

Region Skåne green finance framework

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About Region Skåne

Region Skåne is responsible for healthcare services, dental care, public transport, regional development and culture, within the geographical boundaries of Skåne county, serving approximately 1.3 million inhabitants, and employing over 36 000 full-time workers. Region Skåne's vision is faith in the future and quality of life for all who visit, live and work in Skåne.

Region Skåne caters its services to all Skåne residents and visitors to Skåne. Region Skåne has a significant impact on the environment as the activities of the organisation are very diverse and extensive, and therefore also has a great opportunity in influencing the environment in a positive way; through its purchasing and consumptions patterns, rethinking more efficient work processes, and through larger infrastructure investments which leave a long-lasting effect on the environment and sets a long-term trajectory for the development of the region.

Region Skåne provides its services purposefully, efficiently, and flexibly with an ambition to reduce its impact on the environment.

Administrative organisation and political structure

The highest decision-making body within Region Skåne is the Regional Council Assembly with 149 elected members. The task of the assembly is to make decisions concerning the finances, planning and organisation of Region Skåne. The Assembly appoints the Regional Board, the second highest decision-making body. The Regional Council Assembly also appoints members to the committees and boards that run the various activities within the responsibility areas pertaining to the activities that Region Skåne is responsible for, such as healthcare, public transport, culture, and regional development.

Region Skånes environmental work

Region Skåne has set high environmental sustainability goals in areas connected to fossil fuels, climate neutrality, a healthy environment, efficient resource use, and aims to have an ambitious environmental profile. Among its achievements, Region Skåne boasts a fossil-fuel free public transportation fleet since December 2018 and has 99,9% of the energy provided to buildings coming from renewable and fossil-fuel free energy sources.

Environmental program

The environmental program, spanning the period 2010-2020 (revised in 2017) comprises an environmental policy, 4 overarching goals, 12 sub-goals, and 31 detailed goals. The program has been politically decided by the Regional Council Assembly, and is a steering document guiding the internal environmental management of the organisation. The environmental goals are to be achieved by 2021 and are monitored and evaluated in the annual environmental report. In 2021 a new environmental program, with vision and targets set for 2030 will guide the environmental work forward during this decade.

The four overarching goals in the current program are:

1. A fossil fuel free, climate neutral and climate-adapted organisation
2. Healthy environment
3. Sustainable resource use
4. Strong environmental profile

Management systems, ISO 14001 & 50001

Due to the size of Region Skåne and its diverse activities, the entire organisation holds a certified ISO 14001 multi-site environmental management system, in order to organise and prioritise the environmental work coherently and cohesively. It is the single largest public sector ISO 14001 certification in Sweden, encompassing 36 000 employees, 12 organisations and approximately 50 different geographical locations in Skåne.

In addition, Regionfastigheter, holds a certified ISO 50001 environmental management system. Regionfastigheter develops Region Skåne's properties, managing over one million square meters of its own properties and is also responsible for the property maintenance and operation. Regionfastigheter is responsible for all the associated remodelling, reconstruction, extension, retrofitting and new construction of Region Skåne's premises. Region Skåne is currently making its largest investments ever in the development of the hospital areas in Skåne, as well as expanding public transport infrastructure, focusing on train, tram and bus depots. Regionfastigheter has decided that building projects with a decided investment framework in excess of SEK 100 million should be certified according to at least Miljöbyggnad Silver. After evaluation, it will be decided whether projects under this amount also should be certified.

Steering documents for Region Skånes environmental work

- Strategic environmental programme 2017-2020 (external focus)
- Environmental programme 2017-2020 (internal focus)
- Internal carbon pricing model for business trips, known as "Klimatväxlingsmodell"
- Guidelines for Region Skåne's meeting- and business trips
- Sustainable resource use – guidelines for waste prevention
- Guidelines for phasing out substances that are hazardous to the environment and health
- Fuel strategy for the transition to renewable energy
- Regional action plan for medicines and the environment
- Climate and energy strategy for Skåne (external focus)
- Energy strategy 2018 – 2030, for Region Skåne's owned properties
- Procurement policy
- Guiding instructions for procurement policy

Public procurement

Region Skåne sets high standards for green public procurement, implementing environmental criteria in all tenders, and prioritises specific procurements of goods and services that require more in-depth environmental requirements. Through its large purchasing power, the sixth biggest public sector purchaser in Sweden in monetary terms, Region Skåne uses procurement demands as a tool to drive

green and circular products and business-model development forward. The procurement process is steered through a procurement policy, a guiding instruction for the procurement policy, and a code of conduct requirement for environmental and social sustainability.

Green finance framework

As part of Region Skåne's ongoing commitment to sustainability, a Green Finance Framework (the "Framework") has been developed. The framework is designed to be aligned, on a best effort basis, with the 2018 ICMA Green Bond Principles (GBP). As such, the framework consists of the four key pillars and recommended External Review component:

1. Use of Proceeds
2. Process for Project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review








It is the intention of Region Skåne to follow best practices, in relation to Green Bonds as the market standards develop and as the EU classification of environmentally sustainable economic activities the Taxonomy and the EU Green Bond Standard enter into force. Therefore, this Framework may be amended and updated to reflect these changes in market practice. Region Skåne is one of the signatories of the Nordic Public Sector Issuers Position Paper on Green Bonds Impact reporting and are following the recommendations in the Position Paper.

Use of proceeds

"**Eligible Projects**" means a selected pool of Projects that are funded, in whole or in part, by Region Skåne and that promote the transition to low carbon and climate resilient growth as determined by Region Skåne and in line with Region Skåne's environmental policy and strategy. The proceeds raised based on the Green Finance framework can be applied towards new Eligible Projects and to finance renovations, retrofits and upgrades of existing Eligible Projects as well as refinance existing Projects, defined as Projects older than 12 months.

Green net proceeds will not be allocated to companies or projects operating in exploration, exploitation, extraction, production or sale of fossil energy, to those that operate in the areas of pornography, gambling, alcohol, tobacco or arms industries, or to companies or projects that have violated any of the principles in the UN Convention on Human Rights.

In this Framework, each Eligible Project category has been mapped to the SDGs in accordance with the High-Level Mapping to the Sustainable Development Goals published by ICMA.

GBP Categories	Eligible Projects and Criteria	Core UN SDG Targets	Environmental Objective
<p>Green Buildings</p>	<p>New Buildings</p> <p>Financing of new buildings that are at least 25 % more energy efficient than the level required by the applicable building regulation (BBR) or that meet the requirement of at least Miljöbyggnad Silver, or an equivalent system determined by Region Skåne that have, or will be validated against an in-use certification.</p> <p>Existing buildings</p> <p>Financing or refinancing of existing buildings, that will be renovated, refurbished or go through a major renovation that meet the requirement of at least Miljöbyggnad Silver or an equivalent system determined by Region Skåne that have, or will be validated against an in-use certification and that achieves at least one of the following criteria:</p> <ul style="list-style-type: none"> ❖ reduction of energy use on a m² basis of at least 30%. ❖ buildings with an Energy Performance Certificate (EPC) with energy class A. 	<p> <i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p> <p> <i>Make cities and human settlements inclusive, safe, resilient and sustainable</i></p> <p> <i>Ensure sustainable consumption and production patterns</i></p> <p> <i>Strengthen the ability of individuals and institutions to counteract, adapt and mitigate the consequences of climate change and their ability to provide early warnings, and to strengthen knowledge and awareness of this</i></p>	<p>Climate Change Mitigation</p>
<p>Clean transportation</p>	<p>Infrastructure for low carbon transport</p> <p>Financing or refinancing of public and cargo transportation as well as electric and/or other fully electric vehicles such as buses, trucks, and related infrastructure supporting public and cargo transportation including public transportation depots and charging stations.</p>	<p> <i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</i></p> <p> <i>Make cities and human settlements inclusive, safe, resilient and sustainable.</i></p> <p> <i>Strengthen the ability of individuals and institutions to counteract, adapt and mitigate the consequences of climate change and their ability to provide early warnings, and to strengthen knowledge and awareness of this</i></p>	<p>Climate Change Mitigation</p>







<p>Renewable Energy</p>	<p>Electricity and heat from renewable sources</p> <p>Financing or refinancing of renewable energy production, such as photovoltaics, wind turbines, hydro power, emission free geothermal heating and cooling as well as related infrastructure such as distribution, transmission, connections and electric substations.</p>	 <p><i>Ensure access to affordable, reliable, sustainable and modern energy for all</i></p>  <p><i>Strengthen the ability of individuals and institutions to counteract, adapt and mitigate the consequences of climate change and their ability to provide early warnings, and to strengthen knowledge and awareness of this</i></p>	<p>Climate Change Mitigation</p>
<p>Energy efficiency</p>	<p>Individual measures</p> <p>Financing or refinancing of investments energy retrofits such as the installation of more efficient ventilation, heating or heat recovery system, adjusting light controls and light fittings. The Green Finance Committee will only include investments where a minimum on 25% energy saving is targeted and a minimum negative climate impact and potential rebound effect is achieved.</p>	 <p><i>Strengthen the ability of individuals and institutions to counteract, adapt and mitigate the consequences of climate change and their ability to provide early warnings, and to strengthen knowledge and awareness of this</i></p>	<p>Climate Change Mitigation</p>
<p>Climate adaptation</p>	<p>Resilience and adaptations</p> <p>Financing or refinancing of investments to mitigate the negative consequences of climate change in Region Skåne including adaptation of healthcare buildings, infrastructure, parks and natural landscapes to better withstand heat waves, humidity, increased rainfall, heightened risk of flooding or sea level rise.</p>	 <p><i>Strengthen the ability of individuals and institutions to counteract, adapt and mitigate the consequences of climate change and their ability to provide early warnings, and to strengthen knowledge and awareness of this</i></p>	<p>Climate Change Adaptation</p>
<p>Pollution prevention & control</p>	<p>Financing or refinancing of the establishment, expansion or upgrades of solutions contributing prevention and reduction of waste as well as to increase the re-use and recovery of materials as well as prevention or reduction of greenhouse gas emissions, harmful substances and other pollutants into the air, soil or water.</p>	 <p><i>By 2030, upgrade infrastructure and restructure business to become more sustainable, with more efficient use of resources and greater use of clean and environmentally friendly forms of technology and industrial processes, where all countries make an effort based on their own ability and capacity</i></p>	<p>Pollution prevention & control</p>
<p>Eco-efficient and circular economy</p>	<p>Financing or refinancing of resource-efficient solutions with the aim to reduce pollution, waste, noise, and transportation and to create a better atmosphere, promotion of sustainable transportation solutions and circular economy.</p>	 <p><i>By 2030, upgrade infrastructure and restructure business to become more sustainable, with more efficient use of resources and greater use of clean and environmentally friendly forms of technology and industrial processes, where all countries make an effort based on their own ability and capacity</i></p>	<p>Climate Change Mitigation</p>

Table 1: Eligible project categories

Process for project evaluation and selection

Region Skåne has a Green Finance Committee (GFC) that will make sure Eligible Projects comply with national law, guidelines, standards and regulation as well as internal policies and instructions to make sure that these Eligible Projects are evaluated and selected in line with the criteria set out in the Use of Proceeds section. The GFC can seek internal or external advice in that process or while making sure that No Significant Harm affect the environmental objectives defined in the EU Taxonomy on a best effort basis. Eligible Projects must comply with minimum safeguards defined as procedures implemented by Region Skåne. The GFC will rely on a consensus decision when allocating net proceeds and will meet at least twice a year or when needed. The GFC is comprised of staff from the Finance Department, the Environmental Department, Energy and Sustainability Experts at Regionfastigheter and Skånetafiken. The GFC is also responsible for replacing investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.) The GFC will on a best effort basis, review and update the content of the Green Finance Framework and manage any future updates of this document to reflect relevant changes in the internal environmental strategy, technology and market developments.

Management of proceeds

An amount equal to the net proceeds of any Green Instruments raised will be credited to an earmarked account that will support Region Skåne's financing or refinancing to Eligible Projects. So long as the Green Instruments is outstanding and the earmarked account has a positive balance, funds may be deducted from the earmarked account and added to Region Skåne's financing or refinancing in an amount up to all disbursements from that pool made in respect of Eligible Projects. The earmarked account ensures the monitoring and tracking of the Eligible Projects. The Finance Department is responsible for the allocation of proceeds. If, for any reason, an Eligible Project ceases to align with the requirements set out in this Framework such Projects will be removed from the earmarked pool. Proceeds yet to be allocated towards Eligible Projects will be placed in the liquidity reserves and managed as such.

Reporting

To enable investors to follow the development and provide insight to prioritised areas, Region Skåne will provide information on the allocation of proceeds and the non-financial impact of the Eligible Projects in the annual Green Bond Impact Report. As one of the signatories to the Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting, Region Skåne commit to assessment and reporting upon the project's selection and their expected non-financial impact in a transparent manner.

The Allocation reporting will include the following information:

- ❖ The total amount of proceeds allocated to eligible projects
- ❖ The allocated amounts per eligible projects and category
- ❖ The amount of unallocated proceeds
- ❖ Region Skåne aim to include the reporting of relevant impact indicators defined in the Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting

The Impact Reporting will include the following information:

The impact reporting aims to disclose the environmental impact of the Eligible Projects financed under this Framework, based on Region Skåne's financing share of each Eligible Projects. Region Skåne will strive to report on the environmental impact of Eligible Projects financed by Green bonds when feasible and subject to data availability, reporting the expected impact (ex-ante), and strive to report on actual impact (ex-post). If the reporting is including both ex-ante and ex-post impact data, a clear distinction will be made. The information on non-financial impact may be provided on an aggregated portfolio basis because of numerous Eligible Projects limiting the amount of detail that can be made available. The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis, Region Skåne will provide best estimates of future energy performance levels. The impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP Categories	Examples of impact indicators
Clean transportation	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided, from cars and other vehicles, due to the investment (by comparison to average emissions by km for alternative transportation) • Passenger-kilometres in new means of transportation • The number of installed charging stations for electric vehicles
Green buildings	<ul style="list-style-type: none"> • Environmental certification verified by an external/internal environmental consultant. • Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square meter) per year • Calculated carbon footprint disclosed by absolute emissions (tons) and intensity (kg per square meter) per year when calculation is implemented. • GHG emissions reduced/avoided through reduced or avoided energy us
Energy efficiency	<ul style="list-style-type: none"> • kWh/m² / annum as absolute outcome and climate corrected outcome (energy index) • Percentage of energy use reduced/avoided • Increase in energy efficiency increase
Environmentally Sustainable Management of Living Natural Resources	Each yearly report will include at least an example of an investment that has been financed with green net proceeds (if such a project has been financed). Region Skåne will describe the investment and the area of the installation (if applicable), as relevant information metrics.
Pollution prevention & control	Each yearly report will include at least one example (if applicable) of a Pollution prevention & control investment that have been financed with green net proceeds. KPIs will not be disclosed beforehand in this Framework. Region Skåne will emphasize on carbon savings, where applicable, as relevant performance metrics.
Renewable energy	Each yearly report will include at least one example (if applicable) of a Renewable energy investment that have been financed with green net proceeds disclosing its estimate of the reduction in greenhouse gas emissions avoided as a result of the investment.

Table 2: Examples of impact indicators

External review

SECOND PARTY OPINION (PRE-ISSUANCE)

Region Skåne will have its Green Bonds Framework reviewed by the Cicero Shades of Green who will issue a Second Opinion. The Second Opinion as well as the Green Finance Framework will be made publicly available on Region Skåne's web page on green bonds.

THIRD-PARTY REVIEW (POST-ISSUANCE)

Region Skåne has appointed an external auditor, KPMG, to annually assure the allocation of the net proceeds of the Green Bonds are done in accordance with Region Skåne Green Finance Framework. The Green Finance Framework, the second party opinion issued by Cicero, and the investor letter will be publicly available on Region Skåne website.

Policy documents that govern Region Skåne's sustainability work

#	Name	Public / Non-Public
1	Environmental report (annual)	Yes
2	Region Skånes environmental programme 2017 - 2020	Yes
3	Environmental policy	Yes
4	Code of Business Conduct	Yes
5	Equal Treatment Policy	Yes

Table 3 Policy documents that govern Region Skåne's sustainability work.