

# Second-Party Opinion

## Willhem Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Willhem 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, Renewable Energy, Clean Transportation and Energy Efficiency – 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 and 11.



**PROJECT EVALUATION AND SELECTION** Willhem has established a Green Finance Committee which will be responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The Green Finance Committee convenes at least annually and consists of members from the finance and sustainability departments. Regarding environmental and social risks associated with eligible projects, the committee will leverage Willhem’s sustainability policy and code of conduct to monitor and mitigate sustainability-related risks associated with the projects. This is in line with market practice.



**MANAGEMENT OF PROCEEDS** Willhem’s Green Finance Committee will be responsible for the management of proceeds and will track their allocation in a green register using a portfolio approach. The Company intends to allocate proceeds within 36 months of each issuance. Pending full allocation, unallocated proceeds will be held in Willhem’s bank account. This is in line with market practice.



**REPORTING** Willhem will report on allocation of proceeds and the corresponding impacts in a Green Bond Investor Report, which will be published on its website on an annual basis until the proceeds have been fully allocated. Allocation reporting will include a description of the allocated projects and outstanding green bonds, total nominal amounts outstanding, share of new financing and refinancing, proportion of net proceeds allocated per category and the geographical distribution. Sustainalytics views Willhem’s allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	October 1, 2024
<b>Issuer Location</b>	Gothenburg, Sweden

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## Introduction

Willhem AB (“Willhem” or the “Company”) is a Swedish real estate company specializing in residential property management with a focus on the acquisition, development and management of rental housing properties across various regions in Sweden. Headquartered in Gothenburg, Willhem employs 257 people and manages a portfolio of 29,000 residential units in 13 cities in Sweden.<sup>1</sup>

Willhem has developed the Willhem Green Bond Framework dated October 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 projects that are expected to contribute to the decarbonization of the building stock in Sweden.

The Framework defines eligibility criteria in the four areas:

1. Green Buildings
2. Renewable Energy
3. Clean Transportation
4. Energy Efficiency

Willhem 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).<sup>2</sup> The Framework will be published in a separate document.<sup>3</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the 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 1.17, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of Willhem to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Willhem representatives have confirmed that: (1) they understand it is the sole responsibility of Willhem to ensure that the information provided is complete, accurate and up to date; (2) 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 it.

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

Sustainalytics’ Second-Party Opinion assesses alignment of the Framework with market standards but provides 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 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 issuer.

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

<sup>1</sup> Willhem, “Om Willhem”, at: <https://www.willhem.se/Om-Willhem/om-willhem/>

<sup>2</sup> 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/>.

<sup>3</sup> The Willhem Green Bond Framework is available on Willhem’s website at: <https://www.willhem.se/finanssiell-information/obligationsprogram/>

<sup>4</sup> 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 in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Willhem has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Willhem Green Bond Framework

Sustainalytics is of the opinion that the Willhem 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, Renewable Energy, Clean Transportation and Energy Efficiency – are aligned with those recognized by the GBP.
  - Willhem has defined a look-back period of three years for the refinancing of operating expenditures, which Sustainalytics considers to be in line with market practice.
  - Under the Green Buildings category, Willhem may finance or refinance new and existing residential buildings in Sweden according to the following criteria:
    - Buildings built after 31 December 2020 must meet the following criteria:
      - Primary energy demand (PED) at least 20% lower than the threshold set for the applicable nearly zero-energy buildings (NZEB) and certified or expected to be certified to the following minimum certification levels or equivalent: i) BREEAM Very Good;<sup>5</sup> ii) BREEAM In-Use Very Good;<sup>6</sup> iii) LEED Gold;<sup>7</sup> iv) Miljöbyggnad Silver;<sup>8</sup> v) Miljöbyggnad iDrift Silver;<sup>9</sup> vi) Nordic Swan Ecolabel.<sup>10</sup>
      - Sustainalytics views the above certifications and levels to be robust, credible and aligned with market practice, except for BREEAM Very Good and In-Use Very Good. In this sense, Sustainalytics considers BREEAM Excellent and In-Use Excellent as aligned with market practice. However, Sustainalytics acknowledges that, in addition to these certifications, Willhem requires all buildings financed under this activity to comply with the NZEB criterion.
      - Sustainalytics views these investments as aligned with market practice.
    - Buildings built before 31 December 2020 must meet one of the following criteria:
      - Buildings in the top 15% of the national or regional building stock in terms of PED or having one of the following minimum certification levels: i) EPC A or B; ii) BREEAM Very Good or BREEAM In-Use Very Good;<sup>11</sup> iii) LEED Gold; iv) Miljöbyggnad Silver; v) Miljöbyggnad iDrift Silver; or vi) Nordic Swan Ecolabel.
      - Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages Willhem to select BREEAM-certified buildings that score high enough in the overall Energy category, which Sustainalytics regards as the most important one, to fulfil the requirements for BREEAM Excellent in that category.
      - Buildings built since 2015 with PED 75 kWh/m<sup>2</sup>; between 2005 and 2014 with PED 90 kWh/m<sup>2</sup>; between 1971 and 2004 with PED 95 kWh/m<sup>2</sup>; and buildings built before 1971 with PED 105 kWh/m<sup>2</sup>.
        - In the context of finance frameworks for green debt instruments, Sustainalytics considers the criterion of buildings qualifying in the top 15% of the building stock in a region based on emissions

<sup>5</sup> BREEAM: <https://breeam.com/standards/new-construction>

<sup>6</sup> BREEAM In-use: <https://breeam.com/standards/in-use>

<sup>7</sup> LEED: <https://www.usgbc.org/leed>

<sup>8</sup> Miljöbyggnad: <https://www.sgbc.se/certifiering/miljobyggnad/>

<sup>9</sup> Miljöbyggnad iDrift: <https://www.sgbc.se/certifiering/miljobyggnad-idrift/vad-ar-miljobyggnad-idrift/>

<sup>10</sup> Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/>

<sup>11</sup> Willhem has communicated to Sustainalytics that the Company will select buildings that have obtained BREEAM Very Good or BREEAM In-Use Very Good with an energy performance index equivalent to BREEAM Excellent.

or energy performance to be a credible criterion. Sustainalytics acknowledges that Willhem intends to finance or refinance the acquisition of buildings which have above-average PED in Sweden relative to buildings in Sweden built in the same time period, based on information published by the Swedish Energy Agency. Nonetheless, Sustainalytics does not view this criterion to be sufficient to identify the top 15% of the building stock based on emissions or energy performance and, therefore, considers this to be a deviation from market practice. Willhem has communicated to Sustainalytics that the Company will prioritize the financing of buildings in the top 15% of the building stock in their region.

- Building renovations leading to PED savings of at least 30% within three years of issuance or meeting the applicable requirements for major renovations upon the completion of the renovation.<sup>12</sup> Willhem has confirmed that the energy performance of the renovation will meet the cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive (EPBD).<sup>13</sup> Sustainalytics notes that the EU Taxonomy<sup>14</sup> requires renovations to comply with the requirements for “major renovations” set in the applicable national and regional building regulations implementing the EPBD, so that the energy performance of the building or renovated part meets the cost-optimal minimum energy requirements of the EPBD. Sustainalytics therefore encourages Willhem to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region.
  - Willhem has confirmed to Sustainalytics that it will finance only the expenditures related to renovations, unless a building meets the criteria for existing buildings as a result of the retrofit, in which case the asset value of the building can be financed. Sustainalytics views this as aligned with market practice.
- Under the Renewable Energy category, Willhem may finance or refinance renewable energy generation facilities and supporting infrastructure, technologies and solutions in accordance with the following criteria:
  - Onshore wind power generation.
  - Solar PV and solar thermal plants where at least 85% of the electricity is generated from solar energy sources.
  - Supporting infrastructure investments, such as grid connections, electric substations and networks that support renewable energy generation.
    - The Framework allows for allocation to smart grid investments.<sup>15</sup> Despite the variety of definitions and applications of smart grid technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages Willhem to select projects that are clearly anticipated to deliver tangible efficiency improvements.
  - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Clean Transportation category, Willhem may finance or refinance supportive infrastructure for zero emissions road transport and personal mobility, including charging stations for electric vehicles, bicycle garages, pedestrian walkways and bicycle lanes.
  - Willhem has confirmed to Sustainalytics that new standalone parking facilities are excluded.
  - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Energy Efficiency category, Willhem may finance or refinance projects according to the following criteria:

<sup>12</sup> Willhem has confirmed that major renovations follow the EU Directive 2010/31 definition for major renovations in the relevant jurisdiction.

<sup>13</sup> European Commission, “Energy Performance of Buildings Directive”, at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

<sup>14</sup> European Commission, “Annex to the Commission Delegated Regulation”, (2021), at: [https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1\\_en.pdf](https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf)

<sup>15</sup> Willhem has confirmed to Sustainalytics that the Company does not have smart grid components currently in its portfolio.

- Energy efficiency improvements for buildings, such as: i) add-on insulation to improve a building's climate shell; ii) energy-efficient lighting; iii) IT technology for monitoring, efficiency management and remote operation, such as HVAC control systems and AI heating control systems; iv) energy-efficient windows with low U-value; v) upgraded ventilation systems.
- Installation of geothermal energy systems where the life cycle GHG emissions from the generation of electricity are lower than 100 gCO<sub>2</sub>e/kWh.
- Battery energy, thermal energy and hydrogen storage systems connected to the Swedish national grid.<sup>16</sup>
  - Willhem has confirmed to Sustainalytics that hydrogen storage is limited to green hydrogen produced by electrolysis powered by renewable energy.
- The projects under this category will have a minimum 20% energy savings. Sustainalytics views positively the inclusion of a defined energy efficiency threshold for the installation of energy-efficient systems, equipment and technologies.
- Willhem has confirmed that: i) only directly associated expenditures, such as material, installation and labour, are eligible for financing; and ii) investments under this category exclude technologies, products and systems that are primarily powered by fossil fuels or intended for or provide energy efficiency improvements to processes that are inherently carbon intensive.
- Sustainalytics considers investments under this category to be in line with market practice.
- The Framework excludes the following sectors and activities: i) fossil fuel-based energy generation; ii) research and development in relation to weapons and defence; iii) potentially environmentally negative resource extraction; iv) gambling; and v) tobacco.
- Project Evaluation and Selection:
  - Willhem has established a Green Finance Committee which will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The committee convenes at least annually and consists of representatives from the Finance and Sustainability departments.
  - The Green Finance Committee is responsible for the identification and management of environmental and social risks associated with eligible projects, in compliance with Willhem's Sustainability Policy,<sup>17</sup> the Supplier and Contractor Code of Conduct<sup>18</sup> as well as applicable laws and regulations. This is applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of GBP. For additional detail see Section 2.2.
  - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - The Green Finance Committee will be responsible for the management of proceeds and will track their allocation in a green register using a portfolio approach.
  - The Company intends to allocate proceeds within 36 months of each issuance. Pending full allocation, unallocated proceeds will be held in the Company's bank account temporarily.
  - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - The Company will report on allocation of proceeds and the corresponding impacts in a green bond investor report as part of its annual reporting practices, which will be published on its website on an annual basis until the proceeds have been fully allocated.
  - Allocation reporting will include a description of the allocated projects, a description of the outstanding green bonds and total nominal amounts outstanding; share of new financing and refinancing; proportion of net proceeds allocated per category and geographical distribution. The allocation of proceeds will be reviewed by an external auditor or independent third party annually until the proceeds have been fully allocated.

<sup>16</sup> Sustainalytics notes that the emissions intensity of the grid in Sweden is below 50gCO<sub>2</sub>e/kWh.

<sup>17</sup> Willhem, "Policy för hållbar utveckling", at: <https://www.willhem.se/globalassets/dokument/policyer/policy-for-hallbar-utveckling.pdf>

<sup>18</sup> Willhem, "Uppförandekod leverantörer & entreprenörer 2023", at: <https://www.willhem.se/globalassets/dokument/policyer/uppforandekod-leverantorer-entreprenorer.pdf>

- Impact reporting will include relevant environmental impact metrics, where available, such as certification achieved including level; reduced or avoided GHG emissions (in CO<sub>2</sub>e) and annual renewable energy generation (MWh/GWh).
- Based on the commitments 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 Willhem Green Bond Framework aligns with the four core components of the GBP.

## Section 2: Sustainability Strategy of Willhem

### Contribution to Willhem's sustainability strategy

Willhem's sustainability strategy focuses on the following three key environmental areas: i) construction and renovation of energy efficient buildings; ii) facilitating tenants' sustainable lifestyles; and iii) participation in international and local sustainability initiatives.<sup>19</sup>

Willhem has set a target to reduce its absolute scope 1 and scope 2 GHG emissions by 50% by 2030 from a 2018 baseline.<sup>20</sup> The target was validated by the SBTi in 2021 under the validation route for small and medium-sized enterprises.<sup>21</sup> In addition, the Company intends to achieve scope 1 and 2 net zero emissions and reduce scope 3 emission by 50% by 2030 compared to the 2018 baseline.<sup>22</sup> Between 2018 and 2023, Willhem had achieved a 37% reduction in scope 1 and 2 emissions.<sup>23</sup>

To achieve these targets, Willhem focuses on improving the energy efficiency of its building portfolio. Each of the Company's buildings has its own energy performance targets based on its historical energy use and planned energy efficiency renovations.<sup>24</sup> For Willhem's own new constructions, the Company aims to achieve a 20% lower PED compared to the NZEB requirements and obtain the Miljöbyggnad Silver certification. In 2022, the Company established a long-term target to limit the purchased energy in its properties to 72 kWh/m<sup>2</sup>. In this context, Willhem has begun implementing a variety of measures, including the installation of temperature control systems and digital building management technologies.<sup>25,26</sup> The Company also plans to replace household appliances, including refrigerators, freezers and washing machines, with more energy-efficient ones.

Furthermore, Willhem aims to facilitate its tenants' sustainable lifestyles by providing infrastructure for the recycling of household waste and low-carbon mobility. The Company has established a target to decrease the amount of household residual waste by 3% per square metre per year, which Willhem achieved in 2021 and 2022. In 2023, the amount of household residual waste per square metre increased by 3%. In this context, the Company offers sorting and recycling facilities for plastic, paper, glass, metal, organic waste and newspapers. In addition, Willhem has installed charging stations for electric vehicles in its buildings and offers car and electric bike pooling services to its tenants.<sup>27</sup> To encourage the use of public transportation among its tenants, the Company will prioritize access to public transportation when considering new acquisitions or developments.<sup>28</sup>

Willhem became a signatory to the UN Global Compact in 2018 and reports on its progress on the Ten Principles on human rights, labour, environment and anti-corruption in an annual report.<sup>29,30</sup> Willhem also participates in national and local green building networks, such as Göteborg's Circular Building network<sup>31</sup> and the Swedish Green Building Council,<sup>32</sup> which allows the Company to follow and integrate the latest technical solutions and policy changes.<sup>33</sup> Since 2014, Willhem has assessed its sustainability performance using the Global Real Estate Sustainability Benchmark,<sup>34</sup> which evaluates the Company's

<sup>19</sup> Willhem, "Års- och Hållbarhetsredovisning 2023", at: [https://www.willhem.se/globalassets/finansiella-rapporter/willhem\\_ahr\\_2023.pdf](https://www.willhem.se/globalassets/finansiella-rapporter/willhem_ahr_2023.pdf)

<sup>20</sup> Willhem has shared its sustainability strategy with Sustainalytics confidentially.

<sup>21</sup> SBTi, "Companies taking action", at: <https://sciencebasedtargets.org/companies-taking-action>

<sup>22</sup> Willhem has shared its sustainability strategy with Sustainalytics confidentially.

<sup>23</sup> Willhem, "Års- och Hållbarhetsredovisning 2023", at: [https://www.willhem.se/globalassets/finansiella-rapporter/willhem\\_ahr\\_2023.pdf](https://www.willhem.se/globalassets/finansiella-rapporter/willhem_ahr_2023.pdf)

<sup>24</sup> Willhem, "Willhem Green Bond Framework", (2024), at: <https://www.willhem.se/finansiell-information/obligationsprogram/>

<sup>25</sup> Ibid.

<sup>26</sup> Willhem has shared its sustainability strategy with Sustainalytics confidentially.

<sup>27</sup> Ibid.

<sup>28</sup> Willhem, "Willhem Green Bond Framework", (2024), at: <https://www.willhem.se/finansiell-information/obligationsprogram/>

<sup>29</sup> Willhem, "Års- och Hållbarhetsredovisning 2023", at: [https://www.willhem.se/globalassets/finansiella-rapporter/willhem\\_ahr\\_2023.pdf](https://www.willhem.se/globalassets/finansiella-rapporter/willhem_ahr_2023.pdf)

<sup>30</sup> UN Global Compact, "Willhem AB", at: <https://unglobalcompact.org/what-is-gc/participants/134438-Willhem-AB>

<sup>31</sup> Göteborg stad, "Cirkulära Göteborg", at: <https://goteborg.se/wps/portal/start/kommun-och-politik/sa-arbetar-goteborgs-stad-med/hallbarhet-och-agenda-2030/cirkulara-goteborg>

<sup>32</sup> Sweden Green Building Council, "Sweden Green Building Council", at: <https://www.sgbc.se/>

<sup>33</sup> Willhem shared its policy for new construction with Sustainalytics confidentially.

<sup>34</sup> GRESB, "Welcome to Gresb", at: <https://www.gresb.com/nl-en/>

performance in 14 sustainability areas, including target setting, waste management and stakeholder engagement.<sup>35</sup>

Sustainalytics is of the opinion that the Willhem Green Bond Framework is aligned with Willhem's overall sustainability strategy and initiatives, and will further the Company's actions on its key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognises that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) land use and biodiversity loss; ii) emissions, effluents and waste generated in construction; iii) occupational health and safety (OHS); iv) community relations; and v) business ethics.

Sustainalytics is of the opinion that Willhem is able to manage and mitigate potential risks through the implementation of the following:

- To address risks related to land use and biodiversity loss, the Directive 2014/52/EU<sup>36</sup> requires projects financed in the EU with expected significant environmental impact to be evaluated before approval on their potential direct and indirect environmental impacts. The directive also requires such projects to have appropriate measures to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, with the focus on species and habitats. For land intensive projects, the directive also requires projects to obtain an environmental impact assessment which identifies, describes and assesses land-related impacts. In addition, large-scale projects must limit their effects on land and soil including organic matter, erosion, compaction and sealing.<sup>37</sup> Furthermore, the EU Habitats Directive and Birds Directive, which are part of the EU Biodiversity Strategy for 2030, require projects in the EU to support the conservation of biodiversity, particularly threatened and endemic species.<sup>38,39</sup>
- Regarding emissions, effluents and waste generated in construction, Directive 2008/98/EC<sup>40</sup> requires companies in the EU to manage their construction and demolition waste without causing harm to human health or the environment. Additionally, Willhem monitors its quantities of demolition waste on an annual basis and requires its suppliers to have a waste management system to minimize construction waste.<sup>41,42</sup> Regarding electronic waste, Willhem follows Directive 2012/19/EU on Waste Electrical and Electronic Equipment Directive (WEEE), which mandates Companies in the EU to minimize electronic waste and regulates the treatment of electrical and electronic waste at the end of their life cycle, such as the retrieval of secondary raw materials through reuse, recycling and other forms of recovery.<sup>43</sup>
- To address occupational health and safety risks, Willhem's Supplier and Contractor Code of Conduct describes the Company's processes to mitigate and manage OHS-related risks, following Swedish national health and safety regulations, such as the OHS regulations of the Swedish Work Environment Authority.<sup>44,45</sup> The code mandates the Company's suppliers and contractors to: i) provide regular training on safe working practices, health risks and emergency procedures, including fire safety, dangerous operations and first aid; ii) ensure that all information is accessible in a language understood by people working on behalf of the supplier and its employees; iii) commit to continual improvement in safety practices; and iv) provide protective equipment and clear health and safety information at the workplace.<sup>46</sup> In addition, Willhem conducts random site visits to ensure that its suppliers and contractors comply with health and safety practices.<sup>47</sup>

<sup>35</sup> Willhem, "GRESB Real Estate Benchmark Report 2023", at: <https://www.willhem.se/globalassets/om-willhem/hallbarhet/gresb-2023.pdf>

<sup>36</sup> European Parliament, "Directive 2014/52/EU of the European Parliament and of the Council", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

<sup>37</sup> Ibid.

<sup>38</sup> European Commission, "Biodiversity strategy for 2030", at: [https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030\\_en](https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en)

<sup>39</sup> European Parliament, "Directive 2009/147/EC of the European Parliament and of the Council", (2009), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02009L0147-20190626>

<sup>40</sup> European Commission, "Directive 2008/98/EC on waste", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32008L0098&from=EN>

<sup>41</sup> Willhem, "Års- och Hållbarhetsredovisning 2023", at: [https://www.willhem.se/globalassets/finansiella-rapporter/willhem\\_ahr\\_2023.pdf](https://www.willhem.se/globalassets/finansiella-rapporter/willhem_ahr_2023.pdf)

<sup>42</sup> Ibid.

<sup>43</sup> European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

<sup>44</sup> Swedish Work Environment Authority, "The Swedish Work Environment Authority's Statute Book", at: <https://www.av.se/en/work-environment-work-and-inspections/publications/provisions/>

<sup>45</sup> Willhem, "Uppförandekod leverantörer & entreprenörer 2023", at: <https://www.willhem.se/globalassets/dokument/policyer/uppforandekod-leverantorer-entreprenorer.pdf>

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

- With respect to community relations, Willhem holds seminars and construction dialogues with key stakeholders, including municipalities, local networks and residents. During the planning process, the Company attends public consultation meetings hosted by municipalities and informs its tenants about the ongoing consultations and reviews. The Company also conducts resident surveys, holds network meetings and collaborates with municipal initiatives to contribute to positive local social development.<sup>48</sup>
- Regarding business ethics, Willhem's Employee Code of Conduct follows the UN Global Compact, and describes the Company's processes to prevent, detect, manage and report unethical business practices, including corruption, bribery, conflict of interest, privacy and discrimination.<sup>49</sup> Similarly, Willhem's the Supplier and Contractor Code of Conduct also follows the UN Global Compact and requires Willhem's suppliers to maintain high ethical standards, conduct self-assessments of their performance and allow for random site visits.<sup>50</sup> Willhem also has an anonymous whistleblower tool available to internal and external stakeholders.<sup>51</sup>
- Sustainalytics notes that the eligible projects will be located in Sweden, which is recognized as a Designated Country under the Equator Principles,<sup>52</sup> indicating the presence of robust environmental and social governance systems, legislation and
- institutional capacity to protect the environment and communities, including stakeholder engagement.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Willhem 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 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 Sweden

Sweden achieved a 64% reduction in emissions from energy use in buildings between 2005 and 2021, which was the most significant decline in emissions among EU countries during this period.<sup>53</sup> Nevertheless, the buildings sector remains a substantial contributor to the country's carbon footprint, accounting for approximately 34% of Sweden's total energy consumption and 22% of the GHG emissions in 2021.<sup>54</sup> Sweden has set a target to reduce its total GHG emissions by 59% by 2030 compared to 2005, and have a net zero economy by 2045.<sup>55</sup>

To achieve its decarbonization target and comply with the requirements of the EPBD, the Swedish government has implemented the following measures to the buildings sector: i) improving the energy efficiency of buildings and product supply following the EU's requirements for energy labelling and design;<sup>56</sup> ii) limiting the energy consumption of buildings to 90 kWh/m<sup>2</sup> for single-family homes and 85 kWh/m<sup>2</sup> for apartment blocks; and iii) providing training programmes on low-energy buildings to stakeholders in the construction sector.<sup>57,58</sup> Additionally, Sweden's 2022 Act on Climate Declarations requires developers of new buildings to obtain a climate declaration that includes reporting on climate impact indicators, such as GHG emissions per gross floor area, operational energy use and waste disposal.<sup>59</sup> In this context, Boverket, the Swedish National Board of Housing, Building and Planning, intends to expand the scope of the climate declaration to cover the entire life cycle of a building, beginning

<sup>48</sup> Willhem, "Års- och Hållbarhetsredovisning 2023", at: [https://www.willhem.se/globalassets/finanssiella-rapporter/willhem\\_ahr\\_2023.pdf](https://www.willhem.se/globalassets/finanssiella-rapporter/willhem_ahr_2023.pdf)

<sup>49</sup> Willhem AB, "Uppförandekod för medarbetare", (2023), at: <https://www.willhem.se/globalassets/dokument/policyer/uppforandekod-medarbetare.pdf>

<sup>50</sup> Willhem, "Uppförandekod för medarbetare", at: <https://www.willhem.se/globalassets/dokument/policyer/uppforandekod-medarbetare.pdf>

<sup>51</sup> Willhem, "Hjälp oss göra rätt", at: <https://report.whistleb.com/sv/Willhem>

<sup>52</sup> Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

<sup>53</sup> European Environment Agency, "Greenhouse gas emissions from energy use in buildings in Europe", (2023), at: <https://www.eea.europa.eu/en/analysis/indicators/greenhouse-gas-emissions-from-energy>

<sup>54</sup> Boverket, "Miljöindikatorer – aktuell status", (2024), at: <https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--aktuell-status/>

<sup>55</sup> International Energy Agency, "Sweden", at: <https://www.iea.org/countries/sweden>

<sup>56</sup> European Commission, "Rules and requirements for energy labelling and ecodesign", at: [https://energy-efficient-products.ec.europa.eu/ecodesign-and-energy-label/legislative-framework\\_en](https://energy-efficient-products.ec.europa.eu/ecodesign-and-energy-label/legislative-framework_en)

<sup>57</sup> Government of Sweden, Ministry of Infrastructure, "Sweden's Third National Strategy for Energy Efficient Renovation", (2020), at: [https://energy.ec.europa.eu/system/files/2020-05/se\\_2020\\_ltrs\\_official\\_translation\\_0.pdf](https://energy.ec.europa.eu/system/files/2020-05/se_2020_ltrs_official_translation_0.pdf)

<sup>58</sup> Government of Sweden, "Sweden's draft integrate national energy and climate plan", (2020), at: <https://www.government.se/contentassets/e731726022cd4e0b8ffa0f8229893115/swedens-draft-integrated-national-energy-and-climate-plan/>

<sup>59</sup> Boverket, "Climate declaration for new buildings", (2023), at: <https://www.boverket.se/en/start/building-in-sweden/developer/rfq-documentation/climate-declaration/>

January 2027.<sup>60</sup> This expansion will also lead to reporting requirements on climate impacts linked to groundworks and ground improvements.<sup>61</sup>

Based on the above, Sustainalytics is of the opinion that Willhem’s financing of green buildings is expected to contribute to the decarbonization of the building stock in Sweden and to Sweden’s climate goals.

**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 Willhem 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, 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
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

**Conclusion**

Willhem has developed the Willhem Green Bond Framework, under which it may issue green bonds and use the proceeds to finance projects and assets in the following categories: Green Buildings, Renewable Energy, Clean Transportation and Energy Efficiency. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines a process for tracking allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics is of the opinion that Willhem’s Green Bond Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Willhem has adequate measures in place to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

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

<sup>60</sup> Boverket, “Limit values for climate impact from buildings”, (2023), at: <https://www.boverket.se/globalassets/engelska/limit-values-for-climate-impact-from-buildings-and-an-expanded-climate-declaration.pdf>

<sup>61</sup> Ibid.

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