

Turning vision into reality – with people front and centre





Important notice

This document (the “Green Financing Framework” or “Framework”) contains information on Fabege’s (“Fabege”) 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 or the forthcoming EU Green Bond Standard. 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 Fabege’s website. Any Green Financing will be subject to the version of the Green Terms specified in the associated financing documentation.



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Background



Why corporate responsibility and green finance

Fabege aspires to take responsibility at all levels of the Company. We believe it is necessary for achieving long-term profitability as it affects our ability to attract customers and staff, but also the value of our properties and the pride of our employees. Being a responsible company also affects our ability to cope with current and future climate changes, as well as analysts and investors assessments of equities and fixed-income investments.

Green financing is a natural part of our ongoing sustainability work throughout the organisation. It delivers more sustainable funding. But, even more importantly, it provides us with a broader investor base, trusted partnerships with our funders and proud and committed employees. As a part of our continued work on sustainability, we have established a new Green Financing Framework. Our first Green Financing Framework was established in 2019. In this updated Framework, we have taken the first steps towards EU Taxonomy alignment.



About Fabege

Fabege is one of Sweden's leading real estate companies, focusing on the leasing and management of commercial premises and long-term sustainable urban development. Operations are concentrated within a small number of fast-growing priority submarkets in the Stockholm region. Fabege is owned by its shareholders, who are represented on the Board of Directors. The Board has seven members, all of whom are independent of the Company and five of whom are independent of major shareholders. The CEO heads the management team, which manages and oversees the operations of the Company as a whole.

- Board of Directors – provides strategic guidance and follow-up
- Group Management – sets and follows up objectives, allocates responsibilities
- Head of Sustainability – has the overall responsibility for coordination and implementation
- Sustainability Group – made up of representatives from all business areas, introduces and follows up various business initiatives
- Property Management/property development/business support

You can read more about Fabege's business model and ownership structure at www.fabege.com.

Sustainability approach

Climate issues are perhaps the biggest challenge of our time, and as an urban developer we have a responsibility to make a contribution by creating more sustainable areas. We want to create sustainable environments where people can live, work and meet. Our ambition does not stop at building sustainable properties. We want to build a sustainable Stockholm region.

Our approach to sustainability is based on Fabege's Code of Conduct, which in turn is based on the ten principles of the UN Global Compact on the environment, human rights and anti-corruption¹⁾, as well as the



17 UN Sustainable Development Goals²⁾. Our ambitious sustainability work has led to activities linked to several of the SDGs now being integral elements of our business processes.

We see strong synergies between the 17 UN Sustainable Development Goals. We are therefore placing greater emphasis on the areas that present the most significant challenges to our business, namely goals 3, 7, 9, 10, 11 and 12.



Goal 3, Good health and Well-being: Good Health and Well-being is an area that has long been a vital and natural part of our day-to-day operations. We want our employees and everyone who spends time in our districts to enjoy the best conditions for leading a healthy life.



Goal 11, Sustainable Cities and Communities: Sustainable cities and communities are an important part of Fabege's business model. We strive to make cities and human settlements inclusive, safe, resilient and sustainable. For Fabege it means developing long-term, sustainable city districts where our customers and their employees have the right conditions to evolve and grow both as companies and individuals.



Goal 7, Affordable and Clean Energy: We have for many years now been working with energy efficiency, renewable energy and free energies.



Goal 12, Responsible Consumption and Production: All our projects and properties are certified. We work with third-party accredited standards, climate declaration of the construction process, green leases, recycling and waste management and choice of materials.



Goal 9, Sustainable Industry, Innovation and Infrastructure: We conduct travel habit surveys and work with sustainable travel habits and expanded public transport. We strive to capture existing and new digital revenue streams with the aim to increased security, raised standard for tenants along with taking the necessary steps towards carbon neutrality. We participate in innovation projects to develop circular indicators and test them in real life on circular business models in property management and project development.



Goal 13, Climate Action is directly linked to our work with goals 9, 11 and 12. The latter goals are therefore prioritised so that all the challenges involved can be addressed effectively. We know that our work has an impact on all 17 SDGs, and that synergies exist between the environment, social values and economics. However, we do not underestimate the huge adjustments that remain to be made, for example in relation to goal 13.

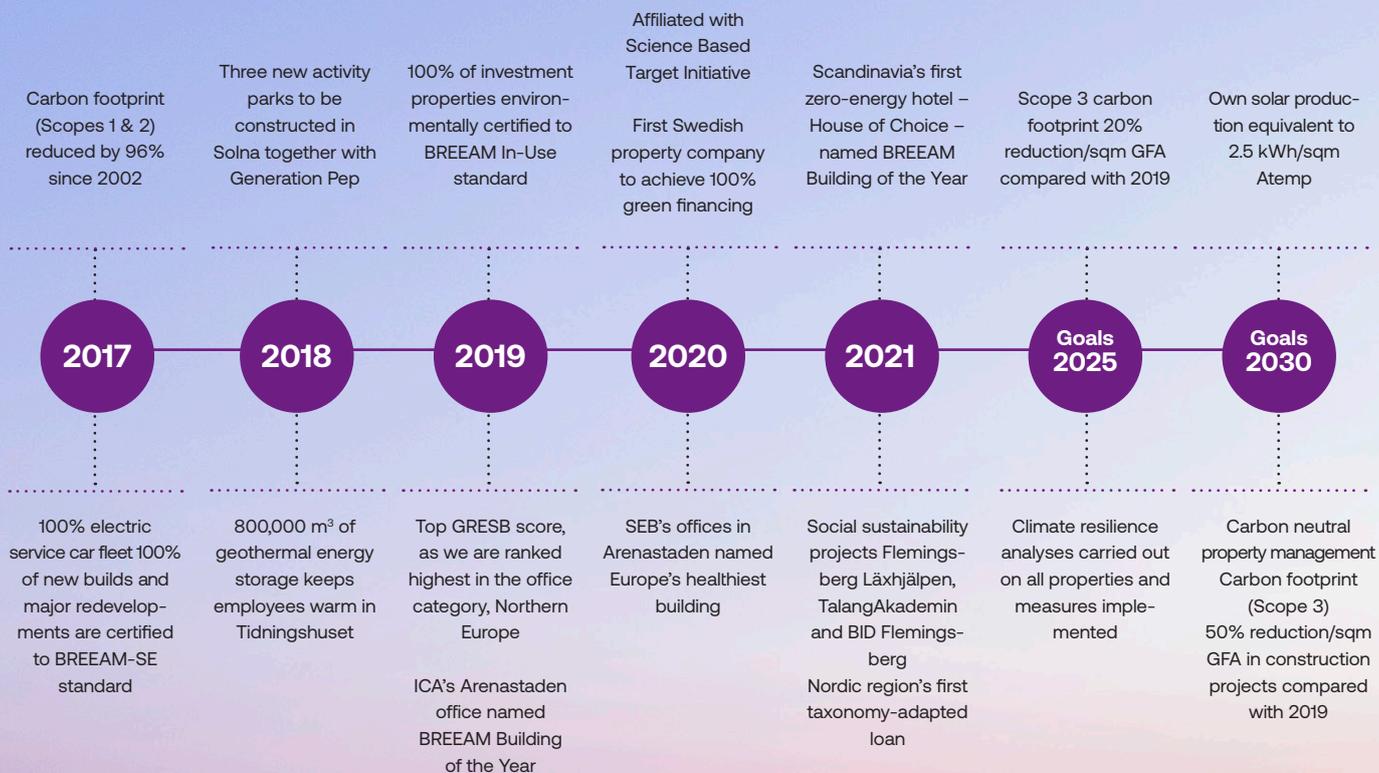


Goal 10, Reduced Inequalities: We focus strongly on the UN Goal 10, where we work in a structured way to reduce social inequalities in our city districts.

¹⁾ For more information about Un Global Compact, please see "The Ten Principles | UN Global Compact"

²⁾ For information about the 17 UN Sustainability Development Goals, please see, "THE 17 GOALS | Sustainable Development (un.org)"

How to achieve the sustainable city





Sustainability strategy and targets

We are facing climate changes, such as increased risks of floods, avalanches, landslides, erosion and heat waves. To combat the climate changes and create a sustainable city, we work proactively to reduce our greenhouse gas emissions.

Our sustainability work is an integral part of our business, spanning areas such as urban development, energy-efficient management, customer dialogue, employee dialogue, responsible procurement and supplier engagement, finance and business ethics.

The goal is for Fabege’s property management to become carbon neutral, with zero net carbon dioxide emissions by the year 2030. This ambitious climate target is endorsed by the Science based Targets initiative (SBTi), but we have also chosen to go further and set more ambitious climate targets than SBTi requires. The next step will be to make our production climate neutral.

To achieve this goal, our main objectives are as follows:

- By 2030, our property management will be carbon neutral, measured in CO²e/sqm
- By 2030, we will have reduced our carbon footprint in construction projects, in terms of life-cycle analysis, showing a halving of CO₂e/GFA from the 2019 figure
- Our financing will continue to be 100% sustainable and green
- 100% of our suppliers with framework agreements will be audited on the basis of the Company’s Supplier Code of Conduct, policies and international conventions
- We will continue to focus on social sustainability as we develop the physical environment for life in our city districts
- We will make a difference in the city districts where we operate, and our focus will be on children and the young, good education, meaningful leisure time, cultural experiences and finding a route into the labour market
- We will be ranked on the list of Sweden’s best workplaces and achieve a rating of at least 85% GPTW (Great Place to Work).

City Districts

We are leading the way with our ambitious work on sustainability. Through this work, we are contributing to a sustainable Stockholm where we develop and manage city districts, properties and premises. Our approach is rooted in a holistic perspective to strengthen our city districts as experience-based meeting places, where the primary focus is on health, convenience, safety and comfort. We also need to find new ways of boosting the appeal of, and wellbeing in and around our properties, with the minimal possible carbon footprint.

We are working to promote quality of life in our city districts. Experiences, services, learning, culture, equal opportunities and good health are all important aspects of our work. We also endeavour to manage the challenges that are of particular significance to our sector: safe city districts’ for all, construction sites where there is gender

equality, achieving climate goals, as well as reducing corruption and increasing respect for human rights. During the year, we devoted particular attention to social sustainability, with work and planning focused on reducing inequalities in the areas in which we operate.

Examples of our goals are:

- Sustainability programme for each city district project
- Facilitate physical activity for healthy lifestyle
- Create an attractive urban environment that brings people together and creates communities

Properties

Reducing our climate impact and energy usage are two of our most important sustainability issues. Against the background of the Paris Agreement and the 1.5 degree target, we have set ambitious targets for reducing our carbon footprint.

According to the Swedish Environmental Protection Agency, homes and premises account for around a third of Sweden's total energy consumption. Achieving our goals will require a major transition and we understand that a lot of work lies ahead. However, we see great opportunities to work closely with industries, partners and customers to identify the most effective solutions and promote innovation in everything from material selection to recycling and energy efficiency.

Our energy strategy requires us to take a holistic approach to the energy issue in our properties, city districts and projects. The Company's energy strategy is an important element of our efforts to achieve carbon neutral property management.

High environmental standards in energy purchasing and a strong focus on reducing consumption of and improving energy efficiency in our buildings play an important role in our energy strategy. We work on demand management through digitalisation, constant technological enhancements and process development. We monitor and analyse energy usage hourly to identify any deviations in energy performance and power output at an early stage. Furthermore, extensive checks are

conducted at building and company level via our energy follow-up system that scans and processes all recorded consumption values.

We work closely with our tenants to support them in reducing their energy use, including through partnerships via green leases.

Our energy efficiency targets are divided into phases. By 2019 we had already achieved the first by halving our energy use compared with 2005. The next target will be reached in 2023 with an average energy consumption of 77 kWh/sqm Atemp. We will continue to strive for low energy performance and high resource efficiency in our buildings.

Examples of our goals:

- Carbon neutral property management (Scopes 1 & 2) and halving of indirect emissions (Scope 3) by half by 2030
- 100% renewable energy purchased
- 100% environmentally certified property portfolio
- For 2022 our target for energy performance is 35 kWh/sqm Atemp in new construction and an average of 77 kWh/sqm Atemp for our entire investment property portfolio

Employees

Strong core values and cooperation contribute to good business. We offer our employees a work environment in which our culture, based on wellbeing and participation, is a natural element of day-to-day operations. We actively work with our core values and are convinced that it is our talented employees who, both individu-

ally and collectively, contribute to the success of the Company. Fabege represents a good work environment that incorporates equality in terms of gender, ethnicity, religion and freedom of association. The guidelines are underpinned by internal policies.



Examples of our goals are:

- Low sickness absence
- Employee satisfaction such that we will be ranked on the list of Sweden's best workplaces and achieve an index rating of at least 85% GPTW (Great Place To Work). Our long-term goal is to achieve a trust index of >90 %.

Supply Chain

Our suppliers/contractors plays an important role in ensuring high standards of business ethics, through respect for human rights, professionalism and competition. Our suppliers are our partners. They work closely with our customers and help us achieve the sustainability targets we have set up. This is why we regard a sustainable supply chain as an important tool for creating long-term profitability, reducing our risks and boosting our brand. Through agreements, suppliers undertake to comply with Fabege's Code of Conduct.

Fabege encourages its suppliers to check their sub-contractors' compliance with Fabege's requirements to ensure compliance throughout the supply chain. Audits are carried out regularly. Suppliers who do not comply with Fabege's policies and requirements or who do not wish to make any improvements will not be considered for further business with Fabege.

To achieve this goal, our main objectives are as follows:

- 100% framework agreement suppliers to be audited for sustainability
- Create an industry-wide system for ongoing monitoring of Code of Conduct



Customers

Our approach to client relationships is long-term, purpose-led and systematic. We strive to be a good partner for our clients by creating shared value through property management and by building mutual trust. We maintain a close dialogue with our customers and pay close attention to the needs of their businesses and their demands. Mutual loyalty helps us create sustainable concepts and grow alongside our customers.

To achieve this goal, our main objectives are as follows:

- Green leases will cover 100% of the total lettable area above ground
- CSI rating of at least 80
- More than 150 in-depth customer dialogues



Business ethics

Good business ethics that promote fair competition and combat all forms of corruption are fundamental to our relationships with customers, suppliers, lenders and partners. Working responsibly is not only essential to long-term profitability, but also contributes to the sustainable development of society. Ethical issues are a constant topic of internal discussion. Fabege's Code of Conduct imposes requirements as to how employees are expected to conduct themselves in our professional relationships. Policies and guidelines set out more detailed instructions. Fabege has both an ethics council and a whistleblower function.

Our tax policy states that Fabege will comply with all relevant laws and regulations in the field of taxation and that, in cases where the regulations are unclear, Fabege will act transparently and prudently. Fabege will engage in tax management based on ethical, legal and professional principles and will refrain entirely from aggressive or sophisticated tax planning.

Example of our targets are:

- Annual training in our Code of Conduct



Financing

Green financing is gaining momentum, particularly in the light of the EU's new Taxonomy. As far as we're concerned, its part of our sustainability work that we take for granted. It doesn't only provide us with more responsible financing. It also underlines the importance of consistently ensuring a sustainable approach in our business processes, and therefore impacts and motivates our employees at local level.

To achieve this our main objective is as follows:

- 100 per cent of the Company's financing will be green or sustainable

You can read more about our sustainability work and strategic cooperation with our stakeholders at www.fabege.com.

Some examples



Nationalarenan 3

In spring 2021, the hotel, long-stay and office (House of Choice) of 22 400 sqm BTA (19 000 LOA) was done. Nationalarenan 3, Arenastaden, was certified according to BREEAM-SE “Excellent”.

Nationalarenan 3, won the price Breeambyggnad year 2021 and Svensk solenergi honoured Nationalarenan 3 in the category “facility of the year 2022”.

The building is also certified according to Feby (Forum för energieffektiva byggnader) Guld Plushus (former nollenergi), which means that Nationalarenan 3, annual energy production exceeds the buildings annual energy use on an yearly basis. The roughly 2400 sqm solar panels in combination with 25 geoenergy and cooling heating pumps have made this possible.



Orgeln 7

The office property Orgeln 7, Sundbyberg, has undergone a renovation and extension that was completed in the autumn of 2018. The office of 50 000 sqm BTA (38 500 LOA) was certified according to BREEAM-SE, “Very Good”.

Energy performance is now 38 KWh/sqm which is 45% lower than BBR. The proportion of renewable energy is 100%. Solar panels has been installed on the roof.



Parkhuset (Land allocation)

The office property “Parkhuset”, Solna Business Park, of 31 000 sqm BTA is planned for construction. The aim of the project is that the office should achieve an environmental certificate of BREEAM “Excellent” and have a halved CO₂e/sqm BTA included in all life cycle modules A1-D.



Sustainability reporting

The results of Fabege's sustainability work are reported annually, in accordance with the GRI guidelines, and are published both in Fabege's Annual and Sustainability Report and on the website www.fabege.se. Sustainability efforts, targets and metrics are also reported on a quarterly basis in the Interim reports published on Fabeges website.

Fabege has teamed up with Handelsbanken to develop the Green Finance Framework. Cicero has stated its opinion on the Framework, as published on Fabege's website. You can read more about our sustainability work on our website (www.fabege.com).

Solna, 7 of June 2022



Stefan Dahlbo
CEO



Mia Häggström
Head of Sustainability



Åsa Bergström
CFO

Green Financing Framework

This Framework is aligned with the 2021 ICMA Green Bond Principles and has been developed to, more broadly, comply with the Technical Screening Criteria assuring substantial contribution to at least one of the environmental objectives under the EU Taxonomy (the Climate Delegated Act, December 2021). For transparency, details about the alignment and deviations of this Framework with the EU Taxonomy is further clarified in Appendix 1.

Additional information on the EU Taxonomy can be found in Appendix 2. Faberge recognises that the market for Green Bonds will continue to develop, not least due to the upcoming standard for Green Bonds within the EU, the European Green Bond Standard entering into force. Faberge will closely monitor the development of the market and update the Green Bond offering from time to time to reflect current best market practices.

The structure of this Framework is built on the Green Bond Principles four pillars:

1. Use of proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Use of proceeds

Allocation of net proceeds

An amount equal to the net proceeds from Green Financing will exclusively be used by Faberge to fully or partly finance or refinance assets and projects 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 described below. Faberge operates in the Swedish market, the net proceeds will therefore be used exclusively to finance or refinance assets and projects in Sweden. Only financing or

refinancing of tangible assets (without age restriction) can qualify. The majority of the net proceeds are expected to be allocated to existing assets (defined as assets older than 12 months). The distribution of net proceeds between new and existing assets and projects will be disclosed in the annual reporting. 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.

Exclusions

The net proceeds will not be allocated or linked to fossil 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 or tobacco.

Eligible Green Assets

Through its property management and property development, Faberge has great opportunities to contribute to sustainable urban development. As described in the Background Section of the Framework, Faberge endeavours to manage the challenges that are of particular significance for a property developer. Faberge takes responsibility for the whole picture, from acquisitions and local

development plans to safety measures in the physical environment and social initiatives. However, this Financing Framework focuses on the environmental aspects of property management and property development. The below section describes the eligibility criteria for assessing Green Assets.

GBP Categories	Eligible Green Assets	EU Taxonomy Environmental Objectives	UN SDGs
<p>Green Buildings</p>	<p>New buildings (built after 31 December 2020)</p> <ul style="list-style-type: none"> • Primary energy demand is or will be, at least 20% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures • Ongoing development or recently completed buildings have or will receive (i) a design stage certification or (ii) a post-construction certification or (iii) an in-use certification in any of the following building certification schemes at the defined threshold or better: <ul style="list-style-type: none"> » BREEAM-SE “Very good” » Miljöbyggnad “Silver” » Svanen • Buildings larger than 5000 m² and completed after the publication of this Framework (June 2022) must also fulfil the following: <ul style="list-style-type: none"> » Upon completion, the building undergoes testing for air-tightness and thermal integrity » The life-cycle Global Warming Potential (GWP) of the building has been calculated for each stage in the life cycle <p>Existing buildings (built before 31 December 2020)</p> <ul style="list-style-type: none"> • The building has an Energy Performance Certificate (EPC) demonstrating class A or the building is within the top 15% of the national or regional building stock expressed as Primary Energy Demand (PED)³⁾ • Existing buildings have or will receive an environmental certification in any of the following building certification schemes at the defined threshold or better: <ul style="list-style-type: none"> » BREEAM-SE “Very good” or BREEAM in-use “Very Good” » Miljöbyggnad “Silver” » Svanen • Existing buildings have undergone a screening of material climate risks <p>Renovation of existing buildings</p> <p>Renovation of an existing building that either leads to a reduction of Primary Energy Demand (PED) of at least 30%, or where the building meets the applicable requirements for “major renovations”</p>	<p>Climate change mitigation</p>	    

³⁾ The top 15% PED applicable under this Framework will be updated continuously. Fabege 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.

Process for project evaluation and selection

Fabege’s properties are environmentally assessed, managed and certified as a part of the company’s normal business operations. The collected data is thereafter stored digitally by Fabege’s employees. Information about ongoing and planned development, as well as existing properties is periodically extracted for review by the Green Business Council (“GBC”) to determine whether such projects and assets are compliant with the Green Terms. The GBC is a subcommittee of the company’s Investment Council and currently has the following members:

- Chief Financial Officer
- Head of Sustainability
- Treasury Department, Green Financing Specialist

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 Fabege. The 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 consensus decision by the GBC, whereby the Head of Sustainability effectively holds a veto. Decisions by the GBC will be documented. An updated list of all Green Assets will be kept by Fabege’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.



The Selection Process of Eligible Green Assets at Fabege

Management of proceeds

Fabege will use a Green Portfolio to track the allocation of net proceeds from Green Financing to Green Assets. The purpose of the Green Portfolio is to ensure that Green Financing net proceeds only supports the financing of Green Assets or repay 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.

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, 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 Fabege’s sustainability policy and investment criteria.

Ex-post verification of funds

Fabege acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of funds, hence verification will be sought from

Fabege's external auditor. Further information can be found in the Annual Review section under Reporting.



Reporting

Fabege will publish an annual report on its website (www.fabege.se/greenfinancing) that will include details on the allocation of green funds and adherence to the Green Terms (the "Reporting"). 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 Fabege'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

- Fabege will provide allocation reporting where emphasis will be placed on providing examples to single projects based on their size
- The sum of outstanding Green Bonds and the sum of the Green Portfolio balance, including any short term investments or funds managed within Fabege's liquidity portfolio
- The proportion of net proceeds allocated to new investments
- All data is to be as of the end of the previous year



Impact reporting

The Reporting will also include 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, Fabege will strive to provide estimates of future performance levels. Fabege

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 Fabege in the forthcoming Reporting.

Green Bound Categories	Indicative Impact Indicators
<p>Green Buildings</p>	<p>For all buildings:</p> <ul style="list-style-type: none"> • Environmental certification and grade • Energy performance/use (kWh per square meter) and relative performance (%-improvement) compared with applicable national building code • Carbon intensity (grams per square meter) and annual carbon savings (tones). The greenhouse gas emissions are monitored in accordance with the Greenhouse Gas Protocol. • The share (%) of renewable energy in relation to the total energy usage of the asset. • The share (%) of green leases (based on total let area) signed with tenants. <p>For new buildings (built after 31 December 2020)</p> <ul style="list-style-type: none"> • The reduction in Primary Energy Demand (PED) compared to the requirement in the national implementation of NZEB • For new buildings larger than 5000 m2 completed after the publication of this Framework (June 2022): <ul style="list-style-type: none"> >> Verify that the building has undergone testing for air-tightness and thermal integrity >> Verify that the life-cycle Global Warming Potential (GWP) of the building has been calculated for each stage in the life cycle <p>For existing buildings (built before 31 December 2020)</p> <ul style="list-style-type: none"> • Buildings that qualifies according to an Energy Performance Certificate (EPC): the level of the EPC • Buildings that qualifies based on Primary Energy Demand (PED): confirm that the PED was within acceptable limits of the national or regional building stock at the time of a buildings inclusion in any Green Financing • Verify that the building has undergone a screening of material climate risks <p>For renovation of existing buildings</p> <ul style="list-style-type: none"> • The percentage reduction of Primary Energy Demand (PED)

Annual review

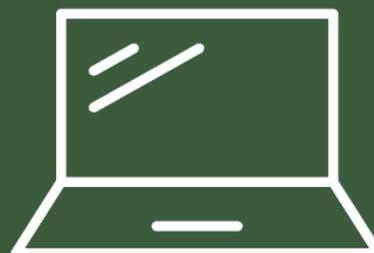
The external auditor of Fabege, or a similar party appointed by Fabege with the relevant expertise and experience, will investigate and report whether an amount equal to the net proceeds have been allocated

to the Eligible Green Assets that Fabege has communicated in the Reporting. The conclusions will be provided in a signed statement, which will be published on Fabege's website (www.fabege.com/greenfinancing).

Website for Green Financing

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

- The Green Financing Framework
- The Cicero Second Opinion
- The Reporting
- The annual review
- The quarterly statements
- Investor presentations



External review

Fabege acknowledges the recommendation in the Green Bond Principles to seek a Second Party Opinion on the Financing Framework from an independent external reviewer. This framework has been reviewed by CICERO and the Second Party Opinion is publicly available on our website.

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 IN-USE VERY GOOD means the rating Very Good within BREEAM, a grading scheme for the real estate sector developed by BRE Global, pursuant to its definition at the time of receipt of the relevant certification.

BREEAM VERY GOOD means the rating Very Good 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 respectively, pursuant to its/their definition at the time of receipt of the relevant certification.

EU TAXONOMY the EU Taxonomy is a part of the EU Action plan on Sustainable Finance. It is a classification system that defines sustainable economic activities with the purpose of facilitating capital aggregation for a green and sustainable transition. To be aligned with the EU Taxonomy an activity must contribute substantially to at least one of the six defined environmental objectives and “do no significant harm” to the other five.

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

SVANEN means the environmental assessment and certification scheme of real estate assets developed and administered by the Nordic Swan Ecolabel, pursuant to its definition at the time of receipt of the relevant certification

TAXONOMY ALIGNED ECONOMIC ACTIVITY means an economic activity that complies with the requirements laid down in Article 3 of Regulation (EU) 2020/852; whereby an economic activity shall qualify as environmentally sustainable where that economic activity complies with Technical Screening Criteria, does not significantly harm any of the Environmental Objectives and is carried out in compliance with the Minimum Safeguards.

THE TAXONOMY REGULATION (JUNE, 2020) means EU Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088



Policy Document that Govern Fabege ´s Environmental and Sustainability Work



The following documents govern Fabege ´s Environmental and Sustainability work

- Annual and Sustainability Report 2021
- Code of Conduct
- Corporate Governance Report 2021
- Environmental policy
- Code of conduct for contractors

Public Policies and Guidelines are available at www.fabege.com

Appendix 1: EU Taxonomy Alignment

In the table below, the alignment with and deviations from the technical screening criteria for substantial contribution to the environmental objective “climate

change mitigation” under the EU Taxonomy (December 2021) are commented on.

GBP Categories	EU Taxonomy	Comments on Taxonomy Alignment
Green Buildings	7.1. Construction of new buildings	<p>The criteria for Eligible Green Assets in this Framework are mostly aligned with the technical screening criteria for substantial contribution to the environmental objective “climate change mitigation” under the EU Taxonomy (December 2021).</p> <p>Deviations:</p> <ul style="list-style-type: none"> The specific technical screening criteria for buildings larger than 5000m² will be applied to new buildings completed after the publication of this Framework (June 2022) <p>Additional comments:</p> <ul style="list-style-type: none"> The Framework requires new buildings to have or receive an environmental certification in addition to the requirements on energy. This requirement ensures that additional aspects of a building’s environmental footprint such as material use, water and access to public transport is taken into consideration This Framework requires the primary energy demand for new buildings to be at least 20% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures. This requirement is more ambitious than the EU Taxonomy requirement of 10%
	7.2. Renovation of existing buildings	<p>The criteria for Eligible Green Assets in this Framework is aligned with the technical screening criteria for substantial contribution to the environmental objective “climate change mitigation” under the EU Taxonomy (December 2021)</p>
	7.7. Acquisition and ownership of buildings	<p>The criteria for Eligible Green Assets in this Framework is mostly aligned with the technical screening criteria for substantial contribution to the environmental objective “climate change mitigation” under the EU Taxonomy (December 2021).</p> <p>Additional comments:</p> <ul style="list-style-type: none"> The criteria in this Framework requires existing buildings to have or receive an environmental certification in addition to the requirement on energy. This requirement ensures that additional aspects of a building’s environmental footprint such as material use, water and access to public transport are taken into consideration The top 15% PED applicable under this Framework will be updated continuously. Fabege will reference an external benchmark when determining the top 15%. Preferably the external benchmark will be in the form of guidance by national governments but in cases where this is not possible an external benchmark could be e.g. a specialist study The screening of material climate risks will, on a best-effort basis, be conducted in accordance with the EU Taxonomy. Fabege aspires to follow updated guidance and best market practices For large non-residential buildings (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) the EU Taxonomy requires the building to be operated efficiently through energy performance monitoring and assessment. This is in line with how Fabege operates but it is not a criteria in this Framework.

Appendix 2: Key Characteristics of the EU Taxonomy

EU Taxonomy

The Taxonomy Regulation (June, 2020) and associated legal Frameworks contain six Environmental Objectives (“Environmental Objectives”). In December 2021, the Climate Delegated Act, covering the first two Environmental Objectives was formally adopted by the European Council and entered into force on the 1st of January 2022. Any eligible activity must substantially contribute towards one or more of these six Environmental Objectives, while at the same time not significantly harming

any other Environmental Objective. These objectives are fairly aligned with, but expand upon, the five objectives in the Green Bond Principles. Furthermore, the EU Taxonomy defines sustainable economic activities through categorization, Technical Screening Criteria (“TSC”), including Do-No-Significant-Harm criteria (“DNSH”) and Minimum Safeguards (“Minimum Safeguards”), with the purpose of facilitating capital aggregation for a green and sustainable transition.

Environmental Objectives

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 enhancing greenhouse gas removals.

2. Climate change adaptation:

Activities that contribute to reducing the negative effects of the current and expected future climate or preventing an increase or shifting of negative effects of climate change on location and context specific economic activities or natural and built environments.

3. Sustainable use and protection of water and marine resources:

Activities that contribute to the good status of waters by limiting water discharges, decontaminating drinking water, improving water efficiency and ensuring the sustainable use of marine ecosystems and the good status of marine waters.

4. Transition to a circular economy:

Activities that contribute to the transition to a circular economy, aimed at minimising and correctly managing waste, hazardous substances and making the most of resources, focusing on areas like design, systems, sharing economy, product life extension and recycling.

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.

6. Protection and restoration of biodiversity and ecosystems:

Activities that protect, conserve and enhance biodiversity and ecosystem services via nature conservation or sustainable land management, agricultural practices and forest management.

Technical Screening Criteria

The TSC shall determine the conditions under which a specific economic activity within the European Union qualifies as contributing substantially to an Environmental Objective, while not causing significant harm to one or more of those objectives (see DNSH). In the Taxonomy

Regulation (June, 2020) the TSC are defined as being based on conclusive scientific evidence, taking a life cycle perspective and emphasizing quantitative thresholds whenever feasible.

Do No Significant Harm

In order to avoid that investments qualify as sustainable in cases where the economic activities benefitting from those investments cause harm to the environment to an extent that outweighs their contribution to an Environmental Objective, the EU Taxonomy also requires that the economic activity demonstrates that it “do no

significant harm” (“DNSH”) to the other Environmental Objectives. The EU Taxonomy therefore specifies the minimum requirements that need to be met to avoid significant harm, considering both the short- and long-term impact of a given economic activity.

Minimum Safeguards

For an economic activity to be considered environmentally sustainable, it must also comply with Minimum Safeguards. To be eligible under the EU Taxonomy the relevant activity must be aligned with the:

- i. OECD Guidelines for Multinational Enterprises
- ii. UN Guiding Principles on Business and Human Rights
- iii. International Labor Organization’s Fundamental Principles and Rights at Work (including the eight fundamental conventions of the ILO) and
- iv. The International Bill of Human Rights.



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