



GREEN BOND FRAMEWORK

JANUARY 2022

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1. Strategy and rationale

1.1 Scope and purpose of the Framework

THE AIM OF THE FRAMEWORK is to mobilize debt capital to finance investments in green and energy efficient buildings, sustainable and low carbon public transport and infrastructure, renewable energy solutions and measures to combat climate change. All investments will support greater achievements in Region Stockholm's sustainability efforts and contribute to reaching regional, national, and global sustainability goals such as the Paris Agreement and the UN Sustainable Development Goals. All projects financed by this framework shall substantially contribute to at least one of the six EU environmental goals.

The Framework defines the projects eligible for financing with Green Bonds issued by Region Stockholm ("Green Bonds") and outlines the process used to identify, select, and report on eligible projects and the set-up for managing the Green Bond proceeds. The terms and conditions of the underlying documentation for each Green Bond shall provide a reference to this Framework.

The Framework is aligned with the Green Bond Principles, published by the International Capital Markets Association in 2021 (the "GBP"). Moreover, the green project categories set out in the Framework is aligned with the Environmental Objectives, Technical Screening Criteria, Do No Significant Harm criteria ("DNSH"), and Minimum Social Safeguards outlined by the EU Taxonomy as adopted by the Commission on the 4th of June 2021, to the extent possible.

CICERO Shades of Green has provided a second party opinion of the Framework, including an assessment of the EU Taxonomy alignment.

1.2 About Region Stockholm

Region Stockholm is responsible for health care, public transport, regional development and planning, and supports the cultural life in the greater Stockholm area, the Capital region in Sweden, serving 2.4 million citizens and employing 45,000 people. Stockholm is one of the fastest growing metropolitan regions in Europe¹. Region Stockholm is governed by the regional assembly, the highest decision-making body at the regional level.

Region Stockholm aims to lead the way to a green and sustainable future, with a goal to halve its climate impact by 2030, and adhering to the regional goals of reaching net-zero emissions by 2045².

Green financing is an important part in realising the vision and accounts for the majority of Region Stockholm's debt portfolio. Region Stockholm issued its inaugural green bond in 2014 and have since become one of the largest regional and municipal issuers in the Swedish Green Bond market, while striving to continue developing the Green Bond market.

Region Stockholm was also one of the founders of the Nordic Public Sector Issuers' Position Paper on Green Bond Impact Reporting, first published in 2017, which aims to provide guidance on impact reporting for Nordic Public Sector Issuers.



¹ Population trends 1950 – 2100: globally and within Europe – European Environment Agency (europa.eu).

² The climate goals for the region are established through RUFSS 2050.

1.3 Achievements in Sustainability

Region Stockholm's first Environmental Programme was established in 1990. The 7th Environmental Programme being accomplished at the end of 2021, has proven very successful. The emissions of Greenhouse Gases have been reduced by more than 50 per cent since 2011, and GHG emissions have been cut by more than 70 per cent since 1990. This has mainly been achieved by more energy efficient transportation and buildings, switching to renewable fuels and reduced emissions from medical gases and travel.

Region Stockholm's Green Bond Programme has supported this through its investments in green and sustainable transportation and green and energy efficient buildings. Region Stockholm's land based public transport system is now run on 100 per cent renewable fuel and the electricity to all hospitals is eco-labelled and certified 100 per cent renewable. Land based passenger transport is eco-labelled Bra Miljöval³ and fulfils the new and stricter requirements for passenger transport, such as traceability of materials used in the production of electric batteries for buses and tracking hazardous chemicals of new vehicles.

All companies financed by Region Stockholm shall ensure fulfilment of the rights of the national minorities. Consultations with representatives of national minorities are conducted regularly on issues that affect them.

In accordance with the Convention on the Rights of the Child, Region Stockholm works to raise children's best interest in decisions and agreements, plans and budgets.



1.4 Sustainability policy and strategy

Region Stockholm's Sustainability Policy and Sustainability Strategy are built on a holistic approach where social, economic, and environmental sustainability aspects are integrated with each other and in the governing process. The purpose of Region Stockholm's Sustainability Policy and Sustainability Strategy is to set the ambitions for the organization's sustainability work and to enable an integrated approach covering social, economic, and environmental sustainability. This approach shall influence all parts of the organization and provide the platform for good governance.

Inclusive and safe living conditions for all is a key requisite for sustainable development in the greater area of Stockholm. This includes a sustainable development of urban areas, countryside, and archipelago all together. Availability, accessibility and an inclusive offering of public service provides the possibility for local communities to thrive and strengthens the constituents' trust in society. A sustainable and resilient system for health care and public transport are core responsibilities for Region Stockholm that support this development.

As part of the analyses underlying the development of the Policy and Strategy, Region Stockholm conducted a thorough review of the 167 indicators of the 17 UN Sustainable Development goals and mapped each indicator against its mandate and potential to have an impact. This mapping, the Paris agreement and the Regional development plan for Stockholm, RUF 2050 create the platform for Region Stockholm's Sustainability Policy and Sustainability Strategy.

Region Stockholm's Sustainability Policy (KHN 2021-0010) describes the purpose and scope of Region Stockholm's sustainability work and establishes the long-term governing principles of how its entities shall work in a sustainable way.

Region Stockholm's Sustainability Strategy (KHN 2021-0009) defines the core responsibilities and key priorities of Region Stockholm's commitment to sustainable development. The Sustainability Strategy sets the priorities for the working period 2022-2027.

³ Naturskyddsföreningen's criteria for personal Transport 2020.



Region Stockholm’s long-term Sustainability Goals sets the goals for how Region Stockholm shall contribute to a sustainable development in the Region as well as and globally. Region Stockholm’s long-term Sustainability Goals were adopted by the General Assembly of Region Stockholm in November 2021.

Yearly goals and short-term targets for the companies and administrations within Region Stockholm are set during 2022. Guidelines to support the implementation of the goals as well as the ambitions in the strategy, are further to be released in the fall of 2022.

The long-term Sustainability Goals⁴ for Region Stockholm:

- Region Stockholm’s total climate impact has been reduced by half by 2030⁵
- Region Stockholm supports sustainable travelling to reduce climate impact from transportation
- The resource flows within Region Stockholm’s operations are circular
- Region Stockholm provides meals that are sustainable and support human health
- Region Stockholm’s physical environments are sustainable and support human health
- Region Stockholm emissions of hazardous substances have been minimised
- Region Stockholm’s companies and administrations are resilient
- Region Stockholm is accessible for all, and everyone is treated equally
- Region Stockholm contributes to improved human health for all its residents

⁴ Decided in budget 2022, with planning horizon 2022-2024. The budget and its goals are decided by the Region Stockholm assembly in the autumn each year.

⁵ Compared to 2019.

The scope of the Sustainability Strategy

The strategy contains three core target areas and 13 priorities for Region Stockholm. The Strategy will influence all parts of Region Stockholm's operations and be considered in budget- and operational planning. The execution will be followed up in Region Stockholm's annual reporting and follow-up process.

I. Sustainable cities, rural areas, and archipelago

“Region Stockholm contributes to attractive and resilient local communities and a climate and resource efficient region through a sustainable regional development, offering sustainable health care and promoting a dynamic cultural life”

The four priorities of this area are:

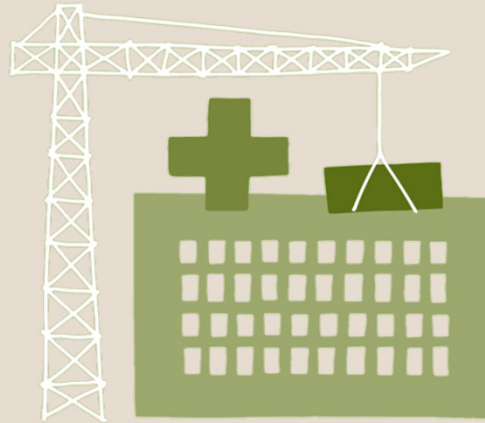
- **Equal opportunities in life and equitable access to public service:** Access and availability of health care is secured based on the needs of the inhabitants and from an equal rights perspective. Region Stockholm ensures that public transport contributes to equal living conditions in the region of Stockholm and supports participation and democracy.
- **Reduced environmental and climate impact in the region of Stockholm:** Region Stockholm will contribute to sustainable travelling and strengthening of the market share of public transport in the region. Strategic planning and decisions enable identification and development of efficient measures to support a transformational shift of transportation modes in favour of public transport, new mobility services and travelling by foot and bike. Own actions shall be combined with collaboration and synchronization with municipal and regional actors.
- **Increased safety:** Region Stockholm is prioritising safety measures in planning, design and development of its facilities and public services.
- **Culture and Cultural heritage are protected and strengthened:** Region Stockholm is protecting and strengthening culture and cultural heritage and is leveraging culture and heritage as resources which also underpins reaching the sustainability targets.

II. Sustainable consumption and production

“Region Stockholm contributes to sustainable consumption and production through integrating sustainability perspectives into the investment process, the procurement process and in its operations. Region Stockholm develops and provides public services considering human rights and human health as well as climate and environment through-out the whole supply chain. A reduced resource use is a necessity and contributes to economic and environmental sustainability.”

The five priorities of this area are:

- **Reduced climate impact and resource use:** Region Stockholm's climate impact is reduced through decreased and resource efficient material use, increased circular material flows and a transition to more sustainable materials. Public transport and facilities use renewable energy and fuels, and an electrification of the transport system is under way. Energy efficiency is promoted in a systematic way.
- **People and environment are protected from harmful substances:** Region Stockholm pursues an environment without harmful substances and a long term sustainable circular economy through phasing out hazardous substances and emissions that are harmful for human health and the environment.
- **Increased biodiversity and protection of eco system services:** Biodiversity and eco system services are protected on Region Stockholm's properties and facilities by planning for strengthening of the local and regional green structures. Biodiversity in the supply chain is protected through purchasing strategies with a focus on food, textiles, fuels, and wooden materials.
- **Universal and health promoting design:** The Principle of Universal Design shall be implemented, securing that information, digital solutions, facilities, and public spaces are universally designed for all needs. Design and solutions that promote safety, reduce sounds, and promote activity and health shall be considered for new and reconstruction in and outdoors.
- **Sustainable Supply chains:** Region Stockholm acts to support the production of services and products with respect for human rights, labour rights, anti-corruption, and minimising hazardous emissions.



III. Good governance

“Region Stockholm’s administrations and companies contribute to sustainable development by integrating sustainability in all parts of the operations. The organization shall be resilient, strive to minimize environmental impact and ensure that services are adapted to each individual’s various needs and capabilities. The inhabitants can rely on Region Stockholm to act in a socially, economically, and environmentally sustainable way.”

The four priorities of this area are:

- **Long term sustainable economy:** Sustainability dimensions are integrated into governing processes and legal agreements. Economic effects of sustainability are identified and used in planning and decision making. A systematic sustainability work reduces risk and optimises resource use, which contributes to a long-term sustainable economy.
- **Equal rights and opportunities:** Residents shall, with equal rights and opportunities, be able to take part of Region Stockholm's services. Surveys, analyses and knowledge-raising initiatives are carried out to detect and remedy any discrimination. Region Stockholm proactively works to ensure that the region's residents are treated equally and individually, and that no one is discriminated on the basis of gender, age, sexual orientation, gender identity, religion, ethnic or cultural background, disability or other individual characteristics.
- **Enhanced collaboration:** Region Stockholm develops its cooperation with the region’s municipalities, municipal associations, other regions, state authorities, academia, business and civil society in order to jointly contribute to sustainable development.
- **Resilient operations:** Region Stockholm’s operations are adapted to ensure operational capacity in the face of effects from climate change and extraordinary events. The organisation’s risks and vulnerabilities are monitored and continuously managed. Social consequences and vulnerable groups are considered in contingency planning.

2. Use of proceeds

2.1 Allocation of net proceeds

An amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in part, investments undertaken by Region Stockholm or its subsidiaries that promote the transition towards a low-carbon, climate change resilient and environmentally sustainable society (“Green Project”), in each case as determined by Region Stockholm in accordance with the Green Project categories defined in the next pages. All Green Projects will take place in the Stockholm region.

2.2 Financing and refinancing

Net proceeds can finance both existing and new Green Projects financed by Region Stockholm. New financing is defined as Green Projects financed during the reporting year. Refinancing is defined as Green Projects financed before the reporting year.

The distribution between new financing and refinancing will be reported on in Region Stockholm’s annual Green Bond Impact Report.

2.3 Exclusions

Region Stockholm is committed to invest in projects to execute on its responsibilities and goals as described in section 1.1. Green Bond net proceeds, including temporary holdings, will not be allocated to projects for which the purpose is fossil energy production, nuclear energy generation, weapons and defence, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

2.4 Sustainable Development Goals










Region Stockholm contributes to the achievement of regional, national, and global sustainability goals, including the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Region Stockholm’s activities are directly and indirectly related to all the SDGs, while 13 of the goals are particularly important for the organisation. Through its work to achieve the long-term Sustainability Goals, Region Stockholm contributes to the goals Clean Water and Sanitation, Affordable and Clean Energy, Sustainable Cities and Communities, Climate Action, and Life on Land. Furthermore, Region Stockholm’s Code of Conduct includes commitments on, for example, Gender Equality, Reduced Inequalities, and Decent Work and Economic Growth. Through the Region’s overall work and strong focus on sustainability, equal opportunities, and reduced inequalities, Region Stockholm also contribute to Good Health and Well-Being.

In this Framework, each Green Project category has been mapped to the SDGs in accordance with the High-Level Mapping to the Sustainable Development Goals published by ICMA in June 2020 and the SDG-mapping in the Position Paper on Green Bonds Impact Reporting developed by Nordic public sector issuers.



2.5 EU Economic Activities under the Framework

The table below provides an overview of the Green Project categories and more over links each category to the relevant SDGs and Environmental Objectives as defined in the EU Taxonomy.

Green Project Categories	EU Economic activities	EU Taxonomy Environmental objective	SDG
<p>Transport</p> <p>Clean and Sustainable Transportation</p>	<p>6.1. Passenger interurban rail transport</p> <p>6.3. Urban and suburban transport, road passenger transport</p> <p>6.7. Inland passenger water transport</p> <p>6.11. Sea and coastal passenger water transport</p> <p>6.13. Infrastructure for personal mobility, cycle logistics</p> <p>6.14. Infrastructure for rail transport</p> <p>6.15. Infrastructure enabling low-carbon road transport and public transport</p> <p>6.16. Infrastructure enabling low carbon water transport</p>	Climate Change mitigation	  
<p>Construction and real estate activities</p> <p>Green and Energy Efficient Buildings</p>	<p>7.1. Construction of new buildings</p> <p>7.2. Renovation of existing buildings</p> <p>7.3. Installation, maintenance and repair of energy efficiency equipment</p> <p>7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</p> <p>7.7. Acquisition and ownership of buildings</p>	Climate Change mitigation	   
<p>Energy</p> <p>Renewable Energy</p>	<p>4.1. Electricity generation using solar photovoltaic technology</p> <p>4.2. Electricity generation using concentrated solar power (CSP) technology</p> <p>4.3. Electricity generation from wind power</p> <p>4.10. Storage of electricity</p>	Climate Change mitigation	 

2.6 Clean and Sustainable Transportation⁶

The financing or refinancing of the construction, acquisition, expansion, or upgrade/modification of buildings that meet the criteria defined below.

Land based low carbon public transport

- Public transport systems such as trains, metro, buses, trams, and light rail systems with zero direct (tailpipe) CO₂ emissions
- Supporting infrastructure that is fundamental for the operation of the transport service and that promotes an increase in low and zero emission fleets, an improvement in fleet efficiency, and/or an improved efficiency of the overall transport/mobility system, including:
 - Infrastructure required for zero direct emissions transport, such as new or existing dedicated buildings and facilities, electric charging points, electricity grid connection upgrades, interactive energy and power monitoring systems, systems to optimize regenerated braking energy, storage and reduction of power peaks, hydrogen fuelling stations, storage facilities for hydrogen or electricity or electric highways
- Infrastructure for active mobility (walking, cycling, e-bikes and e-scooters)
- Investments that promote and sustain biodiversity and eco-system services

Water based low carbon public transport

Vessels and infrastructure including charging points and energy storage where the vessels have zero direct (tailpipe) CO₂ emissions.

Climate change adaptation

Measures to strengthen an asset or activity to withstand identified long term physical climate risks.

⁶ Investments relate to the "Transport" sector in the EU Taxonomy.



Region Stockholm has the responsibility to manage, operate and develop the public transport system in the Stockholm region in order to provide safe, accessible, efficient and sustainable modes of transport to its residents and visitors. Public transport gives the inhabitants freedom of movement and access to society and its services which also promotes engagement and participation. An important area in developing public transport is the contribution to equal living conditions and improved possibilities for a functional daily life.

Every day, almost 900,000 people travel by public transport in Stockholm County. Since the population is growing at a fast pace, Region Stockholm is constantly working on expansions, modernisations, and upgrades of the system. Examples of this is the ongoing new metro extensions and the upgrading and extension of the Roslagsbanan regional railway as well as preparatory work to transform the bus and boat fleets to electric propulsion. Many of the expansion projects have reached high set goals for their sustainability work, and several have reached the level of Excellent in CEEQUAL, as verified by external auditors. New metro projects have reached almost 100 per cent assessed building materials according to Swedish product assessment system Byggarubedömningen and an average of 90 per cent accepted or recommended materials. New trains must be 98 per cent recyclable.

New transportation projects have goals for GHG reductions in the construction phase and shall set climate targets for scope 1-3. The targets are to be followed up and monitored throughout the duration of the project. New metro projects have a goal of 25 per cent reduction of GHG in the project phase, other transport projects currently have the goal of 15 per cent reduction.

Projects within the metro expansion are executed in accordance with the CEEQUAL system which includes several environmental aspects such as land use, water, transport, biodiversity, hazardous substances, and social issues with a goal set on level Very Good or above.

2.7 Green and Energy Efficient Buildings⁷

The financing or refinancing of the construction, acquisition, expansion, or upgrade/modification of buildings that meet the criteria defined below.

New buildings

- New buildings (built after 2021) designed to achieve a net primary energy demand that is at least 40 per cent lower than the level required by the Swedish building regulation, (“BBR”).

We expect the Swedish Net Zero Energy Building (NZEB) requirement, once established, to be equivalent to the BBR. The EU Taxonomy requires new buildings to be 10 per cent lower than the level required to meet NZEB.

- For buildings larger than 5000 m²:
 - i. upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity, and
 - ii. the life-cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the Life Cycle

Existing buildings

Existing buildings (for buildings built before 2021) with dedicated energy management systems in place, proven by meeting one of the following criteria:

- i. Buildings with an Energy Performance Certificate (EPC) with energy class A
- ii. Buildings otherwise determined to belong in the top 15 per cent through e. g. a specialist study⁸

Major renovations

Renovation costs of existing buildings that:

- i. Lead to an overall reduction in primary energy demand per square meter and year (kWh/m²/year) by at least 30 per cent compared to the pre-investment decision.

Individual energy efficiency measures

Direct costs (e. g. material, installation and labour costs) for installing energy efficient technologies such as heat pumps, smart control systems, new windows, improved thermal insulation, energy efficient lighting, ventilation systems, or costs for enabling renewable energy sources, providing:

- a) High estimated energy savings in the targeted area (minimum 30 per cent)
- b) Minimize long-term negative climate impact and potential rebound effects
- c) Minimal negative climate impact from the technology used
- d) Energy reduction schemes should always have a life cycle approach, including operational energy and power limitation

Climate change adaptation

Measures to monitor and/or strengthen an asset or activity to withstand identified long term physical climate risks.

⁷ Investments relate to the “Construction and real estate activities” sector in the EU Taxonomy.

⁸ Statistics from the Swedish National Board of Housing, Building and Planning (2016) show that non-residential buildings with EPC A or B are within the 15 per cent most energy-efficient buildings in Sweden.



Photo: Anders Robert White Arkitekt

Region Stockholm is responsible for providing health and dental care for almost 2 million inhabitants in the Stockholm region. On an average day, Region Stockholm's care facilities have more than 15 000 unique visits. Locum AB is the facility management company of Region Stockholm and develops, constructs, and manages two million square metres of hospital and care buildings. Several of Region Stockholm's buildings have received awards for their design and execution such as; the Sweden Green Building Council's 'Environmental Building of the Year' to Buildings 70-74 at Södersjukhuset hospital, and the 'Sound Environment Award' by the Acoustic Society for the O-building at Karolinska University hospital Huddinge.

Promoting sustainable building materials and a healthy indoor environment are prioritized areas where Locum have reached high set goals. For projects financed by Green Bonds an average of more than 90 per cent approved or recommended building materials have been achieved, and some buildings have reached closer to 100 per cent¹⁰. Materials are assessed using the Swedish building product assessment Byggarbetsbedömningen.

In the design and development of standardized rooms, Locum works systematically with Building Information Modelling (BIM) to optimize resource consumption and continuously monitor construction waste. Product assessment is used to document and avoid undesirable chemicals and products, which contributes to enabling circular flows. The generation of construction waste is limited and prevented through environmental inventories in the early stages, identifying material that can be reused. Locum works to promote resource efficient waste management for example by waste prevention strategies, enabling waste sorting and close dialogue with involved parties. The work aims to ensure efficient design, minimised material use and maximising the amount of building material that can be reused or recycled.

All buildings shall comply with Region Stockholm's general guidelines for construction aiming to promote quality and sustainability. Applicable new buildings and renovation projects over 100 million Swedish Kronor should satisfy the Region of Stockholm's energy and building standard requirements related to energy performance, indoor environment and materials, meaning to comply with the version of the Miljöbyggnad manual currently adopted by Locum's board^{9,10}. New hospital buildings must also be in line with sustainability demands, such as social and ecological requirements defined in the yearly plans of Region Stockholm's Facilities and Service board and Locum AB¹¹.

⁹ Only materials and products specified in Locums guideline "Övergripande anvisning – Produkt- och materialval, bedömningskriterier" are assessed.

¹⁰ As per July 20th 2021 the currently adopted manual is Miljöbyggnad 3.0. To the extent possible, e.g. a supply building without windows will not fulfil the outdoor light requirement and hence is not required to follow the currently adopted manual.

¹¹ Due to the nature of healthcare services, certain hygiene factors cannot be compromised. Thus, it can be proved difficult to fully comply with the DNSH criteria for 'sustainable use and protection of water and marine resources' criteria such as the maximum requirements for water flow as this is a necessity for a clean environment and thereby a matter of the safety of the patients and staff.

Since 1990 Region Stockholm's emission of Greenhouse gases has been cut by more than 70 per cent, in comparison to the national goal of 40 per cent until 2020. The largest cuts have been made within public transport where emissions have been halved the latest five years. Today Region Stockholm uses almost exclusively renewable energy, for example 100 per cent of the energy to facilities and hospitals is renewable, and 100 per cent of land-based transport. Stockholm is the first capital with a fossil free land-based transport system.

Region Stockholm is dedicated to increase their onsite renewable energy production. To this date, Locum has installed close to 8000 sqm of solar panels producing energy and several solar water heating systems. The annual production was 1,3 GWh in 2020. At Karolinska hospital in Solna the Thermal energy plant produces around 3 GWh annually.

2.8 Renewable Energy¹²

The financing or refinancing of the construction, acquisition, expansion, or upgrades/modifications of energy generation facilities that produce renewable energy, as well as associated infrastructure and related Research and Development programmes.

Solar	Solar energy generation technologies, such as Photovoltaic systems (PV) and Concentrated Solar Power (CSP).
Wind power	Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes.
Energy storage and reduction of power peaks	Investments that support the conditions for production and use of renewable energy by improving the stability of the electricity system. Such as facilities for storing electricity heat or cooling, interactive energy and power monitoring systems, systems to optimize regenerated breaking energy, storage, and reduction of power peaks.

¹² Investments relate to the "Energy" sector in the EU Taxonomy.

3. Green project evaluation & selection

3.1 Allocation of Green Bond proceeds

Region Stockholm's overall management of environmental, social, governance and financial risks is a core component of the Region Stockholm's decision processes. The process for evaluation and selection of Green Projects will follow the same standard decision process.

Green Projects shall comply with the eligibility criteria defined under the Green Project Categories in the Framework, aligned with the current version¹³ of the EU Taxonomy Regulation. The EU Taxonomy Regulation requires Green Projects to (i) substantially contribute to at least one of the environmental objectives defined in the Taxonomy, (ii) not significantly harm any of the other objectives, (iii) comply with minimum safeguards, and (iv) align with the Technical Screening Criteria.

The Region's process to evaluate, select and allocate Green Bond proceeds to eligible Green Projects is executed through the following steps:

- i. Region Stockholm treasury department initiates the screening process. The Green Bond working group identifies potentially new projects to be financed with Green Bonds.
- ii. New projects are screened by the Sustainability department to ensure compliance with sustainability criteria of the Framework and the EU Taxonomy, laws and regulations and relevant policies and guidelines. Suitable projects are submitted to the Green Bond working group.
- iii. The Green Bond working group reviews the screened projects according to the criteria of the Framework and creates a proposed shortlist of projects eligible for Green Bond issuance. The list is submitted to the Steering group.

- iv. Region Stockholm's Steering group for Green Bonds, is solely responsible for approving projects and mark them as Green Projects in a dedicated "Green Register". A decision to allocate net proceeds to Green Projects will require a consensus decision by the Steering Group and be documented and filed.

3.2 Allocation of Green Bond proceeds

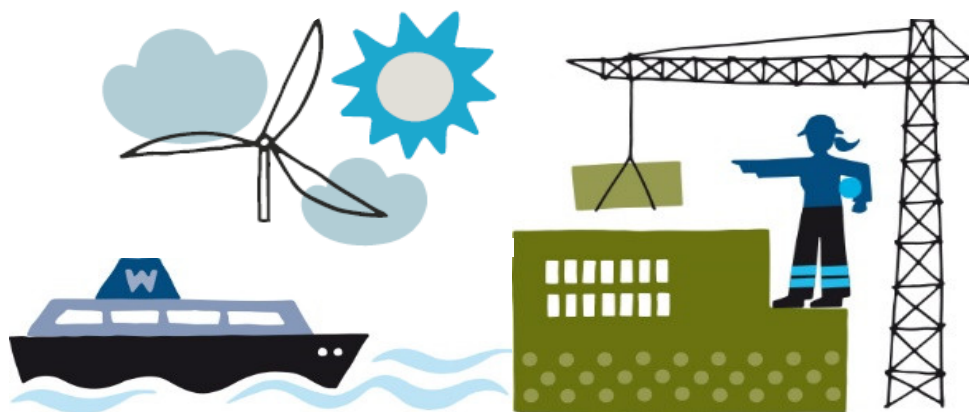
The Steering Group is chaired by the Sustainability Director and includes the following members:

- I. Sustainability Director
- II. Chief Executive Officer, treasury department
- III. Representative from the communication department
- IV. Relevant executive managers from Region Stockholm's facilities and management company Locum AB and Region Stockholm's transport administration.

The Steering Group will convene every 6 months or when considered necessary. For the avoidance of doubt, the Steering Group holds the right to exclude any Green Project already funded by Green Bond net proceeds.

If a Green Project is sold, or for other reasons loses its eligibility, funds will then follow the procedure under Management of Proceeds until reallocated to other eligible Green Projects.

¹³ EU taxonomy as adopted by the Commission on the 4th of June 2021.



3.3 Compliance with Do No Significant Harm criteria and Minimum Safeguards

The EU Taxonomy Regulation requires Green Projects to (i) substantially contribute to at least one of the environmental objectives defined in the Taxonomy, (ii) not significantly harm any of the other objectives, (iii) comply with minimum safeguards and, (iv) align with the Technical Screening Criteria.

Region Stockholm will with its financing under this framework substantially contribute to the EU Taxonomy environmental objectives Climate Change Mitigation and/or Climate Change Adaptation. Furthermore, Region Stockholm will do its utmost to not harm any of the other environmental objectives, to the extent feasible. All projects defined in this framework are subject to Swedish law, standards and regulations governing the construction, operation and maintenance of the Green Project categories outlined.

Taking into account (i.) The national context and law and (ii.) The primary undertaking of operations, Region Stockholm believe to meet the Do No Significant Harm criteria stipulated in the EU Taxonomy. However, Region Stockholm acknowledge that due to the nature of healthcare services, certain hygiene factors cannot be compromised. Thus, it can be proven difficult to fully comply with all of the DNSH criteria for such projects. The DNSH assessment will be done on a best effort basis and to the extent possible.

Given that all Green Projects will take place in Stockholm, Region Stockholm find it compliant with the minimum safeguards, as they are all subject to the comprehensive European and national laws and regulations for working and social conditions¹⁴. Furthermore, the environmental work is governed through Region Stockholm's management process. Environmental work is secured, followed up and checked at regional level through Region Stockholm's budget and reporting process and through audits. Financial, social and environmental implications are considered before decisions are taken.

¹⁴ By fulfilling the mentioned laws and regulations, including the Swedish LOU (Lagen om Offentlig Upphandling, the Swedish law governing public procurement) and LUF (Lagen om Upphandling inom Försörjningssektorerna, Swedish law governing procurement regarding utilities), as well as internal guidelines for responsible purchasing. Region Stockholm thereby aligns with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, principles and rights set out in the eight fundamental conventions identified in the Declaration of the ILO on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

4. Management of proceeds

4.1 Tracking of Green Bond net proceeds

Region Stockholm uses a dedicated earmarked account (“the Green Account”) to track the allocation of net proceeds from Green Bonds to Green Projects. The purpose of the Green Account is to ensure that Green Bond net proceeds only support the financing of Green Projects or to repay Green Bonds. If a project no longer qualifies, the funds will be reallocated to other eligible projects.

The treasury department will be responsible for the allocation of the net proceeds from the issuance of Green Bonds to the relevant and approved eligible projects.

The management of proceeds will be reviewed by an independent external party appointed by Region Stockholm.

4.2 Temporary holdings

Unallocated Green Bond net proceeds may temporarily be placed in the liquidity reserve and managed accordingly by Region Stockholm.

4.3 Exclusions

Temporary holdings are subject to the same exclusions as described under section 2. Use of Proceeds and exclusions.



5. Reporting and transparency

TO ENABLE THE MONITORING of performance and provide insight into prioritised areas, Region Stockholm will annually and until maturity of the Green Bonds issued, provide investors with a report (“Green Bond Impact Report”) that describes the allocation of proceeds and the environmental impact of the Green Projects. The report will be made available on Region Stockholm’s website together with this Framework.

5.1 Allocation reporting

Allocation reporting will include the following information:

- i. A summary of Green Bond developments
- ii. The outstanding amount of Green Bonds issued, presented per eligible project and category
- iii. The distribution between new financing and refinancing
- iv. The amount of unallocated proceeds
- v. Mapping of the EU Environmental Objectives pursued on a category level
- vi. Alignment with EU Taxonomy technical screening criteria contributing to climate change mitigation.



5.2 Impact reporting

Region Stockholm’s impact reporting aims to provide a description of the Green Projects financed under this Framework and disclose the associated environmental impact of the Green Projects, based on Region Stockholm’s financing share. The annual impact report will also disclose what environmental objectives the Green Projects contribute to.

As one of the signatories to the Nordic public issuer Position Paper on Green Bonds Impact Reporting, Region Stockholm commits to assess and report on the project selection and their expected non-financial impact in a transparent manner each year. Region Stockholm may finance several smaller Green Projects in the same project category, in such a case impact reporting will, to some extent, be aggregated. The impact assessment is provided with the reservation that not all related data can be obtained and that calculations therefore will be on a best effort basis, e.g. if a green building is under construction but not yet operational, Region Stockholm will provide best estimates of future energy performance levels.

The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

The KPIs are, where applicable, based on the impact reporting principles of the [Nordic Public Sector Issuers Position Paper on Green Bond Impact Reporting](#).

Clean and Sustainable Transportation



Clean and sustainable transportation (land and water)

Reduced/avoided CO₂e impact calculations are either based on the Green Project's specific contribution, relating to number of passengers, or calculated as the Green Project's monetary share of the public transport system value. The system forming the basis for calculations may be the entire public transport system, or parts thereof, such as the subway system, the city bus system, or individual lines of the light rail, metro or local rail systems. The system value is based on aggregated value of tracks, signal system, depots, vehicles etc. and all components contribute to joint impact based on cost of investment or value.

- Annual GHG emissions reduced/avoided (tonnes of CO₂e emissions) compared to alternative means of transportation
- Estimated reduction in car use and car kilometres the project will replace
- Number of km of new walking, bicycle lanes etc.
- Number of charging points installed or upgraded

Climate Change Adaptation

- Physical climate risk addressed and expected adaptation related outcome (quantified if possible)
- Project's effect on increased resilience to climate change

Green and Energy Efficient Buildings



New buildings

- Annual energy use avoided compared to the relevant building code (MWh)
- Annual GHG emissions reduced/avoided (tonnes of CO₂e emissions)

Existing buildings

- Annual energy avoided compared to relevant national buildings standard (kWh/m² or %)
- Annual GHG emissions reduced/avoided (tonnes of CO₂e emissions)
- Energy performance class (EPC) of the building

Major renovations

- Annual energy reduced compared to the pre-investment situation (MWh)
- Annual GHG emissions reduced/avoided (tonnes of CO₂e emissions) compared to the pre-investment situation

Individual energy efficiency measures

- Annual energy reduced/avoided (MWh) compared to the pre-investment situation (MWh)
- Annual GHG emissions reduced/avoided (tonnes of CO₂e emissions) compared to the pre-investment situation

Climate Change Adaptation

- Physical climate risk addressed and expected adaptation related outcome (quantified if possible)
- Project's effect on increased resilience to climate change

Renewable Energy



Renewable energy

- Installed renewable energy capacity (kW)
- Annual renewable energy generation (kWh)
- Annual GHG emissions reduced/avoided (tonnes of CO₂e emissions)

6. External review

6.1 Second party opinion

CICERO Shades of Green has provided a second opinion to this Framework verifying its credibility, impact, and alignment with ICMA's Green Bond Principles 2021 including an assessment of the EU Taxonomy alignment.

6.2 Post-issuance review

An independent external party, appointed by Region Stockholm will on an annual basis provide a review, confirming that an amount equal to the Green Bond net proceeds has been allocated to Green Projects.

6.3 Publicly available documents

The Green Bond Framework and the second party opinion will be publicly available on Region Stockholm's website together with Post-issuance review the annual Green Bond Impact Report once published.

