



Diös Fastigheter AB

Green Financing Second Opinion

November 3, 2021

Diös Fastigheter AB (Diös) was founded in 2005 with a focus on owning and developing properties in the northern part of Sweden. At the end of 2020, Diös owned 329 properties of which 48% were offices, 21% related to trade, 10% industry/storage, 9% residential, and 12% other categories (measured by area). Diös was listed on Nasdaq Stockholm in 2006 and the company has grown mainly through acquisitions. Diös focuses on small growing cities (60 000 – 150 000 inhabitants).

Under Diös' green financing framework and at the time of any new green financing, the applicable EU Taxonomy regulation and its delegated acts, jointly with additional criteria specified by Diös, are used to determine the eligibility of projects and assets in the categories Construction and real estate activities, Energy and Transport. For outstanding green financing, the terms applicable when the financing was raised will apply when allocating or reallocating the proceeds of such financing, as allowed under the proposed European Green Bond Standard. The majority of the proceeds are expected to be allocated to existing projects and buildings. Diös adheres to the requirement in the proposed European Green Bond Standard regarding transparency and verification of proceeds allocation through a post-issuance review.

Diös has committed to reduce its absolute scope 1 and scope 2 greenhouse gas (GHG) emissions by 50% by 2030, with 2018 as a base year. According to the Science Based Targets initiative (SBTi), these targets are aligned with a 1.5-degree scenario. Diös has just started to assess its scope 3 emissions, for which it also plans to set a target. Diös is BREEAM certifying all its new buildings to a minimum level of Very Good and will certify all its existing buildings retroactively.

Diös has an excellent governance structure in place. The issuer has set quantifiable selection criteria and requirements for the projects categories, and has a well-defined selection process that evaluates the resilience and environmental impact of eligible projects, as well as potential lock-in and rebound effects. The issuer further has excellent allocation and impacts reporting practices. For the 2017 - 2019 reports, Diös achieved the highest level of sustainability reporting - EPRA Gold. They have also achieved a GRESB Green Star in 2020. To increase transparency about the impact of climate change on its property portfolio, Diös plans to implement the recommendations from TCFD in its risk management in 2022.

Based on the overall assessment of the project types in Diös' framework, governance and transparency considerations, the green financing framework receives an overall **CICERO Medium Green** shading and a governance score of **Excellent**. Despite having excellent governance procedures in place and covering many Dark Green activities, the framework could be improved by having more ambitious eligibility criteria for the main activity: Acquisition and ownership of buildings.

SHADES OF GREEN

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

Included in the overall shading is an assessment of the governance structure of the green financing framework. CICERO Shades of Green finds the governance procedures in Diös' framework to be **Excellent**.



GREEN BOND and GREEN LOAN PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.





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1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated October 2021. 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. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

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

Expressing concerns with 'Shades of Green'

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

CICERO Shades of Green



Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Ideally, exposure to transitional and physical climate risk is considered or mitigated.



Medium green is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Physical and transition climate risks might be considered.



Light green is allocated to projects and solutions that are climate friendly but do not represent or contribute to the long-term vision. These represent necessary and potentially significant short-term GHG emission reductions, but need to be managed to avoid extension of equipment lifetime that can lock-in fossil fuel elements. Projects may be exposed to the physical and transitional climate risk without appropriate strategies in place to protect them.

Examples



Wind energy projects with a strong governance structure that integrates environmental concerns



Bridging technologies such as plug-in hybrid buses



Efficiency investments for fossil fuel technologies where clean alternatives are not available

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. CICERO 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.



Proposed Regulation on European green bonds

The European Commission has proposed a regulation on European green bonds, generally referred to as the European Green Bond Standard (“EU GBS”)¹. The EU GBS is a voluntary standard that is open to any issuer of green bonds.

In the proposed regulation, activities financed through a European green bond must align with the EU taxonomy². If the activities are not aligned with the EU taxonomy at the time of issuance, they are required to meet those requirements within five years of bond issuance, unless a longer period of up to ten years is justified, and the issuer must then prepare a taxonomy-alignment plan outlining actions and expenditures necessary for alignment.

Given the current status of the EU GBS, while CICERO Green can provide an opinion on potential alignment, it is not acting as an external reviewer for the purposes of the EU GBS (which can only follow entry into force of the EU GBS). In this assessment, in addition to reviewing the framework against the Green Bond Principles, CICERO Green has assessed the activities against the EU Taxonomy’s technical screening criteria, including the do-no-significant-harm (DNSH) criteria.³ In addition, we have assessed alignment with the minimum social safeguards, as described in article 18 of the EU taxonomy. To assess activities’ taxonomy alignment, CICERO Green has reviewed the issuer’s green bond framework, including but not limited to the EU Green Bond factsheet, other supporting documents provided by the issuer, and written responses to questions on each asset’s taxonomy alignment. The outcome of this detailed review can be found in Appendix 2. CICERO Green is not liable for conclusions which are due to incorrect information provided by the issuer.

¹ [EUR-Lex - 52021PC0391 - EN - EUR-Lex \(europa.eu\)](#)

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

³ Contained in the first delegated act to the EU taxonomy regulation (on sustainable activities for climate change adaptation and mitigation objectives), which was approved in principle on 21 April 2021, formally adopted on 4 June 2021 and which is currently undergoing scrutiny by the European Parliament and Council. See: [EUR-Lex - C\(2021\)2800 - EN - EUR-Lex \(europa.eu\)](#)



2 Brief description of Diös' green financing framework and related policies

Diös was founded in 2005 with a focus on owning and developing properties in the northern part of Sweden. At the end of 2020, Diös owned 329 properties of which 48% was offices, 21% related to trade, 10% industry/storage, 9% residential, and 12% other categories (measured by area). Diös was listed on Nasdaq Stockholm in 2006 and the company has grown mainly through acquisitions. The total value of the company at end of 2020 was 15 billion SEK. Diös is headquartered in Östersund in mid-Sweden.

Diös focuses on small growing cities in Sweden (60 000 – 150 000 inhabitants) where going from home to work and accessing essential services should be within a 15-minute walk, commute by public transport or car ride.

Environmental Strategies and Policies

Diös has committed to reduce its absolute scope 1 and scope 2 greenhouse gas (GHG) emissions by 50% by 2030, with 2018 as a base year. According to the Science Based Targets initiative (SBTi), these targets are aligned with a 1.5-degree scenario. Diös has just started to assess its scope 3 emissions, for which it also plans to set a target. One of the company's long-term ambitions is achieving zero greenhouse gas emissions and 100% renewable energy-powered buildings no later than 2045. Currently, 98% of Diös' total energy use is renewable energy, the rest comes from district heating based on different fuels. Diös achieved a 3.8% energy savings during 2020 while the target was 5%. The goal for the coming years amounts to 3% savings annually. In 2020, Diös commissioned five solar power plants with a common power of approximately 660 kWp, and another five plants (900 kWp) are waiting for commissioning during the spring and winter of 2021.

Diös is BREEAM certifying all its new buildings to a minimum level of Very Good and will certify all its existing buildings retroactively. As of end of 2020, 21% of the total rentable area was certified. For new construction, Diös considers flood risk and sustainable water management practices as part of the BREEAM certification. To increase transparency about the impact of climate change on its property portfolio, Diös plans to implement the recommendations from TCFD (Task Force on Climate-related Financial Disclosures) in its risk management in 2022. All buildings in Diös portfolio will be analyzed and evaluated for its climate risk by independent experts during 2022 and onwards, and a plan to reduce the risk for each asset will be implemented. According to the issuer, the analysis will be done according to the relevant EU Taxonomy's Do-No-Significant-Harm (DNSH) criteria.

The company has been reporting in accordance with the Global Reporting Initiative (GRI) G4 standards since 2016. Diös also reports to GRESB⁴ and according to EPRA⁵ sBPR. For the 2017 - 2019 reports, they achieved the highest level of sustainability reporting - EPRA Gold. They have also achieved a GRESB Green Star in 2020.

Diös signed the UN Global Compact in 2017 and has developed a code of conduct for employees and suppliers. The code of conduct is based on the UN Global Compact's ten principles on Human Rights, Workers' Rights, Environment and Anti-Corruption.

⁴ <https://gresb.com>

⁵ European Public Real Estate Association: <https://www.epra.com>



Use of proceeds

An amount equivalent to the proceeds from green financing will exclusively be used by Diös to fully or partly finance or refinance investments and expenditures that promote the transition to low-carbon, climate resilient and sustainable economy. Most of the proceeds (approximately 80%) are expected to be used for refinancing existing projects and assets. Such assets must directly comply, or within a period not exceeding five years be improved and transformed to fully comply (according to a Taxonomy-alignment plan) with the categories and criteria detailed in section 3, as well as the exclusion criteria described below. According to the issuer, assets financed under the framework will either directly comply with the EU taxonomy at the time of financing or be expected to be aligned within five years to the EU taxonomy. Actions for assets to become fully taxonomy-aligned could be financed, e.g., adaptation measures. The criteria cover the activities in the following categories: construction and real estate activities, renewable energy, transport and climate adaptation.

Both financing and refinancing of tangible and intangible fixed assets (e.g., goodwill and without age restriction) and direct non-capitalized operational expenditure incurred more recently than three years prior to any green financing which relate to R&D, education and training, renovation, maintenance and repair related to green assets that ensure the continued and effective functioning of such assets, can qualify. The combined allocated amount to a specific green asset, by one or several sources of financing with specified use of proceeds, may not exceed its value. The proceeds will be used exclusively to finance or refinance investments and expenditure in Sweden.

At the time of any new green financing, the applicable EU Taxonomy regulation and its delegated acts, jointly with additional criteria specified by Diös, are used to determine the eligibility of assets. Thus, the framework criteria will change if the taxonomy criteria changes. For outstanding green financing, the terms applicable when the financing was raised will apply when allocating or reallocating the proceeds of such financing, as allowed under the proposed European Green Bond Standard.

The proceeds will not be allocated or linked to fossil-based energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction (such as rare-earth metals or fossil fuels), gambling or tobacco. According to the issuer they don't have or will not have in the future any buildings that have fossil fuel heating.

Selection

Projects and assets potentially eligible for green financing will be identified as part of ongoing operations at Diös. Identified projects and assets will be evaluated by the Green Business Council ("GBC"), which is a subcommittee of Diös' investment council. The GBC was established in 2019 in connection with Diös' first Green financing framework and consists of members from the finance department and sustainability team.

The GBC will evaluate the identified projects and assets' compliance with the selection criteria described in section 3, namely the currently applicable taxonomy technical screening criteria and the do-no-significant-harm (DNSH) criteria in combination with specific requirements set by the issuer. The GBC will also evaluate their overall environmental impact and risk, which includes life cycle considerations, potential rebound effects and resilience to climate change, both for new constructions and refurbishment. Third party experts are used for physical climate risk screening. Green leases and training, among other things, are used to environmentally improve operations and reduce or eliminate rebound effects. Projects and assets must also be assessed as compliant with applicable laws and regulations as well as policies and guidelines at Diös.

The GBC will ensure that projects and assets financed fully align, directly or through a taxonomy-alignment plan, with the technical screening criteria (including DNSH) applicable at the moment of proceeds allocation. In accordance with the proposed European Green Bond Standard any changes in the regulation with regards to



technical screening criteria (including DNSH) will not be applicable to outstanding green financing but will apply to new green financing.

The GBC holds the sole mandate to approve projects and assets by unanimous decision and decisions will be documented. The GBC is also responsible for signing off on the forthcoming reporting, as detailed below.

A list of all green assets will be kept by Diös' treasury department. If a project or asset ceases to meet the eligibility criteria, it will be removed from the list (and the funds will be recycled).

Management of proceeds

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

An equivalent amount to the proceeds of any green financing, without deducting costs, will be credited to a dedicated account or otherwise tracked by Diös (the "green portfolio"). Deductions will be made from the green portfolio by an equivalent amount corresponding to the financing, refinancing, investment, or expenditure of eligible green assets or at repayment of any green financing.

If an eligible green asset no longer qualifies or if the underlying project or asset is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the green portfolio. Funds may be reallocated to other green assets during the term of any green financing (unless restricted by the terms in any loan documentation).

The treasury department will keep a record of the purpose of any change in the green portfolio and ensure that the combined funds directed towards a specific green asset, by one or several sources of green financing or other financing with specific use of proceeds, does not exceed its value. While the green portfolio has a positive balance the proceeds may be invested or utilized by the treasury in accordance with Diös sustainability policy and investment criteria. Such unallocated funds may for instance be invested in short-term interest-bearing securities, such as Swedish treasury bills (and related entities) or Swedish municipal notes (including related entities) while excluding any temporary investments related to fossil based energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Diös adheres to the requirement in the proposed European Green Bond Standard regarding transparency and verification of proceeds allocation through a post-issuance review.

Reporting

In order to be fully transparent towards its stakeholders, Diös will publish an annual report in English on its website that will contain information about the allocation of funds, adherence to the green terms and impact data for financed green assets (the "Allocation and Impact Report"). The allocation and impact report will be published annually, together with the post-issuance review, within three months after the end of the financial year, until such time that no green financing is outstanding. The first report is expected in March 2022. The reporting will be linked to individual bonds.

The allocation and impact report will contain information about the green assets that have been financed with green financing, a summary of Diös green financing activities in the past year as well as information, including examples, of the financed green asset's adherence to the relevant criteria. The format of the allocation and impact



report is outlined below, however the future format is subject to change e.g., due to regulatory requirements or an updated framework and European Green Bond Standard factsheet.

Allocation of proceeds from green financing will be provided at project level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available, in which case the information will be provided at an aggregated level with an explanation of why project-level information is not given.

- The reporting will disclose the countries where bond proceeds have been allocated and information will likely be categorized accordingly:
 - For construction and real estate activities: the allocation report will disclose the sum of allocated proceeds to each project or asset, the aggregate market value (or investment cost, as applicable) and the sum of other external debt financing such projects and assets (if applicable).
 - For energy, transport and climate change adaptation: the allocation report will disclose the allocation of green proceeds to each category.
- Information about outstanding green financing (including the LEI-code of the borrower(s) and ISIN of any relevant financial instruments) and the green account balance (including any short-term investments). The amount and percentage of green financing allocated to green assets before and after any new green financing and
- Specified type and sectors of projects, NACE codes (when applicable), to which environmental objective(s) the green assets have a substantial contribution and an indication of which of the delegated acts that were used to determine the EU taxonomy technical screening criteria including their application dates.
- Compliance with minimum social safeguards.
- All data shall be from the last of December in the previous year.

The report will contain a disclosure of asset level performance indicators. The report will strive to disclose the impact based on the financings share of the total investment. For financed green assets that are not yet operational, Diös will strive to provide estimates of future performance levels. Example of key metrics are energy performance data, building certificates, CO₂ savings/reductions, renewable energy generation, and number of relevant transport related facilities.

To calculate greenhouse gas emission reductions, Diös uses the Greenhouse Gas Protocol and reports on Scope 1, 2 and 3 emissions. The emission factors used will be location-based emissions equivalents and includes Scope 2 and Scope 3 emissions per energy source. To assure consistency the emission factor(s) used in Diös Green Bond reporting will equal the emission factor(s) used in the company's sustainability reporting and annual report. It should be noted that grid emission factor(s) Diös uses is considerably lower than what has been outlined in the "Nordic Public Sector Issuers: Position Paper on Green Bonds Allocation and Impact Reporting" (2020), which currently states 319 grams CO₂e per kWh.

The external auditor of Diös, or a similar party appointed by Diös with the relevant expertise and experience, will investigate and report whether the disbursed proceeds have been allocated to the eligible projects and assets that Diös has communicated in the reporting. Their conclusions will be provided in a signed statement, which will be published on Diös website (www.diös.se), no later than required by the proposed European Green Bond Standard.



3 Assessment of Diös' green financing framework and policies

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

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in Diös' green financing framework, we rate the framework **CICERO Medium Green**.

Eligible projects under the Diös' green financing framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits, green bonds aim to provide investors with certainty that their investments deliver environmental returns as well as financial returns. The Green Bonds Principles (GBP) state that the “overall environmental profile” of a project should be assessed and that the selection process should be “well defined”.

The eligibility criteria in Diös' Green financing framework are the EU taxonomy's criteria (technical criteria for mitigation⁶ and adaptation⁷ and the minimum social safeguards), as well as additional Diös specific criteria. Details on EU taxonomy alignment are found in Appendix 2, while a high-level taxonomy alignment is presented in table 1, together with the shading. The technical criteria for mitigation are relevant for categories 7.1 to 7.7, 4.1 and 4.3, 6.5 and 6.13, while the technical criteria for adaptation are relevant for 7.1, 7.2 and 7.7.

⁶ [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex_1/1_en.pdf)

⁷ [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex_2/1_en.pdf)



	Taxonomy Category ⁸	Additional criteria and information	Green Shading and some concerns
Real estate and construction activities Substantial contribution to Environmental Objective: Climate Change Mitigation	7.1 Construction of new buildings 	New buildings that have or will receive (i) a design stage certification or (ii) a post-construction certification of at least BREEAM SE “Very Good” or Svanen and an energy use (PED) at least 20% lower than NZEB.	Medium Green <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned on mitigation, adaptation and DNSH criteria, but difficult to assess how well building design supports circularity based on the information provided. An external third party will assess the physical climate risk of assets, and, according to the issuer, any necessary adaptation measures will be implemented within five years. According to the issuer, no assets will be financed before the climate risk assessment has been performed. ✓ In a low carbon scenario, passive or plus house technologies should become mainstream and the energy performance of existing buildings greatly improved. Diös is taking steps towards this long-term vision with energy efficiency targets. A dark green shading would require passive or plus house technologies. ✓ In the Nordic context, approximately half of emissions stem from buildings materials and efforts should be made to reduce those indirect emissions in the design phase of the buildings. ✓ Point based environmental certification schemes like BREEAM fall short of guaranteeing a low-climate impact building, as they may not ensure compliance with all relevant factors e.g., energy efficiency, access to public transport, climate resilience, and sustainable building materials. Diös’ energy efficiency criteria, along with the taxonomy criteria on climate adaptation, mitigates this weakness. In addition, Diös has stronger policies on waste than what is required by the EU taxonomy (DNSH to circular economy), as it has a target for its contractors to prepare for re-use, recycling or other material recovery 95% of construction waste.

⁸ Numbers and names of activities are numbers are from Annex 1 of the proposed delegated act from the EU Commission supplementing regulation 2020/852: [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf](https://eur-lex.europa.eu/eli/reg_del/2021/2800/annex_1/1_en.pdf) (europa.eu)



		<ul style="list-style-type: none"> ✓ According to the issuer, all assets have reasonable access to public transport, avoiding locking buildings to unsustainable modes of transportation. ✓ While the life cycle emissions are calculated in line with the EU taxonomy for buildings larger than 5 000 sq. meters and in line with Swedish regulations for smaller buildings, it is not clear to what extent the issuer considers materials' embodied emissions in its choice of building materials.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Real estate and construction activities Substantial contribution to Environmental Objective: Climate Change Mitigation</p>	<p>7.2 Renovation of existing buildings</p>  <p>Renovated buildings that have or will receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of at least BREEAM-SE “Very good” or BREEAM In-Use “Very Good”.</p>	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned both for climate mitigation and adaptation criteria. ✓ Renovations of buildings, in particular with energy retrofits, can make substantial contributions to reduce emissions from buildings. ✓ “In-use” certifications seldom includes energy efficiency criteria. This is mitigated by EU taxonomy criteria that require a reduction in primary energy demand by 30% compared to prior to the renovation.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Real estate and construction activities Substantial contribution to Environmental Objective: Climate Change Mitigation</p>	<p>7.3. Installation, maintenance, and repair of energy efficiency equipment</p>  <p>This category will mainly support continuous energy improvements throughout Diös' building portfolio, which will include all of the activities prescribed in the Taxonomy.</p> <p>Minimize long term negative climate impact, potential rebound effects and negative climate impact from the technology used.</p>	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ The primary emissions saving in this category will be the energy efficiency, but Diös will make efforts to minimize the climate impact of the installations and materials that are used. For example, according to the issuer, products where the Environmental Product Declaration indicates a lower climate impact will be prioritised.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Real estate and construction activities Substantial contribution to Environmental Objective: Climate Change Mitigation</p>	<p>7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</p>  <p>This category will mainly support the installation of charging stations for electric vehicles.</p>	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ Availability of charging infrastructure for electric vehicles is crucial for the transition towards cleaner modes of transportation, where electrification is one central technology. ✓ Charging stations for electrical vehicles can also be used by hybrid vehicles, thus involving some fossil fuel use. Fossil fuel



			cars will be excluded from parking places with charging stations.
<p>7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</p> 	<p>This category will mainly support building automation and control systems throughout Diös' property portfolio.</p>	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ Measuring and automatization of the building systems can improve the energy performance of buildings considerably, which is important in a low carbon scenario. 	
<p>7.6 Installation, maintenance, and repair of renewable energy technologies</p> 	<p>This category will mainly support the installment of solar and wind energy, but may also include other Taxonomy eligible investments such as the installment of geothermal heating and cooling systems.</p> <p>Minimize long term negative climate impact, potential rebound effects and negative climate impact from the technology used.</p>	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ This category will cover on-site roof-top solar and geothermal heating and cooling systems . 	
<p>7.7 Acquisition and ownership of buildings</p>  	<p>Acquisition and ownership of buildings that have or will receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of at least BREEAM-SE "Very good", BREEAM In-Use "Very Good", Miljöbyggnad Silver or Svanen and also achieve an energy performance equivalent or better than below and for own development at least 15% lower than the national building code (BBR) applicable for the specific building.</p> <p>Top 15% PED requirements:</p>	<p>Light to Medium Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned both for climate mitigation and adaptation criteria. The issuer requires that energy use in own developed eligible buildings should be at least 15% lower than the national building code (BBR) applicable for the specific building. This will likely bring the building within the top 15%. Still, the top 15% has not yet been determined by the Swedish building authority. Issuer sets its own maximum threshold of PED at 90 kWh/m², which will apply if the official benchmark of the top 15% has a higher energy demand than this. ✓ This is the dominating activity within Diös' green financing framework. 	



	<p>The criteria for acquisition and ownership of buildings requires that, other than for buildings that have received EPC A, the PED of any building assessed to be compliant with category 7.7 to be within the top 15% of the national or regional building stock while at least distinguishing between residential and other building types, but allowing for further segmentation.</p> <p>The initial top 15% that will be applicable under this Framework are:</p> <ul style="list-style-type: none"> • Residential buildings: 85 kWh/ m² (PED) • Other building types: 85 kWh/ m² (PED) <p>If the Taxonomy criteria regarding the qualification of acquisition and ownership of buildings are revised, those changes will supersede the structure described here.</p> <p>The top 15% PED applicable under this framework will be updated continuously. If or when any official top 15% benchmarks are established, such benchmarks will be used, however the PED will not exceed 90 kWh/m². The Reporting will disclose the source and energy performance thresholds per building type.</p>	<ul style="list-style-type: none"> ✓ Currently, Diös has two own developed buildings out of a total of approximately ten eligible existing buildings. ✓ The initial estimate of energy use in the top 15% (85 kWh/m²) is, according to the issuer, based on national EPC statistics from Boverket (The National Board of Housing, Building and Planning)⁹. The estimate will be updated when new information becomes available. ✓ We note that the 85 kWh/m² (and hence the 90 kWh/m²) limit is above current regulation for new buildings.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Energy Substantial contribution to</p>	<p>4.1 Electricity generation using solar photovoltaic technology</p> 	<p>Stand-alone investments in solar power.</p> <p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ Renewable energy is key to a low-carbon transition. ✓ To limit emissions from its renewable energy projects, we encourage Diös to do life cycle analysis.

⁹ <https://www.boverket.se/en/start/>



	<p>4.3 Electricity generation from wind power</p> <p>Stand-alone investments in on-shore wind power.</p> 	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ The wind farms will be on shore. We recommend careful screening for controversial projects.
Substantial contribution to mitigation	<p>6.5 Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>This category will mainly support investments in fully electric and other zero tailpipe emission vehicles for use in our operations, but may also include other Taxonomy eligible investments under this category. Specific emissions of CO₂ are zero.</p> 	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned, going beyond the requirements of the taxonomy on the substantial contribution to mitigation criteria. ✓ Initially, this category will finance electrical service vehicles. Biofuel and hybrid vehicles are excluded, although the latter are allowed under the taxonomy. ✓ In the procurement process Diös will make sure that the supplier has a plan for the waste management and end of life after the vehicles are returned.
	<p>6.13. Infrastructure for personal mobility, cycle logistics</p> <p>This category will mainly support facilities for personal mobility such as bicycle garages, but may also include other Taxonomy eligible investments under this category.</p> 	<p>Dark Green</p> <ul style="list-style-type: none"> ✓ Likely EU taxonomy aligned. ✓ We note that Diös mainly operates in smaller cities ('15-minute cities') where walking and biking are acceptable mobility solutions in at least part of the year.

Table 1. Eligible taxonomy categories and additional eligibility criteria from Diös's Green financing framework dated October 20, 2021

Assessment of the proposed EU Green Bond Standard alignment and gaps

The EU Taxonomy Regulation¹⁰ is a classification system establishing a list of environmentally sustainable economic activities. The regulation defines six environmental objectives. To be considered sustainable, an activity must substantially contribute to at least one of the six environmental objectives¹¹ without harming the other objectives ("Do No Significant Harm"), while complying with minimum social safeguards¹². 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.

¹⁰ Regulation EU 2020/852 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

¹¹ 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.

¹² 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.



Overall, we find it likely that Diös is capable of securing alignment with the EU Taxonomy and hence the EU Green Bond Standard. This is based on the policies, procedures and criteria used or planned to be used by Diös in selecting and managing eligible projects and activities under the Green financing framework. However, as of today there is still a gap in alignment as the energy efficiency of the top 15% of the building population has not been officially decided on by the Swedish authorities.

Alignment with minimum social safeguards

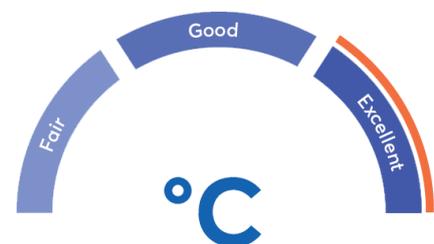
To qualify as a sustainable activity under the EU regulation certain minimum social safeguards must be complied with. CICERO Green has assessed the company's social safeguards with a focus on human rights and labor rights. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risks. Details on Diös' alignment with the minimum social safeguards are found in Appendix 2. The main social risk for Diös is in relation to its subcontractors and their working conditions. The subcontractors come mainly from the local area and mainly from Sweden. Diös seems to comply with the minimum social safeguards, but has a potential weakness in that it does not make a specific mapping of human rights risk in their business activities or when entering into partnerships. Diös however sees the necessity for such an exercise and is planning to do a mapping in the near future in order to get more information on where the material risks are to be able to better manage these. Diös explains that the material risks they see today are in relation to working conditions for the workers of their first and second tier subcontractors/suppliers.

Governance Assessment

Four aspects are studied when assessing the Diös' governance procedures: 1) the policies and goals of relevance to the green financing framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

According to the Science Based Targets initiative (SBTi), the emission targets of Diös are ambitious and aligned with a 1.5-degree scenario. The selection process is good and includes life cycle analysis and rebound considerations as well as screening for controversial projects and physical climate risks. CICERO Green factor in if there have been any considerations around transportation solutions and environmental impacts in the construction and demolition phases of the building (building material and waste considerations). Using BREEAM as the environmental certification system secures that these aspects are taken into account in an appropriate manner. Management of proceeds is in accordance with the Green bond and Green loan principles. The reporting, which is on a bond basis, is excellent. However, the TCFD guidelines are not yet implemented, and the impact part is not verified or reviewed by independent experts.

The overall assessment of Diös' governance structure and processes give it a rating of **Excellent**.



Strengths

The main use of the proceeds will be used for refinancing of existing buildings. It is a clear strength that the framework, for the largest categories, combines the issuer's own criteria with the taxonomy criteria, thus going beyond the EU Taxonomy. For example, for the construction of new buildings, the issuer requires a 20% improvement in energy use compared to current regulations, while the mitigation criteria in the EU taxonomy is only a 10% improvement. Overall, the issuer appears to be well prepared to align to the EU taxonomy criteria. The



clear and comprehensive exclusion of fossil fuel assets and activities is a strength of the green finance framework, including the exclusion of hybrid vehicles in the transport category, even if some hybrid vehicles would be taxonomy aligned until 2025. The comprehensive use of life cycle analysis (all phases) and the active attitude towards sub-contractors and suppliers is a strength of the green financing framework. A further support is that where Diös owns and build new assets, the demand is that the public transport connections already are good. To increase the possibility to travel fossil free Diös works with green mobility actions such as improving cyclist facilities and electrical car sharing.

Weaknesses

We find no material weaknesses in Diös' green financing framework.

Pitfalls

Acquisition and ownership of buildings is the dominating activity under this framework and the EU taxonomy criteria states that other than for buildings that have received EPC A, the primary energy demand of any building assessed to be compliant to be within the top 15% of the national or regional building stock when it comes to energy efficiency. However, the top 15% level has not been defined in Sweden at this point in time. Therefore, the framework states that the top 15% PED applicable under the framework will be updated continuously. The change could either weaken or strengthen the energy performance criteria compared to the present 15% rule in the framework (i.e., 85 kWh/m²) (but no worse than 90 kWh/m²), and thus render this second opinion and associated shading obsolete. An updated benchmark would require an updated second opinion as well.

According to the issuer, the life cycle emissions are taken into account in the selection of eligible projects. Comprehensive calculations are made for buildings larger than 5000m². However, it remains unclear how ambitious this selection process will be when implemented.

To the extent that the buildings rely on district heating, there is an inherent probability that some fossil fuel fractions (e.g., plastics) will be involved, although Swedish district heat providers generally are good at tracking and reducing fossil fractions. The issuer informs us that they have ongoing dialogues with local energy companies and that all of them have goals to decrease their greenhouse gas emissions and become fossil free.



Appendix 1: Referenced Documents List

Document Number	Document Name	Description
1	Diös Draft Green Financing Framework 210910	Diös' Green financing framework
2	Diös_ÅR_2020_final	Diös' 2020 Annual Report
3	Fastighetsförteckning-Q42020-web	A list of Diös' properties at end of 2020
4	miljopolicy1	Diös' environmental policy
5	ansvarsfullt-byggande1	Diös' declaration on responsible construction
6	uppforandekod-for-dios-leverantorer	Diös' Code of Conduct for suppliers
7	arbetsmiljopolicy1	Diös' policy on the work environment
8	Likabehandlingspolicy	Diös' policy on gender equality
9	antikorrupsionspolicy2	Diös' anti-corruption policy
10	dios_uppforandekod2020	Diös' Code of Conduct for employees
11	EPRA2018	Diös' EPRA reporting for 2018
12	dios-epra-2019_webversion	Diös' EPRA reporting for 2019
13	Diös-EPRA-2020_web	Diös' EPRA reporting for 2020



Appendix 2: EU Taxonomy criteria and alignment

Complete details of the EU taxonomy criteria are given in [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex_1_en.pdf)

7.1 Construction of new buildings

Framework activity	Green buildings		
Taxonomy activity	7.1 Construction of new buildings (NACE Code F41.1, F41.2)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation 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 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. For buildings larger than 5000 m², the life cycle Global Warming Potential (GWP) 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>Relevant contextual information</p> <ul style="list-style-type: none"> Testing of airtightness is a requirement for BREEAM and Nordic Swan Ecolabel certifications. In Sweden, climate calculations establishing the GWP for the construction phase are a regulatory requirement from January 1, 2022¹³. The requirement is only valid for properties seeking a construction permit after January 1, 2022. The requirements of the Swedish climate declaration are not sufficient to align with the taxonomy, as it only covers phases A1 to A5 (materials and production), while the taxonomy also require to includes the using stage (B) and the end of use stage (C). The use of BBR as a proxy for NZEB for the Swedish market should be clarified by the Swedish authorities. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> New buildings financed under the framework will achieve energy use (PED) that is 20 % lower than NZEB. 	Likely aligned.

¹³ <https://www.boverket.se/en/start/building-in-sweden/contractor/tendering-process/climate-declaration/>



		<ul style="list-style-type: none"> • Diös confirms that they will conduct calculations of life cycle GWP resulting from the construction for buildings larger than 5000m² in line with the specific requirements of the EU taxonomy. 	
	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 steps¹⁴:</p> <p>(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;</p> <p>(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;</p> <p>(c) an assessment of adaptation solutions that can reduce the identified physical climate risk.</p> <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>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>Information provided by the issuer</p> <ul style="list-style-type: none"> • Diös is aware of the physical climate risks their portfolio is exposed to and use municipal plans/maps to get information on e.g., flood risks. • Diös will be carrying out physical risk analysis for its entire portfolio, to identify material physical climate risks. Diös has contracted an external expert for conducting the climate risk analysis in line with the specific taxonomy requirements. If the risk analysis finds actions that are needed to reduce the risk these actions will be put in an action plan and will be implemented in 5 years. If not done, the asset will not be aligned with the taxonomy and not able to finance under the framework. 	<p>Likely aligned, with some assets being aligned within five years.</p>

¹⁴ The Taxonomy is referring to Appendix A in the Taxonomy Annex 1.



	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.		
Sustainable use and protection of water and marine resources	<p>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:</p> <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 Directive¹⁶.</p> <p>Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU¹⁷ 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>Relevant contextual information</p> <ul style="list-style-type: none"> • Nordic Swan Ecolabel includes requirements related to monitoring of hot water consumption and low water use taps and toilets, but not related to maximum liters of water use in the appliances. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> • The issuer integrates the specific taxonomy requirements in its contracts. • Requirements on water flow, temperature and pressure restrictions will be met by the assets financed. • According to Diös, EIAs will be carried out where required by national law. This includes a plan for impacts on water sources. 	Likely aligned
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 material¹⁸) 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. 	<p>Relevant contextual information</p> <ul style="list-style-type: none"> • The EU waste framework directive, which sets the 70% target is implemented in the Swedish Building code and Waste ordinance. Both revised in 2020, when a requirement to sort six important buildings materials was introduced. 	Likely aligned

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

¹⁶ 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

¹⁷ 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.

¹⁸ Refer to the European List of Waste established by Commission Decision 2000/532/EC



	<ul style="list-style-type: none"> Building designs and construction techniques support circularity and in particular demonstrate how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling. 	<p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> Issuer confirms that the 70% target is achieved for its construction and demolition waste, both for new buildings, renovation and infrastructure for personal mobility and cycling. For new constructions, Diös' requirement towards its contractors (constructors) is a target of 95%. Building design supports circularity. 	
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 limits¹⁹. Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants²⁰. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. 	<p><u>Relevant contextual information</u></p> <ul style="list-style-type: none"> The Nordic Swan Ecolabel contains requirements to phase out hazardous components and endocrine disruptors in line with Swedish regulation, as well as maximum limits for formaldehyde in line with the EU-taxonomy requirement. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> Restrictions on hazardous materials apply. Reduction of noise, dust and pollutant emissions during construction/maintenance. To make sure that only materials without any hazardous substances are used, Diös uses the "Byggvarubedömningen" for all major renovations and new construction and the BREEAM certification scheme. 	Likely aligned.
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 provisions²¹. 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 	<p><u>Relevant contextual information</u></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 construction is not permitted. This is stated in the general and detailed plan for each municipality. 	Likely aligned.

¹⁹ 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.

²⁰ Standard ISO 18400 can be used.

²¹ The Taxonomy is referring to Appendix D in the Taxonomy Annex 1.



	<p>been conducted 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 forest²². 	<p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> • An EIA or screening is completed • Restrictions on the use of certain types of land 	
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²² 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: <http://www.fao.org/3/I8661EN/i8661en.pdf>.



7.2 Renovation of existing buildings

Framework activity	Green buildings		
Taxonomy activity	Renovation of existing buildings (NACE code F41 and F43)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation 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 %. 	<p>According to the issuer, the following renovation activities will be supported for green debt instruments:</p> <ul style="list-style-type: none"> Major renovations resulting in reduced energy consumption of at least 30%, and Renovated buildings that have or will receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of at least BREEAM-SE “Very good” or BREEAM In-Use “Very Good”. 	Likely aligned
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of new buildings. 	Please refer to Construction of new 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 label²³ in the Union, in accordance with the technical specifications: <ul style="list-style-type: none"> (e) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (f) showers have a maximum water flow of 8 litres/min; (g) 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; (h) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> For all coming renovations it will be a requirement that the water flow will not exceed these specifications. 	Likely aligned
Transition to a circular economy (circular economy)	Please refer to Construction of new buildings.	Please refer to Construction of new buildings.	Likely aligned
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. 	Please refer to Construction of new buildings.	Likely aligned

²³ The Taxonomy is referring to Appendix E in the Taxonomy Annex 1.



	<ul style="list-style-type: none">• Building components and materials used in the construction that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component and less than 0,001 mg of carcinogenic volatiles²⁴.• Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.		
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²⁴ 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.



7.3 Installation, maintenance, and repair of energy efficiency equipment

Framework activity	Green buildings		
Taxonomy activity	Installation, maintenance, and repair of energy efficiency equipment (The economic activities in this category could be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, 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: 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:</p> <ol 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 district heating services, with highly efficient technologies; installation of low water and energy using kitchen and sanitary water fittings which comply with technical specifications set out in Appendix E to the Taxonomy Annex 1 and, in case of shower solutions, mixer showers, shower outlets and taps, have a max water flow of 6 L/min or less attested by an existing label in the Union market. 	<p>Information provided by the issuer This category will mainly support continuous energy improvements throughout the building portfolio, which will include all of the activities prescribed in the Taxonomy.</p>	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of new buildings. 	Please refer to Construction of new buildings.	
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. 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 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> Restrictions on hazardous materials for the materials and components used. 	Likely aligned.



	<p>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.</p>	<ul style="list-style-type: none">• All the asbestos surveying will be done according to the national law and the taxonomy-criteria	
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7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

Framework activity	Green buildings		
Taxonomy activity	Installation, maintenance, and repair of energy efficiency equipment (The economic activities in this category could be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation Installation, maintenance or repair of charging stations for electric vehicles.	This category will mainly support the installation of charging stations for electric vehicles.	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of new buildings. 	Please refer to Construction of new buildings.	Likely aligned.



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

Framework activity	Green buildings		
Taxonomy activity	Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings energy efficiency equipment (The economic activities in this category could be associated with several NACE codes, in particular F42, F43, M71, and C16, C17, C22, C23, C25, C27, C28)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation <p>The activity consists in one of the following individual measures:</p> <ol style="list-style-type: none"> installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control; installation, maintenance and repair of building automation and control systems, building energy management systems (BMS), lighting control systems and energy management systems (EMS); installation, maintenance and repair of smart meters for gas, heat, cool and electricity; installation, maintenance and repair of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation. 	<p><u>Information provided by the issuer</u> This category will mainly support building automation and control systems throughout the property portfolio.</p>	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of new buildings. 	Please refer to Construction of new buildings.	



7.6 Installation, maintenance, and repair of renewable energy technologies

Framework activity	Green buildings		
Taxonomy activity	Installation, maintenance, and repair of renewable energy technologies (The economic activities in this category could be associated with several NACE codes, in particular 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>The activity consists in one of the following individual measures, if installed on-site as technical building systems:</p> <ol style="list-style-type: none"> installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; installation, maintenance and repair of solar hot water panels and the ancillary technical equipment; installation, maintenance, repair and upgrade of 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; installation, maintenance and repair of wind turbines and the ancillary technical equipment; installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment; installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment; installation, maintenance and repair of high efficiency micro CHP (combined heat and power) plant; installation, maintenance and repair of heat exchanger/recovery systems. 	<p>Information provided by the issuer This category will mainly support the installment of on-site roof top solar and geothermal installation (for heating and cooling), but may also include other Taxonomy eligible investments.</p>	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> Please refer to Construction of new buildings. 	Please refer to Construction of new buildings.	Likely aligned.



7.7 Acquisition and ownership of buildings

Framework activity	Green buildings		
Taxonomy activity	7.7 Acquisition and ownership of buildings (NACE Code L68)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation 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. 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>Additional criteria and information in the framework:</p> <p>Acquisition and ownership of buildings that have or will receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of at least BREEAM-SE “Very good”, BREEAM In-Use “Very Good”, Miljöbyggnad Silver or Svanen and also achieve an energy performance equivalent or better than below and for own development at least 15% lower than the national building code (BBR) applicable for the specific building.</p> <p>The initial top 15% that will be applicable under this Framework are:</p> <ul style="list-style-type: none"> Residential buildings: 85 kWh/sqm (PED) Other building types: 85 kWh/sqm (PED) <p>If the Taxonomy criteria regarding the qualification of acquisition and ownership of buildings are revised those changes will supersede the structure described here.</p>	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	Please refer to Construction of new buildings.	Please refer to Construction of new buildings.	



4.1 Electricity generation using solar photovoltaic technology

Framework activity	Renewable energy		
Taxonomy activity	Electricity generation using solar photovoltaic (PV) technology (NACE codes D35.11 and F 42.22)		
	EU Technical mitigation criteria	Comments on alignment	CICERO Green's comments on alignment
Mitigation criteria	<ul style="list-style-type: none"> The activity generates electricity from solar PV technology. 	<ul style="list-style-type: none"> Solar power is assumed to contribute substantially to climate change mitigation. <p>Information provided by the issuer This category includes stand-alone investments in solar parks.</p>	Likely aligned.
	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 steps²⁵:</p> <ol style="list-style-type: none"> 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; 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; 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>For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical</p>	Please refer to construction of new buildings	

²⁵ The Taxonomy is referring to Appendix A in the Taxonomy Annex 1.



	<p>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>		
Transition to a circular economy	<ul style="list-style-type: none"> The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> Diös demand the supplier of the materials to our solar panels to only use components and materials that have long lifetime, durability, low climate impact and are re-usable. These requirements are written in the technical description and part of the contracts. 	Likely aligned.
Protection and restoration of biodiversity and ecosystems	<ul style="list-style-type: none"> An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU²⁶, or in accordance with national provisions. 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 and based on its conclusions the necessary mitigation measures are implemented. 	<p>Relevant contextual information</p> <ul style="list-style-type: none"> Depending on the size and the environmental impacts of the project, an EIA or a screening need to be conducted. A national competent authority determines which projects are subject to an EIA. An EIA is not applicable for roof-top solar systems. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> EIA or screening will be completed. 	Likely aligned.

²⁶ The EU-Directive on the assessment of the effects of certain public and private projects on the environment (the EIA-directive). [EUR-Lex - 32011L0092 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/lexuri/cs/cs/?uri=CELEX:32011L0092-EN)



4.3 Electricity generation from wind power

Framework activity	Renewable energy		
Taxonomy activity	Electricity generation from wind power (NACE codes D35.11 and F 42.22)		
	EU Technical mitigation criteria	Comments on alignment	CICERO Green's comments on alignment
Mitigation criteria	<ul style="list-style-type: none"> The activity generates electricity from wind power. 	<p>Information provided by the issuer Stand-alone investments in wind farms.</p>	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	Please refer to construction of new buildings.	Please refer to construction of new buildings.	
Sustainable use and protection of water and marine resources	<ul style="list-style-type: none"> In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC²⁷ of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848159 in relation to the relevant criteria and methodological standards for that descriptor. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> Only on-shore wind farms are eligible under the framework. 	Likely aligned.
Transition to a circular economy	<ul style="list-style-type: none"> The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish. 	Please refer to electricity generation using solar photovoltaic technology.	
Protection and restoration of biodiversity and ecosystems	<ul style="list-style-type: none"> An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU²⁸, or in accordance with national provisions. 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 	<p>Relevant contextual information</p> <ul style="list-style-type: none"> Depending on the size and the environmental impacts of the project, an EIA or a screening need to be conducted. A national competent authority determines which projects are subject to an EIA. <p>Information provided by the issuer</p> <ul style="list-style-type: none"> An EIA or screening has been completed. Additional restrictions apply for biodiversity sensitive areas and in case of offshore wind. 	Likely aligned.

²⁷ The EU-Directive establishing a framework for community action in the field of marine environmental policy, [EUR-Lex - 32008L0056 - EN - EUR-Lex \(europa.eu\)](#)

²⁸ The EU-Directive on the assessment of the effects of certain public and private projects on the environment (the EIA-directive). [EUR-Lex - 32011L0092 - EN - EUR-Lex \(europa.eu\)](#)



	<p>been conducted and based on its conclusions the necessary mitigation measures are implemented.</p> <ul style="list-style-type: none">• In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.		
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6.5 Transport by motorbikes, passenger cars and light commercial vehicles

Framework activity	Clean transportation		
Taxonomy activity	6.5 Transport by motorbikes, passenger cars and light commercial vehicles (The economic activities in this category could be associated with several NACE codes, in particular H49.32, H49.39 and N77.11)		
Taxonomy version	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> • Substantial contribution to climate change mitigation a) for vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007: <ul style="list-style-type: none"> a. until 31 December 2025, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO₂/km (low- and zero-emission light-duty vehicles); b. from 1 January 2026, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero. b) for vehicles of category L, the tailpipe CO₂ emissions equal to 0g CO₂e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013. 	<p>Relevant contextual information The threshold of 50gCO₂/km means that relatively high emitting hybrid vehicles are taxonomy aligned until 31st December 2025.</p> <p>Information provided by the issuer This category will mainly support investments in fully electric and other zero tailpipe emission vehicles for use in our operations, but may also include other Taxonomy eligible investments under this category. Specific emissions of CO₂ are zero.</p>	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	Please refer to construction of new buildings.		
Transition to circular economy	<p>Vehicles of categories M1 and N1 are both of the following:</p> <ul style="list-style-type: none"> a) reusable or recyclable to a minimum of 85% by weight; 	<p>Comments on alignment:</p> <ul style="list-style-type: none"> • The requirements for reusability, recyclability and recoverability of vehicles (by weight) are necessary to comply with to sell electric cars on the European market. <p>Information provided by the issuer</p>	Likely aligned.



	<ul style="list-style-type: none"> b) (b) reusable or recoverable to a minimum of 95% by weight²⁹. • Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy. 	<ul style="list-style-type: none"> • Vehicles (M1 and N1) are both reusable or recyclable to a minimum of 85% and reusable or recoverable to a minimum of 95% (by weight) 5. • At the moment, Diös doesn't own any electrical vehicles since they are using leasing (3-5 years). • In the procurement process Diös will make sure that the supplier has a plan for the waste management and end of life after the vehicles are returned. 	
Pollution prevention and control	<ul style="list-style-type: none"> • Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval³⁰ set out in accordance with Regulation (EC) No. 715/2007. • Vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council³¹. • For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL). • Vehicles comply with Regulation (EU) No 540/2014 of the European Parliament and of the Council³². 	<p><u>Relevant contextual information</u></p> <ul style="list-style-type: none"> • Only vehicles with zero tailpipe emissions will be financed, so compliance with Euro 6 and emission thresholds not applicable. <p><u>Information provided by the issuer</u></p> <ul style="list-style-type: none"> • The requirement of compliance with external rolling noise in the highest class (A) and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes [as set out in Annex I to Regulation (EU) 2020/740] will become a mandatory criterion for the purchase or leasing of any vehicles and Diös will regularly follow up on the compliance. 	Likely aligned.

²⁹ As set out in Annex I of Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC (OJ L 310, 25.11.2005, p. 10).

³⁰ Commission Regulation (EU) 2018/1832 of 5 November 2018 amending Directive 2007/46/EC of the European Parliament and of the Council, Commission Regulation (EC) No 692/2008 and Commission Regulation (EU) 2017/1151 for the purpose of improving the emission type approval tests and procedures for light passenger and commercial vehicles, including those for in-service conformity and real-driving emissions and introducing devices for monitoring the consumption of fuel and electric energy (OJ L 301, 27.11.2018, p. 1).

³¹ Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles (OJ L 120, 15.5.2009, p. 5).

³² Regulation (EU) No 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and of replacement silencing systems, and amending Directive 2007/46/EC and repealing Directive 70/157/EEC (OJ L 158, 27.5.2014, p. 131).



6.13 Infrastructure for personal mobility, cycle logistics

Framework activity	Clean transportation		
Taxonomy activity	6.13 Infrastructure for personal mobility, cycle logistics (The economic activities in this category could be associated with several NACE codes, in particular F42.11, F42.12, F43.21, F71.1 and F71.20)		
Taxonomy version	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change mitigation The infrastructure that is constructed and operated is dedicated to personal mobility or cycle logistics: pavements, bike lanes and pedestrian zones, electrical charging and hydrogen refueling installations for personal mobility devices. 	This category will mainly support facilities for personal mobility such as bicycle garages, but may also include other Taxonomy eligible investments under this category.	Likely aligned.
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	<ul style="list-style-type: none"> The activity complies with the criteria set out in Appendix A to the Taxonomy Annex 1 	Please refer to Construction of new buildings	
Sustainable use and protection of water and marine resources (water management)	<ul style="list-style-type: none"> To avoid impact from the construction site, the activity complies with the criteria in the EU Water Framework Directive³³. Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> Diös does not see any impact on water and marine resources from activities in this category. 	Likely aligned.
Transition to circular economy	<ul style="list-style-type: none"> Please refer to Construction of new buildings 	Please refer to Construction of new buildings	
Pollution prevention and control	<ul style="list-style-type: none"> Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. 	<p>Information provided by the issuer</p> <ul style="list-style-type: none"> Reduction of noise, dust and pollutant emissions during construction/maintenance. 	Likely aligned.

³³ 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



Protection and restoration of biodiversity and ecosystems	Please refer to Construction of new buildings	Please refer to Construction of new buildings	
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7.1 Construction of new buildings (adaptation)

Framework activity	Green buildings		
Taxonomy activity	7.1 Construction of new buildings (NACE Code F41.1, F41.2)		
	EU Technical adaptation criteria	Comments on alignment	Alignment
Adaptation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change adaptation <p>Constructions of new building, eligible if:</p> <ul style="list-style-type: none"> The economic activity has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to that activity. The physical climate risks that are material to the activity have been identified from those listed in Appendix A to the Taxonomy Annex 2 by performing a robust climate risk and vulnerability assessment with the following steps: <ul style="list-style-type: none"> screening of the activity to identify which physical climate risks from the list in Appendix A to this Annex may affect the performance of the economic activity during its expected lifetime; where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A to the Taxonomy Annex 2, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity; an assessment of adaptation solutions that can reduce the identified physical climate risk. The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that: <ol style="list-style-type: none"> for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale; for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the 	<p><u>Information from the issuer</u></p> <ul style="list-style-type: none"> Diös is aware of the physical climate risks their portfolio is exposed to and will use a third-party expert to do the risk analysis according to the criteria in the Taxonomy, and who also will suggest the adaptations solutions to reduce the risks Only adaptation solutions that fulfil the whole adaptation criteria will be financed according to this framework. The adaptation solutions will be monitored and measured during the buildings in-use phase and will be regularly evaluated to make sure they reduce the risks 	Likely aligned.



	<p>existing range of future scenarios³⁴ consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.</p> <ul style="list-style-type: none"> • 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 reports³⁵, scientific peer-reviewed publications and open source³⁶ or paying models. • The adaptation solutions implemented: <ul style="list-style-type: none"> ○ 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; ○ favour nature-based solutions³⁷ or rely on blue or green infrastructure³⁸ to the extent possible; ○ are consistent with local, sectoral, regional or national adaptation plans and strategies; ○ are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met; ○ where the solution implemented is physical and consists in an activity for which technical screening criteria have been specified in this Annex, the solution complies with the do no significant harm technical screening criteria for that activity. 		
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change mitigation	<ul style="list-style-type: none"> • The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels. 	<u>Information from the issuer</u>	Likely aligned.

³⁴ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

³⁵ Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>.

³⁶ Such as Copernicus services managed by the European Commission.

³⁷ Nature-based solutions are defined as 'solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions'. Therefore, nature-based solutions benefit biodiversity and support the delivery of a range of ecosystem services (version of [adoption date]: https://ec.europa.eu/info/research-and-innovation/research-area/environment/nature-based-solutions_en/).

³⁸ See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Green Infrastructure (GI) — Enhancing Europe's Natural Capital (COM/2013/0249 final).



	<ul style="list-style-type: none"> The Primary Energy Demand (PED)³⁹572 setting out the energy performance of the building resulting from the construction does not exceed the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation implementing Directive 2010/31/EU. The energy performance is certified using an as built Energy Performance Certificate (EPC). 	<ul style="list-style-type: none"> Diös confirms that they will not finance any building that is dedicated to extraction, storage, transport, or manufacture of fossil fuels Diös will follow the Swedish building regulations for NZEB and make sure that all assets that will be financed according to this framework will be aligned 	
Sustainable use and protection of water and marine resources	<p>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 label⁴⁰ in the Union, in accordance with the technical specifications:</p> <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 Directive⁴¹.</p>	<ul style="list-style-type: none"> Svanen has requirements related to monitoring of hot water consumption and low water use taps and toilets, but not related to maximum liters of water use in the appliances. <p>Information from the issuer</p> <ul style="list-style-type: none"> According to Diös, 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. Diös will fulfill the taxonomy requirements for all new construction and renovations. 	Likely aligned.
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 material⁴²) 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. Building designs and construction techniques support circularity and in particular demonstrate how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling. 	<ul style="list-style-type: none"> Please refer to Construction of buildings (mitigation) 	

³⁹ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

⁴⁰ The Taxonomy is referring to Appendix E in the Taxonomy Annex 1.

⁴¹ 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

⁴² Refer to the European List of Waste established by Commission Decision 2000/532/EC



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 limits⁴³. • Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants⁴⁴. • 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 (mitigation) 	
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 provisions⁴⁵. • 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 and based on its conclusions the necessary mitigation measures are implemented. • The new construction should not be built on one of the following: <ul style="list-style-type: none"> d) arable land and crop land with a moderate to high level of soil fertility and below ground biodiversity as referred to in the EU LUCAS survey⁴⁶; e) greenfield land of recognized 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. f) 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 forest⁴⁷. 	<ul style="list-style-type: none"> • According to the issuer, 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 construction is not permitted. This is stated in the general and detailed plan for each municipality. 	Likely aligned.

⁴³ 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.

⁴⁴ Standard ISO 18400 can be used.

⁴⁵ The Taxonomy is referring to Appendix D in the Taxonomy Annex 1.

⁴⁶ JRC ESDCA, LUCAS: Land Use and Coverage Area frame Survey (version of [adoption date]): <https://esdac.jrc.ec.europa.eu/projects/lucas>.

⁴⁷ 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: <http://www.fao.org/3/I8661EN/i8661en.pdf>.



7.2 Renovation of existing buildings (adaptation)

Framework activity	Green buildings		
Taxonomy activity	Renovation of existing buildings (NACE code F41 and F43)		
	EU Technical adaptation criteria	Comments on alignment	Alignment
Adaptation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change adaptation <p>Renovation of existing buildings, eligible if:</p> <ul style="list-style-type: none"> See adaptation criteria for 7.1 Construction of new buildings. 	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change mitigation	<ul style="list-style-type: none"> The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels. 	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	
Sustainable use and protection of water and marine resources	<p>Where installed as part of the renovation works, except for renovation works 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 label⁴⁸ in the Union, in accordance with the technical specifications:</p> <ul style="list-style-type: none"> (i) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (ii) showers have a maximum water flow of 8 litres/min; (iii) 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; (iv) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. 	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	
Transition to a circular economy	<ul style="list-style-type: none"> See adaptation DNSH criteria for 7.1 Construction of new buildings 	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	
Pollution prevention and control	<ul style="list-style-type: none"> See adaptation DNSH criteria for 7.1 Construction of new buildings 	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	

⁴⁸ The Taxonomy is referring to Appendix E in the Taxonomy Annex 1.



7.7 Acquisition and ownership of buildings (adaptation)

Framework activity	Green buildings		
Taxonomy activity	7.7 Acquisition and ownership of buildings (NACE Code L68)		
	EU Technical adaptation criteria	Comments on alignment	Alignment
Adaptation criteria	<ul style="list-style-type: none"> Substantial contribution to climate change adaptation <p>Acquisition and ownership of buildings, eligible if: Please see adaptation criteria for 7.1 Construction of new buildings.</p>	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change mitigation	<ul style="list-style-type: none"> The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class C. As an alternative, the building is within the top 30% 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. For buildings built after 31 December 2020, the Primary Energy Demand (PED)⁴⁹ defining the energy performance of the building resulting from the construction does not exceed the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation implementing Directive 2010/31/EU. The energy performance is certified using an as built Energy Performance Certificate (EPC). 	<ul style="list-style-type: none"> Please refer to 7.1 Construction of new buildings 	

⁴⁹ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).



Minimum social safeguards

Minimum social safeguards		
No.	Questions	Answers (based on information provided by the issuer)
1	Does your company have a policy or made a commitment on human rights (workers' rights are here considered included in human rights)? Signed by top management?	<p>According to the 2020 annual report, Diös has integrated the principles on human rights, labour conditions, environment and anti-corruption of the UN Global Compact in its code of conduct for suppliers. The code of conduct, which is approved by the top management, is complemented by more detailed policy document and routines for each area.</p> <p>According to the code of conduct for suppliers, the supplier shall support the UN Global Compact's ten principles on human rights, working conditions, the environment and anti-corruption. Diös and suppliers are also required to adhere to the UN Declaration of Human Rights, the ILO's fundamental conventions on human rights in working life, the Rio Declaration and the UN Convention against Corruption.</p> <p>In addition, the following requirements apply to subcontractors:</p> <ul style="list-style-type: none"> • All employees must have written employment contracts translated into languages they understand. • All employees are entitled to statutory leave, including sick leave and parental leave. • Employees must have at least one day off a week and working hours must not exceed the legal limits or 60 hours a week including overtime. • Wage deductions are not used as a disciplinary measure.
2	<p>Do you integrate the OECD social risk due diligence process?</p> <ol style="list-style-type: none"> 1. Do you map human rights risks in your business activities and when entering into partnerships or projects? 2. Is someone in your company in charge and responsible for the risk mapping and mitigation of risks related to human rights? 3. Do you evaluate whether identified risks are successfully managed? How? 4. Do you issue an integrated report or CSR-report dealing with human rights risks and how you mitigate these?) 	<p>We have not made a specific mapping of human rights risk in our business activities or when entering into partnership. In our new-construction projects we add our code of conduct to the contract to make sure they follow basic regulations. We do see the necessity to do this kind of mapping in the near future to learn more about the risks and with regards to coming EU-legislation on HRDD.</p>



3	<p>What do you consider are your most salient human rights risks? Please explain why.</p>	<p>Our construction projects with external suppliers and their suppliers are our most salient human rights risks. We can state demands in our contracts through code of conduct, but it is hard to control this throughout the whole chain of suppliers. On construction sites we have project managers present from time to time to be able to pay attention to any discrepancies.</p>
4	<p>Do you screen suppliers by using «social» criteria? What are they? Do you include human rights requirements in contracts with suppliers and partners? Do you sometimes include a right for you to do inspections? In what situations?</p>	<p>All suppliers are required to adhere to the code of conduct mentioned in question 1, which includes human rights. Any contracts with suppliers will refer to this code of conduct.</p> <p>Diös follows up the code and implementation of contracts through a visit to the supplier or on-site visits at construction sites. In its follow-up, Diös focuses on suppliers with risky tasks. Safety rounds, risk assessments and action plans are developed together with the suppliers.</p>
5	<p>Do you have a whistleblowing mechanism for employees and others? How does this work? Do you require suppliers and others you are in a business relationship with to have such a mechanism? Do you gather the content of complaints from your partners?</p>	<p>In its annual report 2020, Diös mentions it has a whistleblowing mechanism by which any employee can report a deviation from the code of conduct or any other policy document to the HR department or to a superior. The whistleblowing mechanism is also available for external parties through the company website.</p> <p>Both internal and external parties can make anonymous reports through the third-party whistleblowing service at Diös' website. Any reports from the whistle blowing mechanism goes to at least two different persons in Diös management.</p>
6	<p>Do you allow your workers to organize? Do you require that your suppliers or partners allow this?</p>	<p>In line with Swedish regulations, any workers are allowed to organize. Diös' code of conduct for suppliers requires suppliers to respect workers' right to organize and collective negotiations.</p> <p>The union with the largest in-house representation have an active trade union group inside Diös. We have union representation in the board of directors.</p>



Appendix 3: Background

The construction and real estate sector have a major impact on our common environment. According to the National Board of Housing, Building and Planning's environmental indicators, it accounts for 32% of Sweden's energy use, 31% of waste and 19% of domestic greenhouse gas emissions. Calculations from Sveriges Byggindustrier indicate that the climate impact of new production of a house is as great as the operation of the house for 50 years.

As member of the EU, Sweden is subject to the EU's climate targets of reducing collective EU greenhouse gas emissions by 40% by 2030 compared to 1990 levels, increasing the share of renewable energy to 32% and improving energy efficiency by at least 32.5%.⁵⁰ The European Green Deal aims for carbon neutrality in 2050.⁵¹ Sweden has developed a National Energy and Climate Plan (NECP) in which it outlines the targets and strategies in all sectors.⁵² These strategies include measures such as increasing renewable energy capacity, improving energy efficiency, facilitating the large scale implementation of clean transportation alternatives, and implementing carbon sinks through reforestation and the LULUCF sector. Non-ETS emissions, of which public buildings and households are a part, must decrease by 63% by 2030.

The building sector accounts for a large share of primary energy consumption in most countries, and the IEA reports that the efficiency of building envelopes needs to improve by 30% by 2025 to keep pace with increased building size and energy demand – in addition to improvements in lighting and appliances and increased renewable heat sources.⁵³ The energy efficiency of buildings is dependent on multiple factors including increasing affluence and expectations of larger living areas, growth in population and unpredictability of weather, and greater appliance ownership and use. Additionally, in the Nordics, approximately half of life-cycle emissions from buildings stem from materials/construction⁵⁴. The other half stems from energy use, which becomes less important over time with the increasing adoption of off-grid solutions such as geothermal and solar. All of these factors should therefore be considered in the project selection process. In addition, voluntary environmental certifications such as BREEAM or equivalents measure or estimate the environmental footprint of buildings and raise awareness of environmental issues. These points-based certifications, however, fall short of guaranteeing a low-climate impact building, as they may not ensure compliance with all relevant factors e.g., energy efficiency, access to public transport, climate resilience, sustainable building materials. Many of these factors are covered under the World Green Building Council's recommendations for best practices for developing green buildings.⁵⁵

The Exponential Roadmap⁵⁶ lays out a trajectory for reducing emissions by 50% by 2030 and requires that emissions reductions strategies within the buildings sector be rapidly scaled up. The roadmap advocates for standardised strategies that are globally scalable within areas such as new procurement practices for construction and renovation that require dramatically improved energy and carbon emission standards, developing new low-carbon business models for sharing space and smart buildings to achieve economies of scale, and allocating green bond funding for sustainable retrofitting and construction.

⁵⁰ https://ec.europa.eu/clima/policies/strategies/2030_en

⁵¹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁵² https://ec.europa.eu/energy/topics/energy-strategy/national-energy-climate-plans_en

⁵³ <https://www.iea.org/reports/building-envelopes>

⁵⁴ [Sustainable Edge Sector Brief: Real Estate, https://cicero.oslo.no/file/2/sectorbriefs_realestate_17_12.pdf/download](https://www.worldebc.org/how-can-we-make-our-buildings-green)

⁵⁵ <https://www.worldebc.org/how-can-we-make-our-buildings-green>

⁵⁶ https://exponentialroadmap.org/wp-content/uploads/2020/03/ExponentialRoadmap_1.5.1_216x279_08_AW_Download_Singles_Small.pdf



Appendix 4: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

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

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University, the International Institute for Sustainable Development (IISD) and the School for Environment and Sustainability (SEAS) at the University of Michigan.

