

This S&P Global Ratings Second Party Opinion (SPO) represents our opinion on whether the documentation of a sustainable finance framework or program and whether the documentation of a sustainable finance transaction aligns with certain third-party published sustainable finance principles, guidelines, and standards ("Principles"). For more details please refer to the Analytical Approach and Analytical Supplement, available at [spglobal.com](https://www.spglobal.com) under [Sustainable Financing Opinions](#). An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings.


## Second Party Opinion

# Uppsala Sustainability Linked Bond Framework

April 12, 2023

Uppsala is a municipality in Uppsala County, Sweden. The municipality has a population of 230,000 inhabitants and comprises the city of Uppsala, the fourth-largest city in Sweden, and one of the fastest growing in the country.

In our view, Uppsala's Sustainability-Linked Bond Framework, published in February 2023, is aligned with:

 Sustainability-Linked Bond Principles, ICMA, 2020

## Issuer's Sustainability Objectives

Uppsala's sustainability strategy encompasses environmental, social, and governance (ESG) pillars and focuses primarily on the climate and energy transition. The municipality's two strategic programs--its Environmental and Climate Programme and Energy Programme 2050--serve the city's overarching goal of becoming climate neutral by 2030 and climate positive by 2050 at the latest. Uppsala has set seven climate milestones to ensure it meets its goals, including decarbonizing its public transport by transitioning to renewable energy sources, accelerating energy efficiency, and facilitating the installation of solar panels. Uppsala is committed to decreasing greenhouse gas (GHG) emissions in accordance with the Paris Agreement's 1.5C pathway. In this regard, Uppsala has set the following targets:

- 72% reduction of GHG emissions by 2030 from a 2020 baseline
- Installation of 100 megawatts (MW) solar power in the geographical area of Uppsala Municipality

The municipality has developed its own Sustainability-Linked Bond Framework to further align its climate and energy objectives with its funding strategy.

## Selected Key Performance Indicators (KPIs) And Sustainability Performance Targets (SPTs)

KPI	SPT	Baseline	Most recent performance
Absolute emissions in kilo-tonnes of CO <sub>2</sub> e in the geographical area of Uppsala Municipality	Reduction of emissions in kilo-tonnes of CO <sub>2</sub> e in the geographical area of Uppsala Municipality by 72% by 2030 versus a 2020 baseline	711 (2020)	711 (2020)
Installation of solar power (MW) in the geographical area of Uppsala Municipality	Increase in installation of solar power in the geographical area of Uppsala to 100MW by 2030	NA	41.7 (2021)

### Primary Analyst

**Rita Ferreira**  
Madrid  
+34 616 374 607  
[rita.ferreira@spglobal.com](mailto:rita.ferreira@spglobal.com)

### Secondary Analyst


**Pierre-Brice Helsing**  
Stockholm  
+ 46 84 40 5906  
[Pierre-Brice.Helsing@spglobal.com](mailto:Pierre-Brice.Helsing@spglobal.com)

### Research Contributor


**Elene Parulava**  
Frankfurt

# Second Party Opinion Summary

## Selection of key performance indicators (KPIs)

<b>Alignment</b>	 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA				
<b>KPI 1</b>	Absolute emissions in kilo-tonnes of CO2e in the geographical area of Uppsala Municipality	Not aligned	Aligned	Strong	<b>Advanced</b>
<b>KPI 2</b>	Installation of solar power (MW) in the geographical area of Uppsala Municipality	Not aligned	<b>Aligned</b>	Strong	Advanced

## Calibration of sustainability performance targets (SPTs)

<b>Alignment</b>	 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA				
<b>SPT 1</b>	By 2030, reduce emissions in kilo-tonnes of CO2e in the geographical area of Uppsala Municipality by 72%	Not aligned	Aligned	<b>Strong</b>	Advanced
<b>SPT 2</b>	By 2030, 100 megawatts (MW) solar power should be installed in the geographical area of Uppsala	Not aligned	<b>Aligned</b>	Strong	Advanced

The SPT trajectory illustrates the annual SPTs available for securities issued under Uppsala's Sustainability-Linked Bond Framework.

## Instrument characteristics

**Alignment**  Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

Through its Sustainability-Linked Bond Framework, Uppsala will link the financial or structural characteristics of sustainability-linked debt instruments to the achievements of the SPTs. The change in financial or structural characteristics will trigger a coupon step-up or change in the redemption premium. The specific size of the increase in the coupon step-up or redemption price will be specified in the final terms for each SLB issued under Uppsala's framework.

The framework includes a reference to a fallback mechanism if the performance level against each SPT cannot be calculated, or if the issuer fails to publish the relevant information.

## Reporting

**Alignment**  Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

**Score** Not aligned Aligned **Strong** Advanced

## Second Party Opinion

Uppsala commits to publish the progress of each KPI against the SPT on an annual basis in its Sustainability-Linked Bond Progress Report, as well as the calculation methodology used. Information concerning recalculations, if they occur, will also be included in this report.

## Post-issuance review

### Alignment



Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

For KPI 1, absolute emissions in kilo-tonnes of CO<sub>2</sub>e in the geographical area of Uppsala Municipality, Uppsala will seek external verification of the KPI performance relative to the applicable SPT annually and publish the verification certificate on its website.

For KPI 2, installation of solar power (MW) in the geographical area of Uppsala Municipality, the data the framework considers is calculated using publicly available official statistics subject to external verification. Additionally, if a recalculation of the SPTs is performed, an independent third party assigned by Uppsala will issue a verification certificate confirming any recalculations.

# Framework Assessment

## Selection of key performance indicators (KPIs)

The Principles make optional recommendations for stronger structuring practices, which inform our relevancy opinion as aligned, strong, or advanced. For each KPI, we consider how relevant the KPI is for sustainability by exploring the clarity and characteristics of the defined KPI; its significance for the issuer’s sustainability disclosures; and how material it is to the issuer’s industry and strategy.

 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

<b>KPI 1</b>	Absolute emissions in kilo-tonnes of CO2e in the geographical area of Uppsala Municipality	Not aligned	Aligned	Strong	<b>Advanced</b>
--------------	--	-------------	---------	--------	-----------------

We believe the KPI selected by the municipality is advanced given its clarity, rationale, objective, and scope. Further, it contributes to the global effort to combat climate change and is directly aligned with the municipality’s climate strategy.

The issuer has clearly articulated the framework’s scope, objective, and calculation methodology. Specifically, the KPI covers the CO2e emissions in the geographical area of Uppsala Municipality. The data for calculations is obtained from both local and national sources. While the emissions data vis-à-vis transportation, industrial processes, agriculture, and waste are collected from the National Database for Emissions, data on the combusting of fuels is retrieved from the Swedish government’s statistics agency.

We view as a strength that the issuer is using multiple data sources to ensure the KPI selected covers a significant portion of its GHG emissions. We note that the data sources used to calculate this KPI are verified, publicly available, and updated annually. The issuer has a track record of disclosing this KPI within its public reporting. We view positively that Uppsala will not use carbon offsets to compensate for residual emissions. However, the KPI is based on Uppsala’s own calculations, and peers are not reporting on this specific metric in a standardized way, which could make externally benchmarking this KPI a challenge.

We also view as a strength that the municipality follows the GHG protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC), commonly known as the GHG Protocol for Cities, as well as the Common Reporting Framework’s (CRF) methodology to divide emissions in each scope. Moreover, the selected KPI is directly linked to one of the most relevant and pressing sustainability issues faced by cities and municipalities: climate change. In a bid to achieve climate neutrality and positivity, residual emissions will be covered by negative emissions, leveraging bioenergy and carbon storage techniques, as well as carbon binding in building materials.

<b>KPI 2</b>	Installation of solar power (MW) in the geographical area of Uppsala Municipality	Not aligned	<b>Aligned</b>	Strong	Advanced
--------------	---	-------------	----------------	--------	----------

We believe the selected KPI is aligned, considering its relevance, scope, objective, and level of ambition. The issuer clearly states the rationale behind the KPI and describes the calculation methodology. The KPI is directly linked to Uppsala’s sustainability strategy and contributes to the global transition to a low-carbon economy. We note that the outcomes of this KPI will support the achievement of the first KPI.

The municipality switching to renewable energy sources is one of the keys to reducing GHG emissions and ensuring it meets the overarching goals of becoming climate neutral by 2030 and climate positive by 2050. However, the KPI does not indicate what the impact of the installation of solar energy will be, in terms of fossil fuel energy replacement or the provision of additional renewable energy, or what the avoided emissions will be, which somewhat limits our assessment.

The Swedish Energy Agency’s statistical database provides data on the installed power of solar panels within the geographical area of Uppsala. The data is updated annually, made publicly


## Second Party Opinion

available, and verified by Statistics Sweden and the Swedish Energy Agency, which we view positively. We note that the municipality does not own a municipal energy company, and therefore needs to encourage real estate owners, housing associations, and other stakeholders located in its geographical area to use solar energy.

Given the importance of meeting the future needs of fossil-free energy, we believe the KPI is relevant and contributes to the seventh UN Sustainable Development Goal (affordable and clean energy), as well as the EU's environmental objective of climate change mitigation.

### Calibration of sustainability performance targets (SPTs)

The Principles make optional recommendations for stronger structuring practices, which inform our ambition opinion as aligned, strong, or advanced. We consider the level of ambition for each target by assessing its clarity and characteristics, how the issuer defines the target with reference either to its past performance, or to external or competitor benchmarks, and how it explains what factors could influence future performance.

 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

**SPT 1** By 2030, reduce emissions in kilo-tonnes of CO<sub>2</sub>e in the geographical area of Uppsala Municipality by 72% from 2020 baseline

Not aligned	Aligned	Strong	Advanced
-------------	---------	--------	----------

We believe the ambition, clarity, and characteristics of the issuer's targets are strong. Furthermore, the framework outlines the strategy to reach the targets, providing relevant information on past and expected future performance.

The framework lays out annual SPTs including the timeline for target achievement, the expected observation date, and the trigger events. We view positively that the target is expressed in absolute values (GHG emissions level). For SPT 1, the target observation is set for Sept. 30 in the second year after the emissions occurred, as emissions data is available about 18 months after emissions occur. Accordingly, the observation date for the 2024 emissions will be Sept. 30, 2026.

The issuer discloses historical performance since 2018 and annual SPTs until 2030, committing to reduce CO<sub>2</sub>e emissions by 12% per year, faster than historical decrease (7.5%). However, historical data for the KPI, including for the baseline year, was not externally verified, which we view as a limitation. Uppsala also benchmarks its targets against those of the eight other municipalities within the R9 result network, a network designed to enable benchmarking between Swedish municipalities. Although there is no common definition of targets across different municipalities, four of the eight have absolute targets for reducing CO<sub>2</sub> emissions in the geographical area of their municipality. Uppsala has recalculated the baselines of these four municipalities, to make the information comparable. From the information provided, we conclude that the SPT trajectory defined by the issuer is in line with other municipalities in the R9 network. Uppsala aims to achieve climate neutrality by 2030, ahead of Sweden's 2045 target, which we view positively.

Finally, we view as a strength that the strategy to reach the SPT is outlined in the framework, and includes a focus on renewable energy sources, phasing out fossil-based plastics in district heating production, and scaling up energy efficiency efforts. It also aims to expand the fossil-free transport system and infrastructure for walking, cycling, and public transport, among others. We note that framework does not identify external factors beyond the issuer's control that may affect the SPT, such as technological advancements.

Baseline	By 2030, reduce emissions in kilo-tonnes of CO <sub>2</sub> e in the geographical area of Uppsala Municipality by 72%									
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
711	625	550	484	426	375	330	290	255	225	198
Reduction on 2020 baseline (%)	12	23	32	40	47	54	59	64	68	72

## Second Party Opinion

**SPT 2** By 2030, 100 megawatts (MW) solar power should be installed in the geographical area of Uppsala

Not aligned

**Aligned**

Strong

Advanced

We believe the ambition, clarity, and characteristics of the SPT selected for the KPI are aligned. We note that achieving SPT 2 will also help achieve SPT 1.

The SPT is benchmarked against the municipality's historical performance, which it has shared for 2015-2021. This data is publicly available and was verified by Statistics Sweden and the Swedish Energy Agency. Uppsala's framework also features benchmarking against the eight other municipalities within the R9 result network.

The issuer discloses historical data for 2015-2021. Installed solar capacity has increased on average by 6 MW yearly between 2015 and 2021, and the issuer targets to continue growing this by a linear 7 MW annually through 2030. While we consider this linear increase to be a faster-than-historical performance, in line with the Principles, we note that in percentage terms this represents a gradual slowdown over the years until 2030.

Uppsala benchmarks its targets against those of three larger municipalities, the municipalities within the R9-result network, some municipalities within the association Klimatkommunerna, as well as one Swedish region. There are few peers with comparable targets, however, which constrains our ability to fully assess the ambitiousness of Uppsala's target compared to other municipalities in Sweden. We consider that this peer benchmarking exercise, despite its limitations, combined with Uppsala's increased installed solar capacity (in absolute terms) at a faster-than-historical pace, jointly support sufficient ambitiousness for this target.


Finally, we view as strength that the strategy to reach the SPT is outlined in the framework and includes initiatives to promote the installation of solar energy. An example is the municipality's association of energy and climate advisors, which advises households, tenant owners' associations, and small businesses on matters such as the installation of solar panels free of charge. Furthermore, the municipality has opted not to charge administrative fees for the process of reviewing building permits for solar energy installations.

### By 2030, 100 megawatts (MW) solar power should be installed in the geographical area of Uppsala

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	25.5	41.7	44	51	58	65	72	79	86	93	100
Increase versus previous year (%)		63.5	5.5	15.9	13.7	12.1	10.8	9.7	8.9	8.1	7.5

## Instrument characteristics

The Principles require disclosure of the type of financial and/or structural impact involving trigger event(s), as well as the potential variation of the instrument's financial and/or structural characteristics.

 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

We consider the instrument characteristics to be aligned. Uppsala discloses, under its sustainability-linked bond framework, that instruments under the framework will be subject to a coupon step-up or a change in the redemption premium, triggered by the observed performance against the stated SPTs, as disclosed in the Sustainability-Linked Progress Report to be published annually by Uppsala. The specificities of the increase in the coupon step-up or redemption price will be included in the final terms for each issuance under Uppsala's framework. Although the overarching SPTs are set for 2030, the relevant SPTs for the separate sustainability-linked bonds will be specified in separate documentation for each bond.


## Second Party Opinion

The framework includes a fallback mechanism whereby if the issuer fails to publish reporting related to the relevant SPT after the reporting date, this will result in a trigger event linked to either a coupon step-up or a change in the redemption premium.

If a change in methodology or improved data availability causes a change in the observed performance of over 5%, the issuer may readjust the baseline. The framework states that any change made to the baseline will be reported in the Sustainability-Linked Finance Progress Report, and that only changes that benefit bondholders are permitted.

## Reporting

The Principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

### Disclosure score

Not aligned

Aligned

**Strong**

Advanced

We consider Uppsala's overall reporting practices to be Strong.

Uppsala will disclose progress against its SPTs on an annual basis, through its Sustainability-Linked Finance Progress Report, to be made available on its website. Uppsala also commits to publishing the relevant calculation methodology for each KPI. The issuer will disclose in this report any other information deemed relevant to the investors in Uppsala's bonds, including any recalculations made to the SPTs, which we view as a strength of its reporting commitments.

Furthermore, Uppsala commits to publishing annually a verification certificate on its performance against KPI 1 absolute emissions in tonnes of CO<sub>2</sub>e in the geographical area of the municipality. We note that this is not the case for KPI 2, the installation of solar power (MW) in the geographical area of the municipality, because for this KPI Uppsala performs no own calculations and the data is directly retrieved from publicly available official statistics subject to external verification.

## Post-issuance review

The Principles require post-issuance review commitments including the type of post-issuance third-party verification, periodicity, and how this will be made available to key stakeholders. Our opinion describes whether the documentation is aligned or not aligned with these requirements. Please note, our second party opinion is not itself a post-issuance review.

 Uppsala's Sustainability-Linked Bond Framework is aligned with this component of the Sustainability-Linked Bond Principles, ICMA

Uppsala will seek annual external verification for KPI 1, absolute emissions in kilo-tonnes of CO<sub>2</sub>e in the geographical area of the municipality, relative to the applicable SPT annually, and publish the verification certificate on its website. Data for KPI 2, installation of solar power (MW) in the geographical area of the municipality, can be directly retrieved from publicly available official statistics subject to external verification, as Uppsala performs no own calculations on this KPI.

Any recalculation of either of the SPTs will also be verified and confirmed by an independent third party appointed by Uppsala. The resulting verification certificate will be made available on the issuer's website.

## Mapping To The U.N.'s Sustainable Development Goals

The Sustainable Development Goals (SDGs), which the United Nations (U.N.) set up in 2015, form an agenda for achieving sustainable development by 2030.

Uppsala's Sustainability-Linked Bond Framework intends to contribute to the following SDGs:

### KPI

---

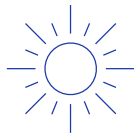
Absolute emissions in kilo-tonnes of CO<sub>2</sub>e in the geographical area of Uppsala Municipality



---

### 13. Climate action\*

Installation of solar power (MW) in the geographical area of Uppsala Municipality



### 7. Affordable and clean energy\*

---

The KPI is likely to contribute to the SDGs\*



## Second Party Opinion

Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P) receives compensation for the provision of the Sustainable Financing Opinions product (Product). S&P may also receive compensation for rating the transactions covered by the Product or for rating the issuer of the transactions covered by the Product. The purchaser of the Product may be the issuer.

The Product is not a credit rating, and does not consider credit quality or factor into our credit ratings. The Product does not consider, state or imply the likelihood of completion of any projects covered by a given financing, or the completion of a proposed financing. The Product encompasses Second Party Opinions and Transaction Evaluations. Second Party Opinions consider features of a financing transaction and/or financing framework and provide an opinion regarding alignment with certain third-party published sustainable finance principles and guidelines ("Principles"). For a list of the Principles addressed by our Second Party Opinions, see the Analytical Approach and Analytical Supplement, available at [www.spglobal.com](http://www.spglobal.com). Transaction Evaluations provide an opinion which reflects our assessment of the potential relative environmental benefit of the funded or resilience projects. The Product is a statement of opinion and is neither a verification nor a certification. The Product is a point in time evaluation reflecting the information provided to us at the time that the Product was created and published, and is not surveilled. The Product is not a research report and is not intended as such.

S&P's credit ratings, opinions, analyses, rating acknowledgment decisions, any views reflected in the Product and the output of the Product are not investment advice, recommendations regarding credit decisions, recommendations to purchase, hold, or sell any securities or to make any investment decisions, an offer to buy or sell or the solicitation of an offer to buy or sell any security, endorsements of the suitability of any security, endorsements of the accuracy of any data or conclusions provided in the Product, or independent verification of any information relied upon in the credit rating process. The Product and any associated presentations do not take into account any user's financial objectives, financial situation, needs or means, and should not be relied upon by users for making any investment decisions. The output of the Product is not a substitute for a user's independent judgment and expertise. The output of the Product is not professional financial, tax or legal advice, and users should obtain independent, professional advice as it is determined necessary by users.

While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Product. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for reliance of use of information in the Product, or for the security or maintenance of any information transmitted via the Internet, or for the accuracy of the information in the Product. The Product is provided on an "AS IS" basis. S&P PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDED BUT NOT LIMITED TO, THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, OR FOR THE SECURITY OF THE WEBSITE FROM WHICH THE PRODUCT IS ACCESSED. S&P Parties have no responsibility to maintain or update the Product or to supply any corrections, updates or releases in connection therewith. S&P Parties have no liability for the accuracy, timeliness, reliability, performance, continued availability, completeness or delays, omissions, or interruptions in the delivery of the Product.

To the extent permitted by law, in no event shall the S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence, loss of data, cost of substitute materials, cost of capital, or claims of any third party) in connection with any use of the Product even if advised of the possibility of such damages.

S&P maintains a separation between commercial and analytic activities. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

For PRC only: Any "Sustainable Financing Opinions" or "assessment" assigned by S&P Global Ratings: (a) does not constitute a credit rating, rating, sustainable financing framework verification, certification or evaluation as required under any relevant PRC laws or regulations, and (b) is not intended for use within the PRC for any purpose which is not permitted under relevant PRC laws or regulations. For the purpose of this section, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.