

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green and Social Financing Framework

Fastighets AB Balder

28 May 2025

VERIFICATION PARAMETERS

| | |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type(s) of instruments contemplated | <ul style="list-style-type: none">Green and Social Financing Instruments¹ |
| Relevant standards | <ul style="list-style-type: none">Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2023 with June 2022 Appendix 1)Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the Loan Market Association (LMA) (as of February 2023) |
| Scope of verification | <ul style="list-style-type: none">Balder Green and Social Financing Framework (as of May 14, 2025)Balder Eligibility Criteria (as of May 14, 2025) |
| Lifecycle | <ul style="list-style-type: none">Pre-issuance verification |
| Validity | <ul style="list-style-type: none">Valid as long as the cited Framework remains unchanged |

¹ Green Bonds, Green Loans, Social Bonds, Social Loans.

CONTENTS

| | |
|----------------------------------------------------------------------------------------------------------------|----|
| SCOPE OF WORK..... | 3 |
| BALDER OVERVIEW | 4 |
| ASSESSMENT SUMMARY | 5 |
| SPO ASSESSMENT..... | 7 |
| PART I: ALIGNMENT WITH THE GBP, SBP, GLP, SLP..... | 7 |
| PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA..... | 10 |
| A. CONTRIBUTION OF THE GREEN AND SOCIAL FINANCING INSTRUMENTS TO THE U.N. SDGs..... | 10 |
| B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA | 15 |
| PART III: CONSISTENCY OF GREEN AND SOCIAL FINANCING INSTRUMENTS WITH BALDER'S SUSTAINABILITY STRATEGY | 19 |
| ANNEX 1: METHODOLOGY | 23 |
| ANNEX 2: QUALITY MANAGEMENT PROCESSES..... | 24 |
| About this SPO..... | 25 |

SCOPE OF WORK

Fastighets AB Balder (“the Issuer,” “the Company” or “Balder”) commissioned ISS-Corporate to assist with its Green and Social Financing Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Balder’s Green and Social Financing Framework (as of May 14, 2025), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and Social Bond Principles, and the Loan Market Association’s (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP).
2. The Eligibility Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of Green and Social Financing Instruments with Balder’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

BALDER OVERVIEW

Fastighets AB Balder engages in owning, managing, and developing properties. It operates through the following business segments: residential, commercial properties, and new construction projects. The company was founded in June 2005, and is headquartered in Gothenburg, Sweden.



ESG risks associated with the Issuer's industry

Balder is classified in the Real Estate industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies² in this industry are green building considerations, climate protection, energy efficiency, and renewables, occupational health and safety, and environmental and social aspects in site selection.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

² Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

| SPO SECTION | SUMMARY | EVALUATION ³ |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <p>Part I:</p> <p>Alignment with GBP/SBP/GLP/SLP</p> | <p>The Issuer has defined a formal concept for its Green and Social Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP, SBP, GLP, SLP.</p> | <p>Aligned</p> |
| <p>Part II:</p> <p>Sustainability quality of the Eligibility Criteria</p> | <p>The Green and Social Financing Instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Green Buildings.</p> <p>Social categories: Affordable Housing.</p> <p>Product and/or service-related use of proceeds categories⁴ individually contribute to one or more of the following SDGs:</p>  <p>Process-related use of proceeds categories⁵ individually (i) improve the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories are managed.</p> | <p>Positive</p> |

³ The evaluation is based on the Balder's Green and Social Financing Framework (May 14, 2025 version), on the eligibility criteria as received on May 14, 2025.

⁴ Green Buildings, Affordable Housing.

⁵ Green Buildings.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green and Social Financing Framework

| SPO SECTION | SUMMARY | EVALUATION ³ |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Part III: Consistency of Green and Social Financing Instruments with Balder's sustainability strategy | The key sustainability objectives and the rationale for issuing Green and Social Financing Instruments are clearly described by the Issuer. All the project categories considered are in line with the Issuer's sustainability objectives. | Consistent with Issuer's sustainability strategy |

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP, SBP, GLP, SLP

This section evaluates the alignment of the Balder’s Green and Social Financing Framework (as of May 14, 2025) with the GBP, SBP, GLP, SLP.

| GBP, SBP, GLP, SLP | ALIGNMENT | OPINION |
|---------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Use of proceeds</p> | <p>✓</p> | <p>The use of proceeds description provided by Balder’s Green and Social Financing Framework is aligned with the GBP, SBP, GLP, SLP.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP, GLP, SLP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental and social benefits are described and some are quantified.</p> <p>The Issuer defines a look-back period of three years for CapEx and OpEx, in line with best market practice.</p> |
| <p>2. Process for project evaluation and selection</p> | <p>✓</p> | <p>The process for project evaluation and selection description provided by Balder’s Green and Social Financing Framework is aligned with the GBP, SBP, GLP, SLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it. Moreover, Balder involves various stakeholders in this process, and identifies the alignment of their Green and Social Financing Framework and their green projects</p> |

| GBP, SBP, GLP, SLP | ALIGNMENT | OPINION |
|-----------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>with official or market-wide taxonomies and to reference any green standards or certifications used, in line with best market practice.</p> |
| <p>3. Management of proceeds</p> | <p>✓</p> | <p>The management of proceeds provided by Balder’s Green and Social Financing Framework is aligned with the GBP, SBP, GLP, SLP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple green and social bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and confirms that each loan tranche will be clearly labeled as green/social/sustainable.</p> <p>The Issuer has defined an expected allocation period of 12 months, in line with best market practice.</p> |
| <p>4. Reporting</p> | <p>✓</p> | <p>The allocation and impact reporting provided by Balder’s Green and Social Financing Framework is aligned with the GBP, SBP, GLP, and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer’s website. Balder has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the project category level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported, and further defines the duration and frequency of the impact reporting, in line with best market practice. Moreover, Balder discloses the location of the report and commits to getting the</p> |

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green and Social Financing Framework

ISS-CORPORATE 

| GBP, SBP, GLP, SLP | ALIGNMENT | OPINION |
|--------------------|-----------|-------------------------------------------------------------------------------------|
| | | allocation report audited by an external party, in line with best market practices. |

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN AND SOCIAL FINANCING INSTRUMENTS TO THE U.N. SDGs⁶

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain. This section assesses the SDG impact of the use of proceeds (UoP) categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG's SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:





Each of the Green and Social Financing Instruments's use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

| USE OF PROCEEDS (PRODUCTS/SERVICES) | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS |
|--------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Green Buildings – Construction of New Buildings⁷ | Contribution |   |

⁶ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

⁷ Building application filed after 31 December 2020.

| USE OF PROCEEDS (PRODUCTS/SERVICES) | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| <p><i>Buildings⁸ which have or will have upon completion:</i></p> <ul style="list-style-type: none"> Primary Energy Demand (PED) at least 20% lower⁹ than the threshold set for Nearly Zero-Energy Building (NZEB) according to national building regulations or <p><i>Buildings larger than 5,000 sqm:¹⁰ the building undergoes testing for air-tightness and thermal integrity and the lifecycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle.</i></p> <p>Green Buildings – Construction of New Buildings¹¹</p> <p><i>Buildings¹² which have or will have upon completion:</i></p> <ul style="list-style-type: none"> Minimum environmental certification of at least: <ul style="list-style-type: none"> Miljöbyggnad Silver LEED Gold BREEAM Very Good¹³ Nordic Swan Ecolabel DGNB Silver¹⁴ | <p>Contribution</p> |  |
| <p>Green Buildings – Acquisition and ownership of buildings¹⁵</p> <ul style="list-style-type: none"> Buildings with Energy Performance Certificate ("EPC") of class A or that have a PED within the top 15% of the national or regional building stock | <p>Contribution</p> |  |

⁸ Including acquisition of land and developing costs associated with land held for future development.
⁹ The energy performance is or will be certified using an Energy Performance Certificate (EPC).
¹⁰ To be implemented through national legislation.
¹¹ Building application filed after 31 December 2020.
¹² Including acquisition of land and developing costs associated with land held for future development.
¹³ Minimum score of 70% in the Energy category.
¹⁴ Minimum score of 70% in the Energy category.
¹⁵ Building application filed before 31 December 2020.

| USE OF PROCEEDS (PRODUCTS/SERVICES) | CONTRIBUTION OR OBSTRUCTION | SUSTAINABLE DEVELOPMENT GOALS | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <p>Green Buildings – Acquisition and ownership of buildings¹⁶</p> <ul style="list-style-type: none"> Minimum environmental certification of at least: <ul style="list-style-type: none"> Miljöbyggnad Silver LEED Gold BREEAM/BREEAM In-Use Very Good Nordic Swan Ecolabe DGNB Silver | <p>Contribution</p> |  | |
| <p>Green Buildings – Major renovations¹⁷</p> <ul style="list-style-type: none"> Primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation, or The building meets the applicable requirements for “major renovations”¹⁸ | | <p>Contribution</p> |  |
| <p>Affordable Housing</p> <ul style="list-style-type: none"> Rent-regulated¹⁹ residential housing in Sweden where the building is located in “vulnerable areas”, “particularly vulnerable areas”, and “risk areas” as identified by the Swedish police. <p>Target population: Population living in a vulnerable area, a particularly vulnerable area or a risk area as defined by the Sweden Police map.²⁰</p> | | | <p>Contribution</p> |

¹⁶ Building application filed before 31 December 2020.

¹⁷ If the building post renovation fulfils criteria under “Acquisition and ownership of buildings” the market value of the building will qualify. If not, it will be limited to the renovation cost.

¹⁸ According to Directive 2024/1275/EU.

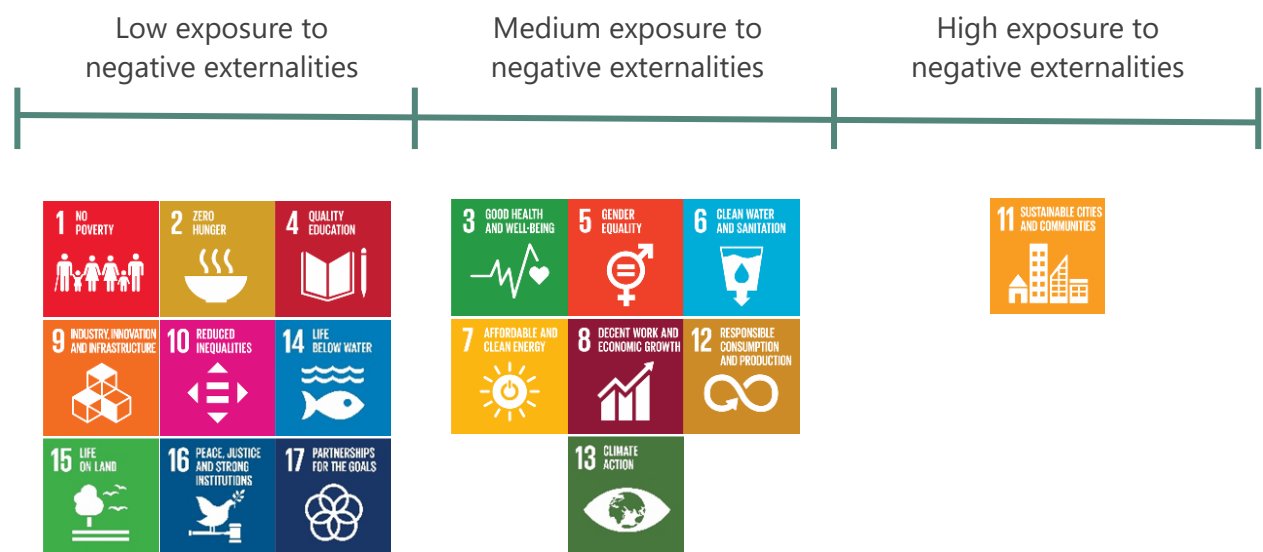
¹⁹ In Sweden, the rent is negotiated between the property owner the Swedish Union of Tenants on an annual basis, based on the principle of utility, apartments with the same utility shall have the same price. As a consequence of the system the rent level in the largest cities in Sweden have substantially lower rent levels than the theoretical market rent.

²⁰ The Sweden police map is available [here](#).

2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to ISS ESG’s SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the Real Estate sector (to which Balder belongs) are the following:



The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

| USE OF PROCEEDS (PROCESSES) | OPERATIONAL IMPACT IMPROVEMENT ²¹ | SUSTAINABLE DEVELOPMENT GOALS |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <p>Green Buildings – Major renovations²²</p> <ul style="list-style-type: none"> Primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation, or |  |  |

²¹ Only the direction of change is displayed. The scale of improvement is not assessed.

²² If the building post renovation fulfils criteria under “Acquisition and ownership of buildings” the market value of the building will qualify. If not, it will be limited to the renovation cost.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Green and Social Financing Framework

USE OF PROCEEDS (PROCESSES)

OPERATIONAL IMPACT IMPROVEMENT²¹

SUSTAINABLE DEVELOPMENT GOALS

- *The building meets the applicable requirements for "major renovations"²³*

²³ According to Directive 2024/1275/EU.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are and will be located in Sweden, Denmark, Finland, Norway, Germany, and the United Kingdom.

ASSESSMENT AGAINST KPIs

All categories

Labor, health and safety



Balder has measures in place to ensure high labour, health, and safety standards are in place. All projects financed under this Framework are located in Sweden, Denmark, Finland, Norway, Germany, and the United Kingdom, where high labor, health and safety standards are in place (i.e., ILO core conventions). Moreover, Balder’s Code of Conduct has provisions regarding freedom of association, forced labor, child labor, and discrimination.²⁴ All employees are covered by an occupational health and safety system. This refers to systematic occupational health and safety work carried out in order to prevent risks and create a better and safer work environment for all employees.

Environmental standards in the supply chain



Balder does not have measures in place binding suppliers to have an environmental management system, however, the Issuer has some measures in place ensuring that assets financed under this Framework meet high environmental standards in the supply chain. The Issuer has a Code of Conduct in place that requires suppliers and subcontractors to comply with Balder’s sustainability policies.²⁵

Labor, health and safety in the supply chain



Balder has measures in place ensuring that assets financed under this Framework meet high labor, health and safety standards in the supply chain. The Issuer has a Code of Conduct for Business Partners in place that requires suppliers and subcontractors to comply with provisions on freedom of association, forced labor, child labor, and discrimination. Moreover, Balder states that its suppliers are solely based in Sweden, Denmark, Finland, Norway, Germany, and the United Kingdom, where high health and safety standards are in place.

²⁴ Balder Code of Conduct for Employees: <https://cms.balder.se/assets/5b902536-3549-4790-a866-257b5b071e51>

²⁵ Balder Code of Conduct for Business Partners: <https://cms.balder.se/assets/605fa461-fdea-45cf-8919-c969f84f069d>

User safety

Balder has measures in place ensuring user safety. The Issuer keeps an ongoing inventory of the existing portfolio, and action plans are drawn up to manage the risks related to hazardous substances in connection with planned renovations or as separate projects. For new production, log books are used for materials, such as the Building Material Assessment or Sunda Hus, to assess and log the use of materials. There are procedures and instructions for the safe handling of chemicals in order to create a safe work environment for employees. Moreover, Balder regularly inspects properties to make sure that fire safety measures are in place and that rules are being followed for equipment in playgrounds. When acquiring and managing a building, Balder follows national legislation, and uses trained and external party to conduct an inventory of the fire safety.



Balder has also been working to increase safety in the Company's properties and areas. Initiatives in commercial properties include the installation of access control systems and perimeter protection, inspections and the presence of property management staff. The most common initiatives in residential properties include replacing lock and access control systems to improve perimeter protection, the installation of security doors with peep-holes, and improved lighting in common areas and the outdoor environment. There are also safety patrols and regular inspections of properties.

Risk management is carried out by identifying risks, assessing risks, action planning and monitoring and reporting risks. Evaluation of risk and crisis management actions must be conducted after each incident, in order to improve processes. The Company's department managers are responsible for ensuring that the guidelines are followed in each area of responsibility, and also for compliance by their staff.

Green Buildings

Biodiversity



Balder has measures in place ensuring environmental impact assessments are in place. Balder addresses biodiversity risks associated with the projects by complying with Sweden's Planning and Building Act (the "Act"),²⁶ which requires developers to conduct environmental impact assessments, which includes measuring the scope of construction and the use of buildings, protective measures to prevent soil pollution, accidents, flooding and erosion,

²⁶ Sweden's Planning and Building Act: <https://urbanlex.unhabitat.org/laws/sweden/swedish-planning-and-building-act-72782>

and air pollution. The Act only provides building permits if the impact assessment demonstrates that the construction will not generate a high

environmental impact. Balder also complies with the Swedish Environmental Code, and more specifically the precautionary principle, which requires developers to carry out protective measures, observe the restrictions and take the precautions otherwise necessary to prevent, hinder or counteract the activity or action causing damage or inconvenience to human health or the environment.²⁷

Furthermore, as some projects are or will be located in EU Member States (i.e., Sweden, Denmark, Finland, and Germany), they are in line with the EIA Directive.

Additionally, Balder intends to conduct Environmental Impact Assessments on the projects implementing the provisions of the EU Directive on Environmental Impact Assessment.

Balder confirms that there are no new development projects in Norway and the United Kingdom, where they only conduct property maintenance at the moment.

Environment



Balder has measures in place ensuring environmental standards are in place. Balder has a Sustainability Policy,²⁸ which governs its overarching sustainability work, and which includes the areas of resource efficiency and circular economy. According to the policy, the company must reduce the use of environmentally harmful substances, use more resource-efficient materials, reduce waste volumes and strive to achieve a higher level of reused materials.

Water



Balder has some measures in place systematically ensuring that the assets financed under this Framework provide for water consumption reduction measures. The Issuer systematically monitors water usage and proactively maps the risk of leaks. Moreover, Balder implements various projects and actions to help and support tenants in reducing their water consumption. In Sweden and Denmark, these include installing water-saving fixtures to consume less water in newly constructed or renovated buildings and changing

²⁷ Swedish Environmental Code: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/miljobalk-1998808_sfs-1998-808/

²⁸ Balder Annual and Sustainability Report 2024, <https://cms.balder.se/assets/18372b44-976b-4a0c-8283-8e1ec8f3d446>

the habits and behaviour of tenants. These include water-saving toilets, washing machines, dishwashers and shower heads.

Site location



Balder's business model is based on the construction, acquisition and ownership of buildings in big cities (or close to big cities) with close public transportation. All projects financed under this Framework are either located in a big city with a developed public transportation network, or in small cities with enough public transportation to ensure that a maximum distance of 1 kilometer from one or more modes of public transportation is respected.

Affordable Housing

Inclusion



Balder has measures in place ensuring inclusion. The Issuer enhances non discriminatory access by avoiding discrimination in the selection process based on gender, sexual orientation, ethnic origin, religion or other belief, disability, transgender identity/expression or age. Moreover, in Sweden and Finland, Balder works with social contracts, offering apartments to socio-economically vulnerable individuals through rental agreements with municipalities or nonprofit organisations.

Environmental impacts



Balder has measures in place ensuring positive environmental impacts. The Issuer systematically conducts a risk, impact and opportunities assessment for all its projects. Balder also has internal policies detailing resource efficiency and circular economy, as well as the protection of biodiversity and ecosystems.

PART III: CONSISTENCY OF GREEN AND SOCIAL FINANCING INSTRUMENTS WITH BALDER'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

| TOPIC | ISSUER APPROACH |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic ESG topics | The Issuer focuses on Environment, Social, and Governance. These sustainability pillars have been defined through the Global Reporting Initiative (GRI) Index. |
| ESG goals/targets | <p>To achieve its strategic ESG topics, the Issuer has set several targets. For Environment, targets focus on climate change, water, biodiversity, and resource use, and the circular economy. For Social, targets focus on Balder's employees, workers in the value chain, and the impact on local communities and social area development. For Governance, targets focus on the business ethics and corporate culture.</p> <p>For Environment, Balder has SBTi-verified goals. The goals are public and are monitored annually.</p> |
| Action plan | <p>The Issuer has several programs in place to achieve its goals.</p> <p>For its Environment (Climate Change) goals, Balder performs a climate risk analysis of buildings and includes climate adaptation within its operations (i.e., identifying climate risks). The Issuer is also using a company-specific climate roadmap and phasing out fossil fuels. Balder is also improving energy efficiency, transitioning to renewable energy sources, and getting environmental certification of buildings.</p> <p>For its Environment (Water) goals, Balder is monitoring water use through smart measurements and is supporting tenants in reducing water consumption.</p> <p>For its Environment (Biodiversity) goals, Balder is conducting an environmental impact assessment in property development, and is incorporating green roofs, urban cultivation, and installing habitats for pollinating insects.</p> |

| TOPIC | ISSUER APPROACH |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>For its Environment (Resources Use and Circular Economy) goals, Balder is working to get environmental certification of properties, to have a control plan in accordance with the Waste Directive, to have a resource and waste routine for projects, as well as having clear information and well-maintained waste rooms. Finally, the Issuer is collaborating with CCBUILD to increase reuse.</p> <p>For its Social goals, Balder developed a Code of Conduct for Employees and for Business Partners, and is implementing employee dialogue, as well as working to improve the work environment and employees' health and safety. Balder offers training and equal pay.</p> |
| <p>Climate transition strategy</p> | <p>Balder has a climate adaptation strategy in place, which entails evaluating risks, a clear sustainability policy, a transport and travel policy, a code of conduct for employees and business partners, and a climate roadmap.</p> |
| <p>ESG risk and sustainability strategy management</p> | <p>Balder uses the OECD Guidelines for Multinational Enterprises as a starting point for business conduct in processes for due diligence and support measures. At the operational level, the Group's Sustainability Department is responsible for identifying and assessing climate-related risks and opportunities, as well as proposing actions to manage them. This is done in collaboration with the Energy, Environment, and Technology Department and those responsible for property development and management. The Sustainability Department also coordinates risk management and internal control over the Company's sustainability reporting. Further, management has established a dedicated crisis management function in Sweden to maintain routines and guidelines in the field of security and crisis management. The HR function is responsible for identifying social and workplace-related risks, in close collaboration with all managers with staff responsibilities.</p> |
| <p>Sustainability reporting</p> | <p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to the Swedish Annual Accounts Act (ÅRL). As in the previous year, the Sustainability Report for 2024 has been prepared with</p> |

| TOPIC | ISSUER APPROACH |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| | inspiration from European Sustainability Reporting Standards (ESRS) and with reference to the GRI framework. |
| Industry associations, collective commitments | The Issuer is a member of several associations, among which the Global Compact, and the Green Building Council in Sweden, Denmark, and Finland. |
| Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework | Balder has issued Green Instruments in 2019 and 2023, financing Green Buildings, Energy Efficiency, and Renewable Energy. |

Rationale for issuance

Since 2019, Balder has been an active player on the Green Bond market. The Company launched its first Green Bond Framework in 2019 and a second version in 2023 with the purpose of primarily financing green and energy-efficient buildings. This 2025 update thus marks the third version of the Framework, where Balder now complements its presence in the sustainable finance markets with a dedicated Green and Social Financing Framework. The key update being the introduction of Social Bond format to finance affordable rental housing. By issuing Green Bonds and Social Bonds, Balder intends to further align its funding strategy with its sustainability strategy and objectives.

Opinion: *The key sustainability objectives and the rationale for issuing Green and Social Financing Instruments are clearly described by the Issuer. All of the project categories financed are in line with the Issuer’s sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
3. Second Party Opinion are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this Second Party Opinion is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these Second Party Opinion, or any information provided therein. If the Second Party Opinion is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the Second Party Opinion is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This Second Party Opinion, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the Second Party Opinion wholly or in part, the distribution of the Second Party Opinion, either free of charge or against payment, or the exploitation of this Second Party Opinion in any other conceivable manner.

© 2025 | ISS Corporate Solutions, Inc. All Rights Reserved

ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Balder commissioned ISS-Corporate to compile a Green and Social Financing Instruments SPO. The second-party opinion process includes verifying whether the Green and Social Financing Framework aligns with the GBP, SBP, GLP, SLP and assessing the sustainability credentials of its Green and Social Financing Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2023 with June 2022 Appendix 1)
- Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the Loan Market Association (LMA) (as of February 2023)

ISSUER'S RESPONSIBILITY

Balder's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the asset level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Green and Social Financing Instruments to be issued by Balder has been conducted based on proprietary methodology and in line with the ICMA/LMA GBP, SBP, GLP, SLP.

The engagement with Balder took place in May 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact SPOsales@iss-corporate.com.

Project team

Project lead

Vittoria Favalaro
Analyst
Sustainable Finance Research

Project supervision

Marie-Bénédicte Beaudoin
Executive Director
Head of Sustainable Finance
Research