

2021

Green financing framework

Important Notice

This document (the “Green Financing Framework” or “Framework”) contains information on Heba’s (“Heba”) and its potential use of financing with added environmental criteria (the “Green Terms”). Any financing 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 Green Financing (“Green Financing”). Other labels may apply to the specific type of financing, for instance Green Bond (“Green Bond”), Green Commercial Paper (“Green Commercial Paper”) or Green Loan (“Green Loan”). Depending on the language of the financing 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 applicable risk factors and terms specific for the type of Green Financing used, for instance in the relevant financing documentation, issuance prospectus, financing documentation or information memorandum.

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.

New Green Financing will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Framework on Heba’s website. Any Green Financing will be subject to the version of the Green Terms specified in the associated financing documentation.

This document is available in Swedish and in English. In the event of any discrepancy between the two versions, the Swedish version is the prevailing version.

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Climate changes and sustainability

There is no doubt how important environmental issues are, perhaps it is the most important question facing us if we are to secure a sustainable future. How we use our resources today affects us tomorrow. The population continues to increase with more people having to share the earth's resources. It's about how we can all work together to reduce impact on the climate, in small ways and large. We need to be aware of all aspects of the impact we have, both those directly as well as indirectly. How we in the long term cannot leave a negative climate footprint.

The property sector faces many major challenges regarding energy and use of materials which in turn are responsible for much of the impact on our environment and climate. Heating buildings, in itself, amounts to approximately 35% of Sweden's total energy consumption. At Heba we must ensure that our properties contribute to a sustainable development of the climate through minimising energy and water consumption and the utilisation of chemicals. The materials we choose in our buildings and how we manage resulting waste products.

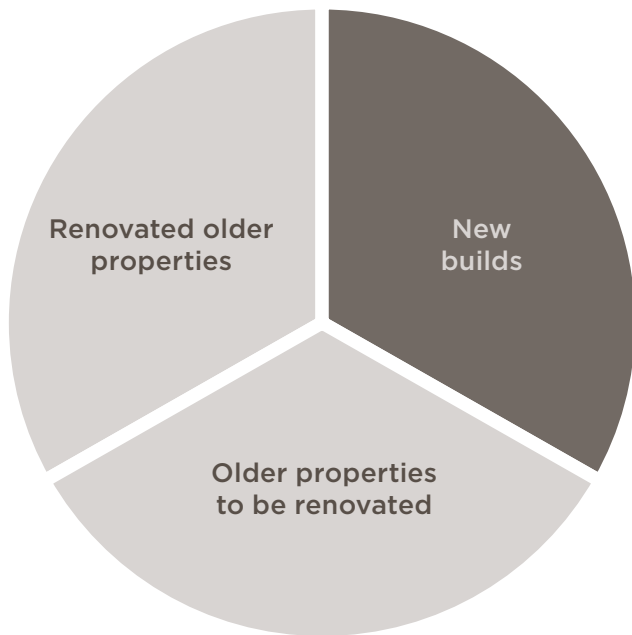
Heba

Heba Fastighets AB was founded in 1952 (at the time known as Heba Byggnads AB) by two experienced construction managers, Karl Holmberg and Folke Ericsson, whose aim was to build homes they themselves would wish to live in. Heba today, as then, has the same basic values; the property portfolio comprises of own rental housing and public use properties located in the Stockholm, Uppsala and the Mälardalen area with a property value exceeding SEK 10 bn. Since 13 June 1994 Heba has been listed on Nasdaq Stockholm Nordic Mid Cap.

Heba is a long-term property owner with genuine commitment and in-depth knowledge of managing and developing properties.

All administration and management services relating to the properties is carried out by the company's own staff, this allows us to be cost effective and maintain our core values of being available, active, safe and involved. We offer sustainable and safe homes for all the different stages of life in attractive areas where people want to live.

We achieve this through being a long-term property owner with genuine commitment and in-depth knowledge of managing and developing properties. Heba is in a strong financial position which enables us to act on acquisition opportunities when they arise so that we can continue to grow in the new-build sector.



Hebas property portfolio comprises of one third new builds completed within the past 15 years and a majority of the remaining two thirds built between 1940 and 1950. By 2020 approximately half of the older properties had been renovated and in line with our renovation programme, the remaining properties will all have undergone renovation by 2027.

Sustainability

For us, sustainability is apparent in everything we do, it is like an umbrella encompassing the whole organization; it permeates all areas of environment, social responsibility and organization. It's about taking environmental responsibility in the management of our existing properties as well as living up to current environmental demands relating to refurbishment as well as new builds. To us it is about social involvement, how we provide various types of housing such as homes for young adults to homes for the elderly. How we as property owners have an important role in encouraging our tenants to live more environmentally aware. It is also about taking care of our staff, and this includes their health, their personal development as well as equality and diversity.

To ensure our processes are robust in all our activities we are working to introduce an environmental and quality management system in accordance with ISO 14001:2015 and 9001:2015 which will be completed in the spring of 2021.

Working sustainably is a given and a prerequisite if the organization is to continue to develop and achieve its goals. For many years we have worked at making our properties more energy efficient through installing technology which measures and carries out follow-ups, we have changed ventilation systems and added additional insulation to the buildings.

Heba has a goal to reduce energy consumption used in heating by 20% in 2028 based on 2018's levels. At present the company is working with an extensive refurbishment programme where our most important parameters are to reduce energy consumption and water usage. Every property that we refurbish is subject to an environmental inventory which forms the basis for the work we do to restructure the environmental debt on the property. We have begun working with installing facilities for renewable energy such as geothermal plants used in combination with solar panels. This not only reduces carbon dioxide emissions but is also proving

profitable. As a long-term property owner all our newly built properties will qualify for Miljöbyggnad (Environmental Building) Silver rating or a similar rating. All our projects are in line with an environmental programme overseen by an environmental controller who continuously monitors the process throughout the projects' life cycle. Every year we conduct a management review of all our properties where we analyse actions that may be needed to manage climate risks such as centuries of rain. All new builds are climate adapted and constructed in accordance with the Swedish Planning and Building Act (PBL) as well as all current building standards.

Our properties are all digitally connected with every apartment having its own temperature meter which enables us to check the temperature in the homes and follow-up any deviations. The system allows us to monitor the temperature thus ensuring that no more energy is used in heating than necessary. Our goal is by incorporating more advanced technology such as AI, we can connect and monitor all our systems with the aim of predicting events before deviations occur.

It is very important that all our members of staff are engaged in the company's work with sustainability and participate in internal training courses based on our sustainable policy and code of conduct. We also think it is of great importance that our contractors and sub-contractors follow our policies. To this end, our contractors are provided with a copy of our sustainable policy and are signatories to a code of conduct for contractors (developed by Fastighetsägarna (trade organization for property companies)).

The Chief Executive Officer is ultimately responsible for the activities relating to sustainability and the strategy approved by the Board of Directors. Heba's own Green Business Council presents information and proposals of new solutions with the aim of moving the organization towards a more green think.

Sustainable goals

Our long-term environmental goal is to become climate neutral by 2045. This overall goal is divided into a number of sub goals which are to be achieved on the way. To ensure that we no longer leave a negative footprint, we have since 2019 climate compensated for this.

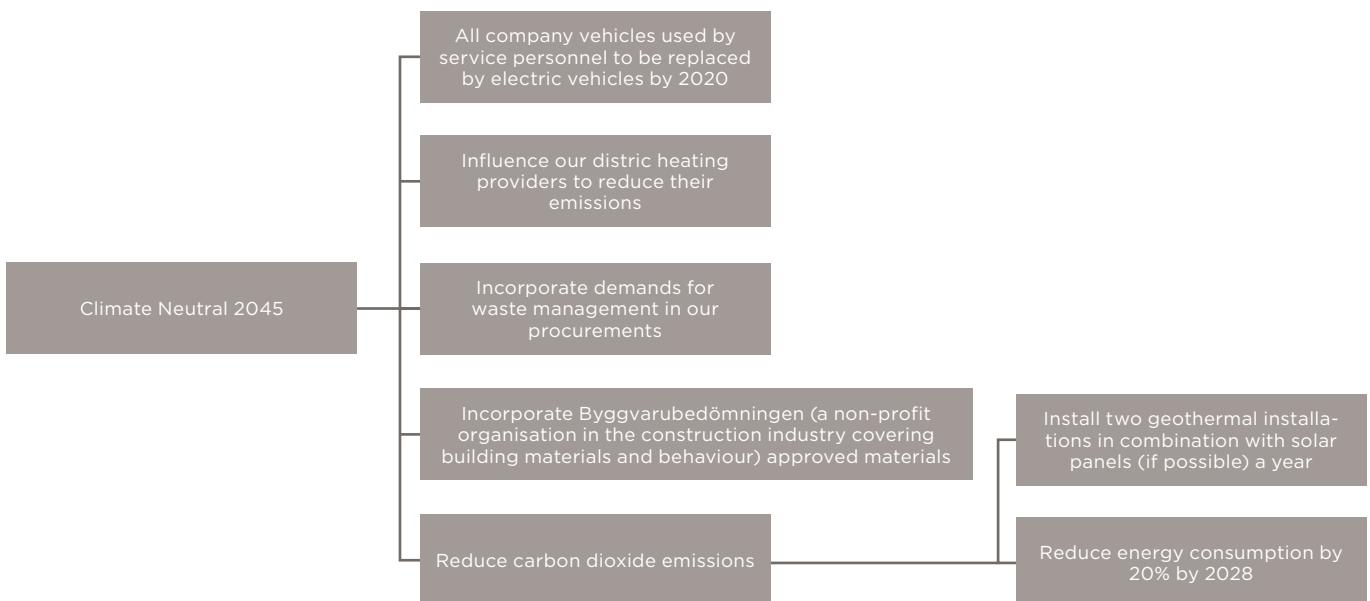
If we are to achieve climate neutrality, we must be aware of the impact of carbon dioxide as early as the planning stage. We must ensure that the materials we use in our new builds and our refurbishments are approved, sustainable and all construction waste is minimised and managed sustainably. We will install systems for renewable energy in all our existing properties, reduce our energy consumption and work with our district heating contractors to encourage them to be climate neutral. We must also, as much as possible, use transport vehicles that are powered by fossil-free fuels.

Equally important for sustainability in an organization is the staff. We must work continuously to promote stress prevention activities and competence development. In the autumn of 2020, we introduced a Health Year in which over the coming 12 months all employees can participate in a variety of activities including motivational lectures, medical yoga and running. The level of these

activities will be adapted to suit all. The company has zero tolerance on harassment or discrimination of any sort; this is a workplace where all will feel comfortable.

We have a social responsibility within the framework of our operations. We shall continue to develop safe outdoor environments in the neighbourhood of our buildings, improve the user's environment in the waste management stations and as Heba employees ensure that we are visible in and around our properties to reinforce a sense of safety and security.

We shall continue to build new homes for all stages of life. Over a number of years, we have contributed to Stockholms Stadsmission (a voluntary organization working to make Stockholm a more humane place for all) as well as Situation Stockholm (a voluntary organization which supports homeless and socially vulnerable people in Stockholm) and during 2020 we also provided our first apartment through a Women's Network which supports women who have been subjected to honour-related violence or violence in a close relationship. Our goal is to identify additional organizations or activities which we can support towards building a more sustainable society.



Examples



Renovations reduced energy consumption by 60%

The property Femlingen 1 is located in the city district of Årsta in Stockholm and comprises a high-rise apartment building with 33 apartments and one commercial premise. Internal plumbing and renovation work was carried out under a turnkey contract with work starting end 2017 and completed October 2018

Energy consumption of heating/hot water and property electricity, based on normal annual usage, amounted to 170 kWh/sqm A-temp (A-temp is an area term used in Sweden when calculating the buildings energy usage while performing energy assessments) before refurbishment and was subsequently reduced by 60% to approximately 68 kWh/

sqm A-temp. This corresponds to just over 10 tonnes of carbon dioxide per annum.

The work carried out relating to energy during the refurbishment included a new ventilation unit with heat recovery, new radiator valves, adjustment of the heating and ventilation systems, additional insulation on the façade and window replacement.



Geothermal heat and solar panels reduce purchased energy by 70%

The property Pennvässaren 2 is three-stories high and comprises of 92 apartments located in Vällingby in Stockholm. The whole property was refurbished in 2017 and in 2018/2019 a geothermal heat recovery unit was installed to run in combination with solar panels.

This energy system is based on exhaust air recovery and an energy storage in the form of energy wells. These provide the system with energy which is used by the heat pumps for production of both heat and hot water. Solar panels are dimensioned to meet electricity needs in the summer months to meet own-use levels.

During the summer, spring and autumn the exhaust air recovery is used to meet the needs of the buildings comfort system whilst at the same time energy from the exhaust air is used in the production of heat and hot water. Excess energy is recharged to the energy wells. This ensures long-term sustainable energy storage as well as generating an optimal operation level of the heat pumps.

During the winter months both the exhaust air energy and the energy storages are used in the production of heat and hot water. In this way all-natural energy recovered from the ground as well as the energy recovered from the building are used.

The energy system generates an energy saving of about 70% of purchased energy.



Certified new builds with low energy consumption

The property Sonfjället is located in the Stockholm area called Norra Djurgårdsstaden and comprises of two buildings with a total of 72 apartments. The buildings were completed in 2016 and achieved a Miljöbyggnad Silver rating.

All the apartments are equipped with food waste disposal units with the aim of extracting biogas and reducing household waste. The property is connected to district heating with 100 sqm solar panels installed on the roofs which generate approximately 18,000 kWh per annum. The properties also recycle the heat from grey water (household wastewater) as well as preheating the air supply via bore-hole energy. Energy consumption amounts to 65 kWh/sqm.

The road to climate neutrality

Our long-term goal at Heba is to be climate neutral by 2045. Within the property administration area, we will continue with the refurbishment programme that is ongoing and focus on the user's environment in the waste management stations with the aim of simplifying sorting at source for the tenants. We want to increase the number of properties providing food waste collection and expand the number of properties that use renewable energy sources. District heating is a major energy consumption factor and we are aware of the difficulties in achieving our goals if we do not place greater demands on our district heating suppliers.

Our project department will focus heavily on building properties for the future that take responsibility for climate and environment. We intend to place greater demands on our contractors and encourage them to reuse and recycle as much of the waste materials as possible and take into consideration the environment in their transports. All our new builds will include approved material from the Byggvarubedömning list and shall achieve Miljöbyggnad Silver rating or equivalent. It is a challenge that at present there is no uniform picture or established criteria as to how various materials impact on the environment. At Heba this means that from 2021 we will require all our suppliers to account for climate impact of the building materials involved and how transports are coordinated.

Reporting

The result of Heba's sustainability work is reported yearly, in accordance with GRI standards, and is published in Heba's Annual and Sustainability report as well as on our website www.hebafast.se.

Sustainable financing

Heba will monitor the development of Green Financing and strive to continually advance the Framework and the Green Terms. As such the Green Financing Framework may be updated from time to time to reflect current market practices. In establishing the terms in this Framework Heba has sought to comply with the Green Bond Principles (June, 2018) and Green Loan Principles (May, 2020), as well as the current market best practice.

Heba has worked together with Handelsbanken to develop the Green Financing Framework. Cicero has provided a Second Party Opinion on the Framework, which is publicly available on Heba's website.

More information about our work with sustainability is available on our website www.hebafast.se.

Stockholm, January 2021

Patrik Emanuelsson
CEO

Frank Sadleir
CFO

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 defense, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling 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 Financing Framework. The majority of the net proceeds are expected to be allocated to new projects and assets (defined as projects and assets not 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.

We are working hard at Heba to meet the UN Sustainable Development Goals focusing on the goals most relevant to our business. We have analysed and identified the following goals as being most important and where we can contribute the most:

How we work with the UN Sustainable Development Goals:



Good Health and Well-being

By being active in our property management we are able to protect our rental tenants and those living in our elderly care homes from pollutants and the properties remain healthy. All our employees are offered health examinations and we encourage them to participate in wellness activities. We encourage initiatives that lead to well-being and prevent stress-related problems.



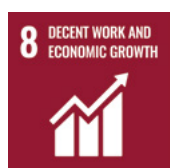
Gender Equality

We promote career and competence development in our employees and endeavor to achieve gender equality in all positions. We employ zero tolerance against discrimination and harassment of any kind.



Affordable and Clean Energy

Through our extensive property refurbishment programme, we focus on reducing energy consumption and increasing energy efficiency. We install our own renewable energy facilities and implement new improved technology for measuring and follow-ups.



Decent Work and Economic Growth

At Heba we have equal work opportunities, and all employees have collective agreements. We work to minimise the risk of work-related injuries and promote a safe and secure work environment. Every year we offer a number of work experience employments to provide more people with a step on to the employment ladder.



Sustainable Cities and Communities

We offer sustainable and safe homes for all stages of life in attractive locations where people want to live. We develop public use properties where the elderly and others with special needs have access to suitably adapted homes and we also build for young adults. Through our extensive refurbishment programme, we have a long-term owner and preservation perspective with focus on sustainability. We design pleasant outdoor environments in the neighborhood's around our properties and encourage our tenants to embrace sustainability through food waste collections and sorting at source. The majority of our properties are located within easy access of rail-based public transport making it easy for our tenants to leave the car at home.



Responsible Consumption and Production

We have a clear sustainability focus in our refurbishment programme and new builds. We choose materials carefully, manage our waste materials in the best possible way and actively work to reduce our energy consumption. Our refurbished apartments shall be contemporary and last a long time. We install low flush toilets, taps and shower heads that reduce water consumption and replaced all service vehicles with electric vehicles in 2020. Our new builds will be awarded a Miljöbyggnad Silver rating or similar and we conduct annual training courses based on our sustainable policy for all our employees to provide knowledge and raise awareness.



Climate Action

In the long-term, Heba will not leave a negative climate footprint and will achieve its goal of being climate neutral by 2045. Sustainability will permeate the entire organization and influence everything we do - large and small. It is about enhancing our knowledge at Heba but this also applies to our tenants, contractors and cooperating partners. Making demands so that together we can fight climate change.



Life Below Water

For many years Heba has provided support to Stockholm city helping to finance the re-stocking of salmon and sea trout in waters in and around Stockholm. This project is aimed at maintaining a viable population of these species and promoting biological diversity.

Framework alignment with the SDG's

The investments covered by this Framework primarily contribute to goal number **7, 11, and 13.**



Use of proceeds

An amount equivalent to the net proceeds from Green Financing will exclusively be used by Heba 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**”) 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 or refinancing of tangible assets (without age restriction) and operational expenditure (up to 3 years backwards looking) 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. Heba only operates in the Swedish market and the net proceeds will therefore be used exclusively to finance or refinance investments and expenditure in Sweden.

Clean transportation



Main Environmental Objective (GBP):

Climate Change Mitigation

Supportive infrastructure such as charging stations for all types of electric vehicles, bicycle garages, or other investments that support and emphasize the use of environmentally sound and low carbon solutions, as well as electric vehicles used in our operations, such as fully electric service vehicles.

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, energy-efficient lighting, IT-technology (monitoring, efficiency management and remote operation), energy efficient windows, additional insulation or an upgraded ventilation system. Only directly associated expenditure (e.g. material, installation and labor) is eligible for financing.

Heba 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.

Green buildings



Main Environmental Objective (GBP):

Climate Change Mitigation

Climate Change Adaptation

In-line with our role as a property developer both new and existing properties will be eligible for financing under this Framework.

New properties

Ongoing development or recently completed properties that have, or will, receive an environmental certification of at least Miljöbyggnad “Silver”, Svanen, Skanska Hållbar Hyresbostad or is assessed to reach up to an equivalent level by an external verifier. The properties should also achieve at least 20% lower energy use than required by the applicable national building code (NZEB or BBR).

Existing properties

Environmentally certified existing properties with a high environmental performance 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”, Svanen, Skanska Hållbar Hyresbostad or equivalent and have an energy use equal to or below 99 kWh/sqm per year aTemp.

Energy efficient existing properties with a high environmental performance that have an energy use equal to or below 99 kWh/sqm per year aTemp.

Major renovation

Properties that have undergone renovation and for which the energy performance have been improved by at least 30% during a time period not exceeding 3 years can be financed by green bonds.

Renewable energy



Main Environmental Objective (GBP):
Climate Change Mitigation

Renewable energy production, such as on-site solar power installations or stand-alone solar farms, geo-energy (ground and surface systems) as well as related infrastructure investments for example grid connections, electric substations or networks.

Climate change adaptation



Main Environmental Objective (GBP):
Climate Change Adaptation

Investments undertaken to mitigate the negative consequences brought on by climate change and their impact on properties, including adaptation of buildings, infrastructure, parks and green areas to build resilience against expected risks such as increased rainfalls, flooding or sea level rise.

Environmentally sustainable management of living natural resources and land use



Main Environmental Objective (GBP):
Climate Change Mitigation

Climate Change Adaptation
Biodiversity Conservation

Investments in projects and assets that preserve, restore or manage living natural resources in a sustainable way. Includes the responsibility taken around properties with green areas, plating of trees and efforts to maintain biodiversity.

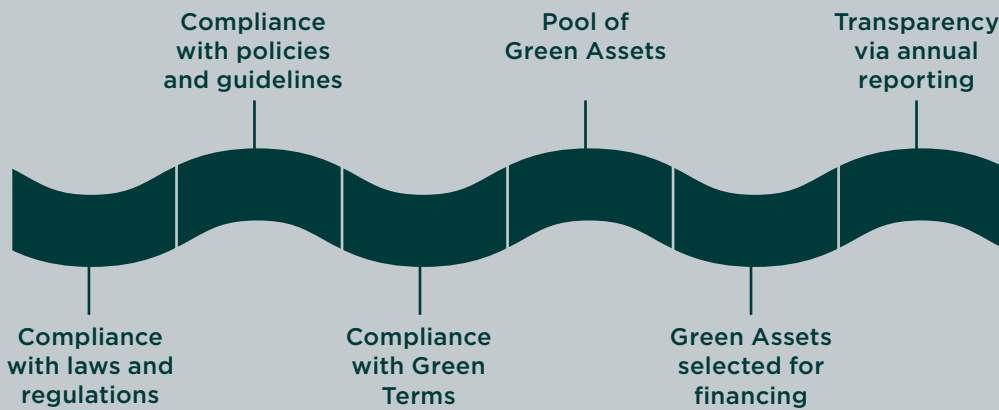
Process for project evaluation and selection

In Heba it is primarily the project managers and the property managers who handle and presents proposals of investments. Decisions on green investments and projects is a part of the ordinary process for project evaluation and selection. In management plans different proposals on measures is stated, such as energy savings. All proposed measures and status for projects and investments are registered. This information will be used by the Green Business Council (GBC) to determine what projects and investments that are compliant with the Green Terms and therefore qualifies for Green Financing.

The GBC is led by the CEO and currently has the following members:

- **CEO and Head of Sustainability**
- **CFO**
- **Head of Real Estates**
- **Head of Energy**
- **Business developer**

Evaluation process for the GBC



The GBC will review information about the assets and evaluate the overall environmental impact, which includes life cycle considerations, potential rebound effects, resilience considerations and adherence to at least one of the Environmental Objectives. The projects and assets must also be compliant with applicable national laws and regulations, as well as policies and guidelines at Heba. The Green Business Council can request additional information and consult with internal parties, but the mandate to make decisions is held by the group. A decision to allocate net proceeds will require a majority decision by the GBC, where the head of sustainability has a veto. The decisions made by the GBC will be documented.

An updated list of all Green Assets will be kept by Heba’s 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 Financing.

Management of proceeds

The net proceeds of any Green Financing will be credited to a dedicated account (the “**Green Account**”) or otherwise tracked by Heba (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 Financing.

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 Financing, 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 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 Heba’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

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

Reporting and transparency

In order to be fully transparent towards the Green Bond investors and other market stakeholders, Heba will publish an annual report on its website (www.hebafast.se) (that will detail the allocation of Green Funds and adherence to the Green Terms (the “Reporting”). The first such Reporting under this Framework is expected to take place in May 2022 and will be available in Swedish and in English.

In addition to the yearly reporting, a quarterly statement will be published on the Green Website disclosing the total amount of Green Financing outstanding and the total value of Green Assets.

The Reporting will contain information on the Green Assets that have been financed with Green Financing, a summary of Heba’s activities in the past year as pertains to Green Financing as well as information, including examples, of the financed Green Asset’s adherence to the relevant criteria.

Allocation Disclosure

- Heba will provide allocation reporting and emphasis will be placed on providing examples to single projects based on size.
- The sum of outstanding Green Financing and the sum of the Green Portfolio balance, including any short term investments or funds managed within Heba’s liquidity portfolio.
- The proportion of net proceeds allocated to new investments and expenditure (see definition under Methodology).
- All data is to be as of the end of the previous year..

Performance 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, Heba will strive to provide estimates of future performance

levels. Heba 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 Heba in the forthcoming performance reporting.

Performance metrics for Green Buildings:

Depending on the type of project, some or all of the indicators below may be used.

- I. Environmental certification and grade (if applicable) in Svanen, Skanska Hållbar Hyresbostad or Miljöbyggnad. In the event that a building is assessed to reach up to a current grade in a certification system, the grade will have to be stated.
- II. Energy performance (kWh per square meter per year aTemp).
- III. Relative energy performance (%-improvement) compared with applicable national building code.
- IV. Annual energy savings (MWh per year).
- V. Carbon intensity (grams per square meter aTemp).
- VI. Annual carbon savings (CO₂e tons).

Performance metrics for clean transportation

- I. Annual absolute greenhouse gas savings (CO₂e tons).
- II. Number of charging stations for electric vehicles installed.
- III. Number of bicycles that a bicycle garage can accommodate.

Performance metrics for renewable energy

- I. Yearly production (MWh).
- II. Prevented CO₂e emissions from production (tons).

Performance metrics for energy efficiency

Each yearly report will include at least one example of energy efficiency investments 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. Heba will emphasise energy and carbon savings, where applicable, as relevant performance metrics.

Performance metrics for climate change adaptation

Each yearly report will include examples of investments 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. Heba will, where applicable, emphasise a description of the need for the investment, and if possible, what resilience the investment creates.

Performance metrics for environmentally sustainable management of living natural resources and land use

Each yearly report will include examples of investments 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.

Carbon Footprint Calculation Methodology

To calculate GHG emission reductions, Heba uses the Green House Gas Protocol to calculate Scope 1 and Scope 2 emissions. To calculate CO₂e emissions savings from Green Assets the location based emissions will be used. For 2019 the numbers were 338,52 grams CO₂e per kWh for electricity and 36,3 grams CO₂e per kWh for heat, with a combined CO₂e per kWh for delivered energy of 95,6 grams.

To assure consistency when calculating the carbon intensity the emission factor(s) used in Heba's Green Bond reporting will equal the emission factor(s) used in the company's sustainability reporting which are market based and amounted to combined emissions for electricity and heat of a total of 29,2 grams CO₂e per kWh. It should be noted that this grid emission factor(s) Heba uses is consi-

derably lower than what has been outlined in the "Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting" (2020), which currently states 315 grams CO₂e per kWh.

Annual Review

The external auditor of Heba, or a similar party appointed by Heba 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 Heba has communicated in the Reporting. The conclusions will be provided in a signed statement, which will be published on Heba's website (www.hebafast.se).

Website for Green Financing

Heba has a dedicated webpage for Green Financing at its website (www.hebafast.se) where investors, lenders and other interested parties can find information regarding Heba's Green Financing, including:

- The Second Opinion by Cicero
- The Reporting
- The annual review
- The quarterly statements
- Investor presentations

Definitions

BBR

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.

Greenhouse Gas Protocol

Greenhouse Gas Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions. According to the standard the measuring and reporting of the emissions is divided in scope 1, 2 and 3.

- **Scope 1** emissions are direct emissions from company-owned and controlled resources.
 - **Scope 2** emissions are indirect emissions from the consumption of purchased electricity, steam, heat and cooling.
 - **Scope 3** emissions are all indirect emissions (not included in scope 2) that occurs in the value chain of the company.
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Miljöbyggnad Silver

Miljöbyggnad Silver means the rating Silver 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

NZEB stands for Nearly Zero Energy Buildings and entails buildings with a very high energy performance. The Energy Performance of Buildings Directive (EPBD) by the EU requires all new buildings to be nearly zero-energy by the end of 2020. This is also implemented in the Swedish national building regulation (BBR).

External verifier

External verifier means that Heba will appoint an independent environmental controller to ensure that suppliers fulfills Heba's requirements.

Skanska Hållbar Hyresbostad

Skanska Hållbar Hyresbostad means Skanska's own sustainability certification that aims to achieve increased sustainability from a social, ecological and economic perspective. The requirements includes both sustainable choices during the construction process as well as to create conditions for a sustainable lifestyle for those who lives in the buildings. This certification was previously called Skanska Grön Hyresbostad.

Svanen

Svanen means the Nordic Swan Ecolabel that works to reduce the environmental impact from production and consumption of goods.

Policy Documents

No.	Name	Publicly Available
1	Annual Report 2019	Swedish
2	Code of Conduct	Non-public
3	Corporate Governance Report 2019	Swedish
4	Sustainability Policy	Non-public
5	Supplier Code of Conduct	Non-public

General policies and guidelines can be found at hebafast.se