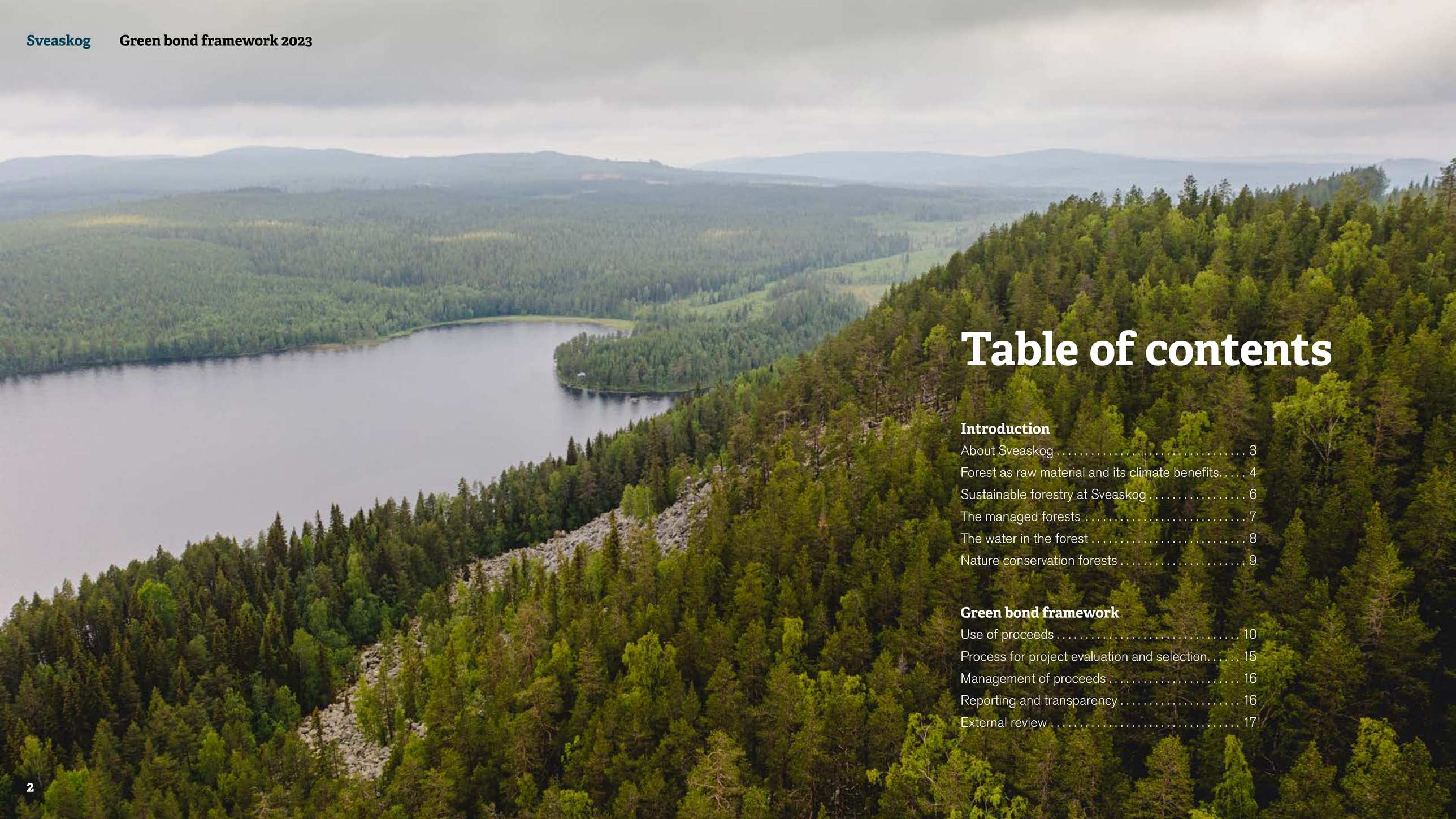
2023

Green bond framework

SVEASKOG



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About Sveaskog

Sveaskog, a state-owned company, is the largest forest owner in Sweden. The company manages approximately 14 per cent of the productive forestland, operates in approximately 170 of the country's 290 municipalities and has about 800 employees around the country. Sveaskog's core business is to manage the forest and provide timber, pulpwood, wood chips, biofuel, seedlings and forest services.

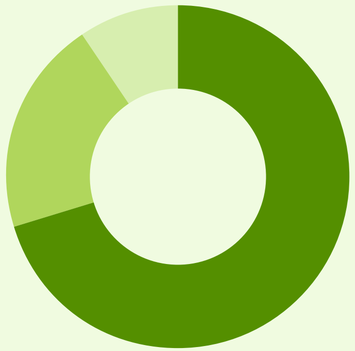
Sveaskog also works with forestland transactions and develops the forest as a venue for hunting, fishing and other nature-based experiences. Sveaskog is the Swedish market leader within forest regeneration and seedlings through Svenska Skogsplantor.

The forest and its assets are Sveaskog's core business. Conducting forestry operations and developing new business opportunities and applications for wood raw material, wood products and forestland are major responsibilities. Sustainable development permeates every aspect of Sveaskog's business.

A tree that is planted today will be harvested in 60–120 years. The growing forest and production of wood raw material make a substantial contribution to counteract climate change.

Breakdown of tree species on Sveaskog's land

Market area North



- Pine 70.4%
- Spruce 20.3%
- Deciduous 9.3%

Market area South

- Pine 55.1%
- Spruce 36.0%
- Deciduous 8.9%

Sveaskog's forest holdings amount to 3.9 million hectares, of which 3 million is productive forest land.

14%

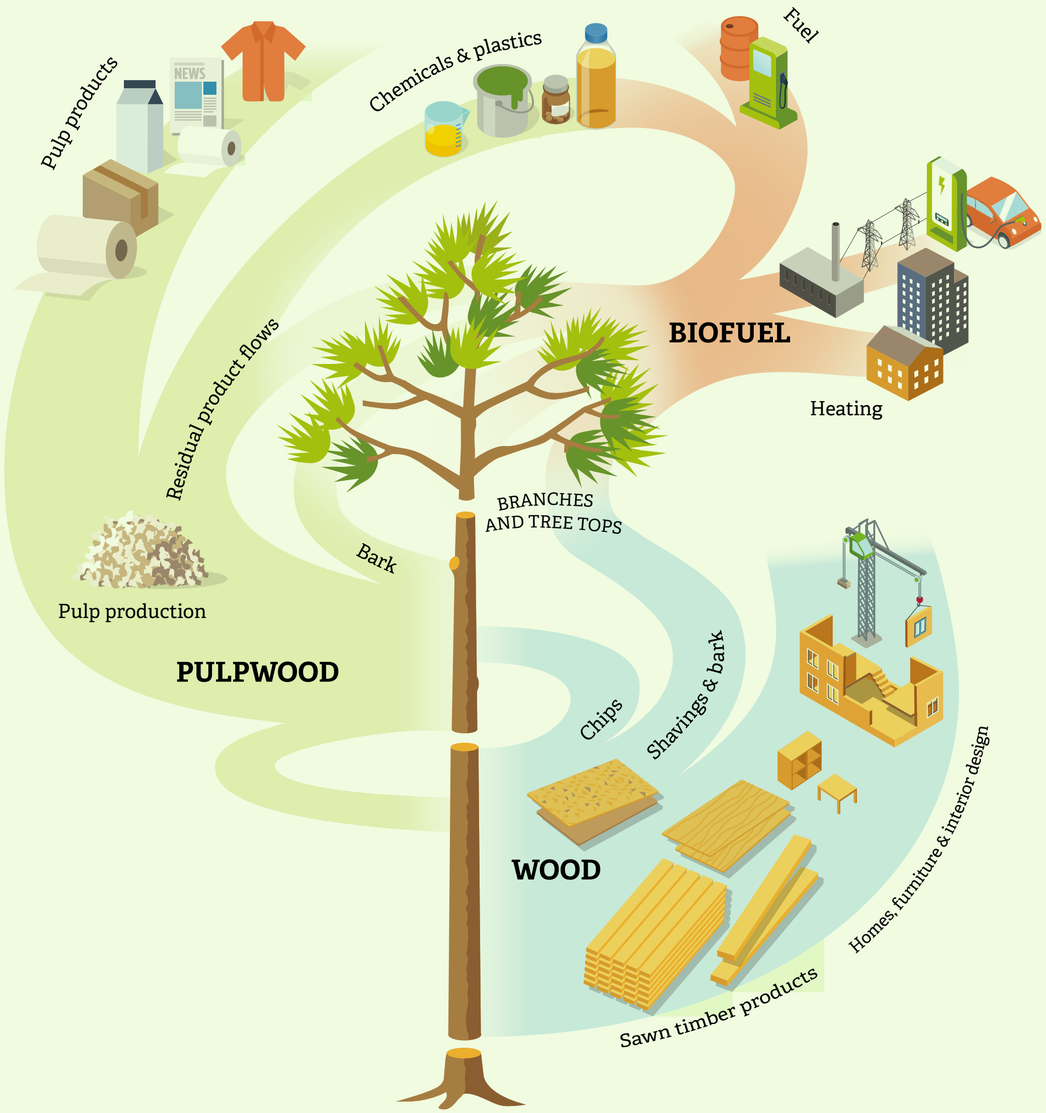
Of Sweden's productive forest land is owned by Sveaskog

Forest as raw material and its climate benefits

The renewable raw material from the forest is processed by Sveaskog's customers. This comprises primarily sawlogs, which are the most valuable part of the tree. Other parts of the tree are used in the pulp and paper industry, while residues from forestry and from the forest industry are further processed into biofuels, chemicals and new innovative materials and uses. The whole tree is thus made use of for various purposes. In the role of sustainable supplier of wood raw material, Sveaskog makes sure that the company meets the demands of its customers' customers – and contributes to a sustainable value chain.

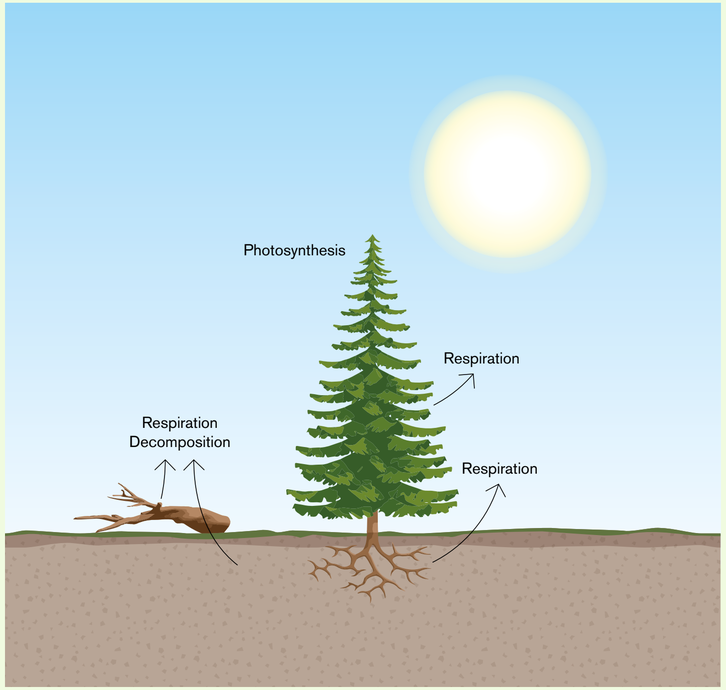
Climate impact in the forest and the value chain

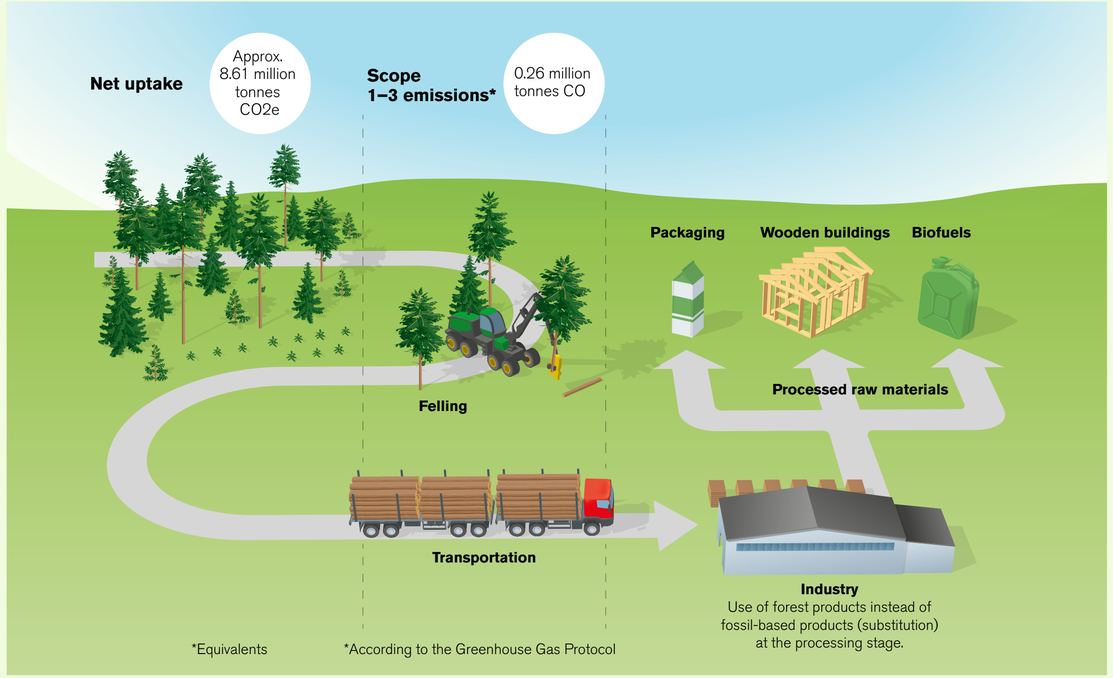
The forest plays an important role in the climate transition, as the forest absorbs carbon dioxide and binds carbon, which counteracts the human climate impact. Sveaskog's climate benefit consists of net storage of carbon dioxide, partly in the forest, and partly in the long-lived products made using timber from Sveaskog's land. In addition, wood-based products – both long-lived and short-lived – contribute to reducing the need for fossil energy and cement, which in turn reduces society's climate impact.



Sveaskog work to increase climate benefit

The major climate benefit that arises when wood-based products replace fossil energy and cement (substitution) is outside Sveaskog's operations. The extent of this benefit depends on how efficiently the forest raw material is used in the value chain through wood products, fiber products and bioenergy, all of which contribute to reducing the use of fossil energy or cement. It is, however, important to note that Sveaskog's production of timber makes a major contribution to society's work towards fossil-free energy through its customers' business operations.





Sveaskog's climate impact

Through photosynthesis, carbon is bound in the standing timber, and the forest then acts as a net carbon sink. When the forest is harvested, some of the wood continues to be stored in long-lived products such as in wooden buildings. The carbon storage in long-lived products is an indirect climate benefit for Sveaskog that is shared with others in the value chain. The managed forest and the use of wood thus play an important role in combating climate change through increased carbon storage.

Sveaskog's forests grow annually by more than Sveaskog harvest. This means that the climate benefit in the form of the stock of bound carbon in the standing forest and in long-lived products is constantly increasing, corresponding to a net uptake of around 8.61 million tonnes of CO2e (2022). At the same time, an additional climate benefit arises when wood-based products also reduce the need for fossil energy or cement. This is an additional and major climate benefit from the forest industry.

During 2022, Sveaskog's operations generated emissions of about 0.26 million tonnes of CO2e primarily from felling and transporting timber to customers and one important factor in the climate work is to phase out fossil fuels. Sveaskog has decided to develop a climate goal in accordance with SBTi (Science Based Targets initiative). The ambition is to communicate the goal in 2023.

Sustainable forestry at Sveaskog

Sveaskog shall be a leader in the development of sustainable forestry. This involves, among other things, sustainable and secure deliveries of renewable raw materials to Sveaskog's customers and contributing to both Unites Nations' Sustainable Development Goals Agenda 2030 and to national environmental and climate goals. Sveaskog manages the forest with the ambition of developing economic, ecological and social values.

The company's forests are certified in accordance with both FSC® and PEFC standards, and Sveaskog require FSC Controlled Wood for all timber that Sveaskog buy from other forest owners. This enables Sveaskog to ensure that all its timber deliveries are responsibly produced.

Sveaskog's new long-term focus continues to combine high-volume and reliable timber delivery with intense efforts to increase biodiversity. This will be done by taking measures to adapt the forestland to climate change in various ways and strengthen the forest's resilience to various attacks that may otherwise result in timber losses.
Sveaskog wants to contribute in a meaningful way to achieving the Swedish environmental goals, the Paris Agreement and the EU's climate goals. A warmer climate entails an increased risk of damage to forestland due to storms, droughts and fires, which in turn entails a risk of increased insect infestations.

Several species of cloven-hoofed game that migrate further north are another example of the effects of a changing climate. To tackle climate change, Sveaskog is developing its forestry and taking action to strengthen biodiversity. Work on the company's climate risks and opportunities proceeds on an ongoing basis during the year and is reported annually in the annual report and sustainability report in accordance with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

Sveaskog's long-term direction means an increased focus on sustainable forestry. The company is working on specific measures to adapt the forestland to climate change, secure timber deliveries and increase biodiversity – in the short and long term. As a first phase, Sveaskog has launched a forest programme that focuses on three main areas of the forest landscape: the managed forests, the water in the forest and the nature conservation forests. In this way, the forestland can be future proofed and Sveaskog can continue to supply raw materials while contributing to national environmental goals, UN's Agenda 2030 and EU climate and biodiversity goals, all in accordance with the State Ownership Policy

The managed forests

The water in the forest

High conservation value forests

The managed forests

In the managed forest used, Sveaskog will work systematically and on a large scale to increase variation and investigate how a limitation of the size of cuttings can be done in order to best contribute to the establishment of a green infrastructure. This means that Sveaskog will work to link together different forest habitats in order to increase biodiversity in a coherent mosaic. With active efforts to accelerate the recovery of forestland's natural values, the living conditions for exposed and vulnerable species will be enhanced. At the same time, this also strengthens the forest's resistance to various attacks that may otherwise result in timber losses.

Optimal plant choice for a changing climate

When planting new seedlings, plants are selected with specially developed properties that are optimal for the location and well adapted to the climate of today and the future and that thus have greater resistance to various attacks. Sveaskog always plans for a 10% deciduous element in the coniferous forest and will increase establishment of pure deciduous forests.

New program for functional ecology considerations

Through different kinds of conservation measures, such as the retention of large pines or ecologically valuable deciduous trees, Sveaskog's forests can acquire increased ecological values. This helps to develop consideration areas with high ecological values in the managed landscape.

Selective-felling forestry in the managed parts of the most visited ecoparks [1)]

Sveaskog will switch to selective-felling forestry methods, for example mosaic or hatch felling, on managed land in the five most public ecoparks, Omberg, Halle-Hunneberg, Böda, Raslången and Hornslandet. This supplements the clear - cutfree areas that Sveaskog already has and can contribute to the ecoparks gaining increased values for outdoor activities and nature tourism.

Limitation of size and localisation of cuttings based on their impact on the landscape

Sveaskog will investigate how a limitation of the size of cuttings, in addition to the criteria that Sveaskog currently follows within the framework of the FSC certification, can be done to best contribute to the establishment of green infrastructure and increase the recreational values in the landscape.

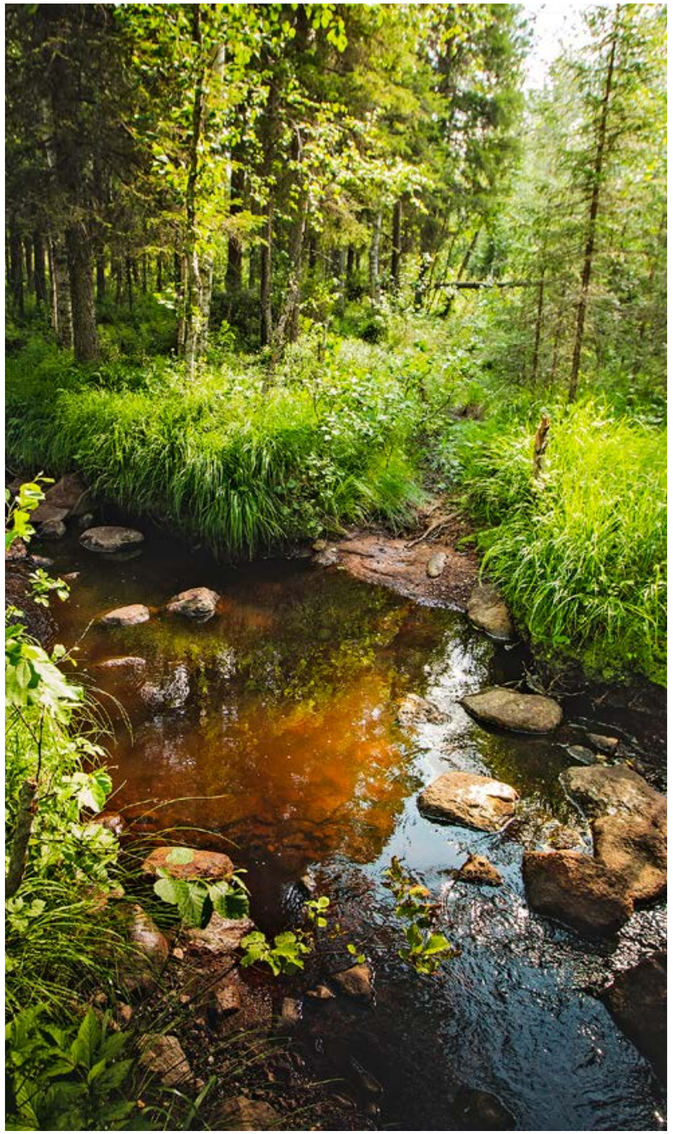
More cleaning and thinning in the reindeer husbandry area

Cleaning and thinning in our younger and middle-aged forests increase accessibility in the forest landscape, which is good for reindeer husbandry, while it also benefits the conditions for soil lichen growth on those lands that naturally already have lichen on the ground. Throughout northern Sweden, where Sveaskog's land coincides with reindeer husbandry, we will clean and thin more, to benefit the reindeer's main food, terrestrial lichens. These efforts must be adapted to the wishes of the Sami villages in order to have a good effect.

Initiatives for improved coexistence with the reindeer industry

Together with the Sami villages concerned, Sveaskog wants to improve the dialogue to create better conditions for coexistence between the forest industry and reindeer husbandry. To facilitate the joint planning processes, a new digital tool has been developed by Sveaskog and an external supplier. A tool that was further developed during the year in collaboration with the reindeer industry. The goal is to facilitate the joint planning of the forest landscape by digitally illustrating how the forest land and reindeer grazing change over time in the landscape.

1) Our ecoparks – forest landscapes with plenty of space (sveaskog.se).



The water in the forest

Water is a prerequisite for life. Access to water in the forestland has become increasingly critical with a changing climate. But many of the forest's running watercourses have been affected for a long time by other activities such as log driving, power extraction, road construction or other exploitation – interventions that have had a major negative impact on the forestland. In the coming years, Sveaskog will therefore restore wetlands and continuous running watercourses. This will have a major impact on species that need running water and contribute to strengthening the forestland's ecosystems, while helping to bind carbon into the ground and combat the effects of climate change. The measures also contribute to reducing the risks of prolonged drought, thereby reducing the risks of damage to standing timber

Wetland programme with 100 new wetlands

Sveaskog will develop a programme for the restoration of wetlands for the next five years. Sveaskog collaborates on this with government agencies, associations and other landowners.

Restore ten running watercourses

A large proportion of all Swedish streams and rivers have been cleared for log driving or power extraction. This has had a major negative impact on the ecological values in these waters. In an ecologically functional restoration programme, the result can be a very strong recovery, as has been seen in connection with measures already undertaken in the Mörrumsån river, corresponding to the kinds of measures that will now be taking place at more locations. In collaboration with county administrative boards and local associations, ten particularly valuable water systems will be selected, after which a restoration programme will begin with precise planning and care, also taking into account cultural values.

Nature conservation forests

Harmonisation with national and EU goals

Sveaskog will contribute to national environmental goals and the EU's biodiversity strategy 30/10, where 30% of forestland is protected in a broad sense, and 10% of this is under strict protection. Regarding the 10% with strict protection, in Sveaskog's case it is about increasing the amount of formal set-asides that Sveaskog owns, i.e. more nature reserves or high conservation value forests with formal protection agreements in ecoparks. At present, the figure for formal set-asides calculated on the basis of all Sveaskog's forestland is about 7%. In total, 29% of Sveaskog's forest holdings are currently exempt from forestry.

Extended nature conservation programme

A large part of Sveaskog's nature conservation (about 100,000 hectares) needs continuous nature conservation management for ecological values to be maintained and developed. Measures referred to range from felling conifers to benefit deciduous trees in older forests, cleaning/thinning in younger forests, flooding or burning forests, to selective measures such as creating more dead wood and sunlit edges. Sveaskog plans to increase the annual area of conservation management in the next few years from about 1,000 to 3,000 hectares.

Increased investment in deciduous forests

In the nature conservation forests, Sveaskog will focus on promoting deciduous and valuable hardwood forests, of which there is currently a great shortage and which many forest-dwelling species need. Here Sveaskog will double its efforts to restore good ecological structures and living conditions. Among other things, the thinning of conifers in order to benefit deciduous trees will increase, forests will be flooded or burned for conservation purposes, and more dead wood will be created.

Continuity forests in northwest Sweden

Continuity forests are forests that have not been clear cut in the past. In the northwest of Sweden, Sveaskog plans to protect all identified continuity forests over 140 years old which are not already included in the company's conservation forests.

Green Bond Framework

Rationale for issuing green bonds

The importance of climate change and how it should be tackled are issues that are growing in importance both in Sweden and internationally, which affects the view of forestry and the forest as a raw material. The global climate agreement COP21, which the countries of the world agreed on in Paris in December 2015, describes the use of the forest as a success factor in limiting the global temperature increase to two degrees and preferably keeping it below 1.5 degrees. The IPCC also highlights the importance of sustainable forestry in efforts to counter climate change (IPCC, 2019, IPCC 2021). Measures highlighted as important for the forestry sector include replanting, reforestation of deforested areas and increased use of sustainably produced bioenergy, which is entirely in line with the Swedish forestry model.

As Sweden's largest forest owner, with 14 per cent of the productive forestland, Sveaskog endeavours to increase forest growth through sustainable forestry, which creates more wood raw materials that can replace fossil-based materials and increases the uptake of carbon dioxide in the atmosphere. With their natural properties, forestry and wood raw materials have a key role in the development towards a sustainable, bio-based society. By setting up this green bond framework ('framework'), Sveaskog aim to facilitate sustainable forestry and contribute towards climate change mitigation as well as increase transparency and disclosure regarding Sveaskog's sustainability strategy in line with its commitments.

Use of proceeds

This framework is developed in alignment with ICMA Green Bond Principles 2021 and seeks to align with the proposed EU Green Bond Standard as it materialize and solely finance activities aligned with the EU Taxonomy[2)] . The framework replaces Sveaskog's previous green bond framework dated September 2017.

With this update, Sveaskog is harmonizing the project categories in the previous framework (Sustainable and FSC-Certified forest management, FSC-Certified forestland, and Research and Development) with the economic activities and environmental objectives of the EU Taxonomy. Hence, the three former categories are now replaced by one overarching category as they are all deemed to have substantial contribution to climate change mitigation as defined under the activity 1.3 Forest Management stated in the EU Taxonomy.

The net proceeds of the green bonds will finance or refinance, in whole or in part, investment or expenditures undertaken by Sveaskog that adapt forestry to climate change and actively contribute to achieving the Swedish environmental quality goals, the Paris Agreement and the EU's climate goals ("Green Projects"). For a project to be recognized as an eligible Green Project under this framework, investment and expenditures must be related to the financing/refinancing of acquisition and/or ownership of forestland, costs related to sustainable forest management, or the cost for associated research and development. Such

2) The EU Taxonomy as adopted by the Commission on. June 4, 2021 in the Delegated Act for climate change mitigation.

investments or expenditures must substantially contribute towards climate change mitigation and/or adaptation, while at the same time not significantly harm any other environmental objective, which is ensured through the Swedish FSC certification. Further demonstrated in section 3.2 below. The financing or refinancing of CAPEX will qualify without specific look-back restriction, while OPEX qualify with a maximum three-year look-back period before the issuance year of the bond.

For the avoidance of doubt, the financing or refinancing of the ownership and/or acquisition of forestland are eligible under this framework provided that the forest holdings are certified against the Swedish FSC-standard, and thereby managed in accordance with the technical screening criteria stipulated in 1.3 forest management as set out in the EU Taxonomy. External business operations such as purchases from private landowners, purchases from other forestry companies and imports are not eligible under this framework.

ICMA Green Bond Principles Category	Environmentally sustainable management of living natural resources and land use.
EU Taxonomy Environmental Objective	Substantial contribution to climate change mitigation and/or climate change adaptation.
EU Taxonomy Activity	1.3 Forest Management
Project Description	**Forest Management** Investments in sustainable forest management to maintain a good rate of return, while maintaining important natural values and FSC-certification through the forest lifetime-cycles. **Forest holdings** Acquisition of, to Sveaskog, new forestland and the refinancing of forestland holdings. **R&D** Investments in the development of energy and fuels from forests and other innovation projects aiming to increase the value of wood raw material and thus reduce greenhouse gas emissions.
UN SDG	

EU Taxonomy alignment demonstrated

To qualify as aligned with the EU Taxonomy; an activity must make a substantial contribution to one of the six environmental objectives, do no significant harm to the other environmental objectives, and comply with Minimum Safeguards (MS).

Applying the technical screening criteria for substantial contribution to climate change mitigation.

The applicable technical screening criteria for substantial contribution related to 1.3 Forest Management is divided into five areas; forest management plan or equivalent instrument, climate benefit analysis, guarantee of permanence, audit, and group assessment [3]. Sveaskog assess that its forest management practice is fully compatible with these requirements through compliance with the Swedish FSC standards, Swedish Forestry Act and Swedish law. See below for cross references and summary of management practice in the respective area.

1. Forest management plan or equivalent instrument

Forest management plans or equivalent planning routines are used for developing forest holdings according to set goals for timing of silvicultural and logging activities. Swedish forests are generally covered by forest management plans and it is a requirement by the two main forest certification schemes (FSC and PEFC). All of Sveaskog's forest holdings carry a FSC certification and are covered by forest management plans.

The availability of high quality digital maps and good stand descriptions are prerequisites for the planning. For Sveaskog, the planning approach stretches over long time horizons and the data in the plan is updated continuously. For the strategic level planning, a 100-year planning horizon is applied and reviewed,to the minimum, every five years in order to estimate and determine the harvest levels for the coming five years.

The objective carried out by Sveaskog is a sustained-yield forestry, aiming at an optimization of the net present value of the entire holding given restrictions pertaining to set-asides and environmental consideration, as well as evenness in the timber flow to the industry.

Besides the long-term strategic plans set out in the green forest management plans, Sveaskog also applies landscape planning in accordance with FSC criterion 6.8.1 [4], including mapping of current conservation values as well as setting goals for restoration. Aquatic environments are part of these landscape plans as well as information about cultural landmarks and important sites for reindeer husbandry.

In detailed planning at the stand level Sveaskog perform a thorough on-site natural value assessment of every stand. This involves measuring and quantifying a number of parameters, including the number of nature conservation trees, lying or standing dead wood and the existence of sensitive biotopes for animals and plants. Nature conservation assessments lead to various considerations and adaptions such as leaving biotopes, tree groups and individual trees untouched. They can also result in an entire stand being set aside for nature protection if the natural values are sufficiently high.

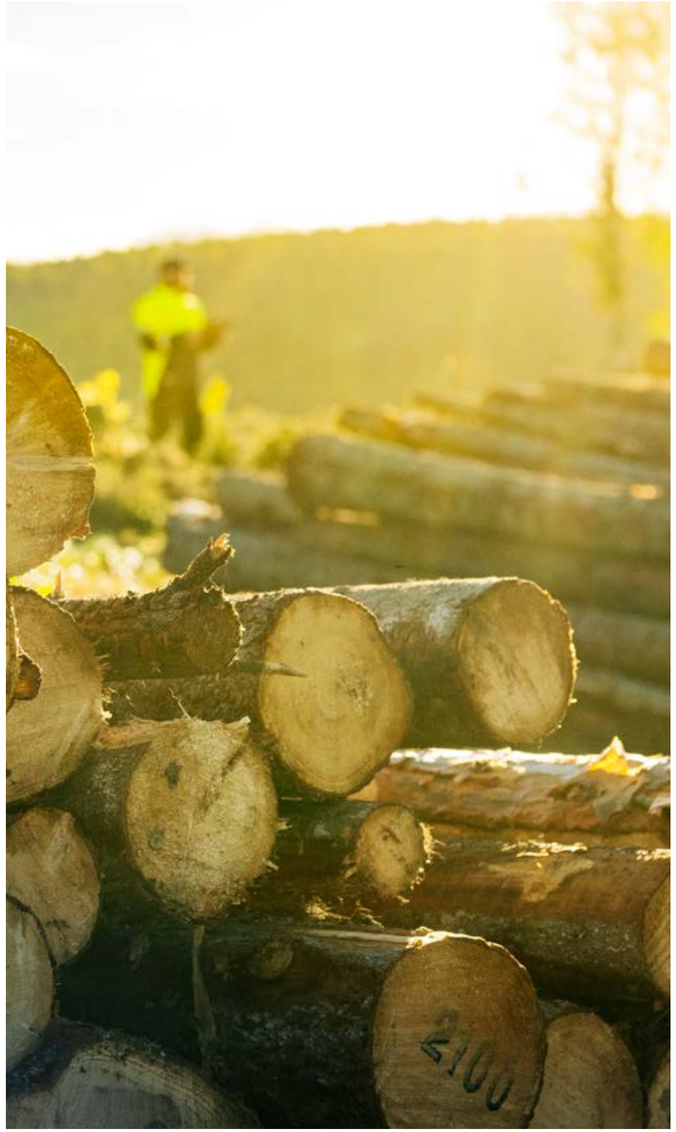
3) The group assessment is not applicable to Sveaskog as it refers to timber purchase from private owners, which is an external business operation and excluded from the framework.
4) FSC-Standard För Skogsbruk I Sverige FSC-STD-SWE-03-2019.

The aim of nature conservation management is to restore or maintain key ecosystem properties linked to disturbance regimes to which species are evolutionarily adapted (e.g. fire, cattle grazing). Nature conservation management measures have been implemented increasingly in recent years, mainly in formally protected areas and in voluntary set-asides. Sveaskog's ecoparks is one example of this.

Another method for actively recreating conservation values is to refill old ditches and restore previous water regimes. In the coming years, Sveaskog will therefore restore wetlands and running watercourses. This will be done in collaboration with government agencies, associations and other landowners and a prerequisite for this will be that all wetlands are registered in the mapping system. The restoration will have a major impact on wetland species and species that need running water and contribute to strengthening the forestland's ecosystems, while helping to bind carbon into the ground and combat the effects of climate change. Restoring old wetlands will also stop and prevent any further degradation of land with high carbon stock due to oxidation of organic soils in previously ditched areas.

In line with the national law and the FSC requirements, the social and cultural values of the forest are also taken into consideration. Consultations are as an example held before felling on issues that affect reindeer herders in the north or issues in urban areas concerning recreation and outdoor activities. The Swedish right to roam gives people opportunities to camp, hike and pick berries. Another important aspect in the long term planning is to understand and manage climate related risks. Through the TCFD reporting, Sveaskog assesses forest related risks, including forest fires, pests and diseases outbreaks, with the aim of preventing, reducing and controlling the risks and deploy measures to ensure protection and adaptation against residual risks.
When it comes to the harvesting, even-aged management with green tree retention is the dominating management system used in Sveaskogs's forests today, and it is in line with the national forestry guidelines and legislation. This system is characterized by the maintenance of a more or less even age structure of trees within individual forest stands, with one single tree cohort (not considering the trees and areas retained for environmental and social purposes) generally established through regeneration after clearcutting. It involves a sequence of silvicultural treatments that are implemented during the rotation. After cutting, the site is always regenerated and Sveaskog always leave at least 10 trees /hectare as a minimum, around 10% of the old stand is generally retained and leaving seed trees or shelterwood for natural regeneration is common. Sveaskog has FSC® Chain of Custody certificate to provide customers with timber products from well-managed forests and other controlled sources. One of the instruments that verify timber to avoid trading or sourcing wood from the five categories identified in FSC Standard is a constant controlling of suppliers from felling site to delivery to customer, this is in compliance with the due diligence obligation and legality requirements laid down in Regulation (EU) No 995/2010. Further, this regulation has been implemented in Sweden and covers all wood sold in country.

In compliance with the national law, the forest management does not involve the degradation of land with high carbon stock. The national law, allow logging in connection to land with high carbon stock (e.g. wetlands and peat land) but it is prohibited to destroy the ground through e.g. mining of peat. Moreover, in general it is prohibited to drain wetlands and if such activity should be allowed an authorisation has to be received from the County Administrative Board. At the same time, it is not allowed to drain previously undrained areas under the FSC standard, meaning that no such activity is taking place on Sveaskog's forest holdings today. Through continuously updated forest management plans and inspections of the forest area, it can be ensured that the data relating to the area as well as the information contained in the plan is correct.



2. Climate benefit analysis

Based on the national regulation and the FSC certification, Sveaskog's forest holding complies with sustainability criteria in article 29 (7) point B, of Directive (EU) 2018/2001. Sveaskog annually reports the climate benefit of its forest holdings, this is to make it clear that active forestry and the forest's products make a major positive contribution to climate work. Sveaskog's forests grow annually by more than Sveaskog harvest. This means that the climate benefit in the form of the stock of bound carbon in the standing forest and in long-lived products is constantly increasing, corresponding to a net uptake of around 8.61 million tonnes of CO2e. At the same time, an additional climate benefit arises when wood-based products also reduce the need for fossil energy or cement. This is an additional and major climate benefit from the forest industry.

In addition, a climate benefit analysis has been conducted in accordance with the applicable criteria stipulated in the EU taxonomy.

Sveaskog's climate benefit analysis has been evaluated and calculated by Dr Peter Holmgren, FutureVistas, in accordance with the relevant requirements set out in the EU Taxonomy.

3. Guarantee of permanence/ 4. Audit/ 5. Group assessment

The area of Sveaskogs forest holdings are classified in accordance with the global definitions set out by the FAO. Through a continuously updated forest management plan with the objective of sustained-yield forestry, Sveaskog commits to continue to seek the climate benefits determined in the climate benefit analysis.

External audits of Sveaskog's forest holdings are performed annually as part of certification according to FSC and ISO 14001. As the reporting requirements in regards to the EU taxonomy comes into force, audits will encompass the criteria for substantial contribution to climate change mitigation and the DNSH criteria.

The group assessment stipulated in the EU Taxonomy refers to timber from areas where there is a lack of sufficient forest legislation at country or state level. Hence, it is not applicable to Sveaskog's business.

Applying Do No Significant Harm Criteria

Sveaskog has concluded that the DNSH criteria for forestry are deemed fully compatible with the Swedish FSC standard. As all of Sveaskog's forest holding are FSC-certified and managed in compliance with the Swedish FSC standards, it is concluded that eligible Green Projects meet the do no significant harm criteria on the remaining EU Taxonomy environmental objectives. See below for cross references.

Climate change adaptation: Sveaskog has conducted a climate risk and vulnerability assessment according to the DNSH criteria related to climate change adaptation. The report was conducted according to both the above-mentioned technical screening criteria as well as the recommendations by the TCFD. The scenario analysis was conducted during 2021 with the support of Swedish Meteorological and Hydrological Institute (SMHI). The report was audited by Deliotte AB as part of the sustainability report.

Sustainable use and protection of water and marine resources: The content of this DNSH-criterion is addressed by FSC criterion 6.7, dealing with requirements for environmental care and nature conservation in connection to watercourses, lakes and wetlands.

Transition to a circular economy: This DNSH criterion is addressed by principle 5 "Benefits from the forest" of the Swedish FSC standard. In addition, FSC criterion 6.8 requiring ecologic and economic resilience is relevant. See also provisions for avoiding damages (FSC criteria 10.9, 10.11).

Pollution prevention and control: Requirements in this DNSH criterion fully coincide with provisions in the criterion 10 of the Swedish FSC standard. Concerning use of chemicals and pesticides, see FSC criteria 10.7-10.8, 10.12. Regarding requirements for the use of fertilizers this is addressed in FSC criteria 10.6

Protection and restoration of biodiversity and ecosystems: The aims and guidelines of this DNSH criterion are covered at a detailed level by the very extensive criterion 6 of the Swedish FSC standard, dealing with protection and restoration of biodiversity. Especially relevant are the FSC criteria 6.1-6.6 and 6.8-6.10. Requirements for protection of High conservation forests are covered in FSC principle 9.

Compliance with Minimum Safeguards

Sveaskog has supported the UN Global Compact initiative since 2005, and thereby takes a clear stance on issues relating to human rights, labour, environmental responsibility, the right to form trade unions and anti-corruption. The Global Compact is derived from the Universal Declaration of Human Rights, the Precautionary Principle of the Rio Declaration on Environment and Development, which means that Sveaskog commits to working proactively to minimise environmental risks throughout the company. Sveaskog is also committing to ILO Declaration on Fundamental Principles and Rights at Work and the OECD's principles and guidelines for the responsible business conduct of multinational companies. Furthermore, all Green projects will take place in Sweden and follows national laws and regulations for working and social conditions. Consequently, Sveaskog find its operations compliant with the Minimum Safeguards stipulated in the EU taxonomy.

Process for project evaluation and selection

Sveaskog has established a Green Bond Committee to evaluate and select eligible Green Projects and to allocate net proceeds to such assets. The Committee holds the right to exclude any eligible Green Project already funded if the project no longer meets the eligibility criteria defined in the Framework. If an eligible 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.

The Green Bond Committee is a joint venture of the Sveaskog Sustainability Council and the Sveaskog Treasury & Risk Department, and is chaired by the Chief Financial Officer. Sveaskog Business Controllers present investments, projects or assets, meeting any of the Green Project Categories definitions to the Green Bond Committee. The Committee is solely responsible for the decision to acknowledge the projects as an eligible Green Project. A decision to allocate net proceeds will require a consensus decision. The decision is documented and filed.

In the process of selecting eligible Green Projects and allocating net proceeds, the Committee is responsible to consider and ensure all aspects of the EU Taxonomy. This will predominantly be safeguarded through compliance with Sveaskogs forest policy, environmental policy, human resources policy, Swedish FSC standards, Swedish Forestry Act and Swedish law.

Management of proceeds

Sveaskog will use a separate account to monitor that an amount equal to the net proceeds from green bonds issued is allocated to eligible Green Projects. In the event the separate account has a positive balance, such unallocated amount will temporarily be placed in the liquidity reserve and managed accordingly by Sveaskog.

Reporting and transparency

To enable the monitoring of performance and provide insight into prioritised areas, Sveaskog will annually publish a report to investors, specifying the allocation of net proceeds and the targeted impact of the eligible Green Projects financed ("Green bonds post-issuance reporting"), until full allocation of the net proceeds, and in the event of any material changes until the relevant maturity date of the green bond issued.

The report will, include methodology, baselines and assumptions used in the impact calculations. The impact reporting can to some extent be aggregated, and based on Sveaskog's share of each project, where feasible and subject to data availability.

The Green bonds post-issuance reporting will include:

- A list of projects financed, including project descriptions and allocated amount.
- Distribution between new financing and refinancing,
- The amount of unallocated proceeds, if any.
- Main measurable environmental benefit as a result of the financing.
- Total carbon sequestration (tonnes).

External Review

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.

Post-issuance review
An independent verifier, appointed by Sveaskog, will on an annual basis, verify the internal tracking method and the allocation of funds from the Green Bond net proceeds, until full allocation, or in case of material developments.

Publicly available documents
The Green Bond Framework and the second party opinion will be publicly available on Sveaskog's website, together with the post-issuance review and the Green bonds post-issuance reporting once published.

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