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Second Party Opinion

Skandinaviska Enskilda Banken (SEB) Green Bond Framework

Feb. 26, 2025

Location: Sweden **Sector:** Banks

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)

See Alignment Assessment for more detail.

Primary contact

Enrico Maria de Angelis
Milan
+ 39-347-628-4011
enrico.de.angelis
@spglobal.com

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

SEB applies a solid approach to screening eligible projects. This includes thematic and sector policies covering agriculture, fossil fuels, forestry, real estate, construction, and mining. These policies guide the selection of eligible borrowers by identifying their environmental risks exposure beyond just climate transition and mitigation strategies. Further, SEB assesses projects for potential lock-in and rebound risks, considering life cycle benefits to ensure that eligible projects deliver long-term net positive environmental benefits.

SEB measures its financed emissions, and targets to achieve net-zero emissions by 2050. The bank has set reduction targets for its highest-emitting sectors to meet the Paris Agreement and be in line with Net-Zero Banking Alliance (NZBA) commitments. Performance data indicates SEB is on track to meet its commitments. The bank also works toward reaching net-zero invested emissions from funds managed by SEB Asset Management by 2040.

Weaknesses

No weakness to report.

Areas to watch

The framework concludes with broadly drafted categories. Due to the varying climate and environmental risks and benefits, the projects may bring both positives and negatives. Further, certain project categories may lack specific thresholds, such as embodied emissions for new buildings, which can result in high emissions from materials and construction processes. However, the process of selecting eligible projects based on sustainability policies, the assessment of lock-in and rebound risks, and life cycle considerations, contribute to mitigating these risks.

Shades of Green Projects Assessment Summary

Over the three years following the issuance of the instrument, SEB expects the green asset pool will remain in line with historical levels. In 2023, it allocated 58% of proceeds to renewable energy projects, including wind (45% of total financing), hydropower (6%), bioenergy (6%) and solar (1%). Green buildings represented 24% of the portfolio, clean transportation 9%, sustainable forestry 6%, and other categories 3%.

SEB expects 40% of proceeds to be allocated to refinancing projects, while 60% will be directed to financing new projects.

Based on the project categories' Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in SEB's Green Bond Framework, we assess the framework Medium green.

Renewable energy	**Dark green**
Solar energy (photovoltaic, concentrated solar power, and solar thermal heating).	
Wind power (offshore and onshore).	
Ocean energy.	
Geothermal energy, where life cycle greenhouse gas emissions are lower than 100 grams of carbon dioxide equivalent per kilowatt-hour (gCO_2e/kWh).	
Hydropower, where the facility complies with one of the requirements: the facility is a run-of-river plant and does not have an artificial reservoir, the power density of the facility is above 5 watts per square meter (W/m^2), and the life cycle greenhouse gas emissions are lower than $100gCO_2e/kWh$.	
Bioenergy, including biomass, biogas, and biofuels, where food and feed crops are not used to manufacture biofuels used in transportation or manufacture bioliquids.	
Hydrogen, including the manufacture of equipment for the production and use of green hydrogen, and the production, storage, transmission, and distribution of green hydrogen.	
Ammonia, including the production of ammonia from green hydrogen and/or ammonia recovered from wastewater.	
Synthetic fuels produced with green hydrogen and in combination with nonfossil sources.	

Energy efficiency	**Medium green**
District heating/cooling distribution (where the system is using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat, or a 50% combination of such energy and heat).	
Energy storage (including batteries, green hydrogen storage, thermal energy storage, and pumped hydropower storage).	
Production of heat/cool using waste heat.	
Smart grid technology and/or infrastructure.	

Energy efficient products, technologies, and processes including energy efficient equipment for buildings (e.g. insulation, LED lighting, and heat, ventilation, and air conditioning (HVAC), instruments for measuring and controlling the energy performance of buildings, etc.).
Infrastructure for electricity transmission and distribution.
Energy efficient electric heat pumps where the global warming potential of the refrigerant does not exceed 675.
Green iron and steel produced with green hydrogen.
Data-driven solutions for greenhouse gas emissions reductions.
Data centers that are aligned with the EU Taxonomy's substantial contribution criteria to climate mitigation objective.
Modernizing and upgrading existing 4G, 5G, and 6G networks, as well as supporting technologies that lead to a reduced energy consumption of at least 35% compared to previous generations.

Pollution prevention and control	**Dark to Medium green**
Waste management, such as a reduced amount of waste through process efficiency improvements, waste-to-energy, and recycling facilities (where at least 50% of the waste, in terms of weight, is converted into secondary raw materials). Where the waste-to-energy facilities prioritize waste reuse and recycling in line with a waste hierarchy and include plans for carbon capture and storage (CCS), as well as waste transportation life cycle, they will also be considered.	
The reduction of emissions and discharge to air, water, and soil through physical, chemical, and mechanical methods.	
CCS of carbon dioxide emissions from biogenic sources (BECCS).	
Carbon capture and utilization (CCU) of carbon dioxide emissions from biogenic sources	

Environmentally sustainable management of living natural resources and land use	**Medium green**
The environmentally responsible and socially beneficial management of natural systems including, but not limited to, sustainable forestry, where the forest land is certified in accordance with the Forest Stewardship Council (FSC) and/or the Programme for the Endorsement of Forest Certification (PEFC).	

Terrestrial and aquatic biodiversity	**Medium green**
The protection and restoration of coastal, marine, and watershed environments.	
The restoration of damaged habitats (e.g. reforestation using drones and the restoration of disused production areas).	
The conservation and restoration of forests and woodlands.	
The protection and preservation of biodiversity and natural ecosystems.	

Clean transportation	**Dark green**

Rail transport, where the trains, wagons, and coaches have zero direct tailpipe carbon dioxide emissions.
Road transport, including zero direct tailpipe carbon dioxide emission vehicles, and public transport vehicles that run on biofuels and/or other renewable fuels.
Water transport, where the vessels have zero direct tailpipe carbon dioxide emissions. Air transport, where the aircrafts have zero direct tailpipe carbon dioxide emissions.
Any relevant supporting infrastructure and components, including: • Infrastructure dedicated to non-motorized mobility, e.g. bike lanes. • Electrical charging and hydrogen refueling stations and installations.

Sustainable water and wastewater management	**Medium green**
Water and/or wastewater collection, treatment, and supply systems (such as plants, pipes, and pumps).	
Improved water efficiency through digitalization and reduced leakage (such as infrastructure upgrade, digitalization, IoT, AI, smart metering, and real time monitoring).	
Plants and/or systems which are substituting more greenhouse gas-intensive treatment systems (such as septic tanks and anaerobic lagoons).	
Other sustainable water and/or wastewater management measures, including water purification, water saving, water conservation, and the re-use of water.	

Climate change adaptation	**Medium green**
Software and hardware enabling physical climate risk management and adaptation.	
Consultancy for physical climate risk management and adaptation.	
Disaster risk management such as emergency services and flood risk prevention.	
Physical measures to protect against flooding, such as sustainable drainage systems, stormwater management systems, and dams.	
Nature-based solutions for flood and drought risk prevention and protection.	
Construction, operation, upgrade, extension, and renewal of desalination plants to produce water.	

Circular economy	**Medium green**
Products, production technologies, and processes where there is a significant reduction in the use of virgin materials and/or natural resources (including water) in one or more stages of the targeted life cycle.	
Plastic as a raw material and/or product, which is fully manufactured by the mechanical recycling of plastic waste.	

Recycling end-of-life batteries.	
Recovery of minerals and metals (such as phosphorus) from wastewater.	
Products, production technologies, and processes where there is a significant reduction in the use of virgin materials and/or natural resources (including water) in one or more stages of the targeted life cycle.	
Green buildings	**Light green**
Where the primary energy demand (PED) is or will be at least 10% lower than the threshold set for the nearly-zero energy building (NZEB) requirements in national measures. The energy performance is or will be certified using an Energy Performance Certificate (EPC).	
Buildings constructed before Dec. 31, 2020, where the building has an EPC class A or a PED within the top 15% of the national or regional building stock.	
Renovations of existing buildings that either achieve a minimum 30% reduction in PED or comply with the applicable national and regional building regulations for 'major renovation' according to the European Parliament's Directive 2010/31/EU.	

See Analysis Of Eligible Projects for more detail.

Issuer Sustainability Context

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

Company Description

Skandinaviska Enskilda Banken AB (SEB) provides corporate, retail, investment, and private banking services. The company was founded in 1856 and is headquartered in Stockholm, Sweden. SEB provides corporate and investment banking services, retail banking, private wealth management, asset management, and life insurance products and services. SEB is a Northern European bank primarily operating in Sweden, the Baltic states, Norway, Finland, Denmark, Germany, and the U.K., with additional international exposures. In 2024, corporate loans accounted for 55% of the bank's credit portfolio, and household loans accounted for 24%, followed by real estate and banks. SEB's credit portfolio distribution is focused on Sweden, which accounts for 59%, other Nordic countries 18%, the Baltic countries 8%, Germany and the UK 13%, and other regions 3%. The bank's total assets stood at Swedish krona (SEK) 3.8 trillion (about €327 billion) as of the end of the fourth quarter (Q4) of 2024. SEB's corporate lending represents 58% of non-bank credit exposure, focusing on large Nordic corporations. The remaining 42% of credit exposure is split between household mortgages (26%), real estate (12%), other loans (2%), and public administration (2%). SEB had about SEK2.6 trillion of assets under management as of year-end 2024, making it a leading Nordic asset manager.

Material Sustainability Factors

Climate transition risks

Banks are highly exposed to climate transition risk through financing economic activities that affect the environment, such as transportation. Their direct environmental impact is small compared with financed emissions. Generally, policies and rules to reduce emissions could raise credit, legal, and reputational risks for banks. Positively, financing the climate transition offers a growth avenue for banks through lending and other capital market activities. In the European context, there is a push toward integrating climate considerations into the regulation of banks and financial markets since environmental regulations are increasingly ambitious. As a reference, in 2017, Sweden set targets to achieve net-zero greenhouse gas emissions by 2045, with interim goals of -63% of carbon dioxide equivalent (CO2e) by 2030 and -75% CO2e by 2040 (1990 baseline), driving the national economy efforts in decarbonization.

Physical climate risks

Banks finance a wide array of business sectors that are exposed to physical climate risks, including automotive and transportation sectors. However, while climate change is a global issue, weather-related events are typically localized. Therefore, the magnitude of banks' exposure is linked to the geographic location of the activities and assets they finance. Similarly, banks' physical footprint may also be exposed to physical risks, which are different in each location and may disrupt their ability to service clients in the event of a natural catastrophe. In Sweden, where the majority of SEB's credit portfolio is located, the exposure to these risks is generally lower than in some other EU countries. Nevertheless, banks may help mitigate the effects of physical climate risks by financing adaptation projects and climate-resilient infrastructure, as well as by investing in solutions that support business continuity in exposed geographies.

Biodiversity and resource use

Banks contribute to significant resource use and biodiversity impact through the activities they fund or invest in. For example, the auto and transportation sectors--which are major recipients of bank financing--are large consumers of raw materials. For electric vehicles specifically, battery manufacturing requires scarce resources such as lithium, cobalt, nickel, and graphite.

Extracting these materials can be environmentally damaging to nearby ecosystems, particularly in regions with lax environmental regulations.

Access and affordability

Banks significantly impact society and the economy by providing access to financial services for individuals and businesses and ensuring the smooth operation of payment systems, which are essential for economic development and stability. Market imperfections such as low competition, incomplete information, and lack of financial literacy often result in costly alternatives for small businesses and low-income people, so ensuring affordable access to financial services, especially to the population's most vulnerable, remains a challenge for the banking industry. For mobility, banks play a significant role in addressing affordability risks associated with high-cost electric vehicles by offering cost efficiencies and subsidized interest rates.

Issuer And Context Analysis

All project categories included in SEB's framework address the bank's exposure to material environmental factors. For instance, renewable energy, green industries, provision of environmental protection and energy-efficient services, sustainable transportation, and green construction projects aim to address climate transition risks, while other categories could prevent and control pollution, as well as manage biodiversity and resource use. On the other hand, eligible projects could potentially introduce additional issues, such as exposure to physical climate risk and concerns related to resource use.

SEB commits to achieving net-zero emissions by 2050, including financed emissions. The bank has set reduction targets for its highest-emitting sectors, in line with the Paris Agreement and NZBA commitments. The sectors include oil and gas, power generation, steel, car manufacturing, shipping, Swedish household mortgages, and heavy vehicle manufacturing, which collectively account for 78% of its financed emissions as per the latest estimates. These targets aim to achieve net-zero operational emissions for these sectors by 2050, with interim milestones clearly defined to guide efforts in measuring and managing emissions. Between 2020 and 2023, the bank's overall decrease in financed emissions--also driven by changes in credit exposure--from these sectors was 48%, which we view positively.

SEB applies different measures to assess and reduce its financed emissions, leveraging proprietary tools and robust frameworks. Two key proprietary metrics are the Carbon Exposure Index and the Sustainability Activity Index. The first measures fossil credit exposure in sectors such as power generation and oil and gas, with a target to reduce this exposure by 45%–60% by 2030 compared to a 2019 baseline. At the end of 2024, SEB had achieved a 53% reduction, aligning with its trajectory. The Sustainability Activity Index tracks sustainability-focused activities across areas including sustainable finance, greentech venture investments, and sustainable savings, aiming for a 6x-8x increase by 2030 from a 2021 baseline. At the end of 2024, this index had increased by 175% compared to 2021, and as of Q4 2024, the metric is on track to meet the target. Additionally, SEB performs annual client assessments, portfolio reviews, and transition risk scenario analyses to manage climate risks, particularly in high-emission sectors. These measures support SEB's commitment to net-zero emissions by 2040 for assets under management and 2050 for its credit portfolio.

SEB developed a comprehensive set of policies driving its lending decisions. The policies include a sustainability policy, thematic policies, and sector policies. The sustainability policy integrates environmental, social, and governance (ESG) factors into all business practices. The environmental thematic policy addresses the process SEB applies for assessing borrowers' potential impact on climate, nature, and water. The policy addresses how SEB engages with its clients by understanding and advising them on key risks and impacts. This includes assessing the availability and ambition of their targets, as well as the plans for achieving those goals, which ultimately informs lending decisions. The sector policies guide screening practices in industries including agriculture, fossil fuels, forestry, real estate, construction, mining and metals, and others, supporting the company in making responsible project decisions. We view positively that

sector policies not only assess direct operations of potential clients but also take value chain considerations into account. The sector policies define clear thresholds for the negative screening of potential borrowers--which also lean on the EU Taxonomy's substantial contribution criteria (SCC)--as well as best available technologies and local regulation. Key considerations include greenhouse gas emissions thresholds, physical risk assessment of clients, and related impacts on biodiversity. Further, SEB's Green Bond Framework incorporates selected elements of the EU Taxonomy's SCC to define the eligibility of project categories.

Current physical risk scenario analyses of Swedish and Baltic mortgage portfolios indicate a limited potential impact, amid ongoing efforts to evaluate additional portfolios and risks. Comprehensive assessments of household mortgage and real estate portfolios have been done to assess the impacts of flooding and rising sea levels. However, we note the specific types of scenarios evaluated have not been disclosed. These analyses suggest the overall expected impact on the portfolios will remain limited. Additionally, SEB conducts annual physical climate scenario analyses and integrates physical climate risk assessments at the client level. Regarding framework financing, SEB will assess physical risks for all eligible projects, in accordance with established policies and annual assessments.

SEB has implemented initiatives aimed at reducing its impact on biodiversity. In line with its thematic and sector policies, SEB strives to identify and understand exposure to biodiversity loss and nature-related risks. It uses acknowledged industry tools and guides such as ENCORE and the WWF Biodiversity Risk Filter and seeks guidance from international frameworks including the Taskforce on Nature-related Financial Disclosures and the EU biodiversity strategy. SEB collaborates to integrate biodiversity into financial decisions, engages with companies to set targets, and applies policies on deforestation and environmental risks for high-impact sectors. The bank's commitment includes managing these risks associated with its operations and product offerings.

Alignment Assessment

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

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)

✓ Use of proceeds

The framework's project categories are all green, and the issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds. Lastly, the framework does not reference a look-back period for refinanced eligible projects.

✓ Process for project evaluation and selection

The framework outlines the process for selecting and approving eligible projects and assets. The environmental and sustainable product steering committee (ESPS Committee) is responsible for evaluating and selecting eligible projects that align with the framework and policies criteria. The evaluation and selection procedure considers potential lock-in and rebound effects, as well as life cycle considerations when relevant, i.e., for renewable energy, energy efficiency, or pollution prevention projects. SEB incorporates sustainability, thematic, and sector-specific policies to assess borrowers' eligibility. To a large extent, SEB also relies on the EU Taxonomy's SCC criteria for its eligibility assessments. Additionally, the SEB's environmental function, which chairs the ESPS Committee, has veto power on any potential eligible green asset. The bank identifies and manages ESG-related risks associated with eligible projects similarly to its regular credit approval process. Furthermore, assets will be excluded from the green asset portfolio if they violate the inclusion criteria.

✓ Management of proceeds

SEB tracks the net proceeds using the green asset portfolio, and all the green bonds are managed on a portfolio basis. The Bank's treasury department is responsible for managing the proceeds. Furthermore, under the framework, SEB will ensure the value of the green asset portfolio exceeds the value of outstanding green bonds for the whole duration of the bond. If the assets fail to meet the eligibility criteria, the bank will remove the projects from the green asset portfolio. Unallocated proceeds will be placed in SEB's liquidity reserve.

✓ Reporting

SEB commits to disclosing annually on its website the allocation and impact of proceeds within its green bond investor report until the maturity of all outstanding green debt instruments. The investor report will provide details on the total amount of outstanding green bonds, a selection of eligible asset examples, a description of the green asset portfolio--including its maturity profile--impact reporting at the portfolio level, the proportion of green bond financing within the portfolio, and any unallocated proceeds.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in SEB Green Bond Framework, we assess the framework as Medium green.

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

Renewable energy

Assessment	Description

Dark green	Renewable energy production facilities, supporting infrastructure, and technologies and solutions, including from the following renewable sources:
	• Solar energy (photovoltaic, concentrated solar power, and solar thermal heating).
	• Wind power (offshore and onshore).
	• Ocean energy.
	• Geothermal (where life cycle greenhouse gas emissions are lower than 100gCO_2e/kWh).
	• Hydropower, where the facility complies with one of the following:
	  ○ The facility is a run-of-river plant and does not have an artificial reservoir;
	  ○ The power density of the facility is above 5W/m²; or
	  ○ The life cycle greenhouse gas emissions are lower than 100gCO_2e/kWh.
	• Bioenergy, including biomass, biogas, and biofuels.
	• Hydrogen, including the manufacture of equipment for the production and use of green hydrogen, the production, storage, transmission, and distribution of green hydrogen.
	• Ammonia, including the production of ammonia from green hydrogen and/or ammonia recovered from wastewater.
	• Synthetic fuels produced with green hydrogen and in combination with nonfossil sources.

Analytical considerations

- Renewable energy sources such as solar photovoltaics, wind, and hydroelectric power are key elements in limiting global warming to well-below 2C. Still, these projects may cause land use change and adversely affect local biodiversity and are exposed to physical risks. Bioenergy derived from sustainably produced feedstocks can provide a lower emissions alternative to fossil fuels and a decarbonization pathway where electrification is not possible. At the same time, land use change poses greater risk, together with biodiversity risks related to feedstock production, which can undermine the environmental benefits of bioenergy. Green hydrogen is important in the transition to a low-carbon future due to its low emissions and potential applications in otherwise difficult to decarbonize industrial processes and transportation. Given the considerations on both life cycle emissions for the renewable energy projects included in the category, and on the reliance on waste-based feedstock for bioenergy production, we shade this category as Dark green.
- SEB expects the majority of proceeds under this category to finance wind farms, followed by hydro and bioenergy, with a minor portion for solar photovoltaic. On wind farms, SEB's project selection process includes environmental considerations such as the lifespan of turbines. Further, by working with large wind equipment producers, SEB has historically funded wind energy assets with product recycling rates above 80%.
- Across all projects in this category, SEB addresses key environmental risks through the selection process, leveraging the set of policies described in the Issuer Sustainability Context section, as well as assessing life cycle considerations and lock-in risks when relevant. Additionally, SEB ensures that borrowers follow relevant standards, such as the Hydropower Sustainability Assessment Protocol for new projects outside of the EU, EEA, Switzerland, and UK. In line with SEB's sector policy on renewable energy generation and electricity transmission, the bank expects its borrowers across all renewable energy projects to identify potential adverse effects on biodiversity. In cases of identified negative biodiversity impacts, the mitigation hierarchy is applied.
- For bioenergy projects, the issuer aims to finance initiatives with life cycle greenhouse gas emissions lower than 100 gCO2e/kWh, as per the sector policy on renewable energy generation and electricity transmission and distribution. Additionally, SEB's financed projects will exclude reliance on food and feed crops for feedstock. Instead, the bank will primarily use waste-based feedstock derived from by-products or residues generated during forest operations and wood processing from FSC and PEFC-certified forests. We view this approach positively since it contributes to addressing the key risk of land use change associated with feedstock.
- The framework also covers the financing of green hydrogen and ammonia, with considerations on life cycle emissions, in line with the thresholds defined in the EU Taxonomy's substantial contribution, as well as using hydrogen produced with renewable electricity. The synthetic fuels projects financed will rely on green hydrogen and carbon dioxide from nonfossil sources, such as from BECCS. Furthermore, the issuer confirmed that financing hydrogen production equipment will only be used for green hydrogen production.
- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Energy efficiency

Assessment	Description
Medium green	The promotion of a low-carbon and energy-efficient society through electrification and the improvement of energy efficiency through technologies and/or processes, including but not limited to: • District heating/cooling distribution (where the system uses at least 50% renewable energy, 50% waste heat, 75% cogenerated heat, or 50% of a combination of such energy and heat). • Energy storage (including batteries, green hydrogen storage, thermal energy storage, and pumped hydropower storage). • The production of heat/cool using waste heat. • Smart grid technology and/or infrastructure.

- Energy efficient products, technologies, and processes including energy efficient equipment for buildings (e.g. insulation, LED lighting, and HVAC instruments for measuring and controlling the energy performance of buildings, etc.).
- Infrastructure for electricity transmission and distribution.
- Energy efficient electric heat pumps where the global warming potential of the refrigerant does not exceed 675.
- Green iron and steel produced with green hydrogen.
- Data-driven solutions for greenhouse gas emissions reductions.
- Data centers that are aligned with the EU Taxonomy's substantial contribution criteria to climate mitigation.
- Modernizing and upgrading existing 4G, 5G, and 6G networks as well as supporting technologies that lead to a reduced energy consumption of at least 35% compared to previous generations.

Analytical considerations

- We assess the project category as Medium green, reflecting both the role played by the projects in transitioning toward a low carbon climate resilient (LCCR) future and the breadth of the category. Dark green elements are identified for the district heating with 100gCO2/kWh threshold, and on the energy storage equipment, while Light green technologies include data centers and upgrades to networks, whose climate benefits may vary. Nevertheless, we positively note that SEB will assess life cycle emissions, potential rebound effects, and avoid lock-in risks, with the aim of achieving the best market standards. Further, SEB addresses key environmental risks through the selection process in all project categories, leveraging the set of policies described in the Issuer Sustainability Context section.
- For district heating and cooling systems, the issuer aims to finance initiatives that incorporate at least 50% renewable energy, 50% waste heat, 75% cogenerated heat, or a combination of these sources. All eligible systems will adhere to a life cycle emissions threshold of less than 100 gCO2e/kWh, which we view positively. For waste heat production, SEB aims to meet the same 100 gCO2e/kWh threshold, further excluding the financing of new projects related to oil refining or the manufacturing of refined petroleum products used for transportation and combustion.
- Technologies such as batteries, pumped hydropower, and green hydrogen are valuable tools for energy storage that can support renewable energy generation by balancing its intermittency. SEB's primary focus is to finance storage technologies for renewable energy (e.g., batteries connected to solar and wind farms); however, some technologies may be directly connected to the grid (e.g., pumped hydropower). Since these projects are located in the Nordics, we positively factor in the lower carbon dioxide coefficient of the local grids. Furthermore, SEB conducts assessments of battery production supply chain, ensuring that borrowers have policies in place for responsible mineral sourcing and e-waste management. If a borrower does not provide sufficient documentation for the assessment, the bank will exclude the financing.
- For iron and steel projects, the issuer aims to finance production technologies that rely on green hydrogen as a reducing agent, specifically in direct reduced iron processes, which we view positively. There are no additional emissions thresholds for this technology; however, SEB considers financing complementary electric arc furnaces, ensuring that only those powered by green electricity are eligible for green finance. This approach supports emissions reduction in the industry.
- We note that data centers and upgrades of existing 4G, 5G, and 6G networks may entail varying energy consumption; therefore, their climate impacts may differ. This is partially mitigated by SEB’s requirement to finance technologies with 35% efficiency improvements compared to the previous generation.
- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Pollution prevention and control

Assessment	Description

Dark to Medium green

The management of waste in a responsible and environmentally friendly manner, as well as the abatement of greenhouse gas emissions and other pollutants.

Waste management:

Waste management, such as the reduction of the amount of waste through process efficiency improvements, waste-to-energy, and recycling facilities (where at least 50% of the waste weight is converted into secondary raw materials).

Emission and discharge reduction:

The reduction of emissions and discharge to air, water, and soil through physical, chemical, and mechanical methods.

CCS of carbon dioxide emissions from biogenic sources.

CCU of carbon dioxide emissions from biogenic sources.

Analytical considerations

- Waste management is an important pollution prevention measure that can prevent harm to human health and local ecosystems from waste streams. Recycling, if done properly, increases the useful life of materials, thereby reducing carbon and other air pollution emissions, energy, and natural-resource use. Waste prevention and reuse solutions are the preferred solutions under the waste management hierarchy because they have the lowest negative environmental impact among waste management options, followed by recycling. Waste-to-energy projects may provide a disposal solution for waste that cannot be recycled, reused, or avoided, and is preferable to landfilling. Nevertheless, unabated waste-to-energy plants incinerate municipal waste create significant carbon and other pollutant emissions. Further, carbon capture, utilization and storage (CCUS) is likely to play a critical role in the low-carbon and climate resilient future. Carbon dioxide may be directly removed from the air or captured at power generation and/or industrial facilities.
- We assess the whole category as Dark to Medium green. This is because we view some projects as Dark green, such as the waste recycling without direct fossil fuel use and CCUS applied to biogenic sources of emissions with considerations on life cycle emissions. Conversely, Medium green investments include waste-to-energy with CCS, which still represents transitional steps toward a low-carbon, climate-resilient future. The shading interval also reflects the breadth of the projects included in the category.
- On waste management related projects, SEB excludes funding for projects directly fueled by fossil sources. In addition, different types of waste may be eligible for the category, such as hazardous, packaging, municipal waste, plastics, biodegradable, and electrical and electronic equipment. Given the broad nature of the category description, SEB intends to assess each eligible project on a case-by-case basis. The bank will apply the waste hierarchy, prioritizing waste reduction solutions in production cycles and recycling (where at least 50% of the waste is converted into secondary raw materials) over waste-to-energy options. Further, waste-to-energy facilities are eligible only where there are plans for CCS, with additional considerations on life cycle emissions, such as waste transportation efficiency, which we view positively.
- Projects that focus on reducing emissions and discharges into the air, water, and soil through physical, chemical, and mechanical methods will be financed. Examples include the installation of modern filters on chimneys and improvements in wastewater treatment, which can be applied to heavy emitting industries facilities, with the exclusion of fossil fuel power production. The expected environmental benefits include lower pollution levels in discharges and emissions, contributing to overall pollution prevention and control, thanks to SEB's selection process screening, which includes considerations on life cycle emissions and lock-in risk assessment.
- Although SEB does not foresee direct air capture projects in the near future, the framework is open to such technologies. The bank focuses on projects linked to nonfossil power generation and industrial processes, such as capture of biogenic carbon dioxide. Eligible projects will be assessed based on their life cycle emissions, ensuring that they result in overall net greenhouse gas emissions reductions once commissioned. Additionally, we view favorably that SEB evaluates whether carbon dioxide leakage monitoring and detection systems are in place for the transport and storage phases, as well as the permanence level of the storage or utilization solution for stored carbon.
- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Environmentally sustainable management of living natural resources and land use

Assessment	Description
Medium green	Environmentally responsible and socially beneficial management of natural systems including, but not limited to, sustainable forestry, where the forest land is certified in accordance with the FSC and/or the PEFC.

Analytical considerations

- Forests can contribute to carbon sequestration and support biodiversity. They can also provide ecosystem services, such as water regulation and soil stabilization, which improve climate resilience. Implementing sustainable forestry management practices, avoiding harmful land use change, and managing physical climate risks, including wildfires and pests, are key to achieving these benefits.
- We assess the project category as Medium green, since we acknowledge that the certification schemes selected by the issuer are among the most robust in the sector, though we note uncertainty on measures beyond certification that will be required to grow/maintain carbon sinks. Further, we positively note the additional biodiversity considerations the issuer is posing on a case-by-case basis.
- SEB focuses on funding forests managed in accordance with FSC and PEFC certifications, either already certified, or forest land where the certification process is either at a sufficiently advanced stage or with a high degree of certainty for certification. The forests targeted will mainly be located in the Nordics. We positively view the certifications selected, since FSC certification is generally seen as a robust global standard for forest management, and the PEFC complements this through greater supply chain scrutiny. However, we acknowledge better practices would consider additional requirements for increases in carbon sinks, such as increasing tree species diversity measuring greenhouse gas baselines. Further, we note the use of fossil-fuel based maintenance machinery used for forestry management may still impact nature.
- We positively view that SEB considers additional biodiversity-related measures on a case-by-case basis, such as wetlands and marine ecosystems restoration. Specific measures are identified in the dedicated project category.
- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Terrestrial and aquatic biodiversity

Assessment	Description
Medium green	The conservation, preservation, and/or restoration of nature and biodiversity, as well as natural habitats and ecosystems, including but not limited to: • The protection and restoration of coastal, marine, and watershed environments. • Restoration of damaged habitats (e.g. reforestation using drones, restoration of disused production areas). • The conservation and restoration of forests and woodlands. • The protection and preservation of biodiversity and natural ecosystems.

Analytical considerations

- The conservation, restoration, and preservation of natural habitats and ecosystems are essential for protecting biodiversity and enhancing climate resilience and are consistent with the 2030 targets of the Convention on Biological Diversity. Activities such as restoring coastal, marine, and watershed environments, reforesting damaged areas and conserving forests and woodlands provide critical ecosystem services, including carbon sequestration, water regulation, and habitat protection. Sustainable practices and active management of threats, such as land degradation, are key to ensuring these efforts deliver lasting environmental benefits.

- We assess the project category as Medium green, reflecting the relevance of the nature projects and their role in transitioning to a low-carbon climate-resilient future, as well as the breadth of the category, potential risks in the value chain of some borrowers (such as heavy industries), and in respect to conservation projects, a lack of a firm commitment to conserve restored areas post-restoration.
- Within the project life, SEB will not fund habitat restoration activities following high-impact activities such as oil extraction. Further, for sectors including agriculture, forestry, mining, and metals, SEB's sector policies set requirements for borrowers to identify potentially adverse impacts through direct drivers of biodiversity loss and relevant target setting. In the case of identified negative impacts, SEB asks for the mitigation hierarchy application. For example, for metals companies, the bank expects borrowers to have a policy in place to prevent deforestation and biodiversity impacts throughout the supply chain. Additionally, the policies include restrictions on engaging with borrowers operating in sensitive environmental areas.
- While SEB does not specify the end use of the restored areas, (i.e. ensuring that restored areas will only be used for conservation and not for sustainably managed commercial operations), we view positively SEB's specific requirements for potential borrowers in forestry and agriculture. For forestry projects, SEB screens borrowers based on their forestry management plans as well as their sustainable forest management certification targets within their production and supply chains. For marine environments, in the case of active management such as aquaculture activities, SEB assesses clients' monitoring and data collection systems to enhance fish welfare, promote sustainable freshwater use, and avoid areas at high risk of water stress.
- The issuer also incorporates climate adaptation and resilience into its project selection process, recognizing their significance in achieving long-term environmental benefits. Adaptation and resilience are integral components in the assessment of potential loans in this category. By prioritizing projects that enhance climate resilience, the issuer aims to ensure that financed initiatives not only support biodiversity conservation but also improve the overall health and stability of ecosystems in the face of climate change.

Clean transportation

Assessment	Description

Dark green	Zero emission and low-carbon transport solutions for public, passenger, and freight purposes, including:
	• Rail transport, where trains, wagons, and coaches have zero direct tailpipe carbon dioxide emissions.
	• Road transport, including zero direct tailpipe carbon dioxide emissions vehicles, public transport vehicles that run on biofuels, and/or other renewable fuels.
	• Water transport, where the vessels have zero direct tailpipe carbon dioxide emissions.
	• Air transport, where the aircraft has zero direct tailpipe carbon dioxide emissions.
	• Any relevant supporting infrastructure and components, including:
	  o Infrastructure dedicated to non-motorized mobility, e.g. bike lanes.
	  o Electrical charging and hydrogen refueling stations and installations.

Analytical considerations

- Mitigating greenhouse gas emissions from transportation is crucial in meeting global decarbonization goals since the transport sector accounts for 23% of global energy-related greenhouse gas emissions, according to the Intergovernmental Panel on Climate Change. Fossil fuel-powered vehicles and vessels also create air pollution, such as nitrogen oxides and sulfur oxides.
- We assess the category as Dark green since the issuer focuses on financing zero tailpipe transportation, either through purchase, leasing, and use of the vehicles, through financing vehicle manufacturing or related infrastructure. Non-zero emissions transportation can only be financed in the case of public transport running on biofuels. In such a case, there is supply chain verification of a vehicle's reliance on biofuels, including offtake agreements in accordance with SEB's biofuels policy covering sustainable biofuel sourcing. While investments related to biofuels may not be Dark green, for example

because of the potential environmental risks related to biofuels' feedstock sourcing, the project category receives an overall Dark green. This is based on the safeguards in place and the screening of potential borrowers, which is in line with its transportation sector policy, and the expectation that these investments will be minor within the category.

- Across all eligible projects in the category, from financing vehicle manufacturing to financing their purchase, SEB assesses projects life cycle considerations, lock-in risk, and rebound effects on an individual loan basis. We note it assesses a project's long-term positive environmental impact. SEB further excludes investments in transport solutions dedicated to transporting or storing fossil fuels.
- Moreover, through the transportation sector policy, SEB expects all equipment manufacturer borrowers to develop a transition plan as well as focus on design for durability and recyclability, in addition to meeting other requirements outlined in the dedicated policy. SEB also assesses how operators implement waste management systems and environmental compliance, while adhering to internationally accepted environmental standards (E.g., ISO 14001). Specific considerations on noise pollution reduction, decarbonization, and other pollutants (such as particulate matter) are applied to aircraft and rail operators.
- Similarly, SEB screens manufacturers on durability, recyclability, and eco-friendly design considerations related to the products, and considers supply chain targets on pollution reduction. More specifically, aircraft manufacturers are expected to develop models ensuring an 80% recycling rate. Rail equipment manufacturers must have plans for reaching a 90% recovery and recycling rate for rolling stock, while also addressing vibration and noise pollution in design phase. Manufacturers of public trucks, buses, and passenger cars must create plans to produce new vehicle models with a minimum recycling rate of 85%.
- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Sustainable water and wastewater management

Assessment	Description
Medium green	The sustainable management of water and/or wastewater, including but not limited to: • Water and/or wastewater collection, treatment, and supply systems (such as plants, pipes, and pumps). • Improved water efficiency through digitalization and reduced leakage (such as infrastructure upgrade, digitalization, IoT, AI, smart metering, and real time monitoring). • Plants and/or systems which are substituting more greenhouse gas-intensive treatment systems (such as septic tanks and anaerobic lagoons). • Other sustainable water and/or wastewater management measures, including water purification, water saving, water conservation, and the re-use of water.

Analytical considerations

- Water efficiency improvements help reduce demands on natural capital and reduce greenhouse gas emissions associated with water treatment and conveyance and, as a result, provide important benefits to achieving an LCCR future. Wastewater systems reduce pollution, enable resource recovery, and enhance ecosystem and public health; as a result, they are a key component of a LCCR future. The primary benefits they provide include improving water quality, which has important cumulative effects on a watershed, relieving water stress, and--depending on the system--providing a source of nutrient and energy recovery. However, these systems are typically energy-intensive and, if not sufficiently managed, they can produce significant solid waste and methane emissions.
- We assign the project category Medium green. This reflects the general importance of sustainable use and treatment of water, as well as the breadth of potential projects and their impacts, particularly when targeting water savings in industrial clients. Further, our Medium green assessment also reflects that not all projects are likely to be fully low-carbon solutions, considering, for example, embodied emissions from new construction or operational emissions. We flag the bank does not

require passive systems prioritization, which would reduce operational energy consumption. However, we acknowledge that, across all eligible projects, SEB employs a thorough selection process, emphasizing life cycle emissions, potential lock-in and rebound effects, and the likelihood of achieving positive, net long-term environmental benefits. For large projects, an Environmental Impact Assessment is required, in line with local legislation, which partially mitigates the risks these projects may entail.

- SEB aims to finance initiatives across various sectors, excluding the fossil fuel industry. Eligible projects may include systems for water efficiency in buildings, agriculture, and industrial applications. SEB focuses on replacing more greenhouse gas-intensive systems, such as anaerobic lagoons and septic tanks, with less greenhouse gas-intensive alternatives. This approach is designed to enhance overall environmental performance while addressing critical water management challenges.
- In the borrowing process, SEB considers waste product management, such as sludge and nutrients, generated from wastewater treatment. The destination of these by-products is determined by the type of wastewater treated, with landfilling being a last resort option. SEB evaluates each proposal on a case-by-case basis, ensuring that waste management contributes to resource recovery.
- SEB has further integrated water-related requirements and expectations into its sector policies, addressing water as a sector-specific risk. These measures may include tracking freshwater usage and wastewater discharge, monitoring water intensity, and developing a transition strategy to promote more sustainable water management practices.
- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Climate change adaptation

Assessment	Description
Medium green	Enhancing climate resilience through planning, piloting, testing, and implementing relevant adaptation measures to reduce the exposure of man-made and natural systems to the impacts of climate change, including but not limited to: • Software and hardware enabling physical climate risk management and adaptation. • Consultancy for physical climate risk management and adaptation. • Disaster risk management such as emergency services and flood risk prevention. • Physical measures to protect against flooding, such as sustainable drainage systems, stormwater management systems, and dams. • Nature-based solutions for flood and drought risk prevention and protection. • Construction, operation, upgrade, extension, and renewal of desalination plants to produce water.

Analytical considerations

- Climate scientists have been clear that some degree of climate change will take place, even in the most-optimistic scenarios. This makes it crucial to plan for and mitigate potential risks to reduce the financial and environmental effect. Implementing adaptation solutions can also reduce resources and emissions linked to rebuilding damaged assets.
- We assign the category Medium green due to how important adaptation measures are in contributing to a low-carbon, climate-resilient future. Key positives include prioritizing nature-based solutions (NBS) over grey alternatives. However, we note SEB does not formally commit to identifying all projects at risk of maladaptation. Additionally, some climate risks may still arise from financing greenhouse gas-intensive industries, such as steel, although these risks are mitigated through the bank's assessment of potential borrowers and the exclusion of adaptation solutions for the oil and gas sector.
- Climate adaptation measures can bring significant benefits, such as reduced exposure and vulnerability to climate change impacts, improved resilience of infrastructure and communities, and enhanced economic stability. By investing in climate-

resilient infrastructure and solutions, SEB can support its clients in managing projected climate change impacts, such as more frequent and intense extreme events.

- SEB commits to assessing and addressing risks associated with climate adaptation projects, including the potential for increased greenhouse gas emissions from energy-intensive construction materials or fossil fuel reliance. Each eligible project will be assessed on a case-by-case basis, prioritizing nature-based solutions over traditional grey alternatives. We note NBS typically have the strongest impact due to their biodiversity co-benefits.
- Under this framework, SEB excludes loans for infrastructure projects protecting oil and gas activities from climate risks. For instance, investments aimed at safeguarding a steel plant from climate impacts, subject to a dedicated assessment, may be eligible, but any adaptation technologies applied directly to fossil fuel extraction or power generation will not qualify as green financing. This process and exclusion help mitigate the risk of greenhouse gas-intensive processes being financed.
- For larger projects, SEB will consider the potential for shifting physical climate risk vulnerability to other parties, such as increased flood risks elsewhere due to flood protection measures. This aspect will be addressed in the environmental impact assessment process. Currently, SEB does not foresee loans for desalination plants, but should such requests arise, the bank commits to assessing the energy sources used for operations.

Circular economy

Assessment	Description
Medium green	Promoting resource efficiency and the transition to a circular economy, including but not limited to: • Products, production technologies, and processes where there is a significant reduction in the use of virgin materials and/or natural resources (including water) in one or more stages of the targeted life cycle. • Plastic as a raw material and/or product, which is fully manufactured by the mechanical recycling of plastic waste. • Recycling end-of-life batteries. • The recovery of minerals and metals (such as phosphorus) from wastewater.

Analytical considerations

- The sourcing of materials and energy use related to the production of goods, and their final disposal, is estimated to account for two-thirds of global greenhouse gas emissions, in addition to having other negative environmental impacts, such as land and water pollution. Goods produced in energy-efficient ways that also seek to limit resource use, including through remanufacturing and refurbishment, recycling, and with inputs minimization, can contribute to significant emissions savings.
- We assess the category as Medium green, reflecting how important these initiatives are in transitioning to a low-carbon, climate-resilient future by 2050. Our assessment also considers the breadth of the category and the potential environmental risks associated with some borrowers in the value chain. For instance, the use of chemicals in battery recycling and mineral recovery processes may pose risks, such as air pollution due to dioxins, and certain processes could be energy intensive. However, the latter concerns are adequately mitigated by SEB's thorough greenhouse gas assessment of potential borrowers.
- Across all eligible projects in the category, SEB assesses a project's life cycle considerations, lock-in risk, and rebound effects on an individual loan basis. We note this ensures a project's positive long-term climate impact.
- We view the projects focused on plastics and battery recycling positively. Plastics recycling will rely on mechanical processes, which typically result in lower greenhouse gas emissions compared to alternative disposal methods, such as chemical recycling and waste-to-energy. Additionally, recycling end-of-life batteries reduces hazardous waste while recovering valuable materials and supporting a circular economy. However, we note these processes may pose potential risks related to toxic by-products and energy intensity.

- When deemed relevant, SEB will screen all eligible projects for physical climate risks, either at project or client level, ensuring that climate physical risk considerations are integrated into lending decisions.

Green buildings

Assessment	Description
Light green	New and existing buildings that meet the following criteria: New buildings • Where the PED is, or will be, at least 10% lower than the threshold set for the NZEB requirements in national measures. The energy performance is or will be certified using an EPC. Existing buildings • Buildings constructed before Dec. 31, 2020, where the building has an EPC class A, or the building has a PED which is within the top 15% of the national or regional building stock. • Renovations of existing buildings that either lead to a reduction in the PED of at least 30%, or where the building meets the applicable national and regional building regulations for 'major renovation' according to the Directive 2010/31/EU.

Analytical considerations

- The International Environment Agency emphasizes that reaching net-zero emissions in buildings demands major strides in energy efficiency and fossil fuel abandonment. All properties must achieve high energy performance. New properties are also required to cut emissions from building materials and construction. Additionally, addressing physical climate risks is crucial for strengthening climate resilience across all buildings. SEB will allocate most of the proceeds toward financing the acquisition of existing buildings, followed by new construction. While the bank does not currently foresee investments in building renovations, these investments are eligible for financing under the framework.
- We assign a Light green shade to this project category, reflecting our view that the framework criteria ensure financed buildings are somewhat more energy efficient than required by regulation, in line with the EU Taxonomy's substantial contribution criteria for the relevant categories. For the existing buildings criteria applied to the Swedish stock, we see Medium green considerations related to the energy use being addressed. In addition, SEB's real estate policy expects companies acquiring or owning real estate to conduct a climate adaptation risk analysis of their portfolio properties. However, it remains unclear whether physical risks will be assessed for every eligible building, leading us to cap the final shade at Light green. Further, we note no formal consideration is currently applied by the issuer on addressing embodied emissions, necessary for reaching darker shades on new constructions.
- New and existing properties are exposed to physical climate risks. For eligible projects, SEB incorporates a physical climate risk requirement into its selection process, assessing the availability of a climate adaptation risk analysis of potential borrowers at portfolio level, guided by the bank's sector policies requirement. While SEB is increasingly prioritizing physical climate risks and adaptation solutions, we note specific physical risk assessments of the eligible projects are not yet formal requirements for green loan approval.
- Whether an existing building is within the top 15% of Sweden's national stock 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 it will be easier for a building connected to district heating to meet the top 15% threshold than a building with electric heating, all else being equal.
- SEB evaluates potential building financing in accordance with the substantial contribution criteria of the EU Taxonomy. While it considers it highly unlikely that eligible buildings will use fossil fuel sources for heating or cooling, the bank does not explicitly exclude these sources from its framework.
- Given the significant climate impacts associated with new construction, particularly embodied emissions, we note the group is working to better understand and develop routines to reduce such emissions. However, we regard these initiatives as still

being in their early stages, and we do not think they will significantly reduce the embodied emissions of most projects financed under the framework. As per the dedicated sector policy, SEB screens potential real estate development borrowers based on the on sustainable raw materials, such as disassemble and reassemble design, materials reuse, and raw material with low carbon dioxide emissions, as well as waste management considerations. Regarding building renovations, while there are no formal requirements for the reusability and recyclability of construction and demolition waste in the framework, these considerations are actively discussed by SEB during the financing dialogue.

- When building on greenfield land, there are biodiversity risks as well as climate risks. In all locations where SEB might build, there are legal requirements that mandate Environmental Impact Assessments and building permits. The regulatory context of operating in Nordic countries mitigates these risks to an extent. Further, SEB's real estate and construction sector policy incorporates some biodiversity requirements, for instance, the bank avoids engaging with companies that have a significant detrimental impact on biodiversity, such as those involved in land conversion or operations within sensitive environmental areas, including UNESCO World Heritage Sites and Natura 2000 sites. Additionally, SEB expects companies to establish a biodiversity baseline and set measurable targets by 2025, where applicable.

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.

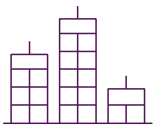
LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate 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).

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Renewable energy	**7. Affordable and clean energy***
Energy efficiency	**7. Affordable and clean energy*** **8. Decent work and economic growth*** **9. Industry, innovation and infrastructure***
Pollution prevention and control	**3. Good health and well-being*** **11. Sustainable cities and communities*** **12. Responsible consumption and production***
Environmentally sustainable management of living natural resources and land use	**12. Responsible consumption and production*** **15. Life on land***

Terrestrial and aquatic biodiversity	 **6. Clean water and sanitation***	 **11. Sustainable cities and communities**	 **14. Life below water***	 **15. Life on land***
Clean transportation	 **11. Sustainable cities and communities***			
Sustainable water and wastewater management	 **6. Clean water and sanitation***	 **11. Sustainable cities and communities***	 **12. Responsible consumption and production***	
Climate change adaptation	 **2. Zero hunger***	 **9. Industry, innovation and infrastructure**	 **13. Climate action***	
Circular economy adapted products, production technologies, and processes	 **8. Decent work and economic growth***	 **12. Responsible consumption and production***		

Green buildings	 **11. Sustainable cities and communities***

*The eligible project categories link to these SDGs in the ICMA mapping.

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 Maps, July 20, 2022

Analytical Contacts

Primary contact

Enrico Maria de Angelis
Milan
+ 39-347-628-4011
enrico.de.angelis
@spglobal.com

Secondary contacts

Pierre-Brice Hellsing
Stockholm
+4684405906
pierre-brice.hellsing
@spglobal.com

Tim Axtmann
Oslo
+47-941-57-046
tim.axtmann
@spglobal.com

Research contributor

Aditya Padhy
Pune
CRISIL Global Analytical Center,
an S&P affiliate