

Second-Party Opinion

Sparbanken Lidköping Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Sparbanken Lidköping Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, Energy Efficiency, Clean Transportation and Renewable Energy – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 15.



PROJECT EVALUATION AND SELECTION Sparbanken Lidköping's Green Bond Committee will be responsible for the project evaluation and selection process in accordance with the eligibility criteria under the Framework. Sparbanken Lidköping has adopted internal guidelines and processes, and complies with applicable regional regulations to manage environmental and social risks associated with eligible projects. Sustainalytics considers the project selection process and the risk management system to be in line with market practice.



MANAGEMENT OF PROCEEDS Sparbanken Lidköping's Finance Department will be responsible for the management of proceeds. The net proceeds will be managed on a portfolio basis and tracked using an internal Green Register. Pending full allocation, Sparbanken Lidköping may temporarily invest unallocated proceeds in accordance with the internal requirements for the liquidity reserve. Sustainalytics considers this to be in line with market practice.



REPORTING Sparbanken Lidköping commits to report on allocation and impacts on an annual basis until full allocation and publish the reporting on Sparbanken Lidköping's corporate website. Allocation reporting will include the total amount of green bonds outstanding, share of proceeds used for new financing or refinancing, breakdown of green loans by green loan category, descriptions of selected green loans financed or refinanced and share of unallocated proceeds, if any. Sustainalytics views Sparbanken Lidköping's allocation and impact reporting commitments as aligned with market practice.

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Issuer Location	Lidköping, Sweden

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Introduction

Sparbanken Lidköping AB (“Sparbanken Lidköping” or the “Bank”) is a savings bank in Lidköping, Sweden. The Bank was founded in 1834 and has been wholly owned by Sparbanksstiftelsen Lidköping since 2000. It offers various banking services, including savings, lending, payments, insurance and legal counsel, to private and corporate customers. The Bank had 66 employees as of December 2023.

Sparbanken Lidköping has developed the Sparbanken Lidköping Green Bond Framework dated May 2024 (the “Framework”), under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing and future loans that are expected to contribute to decarbonizing the building stock and reducing GHG emissions in Sweden. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Environmentally Sustainable Management of Living Natural Resources and Land Use
3. Energy Efficiency
4. Clean Transportation
5. Renewable Energy

Sparbanken Lidköping engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ The Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Sparbanken Lidköping’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Sparbanken Lidköping representatives have confirmed (1) they understand it is the sole responsibility of Sparbanken Lidköping to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Sparbanken Lidköping.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Sparbanken Lidköping Green Bond Framework is available on Sparbanken Lidköping’s website at: <http://www.sparbankenlidkoping.se>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Sparbanken Lidköping has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sparbanken Lidköping Green Bond Framework

Sustainalytics is of the opinion that the Sparbanken Lidköping Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, Energy Efficiency, Clean Transportation and Renewable Energy – are aligned with those recognized by the GBP.
 - Under the Green Buildings category, Sparbanken Lidköping may finance or refinance loans for new and existing residential and commercial buildings in accordance with the following criteria:
 - New residential and commercial buildings built after 31 December 2020 that comply with one of the following criteria:
 - Primary energy demand (PED) at least 10% lower than the threshold set for nearly zero energy buildings (NZEB) according to national building regulations.
 - Energy performance certificate (EPC) rating A or B.
 - Buildings with EPC rating C or above and certified to or expected to be certified to the following minimum certification levels: Miljöbyggnad Silver;⁴ Nordic Swan Ecolabel;⁵ Passive House;⁶ LEED Gold;⁷ or BREEAM Excellent.⁸
 - Subject to data availability, buildings larger than 5,000 m² in floor area are required to undergo testing for airtightness and thermal integrity upon completion, as well as a calculation of the building's life cycle global warming potential (GWP) resulting from the construction at each stage of the life cycle.
 - Existing residential and commercial buildings built before 31 December 2020 that comply with one of the following criteria:
 - EPC rating A or in the top 15% of the national or regional building stock expressed in operational PED and demonstrated by adequate evidence.
 - Buildings with EPC rating C or above and certified or expected to be certified to the following minimum certification levels: Miljöbyggnad Silver; Miljöbyggnad iDrift Silver;⁹ Nordic Swan Ecolabel; Passive House; LEED Gold; or BREEAM Excellent or In-use Excellent.¹⁰
 - Extensive renovations that lead to primary energy savings of at least 30% within a maximum of three years and validated through an EPC upon completion of the renovation. Sparbanken Lidköping has confirmed to Sustainalytics that the financing will be limited to renovation expenditures deemed eligible under the Framework.
 - Sustainalytics considers the expenditures under this category to be aligned with market practice.
 - Under Environmentally Sustainable Management of Living Natural Resources and Land Use, Sparbanken Lidköping may finance or refinance loans for sustainable agriculture and forestry according to the following criteria:

⁴ Miljöbyggnad: <https://www.sgbc.se/certifiering/miljobyggnad/>

⁵ Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/official-nordic-ecolabel/>

⁶ Passive House: https://passivehouse.com/03_certification/02_certification_buildings/01_benefits-of-certification/01_benefits-of-certification.htm

⁷ LEED: <https://www.usgbc.org/leed>

⁸ BREEAM: <https://breeam.com/standards/new-construction>

⁹ Miljöbyggnad iDrift: <https://www.sgbc.se/certifiering/miljobyggnad/>

¹⁰ BREEAM In-use: <https://breeam.com/standards/in-use>

- Sustainable agricultural cropping activities certified with the KRAV label.¹¹
- Forestry activities certified with the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certified (PEFC).
- Sustainalytics considers these expenditures to be aligned with market practice.
- Under the Energy Efficiency category, Sparbanken Lidköping may finance or refinance loans for energy efficiency improvements, including:
 - Smart meters for electricity or water. Sparbanken Lidköping has confirmed to Sustainalytics that the Framework will exclude smart meters for gas.
 - Energy storage systems that are connected to renewable energy sources, such as battery energy storage.
 - Energy-efficient lighting technologies, such as conversion to LED lighting.
 - Improvements in ventilation systems. The Bank has confirmed to Sustainalytics that it will exclude energy-efficient technologies intended for inherently carbon-intensive processes and industries.
 - Extension of district heating or cooling systems that rely entirely on renewable energy. Sparbanken Lidköping has confirmed that district heating and cooling distribution systems will be primarily (>50%) powered by renewable energy and/or waste heat, and heat and cooling generation utility and transmission infrastructure is directly connected to a power plant 100% powered by renewables or industrial waste heat. The Bank has confirmed to Sustainalytics that waste heat from fossil fuel production and operation will be excluded from this expenditure.
 - Electric heat pumps or absorption heat pumps driven by solar- or geothermal-heated water. Sparbanken Lidköping has confirmed to Sustainalytics that it will exclude high GWP refrigerants and there will be a refrigerant management system that measures leakage. Such a system will also include measures to minimize leakage, such as the installation of leak detection alarm systems, regular leak detection inspections, and equipment maintenance and cleaning.
 - Sustainalytics considers these expenditures to be aligned with market practice.
- Under the Clean Transportation category, Sparbanken Lidköping may finance or refinance loans to low-carbon passenger transportation and related infrastructure, including:
 - Passenger cars and vehicles with zero direct emissions, such as electric and hydrogen vehicles.
 - Infrastructure supporting clean transportation, including bicycle and pedestrian infrastructure, and electric charging points.¹² The Bank has confirmed to Sustainalytics that it will exclude new construction and existing road infrastructure retrofits, including roads and bridges.
 - Sustainalytics considers these expenditures to be aligned with market practice.
- Under the Renewable Energy category, Sparbanken Lidköping may finance or refinance loans for the following renewable energy generation projects:
 - Onshore solar photovoltaic power generation.
 - Onshore or offshore wind power generation.
 - Sustainalytics considers these expenditures to be aligned with market practice.
- Sustainalytics notes that the Framework excludes financing of fossil fuel-related energy generation and related infrastructure, nuclear energy generation, weapons, potentially environmentally negative resource extraction, gambling and tobacco. Sustainalytics positively views the presence of exclusionary criteria in the Framework.
- Project Evaluation and Selection:
 - Sparbanken Lidköping has established the Green Bond Committee (GBC) to evaluate and select eligible projects in line with the criteria outlined in the Framework. The GBC consists of representatives from the Finance and Credit departments and the Head of Sustainability.
 - The Bank implements sustainability analysis in its regular credit processes to identify and manage social and environmental risks associated with the projects and assets that may be financed under the Framework. The Bank also assesses project compliance with applicable national and international laws and regulations. These measures are applicable to all allocation decisions made under the Framework. Sustainalytics considers Sparbanken Lidköping's environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.

¹¹ KRAV: <https://www.krav.se/en/standards/>

¹² The charging stations in standalone parking facilities will be excluded unless such parking spaces are in the building itself.

- Based on the presence of a dedicated committee for project evaluation and selection and a risk management process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Bank's Finance Department will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal Green Register.
 - The Bank intends to allocate the proceeds within one year of issuance. Pending full allocation, unallocated proceeds will be invested in accordance with the internal requirements for the liquidity reserve under the management of the Finance Department.
 - Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The Bank commits to report on the allocation and impacts of proceeds in its Green Bond Report, which will be published on its website on an annual basis until full allocation.
 - The Bank will appoint an independent verifier to review the annual allocation report following issuance.
 - Allocation reporting will include: i) total amount of green bonds outstanding, ii) share of proceeds used for new financing or refinancing, iii) breakdown of green loans by green loan category; iv) descriptions of selected green loans financed or refinanced; and v) share of unallocated proceeds, if any.
 - Impact reporting may include, where feasible: i) estimated annual GHG emissions reduced or avoided (in tCO₂e), ii) energy savings (in MWh), iii) KRAV-certified area (in ha), iv) FSC- or PEFC-certified area (in ha), v) number of fossil-free vehicles deployed, vi) number of electric vehicles charging points installed; and vii) energy generation (in MWh).
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Sparbanken Lidköping Green Bond Framework aligns with the four core components of the GBP.

Section 2: Sustainability Strategy of Sparbanken Lidköping

Contribution to Sparbanken Lidköping's sustainability strategy

The Bank has established its sustainability objectives and initiatives in its 2022-24 Strategy Plan,¹³ which focuses on the following sustainability areas: i) sustainable private and corporate businesses to increase sustainability awareness of its customers and increase products and service offerings that contribute to energy efficiency; and ii) climate impact reduction by adopting sustainable procurement practices¹⁴ and aligning its investment with its Environmental and Sustainability Policy.^{15,16} The Bank's Sustainability Group is responsible for planning and implementing relevant activities to meet the objectives.¹⁷

As part of its sustainability objectives to promote sustainable private and corporate businesses, Sparbanken Lidköping offers its customers lending options for energy efficiency measures, renewable energy technology and clean transportation. The Bank offers an energy loan of up to SEK 350,000 (USD 32,018) for energy efficiency improvement solutions for homes, such as additional insulation, window replacement and heating system improvements.¹⁸ Apart from energy loans, the Bank offers solar loans for the installation of solar panels on properties, financing up to SEK 350,000 (USD 32,018).¹⁹ Sparbanken Lidköping also supports its customers in acquiring low-emission vehicles with green loans for cars.²⁰

In addition, Sparbanken Lidköping supports its customers in making sustainable investment decisions by providing sustainability fund analysis, where the Bank reviews the fund company's policy, governance and sustainability measures and the fund's holdings²¹ according to its sustainability requirements. The requirements include: i) the fund or the fund company must have a climate strategy to promote the transition to low emissions or reduce climate-related risks and must exclude fossil fuel-related energy

¹³ Sparbanken Lidköping has shared its Strategy Plan for 2022 to 2024 with Sustainalytics confidentially.

¹⁴ Sparbanken Lidköping has shared its Procurement Policy with Sustainalytics confidentially.

¹⁵ Sparbanken Lidköping has shared its Finance Policy with Sustainalytics confidentially.

¹⁶ Sparbanken Lidköping has shared its Environmental and Sustainability Policy with Sustainalytics confidentially.

¹⁷ Sparbanken Lidköping has shared its Strategy Plan for 2022 to 2024 with Sustainalytics confidentially.

¹⁸ Sparbanken Lidköping, "Energilån", at: <https://www.sparbankenlidkopning.se/privat/privatlan-och-krediter/energilan.html>

¹⁹ Sparbanken Lidköping, "Låna till solceller – Sollån", at: <https://www.sparbankenlidkopning.se/privat/privatlan-och-krediter/sollan.html>

²⁰ Sparbanken Lidköping, "Grönt billån", at: <https://www.sparbankenlidkopning.se/privat/privatlan-och-krediter/lana-till-bil/gront-billan.html>

²¹ Sparbanken Lidköping, "Hållbarhetsanalys av fonder - så möter vi dina krav på hållbarhet", at: <https://www.sparbankenlidkopning.se/om-oss/miljo-och-hallbarhet/hallbar-utveckling-hallbarhet/hallbart-sparande/hallbarhetsanalys-av-fonder.html>

generation and weapon manufacturing;²² and ii) the fund manager must have signed the UN Principles for Responsible Investment and ensures that the manager integrates ESG issues into investment analysis and decision-making processes.²³

Sustainalytics is of the opinion that the Sparbanken Lidköping Green Bond Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's actions on its key environmental priorities. Nevertheless, Sustainalytics encourages Sparbanken Lidköping to develop and report on quantitative and time-bound targets.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the bonds issued under the Framework will be directed towards eligible loans that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible loans could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that the Bank plays a limited role in the development or implementation of specific projects but notes that it is exposed to risks associated with companies or projects to which it provides lending and financial services. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) land use and biodiversity issues associated with construction; ii) emissions, effluents and waste generated in construction; iii) occupational health and safety (OHS); iv) community relations and stakeholder participation; and v) business ethics and responsible lending.

Sustainalytics is of the opinion that Sparbanken Lidköping is able to manage or mitigate potential risks through the implementation of the following:

- In order to identify and manage the environmental and social risks associated with lending practices, the Bank carries out a sustainability analysis for all clients and as part of its annual credit monitoring practice.²⁴ The analysis is conducted according to a methodology developed by Swedbank, with which the Bank has a co-operative relationship, providing the Bank with access to its products and IT support systems.²⁵ The analysis consists of four steps: i) identifying key ESG factors in the industry; ii) understanding the degree of impact of the ESG factors and the client's response; iii) financial analysis related to identified risks; and iv) evaluating customer transition strategies. As part of the analysis, the Bank uses an ESG analysis tool based on the Sustainability Accounting Standards Boards' (SASB) Standards²⁶ to identify and measure clients' exposure to material sustainability risks in their respective industries. The assessment using the ESG analysis tool is mandatory for clients with exposure of more than SEK 8 million (USD 728,962) and identified risks. The result of the analysis is translated into an ESG score and documented in a credit memo for each customer.²⁷
- Regarding risks related to land use and biodiversity loss, the Bank has an Environmental and Sustainability Policy,²⁸ which states that the Bank complies with applicable laws and regulations in all its activities, prioritizes suppliers and customers that are committed to environmental and sustainability issues and works proactively to minimize and prevent pollution and reduce environmental impacts.²⁹ In addition, projects financed in the EU are expected to meet the requirements of Directive 2014/52/EU,³⁰ which requires projects to have adequate environmental impact assessments before approval. Regarding the protection of biodiversity, the directive requires measures to be taken to avoid, prevent, reduce and, where possible, offset significant adverse effects on the environment, in particular on species and habitats. In addition, the directive requires projects to identify, describe and assess impacts related to land use.
- To manage emissions, effluents and waste, the Bank is required to follow the applicable EU guidelines and regulations, such as the EU Construction and Demolition Waste Protocol and Guidelines,³¹ the EU Waste Framework Directive,³² the Waste Electrical and Electronic

²² Sparbanken Lidköping, "Bankens ställningstagande som finansiell rådgivare att beakta de huvudsakliga negativa konsekvenserna för hållbarhetsfaktorer enligt disclosureförfordningen.", at:

<https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE78962603>

²³ Principles for Responsible Investment, "What are the Principles for Responsible Investment?", at: <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

²⁴ Sparbanken Lidköping has shared its User's guide Sustainability analysis in lending document with Sustainalytics confidentially.

²⁵ Ibid.

²⁶ SASB, "SASB Standards overview", at: <https://sasb.ifrs.org/standards/>

²⁷ Sparbanken Lidköping has shared its User's guide Sustainability analysis in lending document with Sustainalytics confidentially.

²⁸ Sparbanken Lidköping has shared its Environmental and sustainability policy with Sustainalytics confidentially.

²⁹ Ibid.

³⁰ European Commission, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0052&from=FR>

³¹ European Commission, "EU Construction and Demolition Waste Protocol and Guidelines", (2018), at: https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18_en

³² European Parliament, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

Equipment Directive³³ and the European Waste Shipment Regulation.³⁴ These regulations aim to ensure that waste is managed without endangering human health or causing harm to the environment.³⁵

- Regarding OHS, Sparbanken Lidköping complies with the Swedish Work Environment Act, which establishes guidelines to prevent occupational health issues and accidents at the workplace.³⁶ The act requires employers to take all reasonable measures to ensure employees' safety and health in the workplace, including providing necessary training, information and resources to prevent work-related accidents and illnesses.
- To manage risks associated with community relations and stakeholder participation, the Bank's Environmental and Sustainability Policy states that the Bank seeks to engage with stakeholders and customers on sustainability and environmental issues.³⁷ The Bank also has Whistleblowing mechanisms in place, which highlight the investigation process and the protection of the whistleblower's identity.³⁸
- Regarding business ethics and responsible lending, the Bank has an anti-money laundering and anti-terrorist financing policy, which outlines risk assessment and know-your-customer procedures, as well as continuous training of its employees.³⁹ The Ethics and Conflict of Interest Policy outlines the measures taken to address unethical business practices and conflicts of interest between employees, suppliers and customers.⁴⁰
- The financing under the Framework will take place in Sweden, which is categorized as a Designated Country under the Equator Principles, indicating the presence of strong environmental and social governance legislation systems and institutional capacity to mitigate common environmental and social risks.⁴¹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Sparbanken Lidköping has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of financing green buildings in the EU and Sweden

The buildings sector is the largest energy consumer in the EU, accounting for approximately 40% of the bloc's total energy consumption.⁴² In 2021, the buildings sector contributed 36% to energy-related GHG emissions in the EU, with heating, cooling and domestic hot water use constituting 80% of the overall energy demand.⁴³ As part of the Climate Target Plan 2030, the EU aims to cut GHG emissions by 55% by 2030 compared to 1990 levels and achieve climate neutrality by 2050.⁴⁴ To meet these targets, the EU must reduce emissions from its building stock by 60%, decrease buildings' final energy consumption by 14% and cut energy use from heating and cooling by 18% compared to 2015 levels.⁴⁵ With the European Commission's Renovation Wave strategy, the EU aims to double the renovation rates of buildings by 2030.⁴⁶ Renovating existing buildings could reduce the EU's total energy consumption by an estimated 5-6% and lower overall emissions by 5%.⁴⁷

³³ European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

³⁴ European Parliament, "Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32006R1013>

³⁵ European Commission, "Waste Framework Directive", at: https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en

³⁶ Government of Sweden, "Work Environment Act", at: <https://www.government.se/government-policy/labour-law-and-work-environment/19771160-work-environment-act-arbetsmiljolagen/>

³⁷ Sparbanken Lidköping has shared its Environmental and Sustainability Policy with Sustainalytics confidentially.

³⁸ Sparbanken Lidköping has shared its Whistleblowing Instructions with Sustainalytics confidentially.

³⁹ Sparbanken Lidköping has shared its Policy on measures against money laundering and terrorist financing with Sustainalytics confidentially.

⁴⁰ Sparbanken Lidköping has shared its Ethics and Conflict of Interest Policy with Sustainalytics confidentially.

⁴¹ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

⁴² European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴³ European Commission, "Directive of the European Parliament and of the Council on the energy performance of buildings (recast)", (2021), at: <https://data.consilium.europa.eu/doc/document/ST-15088-2021-INIT/en/pdf>

⁴⁴ European Environment Agency, "2030 Climate Target Plan", at: <https://www.eea.europa.eu/policy-documents/2030-climate-target-plan>

⁴⁵ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at:

https://eur-lex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴⁶ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴⁷ Ibid.

Sweden aims to achieve net zero GHG emissions by 2045⁴⁸ with the following interim reduction milestones: a 55% reduction by 2030 and a 73% reduction by 2040 compared to 1990.⁴⁹ The construction and real estate sectors play an important role in meeting these goals, as construction and real estate sectors collectively accounted for 34% of Sweden’s total energy consumption and 22% of its national GHG emissions in 2021.⁵⁰ Aligned with the EU’s climate goals and strategies, Sweden has committed to improving the energy efficiency by 50% by 2030 compared to 2005 baseline and achieving 100% renewable electricity generation by 2040 under its Integrated National Energy and Climate Policy.⁵¹ Additionally, since 2022, all new buildings in Sweden must obtain a climate declaration detailing the climate impacts of the entire construction phase.⁵² The municipality of Lidköping is working on the Climate 2030 initiative with other municipalities to make the western Swedish economy fossil-free by 2030, with initiatives that include installing EV charging points, combatting food waste, improving energy efficiency, installing solar cells and reusing building materials.⁵³ In addition, in 2021, Lidköping has adopted its own Sustainability Program to achieve a sustainable society, covering environmental, social and economic aspects of sustainability.⁵⁴

In this context, Sustainalytics is of the opinion that the Sparbanken Lidköping’s investments in green buildings will contribute to Sweden’s country-level emissions reduction targets and municipality-level climate strategies.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Sparbanken Lidköping Green Bond Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix

⁴⁸ Government of Sweden, “Sweden’s climate policy framework”, (2021), at: <https://www.government.se/articles/2021/03/swedens-climate-policy-framework/>

⁴⁹ Ibid.

⁵⁰ Boverket, “Miljöindikatorer – aktuell status”, (2024), at: <https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--aktuell-status/>

⁵¹ The Ministry of Infrastructure, “Sweden’s Integrated National Energy and Climate Plan”, (2020), at: https://energy.ec.europa.eu/system/files/2020-03/se_final_necp_main_en_0.pdf

⁵² Boverket, “Climate declaration for new buildings”, (2023), at: <https://www.boverket.se/en/start/building-in-sweden/developer/rfq-documentation/climate-declaration/>

⁵³ Lidköpings Kommun, “Klimat 2030 - våra klimatlöften”, at: <https://lidkoping.se/bygga-bo-och-miljo/miljo-halsoskydd-och-hallbarhet/vara-klimatloften>

⁵⁴ Lidköpings Kommun, “Hållbarhetsprogram för Lidköpings kommun 2022-2030”, (2021), at: https://lidkoping.se/download/18.53007ff517e677bc30015bbc/1644223370637/hallbarhetsprogram_lidkopings_kommun.pdf

Conclusion

Sparbanken Lidköping has developed the Sparbanken Lidköping Green Bond Framework, under which it may issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future eligible projects that are expected to facilitate the decarbonization of the building stock and emissions reduction in Sweden. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines processes for the tracking, allocation and management of proceeds and makes commitments for reporting on the allocation and impacts. Sustainalytics considers that the Sparbanken Lidköping Green Bond Framework is aligned with Sparbanken Lidköping's overall sustainability strategy and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7, 9, 11 and 15. Additionally, Sustainalytics considers that Sparbanken Lidköping has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Sparbanken Lidköping is well positioned to issue green bonds and that the Sparbanken Lidköping Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

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