



Green Bond Framework

January 2025



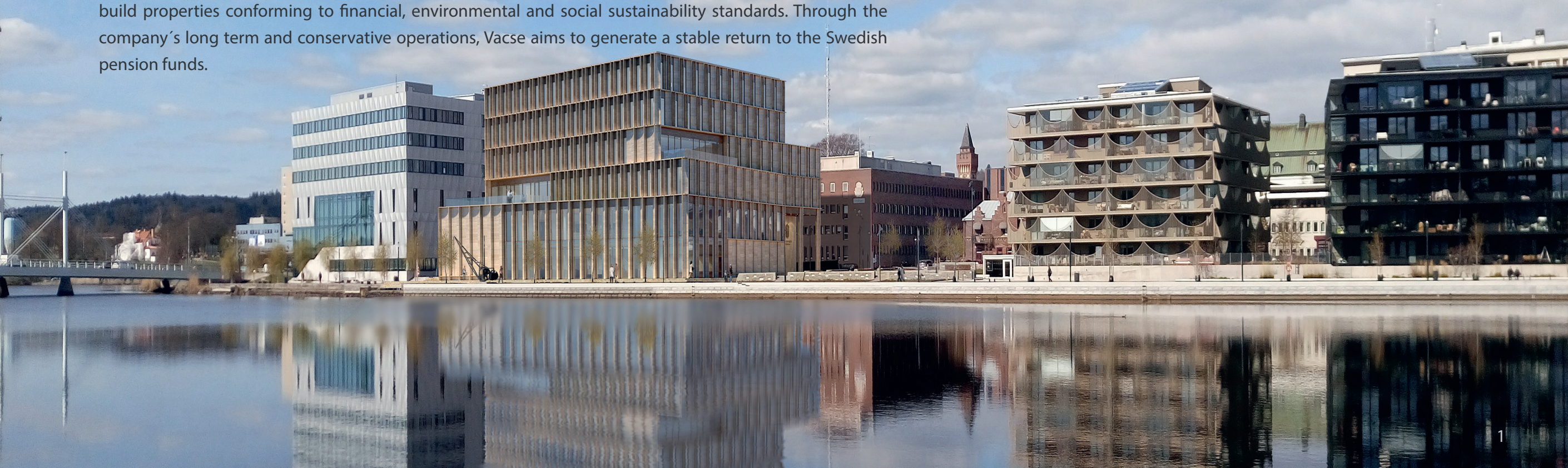
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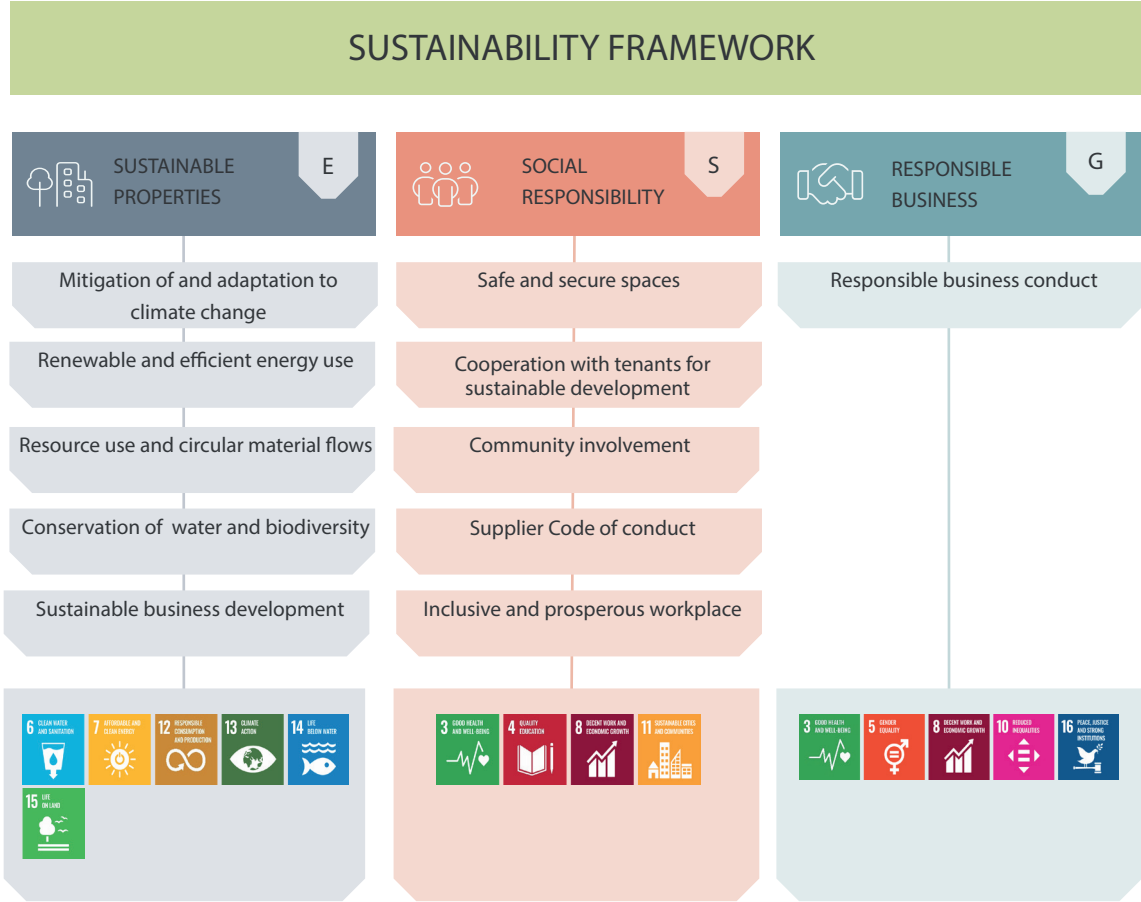
THIS IS VACSE

Vacse strives to be a long term and reliable owner of public property with a conservative view on risk. The company was founded by seven Swedish pension funds in 2009 and focuses on the development, management and ownership of public property. As of 2024, Vacse's property portfolio consists of 24 properties covering 220 thousand square meters in southern and central Sweden. With 99% governmental clients, where the Swedish Prison and Probation Service, the Swedish Police, Swedish Courts, the Swedish Civil Contingencies, and the Swedish Prosecution Services make up the largest shares, Vacse generates a stable rental flow from their robust property portfolio. A large share of Vacse's tenants are active in special operations therefore demand that the properties conform to the highest standards, not least in terms of security. As a long term owner of modern and society crucial properties, Vacse aims to own and build properties conforming to financial, environmental and social sustainability standards. Through the company's long term and conservative operations, Vacse aims to generate a stable return to the Swedish pension funds.



Vacse’s Sustainability Strategy

Vacse’s sustainability agenda is based on the UN’s Global Goals for Sustainable Development and the Paris Agreement. This commitment ensures that the company operates in a manner that promotes socially, economically, and environmentally sustainable development, while also aligning with the objective of limiting global warming to 1.5°C. Based on this foundation, Vacse has adopted a sustainability policy and strategy centred around three focus areas, i) Sustainable properties , ii) Social responsibility, and iii) Responsible business, each with concrete and measurable targets. The strategy, policies and goals are outlined in the figure to the right.



RESPONSIBLE BUSINESS

Vacse regards business ethics as a prerequisite for the long term and sustainable business model and a top priority for the company's owners and tenants. Vacse's employees undergo an annual business ethics training and are invited to actively participate in discussions on the future conduct of business.

In 2017, Vacse established the goal of reaching 100 per cent green financing by 2023. Using green bonds and loans, Vacse is currently financed solely through green instruments. Vacse's operations are not currently in scope of the EU Taxonomy reporting requirement. However, to ensure the future feasibility of Vacse's green financing goal, the company works to align the portfolio with the Taxonomy requirements. As of 2023, 45% of Vacse's portfolio was Taxonomy aligned.

In their effort for a sustainable supply chain, Vacse evaluates their suppliers on topics of sustainability and has established the goal to have all suppliers adhere to the Supplier Code of Conduct. To ensure compliance, Vacse conducts regular external audits on Minimum Safeguards of Human Rights Due Diligence.

At Vacse, employees are highly valued, and the company strives to be an attractive employer characterized by openness, equality, and diversity. All Vacse's employees have been trained in equality and equal treatment. To deliver on the values outlined in the code of conduct, Vacse has implemented channels for employees to report on observed misconduct.

Agenda 2030 and the Sustainable Development Goals ("SDGs") were adopted by the United Nations General Assembly in 2015 and aim at achieving long term sustainable economic, social and environmental development. With the ambition to be a long term owner and developer of modern and sustainable properties, the mission to achieve the SDGs are at the core of Vacse's business strategy.

Vacse's sustainability policies and goals for responsible business conduct contribute to achieving the following SDGs:



SUSTAINABLE PROPERTIES

Vacse's ambition to be a long term owner of properties mandates that properties are developed to even conform to future demands. This implies that the properties are designed to reduce environmental impact and that climate change risks are addressed. Vacse's long-term goal is to reach net zero value chain emissions by 2045, which also includes a 50 per cent reduction in own emissions (scope 1 and 2) by 2030 compared to 2019. The net zero target is defined according to the Science Based Targets Net Zero Standard and the near-term scope 1 and 2 target has been approved by the Science Based Targets initiative (SBTi). To keep investors and other stakeholders informed about the process towards the emission reduction targets, Vacse commits to transparent reporting of emissions data for all scopes.

On the back of achieving the previous energy reduction target, Vacse aims to reduce energy consumption by 40 per cent until 2030 compared to 2019. To achieve this target, the company aims to have the entirety of their property portfolio classified as energy class C or better until 2030. Since 2015, 100 per cent of Vacse's electricity stems from certified renewable sources (solar, wind and hydro).

To achieve the climate and energy reduction targets, Vacse has mapped actions and areas for improvement for each individual property as well as the full operations. All Vacse's properties are environmentally certified and new construction has to conform to high certification standards.

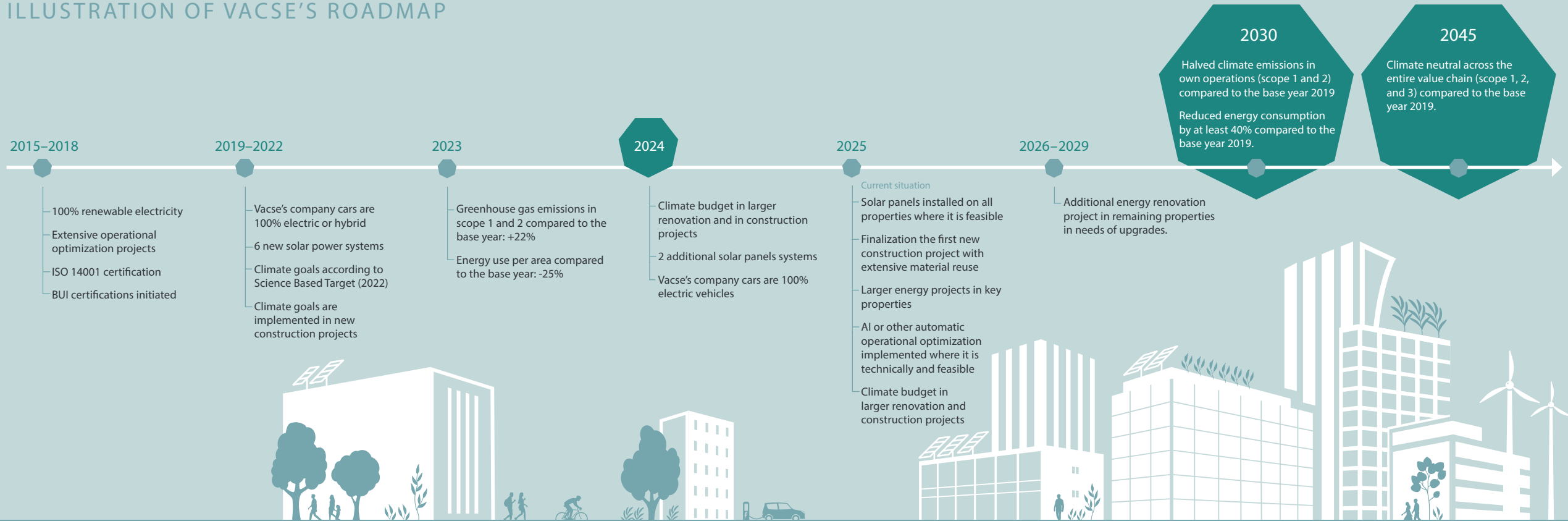
Furthermore, Vacse carefully evaluates the need of new properties and, where possible, prioritizes the extension and adjustment of existing properties. During the construction phase, Vacse's ambition is to monitor greenhouse gas emissions to not exceed 300 kgCO₂e/GFA. Furthermore, to account for potential climate change related risks affecting both existing and newly constructed properties, Vacse's entire property portfolio is subject to risk assessments regarding climate change.

The biggest challenge in achieving the ambitious climate goals is decreasing the carbon footprint despite Vacse's growing portfolio and portfolio pipeline compared to 2019. Vacse's clients, however, also indicate in increased interest in sustainable properties and willingness to collaborate to achieve the targets.

Vacse's sustainability policies and goals for sustainable properties contribute to achieving the following SDGs:



ILLUSTRATION OF VACSE'S ROADMAP



ONGOING PROJECTS IN OWN OPERATIONS

When acquiring existing properties:

- Ensure correct energy measurement is in place
- Request energy class A, or develop a plan for how to achieve it
- Set requirements for the use of climate-efficient refrigerants

When constructing new buildings:

- Set requirements for achieving energy class A
- Request energy class A, or develop a plan for how to achieve it
- Implement contracts with penalties where the contractor is responsible for carrying out actions until the projected performance is achieved

During renovation:

- Energy efficiency projects in collaboration with operational partners and tenants, e.g., through building envelope measures, improved energy recovery, utilization of waste energy, control measures, and other upgrades of installations
- Climate requirements for all projects

In ongoing operations:

- Continued use of 100% green electricity
- Phasing out climate-damaging refrigerants with high GWP
- Collaborate with and influence district heating and cooling suppliers to reduce greenhouse gas emissions
- Evaluate the use of geothermal energy and heat pumps for own heating production in selected properties

ONGOING PROJECTS IN THE VALUE CHAIN

During new construction and renovation:

- Explore alternatives to new construction. Prioritize the development of existing properties
- Set requirements that climate emissions during the construction phase must be less than 300 kg CO₂/GFA. The requirement will gradually become stricter over time

In ongoing property management:

- Set requirements for partners to use fossil free vehicles
- Develop incentives in service agreements to achieve climate goals

Facilitating tenants' transition:

- Provide charging infrastructure for tenants
- Facilitate collective transportation options where possible
- Provide good environmental spaces in all properties to support recycling by tenants
- Collaborate on own electricity production where tenants desire



SOCIAL RESPONSIBILITY

Questions about safety, international conflicts, and organized crime have gained importance in Sweden over recent years. At Vacse, recognizing and taking social responsibility throughout the organisation has, therefore, become a key priority.

Vacse’s supplier code of conduct is based on the 10 United Nations Global Compact principles and ensures that suppliers and sub-suppliers live up to the company’s expectations. On an annual basis, Vacse evaluates all new suppliers and follows up on existing supplier’s sustainability work and financial position.

Additionally, Vacse works actively to prevent deviations from the values stipulated in the code of conduct using thorough background checks for suppliers and contractors, as well as unannounced workplace visits on construction sites. To do so, Vacse collaborates with third parties with well established methods to identify risks.

To incorporate tenants in Vacse’s overall sustainability strategy, the company aims to append green terms to all lease agreement with their tenants.

A further key priority at Vacse is the safety and perceived safety in and around the properties. During annual security checks conducted each winter, potential crime scenes are identified. Furthermore, Vacse strives to identify and solve issues and safety problems early.

Vacse’s sustainability policies and goals for collaboration for societal benefit contribute to achieving the following SDGs:



GREEN BOND FRAMEWORK

RATIONALE FOR GREEN FINANCING

The real estate sector contributes significantly to Sweden's climate impact, accounting for approximately 40 per cent of Sweden's total energy use and about 20 per cent of the country's greenhouse gas (GHG) emissions. Vacse regards green financing as a valuable tool to take responsibility for its impact and to mitigate transition risks in its property portfolio.

Vacse's goal is to conduct business responsibly in all aspects of operations, which also includes the company's assets and financing. Since 2021 Vacse solely finances their undertaking using green instruments and aims to continue to do so in the future. This updated framework establishes the foundation for Vacse to deliver on that objective. This framework has been developed together with Handelsbanken.

GREEN TERMS

This Green Bond Framework (the "Framework") sets the terms under which Vacse may issue Green Bonds. The Framework has been developed to align with the International Capital Market Association ("ICMA") 2021 Green Bond Principles with 2022 years appendix and has taken consideration to the EU Taxonomy's technical screening criteria for substantial contribution to climate change mitigation. The Framework is structured around ICMA's core pillars, including the recommendation to appoint an external reviewer.

1. Use of Proceeds
2. Process for Projects Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

1. USE OF PROCEEDS

An amount equivalent to the net proceeds issued by Vacse will be used to finance and/or refinance projects that supports the transition to low-carbon and climate resilient economies ("Green Projects"). Green Projects may have the value of fixed assets ("Assets"), capital expenditures ("CapEx") and/or operational expenditures ("OpEx") and must fall within the criteria in the table below to qualify for financing or refinancing. All projects will be used exclusively to finance or refinance projects in Sweden.

New financing is defined as amounts allocated to Green Projects financed within reporting year, and refinancing is defined as amounts allocated to Green Projects financed prior the reporting year¹.

¹ For refinancing of Assets and CapEx no specific look back period will apply, while refinancing of OpEx will allow for a maximum look back period of three years will apply.

GREEN BUILDINGS

Main EU Taxonomy Objective: Climate change mitigation

Applicable EU Taxonomy activities; 7.1, 7.2, 7.7

SDGs: 7,11,13

New buildings

Buildings built ² after 31 December 2020 must meet or will, upon completion, meet all of the following criteria to be eligible:

- Obtain a design-stage certification or a post-construction certification of least any of the following schemes: Miljöbyggnad “Silver”, BREEAM-SE “Excellent”, LEED “Gold”
- Achieve a Primary Energy Demand (PED) that is at least 20 % lower than the threshold set for nearly zero-energy buildings (NZEB)
- Undergo a screening of material climate risks in accordance with the EU Taxonomy
- Undergo testing for airtightness and thermal integrity

Renovation of existing buildings ³

Renovation of existing buildings must meet, or lead to, all of the following criteria to be eligible:

- The renovation results in either an overall reduction in primary energy demand (PED) of at least 30%, or complies with the applicable requirements for major renovations
- The renovated building obtains a post construction certification or an in-use certification of at least Miljöbyggnad “Silver” or BREEAM “Very Good”

Existing buildings

Buildings built ² before 31 December 2020 must meet all of the criteria specified below to be eligible

- Have a post construction certification, or an in-use certification of at least Miljöbyggnad “Silver” or BREEAM “Very Good”
- Undergo a screening of material climate risks in accordance with the EU Taxonomy
- Achieve a primary energy demand (PED) per square meter that does not exceed the following thresholds:

Construction year	Primary energy demand (PED) ⁴
From January 1, 2011	Have an Energy Performance Certification (EPC) demonstrating class A or have a PED within the top 15% of the national or regional building stock
Before January 1, 2011	Achieve a primary energy demand (PED) not exceeding 90 kWh/m ² A _{temp}

² To determine whether a building was built before December 31, 2020, the date of submission of the building permit application is used.

³ A renovated building that fulfils the criteria for existing buildings in this Framework can be classified as an eligible Green Project as a whole. If the building, after a renovation, does not fulfil the criteria for an existing building in this Framework only the cost of the renovation measures can be financed.

⁴ Vacse will reference an external benchmark when determining the top 15%. Such a benchmark could be e.g. guidance by national governments or a specialist study. The top PED 15% applicable under this Framework will be updated continuously.

RENEWABLE ENERGY

Main EU Taxonomy Objective: Climate change mitigation

Applicable EU Taxonomy activities; 7.6

SDGs: 7, 13

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

ENERGY EFFICIENCY

Main EU Taxonomy Objective: Climate change mitigation

Applicable EU Taxonomy activities; 7.3, 7.5

SDGs: 11,13

Investments directly associated with the expenditures for the installation, maintenance and repair of geothermal heating/cooling, energy efficient lighting, IT-technology enabling energy efficiency (including, but not limited to monitoring, efficiency management, and remote operation), energy efficient windows, ventilation system upgrades, or energy recovery and storage systems. Investments within the existing building portfolio must lead to a minimum energy savings of 20% in the targeted areas.



2. PROCESS FOR PROJECT EVALUATION AND SELECTION

To ensure transparency and accountability in the selection of Green Projects, Vacse's business units, administration and environmental department nominates projects within the eligible categories outlined in this Framework for review by the Sustainable Finance Committee (SFC). The SFC was established in 2018 alongside Vacse's first Green Bond Framework and comprises of members from the management team including the CEO, the CFO and the Head of Properties and Sustainability. Other internal representatives with specific expertise may be invited when deemed necessary.

The SFC convenes on a regular basis to evaluate proposed projects, ensuring they meet the Green Terms and are aligned with applicable laws, regulations, and internal policies. Additionally, the SFC assesses potential environmental and social risks associated with the Green Projects and ensures no projects breaches the exclusion criteria described below. Only projects that meet all criteria are approved for Green Bond funding, and all decision requires a consensus within the committee. The SFC is also responsible for signing off on the forthcoming reporting under the Framework as outlined under the section Reporting.

An updated list of all Green Projects will be kept by Vacse's treasury department. The list will also be used as a tool to determine if there is current or expected capacity for additional Green Bonds. All decisions and changes are documented to ensure transparency and accountability throughout the process.

Exclusions:

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

3. MANAGEMENT OF PROCEEDS

An amount equal to the net proceeds of any Green Bond will be managed according to a portfolio approach and tracked and monitored through a Green Register. The Green Register will ensure that an amount equivalent to the net proceeds from the Green Bonds only support eligible Green Projects. Vacse intends to allocate all the net proceeds as soon as possible, but no later than 36 months from the date of issuance.

If an eligible Green Project no longer qualifies or if the underlying project is divested or lost, an amount equal to the funds allocated towards it will be re credited to the Green Register. Funds may also be reallocated to other Green Projects 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 Project, 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 Register 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).

4. REPORTING

Vacse will publish an annual report as long as any bonds are outstanding and in the event of any material developments, which will detail the allocation of net proceeds and adherence to the Green Terms (the “Reporting”). The Reporting will be prepared by the treasury department and can be found on Vacse’s website.

Allocation Report

The allocation report will include the following:

- Nominal amount of outstanding Green Bonds
- A list of Green Project that has been financed with the net proceeds
- The proportion of net proceeds allocated per eligible Green Project category and geographical distribution
- The share of new financing and refinancing
- The amount of unallocated proceeds, if any
- The data shall be from the last of December in previous calendar year

Impact report

The impact report aims to disclose the environmental impact of the financed Green Projects, based on Vacse’s share of each project. For financed Green Projects that are not yet operational, Vacse will strive to provide estimates of future performance levels. Vacse will on best effort basis align the impact reporting with ICMA’s Harmonized Framework for Impact Reporting and provide details of the methodology used to calculate the green indicators. The metrics below are examples of indicators that are likely to be used by Vacse in the forthcoming Reporting.

GREEN PROJECT CATEGORY	EXAMPLES OF GREEN INDICATORS
Green Buildings	<ul style="list-style-type: none"> • The annual energy use per square meter A_{temp} • Energy use reduced or avoided • The percentage of renewable energy used compared to the total energy used • Environmental certification and level • Carbon intensity annual emissions • Reduced or avoided tonnes of CO₂e emissions
Renewable energy	<ul style="list-style-type: none"> • For an installation of a renewable energy in a real estate asset, the percent of the asset’s total energy use supplied by the installation, the kWh/year and the estimated yearly greenhouse gas savings • For an investment in a stand-alone renewable energy project the kWh/year and the estimated yearly CO₂e savings
Energy efficiency	<ul style="list-style-type: none"> • If applicable, the report will include an example of an energy efficiency investment financed with green net proceeds. Given the number of project types that qualify under the category the KPIs will not be disclosed beforehand in the Framework. Vacse will emphasize energy and carbon savings, where applicable, as relevant performance metrics.

5. EXTERNAL REVIEW

Second Party Opinion (pre-issuance)

Morningstar Sustainalytics, an independent second party opinion has reviewed the Framework and its alignment with the Green Bond Principles. The second-party opinion can be found on Vacse's website (www.vacse.se).

External Verification (annually post-issuance)

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 Projects that Vacse has communicated in the Reporting. Their conclusions will be provided in a signed projects, which will be published on Vacse's website (www.vacse.se).



DISCLAIMER:

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.



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