

Lavetten, Copenhagen

BAL
DER

GREEN BOND IMPACT REPORT

2022

THIS IS BALDER

Fastighets AB Balder is a listed property group who owns, manages and develops properties in Sweden, Denmark, Finland, Norway, Germany and the United Kingdom. Balder offers a diversified portfolio of residential and commercial properties as well as new construction projects in capitals and other major cities. By being a long-term and stable owner Balder creates attractive and safe areas for people to live and do good business in. Numbers below as of 2022-12-31.

NUMBER OF EMPLOYEES

1,161

PROPERTY VALUE, SEK BILLION

217

NUMBER OF SQ.M. UNDER CONSTRUCTION

314,184

ESG RISK RATING ACCORDING TO SUSTAINALYTICS

13.8

BASTIONEN, COPENHAGEN

SUSTAINABILITY FRAMEWORK

Balder's framework for sustainability comprises five general elements that bring together the company's material topics in respect of social, environmental and economic sustainability.



Balder develops cities and properties where people are to live and work for many years to come. This brings a long-term responsibility to build, develop and manage. Balder's sustainability work focus on those issues that the company has the greatest opportunity to influence. At the same time, proactive activities that can reduce the company's risks in issues of social, climate,

environmental as well as financial sustainability are prioritised. The company is working continuously on operational optimisation and efficiency improvement in order to reduce energy use. Balder's work on social activities focuses above all on security and well-being in the company's areas. Many activities are focused on children and young people. Balder's employees working on

site in the company's areas have close collaboration with various organisations, municipalities and other property owners so that better results can be achieved together. A number of young people living in Balder's residential areas are hired every year as summer workers and they are included in various local initiatives to be activated and involved in the area's development.

PROPERTIES



Balder's largest environmental impact takes place through the properties energy consumption. This is the top priority from an environmental perspective, and Balder is working continuously to reduce energy consumption in its properties. All electricity purchased for the properties in Sweden is green electricity from renewable sources. Balder owns eleven wind turbines in total, producing approximately 22,220 MWh in 2022.

Other measures implemented to reduce consumption include window replacements, supplementary insulation of facades, adjustment or replacement of ventilation units and the replacement of light fittings. Balder has also made good progress in the installation and use of smart technical control systems that improve both comfort and energy consumption.

Balder has environmental certificates for some of its buildings, including Miljöbyggnad, BREEAM, LEED and DGNB, and several buildings are constructed according to Nearly zero-energy building (NZEB) standard. The goal is for all new constructions to meet the requirements of Miljöbyggnad Silver or equivalent certification.

Agerhusene, Høje Taastrup

AREAS



For Balder, it is important to contribute to developing entire areas and city districts where the company owns properties, and doing so to create safety and well-being among tenants. In order to contribute to social sustainability in the company's areas, Balder is involved in a number of different projects, often together with local actors such as municipal authorities, schools, the police, local associations and the local business community. The purpose is to work actively with integration, security and well-being in the city districts and areas where Balder owns properties.

Examples include various kinds of projects with safety patrols, neighbourhood partnerships and security staff, as well as activities of a more social nature such as communal barbecue evenings and cultivation projects. Every year Balder also hires a large number of young people as summer workers in the company's areas.

PARTNERSHIPS



Social engagement is a natural element of Balder's work and a way of contributing to sustainable development. To succeed with this, it requires a high level of engagement among employees, but also that the company collaborates with municipal authorities and other actors.

Balder also collaborates with different actors in order to increase employment by offering work placements and mentoring. These initiatives are often linked to specific areas, to support young adults who find themselves outside the labour market.

COWORKERS



Employees are Balder's most important asset in conducting long-term property management with satisfied customers. A precondition for this being possible is good working conditions that promote diversity, innovation and collaboration, while at the same time supporting the company's values.

Balder must be an attractive employer, which demands that the company has an ability to recruit and retain coworkers with the right competence. It is also crucial that these coworkers are happy and feel a sense of engagement for Balder and that they have an opportunity to develop within the company. Balder works continuously to create the conditions to make this possible.

All Balder's employees are obliged to act in accordance with Balder's Code of Conduct, which is based on international guidelines such as the United Nation's Global Compact, ILO's core principles and OECD's guidelines for multinational companies.

FINANCES



Sustainable financing is a precondition for long-term profitability. It affects Balder's opportunities to attract customers and competent employees, as well as the value of the company's properties.

The company secures financing that is sustainable in the long term through a diversified financing structure. Thanks to a strong cash flow, the company has the opportunity for flexibility, for example in terms of choice of letting form and when construction starts. Good financing is founded on a stable income statement and a stable balance sheet. Balder also has a goal that net debt to total assets shall not exceed 50% over time.

Balder's Green Bond framework 2019 has been developed in line with the industry standard Green Bond Principles 2019 and has undergone an independent evaluation by Cicero Shades of Green and been awarded the rating Medium Green. The framework provides an opportunity to issue green bonds, for the purpose of financing in particular energy-efficient buildings with environmental certificates, but also investments in measures to improve energy efficiency and in renewable energy. In 2023, a new framework for green financing is updated.

Colleagues Balder Sweden

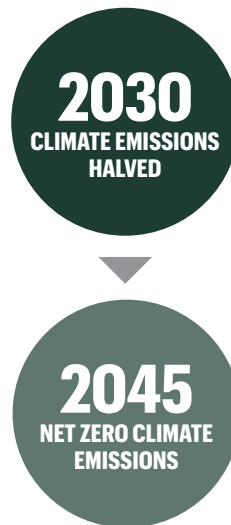
CLIMATE GOALS

To further increase the pace of the sustainability work, Balder has set climate goals in line with the Paris Agreement and the 1.5-degree goal.

Balder aims to halve emissions in its own operations by 2030, with 2022 as base year, and to measure and reduce emissions in the value chain (Scope 3). Balder has also set a goal to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045.

To achieve these goals, the company will, among other things, increase the pace in energy efficiency projects, continuously reduce the volume of purchased energy and take several measures to increase sustainability in property development projects. Other activities include buying eco-labelled district heating, increase recycling and switching the vehicle fleet to fossil-free vehicles.

Balder has also signed up to the Science Based Targets Initiative and in 2023 the targets will be submitted for approval. The Science Based Targets Initiative is a framework for companies to set science-based climate goals that are in line with the Paris Agreement. A roadmap will be produced during 2023 to specify which measures are required for the business to achieve its climate goals.



Balder's ESG risk rating from Sustainalytics is 13.8, which puts the company well within the low risk section.

Sustainalytics' ESG risk rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing these. The analysis shows that Balder is performing well in relation to peers when it comes to minimising significant ESG risks, for example through strong governance and reporting.



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SUSTAINABLE DEVELOPMENT GOALS

BALDER'S WORK ON THE UN SUSTAINABLE DEVELOPMENT GOALS

Balder strives to contribute to the fulfillment of the UN Sustainable Development Goals and has selected six of the 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence.



11. SUSTAINABLE CITIES AND COMMUNITIES



11.1 Safe and affordable housing
Balder assumes an active role in the development of entire areas and city districts. By building new homes with varied forms of tenure, Balder contributes to developing residential areas and improving security.



11.3 Inclusive and sustainable urbanisation
A blend of workplaces and homes produces more job opportunities in the local environment and creates new meeting places.



11.6 Reduce the environmental impact of cities
Solutions for increased mobility, such as proximity to public transport, cycle paths and electric vehicle pools are given priority in the development of properties and areas, as are green areas and areas for sport and recreation. Balder is also striving to promote effective waste management and to keep the areas clean and tidy.



7. SUSTAINABLE ENERGY FOR ALL



7.2 Increase the share of renewable energy in the world
All electricity purchased for the properties in Sweden is renewable, and Balder also owns several wind farms in Sweden. More properties are also developed with solar panels and charging stations for electrical cars are installed.



7.3 Double the rate of improvement in energy efficiency
Balder has a strong focus on efficient energy consumption and works continuously on operational optimisation and efficiency improvement, by such means as

supplementary insulation, replacing windows and so on. During the year, an analysis of the property portfolio and operations was also performed with reference to the EU taxonomy, which has resulted in a number of proposed measures to improve energy efficiency.



8. DECENT WORK AND ECONOMIC GROWTH



8.4 Improve resource efficiency in consumption and production
Balder strives to achieve sustainable purchasing, following up on suppliers and buying locally when possible. The company works continuously to reduce the volume of waste and increase recycling, and to develop circular flows in the construction process.



8.6 Promote employment, education and work placements for young people
A number of young people living in the company's areas are hired every year as summer workers. Balder also offers work experience and work placements to students on property-related study programmes and within the framework of various local initiatives.



8.8 Protect labour rights and promote a safe and secure work environment for all
Balder strives to achieve greater diversity and equality, and a good work environment, where everyone is treated equally and offered opportunities for development. The company's standard agreement contains specific requirements that suppliers must comply with the international conventions that form the basis of Balder's code of conduct.



9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE



9.2 Promote inclusive and sustainable industrialisation

Balder supports sustainable industrialisation and innovation, and works continuously with more efficient resource utilisation.



9.4 Upgrade all industry and infrastructure for increased sustainability

The company also strives to increase the proportion of recycled and reused material in both renovation and new construction, and to increase the use of new technology by such

means as the increased digitalisation of properties. Both in property management and new construction, the company depends on transport operations, and continual work is in progress to optimise these as much as possible to further reduce the environmental impact.



12. SUSTAINABLE CONSUMPTION AND PRODUCTION



12.4 Responsible management of chemicals and waste

Balder strives to minimise the volume of chemicals and waste, to use less harmful material and to apply the precautionary principle when selecting materials and handling chemicals.



12.5 Substantially reduce waste generation

To promote sustainable consumption and production, Balder strives to be prudent in its consumption of materials, with a focus on increased recycling.

Tenants are also encouraged in various ways to increase recycling. The company will also continue to increase the level of reuse and recycling, in renovation projects for example, to contribute to increased circularity, and to strive to increase levels of sorting at source and reuse.



13. CLIMATE ACTION



13.1 Strengthen resilience and adaptive capacity to climate-related disasters

Balder has initiated work to identify climate-related risks and opportunities in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures.



13.3 Improve knowledge of and capacity for climate change mitigation

Balder has started implementation of climate risk analyses in the property portfolio. This includes screening of relevant climate risks

based on future climate scenarios, vulnerability analysis and action plans. Examples of climate risks that can affect buildings are flooding from heavy rainfall, heat stress, heavy snowfall or landslides. This work includes giving employees relevant knowledge in climate risks and actions.



ALLOCATION AND IMPACT

All proceeds from Green Bonds issued under Balder's Green Bond framework will be invested in assets and projects that will contribute either to the adaptation and/or mitigation to climate change. Proceeds may be used for both the funding of new assets and projects as well as re-financing. The eligible assets and projects include certified and energy efficient buildings as well as investments in energy efficiency and renewable energy.



Øresund Park, Copenhagen

EXAMPLES OF SOME ASSETS AND PROJECTS

ØRESUND PARK

Øresund Park comprises 437 rental apartments of different sizes located in a popular area close to Copenhagen in Denmark. It was built in 2018 with a special focus on energy efficiency and the building has energy labelling A2020. This property is certified according to the sustainability scheme DGNB.



BERGSJÖN 8:2, 9:13, 9:12

In Bergsjön, located in north-east Gothenburg, Balder has developed three new buildings with 175 rental apartments. The properties were completed in 2022 and have received an environmental certification in accordance with Miljöbyggnad Silver.

ASSETS AND PROJECTS FUNDED

This is Balder's fourth Green Bond impact report. The environmental data in this report was produced in accordance with the principles and method of Balder's Green Bond Framework 2019. Properties that qualify have an environmental certification and 25% better energy efficiency compared to National Building Regulation valid at the time of approval by the Green Bond Committee.

The reported energy data may vary due to some of the properties have been acquired or completed during the last year, or the absolute energy consumption is for other reasons not available. In the most of properties, energy consumption is reported excluding the tenants' electricity use. For some of the properties that have not been operated for a full year, the energy data has been estimated. Numbers below as of 2022-12-31.

Total amount of proceeds

RB 119	ISIN SE0011869825	1,900,000
RB 120	ISIN SE0012676591	492,000
RB 124	ISIN SE0013359494	1,300,000
RB 132	ISIN SE0017071467	600,000
RB 133	ISIN SE0017071459	150,000
Total value green bond, tSEK		4,442,000

Green assets, tSEK

Total market value	16,241,900
Green bonds	4,442,000
Other loans	8,006,800
Unutilised pool of green assets	3,793,100

Property	City	Environmental certification	Energy consumption absolute kWh	Energy intensity kWh/sq.m.
Tingstadsvassen 4:3	Gothenburg	BREEAM In-Use Very Good	135,123	35.81
Stopet 1	Kungälv	Miljöbyggnad Silver	787,782	70.17
Lorensberg 55:15	Gothenburg	Miljöbyggnad Guld	120,544	22.66
Domherren 1 (A house)	Stockholm	Miljöbyggnad Silver	551,755	43.11
Lindholmen 39:2	Gothenburg	LEED Gold	356,096	26.78
Biskopsgården 6:9	Gothenburg	Miljöbyggnad Silver	280,317*	41.00
Bergsjön 8:2	Gothenburg	Miljöbyggnad Silver	177,672*	44.00
Bergsjön 9:13	Gothenburg	Miljöbyggnad Silver	177,672*	44.00
Bergsjön 9:12	Gothenburg	Miljöbyggnad Silver	177,672*	44.00
Øresund Park	Copenhagen	NZEB BR2015, DGNB Silver	2,543,499	60.33
Faelledkanten	Copenhagen	NZEB BR2015, DGNB Silver	1,195,629	56.29
Lavetten	Copenhagen	NZEB BR2015, DGNB Silver	1,086,671	51.48
Bastionen	Copenhagen	NZEB BR2015, DGNB Silver	1,301,708	61.11
Carlsbakken	Copenhagen	NZEB BR2020, DGNB Gold	691,562	65.02
Lerholmen	Copenhagen	NZEB BR2020, DGNB Gold	767,975	53.47
Lynghaven	Copenhagen	NZEB BR2020, DGNB Gold	696,104	46.89
Agerhusene	Copenhagen	NZEB BR2018	822,402	60.14
Fyrkanten	Copenhagen	NZEB BR2020, DGNB Gold	272,491*	29.63
Rubinhaven	Copenhagen	NZEB BR2020, DGNB Gold	273,738*	27.41
Ofeliahaven	Copenhagen	NZEB BR2020, DGNB Gold	555,522	60.78
Green Hills	Copenhagen	NZEB BR2020, DGNB Gold	406,839*	16.36
Triumph Byen (part of)	Copenhagen	NZEB BR2020, DGNB Gold	371,229*	33.90

* Estimated energy values. Complete energy data could not be compiled as the building has not been in use for a full year.

