



Sustainability Financing Framework

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A man in a blue puffer jacket is smiling and talking to two women. One woman is pointing upwards towards a modern apartment building with yellow balconies. The building has multiple floors with white railings and yellow accents. The scene is outdoors on a grassy area.

Trianon at a glance

Fastighets AB Trianon (publ) (“Trianon” or the “Company”) is an entrepreneurial property company which *owns, manages, acquires, develops and builds both residential and commercial premises* in Malmö and surrounding area. The Company, with its 87 employees, is committed to providing sustainable accommodation, both socially and environmentally, with a working method that is characterized by flexibility, responsiveness and a high level of service.

The basis of Trianon’s business is the management and development of the Company’s properties and areas. The development potential depends on *the type of property* (residential and community properties, respectively office and commercial properties) and geographical location. Through a focus on leasing, value-creating investments, new production and acquisitions, Trianon creates value for tenants, society and shareholders.

Trianon’s property portfolio consists of residential, *public sector/community and commercial properties* in Malmö and in multiple municipalities across Skåne. The Company owns a total of 154 properties and is part-owner of an additional 6 properties which are recognised as associates and joint ventures. Residential and public sector/ community properties represent 85% of the property value. As of 30 June 2022, total rentable area amounted to 491,200 square meters excluding around 3,000 garage and parking spaces. The property value totalled SEK 13.0 billion with a rental income of SEK 341.9 million.

1. Trianon's ESG approach

Social, economic and environmental sustainability are important parts of Trianon's responsibility as a property owner and property developer. Working actively and purposefully with sustainability contributes to both reduced business risks and increased business opportunities, and the Company therefore works goal-oriented and long-term with sustainable development throughout the organization. Trianon's board updated the Company's business plan in the autumn of 2021 and thus also updated the sustainability goals.

1.1. E - environmental responsibility

Climate and the environment are an integral part of Trianon's sustainability work. The energy efficiency and water use in each property is evaluated regularly to identify further initiatives and which initiatives can lead to changed and improved behaviour among the tenants. For example, *water-saving measures* are implemented in the stock where appropriate. In all new production and in some of the existing properties, individual measurement of hot water is installed, IMD, which is a good way to make residents aware of their own hot water consumption and inspire a climate-smarter lifestyle.

Trianon has intensified its work to *reduce energy consumption* in the Company's property portfolio in accordance with the new sustainability goal of *reducing energy consumption by 10 % between 2022-2024*.

For the new construction of rental apartments Trianon has so far applied for investment support, a support from the government. In order to receive the support, the energy consumption of the property must be kept below a certain level.

In addition, Trianon chooses *renewable electricity* and has installed *solar cells* on several of the Company's properties and additional investments are made to increase the share of renewable energy and the use of solar cells. At present, there are solar cells on the roofs in Lindängen, Sorgenfri, at Entré and Rosengård Centrum as well as in the project Sege Park where the electricity for the construction work is powered by solar cells on the existing property area. Trianon has previously invested in a 7,800 sqm solar cell park in Skåne's Södra Möinge, from where the Company buys electricity from to supply Trianon's areas in southern and eastern Malmö.



Apartments in Lindängen, Malmö



1.2. S - social responsibility

Promoting sustainable urban development is part of Trianon's business concept. By building new properties with mixed forms of lease, the Company contributes to increased integration and the opportunity for a housing career at different stages of life. Trianon makes targeted efforts and improvements in both existing residential areas and in new construction projects where the purpose is to *improve inclusion, create job opportunities and ensure access to safe and affordable housing*. The work with social sustainability is an integral part of both the administration, the rental, and the business development and is led by the Head of development.

To *reduce unemployment*, Trianon employs both its own tenants and others who are outside the labour market. The Company also works with social clauses in procurements where service and construction contractors undertake to employ the unemployed who live in the Company's areas for a fixed term. Also, summer jobs in the residential areas are an appreciated investment that Trianon makes to contribute to increased security and work experience for young people in the areas.

Further, Trianon's rental criteria are characterized by having *flexible income requirements to rent an apartment*. While several in the industry require permanent employment and a net income corresponding to 2 x the monthly rent, Trianon requires a net income corresponding to 1 x the monthly rent and allows different types of employment, such as hourly employment.

One of Trianon's most important goals is to *build more apartments with reasonable rent*, so that more people can afford to move in. Another example of efforts to guarantee low rents is Trianon's *cost-effective renovations*. Trianon's renovations take place only when relocating and generate limited standard increases with a general increase of only SEK 1,000 - 2,000 per month depending on apartment size. The annual goal is for 200 apartments to be renovated and in 2021 the outcome was 186.

To increase social cohesion and a sense of security in southern and eastern Malmö, Trianon's staff participates in targeted initiatives and initiatives such as *night walks and meeting places for children and young people*. The efforts take place in work with other social actors, real estate companies, associations and businesses, rescue services, police and schools. In addition, Trianon continues the sustainability work in Lindängen and Hermodsdal with customer surveys and action plans in order to increase well-being and security in the areas.

Trianon also aims to help *reduce homelessness*. To offer a housing solution to the homeless and also work to help them with long-term leases, Trianon is offering vacant apartments in the city of Malmö. After one year, the goal is for the contract to be transferable to the tenant, which is a safe approach for both the individual and for Trianon.

Lastly, Trianon actively *sponsors organizations* that work equally with children and young people, preferably in their own residential areas. Last years sponsorship collaborations have been underway with Malbas, which has arranged new opportunities for basketball training in Hermodsdal, BK Olympic and FC Champions with football training in Lindängen, night hiking with Nattvandrarne in Lindängen and FC Rosengård which focuses on football and an inclusive society for children and young people, with an extra focus on girls.



Job creation and sponsorships are examples of Trianon's social responsibility activities



1.3. G – governance & policies

The Trianon Board identifies how sustainability issues affect the company's risks and business opportunities. Trianon's business development manager is responsible for the company's overall sustainability work and the Company's management team is responsible for managing and following up the sustainability work. Furthermore, Trianon's governing policies for the organisation include the *code of conduct for employees and suppliers* as well as the *sustainability policy and environmental policy*. Anti-corruption is covered via the codes of conduct. Trianon also has rules on systematic reporting of damage to contractors, where each incident is followed up to prevent similar damage from happening again. In addition, Trianon maintains a *whistle-blower function* that can be accessed via the website.

1.3.1. The United Nations Sustainable Development Goals

The global goals in *Agenda 2030*, which are also referred to as SDGs (Sustainable Development Goals), show both the way for the Company's work and offer a common language and framework. In 2021, Trianon has continuously followed up and evaluated the Company's sustainability goals with the global goals as a common thread and has determined the goals towards which it mainly contributes:



Emilia & Giovanni outside one of Trianon's properties in Limhamn, Malmö

1.3.2. Social engagements & collaborations



Stiftelsen Momentum Malmö is a non-profit foundation formed by Trianon, Trianon's principal owners and the municipal housing company MKB.

The foundation focus on *children's growing up conditions and future opportunities*. Children up to the age of 12 in the areas of Nydala, Hermodsdal, Lindängen and Rosengård are in focus and every year there have been plenty of activities, including reading ambassadors, basketball, swimming school and art activities. The foundation is a long-term activity to prevent recruitment into criminal networks.



Yalla Trappan and Trianon has a rental and cooperation agreement for a *café and restaurant business* in Lindängen. The collaboration will get more *women into employment, strengthen women's independence and health*, but also contribute to increased security and service in the local area.

Sharing

As a result of the participation in the Vinnova-funded project Sharing Cities Sege Park, Trianons together with other builders have formed a financial association with the aim of developing new sharing services for a sustainable lifestyle where the goal is to own less and share more for the residents of will move into the remodeled Sege Park hospital area in eastern Malmö.

Sponsorship and collaborations

Trianon has sponsorship and collaborations for increased safety and well-being in our residential areas with:

- Malbas, basketball training
- BK Olympic and FC Champions. football training
- Nattvandramna, night hiking
- FC Rosengård, football and an inclusive society for children and young people, with an extra focus on girls
- Red Cross, service for homeless people

1.3.3. ESG targets

Build more rental apartments with reasonable rents and renovate cost-effectively:

- Produce apartments with reasonable rent that can be demanded by low- and middle-income earners
- Renovate 200 apartments per year, of which 150 according to Trianon's Basic Model to promote long-term living

Reduce unemployment in residential areas 2022-2024:

- Via social clauses, make demands on Trianon's contractors that 20 unemployed people should come to work
- Offer 6 people who live in the company's residential areas fixed-term/ hourly employment
- Create 100 summer jobs for young people living in Trianon's areas

Reducing homelessness 2022-2024:

- Offer 60 of the company's terminated apartments to counteract homelessness

Reduce energy consumption in the Company's properties and increase the proportion of renewable energy sources:

- Through targeted efforts, reduce energy consumption by 10% in kWh 2022-2024¹
- Install solar cells in existing stock corresponding to 100,000 kWh / year



¹ The target refers to normal-year-adjusted kWh savings in properties owned as of December 31, 2021. The target pertains to properties that Trianon intend to own and manage in the long term



The Sustainability Financing Framework

1. Update of the Sustainability Financing Framework

In April 2019, Trianon established a *Sustainability Financing Framework* (The Framework) focused on social and energy efficient buildings. The Framework has now been updated to reflect *best market practice* as well as been broadened to include *additional debt instruments*.

The Framework is aligned with the *Sustainability Bond Guidelines* (SBG)² which in turn are based on the *Green Bond Principles* (GBP) and *Social Bond Principles* (SBP). The Framework is further developed in alignment with the *Green Loan Principles* (GLP)³ and *Social Loan Principles* (SLP)⁴. The Framework is applicable for the issuance of *sustainability bonds, green bonds and social bonds* and other types of debt instruments such as *loans, revolving credit facilities, hybrid bonds, commercial papers*, etc., that finance assets as defined in this Framework (collectively referred to as “*Sustainable Financing Instruments*” hereafter). In case Eligible Assets are owned by joint ventures or associated companies, the value of Eligible Assets is to be adjusted for the share of capital owned by Trianon.

Swedbank has acted as advisor to Trianon in the establishment of this Framework. Further, the Framework is reviewed by an impartial firm, which has provided a second opinion to confirm its alignment with the applicable principles. The Framework and second opinion from ICS are available on Trianon’s website; www.trianon.se



² SBG published in June 2021 are voluntary process guidelines for issuing sustainability bonds established by International Capital Markets Association (ICMA)

³ GLP published in February 2021 are voluntary process guidelines for green loans established by Loan Market Association (LMA)

1.1 EU Taxonomy

Trianon is continuously analysing developments and emerging regulations and their implications for the Company. Currently, Trianon is not in scope of any mandatory Taxonomy reporting. However, Trianon believes it to be valuable to the Company’s stakeholders to describe the extent to which the Company’s activities are eligible under the EU Taxonomy. The Company’s preliminary eligibility assessment suggests that its economic activities contribute to the *climate change mitigation objective* (the first environmental objective) which also has been mapped against the proposed Green Eligible Asset categories. For more information on the Company’s Taxonomy reporting please see p.37 in the [2021 Annual Report](#).



⁴ SLP published in April 2021 are voluntary process guidelines for social loans established by Loan Market Association (LMA)








2. Use of proceeds

An amount equivalent to the net proceeds from Trianon's Sustainable Financing Instruments shall be used to *finance or re-finance*, in part or in full, eligible assets and activities providing distinct *environmental benefits* (Green Eligible Assets) and/or *social benefits* (Social Eligible Assets). The look-back period is applicable for OPEX and limited to 2 years. The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the eligible assets and activities.

2.1. Green Eligible Assets

The real estate sector accounts for a third of the total energy use in Sweden and a sixth of carbon dioxide emissions. Investing in green and energy efficient buildings thus plays a key role in the energy transition. This is further confirmed by the European Commission's strong focus on energy efficiency of buildings, which is the targeted metric in several of the Commission's strategies, such as the EU Taxonomy. Trianon defines *Green Eligible Assets* as follows:

 Green & energy efficient buildings	Core SDGs	Relevant EU Taxonomy environmental objective
<p>Category I-New buildings & major renovations⁵</p> <ul style="list-style-type: none"> i. New buildings that either meet or with the objective to meet the requirements⁶ for Miljöbyggnad Silver or an equivalent level from a certification scheme or ii. New buildings with an energy consumption at least 20% below the applicable national building regulation⁷ or iii. New buildings with an energy performance certificate (EPC) A or B or iv. Major renovations resulting in primary energy demand savings by at least 30% <p>Category II-Existing buildings</p> <ul style="list-style-type: none"> i. Buildings fulfilling requirements under i. ii. or iii. in Category I or ii. Buildings within the top 15% of the national building stock, top 15% is defined according to Primary Energy Demand or based on EPC levels according to available independent study 	 	<p>Climate change mitigation</p>
<p> Energy efficiency investments</p> <p>Energy retrofits such as installation of solar panels, heating pumps, improvements in ventilation systems, extension of district heating and cooling systems, improvements, and implementation of control systems, as well as infrastructure for electric vehicles or hybrid vehicles</p>		<p>Climate change mitigation</p>

⁵ New building is defined as buildings built after 31 Dec 2020, and existing buildings are defined as buildings built before 31 Dec 2020, in line with the current definition in the EU Taxonomy

⁶ Buildings with the objective to receive environmental certification within 24 months from the date of bond issuance

⁷ Building standard applicable at the time of construction



2.2. Social Eligible Assets

Social Eligible Assets directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a target population(s). Trianon defines *Social Eligible Assets* as follows:



Affordable housing

Core SDGs

New and existing buildings with rental apartments that have a regulated rent. The rent is negotiated between the property owner and the Swedish Union of Tenants on an annual basis, based on the utility value. Eligible assets will be located in “vulnerable areas”, particularly vulnerable areas”, and “risk areas” as identified by the Swedish police. To increase safety in these areas, Trianon have social initiatives in place, see more details in section 1.

Target population: Population living in a Vulnerable Area, Particularly Vulnerable area or a Risk area as defined by the Swedish Police map⁸



The value of Eligible Assets

The *value of assets* under the category “green and energy efficient buildings” and “affordable housing” is based on the following criteria: i) new buildings under construction are based on the accumulated value, and ii) existing buildings are based on the market value reported in the balance sheet at the cut-off date for annual reporting. The value of assets under the category “energy efficiency” correspond to the relevant invested amount.



⁸ The Sweden Police map is available [here](#)



3. Process for asset evaluation and selection

3.1. Selection of eligible assets

The evaluation and selection process for Green Eligible Assets and Social Eligible Assets is a key process in ensuring that the amount equivalent to the *net proceeds from Sustainable Financing Instruments* is allocated to assets and activities which meet the criteria in the Framework. The Company will strive to identify and manage potential sustainability risks associated with Green Eligible Assets and Social Eligible Assets. All significant environmental risks associated with construction of buildings are managed in the legally binding Detailed Development Plan (*Swedish Detaljplan*) which is approved by local authorities prior to the start of construction. In addition, Trianon aims to be transparent with regards to potentially identified risks and controversies.

The process of evaluating and selecting Green Eligible Assets and Social Eligible Assets as the equivalent to the net proceeds comprise of the following steps:

- i. Green Eligible Assets and Social Eligible Assets are screened to ensure compliance with sustainability criteria of the Framework and relevant policies and guidelines
- ii. The selection of Green Eligible Assets and Social Eligible Assets is managed by a dedicated group, the *Sustainability Finance Committee* (“SFC”). Members of the SFC consist substantially of the CFO, Head of Business Development, Head of Transactions and Head of Communications.

Trianon will assure that sustainability expertise always relies within the SFC. All decisions are made in consensus, and that applies to the selection process of Green Eligible Assets and Social Eligible Assets as well. A list of Green Eligible Assets and Social Eligible Assets is kept by the Finance department who is also responsible for keeping it up to date.

3.2. Further responsibilities of the SFC

The Framework will be updated from time to time to reflect current market practices and potential updates to the SBG, GLP and SLP, if and when the SFC deems it necessary. The list of Green Eligible Assets and Social Eligible Assets is monitored on a regular basis during the term of the Sustainable Financing Instruments to ensure that the proceeds are sufficiently allocated to Green Eligible Assets and Social Eligible Assets. This is also a responsibility of the SFC.

3.3 Exclusion criteria

The proceeds of Trianon’s Sustainable Financing Instruments will not be used to finance either fossil *fuel energy generation, nuclear energy generation, weapons, and defence industries nor potentially environmentally negative resource extraction, gambling, or tobacco.*

4. Management of proceeds

Net proceeds from Trianon’s Sustainable Financing Instruments will be tracked by using a spreadsheet or an information management platform where all issued amounts of Sustainable Financing Instruments will be inserted. The spreadsheet will also contain the list of Green Eligible Assets and Social Eligible Assets mentioned in section 3. Information available in the spreadsheet will in turn serves as basis for regular reporting described in section 5.

All Sustainable Financing Instruments issued by Trianon will be managed on a *portfolio level*. This means that a Sustainable Financing Instrument will not be linked directly to one (or more) pre-determined Green Eligible Assets and/or Social Eligible Assets. The Company will keep track and ensure there are sufficient Green Eligible Assets and Social Eligible Assets in the portfolio. Assets can, whenever needed, be removed or added to/from the Green Eligible Assets’ and Social Eligible Assets’ portfolio.

Any unallocated proceeds may temporary be placed in the liquidity reserve and be managed accordingly. Should there be any unallocated proceeds, Trianon strives to allocate them within one year.



5. Reporting




To be fully transparent towards investors and other stakeholders, Trianon commits to *annual reporting* as long as it has Sustainable Financing Instruments outstanding. Information on the use of proceeds will be renewed annually until full allocation, and on a timely basis in case of material developments. The report will be available on Trianon's website; www.trianon.se and will cover some of the following areas:

Allocation of proceeds reporting

- Total amount of Sustainable Financing Instruments issued
- Share of proceeds used for financing/re-financing and share of proceeds used for categories described in Section 2
- Share of unallocated proceeds (if any)
- List of buildings financed with Sustainable Financing if not of confidential nature

Impact reporting

Trianon intends to report on quantitative impact indicators where relevant data is available for the below main categories:

Green Eligible Assets	Impact Indicator
Green & energy efficient buildings 	<ul style="list-style-type: none"> • Energy consumption in (MWh and/or kWh/m2) • Estimated annual greenhouse gas emissions reduced or avoided (tCO2e) • Energy performance certificate class, if any • Type of certification including level, if any (e.g. Miljöbyggnad Silver etc.)
Energy efficiency 	<ul style="list-style-type: none"> • Amount of energy saved per m2 • Estimated annual greenhouse gas emissions reduced or avoided (tCO2e)
Social Eligible Assets	Impact Indicator
Affordable housing 	<ul style="list-style-type: none"> • Total number of buildings and rental apartments located in "vulnerable areas", particularly vulnerable areas", and "risk areas" • NKI: Tenant survey to measure attractiveness in our residential areas • Other qualitative parameters illustrating that the Company provides functional, safe and healthy premises in society

6. External review

Second party opinion

To confirm the transparency and robustness of Trianon's Framework, it is verified and approved by an external second opinion provider. The second opinion by ICS is available on Trianon's website; www.trianon.se together with this Framework.

External review

Allocation of proceeds will be subject for a review by an external part/verifier. A verification report provided by the external part will be available on Trianon's website; www.trianon.se.





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