



Reporting – Sustainable bonds

Hemsö is the first issuer of sustainable bonds in the Nordic region. The issue amount is SEK 1,000 million.

First in the Nordic region

On 30 May 2016, Hemsö became the first Nordic company to issue a sustainable bond. The issue amount was SEK 1,000 million. The proceeds were used exclusively for sustainable investing and properties. Hemsö's sustainable bond framework provides a clear definition of the project types and properties that can be financed. Hemsö was the first company in the Nordic region to incorporate social investment into its framework. In 2018, Hemsö's framework for sustainable bonds will be updated.

The proceeds from Hemsö's first sustainable bond were used to finance three categories of sustainable projects: environmental certification for newly developed properties, the outdoor environment for a school, and a conversion project to develop housing for unaccompanied refugee children.

The bond is traded on the Nasdaq Stockholm Sustainable Bond list – a market segment for sustainable bonds with specific eligibility criteria for issuers.

Qualified projects

According to Hemsö's framework for sustainable bonds, the proceeds from the issues are to be used to finance environmentally certified properties, energy-efficiency investments or social investments in the following categories:

1. Development or acquisitions of new properties
2. Existing environmentally certified properties
3. Reduced energy consumption in existing properties
4. Social investments in the following categories

- a. Schools
- b. Nursing homes
- c. Conversion projects to develop refugee housing

No more than 10 per cent of the total proceeds may be used for social investments. Only new projects received allocations, but the aim is to finance both new and old projects in the future.

The complete framework is available at hemso.se

Second opinion from Sustainalytics

Ratings firm Sustainalytics reviewed Hemsö's sustainability performance and bond framework terms. Sustainalytics is of the view that Hemsö's sustainability performance ranks highly in the property sector and that the company is well-



positioned to issue sustainable bonds that support both environmental and social initiatives. Sustainalytics verifies that the investment categories included in the framework will contribute to greater sustainability.

Read Sustainalytics' second opinion on hemso.se

Some examples of financed projects

Grenverket – Social investment in the outdoor environment

Grenverket in Lund comprises facilities for education, health care and care services, as well as modern office premises, a boutique hotel and a community-based school restaurant. The outdoor environments in the Grenverket development project have been designed to promote learning and reduce stress. The project is based on environmental psychology research conducted by the Swedish University of Agricultural Sciences (the Alnarp Model). The amount invested was SEK 15.2 million and used for:

- Lighting to improve safety, security and well-being, with particular consideration for wildlife in the area.
- Replanting and replenishment of plant species.
- Planning of horizontal and vertical greenery. For example, trees provide protection from the sun while shrubs reduce noise levels around building facades.
- Container gardening helps school students deepen their understanding of biology and ecology.

- Areas for both activity and relaxation: seating, hammocks, a greenhouse, natural enclosures, table-tennis tables, basketball and football.
- Ground materials and playground equipment have been chosen to ensure accessibility, long-term sustainable operation, permeability, robustness and to promote natural greenery.
- A special drop-off/pick-up point for parents who drive their children to school has created safer traffic flows around the school.
- A walk with QR codes has been designed to encourage physical activity and to provide information about plants, wildlife and cultural history.

Grenverket – SGBC-certified, Silver rating

The building has a SILVER rating under the Sweden Green Building Council's (SGBC) certification system and the investment amount is SEK 674.6 million. To safeguard the overall Silver rating, a wide range of measures has been taken in the following areas:

- Energy efficiency by adding insulation, replacing windows, replacing facade sealant, re-roofing and introducing modern technological systems.
- Indoor climate and air quality by focusing on natural light, demand control ventilation and air quality control. New structural elements have, for example, enabled more natural light to flow into the building and improved accessibility.
- Extensive remediation of hazardous

materials, such as PCBs, asbestos and lead.

- Choice of materials based on Sunda-Hus A, B and C+ classifications, which means that materials are chosen on the basis of their environmental and health impacts.
- Environmental noise with a focus on airborne sound insulation and noise from installations and the choice of sound-absorbing materials in floors and ceilings.

Medicinaren 23 – SGBC-certified, Silver rating

The first of two buildings in a training and research centre next to Karolinska University Hospital in Huddinge. The building houses the Royal Swedish Institute of Technology's School of Technology and Health and the Red Cross University College, as well as facilities for the Karolinska Institute and Karolinska University Hospital. The building has a SILVER rating under the SGBC certification system and the investment amount is SEK 300 million. To safeguard the overall Silver rating, a wide range of measures has been taken in the following areas:

- Environmental noise with a focus on airborne sound insulation and noise from installations
- Choice of materials based on Sunda-Hus A, B and C+ classifications, which means that materials are chosen on the basis of their environmental and health impacts.
- Indoor climate and air quality by focusing on natural light, demand control ventilation and air quality control.



Environmental certification (categories 1 & 2)

Category	Property/project	Amount, SEK million	Project, description	kWh/year	kWh/sqm	tCO ₂ / year	kgCO ₂ /sqm
Category 1	Health and Technology	674.6	SGBC-certified, Silver rating	1,592,283	77.0	31.06	1.5
Category 1	Grenverket (Klostergården 2:9, byggnad 90)	300	SGBC-certified, Silver rating	1,586,977	80.5	25.01	1.27
Total		974.6*					

Social investments (category 4)

Category	Property/project	Amount, SEK million	Project, description	No. of places	Area/ person/ sqm	Distance from public transport, km
Category 4	Norr 5:10	2.9	Conversion to housing for unaccompanied refugee children	24	21	0.6
Category 4	Kråkhult 1:61	3.2	Conversion to housing for unaccompanied refugee children	24	30	0.2
Category 4	Fritsla 14:8	2.9	Conversion to housing for unaccompanied refugee children	12	53	0.2
Category 4	Byrådirektören 4	1.4	Conversion to housing for unaccompanied refugee children	25+8-12	46	0.1
Category 4	Grenverket	15.0	Design of outdoor environment based on environmental psychology research	n/a	n/a	n/a
Total		25,4*				

* Information within the scope of the auditors' assurance report.

A selection of the research studies used for Grenverket's outdoor environment design:

Grahn, P. Stigsdotter, U. & Berggren-Bähring, A-M. 2005. A planning tool for designing sustainable and healthy cities. The importance of experienced characteristics in urban green open spaces for people's health and well-being. In Conference proceedings "Quality and Significance of Green Urban Areas", April 14-15, 2005, Van Hall Larenstein University of Geocentrum Sölvegatan 10, Lund Professional Education, Velp, The Netherlands.

Grahn, P. & Stigsdotter, U.K. 2010. The relation between perceived sensory dimensions of

urban green space and stress restoration. Landscape & Urban Planning 94: 264-275.

Hollingsworth R & E. J. Hollingsworth. (2003). Stora upptäckter och biomedicinska forskningsorganisationer (Eng: Major discoveries and biomedical research organisations), Kim, Lillemor & Mårtens, Pehr (eds), Den vildväxande högskolan, Studier av reformer, miljöer och kunskapsvägar (Eng: The wild-growing college, Studies of reform, environments and knowledge paths), SISTER, Skrifter 8, Nora: Nya Doga.

Kaplan, R. & Talbot, J.F. (1983). Psychological benefits of wilderness experience. Human Behavior & Environment: Advances in Theory & Research 6, 163-203.

Kaplan, R., Kaplan, S. & Ryan, R.L. (1998). With People in mind. Island Press.

For a complete list of the research studies, refer to: <http://restorativeworkplace.com/wp-content/uploads/2015/07/Publications-2015-GI-Starka-Miljöer.pdf>