



Green Financing Framework

Impact report 2024

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Background

Who we are

Bonava is a leading residential development company in northern Europe, listed on the Swedish stock exchange. We develop and sell affordable and sustainable multi-family and single-family housing to consumers and investors in selected markets in Sweden, Germany, Finland, Estonia, Latvia and Lithuania. A common factor of the target markets is the focus on metropolitan regions with clear growth potential and a stable local labor market, creating demand for new housing over time.

Accelerating urbanization is setting new demands for residential development companies. We address these demands through joint planning with other parties, such as municipalities, investors and other stakeholders, in expansion zones. This involves planning for service functions and green spaces, delivering innovative parking solutions, and facilitating the usage of sustainable transport alternatives.

Bonava's Sustainability Agenda

We have prioritized the most important aspects of sustainability for Bonava and established an agenda which forms the basis of our sustainability work. The sustainability agenda supports several external commitments, being that: Bonava will comply with the principles of human rights, working conditions, environment and anti-corruption in the UN Global Compact, contribute to the UN Global Sustainable Development Goals (SDGs), follow the OECD Guidelines for Multinational Enterprises as well as reporting according to the Global Reporting Initiative (GRI).

The proceeds of the green debt instruments issued under this document (the "Green Financing Framework") will be used to contribute to our overarching purpose and strategic objectives, in particular the science-based targets to combat climate change.

Happy Neighbourhoods

Bonava's purpose is to create happy neighbourhoods for the many. This means that we provide housing in well-functioning neighbourhoods, where people have the highest quality of life. To understand and identify the drivers of neighbourhood happiness for different individuals and in different markets we initiated "Happy Quest" - a unique survey most recently conducted 2019, targeting a representative sample of the population in each one of our six markets.

Common factors for neighbourhood happiness across different markets are to feel safe and that

the neighbourhood has a good vibe and atmosphere as well as proximity to grocery stores and shopping centers, parks and green areas, and possibility to walk and bike. The findings from Happy Quest helps us to ensure that all aggregate know-how and insights into what creates happiness in a neighbourhood is implemented in our housing projects.

Embedded Environmental Respect

Residential neighbourhoods affect the environment globally and locally, during and after production. Our aim is to be part of the solution to promote responsible use of resources and land. Bonava was the first residential developer in Northern Europe to set Science Based Targets.

We are committed to reducing our absolute scope 1 and 2 GHG emissions in line with a 1.5-degree scenario by achieving a 50% reduction by 2030 from a 2018 baseline. We will also reduce the lifetime carbon impact per Bonava home, by reducing scope 3 GHG emissions per production started housing unit, by 50% by 2030 from a 2018 baseline. To achieve these goals, we develop energy efficient buildings, renewable energy solutions such as solar panels and geothermal energy, using sustainable and non-hazardous materials, sustainable use of land that supports local biodiversity and resilience against climate change.

Environmental certifications are effective tools to ensure resource-efficient and environmentally adapted buildings. The Nordic Swan Ecolabel is the certification scheme that best fits Bonava's strategy. The Nordic Swan Ecolabel considers the environment throughout the construction process – from raw materials to completed buildings. The labelling scheme imposes requirements on resource efficiency and use of materials, energy efficiency, chemical products, building products/goods, and a number of indoor environmental factors relevant to health and to the environment. Bonava certifies all new production in Sweden with the Nordic Swan Ecolabel.

From 2023 Bonava started to include the value from ongoing projects with energy performance certificate class A or B. This criteria corresponds with a green criteria in our Green Financing Framework. The energy class A and B indicates very high efficiency buildings that consumes significantly less energy for heating, hot water and lightning compared to less efficient buildings. Reduced energy consumption during customer user phase also plays a significant role in reducing our climate impact in scope 3.



Bonava 2024

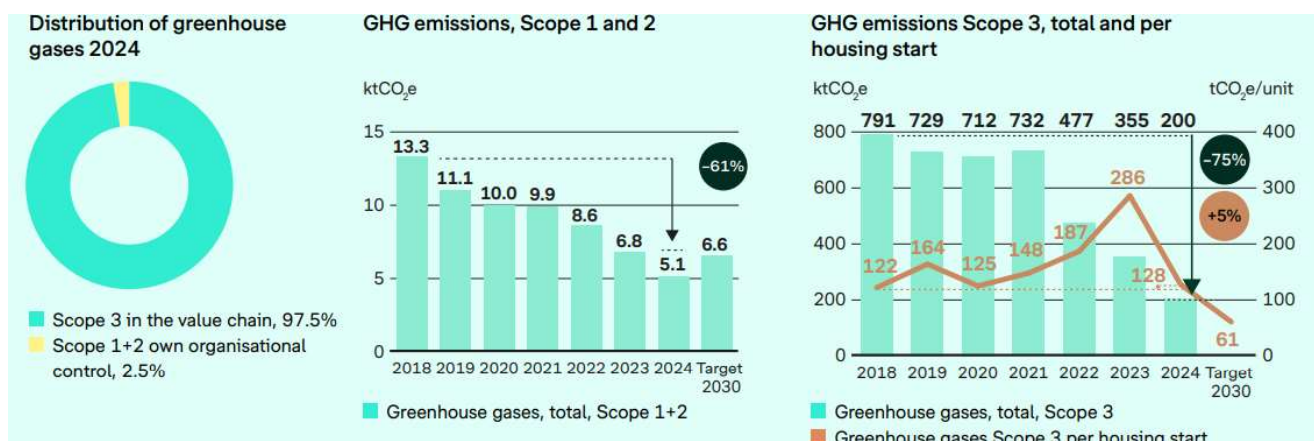
In 2024, we conducted operations in Germany, Sweden, Finland, Estonia, Latvia and Lithuania with our approximately 900 employees. Germany is our largest market.

The sustainability agenda is integrated both in the overall purpose to create happy neighbourhoods for the many, strategic objectives and the sustainable foundation consisting of the focus areas Embedded environmental respect, People centric culture and Governance for high

performance.

We started production of 2,035 housing units and handed over 2,300 housing units to our customers. During the year we took up green loans based on the Green Financing Framework criteria eco-labelled assets in Sweden and buildings with Energy Performance Certificate energy class A or B in Finland, Germany, Estonia, Latvia and Lithuania.

Please, see our annual and sustainability report 2024 for more information.



Comments on the outcome of greenhouse gas emissions 2023

Emissions in Scope 1 decreased by 31 per cent during the year due to a significant decrease in greenfield developments in the German and Swedish markets, a reduction in the number of company vehicles, a growing proportion of electric vehicles, and the construction schedule in the Baltics, which facilitated a transition from fuel-based heating to district heating during the winter work.

Emissions in Scope 2 decreased 19 per cent during the year. This was primarily due to a decrease in the number of construction worksites, higher proportion of fossil-free energy in Finland as well as an increased proportion of renewable energy in Germany. All together, emissions decreased in Scope 1 and 2 by 25 per cent during the year and by 61 per cent from 2018.

Emissions in Scope 3 per housing start decreased by 55 per cent from the preceding year and have increased by 5 per cent since 2018. In 2025, we will update our baseline and our climate targets in line with the new SBTi guidelines for the sector. Our emissions will then be based on emissions from life cycle assessments. At the same time, we will switch from measuring emissions per housing unit to emissions per m². Read more in our Annual report 2024.



Bonava 2024

To fulfil our purpose and create value for society and our shareholders, Bonava has set a number of strategic targets. The targets, which are divided into financial and other strategic targets, guide the company's activities and are followed up regularly. The financial targets are based on a framework that is meant to balance the financial risks in the business.

Focus areas	Bonava's strategic and other sustainability targets 2024	Outcome 2024	Outcome 2023	Outcome 2022
Profitability	EBIT margin before items affecting comparability: $\geq 10\%$ (2026)	0,3%	5,0%	6,0%
Capital efficiency	Return on equity: $\geq 15\%$	-7,3%	-18,5%	Other target applied
Equity/assets ratio	Target $\geq 30\%$	42,0%	34,6%	31,2%
Dividend policy	Distribution of the Group's profit after tax over time: 40% ¹⁾	0% ¹⁾	0% ¹⁾	0% ¹⁾
Net debt	Group's net project assets are to exceed the net debt: > 1.0 times ²⁾	1,6 times	Target not applied	Target not applied
Customer satisfaction	Net Promoter Score (NPS) Consistency: 100% by 2026	45%	29%	31%
Embedded environmental respect	Green offering: Increase the availability of sustainable financing ³⁾	Sweden: 100% Finland: 100% Germany: 93% Baltics: 100%	Sweden: 100% Finland: 100% Germany: 93%	Sweden: 100% Norway: 34%
Embedded environmental respect	Combat climate change: Greenhouse gas emissions reduced in line with approved science-based targets (SBTi), in relation to base year 2018: • Scope 1 and 2 • Scope 3 • Scope 3 per housing start	-61% -75% +5%	-49% -55% +134%	-35% -40% +53%
People centric culture	Healthy and safe workplace: • Everyone plan fulfilment = $>90\%$ ⁴⁾ • Frequency of serious incidents = <7.1 ⁵⁾ Engagement index = 88 ⁶⁾	95% 4,1 83	90% 7,5 83	89% 14,3 85
Governance for high performance	Publish annual Sustainability Reports in accordance with the GRI standards and report progress to UN Global Compact ⁷⁾	Sustainability Report according to the Annual Accounts Act	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report

¹⁾ No dividends distributed to shareholders in 2022, 2023, 2024

²⁾ The target is defined as net project asset value/net debt excl. leasing > 1.0

³⁾ In 2024, Green production starts include the Nordic Swan Ecolabel in Sweden and energy classification A or B in Finland, the Baltics and Germany, in line with Bonava's green criteria in the Green Financial Framework.

⁴⁾ Bonava's health and safety strategy – Everyone Plan – includes improvement activities related to health and safety. The results include Germany, Finland, the Baltics, Sweden and Bonava's Group function.

⁵⁾ Target to halve severe incidents by 2026 with 2022 as the base year. Severe incidents are defined as injuries and near misses that could have resulted in a severe incident.

⁶⁾ Target for employee engagement to be in line with the top 10 per cent of companies, according to the Brilliant Future's high-performance benchmark, which in 2024 was 88.

⁷⁾ The 2024 Sustainability Report is assured in accordance with the Annual Accounts Act and does not include a limited assurance report.

Impact assessment

About the assessment.

This is our fifth impact assessment, covering impact of the fifth year of operation under our Green Financing framework.

New projects

During 2024 27 new projects with 1639 living units started production of which all fulfills the Bonava green financing criteria being Nordic Eco-Swan labelled or having an energy performance class A or B. From 2024 projects from our Baltic business unit has become eligible for quarterly follow up to our green pool of assets.

The projects are by the end of year 2024 included in the green asset pool and their impact will be reported when the buildings are completed.

Completed projects

Three projects with 121 living units in Sweden, Finland and Germany were completed during 2024, fulfilling the Bonava green financing criteria being Nordic Swan eco-labelled or having energy performance class A or B. The impact of these projects is in scope for this report.

The completed projects fulfilling the Bonava green financing criteria 2024 will annually avoid 250 MWh of energy use, and thus 24 metric tonnes of carbon dioxide equivalents of green house gas emissions, compared to the corresponding national building regulation for new construction.*

In addition, the completed projects will generate 10 MWh of renewable energy yearly and are prepared for installation of 32 charging stations for electrical vehicles.

* Emission factors and national baselines as defined by Danske Bank, see appendix page 14.



Green asset allocation 2024

Financial category	Climate-related category	Metric	2024 Closing balance (SEK M)	2023 Closing balance (SEK M)
Green assets	Adaptation and limitation	Total volume of green assets under Bonava's Green Financing Framework ¹⁾	6,163	4,600
Green assets used for external financing	Adaptation and limitation	Green loans	-1,038	-1,689
		Green bonds	-960	-1,200
		Project specific financing, Nordic Swan eco-labelled TOA projects Sweden	-174	-71
Green assets available	Adaptation and limitation	Remaining volume of green assets under Bonava's Green Financing Framework ¹⁾	3,990	1,640

Details

The closing balance of total volume of green assets under Bonava's green financing framework 2024 consists of 58% assets in Ongoing projects including Completed houses, 35% assets in properties held for future development (landbank) respective 7% assets in capitalized development costs in Sweden where all new projects to start will be eco-labelled and fulfill the criteria of the Bonava Green Financing Framework.

¹⁾ Category properties for future development projects and related capitalised costs, ongoing construction projects, unsold completed housing units, sold completed housing units in line with Nordic Swan ecolabelling, or energy efficiency class A or B

List of projects completed and discontinued from the green asset pool during 2024

[illegible]

Appendix



Green asset criteria

Green and energy efficient buildings

The financing or refinancing of investments related to the development² and completion of housing units that are designed and intended to achieve, at least one of the following criteria:

- i. A Nordic Swan Ecolabel certification,
- ii. An Energy Performance Certificate with energy class A or B, or meet the requirements of Nearly Zero Energy-Buildings (NZEB)³,
- iii. A DGNB "Gold"⁴ certification, or
- iv. Otherwise determined to belong in the top 15 % most energy efficient buildings in their respective region, for instance, through a specialist study.⁵

Investing in resource- and energy efficient buildings

The real estate sector is the single largest energy-consuming sector in the EU, responsible for about 40 per cent of total energy usage (EU Taxonomy, 2019). Investing in low-carbon and energy-efficient buildings thus play a key role in the clean energy transition. Emissions are not only generated during the operational phase of a building but also during the extraction, manufacture and transport of building materials as well as in the construction period.

Bonava aims to develop homes with a better energy performance than required by the relevant national building regulation. [The Nordic Swan Ecolabel](#) is Bonava's first choice of building certification to ensure a minimum environmental impact throughout the life of the building. The Nordic Swan Ecolabel is a life cycle assessment-based methodology which sets obligatory requirements throughout the construction process. These includes strict requirements on resource efficiency (e.g. energy consumption, lighting and waste management), indoor environment (radon and moisture prevention, ventilation and daylight), and requirements on products, goods and materials used in the construction, and quality management throughout the construction process.

TARGET	12-2	TARGET	12-4	TARGET	13-3
SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES		RESPONSIBLE MANAGEMENT OF CHEMICALS AND WASTE		BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE	

² Development costs include the acquisition of land and cost of soil remediation.

³ Nearly Zero Energy-Buildings (NZEB) are buildings with a very high energy performance, as defined by each EU Member State. The Energy Performance of Buildings Directive requires all new buildings within the EU to meet the NZEB requirement in the respective country from 2021.

⁴ Certification provided by the German Sustainable Building Council.

⁵ In the event a specialist study is used, the methodology will be verified by Sustainalytics.

Process for evaluation & selection

Bonava's overall management of environmental, social, governance and financial risks is a core component of our decision-making processes. Our risk management strategy is stated in our policies, guidelines and instructions. The process for evaluation and selection of Green Assets will follow the same standard decision-making process.

Evaluation and selection of assets

Green Assets shall comply with the eligibility criteria defined under the Green Asset Criteria. The process of evaluating and selecting eligible Green Assets as well as the allocation of Green Debt proceeds to eligible Green Assets comprise the following process:

- 1) Representatives and sustainability experts within Bonava evaluate potential Green Assets, their compliance with the Green Asset Criteria, and their environmental benefits.
- 2) A list of the potential Green Assets is presented to Bonava's Green Financing Committee (the "GFC"). The GFC is solely responsible to acknowledge the asset as green, in line with the Green Asset Criteria. Green Assets will be marked as green in a dedicated "Green Register". A decision to allocate net proceeds will require consensus decision by the GFC. The decisions made by the GFC will be documented

and filed.

Green Financing Committee (GFC)

The GFC is chaired by the Group Head of ESG Control and Reporting and also includes members from Group Treasury.

The GFC will convene quarterly or when otherwise considered necessary. The GFC holds the right to exclude any Green Assets already funded by Green Debt net proceeds. If a Green Asset is sold, or for other reasons loses its eligibility, funds would then follow the procedure under Management of Proceeds until reallocated to other eligible Green Assets.

Management of proceeds

Separate account

Should the nominal amount of Green Debt outstanding at any time exceed the value of Green Assets in the Green Register, the unallocated Green Debt net proceeds will be credited a "Separate Account". The unallocated amount will be disclosed in Bonava's Green Debt reporting. In the event that the value of the Green Assets exceeds the nominal amount of Green Debt outstanding, a transfer can be made from the Separate Account. Any transfers from the Separate Account will be documented, to ensure tracking and simplify the Green Debt reporting.

Temporary holdings

Unallocated Green Debt net proceeds may temporarily be placed in short-term interest bearing securities while pending allocation to eligible Green Assets.

Exclusions

Temporary holdings will not be placed in entities with a business plan focused on fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.



Use of proceeds

Allocation of net proceeds

An amount equal to the net proceeds of the Green Debt will finance or refinance, in whole or in part, investments undertaken by Bonava that promote the transition towards a low-carbon and environmentally sustainable society ("Green Assets"), in each case as determined by Bonava in accordance with the Green Asset category defined on the next page. Green Assets will form a portfolio of assets eligible for financing and refinancing by Green Debt.

Financing and refinancing

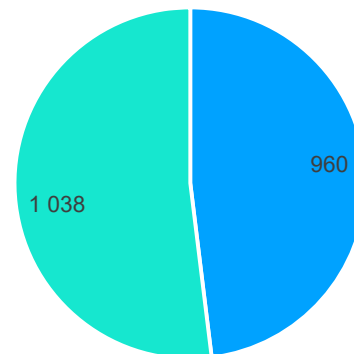
New Green Assets are defined as assets under development¹ or housing units completed less than 12 months prior to approval by the Green Financing Committee, while refinancing is defined as housing units completed earlier than 12 months prior to approval by the Green Financing Committee.

Look-back period for refinancing of completed housing units is 24 months.

Exclusions

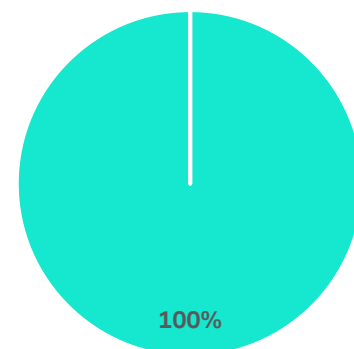
Green Debt net proceeds will not be allocated to projects for which the purpose is fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful

Allocation of net proceeds (SEK 1,998 million) to Green Assets (excluding fossil fuels, gambling or tobacco).



■ Green Bonds ■ Green Loans

New financing vs. refinancing



■ Old projects ■ New projects

¹ Includes land held for development, development costs and housing units under construction.

Emission factor sources

Country	Energy source	Emission factor (g CO ₂ e/kWh)	Original data source
Sweden	Heating	46	NPSI Position Paper on Green Bonds Impact Reporting 2024
Sweden	Electricity (Nordic grid)	191	NPSI Position Paper on Green Bonds Impact Reporting 2024
Finland	Heating	130	CO ₂ -päästökertoimet - Motiva
Finland	Electricity (Nordic grid)	191	NPSI Position Paper on Green Bonds Impact Reporting 2024
Germany	Heating	240 (natural gas), 310 (heating oil), 100 (district heating)	German Building Act (GEG)
Germany	Electricity	293	NPSI Position Paper on Green Bonds Impact Reporting 2024