



Executive summary

Preem Green Financing Framework

Preem Holding AB, the issuer of a Green bond, owns one sole subsidiary which is Preem AB (or “Preem”). **Preem is Sweden’s largest fuel refining and marketing (R&M) company.** Preem refines and sells fossil and renewable fuels and lubricants to companies and private customers, operating two refineries in Gothenburg and Lysekil which are among the most energy efficient and modern in Europe. They are in operation 24 hours a day, every day of the year and together account for about **80 percent of the Swedish refinery capacity** and about 40 percent of that in the Nordics.

Preem’s **renewable transition is absolutely crucial** for its long-term competitiveness, serving as a tool for other businesses to achieve their climate goals as well as for Sweden to achieve its national climate goals. Preem has revised its **target to reach net-zero by 2035** across its entire value chain, with a transition plan that target **four main focus areas**:

- 1) **Transform refineries to renewable and reduce production**
- 2) **Convert to sustainable resources**
- 3) **Capture and remove carbon dioxide**
- 4) **Adapt our offerings to the needs of a sustainable society**

The objective of issuing Green Financing Instruments is to assist in financing Preem’s initiatives to transition into a leading renewable fuel producer and distributor. Preem has developed a Green Finance Framework (or “Framework”) that is aligned with market best practices outlined by the International Capital Market Association (“ICMA”) 2021 Green Bond Principles and the Loan Market Association (“LMA”) 2021 Green Loan Principles, which are occasionally updated. Below is a summary of the key components of the Framework, which can be accessed in full on Preem’s website [here](#).

Use of Proceeds

An amount equivalent to the net proceeds of Green Financing Instruments will be allocated to **Eligible Green Projects and Assets** which include:

- **Eco-efficient and circular economy products, production technologies and processes:** Including investments in renewable product refineries **for the production of biofuels**, including renewable diesel sustainable aviation fuel and R&D investments related to Preem’s sustainable biofuel solutions.
- **Renewable Energy**
- **Energy Efficiency**

Governance procedures to review sustainability criteria classification according to EU directives and Swedish law.

Financing related to the development, operations, maintenance and expansion of renewable and circular solutions, which provide a sustainable alternative to fossil fuels and products, hence reducing greenhouse gas emissions.

Investments in renewable and circular solutions

Investments in renewable product refineries – such as the refining of used cooking oil, tall oil fatty acids, pyrolysis oil and waste tallow – for the production of biofuels, renewable fuels including diesel and sustainable aviation fuel.

Such investments include:

- Expenditure for planning, developing, constructing, equipping, and managing biofuel facilities that are dedicated to producing biofuel from various waste, residues and innovative raw materials, such as pyrolysis oil, tall oil fatty acids.
- Expenditure related to co-processing units where the investment is solely aimed at increasing capacity at these facilities for biofuel and replacing fossil capacity. (By using a stepwise manner for the transition through co-processing, reusing existing equipment rather than building new equipment will be possible, thereby being more energy efficient than a green field project.) Investments in co-processing units will only be limited to finance infrastructure dedicated to accommodate the production of renewable fuels.

Use of proceeds criteria for co-processing units:

- Minimum threshold for eligibility of investments is set to 25% renewable share of total feed per co-processing unit with operation start no later than 2026. Final renewable share target of co-processing units shall strive towards 100% of total feed with start of operation year no later than 2030.
- Allocation of proceeds for maintenance activities at co-processing units will only be allocated proportionally to an amount based on the proportion of renewable fuels produced in the last 12 months of production for each respective unit.
- Investments in CCS solutions connected to renewable fuel production.
- Expenditures related to the purchase of sustainability rated and approved raw materials such as talloil, other waste bio oils/fats for the production of biofuels.
- Expenditures related to all technology and equipment, such as sensors, certifications, and patents related to biofuel production processes, methods and equipment.

R&D investments related to renewable and circular solutions

R&D and investments to further develop our solutions portfolio for more sustainable transport, land and sea, aviation, and chemical sectors.



Project Evaluation & Selection

Preem has established a **Green Financing Committee** to ensure selection of Eligible Green Projects and Assets are in compliance with:

1. The eligibility criteria defined in the Use of Proceeds section of the framework and;
2. Preem’s sustainability policies and procedures.

The Committee will **annually review** the list of Eligible Green Projects and Assets.



Management of Proceeds

- **Preem’s treasury team will manage the allocation** of an amount equivalent to the net proceeds of its Green Financing Instruments to Eligible Green Projects and Assets.
- Preem will strive to allocate all the net proceeds of its outstanding Green Financing Instruments to Eligible Green Projects and Assets **within 24 months of issuance**.



Reporting

- Preem commits to publish an **allocation and impact report annually**, and until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date.

External Reviews

1. External Assurance on Allocation Reporting

- Preem’s annual allocation report will be accompanied by an assurance report by an external auditor.
- This will be made available on Preem’s website.

2. Second Party Opinion



- Preem has appointed **Cicero Shades of Green** to provide a Second Party Opinion on Preem’s Green Financing Framework to confirm alignment with the ICMA Green Bond Principles 2021 and LMA Green Loan Principles 2021.
- Based on their assessment Cicero shades Preem’s framework as **Light Green**.