

GREEN FINANCE FRAMEWORK
2023

AB | SAGAX

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Sagax in brief

AB Sagax (“**Sagax**” or the “**Company**”) is a listed property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industrial segment.

Sagax’s business model is characterised in all areas by a long-term approach. Short-term gains are subordinate to the Company’s long-term, meaning sustainable, value creation. Accordingly, sustainability work is integrated into the business model.

Properties for warehousing and light industrial use are attractive investment opportunities, since they generate a high yield combined with a low rate of new production and stable occupancy rates. Sagax invests in add-on acquisitions and in existing properties. Property acquisitions and investments in the existing portfolio aim to increase cash flow and diversify rental revenue, thereby reducing the Company’s operational and financial risks.

Sagax’s financial structure is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both excellent prerequisites for expansion and an attractive return on equity.

Sagax pursues efficiency and sustainability in its management strategy. The asset management strategy includes working actively to build long-term customer relationships. The Company’s policy is to abstain from maximising rent levels at all points of time in favour of signing leases of a longer duration with solvent tenants. This is regarded as being advantageous since it reduces the risk of vacancies, while leading to lower costs for letting premises and adapting premises to tenant needs.

Sagax endeavours to attract reputable and creditworthy tenants. The Company mainly enters into net leases under which the tenant pays property expenses that would otherwise have been paid by the property owner. Sagax invests primarily in regions experiencing stable population growth and that have diversified business activities.

Sagax’s property holdings as of 30 June 2023 were measured at SEK 55,476 million, and distributed between 773 properties across seven countries – Sweden, Finland, France, the Netherlands, Spain, Germany and Denmark. Sagax is listed on Nasdaq Stockholm, Large Cap



Innovatieweg 6 in Terneuzen, the Netherlands. The property is certified according to BREEAM In-Use Very Good.



Elektra 11 in Stockholm, Sweden. It is intended that the property will have a Silver level certification from Miljöbyggnad when completed.

Sustainability strategy

SAGAX'S FOUR FOCUS AREAS

Sagax's sustainability strategy forms an integral part of its business strategy to ensure that operations generate long-term sustainable profits. This means that Sagax's sustainability work is a natural part of its business model and helps to achieve the Company's goals. Sagax's decent conduct in society and attempts to limit its environmental impact are all fundamental conditions for Sagax's long-term ability to generate profits for its shareholders.

Sagax's materiality analysis has identified four focus areas for Sagax's sustainability activities. An analysis has also been performed of the UN's 17 Sustainable Development Goals from Agenda 2030 to which Sagax's operations can contribute through its sustainability efforts. A summary of the focus areas including relevant sustainability objectives is provided below.



1. Environmental and resource efficiency



Energy efficiency and renewable energy

It is important that Sagax, together with tenants, achieves energy savings and enhances the efficiency of tenants' energy use and thereby reduces the climate footprint. Sagax takes regular measures to reduce energy consumption through projects such as installing solar power and geothermal heating facilities, upgrading heating and ventilation control systems, installing LED lighting and providing extra insulation. The target is to reduce energy consumption in the property portfolio by 2% per year until 2030 in comparable portfolios for which energy consumption data is known for the last two years. Green leases are implemented to promote cooperation on environmental and sustainability issues with the tenants and to improve the collecting of energy data. The objective is to implement green leases for all new lettings and renegotiations, which contributes to the aim to collect energy data for all properties. To increase the amount of renewable and carbon-free electricity in the property portfolio, Sagax's electricity agreements are to be green, as far as possible.

Sagax strives to increase the production of renewable energy in its own property portfolio. The target is to increase the production of electricity from solar panels in the property portfolio to 15,000 MWh by 2025. Sagax also installs charging stations for electric vehicles on a continuous basis and strives to reduce emissions from the Company's own vehicles. All off Sagax's company cars are electric or hybrid vehicles.

Carbon emissions and climate impact

Sagax is to reduce direct and indirect emissions (Scope 1 and 2) by 42% by 2030 as well as to measure and reduce other indirect emissions (Scope 3). The target has been validated by the Science Based Target initiative (SBTi). SBTi is a partnership between Carbon Disclosure Project, the UN Global Compact, World Resources Initiative and WWF. It works to ensure that goals for reducing carbon emissions are science-based and in line with the goals of the Paris Agreement.

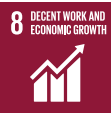
To evaluate risks and opportunities linked to climate change Sagax has analysed climate-related risks that can be categorised into physical climate risks and transition risks. Physical climate risks refer to events like flooding or extreme weather events. Transition climate risks refer to regulatory risks or changes in customer behaviour. Sagax's scenario analysis to identify climate-related risks and how they might impact the Company has been carried out based on the Task Force on Climate-related Financial Disclosures (TCFD) framework. For more information, refer to the Sustainability Report 2022.

Environmental building certifications

Sagax evaluates continuously which properties are suitable for environmental certifications. Assorted existing properties are screened to be environmentally certified and all new buildings are to be environmentally certified. The target is to increase the share of environmentally certified properties to 30% of the property portfolio by 2025.

In addition to environmental certifications, energy performance certificates (EU-EPC) are used to follow up on energy performance of the properties. The standards and regulations for EU-EPC vary by country. Sagax strives to increase the share of the property portfolio that has energy performance certificates (79% of lettable area, as of 31 December 2022).


2. Business ethics

 Sagax complies with applicable laws and regulations in the Company's various markets. The Company's aim is to be transparent and credible. A high level of sound business ethics is fundamental to Sagax's long term maximisation of value. The Company does not conduct any operations in countries with extensive corruption problems. Sagax works actively to counteract the risk of bribery, corruption, discrimination and crimes against human rights. Sagax's anti-corruption policy has been adopted by the Sagax Board and encompasses all employees. The target is to have zero incidents of corruption.

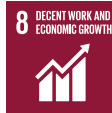
The Code of Conduct for Suppliers includes requirements in terms of health and safety as well as ethical standards to ensure that assignments are conducted in an environmentally responsible manner. The Code of Conduct has been signed by all of Sagax's main suppliers. Sagax systematically follows up on compliance of its Code of Conduct.

Sagax has a whistle-blower function that is administered by an external party and available on Sagax's website www.sagax.se. The purpose of the function is to enable both employees and external partners to report any wrongdoing.

3. Financial sustainability

 Sagax's business model is characterized in all areas by a long-term approach. Short-term gains are subordinate to the Company's long-term, meaning sustainable, value creation. Accordingly, sustainability work is integrated into the business model. Sagax's financial structure is designed with a clear focus on operating cash flow and interest coverage ratio. This is expected to create both excellent prerequisites for expansion and an attractive return on equity. Financial targets include that Sagax's return on equity over a five-year period should not fall below 15% per year and profit from property management per Class A and B share should increase by a minimum of 15% per year.

4. Professional and dedicated employees

 The development of the Company is dependent on highly skilled employees. For this reason, it is important that Sagax is an attractive employer with the ability to attract and retain highly skilled personnel. In exchange, employees are expected to assume responsibility of their work duties and also act as good representatives of the Company's values and culture.

Sagax attaches great value to offering favourable employment conditions for its employees and market-based remuneration. The Company offers all employees the opportunity to participate in an incentive plan. The purpose is to increase employee involvement in the development of the Company. Sagax takes a positive view of employees owning shares in the Company and the diversity policy for the Sagax Board highlights the importance of Board members also having significant shareholdings in the Company.

Sagax holds an annual conference for all of its employees. The aim of these conferences is to inform employees about Sagax's policies and create a shared foundation of values and knowledge for the entire organisation.

Sagax has a clear anti-discrimination policy according to which Sagax must regularly take active measures to combat discrimination and victimisation and promote equal rights and opportunities regardless of sex, transgender identity or expression, ethnicity, religion or other expression of faith, disability, sexual orientation or age. This applies, for example, to recruitment, salary structure, opportunities for promotion and skills development.

An employee survey is carried out annually to investigate whether any discrimination or victimisation exists, or the risks pertaining to this, and to monitor and evaluate the work environment. The survey and follow-up are based on Sagax's occupational health and safety policy, anti-discrimination policy and anti-corruption policy.

GOVERNANCE

Sagax's sustainability strategy is based on its business concept, policies, external frameworks and materiality analysis. Overall, the Company's strategies are designed to ensure that Sagax's operations generate a long-term sustainable return and strong cash flows. Sagax's sustainability activities are thus a natural part of the Company's business model and help to achieve its goals.

The planning, governance and monitoring of sustainability activities follow the Company's organisational structure with well-defined delega-

tion of responsibilities and authorities. This sustainability work is supported by policies, guidelines, overall objectives, external laws, rules and regulations. The Board of Directors is ultimately responsible for sustainability and annually adopts the sustainability policy.

Sagax follows the UN Global Compact's ten principles, which include the areas of human rights, labor law, environment and anti-corruption. The sustainability work is presented in Sagax's sustainability report in accordance with the Global Reporting Initiative ("GRI") using GRI Standards 2021.

SUSTAINABILITY ACTIVITIES BASED ON

LAWS	EXTERNAL FRAMEWORKS AND INITIATIVES	INTERNAL INITIATIVES
Companies Act	UN Sustainable Development Goals	Sustainability policy
Environmental Code	UN Global Compact	Health and safety policy
Annual Accounts Act	Global Reporting Initiative (GRI)	Anti-corruption policy
Other applicable laws	Sustainability ratings for properties	Code of conduct for suppliers
	Task force on Climate-related Financial Disclosures (TCFD)	Other policies

**For more information, refer to the sustainability report on Sagax's website
www.sagax.se**

The Green Finance Framework

RATIONALE

Sagax established a Green Finance Framework in December 2019 that focused on green buildings, energy efficiency and renewable energy. This updated version of the Green Finance Framework (the “**Framework**”) reflects most recent market trends and best practices as well as a broader green asset base. The Framework is aligned with the 2021 ICMA Green Bond Principles¹⁾ and 2023 LMA, APLMA and LSTA Green Loan Principles²⁾ and it thus follows the four core components of these principles including recommendation of obtaining an external review:

1. Use of proceeds
2. Process for asset evaluation and selection
3. Management of proceeds
4. Reporting

The Framework is applicable for the issuance of green bonds, green loans and green commercial paper which comply with the terms for eligibility under this Framework (collectively referred to as “**Green Financing**” hereafter).

Swedbank AB (publ) has acted as advisor in the establishment of this Framework.

1. USE OF PROCEEDS

Green Eligible Asset categories and eligibility criteria

An amount equivalent to the net proceeds from Green Financing shall be used to finance or re-finance in part or in full, assets providing distinct environmental benefits (“**Green Eligible Assets**”). Green Eligible Assets should comply with a green eligibility criteria in category I, II, III and/or IV detailed below.

EU Taxonomy

The EU Taxonomy is a classification system with six environmental objectives. The Green Eligible Asset categories have been mapped to the relevant EU Taxonomy objective, climate change mitigation, which is presented below.

Green Eligible Assets – Category I: Green buildings

EU Taxonomy objective: Climate change mitigation

Financial line item: Market value of the building(s)



a. New buildings constructed after December 31, 2020

and which either have or with the objective to achieve:

- BREEAM/BREEAM In-Use Very Good, Miljöbyggnad Silver, LEED Gold, DGNB Silver or an equivalent level from a certification scheme; or
- Energy Performance Certificate (EPC) class “A” or “B”³⁾; or
- Primary Energy Demand (“PED”) 10% below the threshold set for Nearly Zero-Energy Building (NZEB) according to national regulation

1) ICMA Green Bond Principles published in June 2021 (with June 2022 Appendix I) are voluntary process guidelines for issuing green bonds established by International Capital Markets Association (ICMA)

b. Existing buildings constructed before December 31, 2020

and which either have or with the objective to achieve:

- BREEAM/BREEAM In-Use Very Good, Miljöbyggnad Silver, LEED Gold, DGNB Silver or an equivalent level from a certification scheme; or
- EPC class “A” or EPC class “B”³⁾; or
- Energy performance within the top 15% of the national or regional building stock expressed as Primary Energy Demand (PED) and demonstrated by adequate evidence; or
- Energy consumption below the thresholds set out below (Sweden only):

Construction year	Energy consumption ⁴⁾
Before 1971	110 kWh per sq.m.
Between 1971 and 1999	100 kWh per sq.m.
Between 2000 and 2006	90 kWh per sq.m.
After 2006	10% below the applicable national building regulation

Threshold model

Sagax’s property portfolio is granular and largely consists of buildings within the warehouse and light industrial segment with limited public data available which can serve as benchmark for assessing and classifying the energy consumption and the portfolio’s overall improvement in energy performance. To account for this, Sagax has identified thresholds for energy consumption based on its most energy efficient properties. Sagax works systematically with energy retrofits and maintenance and strives to improve the overall performance of the property portfolio regarding energy efficiency.

c. Major renovations

- Major renovations and re-construction leading to savings of at least 30% of Primary Energy Demand (PED); or
- An improvement in the EPC class of an existing building by two rating grades or more, as verified by a new EPC label

2) Green Loan Principles published in February 2023 are voluntary process guidelines for green loans established by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).

3) In the Netherlands EPC “A” is required to be eligible

4) Energy consumption not including tenants’ operational electricity

Green Eligible Assets – Category II: Energy efficiency

EU Taxonomy objective: Climate change mitigation

Financial line item: Invested amount



Capital expenditures for projects on existing buildings which aim to improve energy efficiency. Such projects include, but are not limited to, systems for monitoring and optimizing energy use, smart controls and sensors, smart meters, energy efficient windows and lighting (e.g. LED), improved thermal insulation, heat pumps and installation or replacement of ventilation and heating systems.

Capital expenditures that are eligible may include direct cost for material and equipment, installation and/or labour and target new investments, maintenance and repair.

Green Eligible Assets – Category III: Renewable energy

EU Taxonomy objective: Climate change mitigation

Financial line item: Invested amount



Capital expenditures referring to projects within renewable energy, such as investments in solar power installations, wind power, geothermal energy and emission free heat pumps as well as related installations, structural improvements such as relevant roof structures and relevant infrastructure (e.g. grid connections and foundations) either in relation to existing buildings or as a stand-alone investment. Capital expenditures that are eligible may include direct cost for material, installation and/or labour and target new investments, maintenance and repair.

Green Eligible Assets – Category IV: Clean transportation

EU Taxonomy objective: Climate change mitigation

Financial line item: Invested amount



Capital expenditures referring to projects designed to promote the use of low carbon transport including, but not limited to, investments in electric vehicle charging points and bicycling facilities and their associated infrastructure.

New financing and refinancing

New financing is defined as financing of Green Eligible Assets:

- Which on the date of issuance are financed by a Green Financing for the first time.

Re-financing is defined as financing of Green Eligible Assets:

- Which are financed by Green Financing on the date of issuance of new Green Financing, or;
- Which have previously been financed by Green Financing.

The distribution between new financing and re-financing will be reported in the green finance investor report (if and as long as reasonably feasible) pursuant to section 4. Reporting.

Recognized value and look-back period

Green buildings are recognized at their appraised market value as reported in the balance sheet at the cut-off date for quarterly reporting.

Capital expenditures within the categories energy efficiency, renewable energy and clean transportation are subject to a maximum look-back period of 3 years and are recognized for the invested amount.

2. PROCESS FOR ASSET EVALUATION AND SELECTION

Green Finance Committee

Sagax has established a green finance committee (the “**Green Finance Committee**”), which identifies, evaluates and selects Green Eligible Assets that are in line with the terms of this Framework and otherwise comply with relevant laws and regulations as well as Sagax’s policies. One or more Green Eligible Assets that are subject to allocation of proceeds form a green portfolio (“**Green Portfolio**”). The composition of a Green Portfolio may change over time, which means that Green Financing will not be linked directly to one (or more) pre-determined Green Eligible Assets during its full tenor.

The Green Finance Committee is responsible for the ongoing monitoring of the Green Eligible Assets to ensure that the full amount equivalent to the net proceeds under this Framework is allocated to a Green Portfolio with an aggregate value in excess of such net proceeds.

Furthermore, the Green Finance Committee will follow the development of the green financing market and manage any future updates of this Framework to reflect current and future market practices such as the development of the EU Taxonomy and potential updates to the ICMA Green Bond Principles and LMA, APLMA and LSTA Green Loan Principles.

The Green Finance Committee will review information about the assets and evaluate the overall environmental impact, which includes life-cycle considerations, potential resilience considerations, adherence to at least one of the Company’s environmental targets. Resilience considerations include climate risks. On a Company level Sagax is analyzing and reporting on climate-related risks of the properties in the property portfolio in accordance with the TCFD framework. In addition, eligible projects and assets must be in accordance with applicable laws, regulations as well as Sagax’s policies and guidelines.

The Green Finance Committee convenes on a quarterly basis or when needed.

Members of the Green Finance Committee

The Green Finance Committee consists of the following participants:

- Head of Sustainability
- Head of Finance
- CFO
- Senior member(s) from the Treasury Department and/or the Asset Management Department

Buildings and projects that may qualify as Green Eligible Assets are proposed by members of the Green Finance Committee, business developers, asset managers or other employees to the Green Finance Committee. The Green Portfolio with a list of Green Eligible Assets is kept by the Head of Sustainability who is responsible for the list to be updated and valid.

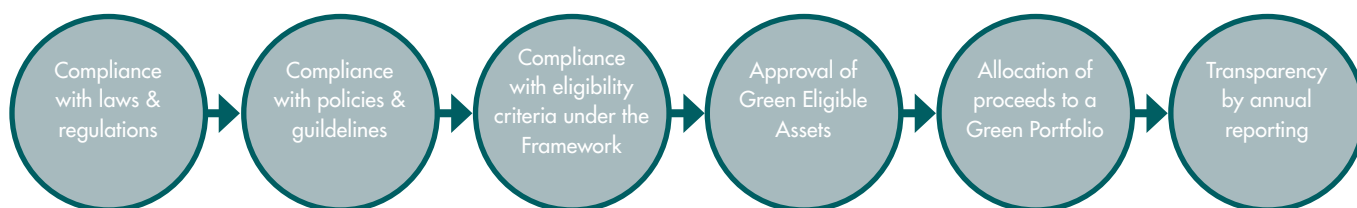
Decisions and mandate

The Green Finance Committee has a mandate to make decisions about eligibility of buildings and projects as Green Eligible Assets to form part of the Green Portfolio. A decision to allocate net proceeds from Green Financing will require a consensus decision by the Green Finance Committee, whereby the Head of Sustainability holds a veto. Furthermore, the Green Finance Committee has mandate to replace investments in the

Green Portfolio that do no longer meet the eligibility criteria under this Framework (e.g., following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.). Decisions made by the Green Finance Committee are to be documented.

The Green Finance Committee is also to approve the Green Finance Investor Report (see section 4. Reporting).

The selection process of Green Eligible Assets at Sagax



3. MANAGEMENT OF PROCEEDS

Tracking of net proceeds

An amount equivalent to the net proceeds from Green Financing will be recorded and tracked in a register, which contains records of:

- The allocation of aggregate net proceeds to respective Green Eligible Asset category
- Residual of unallocated amounts (if any)
- Changes in allocations to Green Eligible Asset categories (if any)

The Head of Finance is responsible for the allocation of proceeds and ensures that the combined net proceeds by one or several sources of Green Financing do not exceed the aggregate value of the Green Portfolio to which proceeds are allocated.

The information available in the register will serve as a basis for the Green Finance Investor Report (see section 4. Reporting).

Allocation of net proceeds

All Green Financing issued by Sagax will be allocated to a Green Portfolio with an aggregated value that is equal to or exceeds the relevant net proceeds of the issuance.

Unallocated net proceeds

Any unallocated proceeds will be temporary held by Sagax and placed in line with Sagax handling of short-term excess liquidity and/or temporarily used to reduce outstanding indebtedness. Any unallocated proceeds will be allocated within one year.

Exclusion criteria

The proceeds of Green Financing will not be used to finance investments directly linked to fossil energy generation, the weapons industries, environmentally negative resource extraction such as rare-earth metals or fossil fuels, gambling or tobacco.

4. REPORTING

To enable investors and lending institutions to follow the development and to be transparent, Sagax will provide a Green Finance Investor Report (the “**Green Finance Investor Report**”) on an annual basis until full allocation, and as necessary thereafter in the event of material changes. The Green Finance Investor Report will include allocation reporting and impact reporting (see below) and rationale with a view to Green Portfolios’ adherence to the terms under this Framework.

Allocation reporting

- Aggregate amount of net proceeds
 - Per Green Financing category
 - Per Green Eligible Asset category
 - Unallocated (if any)
- Split between new financing and re-financing (if and as long as practically feasible)
- List of Green Eligible Assets financed
- A description of selected project(s)
- Geographical distribution
- Potential scope for additional Green Financing
- On a best effort basis, information on EU Taxonomy alignment (%) of the underlying Green Portfolio financed by Green Financing

Impact reporting

Sagax intends to report on quantitative impact indicators where relevant data is available in regards of Green Eligible Assets financed. Examples of indicators include:

Green buildings (New buildings/Existing buildings)

- Building certification
- EPC class
- Energy consumption (MWh) and intensity (kWh/sq.m.)
- Estimated annual carbon emissions (tCO₂) and intensity (kgCO₂e/sq.m.)

Green buildings (Major renovations)

- Energy use savings (aggregated, MWh/year and percentage)
- Estimated annual GHG emissions reduced/avoided tCO₂
- If applicable, relevant changes in EPC class

Energy efficiency

- Energy consumption savings (aggregated, MWh/year and percentage)
- Examples of at least two projects that have been funded with net proceeds over the year (if any) under this Framework

Renewable energy

- Installed renewable energy capacity (MW)
- Estimated renewable energy generation (MWh)

Clean transportation

- Number of charging points installed or upgraded for electrical vehicles
- Numbers of bicycle storage units installed

The Green Finance Investor Report will be made available on Sagax's website www.sagax.se.

EXTERNAL REVIEW

Second-party opinion (pre-issuance)

To secure alignment with the Green Bond Principles and market practice, Sagax has engaged ISS Corporate Solutions Inc. to act as an external reviewer of this Framework and to provide a Second Party Opinion, which will be publicly available on Sagax's website www.sagax.se.

Annual review (post-issuance)

An external independent auditor, or a similar party appointed by Sagax with the relevant expertise and experience, will annually perform a limited assurance on the selection process for the financing of Green Eligible Assets and that the allocation of the net proceeds of the Green Financing is conducted in accordance with the Framework. The Framework and the conclusions will be provided in a statement published on Sagax's website www.sagax.se.

DEDICATED WEBSITE

There is a dedicated section for Green Financing on Sagax's website www.sagax.se where investors can find information regarding Sagax's sustainability work, including:

- The Green Finance Framework
- The Second opinion
- The Green Finance Investor Report
- The annual review
- The sustainability report

POLICY DOCUMENTS THAT GOVERN SAGAX'S ESG WORK

Current policies and guidelines are available on Sagax's website www.sagax.se, including:

- Anti-corruption policy
- Anti-discrimination policy
- Guidelines for whistle-blower service
- Insider policy
- Occupational health and safety policy
- Policy concerning board assignments
- Policy concerning investments in competing operations
- Policy regarding the pledging of shares in Sagax as collateral
- Supplier code of conduct
- Sustainability policy

DISCLAIMER

Any future change to the eligibility criteria (e.g. future changes to the ICMA Green Bond Principles, the LMA, APLMA and LSTA Green Loan Principles, and/or developments related to sustainable finance regulation) may not necessarily apply to Green Financing under this Framework.

AB | SAGAX

AB Sagax (publ), Engelbrektsplan 1, SE-114 34 Stockholm, Sweden

Corp. Reg. No. 556520-0028

Tel: +46 (0)8 545 83 540

www.sagax.se