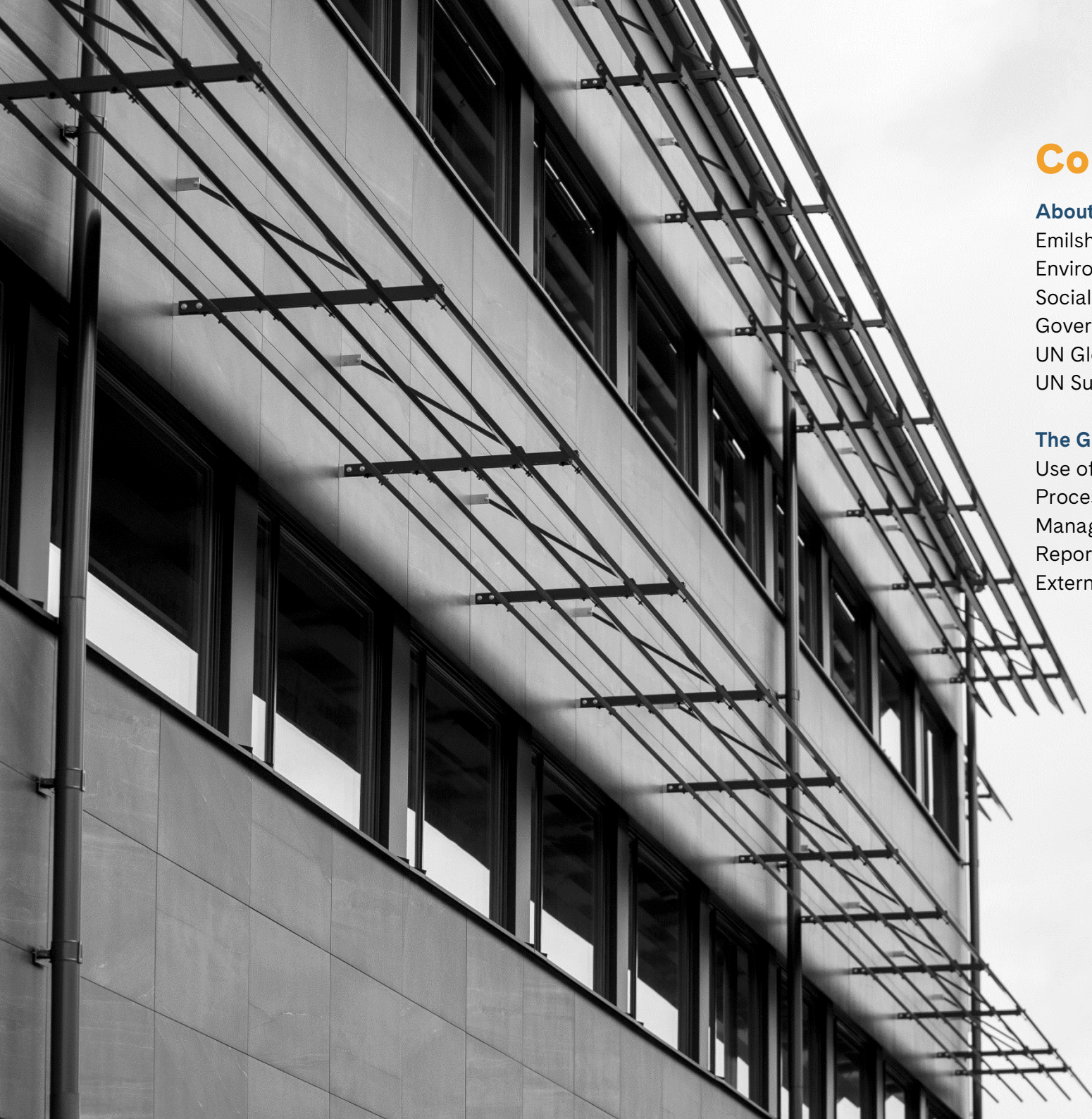




# EMILSHUS

2024

**Green Bond Framework**  
September



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## About Emilshus

Fastighetsbolaget Emilshus AB (“Emilshus” or the “Company”) is a real estate company that acquires, develops, and manages high yielding commercial properties in southern Sweden. The Company focuses on properties with long-term leases and creditworthy tenants, ensuring strong and stable cash flows that generate high direct returns. Emilshus is listed on Nasdaq Stockholm.

As of 30 June 2024, Emilshus’ property portfolio amounted to approximately 888,000 sqm of lettable area distributed across 157 properties, with a property value of SEK 8.3 billion.

The property portfolio is well-diversified with an emphasis on light industrial and industrial services/professional trade properties, together accounting for 67 % of property value. Grocery and discount retail stores is also a prioritised property type, accounting for 22 % of property value. Location-wise, most properties are located in Småland, Sweden, where 87 % of property value is located and where Emilshus is one of the leading property companies. Besides Småland, the Company is also expanding to Östergötland and Halland, which together account for 13 % of property value.



### **Brudabäck 2, Vetlanda**

Category: Light industry

Leasable area: 20,150 sqm



## Emilshus' sustainability strategy

Emilshus' sustainability work is based on the sustainability strategy adopted by the Board of Directors. The sustainability strategy focuses on resource and energy efficiency across the property portfolio, while at the same time future-proofing the business, both from an economic and organizational perspective.

As part of its sustainability work, Emilshus has identified four focus areas where the Company is considered to have the greatest impact and has the potential to contribute to positive change:

- Properties – for example reduce energy consumption, review the choice of energy sources, and manage properties from a life cycle perspective
- Employees – for example ensure that all employees have the opportunity to develop within the Company, and offer them a creative, open and safe working environment
- Tenants – for example be an attractive landlord with a focus on satisfied tenants who are well informed and committed to working towards sustainable development
- External partners – for example strive to deliver a good return on investment while imposing sustainability requirements on partners and suppliers

All of the above focus areas have targets and metrics which are followed up on an annual basis.

## Environmental responsibility

### Energy

Emilshus works actively to reduce energy demand by continuously reviewing the choice of energy sources and improving the efficiency of the property portfolio. In 2023, energy use decreased by 5.8% compared to the previous year and the comparable portfolio.

### Selected targets

- Reduce like-for-like energy consumption per sqm by an average of 2 % per year from 2022 to 2030
- Purchased electricity must be fossil-free and, to the extent possible be renewable, origin-labelled or locally produced (in 2023, 100% was fossil-free of which 63% renewable, origin-labelled or locally produced)
- New construction and extensions should, wherever possible, have at least 30 % lower energy consumption than the requirements of the Swedish National Board of Housing, Building and Planning's Building Regulations (BBR), meet the requirements for Energy Performance Certificate (EPC) class A or B or qualify for environmental certification

### Resource use

In projects related to remodelling and adjusting properties to tenants needs, Emilshus strives to reuse materials and renovate existing furnishings rather than replacing them. In project activities, there are requirements on suppliers to ensure a correct dismantling and removal of materials.

### Selected targets

- Management of dismantled and removed materials and furnishings must, where possible, be documented (reuse, recycling and disposal) for all projects over SEK 2 million.

### Green leases

Emilshus uses green leases with tenants to reduce the environmental impact of energy, improve indoor environment and material choice, and ensure efficient and correct waste management. Green leases are based on the industry's standard template from the Swedish Property Federation.

### Selected targets

- 100 % of new leases for premises of minimum 500 sqm should be green leases (in 2023, 100 % was achieved)

### Climate change adaptation

On a regular basis, Emilshus reviews climate change adaptation in both new and existing properties.

When acquiring new properties, Emilshus conducts environmental due diligence, which for example includes environmental risks such as potential future flooding. In connection with the environmental due diligence, Emilshus evaluates how to mitigate these types of risks.

In existing properties, a continuous work is conducted to follow changes from a climate risk perspective.



### **Employees and other stakeholders**

Emilshus is to act responsibly in terms of employees, suppliers and other stakeholders, and has a zero-tolerance policy against corruption, discrimination, harassment, criminal offences and environmental violations. Supporting policies for example include its work environment policy and the real estate industry code of conduct for suppliers. For employees, Emilshus conducts surveys and offers health allowance and regular health examinations. For tenants, Emilshus conducts an annual tenant satisfaction survey that provides valuable insight in how the tenants perceive Emilshus as a landlord, including the Company's sustainability work.

### **Selected targets**

- Even gender distribution throughout the organisation (in 2023, there was an equal 50/50 split between male and female across the organisation)

### **Local community engagement**

Emilshus takes an active role in community engagement activities aside from those directly connected to its business. All partnerships and sponsorships have to follow its sponsorship policy and values in terms of ethics, morals and the environment.



## Governance

### Governance structure

- Board of Directors - ultimate responsibility for the sustainability work
- Group management - operational responsibility for the sustainability work and for ensuring that it is relevant, for example in relation to the business conducted. Also responsible for implementing and following up on the sustainability goals adopted in 2021
- Technology and sustainability manager - responsible for driving the sustainability work, with support from the Chief Operating Officer
- Chief Financial Officer - responsible for ensuring that the Company prepares a sustainability report in accordance with existing laws and regulations

### Ethics and anti-corruption

Emilshus has a business ethics and anti-corruption policy in place, which provides clear guidelines on how the Company expects employees to act in matters relating to corruption, bribery and money laundering. The Company also has a zero-tolerance policy against corruption, discrimination, harassment, criminal offences and environmental violations.

To prevent corruption within Emilshus' operations and value chain, there are established procedures and processes. Audits of new customers, suppliers, sub-suppliers and business partners are carried out. In addition, Emilshus requires operating contractors to sign the real estate industry code of conduct for suppliers, which covers large parts of Emilshus' total purchases.



### Selected policies and tools

- Business ethics and anti-corruption policy
- Work environment policy
- Real estate industry code of conduct for suppliers
- Procurement policy
- Environmental and sustainability policy
- Sponsorship policy
- Whistleblower function

### Selected targets

- All contractors and external technical managers should meet the real estate industry code of conduct for suppliers (100% achieved in 2023)

## UN Global Compact & UN Sustainable Development Goals (UN SDGs)

Emilshus' sustainability work is based on, among others, its commitment to the UN Global Compact and the UN's Sustainable Development Goals ("SDGs"). Emilshus is a member of the UN Global Compact since 2021, which means that the Company commits to comply with the ten fundamental principles covering the UN declaration of human rights, the ILO's fundamental conventions on human rights at work, the Rio declaration and the UN convention against corruption.

Emilshus works actively to contribute to the Agenda 2030 and the SDGs, and has identified six SDGs where the Company, through its operations, believes it can contribute the most:

- SDG 3 Good health and well-being
- SDG 5 Gender equality
- SDG 7 Affordable and clean energy
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 13 Climate action

# The Green Bond Framework

## Emilshus' rationale for updating the Framework

In September 2021, Emilshus established its inaugural Green Bond Framework. Since then, the green bond market and sustainability related regulations have evolved and Emilshus aims to incorporate these market developments into its updated Green Bond Framework (the "Framework"). Thus, this Framework replaces the previous Framework published in 2021. With this updated Framework, which follows most recent market practice, Emilshus wants to continue to finance energy efficient properties and related projects to support the transition to a sustainable future.

The Framework has been developed in alignment with the ICMA Green Bond Principles from 2021 ("GBP")<sup>1</sup>. The Framework follows the four core components of the principles including key recommendations for external review:

- Use of Proceeds
- Process for Asset Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework is applicable for issuance of green bonds (referred to as "Green Bonds"). The terms and conditions of the underlying documentation for each Green Bond issued by Emilshus shall provide a reference to this Framework. This Framework may over time be updated, however new versions shall have no implications for the Green Bonds that have been issued under this Framework.

Further, this Framework is applicable to the parent company and its subsidiaries. In case green eligible assets are owned by joint ventures or associated companies, the value of green eligible assets is to be adjusted for the share of capital owned by Emilshus.

Swedbank has acted as advisor to Emilshus in the establishment of this Framework.



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<sup>1</sup>The Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1)

## Use of Proceeds

### Allocation of net proceeds

An amount equivalent to the net proceeds from Emilshus' Green Bonds shall be used to finance or re-finance, in whole or in part, a portfolio of assets ("Green Eligible Assets"). Green Eligible Assets aim to enable climate change mitigation as well as provide distinct environmental benefits and comply with criteria detailed in the table on the following page.

Green Eligible Assets are both capital expenditures ("CapEx") (could either be reported directly in the income statement or capitalised on the balance sheet) and/or operational expenditures ("OpEx"). CapEx does not have any requirement for look-back period, while OpEx does have a requirement of maximum three-year look-back period from the time of issuance. Refinancing refers to Green Eligible Assets that have been financed prior the reporting year. New financing refers to Green Eligible Assets that have been financed during the reporting year.

### Exclusion criteria

The net proceeds of Emilshus' Green Bonds will not be used to finance fossil energy production, nuclear energy generation, weapons and defence industries, potentially environmentally negative resource extraction, gambling, or tobacco.

### EU Taxonomy

Emilshus has taken into consideration the EU Taxonomy and thereby mapped applicable categories to the environmental objectives and to examples of economic activities under the EU Taxonomy. Where possible, applicable Eligibility Criteria has been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated Act as at the time of this Framework publication.



**Green Eligible Asset categories**  
(ICMA categories & UN SDGs)

**Eligibility Criteria**

**EU Taxonomy: environmental objective and examples of economic activities**

**Green Buildings**  
UN SDGs: 7, 11

**New buildings (built after 31 December 2020):**

Buildings that either have or will receive:

- Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero Energy Building (NZEB) according to national building regulations<sup>2</sup>, or
- Energy Performance Certificate (EPC) class A or B

**Existing buildings (built before 31 December 2020):**

Buildings that either have or will receive:

- EPC A or energy performance within top 15%<sup>3</sup> of the national building stock expressed as operational PED and demonstrated by adequate evidence, or
- PED below the thresholds set out below:

Building year	PED
After 2006	10% below the applicable national building regulation
Between 2000-2006	90 kWh per sqm
Between 1971-1999	100 kWh per sqm
Before 1971	110 kWh per sqm

**Major renovations<sup>4</sup>:**

- PED savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation, or
- An improvement in the EPC class of an existing building by two rating grades or more (i.e. to minimum EPC C), as verified by a new EPC label

**Climate change mitigation**

- 7.1. Construction of new buildings
- 7.2. Renovation of existing buildings
- 7.7. Acquisition and ownership of buildings

**Energy Efficiency**  
UN SDGs: 7

Installation, replacement, and maintenance of energy efficient measures including:

- Energy efficient ventilation, heating, windows, doors, air-conditioning (HVAC) and lighting incl. light controls and light fittings
- Charging stations for electric vehicles in buildings and parking spaces attached to buildings
- Instruments and devices for measuring, regulating and controlling the energy performance of buildings such as smart meters
- Renewable energy technology such as heat pumps, storage units and heat exchangers/recovery systems

**Climate change mitigation**

- 7.3. Installation, maintenance, and repair of energy efficiency equipment
- 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6. Installation, maintenance, and repair of renewable energy technologies

<sup>2</sup>In Sweden, thresholds set for NZEB is implemented through the BBR 29 requirements

<sup>3</sup>The report by the Swedish Property Federation (Fastighetsägarna in Sw.), CIT Energy Management will be used for determining top 15%. Emilshus can also seek guidance from other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist

<sup>4</sup>If the building post renovation fulfils criteria under “existing buildings” i.e. EPC A or within top 15% or PED below thresholds depending on building year the market value of the building will qualify. If not, it will be limited to the renovation cost

## Process for Asset Evaluation and Selection

### Selection of Green Eligible Assets

The evaluation and selection process is key to ensure that an amount equivalent to the net proceeds from Green Bonds are allocated to Green Eligible Assets which meet the Eligibility Criteria as set out in the Framework.

### The Green Bond Committee

Emilshus' Green Bond Committee ("GBC") is responsible for the evaluation and selection of Green Eligible Assets. Members of the GBC consist of the Finance Department and the Sustainability Team. The GBC will convene at least annually. Emilshus will assure that the sustainability expertise always relies within the GBC. All decisions are made in consensus, and this applies to the selection process of Green Eligible Assets as well. The evaluation and selection process has the following steps:

- The GBC identifies and evaluates potential Green Eligible Assets to be evaluated in alignment with the criteria specified under the Use of Proceeds section of this Framework incl. assessing their environmental impact
- The GBC ensures that Green Eligible Assets adhere to applicable laws and regulations as well as the Company's sustainability policy, business ethics and anti-corruption policy, and real estate industry code of conduct for suppliers
- Approved Green Eligible Assets will be included in Emilshus' internal tracking spreadsheet

### Additional responsibilities of the GBC include:

- Reviewing the eligibility of Green Eligible Assets on a regular basis (at least annually) to ensure there is sufficient volume of Green Eligible Assets in the internal tracking spreadsheet

- Reviewing the Framework and updating it to reflect changes in business strategy, market, or regulatory developments on a best-effort basis
- Overseeing, approving and publishing the Investor Report. Emilshus may rely on external consultants and their data sources, in addition to its own assessments
- Updating external documents such as the Second Party Opinion (SPO) and related documents from external consultants and accountants in connection with material updates to this Framework



## Management of Proceeds

### Tracking of Net Proceeds

An amount equivalent to the net proceeds from Emilshus' Green Bonds will be tracked by using the internal tracking spreadsheet and managed on a portfolio level. This means that a Green Bond will not be linked directly to one (or more) pre-determined Green Eligible Assets.

The internal tracking spreadsheet can be updated as needed by adding Green Eligible Assets or removing Green Eligible Assets that are divested or ceases to comply with the Eligibility Criteria set out in the Framework. The Finance Department is responsible for the management of proceeds.

### Allocation Period

Emilshus will commit to, on a best-effort basis, allocate the net proceeds from the Green Bonds to Green Eligible Assets within 12 months from the issuance date of each Green Bond.

### Temporary holdings

Any unallocated proceeds will be temporary held by Emilshus and placed on the Company's ordinary bank account.



## Reporting

To be fully transparent towards investors and other stakeholders, Emilshus will publish an Investor Report. The report will include an allocation report and an impact report and will be published on an annual basis until full allocation and in the event of any material developments, as long as there are Green Bonds outstanding. The Investor Report will be made available on Emilshus' website, [www.emilshus.se](http://www.emilshus.se), together with this Framework.

### Allocation reporting

- Total amount of Green Bonds outstanding
- The breakdown of Green Eligible Assets by Green Eligible Asset category
- Share of proceeds used for new financing/refinancing
- Share of unallocated proceeds (if any)
- List of underlying Green Eligible Assets if not of confidential nature

### Impact reporting

Emilshus intends to report on quantitative impact indicators where reasonable and relevant data is available. Examples of impact indicators include:

#### Primary indicators

- Annual energy avoided compared to relevant benchmark

#### Secondary indicators

- Energy use/Primary Energy Use (kWh/m<sup>2</sup>/year)
- EPC A or B or within top 15%
- Emission intensity (kgCO<sub>2</sub>e/sqm/year)

## External Review

### Second Party Opinion

This Framework has been reviewed by ISS Corporate who was asked to confirm the alignment with the ICMA GBP. The independent Second Party Opinion will be available on Emilshus' website [www.emilshus.se](http://www.emilshus.se), together with this Framework.

### Verification

The allocation reporting will be externally verified, by an auditor or another independent third party, to verify whether an amount equal to the net proceeds from Emilshus' Green Bonds have been allocated to Green Eligible Assets. This verification will take place annually until full allocation and in the event of any material developments. The verification report will be published on Emilshus' website [www.emilshus.se](http://www.emilshus.se), together with the Investor Report.



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