



FASTIGHETS AB BALDER
Green Financing Framework 2023

IMPORTANT NOTICE

This document (the “Green Financing Framework” or “Framework”) contains information on Fastighets AB Balder, henceforth “Balder” 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 bond documentation the Green Terms in this Framework may be translated into other languages, as required or preferred in the local jurisdiction.

Furthermore, all parties are advised to review the risk factors and terms specific for the type of Green Financing used, for instance in the relevant financing documentation, issuance prospectus, financing documentation or information memorandum. Any Green Financing will be subject to the version of the Green Terms in the associated financing documentation. 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 EU Taxonomy and the forthcoming European Green Bond Standard.

Any 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 Balder’s website.

TABLE OF CONTENTS

Background 4

Green Financing Framework 10

Green Terms 10

 Use of proceeds 10

 Process for Project Evaluation and Selection 14

 Management of Proceeds 15

 Reporting 16

Definitions 18

Policy documents that govern Balder’s Environmental and Sustainability work 19

Appendix 1: EU Taxonomy Alignment 20

Appendix 2: Key Characteristics of the EU Taxonomy 22

BACKGROUND

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. With a property value of SEK 217.4 billion and a diversified portfolio Balder offers 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.

Balder's focus is on centrally located properties in capital cities and cities showing positive development. The Group has a diversified portfolio of residential properties, commercial properties and projects in capital cities and other large cities, primarily in Sweden, Denmark, Finland and Norway. Investments are being made in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, Helsinki and Copenhagen.

Balder offers a wide range of premises and homes in different locations and at different rental levels. The property portfolio consists of 51% residential properties, 16% offices, 9 % retail, 6% industrial/logistics and 11% other properties. Balder offers apartments in both central locations and on the outskirts of cities, both in the form of newly produced rental apartments and rental apartments in older properties. Balder's property portfolio also includes a wide variety of commercial premises.

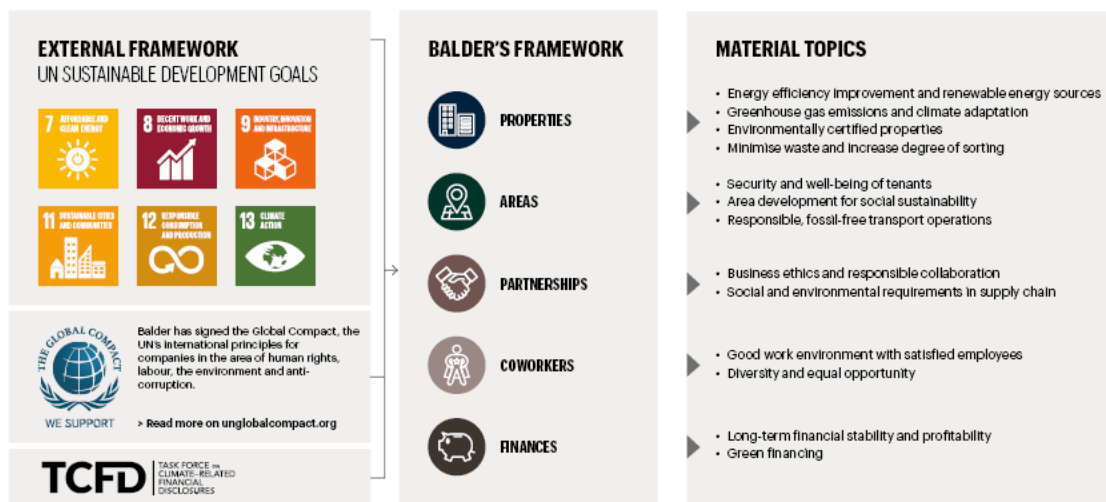
Balder has built up a significant portfolio of building rights for the production of not only rental and tenant-owner apartments, but also commercial properties. In several areas, new homes are being built where Balder already owns properties, contributing to a densification of areas and an increased range of mixed forms of housing, which also helps to create sustainable and responsible urban development. For Balder, it is important to control the whole value chain from land acquisition to the long-term management of completed projects. Development takes place in the form of long-term work in close collaboration with municipal authorities and other stakeholders. The development process extends over different phases and often takes several years.

In 2022, Balder completed around 1,800 residential housings, 1,650 of which for own management and 150 for divestment. At the turn of the year, around 5,200 residential apartments were under construction in Sweden, Denmark, Finland and Norway.

In all areas where Balder owns a quantity of properties, the company has its own employees who are responsible for management, letting and operations. This produces fast decision-making paths, proximity to the customer, good awareness of areas and properties, and the opportunity to adopt.

Sustainability at Balder

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.



Reducing energy use in buildings is an important issue for Balder. All electricity purchased for the properties is renewable electricity, and Balder also owns several wind farms in Sweden. Many properties also have solar panels and charging stations installed. The company is working continuously on operational optimisation and efficiency improvement in order to reduce energy use.

For Balder, it is very important to take responsibility for more than just the buildings the company owns, since this creates significant value. Balder's work on social activities focuses above all on security and well-being in the company's areas. Many activities are aimed at 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.

In order to continue operating and growing, Balder depends on long-term economic stability and profitability. Balder assumes responsibility by maintaining good and ethical external relationships, and also through collaboration with other actors in order to develop city districts and areas together. In the same way, the relationship with suppliers is very important, and Balder has zero tolerance of corruption and bribery.

Balder strives to create a good work environment based on gender equality and diversity, where the privacy of employees is safeguarded. All forms of harassment are forbidden, as is discrimination. A number of young people living in Balder's residential 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.

UN Sustainable Development Goals (SDGs)



Balder strives to contribute to the fulfilment 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.

To link these more closely to the company's operations, the associated targets have also been analysed. Balder has interpreted goals and targets in order to identify the areas where the company has the greatest opportunity to contribute to the goals being achieved.

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 is green electricity, and Balder also owns several wind farms in Sweden. More and more properties are also having solar panels and charging stations 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.

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 wherever 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

In its continued work to identify climate-related risks and opportunities, Balder has an objective, among other things, to draw up action plans at property level, and to make sure that all employees have relevant knowledge in this field.

Path towards climate neutrality

Balder aims to halve emissions in its own operations by 2030, with 2020 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 and switching the vehicle fleet on an ongoing basis to fossil-free vehicles.

Balder has also signed up to the Science Based Targets Initiative with the aim of having science-based goals approved. The Science Based Targets Initiative is a framework for companies to set science-based climate goals that are in line with what is required to meet the objectives of the Paris Agreement. By signing up to this initiative, Balder has started work to get the company's climate goals verified and approved.

To evaluate risks and opportunities linked to climate change, Balder has officially adopted a position to support and follow the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD), and is working to implement the recommendations.

Sustainability governance

Sustainability is integrated in Balder's day-to-day operations and is governed by the general sustainability policy and the code of conduct. These policies interact with the company's business concept, goals and other policies for governing the company in a way that is sustainable in the long term. The sustainability policy includes the company's environmental policy.

The Board is ultimately responsible for the company's code of conduct and sustainability policy, and decides on these matters. The company's management team is responsible for implementing policies and ensuring that they are followed. The CEO and management also have ultimate responsibility for the economic performance, and for ensuring that the company's business is conducted in an ethically correct manner. Managers from the property management organisation and property development are responsible for ensuring that the material environmental topics are taken into account in the day-to-day operations, as well as topics relating to social sustainability in the company's areas.

All managers with staff responsibility together with HR, are responsible for maintaining a good working environment with satisfied employees. The company has a Head of sustainability who coordinates the internal work, as well as external communications and reporting.

The code of conduct and related policies are based on international guidelines such as the UN Global Compact's principles for human rights, labour, the environment and anti-corruption, the UN Guiding Principles on Business and Human Rights, the ILO's Core Conventions and the OECD's Guidelines for Multinational Enterprises. Each employee is responsible for observing the code of conduct. The company and those with staff responsibility are responsible for ensuring that all employees understand, can obtain advice and act in accordance with the code of conduct.

Compliance with and knowledge of the code of conduct and other policies are followed up annually and have been integrated into the company's internal training system. The content of these documents is reviewed annually, in order to correspond with the company's operations and material topics. No cases of corruption have been reported during the year, nor have any cases of infringements of laws and regulations.

Sustainable Finance

Balder strives to maintain a high level of activity and efficient management to generate a good profit from property management. Having customers who are happy and stay in the company's properties is crucial for long-term financial sustainability.

Balder secures financing that is sustainable in the long term through a diversified financing structure. The goal is financial stability where net debt to total assets does not exceed 50% over time.

Balder issued its first Green Bond framework in 2019 with the purpose to finance projects that contribute to a reduced environmental impact, primarily to green and energy-efficient buildings with environmental certification. The company also invests in renewable energy and energy

efficiency improvement measures. In addition to green bonds, Balder also has green loans with Swedish banks, both within the Balder Group and in associated companies, and a green loan agreement with the European Investment Bank (EIB).

Balder is currently working with the implementation of the new rules following the EU taxonomy. A mapping exercise has been performed of Balder's operations and properties with reference to the EU taxonomy. This includes, for example, a more detailed analysis of the properties' energy use and other factors relating to the regulations in the EU taxonomy.

The results form the basis of action plans for continued improvements. This may involve investing in renovations, but also drawing up inventories of technical systems in order to identify opportunities to optimise and streamline energy use.

Balder has worked together with Handelsbanken to develop this Green Financing Framework. Cicero Shades of Green has provided a second opinion on the Framework, with medium green rating, which is publicly available on Balder's website.

More information about our work with sustainability is available on our website (www.balder.se).

Gothenburg, June 2023

Erik Selin
CEO

Ewa Wassberg
CFO

Klara Appelqvist
Head of Sustainability

GREEN FINANCING FRAMEWORK

This Framework is aligned with the 2021 ICMA Green Bond Principles¹ as well as the 2023 APLMA, LMA and the LSTA Green Loan Principles. Moreover this Framework 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. Balder recognises that the market for Green Financing 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. Balder will closely monitor the development of the market and update the Green Financing offering from time to time to reflect current best market practices.

The structure of this Framework builds on the Green Bond Principles four core components:

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

Balder acknowledges the recommendation in the Green Bond Principles of appointing an external reviewer to assess the alignment of the Framework with the above mentioned core components of the Green Bond Principles. Cicero Shades of Green has provided a second opinion on this Framework which is publicly available on Balder's website.

GREEN TERMS

Use of proceeds

Allocation of proceeds

An amount equal to the net proceeds from Green Financing will be used by Balder or its wholly-owned subsidiaries, to in whole or in part finance or refinance investment that promote the transition to low-carbon, climate resilient and sustainable economies as well as environmental and ecosystem improvements. Such assets ("**Eligible Green Assets**") must comply with the categories and criteria's below. The net proceeds will be used exclusively to finance or refinance investments in the markets where Balder owns, manages and develops properties². The majority of the net proceeds are expected to be allocated to new assets (defined as projects and assets financed within 12 months from completion). The proportion of net proceeds allocated to new projects and assets will be disclosed in the annual reporting. The combined allocated amount to a specific Eligible Green Asset, by one or several sources of financing with specified use of proceeds, may not exceed its value.

¹ Green Bond Principles June 2021 (with June 2022 Appendix 1)


² These markets are currently Sweden, Denmark, Finland, Norway, Germany and the UK

Exclusions

Green financing will not be used to finance investments linked to fossil energy generation, nuclear energy generation, the weapons and defence industries, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Eligible Green Assets

Through its operations Balder takes a broad responsibility for sustainability. As a long-term property owner Balder strives to take social, environmental and financial responsibility. However, this Framework focuses especially on the environmental aspects of Balder's property management and property development.

GBP Categories	EU Taxonomy Reference	Eligible Green Assets	EU Taxonomy Environmental Objectives	UN Sustainable Development Goals (SDGs)
Green buildings	7.1 Construction of new buildings	<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 and • New buildings have, or will, receive environmental certification in any of the following building certification schemes at the defined threshold or better: <ul style="list-style-type: none"> ○ Miljöbyggnad "Silver" ○ LEED "Gold" ○ BREEAM "Very Good" ○ Nordic Swan Ecolabel ○ DGNB "Silver" 	Climate change mitigation	 <p>7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION</p>
	7.2 Renovation of existing buildings	<p>Renovation of existing buildings³</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"⁴</p>		

³A renovated building that fulfils the criteria for Existing buildings in this Framework can be classified as an Eligible Green Asset as a whole. If the building does not fulfil the criteria for an Existing building in this Framework but succeeds in a reduction of PED of at least 30% only the cost of the renovation can be financed.

⁴ According to Directive 2010/31/EU

	7.7 Acquisition and ownership of buildings	<p>Existing buildings (built before 31 December 2020)</p> <ul style="list-style-type: none"> • Existing buildings have 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)⁵ and • Existing buildings have, or will receive environmental certification in any of the following building certification schemes at the defines threshold or better: <ul style="list-style-type: none"> ○ Miljöbyggnad "Silver" ○ LEED "Gold" ○ BREEAM "Very Good" or BREEAM in-use "Very Good" ○ DGNB "Silver" ○ Nordic Swan Ecolabel 		
--	--	--	--	--

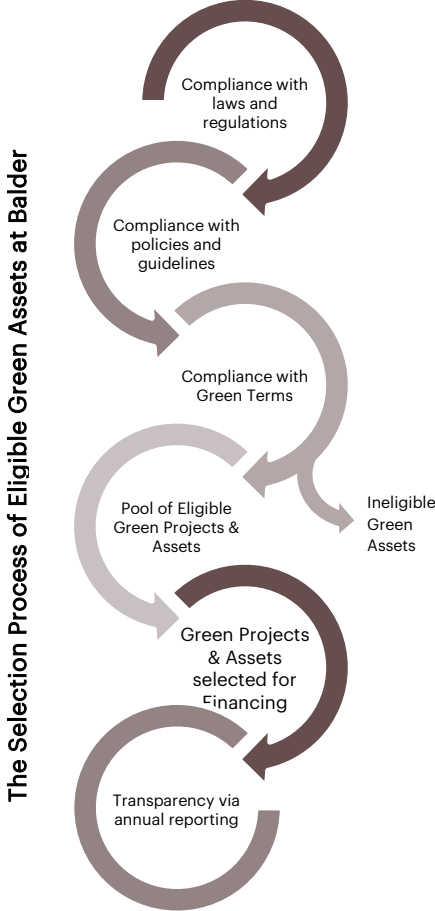
⁵ The top 15% PED applicable under this Framework will be updated continuously. Balder will reference an external benchmark when determining the top 15%. Such a benchmark could be e.g. guidance by national governments or a specialist study

Process for Project Evaluation and Selection

Balder has an established process ensuring that Eligible Green assets are continuously included into Balder’s Green Asset Pool. Potentially Eligible Green Assets will be suggested by project managers and other employees at Balder to the Green Bond Committee (GBC), consisting of the CFO and the Head of Sustainability. The GBC is responsible for evaluating and selecting assets eligible for Green funding.

The GBC will review information about the assets and evaluate the compliance with the Green Terms, 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 Balder. The GBC 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. The GBC will meet at least twice yearly and the decisions made by the GBC will be documented. Furthermore, the GBC is also responsible for signing off on the forthcoming reporting under the Framework as outlined under the section Reporting.

An updated record of all Green Assets will be kept by the GBC. 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

An amount equal to the net proceeds of any Green Financing will be credited to an earmarked account (the “**Green Account**”) or otherwise tracked by Balder. Deductions will be made from the Green Account by an amount corresponding to the financing or refinancing of Eligible Green Assets or at repayment of any Green Financing.

If an Eligible Green Asset or project financed by Green Financing no longer qualifies as eligible the asset will be replaced by other assets or projects that meet the definitions set out in this Green Financing Framework. Funds may also be reallocated to other Green Assets and projects during the term of any Green Financing. Balder’s executive management team will keep a record of the purpose of any change in the green portfolio and ensure that the combined funds directed towards a specific asset or project, by one or several sources of Green Financing, does not exceed its value. If, at any time, the total amount of proceeds from Green Financing exceed the total value of Eligible Green Assets, this will be placed in line with Balder’s handling of short term excess liquidity and comply with Balder’s sustainability policy as well as the exclusion criteria of this Framework.

External Review

Balder acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of net proceeds allocation. For further information, see the “Annual Review” section under Reporting.

Reporting

Balder will publish an annual report on its website (www.balder.se) that will detail the allocation of funds and adherence to the Green Terms (the “Reporting”). The reporting will contain information on the Eligible Green Assets that have been financed with Green Financing, a summary of Balders activities in the preceding year as pertains to Green Financing as well as information, including examples of the Eligible Green Asset’s adherence to the relevant criteria. The Report, which will include details of allocation as well as impact, will be published annually on Balder’s website so long as Balder has Green Financing outstanding.

Allocation Disclosure:

- Balder will provide allocation reporting where emphasis will be placed on providing examples to single projects based on their size
- The sum of outstanding Green Financing and the sum of the Green Portfolio balance, including any short term investments or funds managed within’ Balder’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 Financing share of the total investment. For financed Eligible Green Assets that are not yet operational, Balder will strive to provide estimates of future performance levels. Balder will emphasise energy savings and greenhouse gas reductions as the most relevant performance metrics for most projects. If/when actual impact for some reason is not observable, or unreasonably difficult to source, estimated impact shall be reported. The metrics below are examples of indicators that are likely to be used by Balder in the forthcoming Reporting.

GBP Category	Indicators and Metrics
Green Buildings	<ul style="list-style-type: none"> i. Environmental certification ii. Primary Energy Demand (PED) compared to the requirement in the national implementation of NZEB iii. Existing buildings that qualifies according to an Energy Performance Certificate (EPC): the level of the EPC iv. Existing buildings that qualifies based on Primary Energy Demand (PED): confirm that the PED was within acceptable limits of the national or regional building stock (top 15%) v. Energy consumption by absolute consumption (kWh) and intensity (kWh/sq meter) per year vi. Calculated carbon footprint disclosed by absolute emissions (tonnes) and intensity (kg per square metre) per year

Annual Review

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

Dedicated Website

Balder has a dedicated webpage for Green Financing at its website (www.balder.se) where investors can find information regarding Balder Green Financing, including:

- ✓ The Green Financing Framework
- ✓ The Second Opinion
- ✓ The Reporting
- ✓ The Annual Review
- ✓ Investor Presentations

DEFINITIONS

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.

DGNB SILVER means rating Silver within DGNB, a grade scheme for real estate sector developed by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport Building, and Urban Affairs, pursuant to its 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.

LEED GOLD means the rating Gold within LEED, a grading scheme for the real estate sector developed by the U.S. Green Building Council and administered in Sweden by the Sweden Green Building Council, pursuant to its definition at the time of receipt of the relevant certification.

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 requirements in national measures.

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 DOCUMENTS THAT GOVERN BALDER'S ENVIRONMENTAL AND SUSTAINABILITY WORK

Public Policies and Guidelines are available at www.balder.se

Name	Public / Non-Public
Annual and Sustainability Report 2022	Public in Swedish and English
Code of conduct	Public in Swedish and English
Sustainability Policy	Public in Swedish and English
Health and Safety Policy	Public in Swedish and English
Equality and diversity Policy	Public in Swedish and English
Transport and Travel Policy	Public in Swedish and English

APPENDIX 1: EU TAXONOMY ALIGNMENT

In the table below the Framework’s 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 References	Comments on EU 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>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 are 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% <p>Deviations:</p> <ul style="list-style-type: none"> This Framework does not reference the specific requirements in the EU Taxonomy for buildings larger than 5000m²
	7.2 Renovation of existing buildings	<ul style="list-style-type: none"> 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>	<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 Framework requires existing 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 are taken into consideration • The top 15% PED applicable under this Framework will be updated continuously. Balder 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 <p>Deviations:</p> <ul style="list-style-type: none"> • 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 Balder 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.