

Green Bond Framework

September 2019



Swedavia
Airports

1. Introduction

1.1 About Swedavia

Swedavia operates and develops the ten airports included in Sweden's national basic infrastructure. From Kiruna in the north to Malmö in the south. By contributing to good connectivity to, from and within Sweden— by enabling people to meet – Swedavia creates value. The company was formed in 2010 and is wholly owned by the Swedish State.

There are two operational areas, airport and real estate operations, which together provide a comprehensive offering that helps the company to fulfil its task by generating solid financial returns for the owners, and value for customers, that is, passengers, airlines and tenants.

Together with its partners, Swedavia creates added value for its customers by offering attractive airports and access that provide smooth and inspiring travel experiences. Swedavia's airports shall be the most important meeting places in Scandinavia, while the company shall be an international role model in sustainability and a growth engine for all of Sweden.

1.2 Swedavia's sustainability contribution

Sustainability constitutes the foundation of Swedavia's operations and strategy since sustainable actions both enhance a long-term competitiveness and is an essential requirement for the future of air travel.

Swedavia has divided its environmental sustainability work in two parts, internally from its own operations and externally to decrease the climate impact from the aviation industry.

Sustainability recognition

Swedavia is today a world leader in the development of climate-smart airports. All of Swedavia's airports are certified at the highest level of the Airport Council International Europe's standards for the climate work of airports. Stockholm Arlanda Airport was in fact the first airport in the world to receive the highest level of certification.

Since 2006, Swedavia has been a climate-neutral company meaning that the company



works systematically to calculate the emissions and implement measures in its own operations. To achieve climate neutrality, the company buys

certificates from climate projects in developing countries. These projects, called clean development mechanism or CDM projects, have been approved by the UN and are also certified under the green movement's Gold Standard for the Global Goals. The projects are aimed at reducing emissions in developing countries. As a result, Swedavia offsets the emissions that still have not been reduced through its own measures.

1.2.1 Internal sustainable governance and management

In order to give Swedavia legitimacy to grow and develop, work in all three sustainability dimensions, social development, economy and environmental, is needed.

The sustainability wheel illustrates the company's strategic focus, in which the three sustainability dimensions surround the customer perspective, which is located in the center. For each sustainability dimension, there are concrete, measurable targets that guide both governance and communication.

Below are Swedavia's four sustainability targets for 2025:

- 5% of aviation fuel that is refueled at Swedavia airports shall be renewable
- 85% of passengers satisfied
- 75% engaged leaders and employees
- 6% return on operating capital

Swedavia's internal operations linked to UN's Sustainable Development Goals

The UN's sustainability goals are well linked to Swedavia's sustainability perspective. The goals that are most relevant to the company and where the company, through its activities,

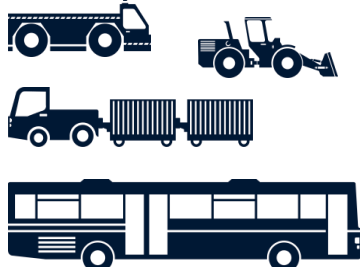
is mainly contributing to positive development are:



Goal 9: Industry, Innovation and Infrastructure
 Goal 10: Reduced Inequalities
 Goal 11: Sustainable Cities and Communities
 Goal 13: Climate Action

Renewable energy and energy efficiency

A staggering 97% of the energy that Swedavia uses comes from renewable sources. The company uses 100% renewable district heating, 100% renewable electricity, 80% renewable fuel and 100% renewable fuel for its own boilers. Swedavia works continuously with measures for energy efficiency improvements such as replacement for LED luminaires, switching to more energy-efficient ventilation units and drive motors to reduce energy consumption. During 2018, energy declarations of all Swedavia's buildings were completed.



Clean transportation

Swedavia is also working to ensure that its own vehicle fleet will switch to using renewable fuels. Today it accounts for more than 95% of the fossil carbon dioxide emissions the company still produces. The company strives to, as far as possible, replace fossil fuels with electricity, biogas and synthetic diesel (HVO) and continues to gradually renew the vehicle fleet and work with activities for reduced fuel consumption.

Biodiversity

Swedavia owns not just the airports but also adjacent land. At an airport, 50 to 100 meters of grassland usually borders each side of the take-off and landing runways. Inventories of

biological diversity at the airports and adjacent land have been carried out, and worked into each airport's development plan to ensure that consideration is given to areas with great biological diversity.

Waste management

Much of the waste produced at Swedavia's airports is a resource that can be utilized through reuse or recycling. The waste from Swedavia's facilities is sorted into four categories: waste for material recycling, waste for energy recycling, waste for landfill and hazardous waste.

Green buildings

Swedavia has set environmental requirements for new constructed buildings. This means that the energy performance of the buildings must be at least 25% better than the existing building regulations, tree products must come from certified forests and construction products must be accepted according to the criteria of the Building Materials Assessment. Swedavia also environmentally certifies many of its properties.

1.2.2 External actions for a sustainable aviation industry

One of the main challenges for the aviation industry is to reduce its climate impact. The aviation sector has become 70% more fuel efficient over the past 40 years, but since air travel continues to increase globally, efforts for a full-scale climate change in aviation must be intensified. Swedavia is actively working to accelerate the development of a sustainable aviation industry.

Biofuels for Swedavia's own official business travel

Swedavia was the first company in the world to buy biofuel equivalent to the amount consumed in all of its air travel for official business travel by Swedavia's staff. By leading the way and buying green flights for the staff's travel, Swedavia wants to show decision-makers, companies and producers that there is a demand for biofuel in air transport and thereby contribute to large-scale production.

This is an important step towards fossil-free domestic air transport in Sweden.

Biofuels for air traffic to Swedish airports

Besides making the commitment that no emissions of carbon dioxide should be made from its own operations after 2020, Swedavia has taken the next step in their climate work by taking actions to improve the entire aviation industry. During 2018 Swedavia has set the goal that 5% of the aviation fuel that is being refueled at Swedish airports should be renewable in 2025. This corresponds to the pace required to achieve a fossil-free domestic flight by 2030. However, this goal can only be achieved through close collaborations with actors both in and outside the industry.

Nevertheless, Swedavia is engaged in such collaborations and is convinced that it is possible to reduce aviation's climate impact and create the conditions for continued sustainable air travel. This is a prerequisite for Sweden's continued competitiveness.

1.3 The Green Bond Framework

Sustainability in all operations and strategy is a highly prioritized area for Swedavia, and issuance of Green Bonds will be used to help achieve a positive environmental impact. When issuing Green Bonds, this Green Bond Framework (the "Framework") will apply.

The Green Bond Principles 2018 ("GBP")¹ apply the following definition of green bonds: "Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects/ Assets and which are aligned with the four core components of the GBP".

This Green Bond Framework is aligned with the four core components of the GBP; Use of Proceeds (Section 2), Process for Project/

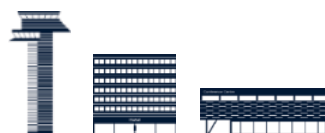
¹ Green Bond Principles published in June 2018 are Voluntary Process Guidelines for Issuing Green Bonds established by International Capital Markets Association (ICMA)
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Asset Evaluation and Selection (Section 3), Management of Proceeds (Section 4) and Reporting (Section 5). As such the Framework may be updated from time to time to reflect current market practices and potential updates in the GBP.

Furthermore, the Framework is reviewed by an external impartial institution with

environmental expertise that has provided a second opinion to confirm the alignment of the Green Bond Framework with the key features of the GBP.

This Framework is applicable for issues of Swedavia's Green Bonds. The Framework together with the second opinion by CICERO is available on the company's website.



2. Use of Proceeds

Proceeds from Swedavia Green Bonds will be used to finance or re-finance, in part or in full, Eligible Green Assets, as presented in the table below, providing distinct environmental benefits. Connection between United Nations' Sustainable Development Goals ("SDGs") and Eligible Green Assets is provided in the same table. Swedavia will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Assets. Eligible Green Assets can be owned/ held by Swedavia or by any of the Swedavia's subsidiaries or other joint-ventures.

Eligible Green Assets under "Green buildings" are based on the value of assets reported on the balance sheet, at time of the cut-off date for annual reporting of the Green Bond. Eligible Green Assets under "Energy efficiency", "Renewable energy", "Pollution prevention and control" and "Clean transportation" correspond to the relevant invested amount.

GBP Project Category	Eligible Green Assets	SDG	SDG Target
Green buildings and infrastructure	All new, refurbished, acquired or existing buildings or investments in infrastructure that either have or will receive at least one of the following criteria: Green buildings i. BREEAM Very Good, BREEAM-In-Use Very Good, LEED Gold, Miljöbyggnad Silver or Passive House (Sw. Passivhus) ii. Energy performance certificate (EPC) of class A or B iii. Where refurbishments have been or will be made reducing energy consumption by at least 25% Green infrastructure iiii. CEEQUAL certification Excellent	SDG 11 Sustainable Cities & Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy efficiency	i. Energy retrofits such as the usage of LED lighting, switching to more energy-efficient ventilation units, extension of district heating and cooling systems etc. ²	SDG 7 Affordable & Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable energy	i. Onsite renewable energy such as solar panels that generate electricity or geo-thermal energy installations	SDG 7 Affordable & Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.A By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology
Pollution prevention and control	i. Investments in waste recycling, waste minimization and energy/emission efficient waste management	SDG 12 Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Clean transportation	i. Investments in vehicles that run on renewable fuels, such as electricity, biofuel and synthetic diesel (HVO) ³ ii. Investments in infrastructure enabling clean transportation, such as charging stations for electric vehicles	SDG 11 Sustainable Cities & 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.

² Improved energy savings will be presented in the impact reporting, see section 5

³ Share of renewable fuels will be presented in the impact reporting, see section 5

3. Process for Asset Evaluation and Selection

3.1 Environmental sustainability objectives

Swedavia has an established strategy of working towards meeting the social and environmental goals connected to the UN's SDGs. Swedavia puts a special focus on the reduction of emissions, the energy efficiency of its buildings and the abandonment of fossil fuels. Particular environmental sustainability objectives declared by Swedavia are described in Section 1.2.

3.2 Selection of Eligible Green Assets

The evaluation and selection process for Eligible Green Assets is a key process in ensuring that the proceeds from Green Bonds are allocated to assets and activities which meet the criteria in the Framework.

The selection of Eligible Green Assets is managed by a dedicated group consisting of senior management members including CEO, CFO and responsible for Sustainability among others. All decisions connected to the selection of the Eligible Green Assets will be made in consensus.

A list of Eligible Green Assets is kept by the Treasury Department and the Head of Treasury is responsible for keeping this list up to date. The list of Eligible Green Assets is monitored on a regular basis during the term of the Green Bond to ensure that the proceeds are entirely being allocated to Eligible Green Assets.

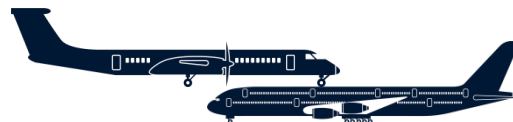
4. Management of Proceeds

Net proceeds from Swedavia's Green Bonds will be credited to a designated sub-account in order to be tracked in an appropriate manner.

All Green Bonds issued by Swedavia will be managed on a portfolio level. This means that a Green Bond will not be linked directly to one (or more) pre-determined Eligible Green Assets. The company will keep track and ensure that there are sufficient Eligible Green Assets in the portfolio. Eligible Green Assets

can, whenever needed, be removed or added to/from the Eligible Green Assets portfolio.

Any unallocated proceeds held by Swedavia will be placed in the liquidity reserve and be managed accordingly.



5. Reporting

To be fully transparent towards the Green Bond investors and other market stakeholders, Swedavia commits to regular reporting at least on an annual basis until no Green bonds are outstanding. The report will be made available on Swedavia's website and cover the following areas:

Use of Proceeds

- Total amount of Green Bonds issued
- Total amount of unallocated proceeds
- Share of proceeds used for financing/re-financing as well as share of proceeds allocated to respective categories described in Section 2
- A list of Eligible Green Assets incl. allocated and disbursed amounts

Impact Reporting

Swedavia will publish a list of Eligible Green Assets with the below criteria indicating environmental impact to the extent data is available and not of a sensitive nature:

- **Green buildings:** i) type of certification and degree of certification for buildings and ii) estimated/actual annual energy use avoided, compared to national building requirements (kWh) and/ or annual greenhouse gas emissions reduced/ avoided (tCO₂e) and/or energy performance (kWh/m²) for buildings
- **Energy efficiency:** annual energy savings (kWh) or annual renewable energy generation (kWh)
- **Renewable energy:** annual renewable energy generation (kWh)

- **Pollution prevention and control:** avoided or reduced resource waste or materials sourced sustainably or recycled (tones)
- **Clean transportation:** net avoided emissions from vehicles due to the investment by comparison to average emission (CO₂e equivalents) or number of clean vehicles deployed (e.g. electric) or estimated reduction in fuel consumption

6. External review

Review of the Framework

To confirm the transparency and robustness of Swedavia's Framework, it is verified and approved by an external second opinion provider. The second opinion by CICERO is available on the Swedavia's website.

Review of the annual reporting

Annual reporting described in section 5 includes two parts, reporting Use of Proceeds and Impact Reporting.

Swedavia commits to engage an external part in order to review the Use of Proceeds reporting on a yearly basis. It will be Swedavia's ordinary external auditor providing a Limited Assurance Report.