



# Rationale for Green Financing

Climate change poses a significant risk to economies, societies, and ecosystems. The financial sector plays a crucial role in addressing these challenges by directing capital toward sustainable investments and supporting businesses in their transition to a low-carbon economy. In doing so, banks help mitigate the financial risks associated with climate-related risks while enabling long-term value creation.

At Handelsbanken, we recognise that environmental stability is essential for long-term economic resilience. Handelsbanken's goal is to achieve higher profitability than the average of our peer competitors in our home markets. By further integrating sustainability into our decentralised business model, where decisions are made close to the customer, we contribute to development that benefits customers, society, and the environment.

Handelsbanken's greatest contribution to climate action lies in the products, services and advice we provide to our customers. Through close and continuous customer dialogue, we support individuals and businesses in making informed and sustainable financing decisions aligned with both current needs and future expectations. This includes helping customers comply with regulatory requirements, prepare for new legislation, and take steps toward a more resource-efficient and low-emission economy.

One of the key tools in our sustainability strategy is the issuance of green bonds. These enable us to support the development of sustainable solutions by financing projects that drive the transition to low-carbon, climate-resilient, and sustainable economies, while also supporting environmental and ecosystem improvements. To further advance our Green Bond offering, we have updated our Green Bond Framework to align with the latest market practices.

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# Introduction

## This is Handelsbanken

Founded in 1871, Handelsbanken is today one of the world's strongest banks. The Bank's operations are built on a strong local presence, a decentralised way of working, stable finances, and low risk. Handelsbanken operates primarily in its home markets of Sweden, Norway, the Netherlands, and the UK, offering a full range of financial services to both private individuals and businesses.

Handelsbanken builds long-term customer relationships through daily meetings in person, by phone, and through digital channels. These meetings are the most important platform for understanding customers' needs and supporting their sustainability ambitions.

Trust in the individual and a long-term perspective are fundamental to Handelsbanken's culture and values.

## Handelsbanken's actions towards a sustainable future

Sustainability has long been a natural part of Handelsbanken's way of doing business. The Bank was among the first banks in the Nordic region to offer sustainable financing solutions and has continuously developed its offerings to meet the growing demand for financial products that support sustainability.

Going forward, Handelsbanken will continue to enhance and expand its sustainable offerings in line with the evolving needs of customers, scientific knowledge, and climate targets in our home markets and the EU. Our aim is to ensure that our financial solutions actively support customers in their sustainability transitions, and that we do so with quality, credibility, and long-term commitment. Examples of sustainable products and tools include

- **Energy efficiency loans** – financing investments that reduce energy use in homes
- **The sustainability check (Hållbarhetskollen)** – a tool to help corporate customers assess and improve their sustainability performance
- **Green transition loans** – introduced in 2024 in Norway and the UK to support energy improvements in properties

- **Green loans for sustainable construction**

- **The energy check (Energikollen)** – a digital tool to help private customers understand and improve their energy use

## Sustainability governance

### Organisational structure

Sustainability is integrated throughout the Handelsbanken Group. The Board and the Chief Executive Officer (CEO) establish the basic principles and overarching frameworks for the Group's sustainability activities. In line with the Bank's decentralised model, sustainability work is carried out where business and operational decisions are made close to the customer. Each manager is responsible for identifying and managing relevant sustainability risks within their area of responsibility. Coordination and support are provided through central functions and forums, such as Handelsbanken's Sustainability Committee, which is chaired by the Head of Group Sustainability and consists of senior representatives from across the business.

The committee's role is to analyse and, when necessary, coordinate the Group's sustainability efforts. The scope of the Sustainability Committee's work includes proactively identifying and addressing potential issues and business opportunities.

### Managing social and environmental risk

The Bank manages sustainability risks through a decentralised model, supported by central units and our framework of established risk management processes. Handelsbanken's credit policy outlines the Bank's risk tolerance and strategies for managing credit risks. This policy ensures that the Bank's low risk tolerance for credit losses is maintained over time. It also clarifies that sustainability risks along with related environmental, climate, social, and governance factors are to be an integral part of the credit risk assessment.

By including sustainability risks in the Bank's change process, material sustainability risks can be prevented from entering and negatively impacting the Bank.

# Handelsbanken's Green Bond Framework

This Green Bond Framework (the "Framework") defines the terms and processes, under which Handelsbanken can issue Green Bonds, and mobilise capital to finance sustainable initiatives and support customers in their transition to a net-zero economy. Green Bonds may take the form of senior preferred bonds, senior non-preferred bonds, covered bonds or subordinated bonds. The issuing entity under this Framework will be either Svenska Handelsbanken AB (publ) or the wholly-owned subsidiary Stadshypotek AB (publ).

This Framework is an update of Handelsbanken's previous Green Bond Framework, dated August 2022. The updated Framework has been developed to align with International Capital Market Association (ICMA) Green Bond Principles from 2025 and has considered the EU Taxonomy's technical screening criteria for substantial contribution in the Climate Delegated Act (December, 2021) and Environmental Delegated Act (June, 2023) on a best effort basis.

The Framework is structured in line with ICMA's core pillars, i) use of proceeds, ii) process for project evaluation and selection, iii) management of proceeds, iv) reporting, and follows the recommendation to appoint an external reviewer.

## Use of Proceeds Allocation of Proceeds

An amount equal to the net proceeds from issued Green Bonds will be used to finance or refinance, in whole or in part, loans provided by Handelsbanken and/or Stadshypotek (i) financing assets (including by way of refinancing or matching asset value, and which may benefit from security over such assets) or (ii) financing investments related to projects, which in each case promote the transition to low-carbon, climate-resilient and sustainable economies as well as environmental and ecosystem improvements, collectively referred to as "Green Loans".

Green Loans may finance, refinance or match a value of a fixed asset, capital expenditures, or operational expenditures that fall within the defined categories and meets the specified criteria in the table below. In addition, Handelsbanken may consider financing other activities that are fully aligned with the EU Taxonomy Technical Screening Criteria (both for substantial contribution and for DNSH) where deemed applicable. Furthermore, all Green Loans must comply with Handelsbanken's sustainability policy, credit policy, internal guidelines for certain sectors as well as this Framework's exclusion criteria for temporary holdings.

## Green buildings

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p><b>New buildings</b> Buildings built after the 31st of December, 2020, must meet, or will upon completion, meet the criteria below to be eligible</p> <ul style="list-style-type: none"> <li>• Have a primary energy demand (PED) that is at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB) requirements in national measures<sup>1</sup>, or</li> <li>• Obtain an environmental certification in any of the following building certification schemes at the defined threshold level or better <ul style="list-style-type: none"> <li>• BREEAM Excellent</li> <li>• LEED Gold</li> <li>• Svanen</li> <li>• Miljöbyggnad Silver</li> </ul> </li> </ul> <p><b>Existing buildings</b> Buildings built before the 31st of December, 2020, must meet the criteria below to be eligible</p> <ul style="list-style-type: none"> <li>• Have an Energy Performance Certificate (EPC) demonstrating class A, or the building is within the top 15% of the national or regional building stock expressed as Primary Energy Demand (PED)<sup>2</sup></li> </ul> <p><b>Renovation of existing buildings<sup>3</sup></b> Renovation of an existing building that either leads to a reduction of Primary Energy Demand (PED) of at least 30%, or where the building meets the applicable requirements for 'major renovation'<sup>4</sup>.</p>	<p><b>Climate change mitigation</b></p> <p>7.1 Construction of new buildings 7.2 Renovation of existing buildings 7.7 Acquisition and ownership of buildings</p>	 <p>11.3 Inclusive and sustainable urbanization</p> <p>11.6 Reduce the environmental impact of cities</p> <p>11.8 Strong national and regional development planning</p>	<p>According to the European Commission, buildings are responsible for approximately 40% of EU's energy consumption and 36% of its energy-related greenhouse gas (GHG) emissions<sup>5</sup>. This makes the building sector a critical focus area for achieving EU's climate neutrality target by 2050.</p> <p>Recognising this, Handelsbanken prioritises financing for buildings and renovations that meet high energy efficiency standards.</p> <p>By supporting sustainable construction and retrofitting, we not only contribute to EU's climate goal but also help customers future-proof their assets, reduce operational cost, and enhance long-term value.</p>

<sup>1</sup> Handelsbanken may reference an external benchmark to determine PED 10% lower than NZEB in countries where there is no official definition of NZEB. Such benchmark could be e.g. guidance by national governments or a specialist study. In the absence of current national guidelines in the UK, the Bank may also accept EPC A or better for new buildings.

<sup>2</sup> The top 15% PED applicable under this Framework will be updated continuously. Handelsbanken will reference an external benchmark when determining the top 15% for each home market, e.g. guidance by national governments or a specialist study. Until such guidance is well established in Norway, the Bank will also consider BREEAM Excellent as a method to demonstrate compliance with top15%.

<sup>3</sup> A renovated building that meets the criteria for existing buildings under this Framework can be classified as an eligible green project in its entirety. If the building does not meet the criteria for an existing building in this Framework but achieves a reduction in PED of at least 30%, only the cost of the renovation can be financed

<sup>4</sup> As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

<sup>5</sup> [https://ec.europa.eu/regional\\_policy/policy/communities-and-networks/s3-community-of-practice/partnership\\_energy\\_sustainable\\_buildings\\_en](https://ec.europa.eu/regional_policy/policy/communities-and-networks/s3-community-of-practice/partnership_energy_sustainable_buildings_en)

## Environmentally sustainable management of living natural resources and land use

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p><b>Sustainable forestry</b> Sustainable forest management and sustainable forestry assets</p> <ul style="list-style-type: none"> <li>Forest land certified in accordance with the Forest Stewardship Council (FSC) standard and/or the Programme for the Endorsement of Forest Certification (PEFC)</li> </ul> <p><b>Biodiversity</b> Projects that promote, restore and/or preserve biological diversity including but not limited to</p> <ul style="list-style-type: none"> <li>Protection, conservation and restoration of forest, natural resources, ecosystems, woodlands, wetlands and species</li> <li>Regenerative agriculture<sup>6</sup></li> </ul>	<p><b>Climate change mitigation</b></p> <p>1.1 Afforestation 1.2 Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event 1.3 Forest management 1.4 Conservation forestry</p> <p><b>Protection and restoration of biodiversity and ecosystems</b></p> <p>1.1 Conservation, including restoration, of habitats, ecosystems and species</p>	 <p>11.4 Protect the world's cultural and natural heritage</p> <p>12.2 Sustainable management and use of natural resources</p> <p>14.1 Reduce marine pollution</p> <p>14.2 Protect and restore ecosystems</p> <p>14.3 Reduce ocean acidification</p> <p>15.3 End desertification and restore degraded land</p> <p>15.4 Ensure conservation of mountain ecosystems</p> <p>15.5 Protect biodiversity and natural habitats</p> <p>15.a Increase financial resources to conserve and sustainably use ecosystem and biodiversity</p> <p>15.b Finance and incentivize sustainable forest management</p>	<p>Healthy forests play a critical role in mitigating climate change by acting as carbon sinks, absorbing billions of metric tons of CO<sub>2</sub> annually. Yet, according to the European Commission, more than 80% of European habitats are currently in poor condition<sup>7</sup>.</p> <p>Restoring these ecosystems is not only crucial for preserving biodiversity and improving forest health, but also for building long-term climate resilience across Europe.</p> <p>Handelsbanken supports the EU's Biodiversity Strategy for 2030, and is committed to contributing to initiatives that safeguard ecosystems, restore degraded habitats, and promote biodiversity.</p>

<sup>6</sup> Regenerative agriculture projects should be certified under KRAV, Svenskt Sigill, and EU Organic or equivalent to be eligible for financing

<sup>7</sup> [https://environment.ec.europa.eu/topics/nature-and-biodiversity/nature-restoration-regulation\\_en](https://environment.ec.europa.eu/topics/nature-and-biodiversity/nature-restoration-regulation_en)

## Clean transportation

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p><b>Zero emission and low carbon transport</b> Public, freight, and personal mobility transportation across rail<sup>8</sup>, road, and water modes that operate with zero direct tailpipe CO2 emissions</p> <p><b>Infrastructure supporting fossil free and low carbon transportation</b> Construction, modernisation, operation and maintenance of infrastructure enabling low carbon rail, road, and water transport</p> <p><b>Infrastructure for personal mobility</b> Construction, modernisation, operation, and maintenance of infrastructure enabling low carbon personal mobility</p>	<p><b>Climate change mitigation</b></p> <p>3.3 Manufacture of low carbon technologies for transport</p> <p>6.1 Passenger interurban rail transport</p> <p>6.2 Freight rail transport</p> <p>6.3 Urban and suburban transport, road passenger transport</p> <p>6.4 Operation of personal mobility devices, cycle logistics</p> <p>6.5 Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>6.6 Freight transport services by road</p> <p>6.7 Inland passenger water transport</p> <p>6.11 Sea and coastal passenger water transport</p> <p>6.13 Infrastructure for personal mobility, cycle logistics</p> <p>6.14 Infrastructure for rail transport</p> <p>6.15 Infrastructure enabling low-carbon road transport and public transport</p> <p>6.16 Infrastructure enabling low carbon water transport</p> <p>7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</p>	<p></p> <p>11.2 Affordable and sustainable transport systems</p>	<p>Transport accounts for around one-fifth of global CO2 emissions, according to the European Commission<sup>9</sup>. It is also the only major sector in the EU where emissions have risen since 1990<sup>10</sup>. Shifting to more sustainable transport is therefore key to reaching the EU's climate goals for 2050.</p> <p>Handelsbanken aims to finance clean mobility solutions and infrastructure that reduce fossil fuel dependence and GHG emissions.</p>

<sup>8</sup>Trains that use a conventional engine where such infrastructure is not available (bimode) can be eligible for financing

<sup>9</sup>[https://climate.ec.europa.eu/eu-action/transport-decarbonisation\\_en](https://climate.ec.europa.eu/eu-action/transport-decarbonisation_en)

<sup>10</sup><https://www.iea.org/energy-system/transport>

## Climate change adaptation

Eligible projects	EU Taxonomy objectives and examples of activities <sup>11</sup>	Sustainable development goals	Motivation
<p>Adaptation measures to mitigate negative impacts of climate change, including, but not limited to</p> <ul style="list-style-type: none"> <li>• <b>Water management</b> improving irrigation, drainage, and storage systems to manage drought and flood risks</li> <li>• <b>Climate resilience infrastructure and operations</b> strengthening buildings, transport systems, agriculture, industrial practices, and utilities to withstand heat stress, heavy rainfall, and high winds</li> <li>• <b>Sustainable land use</b> implanting soil stabilization, reforestation, and erosion control to prevent landslides and land degradation</li> <li>• <b>Software and hardware</b> enabling physical climate risk management and adaption</li> </ul>	<p><b>Climate change adaptation</b></p>	 <p>2.4 Sustainable food production and resilient agriculture practices</p> <p>9.1 Develop sustainable, resilient and inclusive infrastructures</p> <p>13.1 Strengthen resilience and adaptive capacity to climate related disasters</p>	<p>As the impacts of climate change intensify including more frequent and severe extreme weather events and rising sea levels, adaptation is becoming increasingly urgent for countries, communities, and businesses. Adaptation is essential not only to protect people, ecosystems, and infrastructure, but also to safeguard economic stability and long-term development.</p> <p>According to the Intergovernmental Panel on Climate Change (IPCC), delaying adaptation efforts increases exposure to climate risks and shifts the burden to future generations and the most vulnerable populations <sup>12</sup>.</p> <p>By financing adaptation measures, Handelsbanken aims to support the Paris Agreement’s global adaptation goal and EU’s target of becoming climate resilient by 2050.</p>

<sup>11</sup> Due to the broad scope of adaptation activities covered by the Annex 2 of the Climate Delegated Act (December 2021) specific activities will not be detailed

<sup>12</sup> <https://www.ipcc.ch/report/ar6/syr/summary-for-policy-makers/>

## Energy efficiency

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p>Energy efficient solutions, infrastructure, technologies and related R&amp;D that support a low carbon and energy efficient society, e.g.</p> <ul style="list-style-type: none"> <li>▪ <b>Energy efficiency in buildings</b>, including installation, replacement, maintenance and repair of energy efficient equipment such as lighting sources, HVAC (heat, ventilation and air conditioning), windows, doors, and energy performance monitoring and control systems</li> <li>▪ <b>Development and production of energy efficiency technologies and processes</b>, such as energy efficient electric heat pumps, ventilation systems and household appliances</li> <li>▪ <b>Energy storage solutions</b>, including electricity, batteries, pumped hydropower, hydrogen, thermal energy</li> <li>▪ <b>Infrastructure for the transmission and distribution of electricity</b></li> <li>▪ <b>District heating/cooling distribution</b></li> <li>▪ <b>Smart grid technology</b> that enhance energy efficiency and grid stability</li> <li>▪ <b>Green iron and steel produced with green hydrogen</b></li> <li>▪ <b>Modernisations and upgrades of existing 4G, 5G and 6G networks</b> as well as supporting technologies <sup>14</sup></li> <li>▪ <b>Data-driven solutions for GHG emissions reductions</b></li> </ul>	<p><b>Climate change mitigation</b></p> <p>3.4 Manufacture of batteries</p> <p>3.5 Manufacture of energy efficiency equipment for buildings</p> <p>4.9 Transmission and distribution of electricity</p> <p>4.10 Storage of electricity</p> <p>4.11 Storage of thermal energy</p> <p>4.12 Storage of hydrogen</p> <p>4.15 District heating/cooling distribution</p> <p>4.16 Installation and operation of electric heat pumps</p> <p>4.25 Production of heat/cool using waste heat</p> <p>7.3 Installation, maintenance and repair of energy efficiency equipment</p> <p>7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</p> <p>8.2 Data-driven solutions for GHG emissions reductions</p>	<div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p>7.3 Double the improvement in energy efficiency</p> <p>8.4 Improve resource efficiency in consumption and production</p> <p>9.4 Upgrade all industries and infrastructures for sustainability</p>	<p>Energy efficiency has a central role in addressing climate change. It is one of the most effective strategies for meeting global energy demand while reducing overall energy consumption, an essential component of nearly all IPCC pathways that limit global warming to 1,5°C <sup>13</sup>.</p> <p>By financing energy-efficient solutions, infrastructure, and technologies, Handelsbanken supports the EU's goal of reducing final energy consumption by at least 11.7% by 2030.</p>

<sup>13</sup> To be eligible the project must lead to a reduced energy consumption of at least 35% compared to previous generation

<sup>14</sup> <https://www.iea.org/commentaries/how-energy-efficiency-will-power-net-zero-climate-goals>

## Pollution prevention and control

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p><b>Waste management</b><sup>15</sup></p> <ul style="list-style-type: none"> <li>Collection and transport of waste and material treatment and recovery</li> <li>Recycling facilities, for sorting and processing separately collected non-hazardous<sup>16</sup> and hazardous waste</li> <li>Waste prevention and reduction measures</li> <li>Facilities for anaerobic digestion of sewage sludge and treatment of separately collected bio-waste</li> </ul> <p><b>Waste to energy</b></p> <p>Environmentally responsible and fossil-free waste-to-energy investments</p> <ul style="list-style-type: none"> <li>Waste to energy plants with an emission intensity of ≤100gCO<sub>2</sub>e/kWh for electricity generation</li> <li>Waste hierarchy and plastic content in waste considered in the assessment</li> <li>No peat, coal, oil, gas or other fossil fuels (except as required to start the incineration process)</li> </ul> <p><b>Emission reduction</b></p> <ul style="list-style-type: none"> <li>Carbon Capture and Storage (CCS) of CO<sub>2</sub> emissions from biogenic sources (BECCS)</li> <li>Carbon Capture and Utilization (CCU) of CO<sub>2</sub> emissions from biogenic sources</li> </ul>	<p><b>Climate change mitigation</b></p> <p>5.5 Collection and transport of non-hazardous waste in source segregated fractions</p> <p>5.6 Anaerobic digestion of sewage sludge</p> <p>5.7 Anaerobic digestion of bio-waste</p> <p>5.8 Composting of bio-waste</p> <p>5.9 Material recovery from non-hazardous waste</p> <p><b>Pollution prevention and control</b></p> <p>2.1 Collection and transport of hazardous waste</p> <p>2.2 Treatment of hazardous waste</p> <p><b>Circular economy</b></p> <p>2.4 Treatment of hazardous waste</p> <p>2.7 Sorting and material recovery of non-hazardous waste</p>	 <p>3.9 Reduce illnesses and death from hazardous chemicals and pollution</p> <p>11.6 Reduce the environmental impact of cities</p> <p>12.5 Substantially reduce waste generation</p> <p>12.b Remove market distortions that encourage wasteful consumption</p>	<p>Industrial activities are a major source of environmental pollution, responsible for around 20% of total emissions into air and water, and 40% of GHG emissions in the EU, according to the Council of the European Union<sup>17</sup>.</p> <p>Handelsbanken is committed to support the transition to a more sustainable industrial sector by financing investments in cleaner technologies and low-emission processes. By enabling these improvements, we help our clients reduce their environmental footprint while contributing to a greener, more resilient economy.</p>

<sup>15</sup> Waste management projects are assessed both on their direct and indirect environmental credentials, including the collection and transport of waste and the greater societal impact of circular material use

<sup>16</sup> The recycling facility must convert at least 50% of waste to secondary raw materials (in terms of weight)

<sup>17</sup> <https://www.consilium.europa.eu/en/policies/industrial-emissions/>

## Renewable energy

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p><b>Wind energy</b> Wind power installations (offshore and onshore) and related infrastructure investments such as grid connections and electric sub-stations</p> <p><b>Solar energy</b> On-site solar power installations or stand-alone solar farms, as well as related infrastructure investments such as grid connections and foundations</p> <p><b>Hydro energy</b> Hydro power plants and related infrastructure such as renovation of dams, new or refurbished grid connections and electric substations. To be eligible the asset must comply with either of the following requirements</p> <ul style="list-style-type: none"> <li>• <b>New hydropower facilities</b> (that are operational after the end of 2019) must meet at least one the following criteria to be considered eligible i) operate as run-of-river plants without an artificial reservoir, ii) have a power density greater than 10 W/m<sup>2</sup> or iii) demonstrate life cycle GHG emissions below 50gCO<sub>2</sub>/kWh</li> <li>• <b>Hydropower facilities</b> (operational before the end of 2019) must meet at least on the following criteria to be considered eligible i) operate as run-of-river plants without an artificial reservoir, ii) have a power density greater than 5 W/m<sup>2</sup>, or iii) demonstrate life-cycle GHG emissions below 100gCO<sub>2</sub>e/kWh</li> </ul> <p><b>Geothermal energy</b> Geothermal heating and cooling installations and related infrastructure, such as network, heat pumps and heat exchangers. To be eligible the asset must comply with the following requirement</p> <ul style="list-style-type: none"> <li>• The life-cycle GHG emissions from the generation of electricity from geothermal energy are lower than 100gCO<sub>2</sub>e/ kWh</li> </ul> <p><b>Hydrogen</b> Production of green hydrogen and the manufacture of equipment for the production and use of green hydrogen</p> <p><b>Bioenergy</b> Biomass, biogas and biofuels<sup>18</sup></p>	<p><b>Climate change mitigation</b></p> <p>3:1 Manufacture of renewable energy technologies 3:2 Manufacture of renewable energy technologies 3:10 Manufacture of hydrogen 4:1 Electricity generation using solar photovoltaic technology 4:3 Electricity generation from wind power 4:4 Electricity generation from ocean energy 4:5 Electricity generation from hydropower 4:6 Electricity generation from geothermal energy 4:8 Electricity generation from bioenergy 4:9 Transmission and distribution of electricity 4:13 Manufacture of biogas and biofuels for use in transport and of bioliquids 4:17 Cogeneration of heat/cool and power from solar energy 4:18 Cogeneration of heat/cool and power from geothermal energy 4:20 Cogeneration of heat/cool and power from bioenergy 4:21 Production of heat/cool from solar thermal heating 4:22 Production of heat/cool from geothermal energy 4:24 Production heat/cool from bioenergy 7:6 Installation, maintenance and repair of renewable energy technologies</p>	   <p>7.2 Increase global percentage of renewable energy 8.4 Improve the resource efficiency in consumption and production 9.1 Develop sustainable, resilient and inclusive infrastructure</p>	<p>Renewable energy accounted for 24.5% of the EU's gross final energy consumption in 2023<sup>19</sup>. The EU has set a binding target to increase this share of renewable energy of least 42.5% by 2030, with an aspiration to reach 45%. Handelsbanken aims to support the EU in increasing its share of renewable energy by financing renewable energy production such as wind, solar, and green hydrogen.</p>

<sup>18</sup> The manufacturing of biofuels and bioliquids for the use in transport will not be based on food-and feed crops. To be eligible for financing the manufacturing of biofuels and biogas must achieve at least 65 % reduction in GHG emissions compared to a fossil-fuel comparator, and 70% from 2026. Furthermore, the use of biomass must result in at least 80% reduction in GHG emission.

<sup>19</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable\\_energy\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics)

## Sustainable water and wastewater management

Eligible projects	EU Taxonomy objectives and examples of activities	Sustainable development goals	Motivation
<p><b>Water collection, treatment and supply systems</b> Facilities, technologies, and related infrastructure for renewing, treating and collecting water supply systems, such as ultrafilters, new network infrastructure.</p> <p><b>Wastewater collection and treatment systems</b> Facilities and technologies designed to renew, treat and collect wastewater supply systems such as ultrafilters, new network infrastructures, stormwater infrastructure.</p>	<p><b>Climate change mitigation</b></p> <p>5.1 Construction, extension and operation of water collection, treatment and supply systems</p> <p>5.2 Renewal of water collection, treatment and supply systems</p> <p>5.3 Construction, extension and operation of waste water collection and treatment</p> <p>5.4 Renewal of waste water collection and treatment</p>	 <p>6.1 Safe and affordable drinking water</p> <p>6.3 Improve water quality, wastewater treatment and safe reuse</p> <p>6.4 Increase water-use-efficiency and ensure freshwater supplies</p> <p>11.5 Reduce the adverse effects of natural disasters</p> <p>12.2 Sustainable management and use of natural resources</p>	<p>Water is one of the planet's most vital natural resources, yet its availability is limited. Although water covers 70% of the earth's surface, only around 3% is fresh water and less than a third is accessible for human use<sup>20</sup>.</p> <p>Rapid population growth, urbanisation, and climate change are placing increasing pressure on freshwater resources, making efficient water use and treatment more critical than ever.</p> <p>By financing projects for supplying fresh water or processing wastewater, Handelsbanken helps to ensure long-term water availability, protected ecosystems, and reduced pollution.</p>

<sup>20</sup> <https://www.worldwildlife.org/threats/water-scarcity>

## Process for Project Evaluation and Selection

All credit customers in Handelsbanken are managed and approved in a standardised credit process preceded by a Know-Your-Customer procedure. The credit process includes a credit risk analysis where a forward-looking assessment of environmental, climate, social and governance risks is an important part in the assessment of the repayment capacity.

The credit process is structured to ensure that the credit risks are kept within the framework of our low risk tolerance, long-term relationships, financial stability and local presence.

Handelsbanken's lending must be responsible and meet high demands for sound ethical standards, and align with national laws and regulations as well as Handelsbanken's policies and guidelines. Handelsbanken also has guidelines for certain sectors such as forestry, farming, and the armament and defence industry.

Handelsbanken's Green Finance Committee (GFC) is responsible for maintaining and updating the Green Bond Framework and securing the alignment of eligible projects with the criteria outlined in the Green Bond Framework.

The GFC is a subcommittee currently consisting of

- Head of Group Sustainability
- Representative from Stadshypotek
- Representative from Handelsbanken Credits
- Sustainability officers from other internal departments
- Departments such as Investor Relations and Group Communication may be represented
- Other members may be invited when deemed relevant

The GFC evaluates eligible loans in line with the criteria defined in this Framework and Handelsbanken's sustainability policies and guidelines. The evaluation process includes qualifications such as life cycle considerations when relevant, potential rebound effects, long-term net positive environmental impact and possible significant harm to other sustainability objectives to the extent applicable. If there is doubt about the compliance with the Bank's Green Bond Framework, such loan(s) will not be included.

The decisions made by the GFC will be documented. Loan information and ESG information will be gathered in a database (the Green Register). The Green Register allows the Green Loans to be monitored by the Bank and will be used as a tool to determine if there is current or expected headroom to issue new Green Bonds. If a loan ceases to meet the criteria outlined in this Framework, the loan will be removed from the Bank's Green Register. The Bank may need further clarity about the use of proceeds for both existing and future loans. In such cases, the Bank will require the customer to sign a side letter confirming the purpose of the financing and/or that information may be provided to investors regarding the specific loan that has been financed.

## Management of Proceeds

An amount equal to the net proceeds of any Green Bond will be managed according to a portfolio approach and tracked and monitored by Group Treasury in the Green Register. The Green Register will be reviewed regularly. If an eligible Green Loan no longer qualifies according to the criteria set out in this Framework, or if the loan is repaid or divested

an amount equal to the funds will be re-credited to the Green Register pending reallocation to other eligible Green Loans. The Bank's Treasury Department will keep a record of the purpose of any change in the Green Register.

Handelsbanken will only issue new Green Bonds when the amount of loans in the Green Register exceeds the total amount of Handelsbanken's outstanding Green Bonds, including potential new issuance.

### Temporary holdings

Pending the allocation of an amount equal to the net proceeds, and in the very unlikely event that there are not sufficient volume of Green Loans in the Green Register, the proceeds will be invested or utilized by Group Treasury in accordance with the Bank's internal sustainability policy, climate risk policy and the requirements of the liquidity reserve.

To clarify, temporary holdings will not be allocated to exploration, production, or transportation of fossil fuels, nuclear energy generation, research and/or development within armament and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling, alcohol, adult entertainment or tobacco.

## Reporting

Handelsbanken will publish an annual report (the “Green Bond Investor Report”) as long as any Green Bonds are outstanding and in the event of any material developments. The report will include details on the allocation of net proceeds and the expected environmental impacts from issued Green Bonds.

Handelsbanken acknowledges the recommendation in the Green Bond Principles regarding transparency and reporting on the impacts of financed loans. The Reporting will take guidance from the latest guidelines for impact reporting provided by the International Capital Market Association (ICMA) and the Nordic Public Sector Issuers Position Paper on Green Bonds Impact Reporting.

Due to banking secrecy, single loans and customers cannot be disclosed unless the customer has agreed to allow such transparency. Handelsbanken will strive to use side letters or terms in the loan documentation, whereby transparency is allowed for single loans and customers. However, all loans

included in the Green Register have been analysed and environmental data has been compiled, whereby aggregated data will be disclosed to investors.

The Reporting will, on a best effort basis, include information on the Green Register’s alignment with the technical screening criteria for substantial contribution to at least one of the environmental objectives under EU Taxonomy (the Climate Delegated Act, December 2021 and Environmental Delegated Act, June 2023)

### Allocation report

The allocation report will detail the following

- The sum of outstanding Green Bonds and the amount of proceeds allocated to eligible Green Loans
- The sum of the Green Register balance (including any short term investments or funds managed within Handelsbanken’s liquidity portfolio
- Information on the geographical distribution of financed Green Loans, on a country level

### Impact report

The Impact Report will contain a disclosure of category-level performance indicators. The report will disclose the impact based on Handelsbanken’s financing’s share of the total investment or market value. For loans directed to investments or assets that are not yet operational, Handelsbanken will strive to provide estimates of future performance levels. Given the number of loan types in the Use of Proceeds categories, the final Key Performance Indicators (KPIs) could differ from the ones listed below.

Handelsbanken will emphasise energy production/savings and greenhouse gas savings as the most relevant performance metrics for most project types. The metrics below are examples of indicators that are likely to be used by Handelsbanken in the forthcoming report.



Green project category	Example of annual impact indicators
Green buildings	<ul style="list-style-type: none"> <li>▪ GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>▪ Energy savings (MWh per year)</li> <li>▪ Environmental certification and level (if applicable)</li> </ul>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> <li>▪ Sustainable Forestry certification scheme</li> <li>▪ Hectares (size of land) of forest holdings</li> <li>▪ Net carbon sequestration (tonnes per year)</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>▪ Capacity (such as freight or passengers)</li> <li>▪ GHG emissions reduced/avoided (tCO<sub>2</sub>)</li> <li>▪ Passenger-kilometres</li> </ul>
Climate change adaptation	<ul style="list-style-type: none"> <li>▪ Type of investment and the purpose</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>▪ Energy savings (MWh/GWh)</li> <li>▪ GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>▪ Description of the expected improvement in energy efficiency</li> </ul>
Pollution, prevention and control	<ul style="list-style-type: none"> <li>▪ Electricity production (MWh or GWh per year)</li> <li>▪ Heat production (MWh or GWh per year)</li> <li>▪ GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>▪ Amount of waste recycled (tonnes per year)</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>▪ GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>▪ Renewable energy generation (MWh/GWh)</li> <li>▪ The per cent of total energy use supplied by the installation</li> </ul>
Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>▪ Water savings</li> <li>▪ Energy savings</li> <li>▪ GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>▪ Qualitative improvements in freshwater supply and/or wastewater treatment (when available and applicable)</li> <li>▪ Quantity of treated wastewater and/or supplied freshwater (cubic meters per year)</li> </ul>

# External Review

## Second Party Opinion (pre-issuance)

Moringstar Sustainalytics, an independent second party opinion provider, has reviewed the Framework's credibility, commitment to sustainability, and its alignment with the Green Bond Principles.

## External verification (post-issuance)

Handelsbanken's external auditor, or a similar party appointed by Handelsbanken with the relevant expertise and experience, will provide an annual review confirming that an amount equal to the net proceeds of outstanding Green Bonds have been allocated to the eligible Green Loans stipulated in this Framework.

## Documents

The Framework and corresponding second party opinion will be publicly available on Handelsbanken's website together with the post-issuance review and the Green Bond Investor Report, once published.



# Disclaimer

This document (the “Green Bond Framework” or “Framework”) contains information on Svenska Handelsbanken AB (publ) and its subsidiaries (“Handelsbanken”, the “Bank” or the “Group”) issuance of interest-bearing notes with added environmental criteria (the “Green Terms”). Any such issuance by Handelsbanken that includes the Green Terms in its bond documentation, by reference or inclusion, as detailed in this document or in future versions of this document will be designated as a Green Bond (“Green Bond”). Depending on the language of the bond documentation the Green Terms in this Framework may be translated into other languages, as required in the local jurisdiction. Furthermore, all parties are advised to review the risk factors in the base prospectus. Any issuance of notes will be subject to the version of the Green Terms in the associated loan documentation. Any new issuance of Green Bonds will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Framework on Handelsbanken’s website. Investors and third parties are advised to conduct an independent evaluation of the relevance and adequacy of the information in this Framework and for making such other investigations considered necessary prior to entering into any of the types of transactions or arrangements where the Green Terms would be applicable, for instance regarding the adherence to current and future regulation, standards or market practices such as the Green Bond Principles, the European Green Bond Standard or the EU Taxonomy.

# Appendix I – public policies and guidelines

- Annual and Sustainability Report

## Policies

- Policy on governance and steering documents
- Credit policy
- Financial policy
- Capital policy
- Policy for risk control
- Policy for operational risk
- Communication policy
- Policy on ethical standards
- Policy for complaints management
- Accounting policy
- Policy for products and services
- Policy for sustainability
- Policy against corruption
- Policy for group audit
- Policies for suitability assessment
- Policy for managing and reporting events of material importance
- Policy for the Bank's use of external auditors
- Policy for compliance
- Policy for employees' transactions in financial instruments
- Policy on measures against financial crime
- Policy for remuneration

## Guidelines

- Human rights and working conditions
- Business relations with the armaments and defence industry
- Business relations in forestry and farming
- Tobacco industry
- Work environment
- Gender equality, diversity and inclusion

## Transparency statement

- Modern Slavery statement

For more information about Handelsbanken's policies and guidelines, please visit our [website](#).

# Handelsbanken

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