

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Funding Framework

Swedbank AB
22 September 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green, Social or Sustainability Bonds
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG), updated as of June 2021, administered by the International Capital Market Association (ICMA)• EU Taxonomy Climate Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">• Sustainable Funding Framework (as of 27 September 2022)• Eligibility Criteria (as of 27 September 2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as the Issuer's Framework remains unchanged

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Scope of work

Swedbank AB (“the Issuer” or “Swedbank”) commissioned ISS ESG to assist with its Sustainable Funding Framework, under which Swedbank AB and Swedbank Mortgage AB intends to issue Green, Social or Sustainability Bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. Sustainable Funding Framework’s link to Swedbank’s sustainability strategy – drawing on Swedbank’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Swedbank’s Sustainable Funding Framework (as of 27 September 2022) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021, Social Bond Principles (SBP) 2021 and Sustainable Bond Guidelines (SBG) 2021.
3. The Eligibility Criteria – whether the eligible green and social asset categories contribute positively to the UN SDGs and whether the eligible social asset categories perform against ISS ESG’s issue-specific Key Performance Indicators (KPIs) (See Annex 2).
4. The Eligibility Criteria – whether the Issuer’s Eligibility Criteria of green asset categories are eligible for alignment with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and the Do No Significant Harm Criteria), and Minimum Social Safeguards requirements of the Report on EU Taxonomy and associated Technical Annex (EU Taxonomy - Climate Delegated Act 2021) on a best effort basis.

Note: The SPO assessment was completed between December 2021 and March 2022. A clean version of the Framework with minor changes was provided to ISS ESG in September 2022.

SWEDBANK AB OVERVIEW

Swedbank AB is a banking group headquartered in Stockholm. The Issuer offers retail banking, asset management, financial and other services across the Baltic region and Scandinavia. Swedbank Robur updated and adopted its policy for responsible investments on 20 December 2021.¹

Swedbank's Strategic Direction²

Strategic direction

Our purpose	We empower the many people and businesses to create a better future		
Our vision	A financially sound and sustainable society		
Our customer promise	Together, we make your financial life easier	<ul style="list-style-type: none">• By providing guidance on your terms• By helping you to be sustainable• By supporting you in a proactive way• By making the difficult simple	
Our values	Open	Simple	Caring
Our foundation	Together, we create:	<ul style="list-style-type: none">• An attractive workplace for employees with a culture based on inclusion and accountability• An efficient, profitable and compliant bank and financial services platform• A standardised, scalable and stable infrastructure	

¹ [Swedbank Robur Policy of Responsible Investment](#)

² [Swedbank Annual and Sustainability Report 2021](#)

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
Part 1: Sustainable Funding Framework's link to Issuer's overall Sustainability Strategy	<p>According to the ISS ESG Corporate Rating published on 12.02.2022, the Issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks & Capital Markets industry. The Issuer ranks 14th out of 300 financial institutions within its industry. The company is allegedly involved in a series of large-scale money-laundering allegations.</p> <p>The Use of Proceeds categories defined by the Issuer are consistent with the Issuer's overall sustainability strategy and material ESG topics for the Issuer's industry. The rationale for issuing Green, Social or Sustainability Bonds is given.</p>	Consistent with Issuer's overall Sustainability Strategy
Part 2: Alignment with GBP, SBP and SBG	<p>The Issuer has defined a formal concept for its Green, Social, or Sustainability Bonds issuance regarding Use of Proceeds, Processes for Project Evaluation and Selection, Management of proceeds, and Reporting. This concept is in line with the ICMA's GBP, SBP, and SBG.</p>	Aligned
Part 3: Sustainability Quality of the Eligibility Criteria	<p>The Green, Social or Sustainability Bonds will (re-)finance eligible green and social asset categories which include: Renewable Energy, Energy Efficiency, Green Buildings, Sustainable Management of Living Natural Resources, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Employment Generation, Affordable Housing, Socioeconomic advancement, and empowerment, Access to Essential Services - Education and Healthcare.</p> <p>Those Use of Proceeds categories have a significant contribution to SDGs 6 "Clean Water and Sanitation", 7 "Affordable and Clean Energy", 11 "Sustainable cities and communities", 13 "Climate Action", 14 "Life below water", 15 "Life on Land", 3 "Good Health and Well-Being", 4 "Quality Education" 8 "Decent Work and Economic Growth", 10 "Reduced Inequalities" and a limited contribution to SDGs 1 "No Poverty" and 5 "Gender Equality".</p> <p>The overall sustainability quality of the eligibility criteria of eligible asset categories in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. Environmental and social risks associated are well managed.</p>	Positive
Part 4:	<p>ISS ESG assessed the alignment of Swedbank's selection criteria for the eligible green asset categories against the Technical Screening Criteria requirements of the EU Taxonomy (Climate Delegated Act</p>	Eligible for assessing

³ ISS ESG's evaluation is based on the Swedbank's Sustainable Funding Framework (September 2022 version), on the analysed Eligibility Criteria as received on September 2022, and on the ISS ESG Corporate Rating updated on 12.02.2022 and applicable at the SPO delivery date

Assessment of Eligibility Criteria of eligible Green Asset categories with the EU Taxonomy Technical Screening Criteria	<p>of June 2021), on a best-efforts basis⁴. Several relevant EU Taxonomy activities which substantially contribute to Climate Change Mitigation or Adaptation are highlighted.</p> <p>Swedbank will apply rigorous procedures and processes to align as much of its portfolio with the EU Taxonomy Technical Screening Criteria, including the Do No Significant Harm Criteria, and the Minimum Social Safeguards as possible. However, as of now, it has not identified a portfolio or assets for allocation. Swedbank will report on its EU Taxonomy alignment during its allocation reporting after the bond issuances.</p>	alignment at a later date
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⁴Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis"

ISS ESG SPO ASSESSMENT

PART I: SUSTAINABLE FUNDING FRAMEWORK'S LINK TO SWEDBANK'S SUSTAINABILITY STRATEGY

A. SWEDBANK'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The issuer is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Sustainability impacts of lending and other financial services / products
Customer and product responsibility
Sustainable investment criteria
Labour standards and working conditions
Business ethics

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part I.B of the report.

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are as follows: Failure to mitigate climate change impacts, failure to conduct human rights due diligence, and failure to prevent money laundering.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN, SOCIAL OR SUSTAINABILITY BONDS WITH SWEDBANK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Swedbank finds that it represents an integral part of society and therefore has a responsibility and key role to play in supporting the achievement of the UN SDGs through its operations, investments, financing, and services to its customers. Swedbank signed the UN Principles for Responsible Banking in 2019. The bank established a sustainable business strategy that covers climate and social goals.

Climate

Swedbank has set group-wide targets for the environment and specifically for climate protection, which it has identified as one of the most critical and material environmental issues facing its business. The bank has committed to the Net-Zero Banking Alliance and the Business Ambition 1.5°C.

Based on these commitments, it seeks a holistic business strategy to achieve net-zero greenhouse gas emissions latest by 2050 and sets targets in line with the Science-Based Target Initiative and a 1.5°C goal.

Its greenhouse gas emissions targets aim to:

- Reduce Swedbank's absolute greenhouse gas emissions from its own operations by 60% between 2019 and 2030; and
- Achieve net-zero emissions by 2050 of its direct and indirect emissions, as well as align its lending and investment activities with the 1.5°C goal and set interim targets for 2030 (or sooner); and
- Align the aggregated fund capital of Swedbank Robur's asset management investments with the Paris Agreement goal of limiting global warming to 1.5°C by 2025 and shift the aggregated fund capital into carbon-neutral investments by 2040.

Society

Societal engagement represents a cornerstone in Swedbank's 200-year policy. With guidance, support, sustainable choices and simpler solutions, the bank seeks to empower people and businesses to create a better future.

It contributes positively to the areas of housing and employment, for example, by increasing access to housing opportunities by providing financing for individuals and real estate companies. Swedbank also

engages in social efforts to promote education, youth employment and entrepreneurship and supports various local and international community projects.

Governance

Swedbank committed to integrate ethical, social, environmental, and economic considerations in its business decisions, operations, and business development. The Issuer commits that sustainability risks are integrated in Swedbank's remuneration practices by including qualitative individual performance criteria as a basis for allotment of variable remuneration for all employees. On a CEO and Group Executive Committee level, Swedbank communicates on sustainability KPIs and targets on which the progress is followed up by the Board of Directors. The KPIs include prioritised sustainability areas, such as improving employee engagement, setting validated science-based emission reduction targets, reducing financed emissions from mortgages and commercial real estate loan portfolios, and increasing the volume of sustainable financing.⁵

Rationale for issuance

Swedbank launched its first ethical fund in 1980. In 2017 Swedbank issued its first green bond and is now expanding its scope with a Sustainable Funding Framework which includes social activities. This allows Swedbank to further increase its contribution towards fulfilling the UN Sustainable Development Goals (UN SDGs).

By issuing Green, Social or Sustainability Bonds, Swedbank promotes the UN SDGs and supports the long-term development of sustainable solutions through financing sustainable innovations and services.

Swedbank targets the eligible green projects contributing to the EU environmental objectives (Climate Change Adaptation/Mitigation) and the eligibility criteria will align, on a best effort basis, with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act published in April 2021 and formally adopted on 04 June 2021⁶. In addition, EU Taxonomy Do No Significant Harm (DNSH) principles and Minimum Social Safeguards are taken into consideration in specific projects where relevant information can be provided by the clients.

The Framework will apply to all Swedbank Green, Social, or Sustainability Bonds. Under the Swedbank Sustainable Funding Framework, Swedbank AB and Swedbank Mortgage AB may issue Green, Social, or Sustainability Bonds including senior unsecured debt (senior preferred and/or senior non-preferred) or covered bonds.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green, Social or Sustainability Bonds with the sustainability objectives defined by the Issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial Banks & Capital Markets industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g., climate change and energy efficiency

⁵ Swedbank Management and Corporate Governance

⁶ EU Taxonomy Climate Delegated Act

in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES OF THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Renewable Energy	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective
Green Buildings	✓	✓	Contribution to a material objective
Sustainable Management of Living Natural Resources	✓	✓	Contribution to a material objective
Pollution Prevention and Control	✓	✓	Contribution to a material objective
Sustainable Water and Wastewater Management	—	✓	Indirect contribution to the objectives, but link to material ESG topics
Clean Transportation	✓	✓	Contribution to a material objective
Employment Generation	✓	✓	Contribution to a material objective
Affordable Housing	✓	✓	Contribution to a material objective
Socioeconomic advancement and empowerment	—	✓	Indirect contribution to the objectives, but link to material ESG topics
Access to essential services - Education and Healthcare	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the Use of Proceeds financed through Swedbank's Sustainable Funding Framework are consistent with the Issuer's sustainability strategy and material ESG topics for the Issuer's industry. The rationale for issuing Green, Social and Sustainability Bonds is clearly described by the Issuer.

PART II: ALIGNMENT WITH ICMA'S GBP, SBP AND SBG

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

The proceeds of each Swedbank Green, Social or Sustainability Bond will be used to finance and re-finance, in whole or in part, loans and investments (Eligible Green or Social Assets) that provide clear environmental or social benefits and promote the transition to low-carbon, climate resilient and sustainable economies. The mapping to a EU Taxonomy activity is based on a substantial contribution to Climate Change Mitigation and Adaptation. Swedbank will **exercise its professional judgement, discretion, and sustainability expertise in the process of defining the Use of Proceeds. Eligible Green or Social Assets will be located within the Nordic and Baltic countries and fulfil the criteria (Eligibility Criteria) as outlined in the table below:**

Eligible Green Assets	
Renewable Energy	
<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity⁷ 3.1. Manufacture of renewable energy technologies 4.1 Electricity generation using solar photovoltaic technology 4.3 Electricity generation from wind power 4.4 Electricity generation from ocean energy technologies 4.5. Electricity generation from hydropower 4.10 Storage of electricity</p> <p>UN SDG: 7, 13</p>	<p>Renewable energy projects, including the production, and development of products and related infrastructure and technologies from the following sources:</p> <ul style="list-style-type: none"> • Wind energy • Solar energy • Ocean Energy • Hydro energy⁸, that complies with either of the following criteria: <ul style="list-style-type: none"> ○ the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; ○ the power density of the electricity generation facility is above 5 W/m²; ○ the life cycle GHG emissions from the generation of electricity from hydropower are lower than 100gCO₂e/kWh. • Pumped storage facilities must also meet one of the following criteria⁹: <ul style="list-style-type: none"> ○ The facility is demonstrably purposefully built-in conjunction with intermittent renewables, AND / OR ○ The facility is contributing to a grid that already has a share of intermittent renewables deployment of at least 20% OR has credible evidence of programs in place that increase the share of intermittent renewables to this level within the next 10 years, AND / OR ○ The facility can credibly demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged.

⁷ Mapping to EU Taxonomy activity based on substantial contribution to Climate Change Mitigation

⁸ Excluding very large hydropower plants (having an energy capacity >1000MW)

⁹ Climate Bonds Initiative Hydro Power Criteria

Energy Efficiency	
<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 3.6. Manufacture of other low carbon technologies 4.9. Transmission and distribution of electricity 4.10 Storage of electricity 4.11. Storage of thermal energy</p> <p>UN SDG: 7, 11, 13</p>	<p>Energy efficiency projects from renewable sources or alternatively combined sources with life-cycle emissions below 100 gCO₂e/kWh, including:</p> <ul style="list-style-type: none"> • Energy transfer - Transmission, infrastructure or equipment of electricity, including smart grid solutions. • Energy storage - Construction and operation of facilities that store electricity or thermal energy and return it at a later time, in the form of electricity, heat or cooling. <p>Energy efficiency technologies¹⁰</p> <ul style="list-style-type: none"> • Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, smart meters. • Energy efficient machinery in industrial or manufacturing processes, products/ appliances that are more energy-efficient, and meters that help track/ monitor energy efficiency. • Development, manufacture, distribution and/or installation of products or services that increase the energy efficiency of Industrial/utility processes (i.e., reduction of heat losses and/or increased waste heat recovery) <p>District heating/cooling</p> <ul style="list-style-type: none"> • Construction and operation of pipelines and associated infrastructure using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat¹¹.
Green Buildings	
<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 7.1. Construction of new buildings 7.2. Renovation of existing buildings 7.7. Acquisition and ownership of buildings</p> <p>UN SDG: 7, 11, 13</p>	<p>New Buildings</p> <p>Green buildings, either residential or commercial real estate, that meet either 1 or 2 and if larger than 5000m² also point 3 subjects to data availability:</p> <ol style="list-style-type: none"> 1. Construction of new buildings with an energy performance classification that is at least 10% lower than the primary energy demand resulting from the current national building regulation in accordance with NZEB requirements¹² 2. Construction of new buildings that have one of the following recognised environmental certificates¹³ and as minimum, demonstrating or expected to demonstrate compliance with the EPC class C in Sweden of that year's National Building Regulation, or equivalent EPC class in the Nordic and Baltic countries: <ul style="list-style-type: none"> • BREEAM (minimum certification "very good")

¹⁰ Excluding projects that improve the energy efficiency of fossil fuel production and/or distribution if the company itself does not have a Paris aligned 1.5-degree business strategy

¹¹ EU Directive 2012/27/EU on Energy Efficiency <https://www.legislation.gov.uk/eudr/2012/27>

¹² NZEB means "nearly zero-energy building", a building that has a very high energy performance regulated in the Energy Performance of Buildings Directive (EPBD), thus Member States have the responsibility to define their national building code in line with NZEB. In Sweden, NZEB requirements for energy performance is in accordance with energy class C.

¹³ Swedbank promotes the use of green certifications as a holistic approach to sustainability in property, including environmental and social criteria beyond energy use. For additional detail, see: [BREEAM](#) [LEED Green Building](#) [Passive House](#) [Miliöbyggnad](#) [Nordic Swan Ecolabel](#)

	<ul style="list-style-type: none"> • LEED (minimum certification “gold”) • Passive House • Miljöbyggnad (minimum certification “silver”) • Nordic Swan Ecolabel • Or any equivalent certification as determined by Group Sustainability at Swedbank. <p>3. Buildings larger than 5000m2 must have a demonstrated life-cycle Global Warming Potential¹⁴ and upon completion, the buildings undergo testing for airtightness and thermal control.</p> <p>Existing buildings</p> <p>Ownership or acquisition of buildings, an either residential or commercial real estate built before 2021, that meet either 1, 2 or 3. and if over 290kW also point 4, subject to data availability:</p> <ol style="list-style-type: none"> 1. An energy Performance Certificate (EPC) class A 2. An energy performance in the top 15% of the national existing stock per building type (distinguishes between residential and non-residential buildings) in terms of operational Primary Energy Demand. 3. Buildings with an environmental certificate (in line with point 2 for new buildings) and as a minimum, certification demonstrating compliance with the EPC class C in Sweden of that year’s National Building Regulation, or equivalent EPC class in the Nordic and Baltic countries.¹⁵ 4. A large non-residential building (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) is efficiently operated through energy performance monitoring and assessment¹⁶. <p>Property upgrades</p> <p>Property upgrades, of either residential or commercial real estate, that meet one of the following two criteria:</p> <ol style="list-style-type: none"> 1. The renovation is compliant with the applicable national regulations for major renovations. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.¹⁷ 2. The renovation achieves energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.
Environmentally sustainable management of living natural resources and land use	
<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 1.2 Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event</p> <p>1.3 Forest management</p>	<p>Sustainable management of forestry that meets any of the following certifications:</p> <ol style="list-style-type: none"> 1. Forest Stewardship Council (FSC) 2. Programme for the Endorsement of Forest Certification (PEFC) to promote sustainable forestry and responsible sourcing <p>Sustainable land use and biodiversity conservation</p> <ol style="list-style-type: none"> 1. Conservation of terrestrial and aquatic biodiversity including the protection of coastal, marine and watershed environments

¹⁴ In Sweden this entails the Climate Declaration for new construction of buildings in Sweden covering the life-cycle climate impact, regulated by Swedish law from Jan 2022

¹⁵ Swedbank promotes the use of green certifications as a holistic approach to sustainability in property, including environmental and social criteria beyond energy use. By incorporating a minimum EPC class of C, we ensure a baseline of energy performance in the property itself

¹⁶ This can be demonstrated, for example, through an Energy Performance Contract or a building automation and control system.

¹⁷ As set in the applicable national and regional building regulations for 'major renovation' implementing [EU Directive 2010/31/EU](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32010L0031)

<p>1.4. Conservation forestry 2.1 Restoration of wetlands</p> <p>UN SDG: 13, 14, 15</p>	<p>2. Sustainable management of living natural resources and land use, including rehabilitation, restoration and conservation of ecosystems from a degraded state</p> <p>3. Sustainable aquaculture that does not impact critical habitats and ecosystems (e.g. mangroves, wetlands, wild and endemic species) through the release of waste, contaminated water and nutrients, usage of pharmaceuticals and pesticides above safe limits and ecological interactions</p> <p>4. Sustainable fisheries that do not deplete endangered fish stocks, with certification under the Marine Stewardship Council (MSC) for fisheries or the Aquaculture Stewardship Council (ASC) for aquaculture or other equivalent certification schemes</p>
Pollution Prevention and Control	
<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 4.8. Electricity generation from bioenergy 4.24 Production of heat/cool from bioenergy 5.5. Collection and transport of non-hazardous waste in source segregated fractions 5.6 Anaerobic digestion of sewage sludge 5.7. Anaerobic digestion of bio-waste 5.9. Material recovery from non-hazardous waste</p> <p>UN SDG: 7, 11, 12, 13</p>	<p>Sustainable waste management including the following activities:</p> <ul style="list-style-type: none"> ○ Waste management such as recycling ○ Biogas production of organic waste ○ Non-recyclable municipal waste for incineration ○ Forest biomass from areas that have, or meet the requirements for, FSC or PEFC certifications
Sustainable Water and Wastewater Management	
<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 5.1 Construction, extension and operation of water collection, treatment and supply systems 5.2. Renewal of water collection, treatment, and supply systems 5.3. Construction, extension and operation of wastewater collection and treatment 5.4. Renewal of wastewater collection and treatment</p> <p>UN SDG: 6, 13</p>	<p>Water and wastewater management that increase water-use efficiency, water recycling and reuse including:</p> <ul style="list-style-type: none"> ○ Water saving systems and technologies and water metering ○ Water treatment facilities, activities and technologies that increase water quality, sanitation facilities ○ Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure
Clean Transportation	

<p>EU Environmental Objective Climate Change Mitigation</p> <p>EU Taxonomy Activity 6.1. Passenger interurban rail transport 6.2. Freight rail transport 6.3. Urban and suburban transport, road passenger transport 6.5. Transport by motorbikes, passenger cars and light commercial vehicles 6.6. Freight transport services by road 6.7. Inland passenger water transport 6.8. Inland freight water transport 6.9. Retrofitting of inland water passenger and freight transport 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities 6.11. Sea and coastal passenger water transport 6.14. Infrastructure for rail transport 6.15. Infrastructure enabling low-carbon road transport and public transport 6.16. Infrastructure enabling low carbon water transport</p> <p>UN SDG: 7, 11, 13</p>	<p>Passenger and public transport:</p> <ol style="list-style-type: none"> Public passenger transport (e.g., metro, tram, bus, train, ferries), passenger cars and commercial vehicles, or mopeds and motorbikes with zero tailpipe emissions (e.g., hydrogen, fuel cell, electric). Low-carbon vehicles for passenger cars and commercial vehicles with tailpipe emission intensity lower than 50 gCO₂/km (WLTP)¹⁸ until 2025. <p>Freight¹⁹:</p> <ol style="list-style-type: none"> Rail, road or water transport vehicles with zero direct tailpipe CO₂ emission (e.g., electric, hydrogen). Low-emission freight with specific direct CO₂ emissions of less than 50% of the reference CO₂ emissions of all vehicles in the same sub-group to which the freight type belongs <p>Infrastructure:</p> <ol style="list-style-type: none"> Infrastructure that is required for zero direct emissions transport (e.g., electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric highways, bicycle paths). Infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram, and rail systems.
<p>Climate Change Adaptation</p>	
<p>EU Environmental Objective Climate Change Adaptation</p> <p>EU Taxonomy Activity²⁰ 1.3. Forest management 4.5. Electricity generation from hydropower 7.3. Installation, maintenance and repair of energy efficiency equipment 6.14. Infrastructure for rail transport</p>	<p>Renewable energy</p> <ul style="list-style-type: none"> Investments in resilient water dams for adapting to water stress, water shortage and water surplus <p>Green buildings</p> <ul style="list-style-type: none"> Flood defence and stormwater management systems Green roofs and walls

¹⁸ Worldwide Harmonized Light-Duty Vehicles Test Procedure (WLTP), is the CO₂ measuring tool being used from January 2020.

¹⁹ Excluding systems and infrastructure used primarily for the transportation of fossil fuels

²⁰ Mapping to EU Taxonomy activity based on substantial contribution to Climate Change Adaptation

<p>6.15. Infrastructure enabling road transport and public transport</p> <p>6.16. Infrastructure for water transport</p> <p>UN SDG: 13</p>	<ul style="list-style-type: none"> Constructing resilient buildings in high-risk environments²¹ (e.g., in areas affected by landslide, coastal erosion, sea level rise, heavy precipitation) <p>Natural resources</p> <ul style="list-style-type: none"> Alternative pest control to deal with the projected acceleration of pest growth rates Forest fire risk prevention Infrastructure and equipment (eg fire airplanes, new forest roads, fire equipment) <p>Transportation</p> <ul style="list-style-type: none"> Acute and preventive measures for transport infrastructure (roads, bridges, terminals) for adapting to changed weather patterns (eg wind, water, snow)
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Eligible Social Assets

Employment Generation

UN SDG: 1, 8, 9

Generating employment in socioeconomically weak areas²² or rural areas²³ with above average unemployment rates²⁴ through financing for SMEs²⁵.

- **Target population:** Populations in socioeconomically weak areas or rural areas²⁶ with high unemployment rates.

Supporting businesses and individuals in the case of extraordinary circumstances (e.g., natural disasters, pandemics, or other crises).

- **Target population:** Beneficiaries as a result of natural disasters, pandemics, or other crises

Affordable housing

UN SDG: 10, 11

Improving access to affordable mortgages²⁷

²¹ A Renovation Wave for Europe - Table 1 of Annex I of Commission Implementing Regulation (EU) 2020/1208

²² Sweden: as per Delmos methodology detailed in the appendix. Baltic: Socioeconomically weak areas are defined as countries with both an unemployment rate Estonia, Latvia, Lithuania higher than the national average and an average income Estonia, Latvia, Lithuania below the national average. See method in appendix

²³ Sweden: Rural areas determined by the municipality division by SKR using rural municipality and commuting municipality. For additional detail, see appendix

²⁴ Sweden: Higher than the average national unemployment rate. Statistiska centrala byrån SCB

²⁵ Using the EU definition for micro and small companies ranging up to 10 MEUR in turnover and less than 50 employees.

²⁶ Regions and areas will be validated by the Sustainable Bond Committee and third-party auditing to ensure alignment to the objective of enabling access to underserved communities.

²⁷ See appendix for affordable mortgages definition

	<ul style="list-style-type: none"> ○ Target population: Including low-income families, first time homeowners and youth. <p>Improving access to affordable rental housing²⁸</p> <ul style="list-style-type: none"> ○ Target population: Tenants providing leases with affordable tenancy²⁹ such as for populations in socio-economically weak areas, students and/or low income individuals.
Socioeconomic Advancement and Empowerment	
UN SDG: 1, 5, 10	<p>Empowering activities aiming to reduce inequality in the areas of diversity, inclusion, and gender, and/or protecting the rights of beneficiaries³⁰</p> <ul style="list-style-type: none"> ○ Target population: Specific groups in need of empowerment, for example groups legally protected from discrimination regarding gender, age, sexual orientation, sexual identity, ethnicity/background, religion and physical or mental ability. <p>Strengthening entrepreneurship through financing female- operated, managed or owned (majority owned by women) SMEs.</p> <p>A woman owned enterprise meets the criteria if³¹: ≥ 51% owned by woman/women.</p> <ul style="list-style-type: none"> ○ Target population: Female Individuals <p>Advancing the residential life in socio-economic weak areas through refurbishments and improvements of residential properties and the surrounding areas³²</p> <ul style="list-style-type: none"> ○ Target population: Populations in socio-economic weak areas
Access to Essential Services – Education and Healthcare	
UN SDG: 3, 4, 10	<p>Public, non-profit, free or subsidized services, activities or business operations solving, enabling and promoting access to education including but not limited to:</p> <ol style="list-style-type: none"> 1. Activities that expand access to quality education: increasing the number of qualified teachers and improving the quality of teaching 2. Activities that ensure that education and learning environments are inclusive and accessible to all students and responsive to their needs and circumstances 3. Construction, maintenance or renovation of fully or partly publicly funded educational infrastructure and improving quality of equipment

²⁸ Financing of assets like new construction, extension or conversion to apartment buildings and detached houses leased with affordable tenancy as per local regulation.

²⁹ Government sponsored affordable tenancy programmes, including the “Support for Rental Housing and Housing for Students” program supported by Swedish National Board of Housing, Building and Planning (Boverket), methodology for which is detailed in appendix

³⁰ Organisations and projects such as integration programs, campaigns, but also shelters and other activities that also protect these groups.

³¹ IFC definition of [Women-owned Enterprise](#)

³² The selected projects will be validated by both Sustainable Bond Committee as well as the third-party auditing (see 6.2) to ensure it is aligned to the objective of assessing vulnerability and the social necessity of the upgrade and is only considered if there is credible evidence available for the specific project under scrutiny.

	<ul style="list-style-type: none"> ○ Target population: Individuals and communities that are considered underserved, unemployed, migrants or displaced persons, minorities, people with disabilities and vulnerable youth <p>Public, non-profit, free or subsidized services, activities or business operations solving, enabling and promoting access to healthcare, including but not limited to:</p> <ol style="list-style-type: none"> 1. Activities that expand access to hospitals, medical equipment, homes or health facilities (Nursing homes, Rehabilitation Centers) 2. Construction, maintenance or renovation of fully or partly publicly funded hospitals and healthcare facilities improving the quality of the existing healthcare facilities and equipment <ul style="list-style-type: none"> ○ Target population: Individuals and communities that are considered underserved, such as the elderly, people suffering from psychological diseases, disabilities or addictions
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Opinion: ISS ESG considers the Use of Proceeds description provided by Swedbank's Sustainable Funding Framework is aligned with ICMA's GBP, SBP, and SBG. Environmental and social benefits are described and quantified. The Issuer's green and social categories align with the project categories as proposed by the GBP and SBP. Green, Social, or Sustainability Bonds will be used to finance and re-finance, in whole or in part eligible Green or Social Assets that provide clear environmental or social benefits. The commitment to exclude certain projects such as those that support fossil fuel production and/or distribution in certain cases is best market practice. The Issuer defines the targeted population for its Social Asset categories, reflecting best market practices.

ISS ESG's review of the Use of Proceeds alignment with the EU Taxonomy Delegated Act (June 2021) is in Section Part IV of this report. A diverse range of eligibility criteria of Green Asset categories, which are relevant to the Issuer's stated sustainability goals, are included. Details are provided per category, laying out the environmental benefits that they deliver.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

The Sustainable Asset Evaluation and Selection Process is key for ensuring that the assets financed by Green, Social or Sustainability Bond proceeds are allocated to projects and assets which meet the criteria in the Framework in Section 2.

The process establishes and explains the internal procedures for the evaluation, selection, approval, and registration of green or social assets that are eligible for inclusion in the Green Asset Register or Social Asset Register (combined referred to as the Sustainable Asset Register). The process is based on the criteria and components described in the Framework. The process will also ensure that Green, Social or Sustainability Bond proceeds do not fund activities falling outside the criteria for Eligible Green or Social Assets.

The Credit Process

The Sustainable Asset Evaluation and Selection Process is part of the regular credit process in which the client, project, or asset is approved for financing by Swedbank. All loans go through the ordinary credit process, which includes a Know-Your-Customer (KYC) procedure, sustainability risk assessment (see further details below), credit risk analysis, and finally a credit decision in a credit committee. The credit process and the evaluation process of Eligible Green or Social Assets is an iterative process, implying that decisions in the credit committee do not always precede the evaluation of assets' green or social eligibility in the Sustainable Bond Committee. Only assets approved in the regular credit process can be eligible for Green, Social or Sustainable funding; the qualification for green or social criteria does not override credit risks.

The sustainability risk assessment is based on Swedbank Group's sustainability policy framework, including position statements and exclusion list, and is guided by a number of sector guidelines.³³ These guidelines are tools to identify sector-specific risks and highlight international conventions and standards which are relevant for the risk assessment. Swedbank's exclusion list is based on Swedbank's position statements on defence equipment and climate change³⁴ and states what businesses and projects that are excluded from financing by Swedbank, for example:

- Swedbank applies a zero-tolerance principle for financial services to customers belonging to a group that is manufacturing, maintaining, modernizing, selling, or buying nuclear weapons or illegal weapons such as anti-personnel mines, cluster bombs, chemical weapons, and biological weapons.
- Swedbank never finances nor facilitates the export of defence equipment or services to any country that is subject to EU or UN sanctions.
- Swedbank does not directly finance coal mines, coal-fired power generation or the establishment of new coal-fired powerplants, exploration of new oil or gas fields, unconventional fossil fuel production such as shale oil/gas, arctic oil/gas or oil sand, new crude refineries, or expansion of crude refinery capacity for transportation fuel (except biofuel production) or new vessels designed with the sole purpose of and dedicated to the transportation of crude oil (crude oil tankers)

Selection of Eligible Green or Social Assets

The assets which are potentially eligible for inclusion in the Sustainable Asset Register are initially screened and selected by the business units. The business unit fills in a pre-defined Sustainable Asset Application including supporting documentation such as information regarding EU Taxonomy Technical Screening Criteria, Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS), subject to data availability. The information in the application describes the type of asset, relevant key performance indicators and forms the basis and support for the Sustainable Bond Analysis defined below. Portfolio evaluation will also be possible when sufficient data are available, project demands are met, and all criteria are fulfilled.

³³ [The Swedbank Sector Guidelines](#)

³⁴ [The Swedbank Position Statements and Exclusion List](#)

Sustainable Bond Analysis

On the basis of the Sustainable Asset Application and supporting documents, Group Sustainability performs a Sustainable Bond Analysis of the asset to determine if it is compliant with the criteria defined in the Framework in Section 2. The climate, environmental, and social benefits are reviewed, evaluated, and quantified. If the asset complies with the established criteria in the Framework, Group Sustainability will send a proposal for recommendation to the Sustainable Bond Committee.

Sustainable Bond Committee

The Sustainable Asset Application is presented to the Sustainable Bond Committee which reviews the result of the Sustainable Bond Analysis and determines whether the project is an Eligible Green or Social Asset for a Swedbank Green, Social or Sustainability Bond in accordance with the Framework.

The Sustainable Bond Committee is chaired by the Head of Group Sustainability and consists of representatives from relevant functions such as Group Risk, Group Treasury, Large Corporates and Institutions and Swedish Banking (Retail) and Baltic Banking. Group Sustainability has a veto right in the committee. The Committee is responsible for governing the Swedbank Sustainable Funding Framework, the approval of the allocation of the Green, Social or Sustainability Bond proceeds and the environmental impact reporting of the Sustainable Asset Register.

Sustainable Bond Committee will meet at least every 6 months or when it is considered necessary. Decisions made by the Sustainable Bond Committee will be recorded in the minutes and be accessible to the auditors.

Registration of Eligible Green or Social Assets

Following an approval in the Sustainable Bond Committee, the Eligible Green or Social Assets are registered in the Sustainable Asset Register which will be monitored during the term of the Green, Social or Sustainability Bonds. The Sustainable Asset Register is used for continuous monitoring, matching and reporting of the use of proceeds, to track the proceeds and to ensure that Green, Social or Sustainability Bonds proceeds are sufficiently allocated to Eligible Green or Social Assets. Eligible Green or Social Assets will be registered using a unique identifier.

Opinion: ISS ESG considers the process for project evaluation and selection description provided by Swedbank's Sustainable Funding Framework as aligned with ICMA's GBP, SBP, and SBG. The process for evaluation and selection is documented and involves relevant stakeholders. The Issuer applies a sustainability risk assessment process to identify sector specific ESG risks and highlight international conventions and standards. Swedbank has moreover established transparent and clearly defined responsibilities for evaluating and selecting assets under this Framework. Appropriate Internal control procedures ensure the reliability of the selection process. The inclusion of the exclusion list, details of the composition of the Committee from across the Issuer, and the regular intervals of the Committee meetings are additional disclosure and reflect best market practices.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

Swedbank tracks the proceeds of its Green, Social or Sustainability Bonds. The Sustainable Asset Register will be monitored by Group Treasury on a quarterly basis to ensure that all proceeds from Green, Social or Sustainability Bond issuances are allocated to a corresponding amount of Eligible Green or Social Assets.

For any Swedbank Green, Social or Sustainability Bond to be issued, the Sustainable Assets Register must have identified and determined a volume of Eligible Green or Social Assets at least amounting to the intended issuance size.

Funds may be reallocated to other Eligible Green or Social Assets at any time during the term of the bond. In the case of Eligible Green or Social Assets exiting the Sustainable Asset Register due to divestments, maturities or other reasons, Swedbank will primarily, on a temporary basis, seek to redistribute proceeds to other Eligible Green or Social Assets.

In the case that there are no Eligible Green or Social Assets available, proceeds will be temporarily invested in accordance with our internal sustainability policy framework and the requirements for the liquidity reserve, with a preference for GBP, SBP, or SBG aligned Green, Social or Sustainability Bonds, given adequate market availability.

Opinion: ISS ESG finds that the management of proceeds proposed by Swedbank's Sustainable Funding Framework is well aligned with ICMA's GBP, SBP, and SBG. The proceeds are monitored and tracked using a Sustainable Asset Register. In addition, Swedbank conditions its ESG criteria applying for its temporary investments. The Issuer is transparent with the intended types of temporary placement for the balance of unallocated net proceeds, reflecting best market practices.

4. Reporting

FROM ISSUER'S FRAMEWORK

To be fully transparent towards the Green, Social or Sustainability Bond investors and other market stakeholders, Swedbank commits to report on a portfolio level, at least on an annual basis, or if there are material changes to the Register, on the Use of Proceeds and the environmental and/or social impact of the Sustainable Asset Register. Reporting will be provided until the maturity of all bonds. This will be available on Swedbank's webpage.³⁵

Use of Proceeds Reporting

The Use of Proceeds Report will detail:

- total amount of Green, Social or Sustainability Bonds issued
- allocation of proceeds within each Eligible Green or Social Asset category
- total amount of unallocated proceeds
- share of proceeds used for financing/re-financing
- the geographical distribution of the assets

Impact Reporting

The Impact Report will include details on the environmental or social outputs of the Sustainable Asset Register (the financed Eligible Green or Social Assets on portfolio level). Swedbank intends to align, on a best effort basis, the impact reporting with the approach described in "Handbook - Harmonized Framework for Impact Reporting³⁶ (June 2021)" and "Working Towards a Harmonized Framework for Impact Reporting for Social Bonds³⁷ (June 2020)".

Depending on the type of green or social loan, the impact reporting will differ. However, examples of key performance indicators to be included in the environmental and social output reporting are renewable energy production, energy savings, avoided emissions, and the number of loans to women-owned SMEs. Given the diversity of social assets and impacts, the table below may not capture the specific assets impact measurements in the Sustainable Asset Register, thereby additional project-specific measurement might be complemented. These key performance indicators measuring the social output will evolve and develop accordingly.

Information with respect to borrowers and their businesses and projects will be subject to permitted disclosure in accordance with relevant confidentiality agreements. The impact report will be reviewed and approved by the Sustainable Bond Committee. The integrated impact indicators included in the report will highlight the expected or actual environmental or social output of the Eligible Green or Social Assets that Swedbank finances.

Examples of quantitative impact indicators are outlined in the table below.

Green Bond Principles category	Sub-category	Quantitative impact indicators
Renewable Energy	Wind, solar, ocean and hydro energy	Installed capacity added (MW)
		Expected annual generation (MWh)
		Estimated annual GHG emissions avoided (tCO ₂ e)

³⁵ The Swedbank Green Bond Webpage

³⁶ Handbook - Harmonized Framework for Impact Reporting (June 2021)

³⁷ Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (June 2020)

Energy Efficiency	Energy storage, smart grids, district heating or cooling	Storage capacity (MW)
		Distribution capacity (MW)
Green Buildings	New buildings, Existing buildings, and property upgrades	Amount of energy saved (MW)
		Estimated annual GHG emissions reduced or avoided (tCO ₂ e)
Sustainable Management of Living Natural Resources and Land Use	Sustainable forestry	Land area certified (hectare)
	Sustainable land use and biodiversity conservation	
Pollution Prevention and Control	Waste management	Recycling (tons)
		Production capacity (MW)
		Estimated annual GHG emissions reduced or avoided (tCO ₂ e)
Sustainable Water and Wastewater Management	Water saving systems and technologies and water metering	Annual absolute (gross) water savings (in m3 or in %)
	Water treatment facilities, activities and technologies that increase water quality, sanitation facilities	Annual absolute (gross) amount of wastewater treated, reused or avoided (in m3 or in %)
	Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure	
Clean Transportation	Public passenger transport and low-carbon vehicles, freight, and infrastructure	Passenger/public passenger transport (No)
		GHG emissions per kilometer (CO ₂ e)
		Estimated annual GHG emissions reduced or avoided (tCO ₂ e)
Climate Change Adaptation	Renewable energy, green buildings, natural resources, and transportation	Reduction in flood damage costs
		Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m ³
		Reduction in land loss from inundation and/or coastal erosion in km ²
		Additional water availability and/or increased water catchment in m ³ /year
		Reduction in the number of wildfires, and/or in the area damaged by wildfires in km ²
		Increased number of households with access to resilient energy systems
		Reduction in changes in the nutrient and/or pH level for agricultural soils
		Reduced/avoided loss of livestock and/or crops
		Number of kms of road, rail or other infrastructure adapted

Social Bond Principles category	Sub- category	Quantitative output indicators ³⁸
Socioeconomic Advancement and Empowerment	Advancing the residential life in socio-economic weak areas	Amount spend on refurbishments of residential in the targeted area Amount spend on improvements in the surrounding outdoor environments in the targeted areas Number of people positively affected by the refurbishments and improvements
	Promoting diversity, inclusion, and gender equality, and/or protecting the rights of vulnerable groups	Number of financed activities Number of individuals positively affected by the financed activities
	Female-owned business	Number of supported female business owners
Access to Essential Services – Education and Health and healthcare	Education for underserved individuals and communities	Number of activities financed Number of beneficiaries trained/graduated Increase in School/University capacity
	Healthcare for underserved individuals and communities	Number of activities financed Number of beneficiaries Statistics of increased health and well-being of people Increase in healthcare/hospital capacity
Employment Generation	Generating employment in vulnerable/socioeconomic weak areas or in rural areas with above average unemployment rates	Number of jobs protected and created in these areas
	Supporting business continuity in the case of extraordinary circumstances	Number of beneficiaries who have been affected by extraordinary circumstances (e.g., natural disasters, pandemics, or other crises)
Affordable housing	Affordable mortgage loans	Number of beneficiaries among the target population
	Affordable rental housing	Share of under-served tenants Number of new rental housing financed

Opinion: ISS ESG finds that the reporting proposed by Swedbank's Sustainable Funding Framework is aligned with the ICMA's GBP, SBP, and SBG. With regards to the Allocation and Impact Reporting Swedbank commits to report based on the core principles as set forth in the Harmonised Framework for Impact Reporting (June 2022) and Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (June 2022). The allocation of proceeds reported by the geographical distribution of the assets reflects best market practices. The quantitative impact indicators proposed

³⁸ HFIR, ICMA 2020

by the Issuer are relevant to the nominated Use of Proceeds categories. The Issuer commits to report at least on an annual basis and make the Allocation and Impact Reporting publicly available, in line with best market practices.

5. External review

FROM ISSUER'S FRAMEWORK

Second Party Opinion

Swedbank has obtained a Second Party Opinion by ISS ESG to confirm the transparency and robustness of the Swedbank Sustainable Funding Framework. The Second Party Opinion will be published on Swedbank's webpage³⁹.

Assurance

An independent external auditor will be requested to review the Use of Proceeds Reporting to provide limited assurance on the allocation of proceeds conformity to the Swedbank Sustainable Funding Framework. The assurance report will be published on Swedbank's webpage.⁴⁰

³⁹ [The Swedbank Bond Webpage](#)

⁴⁰ [The Swedbank Bond Webpage](#)

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN, SOCIAL OR SUSTAINABILITY BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green, Social or Sustainability Bonds Eligibility Criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Swedbank's Green, Social or Sustainability Bonds, to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on a 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green, Social, or Sustainability Bonds' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Eligible Green Asset Categories		
Renewable Energy <i>Including Wind, Solar, Ocean Energy e.g., wave energy, tidal energy</i>	Significant Contribution	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Renewable Energy <i>Pumped storage facilities</i>	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY
	Significant Contribution ⁴¹	13 CLIMATE ACTION
Renewable Energy <i>Hydropower Energy >10MW and < 1000MW</i>	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY
	Significant Contribution ⁴²	13 CLIMATE ACTION
Renewable Energy <i>Water dams⁴³</i>	Limited Contribution	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

⁴¹ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁴² This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁴³ Investments in resilient water dams for adapting to water stress, water shortage and water surplus

Energy Efficiency <i>Energy transfer and storage, Technologies, e.g., Smart meters, District heating/ cooling based on non-renewable sources⁴⁴</i>	Significant Contribution ⁴⁵	
Energy Efficiency <i>District heating based on renewable sources</i>	Limited Contribution	
	Significant Contribution ⁴⁶	
Energy Efficiency <i>Refurbishments of buildings that achieve energy savings of at least 30% in comparison to the baseline performance before the refurbishment⁴⁷</i>	Limited Contribution	
	Significant Contribution ⁴⁸	
Energy Efficiency <i>Energy efficiency technologies</i>	Significant Contribution	 
Green Buildings <i>Certified BREEAM (minimum certification “very good”) and LEED (minimum certification “gold”) or equivalent including Miljöbyggnad and Nordic Swan Ecolabel</i>	Significant Contribution	
Green Buildings <i>Buildings built before 31 December 2020 either with an EPC label ≥ “A” or belonging to the top 15% of the national building stock</i>	Limited Contribution ⁴⁹	

⁴⁴ Energy star-certified products and services

⁴⁵ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs. For the projects to be financed under Swedbank’s Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁴⁶ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs. For the projects to be financed under Swedbank’s Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution. to SDG 13 is assessed

⁴⁷ Property upgrades, of either residential or commercial real estate, that meet one of the following two criteria: The renovation is compliant with the applicable national regulations for major renovations. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive. The renovation achieves energy savings of at least 30% in comparison to the baseline performance of the building before the renovation

⁴⁸ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs. For the projects to be financed under Swedbank’s Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁴⁹ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer’s product and service portfolio on the SDGs

Buildings built after 31 December 2020 with energy performance lower of at least 10% than the threshold set for nearly zero-building (NZEB) requirements

Significant Contribution⁵⁰



Green Buildings

*Refurbishments e.g., Flood defence and stormwater management systems
Constructing resilient buildings in high-risk environments⁵¹*

Limited Contribution



Green Buildings

Green roofs and walls

Significant Contribution⁵²



Sustainable Management of Living Natural Resources

The forestry is certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC)

Limited Contribution



Significant Contribution⁵³



Sustainable Management of Living Natural Resources

Sustainable land use and biodiversity conservation⁵⁴

Significant Contribution



Significant Contribution⁵⁵



Sustainable Management of Living Natural Resources

*Forest fire risk prevention
Infrastructure and equipment (fire airplanes, new forest roads, fire equipment, etc.)*

Limited Contribution



⁵⁰ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁵¹ E.g., in areas affected by landslide, coastal erosion, sea-level rise, heavy precipitation

⁵² This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁵³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁵⁴ E.g., the protection of coastal, marine, and watershed environments and rehabilitation, restoration, and conservation of ecosystems from a degraded state

⁵⁵ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

Sustainable Management of Living Natural Resources <i>Sustainable fisheries that do not deplete endangered fish stocks⁵⁶</i> <i>Sustainable aquaculture that does not impact critical habitats and ecosystems⁵⁷</i>	Limited Contribution ⁵⁸	
Pollution Prevention and Control <i>Sustainable waste management recycling including Biogas production of organic waste</i>	Limited Contribution	
	Significant Contribution ⁵⁹	
Pollution Prevention and Control <i>Forest biomass from areas that have, or meet the requirements for, FSC or PEFC certification</i>	Limited Contribution	 
Pollution Prevention and Control <i>Non-recyclable municipal waste for incineration</i>	No Net Impact	
Sustainable Water and Wastewater Management <i>Water-saving systems and technologies and water metering, Water treatment facilities, activities and technologies that increase water quality, sanitation facilities, Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure</i>	Significant Contribution	
	Significant Contribution ⁶⁰	
Clean Transportation <i>Public passenger transport, e.g., Hydrogen, fuel, cell, electric, low-carbon vehicles for passenger cars and commercial vehicles</i> <i>Freight, e.g., electric, hydrogen rail, road or water transport vehicles, low emission freight</i> <i>Infrastructure, e.g., electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric highways, bicycle paths</i>	Limited Contribution	
	Significant Contribution ⁶¹	

⁵⁶ With certification under the Marine Stewardship Council (MSC) for fisheries or the Aquaculture Stewardship Council (ASC) for aquaculture or other equivalent certification schemes. Sustainable fisheries that do not deplete endangered fish stocks

⁵⁷ E.g., mangroves, wetlands, wild and endemic species

⁵⁸ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs

⁵⁹ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁶⁰ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

⁶¹ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. For the projects to be financed under Swedbank's Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is assessed

Eligible Social Asset Categories		
Employment Generation⁶² <i>Supporting businesses and individuals in the case of extraordinary circumstances (e.g., natural disasters, pandemics, or other crises).</i>	Limited Contribution	
Employment Generation <i>Generating employment in socioeconomic weak areas or rural areas with above-average unemployment rates through financing for SMEs</i>	Limited Contribution ⁶³	
	Significant Contribution ⁶⁴	
Affordable Housing <i>Improving access to affordable mortgages Improving access to affordable rental housing</i>	Limited Contribution	
Socioeconomic advancement and empowerment <i>Strengthening entrepreneurship through financing female-operated, managed, or owned (majority-owned by women) small businesses⁶⁵</i>	Significant Contribution	 
Access to Essential Services-Education <i>Construction of fully or partly publicly funded educational infrastructure</i>	Significant Contribution	 
Access to Essential Services-Education <i>Activities that ensure that education and learning environments are inclusive and accessible including but not limited to primary and secondary education services⁶⁶</i>	Significant Contribution	 
Access to Essential Services-Healthcare <i>Construction of fully or partly publicly funded hospitals and healthcare facilities improving the quality of the existing healthcare facilities and equipment</i>	Significant Contribution	 
Access to Essential Services-Healthcare <i>Activities that expand access to hospitals, medical equipment, homes, or health facilities⁶⁷</i>	Limited Contribution	 

⁶² The framework-specific assessment is diverging from the ISG ESG SDG assessment proprietary methodology. Based on use of proceeds information provided by the issuer, ISS ESG assessed that the loans to companies have a significant contribution to SDG 8 “Decent work and economic growth” when targeting employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises

⁶³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology

⁶⁴ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology

⁶⁵ Empowering activities aiming to reduce inequality in the areas of diversity, inclusion, and gender

⁶⁶ Public, non-profit, free or subsidized services, activities, or business operations solving, enabling, and promoting access to education

⁶⁷ E.g., Nursing homes, Rehabilitation Centers

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

Eligible Social Asset Categories

The table below presents the findings of an ISS ESG assessment of the Eligible Social Asset Categories against ISS ESG KPIs. Eligible Green or Social Assets will be located within the Nordic and Baltic countries.

ASSESSMENT AGAINST ISS ESG KPI	
Overall	
Health & Safety and Labour standards	
✓	Company policies are in place ensuring high labour and health and safety for construction and maintenance work. (e.g., ILO Core Convention, IFC Performance Standards, and UN Global Impact). The Issuer is operating in a strong EU-regulated market and is subject to national, regional, and international law.
Access to Essential Services - Education and Healthcare	
Facility standards	
✓	The Issuer confirms ensuring through selection criteria policies that assets will be located in a country that has strong education standards and supervising bodies.
✓	The Issuer confirms ensuring through selection criteria policies that assets have quality management systems in place (certified to ISO 9001).
Access to education	
✓	The Issuer confirms ensuring through selection criteria policies and geographical location of the assets that high social standards regarding non-discrimination (according to national legislation/standards) are in place.
Site selection	
✓	The Issuer confirms ensuring through selection criteria policies that assets are and will be located within a maximum of 250m from one or more modalities of public transport.
Safety of building users	
✓	Polices or procedures, measures are in place to ensure building assets that ensure operational safety (e.g., emergency exits, fire sprinklers, fire alarm systems).
Medical equipment- Social aspects of the products	
✓	Product safety measures are in place (e.g., tests and assessments, safety features, strong production processes, recall processes). The Issuer is working on a strong EU-regulated market and is subject to national and international law.

Socioeconomic Advancement and empowerment

Inclusion

- ✓ The Issuer confirms elements in their policies/statutes/charters relating to promoting inclusion and non-discriminatory access to programs/ offers /services.

Non-discriminatory and free/ fairly priced and/or subsidised participation in programs/initiatives

- ✓ The Issuer confirms elements in their policies/statutes/ charters related to free, fairly priced, and/or subsidised participation for socially disadvantaged participants.

Safety of building users

- ✓ The Issuer confirms ensuring operational safety (e.g., emergency exits, fire sprinklers, fire alarm systems). The Issuer is working on a strong EU-regulated market and is subject to national and international law.

Affordable Housing Private mortgages

Responsible treatment of customers with debt repayment problems

- ✓ Policies, measures are in place to provide for pre-emptive actions to prevent client debt repayment problems (e.g., covenants limiting indebtedness, conservative loan-to-value ratios, long-term fixed interest rates).
- ✓ Policies, measures are in place to provide sustainable solutions for customers with debt repayment problems (e.g., debt counselling, foreclosure as a last resort).
- ✓ The Issuer confirms ensuring that for which the creditor excludes the selling of contractually serviced loans and has implemented measures to ensure clients do not face unfavourable conditions as a result of the sale (e.g., required customer consent in case of a sale, written confirmation of non-detrimental conditions).

Energy Efficiency Energy consumption

- ✓ The Issuer considers energy efficiency, e.g., selecting assets that are holding an EPC label.

Standard for affordable housing

- ✓ All the loans for affordable housing are ensuring rent levels below the standard market. The Issuer confirms through the Selection Criteria that standard rent per square meter of living space per year may not exceed: SEK 1,550 in the Stockholm region, SEK 1,450 in the region near Stockholm, in the Gothenburg and Malmö regions, in the region other municipalities with high and lasting population growth, in the region other large municipalities and student housing outside the Stockholm region, SEK 1,350 in the rest of the country.

Employment generation

Exclusion of controversial activities

- ✓ Controversial business activities (e.g., coal and fossil fuel) are excluded from financing under this framework. The Issuer has clear/distinct criteria that exclude those areas.

Non-discrimination

- ✓ Policies and measures are in place to prohibit discrimination in the workplace. The Issuer is working on a strong EU-regulated market and is subject to national and international law.

Environmental management

- ✓ Policies in place to ensure that companies financed have an Environmental Management System certified to ISO 14001 (or an Environmental Management System in general). In addition to this, policies are in place to ensure the reduction of the potential negative environmental impact that the assets financed could have. (i.e., align with Equator principles, EIA part of the screening process...)

Eligible Green Asset Categories

The table below presents the findings of an ISS ESG assessment of the Eligible Green Asset Categories against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Residential and commercial Green Buildings

Site selection

- ✓ The Issuer ensures that responsible site selection policies are in place (e.g., brownfield development, exclusion of protected areas, and sites of high environmental value). The Issuer's Environmental Management System EMS is certified to ISO 14001.
- ✓ The Issuer ensures that access to public transport is considered through criteria ensuring that assets are not located out of a maximum of 1 km from one or more modalities of public transport.

Construction standards

- ✓ Company policies are in place ensuring high labour and health and safety for construction and maintenance work. (e.g., ILO Core Convention, IFC Performance Standards, and UN Global Impact). The Issuer and its projects and assets are in a highly regulated market and are subject to relevant national and international law.
- There is no information is available on sustainable procurement regarding building materials (e.g., recycled materials, third-party certification of wood-based materials)⁶⁸.

Water use minimisation in buildings

- ✓ The Issuer confirms selection procedures and control measures in place with regards to water reduction measures (e.g., water metering, high-efficiency fixtures and fittings, rainwater harvesting).

Safety of building users

- ✓ The Issuer confirms ensuring operational safety (e.g., emergency exits, fire sprinklers, fire alarm systems). The Issuer and its projects and assets are in a highly regulated market and are subject to relevant national and international law.

Energy Efficiency

- ✓ For existing buildings under criteria 1 the Issuer is ensuring that buildings hold or will obtain building certificate equivalent to EPC 'A'.
- ✓ For existing buildings under criteria 2 the Issuer is ensuring that good energy efficiency standards are in place (e.g., heating energy demand below 50 kWh/m2a) and belonging to the top of 15% energy efficiency rate).

⁶⁸ The Issuer reports having limited control over sustainable procurement

Sustainability labels

- ✓ For new buildings under criteria 1 and existing buildings under criteria 3 the Issuer ensures that financed assets will obtain a BREEAM (minimum Very Good) or equivalent LEED (minimum certification “gold”) certification or equivalent including Miljöbyggnad and Nordic Swan Ecolabel.

Sustainable forestry

Conservation and biodiversity management

- ✓ Policies are in place to ensure that companies financed have an Environmental Management System certified to ISO 14001 (or an Environmental Management System in general) in place. Swedbank’s Environmental Management System is certified to ISO 14001 covers the impacts generated indirectly through financing, investments, payments, and procurement. In addition to this, policies are in place to ensure reduction of the potential negative environmental impact that the assets financed could have (i.e., align with Equator principles, EIA part of the screening process).

Certification

- ✓ The Issuer has measures/policies/information in place ensuring that underlying assets are certified to the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

Sustainable waste management - Forest biomass

Environmental aspects of waste to energy plants

- ✓ The Issuer holds requirements in place ensuring high standards regarding the environmentally safe operation of plants (e.g., air emissions, disposal of residues). In addition, the Issuer confirms to gather and assess the waste mix to evaluate against local and EU regulations.

Sustainable management of living natural resources

Impact of aquaculture and fisheries on aquatic ecosystems

- ✓ The selection process ensures consideration of certified sustainable aquaculture and fishery along the value chain exclusively (e.g., reduction of antibiotic use, prevention of fish escape, banning of certain fishing practices as bottom trawling).

Sustainable soil and biodiversity management

- ✓ The Issuer commits, via the eligibility criteria, to consider sustainable soil and biodiversity management along the whole value chain, including feed (e.g., position on pesticide and chemical fertiliser use, crop management, deforestation, soil degradation, biodiversity).
- ✓ The company has environmental and social guidelines specifically tailored to the agricultural industry, which cover client-related aspects relating to ecosystem and biodiversity.

PART IV: ALIGNMENT OF THE ELIGIBILITY CRITERIA OF ELIGIBLE ENVIRONMENTAL CATEGORIES WITH THE EU TAXONOMY

ISS ESG assessed the alignment of Swedbank's project selection criteria and processes as well as company policies for the nominated Use of Proceeds, project categories, with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH), and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act⁶⁹ (June 2021), on a best-efforts basis, based on information provided by Swedbank.

ISS ESG notes that as of now, Swedbank has not identified specific projects or assets for allocation of proceeds and therefore this alignment assessment is only on the selection criteria and Swedbank's processes and policies for project selection. Swedbank will be confirming the actual alignment of its portfolio with the EU Taxonomy criteria requirements as part of its allocation reporting.

The two tables below show the alignment of the selection criteria with the relevant EU Taxonomy activity, based on the Technical Screening Criteria of the EU Taxonomy Substantial Contribution to Climate Change Mitigation, as well as Climate Change Adaptation.

- Where the project selection criteria fully meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.
- Where the project selection criteria have overlapped with the EU Taxonomy activity, but not fully align with the criteria, Swedbank has clarified that they will incorporate the relevant Taxonomy Criteria requirements in their project selection criteria on a best-efforts basis. Therefore, "eligible for assessing alignment at later date" is used.
- Where the project selection criteria have no overlap with the relevant Technical Screening Criteria, or there is no relevant EU Taxonomy activity, a "circle" is shown in the table below.

The results for the activities with Substantial Contribution to Climate Change Mitigation is as follows:

Framework project category	Framework selection and eligibility criteria	EU Taxonomy Activity, based on substantial contribution to Mitigation	Eligible for TSC (Mitigation)
Renewable Energy			
Wind energy	n/a	4.3 Electricity generation from wind power	✓
Solar energy	n/a	4.1 Electricity generation using solar photovoltaic technology	✓
Ocean Energy	n/a	4.4 Electricity generation from ocean energy technologies	✓
Hydro energy	<ul style="list-style-type: none"> o the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; o the power density of the electricity generation facility is above 5 W/m2; o the life cycle GHG emissions from the generation of electricity 	4.5. Electricity generation from hydropower	✓

⁶⁹ [EU Taxonomy Climate Delegated Act](#)

	from hydropower, are lower than 100gCO ₂ e/kWh.		
Pumped storage facilities	<ul style="list-style-type: none"> o The facility is demonstrably purposefully built-in conjunction with intermittent renewables, AND / OR o The facility is contributing to a grid which already has a share of intermittent renewables deployment of at least 20% OR has credible evidence of programs in place that increase the share of intermittent renewables to this level within the next 10 years, AND / OR o The facility can credibly demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged. 	4.10 Storage of electricity (specific criteria depends on whether it's connected to a river, i.e. closed or open system)	✓
Production, and development of products and related infrastructure and technologies	"production, and development of products"	3.1. Manufacture of renewable energy technologies	✓
Energy Efficiency			
Energy transfer	Transmission, infrastructure or equipment of electricity, including smart grid solutions from renewable sources or alternatively combined sources with life-cycle emissions below 100 gCO ₂ e/kWh	4.9. Transmission and distribution of electricity	✓
Energy storage	Construction and operation of facilities that store electricity or thermal energy and return it at a later time, in the form of electricity, heat or cooling.	4.10 Storage of electricity (batteries and anything other than pumped hydro) 4.11. Storage of thermal energy	✓
Energy efficiency technologies	Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, smart meters	3.6. Manufacture of other low carbon technologies	✓
Energy efficiency technologies	Energy efficient machinery in industrial or manufacturing processes, products/ appliances that are more energy efficient, and meters that help track/ monitor energy efficiency.	3.6. Manufacture of other low carbon technologies	✓
Energy efficiency technologies	Development, manufacture, distribution and/or installation of	3.6. Manufacture of other low carbon technologies	✓

	products or services that increase the energy efficiency of Industrial/utility processes (i.e. reduction of heat losses and/or increased waste heat recovery)		
District heating/cooling	Construction and operation of pipelines and associated infrastructure using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat	4.15. District heating/cooling distribution	✓
Green Buildings			
New Buildings	<p>1. Construction of new buildings with an energy performance classification that is at least 10% lower than the primary energy demand resulting from the current national building regulation in accordance with NZEB requirements</p> <p>3. Buildings larger than 5000m² must have a demonstrated life-cycle Global Warming Potential and upon completion the buildings undergo testing for airtightness and thermal control.</p>	7.1. Construction of new buildings	✓
New Buildings	<p>2. Construction of new buildings that have one of the following recognized environmental certificates and as minimum, demonstrating compliance with the EPC class C in Sweden of that year's National Building Regulation, or equivalent EPC class in the Nordic and Baltic countries:</p> <ul style="list-style-type: none"> • BREEAM (minimum certification "very good") • LEED (minimum certification "gold") • Passive House • Miljöbyggnad (minimum certification "silver") 	7.1. Construction of new buildings	○ ⁷⁰

⁷⁰ LEED and BREEAM have / will be publishing mapping exercises of their labelling schemes with the EU Taxonomy criteria. At the moment, it cannot be confirmed whether LEED Gold and BREEAM Very Good completely allows alignment with the relevant Mitigation criteria. When Swedbank is due to conduct their green bond reporting after the issuance, Swedbank will evaluate this mapping to consider the alignment.

	<ul style="list-style-type: none"> • Nordic Swan Ecolabel • Or any equivalent certification as determined by Group Sustainability at Swedbank. 		
Existing buildings	<p>Ownership or acquisition of buildings, an either residential or commercial real estate built before 2021, that meet either 1, 2 or 3. and if over 290kW also point 4, subject to data availability:</p> <p>1. An energy Performance Certificate (EPC) class A</p> <p>2. An energy performance in the top 15% of the national existing stock per building type (distinguishes between residential and non-residential buildings) in terms of operational Primary Energy Demand.</p> <p>4. A large non-residential building (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) it is efficiently operated through energy performance monitoring and assessment</p>	7.7. Acquisition and ownership of buildings	✓
Existing buildings	<p>3. Buildings with an environmental certificate (in line with point 2 for new buildings) and as a minimum, certification demonstrating compliance with the EPC class C in Sweden of that year's National Building Regulation, or equivalent EPC class in the Nordic and Baltic countries.</p>	7.7. Acquisition and ownership of buildings	<p>✓</p> <p>For buildings in Sweden, Swedbank has referred to an external report⁷¹ written by a technical consultancy and commissioned by Fastighetsägarna, a real estate industry association, which shows that an EPC C in</p>

⁷¹ ["Analysis of primary energy for 15% best buildings", CIT Energy Management](#)

			<p>Sweden is equivalent to the top 15% of the national building stock in Sweden.</p> <p>For other countries, Swedbank also commits to including assets, only when it can leverage independent confirmation that the chosen EPC class in each country corresponds to the EU Taxonomy criteria requirements.</p>
Property upgrades	<p>Property upgrades, of either residential or commercial real estate, that meet one of the following two criteria:</p> <p>1. The renovation is compliant with the applicable national regulations for major renovations. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.</p> <p>2. The renovation achieves energy savings of at least 30% in comparison to the baseline performance of the building before the renovation.</p>	7.2. Renovation of existing buildings	✓
Sustainable Management of Living Natural Resources			
Sustainable management of forestry	<ul style="list-style-type: none"> •The forestry is certified by the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification (PEFC) to promote sustainable forestry and responsible sourcing 	<p>2.2 Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event</p> <p>2.3 Forest management</p> <p>1.4. Conservation forestry</p>	Eligible for assessing alignment at later date

Sustainable land use and biodiversity conservation	1. Conservation of terrestrial and aquatic biodiversity	not possible to align with an EU Taxonomy activity	○
Sustainable land use and biodiversity conservation	2. Sustainable management of living natural resources and land use, including rehabilitation, restoration and conservation of ecosystems from a degraded state	2.1. Restoration of wetlands	Eligible for assessing alignment at later date (Only for wetlands)
Sustainable land use and biodiversity conservation	3. Sustainable aquaculture that does not impact critical habitats and ecosystems (e.g. mangroves, wetlands, wild and endemic species) through the release of waste, contaminated water and nutrients, usage of pharmaceuticals and pesticides above safe limits and ecological interactions	not possible to align with an EU Taxonomy activity	○
Sustainable land use and biodiversity conservation	4. Sustainable fisheries that do not deplete endangered fish stocks, with. Certification under the Marine Stewardship Council (MSC) for fisheries or the Aquaculture Stewardship Council (ASC) for aquaculture or other equivalent certification schemes	not possible to align with an EU Taxonomy activity	○
Pollution Prevention and Control			
Sustainable waste management	Waste management such as recycling	5.5. Collection and transport of non-hazardous waste in source segregated fractions 5.9. Material recovery from non-hazardous waste	Eligible for assessing alignment at later date
Sustainable waste management	Biogas production of organic waste	5.7. Anaerobic digestion of bio-waste 5.6 Anaerobic digestion of sewage sludge	Eligible for assessing alignment at later date
Sustainable waste management	Non-recyclable municipal waste for incineration	not possible to align with an EU Taxonomy activity	○
Sustainable waste management	Forest biomass from areas that have, or meet the requirements for, FSC or PEFC certification	4.24 Production of heat/cool from bioenergy 4.8. Electricity generation from bioenergy	○ The proposed certification labels do not match with the EU Taxonomy criteria

Sustainable Water and Wastewater Management			
Technologies that increase water-use efficiency, water recycling and reuse	Water saving systems and technologies and water metering	not possible to align with an EU Taxonomy activity	○
Technologies that increase water-use efficiency, water recycling and reuse	Water treatment facilities, activities and technologies that increase water quality, sanitation facilities	5.1 Construction, extension and operation of water collection, treatment and supply systems 5.2. Renewal of water collection, treatment and supply systems	Eligible for assessing alignment at later date
Technologies that increase water-use efficiency, water recycling, and reuse	Upgrades to wastewater treatment plants to remove nutrients, wastewater discharge infrastructure	5.3. Construction, extension and operation of wastewater collection and treatment 5.4. Renewal of wastewater collection and treatment	Eligible for assessing alignment at later date
Clean Transportation			
Passenger and public transport	1. Public passenger transport (e.g., metro, tram, bus, train, ferries), passenger cars and commercial vehicles, or mopeds and motorbikes with zero tailpipe emissions (e.g., hydrogen, fuel cell, electric). 2. Low-carbon vehicles for passenger cars and commercial vehicles with tailpipe emission intensity lower than 50 gCO ₂ /km (WLTP)	6.1. Passenger interurban rail transport 6.3. Urban and suburban transport, road passenger transport (<u>up until 31/12/2025</u>) 6.5. Transport by motorbikes, passenger cars and light commercial vehicles (<u>up until 31/12/2025 for certain vehicle classes</u>) 6.7. Inland passenger water transport 6.11. Sea and coastal passenger water transport 6.9. Retrofitting of inland water passenger and freight transport	✓
Freight	1. Rail, road or water transport vehicles with zero direct tailpipe CO ₂ emission 2. Low-emission freight with specific direct CO ₂ emissions of less than 50% of the reference There is an exclusion on financing vessels and freight systems used primarily for the transportation of fossil fuels. The bank has a	6.2. Freight rail transport 6.6. Freight transport services by road 6.8. Inland freight water transport 6.9. Retrofitting of inland water passenger and freight transport 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	✓

	specific separate commitment generally about crude oil ⁷²		
Infrastructure	1. Infrastructure that is required for zero direct emissions transport 2. Infrastructure and installations are dedicated to urban and suburban public passenger transport	6.16. Infrastructure enabling low carbon water transport 6.14. Infrastructure for rail transport 6.15. Infrastructure enabling low-carbon road transport and public transport	✓

The results for the activities with Substantial Contribution to Climate Change Adaptation is as follows:

Framework project category	Framework selection and eligibility criteria	EU Taxonomy Activity, based on substantial contribution to Adaptation	Eligible for TSC (Adaptation)
Renewable Energy			
	Investments in resilient water dams for adapting to water stress, water shortage and water surplus	4.5. Electricity generation from hydropower	Eligible for assessing alignment at later date
Green Buildings			
	Flood defence and stormwater management systems)	not possible to align with an EU Taxonomy activity	○
	Green roofs and walls	7.3. Installation, maintenance, and repair of energy efficiency equipment	Eligible for assessing alignment at later date
	Constructing resilient buildings in high-risk environments ⁷³ (e.g., in areas affected by the landslide, coastal erosion, sea-level rise, heavy precipitation	not possible to align with an EU Taxonomy activity	○
Natural Resources			
	Alternative pest control to deal with the projected acceleration of pest growth rates	not possible to align with an EU Taxonomy activity	○
	Forest fire risk prevention	1.3. Forest management	Eligible for assessing alignment at later date
	Infrastructure and equipment (fire airplanes, new forest roads, fire equipment, etc.)	1.3. Forest management	Eligible for assessing alignment at later date
Transportation			
	Acute and preventive measures for transport infrastructure (roads, bridges, terminals) for adapting to changing weather	6.14. Infrastructure for rail transport	Eligible for assessing alignment at later date

⁷² <https://online.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PPE1341798>

⁷³ A Renovation Wave for Europe - Table 1 of Annex I of Commission Implementing Regulation (EU) 2020/1208

	patterns (wind, water, snow, etc.)	6.15. Infrastructure enabling road transport and public transport 6.16. Infrastructure for water transport	
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Do No Significant Harm Criteria

Regarding Swedbank's policies and policies to ensure that their portfolio and projects align with the relevant Do No Significant Harm Criteria, Swedbank will to their best efforts secure the relevant information on whether the assets align with the criteria, including using compliance with national legislation and regulations as indicators. Swedbank will conduct this assessment before reporting on the alignment of its portfolio in the allocation reporting.

Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards. The results of this assessment are applicable for every Project Category financed under this Framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENT
Alignment with the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.	<p>Each of the MSS requirements will need to be met by the borrower to which Swedbank lends as part of the portfolio to be financed and refinanced by the proceeds from the issuances under this Framework. Swedbank commits to ensuring that only loans which meet the MSS requirements may be included in the EU Taxonomy alignment assessment.</p> <p>As part of its lending due diligence processes, Swedbank assesses each potential borrower's impact on the OECD Guidelines, human rights issues and ILO Principles and also reviews its assessments annually.</p> <p>Swedbank confirms that itself and its business and lending practices fully integrate the details of the OECD Guidelines, the UN Guiding Principles, as well as the ILO Principles. As Sweden is an OECD country, Swedbank has an obligation to comply with the OECD Guidelines. Further, Swedbank lays out its commitment to the UN Guiding Principles and ILO Principles in its public disclosures⁷⁴.</p>	Eligible for assessing alignment at later date

⁷⁴ Swedbank Policy Human Rights

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2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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ANNEX 1: Methodology

EU Taxonomy

ISS ESG evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Sustainable Funding Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows to understand if Swedbank's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Swedbank (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

ISS ESG Green and Social KPIs

The ISS ESG Green and Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Swedbank's Green, Social or Sustainability Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green and Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green and Social Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Swedbank (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Swedbank's Green, Social or Sustainability Bonds contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

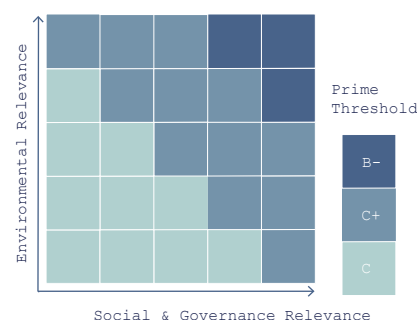
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

Swedbank commissioned ISS ESG to compile a Green, Social or Sustainability Bonds SPO. The Second Party Opinion process includes verifying whether the Sustainable Funding Framework aligns with the ICMA GBP, SBP and SBG and to assess the sustainability credentials of its Green, Social or Sustainability Bonds against the EU Taxonomy Delegated Act, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBP, SBP and SBG
- EU Taxonomy Delegated Act, June 2021
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories of the Issuer

ISSUER'S RESPONSIBILITY

Swedbank's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the Framework level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green, Social or Sustainability Bonds to be issued by Swedbank based on ISS ESG methodology and in line with the ICMA GBP, SBP and SBG.

The engagement with Swedbank took place from December 2021 to March 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

For information about this specific Green, Social and Sustainability Bonds SPO, please contact: SPOOperations@iss-esg.com

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