



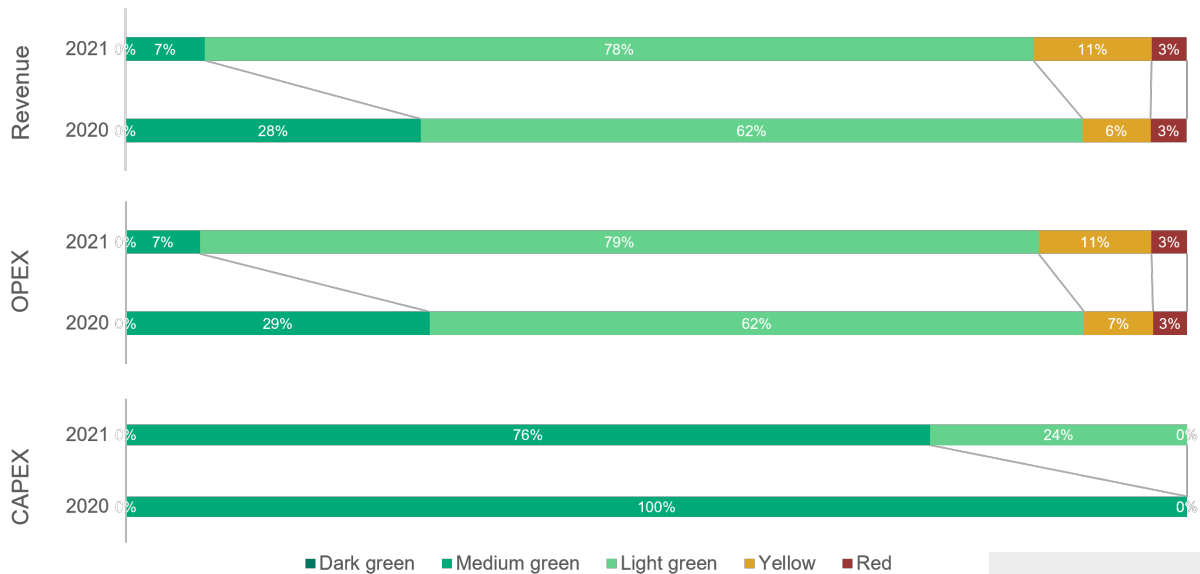
# Lamor Corporation Plc Shades of Green Assessment Update 2023

6 January, 2023

 Sector: Waste management  
 Region: Finland/Global

## EXECUTIVE SUMMARY

**Lamor Corporation Plc (Lamor) is a global provider of environmental services headquartered in Finland.** The company provides equipment and services within oil spill response, waste management and water treatment.



**Figure 1: Shading of revenue and investments for Lamor from 2021 to 2022**

**CICERO Green considers that Lamor carries out needed waste and water treatment activities and makes a positive contribution to the circular economy.** Lamor’s business model originally focused on oil and gas waste and emergency response, but Lamor is diversifying its business into new areas within water and waste management. One example is the development of a system utilising plastic waste from rivers and landfills to create recycled raw materials. Investors should be aware that Lamor is still engaged in activities needed by the oil and gas sector in their development of new oil and gas fields.

**A Shade of Green has been allocated to 85,6% of Lamor’s revenue, 11,1% of the activities were allocated the Yellow shading and 3,3% of these activities have been allocated the Red shade. Similarly, 86% of Lamor’s operational costs were allocated a Shade of Green, 10,6% of the activities were allocated the Yellow shading and 3,4% of these activities have been allocated the Red shade. 100% of the investments have been allocated a Shade of Green.** The Medium Green shade has been allocated to revenue and operational expenses from Lamor’s equipment and services related to water treatment and waste management not related to ongoing oil and gas activities. Treatment of polluted water is a

### Nasdaq Green Designation Annual Renewal<sup>1</sup>

Based on this review, CICERO Shades of Green assesses that Lamor meets the Nasdaq Green Equity Designation requirements for annual renewal as set out in the Nasdaq Green Equity Principles. The final confirmation of the Green Designation annual renewal is subject to Nasdaq approval.

<sup>1</sup> CICERO Shades of Green is an approved reviewer to assess alignment with the Nasdaq Green Equity Principles, [Nasdaq.com/Solutions/Nasdaq-Nordic-Green-Designations](https://www.nasdaq.com/Solutions/Nasdaq-Nordic-Green-Designations)

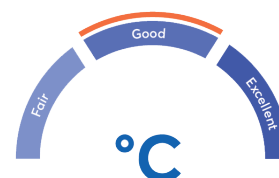
necessary activity for the low carbon and climate resilient future. Remediation of contaminated lands will allow for the use of previously contaminated soil and will reduce negative local impacts. Finally, Medium Green is allocated to R&D-activities representing new business areas not related to oil and gas. These were acquisitions or R&D activities related to new business areas with a focus on increasing the capabilities the areas of restoration of accidentally or diligently contaminated soils and increasing the business opportunities in water. In addition, Lamor has made investments in plastic recovery from waters and their treatment to increase recycling. The Light Green shade is allocated to revenue and operational expenses related to equipment for oil spill mitigation and emergency response for customers not related to oil and gas. While representing a barrier towards oil spill contamination, the activity is currently closely linked to the use of fossil fuels and associated with climate risk. Investors should also note that there are some emissions related to all Lamor’s green activities.

**Revenue originating from waste management services for ongoing upstream oil and gas activities and oil spill contingency equipment for oil and gas exploration and production are directly associated with high climate and environmental risks and are allocated a Red Shading.** However, for existing oil and gas fields where waste is clearly treated to a higher level than required by the national environmental authorities, activities have been allocated a Yellow shade. The IEA<sup>2</sup> has indicated that we can no longer make new investments in upstream oil and gas if we are to keep global warming below 1,5°C, independent on ambition level related to waste handling and emergency response.

**CICERO Green has assessed that the activities defined currently by the EU Taxonomy are only relevant to a minor share of Lamor’s activities.** Lamor mainly treats hazardous waste, which is not included in the established Delegated acts to the EU Taxonomy. We assess the company’s water treatment activities mainly to relate to the environmental objective Sustainable use and protection of water and marine resources, where a delegated act specifying the requirements has not yet been issued.

**Investors should note that CICERO Green has relied on the company’s documentation and not conducted their own research on Lamor’s solution.** Furthermore, our assessment is based on data reported or estimated by the company and has not always been verified by a third party.

**Lamor has taken steps to strengthen its environmental governance in 2022, like publishing its first sustainability report, and strengthening its scope 3 emission reporting.** As a result, Lamor has been allocated a Good governance rating. It has established overarching sustainability targets, but still lacks quantified environmental targets with a defined timeline. Lamor is aware of the most salient climate risks but has not yet carried out systematic climate risk assessment. We encourage Lamor to include climate scenarios when mapping and mitigating physical climate risks.



**Figure 2: CICERO Green assesses Lamor’s governance structure and practice to be Good.**

Table 1: Sector Specific Metrics for Lamor				
	Scope 1, 2 and 3 emissions (t CO <sub>2</sub> e)	Solid waste managed (m <sup>3</sup> )	Wastewater treated (m <sup>3</sup> )	Share of waste recovery (reuse and recycling)
<b>2021</b>	5,870	51,776	14,879	100%
<b>2020</b>	1,096	27,560	7,714	100%
<b>2019</b>	-	119,274	8,495	100%

<sup>2</sup> Net Zero by 2050 – Analysis - IEA



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# 1 Lamor's key developments 2022

## Company update

Lamor Corporation Plc (“Lamor” or “the company”) is a global provider of environmental services headquartered in Finland, providing equipment and services within environmental protection especially within oil spill response and material recycling concentrating on waste management and water treatment services. The business segment names have been updated late 2022, the new names of the segments are written in parentheses.

- ✓ **Oil spill response (Environmental protection).** Lamor is providing equipment and services for oil spill emergency response globally. Services include i.a. oil spill response preparedness, oil spill clean-up services, training and consultancy. Customers include businesses in need of oil spill response, including the upstream oil and gas sector, bio-based businesses, the maritime sector and the public sector.
- ✓ **Waste management (Material recycling / waste management and soil remediation).** Lamor is offering total waste management services to the oil and gas sector and other industrial activities. The company is also offering waste management services related to i.a. soil remediation, to MARPOL<sup>3</sup> accredited waste reception facilities, and waste material recovery and recycling. Customers include the oil and gas sector, other industrial activities, utilities and the public sector. Lamor is entering into chemical recycling of plastics and first investments within these activities have been made in 2022.
- ✓ **Water treatment (Material recycling / water treatment).** Lamor's water treatment solutions are used for both industrial and municipal water treatment. Customers are the upstream and downstream oil and gas sector, heavy industries, port authorities, the aquaculture, manufacturing industries, pharmaceuticals, municipalities, and food manufacturing. Solutions include among others desalination using reverse osmosis, containerized drinking water plants, and legionella disinfection systems.

Lamor combines oil spill response (OSR) technologies, water treatment technologies and waste management technologies for its clients, decreasing the amount of emissions and increasing its customer revenue streams from re-use and resells of the materials produced through the waste and water treatment processes. Lamor is not involved in reselling of waste recovered.

Lamor was founded in 1982. Through its partner companies, subsidiaries and associated companies, Lamor operates in over 100 countries within Middle East and Africa (2021: 44% of revenue), North and South America (2021: 23% of revenue), Europe and Russia (2021: 22% of revenue), and the Asia Pacific (2021: 12% of revenue). Lamor had 290 own employees at the year-end 2021 and around 1,200 individuals in their network. The company assessment focuses on the assessment of information and on input on revenues, operational and capital expenditures provided by the issuer for the fiscal year 2021.

Lamor has a production facility in Porvoo, Finland, where equipment is developed and assembled. Lamor's main subcontractors are located in Finland, but the company also has subcontractors in e.g. China, UK and the USA.

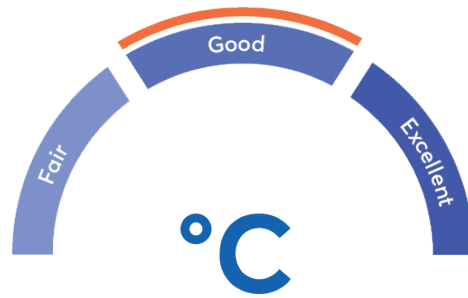
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<sup>3</sup> International Convention for the Prevention of Pollution from Ships (MARPOL) ([imo.org](https://www.imo.org))

### Governance Update

The overall assessment of Lamor’s environmental governance structure gives it a rating of **Good**. Lamor published its first sustainability report in 2021, including its materiality assessment and emission reporting. It has established overarching sustainability targets, but still lacks quantified environmental targets with a defined timeline.

Since the last assessment, Lamor has strengthened its scope 3 emission calculations, which are in line with the Greenhouse Gas(GHG) Protocol. In its 2021 sustainability report, it has expanded scope 3 reporting from looking at the transportation of goods to include purchased goods and services, upstream transportation and distribution, business travel and upstream leased assets.



Lamor has a strong focus on environmental and social risks. The company has an employer CoC and a HR-policy, and suppliers and customers are screened for risks related to among others HR-violations. The CoC was updated in 2021. Furthermore, the company is in the process of establishing environmental requirements for the suppliers. The plan is for this to be implemented in Q1 in 2023. The requirements will firstly be a way to make suppliers aware of the environmental expectations of Lamor, where the plan is to tighten the criteria with time. The criteria will be reviewed annually or biannually.

Even if some operational sites are permanently located, most of Lamor’s operations do not have a permanent location, but might still be exposed to climate risk from e.g. pollution from flooding of waste sites. Lamor is therefore assessing how climate change might impact their needs to enhance and reinforce their products and services. Lamor is as such aware of the most salient climate risks they are exposed to but has not yet carried out systematic climate risk assessment of their operations and supply chain. Lamor could benefit from using scenarios for mapping and mitigating physical climate risks.

### Key performance indicators

Table 2: Energy Mix for Lamor			
Energy Source	2020	2021	Comments
<b>Biomass</b>	57%	27%	Energy mix includes electricity, heating and cooling of offices and warehouses
<b>Fossil fuels</b>	23%	16%	
<b>Geothermal</b>	10%	8%	
<b>Nuclear</b>	7%	9%	
<b>Renewables (mix of source)</b>	3%	31%	
<b>Total</b>	100%	100%	

The variation in the energy mix between 2020 and 2021 is caused by the fact that some locations had a reduced energy consumption because of the Covid pandemic. For example, its Porvoo location in Finland use renewable energy, where the energy consumption was significantly reduced in 2020 causing the share of renewables to massively increase in 2021 when activities continued as before the pandemic.

**Table 3: The table summarises Lamor CO<sub>2</sub>-emissions and main CO<sub>2</sub>-emission reduction targets**

Emissions	Total (tons CO <sub>2</sub> e <sup>4</sup> )	Scope 1	Scope 2	Scope 3
<b>Main Targets</b>	Reduce emissions in its value chain		Increase the use of green energy	Reduction in use of virgin or unsustainable materials in its products, assess possibilities and economical feasibility to recycle and reuse products. Create a model for life cycle assessments for its products and services.
<b>2021</b>	5,870	96	137	5,637
<b>Main sources 2021</b>		Emissions from company owned vehicles	Electricity, heat and cooling offices and warehouses,	Category 1 – purchased goods and services; category 4 – upstream transportation and distribution; category 6 – business travel; category 8 – upstream leased assets.
<b>2020</b>	1,096.1	40.3	51.8	1,004
<b>Main sources 2020</b>		Emissions from company owned vehicles	Electricity, heat and cooling offices and warehouses,	Transportation of sold products. (Business travel being a minor contribution)
<b>Change 2021-2020</b>	+ 435%	+ 138%	+ 164%	+460%

Total emissions increased in 2021 to 5,637 tons CO<sub>2</sub>e, a 460% increase from the previous year. The company has informed us that the reason for the drastic increase in emissions is caused by a more detailed reporting where more scope 3 categories are added. Additionally, total electricity and fuel consumption was a lot higher in 2021 compared to 2020 due to Covid. Lamor also had new locations in 2021 in Saudi Arabia, where these services create emissions in a form of office cooling and fuel consumption.

<sup>4</sup> CO<sub>2</sub>e, carbon dioxide equivalent is a measurement term for greenhouse gas accounting.



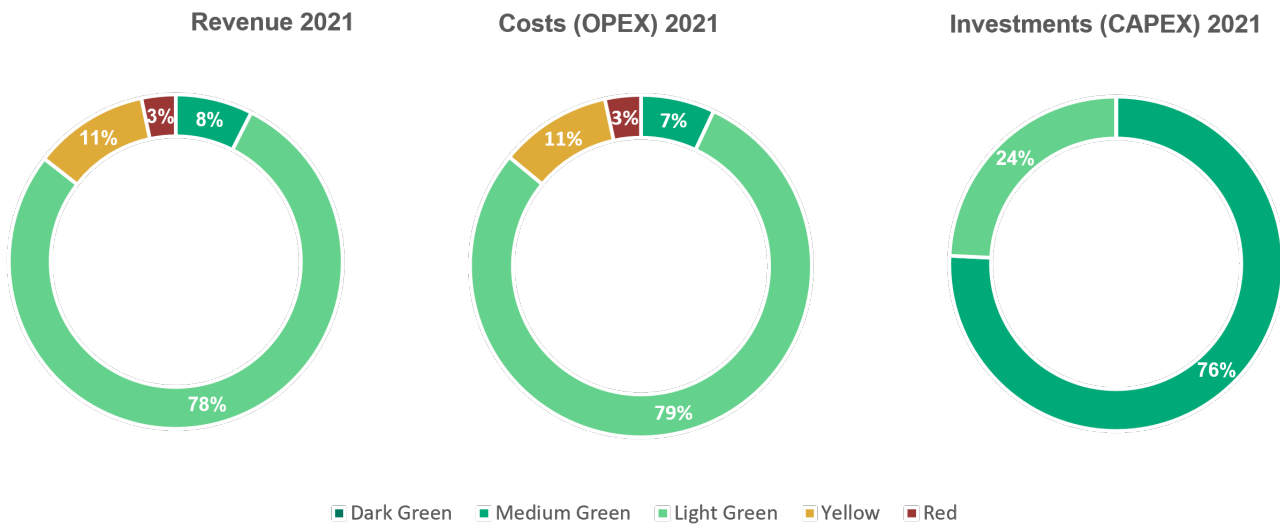
**Table 4: Solid waste and wastewater treated**

	Solid waste managed (m <sup>3</sup> )	Wastewater treated (m <sup>3</sup> )	Share of waste recovery (reuse and recycling)
<b>2019</b>	119,274	8,495	100%
<b>2020</b>	27,560	7,714	100%
<b>2021</b>	51,776	14,879	100%
<b>Comments</b>			Treated water is reused in remediation operations

Volumes of waste treated went down from 2019 to 2020, mainly due to the Covid-19 pandemic, while from 2020 to 2021 volumes went up again as activities went back to pre-pandemic levels.

## 2 Assessment of Lamor’s revenues and investments

### Shading of Lamor’s revenue, operating expenses and investments



**Figure 2: Shading of revenue, operating costs and capital expenditures in 2021 for Lamor**

According to CICERO Green’s methodology a Shade of Green should be allocated to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

Lamor offers a range of equipment and services within oil spill response, waste management and water treatment services. The company is diversifying its business into new areas within water and waste management but is at the same time consolidating its business within oil and gas waste management. In assigning a Shade of Green to Lamor’s activities, we have considered Lamor’s Governance Score of Good and the company’s management of key environmental concerns. A shade of Green has been allocated to 85,6% of Lamor’s revenue, 11,1% of the activities have been allocated the Yellow shade, and 3,3% of these have been allocated the Red shade. Operating expenses have been shaded similarly, 86 % have been allocated a shade of Green, 10,6 % the Yellow shade and 3,4% the Red shade. 76% of Lamor’s investments have been allocated a Medium green shading and 24% a Light green shading.

**Medium Green** is allocated to projects and solutions that represent steps towards the long-term vision but are not quite there yet. These activities provide a valuable environmental service, but there are some fossil fuel elements and emissions associated with the life cycle of these technologies. The following activities have been allocated a Medium Green shading:

- ✓ Revenue from Lamor’s equipment and services related to water treatment for corporate and governmental customers not associated with ongoing oil and gas operations. Lamor’s water treatment activities contribute to the treatment of polluted water, a necessary activity for the low carbon and climate resilient future. Industrial and municipal activities produce large volumes of wastewater, and re-use of wastewater through cleaning will be increasingly important for water security. The International Panel on Climate Change (IPCC)



has concluded that about 80% of the world's population already suffers from threats to water security and that climate change can worsen the availability of water and further threaten water security<sup>5</sup>. Water treatment is crucial to climate adaptation. However, the treatment systems also have emissions and negative environmental impacts associated with the process, resulting mainly from the use of energy and chemicals in the use phase, and the treatment of waste resulting from the water treatment. In addition, there are emissions and environmental impacts associated with the production of the systems. Parts of Lamor's water treatment technologies have a low physical footprint and is easily transportable, and some technologies are estimated by Lamor to use less energy than similar equipment from competitors (e.g. the system for legionella disinfection use 10-12% less energy than competitors). Revenue associated with water treatment using a technology that is in line with or slightly better than peers and with inherent fossil elements are shaded Medium Green.

- ✓ Revenue from services related to waste management treatment centers and on-site waste management not related to active oil and gas operations. The on-site waste management services are mainly clean-up operations and the remediation of contaminated lands and oily waste. Soil treatment and recovery will allow for the use of previously contaminated soil and will reduce negative local impacts. The oil recovered will contribute to avoided GHG-emissions as it replaces virgin oil. Revenues are also generated from collection and treatment of hazardous and non-hazardous waste for corporate and governmental customers. This includes operation of port waste reception facilities in line with requirements in MARPOL<sup>6</sup>, as well as training and consulting services. Appropriate waste treatment will reduce the risk of local pollution and improve material recovery, which is key to the circular economy and to reducing the climate impact of the relevant sector. However, there are still some emissions related to the activities, both from the production of the equipment, from the use phase - particularly if the equipment is powered with fossil fuels, and from the end use of the oil being recovered.

**Light Green** is allocated to transition activities. These projects and solution contribute to a lowering of emissions or have environmental benefits, but do not by themselves represent or contribute to the long-term vision. The following activities have been allocated a Light Green shading:

- ✓ Revenues related to equipment for oil spill mitigation and emergency response to corporate and governmental customers, including e.g. ports and coast guards, but excluding oil and gas companies. This equipment represents a valuable barrier towards oil spill contamination in case of an oil spill, and to reduced environmental impacts through cleanup of potential leaks. According to the company, Lamor's oil skimmers used in emergency clean-up are more efficient than competitors, reducing the energy needed for the process, increasing the volume of oil recovered and reducing local impacts. However, the activity is currently closely linked to the use of fossil fuels, and it is therefore a significant climate risk associate with these activities. The equipment is needed in the transition to a low carbon future, but we expect that there will be less need for oil spill mitigation and emergency response as we transition away from oil and gas.
- ✓ Other income related mainly to the sale of leased equipment to clients. This equipment has environmental benefits, but has emissions associated with the production and use.

**Yellow** is allocated to projects and activities that do not contribute to the transition. These activities have some emissions and are exposed to climate risk. **Red** is allocated to projects and solutions that have no role to play in a low carbon and climate resilient future.

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<sup>5</sup> [SR15\\_Chapter3\\_Low\\_Res.pdf \(ipcc.ch\)](#)

<sup>6</sup> [International Convention for the Prevention of Pollution from Ships \(MARPOL\) \(imo.org\)](#)



- ✓ Revenue originating from waste management services for ongoing upstream oil and gas activities and from oil spill contingency equipment for oil and gas exploration are directly associated with the oil and gas sector and is allocated a Red Shading. However, in those cases where waste is clearly treated to a higher level than required by the local environmental authorities and to a EU-standard, activities have been allocated a Yellow Shade. In 2021 Lamor conducted such services in oil fields for existing oil fields in Guyana, Chile and Ecuador, and according to the company drilling waste was cleaned to a higher standard than required by the national environmental authorities. For its services in Guyana, Lamor's associated company Sustainable Environmental Solutions Guyana Inc (SES) has a principal contract with Exxon. Exxon is developing new oil fields in Guyana where SES works, however, Lamor has confirmed that its services are only associated with the existing oil fields. If Lamor's services also in the future support the new oil development, it will be allocated a red shading. Some of the same technology and services used for waste management services from oil spill contingency equipment can also be used for remediation of contaminated soil, reducing the risk of lock compared with a technology that is only relevant for active oil fields. Even if cleaning of drilling waste is an environmental act, it is supporting the oil and gas sector, a sector that is not part of a low-carbon solution, and it is associated with GHG-emissions.
- ✓ Oil spill contingency equipment for oil and gas exploration represents a valuable barrier towards oil spill contamination in case of an oil spill, and to reduced environmental impacts through cleanup of potential leaks. However, the oil and gas operators are dependent on Lamor's equipment to operate in line with internationally accepted standards. The equipment is contracted by companies during exploration, and as such this revenue can be supporting activities with the aim of identifying and developing new oil and gas resources. The IEA<sup>7</sup> has indicated that we can no longer make new investments in upstream oil and gas if we are to keep global warming below 1,5°C. Investments in new oil and gas fields have a high lock-in risk and have a risk of becoming stranded assets as we transition away from fossil fuels. Any activities directly associated with oil and gas exploration, or the development of new oilfields represents a high climate risk and is shaded Red.

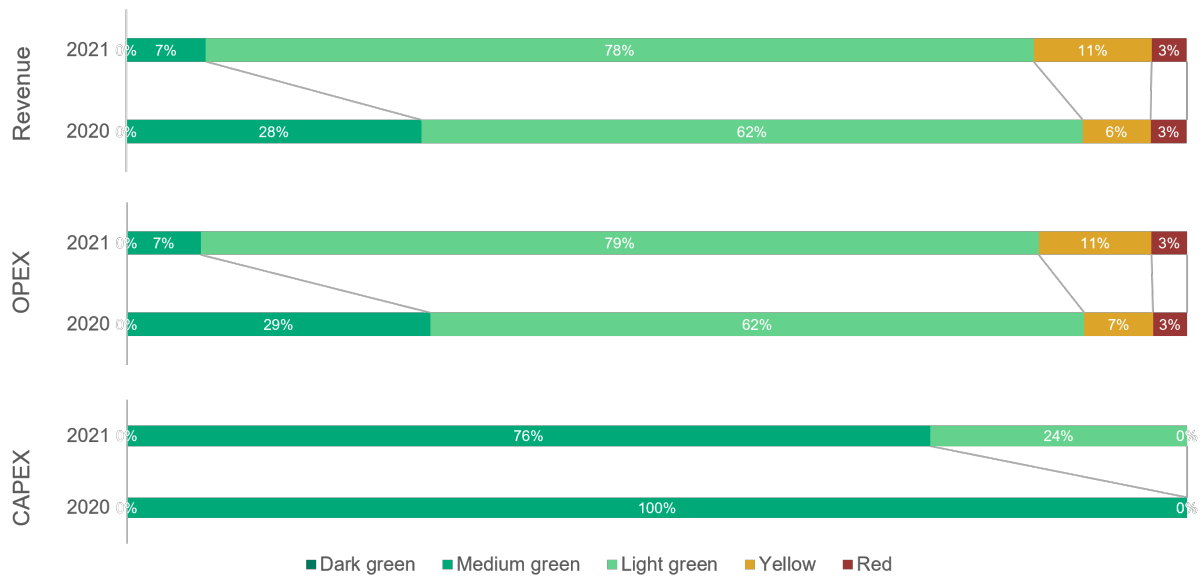
Operational expenditures are as a starting point allocated the same shade as the revenue. OPEX related to waste management services for ongoing upstream oil and gas activities, like services related to cleaning of drilling waste are shaded Yellow. OPEX related to oil spill contingency for ongoing upstream oil and gas activities and exploration is shaded Red. All OPEX for services related to water treatment, waste management treatment centers and on-site waste management not related to active oil and gas operations is shaded Medium Green. All equipment for oil spill mitigation and emergency response to corporate and governmental customers is shaded Light Green. As we do not have sufficient information to separate OPEX related to water treatment equipment, all OPEX for Equipment is shaded Light Green.

All of Lamor's investments in 2021 associated with its new businesses, focusing on waste and water treatment management activities not related to oil and gas, have been allocated a Medium Green shading. The biggest investments have been development costs relating to the building of the plastic recycling ecosystem and sustainable partner network, investment in services related to remediation of contaminated soil, investments in a chemical recycling of plastics technology company, and investments in soil remediation treatment centre. Investments related to equipment for oil spill mitigation and emergency response to corporate and governmental customers has been allocated a Light Green shading. A smaller share of investments was related to acquisitions of an ownership share in two companies related to Lamor's new business areas. Lamor had some income from sale of tangible and intangible assets (positive CAPEX), which was shaded Light Green. The company informed us that this related mainly to the sale of leased equipment to clients. This equipment has environmental benefits, but has emissions associated with the production and use.

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<sup>7</sup> Net Zero by 2050 – Analysis - IEA

Investors should be aware that Lamor is still engaged in activities needed by the oil and gas sector in their development of new oil and gas fields. Income from such activities, related to new oil and gas fields, will be allocated a Red shading even if waste is treated to a higher level than required by national authorities. However, there were no CAPEX investments nor revenues from this activity in 2021.



**Figure 3: Past shading of revenue and investments for Lamor**

Overall, Lamor achieved modest decreases in the percentages of its revenues and OPEX that received a Shade of Green. Within the Shades of Green, there has been a slight shift to lighter shades. This is primarily due to an increase in oil spill response services in Saudi Arabia. As Lamor has customers all over the world with short-term projects, it is expected that the distribution of shading change from year to year.

Investors should note that our assessment is based on data reported or estimated by the company and has not always been verified by a third party. We analyse revenue, operating costs and investments, however there is typically not an explicit link between sustainability and financial data<sup>8</sup>. Our shading often requires allocating line items in financial statements to projects or products, for this we rely on the company’s internal allocation methods. In addition, there are numerous ways to estimate, measure, verify and report e.g. data on emissions, which may make direct comparisons between companies or regulatory criteria difficult and somewhat uncertain.

### Nasdaq Green Designation

CICERO Shades of Green confirms that Lamor meets the requirements for Nasdaq Green Equity Designation set out in the Nasdaq Green Equity Principles.

In 2021, 85,6% of Lamor’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 87%. This exceeds the 50% threshold for investments, defined as the sum of CAPEX and OPEX. In 2021, Lamor had 3,3%

<sup>8</sup> Most accounting systems do typically not provide a break-down of revenue and investments by environmental impact, and the analysis may therefore include imprecisions and may not be directly comparable with figures in the annual reporting



turnover assessed shaded Red, meeting the threshold of less than 5% of the company's turnover being derived from fossil fuel activities.

In addition, this report provides transparency on alignment of the company's activities with the EU Taxonomy and transparency on the company's environmental targets and KPIs is provided.

### EU Taxonomy update

The EU Taxonomy has established six environmental objectives and issued in April 2021 delegated acts to outline proposed criteria for the two first objectives Climate change mitigation (Annex 1 to the EU Taxonomy Regulation) and Climate Change adaptation<sup>9</sup>. Lamor is mainly treating hazardous waste, which is not included in the Annex 1 on Climate change mitigation. The company has some activities related to non-hazardous waste which might be included as activities in the EU-Taxonomy (Collection and transport of non-hazardous waste in source segregated fraction and Material recovery from non-hazardous waste). However, these activities represent a small share of overall revenue, costs and investments, and have not been separated out for further analysis of alignment. Related to the water treatment activities, it is our assessment that the company's activities mainly relate to the environmental objective Sustainable use and protection of water and marine resources, where a delegated act specifying the requirements has not yet been issued. Alignment with the current delegated acts of the EU Taxonomy has therefore not been assessed in this Company Assessment.

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<sup>9</sup> [taxonomy-regulation-delegated-act-2021-2800-annex-1\\_en.pdf \(europa.eu\)](#)













### 3 Terms and methodology

This analysis aims to be a practical tool for investors, lenders, and public authorities for understanding climate risk. CICERO Shades of Green encourages the client to make this annual update to the company assessment publicly available. If any part of the annual update or company assessment is quoted, the full report must be made available. Our annual assessment update, including governance, is relevant for the reporting year covered by the analysis. This annual assessment update is based on a review of documentation of the client’s policies and processes, as well as information provided to us by the client during meetings, teleconferences, and email correspondence. In our review, we have relied on the correctness and completeness of the information made available to us by the company.

#### Shading corporate revenue and investments

Our view is that the green transformation must be financially sustainable to be lasting at the corporate level. Therefore, we have shaded the company’s current revenue-generating activities, investments, and operating expenses.

The approach is an adaptation of the CICERO Shades of Green methodology for the green bond market. The Shade of Green allocated to a green bond framework reflects how aligned the likely implementation of the framework is to a low carbon and climate resilient future, and we have rated investments and revenue streams in this assessment similarly. We allocate a shade of green to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues. In addition to shading from dark green to red, CICERO Shades of Green also includes a governance score to show the robustness of the environmental governance structure. When assessing the

Shading	Examples
 <b>Dark Green</b> is allocated to projects and solutions that correspond to the long-term vision of a low-carbon and climate resilient future.	 Solar power plants
 <b>Medium Green</b> is allocated to projects and solutions that represent significant steps towards the long-term vision but are not quite there yet.	 Energy efficient buildings
 <b>Light Green</b> 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
 <b>Yellow</b> is allocated to projects and solutions that do not explicitly contribute to the transition to a low carbon and climate resilient future. This category also includes activities with too little information to assess.	 Healthcare services
 <b>Red</b> is allocated to projects and solutions that have no role to play in a low-carbon and climate resilient future. These are the heaviest emitting assets, with the most potential for lock in of emissions and highest risk of stranded assets.	 New oil exploration



governance of the company, CICERO Shades of Green looks at five elements: 1) strategy, policies, and governance structure; 2) lifecycle considerations

including supply chain policies and environmental considerations towards customers; 3) the integration of climate considerations into their business and the handling of resilience issues; 4) the awareness of social risks and the management of these, and 5) reporting. Based on these aspects, an overall grading is given on governance strength, falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

The EU Taxonomy, first introduced in 2020, seeks to set out common classification systems to determine the environmental sustainability of activities. The EU-taxonomy regulation<sup>10</sup> defines six environmental objectives. To be considered environmentally sustainable, an activity must substantially contribute to one or more of the six objectives, not significantly harm any of the other six objectives (Do-No-Significant-Harm - DNSH), and comply with the technical screening criteria (TSC). In June 2021, EU published its delegated acts outlining the TSC for climate adaptation and mitigation objectives, respectively, which it was tasked to develop after the Taxonomy Regulation entered into law in July 2020<sup>11</sup>.

In order to qualify as a sustainable activity under the EU regulation 2020/852 certain minimum safeguards must be complied with. The safeguards entail alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation's ('ILO') declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights. CICERO Shades of Green has completed a light touch assessment of the above social safeguards with a focus on human rights and labor rights risks<sup>12</sup>. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risk.

Our assessment of alignment against the EU Taxonomy is based on a desk review of the listed source documents against the Taxonomy Delegate Act and following our own shading methodology.

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<sup>10</sup> EU-Taxonomy regulation (2020/852), [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN-taxonomy-regulation-delegated-act-2021-2800-annex-1\\_en.pdf](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN-taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf) (europa.eu)

<sup>12</sup> CICERO Shades of Green is in the process of further developing its assessment method to ensure that it encompasses the object and purpose of the minimum safeguards.



## 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 Company Assessments indicate the greenness of a company by providing a shading of revenues, operating costs and capital expenditures, as well as an assessment the company's governance structure. CICERO Shades of Green also provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investments. 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 company being assessed, 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 assessments.





## Appendix 1: Referenced documents list

Document Number	Document Name	Description
1	Data collection sheet	Information about financial numbers and projects
2	Lamor's sustainability report for 2021	
3		
4		
5		
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