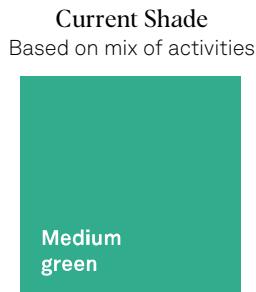


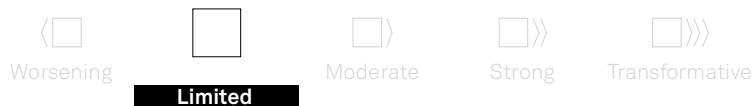
Climate Transition Assessment

## Fabege AB

Dec. 8, 2025

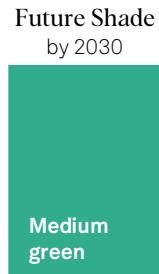


Transition Progress  
Extent of change between the current and expected activities



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### Climate Transition Summary

**The current and future shade of Medium green indicates that 86% of Fabege's revenue comes from its energy-efficient building portfolio, which we expect to be sustained through 2030.** In 2024, Fabege, a Sweden-based commercial property company, allocated about 60% of capital expenditure (capex) to small investments in the asset management portfolio, including for energy efficiency and tenant adaptations. Other key investments included new construction projects to which we assigned a shade of green.

**With already strong energy efficiency, achieving further improvements is becoming increasingly challenging, reflected in a Limited transition progress score.** Enhancing the energy efficiency of existing buildings has long been a cornerstone of Fabege's sustainability strategy, with notable progress already made. We anticipate that ongoing investments in energy efficiency will sustain and only slightly enhance buildings' energy performance. Once new energy-efficient buildings are completed, the overall portfolio size will increase, leading to a slight rise in the share of Medium green buildings. From 2026, Fabege plans to enhance its sustainability efforts by setting a net-zero emissions target aligned with the Science-Based Target Initiative (SBTi).



**Fabege is well positioned to implement its sustainability strategy with sufficient governance mechanisms and action plans.** Compared with European peers, the company ranks well above the 75th percentile in both EU Taxonomy-aligned revenue and the proportion of total floor area covered by sustainability certifications. We view these as relevant indicators to the shade of green for real estate. Furthermore, sustainability legislation is comparatively advanced in Sweden, which makes Fabege well positioned to mitigate transition risks associated with the evolving European regulatory landscape.

### Strengths

**Since 2018, Fabege has decreased the energy intensity of its real estate portfolio by 35% in comparable terms.** The company remains dedicated to enhancing energy efficiency, expanding the use of self-generated energy, and collaborating with energy suppliers.

**Fabege demonstrates a strong commitment to circularity.** The company measures the circularity rate in projects and invests strategically in related initiatives. The key objective is to achieve a circularity index of 50% for renovations by 2030.

### Weaknesses

No weakness to report.

### Areas to watch

**Construction can entail emissions and biodiversity risks.** Fabege has strategies, including thresholds in place to minimize embodied carbon. To address biodiversity risks, Fabege only builds on brownfield land and has set an internal net gain target for biodiversity that aims to enhance habitat units around its properties.

A Climate Transition Assessment (CTA) is our qualitative opinion on the expected alignment of a company's activities with a low carbon climate resilient future once its planned transition changes are realized, considering implementation actions and risks. It is a point-in-time opinion, reflecting the information provided to us at the time the CTA was created and published, and is not surveilled. We assume no obligation to update or supplement the CTA to reflect any facts or circumstances that may come to our attention in the future. A CTA is not a credit rating and does not consider credit quality or factor into our credit ratings. See our [Analytical Approach: Climate Transition Assessment](#) and our [Analytical Approach: Shades of Green](#).

# Company Description

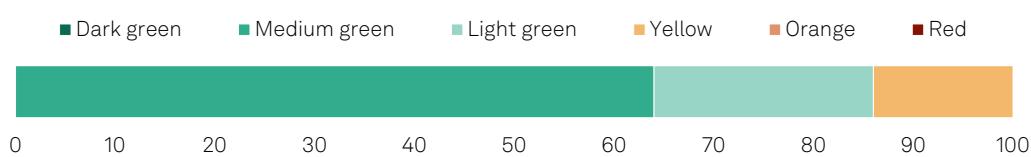
**Location:** Sweden

**Sector:** Real estate

Fabege AB (publ) is a Swedish real estate company focusing on letting and managing commercial premises (representing 84% of rental value) as well as on urban development. The business is concentrated in a small number of submarkets in the Stockholm region, the inner city, Hammarby Sjöstad, Arenastaden, Haga Norra, Solna Business Park, and Flemingsberg. Within these areas, Fabege owns 100 properties. At the end of 2024, the total property value amounted to Swedish krona (SEK) 78.9 billion (about \$8.4 billion) and the lettable area totaled 1.3 million square meters.

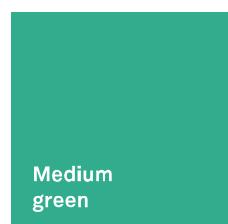
# Current Activity

Current activities mix by shade (2024; % of total revenue)



Source: S&P Global Ratings.

**Current Shade**  
Based on activities mix



Activity breakdown by shade (2024; % of total)

Shade	Revenue	Opex	Capex
Dark green	0	0	0

**Activities:** None

**2030 future revenue estimate:** Not applicable

Medium green	64	55	56
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**Activities:** Energy-efficient buildings in Sweden that have been screened for physical risks and are not heated by fossil fuels. Energy-efficient buildings is defined as those built before 2020 within the top 15% of similar stock in terms of energy efficiency, and those built after 2020 that are 10% better than nearly-zero energy buildings (NZEBs).

New construction projects with better energy performance than regulatory requirements, demonstrated by an energy performance certificate (EPC) of category A, with embodied emissions aligning with the ambition set in relevant green building certifications. Buildings are designed to be less exposed to physical climate risks and not use fossil fuel heating.

**Future revenue estimate for 2030:** We anticipate that ongoing investments in energy efficiency will sustain and slightly enhance the energy efficiency of the portfolio. As new energy-efficient buildings are completed, the overall portfolio size is expected to rise incrementally, likely increasing the proportion of Medium green buildings and Medium green revenue to a limited extent.

 <b>Light green</b>	<b>22</b>	<b>23</b>	<b>30</b>
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**Activities:** Existing buildings with green building certifications and qualifying for the top 30% of similar stock in terms of measured energy, screened for physical risks, with no fossil fuel heating.

The construction of new buildings that will perform beyond the building code in terms of energy use, designed to be less exposed to physical climate risks and with no fossil fuel heating.

**Future revenue estimate for 2030:** We expect the share of Light green revenue to slightly increase following energy efficiency improvements in existing buildings. A small portion of buildings we assess as Yellow could transition to Light green, while some Light green buildings could shift to Medium green.

 <b>Yellow</b>	<b>14</b>	<b>22</b>	<b>14</b>
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**Activities:** Existing buildings that do not meet the green criteria, are not heated by fossil fuels, have been screened for physical climate risks; Parking lots.

**Future revenue estimate for 2030:** We expect the share of Yellow revenue to slightly decrease.

 <b>Orange</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**Activities:** None

**Future revenue estimate for 2030:** Not applicable

 <b>Red</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**Activities:** None

**Future revenue estimate for 2030:** Not applicable

As of 2024. Most accounting systems do typically not provide a breakdown of revenue and investments by environmental impact, and the analysis may therefore not be directly comparable with annual reporting. Opex--operational expenditure. Capex--Capital expenditure. Source: S&P Global Ratings.

## Shade Rationale

**We assign Fabege a current shade of Medium green, indicating that through efficient property management, 86% of its revenue now stems from buildings we classify as green.** In 2024, key investments were made in property portfolio management and construction of energy-efficient buildings we assigned a Medium green shade. There were no property acquisitions or sales during 2024.

**Fabege's properties are connected to district or low-carbon heating and have no exposure to direct fossil-fuel-powered heating, which limits transition risks.** Sweden's commitment to clean energy and building regulations with sustainability elements reduce the country's real estate sector's exposure to climate-related risks compared to other jurisdictions. In 2024, the majority of energy used for district heating came from renewable and waste-to-energy sources, with a minimal share from fossil fuels. This has led to carbon intensity below the EU average. Also, a large share of Sweden's electricity supply is from renewable sources, with hydropower,

nuclear, and wind contributing 90.5% of the total generated in 2024. In 2024, Fabege sourced 90% of its purchased district heating from renewable and waste-to-energy sources (market based). Additionally, the company generated its own renewable energy, with on-site solar power production reaching 1.8 kilowatt hours per square meter of calculated heated floor area (kWh/sqm Atemp).

**Fabege's assets have been screened for material physical climate risks, and the company is planning action to limit its exposure.** In 2024, Fabege screened all its assets in accordance with the EU Taxonomy and drew up adaptation solutions accordingly. Assessment of physical risks has been a key factor in assigning a shade of green associated with the activities outlined below.

**The majority (74%) of capex is tied to two construction projects, each with an EPC of A.** We consider this to signify strong energy efficiency performance, albeit with varying ambitions regarding embodied carbon.

- New construction projects have significant climate impacts, in particular from embodied emissions in materials used. In Fabege's Green Financing Framework, for projects to be eligible for green financing, it has set a threshold of 300 kilograms of carbon dioxide per ground floor area (kgCO<sub>2</sub>e/GFA) for embodied emissions. Fabege reports that one project, which is a lab and office building, was started well before it set embodied-emission-reduction targets and will therefore not be eligible for green financing because it does not meet the threshold. In our view, this project is associated with high emissions in the near term, but because of its energy efficiency and resilience to physical climate risks, we assign it a Light green shade. Another project is expected to meet the 300 kgCO<sub>2</sub>e/GFA threshold, in line with Fabege's Green Financing Framework. We view this as a significant step toward reducing material emissions from usual business practices and assign the project a Medium green shade.
- Fabege states that its ongoing and upcoming projects will be located in previously developed areas, thereby limiting the biodiversity risks associated with new construction projects. Additionally, Fabege has set an internal net gain target for biodiversity that aims to enhance habitat units around its properties, via features such as green roofs and walls, to provide habitats for various species and improve air quality and by developing green spaces that support local flora and fauna. However, current practices might not sufficiently mitigate these risks, even in stringent regulatory environments.

## Climate Transition Plan

### Future Shade

**We assign Fabege a future shade of Medium green by 2030.** Enhancing the energy efficiency of existing buildings has long been a cornerstone of the company's sustainability strategy, with notable progress already achieved. We anticipate that ongoing investments in energy efficiency will sustain and slightly enhance energy efficiency. Given the expected completion of energy-efficient newbuilds by 2030, the overall portfolio size is expected to rise slightly, leading to a small increase in the share of Medium green buildings. This, in turn, will drive limited growth in Medium green revenue. The company plans to enhance its sustainability efforts by setting a net-zero emissions target aligning with the SBTi in 2026.

Future Shade  
By 2030



## Transition Progress

**With already strong energy efficiency, achieving further improvements in energy performance is becoming increasingly challenging, as reflected in a Limited transition progress score.** We also consider that Fabege will likely maintain a high share of energy-efficient buildings in its portfolio, with a slight improvement in energy performance and enhanced efforts to reduce value chain emissions by 2030. Although the company's scope 1 and 2 emissions target is unlikely to significantly affect future revenue, due to its minimal share of total emissions, we believe that aligning with the SBTi and implementing measures to reduce embodied carbon will help Fabege reduce its scope 3 emissions. This strategic focus on emission reductions not only supports sustainability goals but also positions the company well to mitigate potential regulatory and market risks in the future.

### Transition Progress

Extent of change between the current and expected activities



**Limited**

## Transition plan summary

Key targets	→	Actions and investments	→	Expected impact on revenue
Reduce the intensity of scope 3 greenhouse gas emissions from development of projects 50% by 2030		Finalize current development projects, meeting high sustainability criteria		Slightly increasing the proportion of Medium green buildings and incrementally increasing Medium green revenue
Set new SBTi targets to achieve net-zero emissions across all scopes		For renovation projects in the short term, Fabege aims to achieve a circularity index of 20%, meaning at least 20% of construction materials must be reused or contain recycled and renewable content. Additionally, it operates a full-scale reuse hub in Solna Business Park to support this initiative		
Circularity index of 50% for renovations by 2030		Establishing a quantitative net-zero emissions target in line with the SBTi methodology		
Reduce the property portfolio's energy intensity to less than 70 kWh/sqm Atemp by 2025		Investments in energy efficiency		This target will not significantly affect revenue. However, Fabege has a track record of increasing its ambition, and we expect its continued work toward improving energy efficiency to slightly increase green revenue
Reduce absolute greenhouse gas emissions – scopes 1 and 2 at least 90% by 2030		Investing in solar panels every year, corresponding to at least 320 megawatt hours (MWh) in new and existing properties		Likely to have a low impact on green revenue
		Purchasing 100% renewable energy		

Source: S&P Global Ratings.

## Metrics And Targets

### Peer comparison

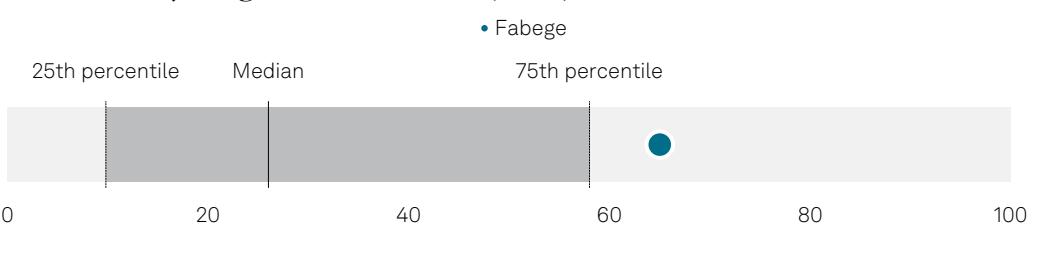
We assess Fabege's revenue mix, which comprises a high share of energy-efficient buildings, as Medium green, a strong result globally. Most real estate activities are typically assessed Yellow or Orange. A high share of Medium green revenue (64%) positions Fabege among the leading real estate companies in the world.

Fabege's investment in increasing the energy efficiency of its existing portfolio, and screening for physical climate risk has resulted in a high share (65%) of revenue aligned with the EU

**Taxonomy.** Fabege is well above the 75<sup>th</sup> percentile among peers, indicating strong energy efficiency. It is Fabege's intention that all projects, ongoing and those in early stages, to be aligned with the EU Taxonomy and to further increase Taxonomy-aligned revenue in the long-term.

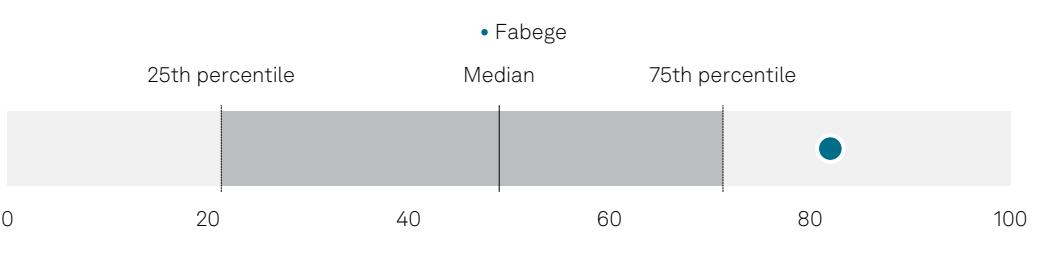
**Fabege is well ahead of its peers in terms of certified buildings, which we view as a relevant indicator of the Shade of Green for real estate.** Fabege has a high share of certified floor area (82%) that places it well above the 75th percentile. Green building certifications, despite limitations, cover a broad set of environmental issues and can be a good indicator of the overall environmental performance of a building. Fabege primarily relies on the BREEAM-In Use certification scheme for its existing portfolio, and BREEAM-SE New Construction for development projects. Such point-based certification systems typically allow a low score in one area, such as energy, to be offset by a high score in another, like wellness. This flexibility means that buildings with the same certification level may exhibit significant differences in actual performance, particularly in energy efficiency and climate resilience.

### EU Taxonomy-Aligned Revenue, % (2024)



Source: S&P Global Ratings. Notes: Based on public disclosures of EU Taxonomy aligned revenues. Data was collected for the latest year of either 2023 and 2024. Based on a sample of 32 European real estate companies representing at least 50% of sector revenues in 2023. Data in the chart represents 26 companies for which there were public disclosures.

### Floor area covered by sustainability certifications, % (2024)



Source: S&P Global Sustainable1, S&P Global Ratings. Notes: Sustainability certifications are those accepted by GRESB Reference Guide Appendix, including LEED, BREEAM and a range of other schemes. Data was collected for the latest year of either 2023 and 2024. Based on a sample of 47 European real estate companies representing at least 50% of sector revenues in 2023. Data in the chart represents 23 companies for which there were public disclosures.

## Transition targets

**Fabege has set targets for reducing all relevant emissions by 2030, both at the operational and portfolio levels, but a long-term emission-reduction target is yet to be defined.** Currently, Fabege has SBTi-validated emission targets developed using guidelines for small and midsize enterprises. These guidelines do not require quantifiable targets for scope 3 emissions, which represent Fabege's most significant source of emissions. To address this gap, Fabege has set additional targets, including a 50% reduction in the emission intensity of development projects and the introduction of a circularity index for renovation projects. Although these targets focus on emission intensity, currently there are no net-zero targets beyond 2030. To address this, Fabege is in the process of updating its SBTi targets, which is expected to result in more comprehensive verified targets for scope 3 emissions. It is encouraging that Fabege reports on all three scopes of emissions and demonstrates transparency in line with the GHG Protocol in its annual report.

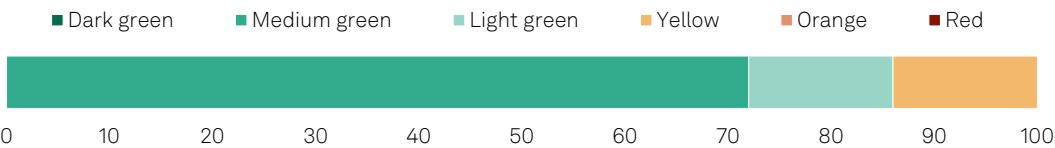
## Target time frames

Transition metrics	Baseline metric	2023	2024	2025	2030
Reduce absolute scopes 1 and 2 greenhouse gas emissions by at least 90% by 2030	1,925 tCO2e (2018)	1,711 tCO2e (11% reduction)	1,835 tCO2e (4.7% reduction)	-	192.5 (90% reduction)
Reduce the intensity of scope 3 greenhouse gas emissions from development projects 50% by 2030	440 kg CO2e per square meter (2019)	-	410 kg CO2e per square meter (6.8% reduction)	-	220 kg CO2e per square meter (50% reduction)
Circularity index of 50% for renovations by 2030.	-	-	6%	-	50%
Reduce property energy intensity to below 70 kWh/sqm Atemp by 2025	108 kWh per square meter (2018)	71 kWh per square meter (34% reduction)	70 kWh per square meter (35% reduction)	-	-
Increase installed solar power to 2.5 kWh /sqm Atemp in existing and 5.0 kWh/sqm Atemp in new buildings by 2030	-	1.7 kWh per square meter	1.8 kWh per square meter	-	2.5 and 5 kWh/sqm Atemp

tCO2e--Tons of carbon dioxide equivalent. Source: Company Reporting and S&P Global Ratings

## Actions And Investments

### 2024 Capex breakdown by shade (% of total)



Source: S&P Global Ratings.

**Overall, Fabege's strong historical performance and ongoing sustainability efforts position it effectively to meet its climate targets, addressing key sustainability risks.** The company improved the energy efficiency of its real estate portfolio in 2024 and has measures in place to reduce buildings' energy use further. We expect Fabege will continue to meet the stringent sustainability criteria for newbuilds, with commendable efforts to enhance circularity, leading to lower embodied carbon; and limited exposure to physical climate risks. In addition, the company is well positioned to meet its onsite renewable energy generation target.

**We expect Fabege's ongoing investments in energy efficiency to result in a modest increase in Medium green revenue.** In 2024, the company reduced the average energy intensity of its portfolio to 70 kWh per square meter from 108 kWh in 2018. Fabege has demonstrated a continuous decrease in energy use over the last 20 years and strengthened its energy performance targets, achieving a 64% reduction overall compared to 2005. Fabege has a long-term capex plan for all properties. It invests approximately SEK600 million per year in the property management portfolio, ranging from ventilation and energy-efficiency improvements to tenant customizations. Fabege will also continue investing in solar panels every year, corresponding to at least 320 MWh in new and existing properties. Solar panels are always included in the planning stage for new properties. Fabege is, therefore, well positioned to meet its onsite renewable energy generation target, in our view. The company is currently at 1.8 kWh/sqm Atemp, which corresponds to a 5.9% increase compared to 2023.

**A strong achievement is that one of the construction projects achieved a BREEAM-SE score of Outstanding.** This is a strong result, since few BREEAM-certified buildings meet such criteria. It is expected that this newly completed property, which we assess as Medium green, will start generating revenue in 2025. This will lead to an incremental increase in Medium green revenue. This project is expected to achieve an EPC category A. Fabege has worked actively to halve the building's CO2 footprint, including the façade, which consists of 5,000 sqm of recycled brick and climate-improved concrete used in the frame. During production, the project incorporated alternative fossil-free fuels and waste minimization measures. The project also included solar panels on the roof and green sedum surfaces for water retention and biodiversity.

**New development projects will likely receive a Medium green shade, since Fabege has set sustainability criteria that address key sector concerns, including energy use, embodied carbon, and physical risks.** In addition, all new developments are required to achieve BREEAM-SE certification of Excellent. Although Fabege has no immediate plans for new construction projects, we expect potential opportunities to emerge before 2030. Given its strong historical performance, we believe Fabege will continue to meet its sustainability criteria for new builds.

**Fabege is actively working on circularity, both by measuring the circularity rate in projects and through targeted investments in related initiatives.** A key element of Fabege's reuse strategy is the Reuse Hub, a 2,000 sqm facility designed to temporarily store reused materials, addressing the logistical challenges of matching supply and demand. Fabege has also opened Stockholm's first reuse park in Arenastaden, which is a branch of its Reuse Hub and will become a center for reused trees, bushes, and outdoor materials waiting to be moved to new locations. Currently, Fabege is dismantling four properties in Arenastaden, totaling 30,000 sqm, with a significant

focus on reuse and recycling. The company's objective is for at least 80% of materials in these four dismantled properties in Arenastaden to be reused or recycled into new materials.

**The company might invest in the acquisition of properties before 2030.** The portfolio is expected to remain generally consistent. However, Fabege notes that property transactions are a natural part of its business and that it analyzes its property portfolio to take advantage of opportunities to increase value growth, both through acquisitions and sales. In 2024, Fabege did not sell any properties and made no acquisition. In its due-diligence process, sustainability is a key consideration. According to Fabege, if it acquires a property with lower energy efficiency than its existing portfolio, it is with the intention of turning it into a green property through energy-efficiency measures.

**Fabege will strengthen emission reduction targets by aiming to achieve net-zero emissions**

**across all three scopes.** Next year, Fabege intends to update its greenhouse gas emission-reduction targets and set a new long-term net-zero target that covers the entire value chain. In 2024, Fabege's most significant emissions came from property development, which represented 84% of total emissions. These emissions increased by 28.6% compared to 2023. This rise is largely due to the completion of three projects in 2024, up from one project the previous year. Despite this increase, ongoing projects are forecast to have at least 35% lower embodied emissions compared to 2018 levels. Additionally, the company achieved a 32% reduction in indirect emissions (scope 3) last year when compared to the 2018 baseline, highlighting its overall progress in sustainability efforts.

**Fabege has enhanced its efforts to address physical climate risks.** In 2024, the company conducted a material physical climate and vulnerability risk assessment in accordance with the EU Taxonomy. The assessment was conducted at the property level and covered all assets in its portfolio, including buildings that were not screened for physical climate risks previously. Fabege identified increased precipitation and flooding as one of the main risks based on its asset-level climate resilience analyses. Its adaptation solutions primarily encompass actions within ongoing maintenance and daily operations of the properties.

## Implementation Drivers

**Fabege is well positioned to execute its sustainability strategy and slightly increase its energy-efficient property portfolio.** As a Swedish company operating under one of Europe's most advanced sustainability legislations, it is well placed to navigate and mitigate transition risks arising from the region's evolving regulatory environment.

**The company has established sound governance mechanisms that underpin and enable the successful implementation of its transition strategy.** The board of directors continues to hold overall responsibility for shaping Fabege's sustainability strategy and following up on its work on sustainability. Fabege has a dedicated sustainability department, which develops sustainability activities, and under the supervision of the Head of Sustainability, proposes objectives and actions in an integrated way. The Head of Sustainability coordinates and oversees sustainability issues and reports annually to the board. As of Jan. 1, 2024, the Head of Sustainability is also a member of the executive management team.

**Fabege is leveraging sustainable finance to fund its transition plan.** As of Sept. 30, 2025, the company has reported 99% green financing, which includes green bonds, loans, and commercial paper linked to its recently updated green financing framework. The requirements it has for each building eligible for financing provide an incentive for management to continue to build, acquire, or renovate buildings meeting stringent green criteria.

**As a Swedish company with an energy-efficient real estate portfolio, Fabege is well positioned to mitigate transition risks associated with evolving regulation and rising operational costs.**

Sweden has a notable history of enforcing rigorous building standards compared to many other countries. For instance, in 2021, it mandated that all new construction include a climate declaration, accounting for emissions from raw material extraction through to the building's operational phase. Beyond national mandates, Sweden also aligns with EU directives, such as the

Energy Efficiency Directive, which encourages the development of greener, more sustainable buildings. For companies that invest proactively in energy efficiency, the benefits extend beyond regulatory compliance. Lower energy costs and increased property values all become tangible benefits. On the other hand, firms managing energy-intensive properties face mounting operational expenses and potential penalties, leaving them more vulnerable to the risks inherent in an evolving regulatory and environmental landscape.

**Despite Sweden's advanced sustainability regulation, the current regulatory landscape falls short of what is needed for net-zero ambitions, in our view.** This could hinder property owners from launching large production of self-produced energy and reducing emissions in the building sector. For instance, on several properties, the company has had the opportunity to develop large-scale solar power installations exceeding 500 kWh. However, these initiatives were not pursued due to the considerable additional costs arising from taxation. Furthermore, Sweden's building codes set high technical functionality and documentation requirements for equipment and materials, which may prevent reused and recycled components from being used and these processes to be developed at scale.

**Fabege relies on district heating suppliers to meet its scope 2 reduction targets, but these suppliers are reducing emissions slower than initially anticipated.** Historically, district heating suppliers have not been performing at the expected rate of decarbonization. To mitigate this risk, Fabege has invested resources in steering its energy suppliers toward fully fossil-free operations, both independently and through strategic industry collaborations. Two of the company's three suppliers are now in the final stage of phasing out direct fossil fuel combustion. However, waste incineration persists, and the resulting emissions continue to represent a significant portion of Fabege's scope 2 emissions.

## Nasdaq Green Designation

### Nasdaq Green Equity Designation

S&P Global Ratings confirms that Fabege meets the requirements for the Nasdaq Green Equity Designation set out in Nasdaq's Green Equity Principles.

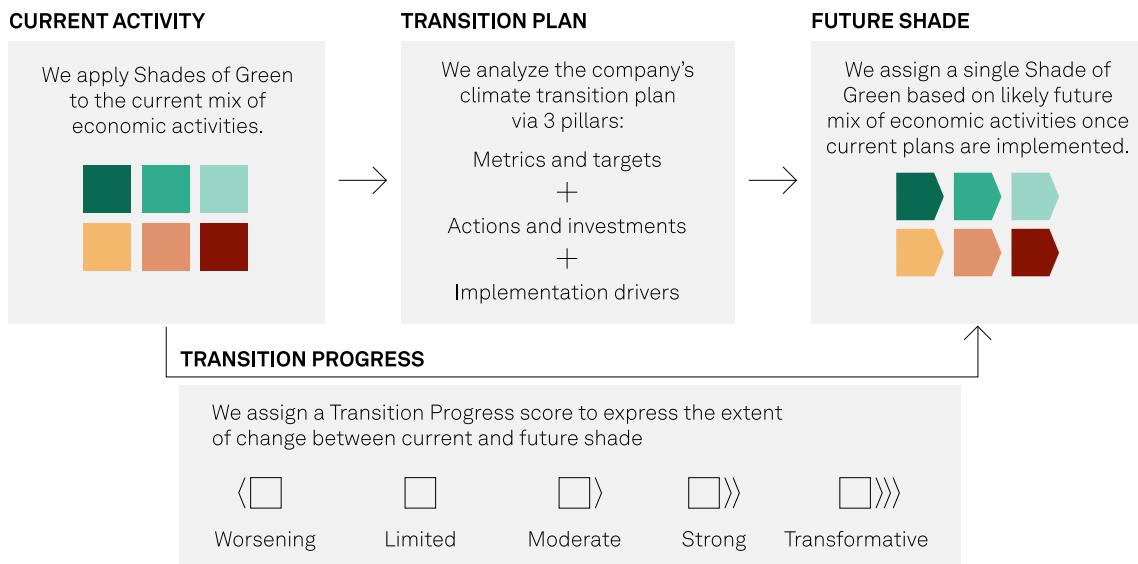
In 2024, 86% of Fabege's turnover came from assets with some Shade of Green, exceeding the 50% threshold for green activities for company turnover. The sum of opex and capex allocated a Shade of Green is 85%. This exceeds the 50% threshold for investments, defined as the sum of capex and opex. In 2024, Fabege had no turnover derived from fossil-fuel-based activities, meeting the threshold of less than 5% of turnover being derived from such activities.

In addition, Fabege meets Nasdaq's transparency requirements on EU Taxonomy alignment, environmental targets, and key performance indicators (KPIs). The company has reported its EU Taxonomy data publicly in its annual report. It has reported environmental targets and KPI data publicly in its annual report.

Investors should note that the statements above are the results of S&P Global Ratings' assessment.



## Assigning a Shade for S&P Global Ratings' Climate Transition Assessment



Source: S&P Global Ratings.

### S&P Global Ratings' Shades of Green

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

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

## Related Research

- [Analytical Approach: Climate Transition Assessments](#), May 29, 2025
- [FAQ: Applying Our Integrated Analytical Approach For Climate Transition Assessments](#), May 29, 2025
- [Analytical Approach: Shades Of Green Assessments](#), Jul. 27, 2023

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