

SECOND PARTY OPINION (SPO)

Verification of the Sustainability Quality of the Issuer and Sustainable Financing Framework

Samhällsbyggnadsbolaget i Norden AB
24 November 2020

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green, Social, and Sustainable Financial Instruments
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles
Scope of verification	<ul style="list-style-type: none">• SBB Sustainable Financing Framework (as of 23.11.2020)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as no new assets categories are added to the framework

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SCOPE OF WORK

Samhällsbyggnadsbolaget i Norden AB (SBB) commissioned ISS ESG to assist with its Sustainable Financing Framework by assessing three core elements to determine the sustainability quality of the framework:

1. SBB's sustainability performance, according to the ISS ESG Corporate Rating.
2. SBB's Sustainable Financing Framework – benchmarked against the International Capital Market Association's (ICMA) GBPs, SBPs, SBGs and the Loan Market Association's GLPs
3. The eligible categories – whether the projects contribute positively to the UN SDGs (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Issuer sustainability performance²	<p>The issuer itself shows a medium sustainability performance and has been given a rating of "C-" which classifies it as 'Not Prime' by the methodology of the ISS ESG Corporate Rating.</p> <p>It is rated 66th out of 358 companies within its sector as of 24.11.2020. This equates to a high relative performance, with a Decile Rank³ of 2.</p>	<p>Status: <i>NOT PRIME</i></p> <p>Rating: C-</p> <p>Decile Rank: 2</p>
Part 2: Alignment with GBPs, SBPs, SBGs and GLPs	<p>The issuer has defined a formal concept for its Sustainable Financing Framework regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBPs, SBPs, SBGs and GLPs.</p>	<p>Positive</p>
Part 3: Sustainability quality of the eligible categories	<p>Under the Sustainable Financing Framework, the issuer will (re-)finance eligible project categories which include green buildings, energy efficiency, affordable housing, education, and health and care facilities.</p> <p>Those use of proceed categories have a significant contribution to SDGs 3 'Good health and well-being', 4 'Quality education', 10 'Reduced inequalities', 11 'Sustainable cities and communities', and has a limited contribution to SDG 7 'Affordable and clean energy' and SDG 13 'Climate Action'.</p>	<p>Positive</p>

¹ ISS ESG's evaluation is based on SBB's Sustainable Finance Framework, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 18.06.2020).

² ISS ESG's evaluation is based on SBB's ISS ESG Corporate Rating that was last updated on 18.06.2020. As such, the ESG rating currently does not reflect SBB's latest sustainability initiatives and changes to performance and reporting since.

³ Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

ISS ESG SPO ASSESSMENT

PART I: ASSESSMENT OF SBB'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments. The overall analysis is graded on a twelve-point scale from A+ (the company shows excellent performance) to D- (the company shows poor performance or fails to demonstrate any commitment to appropriately address the topic). "Prime" status is granted to industry leaders who fulfill demanding performance expectations. Industry leaders are considered the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

COMPANY	STATUS	RATING	DECILE RANK	TRANSPARENCY LEVEL
SBB	NOT PRIME	C-	2	HIGH

This means the issuer shows a moderate sustainability performance and has been given a rating of 'C-'. Whilst this is just below the 'Prime' threshold of 'C', according to the ISS ESG Corporate Rating methodology, it is above the Real Estate industry average.

ESG performance

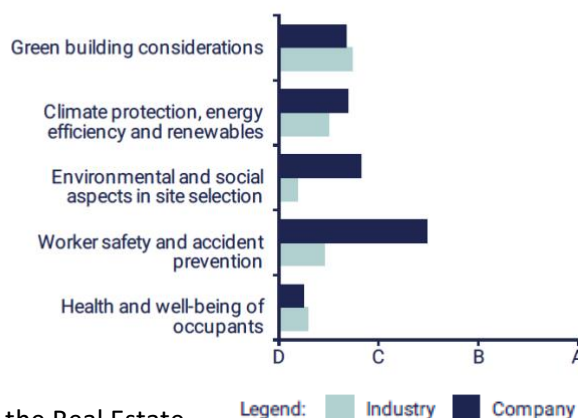
As of 24.11.2020, this Rating places SBB 66th out of 358 companies rated by ISS ESG in the Real Estate sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Sustainability Opportunities

Samhällsbyggnadsbolaget i Norden AB's property portfolio is divided into three segments which include residential, social infrastructure and single commercial properties. The share of properties with a high social benefit is estimated to be high, including properties which contribute to social infrastructure such as schools, healthcare properties, assisted living for the elderly and people with disabilities as well as single affordable housing. On the environmental side, only a low percentage of properties (by floor area) is certified to green building standards (e.g. Miljöbyggnad).

Key Issue Performance



Sustainability Risks

Sustainability risks in the real estate industry relate to ensuring the health and safety of employees, tenants and customers, and implementing strategies addressing climate change and energy and resource efficiency of buildings. In the context of health and safety, Samhällsbyggnadsbolaget i Norden AB has implemented several elements of a health and safety management system, demonstrates decreasing employee and contractor accident rates and has implemented some measures to reduce tenant exposure to chemical factors. Yet, contractor health and safety is not adequately addressed. On the environmental side, the company is committed to operating 100 percent climate neutral by 2030 and to reducing CO₂ emissions by at least 5 percent per year. To achieve this, the company has established processes during renovations to improve, among others, the energy efficiency of building envelopes (e.g. additional insulation, energy-efficient windows), as well as measures focused on energy efficient heating and renewable energy sources. In the area of promoting environmental awareness of tenants, the company provides recycling facilities, and its subsidiary Hemfosa Fastigheter⁴ has implemented green lease agreements. Though, risks in some of the relevant areas are addressed by reasonable measures, most issues are not strategically approached. Yet, overall, exposure to these risks is limited because of its operational focus on countries with relative high standards (Scandinavia).

Governance opinion

Regarding the company's governance structure, 57.1% of the board members are independent, including its chair (Mr. Lennart Schuss, as at April 7, 2020). The company has established a fully independent remuneration committee, as well as partially independent committees in charge of the audit and nomination activities (as at April 7, 2020). With regard to remuneration, the company discloses its compensation schemes only for some members of the executive management team. The remuneration schemes include long-term incentive components. Regarding the company's governance of sustainability, the company has established a separate sustainability board committee, with 50% of its members being considered to be independent (as at November 10, 2020). In terms of remuneration, it remains unclear whether any sustainability objectives are considered in the performance targets for variable remuneration. Finally, the company has a group wide code of business ethics covering some important aspects such as corruption, conflicts of interest, insider dealings and rules regarding gifts, favours and entertainment. The company has also set up reporting channels for non-compliance and refers to whistleblower protection in general terms, but there is no indication of the existence of other important procedures, such as compliance training or third-party anti-corruption due diligence.

Breaches of international norms and ESG controversies

The company is not facing any controversy.

⁴ ISS ESG's evaluation is based on SBB's ISS ESG Corporate Rating that was last updated on 18.06.2020. Since then, Hemfosa Fastigheter is no longer a subsidiary and has been integrate within the larger company.

PART II: ALIGNMENT WITH THE GBPs, SBPs, SBGs and GLPs

Rationale for issuance

Social engagement is important to SBB. Throughout its operations, the company aims to contribute to a sustainable society with functional properties where residents are able to influence their immediate surroundings through close dialogue with SBB as owner and property manager.

SBB actively integrates social and environmental sustainability across its operations, and sustainability goals and considerations are integrated in the individual business plans for each geographical region. By integrating environmental and social considerations into the business planning and decision-making processes, the company aims to contribute to reaching the goals set forth by the Paris Climate Agreement and the Sustainable Development Goals.

SBB's long term goal is to reach climate neutrality by 2030 while continuously monitoring the climate risks of the current property portfolio.

SBB's strategies for corporate responsibility and sustainability are mainly described in the company's Code of Conduct, Sustainability Policy and Sustainability Vision for 2030. All employees are required to sign the Code of Conduct and to keep themselves updated on these policy documents as well as current applicable laws and regulations. Employees are also required to report detected deviations with environmental impacts on managed properties in the company's system for deviation reporting.

Opinion: ISS ESG considers the Rationale for Issuance description provided by SBB as aligned with best market practices. The issuer has developed several initiatives at a corporate level and within its property management process which reinforce its commitment to sustainability.

1. Use of Proceeds

The proceeds of SBB's sustainable financial instruments will be used to finance or re-finance, in part or in full, Green Eligible Assets or Social Eligible Assets (as defined below) providing distinct environmental or social benefits. SBB will follow the process described in the Framework along with its professional judgement, discretion and sustainability expertise when identifying the Eligible Assets.

Green Eligible Assets relevant for use under the Framework include:

ELIGIBLE GREEN CATEGORY	DESCRIPTION
Green Buildings	<p>Category I: New construction and major renovations:</p> <ul style="list-style-type: none"> All new construction that either have or will receive minimum certification of Miljöbyggnad Silver or GreenBuilding or Passive House (Sw. "Passivhus") after the completed construction All new construction that i) either have or will receive minimum certification of "LEED Gold" or "BREEAM Very Good" after the completed construction and

	<p>ii) have an energy performance at least 25 per cent below the current national regulation after the completed construction</p> <ul style="list-style-type: none"> • New construction with energy consumption 25 per cent below the national building requirements and/or major renovations reducing energy consumption by at least 25 per cent. • All new constructions that either have or will receive an energy performance certificate (EPC) of levels A. <p>Category II: Existing buildings including acquired buildings:</p> <ul style="list-style-type: none"> • Existing buildings that have obtained certification during the construction period according to category I • Existing buildings certified as Green Building and Miljöbyggnad Silver • Existing building that are i) certified as minimum “LEED Gold” or “BREEAM Very Good” and ii) have an energy performance at least 25 per cent below the current national regulation. <p>Category III: Existing buildings that are part of the “Green Residential Portfolio” close to public services:</p> <p>As described in detail in Appendix 1, these are residential buildings close to public services and public transportation (less than 2 km), and which are committed to a 30 per cent reduction in energy consumption over a five-year period.</p> <p>Eligible Green Assets in Green buildings, category I: New construction and major renovations and Energy efficiency, correspond to the relevant invested amount. Eligible Green Assets in Green buildings, category II & III are based on the market value reported on the balance sheet at time of the issuance of the Green Financial Instrument. In addition to the criteria above, eligible green assets cannot be heated by fossil fuels such as oil or natural gas.</p>
<p>Energy Efficiency</p>	<p>Energy retrofit projects such as:</p> <ul style="list-style-type: none"> • Heat pumps, • Instalment of LED lighting, • Improvements in ventilation systems, • Extension of district heating and cooling systems.

Social Eligible Assets relevant for use under the Framework include:

ELIGIBLE SOCIAL CATEGORY	DESCRIPTION	TARGET POPULATION
<p>Affordable Housing</p>	<p>Rent-regulated Residential Housing</p> <p>In Sweden all residential contracts have regulated rent. The rent is negotiated between the property owner the Swedish Union of Tenants on an annual basis, based on the principle of utility, apartments with the same utility shall have the same price. As a consequence of the system the rent level in the largest cities in Sweden have substantially lower rent levels than the theoretical market rent.</p>	<p>General population</p>
<p>Access to Essential Services</p>	<p>Community Service Properties:</p> <ul style="list-style-type: none"> • Healthcare properties • Elderly care home with access to medical care and assistance • Care homes for people with disabilities (incl. intellectual disabilities, autism, brain damage, reduced mobility) with access to assistance • Preschools • Primary schools and secondary schools • Higher education and universities • Culture facilities (incl. libraries, culture centres, community centres) <p>Sweden has free choice of care – <i>fritt vardval</i> – which means people have the right to choose health centres, child welfare centres, and care homes.</p> <p>Similarly, Sweden has a voucher system – <i>skolpeng</i> – enabling free choice among publicly run schools and privately run friskolor (“free schools”).</p>	<p>General population</p> <p>People with disabilities</p> <p>Dependent Elderly People</p>

For the avoidance of doubt, financing related to the following activities are excluded from the financing by SBB's Sustainable Financial Instruments:

- Fossil fuel energy
- Nuclear energy
- Large Hydro > 20MW
- Defense
- Gambling
- Tobacco
- Alcohol
- Weapons
- Prisons and Correctional Facilities

Opinion: ISS ESG finds that the Use of Proceeds description provided by SBB aligns with the GBPs, SBPs, SBGs and GLPs. The project categories are aligned with the issuer's broader sustainability strategy. The financing of new green real estate development projects is seen as an added value, and clear exclusion criteria are defined by the issuer.

2. Process for Project Evaluation and Selection

The corporate responsibility principles of SBB build on the ten principles of the UN Global Compact and are recorded in the Code of Conduct and, Sustainability Policy as well as policies concerning human resources, communications, safety and security, risk management and sponsorships. SBB complies with International Accounting Standards and the Swedish Corporate Governance Code.

Selection of Eligible Green Assets

The evaluation and selection process for Eligible Assets (Green or Social) is a key process in ensuring that the proceeds from Sustainable Financial Instruments are allocated to assets and activities which meet the criteria in the Framework.

The selection of Eligible Assets is managed by a dedicated Sustainable Financing Committee consisting of:

- SBB Chief Executive Officer
- SBB Chief Financial Officer
- SBB Technical Manager
- SBB Head of Sustainability
- SBB Head of Finance

A list of Eligible Assets is kept by the Sustainable Financing Committee and the Head of Finance is responsible for keeping this list up to date. The list of Eligible Assets is monitored on a regular basis as long as there are Sustainable Financial Instruments outstanding to ensure that the proceeds are sufficiently allocated to Eligible Assets and that these assets continue to meet the Eligibility Criteria described in the Use of Proceeds section.

Inclusion in the list of Eligible Assets follows a two-step process. This process is also applicable if, for any reason, a singular asset which is an Eligible Asset, is sold or for other reasons needs to be excluded from the list, and where SBB replaces the asset with a similar asset meeting the criteria in the Framework.

- The SBB Business Controller team presents relevant buildings, meeting the criteria of this Framework to the Sustainable Financing Committee.
- The Sustainable Financing Committee solely makes the decision to include the new building in the list of Eligible Assets. A decision to include an asset will require a consensus decision by the GSS Financing Committee. The decision is documented and filed.

Opinion: *ISS ESG finds that the Process for Evaluation and Project Selection description provided by SBB aligns with the GBPs, SBPs, SBGs and GLPs. Various departments are involved in the project evaluation and selection process thanks to the dedicated Sustainable Financing Committee. The regular monitoring by the committee ensuring allocation of proceeds and continued eligibility, is aligned with best market practices.*

3. Management of Proceeds

An amount equal to the net proceeds of SBB's Sustainable Financial Instrument is credited to a separate account (Separate Account). The proceeds in such account are kept separated from other accounts to ensure and enable separate monitoring and tracking of the Sustainable Financial Instrument net proceeds.

SBB will document all transfers to and from such Separate Account, to secure tracking of the funds and to simplify the annual review. The Treasury Department is responsible for the allocation of net proceeds of Sustainable Financial Instruments to the relevant and approved list of Eligible Assets and their related investments.

All Sustainable Financial Instruments issued by SBB will be managed on a portfolio level. This means that a Sustainable Financial Instrument will not be linked directly to one (or more) pre-determined Eligible Assets. For clarity SBB will manage Eligible Assets across 3 sub-portfolios monitoring Green Assets, Social Assets and Sustainability Assets. Assets can, whenever needed, be removed or added to/from the Eligible Assets portfolio.

In the event the Separate Account has a positive balance, SBB will have the right to either: i) temporarily deposit such positive balance with approved financial institutions as defined by the company's Financial Policy or ii) temporarily invest in debt securities from issuers with a minimum credit rating of BBB- from Standard & Poor's or equivalent rating from another rating institute and with a maximum maturity of 12 months.

Temporary investments or deposits will not be made in entities with a business plan focused on fossil energy generation, nuclear energy generation, research and/or other carbon dioxide intense

activities, development within weapons and defense, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

As long as Sustainable Financial Instruments are outstanding and the Separate Account has a positive account balance, such positive account balance will in relation to amounts allocated to Eligible Assets, be adjusted at least every fiscal quarter. SBB will, until full allocation of the net proceeds from Sustainable Financial Instruments has taken place, in its reporting disclose the amount of net proceeds not yet allocated.

Opinion: *ISS ESG finds that the Management of Proceeds description provided by SBB aligns with the GBPs, SBPs, SBGs and GLPs. Earmarking and tracking of proceeds is ensured through separate accounts, monitored by the Treasury Department. Types of temporary investments are disclosed, with exclusion criteria applied to those investments as well.*

4. Reporting

SBB will annually, and until the maturity of the Sustainable Financial Instruments issued, provide investors with an annual newsletter, publicly available on its website <http://sbbnorden.se/>. The annual newsletter will include:

- A summary of Sustainable Financing developments.
- The outstanding amounts of issued Green, Social and Sustainable Financial Instruments.
- The balance on the Separate Account (including any, temporary investments or deposits and Sustainable Financing repayments).
- Share of proceeds used for financing/re-financing as well as share of proceeds used for categories in section “Use of proceeds”.
- Share of unallocated proceeds (if any).
- A complete list of Eligible Green and Social Assets financed by Sustainable Financial Instruments.
- Impact reporting.

Impact reporting

Green Eligible Assets

SBB intends to show reduced or avoided emission of CO₂-equivalents in proportion to the eligible part financed or refinanced with net proceeds from Green Financial Instruments. SBB will use a baseline calculation method taking into consideration energy savings, avoided energy consumption and reduced usage of fossil energy sources.

Such impact reporting is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best intention basis. E.g. if energy efficiency investments are still under construction and not yet operational, SBB will provide an approximation of energy

consumption savings, confirmed by an external consultant, as presented under the Energy Reduction action plan, until the actual outcome is confirmed.⁵

The following metrics for impact reporting on asset level will be included in the annual investor letter:

- Green buildings, category I & II: type of certification and degree of certification, energy performance per square meter and/or estimated annual greenhouse gas emissions reduced or avoided for buildings (tCO₂e).
- Green buildings, category III: pre and post renovation energy consumption disclosed as absolute consumption and per square meter, calculated annual CO₂-equivalent emissions reduced or avoided disclosed as absolute (tCO₂e) and per square meter, the percentage of total energy use supplied by renewable energy.
- Energy efficiency: amount of energy saved per square meter, estimated GHG emissions reduced or avoided (tCO₂e).
- An external consultant confirmation to every individual property energy reduction reported.

The following metrics for impact reporting on a portfolio level will be included in the annual investor letter:

- The Energy Reduction.
- Calculated annual CO₂ equivalent emissions reduced or avoided (tCO₂e).
- The external consultant confirmation of the reported Energy Reduction.

Social Eligible Assets

SBB will aim to report on the following metrics for impact reporting on asset level, where feasible and to the extent data is available. The report will be included in the annual investor letter:

- Area in sqm and No. of rent regulated and affordable housing units acquired, refinanced or built
- No. of people/families housed in rent regulated or affordable housing populations
- Area in sqm and No. of Healthcare properties acquired, refinanced or built and No. of people benefitting from access to healthcare through these facilities
- No. of summer jobs
- Area in sqm and No. of Elderly care homes acquired, refinanced or built and No. of Elderly people benefitting from access to these homes.
- Area in sqm and No. of care homes for people with disabilities acquired, refinanced or built and No. of people benefitting from these
- Area in sqm and No. of Preschools, Primary and Secondary schools acquired, refinanced or built and no. of students benefitting from these.
- Area in sqm and No. of Higher education and universities buildings acquired, refinanced or built and no. of students benefitting from these

⁵ Given that renovation work may include increasing the number or rooms, SBB has the possibility to take the increased number of tenants and thereby the added need of e.g. heated tap water into consideration when calculating Energy Reduction.

- Area in sqm and No. of Culture facilities (incl. libraries, culture centres, community centres) buildings acquired, refinanced or built and no. of people benefitting from these

Opinion: ISS ESG finds that the Reporting description of SBB is aligned with the GBPs, SBPs, SBGs and GLPs. The reporting is provided on both allocation and impact, and the frequency is in line with best market practices. SBB also plans to disclose the amount and type of temporary investments, which is a sign of transparency above market standard. The issuer provides an exhaustive list of impact indicators both on the green side and for social assets. On the social side, the granularity of indicators extend beyond usual impact disclosures seen on the market.

External review

To confirm the transparency and robustness of SBB's Sustainability Financing Framework, it is verified and approved by an external second opinion provider. The second opinion by ISS-ESG is available on the company's website.

SBB plans to work with an external consultant to independently validate the impact reporting data and impact calculation methodologies included within SBB's annual investor newsletter.



PART III: CONTRIBUTION OF THE ELIGIBLE CATEGORIES TO THE UN SDGs

Using a proprietary methodology, ISS ESG assessed the contribution of SBB’s Sustainable Financing Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs). This assessment is an ISS ESG proprietary methodology while taking into account the sustainability quality of the Sustainable Financing Framework and the issuer’s specific sectorial context.

This assessment is displayed on 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 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 categories		
Green buildings	Significant contribution	
Energy efficiency measures	Limited contribution	 
Eligible social categories		
Affordable housing	Significant contribution	
Health and care facilities	Significant contribution	
Access to Essential Services (Education)	Significant contribution	

DISCLAIMER

1. Validity of the SPO: This SPO is valid as long as no new project categories are added to the framework.
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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4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from SBB's 2020 ISS ESG Corporate Rating.

Samhällsbyggnadsbolaget i Norden AB

Company Information

Country
Sweden

ISIN
SE0009554454

Industry
Real Estate

Key Results

Rating
C-

Decile Rank
2

Transparency Level
High

Status
Not Prime

Performance score
45.71

Prime Threshold
C

Absolute Rating

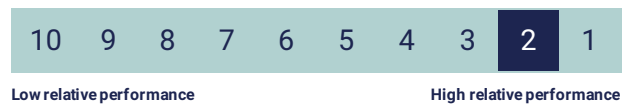


The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

Transparency Level



Decile Rank

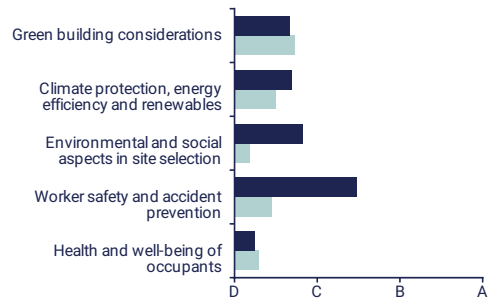


Industry Leaders

Company name (in alphabetical order)	Country	Grade
Gecina S.A.	FR	B-
Mercialys	FR	B-
Unibail-Rodamco-Westfield SE	FR	B

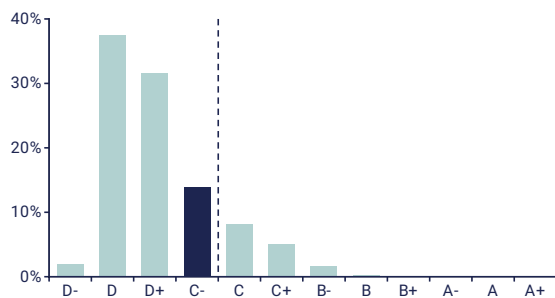
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

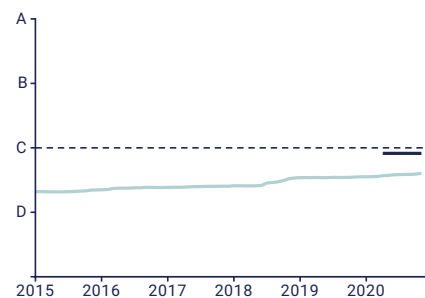


Distribution of Ratings

358 companies in the industry



Rating History



Samhällsbyggnadsbolaget i Norden AB

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.

Controversial Business Practices - 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.

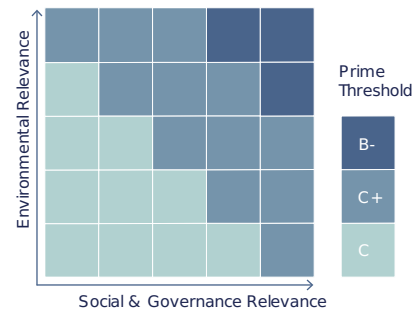
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile 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.

Samhällsbyggnadsbolaget i Norden AB

Methodology - Overview

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).

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).

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 2: Methodology

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 SBB's Sustainable Financing Framework contributes to related SDGs.

ANNEX 3: Quality management processes

SCOPE

SBB commissioned ISS ESG to compile a Framework SPO. The Second Party Opinion process includes verifying whether the Sustainable Framework aligns with the ICMA's Green and Social Bond Principles and the Sustainability Bond Guidelines, LMA's GLPs, and to assess the sustainability strategy of the issuer.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ICMA Social Bond Principles
- ICMA Sustainability Bond Guidelines
- LMA Green Loan Principles

ISSUER'S RESPONSIBILITY

SBB's responsibility was to provide information and documentation on the concept of its framework, eligibility criteria applied to the selection and evaluation of eligible projects and on loan programmes (re)financed under the framework.

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 Sustainability Financing Framework to be issued by SBB based on ISS ESG methodology and in line with the ICMA GBPs, SBPs and SBGs and Loan Market Association's GLPs.

The engagement with SBB took place in November 2020.

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/>

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