

# Green Bond Framework

March 2025

**Sparbanken Syd**

## About Sparbanken Syd

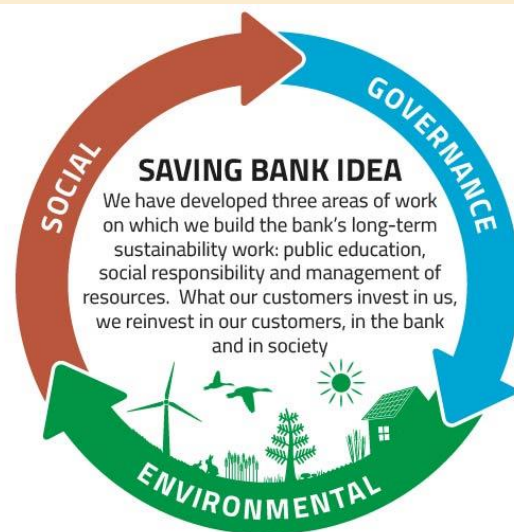
Founded in 1827, Sparbanken Syd is an independent savings bank in Sweden. Even though a lot has changed during the bank's almost 200-year history, the underlying idea is still the same: instead of shareholders, the bank has 60 principals without dividend requirements. This means we can reinvest our profit to create value for our customers and society at large.

The vision of Sparbanken Syd is "Framtidens sparbank med nöjda kunder och stolta medarbetare". This means we want to be a bank that is part of shaping the future sustainable economy together with our customers, employees and the society we work in. To be able to fulfil our vision and mission with real actions, we are rooted in our values, Commitment, Trust and Customer Focus, which forms the basis for how we act in all situations, both towards customers and colleagues.

Sparbanken Syd has offices in Ystad, Simrishamn, Tomelilla, Kivik, Borrby, Malmö, Lomma, Helsingborg, Kristianstad and Ängelholm. Besides our offices, we offer our services through our digital channels and our customer center.

### Strategy

Sparbanken Syd's strategy is to continue being an independent savings bank and to offer private and corporate customers a full-service offering together with partners. We grow both by opening new physical meeting places and by making our services available to customers in locations where the savings bank does not yet have an office.



# Sustainability at Sparbanken Syd

Sustainability is at the core of the business at Sparbanken Syd and is an integrated part of our strategy and operations. The central idea that pervades the bank's sustainability work is our commitment to help our customers achieve a sustainable financial balance, which we call a good economic health.

The sustainability work of Sparbanken Syd is focused on the areas where we have the ability to make a positive impact. Based on the original savings bank idea, we have developed three areas of work on which we build the bank's long-term sustainability work: public education, social responsibility and management of resources.

Public education and social responsibility are natural areas for us which we have been working with since the bank was founded almost 200 years ago. Our main mission then was to enable people with small funds to save for the future. The general public's knowledge about personal finance was low and our task was largely about public education. Our mission as public educators has since reformed and modernized in line with societal development. When people's needs and life goals change, the bank's mission also broadens from being only about finance to a holistic view where finance, environment and social issues are woven together.

We are convinced that managing resources and changing to a more sustainable lifestyle is crucial to achieving sustainable social development in the future. Based on a sustainable private economy, we as a bank have a unique opportunity to inspire a sustainable lifestyle. We do this by showing sustainable opportunities and alternatives as well as promoting solutions in everyday life that have a positive impact, both on people's wallets and for our environment.

The bank's New Product Approval Process, NPAP, is a regulated risk management process that aims to identify possible risks and consequences in connection with a new collaboration, product or service. Any climate risks and opportunities are commented here. Each NPAP must be approved by bank management. The bank's selected partners must reflect the bank's own sustainability and ESG ambitions as far as possible.

## **Material areas for Sparbanken Syd's sustainability work**

The bank's board annually establishes the bank's risk policy, where the bank describes its consideration of sustainability risks. The bank has a sustainability policy which establishes that the bank must take into account sustainability risks within the framework of its operations, which includes consideration of environmental, social and corporate governance aspects. The bank has an independent risk control function which shall provide support for the board, CEO and employees in the work of ensuring good and effective risk management.

Sparbanken Syd annually publishes a sustainability report, which strives to follow GRI, the Global Reporting Initiative. The foundation of the GRI framework is the bank's essential sustainability issues as chosen by our stakeholders. These stakeholders include our customers, employees, principals, board, bank management, partners, authorities and society where specifically four essential areas have been identified and carefully linked to the UN Sustainable Development Goals to help us understand, develop and direct our contribution to the goals.

## Selected initiatives

*Green financing offering:* The bank offers green mortgages, solar panel loans and green financing for corporate and private customers. On top of this, Sparbanken Syd also offers financial support for green transportation and support investments into charging infrastructure.

*Sustainable savings products:* Sparbanken Syd has expanded the offering of funds classified as “dark green” or article 9 and aim to add more interesting and thematic funds within different parts of the sustainability spectrum to our offering.

*The UN's sustainability goals a smorgasbord for new business and the Ystad model.*

In 2018, the concept of the UN's sustainability goals, a smorgasbord for new business, was initiated. Behind the concept is the business network and promotion organization Tillväxt Syd and Ystad municipality. Ever since the start in 2018, Sparbanken Syd has been an enabler behind the Ystad model concept and guidance.

The goal of the concept is to create conditions for the business world by showing areas where you can find competitiveness, economic sustainability, new business, secure your skills supply, be one step ahead, contribute to the generational goal and work in line with the UN's sustainability goal Agenda 2030.

Examples within the concept: The *Ystad model* is a concrete guide for municipalities and organizations that want to work to create conditions for business life in line with agenda 2030 with a focus on climate-related, social and economic sustainable profitability.

*Backåkra Summit* annually invites business leaders to exchange ideas and reflect on the work with the UN's sustainability goals. The participants are invited from various industries and activities to represent business life in agriculture and forestry, the industrial sector, the construction sector, the energy sector, the hospitality industry, the transport sector, the financial sector and goal 17. The conversation takes place in privacy at Dag Hammarskjöld's Backåkra.

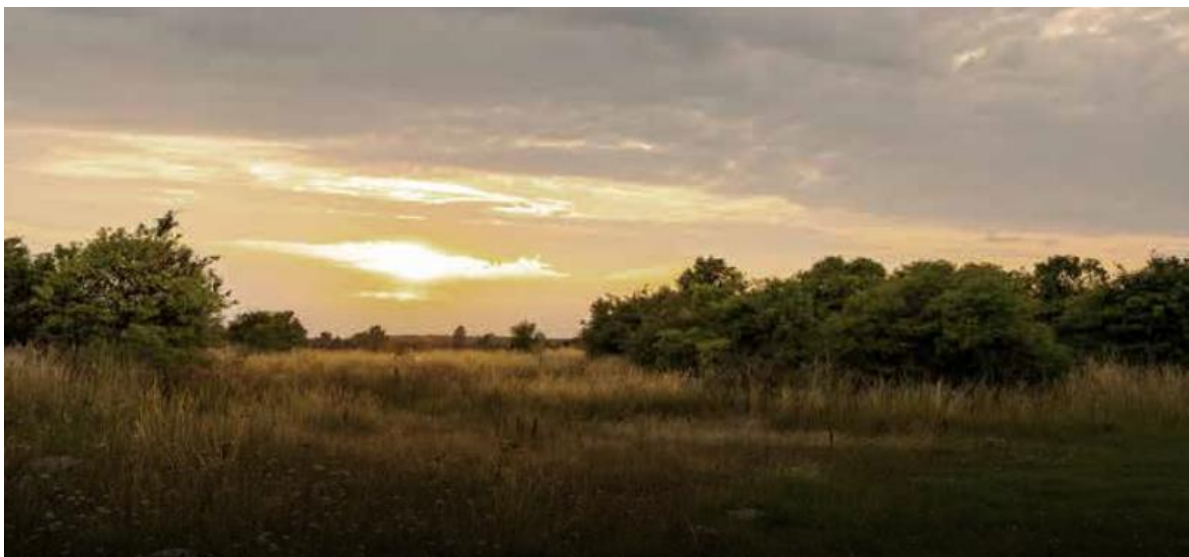
## Our contribution to the Sustainable Development Goals



## Selected policies

Sparbanken Syd has a number of internal documents that concerns the bank's sustainability work. These are updated and determined annually by the bank's board or management and are available as guidance for everyone in the organization.

- Policy for operating risk (Policy för operativ risk)
- Sustainability policy (Hållbarhetspolicy)
- Ethics policy (Etikpolicy)
- Policy against money laundering (Policy mot penningtvätt)
- Guidelines for product management (Riktlinjer för Produktstyrning)
- Instruction for investment services (Instruktion för investeringstjänster)
- Credit policy and Credit Instruction (Kreditinstruktion och Kreditpolicy)



## Sparbanken Syd's Green Bond Framework

This Green Bond Framework is structured in alignment with the ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix I). As such, the framework consists of the core components of the GBP and voluntary external review:

1. Use of Proceeds
2. Selection and evaluation of Eligible Projects
3. Management of proceeds
4. Reporting
5. External Review

Sparbanken Syd is committed to aligning with emerging industry standards, and as these standards progress, this Framework may be revised or updated to align with future changes in market practices. Sustainalytics will provide a Second Party Opinion on this Green Bond Framework, which will be made publicly available at Sparbanken Syd's website.

## Use of proceeds

### Allocation of proceeds

The net proceeds from Sparbanken Syd's issuances of Green Bonds will exclusively be used to finance and/or refinance Eligible Green Loans as defined in this Framework. New financing is defined as amounts allocated to Eligible Green Loans financed within the reporting year, and refinancing is defined as amounts allocated to Eligible Green Loans financed prior to the reporting year. This Framework does not apply a specific look-back period for Eligible Green Loans. However, the Green Bond Committee assesses loan applications for refinancing and approves or rejects them based on the nature of the project, the positive climate benefit and its expected remaining lifetime. The Green Bond Investor Reporting will report the new financing and refinancing distribution.

### Exclusions

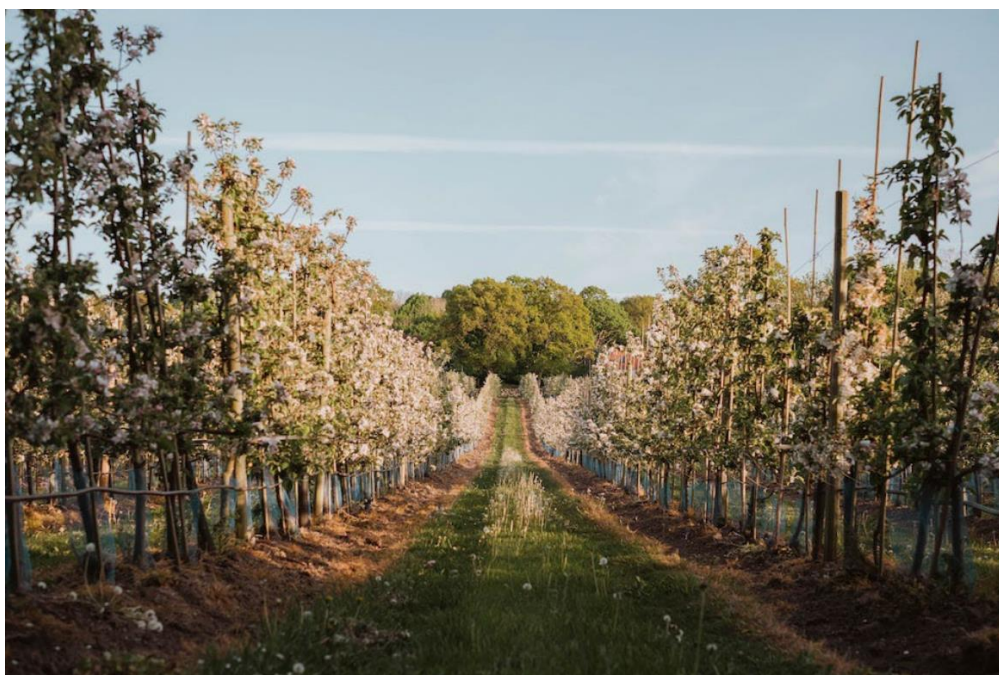
Net Proceeds from Green Bonds will not be allocated to loans that finance projects for

which the purpose is fossil energy production, nuclear energy production, gambling, or tobacco.



### EU Taxonomy

The EU Taxonomy provides a classification system for identifying environmentally sustainable economic activities. In order to be considered as aligned with the EU Taxonomy, an activity must meet the Substantial Contribution Criteria (SCC) for at least one environmental objective, do no significant harm (DNSH) to the achievement of the other environmental objectives, and adhere to minimum social safeguards (MS).

Sparbanken Syd has taken the EU Taxonomy into consideration and where possible, applicable eligibility criteria have been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated acts, at the time of this publication.






## Green Buildings




ICMA GBP Category	Green Buildings
EU Environmental Objective	Climate Change Mitigation
SDG	7.3, 11c  
Criteria	<p><b>New buildings</b> Built after 31 December 2020</p> <ul style="list-style-type: none"> <li>• Primary Energy Demand is, or will be, 10% lower than the threshold for Nearly Zero-Energy Building (NZEB) according to national building regulations, or</li> <li>• Energy Performance Certificate (EPC) class A or B, or</li> <li>• Buildings that meet the requirements of one of the following environmental certificates (minimum level) where the minimum EPC label is C: <ul style="list-style-type: none"> <li>○ Nordic Swan Ecolabel, Miljöbyggnad Silver, Passive House, LEED Gold, BREEAM-Excellent or similar environmental certificate with equal energy efficiency requirements</li> </ul> </li> </ul> <p><b>Existing buildings</b> Built on or before 31 December 2020</p> <ul style="list-style-type: none"> <li>• EPC class A or B, or</li> <li>• A Primary Energy Demand which is within the top 15% of the national or regional building stock<sup>1</sup> or</li> <li>• Buildings that meet the requirements of one of the following environmental certificates (minimum level) in combination with minimum EPC C: <ul style="list-style-type: none"> <li>○ Miljöbyggnad Silver /Miljöbyggnad iDrift Silver, Nordic Swan Ecolabel, Passive House, LEED Gold, BREEAM-Excellent or In-use Excellent, or similar environmental certificate with equal energy efficiency requirements</li> </ul> </li> </ul> <p><b>Major renovations</b></p> <ul style="list-style-type: none"> <li>• Renovations of existing buildings that lead to a reduction in the Primary Energy Demand of at least 30%. This will be evaluated through an EPC after the renovation is completed</li> </ul>

<sup>1</sup> Sparbanken Syd will use either the Swedish Property Federation's study or guidance from an appropriate external benchmark to determine the top 15 percent. The classification must be issued by a national government body or an industry specialist.

## Energy Efficiency


ICMA GBP Category	Energy Efficiency
EU Environmental Objective	Climate Change Mitigation
SDG	7.3, 8.4, 9.4   
Criteria	<p>Energy efficiency measures</p> <ul style="list-style-type: none"> <li>• Installation, maintenance and repair of energy-efficiency equipment such as insulation, windows, doors and new light sources</li> <li>• Installation, maintenance and replacement of heating, ventilation, cooling systems and building energy management systems</li> </ul>

## Renewable Energy



ICMA GBP Category	Renewable Energy
EU Environmental Objective	Climate Change Mitigation
SDG	7.2, 8.4, 9.1   
Criteria	<p><b>Renewable energy</b></p> <ul style="list-style-type: none"> <li>• Wind power projects</li> <li>• Solar power projects</li> <li>• Bioenergy; biomass, biogas and biofuels<sup>2</sup></li> <li>• Storage of electricity, such as batteries</li> </ul> <p><b>Infrastructure supporting renewable energy</b></p> <ul style="list-style-type: none"> <li>• Related infrastructure, including investments in constructing or upgrading the grid capacity or efficiency</li> </ul>

<sup>2</sup> Food and feed crops are not used for the manufacture of biofuels for use in transport and for the manufacture of bioliquids.



## Clean Transportation

ICMA GBP Category	Clean Transportation
EU Environmental Objective	Climate Change Mitigation
SDG	11.2 
Criteria	<p><b>Road transport</b></p> <ul style="list-style-type: none"> <li>• Passenger and public transport with zero direct (tailpipe) CO2 emissions,</li> <li>• Road transport, such as light commercial vehicles and heavy trucks, with zero direct (tailpipe) CO2 emissions vehicles</li> </ul> <p><b>Infrastructure supporting clean transportation</b> Any relevant supporting infrastructure, including:</p> <ul style="list-style-type: none"> <li>• Infrastructure dedicated to non-motorized mobility, such as bike lanes and parking, footpaths, and lighting for footpaths or cycle paths</li> <li>• Electric and hydrogen charging fuelling stations</li> </ul>

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

ICMA GBP Categories	Environmentally sustainable management of living natural resources and land use
EU Environmental Objectives	Climate Change Mitigation
SDG	12.2, 15.a  
Criteria	<p><b>Sustainable Agriculture</b></p> <ul style="list-style-type: none"> <li>• Organic farming (limited to cropping), certified according to national legislation or EU legislation (for example KRAV and EU Organic)</li> </ul>

## Waste Management and Circular Economy

ICMA GBP Categories	Waste management and Circular economy	
EU Environmental Objectives	Climate change mitigation Pollution prevention and control Transition to a circular economy	
SDG	11.6, 12.4, 12.5	 
Criteria	<p><b>Waste management</b></p> <ul style="list-style-type: none"> <li>Investments in waste management measures such as collecting and recycling waste and the related infrastructure and facilities</li> </ul> <p><b>Circular economy</b></p> <ul style="list-style-type: none"> <li>Investments in facilities, machines and other infrastructure within recycling and circular services, aiming to increase the share of products and materials that can be reused or recycled</li> </ul>	

## Selection and Evaluation of Eligible Projects

All potential Eligible Green Loans must undergo Sparbanken Syd's regular credit processes, including customer acceptance standards and credit risk assessments. The evaluation and selection process for identifying Eligible Green Loans is a key process in ensuring that the net proceeds from Green Bonds meets the criteria in the Use of Proceeds section in the Framework.

### The credit process

All loans, including Eligible Green Loans, are subject to the credit process which intends to ensure compliance with applicable national regulations, and includes a Know-Your-Customer (KYC) procedure. Furthermore, for corporate loans larger than or equivalent to SEK 2 million, a separate sustainability analysis must be conducted which covers questions about human rights, the environment, climate change and corruption. Only Loans approved in the regular credit process can be funded with Green Bonds. The green criteria cannot override credit risks.

### Green Bond Committee

Sparbanken Syd's Green Bond Committee ("GBC") evaluates and selects Eligible Green Loans in line with the criteria defined in this Framework and Sparbanken Syd's sustainability

policy framework. The GBC meets on a regular basis and consists of representatives from the Finance department, Credit department and Sustainability department.

The process for evaluating and selecting applicable Eligible Green Loans proceeds as follows:

- 1) Any GBC member or relevant business units in Sparbanken Syd, such as corporate advisors may propose potential loans to be evaluated in alignment with the criteria specified in the Use of Proceeds section of this Framework.
- 2) The GBC confirms that proposed potential loans are eligible and aligned with the criteria in this Framework.
- 3) Eligible Green Loans are included in Sparbanken Syd's Green Loan portfolio, named the Green Register. The bank's Finance- and Treasury department will, on behalf of the GBC, keep track of the Green Register.

Only such loans that comply with the Eligible Project criteria defined in the Use of Proceeds section of this Framework can be approved and become eligible to be financed with Green Bonds.



## Management of Proceeds

The Green Register tracks the amounts of outstanding Green Bonds, as well as the value of the Eligible Green Loan pool. An amount equal to the net proceeds from issued Green Bonds will be earmarked for financing and refinancing of Eligible Green Loans as defined in this Green Bond Framework. The Green Register is monitored on a regular basis by the bank's Finance- and Treasury department, to ensure that there is sufficient volume of Eligible Green Loans in the Green Register. Sparbanken Syd will endeavour to ensure that the value of Eligible Green Loans exceeds the total amount of Green Bonds outstanding.

All Green Bonds issued by Sparbanken Syd will be managed on a portfolio level. This means that a Green Bond will not be linked directly to one (or more) pre-determined Loan. Eligible

Green Loans can, whenever needed, be removed, or added to/from the Green Register.

Sparbanken Syd will commit to, on a best-effort basis, allocate an amount equivalent to the net proceeds from the Green Bonds to Eligible Green Loans within 12 months from issuance date of the Green Bond(s).

Net proceeds from Green Bonds awaiting allocation to Eligible Green Loans will be held in accordance with the internal requirements for the liquidity reserve, and to the extent possible, will be subject to the exclusions listed in the Use of Proceeds section above.

The Green Register will form the basis for reporting.

## Reporting

To enable investors and other stakeholders to follow the developments of the Eligible Green Loans funded by Green Bonds, Sparbanken Syd will publish investor reports on an annual basis, at least until full allocation and as long as there are Green Bonds outstanding under this Framework. The investor report will provide information on both the allocation and the expected impacts of the Eligible Green Loans financed.

### Allocation report

The allocation report will include the following information:

- The amount of Green Bonds outstanding
- Share of proceeds used for new financing / refinancing

- A breakdown of allocated amount to each Green Loan Category
- Examples of Eligible Green Loans funded by Green Bonds

### Impact reporting

Sparbanken Syd recognises the importance of transparency and impact reporting and will strive to report on the actual or expected environmental impact of the Eligible Green Loans. The impact report will include qualitative and where feasible quantitative information as well as publicly available data.

The impact assessment may, where applicable, be based on the metrics listed on the next page:

Category	Example impact indicators
Green Buildings	Avoided kWh/sq m, or in percentage terms (%) below national building standards Annual energy savings in MWh Annual GHG emissions reduced/avoided, in tonnes of CO <sub>2</sub> -equivalents
Energy Efficiency	Annual GHG emissions reduced or avoided, in tonnes of CO <sub>2</sub> -equivalents Energy savings in MWh
Renewable Energy	Annual renewable energy generation in MWh
Clean Transportation	Number of fossil-free vehicles deployed Number of electric vehicles charging points installed
Environmentally Sustainable Management of Living Natural Resources and Land use	KRAV certified area (ha)
Waste Management and Circular economy	Description of the reduction of material use Material recovery rate (%)

## External review

### Second party opinion

Sparbanken Syd has engaged Sustainalytics to act as an external verifier of this Green Bond Framework and the Green Loan Categories to verify its alignment with national and international guidelines, its credibility and the value added.

### External verification

On an annual basis, Sparbanken Syd will engage an independent external auditor to provide a limited assurance on both the

allocation and impact reporting. The limited assurance report will be published together with the Green Bond Impact Report at Sparbanken Syd's website.

### Publicly available documents

The Green Bond Framework, the second-party opinion, the third-party review, and related reporting will be publicly available on Sparbanken Syd's website.