



Corem

Green Finance Second Opinion

29 August 2023

Executive Summary

Corem Property Group (“Corem”) is a public commercial real estate company based in Sweden. Its portfolio is concentrated in Stockholm, Copenhagen, and Gothenburg, with offices and logistics as its largest property categories. Active in building acquisition, management, and development, Corem owns 424 investment properties with a value of over SEK 75 billion. The company is listed on Nasdaq Stockholm and has over 330 employees.

Corem seeks to finance or refinance new and existing green buildings meeting certification and energy criteria, major renovations achieving primary energy savings, building energy efficiency measures, and green urban environments and other climate adaptation measures. In initial allocations, Corem expects to focus on refinancing existing buildings in Sweden. Updates from the previous green finance framework dated September 2020 include providing greater specificity on criteria for new vs. existing buildings within vs. outside the EU; increasing energy consumption thresholds where applicable from 10% to 20% below the regulation; incorporating EU Taxonomy criteria related to buildings larger than 5000m²; increasing an energy performance threshold for major renovations while removing one for energy efficiency measures; and adding green areas and other climate adaptation measures.

We rate the framework **Medium Green** and give it a governance score of **Good**. Green building criteria represent a range of ambition in terms of improved energy performance and sustainability certification that are steps towards a low carbon future in combination with company-level strategies on physical climate risk and energy performance management. The criteria do not yet include a robust approach on embodied emissions for new construction, where the criteria represent Light Green elements. Climate adaptation and biodiversity measures create important resilience, water management, and pollinator benefits, making them Dark Green aspects of the framework. In its governance, Corem has strengthened its sustainability strategy since the previous framework, such as through Scope 3 reporting, longer-term climate targets and some circularity measures while maintaining clear green finance selection and reporting procedures but could continue to develop its approach to embodied emissions and undertake external review of impact reporting in addition to planned allocation reporting review.

Strengths

Corem has significantly strengthened its physical climate risk assessment, reporting, and strategy since the previous framework. Adaptation and resilience measures are particularly important in the real estate sector given the physical climate risk exposure and long-lived nature of assets. Corem’s steps to undertake scenario analysis using IPCC pathways, review risks at portfolio level and follow up in more detail for higher risk properties, and

SHADES OF GREEN



¹CICERO
Medium Green

GOVERNANCE ASSESSMENT



GREEN BOND AND LOAN PRINCIPLES

Based on this review, this framework is found aligned with the principles.

begin implementing resilience measures, including in coordination with partners, are all positive steps. The inclusion of a new climate adaptation project category in the framework underlines this good progress.

Pitfalls

The broad potential geographic scope of the framework creates greater uncertainty over green building ambition, particularly related to energy performance. While the desire for flexibility in location if business strategy evolves is understandable, it is Corem's responsibility to ensure criteria are appropriately ambitious if it enters new markets with different regulatory and sustainability contexts.

In new construction, Corem does not yet have robust framework criteria or company-level policies in place to reduce embodied emissions from building materials. For new buildings, the construction phase heavily influences total emissions and environmental impact. To some extent, environmental certifications and overall climate targets include some of these considerations. Corem does not expect to undertake any new construction in the next three years and plans to incorporate embodied emissions performance into its procurement processes, which will greatly strengthen this aspect of climate risk management.

We consider it a pitfall that the criteria for energy efficiency projects are not quantified. For a darker shading, efficiency measures should be combined with a minimum efficiency improvement threshold and post-installation auditing.

EU Taxonomy

Shades of Green has carried out a full taxonomy assessment of alignment of financed taxonomy activities against the technical screening criteria for mitigation and "Do No Significant Harm", as well as the minimum safeguards. The activities 7.1 in the Swedish context, 7.2, 7.3, 7.4, 7.5, 7.6, and 7.7 in the Danish context are found mainly in line with the taxonomy mitigation criteria, while the main gaps for the DNSH criteria relate to Transition to a circular economy, Sustainable use and protection of water and marine resources, and Pollution prevention and control. Likely technical screening criteria gaps relate to EPC requirements specific to the Swedish and Danish contexts, namely generic EPC A requirements for Danish properties under 7.1 and the eligibility of certified green buildings in combination with EPC C for Swedish properties under 7.7. Some of these eligible assets may be aligned, while others may not be. Likely DNSH criteria gaps include lack of documentation on whether Corem is meeting the 70% waste reuse, recycling, or recovery threshold, variation in water appliance performance depending on green building certification, and EU Water Framework Directive and chemical use criteria compliance only in places where incorporated into national regulations. Corem appears to partly fulfil the minimum safeguards. Although there are areas with regard to assessing social risks and establishing the relevant mitigating measures and assess the measures' effectiveness that ought to be strengthened, it is positive that the company is now planning to integrate more social safeguards processes and to become more transparent about its work.

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1 Corem's environmental management and green finance framework

Company description

Corem Property Group ("Corem" or "the issuer") is a public commercial real estate company that acquires, manages, refines and develops properties in metropolitan cities and growth areas. Corem has 331 employees. As of March 31, 2023, Corem owns 424 investment properties with a value of SEK 75,109 million. Office properties were the largest property category, accounting for 64% of property value, followed by logistics (19%), retail (4%) and other properties (13%) such as residential buildings. Headquartered in Stockholm and listed on Nasdaq Stockholm, its portfolio is concentrated to Stockholm (38%), followed by Copenhagen (10%) and Gothenburg (9%).

The current framework is an update from a framework dated September 2020. Under the previous framework and as of end of year 2022, around 9.2 million SEK green bonds were outstanding, with 100% going to refinancing its green and energy efficient buildings category.

Governance assessment

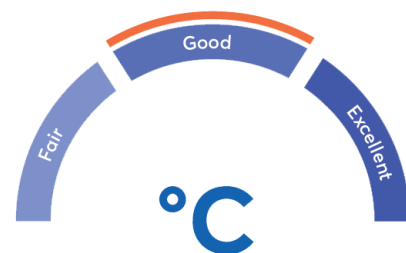
We are encouraged by positive updates to Corem's environmental strategy since the previous green finance framework, including reporting on Scope 3 emissions, establishing longer-term climate targets, initiating circularity initiatives, and engaging in TCFD reporting and climate scenario analysis at portfolio level, with follow up and some physical climate risk mitigation measures for higher risk properties. Other strong aspects of its sustainability work include energy reduction and fossil fuel phase-out targets and plans to continue increasing its ambition, such as through SBTi 1.5°C verification.

Corem has developed high-level sustainability policies and codes of conduct for its operations and suppliers but could further strengthen quantitative requirements for suppliers on sustainability topics such as embodied emissions in construction materials, which Corem informs us is under development.

In its green finance framework, Corem has established a clear selection process with environmental competence and veto power. While it will undertake screening for compliance with its policies and general sustainability risks, screening could be strengthened through more specific consideration of factors such as lifecycle emissions or resilience.

Corem's green finance reporting plans include positive aspects such as public annual reporting of relevant allocation details and impact metrics across project categories as well as transparency on methodologies and baselines but could benefit from third party verification of impact reporting in addition to planned allocation reporting review.

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





Sector risk exposure

Physical climate risks. In a Nordic context, climate risks such as increased flooding, urban overflow, increased storms and extreme weather are expected to increase. The location of the buildings in a portfolio can affect the attractiveness and value of individual buildings as property damage and operational costs increase as a result of climate change. Further, events of heat stress and extreme heat can continue to increase, creating further cooling needs for buildings, consequently increasing operational costs.

Transition risks. Due to the profound changes needed to limit global warming to well below 2°C, transition risk affects all sectors. Companies like Corem are exposed to transition risks from stricter climate policies such as introducing new energy efficiency requirements for both new and existing buildings. In a Nordic context, regulations are expected to develop to include limit values for the global warming potential (GWP) of development projects, making it mandatory to also address the embodied emissions of buildings for construction projects. Companies like Corem may be affected by shifting market preferences as a result of higher awareness of climate change, which can result in shifting preferences towards zero carbon buildings. Further, as a growing number of investors are aligning their portfolios to climate goals, climate change considerations may be included in property investment decisions. This could favour low-emitting real estate assets, making high emitting buildings at risk of struggling to find financing.

Environmental risks. The construction sector is at risk of polluting the local environment during the erection of the properties, e.g., from poor waste handling. There are also risks related to impacts on local biodiversity/habitats as well as the use of un-sustainably sourced material like tropical wood

Social risks. Social risks in the construction sector are primarily about health and safety for workers involved in the actual construction work - in this case in management, refinement and development of buildings. Risks related to working conditions for temporary workers and those working for subcontractors should also be highlighted. There are also social risks linked to sourcing of materials and equipment, as well as potential negative effects on the local community.

Environmental strategies and policies

In 2022, Corem reported a climate footprint based on Greenhouse Gas Protocol standards of 82,880 tons CO₂e. Around 91.8% of its climate emissions were Scope 3 (76,122.3 tons CO₂e), with major sources such as tenant energy use as well as construction including the materials used in projects.¹ Scope 1 emissions, primarily from company cars and refrigerant gases, accounted for around 0.6% of total emissions (487 tons CO₂e). Scope 2 emissions, with major sources including purchased heating, represented 7.6% of total emissions (6,271 tons CO₂e).

Corem is in the process of seeking validation from the Science-Based Targets initiative (SBTi) for emission reduction targets in line with 1.5°C scenario. Its current long-term goal is to be climate neutral throughout its value chain by 2035. According to the issuer, it will limit the role of offsets to truly residual emissions and select any

¹ Emission related to construction projects include projects that have been completed during the year. Therefore, total emissions will fluctuate yearly depending on how many project have been completed.

offsets from Swedish forestry projects as a first choice. Complementary nearer term targets that are part of a company-wide roadmap to net zero carbon emissions include:

- By 2025, reduce climate emissions from construction on an absolute basis by 20% compared to the base year 2021. In 2022, Corem had achieved a reduction of 34%, exceeding this goal. According to the issuer, this performance was related in part to improved data quality. Work is underway to consider a new absolute target and develop a complementary emissions intensity target.
- By 2025, achieve average energy use of 75 kWh/sqm and in 2030, reduce this metric to 65 kWh/sqm. Between 2018 – 2022, Corem reduced energy use by 22% to 77.7 kWh/sqm.
- By 2030, reduce overall climate emissions by 50% and phase out fossil fuel use.

Corem's energy consumption in operations included heating from district heating, oil, or gas (61% by GWh), electricity (33%), and district cooling (6%). As of end of year 2022, 93% of Corem's purchased energy was from renewable energy sources via guarantees of origin and 24% of its properties by value were environmentally certified (e.g., Miljöbyggnad Silver and GreenBuilding). Between 2021-2022, Corem achieved a more than 60% increase in its on-site solar power production to 2,036 MWh from 2.7 MW installed capacity.

Corem has developed a sustainability policy and code of conduct, based on its UN Global Compact membership, that provides high level principles on environmental and social issues. Beyond climate and energy issues, the company is involved in biodiversity initiatives, such as developing guidelines for enhancing biodiversity at property-level and engaging in the EcoComp project. It also supports tenant use of electric cars and ride sharing, such as through its partnership with Elbilio.

Upstream, Corem's supplier code of conduct encourages continuous improvement in environmental management, consideration of environmental factors when selecting materials, sound waste management, local pollution reduction measures, and energy and resource efficiency. According to the issuer, it requires suppliers to have an environmental policy, report on material environmental risks, and purchase renewable energy, which it confirms through regular auditing. Work is underway to incorporate consideration of embodied emissions in construction materials in Corem's tender process and consider setting quantitative sustainability requirements for suppliers. It is also active in the Fastighetsbranschens Initiativ för Hållbara Leverantörsled (FIHL), which is a collaboration to engage real estate sector suppliers on sustainability, such as through streamlining sustainability data requests and sharing risk assessments. Downstream, Corem is developing a circular business process for tenant customization projects to reduce waste and materials use by mapping what can be saved and reused during tenant turnover, construction, and renovations. It has piloted this approach in 2022 and previous years and expects to implement companywide by 2025.

Corem provides sustainability reporting annually in accordance with GRI and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). It has initiated an evaluation of climate risks to its business and portfolio, including physical risks, using scenario analysis based on Intergovernmental Panel on Climate Change Representative Concentration Pathways RCP2.6 and RCP8.5 and a 2050 time horizon. Findings highlighted the risks to its properties from more frequent extreme weather events, such as flooding and extreme temperatures. Corem undertakes additional analyses for the highest risk properties as a follow up to portfolio-level screening and conducts physical climate risk assessments as part of building recertification processes.



Green finance framework

Based on this review, this framework is found to be aligned with the Green Bond Principles. For details on the issuer's framework, please refer to the green bond framework dated August 2023.

Use of proceeds

For a description of the framework's use of proceeds criteria, and an assessment of the categories' environmental impacts and risks, please refer to section 2.

Selection

Corem's Green Finance Committee (GFC) will meet regularly to select eligible projects for green financing and monitor ongoing projects. Members include its CFO, Head of Finance, Director of Property Management, Head of Sustainability and Technical Director. Decisions are taken on a consensus basis. In addition to framework criteria, the GFC will screen potential projects for compliance with its environmental policy and code of conduct as well as other potential environmental or social risks.

Management of proceeds

Green bond proceeds are tracked by the issuer and managed at portfolio level. Any unallocated proceeds will be placed in a liquidity reserve or any other treasury business, with a goal of allocation within one year on a best-effort basis. According to the issuer, any investments in fossil-fuel related assets are excluded.

Reporting

For all green bonds, Corem's sustainability department, working in partnership with the finance and technical departments, will publish a green finance report annually on its website as long as there are green finance instruments outstanding. In cases of green finance instruments other than bonds, it may report directly and non-publicly to lenders or counterparts.

Allocation reporting will be on a portfolio basis and include total green financing issued, share of financing vs. refinancing, allocation among eligible project categories, share of unallocated proceeds, a list of all projects and more detailed project examples, and, on a best-effort basis, information on project alignment with EU Taxonomy criteria. Allocation reporting will be reviewed by an independent party and verification reports will also be published.

In its impact reporting, Corem may include indicators such as:

- Building EPC and certification type
- Information on average energy performance such as primary energy demand (kWh/sqm)
- Estimated annual greenhouse gas emissions reduced (tCO₂e)
- Amount of energy saved per sqm (kWh/sqm)

Impact reporting will include transparency on any methodologies, assumptions, or baselines used in calculations, but will not be reviewed and verified by a third party unlike allocation reporting.

In its reporting under its previous framework, Corem covered total green financing, specific green buildings financed, and similar impact indicators such as EPC, energy performance, and estimated reduced climate emissions.

2 Assessment of Corem's green finance framework

The eligible projects under Corem's Green Finance Framework are shaded based on their environmental impacts and risks, based on the "Shades of Green" methodology.

Shading of eligible projects under Corem's green finance framework

- Both financing and refinancing, in whole or in part and including OPEX and CAPEX, are eligible. While there is no look-back period for eligible CAPEX, the look-back period for OPEX is three years from issuance. The issuer informs us that a majority of proceeds is expected to be allocated to refinancing. While no OPEX is expected to be financed, any potential fossil fuel OPEX is excluded according to the issuer.
- According to the issuer, a majority of proceeds will likely be allocated to the green buildings category's existing buildings subcategory. As of 2022 reporting, under Corem's previous green financing framework dated September 2020, 100% of proceeds were allocated to its green and energy efficient buildings category.
- Investments are being planned in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, other Swedish municipalities, Copenhagen, and New York. The issuer informs us that around 90% of proceeds are expected to be allocated to Stockholm and Gothenburg locations and no new locations are anticipated.
- Specific framework exclusions include fossil fuel energy generation, nuclear energy generation, controversial weapons, potentially environmentally negative resource extraction, and tobacco.

Category	Eligible project types	Green Shading and considerations
Green buildings	<p>New buildings (built after 31 December 2020)</p> <p>Buildings that either have or will receive:</p> <p><u>Buildings within EU</u></p> <ul style="list-style-type: none"> • Minimum certification of Miljöbyggnad Silver or BREEAM Very Good or LEED Gold, in combination with a Primary Energy Demand (PED) at least 20% lower than the threshold set for Nearly Zero Energy Building (NZEB) according to national building regulations, or • EPC A or B in Sweden, and EPC A in Denmark, and • For buildings larger than 5000m²: 	<p>Light to Medium Green</p> <ul style="list-style-type: none"> ✓ The interval of shades reflects that the project category contains assets of varying environmental ambitions. ✓ The construction and real estate sector have a major environmental impact through building materials for new construction and operational emissions and energy use for the existing building stock. The long time horizon of assets makes low carbon solutions particularly important. While Corem has set energy targets at company level, is in the



- The building undergoes testing for air-tightness and thermal integrity, upon completion; and
- The life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle

Buildings outside EU

- Minimum certification of BREEAM Very Good or LEED Gold, in combination with an energy performance at least 20% below the applicable state level building regulation

Existing buildings (built before 31 December 2020)

Buildings that either have or will receive:

Buildings within EU

- EPC A or within top 15% of the national or regional building stock expressed as operational PED and demonstrated by adequate evidence, or
- Minimum certification of Miljöbyggnad Silver/Miljöbyggnad iDrift Silver or BREEAM Very Good/BREEAM In-Use Very Good or LEED Gold/LEED for Operations and Maintenance (O+M) Gold in combination with EPC C in Sweden and EPC B in Denmark

Buildings outside EU

- Minimum certification of BREEAM Very Good or LEED Gold in combination with an energy performance at least 20% below the applicable state level building regulation

Major renovations

- Major renovations and re-construction leading to primary energy savings of at least 30%

Energy efficiency measures

early stages of addressing embodied emissions and no policies are yet in place.

- ✓ Fossil fuels may be used in building heating systems. In Europe, this involves district heating that can include fossil energy sources, such as use of coal in Denmark. No direct fossil fuel heating is expected in properties in Sweden or Denmark. In New York, natural gas is sometimes used directly in building heating systems.
- ✓ Certain other important factors in the real estate sector such as accessibility to clean transportation and climate risk and resilience may not be sufficiently included under these eligibility criteria. Extreme weather events (precipitation, heat, wind) are key climate risk factors. Corem has taken a proactive approach to assessing these risks through climate scenario analysis at portfolio level followed up by additional assessment for higher risk properties and has begun taking adaptive actions.
- ✓ According to the issuer, around 80% of buildings eligible under this category are expected to be offices, while the remaining 20% will be logistics.

New buildings

- ✓ New buildings receive a Light Green shading as there are no quantified criteria for embodied emissions, which can be significant for construction materials and building lifecycle impacts. According to Corem, its company-level climate targets include these emissions, it is developing related



- Direct costs from production and distribution of renewable energy such as installation of onsite solar panels, heat pumps, and local grids for heating and cooling
- Direct costs from energy efficiency measures such as converting to LED lighting, improvements in ventilation systems, and installation of infrastructure for electric cars (electric charging points)

criteria to incorporate into its tender process, and it seeks to use as much recycled materials as possible.

- ✓ The issuer informs us it does not expect to finance new buildings. If its plans changed, it would likely use the first criterion of certification and PED thresholds in a majority of cases. The most common certifications used would likely be Miljöbyggnad Silver or BREEAM Very Good. Green building certification standards cover a broad set of issues that are important to sustainable development. At the same time, they differ considerably in their requirements.
- ✓ The issuer informs us that it does not expect to finance any new buildings in Denmark. We note that to be better than regulation in Denmark, buildings need to have an EPC A2020 or an energy performance that is at least 10% better than EPC A2015, as the Danish building regulations define A2015 as NZEB.

Existing buildings

- ✓ Criteria for existing buildings demonstrate a range of sustainability ambition, such as varying EPC and certification levels, and include both Light Green and Medium Green elements.
- ✓ For existing buildings, Corem informs us it expects a majority of proceeds to be allocated based on the first criterion of an EPC A or top 15% of building stock. Among buildings that are certified, most will be BREEAM In-Use Very Good.



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- ✓ To determine what constitutes the top 15% in Sweden, Corem will use the latest report from the Swedish Building Owners (Fastighetsägarna) and CIT Energy Management, which we consider best available reference points currently. Buildings meeting these thresholds are not necessarily better than current regulations, while buildings with EPC A are at least 50% better than regulations.
 - ✓ The issuer informs us that only one existing building is expected to be financed in Denmark. On the basis of currently available data, Corem's criterion of at least EPC B in the Danish context should ensure that eligible buildings are within the top 15% of the national or regional building stock by PED, on the basis of currently available data.
 - ✓ We consider these criteria, combined with issuer-level efforts, as relatively ambitious in the US context.

Major renovations

- ✓ From a climate perspective, it is better to renovate existing buildings rather than build new ones, and it is positive that refurbishments with a 30% reduction of energy consumption are included in the framework.
- ✓ For major renovation projects, reducing embodied emissions from the construction and materials used should be a priority to reduce emissions in the renovation process.

Energy efficiency measures

- ✓ Renewable energy is a key part of the low carbon future, and Corem's installation of onsite heat solar panels and heat pumps is welcome. The sourcing of raw materials
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needed in solar installations is associated with high environmental and social risks that need to be managed.

- ✓ While energy efficiency is positive, the energy efficiency criteria are not quantified.
- ✓ Potential rebound effects may arise from efficiency improvements.
- ✓ Electric charging stations may be used by plug-in-hybrid vehicles, thus involving some fossil fuel elements.

Environmentally sustainable management of living resources and land use



Biodiversity conservation & climate change adaptation

- Investments in green urban environments that promote, restore and preserve biological diversity. For example, green roofs, green walls, flowerbeds, trees as well as beehives on the roofs in a city environment
- Other investments leading to more resilient societies such as construction local dams or other climate adaptation measures in buildings

Dark Green

- ✓ Buildings and other infrastructure are meant to last for a long time, exposing them to higher climate change physical risks than shorter-lived structures. Green urban infrastructure and other building climate adaptation measures can help mitigate these risks by better managing stormwater and flooding and allowing cities to adapt to higher temperatures and increasingly frequent extreme weather events. Some projects may also provide energy savings for buildings or biodiversity and pollinator co-benefits.
- ✓ According to the issuer, climate change adaptation measures are identified in part via broader sustainable urban development projects that incorporate biodiversity improvements, flooding mitigation, and planting trees to increase shade. Coordination with other stakeholders on



biodiversity and climate resilience is positive to enhance overall community benefits.

- ✓ While climate emissions risks or benefits are likely to be small, consideration of lifecycle impacts may be beneficial, particularly for projects involving construction with higher embodied emissions materials, such as concrete. Corem is developing an approach for lower embodied emissions material procurement.
- ✓ Where possible, Corem should avoid excess fertilizer or chemical use on flower beds, trees, or other green areas due to associated local pollution risks.

Table 1. Eligible project categories

EU Taxonomy

The EU Taxonomy Regulation² is a classification system setting criteria for economic activities to be defined as environmentally sustainable. The regulation defines six environmental objectives. To be considered sustainable, an activity must substantially contribute to at least one of the six environmental objectives³ without harming the other objectives (“Do No Significant Harm”), while complying with minimum safeguards⁴. So far, the EU has adopted delegated acts under the regulation that set out the technical screening criteria for the climate mitigation and adaptation objectives, respectively. The DNSH-criteria are developed to make sure that progress against some objectives is not made at the expense of others and recognizes the relationships between different environmental objectives.

Where sufficient information was not provided by the issuer, and information was not easily accessible through searching other public available sources, Shades of Green has not been able to assess alignment. Shades of Green has assessed eligible projects for Corem’s framework against the mitigation thresholds, the DNSH criteria for relevant activities in the delegated act adopted in June 2021 (Annex 1) and the minimum safeguards.

Shades of Green assesses that the relevant taxonomy activities for Corem, as listed in Appendix 2, are likely partly aligned with the mitigation criteria in the EU Taxonomy.

Shades of Green has assessed eligible projects for Corem’s framework against the mitigation thresholds, the DNSH criteria for relevant activities in the delegated act adopted in June 2021 (Annex 1) and the minimum safeguards.

Corem appears to be likely partly aligned with several of the DNSH-criteria. Shades of Green has not received sufficient information to assess alignment with DNSH-criteria related to some aspects of properties outside of Sweden, where most activities are planned. In addition, in some cases, such as Transition to a circular economy and Pollution prevention and control DNSH criteria for Construction of new buildings (7.1) and Renovation of existing buildings (7.2), there is not currently sufficient information on the interpretation of certain taxonomy thresholds to assess alignment.

Main gaps

Technical screening criteria for mitigation in Construction of new buildings (7.1)

While Corem is likely aligned with these criteria for Swedish properties, it is likely only partly aligned for any Danish properties because it only requires an EPC A in this context without further specification. The issuer informs us that it does not plan to undertake any new construction in Denmark, but if its plans change, an EPC A2020 or an energy performance that is at least 10% better than EPC A2015 would be required to ensure alignment with the Technical screening criteria for mitigation in the Danish context. A generic EPC A does not guarantee buildings perform better than current regulation.

Technical screening criteria for mitigation in Acquisition and ownership of buildings (7.7)

For properties in Sweden that are eligible under green building certification in combination with EPC C, these criteria do not necessarily ensure Taxonomy alignment in the Swedish context. Some assets will likely be aligned, and some will likely not.

² Regulation EU 2020/852 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

³ The six environmental objectives as defined in the proposed Regulation are: (1) climate change mitigation; (2) climate change adaptation; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy, waste prevention and recycling; (5) pollution prevention and control; (6) protection of healthy ecosystems.

⁴ Alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation’s (‘ILO’) declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights.



Transition to a circular economy for Construction of new buildings and Renovation of existing buildings (7.1, 7.2)

Although the issuer informs us that construction and demolition waste reuse, recycling, and other material recovery is part of Corem's environmental program and done to the extent possible, it does not currently have historical data on whether it is meeting the 70% waste reuse, recycling, or recovery threshold. Until it can track and document its performance, it is likely not aligned with this criterion.

Sustainable use and protection of water and marine resources for Construction of new buildings and Renovation of existing buildings (7.1, 7.2)

For 7.1, Corem can only confirm compliance with the EU Water Framework Directive criteria where they are covered by national regulation. While this is likely aligned for Swedish properties, it is not guaranteed where the EU Water Framework Directive has not been codified at national level. For 7.2, Corem informs us that while it aims to fulfil technical specifications for water appliances, this depends on whether a building is environmentally certified, in which case these requirements will be adhered to. We therefore find them likely partly aligned given that certification is not necessarily required.

Pollution prevention and control for Installation, maintenance and repair of energy efficiency equipment (7.3)

Although the issuer confirms it will undertake asbestos screening as specified by these DNSH criteria, its compliance with chemical use criteria will depend on the national regulatory context, making it only likely partly aligned given this uncertainty.

Minimum safeguards

To qualify as a sustainable activity under the EU regulation certain minimum safeguards must be complied with. Shades of Green has assessed the company's social safeguards with a focus on human and labour rights. We take the sectoral, regional and judicial context into account and, on the basis of information provided by the company, focus on the risks likely to be the most material social risks. Shades of Green concludes that Corem appears to partly fulfil the minimum safeguards. The most relevant risks for Corem are working conditions and health and safety considerations among suppliers and subcontractors.

Corem has several policies that cover human rights and labour rights and will make these available on their website. The company is going through processes to reach greater alignment with the requirements in the minimum standards in the Taxonomy, a part of which is to undertake wider materiality assessments encompassing all its operations and give stakeholders a stronger voice in identifying risks. The company has a code of conduct for suppliers that covers human rights and labour rights. The extensive use of suppliers and subcontractors is considered a risk by the company, and it will therefore integrate requirements concerning social issues in contracts with suppliers that will also cover the subcontractors' sourcing. Corem is one of the initiators of an initiative for construction companies in Sweden called FIDH. This streamlines the processes for assessing suppliers, where the clients coordinate the content of their questionnaires, and where the suppliers can re-use their responses in relation to different clients.

The company should strengthen its work on assessing risks, establishing the relevant measures to handle risks and assess the measures' effectiveness. To be in line with the minimum safeguards, companies are also required to report on their processes, the risks they have identified and how well the remediating measures function. It is however very positive that Corem is planning to integrate more processes and to become more transparent about its work.







3 Terms and methodology

This note provides Shades of Green’s second opinion of the client’s framework dated August 2023. This second opinion remains relevant to all green bonds and/or loans issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. Shades of Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

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

‘Shades of Green’ methodology

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

Shading	Examples
 Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low-carbon and climate resilient future.	 Solar power plants
 Medium Green is allocated to projects and solutions that represent significant steps towards the long-term vision but are not quite there yet.	 Energy efficient buildings
 Light Green is allocated to transition activities that do not lock in emissions. These projects reduce emissions or have other environmental benefits in the near term rather than representing low carbon and climate resilient long-term solutions.	 Hybrid road vehicles

The “Shades of Green” methodology considers the strengths, weaknesses and pitfalls of the project categories and their criteria. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised, including potential macro-level impacts of investment projects.

Sound governance and transparency processes facilitate delivery of the client’s climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green bond are carefully considered and reflected in the overall shading. Shades of Green considers four factors in its review of the client’s governance processes: 1) the policies and goals of relevance to the green bond framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.



Assessment of alignment with Green Bond Principles

Shades of Green assesses alignment with the International Capital Markets' Association's (ICMA) Green Bond Principles. We review whether the framework is in line with the four core components of the GBP (use of proceeds, selection, management of proceeds and reporting). We assess whether project categories have clear environmental benefits with defined eligibility criteria. The Green Bonds Principles (GBP) state that the "overall environmental profile" of a project should be assessed. The selection process is a key governance factor to consider in Shades of Green's assessment. Shades of Green typically looks at how climate and environmental considerations are considered when evaluating whether projects can qualify for green finance funding. The broader the project categories, the more importance Shades of Green places on the selection process. Shades of Green assesses whether net proceeds or an equivalent amount are tracked by the issuer in an appropriate manner and provides transparency on the intended types of temporary placement for unallocated proceeds. Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs.

EU taxonomy assessment

Shades of Green has assessed the activities against the EU Taxonomy's technical screening criteria, including the do-no-significant-harm (DNSH) criteria. In addition, we have assessed alignment with the minimum safeguards, as described in article 18 of the EU taxonomy. To assess activities' taxonomy alignment, Green has reviewed the issuer's green bond framework, other supporting documents provided by the issuer, and written responses to questions on each asset's taxonomy alignment.



Appendix 1:

Referenced Documents List

Document Number	Document Name	Description
1	Corem Green Finance Framework	Dated August 2023
2	Corem Årsredovisning och Hållbarhetsredovisning 2022	Corem's most recent annual and sustainability report
3	Corem Investerarrapport 2022	Corem's green financing reporting under its previous framework
4	Uppförandekod för leverantörer	Corem's supplier code of conduct dated April 2022
5	Hållbarhetspolicy och Uppförandekod	Corem's sustainability policy and code of conduct dated November 2021



Appendix 2: EU Taxonomy criteria and alignment

This analysis focuses on Corem's planned activities in Sweden and Denmark. Complete details of the EU taxonomy criteria are given in [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](#)

Construction of new buildings (7.1)

Taxonomy activity	Construction of new buildings (NACE Code F41.1, F41.2)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Technical screening criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Constructions of new building, eligible if:</p> <ul style="list-style-type: none"> The Primary Energy Demand is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation. The energy performance is certified using an as built Energy Performance Certificate (EPC). For buildings larger than 5000 m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. <p>For buildings larger than 5000 m², the life cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.</p>	<p><u>Contextual information</u></p> <p>Sweden</p> <ul style="list-style-type: none"> Energy requirements set in BBR (Swedish building regulations) is defined as NZEB in Sweden. In Sweden, climate calculations establishing the GWP for the construction phase are a regulatory requirement since 1 January 2022. The requirement applies to properties seeking a construction permit after 1 January 2022. This only covers phase A of construction, while the criterion in the taxonomy refers to phase A-C. <p>Denmark</p> <ul style="list-style-type: none"> In Denmark, the building need to have an EPC label of A2020 or an energy performance which is minimum 10% better than A2015, which is defined as NZEB. Buildings therefore need to perform better than current regulation and it is not sufficient to have an EPC A without further specifications. <p><u>Information provided by the issuer</u></p>	<p>Likely aligned for Swedish properties</p> <p>Likely partly aligned for Danish properties depending on EPC A type</p>



		<ul style="list-style-type: none"> Buildings eligible for green financing with the framework criterion to achieve a PED that is 20% lower than NZEB will be aligned with the energy efficiency criterion in Sweden and Denmark Buildings eligible for green financing with the framework criterion EPC A or B are likely aligned in Sweden. For buildings eligible under EPC A in Denmark, likely alignment will depend on whether they have an EPC A2020 or an energy performance that is at least 10% better than EPC A2015. Buildings with EPCA 2010 in Denmark would not be aligned. The framework includes criteria that i) test for airtightness and thermal integrity, and ii) that a GWP calculation (including phase A-C) will be mandatory for all buildings bigger than 5000m². 	
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<p>The physical climate risks that are material to the activity have been identified (chronic and acute, related to temperature, wind, water, and soil) by performing a robust climate risk and vulnerability assessment with the following steps⁵:</p> <ul style="list-style-type: none"> (a) screening of the activity to identify which physical climate risks from the list in Section II of this Appendix may affect the performance of the economic activity during its expected lifetime; (b) where the activity is assessed to be exposed to physical climate risks, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity; (c) an assessment of adaptation solutions that can reduce the identified physical climate risk. <p>The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, and open source or paying models.</p>	<p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> Corem has reviewed physical climate risk at portfolio level using climate scenario analysis based on IPCC's RCP2.6 and RCP8.5. Where higher risks are identified, it then conducts a review at property level. According to Corem, physical climate risk is particularly reviewed and considered during the design phase. Key risks identified at portfolio level include flooding from heavy rainfall, sea level rise, landslides, and extreme temperatures. Physical climate risk mitigation measures implemented to date include collaboration with municipalities on flooding prevention and ensuring energy efficiency and optimization in the event of high temperatures. These occur during the design phase as well as part of ongoing investments. Corem plans to continue 	Likely aligned

⁵ The Taxonomy is referring to Appendix A in the Taxonomy Annex 1.



	<p>For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.</p> <p>For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.</p> <p>The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.</p>	<p>implementing physical climate risk mitigation measures going forward.</p> <ul style="list-style-type: none"> The company reports following the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD) annually. 	
Sustainable use and protection of water and marine resources	<ul style="list-style-type: none"> Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label⁶ in the Union, in accordance with the technical specifications: <ul style="list-style-type: none"> (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. <p>To avoid impact from the construction site, the activity complies with the criteria in the EU Water Framework Directive⁷.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU⁸ and includes an assessment of the impact on water in accordance with the Water Framework Directive, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>	<p>Contextual information</p> <p>Sweden</p> <ul style="list-style-type: none"> General planning is the responsibility of the municipality and EIAs will be carried out on municipality level where required by national law. This includes a plan for impacts on water sources and will secure compliance with the EU Water Framework Directive. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> The issuer confirms that for all projects, water appliances will be used in accordance with Taxonomy technical specifications. According to the issuer, Corem will comply with EU Water Framework Directive criteria where these are covered by national regulation. 	<p>Likely aligned for Swedish properties and other jurisdictions where EU Water Framework Directive criteria are covered by national regulation</p> <p>Likely partly aligned where EU Water Framework Directive</p>

⁶ The Taxonomy is referring to Appendix E in the Taxonomy Annex 1.

⁷ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy

⁸ DIRECTIVE 2011/92/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the assessment of the effects of certain public and private projects on the environment.



			criteria are not covered by national regulation
Transition to a circular economy (circular economy)	<ul style="list-style-type: none">At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material⁹) generated on the construction site is prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials.Operators limit waste generation in processes related to construction and demolition in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.Building designs and construction techniques support circularity and in particular demonstrate how they are designed to be more resource efficient (with reference to ISO 208872¹⁰), adaptable, flexible and dismantlable to enable reuse and recycling.	<p><u>Contextual information</u></p> <ul style="list-style-type: none">For the criterion to implement building designs and construction techniques support circularity, Guidance from the EU suggest that one needs to be better than average to comply. As there are not clear metrics on how to demonstrate that one is better than average, it is currently not enough information to judge whether projects fulfil the criterion. <p>Sweden</p> <ul style="list-style-type: none">In Sweden, some sorted waste is sent for incineration to district heating facilities. This waste cannot be counted towards the 70%. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none">The issuer informs us that construction and demolition waste reuse, recycling, and other material recovery is part of Corem's environmental program and done to the extent possible. Corem does not currently have historical data on this aspect but is in the process of compiling data on current performance. It has also developed a requirement for contractors to increase reuse, recycling, and recovery rates.Corem informs us that waste management plans are developed for all projects and it has additional procedures to limit waste generation.According to Corem, it actively engages with architects and designers to incorporate circularity principles.	<p>Likely not aligned with 70% threshold in absence of performance data</p> <p>Not possible to conclude on other circularity criteria due to uncertainty about interpretation of taxonomy thresholds</p>

⁹ Refer to the European List of Waste established by Commission Decision 2000/532/EC

¹⁰ ISO 20887:2020, Sustainability in buildings and civil engineering works - Design for disassembly and adaptability - Principles, requirements and guidance (version of [adoption date]: <https://www.iso.org/standard/69370.html>).



Pollution prevention and control	<ul style="list-style-type: none"> Building components and materials used in the construction comply with the criteria set out in Appendix C to the Taxonomy Annex 1. For building components and materials used in the construction that may come into contact with occupiers, formaldehyde emissions are within relevant limits¹¹. Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants¹². Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. 	<p><u>Contextual information</u> Sweden</p> <ul style="list-style-type: none"> Two Swedish sector organizations (Fastighetsägarna and Bygginistrierna) are currently leading the process of getting sector-specific interpretations to Appendix C. Measures to reduce noise, dust and pollutant emissions during construction and maintenance is regulated by law and the Swedish “miljöbalken”. All the construction projects need to have a plan for how these issues are addressed in a construction project and is disclosed to and followed up by the municipality before, during and after the construction phase. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> Based on sector feedback, there is currently a lack of information to judge if Corem comply as it is unclear how to document alignment against the criteria set out in Appendix C. According to the issuer, formaldehyde emissions will be assessed in the context of building environmental certification processes. The issuer confirms that brownfield site investigations for contaminants will be undertaken for all projects. Corem informs us it does not expect to construct any new buildings in Denmark for the foreseeable future. 	<p>Not possible to conclude due to uncertainty about interpretation of taxonomy thresholds</p>
Protection and restoration of biodiversity and ecosystems	<ul style="list-style-type: none"> An Environmental Impact Assessment (EIA) or screening should be completed in accordance with national provisions¹³. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment where applicable, has been conducted 	<p><u>Contextual information</u> Sweden</p> <ul style="list-style-type: none"> General planning is the responsibility of the municipality and EIAs will be carried out on municipality level. Land that is covered by area protection according to the Planning and Building Act is Natura 2000, nature reserves and animal and plant protection areas, and 	<p>Likely aligned for Swedish properties</p>

¹¹ Emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/TS 16516522 and ISO 16000-3 523 or other comparable standardised test conditions and determination method.

¹² Standard ISO 18400 can be used.

¹³ The Taxonomy is referring to Appendix D in the Taxonomy Annex 1.



	<p>and based on its conclusions the necessary mitigation measures are implemented.</p> <ul style="list-style-type: none"> The new construction should not be built on one of the following: <ul style="list-style-type: none"> a) arable land and crop land; b) greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List. c) land matching the definition of forest as set out in national law used in the national greenhouse gas inventory, or where not available, is in accordance with the FAO definition of forest¹⁴. 	<p>construction is not permitted. This is stated in the general and detailed plan for each municipality.</p> <ul style="list-style-type: none"> Municipalities are not allowed to offer sites for exploitation without the developer doing an EIA. Wetlands are covered by the EIA, and considered to be highly valuable so they are generally not to be exploited in Sweden. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> Corem informs us it does not expect to construct any new buildings in Denmark for the foreseeable future. In the event of any potentially new Danish construction, EIA, site selection, and biodiversity risk mitigation procedures are unclear. 	
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Renovation of existing buildings (7.2)

Taxonomy activity	Renovation of existing buildings (NACE code F41 and F43)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Technical screening criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Renovation of existing buildings, eligible if:</p> <ul style="list-style-type: none"> The reduction of primary energy demand (PED) must be at least 30 %. 	<ul style="list-style-type: none"> The framework criteria comply with the criteria for substantial contribution for construction projects. 	Likely aligned
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of buildings. 	<ul style="list-style-type: none"> See comments under Construction of buildings. 	Likely aligned
Sustainable use and protection of water and marine resources	<ul style="list-style-type: none"> Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label¹⁵ in the Union, in accordance with the technical specifications: <ul style="list-style-type: none"> (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; 	<ul style="list-style-type: none"> Corem informs us it aims to fulfil technical specifications for water appliances, but this depends on the project. These criteria are achieved for all environmentally certified buildings. 	Likely partly aligned depending on building certification

¹⁴ Land spanning more than 0,5 hectares with trees higher than five meters and a canopy cover of more than 10 %, or trees able to reach those thresholds in situ. It does not include land that is predominantly under agricultural or urban land use, FAO Global Resources Assessment 2020. Terms and definitions. (version of [adoption date]: <http://www.fao.org/3/I8661EN/i8661en.pdf>).

¹⁵ The Taxonomy is referring to Appendix E in the Taxonomy Annex 1.



	<ul style="list-style-type: none"> (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. 		
Transition to a circular economy	<ul style="list-style-type: none"> Please refer to Construction of buildings. 	<ul style="list-style-type: none"> Please refer to Construction of buildings. 	Not enough information
Pollution prevention and control	<ul style="list-style-type: none"> Building components and materials used in the construction comply with the criteria set out in Appendix C to the Taxonomy Annex 1. For building components and materials used in renovation that may come into contact with occupiers, formaldehyde emissions are within relevant limits¹⁶. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. 	<ul style="list-style-type: none"> Please refer to Construction of buildings. 	Not enough information
Protection and restoration of biodiversity and ecosystems	N/A		

Acquisition and ownership of buildings (7.7)

Taxonomy activity	Acquisition and ownership of buildings (NACE Code L68)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Technical screening criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Acquisition and ownership of buildings, eligible if:</p> <ul style="list-style-type: none"> For buildings built before 31 December 2020, the building has at least Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. 	<p>Contextual information</p> <p>Sweden</p> <ul style="list-style-type: none"> We consider a report from Fastighetsägarna¹⁷ to provide adequate evidence for the energy efficiency of the top 15% of the national building stock. On the basis of this report, the framework criterion “Minimum certification of Miljöbyggnad Silver/Miljöbyggnad iDrift Silver or BREEAM Very Good/BREEAM In-Use Very Good or LEED Gold/LEED for Operations and 	<p>Likely partly aligned for Swedish properties</p> <p>Likely aligned for Danish properties</p>

¹⁶ Emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/TS 16516522 and ISO 16000-3 523 or other comparable standardised test conditions and determination method.

¹⁷ [Topp 15 och 30% \(fastighetsagarna.se\)](https://topp15och30.se/)



	<ul style="list-style-type: none">For buildings built after 31 December 2020, the building meets the criteria set out for the activity ‘construction of new buildings’.Where the building is a large non-residential building it is efficiently operated through energy performance monitoring and assessment. <p>For buildings built after 31 December 2020, buildings are eligible if:</p> <ul style="list-style-type: none">The Primary Energy Demand is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation. The energy performance is certified using an Energy Performance Certificate (EPC).	<p>Maintenance (O+M) Goldin combination with EPC C in Sweden does not guarantee alignment. Some assets will likely be aligned and some will likely not (in Sweden).</p> <p>Denmark</p> <ul style="list-style-type: none">For buildings built before 2021, the currently available data shows that for both residential and commercial buildings, EPC A and EPC B are within the top 15%¹⁸. The alignment of assessment will have to be renewed when and official definition is in place, or when new information becomes available. <p><u>Information provided by the issuer</u></p> <p><u>For buildings built before 21 December 2020</u></p> <ul style="list-style-type: none">Buildings eligible for green financing with the framework criterion “to have an EPC A or within top 15% of the national or regional building stock” will be aligned with the energy efficiency criterion in Sweden and Denmark.The issuer confirms that all non-residential assets will be efficiently operated through energy performance monitoring and assessments. <p><u>For buildings after 21 December 2020</u></p> <ul style="list-style-type: none">Please refer to the mitigation criteria under construction of buildings.	
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none">Please refer to Construction of buildings.	<ul style="list-style-type: none">See comments under Construction of buildings.	Likely aligned

¹⁸ https://www.nykredit.com/siteassets/ir/files/bond-issuance/green-bonds/top-15_moe.pdf



Installation, maintenance and repair of energy efficiency equipment (7.3)

Taxonomy activity	Installation, maintenance and repair of energy efficiency equipment (NACE Codes F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, or C33.12)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Installation, maintenance and repair of energy efficiency equipment, eligible if:</p> <ul style="list-style-type: none"> The activity consists in one of the following individual measures provided that they comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation: <ul style="list-style-type: none"> Addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive). Replacement of existing windows with new energy efficient windows. Replacement of existing external doors with new energy efficient doors. Installation and replacement of energy efficient light sources. Installation, replacement, maintenance and repair of heating, ventilation and air conditioning (HVAC) and water heating systems, including equipment related to 	<p><u>Contextual information</u></p> <ul style="list-style-type: none"> The measures described under the sub-category of the green building category “energy efficiency measures” comply with the activities set out in the taxonomy. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> The issuer informs us that it is possible that it may finance any of the individual measures detailed in Taxonomy criteria. According to the issuer, if applicable, individual components and systems will be rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369. Corem confirms that new water appliances will follow energy efficiency criteria. 	Likely aligned



	<p>district heating services, with highly efficient technologies.</p> <ul style="list-style-type: none"> ○ Installation of low water and energy using kitchen and sanitary water fittings which comply with technical specifications set out in Appendix E to this Annex and, in case of shower solutions, mixer showers, shower outlets and taps, have a max water flow EN 173 EN of 6 L/min or less attested by an existing label in the Union market. 		
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> • Please refer to Construction of buildings. 	<ul style="list-style-type: none"> • See comments under Construction of buildings. 	Likely aligned
Pollution prevention and control	<ul style="list-style-type: none"> • In case of addition of thermal insulation to an existing building envelope, a building survey is carried out in accordance with national law by a competent specialist with training in asbestos surveying. Any stripping of lagging that contains or is likely to contain asbestos, breaking or mechanical drilling or screwing or removal of insulation board, tiles and other asbestos containing materials is carried out by appropriately trained personnel, with health monitoring before, during and after the works, in accordance with national law. • The activity meets generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals, such that the activity does not lead to the manufacture, placing on the market or use of: <ul style="list-style-type: none"> a) Substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant. b) Mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council. 	<p><u>Contextual information</u></p> <p>Sweden</p> <ul style="list-style-type: none"> • In the case of renovation, a screening of asbestos must be made by law. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> • The issuer informs us that in cases of addition of thermal insulation in an existing building envelope, it will screen for asbestos even if it is not a major renovation. • According to the issuer, Corem will comply with chemical use criteria to the extent that they are covered by national regulations. 	Likely partly aligned due to confirmation on asbestos screening but unclear compliance with chemical use criteria depending on national regulatory context



	<ul style="list-style-type: none"> c) Substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council. d) Substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive. e) Substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council³³², except where there is full compliance with the conditions specified in that Annex. f) Substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society. g) Other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society. 		
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Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (7.4)

Taxonomy activity	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (NACE Codes F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings, eligible if:</p> <ul style="list-style-type: none"> Charging stations for electric vehicles. 	<ul style="list-style-type: none"> The measures described under the sub-category of the green building category “energy efficiency measures” comply with the activities set out in the taxonomy. 	Likely aligned



	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of buildings. 	<ul style="list-style-type: none"> See comments under Construction of buildings. 	Likely aligned

Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)

Taxonomy activity	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (NACE Codes F42, F43, M71, and C16, C17, C22, C23, C25, C27, or C28)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building, eligible if consisting of one of the following measures:</p> <ul style="list-style-type: none"> Zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control. Building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS). Smart meters for gas, heat, cool and electricity. Façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation. 	<ul style="list-style-type: none"> The measures described under the sub-category of the green building category “energy efficiency measures” comply with the activities set out in the taxonomy. 	Likely aligned
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of buildings. 	<ul style="list-style-type: none"> See comments under Construction of buildings. 	Likely aligned

Installation, maintenance and repair of renewable energy technologies (7.6)

Taxonomy activity	Category (NACE Code F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation 		Likely aligned



	<p>Installation, maintenance and repair of renewable energy technologies, eligible if the activity consists in one of the following individual measures, if installed on-site as technical building systems:</p> <ul style="list-style-type: none">• Solar photovoltaic systems and the ancillary technical equipment.• Solar hot water panels and the ancillary technical equipment.• Heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment.• Wind turbines and the ancillary technical equipment; EN 177 EN.• Solar transpired collectors and the ancillary technical equipment.• Thermal or electric energy storage units and the ancillary technical equipment.• High efficiency micro CHP (combined heat and power) plant.• Heat exchanger/recovery systems.	<ul style="list-style-type: none">• The measures described under the sub-category of the green building category “energy efficiency measures” comply with the activities set out in the taxonomy.	
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none">• Please refer to Construction of buildings.	<ul style="list-style-type: none">• See comments under Construction of buildings.	Likely aligned



Appendix 3: About Shades of Green

Shades of Green, now a part of S&P Global and formerly part of CICERO, provides independent, research-based second party opinions (SPOs) of green financing frameworks as well as climate risk and impact reporting reviews of companies. At the heart of all our SPOs is the multi-award-winning Shades of Green methodology, which assigns shadings to investments and activities to reflect the extent to which they contribute to the transition to a low carbon and climate resilient future.

Shades of Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. Shades of Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. Shades of Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

