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Second Party Opinion

Haugaland Kraft And Sunndhordland Kraftlag Green Financing Framework

March 14, 2025

Location: Norway

Sector: Energy

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

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

See [Alignment Assessment](#) for more detail.

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Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Strengths

The framework focuses on financing renewable energy and energy efficiency.

Eligible grid investments will help enhance the electricity grid's efficiency and its capacity to support the growth of renewable energy. Both issuers have also set 2030 targets to at least halve their own emissions and identified key ways to reduce emissions in their value chain.

The issuers have a systematic approach to mitigating physical climate risk exposure.

They have identified the main risks they are exposed to, are making investments to make assets more resilient, and have cooperated with research institutions to assess future climate change impacts.

Weaknesses

No weaknesses to report.

Areas to watch

Transparency on physical risk exposure may increase over time under the EU's Corporate Sustainability Reporting Directive (CSRD).

The issuers are completing climate risk and double-materiality analyses, which will reveal any vulnerabilities and help them determine the next steps.

Vessels servicing the oil and gas sector may use shoreside power infrastructure financed under the framework. This is because the issuers operate in a region of Norway with a large offshore oil and gas sector, which increases the likelihood of this occurring.

Issuance proceeds may finance equity investments, including minority stakes. This could limit the issuers' ability to track the associated environmental impacts and control investees' activities. The issuers will only include companies where at least 90% of revenue comes from green projects, and keep in the portfolio only those investments over which it has sufficient control.

Shades of Green Projects Assessment Summary

Over the three years following issuance of the financing, Haugaland Kraft and Sunndhordland Kraftlag (SKL) expect to allocate 56% of proceeds to renewable energy projects (excluding green hydrogen), 40% to transmission and distribution of electricity, 3% to green buildings and 1% to the remaining categories.

The issuer expects 40% of proceeds to be allocated to refinancing projects, while 60% of proceeds will be directed to finance new projects.

Based on the project categories detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Haugaland Kraft and SKL's Green Financing Framework, we assess the framework as Dark green.

Renewable energy

 Dark green

Hydropower

Solar power using photovoltaic technology

Wind power (onshore and offshore)

Renewable energy/energy efficiency

 Dark green

Power grids for transmission and distribution of electricity

Smart grid solutions and smart meters, as well as other monitoring systems aimed at enabling lower energy consumption

Manufacture and/or application of batteries for intermediate storage of electricity

Renewable energy

 Dark green


Green hydrogen

Pollution prevention and control

 Medium green

Shoreside electrical power to vessels at berth

Green buildings

 Medium to Light green

Buildings built in 2021 and later

Buildings built before 2021

See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

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

Company Description

The Haugaland Kraft Group is a Norwegian utility company headquartered in Haugesund Norway that operates in Rogaland County in western Norway. The group's business areas are the transmission and distribution of electricity, renewable energy generation with a focus on hydropower, solar, wind, and telecommunication networks. The group's total revenue for 2023 was Norwegian krone (NOK) 4.18 billion (about €360 million).

The group consists of the parent company, Haugaland Kraft AS, and four wholly owned subsidiaries; grid company Fagne, fiber company Haugaland Kraft Fiber, electricity sales and energy services company Haugaland Kraft Energi, and solar power company Endra. In addition, Haugaland Kraft is the majority owner of hydropower producer SKL and fiber company Afiber, and also owns a stake in offshore wind company Deep Wind Offshore and onshore power supplier Havnekraft.

The group is owned by the municipalities of Karmøy, Haugesund, Tysvær, Vindafjord, Sveio, Utsira, Suldal, Sauda, Ullensvang, Etne, Fitjar and Bømlo, as well as the companies Finnås Kraftlag SA, SØK AS, and Fitjar Kraftlag SA.

Material Sustainability Factors

Climate transition risk

Power generation is the largest direct source of greenhouse gas emissions globally, making this sector highly susceptible to increasing public, political, legal, and regulatory pressure to accelerate climate goals. With no direct emissions, renewable energy technologies have a vital role to play in reducing emissions associated with power and heat. Electricity networks play a critical role in the energy delivery value chain, as more efficient, reliable and flexible grids are critical enablers of renewable energy integration. Public awareness of the urgency for climate action has reached a turning point. As a result, policymakers and regulators are increasingly pushing for faster transition to lower-carbon energy, especially as these technologies become more mature and cost competitive. Norway's climate goals place great emphasis on electrification and new green industries, thereby accelerating demand for renewable power.

Physical climate risk

Fixed physical assets like hydropower generation, wind power assets, and grid infrastructure are relatively more exposed to physical climate risks than other sectors. For stakeholders, climate hazards, including wildfires, hurricanes, and storms, are becoming more frequent and severe and can result in power outages. As water is a significant resource for hydropower generation, exposure to flooding, drought, or warmer temperatures can also negatively affect operations. In turn, these dynamics, coupled with regulatory pressure to preserve security of supply, are driving operators to enhance the resilience of assets. The physical climate risks may involve financial losses for operators due to repairs and, more importantly, from exposure to extreme power price spikes or claims due to business disruption. We expect these dynamics to continue but to vary regionally, depending on regulatory responses. Key risks in Norway relate to increased extreme heat events, rising sea levels, flash floods, and increases in annual mean temperature and precipitation.

Biodiversity and resource use

Renewable power, which is increasing to meet climate goals, requires large areas of land that can be located in sensitive habitats where they can alter ecosystems and impact species. In most jurisdictions, local regulations require renewable projects to be accompanied by environmental impact assessments to identify biodiversity risks, as well as mitigation measures to avoid or reduce potential harm. In addition to siting concerns, renewable energy infrastructure construction, operation, and maintenance can entail ecosystem disruption and biodiversity risks if sufficient safeguards are not put in place. This is especially pertinent for hydropower plants, which, if not properly managed, may pose biodiversity risks, such as habitat disruption, modified water flow, and hindrances to fish migration.

Impact on communities

Community impacts are more acute for stakeholders, given how close electricity networks are to where people live and work and that energy is essential for community health and wellbeing. Sites with high renewable energy potential are often in or near communities, which can prompt strong local opposition, including in cases of shared resources such as water.

Issuer And Context Analysis

The framework's project categories aim to address the issuers' most material sustainability factors. Investment in renewable energy and energy efficiency makes up 96% of the allocated proceeds under this framework and plays a crucial role in increasing Norway's clean energy supply and addressing climate transition risk. Biodiversity factors are also relevant for renewable energy generation and distribution networks, and these are mitigated by regulatory requirements and the issuers' efforts to minimize negative impacts in both the planning and operation of projects. Physical climate risk is also highly relevant in the context of renewable energy, distribution networks, and green buildings. The impact on communities is also an important consideration for the energy sector.

Haugaland Kraft and SKL are working on their sustainability strategies and, if required, report in accordance with the Corporate Sustainability Reporting Directive (CSRD). Haugaland Kraft is currently updating the materiality analysis from 2020, which in due course will be expanded into a double materiality analysis covering material topics within climate change, biodiversity and ecosystems, and the circular economy.

Haugaland Kraft reports on scopes 1 and 2, and partially on scope 3 for itself and its subsidiaries. The group has set a short-term target to reduce greenhouse gas emissions generated within the group by 50% by 2030, using 2023 as the baseline year. To achieve this target, the issuer has identified the need to conduct life cycle assessments of its products, establish a triple bottom line in its procurement, and replace some of its vehicle fleet with electric vehicles. Its largest source of emissions stems from grid losses, which it will not include as part of its 2030 emissions reduction target. However, the issuer informs us that it is aiming to address these losses by upgrading its grid and installing smart solutions that can be financed under this framework.

SKL has set a 55% reduction target for its emissions (scopes 1 and 2), using 2020 as the baseline year, and will buy climate credits and guarantees of origin for the remaining 45%. Its main sources of emissions for scopes 1 and 2 are fossil fuel vehicles and purchased electricity to heat buildings. SKL estimates its scope 3 procurement emissions to be its largest source of emissions, in particular those associated with buildings and electromechanical equipment, and the transportation of goods. To address scope 3 emissions, SKL will identify the potential to decrease emissions from a lifecycle perspective.

Climate hazards, such as floods, wind storms, and droughts, pose risks to the issuers' operations; the issuers expect power distribution to be most exposed along with, to some extent, hydropower generation, which may increase. To mitigate physical climate risks, the licensing process for projects takes into consideration projections of future flood patterns based on a changing climate. For grid and solar power facilities, the power preparedness regulations

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require the conduct of risk assessments for climate change impacts during the design, construction, and modification of facilities that are significant for electrical power supply. Furthermore, the group uses a risk and vulnerability analysis tool for projects, which includes physical risk as part of its quality control. SKL has also worked with a research institution to assess future runoff for one of its largest hydropower assets. In addition, Haugaland Kraft is currently working on a climate risk analysis, which will provide the basis for further measures needed to address physical risks. Lastly, SKL helps to reduce the extent of damage caused by floods by establishing preparedness procedures, monitoring waterways, implementing flood prevention measures, and informing municipalities.

The issuers are committed to maintaining an open dialogue with their stakeholders, including local communities. The issuers engage with local municipalities, relevant landowners, and technical authorities when developing projects, as required by regulation. The issuers engage with local communities and stakeholders through townhall meetings.

Alignment Assessment

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

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

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

✓ Use of proceeds

We assess all green project categories under the framework as having a green shade and we consider them aligned with the above principles. Haugaland Kraft and SKL commit to allocate the net proceeds issued under the framework exclusively to eligible green projects (capital expenditure, acquisitions, and refinancing), contributing to specific environmental goals. Proceeds can also be used to finance or refinance investments in the share capital of companies and partnerships where at least 90% of the balance sheet can be attributed to a green project. The issuers have confirmed that the remaining 10% is compliant with the exclusion list under the framework. In partnerships where Haugaland Kraft and SKL are not the majority shareholders, Haugaland Kraft and SKL will seek to maintain control in the event of a change of business, typically by requiring unanimity for amendments to the partnership's articles of association. If a company ceases to meet the defined threshold, it will be replaced with another green project. 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.

The companies will disclose the proportion of financing versus refinancing in their allocation reporting. The look-back period is 36 months, which is in line with market practice.

✓ Process for project evaluation and selection

Haugaland Kraft and SKL have a green finance committee, comprising representatives from finance, development and sustainability teams, and all decisions will be made in consensus. The committee will meet at least annually to screen and approve the potential projects. The company has processes to identify and manage environmental and social risks related to eligible projects. The framework includes an exclusion list, covering topics such as fossil energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction, gambling or tobacco.

✓ Management of proceeds

Haugaland Kraft and SKL's finance department will track the net proceeds after the issuance of a green instrument. The companies commit to replacing projects that cease to comply with the framework's eligibility criteria as soon as practicable. Pending allocation, net proceeds will be held in cash or short-term instruments in accordance with the company's liquidity management policy. The framework's exclusion criteria apply to the management of unallocated proceeds, adding consistency to the company's spending.

✓ Reporting

Haugaland Kraft and SKL commit to report annually on the allocation of the net proceeds and on the financed projects' impact, until full allocation of the net proceeds. Reporting will be available on the companies' websites. Allocation reporting will include the total amount of instruments outstanding, a brief description of the projects, and the breakdown of allocation of net proceeds by eligible category. The companies will also report on the actual or expected impact of the financed projects and will use the International Capital Market Association's (ICMA) Harmonized Framework for Impact Reporting. The framework has reporting commitments to avoid risks of double counting associated with share capital investments.

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 Haugaland Kraft and SKL's Green Financing Framework, we assess the framework as Dark green.

Dark
green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Green project categories

Renewable energy

Assessment

■ Dark green

Description

Investments and expenditures for the development, construction, installation, operation, improvement, repair and maintenance of facilities and necessary infrastructure related to the generation of renewable energy:

- Hydropower, subject to power density, is (i) above 5 watts (W)/m², or, based on life-cycle emissions, (ii) below 100 g carbon dioxide equivalent (CO₂e)/kilowatt-hour (kWh), or (iii) the facility is run-of-river without artificial reservoirs;
- Solar power using photovoltaic technology; and
- Wind power (onshore and offshore).

Analytical considerations

- Renewable energy projects such as hydroelectric, solar power, and wind are key to limiting global warming to well below 2°C, provided their negative impacts on local environments, and physical risks, are sufficiently mitigated. According to the International Energy Agency (IEA), most of Norway’s electricity supply comes from hydropower (88%), alongside an increasing contribution from wind power (10%). As of 2022, renewables accounted for 98.5% of power generation with the remainder from natural gas and waste.
- The company’s investments in hydro, wind, and solar power plants support increasing renewable energy generation. Additionally, the issuers have taken measures to address physical climate risks, biodiversity impacts, and circularity within their value chain. As a result, we assign these projects a Dark green shade.
- Haugaland Kraft and SKL’s assets under the financing framework are exposed to physical climate risks, such as flooding, droughts, and wind storms, and extreme weather events. These events, which are becoming more frequent and severe, can cause network service disruptions and other operational stoppages. The issuers conduct climate risk assessments to confirm their facilities can withstand climate change and severe weather conditions, as required by The Norwegian Water Resources and Energy Directorate (NVE). SKL has dam rehabilitation projects to increase robustness and meet regulators’ updated safety standards.
- Renewable energy sources like hydro, wind and solar can have negative impacts on local biodiversity. Haugaland Kraft and SKL follow strict requirements related to licenses/concessions prior to building new assets, as required by NVE. The Norwegian legislation relating to environmental impact assessments provides detailed procedures to be followed for projects that have an impact on the environment, either through their size, production volume, or the proposed location. Additionally, SKL has an in-house biologist who conducts environmental assessment studies. Previously, the issuer has sought mitigation solutions to secure fish migration up and down rivers and has introduced owl protection measures in certain areas as part of electrical grid investments. It is positive that the issuer will build solar panel projects in ‘gray’ areas (that is, natural environments that are not unspoiled) such as landfill sites, industrial sites, etc.
- Hydropower projects can produce notable emissions during construction and from water reservoirs. We regard it as positive that the framework references the EU Taxonomy’s criteria for a significant contribution to mitigating climate change. Additionally, the issuers have informed us that lifecycle emissions, including construction emissions, are an important consideration in each project, with a focus on minimizing the environmental impact by reducing the carbon footprint in procurement processes. Haugaland Kraft and SKL address the recyclability of materials by sorting all waste and transporting it to dedicated waste management off-takers for all projects under this framework.

Renewable energy/energy efficiency

Assessment

 **Dark green**

Description

Investment and expenditure for the development, construction, installation, operation, improvement, repair and maintenance of infrastructure related to:

- Power grids for the transmission and distribution of electricity;
- Smart grid solutions and smart meters, as well as other monitoring systems to help reduce energy consumption; and
- The manufacture and/or use of batteries for intermediate storage of electricity.

Analytical considerations

- Reliable and efficient electricity transmission and distribution networks are important in supporting electrification and achieving a low-carbon economy. Investments in making grids more flexible and strengthening their resilience to physical risks, coupled with measures to reduce transmission losses, are needed. At the same time, networks should be managed carefully to avoid disrupting habitats and harming biodiversity, particularly in areas of high ecological value. According to the IEA, more electrification will be needed across sectors to meet Norway’s climate targets, which will require the expansion and strengthening of power grids to accommodate the increasing demand for electricity.

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- We assess investments in electricity transmission and distribution, smart grids, and battery solutions under this framework as Dark green, given their enabling role in the transition, supporting regional renewable energy growth, and the low carbon intensity of Norway’s grid. The issuers have confirmed that proceeds will not be used to finance connections to fossil fuel power sources or oil and gas assets, such as refinery electrification.
- Haugaland Kraft conducts climate risk assessments to ensure that its infrastructure can withstand climate change and severe weather, as required by the NVE. Climate hazards, such as floods, droughts, and wind storms were identified as the greatest risks for the issuer.
- Distribution assets may entail local environmental impacts because they often require the clearing of forests or construction of access roads, because they are located remotely. Environmental impact assessments are conducted in connection with such projects. Thorough assessments are conducted in the planning phase regarding vulnerable natural environments, biodiversity, and the environmental impact, which can influence the project’s location, design, and feasibility. If any material findings are made, they are taken into consideration during the evaluation process. Procurement processes for Haugaland Kraft’s grid subsidiary company Fagne differ from those for the parent companies since, as a grid company, it must adhere to public procurement regulations in Norway. This includes the requirement that environmental considerations must be weighted at least 30 percent in the procurement process, which also includes procurements for Fagne’s suppliers.

Renewable energy (green hydrogen)

Assessment

 **Dark green**

Description

Investment and expenditure for the development, construction, installation, operation, improvement, repair and maintenance of facilities and necessary infrastructure related to the production of green hydrogen.

Analytical considerations

- Green hydrogen is important for the transition to a low-carbon future due to its low emissions and potential applications in industrial processes and transportation that are otherwise difficult to decarbonize. However, since green hydrogen relies on electrolysis, water consumption needs to be carefully managed, while other environmental risks include potential end uses that are polluting and impacts of leaked hydrogen on the atmosphere. As it is a nascent technology, such risks are not yet fully understood.
- We assign a Dark green shade to this project category, as we consider it a crucial low-carbon technology, in particular for hard-to-abate sectors, even if some end uses may not fully align with a low-carbon future.
- SKL owns 45% of Hydrogen Solutions AS (HYDS), a company producing green hydrogen, which it may finance under this framework. HYDS currently provides hydrogen to three user groups; mobility (heavy-duty trucks), industry (asphalt and steel production), and maritime. Its maritime supply is broken into two segments; short-sea feeder traffic and service vessels used in the aquaculture and offshore sectors.
- HYDS has implemented risk assessments and preventive measures, along with a contingency plan to manage residual risk. Its production facilities are continually monitored from an operations center and are equipped with technical and operational controls to minimize the risk of hydrogen leaks.

Pollution prevention and control

Assessment

 **Medium green**

Description

Investment and expenditure for the development, construction, installation, operation, improvement, repair and maintenance of infrastructure related to providing shoreside electrical power to vessels at berth.

Analytical considerations

- Mitigating greenhouse gas emissions from transportation will be crucial to meet global decarbonization goals, as the transport sector accounts for 23% of global energy-related greenhouse gas emissions, according to the Intergovernmental Panel on Climate Change (IPCC). Fossil fuel-powered vessels also create air pollution, such as nitrogen oxides and sulfur oxides. The decarbonization of all modes of transport will require a significant expansion of low-carbon transport infrastructure.
- This project involves the construction of infrastructure dedicated to the provision of shoreside electrical power to vessels at berth. A wide range of ships and vessels may use the infrastructure, such as hybrid boats, cruise ships and other service vessels. Haugaland Kraft and SKL operate in a region of Norway with a large oil and gas industry, and the issuer has informed us that offshore vessels serving this industry are likely to use the infrastructure. We recognize the need to decarbonize the shipping sector and the importance of reducing other pollutants from vessels at berth, and would typically assign this project a Dark green shade. However, considering the infrastructure’s exposure to the oil and gas sector, we assign a Medium green shade.

Green buildings

Assessment

 **Medium to Light green**

Description

Investment and expenditure for the development, construction, installation, operation, improvement, repair and maintenance of commercial buildings which meet the following criteria:

- For buildings built in 2021 and later:
 - Primary energy demand is min 10% lower than the nearly zero-energy building (NZEB) requirement in Norway; or
 - Certified BREEAM-NOR “Excellent” or better; or
 - Energy performance certificate (EPC) A
- For buildings built before 2021:
 - Certified BREEAM-NOR “Excellent” or better; or
 - Energy performance certificate (EPC) A or B







Analytical considerations

- The IEA emphasizes that reaching net-zero emissions in buildings demands major advancements in energy efficiency and the abandonment of fossil fuels. All properties must achieve high energy performance. New properties should also cut emissions from building materials and construction. Additionally, addressing physical climate risks is crucial for strengthening climate resilience across all buildings.
- The issuer expects most proceeds will be allocated to the construction of new buildings, specifically a new office building under version 6 of BREEAM-NOR Excellent, which we assess as Medium green. In our view, the chosen version and level of this certification ensure that buildings with this certification are energy efficient while embodied emissions and physical risk are addressed in a comprehensive manner. The issuer may also finance warehouses or other buildings related to its core operations, in line with the other framework criteria, which we assess as Light green. Therefore, we assess the overall project category as Medium to Light green, reflecting the varying ambition level of the buildings financed.
- The issuer uses a Risk and Vulnerability Analysis tool that can assess significant physical risks as one of the risk factors for new and existing projects in this framework. However, there are no specific criteria related to the mitigation of physical climate risks of the financed assets. In general, buildings are highly exposed to physical climate risks, and, while building regulations currently consider such risks in Norway, this is no guarantee that such risks are properly addressed.

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- If not certified, buildings built since 2021 will be at least 10% more energy efficient than required by the Norwegian NZEB regulation. Buildings built before 2021 may be financed if they have either an EPC A or B, which is expected to correspond to at least the top 15% of the existing Norwegian building stock (which is still pending formal definition).
- Although green building certifications cover a broad set of environmental issues, they differ considerably in their requirements for energy efficiency, embodied emissions of construction materials, and climate resilience. Typically, their points-based systems guarantee neither low-carbon new construction nor highly energy-efficient existing buildings. The robustness of certifications depends on a variety of factors, such as levels achieved and the type of certification.
- While embodied emissions in building materials are significant, the framework does not include thresholds for such emissions. The choice of the newest version of BREEAM-NOR (v.6) for the new office buildings receiving most proceeds could reduce the project's environmental footprint. This certification version has some minimum requirements for monitoring the embodied emissions of construction materials, and the issuers have confirmed that this will be among the factors considered in their selection of constructor.
- For new construction, the issuers have confirmed they will construct buildings mainly on brownfield land. The issuers inform us that they currently only have one building with specific plans in place and it is located on an area currently used for an office building, storage, and parking.

S&P Global Ratings' Shades of Green

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

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

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

Related Research

- [Analytical Approach: Second Party Opinions: Use of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach for Use-of-Proceeds Second Party Opinions](#), July 27, 2023
- [Analytical Approach: Shades of Green Assessments](#), July 27, 2023
- [S&P Global Ratings ESG Materiality Maps](#), July 20, 2022

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