

Second-Party Opinion

Peab Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the Peab Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Clean Transportation, Pollution Prevention and Control, and Sustainable Water and Wastewater Management – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 9, 11, and 12.



PROJECT EVALUATION AND SELECTION Peab's Green Finance Committee will evaluate, select and monitor eligible projects. The committee comprises the CFO, Head of Finance, and Head of Environment. Peab has internal processes in place to address environmental and social risks associated with the eligible assets. Sustainalytics considers these processes to be in line with market practice.



MANAGEMENT OF PROCEEDS Peab's Finance Department will track the allocation of proceeds using an internal tracking system. Peab intends to allocate all proceeds within 12 months from each issuance. Pending allocation, unallocated proceeds will be temporarily placed in Peab's ordinary bank account. This is in line with market practice.



REPORTING Peab commits to report on allocation of proceeds on its website on an annual basis until maturity. The report will include the total amount of green finance instruments outstanding, breakdown by category, share of proceeds used for new financing or refinancing, share of unallocated proceeds, list of underlying eligible assets, and information on EU Taxonomy alignment of the underlying eligible assets. In addition, Peab intends to report on relevant impact metrics. Sustainalytics views Peab's allocation and impact reporting as aligned with market practice.



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Introduction

Peab AB (“Peab” or the “Company”) is a Nordic construction and civil engineering company that develops, builds and supplies the construction industry with materials and equipment. Peab operates in four business areas: construction, civil engineering, industry and project development. Headquartered in Förslöv, Sweden, Peab had 13,808 employees and net sales of approximately SEK 58.8 billion (EUR 5.1 billion) in 2023.¹

Peab has developed the Peab Green Finance Framework dated May 2024 (the “Framework”) under which it intends to issue green bonds, loans, revolving credit facilities and commercial papers (the “Green Finance Instruments”) and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to lead to positive environmental outcomes. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes
3. Clean Transportation
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management

Peab engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)² and the Green Loan Principles 2023 (GLP).³ The Framework will be published in a separate document.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with 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, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- 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 1.16, 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 Peab’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Peab representatives have confirmed that: (1) they understand it is the sole responsibility of Peab to ensure that the information provided is complete, accurate and 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 Peab.

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

¹ Peab, “Annual and Sustainability Report 2023”, at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

² 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/>.

³ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁴ The Peab Green Finance Framework is available at: <https://www.peab.com/financial-info/green-bond/>

⁵ 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.

market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan 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 and loan 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 Peab has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Peab Green Finance Framework

Sustainalytics is of the opinion that the Peab Green Finance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Clean Transportation, Pollution Prevention and Control, and Sustainable Water and Wastewater Management – are aligned with those recognized by the GBP and GLP.
 - Peab has established a look-back period of 36 months for refinancing operating expenditures. Sustainalytics sees this as aligned with market practice.
 - Under the Green Buildings category, Peab may finance or refinance the following:
 - Construction or acquisition of new buildings built after 31 December 2020 meeting all of the following criteria:
 - Having primary energy demand (PED) at least 20% lower than the threshold set for nearly zero-energy buildings (NZEB) according to national building regulations.⁶
 - Having obtained at least Nordic Swan Ecolabel,⁷ Miljöbyggnad Silver,⁸ LEED Gold⁹ or BREEAM Excellent.¹⁰
 - Buildings larger than 5,000 m² must undergo testing for airtightness and thermal integrity upon completion. Additionally, the life cycle global warming potential (GWP) of the building resulting from the construction will be calculated.
 - Acquisition of existing buildings built before 31 December 2020 meeting all of the following criteria:
 - Buildings that either have or will receive an energy performance certificate (EPC) A or in the top 15% of the national building stock expressed as operational PED and demonstrated by adequate evidence. The top 15% of buildings will be updated continuously and benchmarked against guidance by national governments or a specialist study.
 - Buildings that either have or will receive a minimum environmental certification of Nordic Swan Ecolabel¹¹ or Miljöbyggnad Silver¹², LEED Gold¹³ or BREEAM Excellent.¹⁴

⁶ The National Board of Housing, Building and Planning (Boverket), "BFS 2020:4 BBR 29" (2020), at: <https://rinfo.boverket.se/BFS2011-6/pdf/BFS2020-4.pdf>

⁷ Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/official-nordic-ecolabel/>

⁸ Miljöbyggnad: <https://www.sgbc.se/certifiering/miljobyggnad/>

⁹ LEED: <https://www.usgbc.org/leed>

¹⁰ BREEAM: <https://breeam.com/>

¹¹ Nordic Swan Ecolabel: <https://www.nordic-swan-ecolabel.org/official-nordic-ecolabel/>

¹² Miljöbyggnad: <https://www.sgbc.se/certifiering/miljobyggnad/>

¹³ LEED: <https://www.usgbc.org/leed>

¹⁴ BREEAM: <https://breeam.com/>

- For major renovations, primary energy savings will be of at least 30% within three years and validated through an EPC upon completion of the renovation. Peab has confirmed that this will only include renovation costs.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes category, Peab may finance or refinance expenditures related to eco-efficient production processes or to the development, production and use of ECO-products that reduce environmental impact compared to standard production processes or products including:
 - Production facilities of Peab's own line of ECO-products and production processes.¹⁵ Peab has confirmed to Sustainalytics that production processes are electric equipment used related to the manufacturing of ECO-products. Peab has confirmed that it assesses the substantial contribution of its ECO-products line by comparing their environmental impact to the national benchmarks of the industries as follows:
 - Peab's ECO-Asfalt production method uses biofuel for drying and heating gravel material with the aim of achieving at least 60% lower CO₂ emissions compared to the benchmark for the asphalt industry using the Swedish Transport Administration's calculation model.¹⁶
 - Peab uses Merit, a slag-based binder to replace cement in its ECO-Betong concrete production to meet the requirements for climate-improved concrete according to the Swedish Concrete Association's (Svensk Betong)'s standard,¹⁷ which requires at least 10% lower CO₂ emissions compared to traditional concrete. Peab may also finance the production of Merit.
 - In its ECO-Prefab products, Peab replaces cement with climate-improved concrete along with slag and aims to achieve a reduction of 50% compared to traditional prefab products.¹⁸ Peab uses the Swedish Concrete Association's (Svensk Betong)'s standard¹⁹ to benchmark the environmental contribution of this product.
 - Peab's ECO-Stomme and ECO-Frame use recycled steel and climate-improved concrete to achieve a reduction of 35% compared to traditional products.²⁰ Peab uses the Swedish Concrete Association's (Svensk Betong)'s standard²¹ to benchmark the environmental contribution of this product.
 - Peab may finance the production of its ECO-Ballast product, which uses 100% of recycled material, such as excavated material or construction rock from tunnel blasting.²²
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Clean Transportation category, Peab may finance or refinance expenditures related to zero-emission or low-emission transport, such as:
 - Investments in or leasing of zero-emission vehicles, such as cars, light commercial vehicles, heavy commercial vehicles and construction equipment. Peab confirmed that operating leasing activities are long term with tenures of 3 to 5 years.

¹⁵ Peab aims to be climate neutral by 2045 and under its decarbonization road map it has set targets to reduce its scope 1 and 2 carbon dioxide emissions intensity (tonnes CO₂e/ million SEK) by at least 60% and scope 3 emissions from input goods and purchased services by at least 50% by 2030 compared to the 2015 level. In addition, Peab has a decarbonization plan in place with emissions of GHG and emission reducing measures. Peab shared the 2045 decarbonization road map per emission area and measures confidentially.

¹⁶ Peab shared the values under the Procurement with climate requirements for asphalt document from the Swedish Transport Administration on a confidential basis.

¹⁷ Swedish Concrete Association, "Vägledning Klimatförbättrad betong", (2022), at: <https://www.svenskbetong.se/component/edocman/?task=document.viewdoc&id=60&Itemid=>

¹⁸ Peab, "Our products", at: <https://peab.se/erbjudande/insatsmaterial/eco-produkter/eco/>

¹⁹ Swedish Concrete Association, "Vägledning Klimatförbättrad betong", (2022), at: <https://www.svenskbetong.se/component/edocman/?task=document.viewdoc&id=60&Itemid=>

²⁰ Peab, "Our products", at: <https://peab.se/erbjudande/insatsmaterial/eco-produkter/eco/>

²¹ Swedish Concrete Association, "Vägledning Klimatförbättrad betong", (2022), at: <https://www.svenskbetong.se/component/edocman/?task=document.viewdoc&id=60&Itemid=>

²² Peab, "Swerock launches ECO-Ballast", (2021), at: <https://peab.se/om-peab/bolagsinformation/press-och-media/nyhetsarkiv/swerock-lanserar-eco-ballast/>

- Construction of infrastructure to support phasing out fossil fuels, such as electric charging stations and mobile tanks for low-carbon fuels.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Pollution Prevention and Control category, Peab may finance or refinance the construction, upgrade and operation of facilities for sorting or recovering non-hazardous waste using mechanical processes to transform waste into secondary raw materials. Examples include construction and demolition recycling wash plants to use surplus excavation soil and transform it into new products aiming to reduce the amount of surplus excavation soil sent to landfill by up to 80%.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, Peab may finance or refinance expenditures related to reduced water use and reduced emission of polluted wastewater, including:
 - Construction of wastewater treatment facilities for customers or investments in or leasing of wastewater treatment facilities for own operations.
 - Investments in or leasing of machinery and equipment related to reduced water use or wastewater treatment, such as the installation of solutions for cleaning water from concrete trucks that allow reusing the water in concrete production and cleaning solutions for purifying drainage water from construction sites. Peab confirms that operating leasing activities are long term with tenures of 3 to 5 years.
 - Research and development of new methods of recirculation of water in residential buildings or recirculation of water in production sites.
 - Peab has confirmed that this category excludes treatment of wastewater from fossil fuel operations.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Project Evaluation and Selection:
 - Peab's Green Finance Committee will be responsible for the project evaluation and selection process under the Framework. The committee comprises the CFO, Head of Finance, and Head of Environment, and will meet at least on an annual basis.
 - During the project evaluation stage, Peab assesses if the potential projects comply with the Company's environmental and social risk assessment criteria. Peab has established internal policies and processes to mitigate environmental and social risks commonly associated with the eligible projects. For additional details, please refer to Section 2.
 - Based on defined role and responsibility for project evaluation and selection and the presence of risk management processes, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Peab's Finance Department will be responsible for management of proceeds. Net proceeds will be managed on a portfolio basis and tracked using an internal management system.
 - Peab intends to allocate net proceeds to eligible projects or assets within 12 months of each issuance. Pending full allocation, Peab will place the proceeds in the Company's ordinary bank account.
 - Peab has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. Peab intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the presence of an internal tracking system and disclosure of temporary allocation of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Peab commits to report on allocation of proceeds and impact annually until full allocation in an Investor Report. The report will be made publicly available on Peab's website.
 - Peab has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on allocation until loan maturity.
 - Allocation reporting may include the total amount of green finance instruments outstanding, breakdown by instrument category and green eligible asset category, share of proceeds used for new financing or refinancing, share of unallocated proceeds, list of underlying eligible assets if not of confidential nature, and information on EU Taxonomy alignment of the underlying eligible assets.

- Impact reporting may include the energy avoided below national building standards (in kWh/m² or %), estimated avoided or reduced annual GHG emissions (in tCO₂e), share of ECO products of total production, energy savings attributable to the investments (in MWh or GWh), number of electric charging points installed, number of tonnes processed in the facilities, circular product rate, and annual volume of wastewater treated or avoided (in m³).
- Peab will appoint an independent auditor or another third party to provide an annual verification report confirming the allocation of proceeds.
- Based on Peab's commitment to report on allocation and impact, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Peab Green Finance Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Peab

Contribution to Peab's sustainability strategy

In 2023, Peab conducted a double materiality assessment based on the EU Corporate Sustainability Reporting Directive legislation and in preparation of its 2024-2026 business plan.²³ On that basis, Peab identified three environmental focus areas: i) climate impact; ii) resource consumption; and iii) environmentally and health hazardous products.²⁴

Peab has set three long-term environmental targets for each focus area: i) achieving climate neutrality by 2045, with interim targets of reducing its scope 1 and 2 carbon dioxide emissions intensity by at least 60% and scope 3 GHG emissions from input goods and purchased services by 50% by 2030 compared to the 2015 level; ii) becoming 100% resource efficient by 2040 through optimizing material use, reducing waste and promoting biodiversity; and iii) phasing out environmentally and health hazardous products before 2030.²⁵

In addition, Peab has developed a climate transition plan with climate reduction strategies per emission area and invested SEK 530 million (EUR 46 million)²⁶ in research and development projects to reduce the climate impacts of input goods used in the production, such as concrete, cement, steel and asphalt.²⁷ Additionally, in 2023, Peab has reported the following metrics: i) 56 buildings in total that obtained green building certifications;²⁸ ii) 26% reduction in its energy intensity;²⁹ ii) 49% reduction of its scope 1 and 2 GHG emissions and 9% of its scope 3 GHG emissions compared to 2015; iii) 10% increase of waste generated compared to 2022 due to variations in number of projects and project set-up.³⁰

Sustainalytics is of the opinion that the Framework is aligned with the Peab's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognises that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to i) land use and biodiversity risks associated with large infrastructure development; ii) emissions, effluents and waste generated from construction and manufacture; iii) community relations; iv) occupational health and safety (OHS); v) business ethics, including bribery and corruption; vi) environmental and social impacts of supply chains; and vii) human and labour rights.

Sustainalytics is of the opinion that Peab is able to manage or mitigate potential risks through the implementation of the following:

- Regarding land use and biodiversity protection, Peab conducts natural value assessments with experts before opening a quarry to determine the suitability of the location and identify necessary protection measures.³¹ At times, Peab would further create biodiversity plans in

²³ Peab, "Annual and Sustainability Report 2023", (2024), at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

²⁴ Peab, "Appendix with sustainability data and GRI Index", (2023), at: <https://www.peab.com/siteassets/reports/gri/peab-gri-2023-eng.pdf>

²⁵ Peab, "Annual and Sustainability Report 2023", (2024), at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

²⁶ Ibid.

²⁷ Ibid.

²⁸ According to Peab, the number of buildings include both its own developed projects where Peab was responsible for the certification and projects Peab built for its customers.

²⁹ According to Peab, the energy intensity is measured as total energy consumption (all types of energy) in relation to the scope of the business measured as net sales.

³⁰ Peab, "Appendix with sustainability data and GRI Index", (2023), at: <https://www.peab.com/siteassets/reports/gri/peab-gri-2023-eng.pdf>

³¹ Peab, "Peab Annual and Sustainability Report 2023", (2023), at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

connection with new quarry permits to protect and enhance biodiversity in the areas where it operates.³² Moreover, Peab has developed processes to monitor water consumption at production sites and started research projects on water conservation in buildings.³³

- To address issues related to emissions, effluents and waste from the eligible projects, Peab developed measures that include designing resource-efficient constructions, purchasing circular products, minimizing waste, reusing construction materials, ensuring leftover materials are recycled, using land respectfully, managing excavated soil efficiently, and sorting materials for recycling.³⁴ Peab also evaluates the possibility of circular material flows regularly regarding both the input of raw material for production and the recyclability of manufactured products.³⁵
- Peab must follow the Swedish Environmental Code, which requires water-related activities to undertake an environmental impact assessment (EIA) and the implementation of relevant safeguards. Moreover, Peab's line of ECO- products cannot be manufactured freely in or near areas with high biodiversity, and the permitting processes necessarily include EIAs and other necessary safeguards, as relevant.³⁶
- With respect to community relations, Peab has established an environmental policy that mandates targets and decisions to be made in alignment with community engagement principles based on trust, transparency and collaboration. Peab maintains an active dialogue with customers, suppliers, authorities and other stakeholders to reduce its environmental impact.³⁷
- To address OHS risks, Peab has established a Work Environment Policy that ensures every employee receives the necessary conditions and support, including expertise, resources and authorizations to perform their work safely and promote good health.³⁸ Peab provides continuous education and training on safety practices to maintain a safe working environment.³⁹ In addition, Peab has a zero-accident vision and actively participates in the industry's network dedicated to achieving zero fatal accidents in the construction business.⁴⁰
- With respect to business ethics, Peab has a zero-tolerance policy towards corruption and ethical violations. Peab has established an Ethical Council to enforce consistent handling of ethics-related incidents across the Company.⁴¹ Moreover, Peab recently updated its Code of Conduct, which includes policies and regulations aimed at counteracting corruption and includes a course completed by 10,352 employees.⁴² Additionally, an external web-based whistleblower system, accompanied by a whistleblowing guideline, provides anonymity for whistleblowers and encourages reporting illegal acts or violations of the Code of Conduct.⁴³
- Regarding the environmental and social impacts of supply chains, Peab developed a Supplier Code of Conduct, which explicitly defines expectations for partners regarding business ethics, human rights and environmental protection. Peab also conducts supplier assessments, which include risk analysis, requirements, controlling and monitoring.⁴⁴
- To address human and labour rights, Peab complies with Nordic legislation, including the protection of employees' rights to organize and bargain collectively.⁴⁵ Peab's Code of Conduct is based on the UN Global Compact principles, covering human rights and the core conventions of the International Labour Organization (ILO).⁴⁶ The code is reviewed and updated annually. Peab also adheres to the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises.⁴⁷

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

Section 3: Impact of Use of Proceeds

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

³² Ibid.

³³ Ibid.

³⁴ Peab, "Peab Annual and Sustainability Report 2023", (2023), at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

³⁵ Ibid.

³⁶ Ibid.

³⁷ Peab, "Environmental Policy", (2023), at: <https://www.peab.com/siteassets/policies/environmental-policy.pdf>

³⁸ Peab, "Work Environment Policy", (2023), at: <https://www.peab.com/siteassets/policies/work-environment-policy.pdf>

³⁹ Peab, "Peab Annual and Sustainability Report 2023", (2023), at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Peab, "Whistleblowing Guidelines", at: <https://www.peab.com/siteassets/policies/guidelines-for-whistleblowing.pdf>

⁴⁴ Peab, "Supplier Code of Conduct", at: <https://www.peab.com/siteassets/policies/supplier-code-of-conduct.pdf>

⁴⁵ Peab, "Peab Annual and Sustainability Report 2023", (2023), at: <https://www.peab.com/siteassets/reports/23-ar-eng.pdf>

⁴⁶ Ibid.

⁴⁷ Ibid.

Importance of financing green buildings in Sweden

Despite the 64% reduction in GHG emissions between 2005 and 2020,⁴⁸ the buildings sector still accounts for approximately 40% of Sweden’s energy use and 21% of the country’s GHG emissions.^{49,50} Sweden has established a commitment to achieve net zero GHG emissions by 2045.⁵¹ The country follows the EU’s Energy Performance of Buildings Directive⁵² with the aim of modernizing the building sector, encouraging the construction of energy-efficient buildings and retrofits.⁵³ Additionally, the Swedish government has implemented the following measures to decarbonize the buildings sector, contributing to achieve its climate goals: i) improving the energy efficiency of buildings and product supply following the EU’s requirements for energy labelling and design;⁵⁴ ii) limiting the energy consumption of buildings to 90 kWh/m² for single-family homes, 85 kWh/m² for apartment blocks and 80 kWh/m² for non-residential premises; and iii) providing training programmes on low-energy buildings to stakeholders in the construction sector.^{55,56}

Based on the above, Sustainalytics considers that Peab’s financing of green buildings will contribute to Sweden’s efforts to decarbonize the economy and the country’s climate goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Peab Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation, and Infrastructure	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 accord
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
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
Pollution Prevention and Control	9. Industry, Innovation and Infrastructure	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

⁴⁸ European Environment Agency, “Greenhouse gas emissions from energy use in buildings in Europe”, (20232), at: <https://www.eea.europa.eu/ims/greenhouse-gas-emissions-from-energy>

⁴⁹ Blomqvist, S. et al., (2022), “Ten years of energy efficiency—Exploring the progress of barriers and drivers in the Swedish residential and services sector”, Energy Reports, at: <https://www.sciencedirect.com/science/article/pii/S2352484722023745>

⁵⁰ Boverket, “Utsläpp av växthusgaser från bygg- och fastighetssektorn”, (2024), at: <https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer--aktuell-status/vaxthusgaser/>

⁵¹ Swedish Ministry of Climate and Enterprise, “Sweden climate policy framework”, (2021), at: <https://www.government.se/articles/2021/03/swedens-climate-policy-framework/>

⁵² European Commission, “Energy Performance of Buildings Directive”, at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁵³ 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

⁵⁴ European Commission, “Rules and requirements for energy labelling and ecodesign”, at: https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/energy-label-and-ecodesign/rules-and-requirements_en

⁵⁵ Government of Sweden, Ministry of Infrastructure, “Sweden’s Third National Strategy for Energy Efficient Renovation”, (2020), at: https://energy.ec.europa.eu/system/files/2020-05/se_2020_ltrs_official_translation_0.pdf

⁵⁶ Government of Sweden, “Sweden’s draft integrate national energy and climate plan”, (2020), at: <https://www.government.se/contentassets/e731726022cd4e0b8ffa0f8229893115/swedens-draft-integrated-national-energy-and-climate-plan/>

		countries taking action in accordance with their respective capabilities
	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Conclusion

Peab has developed the Peab Green Finance Framework under which it may issue Green Finance Instruments and use the proceeds to finance expenditures in the following areas: Green Buildings, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Clean Transportation, Pollution Prevention and Control, Sustainable Water and Wastewater Management. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Peab Green Finance Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Peab Green Finance Framework is aligned with the overall sustainability strategy of Peab and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 6, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Peab has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Peab is well positioned to issue the Green Finance Instruments, and that the Peab Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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