

Second Party Opinion

Jernhusen

Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Jernhusen’s Green Bond Framework is credible and impactful and aligns with the four pillars of the Green Bond Principles 2017.

Key strengths:



USE OF PROCEEDS The eligible use of proceeds categories (Green and Energy-Efficient Buildings; Energy Efficiency; Clean Transportation; Pollution Prevention and Control; and Renewable Energy) are recognized by the Green Bond Principles as project categories having positive environmental benefits and Sustainalytics views these project categories as having a positive impact.



PROJECT EVALUATION / SELECTION The selection of eligible projects and assets will be completed by the company’s business council, comprised of senior management, including C-level executives. Jernhusen’s internal process in evaluating and selecting projects is aligned with market best practice.



MANAGEMENT OF PROCEEDS Jernhusen has a dedicated Green Account to which proceeds from the green bond will be credited. This is in line with market best practice.



REPORTING The issuer is committed to contract an external auditor for annual verification statements in relation to the allocation of proceeds. Also, it is committed to publish quantitative KPIs per eligibility criteria. Overall, Jernhusen’s commitment to transparency in allocation and impact reporting is in line with market best practice.

Evaluation date	March 2018
Issuer Location	Sweden

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For inquires, contact the Project Team:

Marion Oliver (Toronto)
 Manager, Advisory Services
 marion.oliver@sustainalytics.com
 (+1) 647 317 3644

Larysa Metanchuk (Timisoara)
 Manager, Advisory Services
 larysa.meteanchuk@sustainalytics.com
 (+40) 35 60 89 978

Anneke Kastelein (Amsterdam)
 Associate, Institutional Relations
 anneke.kastelein@sustainalytics.com
 (+31) 20 205 0012

Introduction

Jernhusen AB (“Jernhusen”, “the company” or “the issuer”) is a Swedish real estate company in the transport sector that is wholly owned by the Swedish State. Jernhusen owns, develops and manages the main railway stations, station areas, maintenance depots and freight terminals along the Swedish railway network. The company was founded in 2001 and is headquartered in Stockholm, Sweden.

Jernhusen has developed a Green Bond Framework¹ (“Framework”) under which it intends to issue green bonds. Proceeds will be used to finance or refinance expenditures related to projects in the categories: (i) Green and Energy-Efficient Buildings; (ii) Energy Efficiency; (iii) Clean Transportation; (iv) Pollution Prevention and Control; and (v) Renewable Energy, with the aim of creating safe and sustainable properties that are accessible to everyone, as well as to enable more people to travel by train.

The issuer has engaged Sustainalytics to provide a second-party opinion on its Green Bond Framework and on the Framework’s environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of Jernhusen’s Treasury and Sustainability teams to understand the sustainability impact of their activities, the planned use of proceeds, project selection, management of proceeds, and reporting aspects of the Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information shared by the company. Following this engagement between Jernhusen and Sustainalytics, some elements of the Green Bond Framework were clarified to ensure an alignment with the level of disclosure expected by ICMA’s Green Bond Principles (GBP) 2017.²

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

¹ Available at <https://www.jernhusen.se/gronaobligationer>

² Green Bond Principles – International Capital Market Association, available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion of the Jernhusen Green Bond Framework

Summary

Sustainalytics is of the opinion that Jernhusen's Green Bond Framework is credible and robust and aligns with four pillars of the Green Bond Principles. Specifically, Sustainalytics views the following elements of the Jernhusen's Green Bond Framework positively:

- The eligible use of proceeds categories (Green and Energy-Efficient Buildings; Energy Efficiency; Clean Transportation; Pollution Prevention and Control; and Renewable Energy) are recognized by the Green Bond Principles as project categories with clear environmental benefits, and Sustainalytics views these projects as having a positive impact (for additional information on impact see Section 3).
- Jernhusen's Green Buildings eligibility criteria are based on Miljöbyggnad, BREEAM and LEED certification schemes. Sustainalytics has conducted an evaluation of these certification standards (see Appendix 1) and considers them to be credible and robust. Moreover, Sustainalytics highlights the issuer's commitment to achieve the highest levels of green building certification for new properties (e.g. Miljöbyggnad "Gold") as well as to maximise the environmental performance of existing buildings. Those commitments demonstrate leading practices.
- The selection of eligible projects and assets will be completed by the company's business council, comprised of senior management, including the CEO, CFO, Head of Treasury, Head of Communication and Sustainability, Head of Building and Construction among others. The approval of green bond proceeds allocation to eligible projects and assets will be done by the business council's consensus. Sustainalytics is of the opinion that the process for projects and assets evaluation and selection to be robust. Of note, C-level management involvement is considered market best practice.
- The net proceeds under the Green Bond Framework will be credited to a dedicated "Green Account" that will be overseen by the Treasury Department. Jernhusen's disclosure and processes with respect to the management of proceeds are in line with market best practice.
- Jernhusen will publish an annual allocation report detailing the allocation of green net proceeds in accordance with the eligibility criteria defined in the Green Bond Framework. This report will be published on the company's website and a summary will be included in Jernhusen's annual financial and sustainability report. This information will be externally verified by an auditor, who will also verify that the Green Buildings comply with the environmental certification criteria described in the Green Bond Framework. Sustainalytics believes that this approach underscores the company's commitment to transparency and that it is in line with market best practice.

Alignment with Green Bond Principles 2017

Sustainalytics has determined that the Jernhusen's Green Bond Framework aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of the proceeds of the green bonds to Jernhusen's sustainability strategy

Sustainalytics considers that Jernhusen has a strong sustainability strategy and governance structure given that:

- Jernhusen complies with the Swedish state's ownership policy and guidelines for state-owned enterprises, which mandates companies to implement sustainability in their business goals and

strategies, and sets clear requirements for how Jernhusen should act as a role model in its efforts to achieve sustainable development³;

- Jernhusen states that the company's future growth will be mainly based on urban development projects in station areas and includes a range of strategic sustainability goals grouped around three pillars: Sustainable Transport, Sustainable Real Estate, and Sustainable Business. In addition, Jernhusen has a Sustainability Policy,⁴ which outlines how the company aims to reach its business and sustainability targets. Sustainalytics believes that the use of proceeds will contribute to the achievement of the issuer's long-term objectives and advancement of the Global Sustainability Goals in Agenda 2030,⁵
- The company's strategic sustainability goals are set by the board of directors, the Head of Sustainability being responsible for the strategic sustainability work, while daily activities are carried out at each business unit;
- Jernhusen produces an integrated annual report in accordance with GRI Standards.⁶ Additionally, the company reports that it operates in accordance with the UN Global Compact, the UN Universal Declaration on Human Rights, the ILO Core Conventions, and the OECD Guidelines for Multinational Enterprises;
- Jernhusen has established a comprehensive set of strategic environmental and energy targets. For example, the company aims to have all properties environmentally classified or certified by 2020, as well as no hazardous soil contamination at its properties by 2025.⁷ Furthermore, the company monitors its performance against the environmental KPIs to confirm reaching its targets, including those related to the reduction of carbon dioxide emissions.
- The issuer has a positive track record in reducing energy consumption within its portfolio despite increasing the number of buildings it owns and operates. Furthermore, currently all electricity and a significant share of total energy used at its properties is supplied from renewable sources.

Overall, Sustainalytics considers Jernhusen to be well-positioned to issue green bonds given its leading sustainability practices. Furthermore, the issuance of green bonds aligns with the company's long-term strategic plan and will contribute to the realization of its sustainability targets.

Well positioned to address common environmental and social risks associated with the projects

Jernhusen has a comprehensive risk assessment framework in place. Each of its business units maps their risks to the company's sustainability goals biannually, and the company's top management monitors related risks.

Moreover, the company has a strong environmental and social risk assessment framework that is applied to each project. Jernhusen conducts risk workshops both before the commencement of and during each construction project. As part of the risk assessment process, each project monitors risks and reports monthly for projects larger than 20 MSEK to the management; and for projects larger than 100 MSEK, a more detailed report is presented and reported to the board of directors quarterly. These reports have separate sections on environmental and social risks. Furthermore, each project is reviewed by an internal environmental expert group and its conclusions inform the business council's decisions. An external project audit is also carried out continuously during construction projects to capture potential risks. Such close monitoring of and frequent reporting on environmental and social risks is in line with best practice in the industry.

Sustainalytics recognizes that Jernhusen's proposed projects to develop station facilities and ensure maintenance for its depots and freight terminals along the railway involve social and environmental risks, such as site waste management, worker health and safety, and hazardous contamination. During the engagement with Sustainalytics, Jernhusen provided several internal guidelines and instruction documents to better manage and reduce risks across its operations covering environmental aspects such as (i) contaminated soil,⁸

³ The State's Ownership Policy and Guidelines for State-owned Enterprises, available at: <http://www.government.se/reports/2017/06/the-states-ownership-policy-and-guidelines-for-state-owned-enterprises-2017/>

⁴ Jernhusen Sustainability Policy, available at: <https://www.jernhusen.se/om-jernhusen/hallbarhet/policyforklaring-hallbart-foretagande/>

⁵ UN's Sustainable Development Goals, available at: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

⁶ Jernhusen Annual Report 2016, available at: <https://www.jernhusen.se/contentassets/e1d76c738da943c392fe35048386d207/files/jernhusen-arsredovisning-2016.pdf>

⁷ Jernhusen Annual Report 2017, page 6.

⁸ Jernhusen Instructions for contaminated soil.

(ii) environmental issues when purchasing,⁹ (iii) environmental issues in construction projects,¹⁰ (iv) handling water and energy meters,¹¹ as well as on (v) handling construction waste.¹² For example, Jernhusen's internal document on managing waste – Instructions for the Handling of Construction Waste – focuses on listing instructions to ensure that the amount of waste at construction sites is reduced, the reuse and recycling of the waste generated is increased, and that overall waste is documented. The document also establishes accountability for handling waste, as well as references to the Swedish Environmental Code, which constitutes an environmental legislation aimed at promoting sustainable development in Sweden. The other instruction documents follow a similar structure in addressing environmental risks. Sustainalytics assessed those documents and our conclusion is that Jernhusen is well positioned to identify, manage and mitigate environmental and social risks associated with the projects financed.

Overall, Sustainalytics is of the opinion that Jernhusen has a comprehensive and multifaceted risk management framework in place as well as robust instructions documents to address various risks and, therefore, is well positioned to manage the environmental and social risks associated with the projects financed by the green bond proceeds.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories, namely (i) Green and Energy-Efficient Buildings; (ii) Energy Efficiency; (iii) Clean Transportation; (iv) Pollution Prevention and Control; and (v) Renewable Energy, are recognized as impactful by GBP and Sustainalytics views the selection of these categories positively. Sustainalytics has focused on the two categories below where the impact is specifically relevant in local context.

Contribution towards the achievement of Sweden and EU climate-related targets

Projects from nearly all eligibility criteria will support the achievement of Sweden's and broader EU climate-related targets. Sweden aims to cut GHG emissions by 40% by 2020 (all targets compared to 1990 levels) and ultimately achieve no net societal emissions by 2045.¹³ To support these goals, Sweden has adopted The Climate Act¹⁴ (effective as of January 2018), which obliges the government to establish a climate policy with specific targets and action plans. In turn, Sweden's climate goals feed into the broader EU target of reducing GHG emissions by 80% by 2050, which includes a 60% cut in emissions from transportation and 90% from houses and buildings.¹⁵ Sustainalytics is of the opinion that Jernhusen's green bond proceeds are well-positioned to support the Swedish government's climate policy, contributing to the country's long-term goal of becoming a net-zero greenhouse gas emitter by 2045, and thereby contributing to the EU climate-related targets.

Importance of green and energy efficient buildings towards achieving climate-related goals and promoting sustainable cities

Jernhusen intends to allocate net proceeds to new or existing buildings that meet stringent environmental criteria. Sustainalytics has conducted an evaluation of the independent environmental certification schemes that Jernhusen intends to use and considers all of them to be credible (see Appendix 1).

For new buildings, Jernhusen will use the following certification levels: Miljöbyggnad "Gold", BREEAM-SE "Excellent" or LEED "Gold". During consultations with the issuer, Sustainalytics gained confidence that it will prioritise higher certification levels (Miljöbyggnad "Gold" or equivalent) for new buildings, in line with market best practice.

For existing buildings, Jernhusen will use the following certification levels: Miljöbyggnad "Silver", BREEAM-SE "Very Good", LEED "Gold" or BREEAM in-use "Very Good". Sustainalytics recognizes that existing buildings often carry inherent built-in restrictions for potential maximum upgrades of environmental features. In this context, in case of major building renovations, the issuer is committed to yield at least 30% of energy savings (as compared to the performance prior to renovation) and obtain verification from an external consultant to record those achievements. Sustainalytics welcomes this approach and considers it to be in line with leading practices.

⁹ Jernhusen Instructions for environmental issues when purchasing.

¹⁰ Jernhusen Instructions for environmental issues in construction projects.

¹¹ Jernhusen Instructions for handling water and energy meters.

¹² Jernhusen Instructions for the handling of construction waste.

¹³ <http://www.government.se/articles/2017/06/the-climate-policy-framework/>

¹⁴ <http://www.government.se/press-releases/2018/01/as-of-today-sweden-has-a-new-climate-act/>

¹⁵ https://ec.europa.eu/clima/policies/strategies/2020_en

Overall, Sustainalytics highlights Jernhusen's commitment to obtain the highest possible environmental benefits for its new and existing buildings and considers this to be well-aligned with best practice.

Importance of clean transportation towards achieving Swedish climate-related goals

Sustainable mobility is an important driver of the low carbon economy. In Sweden, characterised by large distances between main social and economic hubs, there is a unique opportunity to provide sustainable public and freight transportation systems, especially since approximately a third of GHG emissions in Sweden stem from transportation.¹⁶ Sustainalytics considers that Jernhusen's intention to support clean transportation projects with green bond net proceeds is aligned with priorities set out in the Swedish government's newest climate policy, which among other topics focuses on reduction of GHG emissions from transportation.

In addition, a government agency advising the Swedish government on transport policy, reports that due to population and GDP growth the number of passenger cars and trucks for freight transportation in the country will increase.¹⁷ At the same time, this agency further states, that rail transit is increasingly a more favourable choice in Sweden.¹⁸ Thus, Sustainalytics is of the opinion that Jernhusen's mission to promote public transport through improved services (e.g. improved efficiency of rail infrastructure, enhanced station areas to encourage uptake of low carbon alternatives etc.) aligns well with the Swedish government's climate priorities in the context of an expected increase in demand for mass transportation of people and goods.

In addition to the environmental benefits, the rail transportation sector delivers social benefits, such as social cohesion, labour mobility and social integration. Furthermore, rail transport represents, in terms of fatalities, one of the safest modes of transport in the country.¹⁹

In conclusion, in Sustainalytics view, the use of net proceeds of Jernhusen's green bonds will render clear environmental benefits, contributing to both European and national GHG emissions reduction targets and to a reduction in pollution related to transportation, as rail is one of the most energy efficient transportation options and also one of the transportation options with the lowest carbon intensity.

Contribution to the United Nations Sustainable Development Goals

The Sustainable Development Goals ("SDGs") were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. Jernhusen's Green Bond Framework contributes to a number of SDG goals, where Sustainalytics is of the view that the Framework will mainly advance the following SDG goals and targets:

Use of Proceeds	UN SDG	SDG target
Renewable Energy Energy Efficiency Green and Energy-Efficient Buildings Clean Transportation	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
Clean Transportation Energy Efficiency Green and Energy-Efficient Buildings Pollution Prevention and Control	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

¹⁶ <http://www.government.se/press-releases/2017/12/new-climate-decision-to-reduce-industry-and-transport-emissions/>

¹⁷ https://www.trafa.se/globalassets/rapporter/summary-report/2017/summary-report-2017_8.pdf

¹⁸ <https://www.trafa.se/en/rail-traffic/railway-transport/>

¹⁹ http://www.government.se/4a800b/contentassets/b38a99b2571e4116b81d6a5eb2aea71e/trafiksakerhet_160927_webny.pdf

Green and Energy-Efficient Buildings Energy Efficiency Clean Transportation Pollution Prevention and Control Renewable Energy	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.
Clean Transportation Green and Energy-Efficient Buildings Energy Efficiency Renewable Energy	13. Climate Action	13.2 Integrate climate change measures into national policies, strategies and planning. ²⁰

Conclusion

Jernhusen has developed a Green Bond Framework under which it intends to issue green bonds. Proceeds of the bonds will be used to finance or refinance projects and assets with related expenditures in the areas of: (i) Green and Energy-Efficient Buildings; (ii) Energy Efficiency; (iii) Clean Transportation; (iv) Pollution Prevention and Control; and (v) Renewable Energy. The eligible categories are recognized by the Green Bond Principles as project categories with clear environmental benefits, and Sustainalytics views these categories as having a positive impact.

Overall, the Green Bond Framework demonstrates best practices in:

- A commitment to achieve the highest green building certification levels for new properties, and a goal to yield at least 30% energy savings in relation to existing properties (after renovations) in combination with obtaining the mid-to-upper range of green building certification levels;
- An application of a robust environmental and social risk management framework for its projects;
- C-level involvement in the approval of eligible projects and assets; and
- A commitment to transparent allocation reporting, which will be externally verified, and a commitment to adopt robust and detailed impact reporting.

Additionally, Sustainalytics is of the opinion that projects funded by the proceeds will contribute to achieving Jernhusen's sustainability strategy and goals and are well aligned with the Swedish government's climate strategy, thereby advancing national and regional climate-related targets as well as SDGs.

Based on the above, Sustainalytics is confident that Jernhusen is well positioned to issue green bonds and that its Green Bond Framework is credible, transparent and well-aligned with the four pillars of the Green Bond Principles.

²⁰ Sustainalytics recognizes that SDG13 targets governmental institutions. Considering that Jernhusen is fully state-owned, and the importance of transportation infrastructure and buildings to achieving Sweden's climate action targets, Sustainalytics considers that Jernhusen contributes to this goal.

Appendices

Appendix 1: Overview and comparison of Real Estate Certification Schemes

	Miljöbyggnad 3.0	BREEAM	LEED
Background	Swedish Certification System from SGBC; Used for new and existing buildings and extensions; Used for residential and commercial buildings; Version 3.0 launched in 2017 and is mandatory for new registrations as of January 1, 2018.	British Certification System; Adapted to Swedish regulations (BREEAM SE) used in Sweden since 2013; Used for new, refurbished and extension of existing buildings.	US Certification System for residential and commercial buildings used worldwide; LEED covers the design, construction, maintenance and operation of buildings.
Certification levels	Gold Silver Bronze	Outstanding Excellent Very Good Good Passed	Platinum Gold Silver Certified
Areas of Assessment	Energy Indoor Environmental Materials	Management Health and Wellbeing Energy Transport Water Materials Waste Land Use and Ecology Pollution Innovation	Sustainable Sites Water efficiency Energy and atmosphere Materials and resources Indoor environmental quality Innovation in Design
Comparable Issues to reach Miljöbyggnad Silver or BREEAM Very Good	<p><u>Daylight</u>: Daylight factor of more than 1,2%</p> <p><u>Thermal Climate Summer and Thermal Climate Winter</u>: PPD smaller or equal to 15%.</p> <p><u>Moisture Prevention</u>: Moisture Proof design according to Bygga F</p> <p><u>Noise Protection</u>: equal to or 50% above the Parameters Class B</p>	<p><u>Daylight</u>: is not a minimum requirement, at least 80% of the floor area is adequately daylight with an average daylight illuminance of 200 lux for 2650 hours per year. (they also have a daylight factor 2,1 and 2,2)</p> <p><u>Occupants Thermal Comfort</u>: is not a minimum requirement, to receive 1 credit PPD has to be assessed and cannot fall within levels defined as local dissatisfaction.</p> <p><u>Moisture Control</u>: is not a minimum requirement, Moisture safety planning</p>	<p><u>Daylight</u>: is not a minimum requirement, achieve daylighting in at least 75% of the regularly occupied spaces.</p> <p><u>Thermal Comfort</u>: not a minimum requirement, provide individual comfort controls for 50% of the building occupants Indoor Chemical and</p> <p><u>Pollutant Source Control</u>: no minimum requirement, design to minimize and control the entry of pollutants into buildings and later cross contamination of regularly occupied areas</p>

		<p>according to Bygga F or equivalent.</p> <p><u>Acoustics</u>: no minimum requirement, for one credit all acoustic parameters for sound class C. For 2 credits, all acoustic parameters for Sound Class B.</p> <p><u>Avoidance of hazardous substances</u>: no minimum requirement, Construction Material Assessment System has been used and substances documented</p>	
<p>Validity of Certification</p>	<p>The certification is valid for up to 10 years</p>	<p>BREEAM for new constructions is a one-time certification valid for the lifetime of a building. BREEAM in-use is for existing buildings and it must be re-certified annually. Certificates may be renewed subject to confirmation by the client that no significant changes have been made to the asset or the occupying organizations' policies. After two renewals have been completed, a full reassessment is required.</p>	<p>The LEED certification expiration policies require that a project team undertakes some action within a specified amount of time following the award of certification or other official determination issued by the Green Building Certification Institute. If a project team does not complete these requirements, the certification shall expire.</p>

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Jernhusen AB
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	
Review provider's name:	Sustainalytics
Completion date of this form:	March, 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	March, 2018

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

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

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

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

<https://www.jernhusen.se/gronaobligationer>

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The proceeds of the green bonds will be used to finance or refinance expenditures in the areas of (i) Green Buildings, (ii) Energy Efficiency Investments, (iii) Clean Transportation, (iv) Pollution Prevention and Control, (v) Renewable Energy. All the eligible categories are recognized by the Green Bond Principles as having clear environmental benefits. Sustainalytics views projects that will be financed with green bond proceedings as having a positive impact.

In addition, Sustainalytics highlights the issuer's commitment to achieve highest levels of green building certification schemes for new properties (e.g. Miljöbyggnad "Gold") as well as to maximise the environmental performance of existing properties. Those commitments are in line with leading practices.

Sustainalytics is confident that Jernhusen's Green Bond Framework will contribute positively to the company's sustainability strategy as well as to Sweden's transition to a low-carbon future. In addition, the Framework will contribute to advancing various SDGs.

Use of proceeds categories as per GBP:

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

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Projects and assets under the eligible categories will be nominated by a group, comprised of representatives from the company's various business units. Those projects and assets must comply with legal requirements

as well as Jernhusen's own policies and guidelines, including the Green Bond Framework eligibility criteria. The selection of eligible projects and assets will be done by the company's business council, comprised of senior management, including CEO, CFO, Head of Treasury, Head of Communication and Sustainability, Head of Building and Construction among others. The approval of green bond proceeds allocation to eligible projects and assets will be done by the business council's consensus. All decisions will be documented by the company. Sustainalytics is of the opinion that the process for projects and assets evaluation and selection to be robust. Of note, C-level management involvement is considered market best practice.

Moreover, the company has a comprehensive environmental and social risk assessment framework that is applied to each project. As part of the risk assessment process, each project monitors risks and reports quarterly to the board of directors and business council on them; and in case of particularly large and complex projects, the risks are communicated to the management on a monthly basis. Such close monitoring of and frequent reporting on environmental and social risks is among the best practice in the industry. Thus, Sustainalytics believes that Jernhusen has a comprehensive risk management framework, and therefore it is well positioned to manage the environmental and social risks associated with the projects financed.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The net proceeds under the Green Bond Framework will be credited to a dedicated "Green Account". The Jernhusen's Treasury Department is responsible for the allocation of the net proceeds from the issuance of green bonds to eligible projects and assets and for keeping records of any transfers on the Green Account. If and when a project or asset no longer qualifies under the eligibility criteria, the funds will be either reallocated to projects and assets that meet the eligibility criteria or returned to the Green Account. The Green Account's unallocated funds may be invested in short-term securities.

Overall, Sustainalytics is of the opinion that Jernhusen's approach to the management of proceeds is in line with market practices and recommendations laid out in the Green Bonds Principles.

Tracking of proceeds:

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

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Sustainalytics considers the issuer's reporting on allocation of proceeds as well as impact reporting related to eligible projects and assets to be transparent and comprehensive, in line with leading market practices.

Allocation reporting

Jernhusen will publish annual allocation reporting, that will be available on the company's website and in Jernhusen's annual financial and sustainability report. The reporting will include details of the allocation of green bond proceeds as well as compliance with the Framework, the proportion of net proceeds allocated to new projects, and the sum of outstanding green bonds and the Green Account balance (including alternative short-term investments). The issuer intends to publish a first such report in March 2019. This level of reporting is in accordance with the recommendations laid out in the Green Bonds Principles.

An external auditor or a third party appointed by Jernhusen will issue annual formal verification statements, which will be published on the company's website, verifying that the Green Bond proceeds are allocated to eligible projects and assets and that the Green Buildings comply with the environmental certification criteria described in the Framework. Sustainalytics believes that this approach underscores the company's commitment to transparency and that it is in line with best practice.

Impact reporting

The issuer's impact reporting will include KPIs per eligibility criteria. It further discloses that where no in-use data exists, it will report estimations of future performance levels. Sustainalytics considers Jernhusen's impact reporting to be very detailed, in line with leading practices.

Use of proceeds reporting:

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

Information reported:

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

Frequency:

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

Impact reporting:

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

Frequency:

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

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): refer to the Green Bond Framework document. Examples include: Energy consumption disclosed by absolute consumption (MWh) and intensity (kWh per square metre) A_{temp} , the percentage of total energy use supplied by renewable energy etc. |

Means of Disclosure

- | | |
|---|--|
| <input checked="" type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): own website, a yearly report that will detail the allocation of green net proceeds and adherence to the eligibility criteria defined in the Green Bond Framework |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): allocation of proceeds, compliance with Green Building criteria (as described in the Green Bond Framework) | |

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Review provider(s):

Date of publication:

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

- i. **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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