

EX-POST EXTERNAL REVIEW

Impact reporting

Sustainable Bond Annual Report
 Samhällsbyggnadsbolaget i Norden

23 May 2022

VERIFICATION PARAMETERS

Type(s) of reporting	<ul style="list-style-type: none"> ▪ Impact report
Relevant standard(s)	<ul style="list-style-type: none"> ▪ Working Towards a Harmonised Framework for Impact Reporting, as administered by ICMA (June 2020); Harmonised Framework for Impact Reporting, as administered by ICMA (June 2021) ▪ Green Bond Principles, as administered by ICMA (June 2018); Social Bond Principles, as administered by ICMA (June 2018); Sustainability Bond Guidelines, as administered by ICMA (June 2018); Green Loan Principles, as administered by LMA (2018)
Scope of verification	<ul style="list-style-type: none"> ▪ SBB’s Sustainable Bond Annual Report (as of May 11, 2022) ▪ SBB’s Sustainable Financing Framework (as of November 24, 2020)
Lifecycle	<ul style="list-style-type: none"> ▪ Post-issuance verification
Validity	<ul style="list-style-type: none"> ▪ As long as no material changes are undertaken by the issuer to its Sustainable Bond Annual Report as of May 11, 2022

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SCOPE OF WORK

Samhällsbyggnadsbolaget i Norden AB (“the issuer” or “SBB”) commissioned ISS ESG to provide an External Review on its Sustainable Bond Annual Report by assessing:

1. The alignment of SBB’s Sustainable Bond Annual Report with the commitments set forth in SBB’s Sustainable Financing Framework (24.11.2020 version) assessed against the ICMA GBP, SBP, SBG and LMA’s GLP applicable at date of publication of the framework.
2. SBB’s Sustainable Bond Annual Report - benchmarked against Working Towards a Harmonised Framework for Impact Reporting (as of June 2020) and Harmonised Framework for Impact Reporting (as of June 2021), as administered by ICMA.
3. The disclosure of proceeds allocation and soundness of reporting indicators¹ – whether the metrics align with best market practices and are relevant to the green bonds and social bonds issued.

SBB BUSINESS OVERVIEW

SBB was founded in March 2016 by Ilija Batljan to build a Nordic real estate company focused on residential and community service properties. The business model builds on property management with secure cash flows from social infrastructure, which are supplemented with three income-generating value-add strategies: project and property development; renovations, remodelling and extensions; and property transactions. The company’s strategy is to have a long-term view on ownership, management and development of rent regulated residential properties in Sweden and low-risk community service properties in the Nordic region.

¹ ISS ESG’s review does not follow auditing or assurance standards or guidance. ISS ESG does not provide assurance on the information presented in SBB’s Sustainable Bond Annual Report. ISS ESG solely conducted a review of the Use of Proceeds’ allocation and impact reporting against ICMA’s core principles and recommendations where applicable, and criteria outlined in the Issuer’s Framework.

ISS ESG ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1</p> <p>Alignment with the Issuer's commitments set forth in the Framework</p>	<p>ISS ESG finds that SBB's Sustainable Bond Annual Report meets the issuer's commitments set forth in the Sustainable Financing Framework. The underlying issuances align with key requirements defined by the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, and the Green Loan Principles.²</p>	<p>Aligned</p>
<p>Part 2:</p> <p>Alignment with the Working Towards a Harmonised Framework for Impact Reporting and the Harmonised Framework for Impact Reporting</p>	<p>ISS ESG finds that the Sustainable Bond Annual Report is in line with ICMA's Working Towards a Harmonised Framework for Impact Reporting. The Issuer follows core principles and where applicable key recommendations.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Disclosure of proceeds' allocation and soundness of reporting indicators</p>	<p>ISS ESG finds that the allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible asset categories as proposed in the framework.³</p> <p>The indicators are relevant and align with the reporting criteria set forth in the issuer's framework.</p> <p>Data sourcing, methodologies of quantitative assessment, the baseline selection and granularity reflect best market practices.</p>	<p>Positive</p>

² The Framework was assessed by ISS ESG as aligned with the GBP, SBP, SBG and GLP as of November 24, 2020.

³ ISS ESG bases its assessment on the information provided in the allocation reporting. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

ISS ESG EXTERNAL REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SUSTAINABLE FINANCING FRAMEWORK⁴

The following table presents ISS ESG’s assessment of the Sustainable Bond Annual Report against the commitments set forth in SBB’s framework, which are based on the core requirements of the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and Green Loan Principles as well as best market practices.

CORE GBP/SBP/SBG AND GLP REQUIREMENTS OR BEST MARKET STANDARD	SBB’S SUSTAINABLE FINANCING FRAMEWORK	SBB’S SUSTAINABLE BOND ANNUAL REPORT	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds			
1.1. Alignment with the project categories defined by the GBP, SBP, SBG and GLP	<p>The net proceeds will be exclusively allocated to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> Green Buildings; Energy Efficiency; Affordable Housing; Access to Essential Services. 	<p>In accordance with the eligibility criteria established in the framework, the proceeds have been used to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> Green Buildings Affordable Housing Access to Essential Services 	✓
1.2. Defined and transparent criteria for eligible projects	<p>Green buildings, new construction, major renovation or existing buildings have the following characteristics:</p> <ul style="list-style-type: none"> Have or will receive minimum certification of Miljöbyggnad Silver or GreenBuilding or Passive House (Sw. “Passivhus”) Either have or will receive minimum certification of LEED Gold or BREEAM Very Good and have an energy performance of at least 25% below the current national 	<p>The Issuer has financed Green Buildings, Affordable Housing and Access to Essential Services with criteria as identified in the framework.</p>	✓

⁴ ISS ESG assessed the SBB Sustainable Financing Framework as aligned with the GBP, SBP, SBG and GLP as of November 24, 2020.

	<p>regulation after the completed construction</p> <ul style="list-style-type: none"> ▪ New construction with energy consumption 25% below the national building requirements and/or major renovations reducing energy consumption by at least 25% ▪ New construction with energy consumption 25% below the national building requirements and/or major renovations reducing energy consumption by at least 25% ▪ All new constructions that either have or will receive an energy performance certificate ("EPC") of levels A. ▪ Residential buildings close to public services and public transportation (less than 2 km), and which are committed to a 30% reduction in energy consumption over a five-year period. ▪ In addition to the criteria above, eligible green assets cannot be heated by fossil fuels such as oil or natural gas. <p>Energy retrofit projects such as:</p> <ul style="list-style-type: none"> ▪ Set up of heat pumps; ▪ Instalment of LED lighting; ▪ Improvements in ventilation systems; and ▪ Extension of district heating and cooling systems. <p>Affordable housing that is rent-regulated residential housing.</p> <p>Community service properties such as:</p> <ul style="list-style-type: none"> ▪ Healthcare properties ▪ Elderly care home with access to medical care and assistance 		
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	<ul style="list-style-type: none"> ▪ Care homes for people with disabilities (incl. intellectual disabilities, autism, brain damage, reduced mobility) with access to assistance ▪ Preschools ▪ Primary schools and secondary schools ▪ Higher education and universities ▪ Culture facilities (incl. libraries, culture centres, community centres) 		
1.3. Description of the expected environmental and/or social benefits of the project categories	Environmental/social objectives and benefits are defined for each project category in SBB's framework.	<p>A detailed description of core environmental impacts for each target area is available in the report.</p> <ul style="list-style-type: none"> ▪ Green Buildings – environmental certification obtained and energy use per unit ▪ Affordable Housing - area in square meters and number of households provided ▪ Access to Essential Services – area in square meters and number of students/ patients benefiting from school/ university/ hospital building interventions, area in square meters and number of apartments provided from elderly care homes 	✓
1.4. Exclusion of harmful project categories	<p>For the avoidance of doubt, financing related to the following activities are excluded from the financing by SBB's sustainable financing instruments:</p> <ul style="list-style-type: none"> ▪ Fossil fuel energy 	The proceeds have not been allocated to any of the excluded sectors.	✓

	<ul style="list-style-type: none"> ▪ Nuclear energy ▪ Large hydro > 20MW ▪ Defence ▪ Gambling ▪ Tobacco ▪ Alcohol ▪ Weapons ▪ Prisons and Correctional Facilities 		
2. Process for project evaluation and selection			
2.1 Documented process to determine whether projects fit within defined categories	The list of eligible assets is monitored on a regular basis as long as there are sustainable financing instruments outstanding to ensure that the proceeds are sufficiently allocated to eligible assets and that these assets continue to meet the eligibility criteria described in the use of proceeds' section.	<p>All projects fit within the eligible categories listed in the use of proceeds section as part of the framework.</p> <p>Projects refinanced with the sustainable financing instruments issued under the sustainable financing framework were monitored based on compliance with the eligibility criteria.</p>	✓
2.2 Information on responsibilities and accountability	<p>A dedicated Sustainable Financing Committee was established to manage the Sustainable Financing Framework and any future updates to the framework, including expanding the list of eligible categories and oversee its implementation.</p> <p>The SBB Business Controller team presents relevant buildings, meeting the criteria of this framework to the Sustainable Financing Committee.</p> <p>The Sustainable Financing Committee solely makes the decision to include the new buildings in the list of eligible assets. A decision to include an asset will require a consensus decision by the Sustainable Financing Committee.</p>	SBB confirmed that it has respected the responsibilities and accountability as outlined in the framework.	✓
2.3 Stakeholders involved in the process	<p>The selection of eligible assets is managed by a dedicated Sustainable Financing Committee consisting of:</p> <ul style="list-style-type: none"> ▪ SBB Chief Executive Officer ▪ SBB Chief Financial Officer ▪ SBB Technical Manager 	SBB confirmed that it respected its process regarding stakeholders as outlined in the framework.	✓

	<ul style="list-style-type: none"> ▪ SBB Head of Sustainability ▪ SBB Head of Finance <p>Inclusion in the list of eligible assets follows a two-step process that also involves the SBB Business Controller team and the Sustainable Financing Committee.</p>		
3. Management of Proceeds			
3.1 Green and social bond proceeds tracked in an appropriate manner	All sustainable financing instruments issued by SBB will be managed on a portfolio level. This means that a sustainable financing instrument will not be linked directly to one (or more) pre-determined eligible assets. SBB will keep track and ensure there are sufficient eligible assets in the portfolio. Assets can, whenever needed, be removed or added to/from the eligible assets' portfolio.	The proceeds have been fully allocated.	✓
3.2 Disclosure of intended types of temporary investment instruments for unallocated proceeds	In the event that the separate account has a positive balance, SBB will have the right to either: i) temporarily deposit such positive balance with approved financial institutions as defined by the company's financial policy or ii) temporarily invest in debt securities from issuers with a minimum credit rating of BBB- from Standard & Poor's or equivalent rating from another rating institute and with a maximum maturity of 12 months. Temporary investments or deposits will not be made in entities with a business plan focused on fossil fuel energy generation, nuclear energy generation, research and/or other carbon dioxide intense activities, development within weapons and defense, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.	The proceeds have been fully allocated.	✓
3.3 Disclosure of portfolio balance of	SBB will produce a report on its green, social and sustainability Bonds which will include the balance of unallocated proceeds, if any.	The proceeds have been fully allocated.	✓

unallocated proceeds			
4. Reporting			
4.1 Use of Proceeds reporting	<p>SBB will annually, and until the maturity of the sustainable financing instruments issued, provide investors with an annual newsletter, including:</p> <ul style="list-style-type: none"> ▪ a summary of sustainable financing developments; ▪ the outstanding amounts of issued green, social and sustainable financing instruments; ▪ the balance on the separate account (including any, temporary investments or deposits and sustainable financing repayments); ▪ the share of proceeds used for financing/re-financing as well as share of proceeds used for categories in the section “use of proceeds”; ▪ the share of unallocated proceeds (if any); ▪ a complete list of eligible green and social assets financed by sustainable financing instruments; and ▪ an impact reporting. 	<p>The sections “Outstanding amount of issued Sustainable Bonds”, “Balance on the Separate Account” and “Impact Reporting” of the Sustainable Bond Annual Report comply with the pre-issuance commitment expressed in the framework and with the requirements defined in the GBP/SBP.</p> <p><i>Further analysis of this section of the report is displayed in Part III of this report.</i></p>	✓
4.2 Impact reporting	<p>For green eligible assets, SBB will use a baseline calculation method taking into consideration energy savings, avoided energy consumption and reduced usage of fossil energy sources. A list of impact indicators on asset and portfolio level are provided in the framework.</p> <p>For social eligible assets, a list of impact indicators at asset level are provided in the framework, where feasible and to the extent data is available.</p>	<p>The section “Impact Reporting” of the Sustainable Bond Annual Report complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the GBP/SBP.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	✓
4.3 Means of disclosure: where the information is published	<p>This reporting will be available annually and until the maturity of the sustainable financing instruments</p>	<p>The report is intended to be publicly available.</p>	✓

	issued on SBB's website: http://sbbnorden.se/		
4.4 External review	An SPO and verification of the reporting and the allocation of the proceeds will be carried out.	ISS ESG has provided a Second Party Opinion (SPO) on SBB's Sustainable Financing Framework.	✓

Opinion: ISS ESG finds that the Sustainable Bond Annual Report meets the general conditions set forth in SBB's Sustainable Financing Framework. Core components as defined by ICMA have been considered in the framework and have been transposed accordingly in the Sustainable Bond Annual Report.

PART II: ASSESSMENT AGAINST ICMA WORKING TOWARDS A HARMONISED FRAMEWORK FOR IMPACT REPORTING

SOCIAL BONDS

Reporting is a core component of the SBP. Social bond issuers are required to report on both the use of social bond proceeds as well as the expected social impacts at least on an annual basis. ICMA's Working Towards a Harmonised Framework for Impact Reporting (WTHFIR) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below presents the findings of an ISS ESG assessment of SBB's Sustainable Bond Annual Report against ICMA's WTHFIR.

CORE PRINCIPLES		
ICMA WTHFIR	SUSTAINABLE BOND ANNUAL REPORT	ASSESSMENT
Formal internal process to track proceeds	The issuer has clarified and confirmed that proceeds only cover eligible assets of the categories Access to Essential Services and Affordable Housing as outlined in the framework. It also confirmed that the dedicated Sustainable Financing Committee was responsible for selecting eligible assets as outlined in the framework.	✓
Reporting on an annual basis	SBB has reported within one year from issuance on the impact and allocation of the proceeds which have been fully allocated. For the years 2020 and 2021, the amount of outstanding social bonds is SEK1.18 billion and EUR1.65 billion, and for the year 2021, the amount is EUR 500 million for the social hybrid bond. The report will be available on SBB's website.	✓
Allocation of the proceeds to social project categories	The proceeds were allocated to community service property assets and rent-regulated residential housing which are part of the social category Access to Essential Services and Affordable Housing.	✓
Target Population	SBB targets the general population, people with disabilities and dependent elderly people.	✓
Output, outcome and/or impact of projects	SBB uses a mix of output and impact indicators to measure its impact. It reports its impact on a project level per university, per school, per hospital, per care centre per elderly care home and per household. It also reports on documented and estimated impact.	✓
Illustrate the expected social impact made possible as a result of projects to which social bond proceeds have been allocated.	The assessment and measurement of the impacts generated by SBB's social bonds and social hybrid bond covered the following areas: <ul style="list-style-type: none"> Number of apartments accessible to elderly people (including area in sqm); 	✓

	<ul style="list-style-type: none"> Number of students benefitting from school and university buildings (including area in sqm); and Number of patients benefitting from hospital buildings and healthcare centres (including area in sqm). Number of households benefitting from rent-regulated residential housing (including area in sqm) 	
Use output, outcome, and/or impact metrics relevant for their projects and utilise existing indicator lists and catalogue	<p>Output indicators: area in sqm, number of apartments, patients per year, students reached per year, number of households</p> <p>Impact indicators: documented impact, estimated impact⁵</p>	✓

RECOMMENDATIONS

ICMA WTHFIR	SUSTAINABLE BOND ANNUAL REPORT	ASSESSMENT
Be transparent about projects with partial eligibility	None of the newly financed projects were only partially eligible.	✓
Provide background on the methodology and assumptions used for the calculation of social impact indicators	Social impact data have been collected by the property managers for each property with assistance from the tenant organisations. Some social impact data have been estimated based on social impact data from similar properties and property areas. The indicators don't represent an incremental change between a baseline and a target.	✓
In case the expected impacts of different project components may not be reported separately, issuers may attribute the results to each component based on their relative share in the related financing, disclosing the attribution approach	The reporting covered the project categories Access to Essential Services and Affordable Housing, and impacts were reported per project separately.	N/A
Explain the methodology used to determine the share of eligible project financing being applied to impact calculation	The issuer identified the impact of each invested eligible project but provides allocated proceeds at a portfolio level only (and not per project).	✓
Collaborate with experts if reporting the estimated lifetime impacts and/or project economic life in years	There is no reporting available on the estimated lifetime impacts and project economic life in years.	N/A

⁵ estimated based on social impact for similar properties and property area

Ex-post verification of specific projects	No ex-post verification is planned.	N/A
Define and disclose the period and process for including projects in their report	The entirety of proceeds has been allocated to refinance social assets. No modification (removal or additional projects) of the portfolio is planned.	✓
Indicate the timing of disbursements	The projects were refinanced in January, May and June in 2021 at the time of the issued bonds.	✓

Opinion: ISS ESG finds that SBB follows ICMA’s Working Towards a Harmonised Framework for Impact Reporting’s core principles and key recommendations. The issuer provides transparency on the level of expected reporting as well as on frequency and scope, aligned with best market practices. SBB puts in place a formal internal process for tracking the proceeds and has clearly reported on the social bonds’ use of proceeds as well as on the expected impacts thanks to various indicators.

GREEN BONDS

Reporting is a core component of the GBP. Green bond issuers are required to report on both the use of green bond proceeds, as well as the expected environmental impacts at least on an annual basis. ICMA’s Harmonised Framework for Impact Reporting (HFIR) has been chosen as a benchmark for this analysis as it represents the most widely adopted standard.

The table below presents the findings of ISS ESG’s assessment of SBB’s Sustainable Bond Annual Report against the HFIR.

CORE PRINCIPLES		
ICMA HFIR	SUSTAINABLE BOND ANNUAL REPORT	ASSESSMENT
Reporting on an annual basis	SBB did not issue any green bonds in the last year, but it reported on the impact of the total amount of outstanding green bonds which is SEK2.6 billion, originating from bonds issued in 2019 and 2020. The report will be available on SBB’s website.	✓
Illustrating the expected environmental impacts	<p>The assessment and measurement of the impacts generated by SBB’s green bonds covered the following areas:</p> <ul style="list-style-type: none"> a. Environmental classification Miljöbyggnad Silver, GreenBuilding and Breeam In-Use Very Good, Outstanding and Energy Class A; and b. Energy consumption in kWh/m2 and area in sqm per green building (re-)financed. <p>SBB’s vision was set with concrete targets such as reduction in energy use and carbon emissions by 5% per year, at least 50% of new production in wood and to develop properties close to community services and</p>	✓

	public transport. In addition, SBB has created an action plan to certify 500 buildings according to Miljöbyggnad iDrift.	
Transparency on the currency	SBB reported on all outstanding green bonds and invested projects in one currency. The total amount of outstanding green bonds is SEK2.6 billion.	✓

RECOMMENDATIONS

ICMA HFIR	SUSTAINABLE BOND ANNUAL REPORT	ASSESSMENT
Define and disclose the period and process for including projects in their report	The entirety of proceeds has been allocated to green assets. No modification (removal or additional projects) of the portfolio is planned.	✓
Indicate the total signed amount and the amount of environmental bonds proceeds allocated to eligible disbursements.	The total outstanding amount of green bonds is SEK2.6 billion. The entirety of the proceeds has been allocated to green assets.	✓
Put in place a formal internal process for the allocation of proceeds linked to their lending and investment operations for green projects and to report on the allocation of proceeds.	No new green projects were evaluated or selected in the last year.	✓
Provide a list of projects to which environmental bond proceeds have been allocated, or report solely on a portfolio level	The Sustainable Bond Annual Report includes the total amount of proceeds at portfolio level and lists all eligible projects for the category green buildings in Sweden, Norway and Finland.	✓
Describe the approach to impact reporting	The issuer clearly identifies the impact of each eligible project but provides allocated proceeds at a portfolio level only.	✓
Report the estimated lifetime results and/or project economic life (in years)	There is no reporting on the estimated lifetime impacts and project economic life in years.	N/A
Ex-post verification of specific projects	There is no ex-post verification planned.	N/A
Report on at least a limited number of sector specific core indicators for projects included in their green bond programmes	SBB reports on certification standards for green buildings and energy use which are core indicators for the sector.	✓

	<p>A description of core environmental impacts is available in the report:</p> <ul style="list-style-type: none"> • Environmental classification Miljöbyggnad Silver, GreenBuilding and Breeam In-Use Very Good, Outstanding and Energy Class A; and • Energy consumption in kWh/m² and area in sqm per green building (re-)financed. 	
<p>For the calculation of indicators, where there is no single commonly used standard, issuers may follow their own methodologies, disclosing the methodologies</p>	<p>Green building certification standard Not applicable for certification standards.</p> <p>Energy consumption The energy use is tracked automatically with SBBs' digital system for automated monitoring of energy use in buildings. The energy follow-up system is the main source of data for SBB since it tracks both the actual energy use as well as energy use adjusted for temperatures that deviate from an average year. Complementary data from energy performance certificates are used since the energy follow-up system does not track energy use that is not controlled by SBB, for instance in triple-net properties.</p>	
<p>Elect, to convert units reported for individual projects. Disclosure on the conversion approach</p>	<p>Not applicable because none of the reported units need to be converted.</p>	N/A
<p>Be transparent about projects with partial eligibility</p>	<p>Not applicable because there are no projects with partial eligibility.</p>	N/A
<p>In case the expected impacts of different project components may not be reported separately, issuers may attribute the results to each component based on their relative share in the related financing, disclosing the attribution approach</p>	<p>The reporting covered the category Green Buildings, and impacts were not reported as a total of different projects.</p>	N/A

Opinion: ISS ESG finds that SBB follows the HFIR's core principles and key recommendations. The issuer provides transparency on the level of expected reporting as well as on frequency and scope, aligned with best market practices. SBB has clearly reported on the green bonds' use of proceeds as well as on the expected impacts thanks to various indicators.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Methodology note: ISS ESG's review does not follow auditing or assurance standards or guidance. ISS ESG does not provide assurance on the information presented in SBB's Sustainable Bond Annual Report. ISS ESG notes that it has not verified or audited the allocation reporting and thus cannot provide any assurance on its soundness. ISS ESG solely conducted a review of the Use of Proceeds' allocation and impact reporting against ICMA's Working Towards a Harmonised Framework for Impact Reporting 's core principles, recommendations and best market practices.

Use of Proceeds Allocation

Use of Proceeds' allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories. ISS ESG solely conducted a review of the Use of Proceeds' allocation reporting against ICMA Green Bond Principles/Social Bond Principles' requirements on the level, scope and information to be provided in the allocation reporting. ISS ESG finds that the use of proceeds' allocation reporting occurred within one year from the issuance, after full allocation of the proceeds of the social bonds and social hybrid bond. SBB did not issue any green bonds in the reporting year.

This is the third year of allocation reporting. In 2021, all proceeds of the social and green bonds have been fully allocated. The use of proceeds' allocation reporting occurred within the regular annual cycle from the issuance.

Proceeds allocated to Eligible Projects

The proceeds' allocation is broken down at portfolio level. The issuer has provided details about the type of projects included in the portfolio.

ISS ESG finds that the allocation report section of SBB's Sustainable Bond Annual Report aligns with best market practices by providing information on:

- The number of projects (re-)financed
- The number of beneficiaries (students, patients and households)
- The energy consumption per sqm
- The total amount of proceeds in million euros (divided per environmental and social assets)

Impact Reporting Indicators

ISS ESG finds that the impact indicators used by SBB's Sustainable Bond Annual Report align with best market practices using ICMA's recommended metrics, either in the HFIR or the WTHFIR. The table below shows the assessment conducted by ISS ESG. The issuer measures and discloses relevant indicators for each Use of Proceeds' project.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The indicators chosen by the issuer for the social and green bonds are the following:</p> <ol style="list-style-type: none"> 1. Social Bonds <p>Output indicators: area in sqm, number of apartments, patients per year, students reached per year, number of households</p> <ol style="list-style-type: none"> 2. Green Bonds <ol style="list-style-type: none"> a) Certification standard b) Energy consumption per sqm and total area per green building (re)financed <p>The above indicators are quantitative and material to the use of proceeds categories financed through the green and social bonds, and in line with the suggested impact reporting metrics by ICMA's WTHFIR and HFIR. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<ol style="list-style-type: none"> 1. Social bonds <p>Social impact data have been collected by the property managers for each property with assistance from the tenant organisations. Some social impact data have been estimated based on data from similar properties and property areas.</p> <ol style="list-style-type: none"> 2. Green Bonds <ol style="list-style-type: none"> a) Certification Standard As impact indicator, the issuer uses nationally recognised certification standards by the Sweden Green Building Council: GreenBuilding, Miljöbyggnad Silver and Breeam In-Use Very Good, Outstanding and Energy Class A. b) Energy consumption and area per green building (re-)financed The energy use is tracked automatically with SBB's digital system for automated monitoring of energy use in buildings. The energy follow-up system is the main source of data for SBB, since it tracks both the actual energy use as well as energy use adjusted for temperatures that deviates from an average year. Complementary data from energy performance certificates are used since the energy follow-up system

	<p>does not track energy use that is not controlled by SBB, for instance in triple-net properties.</p>
<p>Baseline selection</p>	<p>1. Social bonds</p> <p>The indicators follow examples outlined by ICMA in its WTHFIR.</p> <p>2. Green Bonds</p> <p>a) Certification standard GreenBuilding⁶, Miljöbyggnad⁷ Silver and Breeam In-Use Very Good, Outstanding and Energy Class A provide important baselines against which the green building projects can be benchmarked.</p> <p>b) Energy consumption and area per green building (re-)financed Energy consumption and area per green building represent a relevant baseline indicator.</p> <p>The impact data is compared with relevant baseline data in regard to certification standards and energy consumption and area per green building. The remaining social impact and energy consumption indicators follow baseline examples in ICMA's WTHFIR.</p>
<p>Scale and granularity</p>	<p>The impact data is presented at the project level for the green bond and social bond indicators.</p>

⁶ GreenBuilding was initially an EU-initiative focusing on energy use. It is now governed by the Sweden Green Building Council. To be certified, a building needs to prove that the energy use is at least 25% less than the national requirements for new buildings. Detailed information on the certification can be accessed on the website of the Sweden Green Building Council.

⁷ Miljöbyggnad is a certification system developed in Sweden and governed by the Sweden Green Building Council. It includes requirements in 16 different indicators including energy use, renewable energy, sound, ventilation, daylight, avoidance of environmentally hazardous materials and life cycle emissions. Detailed information on the certification can be accessed on the website of the Sweden Green Building Council.

High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the issuer’s Sustainable Bond Annual Report, the impact indicator(s) adopted by SBB for its social and green bonds can be mapped to the following SDGs, according to the ICMA “A High-Level Mapping to the Sustainable Development Goals”⁸.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Energy consumption impact	
Number of students benefitting from school and university buildings	 
Number of patients benefitting from hospital building interventions	
Number of households benefitting from rent-regulated residential housing	 

⁸ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

DISCLAIMER

1. Validity of the External Review: As long as no material changes are undertaken by the issuer to its Sustainable Bond Annual Report as of May 11, 2022
2. ISS ESG uses a proprietary methodology to assess the post-issuance reports. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we conduct External Reviews solely based on data provided by the issuer.
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ANNEX: Methodology

ISS ESG Review of the post-issuance Reports

The external review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced. On the basis of the information provided by the Issuer, ISS ESG assesses the alignment of the report with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The analysis of the metrics adopted is based on specific sets of indicators developed by ISS ESG referring to common market guidelines.

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, ISS ESG identifies the extent to which the issuers reporting and project categories contribute to related SDGs.

About ISS ESG External Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on External Review services, contact: SPOsales@isscorporatesolutions.com

For more information on this specific Sustainable Bond Annual Report External Review, please contact: SPOOperations@iss-esg.com

Project team

Project lead

Elena Johansson
Associate
ESG Consultant

Project support

Alice Wong
Associate
ESG Consultant

Project supervision

Marie-Bénédicte Beaudoin
Associate Director
Head of ISS ESG SPO Operations