



STUDENTBOSTÄDER
I SVERIGE AB



SUSTAINABILITY BOND FRAMEWORK

April 2021

1. Introduction

1.1. About Studentbostäder i Sverige AB

Studentbostäder i Sverige AB (“the Company” or “SBS”) was founded in 2018 and is a real estate company that owns, manages and develops student housing in long-term partnerships with municipalities, county councils and universities. The fall of 2020, SBS acquired Prime Living AB, a company that also owns, manages and develops student housing in Sweden. SBS became a listed company via the acquisition of Prime Living AB.

The Company offers affordable housing of high quality to students. The property management is fully digitalized to streamline the operation of the property portfolio and to create a better living experience for the tenants. SBS owns properties in a number of university-close locations, from the north to the south in Sweden. SBS has expanded its property portfolio from SEK 900m to SEK 3.6bn in three years’ time and currently has a project portfolio with approximately 2,000 student housing units. The ambition is to become the leading student housing company in the Nordics, and to be the given choice for students on their way to their dream profession.

1.2. SBS’ sustainability contribution

SBS is committed to creating the next generation student housing with minimal environmental impact. This commitment is not limited to SBS’ own operations as the Company also seeks to limit the impact from its residents by encouraging sustainable behaviour.

In the construction of new buildings, SBS strives to have the most energy efficient solutions and to limit climate impact to the highest extent possible. All new buildings will fulfil the requirements for green and energy efficient buildings as defined in Section 2.

In addition to limiting environmental impact, SBS has a clear agenda within social sustainability and focus on safe, healthy and affordable apartments. Today, there is a shortfall of student housing in Sweden due to substantial demand. This shortage affects the attractiveness of the universities and inhibits growth. People with limited financial means do not have the same opportunity to study in cities where the availability of student housing is

insufficient and this further increases inequality in society. With SBS’ ambition to become the leading student housing company in the Nordics, it seeks to decrease the shortfall and works as an enabler for both universities and students.

As part of SBS’ sustainability strategy, the following environmental and social targets have been developed with a clear link to the UN Sustainable Development Goals (the “SDGs”) to which SBS believes it contributes the most.

Environmental goals

Creating the next generation of student housing

Through digital solutions and innovations, SBS develops student housing with low climate impact over the full life cycle.

Focus areas:

- Foster climate-efficient, sustainable behaviour among tenants
- Energy efficient, low-impact construction methods
- Circularity & resource efficiency

Related SDGs:



Social goals

Partnerships to foster the development of society

Development of residential areas in cooperation with municipalities and universities and colleges.

Focus areas:

- Close dialogue with municipalities and universities and colleges to meet their current demand for housing
- Develop residential areas as an extension of campus and student life

Related SDGs:



Cultivate an inclusive and pleasant environment

Together with tenants and co-workers, SBS creates a pleasant living- and working environment.

Focus areas:

- Activities which foster a sense of community
- Working environment and safety throughout the entire supply chain

- Health and well-being for tenants and co-workers

Related SDGs:



EU Taxonomy alignment

SBS has started to explore what the EU Taxonomy would mean for the Company's activities. At this stage SBS is missing some data and methodologies to perform a complete EU Taxonomy assessment. Hence, the Company has focused on evaluating its activities substantial contribution to environmental objectives and compliance with technical screening criteria, where the information is available. The Company's preliminary assessment suggest that its activities contribute to the environmental objective - Climate change mitigation. The technical screening criteria for real estate activities, included in the Delegated Acts for Climate Change Mitigation and Climate Change Adaptation, are at the point of the development of this Framework still subject for consultation¹.

1.3. The Sustainability Bond Framework

The establishment of this Sustainability Bond Framework (the "Framework"), focusing on sustainable and energy efficient buildings, will enable SBS' continued positive environmental and social impact in society.

This Framework has been developed in alignment with the Sustainability Bond Guidelines 2018 ("SBG")² which in turn are based on the Green Bond Principles ("GBP") and Social Bond Principles ("SBP"). The Framework is applicable for issuance of Sustainability bonds, Green bonds and Social bonds and other types of debt instruments (all referred to as "Sustainability bonds" hereafter) where net proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Projects/Assets with clear environmental and/or social benefits.

Furthermore, the Sustainability Bond Framework is reviewed by an impartial firm, which has provided a second opinion to confirm its alignment with the GBP and SBP.

The Framework and second opinion from ISS Corporate Solutions are available on SBS' website.

2. Use of Proceeds

An amount equivalent to the net proceeds from SBS' Sustainability bonds shall be used to finance or re-finance, in part or in full, Eligible Assets providing distinct environmental benefits ("Green Eligible Assets") and/or social benefits ("Social Eligible Assets"). The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Assets.

Eligible Assets under "*Energy efficiency*" correspond to the relevant invested amount. Eligible Assets under "*Green and energy efficient buildings*" and "*Affordable student housing*" are based on the market value of such assets reported in the balance sheet, at time of the cut-off date for annual reporting of the Sustainability bonds.

Green Eligible Assets

The real estate sector is the single largest energy consuming sector in the EU, responsible for about 40% of total energy usage and 36% of total carbon emissions³. Investing in Green and energy efficient buildings thus play a key role in the energy transition. This is further confirmed by the European Commission's strong focus on energy efficiency of buildings, which is the targeted metric in several of the Commission's strategies, such as the *Renovation Wave for Europe* and the EU Taxonomy.

Green and energy efficient buildings

Green Eligible Assets and Projects include financing of Green and energy efficient buildings which meet at least one of the following requirements:

- New construction and existing buildings that either have, or with the objective to

¹ EU Commission, 'Draft delegated regulation', <https://ec.europa.eu/info/law/better-regulation/>

² Sustainability Bond Guidelines published in June 2018 are voluntary process guidelines for issuing Sustainability bonds established by International Capital Markets Association (ICMA), <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ EU Taxonomy Report: technical Annex March 2020, https://ec.europa.eu/info/sites/info/files/business_economy_eu/bankingand_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

receive, an energy performance certificate (EPC) of class A or B

- ii. New construction and existing buildings that either have, or with the intention to receive, major well-known environmental certifications, such as:

- LEED “Gold” or better
- BREEAM “Very Good” or better
- BREEAM-In-Use “Very Good” or better
- Nordic Swan Ecolabel (Sw. “Svanen”)
- Miljöbyggnad “Silver” or better
- Green Building
- Passive House (Sw. “Passivhus”)

Or any other well recognized certification scheme of similar level subject to approval from the SBC⁴

- iii. New construction and existing buildings with an energy use per year 20% below the national building regulation, such as Boverket’s Building Regulations (“BBR”), applicable at time of construction. In addition, selected properties within this category have installed solar panels
- iv. Major renovations resulting in reduced energy consumption of at least 30% compared to pre-renovation

Energy efficiency

Energy retrofits such as heat pumps, converting to LED lighting, improvements in ventilation systems, extension of district heating and cooling systems, on-site solar panels, geothermal heating, etc.

Social Eligible Assets

Social Eligible Assets directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a target population(s)⁵.

A shortage of housing should not prevent anyone from pursuing their educational goals. SBS focuses exclusively on student housing and through the acquisition and construction of buildings, SBS continues to safeguard the existing and future student housing needs. SBS aims to grow in the locations with the highest demand for quality student housing.

The Swedish National Board of Housing, Building and Planning (Sw. “Boverket”) has defined rules for investment grants for building student housing. Grants can only be allocated to projects with relatively low housing rents, which is stipulated by a maximum standard rent in the rules for investment grants.

SBS enables education for everyone by offering rental housing with rents lower or on par with the standard rents proposed in the Swedish National Board of Housing, Building and Planning (Sw. “Boverket”).

Affordable student housing

- i. All new construction and existing buildings with rental apartments with a rental level lower or on par with the standard rents required for investment grants for student housing proposed in the Swedish National Board of Housing, Building and Planning (Sw. “Boverket”). Target population: students

3. Process for Asset Evaluation and Selection

3.1. Selection of Eligible Assets

The evaluation and selection process for Eligible Assets is a key process in ensuring that the amount equivalent to the net proceeds from Sustainability bonds is allocated to assets and activities which meet the criteria in the Framework.

The selection of Eligible Assets is managed by a dedicated group, the Sustainability Bond Committee (“SBC”). Members of the SBC consist of the CEO, Head of Finance and Transactions and Head of Project Management. SBS will assure that the sustainability expertise always relies within the SBC. All decisions are made in consensus, and that applies to the selection process of Eligible Assets as well.

A list of Eligible Assets is kept by the Head of Finance and Transactions who is also responsible for keeping it up to date.

⁴ SBC is defined in Section 3.1

⁵ Social Bond Principles published in June 2020 are voluntary process guidelines for issuing Social bonds established by International Capital Markets Association (ICMA),

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>

3.2. Further responsibilities of the SBC

The Framework will be updated from time to time to reflect current market practices and potential updates to the Green Bond Principles and Social Bond Principles, if and when the SBC deems it necessary.

The list of Eligible Assets is monitored on a regular basis during the term of the Sustainability bonds to ensure that the proceeds are sufficiently allocated to Eligible Assets. This is also a responsibility of the SBC.

3.3. Exclusion

The proceeds of SBS' Sustainability bonds will not be used to finance fossil fuel energy generation, nuclear energy generation, the weapons and defence industries, potentially environmentally negative resource extraction, gambling or tobacco.

4. Management of Proceeds

Net proceeds from SBS' Sustainability bonds will be tracked by using a spreadsheet where all issued amounts of Sustainability bonds will be inserted. The spreadsheet will also contain the list of Eligible Assets mentioned in Section 3. Information available in the spreadsheet will in turn serve as basis for regular reporting described in Section 5.

All Sustainability bonds issued by SBS will be managed on a portfolio level. This means that a Sustainability bond will not be linked directly to one (or more) pre-determined Eligible Assets. The Company will keep track and ensure there are sufficient Eligible Assets in the portfolio. Assets can, whenever needed, be removed or added to/from the Eligible Assets' portfolio.

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

5. Reporting

To be fully transparent towards the Sustainability investors and other stakeholders, SBS commits to regular reporting as long as it has Sustainability bonds outstanding. The report will cover the following areas:

Allocation of proceeds reporting

Allocation of proceeds for Sustainability bonds will be published on the Company's website on an annual basis.

- Total amount of Sustainability bonds issued
- Share of proceeds used for financing/re-financing as well as share of proceeds used for categories described in Section 2
- Share of unallocated proceeds (if any)

Impact reporting

Impact reporting will be published on the Company's website on an annual basis. SBS intends to report on quantitative impact indicators where feasible and relevant data is available. Some of the below criteria indicating environmental and social impact will be available:

Green Eligible Assets

Green and energy efficient buildings

- Energy use (kWh/m²)
- Estimated annual greenhouse gas emissions reduced or avoided (tCO₂e)

Energy efficiency

- Total amount energy saved (MW)
- Reduction in energy use (%)

Social Eligible Assets

Affordable student housing

- Total number of affordable apartments
- Rental cost compared to the maximum permitted standard rent for investment grants for student housing according to the Swedish National Board of Housing, Building and Planning (Sw. "Boverket")

6. External review

Second party opinion

To confirm the transparency and robustness of SBS's Sustainability Bond Framework, it is verified and approved by an external second opinion provider. The second opinion by ISS Corporate Solutions is available on the SBS' website, together with this Framework.

External part/verifier

Allocation of proceeds will be subject for an annual review by an external part/verifier. A verification report provided by the external part will be published on the Company's website.