

SKANSKA

# Green Bond Impact Report 2023



# Introduction

Sustainability is an enabler for our business strategy, a key component for success for Skanska and our customers. In 2014, we became one of the first corporations in the world to issue green bonds. Ever since then, we have continued to tie our sustainability ambitions to our funding strategy. As of 2023, 100 percent of our central financing is classed either as green or sustainability-linked.

During 2023, we re-entered the Swedish bond market with an updated green bond framework. S&P Global Rating performed a second party opinion on the framework, which received a 'Medium Green' shading. In our third green bond framework, we have included criteria from the EU taxonomy for sustainable activities and broadened our scope to include additional categories that are needed in our journey towards our long-term climate targets.

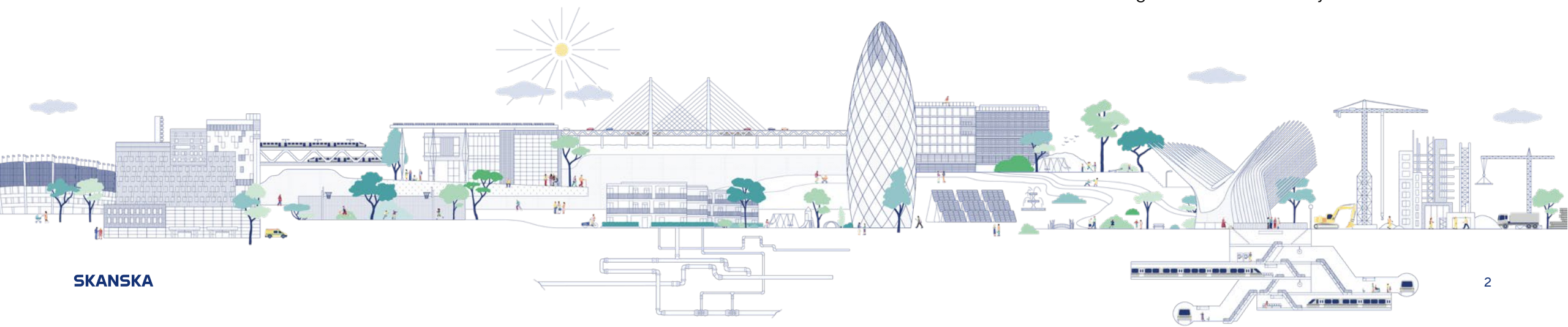
**Table 1: Green bond issuance 2023, SEK M**

ISIN	Volume	Issue Date	Fixed/Float	Tenor
SE0020356400	750	11-15-2023	Fixed	2 year
SE0020356418	2,400	11-15-2023	Float	3 year
SE0020356434	750	11-15-2023	Float	5 year
SE0020356426	750	11-15-2023	Fixed	5 year
<b>Total outstanding green bonds</b>	<b>4,650</b>			

**Table 2: Group central debt**

Funding type	SEK M	Proportion of total.%
Green bilateral loans	3,360	38%
Sustainability-linked bilateral loans	750	9%
Green bonds	4,650	53%
<b>Total central debt</b>	<b>8,760</b>	

In addition to the Group central funding above, the Group's unutilized credit facilities are classed either as green or sustainability-linked.



# Sustainability at Skanska

As a project development and construction company, we bear a responsibility to reduce emissions from our operations. We also have the opportunity to develop more resource-efficient and low-carbon solutions for our customers, and to use our expertise and core business to build resilience in society.

In 2019, we established ambitious Group climate targets, to achieve net-zero emissions by 2045 both in our own operations (scope 1 and 2) and across the value chain (scope 3).

For our own emissions, the interim reduction target is 70 percent by 2030, from the base year

of 2015. The interim target for development projects is to halve emissions in the value chain by 2030 (base year 2020).

Reducing our climate impact is a responsibility as well as a business opportunity. At Skanska, we have developed ACT on Climate, a climate plan to guide our actions as a change-maker for a sustainable society. The plan also steers our path to net-zero by 2045.

Our climate plan is based on analysis of data, market-specific plans and targets to reduce emissions.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Our climate target is approved as a science-based target on the 1.5°C alignment pathway.

## Climate Target - Skanska's own emissions

Target 2030

**-70%**

Outcome 2023

**-60%**

Target 2045

**Net-zero**

Since 2015 we have reduced our own carbon emissions (scope 1 and 2) by 60 percent and improved our carbon intensity to 1.03 from 2.60.

## Climate Target - Skanska's value chain emissions

Target 2030

**-50%**

Outcome 2023

**-48%**

Target 2045

**Net-zero**

Compared to 2020, we have reduced emissions in our value chain by 48 percent. Fewer started and sold projects in our Project Development streams explains the large reduction in 2023. The outcome in a specific period will vary with the development activity in Project Development.

# Allocation & Impact

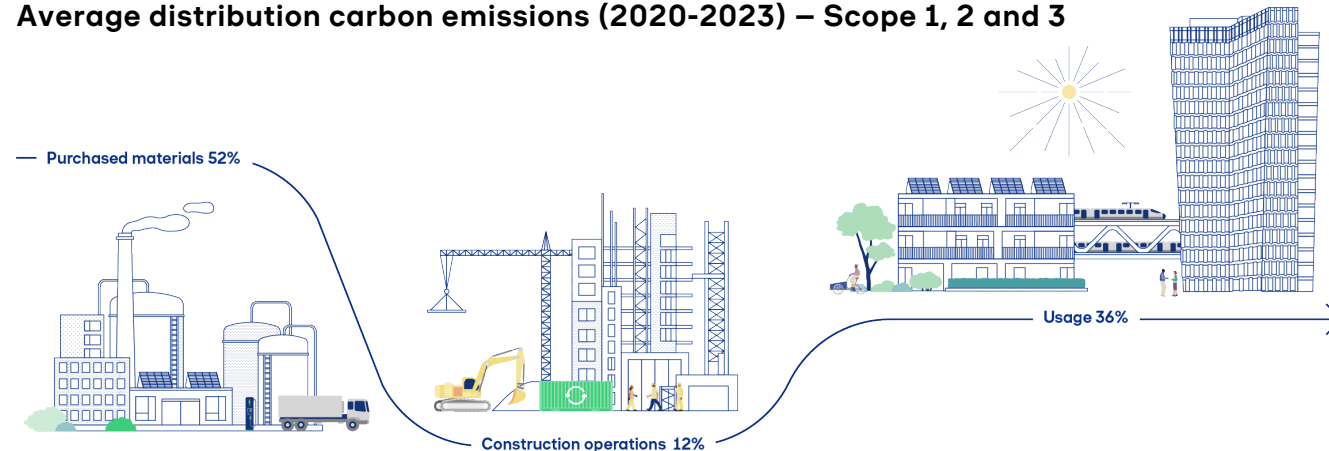
To succeed as a more sustainable industry, we need to rethink the way the industry builds and operates. Significantly cutting carbon emissions in the construction industry can be accomplished by examining energy, processes and materials. At Skanska, we take a holistic approach to designing and building low-carbon projects, incorporating resource efficiency, recycling, renewable energy, electrification and digitalization.

For the 2023 green bond issuance, we have allocated proceeds into two of our eligible categories under the Green Bond Framework.

We have financed a selection of our most sustainable and energy-efficient buildings under the 'Green buildings' category. Within this category we seek to cut carbon emissions throughout the life cycle of the project, from material production to the construction phase and finally the use phase of the building.

Under 'Circular Economy', we have allocated financing to our newest asphalt plant designed primarily for recycling asphalt - an important step to shifting to low-carbon construction and material production.

## Average distribution carbon emissions (2020-2023) – Scope 1, 2 and 3



**Table 3: Disclosure of allocation**

Category	Allocated Net proceeds	Proportion of total%
Green buildings	4,559	98%
Circular Economy	91	2%
<b>Total Allocated Net Proceeds</b>	<b>4,650</b>	
<b>Outstanding Green bonds</b>	<b>4,650</b>	
<b>Balance Green Account</b>	<b>0</b>	

**Table 4: Impact per SEK M**

Category	GHG emissions avoided (tonnes CO2e/year)	Allocated Net Proceeds	Impact, tonne CO2e per SEK M
Green Buildings*	557	4,559	0.12
Circular Economy	3,700	91	41
<b>Total</b>	<b>4,257</b>	<b>4,650</b>	
<b>Average impact, tonne CO2 per SEK M</b>			<b>0.92</b>

\*For definitions and metrics please see page 9.

# Green buildings



Four projects were included in the 'Green Building' category in our 2023 green bond issuance:

**Snäckan** is an office building located in the center of Stockholm, set to be completed in 2026. Much of the material from the existing building will be reused or recycled. Among other things, stone from the old façade will be cleaned up and used as tiling on the roof of the new office building and almost 1,000 windows are being melted down and recycled into new ones. Recycling glass reduces CO<sub>2</sub> emissions by 54 percent compared to producing new glass.

**Sthlm New 01** is an office building in the Hammarby Sjöstad district of Stockholm. The building is supplied with solar energy through a long-term collaboration with Kalmar Energi. By focusing on material efficiency in the design phase, we were able to substantially reduce

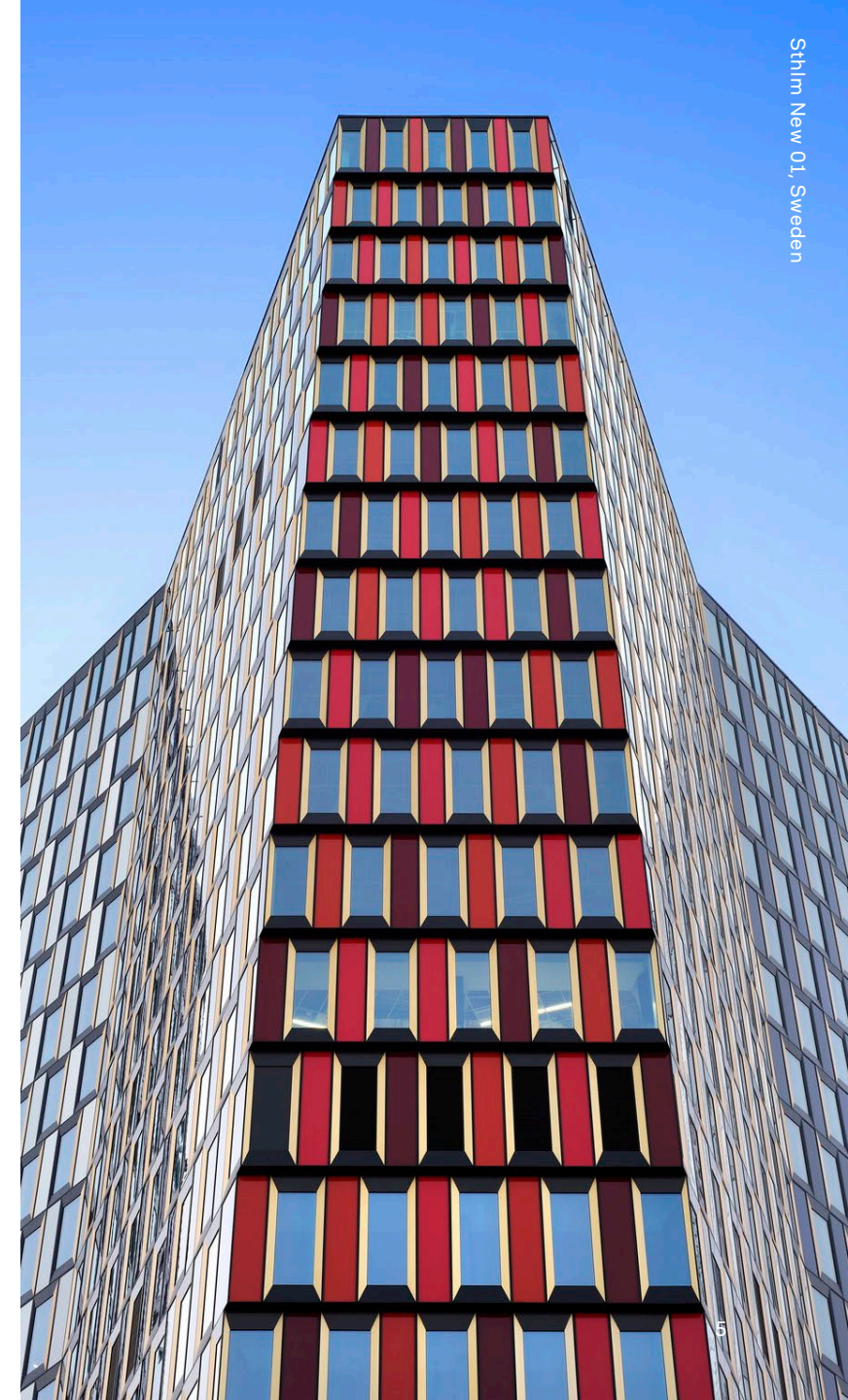
embodied emissions compared to conventional methods. The building's concrete core, which bears the weight of the building, tapers off as the building gains in height.

**Port 7**, an office building in the Czech capital Prague, is targeting the highest LEED certification. A life-cycle assessment stretching from construction through 60 years of operation ensured sustainable choices from the moment construction began. A high-performance façade, efficient heating and ventilation, and water efficiency measures are some examples of design elements supporting the certification.

**Hyllie Terrass** is one of Sweden's most sustainable office buildings, certified according to the ZeroCO<sub>2</sub> certification scheme. See page 7 for further details on Hyllie Terrass.

Project	Location	Completed/ Planned completion	Net proceeds %	Certification	Primary Energy Demand (kWh/m <sup>2</sup> /year)	% energy savings vs NZEB	GHG emissions avoided (tonnes CO <sub>2</sub> e/year)	Lifecycle carbon intensity (kg CO <sub>2</sub> e per m <sup>2</sup> )
Hyllie Terrass	Malmö	Q4 2023	16 %	LEED Platinum	64	31%	7	338
Port 7E	Prague	Q1 2023	14 %	LEED Platinum	92	25%	533	735
Sthlm 01	Stockholm	Q4 2020	45 %	LEED Platinum	52	30%	8	642
Snäckan	Stockholm	Q1 2026	25 %	LEED Gold	52	31%	9	514

For definitions and metrics please see page 9.





Stilm 01, Stockholm, Sweden



Snäckan, Stockholm, Sweden



Hyllie Terrass, Malmö, Sweden



Port 7, Prague, Czechia

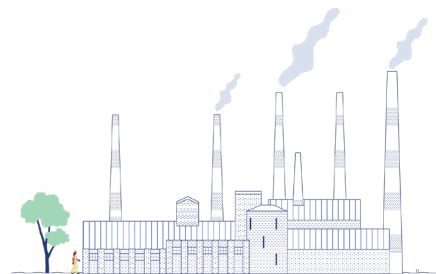
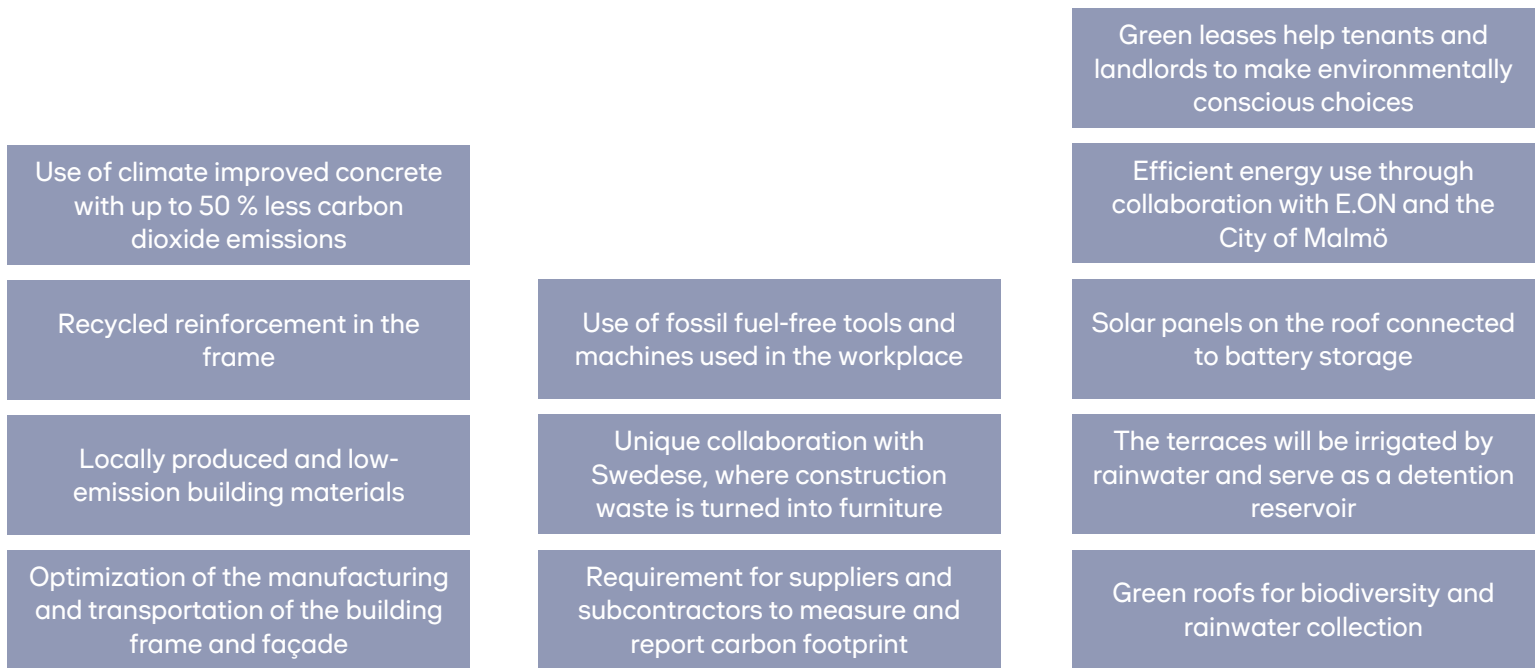
# Hyllie Terrass – Skanska’s first NollCO<sub>2</sub> certified building

Hyllie Terrass in Malmö is one of Sweden's most sustainable office buildings. The result of productive collaborations within Skanska and with partners, Hyllie Terrass is built to reduce its lifetime climate and environmental impact. In addition to its futuristic architecture and inviting green terraces, the aim was to make the building’s climate footprint as small as possible.

Hyllie Terrass also became the pilot project for the Sweden Green Building Council’s newly established NollCO<sub>2</sub> (ZeroCO<sub>2</sub>) certification system.

“The NollCO<sub>2</sub> certification is tough, and that’s precisely why collaborations with others have been absolutely crucial. Everyone involved has had to test new things for us to reduce climate impact at every step.” says Stefan Andersson, Project Development manager, Skanska Commercial Development, Malmö.

Hyllie Terrass is a great example of how we can reduce emissions across our value chain – from the materials we use, to our own operations and the energy efficiency of our projects.



Material production



Construction operations



Usage

# Circular economy

Almost half of the carbon emissions in our value chain are related to material production. Embodied carbon emissions can be reduced through choice of materials, by striving for circular solutions and by optimizing the volume of materials used. At Skanska, we have an innovation portfolio through which we identify, test and scale solutions of tomorrow.

During 2023, we began operating one of the most modern asphalt production plants in the world. Located in Vällsta, just outside Stockholm, it has been designed primarily for recycling and is capable of producing 100 percent recycled asphalt.

## Vällsta Plant Key Figures 2023

Asphalt produced: 264,000 tonnes

Asphalt recycled: 89,000 tonnes

Recycled asphalt (average): 34%

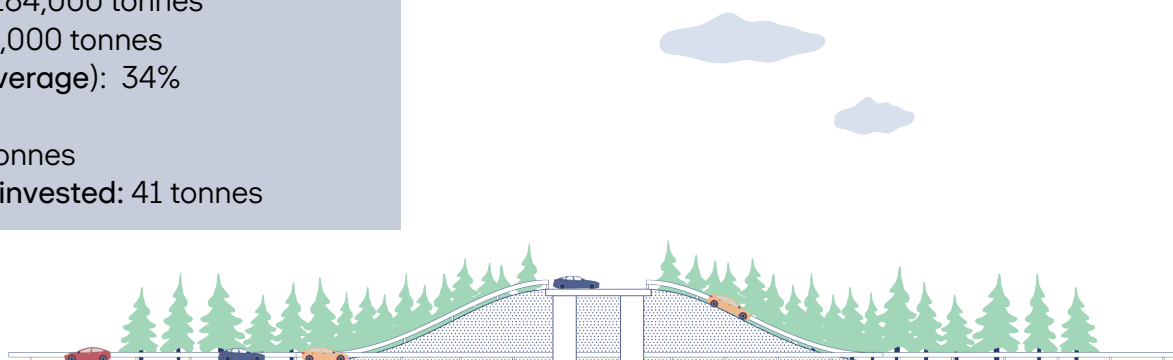
CO<sub>2</sub>e saved: 3,700 tonnes

CO<sub>2</sub>e saved /SEK M invested: 41 tonnes



The Vällsta plant has an improved combustion chamber which provides a more even and gentle heat. In addition, the recirculation of air allows for heat recovery: in total, 75 percent of the exhaust fumes recirculate, lowering the energy consumption by around 25 percent.

Thanks to more efficient energy use, nearly doubling the use of biofuels for heating the combustion chamber and increasing the proportion of recycled asphalt in production, the Vällsta plant reduces carbon dioxide emissions per metric ton of asphalt by 50 percent compared to similar plants.





# Definitions & metrics

## Definitions

**ACT on Climate** Skanska Group's climate transition plan.

**Circular economy** One of six eligible categories under Skanska's Green Bond Framework. Focused on Investments to decrease emissions from construction processes through the reuse and recycling of materials, and the production of low-carbon building materials such as concrete and asphalt.

**EU Taxonomy** An EU-wide classification system for sustainable activities

**Green buildings.** One of six eligible categories under Skanska's Green Bond Framework. Focused on investments in environmentally accredited and energy-efficient buildings

**LEED** Leading green building rating system.

**NZEB Nearly-Zero Energy Buildings** – as defined within the EU's Energy Performance of Buildings Directive.

**Primary Energy Demand.** The amount of energy necessary to meet the total energy demand of a building.

**Science-based targets.** Targets assessed by the Science Based Targets Initiative to be in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

## Metrics

**GHG emissions avoided (tonnes CO<sub>2</sub>e/year).** Emissions avoided in relation to a building's NZEB threshold. Includes only emissions related to energy use. The carbon intensity of energy grids can result in significant differences between markets.

**Impact (tonne CO<sub>2</sub>e per SEKm).** Emissions avoided, as defined above, in relation to SEK m invested.

**Carbon intensity (kg CO<sub>2</sub>e per m<sup>2</sup>).** Lifecycle emissions of the building, in relation to m<sup>2</sup>.

## The Skanska climate targets

Skanska aims to achieve net-zero carbon emissions in its own operations and its value chain (scope 1, 2 and 3) by 2045. For our Development streams, the interim target is a 70 percent decrease of carbon emissions from our own operations (scope 1 and 2) and a 50 percent decrease of carbon emissions in the value chain (scope 3) by 2030. For our Construction stream, projects with external customers, the interim target is a 70 percent reduction of carbon emissions from our own operations (scope 1 and 2) by 2030. The base year is 2015 for scope 1 and 2 and 2020 for scope 3.



SKANSKA



## Agreed-upon procedures report

To Skanska Financial Services AB, registration number 556106-3834

### *Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution*

Our report is solely for the purpose of assisting investors in determining whether the projects in eligible categories exists as at a date agreed with management and have been approved and may not be suitable for another purpose.

### *Responsibilities of the Engaging Party*

You have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

You are responsible for the subject matter on which the agreed-upon procedures are performed.

### *Auditor's responsibility*

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with you, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### *Professional ethics and quality control*

In performing the agreed-upon procedures engagement, we will comply with generally accepted professional ethics and are independent from Skanska Financial Services AB in accordance with these requirements.

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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.

### *Procedures and findings*

We have performed the procedures described below, which were agreed upon with you in the terms of engagement dated 8 March 2024.

We have obtained, from management, the Skanska Green Bond Impact Report for 2023, which is included as Appendix 1 and performed the procedures described below.

Number	Procedures	Findings
1.	We have for each project in the Green buildings category in the table on page 5 and the one project in the Circular Economy project mentioned on page 4 in the Skanska Green Bond Impact Report for 2023 agreed that the projects have been approved by the Skanska Green Bond Committee and that the minutes were duly approved.	We have no findings to report.
2.	We have for each category in table 3 on page 4 in the Skanska Green Bond Impact Report for 2023 agreed the Allocated Net proceeds to minutes from the Skanska Green Bond Committee and written representation from the Head of Treasury at Skanska Financial Services. We have recalculated the Total Allocated Net Proceeds and Proportion of total % in this table 3. We have further recalculated the Net proceeds % for each project in the Green buildings category in the table on page 5 based on data in an analysis prepared by Skanska Financial Services.	We have no findings to report.
3.	<p>We have for each project in the Green buildings category in the table on page 5 in the Skanska Green Bond Impact Report for 2023 agreed the following information to the minutes of the Skanska Green Bond Committee:</p> <ul style="list-style-type: none"> <li>a. The project name</li> <li>b. The Green Bond Framework category</li> <li>c. Certification</li> <li>d. % energy savings versus NZEB (Nearly Zero-Emission Building)</li> </ul>	We have no findings to report.
4.	<p>We have for the project in the Circular Economy category on page 8 in the Skanska Green Bond Impact report agreed the following information to the minutes of the Skanska Green Bond Committee:</p> <ul style="list-style-type: none"> <li>a. The project name</li> <li>b. The Green Bond Framework category</li> </ul>	We have no findings to report.
5.	We obtained written representation from the Head of Treasury at Skanska Financial Services that the proceeds from the 2023 green bond issuance were applied solely to the projects in the eligible categories and to no other projects.	We have no findings to report.

Stockholm, the date specified in the electronic signature

Ernst & Young AB

Magnus Engvall  
Authorized Public Accountant