



Magnolia Bostad

Shades of Green Assessment Update 2022

March 17, 2022

 Sector: Real Estate

 Region: Sweden

EXECUTIVE SUMMARY

Magnolia Bostad AB (“Magnolia Bostad”), founded in 2009, is an urban developer operating in Sweden's growth towns and cities. Magnolia Bostad delivers complete offers of rental accommodation, tenant-owned apartments, community service properties and hotels, as individual projects or as part of larger projects. A growing, but still relatively small, proportion of the projects are developed for self-management.

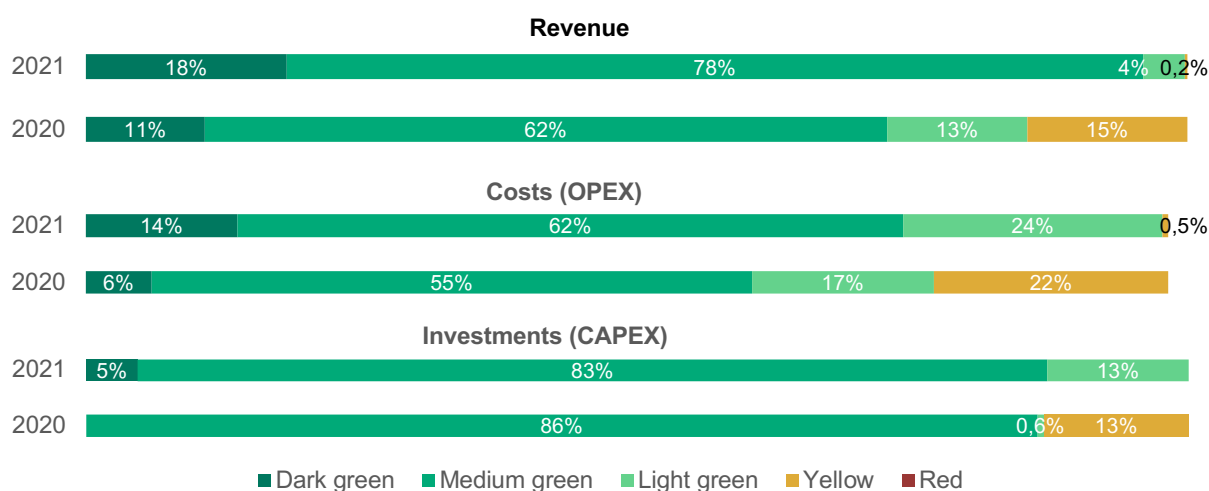


Figure 1: Shading of Magnolia Bostad's revenues, operating expenses (OPEX) and investments (CAPEX) in 2020 and 2021.

In 2021, almost 100% of revenue, 99.5% of operating expenses and 100 % of investments came from properties with a Shade of Green. This is up from 86%, 78% and 87%, respectively in 2020. The increased share of green revenues, operating expenses and investments is partially due to better data coverage, but also concerted efforts to improve the environmental standards of the building portfolio. CICERO Green notes that the share of investments in Dark Green properties is lower than the share of revenues from Dark Green properties. This may be an indication that further development of the Dark Green part of the portfolio may be difficult.

The above assessment allocates a shade based on a combination of energy use relative to current building regulations and building's environmental certification level, considering building materials, resilience, transportation solutions and other environmental considerations. Dark Green buildings should generally have an energy use well below (<50%) regulatory requirements and/or EPC A, while Medium Green buildings at the outset should be better than 80% of regulations and/or EPC B. Light Green buildings should be at least 10% below regulations when it comes to specific energy use or have considerable use of environmentally friendly materials. Yellow is allocated to building not meeting the above energy thresholds or where data is lacking. Investors should note that our shading is based on projected data, there is always a risk that the actual certification level or energy use of the project is not met.

¹ For the purpose of this assessment, revenue and turnover are used interchangeably, as are operating costs and OPEX, investments and CAPEX



Magnolia Bostad is exposed to transition risks and physical risks associated with climate change and more frequent extreme weather. Currently, Magnolia Bostad undertakes assessments of climate-related risks to their business, but does not conduct scenario analyses. They are planning for a more systematic approach going forward.

Magnolia Bostad has integrated environmental issues into core business practises and works strategically to meet environmental targets. The company has been reporting systematically on sustainability issues for five years. Magnolia Bostad's vision is to become climate neutral by 2030 and intends to develop a roadmap towards this during 2022. The company has also informed us that they will publish relevant performance indicators, including scope 1 - 3 emissions, later in 2022.

The company has implemented some best practises in sustainable supply chain management. Magnolia Bostad is engaged in dialogue with strategic suppliers to improve environmental performance. The company has code of conducts for employees, sponsor partners and suppliers which requires supplier to respect and follow environmental requirements.

The company has as a climate goal to design and construct all buildings so that they can be environmentally certified according to Miljöbyggnad Silver, the Nordic Swan Ecolabel or equivalent. Environmental certification schemes include many important environmental aspects. However, the materials, construction and demolition phase of the building lifecycle constitute additional emissions and are becoming increasingly important as buildings becomes more energy efficient and the electricity and heat supply becomes 'greener'. Magnolia Bostad is aware of the role of materials and emphasis the role of wood and other environmentally friendly construction materials. Currently, all material use should be according to SundaHus² or Byggvarubedomningen³.

All of Magnolia's activities can be considered eligible under the EU taxonomy criteria. CICERO Green assess that Magnolia Bostad has no fully EU taxonomy-aligned activities, however, it is likely that 96% of revenue, 94% of OPEX and 100% of CAPEX is partially aligned, and that 100% of Magnolia Bostad's revenue, 100% of OPEX and 100% of CAPEX would be aligned with the technical mitigation thresholds⁴. The company has two gaps in do not significant harm (DNSH) requirements related to climate change adaptation and sustainable use of water, see Appendix 2. CICERO Green considers that Magnolia Bostad mainly fulfils the minimum social safeguards of the EU Taxonomy, however, the company should implement a screening of suppliers that identifies products and sourcing countries that requires extra caution and follow-up.

Table 1: Key performance indicators⁵

Sector specific metrics for Magnolia Bostad		
	Energy use in finalised projects (kWh/m ² Atemp)	Environmentally certified (% of area)
2021	61	90
2020	73	90
2019	75	99

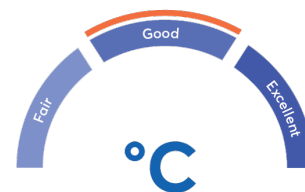


Figure 2 CICERO Green assess Magnolia Bostad's governance structure and practice to be Good.

² SundaHus is a solution for systematizing the work of phasing out hazardous substances in a building's entire life cycle. <https://www.sundahus.se/om-oss/>

³ Byggvarubedomningen consists of a logbook tool and assessments of chemical content and lifecycle aspects. <https://byggvarubedomningen.com>

⁴ Magnolia Bostad has only two properties related to the criteria for Acquisition and ownership of buildings, which are likely aligned to the technical mitigation criteria.

⁵ Other relevant metrics include direct emissions (scope 1 – 2) and construction waste sorted. Magnolia Bostad does not currently have this data.



Contents

	EXECUTIVE SUMMARY	1
1	Magnolia Bostad key developments 2022	4
	Company update	4
	Governance update	4
	Key performance indicators	5
2	Assessment of Magnolia Bostad's activities	6
	Shading of Magnolia Bostad's revenue, operating expenses and investments.....	6
	EU Taxonomy update	7
3	Terms and methodology	10
	Shading corporate revenue and investments	10
	About CICERO Shades of Green	11
	Appendix 1: Referenced documents list	13
	Appendix 2: EU Taxonomy criteria and alignment	14
	Construction of new buildings	14
	Acquisition and ownership of buildings	19



1 Magnolia Bostad key developments 2022

Company update

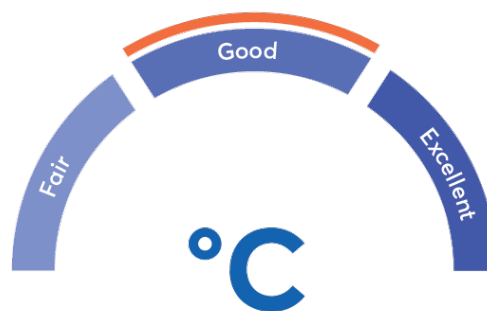
Magnolia Bostad AB (“Magnolia Bostad”) was founded in 2009 as an urban developer operating in Sweden’s growth towns and cities. At year-end 2021, the company had an estimated 24,737 building rights in its portfolio and 10,452 units in production. The majority of Magnolia Bostad’s projects were sold, while a smaller proportion of the building rights portfolio were developed for self-management.

Magnolia Bostad de-listed from Nasdaq Stockholm in 2021 and is now a privately held company.

Governance update

The overall assessment of Magnolia Bostad’s environmental governance structure gives it a rating of **Good**. Completing the many governance improvements underway and noted below, will secure an Excellent score.

Magnolia Bostad has a Head of Sustainability reporting to the CFO and Vice President of the company. The comprehensive sustainability strategy is well anchored within the management of the company and at all levels. Target wise, Magnolia Bostad has applied for a Science-Based Target⁶ (SBT) in line with Science Based Target initiative to aim for climate neutrality 2030 (covering scope 1, 2 and 3 emissions, including embedded emissions in materials). This is well supported by Magnolia Bostad’s commitment in local sustainability initiatives in Stockholm and Malmö: HS30⁷ and LFM30⁸. The company’s ambition is to environmentally certify all new projects according to Miljöbyggnad Silver and/or the Nordic Swan Ecolabel or equal, securing an energy performance exceeding the current regulations. This is followed up with environmental audits during both the project design phase as well as the construction phase. Thus, 20 audits were performed in 2021 in addition to one ESG turnkey contract audit, all performed by external independent partners. In addition to securing construction according to the environmental certification schemes, environmental specifications of Magnolia Bostad regarding e.g., waste reduction and sorting, reduced risk of pollution of soil and water, reduced noise from construction, and a good indoor environment during construction, are checked. The company is currently developing its climate roadmap to be aligned with the SBT and climate neutrality 2030. The result from the GHG measurements currently under way will create the baseline for yearly targets to ultimately reach climate neutrality and a tool will enable Magnolia to adapt choice of material, energy and construction to reach their targets and certification criteria.



Magnolia Bostad is working on integrating climate risk assessment into their due diligence process and as part of their climate roadmap. The climate risk integration in traditional and non-traditional risk management is being developed in line with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. The

⁶ <https://sciencebasedtargets.org>

⁷ <https://hs30.se/om-hs30/>

⁸ <https://lfm30.se>



company is in the process of heat mapping risks to determine material physical at a regional level and transition risks for the company in order to develop narratives and scenarios.

Since our last assessment, Magnolia Bostad has developed a Code of conduct based on the UN Global Compact specific to suppliers that clarifies expectations in the areas of privacy, labour and human rights and environment. Magnolia Bostad's Code of conduct refers to international human rights conventions, prescribing secure and orderly labour conditions, and no discrimination. It also emphasizes the importance of reducing the climate impact of their operations with focus on energy and transport, following or surpassing environmental regulations, and reducing the use of toxic materials. In addition to this, Magnolia Bostad has an annual ESG Due Diligence of a Turnkey Contract where an independent auditor investigates relevant ESG issues including social issues. Magnolia Bostad does not have any employees in the contracting companies. However, it is important for Magnolia Bostad to have an open dialogue with the contractors about the work environment and damage reporting. This is also something that is regulated in the contract agreements.

The annual sustainability report is prepared according to the Global Reporting Initiative (GRI) level core, and contains some key indicators, but so far not direct energy use or greenhouse gas emissions from Magnolia Bostad. Improved quantitative reporting and more detailed climate targets would have been required for an Excellent Governance score, along with enhanced reporting on climate risks and introducing quantitative environmental requirements on suppliers.

Magnolia has begun several process that will likely strengthen governance, including GHG reporting , developing procedures and data to follow the guidelines from TCFD when it comes to reporting on climate risks and the Taskforce on Nature-related Financial Disclosures (TNFD) when it comes to risks to nature.

Key performance indicators

Table 2: Key performance indicators.

Key performance indicators for Magnolia Bostad			
	2019	2020	2021
Environmentally certified (% of area)	99	90	90
Energy use per m ²	75	73	61



2 Assessment of Magnolia Bostad's activities

Shading of Magnolia Bostad's revenue, operating expenses and investments

Figure 3 shows Magnolia Bostad's 2021 revenue, operating expense and investments by shade of green. The figures are aligned with Magnolia Bostad's financial reporting; however, some small discrepancies may occur as our analysis requires allocating revenue, operating expenses, and investments to specific projects.

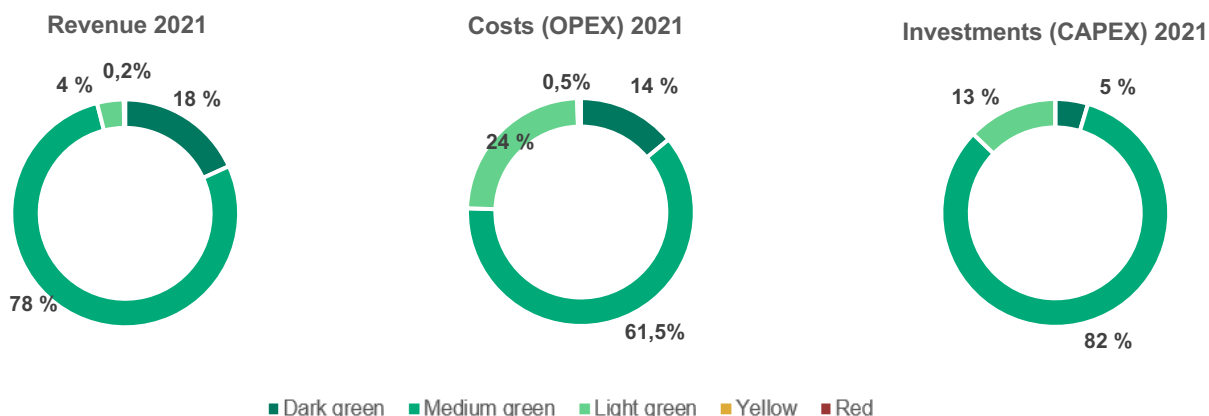


Figure 3: Magnolia Bostad's revenues, operating expenses (OPEX) and investments (CAPEX) in 2021 by shade of green.

The Shade of Green assigned to a property reflects its overall climate risk and environmental impact. We have assessed and allocated a shade of green to each property in the portfolio. Magnolia Bostad does not itself have large directly controlled emissions and other environmental direct impacts. However, selection of sites, design of buildings and management of the construction process are all controlling activities of indirect and future emission levels. Our analysis of the properties is influenced by our assessment of Magnolia Bostad's Governance Score of Good. In assigning a shade of green to Magnolia Bostad's revenue and production cost streams, we have used the relevant properties energy design values (measured against the applicable building regulation) and the building's environmental certification level, taking into account building materials, resilience, transportation solutions and other environmental considerations, to assign a shading.

Dark Green buildings should generally have an energy use well below (<50%) regulatory requirements and/or EPC A.

Medium Green buildings at the outset should be better than 80% of regulations and/or EPC B.

Light Green buildings should be at least 10% below regulations when it comes to specific energy use or have considerable use of environmentally friendly materials.

For properties not fulfilling any of the above criteria, a shade of yellow or red is allocated based on actual energy use and year of construction or last major renovation. The yellow category is assets where data is lacking or classified as land with no information on the current or intended usage of the plots.

Based on these considerations, we find that 18% of Magnolia Bostad's revenue came from properties rated Dark Green in 2021, up from 11% in 2020. Revenue from Medium Green properties was 78% in 2021, up from 62% in 2020, while the Light Green share was 4%, down from 13% in 2020. Only an insignificant share of the revenue



came from properties shaded Yellow in 2021 (down from 15% in 2020). Similar numbers for operating expenses were (2020 numbers in parenthesis): Dark Green 14% (6%), Medium Green 62% (55%), Light Green 24% (17%) and Yellow 0.5% (16%). Finally, investments in properties are shaded as follows: Dark Green 5% (0%), Medium Green 83% (86%), Light Green 13% (1%), and Yellow 0% (13%).

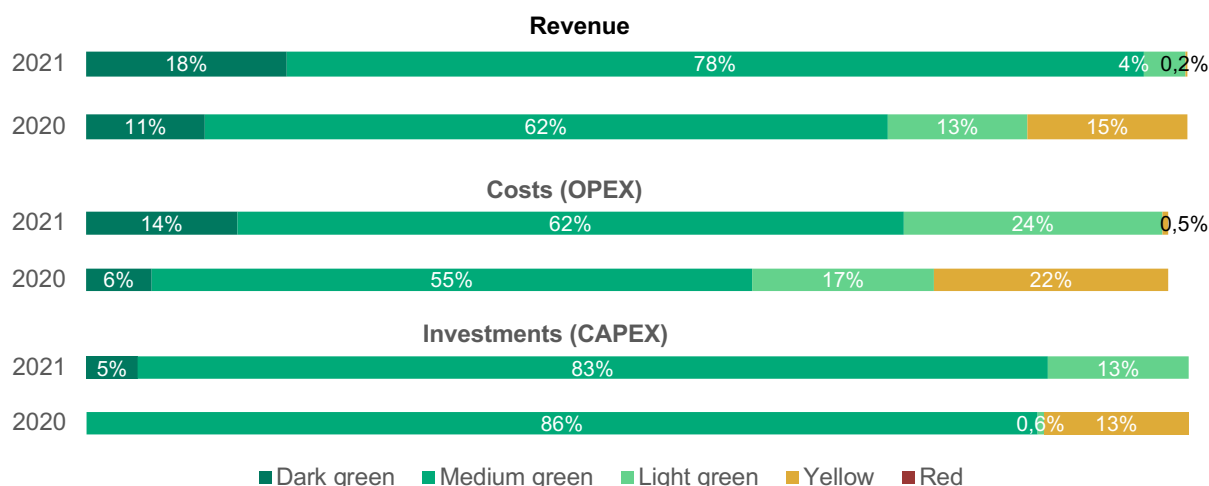


Figure 4: Comparison of shading of Magnolia Bostad's revenues, operating expenses (OPEX) and investments (CAPEX) in 2020 and 2021.

Overall, we note an overwhelming dominance of green shades in 2021 with a close to 100% share of revenues, operating costs and investments. The strong reduction in financial flows or investments associated with properties shaded Yellow is due to improved access to data (lack of data leads to a Yellow shading) as well as continuous efforts to improve the environmental performance of Magnolia Bostad's portfolio. However, we also note that the share of investments in Dark Green properties is lower than the share of revenues from Dark Green properties. This may be an indication that further development of the Dark Green part of the portfolio may be difficult.

EU Taxonomy update

The mitigation criteria in the EU taxonomy includes specific thresholds for the Construction of new buildings and Acquisition and ownership of buildings. Comments on alignment are given in the table below, and detailed thresholds, NACE-codes and likely alignment with DNSH criteria are given in Appendix 2.



Overall, we find likely shares of portfolio alignment with the EU Taxonomy as follows:

Overall EU Taxonomy alignment (Technical Criteria + DNSH + minimum safeguards)	Revenue	OPEX	CAPEX
Total share eligible (activities covered by criteria)	100%	100%	100%
Total share likely aligned	0%	0%	0%
Total share partially aligned⁹	96%	94%	100%
Total share likely aligned to Technical Criteria only	100%	99%	100%

Economic Activity: Construction of new buildings (NACE Code F41.1, F41.2)		
Technical Criteria	Full assessment from 2021	Updated comments on alignment
Mitigation Criteria	<ul style="list-style-type: none"> ✓ Likely partly aligned (86% turnover, 78% of OPEX and 87% of CAPEX) ✓ Not aligned to GWP-requirement for current projects ✓ Likely aligned to requirements on airtightness and thermal integrity 	<ul style="list-style-type: none"> ✓ The eligible share of revenue, OPEX and CAPEX in 2021 was 86 %, 99 % and 89% respectively ✓ Likely aligned share of revenue, OPEX and CAPEX in 2021 was 86%, 99% and 89%, Not aligned to GWP-requirement for current projects ✓ Likely aligned to requirements on airtightness and thermal integrity
DNSH-criteria	Full assessment from 2021	Updated comments on alignment
Climate Change Adaptation	✓ Likely partly aligned	✓ Likely partly aligned. No high resolution and state-of-the-art climate projections are utilized, and a plan to implement adaptation solutions to reduce material physical climate risks to the activity has not been developed.
Sustainable use and protection of water and marine resources	✓ Likely not aligned	✓ Likely not aligned due to lack of control of water use in non-residential buildings.
Transition to a circular economy (circular economy)	✓ Likely aligned	✓ Likely aligned
Pollution prevention and control	✓ Likely aligned	✓ Likely aligned

⁹ All of Magnolia Bostad's activities are partially aligned with the DNSH criteria on Climate Change Adaptation, a share of the activities related to non-residential buildings is likely not aligned to the Sustainable use and protection of water and marine resources.



Protection and restoration of biodiversity and ecosystems	<ul style="list-style-type: none"> ✓ Likely aligned with EIA-requirement. ✓ One property is likely not aligned; the rest of the portfolio is likely aligned 	✓ Likely aligned
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Economic Activity: Acquisition and ownership of buildings (NACE code L68)

Technical Criteria	Full assessment from 2021	Updated comments on alignment
Mitigation Criteria	<ul style="list-style-type: none"> ✓ Unable to determine alignment ✓ Likely aligned to requirement related to efficient operations of large properties 	<ul style="list-style-type: none"> ✓ The eligible share of revenue, OPEX and CAPEX in 2021 was 14%, 1% and 11% respectively ✓ Likely aligned share of revenue, OPEX and CAPEX in 2021 was 14%, 1% and 11%, respectively, although the 15% criterion is formally undefined at the moment. ✓ Likely aligned to requirement related to efficient operations of large properties

DNSH-criteria	Full assessment from 2021	Updated comments on alignment
Climate Change Adaptation	✓ Likely partly aligned	✓ Likely partly aligned. No high resolution and state-of-the-art climate projections are utilized, and a plan to implement adaptation solutions to reduce material physical climate risks to the activity has not been developed.













3 Terms and methodology

This analysis aims to be a practical tool for investors, lenders, and public authorities for understanding climate risk. CICERO Green encourages the client to make this annual update to the company assessment publicly available. If any part of the annual update or the original company assessment is quoted, the full report must be made available. Our annual company assessment update, including governance, is relevant for the reporting year covered by the analysis. This annual company assessment update is based on a review of documentation of the client's policies and processes, as well as information provided to us by the client during meetings, teleconferences, and email correspondence. In our review, we have relied on the correctness and completeness of the information made available to us by the company.

Shading corporate revenue and investments

Our view is that the green transformation must be financially sustainable to be lasting at the corporate level. Therefore, we have shaded the company's current revenue-generating activities, investments, and operating expenses.

The approach is an adaptation of the CICERO Shades of Green methodology for the green bond market. The Shade of Green allocated to a green bond framework reflects how aligned the likely implementation of the framework is to a low carbon and climate resilient future, and we have rated investments and revenue streams in this assessment similarly. We allocate a shade of green to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

SHADES OF GREEN	EXAMPLES
 Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.	 Solar energy projects
 Medium green is allocated to projects and solutions that represent steps towards the long-term vision but are not quite there yet.	 Green buildings with a high level of certification and energy efficiency
 Light green is allocated to transition activities. These projects and solutions could have lower emissions, but do not by themselves represent or contribute to the long-term vision.	 Substantially more efficient manufacturing of fossil fuel intensive materials
 Yellow is allocated to projects and activities that do not contribute to transition. These activities could have some emissions and be exposed to climate risks. This category also includes activities with too little information to assess.	 Efficiency in fossil fuel infrastructure
 Red is allocated to projects and activities that have no role to play in a low-carbon and climate resilient future. These are heaviest emitting assets, with the most potential for lock-in of investments and risk of stranded assets.	 New infrastructure for coal

In addition to shading from dark green to red, CICERO Shades of Green also includes a governance score to show the robustness of the environmental governance structure. When assessing the governance of the company, CICERO Green looks at five elements: 1) strategy, policies, and governance structure; 2) lifecycle considerations including supply chain policies and environmental considerations towards customers; 3) the integration of climate considerations into their business and the handling of resilience issues; 4) the awareness of social risks and the



management of these, and 5) reporting. Based on these aspects, an overall grading is given on governance strength, falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

The EU Taxonomy, first introduced in 2020, seeks to set out common classification systems to determine the environmental sustainability of activities. The EU-taxonomy regulation¹⁰ defines six environmental objectives. To be considered environmentally sustainable, an activity must substantially contribute to one or more of the six objectives, not significantly harm any of the other six objectives (Do-No-Significant-Harm - DNSH) and comply with the technical screening criteria (TSC). In June 2021, EU published its delegated acts outlining the TSC for climate adaptation and mitigation objectives, respectively, which it was tasked to develop after the Taxonomy Regulation entered into law in July 2020¹¹.

CICERO Green has assessed potential alignment against the mitigation thresholds and the DNSH criteria in the delegated acts published in June 2021 in the full assessment of the company carried out in 2021¹².

In order to qualify as a sustainable activity under the EU regulation 2020/852 certain minimum safeguards must be complied with. The safeguards entail alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation's ('ILO') declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights. CICERO Green has completed a light touch assessment of the above social safeguards with a focus on human rights and labor rights risks¹³. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risk.

Our assessment of alignment against the EU Taxonomy is based on a desk review of the listed source documents against the Taxonomy Delegate Act and following our own shading methodology.

About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investments. CICERO Green also provides Company Assessments, providing an assessment and shading of a company's revenues and investments as well as assessing the governance structure to indicate the greenness of a company. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

¹⁰ EU-Taxonomy regulation (2020/852), <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

¹¹ [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2800-annex-1_en.pdf) (europa.eu)

¹² [Magnolia Bostad AB Cicero - Shades of Green Company Assessment 2021](#).

¹³ CICERO Green is in the process of further developing its assessment method to ensure that it encompasses the object and purpose of the minimum safeguards.



We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).





Appendix 1: Referenced documents list

Document Number	Document Name	Description
1	Miljöpolicy Magnolia Bostad antagen av VD, version 2021	Magnolia Bostad's environmental policy, version 2021
2	Taxonomi total Magnolia Bostad	Excel sheet with data for Magnolia Bostad's property portfolio
3	Uppförandekod_Samarbetspartners_2021	Code of conduct for suppliers
4	Uppförandekod_Intern_2021	Code of conduct for employees
5	Uppförandekod_Sponsring_2021	Code of conduct for sponsorship
6	202103311766-1	Magnolia Bostad's annual report 2020
7	Green_Bond_Report_2021	Magnolia Bostad's Green bond report 2021



Appendix 2: EU Taxonomy criteria and alignment

Complete details of the EU taxonomy criteria are given in https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-da-2020-annex-1_en.pdf.

Construction of new buildings

Framework activity	Green buildings		
Taxonomy activity	Construction of new buildings (NACE Code F41.1, F41.2)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none">Substantial contribution to climate change mitigation <p>Constructions of new building, eligible if:</p> <ul style="list-style-type: none">The Primary Energy Demand is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation. The energy performance is certified using an Energy Performance Certificate (EPC).For buildings larger than 5000 m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients.For buildings larger than 5000 m², the life cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.	<p><u>Relevant contextual information</u></p> <ul style="list-style-type: none">Testing of airtightness is a requirement for BREEAM and Nordic Swan Ecolabel certifications.In Sweden, climate calculations establishing the GWP for the construction phase are a regulatory requirement from January 1, 2022¹⁴. The requirement is only valid for properties seeking a construction permit after January 1, 2022. The requirements of the Swedish climate declaration are not sufficient to align with the taxonomy, as it only covers phases A1 to A5 (materials and production), while the taxonomy also require to include the using stage (B) and the end of use stage (C).The use of BBR as a proxy for NZEB for the Swedish market should be clarified by the Swedish authorities. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none">Magnolia Bostad has applied for a Science Based Target aligned with the SBTi to mitigate climate risk and adapt towards a more sustainable climate.In order to embark on the path towards climate neutrality Magnolia Bostad is measuring its greenhouse gas emissions in all three scopes.	<p>The eligible share of revenue, OPEX and CAPEX in 2021 was 86 %, 99 % and 89 % respectively</p> <p>Likely aligned share of revenue, OPEX and CAPEX in 2021 was 86%, 99% and 89%, respectively</p> <p>Likely aligned to requirements on airtightness and thermal integrity</p>

¹⁴ <https://www.boverket.se/en/start/building-in-sweden/contractor/tendering-process/climate-declaration/>



		<ul style="list-style-type: none"> • Magnolia Bostad is currently developing its climate roadmap embedded in the business strategy. • In order to be able to meet Magnolia's climate roadmap, the company is part of an innovative pilot project with the aim to proactively measure and select what materials, including recycled materials, energy solutions and designs to use to minimize the climate footprint and meet certification standards. • Magnolia Bostad are producing buildings that are over 5000m². The company uses a LCA analysis for each project to assure sustainability from land acquisition to sale or management. A life cycle Global Warming Potential is not calculated yet for these buildings. • Magnolia Bostad conducts inspections of all buildings for air-tightness and thermal integrity. 	<p>For buildings over 5000 m² Magnolia Bostad will be fully aligned to the criteria on calculating GWP from 2022.</p>
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> • Physical climate risks material to the activity should be identified (chronic and acute, related to temperature, wind, water, and soil) by performing a robust climate risk and vulnerability assessment. • The assessment should be proportionate to the scale of the activity and its expected lifespan, such that: <ol style="list-style-type: none"> a) for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; b) for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. • The economic operator has developed a plan to implement adaptation solutions to reduce material physical climate risks to the activity. The adaptation solutions identified need to be implemented within five years from the start of the activity. These adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. 	<p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> • Magnolia Bostad performs climate risk analyses for projects in locations close to the sea as well as other environmental and climate risks associated with the purchase of land. • To take further responsibility for externalities and enable climate resilience, the company is currently developing a climate risk program for all projects that the company develops. The climate risk program is based on the task force on climate-related financial disclosure (TCFD) and will be integrated in risk assessments as well as due diligence processes. The company states that their intention is that the assessment should cover the criteria specified under the EU Taxonomy. 	<p>Likely only partly aligned. No high resolution and state-of-the-art climate projections are utilized, and a plan to implement adaptation solutions to reduce material physical climate risks to the activity has not been developed.</p>



Sustainable use and protection of water and marine resources	<ul style="list-style-type: none"> Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to this Annex: <ul style="list-style-type: none"> (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. <p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council³²⁸ and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>Relevant contextual information</p> <ul style="list-style-type: none"> Nordic Swan Ecolabel includes requirements related to monitoring of hot water consumption and low water use taps and toilets, but not related to maximum liters of water use in the appliances. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> The majority of Magnolia Bostad's properties (more than 70%) are residential units and not covered by criteria for water appliances. Magnolia Bostad has a sustainability policy covering water as an important aspect within the LCA. The usage in non-residential units is not specified within the policy. Some projects have a focus on water efficiency based on requirements from the client, in Magnolia Bostad's experience these are typically technology specific (e.g., gravity-based toilets). According to Magnolia Bostad, general planning is the responsibility of the municipality and EIAs will be carried out on municipality level where required by national law. This includes a plan for impacts on water sources. 	<p>Likely not aligned due to lack of control of water use in non-residential buildings. These buildings represent 4% of revenue, 6% of operating expenditures and 0% of investment.</p>
Transition to a circular economy (circular economy)	<ul style="list-style-type: none"> At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material¹⁵) generated on the construction site is prepared for re-use, recycling and other material 	<p>Relevant contextual information</p> <ul style="list-style-type: none"> The EU waste framework directive, which sets the 70% target is implemented in the Swedish Building code and Waste ordinance. Both revised in 2020, when a requirement to sort six important buildings materials was introduced. 	<p>Likely aligned</p>

¹⁵ Refer to the European List of Waste established by Commission Decision 2000/532/EC



	<p>recovery, including backfilling operations using waste to substitute other materials.</p> <ul style="list-style-type: none"> Building designs and construction techniques support circularity and in particular demonstrate how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> According to Magnolia Bostad's policies, all waste from construction sites should be sorted. This is an area that is followed up on in project audits. The company states that no discrepancies in this area have been identified. Magnolia Bostad has begun working on circular design and the company has informed us that this is a focus area going forward. The company has four lighthouse projects built mainly in wood, which are designed for easy disassembling. 	
Pollution prevention and control	<ul style="list-style-type: none"> Building components and materials used in the construction do not contain asbestos nor substances of very high concern¹⁶. For building components and materials used in the construction that may come into contact with occupiers formaldehyde emissions are within relevant limits¹⁷. Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants¹⁸. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. 	<p>Relevant contextual information</p> <ul style="list-style-type: none"> The Nordic Swan Ecolabel contains requirements to phase out hazardous components and endocrine disruptors in line with Swedish regulation, as well as maximum limits for formaldehyde in line with the EU-taxonomy requirement. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> Magnolia Bostad requires that either SundaHus or Byggvarubedomningen, Basta is used to screen all materials used, and that only materials receiving the A or B score in SundaHus can be used without approval. According to the company, no contractor has sought approval to use a non-authorized material in 2020. Magnolia Bostad has some projects build on brownfield sites, and always conducts a geometric investigation of these sites prior to development. Magnolia Bostad has environmental specifications that include measure to reduce noise, dust and pollutant emissions during construction. 	Likely aligned
Protection and restoration of biodiversity and ecosystems	<ul style="list-style-type: none"> An Environmental Impact Assessment (EIA) or screening should be completed in accordance with national provisions. 	<p>Relevant contextual information</p> <ul style="list-style-type: none"> General planning is the responsibility of the municipality and EIAs will be carried out on municipality level. Land that is covered by area protection according to the Planning and 	All 2021 activities are likely aligned. However, we note that there

¹⁶ As identified on the basis of the list of substances subject to authorization set out in Annex XIV to Regulation (EC) No 1907/2006 of the European Parliament and of the Council.

¹⁷ Emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/TS 16516522 and ISO 16000-3 523 or other comparable standardized test conditions and determination method.

¹⁸ Standard ISO 18400 can be used.



	<ul style="list-style-type: none"> Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas additional requirements apply. The new construction should not be built on one of the following: <ul style="list-style-type: none"> a) arable land and crop land; b) greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List. 	<p>Building Act is Natura 2000, nature reserves and animal and plant protection areas, and construction is not permitted. This is stated in the general and detailed plan for each municipality.</p> <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> Magnolia Bostad has one property planned to be built in 2025 on arable land. According to Magnolia Bostad, general planning is the responsibility of the municipality and EIAs will be carried out on municipality level where required by national law. This includes ensuring that properties are not built on areas of high biodiversity value. Magnolia Bostad currently has one project where development is halted (prior to construction) due to potential biodiversity concern. In addition to TCFD, Magnolia Bostad is keen to develop its biodiversity responsibility. Thus, the company aims to implement TNFD this year to capture risks to nature and opportunities for sustainable ecosystems. 	<p>is one planned property on arable land that is likely not aligned. The company estimates that this planned project will impact 2025 reporting.</p>
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Acquisition and ownership of buildings

Framework activity	Green buildings		
Taxonomy activity	Acquisition and ownership of buildings (NACE Code L68)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Acquisition and ownership of buildings, eligible if:</p> <ul style="list-style-type: none"> For buildings built before 31 December 2020, the building has at least Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. For buildings built after 31 December 2020, the building meets the criteria set out for the activity 'construction of new buildings'. Where the building is a large non-residential building, it is efficiently operated through energy performance monitoring and assessment. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> Magnolia Bostad has a limited number of properties under own management. Most of these are under construction and are covered by the criteria under new construction. One property was finalized in 2020 and is also covered under the new construction criteria. One property was built prior to 2020. The property, which is a retirement home, is energy efficient with a performance of 76% of BBR. However, there is no EPC label. Magnolia Bostad has buildings in their portfolio that are over 5000 m². The company has confirmed that there are energy management systems in place in projects near finalization and for projected projects going forward. 	<p>The eligible share of revenue, OPEX and CAPEX in 2021 was 14 %, 1 % and 11 %, respectively.</p> <p>Likely aligned share of revenue, OPEX and CAPEX in 2021 was 14%, 1% and 11%, respectively, although the 15% criterion is formally undefined at the moment.</p> <p>Likely aligned to requirement related to efficient operations of large properties.</p>
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	Please refer to Construction of buildings.	See above	Please refer to Construction of buildings.