

Second-Party Opinion

Örebro Municipality

Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Örebro Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds - Green and Energy Efficient Buildings, Energy Efficiency, Renewable Energy, Clean Transportation, Water and Wastewater Management, Pollution Prevention and Control, Climate Change Adaptation and Terrestrial and Aquatic Biodiversity – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 11, 12, 13, 14 and 15.



PROJECT EVALUATION AND SELECTION Various departments at Örebro Municipality will be responsible for the project evaluation and selection process in accordance with the eligibility criteria of the Framework. Örebro Municipality has adopted internal guidelines and processes, and relies on the compliance with applicable national regulations to manage environmental and social risks associated with eligible projects. Sustainalytics considers the project selection process and the risk management system to be in line with market practice.



MANAGEMENT OF PROCEEDS Örebro Municipality’s Department of Treasury will be responsible for the allocation and tracking of proceeds using a green register. Örebro Municipality intends to allocate proceeds to eligible projects within one year of issuance. Pending full allocation, proceeds will be temporarily placed in the municipality’s liquidity reserve and be managed in line with Örebro Municipality’s financial policy. This is in line with market practice.



REPORTING Örebro Municipality commits to report on the allocation of proceeds and corresponding impact through an annual investor letter that will be made available to the public. Allocation and impact reporting may include details such as the nominal amount of outstanding green bonds, the relative share of new financing versus refinancing, descriptions of selected green projects financed and the balance of unallocated proceeds. Sustainalytics views Örebro Municipality’s allocation and impact reporting as aligned with market practice.

Evaluation Date	April 22, 2024
Issuer Location	Örebro, Sweden

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Introduction

Örebro is a municipality (kommun) located in central Sweden with its seat in the city of Örebro. Örebro is Sweden's 7th largest municipality with approximately 159,348 inhabitants by December 2023.¹

Örebro Municipality (the "Municipality") has developed the Örebro Green Bond Framework dated April 2024 (the "Framework") under which it intends to issue green bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to have positive impacts on Örebro's environment and its inhabitants and promote the Municipality's sustainable development.

The Framework defines eligibility criteria in eight areas:

1. Green and Energy Efficient Buildings
2. Energy Efficiency
3. Renewable Energy
4. Clean Transportation
5. Water and Wastewater Management
6. Pollution Prevention and Control
7. Climate Change Adaptation
8. Terrestrial and Aquatic Biodiversity

Örebro Municipality engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² The Framework will be published in a separate document.³

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of Örebro Municipality to understand the sustainability impact of their processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Örebro Municipality representatives have confirmed (1) they understand it is the sole responsibility of Örebro Municipality to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Örebro Municipality.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact.

¹ Statistics Sweden, "50 largest municipalities, by population", at:

<https://www.scb.se/en/finding-statistics/statistics-by-subject-area/population/population-composition/population-statistics/pong/tables-and-graphs/population-statistics--year/swedens-50-largest-municipalities-2023/>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Örebro Green Bond Framework is available on Örebro Municipality's website at: <https://www.orebro.se/fordjupning/fordjupning/sa-arbetar-vi-med/klimat--miljoarbete/grona-obligationer.html>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Örebro has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Örebro Green Bond Framework

Sustainalytics is of the opinion that the Örebro Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories - Green and Energy Efficient Buildings, Energy Efficiency, Renewable Energy, Clean Transportation, Water and Wastewater Management, Pollution Prevention and Control, Climate Change Adaptation, Terrestrial and Aquatic Biodiversity - are aligned with those recognized by the GBP.
 - The Municipality has communicated to Sustainalytics that it will only finance and refinance capex under the Framework, and hence has not established a look-back period, which Sustainalytics considers to be in line with market practice.
 - Under the Green and Energy Efficient Buildings category, the Municipality may finance the acquisition, construction and renovation of residential and commercial buildings and energy efficient equipment according to the following the criteria:
 - i) New premises⁵ that have or will have a primary energy demand (PED) at least 30% lower than the level required by the Swedish national building regulation (BBR)⁶ and have achieved or will achieve with Miljöbyggnad Silver certificate;⁷
 - ii) new residential buildings that have or will have a PED at least 20% lower than the level required by the BBR and that have achieved or will achieve a Miljöbyggnad Silver certificate.⁸ In addition to the above criteria, new buildings that are larger than 5000 m² are subject to testing for airtightness, thermal integrity and a calculation for the life cycle global warming potential of the building resulting from the construction.
 - Existing buildings with an energy performance certificate (EPC) A or above, or in the top 15% most energy-efficient buildings of the national building stock based on PED.
 - Renovations of buildings that lead to at least a 30% reduction in energy consumption.⁹ Örebro Municipality has confirmed to Sustainalytics that such investments will be limited to renovation expenditures only.
 - Energy-efficient equipment in buildings, including:
 - Installation, maintenance and repair of energy efficient equipment, such as energy efficient windows, replacement of elevators with more efficient ones, doors, lighting and HVAC, which lead to at least a 30% energy efficiency improvement individually.
 - Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings. This may include energy management systems, electric energy storage units¹⁰ and zoned thermostats. Örebro Municipality has confirmed to Sustainalytics that energy storage units will be directly

⁵ Örebro Municipality defines new buildings as those for which a building application was filed after 31 December 2020.

⁶ BBR is equivalent to the nearly zero-energy building (NZEB) requirements and is issued by Boverket, the Swedish National Board of Housing, Building and Planning. Boverket, "About Boverket", (2023), at: <https://www.boverket.se/en/start/about/about-boverket/>

⁷ Miljöbyggnad, at: <https://www.sgbc.se/certifiering/miljobyggnad/>

⁸ Ibid.

⁹ Energy consumption will be measured within the same building heating system.

¹⁰ Electric energy storage units are limited to electrochemical storage systems.

- connected to renewable energy sources and that fossil fuel-powered equipment will be excluded from the Framework.
- Sustainalytics views positively the inclusion of a 30% energy efficiency threshold for the energy-efficient equipment, and considers the investments under this category to be aligned with market practice.
 - Under the Energy Efficiency category, Örebro Municipality may finance or refinance the following:
 - Energy efficiency measures in municipal activities that improve energy efficiency in the respective area by at least 30%. Project examples include exchanging traffic lights to LED.
 - Upgrades of copper networks to fibre-optic networks, including the replacement of old technologies to make the networks more energy efficient, such as passive optical networking technology.
 - Sustainalytics views positively the inclusion of a 30% energy efficiency threshold for energy efficiency measures and considers the investment under this category to be aligned with market practice.
 - Under the Renewable Energy category, Örebro Municipality may finance or refinance the following:
 - Construction and production of energy generation facilities from wind power and solar photovoltaic.
 - Facilities, related infrastructure and production process of biogas and biochar. Örebro Municipality has communicated that feedstock for biogas production includes sludge and food waste residual from the food industry and agricultural industry which are sustainably sourced and comply with the EU Renewable Energy Directive.¹¹ The Municipality has further confirmed that: i) sludge from fossil fuel operations, waste from non-RSPO certified palm oil operations, peat, cooking oil, food and feed crops and waste from industrial scale livestock operation will be excluded from feedstock; and ii) biochar will be produced through pyrolysis with life cycle GHG emissions below 100 gCO₂e/kWh and that produced biochar will be used only as an additive to soil for the enhancement of soil properties, fertility and carbon sequestration.
 - Energy storage, including batteries and hydrogen storage that are directly connected to renewables for the purpose of managing intermittency of renewable energy.
 - Sustainalytics considers the expenditures under this category to be aligned with market practice.
 - Under Clean Transportation category, Örebro Municipality may finance or refinance the following:
 - Passenger cars, light trucks, heavy trucks and machinery¹² powered by electricity.
 - Infrastructure dedicated for pedestrians and bicycles, and infrastructure for fossil-free public and non-public transportation systems, such as electric charging points. Örebro Municipality has confirmed to Sustainalytics that parking facilities will be excluded from this category.
 - Sustainalytics considers the expenditures under this category to be aligned with market expectations.
 - Under the Water and Wastewater Management category, the Municipality may finance projects related to the processing of wastewater and supply of fresh water, which includes upgrades, replacements and improving the efficiency of current infrastructure, expanding capacity, building new networks and investment in enabling infrastructure. Example projects include: i) improving piping to increase pumping power and reduce leachate and electricity consumption; and ii) strengthening stormwater management. Örebro Municipality has confirmed that wastewater from fossil fuel production and operation and fossil fuel-based equipment will be excluded under this category. Sustainalytics considers this to be aligned with market practice.
 - Under the Pollution Prevention and Control category, the Municipality may finance or refinance recycling facilities and related infrastructure for sorting and processing of municipal waste. Examples include expansion of recycling centres, purchasing recycling

¹¹ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001>

¹² Machinery refers to vehicles that are used for maintaining the Municipality's public infrastructure, such as street sweepers, electric quadricycles and waste collection vehicles.

containers, upgrade of oil sludge reception facilities and reconstruction of facilities for safer delivery of hazardous waste. The Municipality has confirmed that the facilities will be limited to waste recovery and recycling and waste from fossil fuel operations will be excluded. Sustainalytics notes that Örebro Municipality follows Swedish national waste management policies,¹³ which constitute a robust waste management practice to mitigate associated risks from electronic and hazardous waste. Sustainalytics considers the expenditure under this category to be aligned with market practice.

- Under the Climate Change Adaptation category Örebro Municipality may finance or refinance adaptation solutions in buildings and infrastructure, which includes sedum roofs, below and above groundwater reservoirs and ponds for stormwater management, rain gardens, alternative solutions for hard surfaces, green areas with a tree strategy and pervious concrete. Örebro Municipality has confirmed to Sustainalytics that for the financing under this category native trees will be used for green areas. The Municipality has further confirmed that it will conduct vulnerability assessments and has a climate change adaptation plan in place for the financing under this category. Sustainalytics considers this to be aligned with market practice.
- Under the Terrestrial and Aquatic Biodiversity category, the Municipality may finance or refinance conservation and restoration projects that maintain or improve the status of terrestrial, freshwater and marine habitats, ecosystems and populations of related fauna and flora species. Examples of such investments include recreating and building wetlands; investment in phosphorus traps for water purification and protection of biodiversity in agricultural landscapes, establishing protection zones; building free paths for animals, such as fish, otters and frogs and restoring spawning areas for fish. The Municipality has confirmed that the phosphorus contained in the effluents is primarily not resulting from the Municipality's own operations and it has policies in place to mitigate the relevant environmental and social risks. Sustainalytics considers expenditures under this category to be aligned with market practice.
- Project Evaluation and Selection:
 - Various departments at Örebro Municipality will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. Those include the Department of Treasury, the Department for Sustainable Development, a board of climate and environmental experts from Örebro Municipality corporate group and the climate steering group.
 - The projects identified and proposed for funding by the climate and environmental experts will be further reviewed by the Municipality's Department for Sustainable Development. The eligible projects jointly approved by the Department for Sustainable Development and the Department of Treasury will receive a final approval by the climate steering group.
 - Örebro Municipality has adopted internal guidelines and processes, and relies on the compliance with applicable national regulations to manage environmental and social risks associated with eligible projects. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional detail, see Section 2.
 - Based on the cross-functional oversight structure for project evaluation and selection and the presence of an environmental and social risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Örebro Municipality's Treasury department will manage the allocation of proceeds using a portfolio approach and track them using a green register.
 - Örebro Municipality intends to allocate proceeds to eligible projects within one year of issuance. Pending full allocation, proceeds will be temporarily placed in the municipality's liquidity reserve and be managed in line with Örebro Municipality's financial policy.
 - Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Örebro Municipality commits to report on the allocation of proceeds and corresponding impact through an annual investor letter that will be made available to the public.
 - Allocation reporting will include: i) the nominal amount of outstanding green bonds; ii) the relative share of new financing versus refinancing; iii) descriptions of selected green projects financed; and iv) the balance of unallocated proceeds, if any. In addition, the

¹³ Sveriges Riksdag, Avfallsförordning (2020:614), at: https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/avfallsforordning-2020614_sfs-2020-614/

Municipality intends to report on alignment of the financed projects with the EU Taxonomy, to the extent possible

- Impact reporting may include project descriptions and impact indicators, such as annual energy savings (in kWh), annual energy production (in kWh) and estimation of annual avoided GHG emissions (in tCO₂). In addition, the Municipality intends to report on the social impacts associated with the funded projects, to the extent possible.
- Based on the commitment to allocation and impact reporting, Sustainability considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainability has determined that the Örebro Green Bond Framework aligns with the four core components of the GBP.

Section 2: Sustainability Mandate of Örebro Municipality

Contribution to Örebro Municipality's sustainability mandate

In 2021, Örebro Municipality established a sustainable development programme based on the UN SDGs, which sets out the political direction, values and targets for the Municipality's sustainable development up to 2050 with interim goals for 2030.¹⁴ Under the programme, the Municipality has committed to becoming a climate-positive geographical area by 2050.¹⁵ At present, Örebro Municipality is developing a climate strategy which will serve as a guideline for achieving the goals under its sustainable development programme. As of 2021, the climate impact within Örebro Municipality's geographical area has been reduced to 2.7 tCO₂e per inhabitant compared to 3.3 tCO₂e per inhabitant in 2015.¹⁶

The sustainable development programme also encompasses the Municipality's contribution to enhancing biodiversity and the national environment, ecosystem conservation and sustainable use of land and water by 2030.¹⁷ These are reflected in the Municipality's respective action plans, including: i) Water Plan for Municipality's waterways and ground water management,¹⁸ ii) Water Service Plan for long-term expansion of the water supply and sewage services,¹⁹ and iii) Nature Plan for conservation of biodiversity and land with high natural values.²⁰ Additionally, the Municipality has established a Waste Plan in 2020 with the aim of: i) reducing food and residual waste by 25% by 2025 compared to 2015 levels; ii) reducing the amount of hazardous waste and electrical waste by 2030; and iii) increasing the number of businesses that promote recycling and sharing services.²¹

Regarding clean transportation, the Municipality has drafted a Traffic Strategy in 2023, under which it aims to increase the share of walking, cycling and public transport to account for 60% of the total number of trips undertaken in the Municipality by 2030 and 65% by 2040.²² The Traffic Strategy also lays out detailed action plan and areas of focus to achieve the proposed target.²³ Investments to improve bicycle infrastructure in central Örebro since 2014 include developing bicycle lanes, increasing the number of bicycle parking spaces, replacing old infrastructure and building weather-protected bicycle parking lots.²⁴ According to the Municipality's 2023 report, by the end of 2022, the Municipality had a 369 km network of pedestrian and cycle paths, which has doubled since 2007.²⁵ Additionally, Örebro Municipality has

¹⁴ Örebro Municipality, "Our Sustainable Örebro", at:

[https://www.orebro.se/download/18.2a5d9df717ce4d0c0d0a092/1638968040612/V%C3%A5rt%20h%C3%A5llbara%20%C3%96rebro%20-%20Our%20sustainable%20%C3%96rebro%20\(engelska\)%20-%20kortversion.pdf](https://www.orebro.se/download/18.2a5d9df717ce4d0c0d0a092/1638968040612/V%C3%A5rt%20h%C3%A5llbara%20%C3%96rebro%20-%20Our%20sustainable%20%C3%96rebro%20(engelska)%20-%20kortversion.pdf)

¹⁵ Ibid.

¹⁶ Örebro Municipality shared the data with Sustainability confidentially.

¹⁷ Örebro Municipality, "Our Sustainable Örebro", at:

[https://www.orebro.se/download/18.2a5d9df717ce4d0c0d0a092/1638968040612/V%C3%A5rt%20h%C3%A5llbara%20%C3%96rebro%20-%20Our%20sustainable%20%C3%96rebro%20\(engelska\)%20-%20kortversion.pdf](https://www.orebro.se/download/18.2a5d9df717ce4d0c0d0a092/1638968040612/V%C3%A5rt%20h%C3%A5llbara%20%C3%96rebro%20-%20Our%20sustainable%20%C3%96rebro%20(engelska)%20-%20kortversion.pdf)

¹⁸ Örebro Municipality, "Vattenplan för Örebro kommun", at:

<https://www.orebro.se/download/18.1d8f9a39155628f738416963/1571814309564/Vattenplan.pdf>

¹⁹ Örebro Municipality, "Vattentjänstplan", (2023), at:

<https://www.orebro.se/download/18.5b9dd67518c6321ccd128b2/1702876281874/Vattentj%C3%A4nstplan.pdf>

²⁰ Örebro Municipality, "Naturplan för Örebro kommun", at:

<https://www.orebro.se/download/18.1d8f9a39155628f73841694f/1467966366268/Naturplan%20%C3%96rebro%20kommun.pdf>

²¹ Örebro Municipality, "Cirkulära Örebro Avfallsplan för Örebro kommunkoncern", at:

<https://www.orebro.se/download/18.1d8f9a39155628f7384165f2/1592995902105/Avfallsplan.pdf>

²² Örebro Municipality, "Trafikstrategi för Örebro kommun.", at:

<https://www.orebro.se/download/18.48d6d7af18c636651971ecf/1702633139264/Trafikstrategi%20f%C3%B6r%20%C3%96rebro%20kommun%20-%20remissversion.pdf>

²³ Örebro Municipality, "Örebro kommuns trafikstrategi", (2024), at:

<https://www.orebro.se/fordjupning/fordjupning/sa-arbetar-vi-med/trafikplanering/orebro-kommuns-trafikstrategi.html>

²⁴ Örebro Municipality, "Temarapport trafik i Örebro kommun 2023", at:

<https://jamfor.orebro.se/download/18.1a6b67218774380943446f/1682608330304/Temarapport%20trafik%20i%20%C3%96rebro%20kommun%202023.pdf>

²⁵ Örebro Municipality, "Temarapport trafik i Örebro kommun 2023",

invested in public transportation projects such as the City Line, which runs on electric busses with dedicated lanes connecting the bus route in between Brickebacken and Resecentrum.²⁶

Sustainalytics is of the opinion that the Framework is aligned with Örebro Municipality's overall sustainability strategy and initiatives, and will contribute to the actions on the Municipality's key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to: biodiversity loss and land use associated with large-scale infrastructure development; emissions, effluents and waste generated in construction; occupational health and safety; and community relations.

Sustainalytics is of the opinion that Örebro Municipality is able to manage or mitigate potential risks through implementation of the following:

- Regarding the adverse environmental impacts of large-scale projects, such as risks related to land use and biodiversity loss, projects financed in the EU are expected to comply with Directive 2014/52/EU, which requires projects that are likely to have significant environmental effects to be adequately assessed before approval. It also requires that adequate measures be undertaken to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats. For land-intensive projects, the directive requires land use-related impacts to be identified, described and assessed through an environmental impact assessment. For large-scale projects, this also includes limiting impacts on land and soil, including organic matter, erosion, compaction and sealing.²⁷
- To manage emissions, effluents and waste, the Municipality is required to follow the applicable EU guidelines and regulations, such as the EU Construction and Demolition Waste Protocol and Guidelines,²⁸ the EU Waste Framework Directive,²⁹ the Waste Electrical and Electronic Equipment Directive³⁰ and the European Waste Shipment Regulation.³¹ These regulations aim to ensure that waste management is carried out without endangering human health or negatively impacting the environment. In addition, the Municipality complies with the Swedish regulation for waste management³² and waste deposition³³ which includes requirements for tracking, treatment and disposal of electrical waste and hazardous waste.
- Regarding occupational health and safety, the EU Directive on Worker Health and Safety establishes minimum safety and health requirements throughout the EU. The directive requires employers to implement necessary measures to prevent occupational risks, improve working conditions, provide adequate instructions and training, among other workplace health and safety provisions.³⁴ Sweden has transposed the directive in its national legislation.³⁵
- Regarding community relations, the Municipality involves and collaborates with the civil society through forums and dialogues to address social challenges and sustainability goals.³⁶

at:<https://jamfor.orebro.se/download/18.1a6b67218774380943446f/1682608330304/Temarapport%20trafik%20i%20C3%96rebro%20kommun%202023.pdf>

²⁶ Örebro Municipality, "Vi förbereder för Citylinjen", (2024), at:

<https://www.orebro.se/bygga-bo-trafik/trafik-gator/pagaende-planerade-trafikarbeten/-lista/2019-12-13-vi-forbereder-for-citylinjen.html>

²⁷ European Commission, "Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014", (2014), at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0052>

²⁸ European Commission, "EU Construction and Demolition Waste Protocol and Guidelines", (2018), at: https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18_en

²⁹ European Parliament, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

³⁰ European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

³¹ European Parliament, "Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste", (2006), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32006R1013>

³² Sveriges Riksdag, Avfallsförordning (2020:614), at:

https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/avfallsforordning-2020614_sfs-2020-614/#K9

³³ Förordning (2001:512) om deponering av avfall, at:

https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/forordning-2001512-om-deponering-av-avfall_sfs-2001-512/

³⁴ European Commission, "Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:01989L0391-20081211&qid=1691606114488>

³⁵ European Commission, "Evaluation of the Practical Implementation of the EU Occupational Safety and Health (OSH) Directives in EU Member States", (2015), at: <https://ec.europa.eu/social/BlobServlet?docId=16895&langId=en>

³⁶ Örebro Municipality, "Örebro kommuns samverkan med civila samhället", at:

<https://www.orebro.se/fordjupning/fordjupning/delaktighet-inflytande/samverkan-med-det-civila-samhallet.html#Framjandegenerationsmoteniskolan>

Additionally, the Municipality has an online platform through which residents can submit suggestions, comments and complaints regarding the Municipality's activities and services,³⁷ and a platform where residents can appeal a decision made by the Municipality.³⁸

- Örebro is located in Sweden, which is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance systems, legislation and institutional capacity to mitigate common environmental and social risks associated with the projects financed under the Framework.³⁹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Örebro Municipality has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on one below where the impact is specifically relevant in the local context.

Impact of green and energy efficient buildings in Örebro

The buildings sector is the largest consumer of energy in the EU, accounting for approximately 40% of the total energy consumption in the bloc.⁴⁰ In 2021, the buildings sector was responsible for 36% of energy-related GHG emissions, with heating, cooling and domestic hot water usage representing 80% of the total energy usage.⁴¹ Under the Climate Target Plan 2030, the EU aims to reduce its GHG emissions by 55% compared to 1990 levels by 2030 and to achieve climate neutrality by 2050.⁴² In order to achieve these targets, the EU should reduce emissions from its building stock by 60%, final energy consumption by 14% and energy consumption from heating and cooling by 18% compared to 2015 levels.⁴³ The renovation of existing buildings could reduce the EU's total energy consumption by an estimated 5-6% and lower its total emissions by 5%.⁴⁴ In light of this, the European Commission's Renovation Wave strategy aims to at least double renovation rates of buildings by 2030.⁴⁵

Sweden aims to achieve net zero GHG emissions by 2045, with interim reduction targets of 55% by 2030 and 73% by 2040, from a 1990 baseline.⁴⁶ The construction and real estate sectors have an important role in achieving this target as these sectors combined account for 37% of the total energy use in Sweden and 21% of national GHG emissions.⁴⁷ Sweden made a commitment to improving the energy efficiency of buildings by 20% by 2020 and by 50% by 2050 under its Integrated Climate and Energy Policy, in line with EU's overall climate objectives.⁴⁸ Since 2022, all new buildings in Sweden must have a climate declaration detailing the climate impacts of the entire construction phase.⁴⁹ Additionally, Sweden has established the BUILD UP Skills Sweden project to skill up its construction workforce, aiming to accelerate the construction of nearly zero-energy buildings, as well as renovations improving the energy efficiency of existing buildings and expand the use of renewable energy.⁵⁰ Following Sweden's national climate policies, Örebro Municipality joined the Viable Cities' Climate-neutral cities 2030 initiative, which aims to speed up the climate transition by implementing actions at the level of municipalities.⁵¹

³⁷ Örebro Municipality, "Lämna en synpunkt", at: <https://www.orebro.se/ovrigt/synpunkter.html>

³⁸ Örebro Municipality, "Överklaga beslut", at: <https://www.orebro.se/kommun-politik/demokrati-dialog-paverkan/overklaga-beslut.html>

³⁹ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

⁴⁰ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴¹ European Commission, "Directive of the European Parliament and of the Council on the energy performance of buildings (recast)", (2021), at: <https://data.consilium.europa.eu/doc/document/ST-15088-2021-INIT/en/pdf>

⁴² European Environment Agency, "2030 Climate Target Plan", at: <https://www.eea.europa.eu/policy-documents/2030-climate-target-plan>

⁴³ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴⁴ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴⁵ Ibid.

⁴⁶ Swedish Ministry of Climate and Enterprise, "Sweden's climate policy framework", (2021), at: <https://www.government.se/articles/2021/03/swedens-climate-policy-framework/>

⁴⁷ Sweden Green Building Council, "A Net Zero Carbon Future", (2020), at: [NollCO2-Informationfolder-engelska.pdf \(sgbc.se\)](https://www.nollco2.se/Information/Information/engelska.pdf)

⁴⁸ Government of Sweden, "An integrated climate and energy policy", (2009), at: https://energy.ec.europa.eu/system/files/2020-03/se_final_necp_main_en_0.pdf

⁴⁹ Boverket, "Climate declaration for new buildings", (2023), at: <https://www.boverket.se/en/start/building-in-sweden/developer/rfq-documentation/climate-declaration/>

⁵⁰ European Commission, "BUILD UP Skills Sweden (IEE-Pillar 1)", at: <https://build-up.ec.europa.eu/it/skills/sweden>

⁵¹ Örebro Municipality, "Klimatneutrala Örebro 2030", at: <https://www.orebro.se/fordjupning/fordjupning/sa-arbetar-vi-med/klimat--miljoarbete/klimatpositiva-orebro/klimatneutrala-orebro-2030.html#Lokalaomstallningsmojligheter>

Based on the above, Sustainalytics believes that Örebro Municipality's investment in green buildings is expected to contribute to the decarbonization of the building sector in Sweden and, more broadly, to the country's and EU's climate goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Örebro Green Bond Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green and Energy Efficient Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Pollution Prevention and Control	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	12. Responsible Consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Terrestrial and Aquatic Biodiversity	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

Conclusion

Örebro has developed the Örebro Green Bond Framework under which it may issue green bonds and use the proceeds to finance or refinance projects under the Green and Energy Efficient Buildings, Energy Efficiency, Renewable Energy, Clean Transportation, Water and Wastewater Management, Pollution Prevention and Control, Climate Change Adaptation and Terrestrial and Aquatic Biodiversity categories. Sustainalytics considers that the eligible projects are expected to contribute to positive environmental impacts.

The Örebro Green Bond Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for the Municipality to report on allocation and impact. Sustainalytics considers that the Örebro Green Bond Framework is aligned with the Municipality's overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11, 12, 13, 14 and 15. Additionally, Sustainalytics considers that Örebro Municipality has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Örebro Municipality is well positioned to issue green bonds and that the Örebro Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

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