



Green Bond Framework

November 2023



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Vellinge at a glance

Vellinge municipality (“Vellinge” or “the Municipality”) is located in southern Sweden and has a population of approximately 38 000 inhabitants. The Municipality has a diverse local economy with many small and medium-sized enterprises operating in various sectors, including manufacturing, services, tourism and agriculture.

Municipalities in Sweden have significant fiscal autonomy and can issue bonds to finance the delivery of public services. Vellinge issued its first Green bond in 2018. Since then, the Municipality has issued several Green bonds in the Swedish bond market.

As part of its statutory obligations, Vellinge provides vital services within schooling and social care. The Municipality also takes responsibility for libraries, environmental protection, water, sewage and waste management and infrastructure. In addition, other services such as cultural and leisure activities are provided for the benefit of residents and society at large.

Vellinge is working extensively on sustainability issues to lead the way towards sustainable development. As stated in the Municipality's *Programme for Sustainable Development 2020 - 2030* (Sw. “Program för Hållbar Utveckling 2020 – 2030” or “PHU”), this includes local environmental objectives and energy and climate programmes.



An average day in Vellinge municipality in 2022

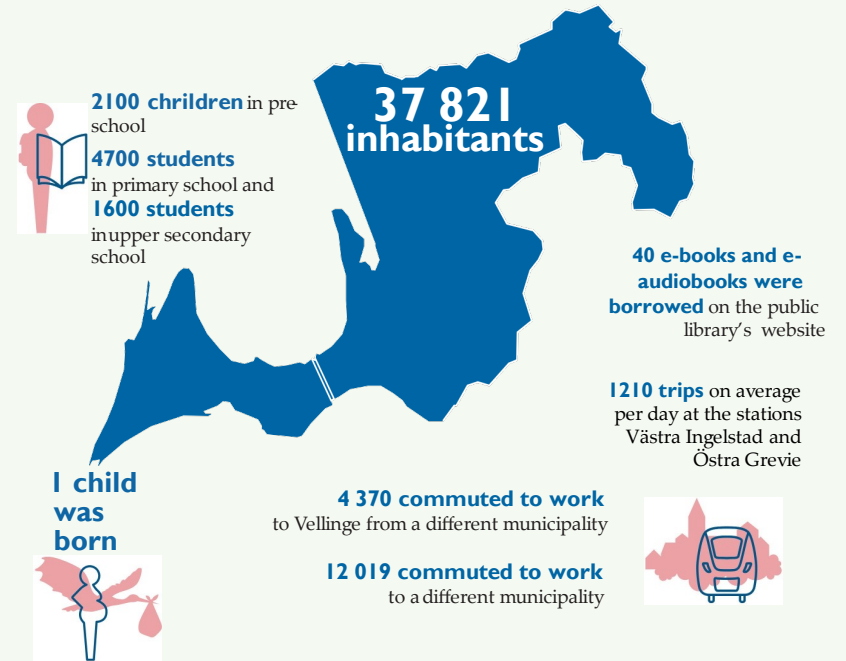


3 building permits were applied for



1 107 people in the Municipality's plot queue

1 333 visited Vellinge.se
240 calls were received by Vellinge
300 chats were answered by Vellinge



The most searches on vellinge.se were made on

bath temperatures, garbage collection and building permits



1 350 elderly people received help from home care services

ESG – natural part of Vellinge’s operations

Vellinge strives to be at the forefront of sustainable development by integrating environmentally friendly initiatives such as renewable energy and carbon reduction measures into the Municipality’s various activities and the organisation as a whole.

The Municipality’s vision is a *socially, ecologically, and economically sustainable* Vellinge for future generations. The *Programme for Sustainable Development 2020 – 2030* consists of nine focus areas that are in line with the Municipality’s overall goal of promoting sustainable growth and attractive living environments.

Through its robust sustainability work, the Municipality has for three years in a row (2020-22) been placed among Sweden’s top 10 municipalities in the work towards the United Nation’s 2030 Agenda.

E – Environmental responsibility

The *Programme for Sustainable Development 2020 – 2030* serves as a governing document for the Municipality’s sustainability work and provides a comprehensive description of how Vellinge contributes to meeting global, national, and regional goals related to sustainability issues. The Municipality’s focus areas emphasise the connection to the global sustainability goals and provides a clear direction for long-term sustainable development and quality of life in Vellinge. They cover all of the Municipality’s areas of activity. Each focus area is linked to various governing documents that prioritise specific areas.



To achieve the Municipality-wide objectives, the following sustainability goals have been formulated under each focus area:

Sustainable community development and security

- Safeguard the Municipality’s unique qualities and existing values by promoting a *moderate population growth* of an average of 1% per year

Circular economy & sustainable consumption

- *Reduce household waste* in the Municipality and increase recycling of household waste
- All organisations should consider sustainability aspects in *procurement procedures*
- *The share of organic products* used in school kitchens should continue to be at least 50% (Krav-certified according to level 2)

Transport & mobility

- The share of citizens who are *content with solutions for public transportation* should be high
- *Renewable fuels* should be available in *all urban centres* in strategically important locations
- The share of *people travelling by public transport, walking, or cycling* should correspond to a total of 35% of the modal split

Energy & buildings

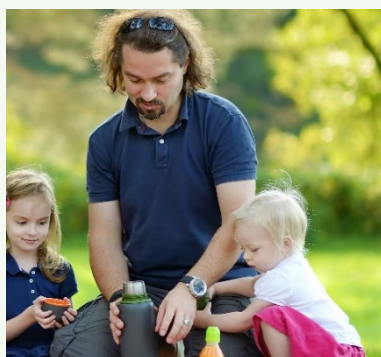
- *Reduce greenhouse gas emissions* within the Municipality’s geographical area
- *Reduce the total energy use* in the Municipality’s own organisation and geographical area
- *Increase the total share of renewable energy* of total energy used in the Municipality
- Stipulate *green lease agreements* with tenants

Nature, environment & climate change impacts

- Achieve *good water quality* and good status for all water bodies by 2027
- Nature close to urban centres that is valuable to outdoor life, cultural environment and/or biodiversity should be *protected, preserved, and if necessary, recreated*, in addition to be *accessible to people*
- Improve the *conservation status of threatened species* living in Vellinge
- Ensure *good water status* in lakes and watercourses
- *Limit the spread of microplastics and chemicals* harmful to the environment and health
- Minimise the risks of *exposure to harmful noise, air pollution and harmful chemicals*

S – Social responsibility

Vellinge's work on social responsibility is mainly based on the focus areas "Young people's health & living conditions", "The future of welfare" and "Participation & influence". The Municipality works actively to implement early and preventive measures in schools and social services and works preventively to spread knowledge about the risks of drugs, alcohol, tobacco, and gambling. The Municipality is also developing working methods that promote accessibility in order to reach young people at risk.



G – Governance & reporting

Vellinge has several goals and strategies in the area of sustainability. The PHU sets the direction for the Municipality's sustainability work. In addition to PHU, Vellinge has many additional policies (in selection):

- Environmental policy for Vellinge's school kitchens (sw. "Miljöpolicy för Vellinge kommuns skolkök")
- Policy for handling solar panels and solar collectors (sw. "Policy för hantering av solcellspaneler och solfångare")
- Policy for handling certain measures exempt from building permits in areas that constitute a valuable environment (sw. "Policy för hantering av vissa bygglovbefriade åtgärder inom områden som utgör värdefull miljö")
- Procurement policy (sw. "Upphandlingspolicy")
- Design policy for stormwater management (sw. "Utformningspolicy för dagsvattenhantering")

The United Nations Sustainable Development Goals

In 2015, the UN adopted the 2030 Agenda for Sustainable Development, which aims to protect the planet, eradicate poverty, and create good welfare for all by 2030. Vellinge contributes to achieving all 17 Sustainable Development Goals ("SDGs").



The Green Bond Framework

Update of the Green Bond Framework

In September 2017, Vellinge established a Green Bond Framework (“the Framework”) that focuses on projects with clear environmental benefits. The Framework has now been updated to reflect market trends and best practices and is developed in accordance with the Green Bond Principles¹ (“GBP”) and its four main components and recommendation of external review:

- Use of proceeds
- Project evaluation & selection process
- Management of proceeds
- Reporting
- External review

The Framework is applicable for the issuance of Green bonds.

Swedbank has acted as advisor to Vellinge 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 the second opinion are available on Vellinge’s website: <https://vellinge.se/kommun-och-politik/kommunfakta/ekonomi-budget-och-kommunal-skattesats/finansinformation/>

Use of proceeds

Allocation of net proceeds

An amount equivalent to the net proceeds from Vellinge’s Green bonds will be used to finance or refinance projects that provide clear environmental benefits (“Green Projects”) and fulfils the criteria in the table on the next page.

Financing and re-financing

New financing is applicable to planned and ongoing Green Projects as well as Green Projects completed within the last 12 months/reporting year. *Refinancing* is applicable to Green Projects older than 12 months/completed prior to the reporting year.

Exclusions











The proceeds from Vellinge’s Green bonds will not be used to finance *fossil fuel energy production*.

EU Taxonomy

Vellinge understands the importance of uniform requirements for activities to be considered sustainable and strives to align the Green Use of Proceeds of the Framework with the *EU Taxonomy* to the extent possible. This means that the criteria for Green Projects are based on, where relevant and applicable, the Substantial Contribution criteria for Climate Change Mitigation and the Platform on Sustainable Finance’s recommendations for the remaining objectives.



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

Green Project categories	Sub-categories	Related SDGs	EU Taxonomy environmental objectives
Renewable energy	Wind power, solar energy, geothermal energy with carbon intensity < 100gCO2/kWh		Climate change mitigation
Energy efficiency	Energy efficiency measures (e.g., heat pumps and geothermal heating, investments in LED lighting, street lighting) that lead to an energy efficiency improvement		Climate change mitigation
Electronic communication	Urban networks and airborne communication for the Municipality, citizens, and businesses		Climate change mitigation
Waste management	Recycling and re-use		Pollution prevention and control
Sustainable transportation	Supportive infrastructure for fossil-free public transport including pedestrian and cycle paths, cycling infrastructure and charging infrastructure for electric vehicles		Pollution prevention and control
Water and wastewater management	Water and sewerage network		Sustainable use and protection of water and marine resources
Stormwater management	Precipitation plan		Sustainable use and protection of water and marine resources
Climate adaptation measures	Climate adaptation measures in buildings, infrastructure and sensitive environments, measures against high sea levels		Climate change adaptation
Green buildings	<p>New buildings (built after 31 December 2020)</p> <ul style="list-style-type: none"> i. Energy consumption that is at least 25% lower per m² A_{temp} and year than the requirements of the Swedish National Board of Housing, Building and Planning (BBR) and preferably with a certification from Miljöbyggnad Silver and ii. Follow the rules for "Sunda Hus Miljödata", category A or B iii. In addition, for buildings larger than 5000 m²: <ul style="list-style-type: none"> a. upon completion, the building resulting from the construction undergoes testing for airtightness and thermal integrity, and b. the life-cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the Life Cycle <p>Existing buildings (built before 31 December 2020)</p> <ul style="list-style-type: none"> i. Energy consumption that is at least 25% lower per m² A_{temp} and year than the requirements of the Swedish National Board of Housing, Building and Planning (BBR) and preferably with a certification from Miljöbyggnad Silver <p>Extensive renovations</p> <ul style="list-style-type: none"> i. Major renovations and re-construction leading to a reduced energy consumption of at least 30% per m² A_{temp} and year 	 	Climate change mitigation

Process for project evaluation and selection

The evaluation and selection process for Green Projects is a key process in ensuring that the amount equivalent to the net proceeds of the Green bonds is allocated to projects that fulfil the criteria of the Framework.

The selection of Green Projects is managed in consultation with the finance department and the implementing departments and companies. Vellinge will ensure that the sustainability expertise is always available for consultation.

A list of Green Projects is maintained by the finance department in cooperation with Serkon AB, who is also responsible for keeping it up to date.

As part of the selection process Vellinge will ensure that Green Projects financed under this Framework will adhere to applicable laws and regulations as well as consider Environmental, Social and Governance issues.

Vellinge will follow the development of the green financing market and manage any future updates of the Framework to reflect current and future market practice (e.g. the EU Taxonomy) and any potential updates to the GBP (Green Bond Principles).

The list of Green Projects is monitored on a regular basis during the term of the Green bonds to ensure that the proceeds are sufficiently allocated to Green Projects.

Management of proceeds

According to Vellinge's Green Bond Framework, the equivalent to the net proceeds from the Green bonds will be reported to the municipal board in a special monthly report on Vellinge's issued bonds. The municipal administration's finance department in consultation with implementing departments and companies are responsible for the allocation of the net proceeds. All Green bonds issued by the Municipality will be managed on a portfolio level.

Projects can be added or removed from the list of Green Projects as needed. If for any reason a project ceases to comply with the requirements of the Municipality's Green Bond Framework, it will be removed from the list of Green Projects.

Any unallocated proceeds will be reported in a separate account. Should there be any unallocated proceeds Vellinge strives to allocate them within one year.



Reporting

To be fully transparent towards investors and other stakeholders, Vellinge commits to regular reporting until full allocation and in the event of any material developments as long as there are Green bonds outstanding. The report will be published on Vellinge's website on an annual basis and will cover the following areas:

Allocation of proceeds reporting

- A list of financed Green Projects in Vellinge Municipality
- Total amount of Green bonds issued
- Share of proceeds used for new financing/refinancing
- Share of proceeds used within categories described in the section "Use of proceeds"
- Share of unallocated proceeds (if relevant)

Impact reporting

Vellinge intends to report on quantitative impact indicators where reasonable and where relevant data is available. Some of the reporting indicators may include:

- Estimation of avoided carbon emissions
- Annual energy savings (MWh)
- Annual energy production (MWh)

External review

Second Opinion

To ensure transparency and robustness of Vellinge's Green Bond Framework, it is verified and approved by an external party. The second opinion from Sustainalytics is available on Vellinge's website: <https://vellinge.se/kommun-och-politik/kommunfakta/ekonomi-budget-och-kommunal-skattesats/finansinformation/>

External verification

Allocation of the proceeds will be subject to an annual review by an *independent party* until full allocation and in the event of any material developments as long as there are Green bonds outstanding. The verification report will be published on Vellinge's website.





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