Akademiska Hus
Green Bond Second Opinion

28 June 2023

Executive Summary

Akademiska Hus is one of the largest property companies in Sweden and is owned by the Swedish State. The company was founded with the purpose to own, develop, and manage properties for colleges and universities in Sweden with educational facilities, offices, laboratories and student housing.

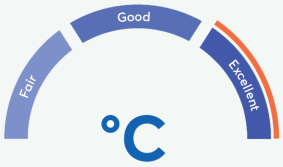
The majority of financing is expected to go to the construction of university buildings. Refinancing is expected to be a small share of total financing. In addition, "energy plans" will be financed, which are energy efficiency projects that aggregated will achieve energy savings above 20%. The remainder of green proceeds may be allocated to the renewable energy and climate adaptation project category. The framework considered here is an update of Akademiska Hus's framework dated April 2019. Historically, green buildings have received the majority of financing. Changes in the framework are the inclusion of the climate change adaptation project category and removing the project categories environmental sustainable management of living natural resources and clean transportation. While the criteria defining green buildings remain largely unchanged, the criteria are adapted to reflect the EU Taxonomy.

We rate the framework **CICERO Medium Green** and give it a governance score of **Excellent**. Akademiska Hus has further developed its issuer-level governance, and we are especially encouraged with how Akademiska Hus is trying to make climate a key aspect of its decision-making processes, including by creating a carbon budget. While there are Dark Green elements in the framework, the Medium Green shading reflects that the majority of proceeds finance construction of new buildings. The Medium Green shading reflects that key aspects such as energy use, embodied emissions, and physical climate risk are addressed, while not yet being fully aligned with a low carbon future.

SHADES OF GREEN

°CICERO Medium Green

GOVERNANCE ASSESSMENT



GREEN BOND PRINCIPLES

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

Strengths

Akademiska Hus shows a strong awareness of its climate impact, and has a clear strategy to reduce its own carbon footprint. It is encouraging that before making investment decisions, Akademiska Hus must consider its internal carbon budget in the same way as it considers financial factors, to see if it can do the project and still be on track to reach its climate targets. To reduce its emissions for one of its biggest emissions sources, new construction, it has developed guiding principles to reduce new construction. It carries out climate assessment for all construction projects, at different stages, to understand and minimize climate impact. The four step principles consist of: 1) use existing buildings, 2) optimize existing ones, 3) retrofit, and 4) new construction, where new construction is only chosen if the need cannot be met in the previous three steps. If it builds new, it has set goals of a reduced carbon footprint for each sqm built.

Akademiska Hus works actively to reduce the energy use of its portfolio, collaborating with partners (such as energy companies) and customers, and through its own maintenance and operational strategy. It is a strength that its target to half the energy use of its portfolio by 2025 (compared to 2000) includes both tenant and landlord energy use. It has also proven its capacity to meet its sustainability targets and is on track to meet the energy reduction targets achieving a 43% reduction in 2022 compared to 2000.

Akademiska Hus' plan to expand the scope of one of its impact indicators will improve transparency to investors on the climate impact of financed new construction. In an improvement from its last framework, Akademiska Hus plans to expand the scope of one of the impact indicators, the calculated carbon footprint, to also include embodied emissions of projects, such as emissions associated with the construction and materials used for buildings. As reported carbon footprint under green buildings often only include scope 1 and scope 2 emissions, it is a strength of the framework that Akademiska Hus plans to widen the scope.

Pitfalls

It is an industry challenge that methodologies and data regarding embodied emission in construction projects still need more knowledge and development. While we view positively Akademiska Hus's solid ambition to reduce embodied emissions associated with the construction of buildings, new construction may still be associated with high emissions, as knowledge and methodologies tackling this industry challenge are just starting to evolve. Akademiska Hus is working on its internal strategy which encourages only building new when there are no other choices, setting quantified targets to reduce embodied emissions, and working with its clients to build more efficiently.

The criteria for existing building being within the top 15% of similar building stock do not guarantee that buildings have energy performance that is in line or better than current regulations. Akademiska Hus will use top 15% of national or regional building stock as assessed by Fastighetsägarna. How ambitious the top 15% threshold is, depends on the type of building, but generally they are less ambitious than current regulations for energy demand. Also, whether a building meets the top 15% PED threshold will depend, among other, on its energy source, where different sources are weighed differently in the calculation of its PED. The weighting favours district heating over electricity, meaning that, all else equal, it will be easier for a building connected to district heating to meet the threshold for top 15% than for a building with electric heating.

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Company description

Akademiska Hus is one of the largest property companies in Sweden and is owned by the Swedish State. The company was founded with the purpose to own, develop, and manage properties for colleges and universities in Sweden with educational facilities, offices, laboratories and student housing. It is managing 3.4 million square meters of rentable space, where more than 300,000 people study, conduct research and work daily. By year-end 2022, the property portfolio had a market value of MSEK 115 000.

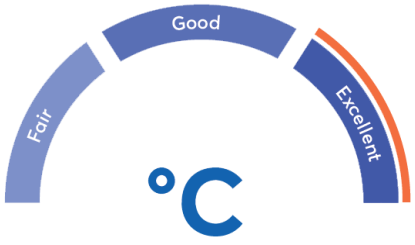
The framework considered here is an update from Akademiska Hus's framework from 2019. According to its 2022 investor report, two bonds have been issued under the framework, SEK 1 500 million in June 2019 and SEK 1 500 million in October 2020. Since 2019, proceeds have been allocated to green buildings, energy efficiency, clean transportation, renewable energy and environmental sustainable management of living natural resources. Changes in the framework are the inclusion of the project category climate change adaption and removing the project categories environmental sustainable management of living natural resources and clean transportation. While the criteria defining green buildings stays largely the same, criteria now include the screening of material climate risk and are adapted to align with the substantial contribution criteria set out in the EU Taxonomy.

Governance assessment

Since its last framework, Akademiska Hus has further developed its issuer-level governance. Among other things, it has undertaken an assessment of physical risk exposure for all assets, utilizing climate scenarios, and has further developed its strategy to become climate neutral. In its updated strategy, it has elaborated further how to achieve emission reductions for its biggest emission source, the construction of new buildings, and has changed the timeframe from 2045 to 2035. We are especially encouraged with how Akademiska Hus is trying to make climate a key aspect of its decision-making processes, including by creating a carbon budget.

Akademiska Hus' selection process remains solid, with environmental competence in its green finance committee and consensus decision making. It is especially positive that the screening process goes beyond the framework criteria, and considerations such as EU taxonomy compliance, carbon footprint, certification level, energy performance, biodiversity and climate risks is evaluated before allocating financing.

Akademiska Hus is committed to reporting on allocation and impact: it has specified relevant impact indicators in its framework and will disclose impact calculation methodologies. In an improvement from its last framework, Akademiska Hus now plans to expand the scope of one of the impact indicators, the calculated carbon footprint, to also include embodied emissions of projects, such as emissions associated with the construction and materials used for buildings.



The overall assessment of Akademiska Hus's governance structure and processes gives it a rating of **Excellent.**

Sector risk exposure

Physical climate risks. For the Nordic building sector, the most severe physical impacts will likely be increased flooding, snow loads, and urban overflow, as well as increased storms and extreme weather. Developing projects with climate resilience in mind is critical for this sector. The real estate sector is also exposed to climate risks through links to the construction industry and the utilities sector.

Transition risks. Due to the profound changes needed to limit global warming to well below 2ºC, transition risk affects all sectors. Akademiska Hus is exposed to transition risks from stricter climate policies e.g., mandatory efficiency upgrades. The company is also exposed to liability risks due to e.g., legal challenges if preventable damages from climate change increase. In addition, the real estate sector is exposed to changing consumer preferences for more climate-smart and energy-efficient buildings.

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

Environmental strategies and policies

Akademiska Hus has categorized its sustainability work into four sustainability dimensions with prioritized targets that guide its sustainability work. It targets to become carbon neutral throughout the value chain by 2035. Its definition of carbon neutrality is when the reported carbon footprint, including all three scopes, is reduced by at least 85% from the baseline, 2019. It aims to use carbon removal methods, such as carbon capture and storage (CCS) or similar, for the remaining 15% of emissions.

It reports annually according to the Global Reporting Initiatives (GRI) guidelines and include reporting of compliance with the EU Taxonomy criteria's and TCFD for climate related risk. It reports emissions according to the greenhouse gas protocol. Reporting includes all three scopes, where in 2022, total emissions were 45,807 tons CO_2e. Two of the biggest reported emission sources are district heating and new construction. It offsets climate emissions using UN CDM credits. According to its 2022 sustainability report, the carbon offsetting strategy will be reviewed and technologies that offer a substantial reduction, such as Bio-CSS, will become increasingly relevant in the future.

Akademiska Hus has long-term targets with intermediate targets for its operations. It has created a carbon budget for its operations to determine and follow up on the emission levels of each part of the company. Measures and activities are identified as part of a roadmap anchored in the annual plans of its operations. It has identified that its operation emissions mainly come from two areas:

- Property development and project operations, including the carbon footprint from new construction, renovation, and tenant fit-out projects. Akademiska Hus strives to make the construction process of its buildings more sustainable by carefully considering the material and design choices, and has set quantified

targets for a reduced carbon footprint per square meter construction. Between 2021 and 2025, the target is to halve the carbon footprint for its construction projects.

- Property operations, including the emissions from the energy used in facility operations and from the customers' activities. It targets to reduce the quantity of delivered energy, including what customers use in their operations, by half in 2025 compares to 2000. To achieve the target, it focuses on reducing energy demand in its portfolio, collaborate with energy suppliers to optimize energy delivery, and to promote the use of energy with a low climate impact by encouraging installation of local renewable energy facilities.

During 2022, Akademiska Hus conducted an overview analysis, based on the EU Taxonomy criteria's, of the potential climate related risk for all its buildings regarding changed ground conditions and erosion, rising sea levels, flooding, increased precipitation, forest fires and rising temperatures. According to the framework, most of its buildings have good resilience against a changing climate, but there are cases where actions are required which will be initiated during 2023.

It requires all new construction projects to obtain the Swedish Miljöbyggnad certification at Gold level and perform or prepare all major renovation projects for a certification. By the end of 2022, it had a total of 51 certified buildings, including 12 at gold level and 41 at silver level of Miljöbyggnad.

Akademiska Hus board of directors has overall responsibility for adopting a sustainable strategy and objectives for the company. Its Code of Conduct for suppliers and business partners includes requirements to follow the UN convention for human rights, ILO core conventions, UN child convention, OECD guidelines for multinational enterprises and UN Global Compact.

Green bond framework

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

Use of proceeds

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

Selection

The GBC was established in 2019 in connection with Akademiska Hus' first green bond framework and consists of representatives from the treasury and the sustainability departments. It will be responsible for evaluating identified projects. Large investments (>10 MSEK) will be identified through the standard investment process, while smaller investments will be identified through a separate routine.

Projects will be assessed by the GBC to ensure compliance with the green terms outlined in the framework. It will review information about the projects and evaluate the overall environmental impact, including life cycle considerations, potential rebound effects and resilience. Projects must also be compliant with applicable national laws and regulations, as well as policies and guidelines at Akademiska Hus.

Upon decision the GBC can request additional information and consult with others, but the mandate to decide is held by the group. Decisions will be made by consensus, where the head of sustainability holds a veto. Decisions made by the council will be documented. An updated list of all projects that meet the green terms will be kept by

Akademiska Hus treasury department. If a project cease to meet the green terms, it will be removed from the list. The list will be used as a tool to determine if there is a current or expected capacity to issue a green bond.

Management of proceeds

Green bond proceeds are tracked by the issuer. If an eligible green project no longer qualifies according to the green terms or if the underlying project is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the green portfolio pending reallocation. Net proceeds may be reallocated to other eligible projects by the treasury department at any time during the term of a green bond.

Akademiska Hus treasury department will keep a record of the purpose of any change in the green portfolio. Temporary investments can be invested or utilised by the treasury following Akademiska Hus financial policy. Such investments are permitted in Swedish government notes (including related entities), Swedish municipal notes (including related entities) or commercial papers issued by Nordic banks and corporates (with a minimum BBB+ rating from a reputable rating agency).

Reporting

Akademiska Hus will publish an annual public report on its website. An external auditor will report whether an amount equal to the green bond net proceeds have been allocated to the reported green projects. The treasury department is responsible for the process with the annual investor report, however final approval is needed from the director of sustainability. Reporting will not be linked to individual bonds.

Allocation reporting

Akademiska Hus will provide allocation reporting for each project category. Emphasis will be placed on providing examples and allocation reporting to single projects based on size. All data are to be as of the end of the previous year. Allocation reporting will include:

- The sum of outstanding green bonds
- The sum of the green portfolio balance (including any short-term investments or funds managed within Akademiska Hus liquidity portfolio)
- The proportion of net proceeds allocated to new investments

Impact reporting

Impact will be reported on a project level for some project categories and on a project category level for others. It will provide transparency on methodologies used. For projects that are not yet operational, Akademiska Hus will strive to provide estimates of future performance levels. Akademiska Hus will emphasize energy production/savings and greenhouse gas savings as the most relevant performance metrics for most project types. The metrics in table 1 are examples of indicators that are likely to be used.

GBP Category	**Indicators and Metrics**
Climate change adaptation	Each yearly report will include an example of an investment that has been financed with green net proceeds (if such a project has been financed). Given the number of project types that qualify under the category the KPI's will not be disclosed beforehand in the framework. Akademiska Hus will where applicable, emphasise a description of the need for the investment. And if possible, what resilience the investment creates.
Energy efficiency	• Energy savings (aggregated, MWh/year) • Carbon savings (aggregated, tonnes/year)

	• Examples of at least 2 projects that have been financed during the year with green net proceeds (if such a project has been financed)
Green buildings	• Environmental certification • Absolute energy use (MWh) and intensity (PED per square meter) per year • The reduction in Primary Energy Demand (PED) compared to the requirement in the national implementation of NZEB • Calculated carbon footprint disclosed by absolute emissions (kilos) and intensity (kilo per square meter) • Buildings that qualify according to an Energy Performance Certificate (EPC): the level of the EPC • Buildings that qualify based on Primary Energy Demand (PED): confirm that the PED was within acceptable limits of the national or regional building stock (top 15%) • Verify that the building has undergone a screening of material climate risks
Renewable energy	• Yearly production (MWh) • Prevented CO_2e emissions from production (tonnes)

Table 1. Indicators and metrics

In past reporting, the issuer disclosed that proceeds have been allocated to all project categories. Previously, green buildings have received above 71-75% of proceeds, while energy efficiency projects have received between 17-18%. Minor shares have also been allocated to renewable energy, clean transportation and environmental sustainable management of living natural resources. For green buildings, impacts were reported on a project level, where impact indicators such as certification level, energy intensity, greenhouse gas intensity, energy and emission savings were reported on. For other project categories, aggregated results were reported, with a qualitative description of some projects.

2 Assessment of Akademiska Hus's green bond framework

The eligible projects under Akademiska Hus's green bond framework are shaded based on their environmental impacts and risks, based on the "Shades of Green" methodology.

Shading of eligible projects under Akademiska Hus's green bond framework

- Refinancing is expected to be a small share of total financing.
- Akademiska Hus has indicated a rough estimate of allocation between project categories, which might change moving forward. It estimates that green buildings will receive 75% of financing, energy efficiency 15%, climate change adaptation 5%, and renewable energy 5%.
- Green buildings have previously received above 71-75% of proceeds, where the projects have been a mix of new construction, existing building and renovation projects. Energy efficiency projects have historically received between 17-18% of green financing.
- Green financing will not be allocated or linked to fossil 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.

Category	Eligible project types	Green Shading and considerations
Climate change adaptation	Financing of activities that mitigate the adverse effects of climate change and their impact on real estates including adaptation of buildings and the buildings surroundings to better oppose climate risks such as flooding, increased sea levels and temperature.	**Dark Green** ✓ Even in the most optimistic climate scenarios, some level of climate change is most likely unavoidable. It is therefore crucial to plan and mitigate potential risks to reduce the potential financial and environmental impact of such events. ✓ While there are no projects that are currently planned to be financed under this project category, Akademiska Hus expects that primarily larger blue and green solutions for management of rainwater outside would be financed. ✓ For measures that require construction, emission intensity and resilience of materials and equipment should be considered. There should also be considerations on how measures impact the local environment.

Energy efficiency 	Investments in the existing portfolio of buildings that target a lower overall energy use and an improved environmental footprint. This includes, but are not limited to: • Installation of geothermal heating/cooling • Energy-efficient lighting • IT-technology (monitoring, efficiency management and remote operation) • Energy efficient windows or an upgraded ventilation system Only directly associated expenditure (e.g. material, installation and labour) is eligible for financing. Akademiska Hus will ascertain the following: • High estimated energy savings in the targeted area (minimum 20%) • Minimize long term negative climate impact and potential rebound effects • Minimal negative climate impact from the technology used	**Medium to Dark Green** ✓ Focusing on improving the energy performance of existing buildings, instead of demolishing the existing building to build new, is essential to decrease the climate footprint of the real estate sector. ✓ Energy efficiency investments will be linked to its internal "energy plans." The energy plans are a way to aggregate different kind energy efficiency projects. The aggregate energy saving for a project consisting of a number of smaller investments would never be below 20%. ✓ Energy efficiency measures are a part of the issuer's overall strategy, where it targets to reduce the quantity of delivered energy, including what costumers use in their operations, by half in 2025 compares to 2000. It indicated that the implementation and follow up is strictly organized all the way from area managers to energy engineers and technicians. It tracks the energy use very closely with its data tool "Energiportalen" which delivers hourly measurements on all media from every building.
Green buildings 	Investments in environmentally accredited and energy efficient buildings, campus areas and student accommodation, as defined below: *New buildings (built after 31 December 2020)* • Primary energy demand is, or will be, at least 25% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures	**Medium Green** ✓ The project category is allocated a Medium Green shading because of solid framework criteria focusing on energy use, physical climate risks and green building certifications, whereas other important considerations such as embodied emissions are handled by Akademiska Hus's internal policies. Yet, construction projects fall short of fully corresponding to a low carbon and climate resilient future, as new construction still is associated with significant emissions and not yet net zero.

- For buildings larger than 5000 m2 :
    - Upon completion, the building undergoes testing for air-tightness and thermal integrity
    - The life-cycle Global Warming Potential (GWP) of the building has been calculated

- Buildings have, or will, receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of Miljöbyggnad "Guld"

- Student accommodations with a primary energy demand are, or will be, at least 10% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures. Student accommodations also have or will receive (i) a design stage certification, (ii) a post construction certification or (iii) an in-use certification of Miljöbyggnad "Silver"

- All new buildings have, or will receive a screening of material climate risks

Existing buildings (built before 31 December 2020)

- Buildings have an Energy Performance Certificate (EPC) demonstrating class A or are within the top 15% of the national or regional building stock, expressed as Primary Energy Demand (PED)

✓ Akademiska Hus expects that short term, the majority of financing will go to the construction of university buildings. In the longer term it expects the share of renovation and existing buildings to increase.

To be eligible for financing, it is not sufficient for a project or asset to adhere to one criterion, all criteria need to be meet. New and existing buildings need to: 1) fulfill the energy criteria (new buildings need to have a PED 25% below NZEB and 10% below for student accomodations, while existing buildings need to be in the top 15% of national building stock or have an EPC of A), 2) have an enviornmental certification, and 3) be screened for physical climate risks.

✓ Akademiska Hus targets to become climate neutral by 2035. To reach the target, reducing the carbon footprint in its construction projects is a key part of the strategy. The strategy entails using Environmental Production Declarations (EPDs) as well as setting limit values to CO_2e for each built square meter as well as targets for reducing the emission intensity over time.

✓ The energy criteria that the PED will be at least 25% lower than NZEB for new construction is a solid ambition, that goes beyond the criteria set by the EU taxonomy. It indicates that the vast majority of new buildings planned are to have savings in relation to NZEB of at least 30%.

✓ Akademiska Hus informs us that the motivation behind setting a lower energy treshold for student accommodations are that for student housing, social sustainability parameters of affordability has a higher importance.

✓ Green building certification standards cover a broad set of issues that are important for sustainable development. However, at the time, they differ considerably in their requirements for energy efficiency, embodied emissions of construction materials, related transportation emissions and considerations of resilience. The issuer informed us that for its current projects, it is Miljöbyggnad version 3.2 that is used as guidelines, however, moving forward it will use the new updated certification Miljöbyggnad 4.0. The updated certification includes stronger criteria relating to embodied emissions and physical climate risks.

	• Buildings have, or will receive (i) a design stage certification, (ii) a post construction certification or (ii) an in-use certification of at least Miljöbyggnad "Silver"	✓ Akademiska Hus has conducted a physical climate risk assessment, based on the guidance set out in the climate adaption criteria from the EU Taxonomy, where all assets have been assessed on an asset level. Appropriate climate scenarios were used. Next steps in the process are to produce an action plan with mitigating actions for the assets.
	• Existing buildings have undergone a screening of material climate risks	✓ Akademiska Hus will use top 15% of national or regional building stock as assessed by Fastighetsägarna, as an official definition is yet to be defined. How ambitious the top 15% threshold is, depends on the type of building, but generally they are less ambitious than current regulations for energy demand when building new. Whether a building meets the top 15% PED threshold will depend, among other, on its energy source, where different sources are weighed differently in the calculation of its PED. The weighting favors district heating over electricity, meaning that, all else equal, it will be easier for a building connected to district heating to meet the threshold for top 15% than for a building with electric heating.
	Renovation of existing buildings ✓ Renovation of existing buildings that either leads to a reduction of Primary Energy Demand (PED) of at least 30%, or where the building meets the applicable requirements for "major renovations"	✓ In the in the transition to a low-carbon society, it is vital to renovate and improve existing properties. With that perspective in mind, refurbishments with a 30% reduction in energy consumption could qualify for a Medium to Dark shade. It is especially encouraging that the buildings being renovated will also need an environmental certification and to have undergone a screening of climate risks.
	✓ The renovated building have, or will receive (i) a design stage certification, (ii) a post construction certification or (ii) an in-use certification of at least Miljöbyggnad "Silver"	✓ Akademiska Hus has confirmed that for renovation projects, it is the renovation cost that will be financed. For previously renovated buildings to be eligible for financing, post renovation, they will need to comply with the criteria set out for the existing buildings.
	✓ Renovated buildings have undergone a screening of material climate risks	
Renewable energy	Renewable energy production such as: • Wind power installations • Emissions-free geothermal heating and cooling installations • Heat pumps and heat exchangers	**Dark Green** ✓ The installation and production of renewable energy is key in the transition to a low carbon and climate resilient future.

	• On-site solar power installations or stand-alone solar farms • Thermal solar panels, as well as related infrastructure investments for example grid connections, electric substations, networks or foundations

Table 2. Eligible project categories

3 Terms and methodology

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

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

'Shades of Green' methodology

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

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

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

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

Assessment of alignment with Green Bond Principles

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

Appendix 1:
Referenced Documents List

Document Number	Document Name	Description
1	Akademiska Hus green bond framework	June 2023
2	Annual report 2022	Financial and sustainability report
3	Green bond investor report 2019	Impact and allocation reporting for the financial year 2019
4	Green bond investor report 2020	Impact and allocation reporting for the financial year 2020
5	Green bond investor report 2021	Impact and allocation reporting for the financial year 2021

Appendix 2:
About CICERO Shades of Green

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

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

Environmental Finance Bond Awards 2022 Winner
External assessment provider of the year

- **2021 Largest External Reviewer,** Climate Bonds Initiative Awards
- **2020 External Assessment Provider Of The Year,** Environmental Finance Green Bond Awards
- **2020 Largest External Review Provider In Number Of Deals,** Climate Bonds Initiative Awards
- **2019 External Assessment Provider Of The Year,** Environmental Finance Green Bond Awards
- **2019 Largest Green Bond SPO Provider,** Climate Bonds Initiative Awards
- **2018 External Assessment Provider Of The Year,** Environmental Finance Green Bond Awards
- **2018 Largest External Reviewer,** Climate Bonds Initiative Awards
- **2017 Best External Assessment Provider,** Environmental Finance Green Bond Awards
- **2016 Most Second Opinions,** Climate Bonds Initiative Awards