



NACKA MUNICIPALITY GREEN BOND FRAMEWORK 2025

Kommunfullmäktige 2026-02-16

CONTENT

ABOUT NACKA MUNICIPALITY	3
Sustainability – a natural part of Nacka Municipality’s work	4
Climate and environmental programme	4
Environmental requirements in procurement	6
Additional environmental initiatives	6
GREEN BOND FRAMEWORK	7
USE OF PROCEEDS	8
Allocation of net proceeds	8
Finansiering och refinansiering	8
Exclusions	8
EU Taxonomy	8
GREEN PROJECT CATEGORIES	9
PROCESS FOR PROJECT EVALUATION AND SELECTION	12
Management of proceeds	12
Reporting	12
External review	13

Photos. Nacka kommun/Henrik Trygg, cover; page 5(3). Nacka kommun/Ryno Quantz, page 4, 5(2).
Nacka kommun/Magnus Hesselroth, page 7, 13. Fredrik Hjerling, page 5(1).

ABOUT NACKA MUNICIPALITY

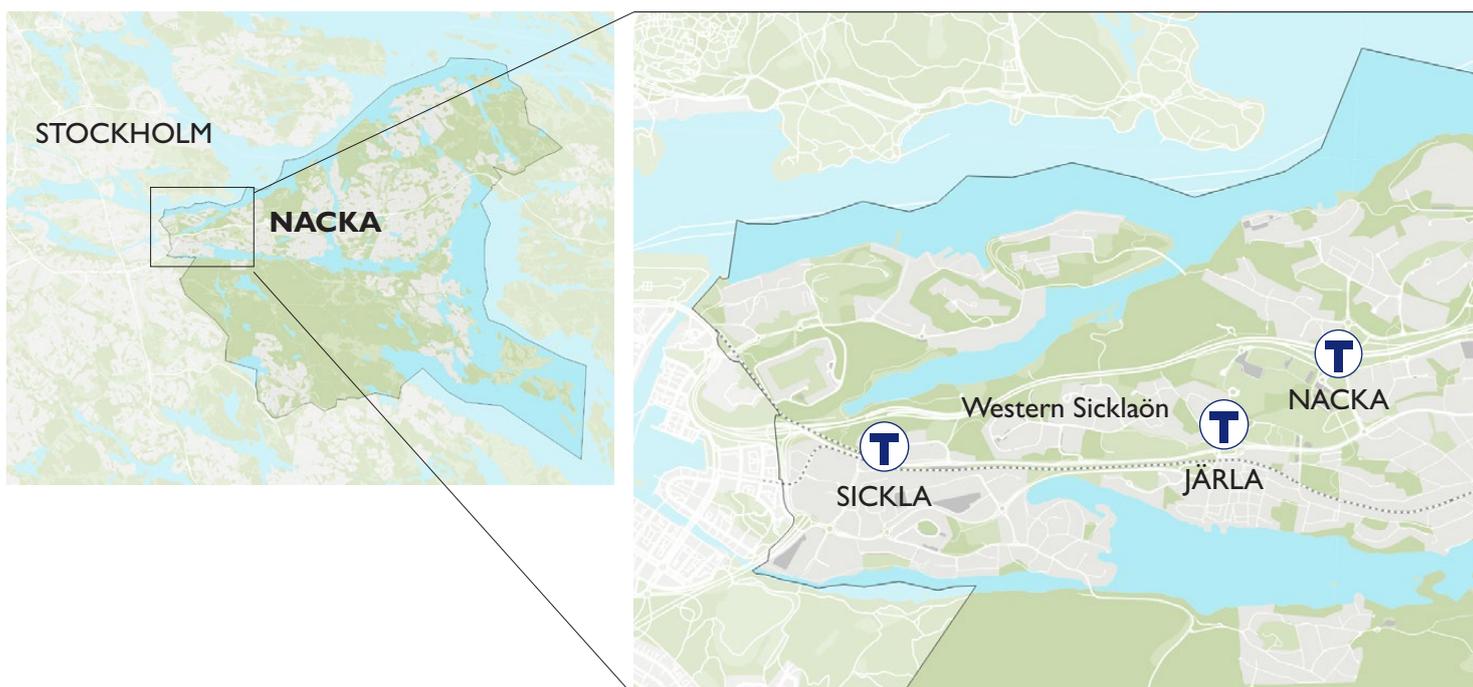
Nacka Municipality has a population of over 113,000 residents and is located in Stockholm County. There are more than 17,000 businesses in Nacka, and for several years the municipality has been one of the growth areas in the Stockholm region, with strong population growth and extensive urban development.

Nacka Municipality's comprehensive plan outlines the direction for Nacka as an attractive place to live, work and invest in. Nacka focuses on the continued development of Västra Sicklaön and the local centre areas. Good transport links, a thriving business community and the preservation of the municipality's green and blue areas are central elements of this development. By 2040, the number of residents is expected to reach just over 130,000. This growth is taking place as new districts are developed, and a new metro line connects central Nacka to Stockholm's city centre in under 12 minutes.

Swedish municipalities enjoy extensive self-governance and can issue bonds to finance the provision of public services. Nacka is one of Sweden's leading municipalities in terms of quality, ranking highly in accolades and measurements such as Sweden's Quality Municipality and Sweden's Most Robust Municipality. Nacka's clear governance model, efficient resource use and high level of citizen participation are seen as success factors. The municipality's work is characterised by transparency, diversity and freedom of choice, which creates favourable conditions for both residents and businesses to grow and develop.

In Nacka, we strive for long-term and green growth that is not only economically strong but also contributes to a healthy environment. With strong economic growth, we can create resources for vital climate and environmental measures. By utilising research, new technology and smart solutions, while making it easier for our residents to live sustainably, we can drive change. The municipality takes responsibility by setting clear environmental requirements for urban development, energy supply, traffic and procurement.

Nacka municipality's location in the Stockholm region and upcoming metro stations on western Sicklaön.



SUSTAINABILITY – A NATURAL PART OF NACKA MUNICIPALITY’S WORK

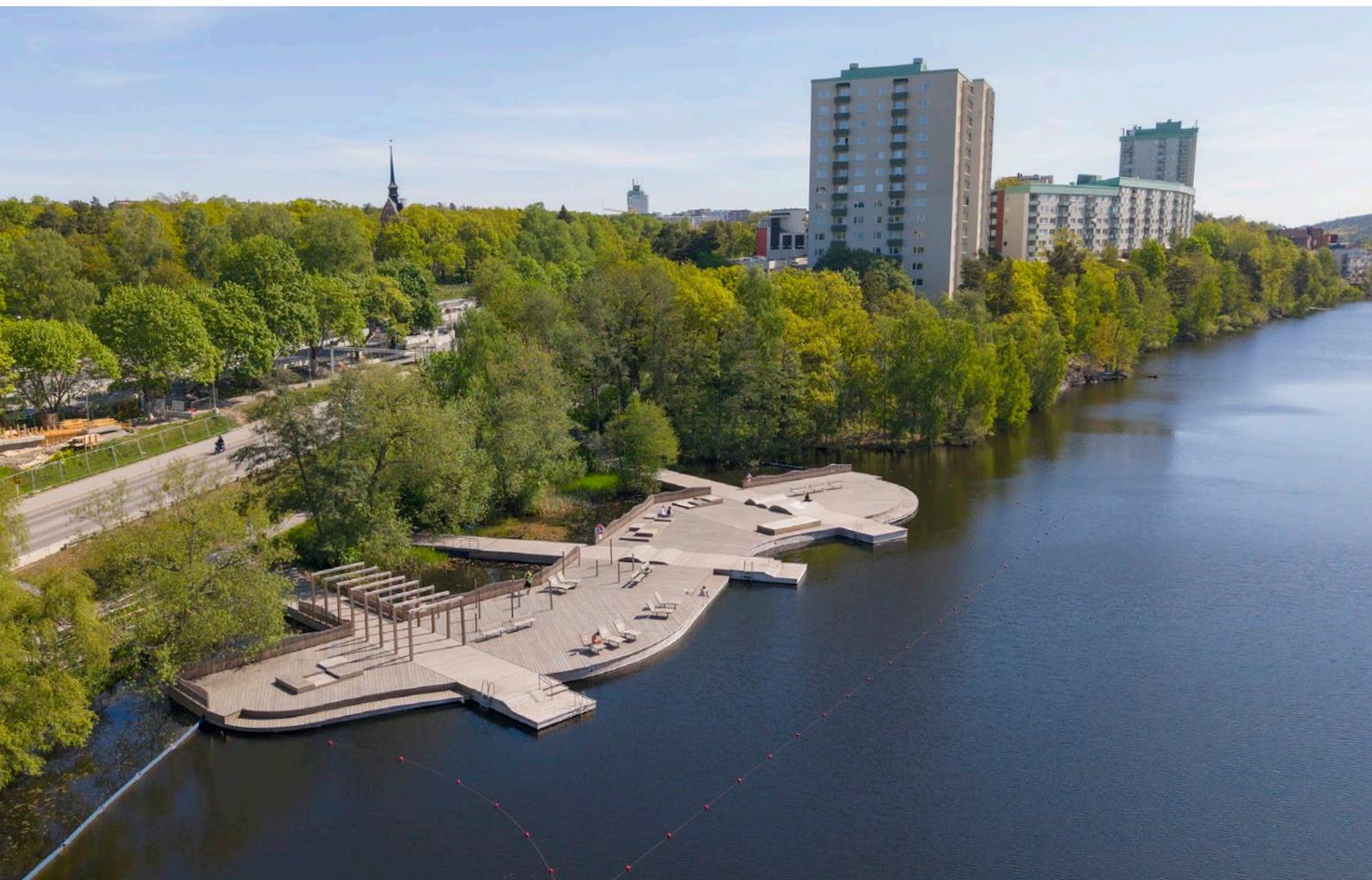
Nacka Municipality has worked with sustainability through its regular governance system for many years. Since 2020, the entire municipality has been working towards the goals of Agenda 2030 to create a long-term sustainable Nacka, economically, ecologically and socially.

One of the municipality’s core missions is to create conditions for health, well-being and quality of life for all residents. Through its regular activities, the municipality contributes to creating a safe and inclusive environment where residents can make healthy choices. Initiatives in areas such as education, social care and urban development strengthen social sustainability and also contribute to global sustainable development goals.

CLIMATE AND ENVIRONMENTAL PROGRAMME

As a municipality, Nacka aims to lead by example through high ambitions and goals. By adopting a systematic approach, we create the conditions for Nacka’s residents, businesses and organisations to contribute. The climate and environmental programme outlines Nacka’s overarching climate and environmental efforts, aiming to clarify the ambitions, strategically scale up the work and enable significant impact through future measures.

Purification basin for stormwater in Lake Järlasjön with floating docks for swimming and recreation.



Nacka Municipality's climate and environmental programme establishes the framework through three overarching strategic goals, with a target set for 2040. These goals form the foundation for the climate and environmental efforts that both the municipality and other stakeholders need to undertake in Nacka. The programme focuses on three main strategic goals that integrate climate, environmental and resource issues with societal development:



A climate positive and circular Nacka

1. A climate positive and circular Nacka

The municipality aims to become climate-positive by 2040 at the latest, which means reducing emissions to 11,000 tonnes of CO₂ per year and offsetting remaining emissions through carbon sequestration in forests and soil. To achieve this, emissions are reduced by an average of 12% per year, while circularity in the economy is increased through more efficient resource use, recycling and sustainable consumption.



A greener Nacka with thriving natural and aquatic environments

2. A greener Nacka with thriving natural and aquatic environments

The municipality prioritises protecting and enhancing green and blue areas to strengthen biodiversity and ensure resilient ecosystems. Access to nature and water for residents is continually improved, contributing to better health and recreation.



A climate-adapted and healthy Nacka

3. A climate-adapted and healthy Nacka

Nacka adapts its societal structure to address the impacts of climate change, such as flooding and heatwaves. At the same time, residents' exposure to noise and hazardous substances is reduced to create a safe and healthy living environment.

The climate and environmental programme is an integrated part of the budget and operational planning. The programme is based on measurable indicators and regular follow-ups to ensure that actions deliver the desired outcomes. Clear requirements in urban development, energy, transport and procurement strengthen the municipality's ability to work systematically and strategically for sustainable development.

ENVIRONMENTAL REQUIREMENTS IN PROCUREMENT

The purchase and procurement of goods and services account for a significant portion of municipalities' indirect greenhouse gas emissions. To reduce emissions in line with the objectives of Nacka's climate and environmental programme, Nacka incorporates environmental requirements into its procurement processes. This may include reuse requirements for properties Nacka constructs or requirements for fossil-free vehicles and machinery for some of the contractors working for Nacka. The municipality conducts annual follow-ups on emissions from the manufacturing and production of contracted products and ensures that suppliers have an active, documented environmental management system with an established environmental policy that is reviewed annually.

ADDITIONAL ENVIRONMENTAL INITIATIVES

In addition to the central climate and environmental programme, Nacka Municipality has undertaken several initiatives to future-proof the area and intensify efforts towards sustainable development:

- The municipality has launched a climate adaptation programme to evaluate climate-related risks and develop an action plan to future-proof the municipality.
- As part of the Climate Neutral Nacka 2030 project, the municipality is a member of Viable Cities, a national initiative to accelerate the transition to climate-neutral and sustainable cities.
- Nacka Municipality is investing in fossil-free construction sites along Värmdövägen, including Kyrkstigen and Sickla Industriväg. All machinery and transport in these areas are powered by HVO100 – a renewable fuel that significantly reduces climate impact compared to fossil diesel.
- Nacka's wetland initiative delivers multiple benefits, with a concentrated effort by the municipality to restore, recreate and establish new wetlands. Historically, wetlands have been drained and dried for various purposes, such as construction, forestry and agriculture. By restoring, rehabilitating and creating new wetlands, they contribute to increased water levels in the landscape, carbon sequestration, recreational values and enhanced biodiversity.
- Nacka's ongoing project, "Outdoor Environment Improvement", aims to enhance outdoor environments at Nacka's schools and preschools. The yards are surveyed to identify deficiencies, and measures are implemented to inspire play, learning and physical activity. At the same time, efforts are made to increase greenery and biodiversity on the grounds, phase out hazardous substances, manage stormwater and mitigate heat islands through planting. The work provides multiple benefits and is based on strong collaboration between several departments within the municipality.

Nacka Municipality's sustainability efforts align with the goals of Agenda 2030 and the Paris Agreement. The municipality views this work as an opportunity to combine economic growth with a healthy environment and social well-being. By taking a leading role in the climate transition and social responsibility, Nacka aims to inspire other municipalities and stakeholders to follow suit.

GREEN BOND FRAMEWORK

Issuing green bonds is part of Nacka Municipality's ambitious sustainability efforts. In 2018, Nacka Municipality issued its first green bond, and this is the second time the green bond framework has been updated.

This version of the framework has been developed in accordance with the International Capital Market Association's (ICMA) Green Bond Principles (2025). The framework is based on the four core components of the principles as well as its recommendation for external review:

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

The framework enables Nacka Municipality to raise capital through green bonds. The terms and conditions in the documentation for each green bond issued by the municipality will refer to this framework.

Mensättra is a recreated wetland.



USE OF PROCEEDS

ALLOCATION OF NET PROCEEDS

An amount equal to the net proceeds of the Green Bonds will be used to finance or refinance, in whole or in part, investments undertaken by Nacka Municipality, which promote the transition to a low-carbon and sustainable development in accordance with the green project categories defined below (Green Projects). Green projects will form a portfolio eligible for financing and refinancing with green bonds.

FINANSIERING OCH REFINANSIERING

New financing applies to planned and ongoing Green Projects, as well as Green Projects completed within the last 12 months¹. Refinancing applies to Green Projects completed more than 12 months ago.

EXCLUSIONS

The proceeds of Nacka municipality's Green Bonds will not be used to finance either fossil fuel energy generation, nuclear energy generation, potentially environmentally negative resource extraction, gambling, or tobacco.

EU TAXONOMY

The EU Taxonomy is a classification system that defines a list of environmentally sustainable economic activities and aims to promote sustainable investments. Environmentally sustainable activities are defined as those that significantly contribute to at least one of the taxonomy's six environmental objectives, do not cause significant harm to the other five objectives and meet the minimum requirements for social responsibility (Minimum Safeguards).

Nacka Municipality recognises the importance of having consistent and clear definitions of which activities can be classified as sustainable. Each category of green projects has therefore been linked to the environmental objective in the taxonomy that is most relevant, as well as to the global sustainability goal (SDG) to which the category contributes. For the green project categories covered by the taxonomy, the municipality has sought, to the greatest extent possible and taking into account what is reasonable, to align the criteria with the EU Taxonomy's requirements for significant contributions to the relevant environmental objective.

¹ Based on the time when the Green Bond Council selected the project to be included in the issuance.

GREEN PROJECT CATEGORIES

ENERGY EFFICIENT COMMERCIAL AND RESIDENTIAL BUILDINGS

Objective climate and environmental program

A climate-positive and circular Nacka

EU environmental objective

Climate change mitigation

Economic activities

7.1 Construction of new buildings

7.2 Renovation of existing buildings

7.7 Acquisition and ownership of buildings



New buildings

New buildings², including both residential and commercial properties, must meet the following criteria upon completion:

- A primary energy demand that is at least 20 % (residential) or 25 % (commercial) lower than the requirement under national building regulations³.
- Climate impact from the construction phase (A1–A5) must not exceed the following value per square metre of gross floor area (GFA)

Building category	Climate impact (Kg CO ₂ e/M ² GFA)
Multi-family housing	290
Schools	270
Preschools	220
Other building types	370

- The building has been tested for air tightness and thermal integrity
- The building has undergone an assessment of significant climate related risks

Existing buildings

Existing⁴ residential and commercial properties must meet one of the following criteria:

- An energy performance certificate (EPC) in energy class A, or
- Qualify among the top 15 % most energy-efficient buildings in the national building stock.

Major renovations

Renovations of existing residential or commercial properties must result in a reduction of the primary energy number per square metre and year (kWh/m²/year) by at least 25% compared to the pre-investment situation.

2 For buildings where a building permit application was submitted on or after 1 January 2021.

3 Or the equivalent level in the forthcoming legislation. In Sweden, the limits for nearly zero-energy buildings (NZEB) were implemented through the requirements in BBR29.

4 For buildings where the building permit application was submitted before 1 January 2021.

RENEWABLE ENERGY

Objective climate and environmental program

A climate-positive and circular Nacka

EU environmental objective

Climate change mitigation

Economic activities

- 4.1 Electricity generation using solar photovoltaic technology
- 4.3 Electricity generation from wind power
- 4.10 Storage of electricity
- 4.11 Storage of thermal energy



Solar power

Energy production using solar energy.

Wind power

Energy production from wind power.

Storage of renewable energy

Storage facilities for electricity, thermal energy and hydrogen aimed at managing the intermittency of renewable energy.

CLEAN TRANSPORTATION

Objective climate and environmental program

A climate-positive and circular Nacka

EU environmental objective

Climate change mitigation

Economic activities

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 6.13 Infrastructure for personal mobility, cycle logistics
- 6.14. Infrastructure for rail transport



Fossil-free vehicles

Passenger cars with zero tailpipe emissions (powered by electricity or hydrogen) as well as vehicles and machinery that either have zero tailpipe emissions or operate on fossil-free fuels (powered by biogas or HVO100).

Infrastructure enabling sustainable road transport and public transportation

Infrastructure designed to improve public transportation within the municipality, such as subways and buses, as well as to support the operation of vehicles with zero tailpipe emissions, for example through charging infrastructure.

Infrastructure for pedestrians and cyclists

Infrastructure dedicated to personal mobility, such as pavements, cycle paths and pedestrian areas.

ENERGY EFFICIENCY

Objective climate and environmental program

A climate-positive and circular Nacka

EU environmental objective

Climate change mitigation

Economic activities

7.3 Installation, maintenance and repair of energy efficiency equipment

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

7.6 Installation, maintenance and repair of renewable energy technologies



Investments in various municipal activities to increase energy efficiency, examples include:

- Energy-efficient equipment (such as energy-efficient windows, doors and light sources).
- Instruments and devices for measuring, regulating and controlling the energy performance of buildings.
- Renewable energy technologies (such as heat pumps, storage units and heat exchangers/recovery systems).

CLIMATE CHANGE ADAPTATION MEASURES

Objective climate and environmental program

A climate-adapted and healthy Nacka

EU environmental objective

Climate change adaptation



Physical or nature-based measures to reduce climate-related risks in the built environment, infrastructure or vulnerable areas. Examples include stormwater management, flood protection, heatwave management, erosion control and nature-based solutions that enhance ecosystem resilience.

ENVIRONMENTAL MEASURES

Objective climate and environmental program

A greener Nacka with thriving natural and aquatic environments

EU environmental objective

Protection and restoration of biodiversity and ecosystems



Conservation and protection of natural and green areas

Efforts to ensure thriving natural and aquatic environments by preserving or improving the status and development of terrestrial, freshwater and marine habitats, as well as populations of animal and plant species. This includes work to protect biodiversity and prevent habitat loss.

Restoration and development of natural and green areas

Efforts to ensure thriving natural and aquatic environments aimed at restoring or improving the status of ecosystems. Examples include measures to enhance habitat quality and connectivity, such as the restoration of wetlands, waterways or marine areas, the development of sandy habitats and meadows, as well as various conservation measures and enhancement efforts for tree environments.

Preserve, enhance and develop ecosystem services

Efforts aimed at developing ecosystem services, which may include measures for air purification regulation, conservation and development of carbon stocks and carbon sinks, as well as actions that promote recreation and accessibility to natural and green areas.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The evaluation and selection of Green Projects shall be preceded by an analysis to ensure that the project does not contravene any other prioritized area according to the categorization of Green Projects. For example, the energy efficiency gains may not be counteracted when the Municipality implements an adaptation measure.

The selection of Green Projects is managed by a dedicated group, the Green Bond Council (“GBC”). The Green Bond Council consists of officials from the entities whose responsibilities cover the conditions to determine if a project meets the requirements for being a green project according to this Framework. Relevant regulations and guidelines provide a basis for taking environmental and social risks into account for potential Green Projects.

The Green Bond Council decides in consensus which projects that meet the requirements to be Green Projects according to this Framework. The selection of Green Projects is done among the investment projects approved by the Nacka Municipal Assembly. A list of Green Projects is kept by the City Management Office (Sw. Stadsledningskontoret) who is also responsible for keeping it up to date. If, for any reason, a Green Project ceases to comply with the requirements set out in the Municipality’s Green Bond Framework such project will be removed from the green project portfolio.

The Municipality will follow the development of the sustainable finance market and manage any future updates of the Framework to reflect current and future market practices and potential updates to the GBP. 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. This is also a responsibility of the GBC.

MANAGEMENT OF PROCEEDS

The net proceeds from Nacka Municipality’s Green bonds will be credited to a separate account with the purpose to finance Nacka Municipality’s Green Projects. As long as green bonds are outstanding and proceeds from issuances are available on the separate account, Nacka Municipality shall, after the decision of the Green Bond Council, deduct funds from the separate account in an amount equal to disbursements for the financing/refinancing of Green Projects. Until disbursement to Green Projects, the separate account balance will be placed as part of the liquidity reserve. Should there be any unallocated proceeds Nacka Municipality strives to allocate them within one year.

All Green bonds issued by the Municipality will be managed on a portfolio level. The equivalent to the net proceeds from Nacka Municipality’s green bonds are followed up. This compilation will show issued amounts and selected Green Projects, which will be the basis for the allocation. The Green Bond Council is responsible for the follow-up and allocation of the net proceeds.

REPORTING

To enable investors and other stakeholders to follow the development of Nacka Municipality’s Green projects and to get insight into prioritised areas, Nacka will provide an annual investor letter on the Municipality’s website. The investor letter will cover the following areas:

Allocation report

- Total amount of Green Bonds issued
- A list of financed Green Projects within Nacka Municipality
- Share of proceeds used for financing/refinancing and share of proceeds allocated to each Green Project Category
- Share of unallocated proceeds (if any)

Impact report

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

- Estimation of avoided CO₂e emissions
- Expected or actual energy use for each building
- For renewable energy projects, the amount of installed and produced renewable energy

EXTERNAL REVIEW

Second Party Opinion

To confirm the transparency and robustness of Nacka Municipality's Green Bond Framework, it is verified and approved by an external second opinion provider.

The second opinion by S&P Global rating is available on the Municipality's website; www.nacka.se together with this Framework.

Multifunctional rain beds along the new Värmdövägen.



