


Green Bond Framework

Grow – New office building in Solna strand – Architects: Tham & Videgård

HUMLEGÅRDEN

ett fastighetsföretag i Länsförsäkringsgruppen 

Humlegården Fastigheter AB

Green Bond Framework

Important notice

This document (the “Green Bond Framework”) contains information on Humlegården Fastigheter AB’s (“Humlegården”) issuance of interest-bearing notes with added environmental criteria (the “Green Terms”). Any such issuance by Humlegården that includes the Green Terms in its loan documentation, by reference or inclusion, as detailed in this document or in future versions of this document will be labelled a Green Bond (“Green Bond”). Depending on the language of the loan documentation the Green Terms in this Framework may be translated into other languages, as required in the local jurisdiction. Any issuance of notes will be subject to the version of the Green in the associated loan documentation. Any new issuance of Green Bonds will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Green Bond Framework on Humlegården’s website.

Background

On 2 June 2017 Humlegården announced to the market that it intends to issue Green Bonds and subsequently made this document available on its website. For Humlegården, the term sustainability includes both environmental, social and economic aspects. Our sustainability work emphasizes our building management, but also our active participation in the development of new technology and working methods. We have monitored the development of the Green Bond market and are very pleased to offer investors the opportunity to invest in Green Bonds from Humlegården.

Responsibly contributing to a more sustainable society is a work we must all be involved in. Our contribution to this cause is based on our long-term perspective. By being a long-term property owner, we have the opportunity to work with and influence many dimensions of sustainability issues, such as energy consumption, building material, waste management, transport and work environment for both customers, employees and suppliers. The sum of all our efforts leads to long-term and profitable sustainability.

More information about our work with sustainability is available on our website.

Humlegården will strive to monitor the development of the Green Bond market to continually advance the Green Terms. As such the Green Bond Framework may be updated from time to time to reflect current market practices. In establishing the terms in this framework Humlegården has sought to comply with the Green Bond Principles (June, 2016) as well as the current best market practice.

Humlegården has worked together with Handelsbanken to develop the Green Bond Framework. Cicero has provided a second opinion on the Green Terms, which is publicly available on Humlegården’s website.

Stockholm, 2 June 2017

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The Green Terms

1. Eligible Projects and Assets (Use of Proceeds)

The net proceeds from the issuance of Green Bonds will be used by Humlegården to, in whole or in part, finance a select pool of "Eligible Projects and Assets" that promote environmental matters in different areas. The net proceeds will be used exclusively on project/assets that comply with the categories and criteria's set out below. The net proceeds will not be allocated to finance fossil fuel projects and the ambition is to allocate the majority of the net proceeds to new projects (defined as projects and assets financed within 12 months from completion).

Certified properties: Development, acquisition, major renovation or otherwise completed residential and commercial properties that have, or will, receive (i) a design stage certification, (ii) a post-construction certification or (iii) an in-use certification in any of the following building certification schemes at the defined threshold level or better:

- a) Miljöbyggnad "Silver",
- b) BREEAM-SE "Very Good",
- c) BREEAM in-use "Very Good" or
- d) LEED "Gold"

Energy efficiency investments: Investments in the existing portfolio of properties that target a lower overall energy use and an improved environmental footprint. This could include, for instance, the installation of geothermal heating/cooling, district heating/cooling, energy-efficient lighting, IT-technology (monitoring, efficiency management and remote operation), energy efficient windows or an upgraded ventilation system. Only directly associated expenditure (e.g. material, installation and labour) is eligible for financing. Humlegården will ascertain the following:

- a) High estimated energy savings in the targeted area.
- b) Minimize long term negative climate impact and potential rebound effects.
- c) Minimal negative climate impact from the technology used.

Renewable energy: Investments in solar power or geothermal power, either on an existing building or as a stand-alone investment.

Clean transportation: Investments in supportive infrastructure for clean transportation, for example charging stations for electric vehicles, bicycling garages and other investments that support and emphasize the use of clean transportation solutions.

Definitions

"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.

"BREEAM-SE Very Good" means the rating Very Good within BREEAM, a grading scheme for the real estate sector developed by Sweden Green Building Council in cooperation with BRE Global, pursuant to its definition at the time of receipt of the relevant certification.

“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.

“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.

2. Process for Project Evaluation and Selection

Eligible Projects and Assets will be selected by the Sustainability Committee, an existing steering group within the organization, consisting of the CEO, the CFO, the Head of Sustainability, the Head of Real Estate and the Head of Operation and Technology. A decision to allocate net proceeds will require a consensus decision by the committee, whereby the Head of Sustainability will effectively hold a veto, as well as compliance with the Green Terms. The decision will be documented by the committee and a record will be kept.

To ensure legitimacy in this process a list of all Eligible Projects and Assets that meet the Green Terms will be kept by Humlegården. The list will be used as a tool to determine if there is a current or expected capacity to issue a Green Bond.

The Finance Department will be responsible for the allocation of the net proceeds from the issuance of Green Bonds to the relevant and approved Eligible Projects and Assets, according to the Green Terms.

3. Management of Proceeds

The net proceeds of any issue under the Green Bond Framework will be credited to an earmarked account (the “Green Account”). A transfer from the Green Account is allowed in an amount corresponding to the financing or refinancing of Eligible Projects and Assets that have met the Green Terms, or to repay a Green Bond. If a Project or Asset no longer qualifies according to the Green Terms the funds will be reallocated to projects and assets that meet the Green Terms.

The Green Account ensures strong monitoring and tracking of the Use of Proceeds. The Finance Department will keep a record of the purpose of any transfers on the Green Account. The allocation of net proceeds may not exceed the market value or investment expenditure, as applicable, of an Eligible Project/Asset less any external debt encumbering/financing such Project/Assets.

If the Green Account has a positive balance the unallocated funds may be invested in short term interest bearing securities pending investment in Eligible Assets. Such allowed investments are Swedish treasury bills and highly rated short term bank notes (A+ rating from Standard & Poor’s or an equivalent rating from Moody’s or Fitch).

4. Reporting and Transparency

Humlegården will publish a yearly report integrated into its annual financial reporting that will describe the use of funds and adherence to the Green Terms (the “Reporting”). The first such Reporting is expected to take place in March 2018 and will be available in Swedish.

The Reporting will contain a list of all Eligible Projects and Assets that have been financed with Green Bonds, a summary of Humlegården's activities in the past year as pertains to Green Bonds as well as information regarding each Eligible Project and Asset's adherence to the relevant Applicable Criteria.

For Certified Properties that have met the Applicable Criteria and to which net proceeds have been allocated the Reporting will disclose the aggregate market value (or investment cost, as applicable) and the sum of other external debt financing such assets/projects. For the categories Energy Efficiency Investments, Renewable Energy and Clean Transportation the total allocation of green net proceeds to each category will be disclosed. The Reporting will also disclose the sum of outstanding Green Bonds and the sum of the Green Account balance (including any short term investments). The data shall be from the last of December in the previous year. The Reporting will also contain a disclosure of a select set of asset level indicators and measurements. The data will be provided in a table format and disclosing, where and when available, the following indicators and measurements:

Impact metrics for Certified Properties:

- i. Environmental certification.
- ii. Energy consumption* disclosed by absolute consumption (kWh) and intensity (kWh per square meter).
- iii. Calculated carbon footprint disclosed by absolute emissions (tonnes) and intensity (tonnes per square meter). The greenhouse gas emissions are monitored annually by Humlegården in accordance with the Greenhouse Gas Protocol.
- iv. Purchased renewable energy disclosed by absolute consumption (kWh), intensity (kWh per square meter) and percent renewable energy of the total purchased energy.
- v. The share (%) of Green Fingerprint users, or equivalent technology based solution to monitor and improve the energy use via efficient IT-solutions, (based on total let area) implemented with tenants.

*For metric ii) above: The energy consumption is measured in assets where Humlegården is responsible for the purchase of energy. In buildings where the tenant is responsible for the energy supply, Humlegården has no comprehensive picture of the actual energy consumption; hence, it is not accounted for and will not be disclosed.

Impact metrics Energy Efficiency Investments:

- i. Each yearly report will include at least 2 examples of energy efficiency investments that have been financed with green net proceeds. Given the number of project types that qualify under the category the KPI's will not be disclosed beforehand in the framework. Humlegården will emphasize energy and carbon savings, where applicable, as relevant performance metrics.

Impact metrics for Renewable Energy:

- i. For an installation of a renewable energy in a real estate asset the percent of the assets total energy use supplied by the installation, the kWh/year and the estimated yearly greenhouse gas savings will be disclosed.
- ii. For an investment in a stand-alone renewable energy project the kWh/year and the estimated yearly CO² savings will be disclosed.

Impact metrics for Clean Transportation:

- i. The number of charging stations for electric vehicles installed will be disclosed.
- ii. The number of bicycles that a bicycle garage can accommodate will be disclosed.

Estimates and in-use data: If an impact metric is not yet available, for instance the energy use of a Certified Property that is under construction but not yet operational, Humlegården will strive to provide estimates of future performance levels once the project/asset is operational.

The auditor of Humlegården, or a similar third party appointed by Humlegården with the relevant expertise and experience, will investigate and report whether the Green Bond net proceeds have been allocated to the projects and assets that Humlegården has communicated in the Reporting and that the Certified Properties comply with the environmental certification criteria. The conclusions will be provided in a signed statement, which will be published either stand-alone or as a part of Humlegården's annual financial and sustainability report.

Humlegården will provide a dedicated webpage where investors can find information regarding Humlegården's Green Bonds.

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