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Powered by Shades of Green

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Second Party Opinion

Fastpartner's Green Financing Framework

April 11, 2024

Location: Sweden **Sector:** Real estate

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023

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Medium green

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

Our Shades of Green Analytical Approach >

Strengths

Fastpartner has taken relevant steps to reduce greenhouse gas emissions in its operations. Fastpartner aims to achieve net-zero carbon emissions (scope 1 and 2) by 2030 and net-zero carbon emissions also including scope 3 by 2045. Eligible projects support this target as they address elements such as renovation, energy efficiency, and solar and geothermal power, allowing Fastpartner to reduce total energy use and also increase the share of renewable energy to be used for its real estate portfolio. Further, Fastpartner commits to performing a material climate risk assessment in accordance with the EU Taxonomy for all financed buildings.

Weaknesses

No weakness to report.

Areas to watch

Reporting on commercial paper (CP) can be a challenge for issuers due to the short tenure of the instruments. We understand that Fastpartner will report the outstanding volume of green instruments on a quarterly basis, allowing investors to monitor the allocation of green proceeds. We also view as a mitigating factor that the issuer commits to ensuring the green asset pool always equals or exceeds outstanding green finance instruments.

Despite embodied emissions thresholds being in the project criteria, new construction may entail high emissions. According to Fastpartner, reducing embodied emissions will be a focus as it is pivotal to reaching its 2045 net-zero target. While these efforts are welcome, new construction is still associated with high emissions given that the knowledge and methodologies tackling this industry's challenges are just starting to evolve.

Eligible Green Projects Assessment Summary

Eligible projects under an issuer's green finance framework are assessed based on their environmental benefits and risks, using Shades of Green methodology.

Green buildings	**Medium green**
New construction, existing buildings, and renovations	
Clean transportation	**Dark green**
Charging station for electric vehicles	
Bicycle infrastructure	
Biofuels	
Hydrogen fueling stations	
Energy efficiency	**Dark green**
Investments in the existing portfolio of buildings that target lower overall energy use and an improved environmental footprint	
Renewable energy	**Dark green**
Renewable energy production, such as solar, wind, and emission-free geothermal installations	
Related infrastructure such as grid connections, electric substations, networks, or foundations	
Climate change adaptation	**Dark green**
Adaption measures to buildings, infrastructure, parks, and green areas to reduce the negative impact brought on by climate change	

See Analysis Of Eligible Projects for more detail.

Issuer Sustainability Context

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

Company Description

Fastpartner is a Sweden-based company that owns, manages, and develops commercial property, such as offices, in central hubs. In 2022, Fastpartner owned 222 properties, with a book value of Swedish krona (SEK) 35,728 billion and lettable area of 1,566,300 square meters. Its largest shareholder is the company's CEO Sven-Olof Johansson, who owns 71.6% of Class A ordinary shares through Compactor Fastigheter AB and also owns 33.2% of Class D shares. In 2022, the company reported rental revenue of SEK1,997 million (equivalent to about €117 million).

Material Sustainability Factors

Climate transition risk

Increased energy use in buildings is a major contributor to climate change, representing about one-third of global greenhouse gas emissions on a final-energy-use basis according to the International Energy Agency (IEA). Building occupiers and operators may face higher energy bills as power prices rise, and higher capital expenditure for upgrades required to accommodate the energy transition and meet more stringent efficiency standards. This could affect the competitive strengths of commercial and industrial properties. Incremental climate-related investments can require significant capital outlays but will potentially reduce the risk of obsolescence due to changes in regulation or climate goals. In addition, low-carbon properties may achieve higher cost efficiencies or attract premium rents in the longer term, thereby enhancing their value. Embodied emissions from building materials are a major source of emissions when looking at the carbon footprint of a building over its life cycle. Sweden, as a member of the EU, is implementing European rules on buildings' energy efficiency, while having more advanced regulations than most European countries on embodied emissions.

Physical climate risk

The geographically fixed nature of real estate assets exposes them to physical climate risks. While varying by location, these could include acute risks--such as wildfires, floods, and storms--which are becoming more frequent and severe, as well as chronic risks--such as long-term changes in temperature, precipitation patterns, and sea levels. Acute and chronic risks could damage properties or put tenants' health and safety at risk, as well as require investments to manage potential effects or, in severe cases, relocation of tenants. While the aggregate impact is moderate--since the type, number, and magnitude of these risks vary by region--highly exposed regions may be subject to material physical climate risk exposure. Most participants have some insurance coverage, but it could become more difficult to secure insurance for the most exposed assets in the future, absent adaptation to climate change. For the Nordic building sector, the most severe physical impacts will likely come from increased flooding, snow loads, and urban overflow, as well as a higher incidence of storms and extreme weather.

Customer health and safety

Properties can adversely affect tenant health and safety, especially office and residential properties, since people spend most of their time indoors. Although the probability of major risks, such as fire or failure of a property's structural integrity, is low, the impact could be significant, often resulting in serious injury or death, and tend to be more severe in older properties and regions with less stringent safety codes. The long-term nature of leases, as well as the diversity of tenants and assets, can largely mitigate temporary disruptions in performance, in our view.

Issuer And Context

Eligible projects address Fastpartner's most material sustainability factors. Most project categories included in the financing framework--Clean Transportation, Green Buildings, Energy Efficiency, and Renewable Energy--aim to address climate transition risk, which we consider to be one of the most material sustainability factors for Fastpartner. In addition, the climate change adaptation category addresses physical climate risk, which we also consider to be a material sustainability factor.

Financed projects support the issuer's plan to reduce its greenhouse gas emissions. Fastpartner has a vision to achieve net-zero greenhouse gas emissions including scope 1 and scope 2 by 2030 and net-zero carbon emissions also including scope 3 by 2045. It is already reporting on all three scopes. Fastpartner more than halved its scope 1 and 2 emissions between 2013 and 2018, and consequently set a target to further halve scope 1 and 2 emissions by 2025, compared with 2019. To reach this target, it has identified key actions to reduce scope 1 and scope 2 emissions: 1) to update systems to refrigerants with a low global warming potential, and 2) to use energy from climate neutral sources by purchasing guarantees of origin for its electricity consumption, investing in renewable energy and geothermal projects, and also by buying carbon offsets for district heating. Historically Fastpartner has reduced the energy use of its operational portfolio. In 2022, it reduced its energy intensity by 10.3% compared with 2021.

To reduce scope 3 emissions, which in 2022 constituted approximately 94% of its total reported greenhouse gas emissions, Fastpartner focuses on reducing both operational and embodied emissions for construction projects. Availability and quality of data to be used for scope 3 reporting is currently a challenge for the whole building sector, but Fastpartner expects this will improve over the coming years. The company states it will work closely with stakeholders to reduce resources when constructing and operating buildings. To support this, it has introduced policies on building material selection and waste management and has included energy criteria in its design instructions. While these initiatives are positive, new construction will still be associated with high emissions in the short term, since knowledge and methodologies to tackle this industry challenge are just starting to evolve.

Fastpartner's objective is to certify more than 80% of its properties by 2025, measured in terms of property value. At the end of 2022, the share of certified property by value was 51%. Fastpartner has chosen to certify its existing buildings according to BREEAM In-Use, Very Good, or Miljöbyggnad iDrift, Silver standard. For new construction, it has opted to certify according to BREEAM-SE, Very Good, or Miljöbyggnad, Silver. According to Fastpartner, a key part of its commitment to reduce its climate footprint is to cooperate with its tenants, where it has opted for using green leases. Several of its tenants have tenancy agreements with requirements in terms of environment and sustainability. This involves cutting the consumption of energy and resources, increasing recycling, and reducing the volume of waste.

Fastpartner incorporates physical climate risk mitigation in its property project planning. The company conducts climate risk assessments according to the EU Taxonomy, which specifies that climate scenario analysis should be used, using scenarios such as the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6 (a stringent mitigation scenario) and 8.5 (a scenario with very high emissions). A physical risk screening is a requirement for all green building projects.

Alignment Assessment

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

Alignment With Principles

Aligned = ✓ Conceptually aligned = o Not aligned = ×

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023

✓ Use of proceeds

All the framework's green project categories are shaded in green, and the issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green projects. Please refer to "Analysis of Eligible Projects" section for more information on our analysis of the environmental benefits of the expected use of proceeds. The issuer will allocate the proceeds to new and existing projects but anticipates allocating most net proceeds to refinance existing ones. We note that one of the instruments that could be issued under the framework is commercial paper, which is short term in nature and may incur some challenges around allocation and reporting. The issuer commits to ensure that the green asset pool always equals or exceeds outstanding green finance instruments.

✓ Process for project evaluation and selection

Fastpartner has a two-step process for the selection and evaluation of eligible green projects and their compliance with the framework. Group Sustainability, comprising six people including the Head of Sustainability and Projects, is responsible for identifying and preparing proposals for eligible green projects. Then, the Green Bond Committee (GBC), consisting of the CFO and Head of Sustainability, reviews the proposed eligible green projects and signs off. The Head of Sustainability will keep a list of all eligible green projects; any projects no longer meeting the criteria will be excluded. The GBC is responsible for evaluating the projects' overall environmental impact and risk, including life-cycle considerations, potential rebound effects, resilience to climate change, and social risks. To support this, Fastpartner has outlined an exclusion list, including fossil-based and nuclear energy generation, gambling, and tobacco, among others, ensuring no such activities can be financed under the framework. Finally, eligible projects need to comply with applicable laws and regulations, as well as Fastpartner's internal policies.

✓ Management of proceeds

The issuer commits to credit an amount equal to the net proceeds of the green financing to a dedicated account, or to otherwise track this amount through a portfolio approach ("green portfolio"). The treasury department will document any changes in the green portfolio and ensure that the funds directed to a given green project do not exceed its value. The framework states that if a project no longer qualifies or is divested, the initially allocated amount will be re-credited to the account or portfolio and can then be reallocated to other green projects. The issuer will invest or utilize any unallocated proceeds in accordance with the company's investment policies, such as in short-term interest-bearing securities, while adhering to the exclusion criteria of the framework. We view as positive that Fastpartner will seek verification of the proceeds' allocation from an external auditor.

✓ Reporting

Fastpartner commits to reporting annually on the allocation of proceeds and the impact of the green financing instruments within its annual report on its website, so long as green financing instruments are outstanding. The "Allocation and Impact Report" will, among other aspects, provide asset level performance indicators. We view positively that the issuer will align its impact reporting with the ICMA's Harmonised Framework for Impact Reporting (International Capital Market Association, June 2023). Another strength is that Fastpartner will appoint an external auditor to review the allocation of proceeds, although we note the absence of such a commitment regarding impact indicator reporting. For commercial paper that could be issued within

the framework, we understand that Fastpartner will report the outstanding volume of green instruments on a quarterly basis, thus allowing investors to monitor the allocation of green proceeds.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the Shades of Green methodology.

Over the three years following issuance of the financing, Fastpartner expects to allocate 46% of proceeds to existing green buildings, 22% to new construction projects, 22% to renovation projects, and the remaining 10% to the other project categories.

The issuer expects 54% of proceeds to be allocated to refinancing projects, while 46% of proceeds will be directed to finance new projects.

Overall Shades of Green assessment

Based on the project category shades of green detailed below, and consideration of environmental ambitions reflected in Fastpartner's Green Financing Framework, we assess the framework as Medium green.

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

Our Shades of Green Analytical Approach >

Green project categories

Green buildings

Assessment	Description

Medium green	New buildings, defined as those built after Dec. 31, 2020, must achieve all of the following:
	• Primary energy demand (PED) that is, or will be, at least 20% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures
	• The building has or will receive an environmental certification in any of the following building certification schemes at the defined threshold or better:
	  o BREEAM Very Good
	  o Miljöbyggnad Silver
	  o LEED Gold
	  o BREEAM In-Use Very Good
	  o Miljöbyggnad iDrift Silver
	• Upon completion, the building undergoes testing for air-tightness and thermal integrity
	• The life-cycle global warming potential of the building has been calculated. Allowed thresholds for embodied carbon per building type:
	  o Office buildings: 300 kilograms (kg) of carbon dioxide equivalent per square meter (CO2e/m2)
	  o Residential buildings: 310 kg CO2e/m2
	  o School buildings: 300 kg CO2e/m2
	• The building has undergone screening for material climate risks in accordance with the EU Taxonomy

Renovation of existing buildings must achieve all of the following:

- Renovation of an existing building that either leads to a reduction of PED of at least 30%, or the building meets the applicable requirements for "major renovations"
- The renovated building has, or will receive, an environmental certification in any of the following building certification schemes at the defined threshold or better:
    - BREEAM Very Good or BREEAM in-use Very Good
    - Miljöbyggnad Silver or Miljöbyggnad iDrift Silver
    - LEED Gold
- The renovated building has undergone screening for material climate risks in accordance with the EU Taxonomy

Existing buildings, defined as buildings built before Dec. 31, 2020, must achieve all of the following:

- An EPC (energy performance certificate) demonstrating class A or the building is within the top 15% of the national or regional building stock expressed as PED
- An environmental certification in any of the following building certification schemes at the defined threshold or better:
    - BREEAM Very Good
    - BREEAM in-use Very Good
    - Miljöbyggnad Silver
    - Miljöbyggnad iDrift Silver
    - GreenBuilding
    - LEED Gold
- The building has undergone screening for material climate risks in accordance with the EU Taxonomy

Analytical considerations

- For existing properties, high energy performance is important for the transition to a low-carbon economy, while for new construction there is the additional need to reduce emissions associated with building materials. Renovation of existing properties can contribute to significant emissions savings. For all buildings, mitigating the exposure to physical climate risks is crucial to improving climate resilience. We assign the project category a Medium green shade because of strong framework criteria including energy use thresholds, mandatory physical climate risks assessment, green building certifications, and the threshold values for embodied emissions for new construction.
- Fastpartner expects that the majority of proceeds will finance buildings built before 2020. We consider these buildings to be Medium green, given the eligibility criteria's focus on energy use, green building certifications, and physical climate risks. Whether an existing building is within the top 15% PED threshold will depend, among other factors, on the energy source, which is weighed differently in the PED calculation. The weighting favors district heating over electricity, meaning that, all else being equal, it will be easier for a building connected to district heating to meet the top 15% threshold than a building with electric heating. The issuer confirms that buildings with access to direct fossil-fuel heating are excluded from the eligible asset portfolio.
- Given the significant climate impacts associated with new construction projects, particularly in terms of embodied emissions, it is crucial for newer buildings to be constructed with the ambition of minimizing emissions from the materials. We view positively the inclusion of thresholds for new construction's embodied emissions in the framework. At the same time, the chosen threshold, although potentially leading to reducing embodied emissions compared to the average emissions for construction

projects, still falls short of what is needed for new construction to be climate neutral. According to Fastpartner, reducing embodied emissions will be a focus as it is pivotal to reaching its 2045 net-zero target.

- In the transition to a low-carbon society, it is essential to renovate and improve existing properties. With that in mind, we view favorably the framework's criteria for renovations, including the 30% reduction in energy consumption, environmental certifications, and the climate risk assessment. Buildings need to fulfil the criteria for an existing building after the renovation for the full value of the building to be financed; otherwise, only the cost of the renovation can be financed.
- For new construction, acquisitions, and renovation projects, Fastpartner commits to perform a material climate risk assessment to identify actions needed to make assets more resilient. We view this as a strength. It will undertake assessments in accordance with the EU taxonomy, which specifies that relevant climate scenarios should be used.
- Green building certification standards cover a broad set of issues that are important for sustainable development. However, at this time, they differ considerably in their requirements. An in-use certification can be a solid way of ensuring the management of assets enables continued improved energy performance. However, they seldom include specific energy-efficiency criteria, and the point-based system does not guarantee a low-carbon building.
- For new construction and larger renovations, Fastpartner assesses biodiversity in internal processes, which we view as a strength. In these types of projects, a nature assessment is made, which includes both plants and animals and is conducted by a third-party expert.

Clean transportation

Assessment	Description
Dark green	Financing of solutions for clean transportation and supporting infrastructure such as: • Charging stations for electric vehicles • Bicycle garages • Bicycle lanes • Biofuels and hydrogen stations.

Analytical considerations

- Fastpartner may finance projects such as charging stations, bicycle infrastructure, biofuels, and a hydrogen fueling station. Electric vehicles (EVs) are necessary for the transport industry's transition to a low-carbon future in line with the Paris Agreement, while facilitating cycling also plays an important role. Biofuels can replace fossil fuels in many transport applications, but the provenance of the biomaterial is crucial to whether the biofuel can be considered sustainable. Green hydrogen is in line with the low-carbon climate resilient (LCCR) future due to its low emissions and potential applications in otherwise difficult-to-decarbonize industrial processes and transportation, as well as its energy storage potential.
- The increase of EV charging stations boosts accessibility and encourages more people to consider EVs. Life-cycle savings from EVs are dependent on the energy mix of the grid that powers them. Sweden is well-placed because it has a low grid emission factor given that electricity production is dominated by renewable sources. Bicycle storage and lanes promote alternative forms of transport that avoid personal car use.
- We understand that biofuels are limited to advanced biofuels that are certified with International Sustainability and Carbon Certification (ISCC) or similar certifications. The ISCC certification is a sustainability certification system for bio-based materials and also includes whole lifecycle greenhouse gas emission calculations for all refinery streams. General challenges with certifications lie with overall enforceability, as well as with leakage issues, where the actual problem, for example deforestation, is simply shifted to a different producer. Potential feedstocks for biofuels are crop residues, forest waste, and food waste. Forestry will be FSC- or PEFC certified, and locally sourced primarily from Sweden, and also potentially from other Nordic countries. Food waste will be sourced locally in Sweden. Since the company does not require additional sustainability criteria for forestry operations from which its waste feedstocks are sourced, our shading relies on the jurisdictional context of strong forestry regulations in Sweden, in addition to high levels of voluntary environmental certifications such as FSC and PEFC limiting the risk of sourcing waste from unsustainable operations. For these reasons, we shade this project type as Dark green.

- Fastpartner may finance hydrogen fueling stations, where the procurement of hydrogen is limited to green hydrogen (produced only with renewable energy). Green hydrogen may become an important element in a green energy transition, but comes with risks associated with leakage. Leakage of stored hydrogen is difficult to avoid due to small molecule size and low density. Impacts from leakage of stored hydrogen to the atmosphere are not yet well-understood but emerging research indicates it increases the atmospheric lifetime of methane and its climate impacts, partially offsetting its emissions reduction benefits, and may contribute to Antarctic ozone depletion. High flammability also entails a hazard. Hydrogen fueling stations will have leakage detection systems and enclosed gas tanks.

Energy efficiency

Assessment	Description
Dark green	Upgrades to the existing portfolio of buildings that target a lower overall energy use and an improved environmental footprint. This could include, for instance, the installation of geothermal heating/cooling, energy-efficient lighting, IT-technology (monitoring, efficiency management, and remote operation), energy storages, energy efficient windows, or an upgraded ventilation system. Only directly associated expenditure (e.g. material, installation and labor) is eligible for financing. Fastpartner will ascertain the following: • High estimated energy savings in the targeted area (minimum 20%) • Minimize long-term negative climate impact and potential rebound effects • Minimal negative climate impact from the technology used • Complete abandonment of the usage of fossil fuels in the buildings.

Analytical considerations

- In a low-carbon future, it is vital to improve the energy performance of existing properties. According to the IEA's pathway to net zero, energy efficiency and electrification are the two main drivers of decarbonization in the buildings sector. Energy efficiency improvements should be supported by stringent quantitative performance measurements, while also striving to minimize other environmental impacts.
- The activities described in the framework correspond to those needed to move the real estate sector toward net zero, such as the use of heat pumps powered by renewables, and energy efficient components. The issuer has the ambition to achieve at least 20% estimated energy savings, which covers the associated overall energy savings of the property, as well as per square meter. We note positively that energy saving measurements will be verified externally through energy performance declarations (EPD) where necessary (for example on larger projects).
- The issuer plans to minimize "rebound effects" through resource-efficient requirements, life-cycle cost and assessment calculations and control systems, customer surveys, and green leases. In the past, the company has measured and analyzed energy usage data for its portfolio and says it has taken immediate action in case of energy deviations.

Renewable energy

Assessment	Description
Dark green	Renewable energy production, such as on-site solar power installations or stand-alone solar farms, thermal solar panels, wind power installations, emission-free geothermal heating and cooling installations, and heat pumps, as well as investment in related infrastructure, for example grid connections, electric substations, networks, or foundations.

Analytical considerations

- Renewable energy, provided the impacts on the local environment are sufficiently mitigated, is a key element in an LCCR future. We therefore assess the framework's renewable energy category as Dark green.

- Eligible solar projects mainly pertain to the construction of solar installations on own roofs, while geothermal investments are intended for Fastpartner's heating systems in order to reduce district heating or electricity demand. The end use of the renewable energy is mainly Fastpartner's own energy usage, but electricity, heat, or cooling could be sold to their tenants or the grid. Fastpartner has 12 properties with installed solar arrays, which contributed to roughly 2.2% of total electricity consumption, while heat pumps contributed to 6.2% of Fastpartner's heat demand in 2022.
- According to the issuer, land use will be taken into consideration for site selection if it decides to develop solar farms. Equity investments will not be financed. For solar farms, site selection is key to limiting environmental risks. If greenfield land is chosen for development, biodiversity risks should be managed.
- The issuer considers durability a key factor when choosing a solar model and contractor. Recyclability and end-of-life management of solar arrays is a focus point, rare metals are avoided as far as possible, while the same considerations apply also to wind power projects.
- Grid connections could involve the connection of renewable energy sources or storages to the grid but also grid solutions between Fastpartner's own buildings to lower demand and power peaks more efficiently.

Climate change adaptation

Assessment	Description
Dark green	Adaptation measures to reduce negative impacts brought on by climate change. Adaptation measures will be identified through screening climate risks in accordance with the EU Taxonomy and will include adaptation of buildings, infrastructure, parks, and green areas to build resilience against expected risks such as increased rainfall, flooding, or rising sea levels.

Analytical considerations

- Even in the most optimistic climate scenarios, some level of climate change is most likely unavoidable. It is therefore crucial to plan and mitigate potential physical climate risks to reduce the potential financial and environmental impact of such events.
- We view as a strength that Fastpartner's adaptation measures will be identified through screening climate risks in accordance with the EU Taxonomy, which offers a robust approach to screening for physical climate risks while also setting timebound requirements for mitigation actions. Fastpartner has identified that key risks for its operations are increased rainfall, flooding, and rising sea levels, and expects that measures will focus mainly on storm water management. Measures include the installation of green areas (such as green roofs), new pump installations, inspections, and measures regarding gutters, drainage wells, storm water reservoir, and sun and heat protection.
- Investments are not limited to blue-green solutions and could also include bigger construction projects, noting that measures that require construction can lead to higher emissions. Fastpartner states that for all projects, it strives to improve biodiversity in its surroundings or at least keep existing biodiversity intact.

S&P Global Ratings' Shades of Green

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

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

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

Related Research

- Analytical Approach: Second Party Opinions: Use of Proceeds, July 27, 2023
- FAQ: Applying Our Integrated Analytical Approach for Use-of-Proceeds Second Party Opinions, July 27, 2023
- Analytical Approach: Shades of Green Assessments, July 27, 2023
- S&P Global Ratings ESG Materiality Map: Real Estate, July 20, 2022

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