



# Stockholms Kooperativa Bostadsförening Green Financing Framework Second Opinion

March 25<sup>th</sup>, 2022

**Stockholm's Kooperativa Bostadsförening is a not-for-profit cooperative housing association renting residential properties to its members.** Membership is open to all private individuals for a fee. No single apartments can be sold by SKB. Although it may sell entire buildings/properties, SKB has not made any divestments since its start in 1916. Most properties are located in Stockholm, of which half are in the city center. The remaining properties are in six municipalities near Stockholm and Uppsala. This framework is an update of the issuer's 2016 framework.

**Most proceeds will be spent on energy efficient and environmentally certified buildings, the remainder on renewable energy and clean transportation projects.** Compared to the previous framework, the clean transportation category is new while the green building criteria are mostly similar, but with differentiated requirements for energy performance improvement compared to regulation depending on the building's age. A majority of proceeds will be directed to re-financing, with a mix of older buildings and newer construction being financed in the green building category, mainly buildings with an environmental certification and an improved energy performance compared to regulation.

**The selection criteria are clear and the issuer has time bound quantified climate and energy targets.** Solutions for electric vehicles and biking, energy efficiency measures in existing buildings and roof-top solar panels that will be financed under the framework fit well with the issuer's energy targets and policies to reduce tenants' carbon footprint. SKB does not report according to the TCFD guidelines, but has initiated work to better secure its buildings against flood risks. SKB assesses physical climate risk for all new projects, partly relying on the relevant municipality's considerations.

Based on the overall assessment of the projects that will be financed under this framework, governance and transparency considerations, SKB's green financing framework receives a **CICERO Medium Green** shading and a governance score of **Good**. The governance would benefit from a more systematic approach to climate risks, for example by following TCFD recommendations.

## SHADES OF GREEN

Based on our review, we rate SKB's green financing framework **CICERO Medium Green**.

Included in the overall, shading is an assessment of the governance structure of the green finance framework. CICERO Shades of Green finds the governance procedures in the SKB's framework to be Good.



## GREEN BOND AND LOAN PRINCIPLES

Based on this review, this framework is found in alignment with the green bond principles.





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# 1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated March 2022. This second opinion remains relevant to all green, blue and social bonds, loans, bills and/or other debt instruments issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client's policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

## Expressing concerns with 'Shades of Green'

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

CICERO Shades of Green	Examples
 <b>Dark green</b> is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Ideally, exposure to transitional and physical climate risk is considered or mitigated.	 Wind energy projects with a strong governance structure that integrates environmental concerns
 <b>Medium green</b> is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Physical and transition climate risks might be considered.	 Bridging technologies such as plug-in hybrid buses
 <b>Light green</b> is allocated to projects and solutions that are climate friendly but do not represent or contribute to the long-term vision. These represent necessary and potentially significant short-term GHG emission reductions, but need to be managed to avoid extension of equipment lifetime that can lock-in fossil fuel elements. Projects may be exposed to the physical and transitional climate risk without appropriate strategies in place to protect them.	 Efficiency investments for fossil fuel technologies where clean alternatives are not available

## Governance assessment

Sound governance and transparency processes facilitate delivery of the client's climate, environmental and social ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green, blue and social bond are carefully considered and reflected in the overall shading. CICERO Green considers four factors in the review of the client's governance processes: 1) the policies and goals of relevance to the green financing framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: 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.



## 2 Brief description of SKB's green financing framework and related policies

Stockholm's Kooperativa Bostadsförening ("SKB") is a cooperative membership-owned housing association that builds, manages and rents residential properties to its members, being the largest private housing association in Stockholm. SKB is a not-for-profit association where any economic surplus is reinvested in daily operations. Most of the properties are located in Stockholm, with approximately half in the city center. The remaining properties are in six municipalities around Stockholm and Uppsala.

Membership is open to any private individual and apartments are rented to members according to a queuing system. SKB cannot sell any individual apartments, only whole buildings. Any available apartment is rented to the person who has been on the waiting list the longest. According to the issuer, rental levels are relatively low compared to market prices, as the association has lower profitability needs than traditional commercial players. In particular, older SKB properties have lower rental levels, where newer properties have low/medium rental levels. The membership fees are modest (250 SEK per year, 125 SEK for youth below 18 years), while members need to contribute with some savings and deposit when renting an apartment. These amounts are paid back when an individual leaves the association.

### Sustainability Strategies and Policies

In its sustainability work, SKB has three main ambitions:

- Enable SKB's stakeholders to contribute to a sustainable development, especially in relation to housing and transportation
- Always consider SKB's impact on people, environment and society
- Create collaborations with other members of society to enable innovation and drive development within the field of sustainability

### *Climate and environmental policies*

SKB has a target to become climate neutral by 2045 (in scope 1, 2 and 3), and has several short- and medium-term environmental targets. According to the issuer, the main principle in reaching climate neutrality is to reduce own emissions, but reaching net zero will likely also include some form of climate compensation such as offsets. The main emission sources within scope 1, 2 and 3 have been identified. Total emissions were estimated to 6,032 tonnes CO<sub>2e</sub> in 2021, with 0.2% in scope 1 (refrigerants, fuels), 48.5% in scope 2 (electricity, district heating) and 51.3% in scope 3 (other relevant indirect emissions, for example new construction, waste, and business travel). SKB's main focus in the coming years will be on purchasing, remodeling and building new properties in alternative ways (for example by reducing the impact of using concrete as a building material) and enable households living in SKB's properties to reduce their climate impact (for example by stimulating renewable transportation solutions, energy savings and recycling measures). The issuer has an ongoing project to calculate an entire building's climate footprint, going beyond the requirements of Miljöbyggnad. The outcome will serve as a basis for future material selection based on climate impact.

SKB has the following environmental targets:

- Have 100% of buildings certified



- Become fossil-free by year 2030 (part of Sveriges Allmännyttas<sup>1</sup> Climate Initiative).
  - o Since 2014, SKB uses 100% renewable and fossil-free electricity. The issuer is installing solar-power systems to generate additional electricity to its buildings. According to the issuer, about 99% of the district-heating is currently fossil-free and the suppliers aim at becoming fossil-free by latest year 2030.
  - o When it comes to fuel for owned or leased vehicles/machines, a program has been launched to phase out fossil fuel vehicles/machines. About 30% remains to be phased out.
- Reduce energy intensity with 30 percent by 2030, compared to 2007, measured in kWh/sq. meter  $A_{temp}$ . This goal is also part of Sveriges Allmännyttas Climate Initiative. In 2021, energy use was 23% lower compared to 2007 and SKB expects to reach its 2030 target around year 2026.
  - o Average energy use of the current portfolio is 113 kWh/sqm  $A_{temp}$ /year covering all buildings from 1917 onwards.
- Project new buildings to have a maximum energy consumption of 55 kWh/sqm  $A_{temp}$ /year and meet the energy classification of at least Miljöbyggnad Silver or Svanen (Nordic Ecolabel Swan).
  - o The issuer has informed us that the 55 kWh/sqm  $A_{temp}$ /year target is not achieved in all new buildings, but the average energy use in buildings completed since 2011 is 65,3 kWh/sqm  $A_{temp}$ /year.
- Introduce “Sustainable living” to all households renting apartments from SKB as an initiative to encourage tenants to make sustainable choices, for example by facilitating bicycle areas, charging stations for electric cars, garbage handling, efficient water consumption, cultivation possibilities etc.
- Undertake other measures continuously such as investments in renewable energy solutions, cleaner transports, using sound materials and chemicals, as well as installing “green” roofs and other activities that promote biodiversity.

The company reports on progress towards its targets in its yearly sustainability report. SKB does not report according to the TCFD<sup>2</sup> guidelines. However, climate adaptation has been set as a priority area for the years 2022-2024, during which the main focus will be to reduce flood risks. The company is also undertaking work to assess how biodiversity and ecosystem services can contribute to increased climate change resilience at its properties.

### *Social policies*

SKB has the following social targets:

- Encourage members’ engagement in different areas such as decision-making within the association, (elected representatives), create a pleasant atmosphere in the neighborhoods/properties where people live and develop the association.
- Work actively with the well-being of people living in SKB’s properties to encourage social integration among households. This means, for example, to facilitate common spaces in the buildings and create nice and inviting outdoor environments.
- Support local presence by having SKB staff in each property.
- Take social responsibility in SKB’s neighborhoods by different collaborative initiatives (for example, SKB is a member of different property associations with the objective to enhance the attractiveness and to strengthen certain areas’ reputation).
- Cooperate with organizations that support social development in a wide range of areas (examples are the foundation Låxhjälp and Stockholm’s Stadsmission. Låxhjälp offers help with homework free of charge in vulnerable areas and Stockholm’s Stadsmission helps homeless people to have somewhere to stay overnight.)

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<sup>1</sup> Sveriges Allmännyttas is an industry and interest organisation for public housing companies.

<sup>2</sup> Task Force on Climate-Related Financial Disclosures



- Increase safety and well-being by performing safety inspections/certifications throughout SKB's properties, leading to measures when assessed necessary.

### Use of proceeds

An amount equal to the net proceeds will finance green projects or assets that support the transition to a low carbon and sustainable future. All financed assets/projects must contribute to one of five environmental objectives: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation or pollution prevention and control. Not more than 15% of the net proceeds will be allocated to green projects/assets with a primary alignment towards environmental objectives other than climate change mitigation or adaptation.

The issuer expects the majority of proceeds to go to re-financing, with a long-term ambition to allocate additional/new financing to new projects and assets (defined as ongoing projects and assets financed within 12 months from the time of completion). The framework has no limit on the look-back period for projects and assets financed, while operational expenditures with a lookback period of three years may be financed. All investments are in Sweden.

Net proceeds will not be allocated or linked to fossil-based energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

### Selection

SKB has a green financing committee ("GFC") consisting of the Chief Financial Office, Sustainability Manager and Property Development Manager. Eligible assets need to contribute to at least one of the environmental objectives and align with the specific criteria of the framework. The GFC will evaluate the overall environmental impact, which includes life cycle considerations, potential rebound effects, climate change resilience and contribution to one of the five identified environmental objectives. Decisions are taken by consensus. The selection decision will be documented and filed. The GFC is also responsible for final sign off on reporting. The GFC will keep a list of all green eligible projects and assets. Any future update of the framework must be approved by the GFC.

### Management of proceeds

CICERO Green finds the management of proceeds of SKB to be in accordance with the Green Bond Principles and the Green Loan Principles.

Net proceeds will be either credited to a dedicated bank account or tracked by SKB in another way. The issuer has an ambition to fully allocate proceeds within one year from issuance. If an eligible green asset/project is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the sustainability portfolio. Funds may be reallocated to other green projects under the framework.

Any temporary proceeds will be utilized in accordance with SKB's financial policy. Funds may be held on saving accounts and/or invested in securities of approved counterparties such as the Swedish government, municipalities/county councils and reputable banks. Investments can only be made in local currency (Swedish krona). Investments in shares are not permitted.



## Reporting

As part of its annual financial reporting, SKB will publish information on the use of proceeds in Swedish on its website (at the latest in April the year following the reporting year).

Reporting covers allocation and impacts, and any balance of unallocated proceeds will be disclosed. The allocation report will include the following:

- A list and a short description of each green eligible project and/or asset that have been financed under the framework (including the applicable sustainability criteria).
- The sum of allocated net proceeds to each green eligible project and/or asset, (and the corresponding market value/investment expenditure/operational expenditure for each project and/or asset as well as the financing source/instrument used).
- The proportion of net proceeds allocated to new projects and/or assets, as well as refinancing activities.
- The total balance of green eligible projects and/or assets available to finance.

A third party will assess whether an amount equal to net proceeds have been allocated to eligible green and sustainable projects, and the conclusions of this verification will be published on SKB's website.

Impact reporting, which will not be externally reviewed, will cover the following metrics:

- For all financed green buildings: energy use as absolute consumption (kWh/year) and/or intensity (kWh/sqm) and/or a relative comparison (%) to levels set out by applicable national building codes and regulations (BBR code) and/or a relative comparison (%) to levels set out by applicable national NZEB requirement and/or estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e)
- For certified buildings: types of certification and level achieved
- For renovation and energy efficiency measures: the energy use reduction relative to historical performance (percent)
- For renewable energy sources: total renewable energy production (kWh/year) and/or the share (%) of a property's total energy use provided by an on-site installation and/or the share (%) of the total energy use in SKB by a stand-alone installation (for instance a wind turbine).
- For clean transportation: annual reductions of greenhouse gas emissions in percentage and absolute savings (tCO<sub>2</sub>e) for fuel to owned/leased vehicles/machines, the number of installed charging stations for electric vehicles and the number of facilitated bicycle areas.

The issuer has informed that the emission factors will be the same as those used in the company's sustainability reporting and annual report. Additionally, the issuer has indicated that to calculate GHG emission reductions, SKB uses the Greenhouse Gas Protocol and GRI Standards and reports on Scope 1, Scope 2 and Scope 3 emissions for SKB as a whole, and for individual projects when possible. According to the company, emission factors are life cycle based and calculations are carried out with actual statistics as far as possible.



### 3 Assessment of SKB's green financing framework and policies

The framework and procedures for the SKB's green investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where the SKB should be aware of potential macro-level impacts of investment projects.

#### Green shading

Based on the overall assessment of the project types in this framework, and governance and transparency considerations, the SKB's green financing framework receives a **CICERO Medium Green** shading for green.

#### Eligible projects under the SKB's green financing framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental and social benefits. Through selection of project categories with clear environmental and social benefits, sustainable financing frameworks aim to provide investors with certainty that their investments deliver environmental and social returns as well as financial returns.





The following table provides an assessment of the eligible green project categories:

Green category and objectives	Eligibility criteria	Green Shading and some concerns
Green buildings	<p><b>Environmentally certified (buildings that have or will receive a design stage certification or a post-construction certification)</b></p> <p>New buildings:</p> <ul style="list-style-type: none"> <li>- Miljöbyggnad Silver (or better) or Svanen</li> <li>- Primary energy demand is at least 10% lower than the applicable national NZEB requirement.</li> </ul> <p>Existing buildings:</p> <ul style="list-style-type: none"> <li>- Miljöbyggnad Silver (or better) or Svanen</li> <li>- A lower energy use than required by the applicable national building code, BBR for construction years (expressed as either primary energy use or specific energy use):               <ul style="list-style-type: none"> <li>- 2006–2021 at least 15%</li> <li>- 2022– at least 10%</li> </ul> </li> </ul> <p>Major renovation of buildings (construction years prior to 2006) that achieve at least 30% reduced energy (expressed as either primary energy use or specific energy use).</p> <p><b>Wood construction (buildings that have or will use FSC or PEFC certified wood as the main building component and thereby minimize the use of cement and steel)</b></p> <p>New buildings:</p> <ul style="list-style-type: none"> <li>- Primary energy demand is at least 10% lower than the applicable national NZEB requirement</li> </ul>	<p><b>Medium Green</b></p> <ul style="list-style-type: none"> <li>✓ This category is expected to receive most proceeds, with a focus on environmentally certified and energy efficient buildings. The Medium Green shading reflects that these buildings represent significant steps towards the low carbon vision, while not being completely there yet.</li> <li>✓ The issuer will finance a mix of both older and newer buildings, mostly re-financing initially. For buildings older than 2006, relevant investments under the framework will be renovations.</li> <li>✓ Environmentally certified buildings financed under the framework also need to have energy performance that is better than regulation. It is positive that the improvement compared to regulation is higher for buildings built between 2006 and 2022 than for newer buildings, as regulations have tightened over time and older buildings typically have weaker energy performance.</li> <li>✓ Although voluntary environmental certifications include a number of environmental considerations, they do not guarantee a reduction in greenhouse gas emissions nor necessarily include considerations of climate resiliency.</li> <li>✓ To be on track towards the 2050 IEA Net Zero Emissions scenario, all new buildings and 20% of the existing building stock need to be zero-carbon-ready as soon as 2030. To achieve a zero-carbon-ready building envelope, tackling embodied carbon (emissions from building materials and equipment) is just as important as energy efficiency.</li> <li>✓ Life Cycle Analysis is performed in the context of Miljöbyggnad Silver for new construction, and SKB is working to further reduce the climate impact of chosen building materials. Many life cycle assessment studies indicate that wood-frame buildings result in lower primary energy and GHG emission compared to nonwood</li> </ul>



Existing buildings:

- A lower energy use than required by the applicable national building code, BBR for construction years (expressed as either primary energy use or specific energy use):
  - 2006–2021 at least 15%
  - 2022– at least 10%

Major renovation of buildings (construction years prior to 2006) that achieve at least 30% reduced energy (expressed as either primary energy use or specific energy use)

**Energy efficient buildings (buildings that are highly energy efficient and/or have achieved substantially improved energy efficiency through renovation)**

New buildings:

- Primary energy demand is at least 15% lower than the applicable national NZEB requirement

Existing buildings:

- A lower energy use than required by the applicable national building code, BBR for construction years (expressed as either primary energy use or specific energy use):
  - 2006–2021 at least 20%
  - 2022– at least 15%

Major renovation of buildings (construction years prior to 2006) that achieve at least 30% reduced energy (expressed as either primary energy use or specific energy use)

alternatives including concrete and steel<sup>3</sup>. FSC and PEFC are internationally recognized forestry certification schemes and a good starting point for sustainable forestry.

**Energy efficiency in buildings**

Investments (based on a sum of projects that are being undertaken at the same time) in the existing portfolio of buildings that target a lower overall energy use (minimum 20%). This could include, for instance, the installation of

**Dark Green**

- ✓ In a 2050 perspective, energy efficiency measures are important. According to the IEA, the buildings and construction sectors combined account for 36% of global final energy consumption. To be on track to reach IEA’s Net Zero Emissions scenario, retrofit rates

<sup>3</sup> R&D Fund for public real estate, The Swedish Association of Local Authorities and Regions (2016): Climate impacts of wood vs. non-wood buildings. <https://webbutik.skl.se/bilder/artiklar/epub/7585-377-2.epub>



geothermal heating/cooling, energy efficient lighting, IT-solutions (monitoring, efficiency management and remote operation), energy efficient windows, additional insulation or an upgraded ventilation system. Only directly associated expenditures (e.g. material, installation and labor) are eligible for financing.

of current buildings need to increase from the current 1% to 2.5% per year by 2030, while the average energy consumed per square metre in 2030 must be 45% less than in 2020 (to keep pace with increased building size and energy demand).

- ✓ It is encouraging that the framework sets a quantified threshold for achieved energy savings for each specific investment. While the achieved improvement is likely to vary, they generally come with little risk.
- ✓ The issuer's efforts to limit rebound effects are positive.

**Renewable energy**

Installation of renewable sources of energy including wind power, solar power or geothermal energy (ground and surface systems connected to buildings), either as standalone installations or in the property portfolio.

**Dark Green**



- ✓ In this category, the issuer expects to mostly finance solar power (roof top).
- ✓ Increased renewable energy generation is needed to limit global warming in line with the Paris Agreement.
- ✓ Life cycle emissions associated with the production of the solar PV and their handling at end of life should be managed. Life cycle considerations will be taken in project selection, but it is not clear how much weight will be given to those aspects in the choice of solar PV panels.

**Clean transportation**

Electric vehicles and bicycles and supporting infrastructure (providing electric car/bicycle pools for tenants, installing charging stations for electric vehicles, using electric vehicles for SKB's fleet of service and facilitating bicycle areas).

**Dark Green**



- ✓ Fully electric vehicles are part of the 2050-solution, while personal mobility (such as biking) also has an important role to play.
- ✓ The needed infrastructure (charging stations) may also be used by hybrid vehicles, but SKB will only provide electric car pools to its tenant and purchase fully electric cars for its service fleet.

Table 1. Eligible green project categories



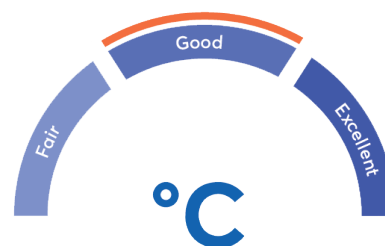
## Governance Assessment

Four aspects are studied when assessing the SKB's governance procedures: 1) the policies and goals of relevance to the green financing framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. 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.

SKB has quantified and time bound climate and environmental targets, and reports yearly on progress. The issuer works systematically with its building's energy performance and has a programme to incentivize its tenants to more sustainable living. Going forward, SKB will strengthen its work on reducing embodied emissions, while continuing to work on improving the energy performance of its existing buildings.

The selection criteria are clear, while the green financing committee will also assess projects' overall environmental impact, taking into consideration life cycle emissions, climate change resilience and potential rebound effects.

SKB will report annually on allocation and impacts, while only allocation will be subject to external review. All project categories have at least one metric, and the issuer intends to be transparent on methodologies and relevant emission factors used in its calculations. The issuer does not report according to TCFD, but has some awareness on physical climate change risk and has plans to better prepare its properties to the risk of flooding.



The overall assessment of SKB's governance structure and processes gives it a rating of **Good**.

## Strengths

SKB's robust environmental policies provide a sound context for the implementation of the projects financed under this framework. SKB is working towards its target to have all its buildings environmentally certified, and expects to reach its energy efficiency target by 2026. It has a long term target of climate neutrality in 2045 and intends to focus on own reductions to achieve that target.

It is noteworthy that SKB makes efforts to reduce emissions resulting from its tenants' activities, and that those are partly included within the scope of its target, although there might be some challenging in monitoring these emissions accurately. Tenants' emissions are partly included in scope 2 (electricity, district heating) and in scope 3 (waste). The chosen scope is in line with the methodology of the "Fossil Free Sweden" initiative, and according to the issuer, the scope of SKB's emissions accounting may change in the future due to new methodologies being developed for public housing companies.

## Weaknesses

We find no apparent weaknesses in SKB's green financing framework.



### **Pitfalls**

SKB is yet to systematically integrate life cycle considerations in its decisions on new buildings, and considerations of embodied emissions should also be taken in renovations. Embodied emissions from building materials are significant, and in the context of Sweden's gradually strict energy performance requirements for buildings, they are expected to represent an increasing share of a building's carbon footprint. Choosing materials with a low carbon footprint would further reduce the environmental impact of the projects financed under the framework. SKB is making efforts in this direction as it is looking into the emissions associated with the building materials, including in the context of the Swedish climate declaration. SKB plans to use this knowledge to select building materials going forward.



# Appendix 1: Referenced Documents List

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<b>Document Number</b>	<b>Document Name</b>	<b>Description</b>
1	Green Financing Framework SKB version 2022	Green Financing Framework, dated March 2022
2	SKB Sustainability Report 2020	Sustainability report covering the financial year 2020
3	Uppförandekod för SKBs leverantörer	Code of Conduct for SKB's suppliers

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## Appendix 2: 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 bond investments. 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.

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).

