

A rooftop garden in Stockholm, Sweden, featuring green tables and chairs, yellow and purple flowers, and a view of a historic building. The text "HUFVUDSTADEN" is overlaid at the top.

HUFVUDSTADEN

Green Financing Framework

September 2024

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This is Hufvudstaden

Hufvudstaden offers attractive office and retail premises in the most central areas of Stockholm and Gothenburg. Hufvudstaden was founded in 1915 and its series A shares have been listed on what is now Nasdaq Stockholm since 1938. We have been doing business for over 100 years in Stockholm and over 60 years in Gothenburg. As of December 2023, the Group owns 29 properties valued at SEK 46.7 billion. We are long-term property owners whose main focus is outstanding service, enduring customer relationships and high-quality property management and development. Our objective is to contribute to strengthening the competitiveness and brands of our customers by providing the best possible conditions. We offer successful businesses attractive premises in central locations, and the potential to grow in our properties.

AB Nordiska Kompaniet, the owner of the NK brand, with department stores in Stockholm and Gothenburg, and NK Retail, which operate just over 30 departments corresponding to about 20 per cent of the departments in the department

stores, are included in the Group.

Sustainability is an integral part of our day-to-day activities. We take economic and social responsibility and develop long-term and green solutions. We cooperate with our tenants and partners to promote sustainable urban development in Stockholm and Gothenburg. More than 90 per cent of Hufvudstaden's properties contain buildings of historical value and are protected under legislation¹ against distortion underscoring their significant historical and cultural value. Buildings of high cultural value located in Stockholm² can be divided into four categories, i) blue buildings, ii) green buildings, iii) yellow buildings, and iv) grey buildings, whereby most of Hufvudstaden's buildings are classified as blue. While retrofitting, investing in renewables, or enhancing energy efficiency may significantly impact socio-cultural values, we are dedicated to finding new and innovative ways to advance our sustainability efforts without compromising their integrity.



¹Historic Environment Act (1988:950) Chapter 3 Listed buildings, Section 1 A. Building that is of particularly high cultural and historical value or that is part of a built-up area with a particularly high cultural and historical value may be declared a listed building by the county administrative board. https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svenskforfattningssamling/kulturmiljolag-1988950_sfs-1988-950/

Planning and Building Act, Chapter 8 Prohibition against distortion, Section 13. A building which is particularly valuable from a historical, cultural historical heritage, environmental or artistic point of view may not be distorted.

²<https://stadsmuseet.stockholm/kunskap-och-samlingar/kulturmiljo/klassificering/>

Sustainability at Hufvudstaden

Sustainability is a prerequisite for our business, and it is therefore an integrated part of our day-to-day activities. Hufvudstaden's sustainability activities are based on our sustainability plan that is organised into three focus areas: minimise, future-proof and collaborate. Each focus area comes with a target and several activities. By minimising our climate footprint, futureproofing our business, and collaborating with our stakeholders, we work actively and long term for environmental, social, and economic sustainability. Our sustainability work has been developed to be in line with the UN Sustainable Development Goals (SDGs), and we are a signatory of the UN Global Compact and work based on our Code of Conduct. Our strategies and

values provide a firm basis for achieving our sustainability goals and contributing to a sustainable society. Our employees have a key role to play in the success of our sustainability work, and we aim for all our employees to feel committed and know how they can contribute to our sustainability plan. The sustainability plan and the overall sustainability targets have been presented to employees to ensure that sustainability is incorporated throughout the organisation. Each business area has developed its own tangible targets and actions plans that will contribute to achieve our overall sustainability goals. These targets are followed up in a Sustainability Council that meets quarterly, comprising representatives from each Hufvudstaden unit.



● **Minimise**

We will minimise our footprint to achieve climate-neutral property management not later than 2025.

● **Future-proof**

We will future-proof our properties and operations for a 100-year perspective.

● **Collaborate**

Through collaboration, we will create vibrant and sustainable environments that promote sustainable urban development.

Our ability to promote sustainable development and create value for our stakeholders is embodied in our business concept, which covers the long-term management and development of commercial properties in central Stockholm and central Gothenburg. Examples include creating flexible, energy-efficient solutions for different operating areas and participating in urban development projects with other organisations in the society. Long-term thinking and quality are two pillars in our vision of being consistently perceived as the most attractive property company in Sweden. We aim to preserve and develop our historic properties

in line with contemporary requirements and for future generations. By choosing design and functionality combined with quality, there is less risk of material replacement in conjunction with a change of tenant, thereby resulting in less waste and emissions being generated. Today, 85 per cent of our buildings are environmentally certified. To further assure quality and future-proof our assets we have set a target to have all our properties environmentally certified by 2025. Our goals to minimise emissions have also been validated by the Science Based Targets initiative.

Ongoing goals

- Reduce the total amount of waste and increase the sorting rate from property management and construction projects.
- The properties are to be future-proofed for climate change.
- Increase the proportion of green financing.
- Actively work for a sustainable supply chain. Our main suppliers are to be evaluated annually.
- Zero vision for serious workplace accidents.
- Hufvudstaden will have the most satisfied customers in the industry.

³The targets were developed in 2020 and thus use 2019 as the base year. Outcome calculated in relation to the base year.

Goals 2025³

- Management of our properties is to be climate-neutral.
- Energy use per square metre will be reduced by 16 per cent.
- All properties will have green building certification.

Goal 2030³

- Climate emissions from project development will be halved.



Path towards climate neutrality

The transition to low-carbon property operations and management and to reduce the footprint of new development and refurbishment projects is a significant challenge for the property sector globally.

A substantial proportion of society's total energy use and greenhouse gas emissions derives from the property sector. Hence, it is a top priority for us to improve energy efficiency and reduce our climate impact. We strive to be in line with the Paris agreement within a decade, while at the same time contributing to realising the Swedish objective of national net climate neutrality by 2045. Our goal is to have climate neutral operations of our properties by 2025 and to reduce our energy use per square meter by 16 per cent between 2019 and 2025. Already in 2023, we reached this goal and are now developing new energy goals. All our electricity usage is derived from 100 per cent renewable origin-labelled electricity.

To further reduce our impact, we aim to reduce emissions from our new builds and renovations, as well as their use of energy. With a small and concentrated portfolio in central locations with significant heritage and cultural values, preservation and improvements are key enablers for our shift to lessen our climate impact over time and we are continuously investing in energy efficiency improvements.

Regarding new development, resource efficient

construction techniques will be crucial. Our goal is to halve climate emissions from construction operations during the period 2019-2030. The effort to calculate our indirect emissions from building activities is on-going. To reach our goal, cooperation with the rest of the industry will be crucial and we intend to play a key role in the transition of the sector. Innovative thinking and energy-efficient technology are prioritised when choosing products as part of the undertaking to reduce energy use. When we carry out an environmental examination of building products, we make use of the Byggsvarubedömningen, which is the property industry's environmental assessment

database for construction materials.

We have solar cells on several of our properties. In our property Kåkenhusen 40 and Vildmannen 7 we have installed a Geoenergy solution to create heat, cooling, and store energy. To

achieve our long-term energy goals further investments in climate-smart technology and energy measures are required and planned.

Continuously, we evaluate the outdoor environment of our properties, for example, by upgrading courtyards and roof terraces to create what could be described as 'urban oases' for our tenants and employees. Choosing natural materials and creating green spaces help to increase well-being, while at the same time contributing to biodiversity in the urban environment through the creation of habitats for insects.



To achieve our climate goals, we also focus on enabling our tenants to reduce their footprint. We offer green leasing which by year-end covered 21 per cent of rentable area of office space. We are also working on increasing recycling of waste, both for ourselves and for our tenants. All our properties have waste sorting rooms enabling the sorting of waste into several fractions, allowing fewer waste collection transports to and from our properties. Commuting by bicycle in the cities is becoming increasingly common and we see a growing demand from our tenants for bicycle-adapted solutions.

We are also offering charging points for electric vehicles at our public garages NK Parking and Continentalgaraget. The municipality of Stockholm is also working on implementing an Environmental Zone Class 3⁴, in parts of Stockholm, meaning only electrical cars and pure

electric and plug-in hybrid trucks and buses will be allowed to enter the area. Consequently, there will be an increase in demand of EV chargers. We now offer almost 450 charging points at our public garages NK Parking and Continentalgaraget. We will continue to increase the amount of charging points in our garages and parking structures.

We monitor and report on our emissions of greenhouse gas in accordance with the Greenhouse Gas Protocol, and the emissions are verified annually by an independent expert. We provide data in our annual report on Scope 1-3 emissions, and we also provide both market-based and location-based emissions data for our electricity use, in line with GRI (Global Reporting Initiatives) and European Real Estate Association (EPRA) recommendations. Since 2019, emissions have decreased by 26 per cent.



⁴<https://trafik.stockholm/trafiksakerhet-trafikregler/miljozoner/miljozon-klass-3/>

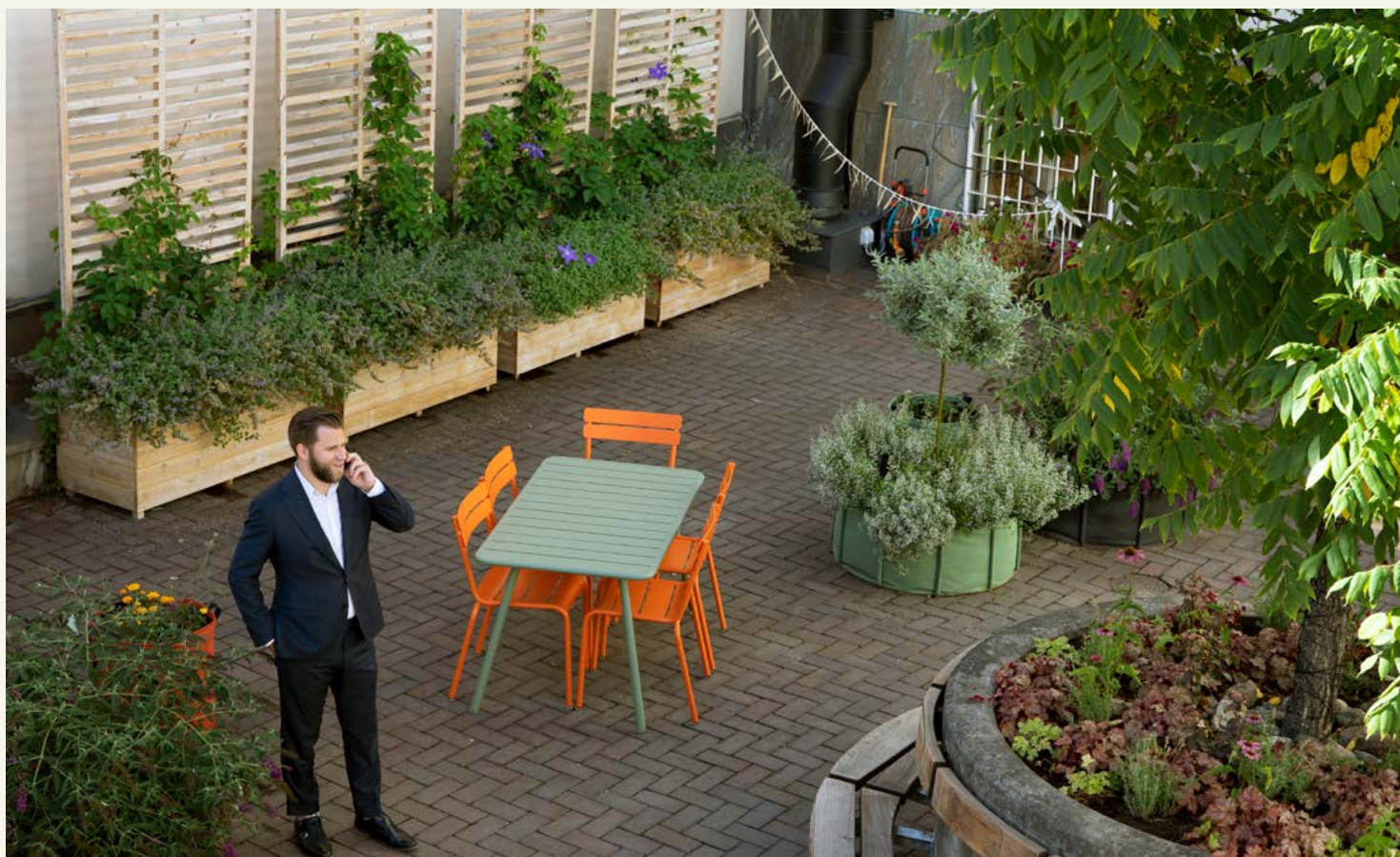
Sustainability governance

Sustainability is integrated into the control and follow-up processes of our business operations. For example, for all building projects and general agreements, contractors are procured with regards to social and environmental sustainability requirements. When we purchase goods and services, high sustainability requirements are set based on our code of conduct, supplemented with additional requirements on working environment, working conditions and the environment, which are then regularly monitored. We actively work for a sustainable supply chain and our main suppliers are evaluated annually.

Hufvudstaden's Head of Sustainability prepares the sustainability targets and governs the work towards the targets set with the Sustainability Council. The task of the Council is to develop, coordinate and monitor the sustainability work, which includes climate risks and opportunities. The Council meets at least quarterly. Hufvudstaden's Head of Sustainability reports to the Head of Property Development, who is a member of

the Senior Executive Management.

The Sustainability Council is also responsible to analyse and predict potential environmental and social risks. For example, extreme weather events such as torrential rain and flooding are expected to become increasingly common due to climate change. Therefore, it is of significant importance to adapt our properties and areas to the climate of the future in order to minimise the risks of damage, as well as enabling us to maintain competitiveness over time. We have a target on futureproofing our properties with regards to climate risks. We have prepared a specific action and development plan for each property to enable the management of floodings, based on in-depth analysis and site visits. The action plans are reviewed and updated annually, and we perform regular risk assessments of our properties in relation to climate change. We continuously installs check valves in several blocks to minimise the risk of flooding as well as preparing an emergency storage area in one of our properties.



The sustainable development goals Hufvudstaden works towards

Since 2011, we have reported our sustainability work in accordance with the GRI Sustainability Reporting Guidelines, including sector-specific supplements for the construction and property sector. Furthermore, we follow and reports according to the EPRA-guidelines.

Hufvudstaden works with the Sustainable Development Goals (SDG) and uses them as guidance in our own sustainability work. We have identified the following goals below as being the most important and where Hufvudstaden can contribute the most. For further information about how Hufvudstaden works with the SDG's please [visit our website](#).



Ensure healthy lives and promote well-being for all at all ages.

A good and safe working environment is an important factor for human health and well-being. We place high demands on ourselves, our suppliers and partners with regard to the work environment, both physically and psychosocially.



Achieve gender equality and empower all women and girls.

Our employees are central to our future development, and gender equality is an important success factor. We work actively with gender equality and equal treatment. Our gender equality and diversity policy helps us to create a workplace where differences are encouraged.



Ensure access to affordable, reliable, sustainable and modern energy for all.

We are constantly working to streamline the use of energy and make good choices for the environment. We have set ambitious goals for reducing energy use per square meter in our properties. We are also seeking to contribute to realizing the Swedish objective of establishing a fossil fuel-free Sweden by 2045.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Hufvudstaden strives to be an attractive employer where employees are committed, happy and well. We work for a good and safe working environment for everyone, both for our own employees, for our tenants and those who work at our construction projects. We have zero tolerance against serious workplace accidents.



Make cities and human settlements inclusive, safe, resilient and sustainable.

Hufvudstaden works to contribute to a more sustainable society. Together with the City of Stockholm and the City of Gothenburg, as well as our many partners, we develop cities where people feel good and safe.



Ensure sustainable consumption and production patterns.

We build and manage our properties with a long-term perspective. The ambition is to create premises and solutions that last over time. As we build new and rebuild, we always focus on minimizing energy consumption, climate impact and waste while creating attractive premises.

NK Retail, our retail operations, work to promote new, more sustainable business models to minimize the negative impact from production and consumption.



Take urgent action to combat climate change and its impact.

Hufvudstaden invests in smart technology to reduce the business' impact on the environment and climate. Our goal is to achieve climate-neutral property management by 2025. We choose products with a lower climate impact during construction and maintenance work. At the same time, we future-proof our properties for climate change.

GRESB

In 2023 Hufvudstaden, for the third consecutive year, received 93 points and five stars of five possible in GRESB's annual ranking of property companies' sustainability work. We also achieved first place in Europe in the Mixed-use category.



Vildmannen 7

A unique meeting between old and new

In one of Stockholm's most central and attractive locations, with a unique 120-year-old stone façade you find the property Vildmannen 7.

The building was destroyed by a devastating fire in 2017, but following both a spectacular and complicated construction process, Vildmannen 7 is again standing in all its splendour in Bibliotekstan.

Most buildings that are more than 100 years old have undergone redevelopment, but it is often difficult to optimise space and allow disability access in such old buildings. It is very rare that an opportunity arises to build something completely new inside a 120-year-old façade. Vildmannen 7 has a total of 4,750 sqm rentable space and the guiding principle during reconstruction was a long-term approach. The new construction provided the possibility to create an efficient and flexible floor plan that can be adapted for dif-

ferent activities in the future, thereby reducing waste and emissions generated. The property features energy-efficient technologies; for example, it uses geothermal energy to produce cooling and heating. Biblioteksgatan's grand entrance and the beautiful oak door have been preserved. The courtyard has a new structure and is brighter, and the entire building has plenty of daylight from the courtyard's large windows and Juliet balconies. Inside the office entrance, there is a spiral staircase beautifully illuminated from a skylight window. The property is preliminarily certified at BREEAM-SE Excellent level.



NK

On September 22, 1915, the grand department store on Hamngatan in Stockholm was opened. Stockholm was forever changed after NK opened its doors in 1915. With the grand atrium, the electric elevators, the city's first escalators, and of course the department store become an institution in the capital. The property is classified as culturally historic, receiving the rating "Very Good" according to BREEAM In-Use environmental certification scheme.



Kvasten 6

The Kvasten 6 property at Biblioteksgatan 5 became the first of Hufvudstaden's newly constructed buildings to be completed. Ivar Kreuger and his business partner Paul Toll purchased the site in January 1915 and demolished the existing building. The four floors of the new building were filled with offices and shops and just before New Year 1915 the ultramodern cinema Röda Kvarn was officially opened. Two years later, a restaurant was opened under the name Cecil and it was to become the first in Stockholm to feature jazz music. It was for a long time the most fashionable and lavish restaurant in the city. Hufvudstaden sold Cecil in the 1950s but retained the

building, which has now been part of the Company's holdings for 100 years. The property receiving the rating "Very Good" according to BREEAM In-Use environmental certification scheme.



The Johanna block

In Fredstan, at the heart of Gothenburg, is the ongoing development of the Johanna block one of Hufvudstadens largest projects. The new block comprises approximately 32,000 square metres of newly built and remodelled commercial premises. The production is divided into three main parts: extension, new construction, and renovation. The project is progressing according to plan and the frame for the extension reached full height 2023.

The block is in the 'Inom Vallgraven 12' district, and the development is taking place in close cooperation with the City of Gothenburg.

The block will undergo careful remodelling and new construction, while buildings of cultural and historical interest will be preserved. Our ambition is to add modern, flexible, and functional office and retail premises that strengthen and enhance the city centre. When completed in the beginning of 2026 Gothenburg city centre will gain a vibrant meeting place with offices and retail. The property will be certified according to BREEAM-SE with ambition to reach Excellent level.



Green Financing Framework

Rationale for developing a Green Financing Framework and issuing Green Debt Instruments

Hufvudstaden established its first Green Bond Framework in 2021 with the aim of financing properties and projects that support sustainable development. The development and management of properties have a significant climate impact, primarily due to material and energy usage. Buildings account for about 40 per cent of Sweden's total energy usage and contribute to over a fifth of Sweden's greenhouse gas emissions. Green financing is, therefore, a valuable tool to minimise our negative impact on climate. Hufvudstaden's goal is to gradually increase our share of green financing.

This Green Financing Framework (the "Framework") enable us to raise capital through green bonds, commercial papers, and loans ("Green Debt") and has been developed to reflect Hufvudstaden's latest sustainability strategy and has integrated the most recent market trends. While Hufvudstaden strives to adhere to the EU Taxo-

nomy Technical Screening Criteria for Climate Change Mitigation, Hufvudstaden's portfolio includes several culturally significant properties, many of which are designated as historic landmarks and protected under cultural heritage laws. Consequently, the range of initiatives available to us to reduce the climate impact from our portfolio and meet the EU Taxonomy's energy criteria is limited. However, we remain committed to minimising our negative climate impact and exploring innovative solutions for futureproofing our properties. This includes prioritising energy refurbishment, efficiency, and optimisation.

The terms and conditions of the underlying documentation shall provide a reference to this Framework. It is Hufvudstaden's intention to follow best market practice, this Framework may therefore be updated to reflect changes in the sustainable debt market. The Framework has been developed together with Handelsbanken.



Green Terms

Hufvudstaden's Green Financing Framework has been developed to align with the International Capital Market Associations (ICMA) Green Bond Principles published in 2021⁵ and the Green Loan Principles 2023 administrated by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications

and Trading Association (LSTA). The Framework is structured according to ICMA core components and recommendation of appointing an external reviewer.

1.

Use of proceeds

2.

Process for Project
Evaluation and
Selection

3.

Management of
Proceeds

4.

Reporting

5.

External Review

⁵ With 2022 years appendix

1. Use of Proceeds

Hufvudstaden will use an amount equivalent to the net proceeds from issued Green Debt to fully or partly finance or refinance Green Projects. The Green Projects may have the value of fixed assets (Assets), capital expenditures (CapEx) and/or operational expenditures (OpEx) and must comply with the categories and criteria below to be eligible for financing or refinancing. The eligible Green Projects have been selected based on Hufvudstaden's sustainability strategy and business model and supports the transition to low-carbon, climate resilient and sustainable economies.

Both financing and refinancing of Green Projects (without age restriction) and OpEx (up to 3 years backward looking before the starting year of any newly issued Green Debt Instrument) can qualify. Hufvudstaden operates in the Swedish market, the net proceeds will therefore be used exclusively to finance or refinance Green Projects in Sweden.

Green Projects (and applicable EU Taxonomy categories)	Eligibility Criteria	Contribution to SDGs and EU Objectives
<p>Green Buildings</p> <p>Applicable EU Taxonomy activities: 7.1, 7.2, 7.7</p>	<p>New buildings built after 31 of December 2020 must either have or will receive upon completion following criteria to be eligible:</p> <ul style="list-style-type: none"> • A Primary Energy Demand (PED) of at least 20% lower than the threshold set for nearly zero-energy building (NZEB) requirements • 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: Miljöbyggnad “Silver”, BREEAM-SE “Very Good”, LEED “Gold” • Testing for airtightness and thermal integrity • Screening of material climate risks in accordance with the EU Taxonomy • Conduct a life-cycle analysis of the global warming potential (GWP) in accordance with the EU Taxonomy. The building will also be assessed in accordance with the national regulation on climate declarations for buildings with the following threshold for embodied carbon of 301 kg CO₂e/m² <p>Renovation of an existing building⁶ must have or will lead to following criteria to be eligible:</p> <ul style="list-style-type: none"> • The renovation leads to an overall reduction in Primary Energy Demand of at least 30% or meets the applicable requirements for major renovations • An environmental certification of Miljöbyggnad/Miljöbyggnad iDrift “Silver”, BREEAM/BREEAM-USE “Very Good”, LEED “Gold”, or better <p>Existing buildings built before 31 December 2020 must meet following criteria to be eligible:</p> <ul style="list-style-type: none"> • Have an Energy Performance Certification (EPC) demonstrating class A or are within the top 15% of national or regional building stock⁷, or • For culturally buildings marked as blue⁸, the building must have a specific energy use per square meter A_{temp} less than 90 kWh and (ii) 25 % lower energy use than required by the national building code (BBR) at the time of construction (if applicable) • In addition to energy criteria, the building must also have one of following environmental certifications: Miljöbyggnad/Miljöbyggnad iDrift “Silver”, BREEAM-SE/BREEAM In-use “Very Good”, LEED “Gold”, or better • The building must also have done a screening of material climate risks in accordance with the EU Taxonomy 	<p>Climate change mitigation</p> <p>SDGs 7, 11, 12, 13</p>

⁶A renovated building that fulfils the criteria for Existing buildings in this Framework can be classified as an eligible Green Project as a whole. If the building, after a renovation, does not fulfil the criteria for an Existing building in this Framework only the cost of the renovation measures can be financed.

⁷Hufvudstaden 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. The top 15% PED applicable under this

Framework will be updated continuously

⁸The heritage classification of Stockholm City Museum marks buildings and areas with different colours identifying the level of heritage values. The highest level is marked blue, the second highest green, the third highest yellow, and the lowest grey. <https://stads museet.stockholm/kunskap-och-samlingar/kulturmiljo/klassificering/>

Green Projects (and applicable EU Taxonomy categories)	Eligibility Criteria	Contribution to SDGs and EU Objectives
Renewable energy Applicable EU Taxonomy activities: 7.6	Renewable energy production, such as on-site solar power installations and on-site geo-energy installations (ground and surface systems), as well as related infrastructure investments for example grid connections, electric substations, or networks	Climate change mitigation SDGs: 7, 8, 9, 13
Clean Transportation Applicable EU Taxonomy activities: 7.6	Supportive infrastructure such as charging stations for electric vehicles, bicycle garages, pedestrian walkways, bicycle lanes or other investments that support and emphasise the use of clean transportation solutions.	Climate change mitigation SDGs: 11, 13
Energy Efficiency Applicable EU Taxonomy activities: 7.3, 7.5	Energy retrofits that target a lower overall energy use and an improved environmental footprint. This could include, the installation of geothermal heating/cooling, energy-efficient lighting, IT-technology (monitoring, efficiency management and remote operation), energy efficient windows or an up-graded ventilation system. Only directly associated expenditure (e.g. material, installation, and labour) is eligible for financing. For a project to be eligible, Hufvudstaden will ascertain the following: a) High estimated energy savings in the targeted area (minimum 20%) b) Minimise long term negative climate impact and potential rebound effects c) Minimal negative climate impact from the technology used	Climate change mitigation SDGs: 7, 8, 9, 13



2. Process for Project Evaluation and Selection

Projects potentially eligible for Green Financing will be identified as part of Hufvudstaden’s on-going operations. Hufvudstaden Sustainability Council (“HSC”) is a group responsible for monitoring sustainability at Hufvudstaden, will evaluate these identified Green Projects. The HSC currently has the following members:

- CFO
- Head of Sustainability
- Head of Property Development
- Head of Human Resources
- Head of Gothenburg Management Area

The HSC will review information about the Green Projects and evaluate the overall environmental impact, which includes life cycle considerations, potential rebound effects, resilience considerations, evaluation of environmental and social risks, and adherence to at least one of the EU environmental objectives. The Green Projects must also be compliant with applicable national laws and regulations, as well as policies and guidelines at Hufvudstaden. The Hufvudstaden Sustainability Council will also ensure that the

net proceeds will not be allocated or linked to the exclusion criteria described below.

The HFC 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 HSC. Decisions made by the HSC will be documented.

An updated list of all Green Projects will be kept by Hufvudstaden’s sustainability department. If a Green Project 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.

Exclusion criteria

The net proceeds under this Framework will not be allocated towards fossil-based 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 operations.



3. Management of Proceeds

An amount equal to the net proceeds of any Green Debt Instrument will be managed according to a portfolio approach and tracked and monitored through a Green Register. The Green Register will ensure that an amount equivalent to the net proceeds from the Green Debt Instruments only support eligible Green Projects. The net proceeds designated for an eligible Green Project will equal the investment made by Hufvudstaden, apart from projects categorised under new building that are finalised and existing buildings. For these specific projects, the allocation may correspond to the market value of the Green Project.

If a Green Project no longer qualifies or if the underlying project is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the Green Register. Funds may also be reallocated to other Green Project during the term of any Green Bond, unless otherwise restric-

ted in the loan documentation.

The treasury department will keep a record of the purpose of any change in the Green Register and ensure that the combined funds directed towards a specific Green Project, by one or several sources of green financing (such as Green Bonds, Commercial Papers and Loans) or other financing with specific use of proceeds, does not exceed its value.

While the Green Register has a positive balance, the net proceeds may be invested or utilised by the treasury in accordance with Hufvudstaden's sustainability policy, investment criteria and adherence to exclusion criteria listed under this Framework. Unallocated funds may for instance be invested in short-term interest-bearing securities, such as Swedish treasury bills (and related entities) or Swedish municipal notes (including related entities).

4. Reporting

To be fully transparent towards the investors and other market stakeholders, Hufvudstaden will publish an annual report ("the Reporting") that will detail the allocation of net proceeds and the environmental impact of the Green Projects. The Reporting will be published yearly until full allocation of the net proceeds, and, in the event of any material changes in Green Projects, until the maturity date of the Green Debt issued.

Allocation reporting

The allocation of net proceeds from issued Green Debt Instruments will be provided at project level. However, in cases where confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available, the information will instead be presented at an

aggregated level, with an explanation of why project-level information is not given. The allocation reporting will include the following:

- A description of Green Project to which net proceeds have been allocated
 - For Green Buildings that have met the relevant Green Terms and to which net proceeds have been allocated the Reporting will disclose the aggregate market value (or investment cost, as applicable)
 - The total allocation of green proceeds will be disclosed for investments in the categories of Energy Efficiency, Renewable Energy, and Clean Transportation
- The sum of outstanding Green Debt Instruments and the sum of the Green Register balance

- Information on share between new financing and refinancing
- The proportion of net proceeds allocated per Green Project category and geographical distribution
- The data shall be from the last of December in the previous year

Impact reporting

The Reporting will contain a disclosure of project level performance indicators. The Reporting will strive to disclose the environmental impact based on the green financings share of the total investment. For financed Green Projects that are

not yet operational, Hufvudstaden will strive to provide estimates of future performance levels. The Impact Report will take guidance from the most recent version of the ICMA's Harmonised Framework for Impact Reporting Handbook and provide details of the methodology used to calculate the green indicators. The metrics below are examples of indicators that are likely to be used in the forthcoming Reporting.

Depending on the type of project, some or all the indicators below may be used.

Green Project Category	Examples of Green Indicators
Green Buildings	<ul style="list-style-type: none"> • Environmental certification and level • Carbon intensity annual emissions • Reduced or avoided tonnes of CO₂e emissions • The annual energy use per square meter • Energy use reduced or avoided. • The percentage of renewable energy used compared to the total energy used • The relative energy performance (%-improvement) compared with applicable national building code
Energy efficiency	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh • Examples of energy efficiency projects that has been financed with green net proceeds (if such a project has been completed)
Renewable energy	<ul style="list-style-type: none"> • Annual renewable energy generation (GWh) • Capacity of renewable energy (MW) • Reduced or avoided tonnes of CO₂e emissions.
Clean transportation	<ul style="list-style-type: none"> • The number of charging stations for electric vehicles installed. • Number of bicycles that a bicycle garage can accommodate

5. External Review

Second Party Opinion (pre-issuance)

S&P Global Ratings has reviewed this Framework confirming its credibility, impact and alignment with the Green Bond Principles and Green Loan Principles.

External Verification (annually post-issuance)

An independent external party, appointed by Hufvudstaden with the relevant experience and expertise will on an annual basis provide a review, confirming that an amount equal to the net proceeds of Green Debt Instruments has been allocated to Green Projects in line with Hufvudstaden's reporting under this Framework. The conclusions will be provided in a signed statement, which will be published on Hufvudstaden's website.

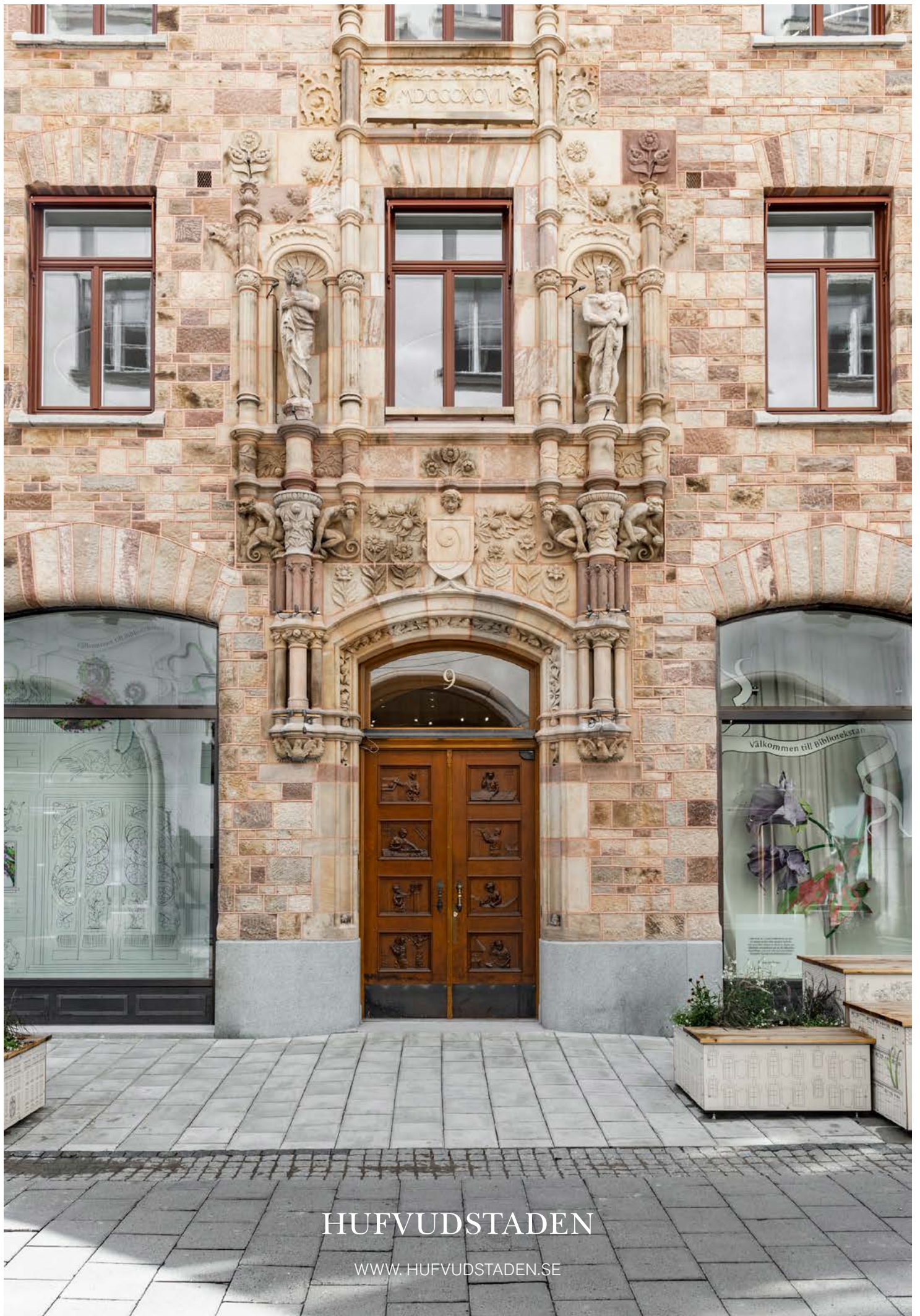
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This document (the "Green Financing Framework" or "Framework") contains information on Hufvudstaden AB ("Hufvudstaden") and its potential use of financing with added environmental criteria /the ("Green Terms"). Any financing that includes the Green Terms in its associated financing documentations, 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 Hufvudstaden's website. Any Green Financing will be subject to the version of the Green Terms specified in the associated financing document.



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