Swedbank Sustainable Funding Framework

December 2025

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1. Sustainability at Swedbank

Swedbank is a leading retail and corporate bank in Sweden, Estonia, Latvia and Lithuania, serving more than seven million private customers and about 550 000 corporate customers. With a 200-year heritage, the bank has a long-standing commitment to supporting the financial wellbeing of individuals, businesses and communities. Societal engagement has been a cornerstone of Swedbank's identity throughout its history.

The bank's vision in the Strategic Direction[1] is to enable a financially sound and sustainable society. ESG considerations are taken into account in lending, investment and advisory activities of the bank to support long-term value creation and risk management.

This Sustainable Funding Framework is an important subset of Swedbank's broader sustainability agenda.

1.1. Sustainability in practice

Sustainability-related targets with a climate focus

Overarching objective Swedbank's climate-related targets are based on an overarching objective of achieving net-zero emissions by 2050 and aligning lending and investment portfolios with the 1.5-degree target.

2027	2030							
Sustainable financing	**Lending**						**Asset management**	**Own operations**
	Mortgages	Commercial properties	Oil and gas	Power generation	Steel	Shipping		
Ambition for: • the volume of sustainable lending to triple compared with 2022 • the share of ESG bonds to be at least 40% in relation to all arranged bonds	**−39%** $kgCO_2e/m^2$ compared with baseline year 2019	**−43%** $kgCO_2e/m^2$ compared with baseline year 2019	**−50%** tCO_2e compared with baseline year 2019	**−59%** tCO_2e/MWh compared with baseline year 2019	**−29%** tCO_2e/t steel compared with baseline year 2019	**0%** alignment delta[1]	**−50%** tCO_2e per USDm[2]	**−60%** tCO_2e compared with baseline year 2019

1) Portfolio fully aligned with the International Maritime Organization's most ambitious reduction trajectory.
2) Refers to Swedish fund capital in equity and corporate bonds (Scope 1&2) with baseline 2019.

Swedbank recognises its important societal role and is committed to supporting the transition towards a more sustainable society through its business activities. As part of the financial sector, Swedbank can enable the mobilisation of capital towards sustainable assets and solutions that limit greenhouse gas emissions, reduce energy consumption and contribute to necessary climate adaptations in society.

Swedbank's overarching climate objective is to achieve net-zero emissions by 2050 and to adapt lending and investment portfolios to the 1.5°C target,

1 Strategic Direction | Swedbank

thereby aligning with the Paris Agreement. Swedbank has set sector targets to be achieved by 2030 for parts of its loan portfolio in line with 1.5°C pathways. The targets cover key sectors from both an exposure and carbon impact perspective. Furthermore, Swedbank has set an ambition level to triple its sustainable finance volumes[2] by 2027 compared to a 2022 baseline, as well as increasing its share of arranged ESG bonds to at least 40% of total bonds arranged by 2027.

The bank's strategy focuses on supporting clients in their transition journeys through relevant advice and financing solutions. These efforts are also an important lever in the work towards our own climate targets and ambitions.

In 2024, Swedbank published its initial Climate Transition Plan, outlining the work to achieve net-zero emissions.

The bank's Position Statement on Climate Change and Nature further details the principles guiding its climate agenda, including key expectations for financial services and restrictions on fossil-fuel financing and investing. Swedbank also emphasizes its role in promoting technologies that enable a sustainable transition. The bank's Position Statements and Sustainability Policy are available on its website.[3]

1.2. Focus areas

Swedbank's sustainability efforts are permeated by two overarching themes: Energy Transition and Financial Health. These themes reflect areas where Swedbank can make a meaningful impact, in terms of reducing the environmental footprint of its customers and strengthening their financial health.

1.2.1. Energy transition

The bank is committed to empowering our customers with actionable knowledge in the energy transition, and financing solutions to help accelerate the shift to more sustainable energy consumption and production.

Strategic partnerships with sustainability and technology companies enable Swedbank to offer innovative solutions to complex environmental challenges.

Examples of these efforts include initiatives to support energy-efficient property upgrades and advisory services to corporate customers to support the transformation to zero-emission buildings by 2050.

1.2.2. Financial health

Societal engagement has played a key role throughout Swedbank's history. The foundation of the Swedish savings bank movement, established more than 200 years ago, was built on the ambition to empower the many people to improve their financial security.

In 2024, Swedbank established the Institute for Financial Health, bringing together its expertise in education, analysis, donations and research. The Institute works closely with Swedbank's ownership foundations and focuses on empowering children and young people to make informed financial decisions. Other initiatives include lectures aimed at strengthening the financial health of women and newcomers.

2 Sustainable financing is defined as loans included in the Swedbank Sustainable Asset Register and sustainability-linked loans (total committed amounts). Further sustainable financing instruments may be included going forward, in line with market practice and regulatory developments.

3 Policies | Swedbank

1.3. Sustainability governance

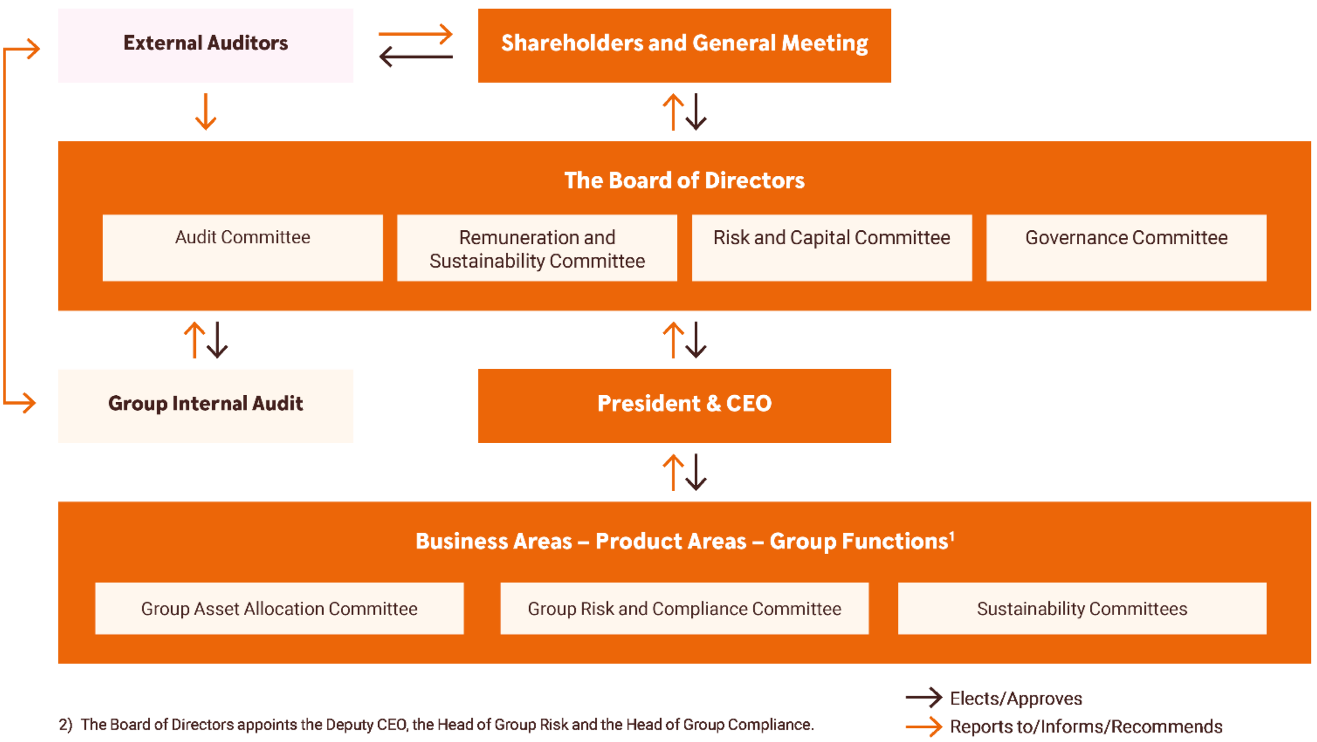
Effective governance is essential to ensuring accountability, transparency and the successful integration of sustainability across the organisation. Swedbank's governance model is designed to support the bank in delivering on its purpose to empower the many people and businesses to create a better future.

The Board of Directors holds overall accountability for ensuring that Swedbank's strategies are well-suited for its operations. The Board adopts key policies and receives regular updates on sustainability matters.

The CEO is responsible for implementing and following up on strategies set by the Board of Directors, including Swedbank's strategic direction. The duties also include ownership of the Group's Position Statements on Climate Change and Nature, and on Arms and Defence. The Group Executive Sustainability Committee is tasked with ensuring effective management and governance of the sustainability perspective within the Group. This committee, along with several subcommittees, aims to ensure that sustainability is effectively integrated into Swedbank's core business operations and governance processes.

Sustainability governance

The illustration below shows the formal structure of Swedbank's sustainability work.



2) The Board of Directors appoints the Deputy CEO, the Head of Group Risk and the Head of Group Compliance.

2. Swedbank Sustainable Funding Framework

2.1. The Framework and bond issuance

Swedbank's sustainable funding framework (the "Sustainable Funding Framework" or the "Framework") is aligned with the ICMA Green Bond Principles ("GBP") 2025,[4] Social Bond Principles ("SBP") 2025[5] and Sustainability Bond Guidelines ("SBG") 2021.[6]

The eligible green assets contribute to the EU Taxonomy environmental objectives and the United Nations SDGs. The eligibility criteria align, to a large extent and on a best-effort basis, with the Substantial Contribution Criteria of the EU Delegated Act (EU) 2021/2139 (June 2021). The processes for evaluation and selection of eligible green assets are not specifically based on the EU Taxonomy's Do No Significant Harm and Minimum Safeguards criteria. However, the Sustainable Bond Committee has the discretion to exclude assets that it deems do not clearly contribute to sustainability.

The Framework incorporates the core pillars and key recommendations of ICMA's GBP and SBP:

- Use of proceeds
- Process for Green and Social Asset evaluation and selection
- Management of proceeds
- Reporting
- External review

The Framework allows Swedbank to issue three types of bonds to finance and refinance, in whole or in part, loans with environmental and/or social benefits offered by Swedbank AB or its subsidiaries.

- Green Bonds – bonds where an amount equal to the bond proceeds is allocated to finance eligible green assets as defined in section 2.3.5, Use of proceeds ("Eligible Green Assets")
- Social Bonds – bonds where an amount equal to the bond proceeds is allocated to finance eligible social assets as defined in section 2.3.6, Use of proceeds ("Eligible Social Assets")
- Sustainability Bonds – bonds where an amount equal to the bond proceeds is allocated to finance Eligible Green Assets and Eligible Social Assets as defined in section 2.3, Use of proceeds

By issuing Green, Social and Sustainability Bonds, Swedbank promotes and supports the long-term development of sustainable solutions through financing sustainable innovations and services.

The Framework as described herein henceforth applies to all Swedbank Green, Social or Sustainability Bonds. Under the Framework, Swedbank AB and Swedbank Mortgage AB may issue Green, Social or Sustainability Bonds in Senior Preferred, Senior Non-Preferred or Covered Bond formats.

4 Green Bond Principles June 2025
5 Social Bond Principles June 2025
6 Sustainability Bond Guidelines 2021

2.2. 2025 update highlights

Swedbank first established a Green Bond Framework in 2017 and developed a Sustainable Funding Framework in 2022. In 2023, Swedbank became the first Nordic bank to issue a social bond.

The purpose of this 2025 update to the Framework is to align with the latest market practices and to further clarify the eligibility criteria. Key updates to the Swedbank Sustainable Funding Framework include:

- **Describing key principles** – covers aspects such as new financing versus refinancing and the approach to look-back period
- **Expanding the Renewable Energy category** – adds bioenergy and green hydrogen as eligible energy sources
- **Including carbon capture technologies** – introduces eligibility of Carbon Capture and Storage or Carbon Capture and Utilisation of CO_2 emissions from biogenic sources (BECCS), within the Pollution Prevention and Control category
- **Tightening the Clean Transportation category** – removes low-carbon vehicles (<50g CO_2/km) from the eligibility criteria, allowing only vehicles with zero direct tailpipe CO_2 emissions
- **Introducing the Circular Economy category** – supports investments in circular business models and resource efficiency initiatives
- **Refining Eligible Social Asset categories** – clarifies purpose and eligible activities; removes the Access to Essential Services – Education and Healthcare category

2.3. Use of proceeds

2.3.1. Allocation of net proceeds

An amount equal to the proceeds from Green, Social or Sustainability Bonds will be managed according to a portfolio approach and allocated to finance or refinance, in whole or in part, the value of fixed assets, capital expenditures and operational expenditures as defined by the eligibility criteria ("Eligibility Criteria") in this Framework. The eligible Green or Social loans offered by Swedbank AB or its subsidiaries shall provide clear environmental or social benefits and promote the transition to a low-carbon, climate-resilient and sustainable economy.

In the Use of proceeds section (2.3.5 and 2.3.6), Swedbank has mapped the Eligibility Criteria against potential contribution to EU Taxonomy activities based on substantial contribution to Climate Change Mitigation, Climate Change Adaptation, and Circular Economy. This mapping does not imply that an Eligible Green Asset fulfilling the Swedbank Eligibility Criteria must or will comply with the EU Taxonomy; hence, the Swedbank Eligibility Criteria are the basis for judgement. In addition, each Eligible Green and Social Asset category has been mapped to the UN SDGs.

2.3.2. Look-back period

Given that potential Eligible Green or Social Assets vary substantially in terms of expected lifetime, the Framework does not apply a fixed look-back period. Instead, the Sustainable Bond Committee evaluates each asset or portfolio of assets to ensure positive environmental or social impact, with consideration to the type of asset, its expected remaining lifetime and the tenor of the loan.

2.3.3. New financing and refinancing

New financing is defined as new loan originations in the reporting year, approved as Eligible Green or Social Assets. Loans originated before the reporting year that are approved as Eligible Green or Social Assets, are defined as refinancing.

2.3.4. Loans to pure-play companies

In addition to loans for specific Eligible Green or Social Assets, loans for general corporate purposes to pure-play green or social companies can be funded with net proceeds under this Framework. A pure-play company is defined as a company deriving 90 per cent or more of its revenue from the Use of proceeds categories as outlined below.

Moreover, the part of the revenue that is not classified as aligned with the Use of proceeds categories shall be consistent with this Framework's overall purpose and will not finance any activities listed in Swedbank's exclusion criteria (Position Statements).

2.3.5. Eligible Green Asset categories

Renewable Energy

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Manufacture of renewable energy technologies (3.1)

Manufacture of hydrogen (3.10)

Electricity generation using solar photovoltaic technology (4.1)

Electricity generation using concentrated solar power (CSP) technology (4.2)

Electricity generation from wind power (4.3)

Electricity generation from ocean energy technologies (4.4)

Electricity generation from hydropower (4.5)

Electricity generation from geothermal energy (4.6)

Electricity generation from bioenergy (4.8)

Manufacture of biogas and biofuels for use in transport and of bioliquids (4.13)

Cogeneration of heat/cool and power from bioenergy (4.20)

Production of heat/cool from bioenergy (4.24)

UN SDG

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Renewable energy projects or assets, including the construction of facilities that produce energy and related infrastructure and technologies from the following sources:

- **Wind power** (offshore and onshore)
- **Solar energy** (photovoltaic, concentrated solar power and solar thermal heating)
- **Ocean energy** (wave and tidal)
- **Geothermal energy**, where lifecycle GHG emissions are lower than 100g CO_2e/kWh)
- **Hydropower**[7] which complies with one of the following criteria:
  - The electricity generation facility is a run-of-river plant and does not have an artificial reservoir
  - The power density of the electricity generation facility is more than 5 W/m^2
  - The lifecycle GHG emissions from the generation of electricity from hydropower are lower than 100g CO_2e/kWh
- **Bioenergy**: biomass biogas and biofuels.[8] A prerequisite is that the waste hierarchy is taken into account in relation to energy from biomass, and that the principle of cascading use of biomass is applied.
- **Green hydrogen**: hydrogen produced with 100% renewable electricity.

[7] Hydropower must be generated in the Nordic and/or in the Baltic countries by hydropower plants <1000 MW.

[8] To be eligible, energy from biofuels, bioliquids and biomass fuels must fulfil Article 29 §6-7 of the EU Renewable Energy Directive (EU) 2018/2001. Feedstocks as defined in Annex IX of the Directive, but excluding (a) cultivated algae, (i) crude glycerine, and (q) other lignocellulosic material except saw logs and veneer logs. A prerequisite is that food and feed crops are not used. Compliance will be verified on a best effort basis.

Energy Efficiency

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Transmission and distribution of electricity (4.9)

Storage of electricity (4.10)

Storage of thermal energy (4.11)

Storage of hydrogen (4.12)

District heating/cooling distribution (4.15)

Installation and operation of electric heat pumps (4.16)

Production of heat/cool using waste heat (4.25)

Installation, maintenance and repair of energy-efficiency equipment (7.3)

Installation, maintenance and repair of instruments for measuring, regulation and controlling energy performance of buildings (7.5)

UN SDG

The promotion of electrification and improved energy efficiency[9] through the following activities:

- **Energy transfer and energy storage[10]** from renewable sources or combined sources with lifecycle emissions below 100g CO_2e/kWh. This includes construction of infrastructure for transmission and distribution of electricity, for example smart grid solutions.

  Energy storage: facilities that store electricity or thermal energy and return it later, in the form of electricity, heat or cooling. This includes batteries, thermal energy storage, pumped hydropower storage[11], and green hydrogen storage[12].
- **Energy efficiency projects for buildings**: targeting larger energy-efficient equipment upgrades concerning insulation, replacement of energy-efficient windows and doors, LED lighting, heating, ventilation and air conditioning (HVAC) and instruments for measurement, in combination with controlling energy performance of buildings.[13]
- **District heating/cooling distribution** where the system uses at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat.[14]
- **Production of heat/cool using waste heat**
- **Heat pumps:** energy-efficient electric heat pumps, for which the refrigerant used has a Global Warming Potential not exceeding 675.[15]

9 Swedbank has not established a minimum threshold for "Energy efficiency projects" since the goal of an efficiency improvement can vary significantly depending on the Eligible Green Asset in scope. Each potential case will be reviewed to decide whether the efficiency improvement is ambitious enough.

10 To prevent fossil-fuel investment lock-ins, fossil-fuel power plants are excluded.

11 Storage from hydropower generated in the Nordic and/or in the Baltic countries by hydropower plants <1000 MW.

12 Produced with 100% renewable electricity.

13 To be eligible, the individual measures must comply with the minimum requirements set for individual components and systems under the applicable national measures implementing Directive 2010/31/EU (EPBD). Where applicable, they must also be rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 (Energy Labelling) and its delegated acts. Compliance will be verified on a best effort basis.

14 According to the Energy Efficiency Directive (EU) 2023/1791

15 According to the EU Taxonomy Activity: Installation and operation of electric heat pumps, substantial contribution criterion 4.16 (a)

Green Buildings

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Construction of new buildings (7.1)

Renovation of existing buildings (7.2)

Acquisition and ownership of buildings (7.7)

UN SDG

7 AFFORDABLE AND CLEAN ENERGY

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13 CLIMATE ACTION

New buildings (buildings built after 31 December 2020)

Acquisition, ownership or construction of buildings, either residential or commercial, that meet criteria 1 or 2:

1. Primary Energy Demand (PED) that is or is expected to be at least 10% lower than the PED resulting from the current national building regulation in accordance with NZEB requirements.[16] The energy performance is or will be (if under construction) certified with an Energy Performance Certificate (EPC) from the applicable national register for buildings.[17]
2. Have or are expected to have at least one of the following recognised environmental certifications listed below[18] and demonstrates or is expected to demonstrate compliance with national NZEB requirement:
   - BREEAM (minimum certification “Excellent”)
   - LEED (minimum certification “Gold”)
   - Miljöbyggnad (minimum certification “Silver”)
   - Nordic Swan Ecolabel
   - Passive House

Existing buildings (buildings built before 31 December 2020)

Acquisition or ownership of buildings, either residential or commercial, that meet criteria 1, 2 or 3:

1. EPC class A.
2. Energy performance within the top 15%[19] of the national building stock expressed by PED.
3. Has a recognised environmental certification with the specified levels (same list as above for New buildings, criteria 2) and demonstrates alignment with the applicable energy requirements for new construction valid at the EPC issuance date.

Property upgrades

Property upgrades of buildings, either residential or commercial, that meet one of the following criteria:

- The renovation is compliant with the applicable national regulations for major renovations. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.[20]
- The renovation achieves energy savings of at least 30% in PED, in comparison to the baseline performance of the building before the renovation.

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[16] NZEB means "nearly zero-energy building" – a building that has a high energy performance according to the Energy Performance of Buildings Directive (EPBD). The requirements are ensured through the current national building regulations for Sweden, Estonia, Latvia, Lithuania and Norway.

[17] Sweden, Estonia, Latvia, Lithuania and Norway.

[18] Swedbank uses green certifications to promote a holistic approach to sustainability in property, including environmental and social criteria beyond energy use. For additional detail, see: BREEAM, LEED, Passive House, Miljöbyggnad, Nordic Swan Ecolabel.

[19] Based on national top-15% studies provided by external parties that have been approved by Swedbank’s Sustainable Bond Committee.

[20] A “major renovation” means a renovation of a building where: (a) the total cost of the renovation relating to the building envelope or the technical building systems exceeds 25% of the value of the building, excluding the value of the land upon which the building is situated; or (b) more than 25% of the surface of the building envelope undergoes renovation, according to Directive 2010/31/EU/Energy performance of Buildings Directive (EPBD).

Sustainable Management of Living Natural Resources and Land Use

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event (1.2)

Conservation forestry (1.4)

Restoration of wetlands (2.1)

UN SDG

Sustainable management of natural resources

- Sustainable management of forestry that is certified according to the Forest Stewardship Council (FSC) and/or the Programme for the Endorsement of Forest Certification (PEFC).
- Sustainable fisheries[21] with certification under the Marine Stewardship Council (MSC) for fisheries or the Aquaculture Stewardship Council (ASC) for aquaculture or other equivalent certification schemes.

Rehabilitation, restoration, conservation[22]

- Conservation of terrestrial and aquatic biodiversity (e.g. the protection of coastal, marine and watershed environments, or primary forest conservation).
- Rehabilitation and restoration of ecosystems from a degraded state (e.g. wetland restorations, reforestation, species rehabilitation).

[21] Excluding the following activities: bottom-trawling, high by-catch gear, or excessive sea-lice treatments.

[22] The activities shall accelerate the recovery of various ecosystems, without involving exploitation or having previously caused harm or degradation to the ecosystems concerned. Furthermore, the activities shall not be used to remedy any harm caused by Swedbank's lending counterparty.

Pollution Prevention and Control

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Collection and transport of non-hazardous waste in source-segregated fractions (5.5)
Material recovery from non-hazardous waste (5.9)

Underground permanent geological storage of CO_2 (5.12)

UN SDG

Sustainable waste management, including development, construction or upgrade of:

- Recycling and reuse facilities, including collection and transport, for sorting and processing of separately collected non-hazardous waste, including but not limited to metal, plastic and paper. The recycling should convert at least 50% of the waste, in terms of weight, into secondary raw materials that are suitable for the substitution of virgin materials in production processes.
- Non-recyclable municipal waste for incineration to produce energy, given that the waste hierarchy principle is followed.[23]

Carbon Capture and Storage (CCS) and Carbon Capture and Utilisation (CCU)

- CCS facilities for CO_2 emissions from biogenic sources, dedicated to the reduction, avoidance or removal of GHG emissions.[24]
- CCU facilities for CO_2 emissions from biogenic sources, processing separated carbon dioxide into new secondary raw material, creating sustainable carbon cycles.

Sustainable Water and Wastewater Management

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Construction, extension and operation of water collection, treatment and supply systems (5.1)

Renewal of water collection, treatment and supply systems (5.2)

Construction, extension and operation of wastewater collection and treatment (5.3)

Renewal of wastewater collection and treatment (5.4)

UN SDG

Development, construction, extension and/or renewal of water systems or wastewater management facilities that increase water-use efficiency, improve water quality, or increase water recycling and reuse in a sustainable manner:

- Water collection, treatment and supply systems or wastewater collection and treatment facilities, such as sanitation facilities and wastewater treatment plants.
- Supporting infrastructure to water systems or wastewater networks such as pipelines, pumping stations and control devices.
- Water savings and efficiency systems and technologies. For example, leak detection and water reclaim systems.

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[23] Waste hierarchy principle of the Waste Framework Directive, 2008/98/EC

[24] The activities must comply with the Technical Screening Criteria in Section 5.12 of the EU Taxonomy (Underground permanent geological storage of CO_2 contribution to climate mitigation).

Clean Transportation

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Passenger interurban rail transport (6.1)

Freight rail transport (6.2)

Urban and suburban transport, road passenger transport (6.3)

Transport by motorbikes, passenger cars and light commercial vehicles (6.5)

Freight transport services by road (6.6)

Inland passenger water transport (6.7)

Inland freight water transport (6.8)

Retrofitting of inland water passenger and freight transport (6.9)

Sea and coastal freight water transport, vessels for port operations and auxiliary activities (6.10)

Sea and coastal passenger water transport (6.11)

Infrastructure for personal mobility, cycle logistics (6.13)

Infrastructure for rail transport (6.14)

Infrastructure enabling low-carbon road transport and public transport (6.15)

Infrastructure enabling low-carbon water transport (6.16)

UN SDG

Public and passenger transport

- Public passenger transport (e.g., metro, tram, bus, train, ferry) with zero direct tailpipe CO_2 emissions
- Passenger cars and commercial vehicles, or mopeds and motorbikes with zero direct tailpipe CO_2 emissions (e.g., hydrogen, fuel cell, electric)

Freight[25]

- Rail, road or water transport vehicles with zero direct tailpipe CO_2 emissions (e.g., electric, hydrogen)

Infrastructure

- Infrastructure that is required for zero direct tailpipe CO_2 emissions transport (e.g., electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric highways, bicycle paths)
- Infrastructure and installations that are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems

[25] Excluding systems and infrastructure used primarily for the transportation of fossil fuels

Climate Change Adaptation

EU Environmental Objective

Climate Change Adaptation

UN SDG

Activities or assets that demonstrate improvement of climate resilience by developing and implementing relevant adaptation measures. Investments in climate-related adaptation measures must be supported by a climate risk and vulnerability analysis to ensure relevance.

Swedbank will assess[26] activities under climate change adaptation using a case-by-case approach to identify whether climate-related risks and vulnerabilities have been investigated, to define the contribution of the proposed investment in relation to climate risks, and to evaluate the alignment of the activity with local, regional and national strategies and climate adaptation plans.

Activities and assets in various sectors that contribute to climate change adaptation, including but not limited to:

Renewable energy

- Resilient water dams for adapting to water stress, water shortage and water surplus

Green buildings

- Flood defence and stormwater management systems
- Constructing resilient buildings in high-risk environments (e.g., in areas affected by landslides, coastal erosion, sea-level rise, heavy precipitation)

Forestry and agriculture

- Alternative pest control to deal with the projected acceleration of pest growth rates
- Forest fire risk prevention
- Measures to protect against flooding, such as sustainable drainage systems, subsoil drainage, stormwater management systems and dams
- Drought risk prevention and protection such as irrigation
- Infrastructure and equipment such as firefighting aircraft, new forest roads, firefighting equipment

Transportation

- Acute and preventive measures for transport infrastructure (roads, bridges, terminals) for adapting to changed weather patterns (e.g., wind, water, snow)

[26] The assessment will be based on the requirements for substantial Climate Change Adaptation in the EU Taxonomy Regulation of the Delegated Act EU 2021/2139.

Circular Economy

EU Environmental Objective

Transition to a Circular Economy[27]

EU Taxonomy Activity

Manufacture of plastic packaging goods (1.1)

Manufacture of electrical and electronic equipment (1.2)

Construction of new buildings (3.1)

Renovation of existing buildings (3.2)

Repair, refurbishment and remanufacturing (5.1)

A circular economy maintains the value of products, materials and resources within the economy for as long as possible, while reducing reliance on virgin materials and minimising waste, emissions and environmental impact.

To qualify, activities or assets must demonstrate a material[28] contribution to a circular economy within at least one of the following subcategories:

- **Circular design:** Design of products focused on durability, modularity and repairability to extend product life and enable reuse. For example, design for long lifetime in manufacture of electrical and electronic equipment, and design for adaptability in construction of new buildings.
- **Circular production:** Production processes that significantly substitute virgin raw materials with secondary materials and/or significantly improve resource efficiency. For example, use of recycled materials in manufacturing of plastic packaging goods.
- **Circular use:** Repair, refurbishment and remanufacturing activities to restore products for continued use.

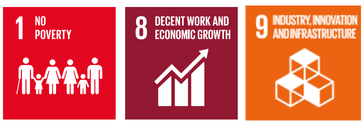
[27] Transition to a Circular Economy in the Environmental Delegated Act (EU) 2023/2486

[28] To be verified by an authorised independent external party or equivalent. Activities included in EU Taxonomy objective "Transition to a circular economy" must show a material contribution that is broadly aligned with the relevant substantial contribution criteria.

2.3.6. Eligible Social Asset categories

Employment Generation

UN SDG



Social benefit: Employment generation and retention and fostering economic growth in underserved communities.

Eligibility Criteria:

- **Generating employment in socioeconomically weak areas[29] or rural areas[30] with above-average unemployment rates[31] through financing of SMEs[32]**

  Target population: Populations in socioeconomically weak areas or rural areas with high unemployment

[29] For definition of socioeconomically weak areas see Appendix Social Asset definitions.
[30] Applicable for Sweden, for definition of rural areas see Appendix Social Asset definitions.
[31] Sweden: Higher than the average national unemployment rate: Arbetsförmedlingen - Statistik
[32] Using the EU definition for micro and small companies ranging up to 10 MEUR in turnover and with fewer than 50 employees

Affordable Housing

UN SDG

Social benefit: Allow for universal access to decent housing and include low-income people and groups with no or restricted access to housing or home ownership.

Eligibility Criteria:

- **Activities and/or companies that provide or improve access to affordable housing**

  Target population: Students, low-income individuals and/or unhoused individuals

  Examples of eligible activities: Financing of apartment buildings and detached houses leased with affordable tenancy[33] as per local regulations, or financing housing organisations enabling affordable housing

Socioeconomic Advancement and Empowerment

UN SDG

Social benefits: Empower vulnerable individuals and societies and promote diversity, equity and inclusion goals.

Eligibility Criteria:

- **Activities and/or companies that empower vulnerable groups:** Activities, products or business operations dedicated to specific groups in need of empowerment to reduce inequality in the areas of diversity, equity and inclusion and/or protect the rights of beneficiaries.

  Target population: Groups legally protected from discrimination in terms of gender, age, sexual orientation, sexual identity, ethnicity/background, religion and physical or mental ability.

  Examples of eligible activities**:** Financing activities to empower the target population, such as assistive technologies (e.g., mobility aids, hearing aids, speech-to-text software) enabling access to society.

- **Female-owned SMEs[34]:** A woman-owned enterprise meets the criteria if ≥ 51% is owned by women[35].

  Target population: Female individuals.

- **Advancing residential life in socioeconomically weak areas:** through new construction, refurbishments and improvements of the surrounding areas with a clear benefit for the target population. The work should also include other relevant measures, such as to increase security and social inclusion. The activities should promote the development of best practices, be part of systematic work to reduce or solve social challenges, be long-term, have clear objectives and include measurement of results.

  Target population: Populations in socioeconomically weak areas[36].

  Examples of eligible activities: Financing residential properties or commercial centre properties that are managed in accordance with ambitious social strategies and objectives, such as enhancing security, that provide tangible benefits to the target population.

33 Affordable tenancy refers to rental arrangements where the rents are clearly below local market rents/regulated rents. In addition, this criterion includes subsidised housing schemes by government programmes that provide affordable tenancy to selected target groups.

34 Using the EU definition for micro and small companies ranging up to 10 MEUR in turnover and with fewer than 50 employees

35 IFC definition of Women-Owned Enterprise (option A)

36 For definition of socioeconomically weak areas see Appendix Social Asset definitions.

2.4. Process for Green and Social Asset evaluation and selection

2.4.1. The regular credit process

All potential Eligible Green or Social Assets must undergo Swedbank's regular credit process, which includes Know-Your-Customer procedures and credit risk assessment, encompassing a sustainability assessment.[37] The sustainability perspective is integrated in the credit risk assessment to ensure that sustainability risks are properly managed.

For corporate customers, the sustainability assessment includes the use of an ESG analysis tool comprising industry-specific risks from three perspectives: environmental, social sustainability and corporate governance. This supports the identification of the most material sustainability risks within a given sector and provides a foundation for customer-specific analysis and dialogue.

In addition, the sustainability assessment ensures alignment with Swedbank's Sustainability Policy Framework, including the bank's Position Statements. Swedbank's Position Statements on Arms and Defence and on Climate Change and Nature[38] define which businesses and activities that are restricted from financing by Swedbank.

The credit process and the process for Green and Social Asset evaluation and selection are iterative, meaning that the credit committee's decision may not always precede the eligibility assessment conducted by Swedbank's Sustainable Bond Committee. However, only assets that have been approved in Swedbank's regular credit process are eligible for inclusion in Swedbank's Sustainable Asset Register.

2.4.2. Evaluation and selection of assets

Swedbank uses two methods to select and include Eligible Green or Social Assets in its Sustainable Asset Register: (1) individual assessment of loans and (2) portfolio assessment of loans.

Individual assessment of loans is a process in which business areas identify and evaluate potential assets and complete a pre-defined sustainable asset application with necessary supporting documentation, such as Energy Performance Certificates for green assets. The application is then submitted to Group Sustainability.

Group Sustainability reviews the information provided to ensure that the asset aligns with the Eligibility Criteria outlined in the Sustainable Funding Framework. This review includes assessing environmental or social benefits, potential risks related to the asset, and key performance indicators and impact metrics.

Portfolio assessment of loans is the process approved by the Sustainable Bond Committee to identify a portfolio of loans, such as the eligible mortgage portfolio. The process can be applied when sufficient data is available, all Eligibility Criteria are met, and all asset-specific requirements are fulfilled.

2.4.3. The Sustainable Bond Committee

The Sustainable Bond Committee evaluates asset applications and determines whether the assets qualify as Eligible Green or Social Assets under the Framework. The Committee may reject an asset even if it meets the Eligibility Criteria, for example if there is a risk of negative impact on other sustainability objectives, or if the long-term impact is uncertain.

The Sustainable Bond Committee is chaired by the Head of Group Sustainability (or an individual appointed by the Head of Group Sustainability) and currently includes representatives from Group Risk, Group Treasury, and the business areas Corporates and Institutions, Swedish Banking and Baltic Banking. Group Sustainability has a veto right in the Committee.

The Committee is responsible for governance of the Sustainable Funding Framework, approval of the allocation of an amount equal to the net proceeds from Green, Social or Sustainability Bonds, and approval of the environmental and social impact reporting related to the Sustainable Asset Register.

Sustainable Bond Committee meetings are held when considered necessary. Decisions are recorded in meeting minutes and made accessible to auditors.

[37] The scope varies depending on the size, type and complexity of the transaction and the borrower.

[38] Position Statements | Swedbank

2.5. Management of proceeds

Swedbank manages the amount equal to the net proceeds from Green, Social, or Sustainability Bonds according to a portfolio approach. Group Treasury ensures that such amount is allocated to Eligible Green or Social Assets in the Sustainable Asset Register.

All Eligible Green and Social Assets are registered with a unique identifier and are tracked and monitored on a quarterly basis.

Assets initially included by individual assessment under previous framework versions will remain in the Sustainable Asset Register until the loans mature, given that they still qualify according to the Eligibility Criteria valid at the time of inclusion. Assets initially included by portfolio assessment under previous framework versions will need to fulfil Eligibility Criteria under the current (2025) Framework.

Prior to Green, Social or Sustainability Bond issuance, the Sustainable Asset Register must contain a sufficient volume of Eligible Green or Social Assets at least amounting to the intended issuance size. In the unlikely case that the volume of the Sustainable Asset Register is lower than the net proceeds of outstanding bonds, or if there are no Eligible Green or Social Assets available, proceeds will be temporarily invested in accordance with the requirements for the liquidity reserve, with a preference for ICMA GBP, SBP, or SBG-aligned Green, Social or Sustainability Bonds, given adequate market availability.

2.6. Reporting

Swedbank is committed to reporting allocation of proceeds and impact at category level. Reporting is conducted at least on an annual basis, or if there are material changes to the Sustainable Asset Register.

The Sustainable Bond Impact Report ("Impact Report") is published annually on Swedbank's website[39] and will continue until all outstanding Green, Social or Sustainability Bonds issued by the bank have matured.

2.6.1. Allocation reporting

Allocation reporting provides detailed information on:

- The total amount of Green, Social or Sustainability Bonds outstanding
- Allocation of proceeds across each Eligible Green or Social Asset category
- The share of proceeds used for financing/refinancing
- Geographical distribution of the assets

2.6.2. Impact reporting

The Impact Report includes details on the environmental impact or social outputs of the assets included in the Sustainable Asset Register.[40] Swedbank aims to align, on a best-effort basis, with the approach described in ICMA's latest Harmonised Framework for Impact Reporting, and the NPSI Position Paper on Green Bonds Impact Reporting.

Impact reporting varies depending on the type of asset financed. Examples of key performance indicators that may be included in the environmental impact and social output reporting are provided in the table below. Given the diversity of social assets and outputs, the table below may not capture the specific assets' impact measurements in the Sustainable Asset Register; thereby, additional project-specific measurement may be used as a complement. These key performance indicators that measure the social output evolve and develop accordingly.

Information with respect to borrowers and their businesses and projects is subject to permitted disclosure in accordance with relevant confidentiality agreements. The Impact Report is reviewed and approved annually by the Sustainable Bond Committee. The integrated impact indicators included in the report highlight the expected or actual environmental impact or social output of the Eligible Green or Social Assets that Swedbank finances.

The included Eligible Green Assets are also assessed annually against the EU Taxonomy Substantial Contribution Criteria, and results are included in the Impact Report.

[39] Sustainable bonds | Swedbank

[40] Swedbank reports its impact based on its share of the asset's total investment cost.

Eligible Green Asset category	Examples of quantitative impact indicators
Renewable Energy	Installed capacity of renewable energy (MW) Expected annual energy generation (MWh) Estimated annual GHG emissions reduced/avoided (tCO_2e)
Energy Efficiency	Storage capacity (MW) Distribution capacity (MW) Expected annual energy generation (MWh)
Green Buildings	Amount of energy saved (MW) Estimated annual GHG emissions reduced or avoided (tCO_2e)
Sustainable Management of Living Natural Resources and Land Use	Certified standing stock (in m^3) Forest area certified (hectares)
Pollution Prevention and Control	Recycling (tons) Expected annual energy generation (MWh) Estimated annual GHG emissions reduced or avoided (tCO_2e)
Sustainable Water and Wastewater Management	Annual absolute (gross) water savings (in m^3 or %) Annual absolute (gross) amount of wastewater treated, reused or avoided (in m^3 or %)
Clean Transportation	Estimated annual GHG emissions reduced or avoided (tCO_2e)
Climate Change Adaptation	Reduction in flood damage costs Reduction in the number of wildfires, and/or in the area damaged by wildfires in km^2 Increased number of households with access to resilient energy systems Reduction in changes in the nutrient and/or pH level for agricultural soils Reduced/avoided loss of crops Number of km of road, rail or other infrastructure adapted
Circular Economy	The increase in materials, components and products that are reusable or recyclable (in tonnes p.a. or in %) The share of single-use products replaced by products designed and produced for reuse (%) The share of virgin raw materials that are substituted by secondary raw materials and byproducts from manufacturing processes (in tonnes p.a. or in %)

Eligible Social Asset category	Examples of quantitative output indicators[41]
Employment Generation	Number of jobs protected and created in these areas
Affordable housing	Number of households provided with rents that are clearly below the local market rents/regulated rents, affordable tenancy Number of affordable units/houses/dwellings constructed, improved, rented, financed, or acquired
Socioeconomic Advancement and Empowerment	Amount spent on refurbishments of residential properties in the targeted area Amount spent on improvements in the surrounding outdoor environments in the targeted area Number of individuals positively affected by the financed activities Number of supported female business owners

[41] HFIR, ICMA 2020

2.7. External reviews

2.7.1. Second-Party Opinion (pre-issuance)

Swedbank has obtained a Second-Party Opinion by ISS-Corporate to confirm the Framework's alignment with ICMA GBP, SBP and SBG and to assess the criteria alignment with the EU Taxonomy Substantial Contribution Criteria for relevant categories. The Second-Party Opinion is available on Swedbank's website.[42]

2.7.2. External verification (post-issuance)

An independent external auditor will be requested to review the allocation reporting to provide limited assurance that an amount equal to the net proceeds from Green, Social or Sustainability Bonds has been allocated to Eligible Green and/or Social Assets. The assurance report will be published on Swedbank's website.[43]

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3. Appendix – Social Asset definitions

3.1. Socioeconomically weak areas

Sweden

The Delegation Against Segregation (Delmos) and Statistics Sweden (SCB) have developed a nationwide index, the segregation barometer (Segregationsbarometern)[44] that highlights how different areas relate to each other in terms of socioeconomic status. The index is based on Regional Statistics Areas (RegSO), and relevant statistical indicators are weighed together into a coherent index. The indicators have been weighted into 5 groups of areas, 1 being areas with major socioeconomic challenges and 5 being areas with very good socioeconomic conditions.

Area types

- Area type 1 – areas with major socioeconomic challenges
- Area type 2 – areas with socioeconomic challenges
- Area type 3 – socioeconomically mixed areas
- Area type 4 – areas with good socioeconomic conditions
- Area type 5 – areas with very good socioeconomic conditions.

Area types 1 and 2 fall under the collective concept of areas with socioeconomic challenges. Assets must be located in these areas to be considered eligible under this Framework for the relevant criteria.

Estonia, Latvia and Lithuania

Socioeconomically weak areas are defined as counties/regions with both an unemployment rate that is higher than the national average and an average gross wage that is below the national average.[45]

3.2. Rural areas

Sweden

A definition of rural areas specified by the Swedish Association of Local Authorities and Regions (Sveriges Kommuner och Regioner, SKR) is applied:[46]

- Rural municipalities: municipalities with a population of less than 15 000 in the largest urban area and a very low commuting rate (less than 30%).
- Rural municipalities with a visitor industry: municipalities in rural areas that fulfil at least two criteria for visitor industry, i.e. number of overnight stays, retail, restaurant, or hotel turnover in relation to the population.

[44] Swedish National Board of Housing, Building and Planning (Boverket): Segregationsbarometern
[45] Estonia official statistics, Latvia official statistics, Lithuania official statistics
[46] SKR: Kommungruppsindelning


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