



Second-Party Opinion

Länsförsäkringar Bank Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Länsförsäkringar Bank Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds Green & Energy Efficient Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, Renewable Energy and Clean Transportation are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 15.



PROJECT EVALUATION / SELECTION Sustainability experts and representatives from the Bank’s Treasury department are responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria as defined under the Framework. Länsförsäkringar Bank has implemented internal policies and guidelines to address potential ESG risks associated with eligible projects. In addition, the Bank may request further information to assess eligible projects, including environmental impact assessments or life cycle analysis. Sustainalytics considers these to be in line with market practice.



MANAGEMENT OF PROCEEDS Länsförsäkringar Bank’s Treasury and Finance departments (the “Departments”) will be responsible for the management and allocation of proceeds. The Departments report to the Bank’s Asset Liability Committee (“ALCO”), which provides the final consensus to allocate net proceeds. Länsförsäkringar Bank will track the proceeds using a green registry system. Unallocated, proceeds may be temporarily held in cash, cash equivalents or other liquid instruments. This is in line with market practice.



REPORTING Länsförsäkringar Bank intends to report on the allocation of proceeds and impact report, which will be published on its website on an annual basis. In addition, Länsförsäkringar Bank is committed to reporting on relevant impact reporting. Sustainalytics views Länsförsäkringar Bank’s allocation and impact reporting as aligned with market practice.

Evaluation Date	June 9, 2022
Issuer Location	Stockholm, Sweden

Report Sections

Introduction.....	2
Sustainalytics’ Opinion.....	3
Appendix	9

For inquiries, contact the Sustainable Finance Solutions project team:

- John-Paul Iamonaco (Toronto)**
Project Manager
john-paul.iamonaco@sustainalytics.com
(+1) 416 861 0403

- Anchal Verma (Toronto)**
Project Support

- Nazli Selin Ozbilgin (Amsterdam)**
Project Support

- Ayaka Okumura (Amsterdam)**
Project Support

- Kibii Sisulu (London)**
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Länsförsäkringar Bank (“Länsförsäkringar”, or the “Bank”) is the fifth largest retail bank in Sweden. The Bank is part of the Länsförsäkringar Alliance comprising of 23 local customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB and its subsidiaries. The Länsförsäkringar Alliance has approximately 8,000 employees across 115 branches throughout Sweden.

The Bank has developed the Länsförsäkringar Bank Green Bond Framework (the “Framework”) under which it or its subsidiary, Länsförsäkringar Hypotek AB, intend to issue green bond and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that aim to provide positive environmental impact in the following four areas:

1. Green & Energy Efficiency Buildings
2. Environmentally Sustainable Management of Living Natural Resources
3. Renewable Energy
4. Clean Transportation

Länsförsäkringar engaged Sustainalytics to review the Länsförsäkringar Bank Green Bond Framework, dated June 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework has been published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Länsförsäkringar ’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Länsförsäkringar representatives have confirmed (1) they understand it is the sole responsibility of Länsförsäkringar to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

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

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Länsförsäkringar Bank Green Bond Framework is available on Länsförsäkringar Bank’s website at: <https://www.lansforsakringar.se/stockholm/privat/om-oss/finansiering/lansforsakringar-bank-ab/>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

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

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Länsförsäkringar has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Länsförsäkringar Bank Green Bond Framework

Sustainalytics is of the opinion that the Länsförsäkringar Bank Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Länsförsäkringar's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories, Green & Energy Efficient Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, Renewable Energy and Clean Transportation, are aligned with those recognized by the GBP.
 - Within the Green & Energy Efficient Buildings category, Länsförsäkringar intends to finance or refinance the establishment, acquisition, expansion, and upgrade of the following:
 - New buildings built after 2021, which achieve at least a 10% reduction in PED in comparison to the level required by the Swedish building regulation, BBR.^{4,5}
 - Existing buildings built before 2021, that belong in the top 15% of the national or regional building stock.
 - Renovations of existing buildings that reduce energy use by 30% in comparison to pre-renovation levels.
 - Energy efficient technologies or energy management systems aimed to reduce the power consumption of buildings. These systems may include AI and data solutions, heat exchangers, electrified heat pumps and heat pumps that are driven by solar-heated water and geothermal-heated water or renewable energy sources that reduce the energy use by at least 30%. Sustainalytics views positively the inclusion of a defined energy efficiency threshold for the installation of energy-efficient systems, equipment and technologies.
 - Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends Länsförsäkringar to exclude financing of heat pumps with high-GWP refrigerants, and to promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerant at end of life.
 - Sustainalytics views the investments within this category to be aligned with market practice.
 - Under the Environmentally Sustainable Management of Living Natural Resources and Land Use, Länsförsäkringar intends to finance agriculture and forestry activities. Sustainalytics notes the following:
 - For agriculture activities, the Bank intends to finance organic farming activities that are in compliance with the EU and national regulations⁶, and/or are certified with KRAV.⁷

⁴ BBR is the equivalent of the Swedish NZEB requirements.

⁵ For more information please visit: <https://www.buildingsweden.com/law-of-the-land>

⁶ For more information about EU Organic Regulations, please visit: <https://www.organicseurope.bio/what-we-do/eu-organic-regulation/>

⁷ KRAV, "This is Krav", at: <https://www.krav.se/en/this-is-krav/>

- In regard to forestry projects, the Bank intends to finance projects that are FSC⁸ or PEFC⁹ certified. Sustainalytics views these certification schemes as robust and credible.
- Sustainalytics notes that the Framework allows for the financing of non-certified forestry activities. These activities apply to lands that meet the FSC's definition for Small and Low Intensity Managed Forests and are managed by individuals and small corporations. In this regard, Länsförsäkringar has confirmed that financing and refinancing of these activities will take place primarily in Sweden, and loan recipients must comply with national legislation, have an up-to-date forest management plan, a nature conservation action plan for at least 5% of the productive area managed and have a minimum target of 5% deciduous tree covered within the forest management plan. Länsförsäkringar believes that together, these criteria can be considered equivalent to having achieved PEFC certification. Sustainalytics considers Länsförsäkringar's criteria for uncertified forests to be sufficient to address relevant risk and generate positive impact.
 - Sustainalytics views activities within this category to be in line with market practice.
 - For the Renewable Energy category, the Bank contemplates financing the purchase, installation and related infrastructure of solar, geothermal, wind power and storage facilities.
 - Solar PV energy generation projects, including the installation of on-site solar power system, solar farms, and related infrastructure investments.
 - Geothermal power plants and heating/cooling systems that have lifecycle emissions below 100 gCO₂e/kWh.
 - Onshore and offshore wind energy generation, and other technologies, including wind tunnels and cubes.
 - Energy storage facilities to manage the intermittency of the above-mentioned renewable energy projects.¹⁰
 - Sustainalytics considers investments within this category to be in line with market practice.
 - Within the Clean Transportation category, the Bank intends to finance fully electric or hydrogen vehicles, and related infrastructure, including charging stations.¹¹ Sustainalytics considers the criteria for financing zero-emission vehicles to be aligned with market practice.
 - Project Evaluation and Selection:
 - Sustainability experts and representatives from the Bank's Treasury department are responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria as defined under the Framework.
 - Länsförsäkringar has implemented internal policies and guidelines to address potential ESG risks associated with eligible projects. In addition, the Bank may request further information to assess eligible projects, including environmental impact assessments or life cycle analysis. For additional detail, see Section 2.
 - Based on the established process for project selection and the presence of risk management processes, Sustainalytics considers these to be in line with market practice.
 - Management of Proceeds:
 - Länsförsäkringar's Treasury and Finance departments (the "Departments") will be responsible for the management and allocation of proceeds. The Departments report to the Bank's Asset Liability Committee ("ALCO"),¹² which provides the final consensus to allocate net proceeds.
 - Länsförsäkringar will track the proceeds using a green registry system.
 - Länsförsäkringar intends to allocate an amount equal to the net proceeds within 24 months of issuance. Unallocated, proceeds may be temporarily held in cash, cash equivalents or other liquid instruments.

⁸ Forest Stewardship Council, at: <https://www.fsc.org/en>

⁹ Programme for the Endorsement of Forest Certification, at: <https://www.pefc.org/>

¹⁰ Länsförsäkringar has confirmed that energy storage facilities may include electrochemical (battery), thermal and power-to-gas storage (hydrogen). Hydrogen will be produced from renewable energy sources only, and will not include natural gas, hydrocarbons, or coal.

¹¹ Länsförsäkringar has confirmed that parking lots will not be financed within this expenditure.

¹² ALCO is chaired by the CEO and comprised of the CFO, CRO, Head of Treasury, Head of Credit, and Head of Strategy and Capital Planning.

- Based on these measures, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Länsförsäkringar intends to report on the allocation of proceeds and impact report, which will be published on its website on an annual basis.
 - Allocation reporting will include a summary of green bond developments, outstanding amount of green bonds issued, balance of green loans in the green registry, proportion of financed and refinanced projects, and the aggregate proportion allocated to eligible projects.
 - Impact reporting may include key performance indicators such as GHG emissions reduced or avoided (tCO₂e), energy savings (MWh), renewable energy capacity installed (kW) and renewable energy generated (kWh).
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that Länsförsäkringar's Green Bond aligns with the four core components of the GBP. For detailed information please refer to Appendix 1: Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Länsförsäkringar

Contribution of framework to Länsförsäkringar Bank's sustainability strategy

Sustainalytics is of the opinion that Länsförsäkringar Bank demonstrates a commitment to sustainability by focusing its strategy in three areas: (i) responsible offering by reducing the environmental impact of its investment portfolio, (ii) responsible business conduct by committing to being a reliable partner to its employees and business partners, (iii) and environmental and social responsibility by generating a positive impact on the environment and society.¹³

The Bank has committed to reducing the emission levels of Länsförsäkringar's investment portfolios and own funds in line with the Paris Agreement targets of limiting global temperature rise to 1.5°C by 2030. Länsförsäkringar Bank has also set a goal to become carbon negative through its investment portfolios and funds by 2045.¹⁴ In order to decarbonize the Bank's portfolio, Länsförsäkringar has committed to making sustainability-oriented investments and issuing a higher number of sustainability-oriented funds. In line with its commitment, the Bank aims to finance renewable energy projects, including financing for solar energy generation projects and clean transportation by providing loans to electric vehicles.¹⁵

Sustainalytics recognizes Länsförsäkringar's commitment to key sustainability principles and environmental initiatives and encourages it to include quantifiable and time-bound GHG emission reduction targets to further strengthen its sustainability practices, where feasible.

Approach to managing environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, land use and biodiversity issues associated with forestry and agriculture projects, and stakeholder engagement. The Bank plays a limited role in the implementation of the specific projects it finances by offering lending and financial services, however, it is exposed to risks associated with the companies or projects that it may finance.

Sustainalytics is of the opinion that Länsförsäkringar is able to manage or mitigate potential risks by implementing the following:

- Länsförsäkringar Group is committed to integrating sustainability risks into its investment decisions and activities. Länsförsäkringar developed a credit risk evaluation process in accordance with its

¹³ Additional documentation, "Hållbarhetspolicy (Sustainability policy)" has been provided by Länsförsäkringar Bank to Sustainalytics for review.

¹⁴ Ibid.

¹⁵ Ibid.

credit policy. Within the process, the Bank identifies and monitors potential ESG risks, including climate risks, human rights, discrimination, child labour, forced labour, corruption and other criminal activities, and how these risks impact its customers and portfolio. Additionally, the Bank's Asset Liability Committee monitors the violation of international standards and regulatory requirements by financed projects and companies.¹⁶

- In 2013, Länsförsäkringar became a signatory of the UN Principles for Responsible Investment (PRI) as part of its commitment to integrate ESG criteria into its lending and investment decisions.¹⁷ The Bank has dedicated socially responsible investment funds that integrate ESG factors into investment decisions and exclude the financing of fossil fuel extraction, energy production from fossil fuels, cultivation of tobacco and manufacture of tobacco products, gambling or the manufacture of weapons and ammunition activities.¹⁸
- The EU Directive on Safety and Health at Work provides a strong framework to ensure the protection of employee's health and safety at workplaces in EU Member States. Employers must take the measures necessary for the safety and health protection of workers, including prevention of occupational risks and provision of information and training.¹⁹ Sweden has implemented the Directive in its national legislation to ensure workers' health and safety.²⁰
- Länsförsäkringar is exposed to potential land use and biodiversity risks as a result of financing the development or acquisition of new buildings or refurbishing existing assets. In accordance with the EU Construction and Demolition Waste Protocol and Guidelines, the Bank is required to follow the guidelines set out by each of the Member States where it operates. These regulations ensure that waste management is carried out without endangering human health or causing harm to the environment.²¹ Projects must comply with the EU's Environmental Impact Assessment Directive (the "EIA Directive") for development projects within the EU. The EIA Directive is aimed at ensuring that projects which are likely to have a significant impact on the environment are adequately assessed before approval. With respect to biodiversity considerations under the EIA Directive, measures must be taken to "avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats". Concerning land use, the EIA Directive notes that the "EIA shall identify, describe and assess land use related impacts."²²
- The Bank's corporate governance policy provides guidance on the Bank's activities related to business ethics, compliance with laws and regulations, bribery and corruption, anti-money laundering and overall corporate responsibility.^{23,24}
- As of 2015, Länsförsäkringar became a signatory of the United Nations Global Compact, and conforms to its 10 principles, including human rights, labour, environment, and anti-corruption, and transparently communicates its progress on environmental and social targets on an annual basis.²⁵
- The Bank is headquartered in Sweden, which is recognized as a Designated Country under the Equator Principles, demonstrating robust environmental and social governance systems, legislation and institutional capacity to mitigate common environment and social risks associated with the projects financed under the Framework.²⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Länsförsäkringar has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

¹⁶ Additional documentation, "Kreditpolicy för Länsförsäkringar Bankkoncernen (Credit policy for Länsförsäkringar Bank Group)" has been provided by Länsförsäkringar Bank to Sustainalytics for review.

¹⁷ UNPRI, "Signatory Directory - Länsförsäkringar AB" <https://www.unpri.org/signatory-directory/!%C3%A4nsf%C3%B6rs%C3%A4kringar-ab/1406.article>

¹⁸ Additional documentation, "Kreditpolicy för Länsförsäkringar Bankkoncernen (Credit policy for Länsförsäkringar Bank Group)" has been provided by Länsförsäkringar Bank to Sustainalytics for review.

¹⁹ Official Journal of the European Communities, "Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=EN>

²⁰ 9 European Commission, "Evaluation of the practical implementation of the EU occupational safety and health (OSH) directives in EU Member States", (2015), at: [C:\Users\nozbilg\AppData\Local\Temp\MicrosoftEdgeDownloads\26c134de-0eeb-4fdb-904a-fcf4ea2aef5\OSH_Dir_Final_Main_Report_4_0\(5\)\(2\).pdf](C:\Users\nozbilg\AppData\Local\Temp\MicrosoftEdgeDownloads\26c134de-0eeb-4fdb-904a-fcf4ea2aef5\OSH_Dir_Final_Main_Report_4_0(5)(2).pdf)

²¹ European Union, "Commission Delegated Regulation (EU) 2021/1255", (2021), at:

https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AL%3A2021%3A277%3ATOC&uri=uriserv%3A0J.L_2021.277.01.0011.01.ENG

²² European Parliament, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>.

²³ Additional documentation, "Policy för ansvarsfulla investeringar och ägarstyrning (Policy for responsible investments and corporate governance)" has been provided by Länsförsäkringar Bank to Sustainalytics for review.

²⁴ Additional documentation, "Riktlinjer för åtgärder mot penningtvätt och finansiering av terrorism (Guidelines for measures against money laundering and terrorist financing)" has been provided by Länsförsäkringar Bank to Sustainalytics for review.

²⁵ UNGC, "Länsförsäkringar AB", at: <https://www.unglobalcompact.org/what-is-gc/participants/73621-Lansforsakringar-AB>

²⁶ Equator Principles, "Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of green buildings in Sweden

Buildings are a key contributor to emissions and the largest consumer of energy in the EU.²⁷ The building sector accounts for approximately 40% of the EU's total energy consumption and 36% of its GHG emissions.²⁸ In the context of Sweden, the real estate sector accounted for 37% of the country's energy consumption and 21% of its GHG emissions in 2020.²⁹ As part of its nationally determined contribution under the Paris Agreement, Sweden has established a national commitment of achieving net zero GHG emissions by 2045. Sweden follows the EU's Energy Performance of Buildings Directive (EPBD), aiming to modernize the building sector and encourage the construction and retrofitting of energy-efficient buildings.³⁰ In addition, the Swedish government has set a target in Sweden's Integrated Climate and Energy Policy (ICEP) adopted in 2009 to improve the energy efficiency of buildings by 20% by 2020 and by 50% by 2050.³¹

Sustainalytics is of the opinion that Länsförsäkringar's investments in projects such as new and existing buildings with lower PED, renovations, and broader energy efficiency measures in the building sector, will contribute meaningfully to achieving Sweden's long-term climate goals.

Importance of sustainable forest management in Sweden

As a major producer of forest products, fostering sustainable forest management is of particular importance to Sweden, as 70% of the country's land area is covered by forests.³² The country also recognizes forest conservation and expansion as important pillars in mitigating climate change impacts and contributing to Sweden's goal of achieving net zero GHG emissions by 2045.³³ Sweden's managed forests, including commercial forests, serve as valuable carbon storage with more than 3.1 billion in standing volume of trees equaling 4.2 billion tonnes of CO₂.³⁴ Through active forest management, the country's carbon stocks are increasing each year as the amount of logging has been below the rate of forest growth.³⁵

The contribution of sustainable forest management, restoration of forests, reducing forest degradation and mitigating GHG emissions from agriculture, forestry and other land use sectors are highlighted as an important strategy for mitigating climate change by the IPCC.³⁶ Based on the above context, Sustainalytics considers that the issuer's investment in sustainable forest management projects could be expected to contribute to forest conservation and climate change mitigation activities in Sweden.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Länsförsäkringar Bank Green Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
--------------------------	-----	------------

²⁷ European Parliament, "Report on maximizing the energy efficiency potential of the EU building stock", (2020), at: https://www.europarl.europa.eu/doceo/document/A-9-2020-0134_EN.html

²⁸ European Commission, "Energy performance of buildings directive", (2020) at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#facts-and-figures

²⁹ Sweden Green Building Council, "A Net Zero Carbon Future", (2020), at: <https://www.sgbc.se/app/uploads/2020/04/NollCO2-Informationfolder-engelska.pdf>

³⁰ European Parliament, "Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

³¹ Swedish Government, Ministry of Enterprise and Innovation, Ministry of the Environment, "An integrated climate and energy policy", (2009), at: <https://www.government.se/49b75f/contentassets/356adb8355814d75851d87342bdfad44/an-integrated-climate-and-energy-policy>

³² World Bank, "Forest area (% of land area) – Sweden", at: <https://data.worldbank.org/indicator/AG.LND.FRST.ZS?locations=SE>

³³ Lund University Centre for Environmental and Climate Science (CEC), "Forestry plays key role in Sweden's climate change mitigation", at: <https://www.cec.lu.se/article/forestry-plays-key-role-swedens-climate-change-mitigation#:~:text=%E2%80%9CIt%20is%20apparent%20from%20our,in%202045%20and%20negative%20emissions>

³⁴ Skogforsk, "Climate Impact of Swedish Forestry", at:

https://www.skogforsk.se/cd_20191216101138/contentassets/01f064719a434ecda8fc0a0956755dc/climate-impact-of-swedish-forestry.pdf

³⁵ Ibid.

³⁶ IPCC, "Climate Change and Land", (2019), at: <https://www.ipcc.ch/site/assets/uploads/sites/4/2021/07/210714-IPCCJ7230-SRCL-Complete-BOOKHRES.pdf>

Green Buildings	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Energy Efficiency	7. Affordable and Clean Energy 9. Industry, innovation and infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Forestry	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

Länsförsäkringar has developed the Länsförsäkringar Bank Green Bond Framework under which it or its subsidiary, Länsförsäkringar Hypotek AB, may issue green bonds and use the proceeds to finance or refinance projects related to green and energy efficient buildings, sustainable forestry, renewable energy and clean transportation. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The Länsförsäkringar Bank Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Sustainalytics encourages Länsförsäkringar to develop and disclose a publicly available sustainability strategy with quantitative, time-bound targets and objectives. Sustainalytics believes that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 15. Additionally, Sustainalytics is of the opinion that Länsförsäkringar has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

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

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Länsförsäkringar Bank
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Länsförsäkringar Bank Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	June 9, 2022

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds Green & Energy Efficient Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, Renewable Energy and Clean Transportation are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Sustainability experts and representatives from the Bank's Treasury department are responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria as defined under the Framework. Länsförsäkringar Bank has implemented internal policies and guidelines to address potential ESG risks associated with eligible projects. In addition, the Bank may request further information to assess eligible projects, including environmental impact assessments or life cycle analysis. Sustainalytics considers these to be in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Länsförsäkringar Bank's Treasury and Finance departments (the "Departments") will be responsible for the management and allocation of proceeds. The Departments report to the Bank's Asset Liability Committee ("ALCO"), which provides the final consensus to allocate net proceeds. Länsförsäkringar Bank will track the proceeds using a green registry system. Unallocated, proceeds may be temporarily held in cash, cash equivalents or other liquid instruments. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

Länsförsäkringar Bank intends to report on the allocation of proceeds and impact report, which will be published on its website on an annual basis. In addition, Länsförsäkringar Bank is committed to reporting on relevant impact reporting. Sustainalytics views Länsförsäkringar Bank's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (<i>please specify</i>): Sustainable agriculture & Forests/forestry, Forest/Agricultural land area (hectares), Forestry/Organic farming certification scheme, Installed renewable energy capacity (kW), Annual renewable energy generation (kWh), Number of vehicles, Number of charging points installed or upgraded |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Länsförsäkringar's official website (https://www.lansforsakringar.se) |

- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2021, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the fourth consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2021 for the third consecutive year. For more information, visit www.sustainalytics.com.

