



# Investor Report

## Green Bonds 2019

# Sustainable finance with green bonds

During 2019 Jernhusen issued a total of SEK 1,800 million in bonds within the Green Bond Framework. Jernhusen considers the issuing of green bonds as an integrated way of developing the company's sustainable business.

Jernhusen has ambitious sustainability goals, which create prerequisites for Jernhusen's sustainability efforts and the aim of leading the development of tomorrow's station areas, depot areas and intermodal terminals. Active sustainability efforts also create the possibility for Jernhusen to introduce green financing.

## Jernhusen's Green Bond Framework

In 2018, Jernhusen added a Green Bond Framework to the company's existing Medium Term Note (MTN) programme to enable financing with green bonds. The Green Bond Framework describes how the proceeds from the green bonds are to be used, and how the evaluation, management of proceeds and reporting are to be carried out.

## Green Bond Second Party Opinion

Jernhusen's Green Bond Framework has been evaluated by the independent research and ratings firm Sustainalytics to ensure that Jernhusen is suitable as an issuer of green

bonds. They confirmed that Jernhusen is well-positioned to issue green bonds.

Sustainalytics considers the framework credible, impactful and that it aligns with the four pillars of the 2017 Green Bond Principles. Sustainalytics also considers the project categories within the framework to have environmental benefits and that Jernhusen's process for the evaluation, proceeds management, selection and reporting of financed projects and assets are aligned with market best practices.

Complete versions of the framework and Sustainalytics' Second Party Opinion are available on Jernhusen's website for green bonds.

## Financed investments and projects

During the year, Jernhusen issued bonds up to a total of SEK 1,800 million within the green bond framework which enables financing for several investments, projects and environmentally certified buildings.

## ISSUED GREEN BONDS 2019

Loan no.	Volume SEKm	Issue date	Duration
120	500	2018-04-17	5 years
121	1,000	2018-04-17	5 years
122	150	2018-06-12	2 years
123	100	2018-11-15	3 years
124	150	2019-02-04	3 years
125	750	2019-04-18	2.5 years
126	750	2019-04-18	5 years
127	150	2019-10-18	3 years

## DISCLOSURE OF TOTAL ALLOCATION

Green investments or assets as of 2019-12-31 (SEKm)	Investment/market value	Allocated net proceeds
Green & energy-efficient buildings	6,140	3,440
Energy efficiency	19	17
Renewable energy	6	4
Clean transportation	102	99
Pollution prevention and control	1	1
<b>Sum of allocated net proceeds</b>		<b>3,561</b>
Proportion allocated to new projects/assets		430
<b>Sum of outstanding green bonds</b>		<b>3,561</b>
Green account balance <sup>1)</sup>		0
<b>Sum of market value and investments</b>	<b>6,267</b>	

<sup>1)</sup> Includes short term investments.

At 31 December 2019, Jernhusen's confirmed green investments and assets totalled SEK 6,267 million.

## ALLOCATION OF GREEN NET PROCEEDS TO GREEN AND ENERGY-EFFICIENT BUILDINGS AND CLEAN TRANSPORTATION PROJECTS

Green buildings & clean transportation projects and assets (SEKm)	Allocated net proceeds
Stockholm Central Station	1,843
Hotel Continental Stockholm	1,100
Officebuilding Glasvasen Malmö	175
Officebuilding Foajén Malmö	321
Freight terminal Malmö	95
Electrifying tracks & fecal waste management	4
<b>Sum of allocated net proceeds</b>	<b>3,538</b>

In accordance with the Green Bond Framework, the allocation of net proceeds for green and energy-efficient buildings; Clean transportation; Transportation infrastructure, Freight; Clean transportation, and Transportation infrastructure, Passenger, is to be reported per project or asset.

# KPI disclosure and projects

## Green and energy efficient buildings

The green and energy efficient buildings category includes buildings that are developed, acquired or refurbished. This applies to public buildings, such as train stations, and other commercial buildings. To be included in this category, the building must hold, or if under construction, be working towards, an environmental certification. Jernhusen currently applies the Swedish Green Building Council (SGBC) and BREEAM assessment methods of BREEAM SE and Miljöbyggnad, with the

objective that “all developed properties are to be environmentally classified or certified by the end of 2020.” By improving and developing our properties so they can be environmentally classified or certified, we ensure that our properties are in line with modern standards. When we construct new buildings, we invest in long-term sustainable properties where environmental certification is a key part of the process.

### KPI DISCLOSURE GREEN AND ENERGY EFFICIENT BUILDINGS

Building	Property	Construction year	Certification	MWh/year	kWh per m <sup>2</sup> (A <sub>temp</sub> )	CO <sub>2</sub> (tonnes)	CO <sub>2</sub> emissions kg/m <sup>2</sup>	Renewable energy (%)	Green agreements (% of signed contracts)	Visitors (stations)
Stockholm Central Station	Norrmalm 5:3	1871	BIU, Very Good	16,458	391	999	23.7	68%	26%	225,000
Hotel Continental Stockholm	Orgelpipan 6	2016	SGBC silver	2,295	120	135	7.1	46%	0 <sup>1)</sup>	N/A
Office building Glasvasen, Malmö	Loket 1	2015	BREEAM-SE, Excellent	1,147	165	38	5.4	43%	100%	N/A
Office building Foajén, Malmö <sup>2)</sup>	Rallaren 1	2019	BREEAM-SE, Excellent	421	38	37	3.4	68%	100%	N/A

<sup>1)</sup> Green agreements were introduced after time of completion.

<sup>2)</sup> Under construction.

### FOAJÉN OFFICE BUILDING, MALMÖ

In December 2019 the first tenants moved into Jernhusens new build office Foajén in Södra Nyhamnen, Malmö. Foajén is a green building with a strong focus on sustainable transportation, energy efficiency and waste disposal solutions. The building is certified BREEAM Excellent which incorporates a wide range of sustainable solutions. A green space with a walking path is situated on the roof with 26 plant species. 200 m<sup>2</sup> solar panels producing 30,000 kWh electricity are also installed on the roof. The electricity is used to power electric vehicles and lighting on the roof.

The Well Building Standard has been implemented in the project providing an increased focus on the wellbeing of the building users. Foajén now qualifies for inclusion in Jernhusens Green Bond Framework due to the BREEAM Excellent certification.



## Energy efficiency

Energy efficiency is a key component of Jernhusen’s strategic sustainability initiatives. Jernhusen is aiming to halve the use of purchased energy in our properties by 2030, using 2008 as the base year. The achievement of this target requires dedicated efforts and projects focused on reducing our energy consumption. Examples include electrical installations, low-energy lighting, measurement technology and property management measures. The direct costs (materials plus installation and labour costs) are eligible for funding within the framework.

### Renewable energy

The objective to halve the percentage of purchased energy used by Jernhusen’s properties means not only that the properties will become more energy-efficient, but also to generate renewable energy in our properties. This requires investments in renewable energy sources such as solar, wind or geothermal energy. This will reduce our climate impact, as well as the need to purchase energy. We monitor these projects by analysing the annual energy savings they generate and reduce our greenhouse gas emissions.

#### KPI DISCLOSURE ENERGY EFFICIENCY PROJECTS

Project	Building	Property	CO <sub>2</sub> reduction tonnes/year	Energy savings (MWh/year)
LED lightning	Borlänge depot	Borlänge 44:41	11.5	191
LED lightning	Gävle depot	Näringen 4:15	71	119
LED lighting infrastructure	Notvikens depot	Järnvägen 100:2	1	17
Energy savings & lighting	Lund West station	Innerstaden 3:16	7.3	122
			<b>26.9</b>	<b>449</b>

#### KPI DISCLOSURE RENEWABLE ENERGY PROJECTS

Project	Building	Property	% of energy use	CO <sub>2</sub> reduction tonnes/year
Geothermal heating	Karlstad officebuilding	Järnvägen 1:1	100% of heating	2.8



#### LED LIGHTING IN LUND, GÄVLE AND BORLÄNGE

Several energy efficiency projects were carried out during 2019, including Lund west station, Borlänge depot and Gävle depot. The implemented measures are expected to generate annual energy savings of 449 000 kWh and annual CO<sub>2</sub> reductions of 27 tonnes. The projects have worked with different energy efficiency measures. In Lund the focus has been on operation and control measures to create a more efficient use of heating. In Borlänge, the focus has been on modernizing the ventilation system and installing demand-controlled lighting in order to create a more energy efficient building. In Gävle, the projects have included installation of energy efficient LED-lighting. All these projects contribute to our long-term goal of energy efficiency.



#### GEOHERMAL HEATING, KARLSTAD OFFICE BUILDING

One step towards the creation of efficient energy solutions is to produce renewable energy in our properties. In 2019 geothermal heating was introduced in an office building in Karlstad. This year Karlstad station turned 150 years old. The installation of geothermal allows the station area to continue to function efficiently encouraging more passengers to travel by rail. The project results in a reduction of energy use within the property by the production of renewable energy, hence reducing the environmental impact.

### Pollution prevention and control

In the pollution prevention and control category, there are three sub-categories: Soil remediation, removal of harmful substances and waste management. The first two categories include activities to remediate soil or removal of harmful materials on our properties in order to improve the environment. Waste management solutions involve creating conditions for improving and developing waste management systems to reduce the amount of waste and increase recycling rates.

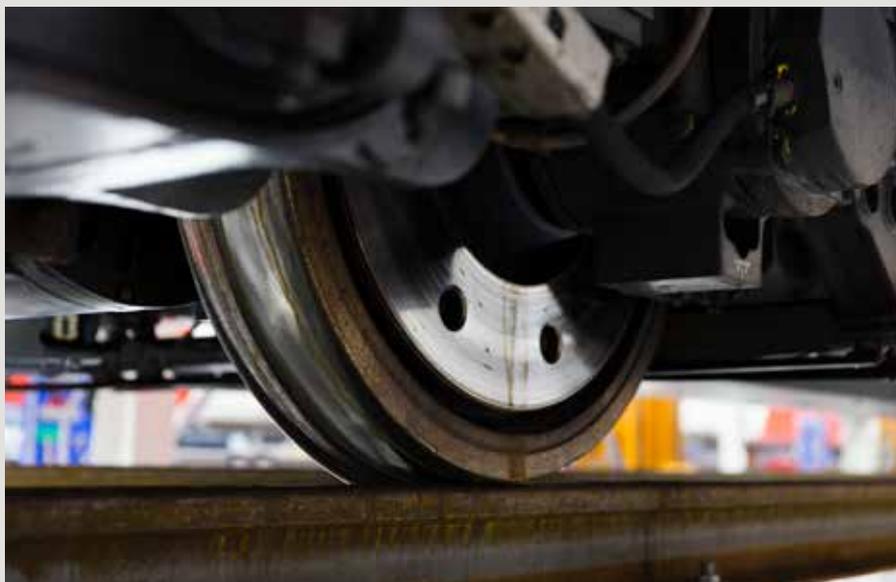
#### KPI DISCLOSURE POLLUTION PREVENTION AND CONTROL

Project	Building	Property	Type of harmful substance	Quantities
Removal of Polycyclic Aromatic Hydrocarbons	Borlänge workshop	Borlänge 44:41	Polycyclic Aromatic Hydrocarbons	12.8 tonnes

#### REMOVAL OF HARMFUL SUBSTANCES IN BORLÄNGE

We are constantly working to improve the environmental performance of our properties. In the older properties, there may be environmental liabilities such as contaminated material that needs to be removed. By removal of harmful substances, we create sustainable buildings prepared for the future.

In Borlänge Jernhusen has a depot with several buildings on the property. In one of these buildings a contamination with the hazardous substances Polycyclic Aromatic Hydrocarbons (PAH) was observed. The harmful substances have been removed and the building restored. This creates an updated sustainable workshop function where work can continue.





## Auditor's Limited Assurance Report

To Jernhusen AB, Corporate identification number 556584-2027

### Introduction and Scope

We have been engaged by the Executive Management of Jernhusen AB ("Jernhusen") to undertake a limited assurance engagement of selected information in Jernhusen's Investor Report Green Bonds 2019 ("the Report").

The scope of our work was limited to assurance of page 2 in the report (including information on allocation of Green Bond net proceeds), together with the information on environmental certification of buildings in the pool of eligible assets as presented in the table on page 3, column "certification".

Our assurance does not extend to any other information in the Report. We have not reviewed and do not provide any assurance over any individual project information reported, including estimates of sustainability impacts.

### Responsibilities of the Executive Management

The Executive Management is responsible for evaluating and selecting eligible assets, for the use and management of bond proceeds, and for preparing an Investor Report that is free of material misstatements, whether due to fraud or error, in accordance with applicable criteria. The criteria are relevant parts (section one, page 6-8) of the *Jernhusen Green Bond Framework* dated 2018-03-12 ("the Framework"), available on Jernhusen's website.

### Responsibilities of the Auditor

Our responsibility is to express a limited assurance conclusion on the selected information specified above based on the procedures we have performed and the evidence we have obtained.

We have conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the selected information in the Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent towards Jernhusen in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the Report.

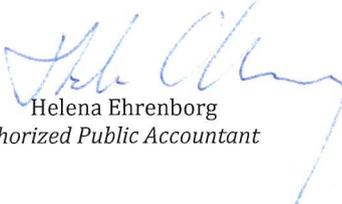
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the selected information disclosed in the Report has not been prepared, in all material respects, in accordance with the reporting criteria.

Stockholm, 16 Mars 2020

Öhrlings PricewaterhouseCoopers AB

  
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