's positive approach to sustainability. The rating upgrade is an important tool for Vacse to reach favorable financial conditions and clearly demonstrates a result of Vacse's continuous efforts.



Vacse works with the following key performance indicators:

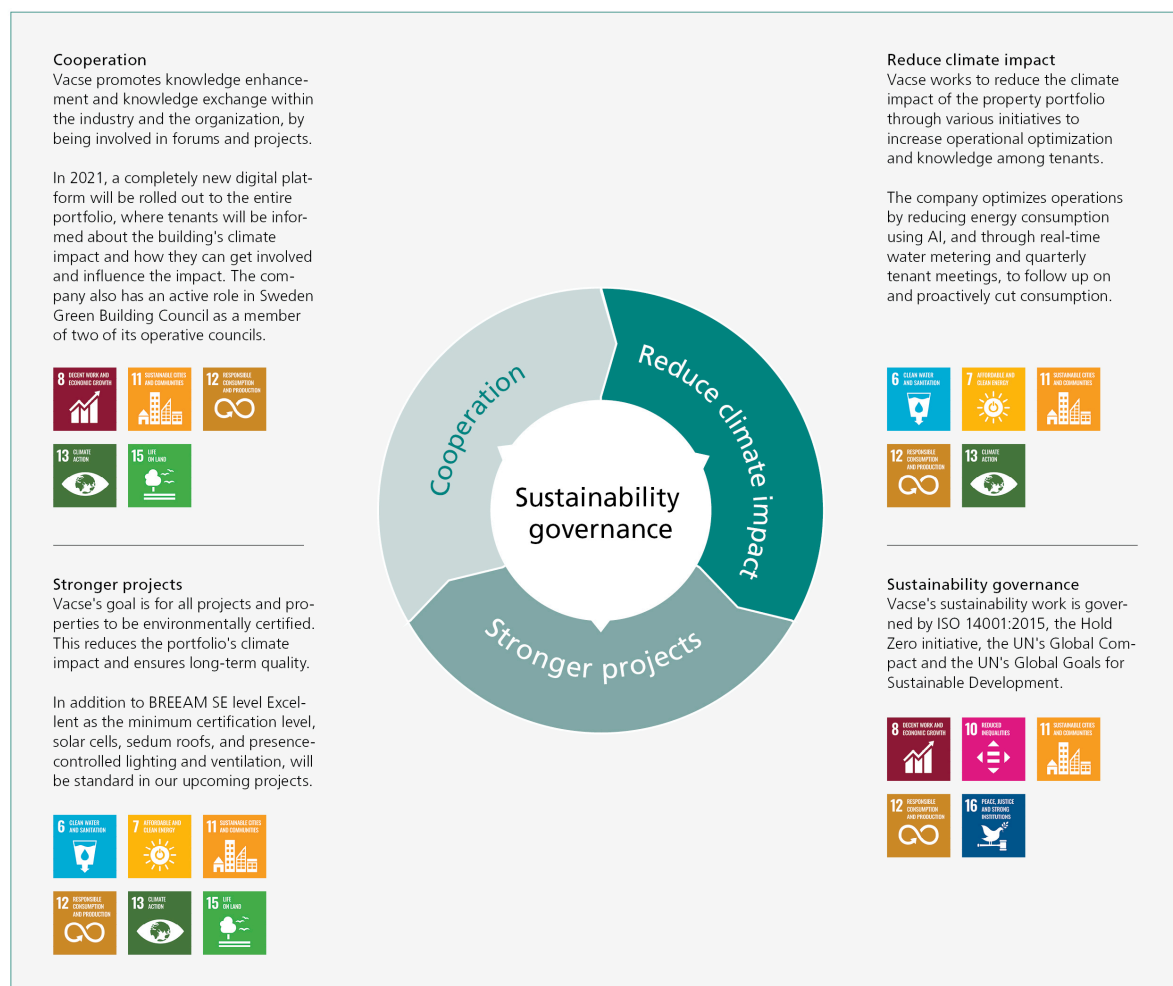
	SDG	Unit	Target 2021	2020	2019	2018	Outcome %
Energy performance		kWh/m <sup>2</sup> at-emp	110	116.78	127.89	136.85	-9%
CO2 footprint		Kg /m <sup>2</sup>	2,8	3.1	4.0	4.2	-23%
Share of renewable energy		%	100%	100%	100%	100%	+/-0
Share of self-produced electricity		MWh/year	200	153.5	117.8	45	30%
Water consumption		l/m <sup>2</sup>	320	324	325	379	0.31%
Environmental certification	 	Number of properties	17	15	11	6	27%
Environmental certification	 	Share of total area	173 073	146 306	108 287	69 760	35%
Green leasing agreements	 	Share of total area	100%	99%	100%	100%	-1%
Green financing		%	100%	76%	61%	42%	15%
Share of travels by train		%	64%	59%	47%	50%	12%



## A sustainable and long-term property owner

The property management of Vacse has a clear environmental and sustainable focus which positively affects the properties' attractiveness and value. Vacse works with a management model focusing on sustainable property management within three focus areas: increased collaboration, reduced climate impact, and to strengthening our projects in the long term from a sustainability perspective.

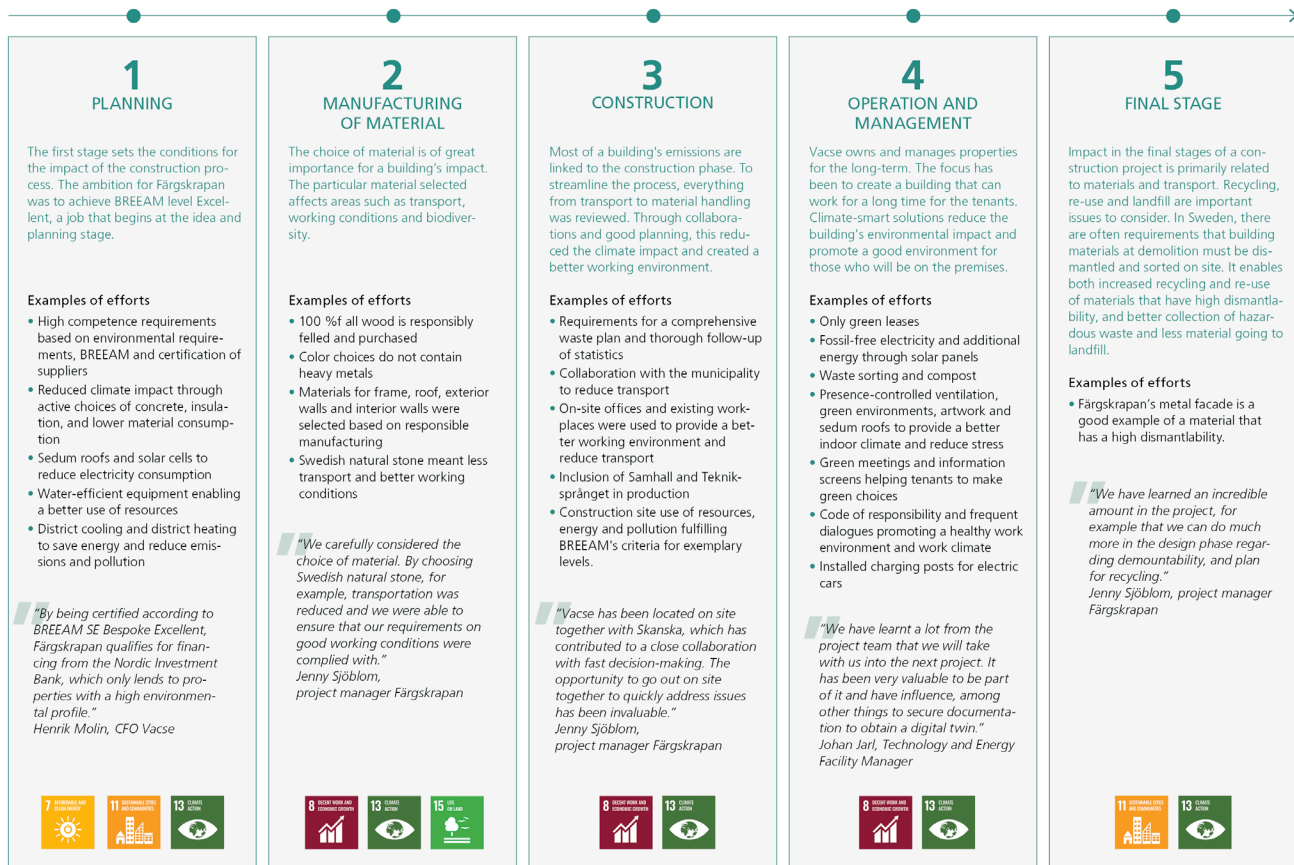
In 2020 Vacse adopted an energy policy that governs our work and ambition to continuously lowered energy use, improved energy efficiency and regular monitoring of our progress. Our long term energy target is to strive towards compliance with the national 2030 energy strategy. We have also committed to the Swedish fossil free roadmap for the construction sector, whereby we target to lower greenhouse gas emissions from construction activities by 75% by 2030 compared with 1990 levels and to lower our climate footprint per square meter to 2.5kg by the end of 2022 (2020: 3.1kg). In our new construction we also work proactively to ensure climate resilient buildings, thereby reducing the risks of ongoing climate change on our built-environment.





## Examples

For our projects to be as climate efficient as possible our project leaders and property managers need to work together at an early stage. In the projects that Vacse acquires through property developers for example the new court in Norrköping, Vacse includes a representative early on in the process to ensure high quality. In the project Färagskrapan, Vacse acted as developer which made it possible to build a multitenant house without compromising on either safety, quality, or sustainability.



## Path towards climate neutrality

Climate change is a threat that requires action globally and locally. The Paris Agreement was adopted by 196 parties at COP 21 in Paris 2015. It is a legally binding international treaty on climate change to limit global warming to well below 2 degrees, preferably to 1.5 degrees Celsius compared to pre-industrial levels. According to the Swedish Climate Law, Sweden is committed to significantly reduce greenhouse gas emissions and achieve net-zero emissions by 2045. This commitment was decided, in June 2017, by Sweden's Riksdag, in a climate policy framework consisting of a climate act, climate targets and an independent climate policy council. This demonstrates the concrete implementation of the Paris Agreement into policy and law and is the most significant climate reform in Sweden's history.



Through the Swedish environmental policy, Sweden aims to ensure that climate and environmental concerns are dealt with here and now and not handed down to future generations, while at the same time not increasing climate, environmental or health problems outside of Sweden (the generational goal). Sweden adopted sixteen environmental objectives in 1999, which, together with the generational goal, describes the environmental quality that Sweden aspires to achieve. To ensure progress the Government adopts milestone targets in five priority areas: climate impact, air pollution, biodiversity, dangerous substances, and sustainable urban development and waste.

The Swedish climate law, climate targets and environmental targets are both a foundation and a necessary pathway for our operations. As a property owner with a focus on public properties, most of our climate footprint and potential for positive contribution are clearly in the management of the properties we own and their surroundings. One of the most important targets for our operations is to reduce the climate impact of our properties. To reach this target we work systematically together with our tenants to reduce energy consumption through changed behaviour patterns and operational optimization as well as by actively choosing renewable energy sources and investments in solar panels.

## Sustainable Financing

We want to conduct responsible business on all levels, this entails our assets as well as the external financing of those. A part of this is to continue to increase our share of sustainable financing. At the end of 2020 76% of our total financing was green and 2021 we aim for our financing to be 100% green. We launched our inaugural Green Bond Framework in May 2018. A lot has happened since then in the market of green financing and we have monitored this ongoing development, including the progress of the EU Taxonomy, and decided that it was time to update our Green Bond offering.

We will continue to monitor the development of the Green Bond market and strive to continually advance the Framework and the Green Terms. As such the Green Bond Framework may be updated from time to time to reflect current market practices. In establishing the terms in this Framework Vacse has sought to comply with the Green Bond Principles (June, 2018) and current market best practice as well as considered the requirements of the EU Green Bond Standard and the EU Taxonomy and how these can be used as a guiding tool for criteria's and overall Framework structure.

Vacse has worked together with Handelsbanken to develop the Green Bond Framework. Cicero Shades of Green has provided a second opinion on the Green Terms, which is publicly available on Vacse's website ([www.vacse.se](http://www.vacse.se))

Stockholm, *september 2021*

**Fredrik Linderborg**  
CEO

**Henrik Molin**  
CFO

**Sara Jägermo**  
Head of Properties and  
Sustainability manager

# Methodology

## Environmental Objectives (GBP)

The Green Bond Principles contains a set of high-level Environmental Objectives (“Environmental Objectives”), which outline the main environmental benefits of the anticipated use of proceeds.

1. **CLIMATE CHANGE MITIGATION:** Activities that contribute to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or by greenhouse gas removals.
2. **CLIMATE CHANGE ADAPTATION:** Activities that contribute to reducing or preventing the negative effects of the current and expected future climate on the location and context specific economic activities or natural and built environments.
3. **NATURAL RESOURCE CONSERVATION:** Activities that contribute to the sustainable utilization of natural resources, for instance soils, waters and plants, or the preservation of forests and watershed areas, to ensure that renewable resources are not used up faster than they are replaced, while lessening the dependence and ensuring the sustainable use of non-renewable resources.
4. **BIODIVERSITY CONSERVATION:** Activities that contribute to the preservation and regeneration of genetic, species and ecosystem diversity in the terrestrial, marine and aquatic environment.
5. **POLLUTION PREVENTION AND CONTROL:** Activities that contribute to a high level of environmental protection from pollutants other than greenhouse gasses affecting air, water or soil whilst minimizing negative impact on human health and the environment.

Not more than 15% of net proceeds will be allocated to Eligible Green Assets with a primary alignment towards environmental objective 3-5.

## Exclusions

The net proceeds will not be allocated or linked to fossil based energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling, adult entertainment or tobacco.

## Allocation of net proceeds

An amount equal to the net proceeds will be used to finance Green Assets in accordance with the Green Bond Framework. The majority of the net proceeds are expected to be allocated to existing projects and assets (defined as projects and assets older than 12 months). The proportion of net proceeds allocated to new projects and assets will be disclosed in the annual reporting.





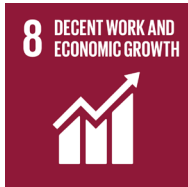

## Alignment with the UN Sustainable Development Goals

Agenda 2030 and the Sustainable Development Goals (“SDG”) were adopted by the United Nations General Assembly on 25 September 2015. There are 17 global goals with 169 defined underlying targets, aimed at achieving long-term sustainable economic, social and environmental development in order to eradicate extreme poverty, to reduce inequality and injustice in the world, and to fight climate change. In order for the goals in agenda 2030 to become a reality, all parts of society need to contribute, Vacse has the possibility to conduct business in ways that support the global goals.

*“As a property owner with a focus on high quality sustainable public properties is our core business. We want to conduct responsible business on all levels, which entails both our assets and our external financing. It is therefore essential that we work with the Sustainable Development Goals in our daily business and put their agenda on the front row of our strategic decision. In our daily work and processes we always take consideration of goal 1, 2, 4, 10, 14 and 16 to make sure that conflicts don’t occur.”*

- Fredrik Linderborg, CEO

Vacse prioritize the goals where we see that we have the best conditions to make a difference for people and planet. For further information about how Vacse works with the SDG’s please visit our website. Vacse has identified the following goals as being the most important and where Vacse can contribute the most:

The Sustainable Development Goals Vacse works towards		
	<p>Ensure availability and sustainable management of water and sanitation for all.</p>	<p>Impact by striving for a reduction in water consumption and by reusing water in our properties</p> <ul style="list-style-type: none"> <li>• Replacement to sensor-controlled taps in connection to renovation and new construction</li> <li>• We implement the service Smart Water (<a href="http://www.smartvatten.se">www.smartvatten.se</a>) which is a digital solution that measures the property’s water consumption in real time and immediately reports leaks.</li> <li>• Climate compensation for projects linked to SDG 6. For example Solvatten</li> </ul>
	<p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<p>Impact by using renewable energy sources for electricity and heating of our properties</p> <ul style="list-style-type: none"> <li>• Solar cells have been installed in several of Vacse’s properties. For construction of new buildings this is a requirement</li> <li>• Vacse buys 100 % renewable electricity</li> </ul>
	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>Impact by striving for a safe and secure working environment for all employees, tenants and suppliers</p> <ul style="list-style-type: none"> <li>• Vacse adheres to the UN Global Compact</li> <li>• Vacse is connected to “Håll Nollan” to secure a safe workplace</li> <li>• All service operators have signed the code of conduct by Fastighetsägarna</li> </ul>
	<p>Reduce inequality within and among countries.</p>	<p>Impact by striving for an equal working environment and eradicating all discrimination in connection with our operations</p> <ul style="list-style-type: none"> <li>• Vacse’s organization has an equal distribution between men and women and equality is prioritized in recruitment processes</li> </ul>

		<ul style="list-style-type: none"> <li>• Vacse offers internship positions to Tekniksprånget to bring more female engineers into the profession</li> <li>• Vacse is a partner in the mentorship program Mitt Livs Chans (<a href="http://www.mittliv.com">www.mittliv.com</a>) which is available to all employees in order to help reduce exclusion in Sweden</li> </ul>
	<p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>Impact by, among other things, working for sustainable travel to and from our properties</p> <ul style="list-style-type: none"> <li>• Vacse's properties are situated in locations where you can use municipal transport</li> <li>• Facilitate the use of bicycles through offering bicycle parking and service stations</li> <li>• Installation, maintenance and repair of charging stations for electric vehicles</li> </ul>
	<p>Ensure sustainable consumption and production patterns.</p>	<p>Impact by, among other things, striving for creating the best conditions for recycling</p> <ul style="list-style-type: none"> <li>• Through BRREAM SE Excellent which is our minimum requirements for new construction projects, we use a waste structure with LCA perspective in our projects</li> <li>• Vacse's existing buildings have generous waste rooms with sorting bins</li> </ul>
	<p>Ensure sustainable consumption and production patterns.</p>	<p>Impact by striving for a reduction in emissions linked to our operations in accordance with the Paris Agreement</p> <ul style="list-style-type: none"> <li>• Through collaboration with our tenants, we raise the climate issue on a proactive level at quarterly meetings</li> <li>• We actively participate in various councils and networks to educate and to be educated</li> <li>• In an early stage, high climate requirements regarding certification and energy in all our projects</li> </ul>
	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	<p>Impact by striving to reduce the destruction of natural habitats and strengthening the biodiversity around our properties</p> <ul style="list-style-type: none"> <li>• We install sedum roofs in new projects as well as in existing properties</li> <li>• We install bird houses and beehives in connection to our properties</li> <li>• We participate in the research project "Restorative workplaces" through SLU to add more greenery in and around our properties</li> </ul>
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>	<p>Impact by striving for inclusive societies for sustainable development, justice for all and inclusive institutions with accountability at all levels</p> <ul style="list-style-type: none"> <li>• Facilitating the operations by the Swedish judiciary by offering suitable premises</li> <li>• All our employees and partners adhere to, and have signed a code of conduct</li> <li>• Membership and governance based on the UN Global compact</li> <li>• Membership and governance based on Håll Nollan</li> </ul>



# Green Terms

## 1. Use of Proceeds




An amount equivalent to the net proceeds from Green Bonds will exclusively be used by Vacse to fully or partly finance or refinance investments and expenditures that promote the transition to low-carbon, climate resilient and sustainable economies. Such assets (“**Eligible Green Assets**” or “**Green Assets**” or “**Green Projects**”) must comply with the categories and criteria’s below as well as the Exclusion criteria, Allocation criteria and Environmental Objectives described in the Methodology section.

Both financing and refinancing of tangible assets (without age restriction) and operational expenditure (up to 3 years backward looking before the starting year of any newly issued Green Bond) such as maintenance costs related to green assets that either increase the expected lifetime or the energy efficiency can qualify. The combined allocated amount to a specific Green Asset, by one or several sources of financing with specified use of proceeds, may not exceed its value. Vacse only operates in the Nordic market and the net proceeds will therefore be used exclusively to finance or refinance investments and expenditure in the Nordics.

### Green buildings

**Main Environmental Objective (GBP):**  
*Climate Change Mitigation*

**Secondary Environmental Objective (GBP):**  
*Climate Change Adaptation*



### New buildings

Ongoing development or recently completed buildings that have or will receive (i) a design stage certification or (ii) a post-construction certification of at least Miljöbyggnad “Silver”, BREEAM-SE “Excellent”, BREEAM “Excellent” or LEED “Gold”. The buildings must also achieve at least 20% lower energy use than required by the applicable national building code (f.e. BBR).

### Existing buildings

Existing buildings or major renovations that have or will receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of at least Miljöbyggnad “Silver” or BREEAM In-Use “Very Good” and achieve an energy target as specified below:

- Major renovation requires an overall reduction in energy use of at least 30% over a period not exceeding 3 years or achieving an energy use in line with the applicable national building code (BBR) for newly built properties.
- Existing buildings must achieve an energy use per square meter not exceeding the targets set out below and for buildings constructed before 2021 at least 25% lower than the national building code (BBR) applicable for the specific building.

Construction year	Energy use per square meter
Before 2011	100 kWh / sqm
2011-2020	90 kWh / sqm
After 2020	20% lower PED kWh / sqm than applicable national building code (BBR)

## Renewable energy

### Main Environmental Objective (GBP):

*Climate Change Mitigation*



Investments in solar power or wind power, either on or near a building or as a stand-alone investment.

## Clean transportation

### Main Environmental Objective (GBP):

*Climate Change Mitigation*



Investments in supportive infrastructure for clean transportation, for example charging stations for electric vehicles, bicycle garages and other investments that support and emphasize the use of clean transportation solutions.

## Energy efficiency

### Main Environmental Objective (GBP):

*Climate Change Mitigation*



Investments in the existing portfolio of buildings that target a lower overall energy use and an improved environmental footprint. This could include, for instance, the installation of geothermal heating/cooling, district heating/cooling, energy-efficient lighting, IT-technology (monitoring, efficiency management and remote operation), energy efficient windows or an upgraded ventilation system. Only directly associated expenditure (e.g. material, installation and labour) is eligible for financing. Vacse will ascertain the following:

- a. High estimated energy savings in the targeted area for physical installations (minimum 20%).
- b. Minimize long term negative climate impact and potential rebound effects.
- c. Minimal negative climate impact from the technology used.

## Environmentally sustainable management of living natural resources and land use

### Main Environmental Objective (GBP):

*Climate Change Mitigation*

### Secondary Environmental Objective (GBP):

*Climate Change Adaptation*

*Biodiversity Conservation*



Investments in green environments that promote, restore and preserve biological diversity and facilitate green urban environments. These include, f.e. green roofs, green walls, urban biotopes, flowerbeds and trees, which all have various positive effect on e.g. strengthening ecological values, reducing noise levels, mitigating physical climate risks or binding air-borne particles.



## 2. Process for Project Evaluation and Selection

The business units, administration and environmental department within Vacse will nominate projects and assets within the eligible categories to the Sustainable Finance Committee (“SFC”) consisting of members from the management team including the CEO, the CFO and the Head of Properties. The SFC was established in 2018 in connection with Vacse’s first Green Bond Framework. The nominated projects and associated information will be used by the SFC to determine which projects and investments are compliant with the Green Terms and therefore qualifies for Green Bonds. All approvals will require consensus by the SFC. Furthermore, the SFC is also responsible for signing off on the forthcoming reporting under the framework as outlined under the section Reporting and Transparency.

The projects and assets must also be compliant with the Green Terms, applicable national laws and regulations, and policies and guidelines within Vacse. The decision will be documented by the committee and a record will be kept. An updated list of all Green Assets will be kept by Vacses treasury department. If a project or asset ceases to meet the Green Terms, it will be removed from the list (and the funds will be recycled). The list will also be used as a tool to determine if there is a current or expected capacity for additional Green Bonds.

### External Review

Vacse acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of net proceeds allocation. For further information, see the “Annual Review” section under Reporting and Transparency.



### 3. Management of Proceeds

An amount equal to the net proceeds of any Green Bonds will be credited to a dedicated account (the **“Green Account”**) or otherwise tracked by Vacse (the **“Green Portfolio”**). Deductions will be made from the Green Portfolio by an equivalent amount corresponding to the financing, refinancing, investment or expenditure of Eligible Green Assets or at repayment of any Green Bonds.

If an Eligible Green Asset no longer qualifies or if the underlying project or asset is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the Green Portfolio. Funds may also be reallocated to other Green Assets during the term of any Green Bond, unless otherwise agreed in the loan documentation.

The treasury department will keep a record of the purpose of any change in the Green Portfolio and ensure that the combined funds directed towards a specific Green Asset, by one or several sources of green financing (such as Green Bonds and Green Loans) or other financing with specific use of proceeds, does not exceed its value.

While the Green Portfolio has a positive balance, the net proceeds may be invested or utilised by the treasury in accordance with Vacse’s sustainability policy and investment criteria. Such unallocated funds may for instance be invested in short-term interest-bearing securities, such as Swedish treasury bills (and related entities) or Swedish municipal notes (including related entities).

#### Ex-post verification of funds

Vacse acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of funds, hence verification will be sought from Vacse’s external auditor. Further information can be found in the Annual Review section under Reporting and Transparency.





## 4. Reporting and Transparency

To be fully transparent towards the Green Bond investors and other market stakeholders, Vacse will publish an annual report on its website ([www.vacse.se](http://www.vacse.se)) (that will detail the allocation of net proceeds and adherence to the Green Terms (the “Reporting”). The first such Reporting under this Framework is expected to take place in April 2022, in proximity to the release of the company’s Annual Report, and will be available in Swedish. Vacse will yearly publish the allocation and impact reporting until such time that no Green Bonds are outstanding.

The Reporting will be prepared by the treasury department. It will contain information on the Green Assets that have been financed with Green Bonds, a summary of Vacse’s activities in the past year as pertains to Green Bonds as well as information, including examples, of the financed Green Asset’s adherence to the relevant criteria.

### **Allocation Disclosure**

- For Green Buildings that have met the relevant Green Terms and to which net proceeds have been allocated the Reporting will disclose the aggregate market value (or investment cost, as applicable).
- For the categories Energy Efficiency Investments, Renewable Energy Investments, Environmentally Sustainable Management of Living Natural Resources Investments and Clean Transportation Investments the total allocation of green net proceeds to each category will be disclosed.
- The sum of outstanding Green Bonds and the sum of the Green Portfolio balance, including any short term investments or net proceeds managed within the liquidity portfolio.
- The data shall be from the last of December in the previous year.

### **Impact Reporting & Metrics**

The Reporting will contain a disclosure of asset level performance indicators. The Reporting will strive to disclose the impact based on the Green Financings share of the total investment. For financed Green Assets that are not yet operational, Vacse will strive to provide estimates of future performance levels. Vacse will emphasise energy savings and greenhouse gas reductions as the most relevant performance metrics for most projects. The metrics below are examples of indicators that are likely to be used by Vacse in the forthcoming Reporting.

#### **Green buildings**

- i. Energy performance/use
  - a. For all buildings: the annual energy use per square meter Atemp (kWh/sqm/year)
  - b. For all buildings: the annual energy savings (MWh per year).
  - c. For all buildings: the percentage of renewable energy used compared to the total energy used
  - d. For all new buildings: the relative energy performance (%-improvement) compared with applicable national building code.
  - e. For major renovations: the percentage reduction of energy use.
- ii. Building certification
  - a. Type of certification
  - b. Achieved level of certification
- iii. Carbon emission savings/reductions
  - a. Carbon intensity: carbon emissions per square meter Atemp (CO2e grams)
  - b. Carbon savings: annual carbon emission reductions/savings (CO2e tones)

#### **Renewable energy**

- i. For an installation of a renewable energy in a real estate asset the percent of the assets total energy use supplied by the installation, the kWh/year and the estimated yearly greenhouse gas savings.
- ii. For an investment in a stand-alone renewable energy project the kWh/year and the estimated yearly CO2e savings.

### Clean Transportation

- i. The number of charging stations for electric vehicles installed.
- ii. The number of bicycles that a bicycle garage can accommodate.

### Energy Efficiency Investments

- i. Each yearly report will include an example of an energy efficiency investment that have been financed with green net proceeds. Given the number of project types that qualify under the category the KPI's will not be disclosed beforehand in the framework. Vacse will emphasize energy and carbon savings, where applicable, as relevant performance metrics.

### Environmentally Sustainable Management of Living Natural Resources and land use

- i. Each yearly report will include an example of an investment that has been financed with green net proceeds (if such a project has been financed). Vacse will describe the investment and the area of the installation (if applicable), as relevant information metrics.

### Carbon Footprint Calculation Methodology

To calculate GHG emission reductions, Vacse uses the Green House Gas Protocol and reports on Scope 1 and Scope 2 emissions. For 2020 the numbers were 90 grams CO<sub>2</sub>e per kWh for electricity, 40.2 grams CO<sub>2</sub>e per kWh for heat and 7.2 g per kWh for cooling, with a combined CO<sub>2</sub>e for delivered energy of 22.8 grams CO<sub>2</sub>e per kWh (all values are location-based emissions equivalents and includes Scope 2 emissions per energy source). This is the same methodology used in the company's sustainability reporting, although the sustainability reporting uses market-based emission factors. It should be noted that this grid emission factors Vacse uses is considerably lower than what has been outlined in the "Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting" (2020), which currently states 319 grams CO<sub>2</sub>e per kWh.

### Annual Review

The external auditor of Vacse, or a similar party appointed by Vacse with the relevant expertise and experience, will investigate and report whether an amount equal to the net proceeds have been allocated to the Eligible Green Assets that Vacse has communicated in the Reporting. Their conclusions will be provided in a signed statement, which will be published on Vacse's website ([www.vacse.se](http://www.vacse.se)).

### Dedicated Website

Vacse has a dedicated webpage for green financing (such as Green Bonds) at its website ([www.vacse.se](http://www.vacse.se)) where investors can find information regarding Vacse's Green and Transitional Financing, including:

- The Green Bond Framework
- The Second Opinion
- The Reporting
- The Annual Review
- Investor Presentations

## Definitions

**BBR** means the Swedish national building regulation set up by the National Board of Housing, Building and Planning, determining the regulatory requirements and offering general advice regarding all stages of planning, construction and operations of real estate assets.

**BREEAM Very Good, Excellent and Outstanding** means the rating Very Good, Excellent and Outstanding within BREEAM, a grading scheme for the real estate sector developed by BRE Global, as well as local adaptations such as BREEAM-SE developed by the SGBC (Swedish Green Building Council) respectively, pursuant to their definition at the time of receipt of the relevant certification.

**BREEAM IN-USE Very Good, Excellent and Outstanding** means the rating Very Good, Excellent or Outstanding within BREEAM, a grading scheme for the real estate sector developed by BRE Global, pursuant to their definition at the time of receipt of the relevant certification.

**LEED Gold** means the rating Gold within LEED, a grading scheme for the real estate sector developed by the U.S. Green Building Council pursuant to its definition at the time of receipt of the relevant certification.

**Miljöbyggnad Silver and Gold** means the rating Silver and Gold within the Miljöbyggnad building certification scheme administered by the Sweden Green Building Council (SGBC), pursuant to its definition at the time of receipt of the relevant certification.

**NZEB** means the EU Nearly Zero Energy Buildings requirement, to be implemented in Sweden in the coming years.





## Policy documents that govern Vacse's Environmental and Sustainability work

Public Policies and Guidelines are available at <https://www.vacse.se/>

#	Name	Publicly available
1	Environmental Policy	Public
2	ESG Policy	Public
3	Annual report 2020	Public
4	Energy Policy	Non-public
5	Supplier code of conduct	Non-public
6	Code of conduct	Non-public
7	Equality Policy	Non-public



**VACSE AB (PUBL)**

Kungsgatan 26, 111 35 Stockholm  
vacse.se info@vacse.se