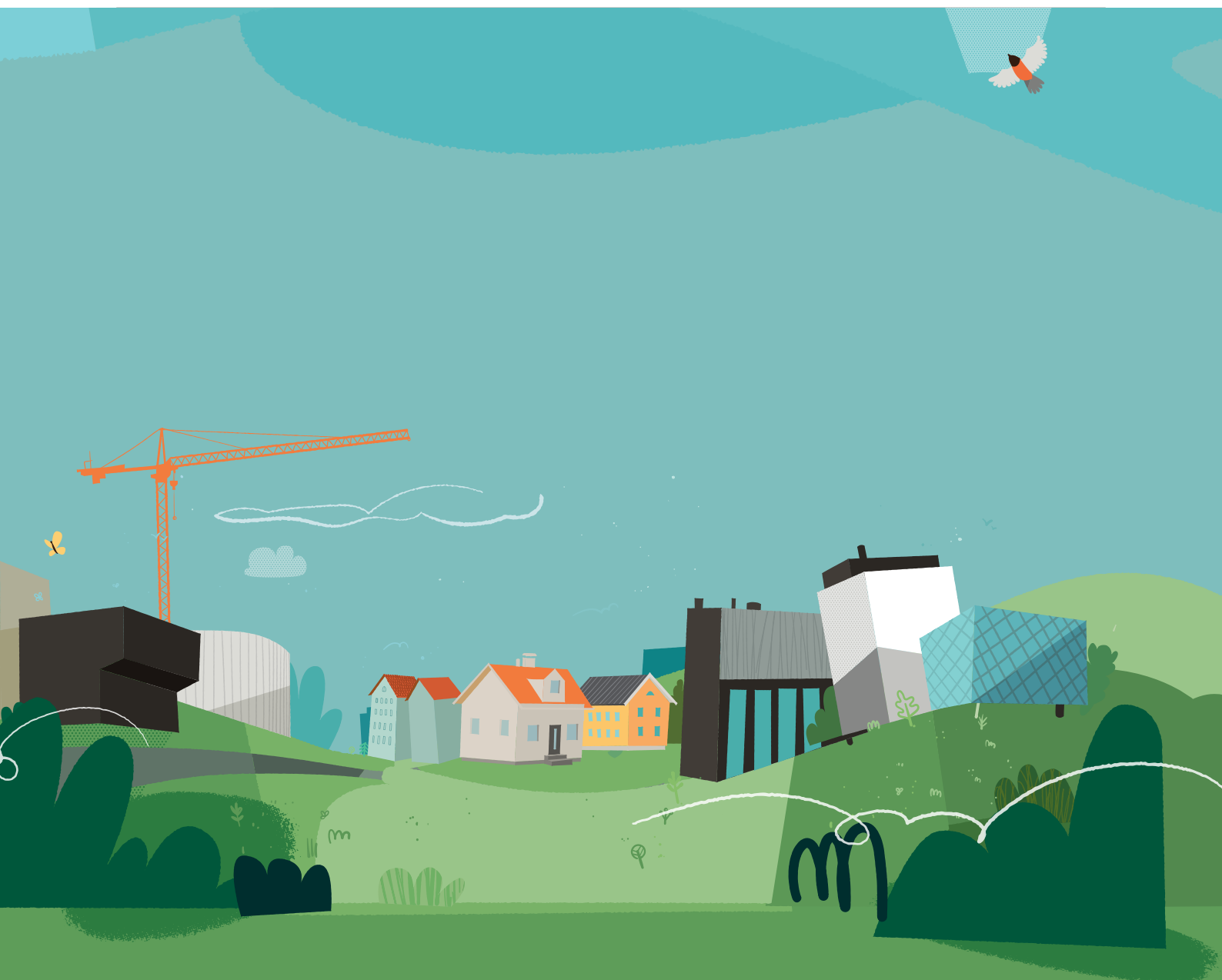




Green Bond

Investor Report

JULY 2022



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Introduction

Peab is the Nordic Community Builder. With long-term owners, solid core values and a business that since 1959 has developed one step at a time, Peab has everything in place to continue to do what is best for its customers, employees, owners and society in the long run. Peab has 15,000 employees in Sweden, Norway, Finland and Denmark and has headquarters in Förslöv on Bjäre Peninsula in southern Sweden. The share is listed on Nasdaq Stockholm.

Peab is unique in that the company is organized in four business areas that collaborate to use wherever possible local resources in the form of own personnel, input goods and subcontractors. Together with its integrated climate and environmental work and engagement in local communities, this forms the foundation of “locally produced community building”. The four collaborating business areas enable Peab to be efficient and have a high level of processing and ability to meet set sustainability-related targets. Further, it provides control over a project and flexibility to adapt the operations mix as needed.



Peab and sustainability

As described, sustainability is an integral part of Peab's daily operations and business strategy. Peab works actively with environmental and social issues and has a strong local commitment, anchored in the locally produced community building. Peab cares about good business ethics, has signed the UN Global Compact and seeks to contribute to the UN Global Sustainable Development Goals ("SDGs"). In an updated assessment conducted by Peab in 2020, six of the SDGs were deemed extra prioritized for the period 2021-2023.



We also stand behind voluntary initiatives of different kinds. In Sweden, for example, Peab stands behind the construction and civil engineering industry's Road map for fossil free competitiveness.

We believe that our way of conducting business also helps us in steering towards reaching the targets in our four strategic target areas. Our internal and external financial and non-financial targets are categorized under the target areas; Most satisfied customers, Best workplace, Most profitable company and Leader in social responsibility.

Environmental targets

Two of the nine external targets are climate-related. Up to 2030 our targets are to reduce carbon dioxide intensity by at least 60 percent in our own operations (Scope 1 and 2) and for input goods and purchased services (Scope 3) by at least 50 percent (compared to 2015). The most long-term target of Peab's three comprehensive environmental targets is to be climate neutral by 2045, which is in line with the scientifically-based 1.5 degree goal.

Scope 1 and 2 include direct and indirect emissions from fuel and energy consumption in our own production. The outcome for 2021 reveals that development is going in the right direction since carbon dioxide intensity in our own production has gone down by 40 percent compared to base year 2015. We are well on the road to converting the production we ourselves have control over. Scope 3 includes concrete/cement, asphalt/ bitumen, transportation and construction equipment services, steel, waste management services and business travel. The outcome for 2021 reveals that development is going in the right direction if only by three percent for input goods and purchased services. This shows the challenge is greater when we are dependent on other parties for a reduction in our carbon footprint. It is therefore vital that we continue to make explicit and stringent demands as well as point out choices that are better for the climate in order to reduce emissions.

Peab's second environmental target is to be completely resource efficient by 2040. This target also contributes to our climate target since resource consumption and producing material has a substantial climate impact. The third environmental target is to phase out environmentally and health hazardous products by 2030. We want to protect people and the environment from hazardous exposure in both production and usage. We also want to avoid mixing in hazardous substances in material that will be reused.

Material climate-related aspects

The greatest climate-related impact resulting from Peab's operations stems from production of the material we use, fossil fuel used in our production, vehicles and construction equipment as well as transportation. Carbon dioxide emissions are also generated by the use of the products, such as buildings, we deliver.

We can reduce our impact by optimized constructions using less material and developing and choosing materials with reduced climate footprint. We work on energy saving measures and replace fossil fuels with renewable energy. For example, we are using renewable fuels in the production of all our ECO-Asfalt. Transportation planning and waste management are two other focus areas for lowering our emissions. Furthermore, our responsibility for reducing climate impact and applying a life cycle perspective not only concerns our own operations but the entire value chain as well.

2030

Year 2030 we will have phased out environmentally and health hazardous products

2040

Year 2040 our business will be 100 percent resource efficient

2045

Year 2045 we will be climate neutral



Sustainability highlights from 2021

- Peab's subsidiary Swerock is constantly increasing production capacity for *ECO-Betong* (ECO-Concrete) and established a new factory in Malmö in 2021. In our *ECO-Betong* part of the cement is replaced with slag, a byproduct in steel manufacturing. This reduces both carbon emissions from manufacturing and saves the extraction of virgin limestone. Through this the concrete's climate impact can be cut by up to 50 percent.
- Peab's subsidiary Byggelement introduced the climate-improved concepts *ECO-Stomme* (ECO-Frame) and *ECO-Prefab* in 2021.
- Swerock launched the concept *ECO-Ballast* (ECO-Mineral aggregates) which is made of at least 50 percent recycled raw material and is thereby a significant contribution to circular community building. The raw materials can come from construction or civil engineering projects or be byproducts

from industrial processes. *ECO-Ballast* can be used in the manufacture of, for instance, asphalt or concrete or as a construction material. The first *ECO-Ballast* product we delivered was construction material to the project Partille Port.

- Peab entered as the first Swedish construction company into a partnership with SSAB regarding fossil free, high-quality steel. This means that as of 2026 Peab intends to start using fossil free steel from SSAB in our construction projects. Together we will also analyze various ways fossil free steel can help the construction industry reduce its climate footprint.
- Partnership with Volvo Trucks concerning electric vehicles has continued with new launches in our operations.

Find out more about our sustainability work and progress in 2021 in our Annual and Sustainability Report at <https://peab.inpublix.com/2021/en/>

Launch of Green Finance Framework

The establishment of Peab's Green Finance Framework enables Peab to link sustainable operations to sustainable finance. The framework is developed in alignment with the Green Bond Principles ("GBP") and Green Loan Principles ("GLP"). The framework is applicable for issuance of green finance instruments such as green bonds, hybrid bonds and other types of debt instruments such as loans, revolving credit facilities, commercial papers. These instruments can be issued by the parent company Peab AB or any of its subsidiaries. The framework is aligned with the four recommended components of the GBP and GLP; use of proceeds, process for project/asset evaluation and selection, management of proceeds and reporting and transparency. Furthermore, the framework has been reviewed by an external impartial firm, which has provided a second opinion to confirm its alignment with the GBP and GLP. The framework and second opinion from CICERO Shades of Green are available on Peab's website.

Green Finance Committee

The selection of green eligible assets is managed by a dedicated group, the Green Finance Committee ("GFC"). Members of the GFC

consists of the CEO, CFO, Head of Finance, and Group Environmental Manager. Peab will assure that the sustainability expertise always relies within the GFC. All decisions are made in consensus, and this applies to the selection process of green eligible assets as well. A list of green eligible assets is kept by the finance department who is also responsible for keeping it up to date.

To be fully transparent towards investors and other stakeholders, Peab commits to regular reporting until no green finance instruments are outstanding. The report will be published on the Peab's website on an annual basis and will cover the following areas:

- Allocation of proceeds reporting
- Total amount of green finance instruments issued
- Share of proceeds used for financing/re-financing and share of proceeds used for categories described in the green finance framework
- Share of unallocated proceeds (if any)

Allocation of proceeds reporting

An amount equivalent to the net proceeds from Peab's green finance instruments shall be used to finance or re-finance eligible assets and expenditures providing distinct environmental benefits. Peab will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the green eligible assets. Green eligible assets can be owned by Peab or by any of its subsidiaries, joint ventures or associated companies. For the latter two mentioned, the value of green eligible assets is to be adjusted for the share of capital owned by Peab. The green eligible assets are allocated into four categories that reflect Peab's overall business and its four business areas:

- Green and energy efficient buildings
- Eco-efficient and/or circular economy adapted products, production technologies and processes
- Water and waste management
- Clean transportation

The value of green eligible assets under the category "Green and energy efficient buildings" is based on the following criteria;

- buildings under the construction are based on the estimated project value (subject for completion within 24 months), and
- buildings under own management are based on the market value reported in the balance sheet.

For the remaining three categories, green eligible assets correspond to the relevant invested amount and associated operating expenditures.

Reporting period (year 2021)

Peab reports in Swedish kronor and the reporting period ended on December 31, 2021. Peab has outstanding green bonds amounting to SEK 1,500 million of which SEK 1,000 million matures in September 2024 and SEK 500 million matures in September 2026. The proceeds from the bonds have all been used to re-finance investments that are in alignment with Peab's green finance framework. Activated green eligible assets amounted to SEK 1,606 million on December 31, 2021.

Activated green eligible assets, SEK 1,606 million

Distribution of activated green eligible assets



- Green and energy efficient buildings, 59%
- ECO products, 15%
- Water and waste management, 9%
- Clean transportation, 17%



Impact reporting

Peab reports on quantitative impact indicators where relevant data is available for the four main categories. Calculations are made on a best effort basis and cover the activated green eligible assets corresponding to the amount re-invested.

The following pages report the actual or expected environmental impact.



Green and energy efficient buildings

Peab's own developed apartment buildings produced in Sweden and Norway are certified according to the Nordic Swan Ecolabel. A Nordic Swan Ecolabelled building lives up to strict requirements throughout its life cycle and is characterized by:

- Low energy consumption, including award for the use of renewable energy. E.g. in Sweden and Norway, the Nordic Swan Ecolabel requires energy consumption 10 percent or more below BBR.
- Good indoor climate using requirements for e.g. daylight, ventilation and moisture protection

- Strict requirements for environmentally and health-damaging substances in both building materials and chemical products
- Stringent requirements for sustainably certified wood
- Review of an independent third party of both the construction process and the finished construction

Emissions are here reported as avoided emissions due to energy saving measures.

Project	Type of project	Type of certification	Standard energy consumption kWh/m ² /year [PET BBR]	Energy consumption kWh/m ² /year [PET Project]	Area (Atemp)	Energy savings kWh/year	Emission savings tCO ₂ e/year
Brf Å-promenaden	Housing	The Nordic Swan Ecolabel	85	72 (E)	4,075	76,000	3.7
Brf Fyrskeppet (1 & 2)	Housing	The Nordic Swan Ecolabel	85	65 (E)	9,310	266,000	13.0
Oceanhamnen	Housing	The Nordic Swan Ecolabel	75	62 (E)	5,162	96,000	4.7
Norheim Terrasse	Housing	The Nordic Swan Ecolabel	95	85 (E)	7,279	73,000	3.6
Total					25,826	511,000	25.0

PET = Primary Energy Figure, needs to be divided by 0,7 for district heat to reflect actual energy savings
 Assumption: all energy used is district heat
 (E) = expected energy consumption
 Emission factor District Heat: 48,75 g CO₂e/kWh (Ref: <https://www.energiforetagen.se/statistik/fjarvarmestatistik/miljovardering-av-fjarvarme/>)



Brf Å-promenaden

- Type: Housing
- Region: Sweden, South Est
- Area: 4,075 m²
- Estimated completion year: 2022/2023
- Certificate type: The Nordic Swan Ecolabel



Brf Fyrskeppet (1 & 2)

- Type: Housing
- Region: Sweden, South
- Area: 9,310 m²
- Estimated completion year: 2024
- Certificate type: The Nordic Swan Ecolabel



Oceanhamnen

- Type: Housing
- Region: Sweden, South
- Area: 5,162 m²
- Estimated completion year: 2024/2025
- Certificate type: The Nordic Swan Ecolabel



Norheim Terrasse

- Type: Housing
- Region: Norway, North
- Area: 7,279 m²
- Estimated completion year: 2024
- Certificate type: The Nordic Swan Ecolabel

Eco-efficient and/or circular economy adapted products, production technologies and processes



ECO-Asfalt

Peab produces *ECO-Asfalt* (ECO-asphalt) with carbon neutral biofuel. Peab's subsidiary Peab Asphalt AB currently has around 90 asphalt plants in the Nordic region. Of these, 20 plants in Sweden have been able to offer *ECO-Asfalt* in 2021. During 2021 we began the transition in our other countries by converting four asphalt plants in Denmark, two in Finland and one in Norway.

↓ 62,000 tonnes CO₂e

In total, the share *ECO-Asfalt* of totally produced asphalt is 37% during 2021. This means reduced CO₂e emissions with 62,000 tonnes.



Merit

Peab's subsidiary Swecem has its own factory for *Merit* production, a binder based on slag which is a byproduct from the steel industry. *Merit* can replace parts of the cement in concrete thereby reducing both the need for cement and concrete's climate footprint. During 2021 Swecem has continued to expand warehousing locations for the binder so that *Merit* is accessible to more projects. There are now terminals established in Helsingborg, Skellefteå, Oxelösund (Sweden) and Koverhar (Finland). In addition, there is a storage silo in Trollhättan. Investments in the binder factory and the terminal in Skellefteå have been partially financed by the Climate Leap Initiative.

↓ 42,000 tonnes CO₂e

By substituting traditional cement in concrete with *Merit*, 42,000 tonnes CO₂e emissions were avoided during 2021.

Water and waste management



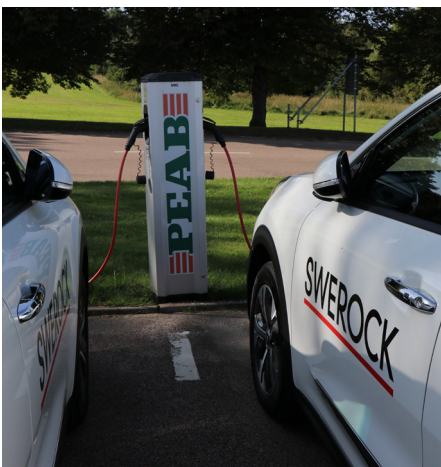
Construction & Demolition Recycling Wash Plants

In production plants for recycling excavated soil, so-called C&D Recycling Wash Plants, Peab's subsidiary Swerock contributes to circular material flows by efficiently recycling surplus excavated soil. In the C&D Recycling Wash Plant there is a mechanical processing of non-hazardous excavated soil, where the material is sorted into different fractions. The sorted fractions can be used as raw material again, e.g. for asphalt or concrete production, instead of being piled up on for example a landfill. This means we save landfill capacity as well as reduce the use of virgin rock material.

60% circular product rate

During 2021 100,000 tonnes surplus excavated soil was processed in the facility and the circular product rate reached 60%.

Clean transportation



Hybrid and fully electrical vehicles

The investment in hybrid vehicles, powered by electricity in combination with fuel, and fully electrified vehicles continues. During 2021 85% of the purchased personal cars were hybrid or fully electrical vehicles. Ten percent of our purchases of light trucks are electric or hybrid ones and that share is steadily increasing.

↓ 1,850 tonnes CO₂e

The share of hybrid or fully electrical vehicles amounts to 20% of the total fleet of personal cars and light trucks, for personal cars the share is 45%. This means a total CO₂e reduction of 1,850 tonnes.



Hybrid concrete mixer trucks

The investment in concrete mixer trucks, with mixers powered by electricity, continues.

↓ 140 tonnes CO₂e

The share of hybrid concrete mixer trucks amounts to 16% of the total fleet of concrete mixer trucks 2021. This means a total CO₂e reduction of 140 tonnes CO₂e.

EU Taxonomy approach

The EU Taxonomy Regulation (EU) 2020/852 entered into force in July 2020. It is a classification system meant to help investors and other stakeholders assess how sustainable a business is and thus steer capital flows to environmentally better alternatives.

Peab has published its first taxonomy report entailing how much of business that is eligible according to the Taxonomy. As of 2022 reporting will be complemented with alignment, to what extent business meets the criteria for being defined as sustainable according to the Taxonomy. For 2021, Peab reported taxonomy-eligibility (according to IFRS) for 62 percent of net sales, 32 percent of operating expenses and 22 percent of capital expenditure.



	Total Group (MSEK)	Portion of taxonomy-eligible activities (%)	Portion of taxonomy-non-eligible activities (%)
Net sales	58,923	62	38
Operating expenses	494	32	68
Capital expenditure	1,346	22	78

Peab is the Nordic Community Builder with 15,000 employees and net sales of SEK 61 billion. With a local presence and focus on our own resources we develop, do the groundwork and build everyday life where it's lived. Company headquarters are in Förslöv on Bjäre Peninsula in southern Sweden. The Peab share is listed on Nasdaq Stockholm.

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