

Sustainalytics Second Party Opinion

Sparbanken Skaraborg Green Funding Framework

29 September 2025

Framework owner and location:
Sparbanken Skaraborg
Skara, Sweden

Sector:
Financial Services

Overall Assessment

Sustainability Contribution



Principles Alignment

✓ **Aligned**

Green Bond Principles 2025

Contribution to SDGs



Assessment Summary

Sparbanken Skaraborg has developed the Sparbanken Skaraborg Green Funding Framework dated October 2025, under which it intends to issue public or private debt placements and senior preferred unsecured bonds to fund projects in Sweden in six environmental categories.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's six use of proceeds categories, weighted according to the percentage allocation indicated by Sparbanken Skaraborg to Sustainalytics.

The Bank intends to finance expenditures in Green Buildings, Renewable Energy, Energy Efficiency, Clean Transport, Sustainable Forestry and Environmentally Sustainable Management of Living Natural Resources and Land Use. The Bank will finance new and existing buildings ranked among the best energy-performing buildings in Sweden. While most Swedish buildings are zero-carbon ready by nature of being connected to district heating, the Framework does not explicitly require fossil-free energy use for new builds post-2024. These buildings are nonetheless expected to strongly contribute to the sector's decarbonization.

Energy storage facilities and district heating systems connected to low carbon energy are expected to strongly support energy transition, while investments in zero emissions vehicles and related infrastructure substantially contribute to the reduction of transport-related emissions. Certified sustainable forest management projects strongly advance the sustainable use of forest resources. Investments in low-carbon electricity generation are expected to significantly contribute to decarbonizing energy systems, albeit including certain interim solutions. Though bioenergy and biofuels from animal manure can aid the shift from fossil fuels, they are not viable long-term solutions due to the high life cycle emissions and water intensity associated with animal husbandry. Credible certifications support sustainable crop, livestock and dairy practices, and despite the significant emissions lock-in risk from lacking decarbonization commitments in livestock and dairy, these investments aid the transition to sustainable food systems.

We have assessed the Framework as **Aligned** with the Green Bond Principles 2025.

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Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. We have weighted each category according to the percentage allocation indicated by Sparbanken Skaraborg to Sustainability, as shown below.

Category	Sustainability Contribution Level	Weight
Green Buildings	 <p style="text-align: center;">▲ Strong</p>	50%
Renewable Energy	 <p style="text-align: center;">▲ Significant</p>	29%
Energy Efficiency	 <p style="text-align: center;">▲ Strong</p>	1%
Clean Transportation	 <p style="text-align: center;">▲ Strong</p>	1%
Sustainable Agriculture	 <p style="text-align: center;">▲ Significant</p>	18%
Environmentally Sustainable Management of Living Natural Resources and Land Use	 <p style="text-align: center;">▲ Strong</p>	1%

Issuer Overview and Sustainability Strategy

Sparbanken Skaraborg is a bank headquartered in Skara, Sweden. The Bank provides a range of banking and insurance services to individuals and businesses, including lending, saving, investment, pension, insurance and family legal services. The Bank serves four municipalities in Sweden, had total assets of SEK 19,537 million (EUR 1,776 million) as of 30 June 2024,¹ and employs 134 staff as of September 2025.²

The Bank integrates environmental and social factors into its sustainability strategy, focusing on: i) sustainable customers; ii) sustainable society; and iii) sustainable employees. The Bank offers its customers preferential lending terms for sustainable financing initiatives, including green retail mortgages, green real estate loans for businesses, and loans to upgrade a property's energy efficiency, finance solar panels or to purchase low-emission cars.³ Additionally, the Bank offers investment services primarily through its partner Swedbank Robur, which has set a target for its managed capital to be carbon neutral by 2040, and in line with the Paris Agreement's goal to limit global warming to 1.5 degrees by 2025.⁴ Moreover, all companies invested in through its funds are signatories to the UN Principles for Responsible Investment.⁵ As part of efforts to contribute to a sustainable society, the Bank reinvests profits in local projects related to culture, sport, research, education and business through its owner, the foundation Sparbanksstiftelsen Skaraborg.⁶ In 2024, the foundation reinvested SEK 14.3 million (EUR 1.3 million) in such projects.⁷

The board of directors is responsible for establishing the Bank's strategy, including those relating to sustainability, and for overseeing sustainability reporting.⁸ The Bank has a dedicated Sustainability Coordinator who is responsible for implementing the sustainability strategy and driving improvements in sustainability performance.⁹ The Bank publishes an annual sustainability report, which includes information on the Bank's sustainability strategy, environmental and community initiatives, and its scope 1, 2 and limited scope 3 carbon emissions data.

¹ Sparbanken Skaraborg, "Delårsrapport, januari-juni 2025", (2025), at: <https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE248022567>

² Sparbanken Skaraborg, "Årsredovisning 2024", (2025), at: https://issuu.com/sparbankerna/docs/rsredovisning_2024_sparbanken_skaraborg?fr=sMTE0ZDgzNjk5NzU

³ Sparbanken Skaraborg, "Hållbarhet och vårt hållbarhetsarbete", at: <https://www.sparbankenskaraborg.se/om-oss/hallbar-utveckling-hallbarhet.html>

⁴ Sparbanken Skaraborg, "Hållbarhetsrapport 2024", (2025), at: https://issuu.com/sparbankerna/docs/hallbarhetsrapport_2024?fr=xKAE9_zMzMW

⁵ Sparbanken Skaraborg, "Hållbarhet och vårt hållbarhetsarbete", at: <https://www.sparbankenskaraborg.se/om-oss/hallbar-utveckling-hallbarhet.html>

⁶ Sparbanken Skaraborg, "Hållbarhetsrapport 2024", (2025), at: https://issuu.com/sparbankerna/docs/hallbarhetsrapport_2024?fr=xKAE9_zMzMW

⁷ Ibid.

⁸ Ibid.

⁹ Sparbanken Skaraborg shared its Sustainability Policy with Sustainalytics confidentially.

Principles Alignment

We have assessed the Sparbanken Skaraborg Green Funding Framework as follows:

Green Bond Principles 2025 - **Aligned**

Sparbanken Skaraborg intends to issue green bonds, including senior preferred unsecured bonds, private or public placements under the Framework. The Bank will exclude equity issuance.

Principles Alignment Detailed Evaluation

Use of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes eligibility criteria appropriately.
- ▶ All expenditures are expected to provide clear environmental benefits.

Project Evaluation and Selection

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance process for the evaluation and selection of eligible projects.
- ▶ The Framework communicates the environmental or social sustainability objectives of eligible projects.
- ▶ The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

Additional considerations

- ▶ The Bank has committed to the following practices, which go beyond the core requirements:
 - ▶ The Bank describes how eligible projects support its overarching sustainability objectives and strategy.
 - ▶ The Bank intends to align projects under the Framework with the EU Taxonomy's technical screening criteria for substantial contribution in the Climate Delegated Act (December 2021).
 - ▶ The Bank indicates the SDGs to which it expects to contribute through eligible projects.
 - ▶ The Framework excludes investments directly related to activities associated with nuclear energy generation, weapons and defence industries or potentially environmentally negative resource extraction, gambling or tobacco.

Management of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance structure for the management of proceeds.
- ▶ The Framework describes the processes and systems that will be used to track the proceeds.

- ▶ The Framework describes the intended temporary placement for the balance of unallocated proceeds.

Additional considerations

- ▶ The Bank will manage the proceeds from the financing using a portfolio approach.
- ▶ The Bank has committed to the following practices which go beyond the core requirements:
 - ▶ The Bank intends to allocate all proceeds to eligible projects within 12 months of issuance.
 - ▶ Pending full allocation, funds may be temporarily allocated in line with the requirements of the liquidity reserve, in accordance with the Framework's exclusion criteria.
 - ▶ The Bank will obtain external verification for its allocation of proceeds on an annual basis and in the event of any material developments.

Reporting

Aligned

Alignment with core requirements

- ▶ The Bank will provide an annual allocation report until full allocation of proceeds and in the event of any material developments.

Additional considerations

- ▶ The Bank has committed to the following practices which go beyond the core requirements:
 - ▶ The Bank will have category level allocation in the allocation report.
 - ▶ The Bank will report on the qualitative and quantitative impacts of projects using relevant metrics.
 - ▶ The Framework indicates at least one impact metric for each category.
 - ▶ The Bank will publish a Green Bond Impact Report containing allocation and impact information on its website.

Sustainability Contribution

Sparbanken Skaraborg intends to use the proceeds from the bonds issued under the Framework to finance and refinance loans expected to lead to environmental benefits in Sweden.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. We have weighted each category according to the percentage allocation indicated by Sparbanken Skaraborg to Sustainalytics.

Sustainability Contribution



Green Buildings



We have assessed the Sustainability Contribution of the Green Buildings category as **Strong**.

Buildings financed under the Framework will meet strong energy performance standards, which places them among the most energy efficient in their region, despite new builds not being guaranteed to be zero carbon ready. The category also includes renovation expenditures that deliver at least a 30% reduction in Primary Energy Demand (PED) or meet the major renovations criteria under Directive 2010/31/EU, and technologies dedicated to energy efficiency in buildings may be financed, which support the goal of minimizing emissions from building energy and heating systems. Together, investments in this category are expected to strongly support the decarbonization of the building stock.

Category Expenditures

Expenditure	Description
Construction of new buildings	<ul style="list-style-type: none"> Construction of buildings for which the building application was filed after 31 December 2020 that meet any of the following criteria: i) have PED of at least 10% lower than the threshold set for Nearly Zero Energy Building (NZEB)¹⁰ according to national building regulations; or ii) have one of the following minimum green building certification levels: energy performance certificate¹¹ (EPC) A or B; Miljöbyggnad¹² Silver; Nordic Swan Ecolabel¹³; Passive House¹⁴; LEED¹⁵ Gold; or BREEAM¹⁶ Excellent. Buildings larger than 5,000m² will be tested to establish their Global Warming Potential (GWP), airtightness and thermal integrity.

¹⁰ NZEB: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-and-zero-emission-buildings_en

¹¹ EPC: <https://www.gov.uk/energy-performance-certificate-commercial-property>

¹² Miljöbyggnad: <https://www.sgbc.se/certifiering/miljobyggnad/>

¹³ Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/official-nordic-ecolabel/>

¹⁴ Passive House: https://passivehouse.com/03_certification/02_certification_buildings/01_benefits-of-certification/01_benefits-of-certification.htm

¹⁵ LEED: <https://www.usgbc.org/leed>

¹⁶ BREEAM: <https://breeam.com/about/how-breeam-works>

Acquisition and ownership of existing buildings	<ul style="list-style-type: none"> ▶ Acquisition and ownership of buildings for which the building application was filed before 31 December 2020 that either: i) belong to the top 15% of national or regional building stock in terms of PED; or ii) have one of the following minimum green building certification levels: EPC A or B; Miljöbyggnad Silver; Miljöbyggnad iDrift Silver; Nordic Swan Ecolabel; Passive House; LEED Gold; BREEAM Excellent; or BREEAM¹⁷ In-Use Excellent.
Major renovations	<ul style="list-style-type: none"> ▶ Renovation expenditures that either: i) result in a PED reduction of at least 30%, compared to the pre-renovation level; or ii) where the building meets the applicable requirements for major renovations, as set in the applicable national and regional building regulations for major renovations implementing Directive 2010/31/EU.¹⁸ ▶ The 30% PED improvements will be achieved within three years. ▶ Financing will be limited to renovation costs, unless a building fulfils the criteria for the acquisition of existing green buildings defined above as a result of the retrofit, in which case the expenditures related to the retrofit and the asset value of the building can be financed.
Energy efficiency technologies in buildings	<p>Installation, maintenance and repair of the following technologies:</p> <ul style="list-style-type: none"> ▶ Energy-efficient equipment such as insulation, windows, doors, light sources, HVAC and water heating systems, including equipment related to district heating services. ▶ Electric heat pumps, with refrigerants that have GWP of 675 or less. Eligible heat pumps will have an appropriate refrigerant management system in place. ▶ Energy monitoring and control systems, including thermostats; sensor equipment; building automation and control systems; building energy management systems; lighting control energy management systems; smart meters for heat, cool and electricity; and façade and roofing elements with a solar shading or control functions. Smart meters for gas are excluded under the Framework.
Additional Information	
×	Buildings dedicated to storage, transportation and exploration of fossil fuels are excluded.

¹⁷ BREEAM In-use: <https://breeam.com/standards/in-use>

¹⁸ The Directive 2010/31/EU stipulates that the energy performance of the building or the renovated part that is upgraded must meet cost-optimal minimum energy performance requirements of the respective national and regional building regulations.

Analytical Commentary

Buildings operations accounted for 30% of global final energy consumption and 26% of energy-related GHG emissions in 2022.¹⁹ To reduce emissions in this sector, many countries, including Sweden, are strengthening building energy codes and promoting energy-efficient systems and renewable technologies in the built environment. However, decarbonization in the sector must accelerate to achieve net zero emissions by 2050. As of 2020, only 5% of new buildings worldwide were zero carbon-ready, while this share must increase to 100% by 2030 to keep pace with internationally agreed climate goals.²⁰ Investments in highly energy-efficient and zero emissions-ready buildings are critical to bridging this gap and decarbonizing the buildings sector. Additionally, energy-efficient equipment and related monitoring systems, such as heat pumps, also play a crucial role in improving buildings' energy efficiency, particularly in existing building stock.²¹ To align with the Net Zero Emissions (NZE) by 2050 scenario, the buildings sector's energy intensity needs to decrease by 4.4% annually until 2030. This is more than three times the average rate of 1.4% reported between 2010 and 2023. In this context, investing in highly energy-efficient buildings and increasing the energy efficiency of existing buildings using supportive technologies will contribute to reducing emissions from the building sector.

The Framework's eligibility criteria are expected to place eligible buildings among the best performing in Sweden with respect to energy efficiency. However, the Framework does not explicitly require new buildings constructed after 2024 to be fossil fuel-free in their energy use, which exposes them to a risk of fossil fuel lock-in. The majority of Swedish buildings are zero carbon ready by nature of being connected to district heating, thus eliminating on-site fossil fuel consumption and enabling the buildings to be fully decarbonized.^{22,23,24,25} However, the eligibility criteria do not guarantee that all new builds will be connected to district heating.

Building renovations that meet the 30% energy savings threshold or comply with the requirements for major renovations will also notably reduce emissions from the building stock. Sweden's national implementation of Directive 2010/31/EU requires buildings that undergo a major renovation to achieve energy efficiency improvements depending on the building type and climate zones.²⁶ However, it does not specify the timeframe within which renovations should be completed, or stipulate the minimum primary energy demand reduction that buildings should achieve.²⁷ Nonetheless, the Bank's renovation expenditures are expected to contribute to the decarbonization of the buildings sector.

The Bank's financing of equipment dedicated to improving energy efficiency in buildings, such as insulation, HVAC, electric heat pumps using refrigerants with a GWP below 675, and energy monitoring and control systems strongly contribute to energy efficiency in buildings by optimizing and reducing energy consumption in the building stock. Collectively, these investments are expected to strongly contribute to decarbonizing the building sector and advancing a low carbon-built environment.

¹⁹ IEA, "Tracking Buildings", (2023), at: <https://www.iea.org/energy-system/buildings>

²⁰ IEA, "Technology and Innovation Pathways for Zero-carbon-ready Buildings by 2030", (2022), at: <https://www.iea.org/reports/technology-and-innovation-pathways-for-zero-carbon-ready-buildings-by-2030>

²¹ IEA, "Energy Efficiency", (2024), at: <https://iea.blob.core.windows.net/assets/f304f2ba-e9a2-4e6d-b529-fb67cd13f646/EnergyEfficiency2024.pdf>

²² Fälting, L. et al., "Drivers of district heating's dominance in Sweden's urban areas: A historical perspective", Utilities Policy, (2025), at: <https://www.sciencedirect.com/science/article/pii/S0957178724001541>

²³ IEA, "Buildings", at: <https://www.iea.org/energy-system/buildings>

²⁴ Fälting, L. et al., "Drivers of district heating's dominance in Sweden's urban areas: A historical perspective", Utilities Policy, (2025), at: <https://www.sciencedirect.com/science/article/pii/S0957178724001541>

²⁵ Werner, S., "District heating and cooling in Sweden", (2017), Elsevier at: https://www.researchgate.net/publication/315303036_District_heating_and_cooling_in_Sweden#full-text

²⁶ Boverket, "Energiguide", at: <https://www.boverket.se/sv/energiuide/>

²⁷ Climate Bond Initiative, "Building Criteria: The Buildings Eligibility Criteria of the Climate Bonds Standard & Certification Scheme", (2023), at: https://www.climatebonds.net/files/documents/Climate-Bonds_Buildings-Criteria_Criteria-document_December-2023_2025-07-01-111616_hdmq.pdf

Renewable Energy



 Significant


We have assessed the Sustainability Contribution of the Renewable Energy category as **Significant**.

Expenditures under the category include solar, wind and bioenergy projects, as well as biofuel manufacturing. Bioenergy expenditures will be limited to facilities achieving 70% lower GHG emissions compared with a fossil fuel baseline, which while significant is slightly below the commonly recognized threshold of 80%^{28,29} and additionally may include animal manure from livestock production, which has significant associated emissions. Overall, the investments significantly support the use of low carbon energy and play a key role in the energy transition.

Category Expenditures

Expenditure	Description
Solar power	<ul style="list-style-type: none"> ▶ Manufacture, design, installation or operation of solar photovoltaic and cogeneration using concentrated solar power (CSP). ▶ Fossil fuel back-up for CSP projects will be limited to a maximum of 15%.
Wind power	<ul style="list-style-type: none"> ▶ Manufacture, design, installation or operation of onshore wind power facilities.
Bioenergy	<ul style="list-style-type: none"> ▶ Generation of electricity, heat and cooling or the cogeneration of both heat and cool and power, exclusively from biomass, biogas or bioliquids. <ul style="list-style-type: none"> × Eligible facilities built between 2021 and 2025 will achieve at least 70% GHG emissions savings compared to the fossil fuel baseline, rising to 80% for facilities built from 2026 onwards. ▶ Manufacturing of biogas and biofuels for use in transport and bioliquids. Eligible facilities will achieve GHG emissions savings in line with the EU Renewable Energy Directive II (RED II) requirements.³⁰ <ul style="list-style-type: none"> × Feedstock will use waste biomass, primarily sewage, forestry or agricultural waste, including animal manure from non-industrial-scale livestock farms. Other eligible waste feedstock includes sources listed in Annex IX of the EU Renewable Energy Directive (EU) 2018/2001,^{31,32} with the exclusion of: i) cultivated algae; ii) crude glycerine; iii) lignocellulosic material except saw and veneer logs; iv) waste from aquaculture, fisheries and palm oil

²⁸ European Parliament, "Renewable Energy Directive", (2023), at: <https://eur-lex.europa.eu/eli/dir/2023/2413/oj/eng>

²⁹ Climate Bonds Initiative, "Bioenergy Criteria under the Climate Bonds Standard", (2022), at: https://www.climatebonds.net/files/documents/Climate-Bonds_Sector-Criteria-Bioenergy_Criteria-document_August-2022.pdf

³⁰ After January 2026, 70% life cycle GHG savings; After January 2021, 65% life cycle GHG savings; After October 2015, 60% lifecycle GHG savings; Before October 2015, 50% life cycle GHG savings. Source: European Union, "Directive (EU) 2018/2001", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02018L2001-20240716&qid=1738781777234>

³¹ European Union, "Directive (EU) 2018/2001", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001>

³² European Union, "Directive (EU) 2024/1405" at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401405

production; v) animal fats and by-products; and vi) animal manure from industrial-scale livestock operations.

Analytical Commentary

Investment in renewable energy is critical for the global energy transition, as electricity and heat generation were responsible for approximately 44% of global CO₂ emissions from fuel combustion in 2022.³³ To limit global temperature rise to 1.5°C, the share of renewable energy must increase to 90% by 2050, thus underscoring the need for continued investment in renewable technologies.³⁴

Expenditures related to solar and wind projects contribute substantially to the goal of zero emissions energy systems, as these technologies have life cycle GHG emissions intensities below the technology-agnostic threshold of 100 g CO₂e/kWh,³⁵ which is consistent with limiting the global temperature rise to 2°C.³⁶ Cogeneration facilities will limit fossil fuel back-up to 15% thereby minimizing direct operational emissions that otherwise result from using fossil fuels to manage intermittency.

Electricity generation from bioenergy and production of biofuels can significantly support the energy transition. Eligible bioenergy facilities will achieve a 70% reduction in GHG emissions compared with fossil fuel baselines, which is slightly below the generally accepted threshold of 80%. The eligible feedstock will be derived from waste agricultural residues and may include animal manure from non-industrial-scale livestock farms. While animal manure as feedstock may mitigate methane emissions from manure in the short term, it does not address the upstream impacts of animal husbandry.^{37,38}

Overall, these expenditures are expected to significantly contribute to the clean energy generation.

Energy Efficiency



We have assessed the Sustainability Contribution of the Energy Efficiency category as **Strong**.

Expenditures in thermal and chemical battery storage, and district heating and cooling networks are expected to strongly contribute to accelerating the transition to a low-carbon economy by advancing the reliability and availability of low-carbon energy sources.

Category Expenditures

Expenditure	Description
Energy storage	▶ Manufacture and operation of chemical batteries and thermal energy storage, directly connected to renewable energy sources or the Swedish energy grid.

³³ IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2024), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-dataexplorer>

³⁴ IEA, "Net Zero by 2050", (2021), at: <https://www.iea.org/reports/net-zero-by-2050>

³⁵ Silva, M. et al., "Life cycle GHG emissions of renewable and non-renewable electricity generation technologies", RE-Invest Project, (2019), at: https://reinvestproject.eu/wp-content/uploads/2019/11/OR_RE-INVEST_Life-cycle-GHG-emissions-of-renewable-and-non-renewable-electricity.pdf

³⁶ IEA, "Energy Technology Perspective", (2017), at: https://iea.blob.core.windows.net/assets/a6587f9f-e56c-4b1d-96e4-5a4da78f12fa/Energy_Technology_Perspectives_2017-PDF.pdf

³⁷ European Biogas Association, "Beyond energy - monetising biomethane's whole-system benefits", (2023), at: https://www.europeanbiogas.eu/wp-content/uploads/2023/02/20230213_Guidehouse_EBA_Report.pdf

³⁸ Magnolo, F., et al., "Biomethane from manure in the RePowerEU: A critical perspective on the scale-up of renewable energy production from the livestock sector", Energy Research & Social Science, (2024), at: <https://edepot.wur.nl/676991>

District heating and cooling	<ul style="list-style-type: none"> ▶ Construction, operation and refurbishment of district heating networks powered by at least 50% renewables or waste heat or 75% cogenerated heat. ▶ In Sweden, heat production in district heating is primarily derived from biomass, and fossil fuels account for less than 2% of total heat production.^{39,40}
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Analytical Commentary

Electricity storage is a key enabler for the expansion of low-carbon energy, as it offers a tool to manage hourly and seasonal variations in renewable energy. To achieve the NZE scenario by 2030, approximately 120 GW of additional storage capacity is needed annually.⁴¹ While the decarbonization potential of district heating remains largely untapped at the global level, in Sweden, district heating meets 36% of the building stock’s heating demand, with the majority of heat produced by co-generation plants primarily fuelled by bioenergy.⁴² Expenditures related to district heating and cooling presents a significant opportunity to further integrate renewable energy sources into the heating mix and accelerate the decarbonization of thermal networks.

Energy storage facilities are expected to strongly support energy transition. The Bank limits financing for storage to equipment either directly connected to renewable energy sources or to the Swedish grid, that already supports high levels of low carbon energy and had emissions intensity of 8 g CO₂e/kWh well below the global average of 445 g CO₂e/kWh.^{43,44,45}

Expenditures in district heating and cooling distribution aligns with the EU Taxonomy’s definition of efficient district heating and cooling.⁴⁶ Moreover, the Bank will finance district heating networks in Sweden, where district heat is powered by high levels of renewable energy.⁴⁷ Overall, these expenditures contribute strongly to the energy efficiency of heating and cooling systems.

Clean Transportation



We have assessed the Sustainability Contribution of the Clean Transportation category as **Strong**.

The Bank intends to finance zero-emission passenger and freight vehicles, construction equipment, personal mobility devices and associated infrastructure. Together, these investments are expected to play a critical role in the transition to zero emission transport systems.

Category Expenditures

Expenditure	Description
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³⁹ Swedish Energy Agency, "Statistics", at: <https://www.energimyndigheten.se/en/facts-and-figures/statistics/>

⁴⁰ Fogelström, F. Et al., "A Review of Possibilities and Challenges of Pit Thermal Energy Storages in Swedish District Heating Networks", TIB Open Publishing, (2024), at: <https://doi.org/10.52825/isec.v1i.1221>

⁴¹ IEA, "Grid-scale Storage", at: <https://www.iea.org/energy-system/electricity/grid-scale-storage>

⁴² IEA, "Sweden", (2024), at: <https://iea.blob.core.windows.net/assets/b80f421d-1e1c-4c73-bea4-acef5e60b3dd/Sweden2024.pdf>

⁴³ European Environment Agency, "Greenhouse gas emission intensity of electricity generation, country level", (2025), at: <https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emission-intensity-of-1/greenhouse-gas-emission-intensity-of>

⁴⁴ IEA, "Electricity Grids and Secure Energy Transitions", (2023), at: <https://iea.blob.core.windows.net/assets/ea2ff609-8180-4312-8de9-494bcf21696d/ElectricityGridsandSecureEnergyTransitions.pdf>

⁴⁵ Stamenov, G. (2024), "Assessing the Carbon Intensity of Hourly Electricity Mix in Sweden and Identifying Opportunities for Renewable Energy Integration (2018-2022)", Lund University, at: <https://lup.lub.lu.se/luur/download?func=downloadFile&recordId=9157902&fileId=9157908>

⁴⁶ IEA, "Energy Technology Perspective", (2017), at: https://iea.blob.core.windows.net/assets/a6587f9f-e56c-4b1d-96e4-5a4da78f12fa/Energy_Technology_Perspectives_2017-PDF.pdf

⁴⁷ Swedish Energy Agency, "Statistics", at: <https://www.energimyndigheten.se/en/facts-and-figures/statistics/>

Purchase, renting, leasing and operation of zero emission road transportation vehicles	<ul style="list-style-type: none"> ▶ Zero-direct emission road transport including public buses, passenger cars, light and heavy commercial vehicles. ▶ Personal mobility devices, such as bicycles. ▶ Excludes vehicles dedicated to the transportation of fossil fuels.
Construction equipment	<ul style="list-style-type: none"> ▶ Zero-direct emission construction equipment such as tractors, cranes, forklifts and excavators.
Infrastructure for road transportation and personal mobility	<ul style="list-style-type: none"> ▶ Pavements, bike lanes and pedestrian zones. ▶ Electric charging stations. ▶ Excludes standalone parking facilities, construction of roads and infrastructure dedicated to the transport or storage of fossil fuels.

Analytical Commentary

The global transportation sector accounted for 37% of CO₂ emissions from end-use sectors in 2022 and relied on oil products for nearly 91% of its final energy use.^{48,49} Road transportation was the largest contributor, generating 73% of global transportation emissions in 2022, followed by aviation, shipping and rail. To achieve climate neutrality by 2050, transportation emissions must decline by 25% by 2030, which will require scaling up the electrification of vehicles and the use of low-emission fuels. With transport volumes projected to double by 2050, investments in zero emission vehicles and related infrastructure are critical to decarbonizing the transport sector.⁵⁰

Investments in zero-emission passenger and freight vehicles, zero-emission construction equipment, personal mobility devices and associated infrastructure are expected to accelerate the adoption of zero emissions transport and strongly contribute to the decarbonization of the transport sector. Emission vehicles and related infrastructure are critical to decarbonizing the transport sector.⁵¹

Investments in zero-emission passenger and freight vehicles, zero-emission construction equipment, personal mobility devices and associated infrastructure are expected to accelerate the adoption of zero emissions transport and strongly contribute to the decarbonization of the transport sector.

Sustainable Agriculture



We have assessed the Sustainability Contribution of the Sustainable Agriculture category as **Significant**.

The Bank may finance crop and livestock production in certified farms. Investments in organic-certified crop agriculture strongly support the transition to more sustainable agricultural systems. Investments in livestock production must be certified, although the Framework does not require livestock farms to have decarbonization plans. While investments in certified facilities ensure

⁴⁸ UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", (2024), at: <https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf>

⁴⁹ IEA, "Transport", (2023), at: <https://www.iea.org/energy-system/transport>

⁵⁰ World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", 2021, at: <https://www.weforum.org/agenda/2021/11/global-transport-carbonemissions-decarbonise/>

⁵¹ Ibid.

adherence to sustainability practices, the absence of decarbonization commitments poses a significant risk of emissions lock-in. Nonetheless, the investments support the broader transition toward sustainable food systems.

Category Expenditures

Expenditure	Description
Sustainable crop agriculture	▶ Crop production certified by KRAV ⁵² and EU Organic ⁵³ certifications.
Sustainable livestock production	▶ Poultry, meat and dairy production certified by KRAV certification. ▶ Expenditures exclude livestock management projects at industrial-scale livestock facilities.

Analytical Commentary

Global agrifood systems accounted for one-third of total anthropogenic GHG emissions in 2022.⁵⁴ Although the agricultural GHG emissions in the EU decreased by 5% between 2005 and 2022, the Member States estimate that without an introduction of additional policies and measures, the emissions would increase from the current levels.⁵⁵ The EU aims to increase its agricultural land under organic farming from 8.5% in 2019 to 25% by 2030.⁵⁶ To achieve this target, the Commission plans to allocate at least 30% of its research and innovation budget for agriculture, forestry and rural development to topics that support the organic sector.⁵⁷ Organic agriculture contributes to carbon storages in the soil, reduces pesticide use and promote biodiversity. However, it might not be effective at reducing emissions at certain scenarios as it generally requires a larger land area and provides lower yields per hectare compared to conventional farming.⁵⁸

Investments in crop agriculture in Sweden, where high emissions crops are not commonly cultivated, organic certifications strongly support the transition to more sustainable agricultural systems. Livestock and dairy farming are associated with high environmental footprint, including methane emissions, land degradation and biodiversity loss, along with intensive resource demands for water, land and feed. Credible certifications play a key role in ensuring sustainable practices in livestock and dairy production, including improved soil health, animal welfare and reduced input use, deforestation and resource consumption. However, the absence of decarbonization commitments poses a significant risk of emissions lock-in.

Collectively, investments under this category are expected to make a significant contribution to advancing sustainable agricultural practices.

⁵² KRAV, "Become Krav Certified", at: <https://www.krav.se/en/for-companies/certification-of-krav-organic-products/become-krav-certified/>

⁵³ European Commission, "The organic logo", at: https://agriculture.ec.europa.eu/farming/organic-farming/organic-logo_en

⁵⁴ FAO, "Greenhouse gas emissions from agrifood systems. Global, regional and country trends, 2000-2022", (2024), at: <https://www.fao.org/statistics/highlights-archive/highlights-detail/greenhouse-gas-emissions-from-agrifood-systems-global-regional-and-country-trends--2000-2022/en>

⁵⁵ EEA, "Greenhouse gas emissions from agriculture in Europe", (2024), at: <https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-agriculture>

⁵⁶ European Commission, "Organic Action Plan", at: https://agriculture.ec.europa.eu/farming/organic-farming/organic-action-plan_en

⁵⁷ Ibid.

⁵⁸ Climate Adaptation Platform, "A Study in Sweden Finds Organic Farming and Biofuels Can Increase CO2 Emissions", (2024), at: [https://climateadaptationplatform.com/study-in-sweden-finds-organic-farming-and-biofuels-can-increase-co2-emissions/#:~:text=The%20real%20impact%20on%20emissions,requirements%20\(Weston%2C%202019\)](https://climateadaptationplatform.com/study-in-sweden-finds-organic-farming-and-biofuels-can-increase-co2-emissions/#:~:text=The%20real%20impact%20on%20emissions,requirements%20(Weston%2C%202019))

Environmentally Sustainable Management of Living Natural Resources and Land Use



We have assessed the Sustainability Contribution of the Environmentally Sustainable Management of Living Natural Resources and Land Use category as **Strong**.

The Bank may finance sustainable forestry projects certified under the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC), which support the responsible use and long-term health of forest resources. These expenditures will strongly contribute to the sustainable use of forest resources.

Category Expenditures

Expenditure	Description
Sustainable Forestry	► Sustainable forestry projects certified under FSC ⁵⁹ or PEFC. ⁶⁰

Analytical Commentary

Deforestation persists at a rate of 10 million hectares annually, largely due to conversion of forests for agricultural land and unsustainable logging.⁶¹ In Europe, over 80% of the tree cover losses were human induced, such as harvesting for timber.⁶² The extent of Europe's tall forests, which are critical for carbon storage and biodiversity, has declined by 2.25 million hectares, with the Nordic region losing 20% of its tall forests over the last two decades.⁶³ Achieving the targets set under the EU's Nature Restoration Law to protect 20% of land and sea area by 2030 will require increased investments in nature protection and sustainable forestry.⁶⁴

The Bank will finance sustainable forest management projects that are certified by FSC or PEFC, to ensure that forest resources are managed responsibly to maintain biodiversity, productivity and regeneration capacity. These investments are expected to support the development of resilient forestry systems and advance the sustainable use of forest resources.

⁵⁹ Forest Stewardship Council: <https://fsc.org/en>

⁶⁰ Programme for the Endorsement of Forest Certification: <https://pefc.org/discover-pefc/what-is-pefc>

⁶¹ FAO, "The state of the World's Forest", (2020), at: <https://www.fao.org/state-of-forests/en/>

⁶² Carter, S., "4 Growing Threats to Europe's Forests: Logging, Bioenergy, Wildfires and Pests", World Resources Institute, (2024), at: <https://www.wri.org/insights/europe-forest-loss-drivers>

⁶³ Turubanova, S. et al., "Tree canopy extent and height change in Europe, 2001-2021, quantified using Landsat data archive", Remote Sensing of Environment, (2023), at: <https://www.sciencedirect.com/science/article/pii/S0034425723003486#s0080>

⁶⁴ European Council, "Nature restoration", at: <https://www.consilium.europa.eu/en/policies/nature-restoration/>

Environmental and Social Risk Management

We have identified the following areas of environmental and social risk associated with the expenditures eligible under the Framework: land use and biodiversity associated with infrastructure development; emissions, effluents and waste management; occupational health and safety; community relations and stakeholder participation; business ethics; and predatory lending. Sparbanken Skaraborg has the following policies and processes in place to identify and mitigate such risks.

E&S risk identified	Applicable policies, procedures and measures
Due diligence and risk management measures	<ul style="list-style-type: none"> ▶ The Bank integrates sustainability risk analysis into its credit risk assessment process. Under this process, the Bank implements a scoring system at a sector level to identify and measure clients' exposure to material sustainability risks and their ability to manage such exposure.⁶⁵
Land use and biodiversity, emissions, effluents and waste generated in construction	<ul style="list-style-type: none"> ▶ The Bank complies with the EU Impact Assessment (EIA) Directive,⁶⁶ which ensures that any project likely to have a significant environmental impact undergoes an evaluation of its potential direct and indirect environmental impacts prior to approval. With respect to biodiversity, the directive requires measures to be taken to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, species and habitats. ▶ The Bank adheres to the EU Waste Framework Directive,⁶⁷ which mandates that construction and demolition waste be managed without endangering human health or harming the environment. Additionally, the Swedish Environmental Code⁶⁸ establishes general guidelines for reusing, recycling, transportation and management of waste. In addition, the Bank's Sustainability Policy⁶⁹ outlines its commitments and responsibilities to sustainability across the organization.
Occupational health and safety	<ul style="list-style-type: none"> ▶ The Bank adheres to the Swedish Work Environment Act, which establishes guidelines to prevent occupational health issues and accidents at the workplace.⁷⁰
Community relations and stakeholder participation	<ul style="list-style-type: none"> ▶ The Bank's risk management process follows the Swedish Building Code,⁷¹ which mandates public consultation processes, allowing the public to express opinions and concerns about proposed projects. Additionally, the Swedish Environmental Code⁷² requires that environmental impact statements be made publicly available, providing opportunities for public review and feedback.
Business ethics	<ul style="list-style-type: none"> ▶ The Bank's Ethics and Conflict of Interest Policy⁷³ establishes internal processes to identify and address unethical business conduct, such as bribery or corruption, or conflicts of interest involving employees, customers and members of the Board. ▶ The Bank has a Policy for Anti-Money Laundering and Terrorism Financing, applicable to all employees and executives across its operations, outlining processes such as annual risk

⁶⁵ Sparebanken Skaraborg, "Hållbarhetsrapport 2024", at: https://issuu.com/sparbankerna/docs/h_illbarhetsrapport_2024?fr=xKAE9_zMzMw

⁶⁶ European Commission, "Environmental Impact Assessment", at: https://environment.ec.europa.eu/law-and-governance/environmental-assessments/environmental-impact-assessment_en

⁶⁷ European Parliament, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008L0098>

⁶⁸ Government Offices of Sweden, "The Swedish Environmental Code", at: <https://www.government.se/legal-documents/2000/08/ds-200061/>

⁶⁹ Sparebanken Skaraborg has shared this information with Sustainalytics confidentially

⁷⁰ Government of Sweden, "Work Environment Act", at: <https://www.government.se/government-policy/labour-law-and-work-environment/19771160-work-environment-act-arbetsmiljolagen/>

⁷¹ Boverket, "Legislation – Planning and Building Act", at: <https://www.orkelljunga.se/download/18.6f23ce3e157b26e63c625f1476344311984/Plan-och-bygglagen+p%C3%A5+engelska.pdf>

⁷² Government Offices of Sweden, "The Swedish Environmental Code", at: <https://www.government.se/legal-documents/2000/08/ds-200061/>

⁷³ Sparebanken Skaraborg has shared this information with Sustainalytics confidentially

assessment, monitoring and external reporting, to prevent money laundering and terrorism financing.⁷⁴

- ▶ The Bank has a whistleblowing and customer complaint system that allows employees, customers and other stakeholders to anonymously report any violations of business ethics.⁷⁵

Predatory lending

- ▶ The Bank addresses predatory lending by promoting responsible lending practices and protecting customers from financial hardship due to over-indebtedness. The Bank is committed to offering products and services in a responsible and fair manner by providing clear, transparent and objective information to enable borrowers to make an informed decision.⁷⁶

⁷⁴ Ibid.

⁷⁵ Sparebanken Skaraborg, "Hållbarhetsrapport 2024", at: https://issuu.com/sparbankerna/docs/h_hllbarhetsrapport_2024?fr=xKAE9_zMzMw

⁷⁶ Sparebanken Skaraborg has shared this information with Sustainalytics confidentially.

Annex 1: Assessment Framework Overview

The following is a brief overview of the [Assessment Framework](#) that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.




Principles Alignment indicates a framework’s alignment with the requirements of applicable sustainable debt market Principles.⁷⁷ This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

- ▶ **Aligned:** Meets all requirements across the four components.
- ▶ **Partially Aligned:** Meets requirements on two or three of the four components.
- ▶ **Not Aligned:** Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure’s contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
	<p>The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.</p>
	<p>The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.</p>
	<p>The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant</p>

⁷⁷ These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.



The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided in this Second Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second Party Opinion.

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