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Second Party Opinion

K2A Knaust & Andersson Fastigheter AB (publ) Green Finance Framework

May 18, 2026

Location: Sweden

Sector: Real estate

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

See [Alignment Assessment](#) for more detail.

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**Medium
green**

Activities that represent significant steps towards a low-carbon climate resilient future but will require further improvements to be long-term low-carbon climate resilient solutions.

Our [Shades of Green Analytical Approach](#) >

Strengths

Focusing on building houses with timber represents a significant step toward a low-carbon climate resilient future because of reduced embodied emissions. Also, the use of timber frames and smart mounting methods makes it easier to replace, maintain, dismantle, and reuse the materials.

Weaknesses

No weakness to report.

Areas to watch

While building in timber helps decrease embodied emissions, they will not render new construction carbon neutral, and procuring timber faces environmental risks. K2A relies on certifications to address risks such as deforestation. Nevertheless, risks remain concerning the stringency and real benefits of forest certifications for carbon stock enhancement and biodiversity.

Shades of Green Projects Assessment Summary

Over the three years following issuance, K2A expects to allocate the proceeds to green buildings.

The issuer expects 90% to refinance projects, while 10% will finance new projects.

Based on the project categories' Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in K2A Fastigheter Green Finance Framework, we assess the framework Medium green.

Green buildings	Medium green
Construction of new buildings	
Existing buildings	
Major renovations	
Energy efficiency measures	

*See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

K2A Knaust & Andersson Fastigheter AB (publ) is a Swedish real estate company, focusing on development and long-term management of its own rental properties in Stockholm, the Mälardalen region, and selected university towns in Sweden. As of Dec. 31. 2025, the fully consolidated property and project portfolio comprised 5,395 residential units, of which 2,034 units are under management and 3,361 units are in ongoing projects. The portfolio consists of rental apartments (57%), student housing (40%), and community service properties (3%), with a total property value of approximately Swedish krona (SEK) 6.1 billion (€564 million).

Material Sustainability Factors

Climate transition risk

Increased energy use in buildings has been a major contributor to climate change, representing about one-third of global greenhouse gas emissions on a final-energy-use basis, according to the International Energy Agency (IEA). Building occupiers and operators could face higher energy bills as power prices rise and higher capital expenditure because upgrades are required to accommodate the energy transition. In addition, low-carbon properties can achieve higher cost efficiencies and attract premium rents, enhancing their value. Embodied emissions from building materials are a major source of emissions in terms of a building's total carbon footprint. We think Sweden has more advanced regulations on embodied emissions than most European peers.

Physical climate risk

The fixed nature of real estate assets exposes them to physical climate risks. While varying by location, these could include acute risks--such as wildfires, floods, and storms--that are becoming more frequent and severe; and chronic risks such as long-term

changes in temperature and precipitation patterns, and sea level rise. These risks could damage properties or place the health and safety of tenants at risk, as well as require investments to manage potential effects or, in severe cases, the relocation of tenants. While the total impact is moderate--since the type, number, and magnitude of these risks vary by region--highly exposed regions could face material physical climate risks. Most owners have some insurance coverage, but it could become more difficult to secure insurance for the most exposed assets without adaptation measures. For the Nordic building sector, the most severe physical impacts will likely come from increased flooding, snow loads, urban overflow, and a higher incidence of storms and extreme weather.

Biodiversity and resource use

When building new developments, K2A is exposed to risks related to water, land use, pollution, and biodiversity loss. It faces the challenge of mitigating the impacts of these risks and safeguarding Sweden's natural environment. Preserving natural carbon stocks is key to meeting climate goals, and many habitats, such as bogs and organic soils, store large amounts of carbon. Disturbing these can lead to significant emissions. The natural environment also absorbs carbon dioxide, so conserving 30%-50% of land, sea, and fresh water (as the Intergovernmental Panel on Climate Change recommends) is central to reducing greenhouse gases and adapting to climate change. Some ecosystems, including bogs and topsoil, take a long time to recover, and some changes are irreversible.

Issuer And Context Analysis

The eligible project categories address climate transition risk and physical climate risk, which we consider the most material sustainability factors for K2A. Investments in green buildings are important steps toward mitigating climate transition risk. In addition, physical climate risk is relevant in the context of the financing framework, since the building sector is generally highly exposed to the impacts of climate change.

K2A aims to achieve net-zero emissions across scopes 1-3 by 2030, building on an integrated timber-based business model. Key strategies to meet the target includes focusing on environmentally certified timber for new construction, energy efficiency, and investing in renewable energy. The company builds homes using locally sourced timber, and designs them to have low embodied emissions and low operational energy demand. All new buildings are certified under the Nordic Swan Ecolabel or similar schemes.

K2A's portfolio demonstrates high energy efficiency, with 55% of revenue aligning with the energy efficiency criteria in the EU Taxonomy in 2025. Of the company's building stock, 80% was built from 2015 onward, explaining the portfolio's high energy efficiency. K2A invests in the property portfolio, covering solar panels and energy storage. For heating, it signs green district heating agreements in municipalities that offer green district heating, and has agreements for fossil-free property electricity.

K2A has conducted a physical climate risk assessment at the property level in accordance with the EU Taxonomy for 95% of its portfolio and is planning appropriate mitigating actions. The most important resiliency measures identified for the company's portfolio relate primarily to heavy rainfall and heat stress. In the next couple of years, measures focus on low-lying openings, local protective barriers and stormwater drainage systems to manage risks associated with cloudbursts and intense precipitation. In terms of heat control, measures include shading, ventilation, and cooling solutions to mitigate rising temperatures. These measures are integrated into the regular property-level action plans and ongoing asset management processes. Based on the assessments performed, no major stand-alone investments have been deemed necessary, because the identified measures can be addressed within existing maintenance, refurbishment, and upgrade programs.

The company primarily builds on brownfield sites, but construction on greenfield land may occur. However, these sites are within already-developed or urbanized areas, where the surrounding environment is exploited and integrated into existing infrastructure and land-use

plans. The projects therefore do not involve development of remote or ecologically intact greenfield areas, but rather infill or edge-of-area development within established urban settings. The company adheres to legal requirements for environmental impact assessments, and the regulatory context in Sweden mitigates biodiversity risks. However, national practices might not fully account for the complexities of biodiversity and climate risks.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025

✓ Use of proceeds

We assess all the framework's green project categories as having a green shade, and the issuer commits to allocating the net proceeds issued under the framework exclusively to eligible green projects.

✓ Process for project evaluation and selection

K2A's green finance committee (GFC) will evaluate at least annually eligible assets to ensure they meet the framework criteria. The committee is responsible for ensuring that the green pool is aligned with the categories and criteria specified in the framework, as well as replacing investments that no longer meet the criteria. The GFC will also approve the green finance report. K2A also ensures that all assets comply with internal policies, and national environmental and applicable laws and regulations.

✓ Management of proceeds

K2A monitors that assets financed by green finance Instruments are fully allocated to eligible assets. The company manages green financing Instruments at the portfolio level, meaning proceeds are not directly linked to specific predetermined eligible assets. K2A aims to allocate proceeds as quickly as possible, targeting full allocation within one year. Pending full allocation, proceeds not yet allocated will be placed in the company's ordinary bank account. The finance department and chief sustainability officer, on behalf of the GFC, review the internal tracking spreadsheet regularly (at least annually) to ensure that the volume of eligible assets remains sufficient.

✓ Reporting

K2A will publish an annual green finance report until full allocation of proceeds, or in the event of any material developments, that it will make available on its website. The report will provide information on the allocation of the proceeds of green financing instruments and the environmental impacts of eligible green assets. The impact report aims to disclose the financed assets' estimated and, where feasible, actual environmental impact. The methodology used to derive impact indicators will be outlined in the report, and data may be presented in aggregate form.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in K2A Green Finance Framework, we assess the framework Medium green.

Medium green

Activities that represent significant steps towards a low-carbon climate resilient future but will require further improvements to be long-term low-carbon climate resilient solutions.

Our [Shades of Green Analytical Approach](#) >

Green project categories

Green buildings

Assessment

 Medium green

Description

New buildings:

- Primary energy demand (PED) at least 10% lower than the threshold set for nearly zero-energy buildings (NZEB), according to national building regulations; or
- Buildings that either have or will receive minimum environmental certification of Nordic Swan Ecolabel or Miljöbyggnad Silver or Passive house

Additional criteria for all new buildings:

- Constructed with timber as the primary material or has a climate impact meeting the criteria of Miljöbyggnad Silver or an equivalent scheme
- A screening for material physical climate risks

Additional criteria for new buildings larger than 5000 square meters:

- Upon or after completion, testing for air-tightness and thermal integrity. As an alternative, the building has received or will receive a minimum environmental certification of Nordic Swan Ecolabel or Miljöbyggnad Silver or Passive house, or has had robust and traceable quality control processes during the construction process.

Existing buildings:

- 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; or
- Buildings that either have or will receive minimum environmental certification of Nordic Swan Ecolabel, Miljöbyggnad, or Passive house; or

- Buildings that either have or will receive minimum environmental certification of Miljöbyggnad iDrift Silver in addition to having a PED within the top 15% of the national building stock.

Additional criteria for all existing buildings:

- A screening for material physical climate risks

Major renovations:

- Primary energy savings of at least 30% within a maximum of three years and validated through an EPC upon completion of the renovation; or
- Compliance with the applicable requirements for major renovations
- A screening for material physical climate risks

Building energy efficiency:

Installation, maintenance and repair of the following:

- Energy efficient equipment such as the addition of insulation; energy efficient windows, doors; light sources; heating, ventilation, and air-conditioning (HVAC), and water heating systems including equipment related to district heating services
- Instruments and devices for measuring, regulation and controlling energy performance of buildings such as smart thermostat systems and sensing equipment, automation and control systems, energy management systems, lighting control systems, smart meters for electricity, and heat, cool, façade, and roofing elements with a solar shading or solar control function
- Charging stations for electric vehicles, bicycle garages, pedestrian walkways, and bicycle lanes
- Renewable energy technologies on-site, such as solar photovoltaic systems













Analytical considerations

- The IEA emphasizes that reaching net zero emissions in the buildings sector demands major strides in energy efficiency and fossil fuel's phase-out. All properties must achieve high energy performance and new properties need to cut emissions from building materials and construction. Addressing physical climate risks is also a key goal.
- We expect about 70% of proceeds to go to existing buildings and 30% to new construction projects. We assign a shade of Medium green to the project category because we think that K2A's framework effectively addresses all the environmental factors we consider important for new construction, existing buildings, and renovation projects. These factors are energy use, heating sources, embodied emissions, and physical climate risks. The company will not invest in buildings that use direct fossil fuel heating.
- Given the fixed nature of buildings, improving their resilience to physical climate risk is crucial in the transition to a low-carbon real estate sector. All eligible projects and buildings have been screened for physical climate risks.
- We view the ambition for existing buildings to be in the top 15% of the national or regional building stock in terms of energy performance as a strong commitment to the transition to a low-carbon society. Currently, we expect less than 1% of proceeds to fund renovations. If renovation projects are to be financed, we consider the requirement for renovation projects to result in a 30% lower PED ambitious.
- All new construction projects are expected to be certified with the Nordic Swan Label or Miljöbyggnad Silver, which set solid ambition in terms of energy performance. The Nordic Swan Label requires a 15% improvement over regulation in terms of energy performance, while Miljöbyggnad Silver requires a 20% improvement.
- We think focusing on building in timber represents a significant step toward a low-carbon climate resilient future. To assess the ambition from reduced embodied carbon from a building project, we compare with the local green building certification, Miljöbyggnad, which sets minimum threshold for embodied emissions for the different certification levels. K2A confirms that its buildings built in timber would typically outperform the goal in the highest certification level, Miljöbyggnad Guld, which we

view as a strong ambition. Additionally, the use of timber frames and smart mounting methods makes it easier to replace, maintain, and reuse the materials. The apartments will be assembled in a manner that makes it easy to dismantle them and even reuse the building materials. While these efforts will help decrease the life cycle emissions of the company's property portfolio, they will not render new construction carbon neutral.

- K2A relies on certifications to mitigate environmental risks from its purchased timber, such as deforestation risks. Focusing on timber as the primary material reduces embodied emissions, but procuring timber entails environmental risks. The timber will mainly come from Sweden and be certified using Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC). The Swedish context acts as an additional safeguard to achieve sufficient sustainability because it has a significant share of certified forests and regulation generally requires replanting to avoid deforestation. FSC certification is generally seen as the most robust global standard for forest management, while PEFC has important complementary properties such as greater scrutiny of supply chains. The certifications' requirements provide important safeguards against harmful practices and promote more sustainable management measures beyond regulatory requirements. Nevertheless, risks remain concerning the stringency and actual benefits of forest certifications, both in relation to the requirements (most companies that are reasonably run are likely to qualify) and application (audits seldom lead to the suspension of certifications).
- K2A confirms it is targeting 100% FSC or PEFC certification for the wood used in its building frames and facades, which we consider the most material because it is the main building components. A small share of wood used in composite products such as windows may not be fully certified but must still meet minimum requirements of legal harvesting, traceability, and exclusion of threatened wood species.
- Buildings may be constructed on both brownfield and greenfield land. The company adheres to legal requirements for environmental impact assessments, and the regulatory context in Sweden mitigates biodiversity risks to an extent. Nevertheless, new construction activities on greenfield land constitute biodiversity and land use change risks.
- Improving the energy performance of buildings is important in the transition to a low carbon future. According to the IEA's net zero pathway, energy efficiency and electrification are the main decarbonization levers for the building sector. While the company is not planning to direct a material share of proceeds to building energy efficiency measures (less than 1%), we view the building energy efficiency measures eligible as Dark green as they represent key decarbonization levers for the real estate sector.

S&P Global Ratings' Shades of Green

Assessments					
 Dark green	 Medium green	 Light green	 Yellow	 Orange	 Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps towards an LCCR future but will require further improvement to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Fossil fuel buses and rails	 Conventional steel production	 New oil exploration


Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Green buildings	
	11. Sustainable cities and communities*



*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Sustainability Insights: Behind The Shades: Real Estate](#), March 31, 2025
- [Analytical Approach: Second Party Opinions](#), March 6, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions](#), March 6, 2025
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023

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Second Party Opinion: K2A Knaust & Andersson Fastigheter AB (publ) Green Finance Framework

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