



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Green S AB

01 September 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Finance Instruments
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)Green Loan Principles, as administered by the Loan Market Association (LMA) (as of February 2023)
Scope of verification	<ul style="list-style-type: none">GREEN S AB Green Finance Framework (as of August 16, 2023)GREEN S AB Eligibility Criteria (as of August 16, 2023)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Green S AB (“the Company”, or “Green S”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments by assessing three core elements to determine the sustainability quality of the instruments:


1. Green S’s Green Finance Framework (as of August 16, 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the Loan Market Association’s (LMA) Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (UN SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction(s) to Green S’ overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

GREEN S BUSINESS OVERVIEW

Green S is a self-storage facility provider own by Nuveen in 2021. Nuveen LCC operates providing investment management services. It is classified in the Asset Management and Brokerage industry, as per ISS ESG’s sector classification.

Nuveen LLC provides investment services. It provides its services to institutional investors, intermediaries, plan sponsors, investment and pension consultants, financial advisors, and individual investors. The invests in public equity, fixed income, and alternative investment markets across the globe. The company was founded in 1898 and is headquartered in New York, NY.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
<p>Part 1: Alignment with GBP/GLP</p>	<p>The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles and Green Loan Principles.</p> <p><i>The extension of Energy efficiency measures from non-renewable sources category is assessed as providing no clear environmental and/or social benefits according to our methodology (cf. part II of this report). However, as there are currently several national and international initiatives and that the definition of green and/or social might vary depending on sector and geography, it is recognized that those categories might be considered as eligible green or social categories by investors.</i></p>	<p>Aligned*</p>
<p>Part 2: Sustainability quality of the Eligibility Criteria</p>	<p>The Green Finance Instruments will (re)finance eligible asset categories which include:</p> <p>Green categories: Green Buildings, and Energy Efficiency</p> <p>Product and/or service-related use of proceeds categories² individually contribute to one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <p>Process-related use of proceeds categories³ individually improve (i) the Issuer's/Borrower's operational impacts and (ii) mitigate potential negative externalities of the Issuer's/Borrower's sector on one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div>	<p>Positive</p>

¹ The evaluation is based on the Green S' Green Finance Framework (August 2023 version), on the analyzed Eligibility Criteria as received on August 16, 2023, and on the Indicative Corporate Rating applicable at the SPO delivery date.

² Green Buildings

³ Energy Efficiency

	<p>For Energy Efficiency measures from non-renewable sources, there is no evidence of an improvement on the issuer and/or end users' potential negative externalities.</p> <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>	
<p>Part 3: Linking the transaction(s) to Green S' ESG profile</p>	<p>The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. All the project categories considered are in line with the sustainability objectives of the Issuer.</p>	<p>Consistent with Issuer's sustainability strategy</p>

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section evaluates the alignment of the Green S' Green Finance Framework (as of August 16, 2023) with the Green Bond Principles and Green Loan Principles.

GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Green S' Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p> <p>The Issuer's green categories align with the project categories as proposed by the Green Bond Principles and Green Loan Principles. Criteria are defined in a clear and transparent manner. Disclosure of an allocation period and commitment to report by project category has been provided and environmental benefits are described.</p> <p>The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice. Also, the Issuer provides a look back period for its OPEX.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Green S's Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p> <p>The project selection process is defined. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer is transparent about the process for project evaluation and selection and identifies alignment of their Green Bond framework and their green projects with official or market-wide taxonomies and references any green standards or certifications used, in line with best market practices.</p>

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Green S’s Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 12 months, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Green S’s Green Finance Framework is aligned with the Green Bond Principles and Green Loan Principles.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Green S explains that the level of expected reporting will be at portfolio level and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the information reported in the impact report, defines the reporting frequency of the impact reporting, and the duration of the impact reporting, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE ELIGIBILITY CRITERIA TO THE UN SDGs⁴

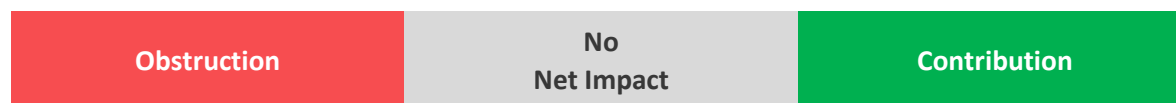
Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Green Finance Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>New Buildings (Built after 31 December 2020), that have will have:</i></p> <ul style="list-style-type: none"> ▪ <i>EPC A or EPC B⁵</i> 	Contribution	 

⁴ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁵ Green S has a methodology in place to assess that EPC B is within the top 15% of the national building stock, available in Sweden Fastighetsägarnas report by CIT Energy Management, accessible on this link:

<https://www.fastighetsagarna.se/globalassets/bilder/nyheter/sverige/topp-15-och-30-sverige-221214.pdf?bustCache=1671217429654>

Green Buildings

Existing Buildings (Built before 31 December 2020), that have or will have:

- EPCA or B⁶, or
- Within top 15% of the national or regional building stock expressed as operational PED and demonstrated by adequate evidence⁷

Contribution



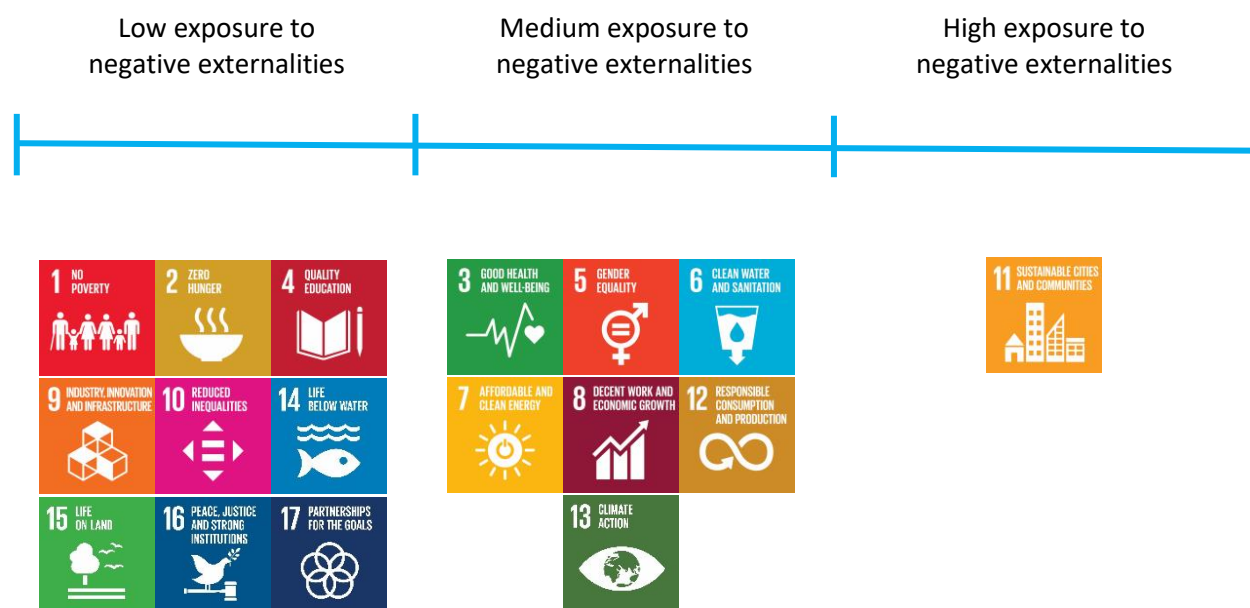
⁶ Ibid

⁷ EPC Labels are used as evidence



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities⁸ in the Real Estate (to which Green S belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ⁹	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy efficiency measures</p> <p><i>Installation of onsite solar panels, converting LED lighting, heat pumps (using renewable energy sources), improvements in ventilation systems, extension of district heating and cooling systems (source entirely from renewables sources), installation of infrastructure for electric cars (electric charging points)</i></p>	<p>✓ ¹⁰</p>	 

⁸ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.
⁹ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.
¹⁰ It is noted that this UoP category is part of a broader strategy to achieve an established third-party standard. In this case, the Issuer is financing activities that contribute to its SBTi-validated GHG emissions reduction target.

Energy efficiency measures

Installation of heat pumps using non renewable energy source

-

-

Green Buildings

Major renovations and re-construction leading to primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation.

✓



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are/will be located in Sweden.

ASSESSMENT AGAINST KPIs

All Categories

Labour, Health and Safety

- ✓ The assets are located in Sweden, where high labour, health and safety standards are in place (e.g. ILO core conventions).

- ✓ Green S has measures in place ensuring that assets financed under this framework meet high labor and health and safety standards in the supply chain. The Issuer's suppliers need to comply with labour, health, and safety laws and regulations and should inform the customers immediately if there was a breach in the compliance of any law and regulations applicable.

Green Buildings

User Safety

- ✓ Green S has policies and measures to ensure safety of building, fire safety, hygiene, and protection against noise. Also, it complies with Swedish Work Environment Authority's and Boverket's regulation (2:3, 2:5, 7)¹¹.

Water use minimization in buildings

- ✓ Green S has policies and measures to ensure reduction of water consumption. The buildings are designed to ensure high water quality and comply with public health requirements in compliance with Boverket's mandatory provisions and general recommendations 6:6.¹² (i.e., water metering, high-efficiency fixtures and fittings, rainwater harvesting, and water drainage).

Site Location

- Green S does not have a systematic policy to ensure all assets are located within 1 km of public transportation. However, the Issuer confirmed that most of the assets are in big cities and have public transport in close proximity.

Construction Standards

¹¹ Boverket regulation, https://www.boverket.se/contentassets/a9a584aa0e564c8998d079d752f6b76d/konsoliderad_bbr_2011-6.pdf

¹² Boverket's mandatory provisions and general recommendations 6:6, https://www.boverket.se/contentassets/a9a584aa0e564c8998d079d752f6b76d/konsoliderad_bbr_2011-6.pdf

- Green S does not have policies or measures in place ensuring the sustainable procurement of building materials. However, the Issuer confirmed that it is working on creating the policies.

Site Selection

- ✓ Green S has measures to ensure responsible site selection is in place and complies with local legislation Plan- och bygglagen (Planning and construction) regulated by regional plans targeted to the building location.

Conservation and Biodiversity Management

- ✓ According to Plan- och bygglagen (Planning and construction law) this is regulated by regional plans depending on the building location, and covering ecosystem services, biodiversity and conservation at the planning stage.

Energy Efficiency Measures

Environmental Aspects of Construction (or Production) and Operation

- The Issuer relies on national regulation “Waste Regulation” (Avfallsförordningen) to ensure that assets financed under this framework are recycled at the end of their lives. However, the regulation only covers partially the recycling of the components.

On-site safety

- ✓ Green S complies with Swedish Work Environment Authority’s and Boverket’s regulations (2:3, 2:5,7) concerning safety, fire safety, hygiene and protection against noise.

Electric Vehicles Charging Stations and Networks

Environmental Aspects of Construction (or Production) and Operation

- The Issuer does not have policies or measures at the moment to ensure the electric vehicles charging stations are recycled at the end of their lives.

District Heating Network

Environmental Aspects of Construction (or Production) and Operation

- The Issuer does not have policies and measures in place ensuring the electricity for the heat comes from renewable sources. Green S relies on local legislation to ensure the energy source for the district heating and cooling comes from renewable energy, in the case of Sweden the electricity comes from biofuel mostly.

PART III: LINKING THE TRANSACTION(S) TO GREEN S'S ESG PROFILE

A. CONSISTENCY OF GREEN FINANCING INSTRUMENTS WITH GREEN S'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Nuveen, one of the largest real estate managers globally, acquired Green Storage and 24 Storage in 2021, and merged the two company together to create one brand under the name Green S. To date, there are no employees within the Green S structure and its sustainability strategy is still in the process of being created. Therefore, until then Nuveen's ESG strategy and policies covers for Green S.

In 2022, Nuveen published its first sustainability report and in 2023, the company shared its net zero carbon pathway, with the intention to verify it against SBTi. Nuveen is committed to become net zero by 2040 and to fully integrate ESG material issues into its operations and throughout the investment lifecycle. The major focus is to reduce the environmental impact coming from properties, by having ESG requirements in place for property managers and operating partners as well as improving the ESG performance of buildings while reducing carbon emissions. However, for now there is no public information available on Issuer's verified Science-based targets (i.e., SBTi, SBTN).

Nuveen has created a Green Finance Committee, which is responsible for overseeing ESG topics and to monitor internal processes to identify environmental and/ or social risks associated with the Green Eligible Project. Moreover, on a portfolio basis, Nuveen has identified needed capex to achieve specific ESG targets and disclosed this to investors.

In 2018, Nuveen committed to implementing the Taskforce for Climate-related Financial Disclosures (TCFD) recommendation, reporting its ESG efforts in the Climate Report.

The issuer has never issued any GSSB/L before.

Rationale for issuance

This first Green Bond Framework that Green S issues supports the issuer and Nuveen's sustainability goals (net zero carbon by 2040, 30% reduction in energy intensity by 2030). Moreover, considering the high impact on the environment of the real estate sector, external finances are needed to contribute to the ongoing transition of the property sector.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. All the project categories financed are in line with the sustainability objectives of the Issuer.*

B. NUVEEN’S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer’s industry

Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry. The issuer is classified under *Asset Management and Brokerage* industry, as per ISS ESG’s sector classification.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Customer and product responsibility
Employee relations and work environment
Social and environmental impacts of products and services
Sustainable investment criteria

ESG strengths and points of attention related to the Issuer’s disclosures

Leveraging ISS ESG’s Research, ISS ESG identified the following strengths and points of attention¹³:

STRENGTHS	POINTS OF ATTENTION
The company has taken measures to integrate sustainability aspects into investment due-diligence and decision-making.	The company integrates sustainability standards in its investment business through environmental and social due diligence practices. However, list of inclusions, exclusions, and application procedure of environmental and social guidelines for asset management and own investments is not available. Further, the company’s stand on integration of social and environmental aspects in its majority holdings and promotion of environmental and social aspects in its minority holdings remain unclear. Moreover, the company’s engagement and shareholder advocacy activities such as

¹³ Please note that Nuveen LLC is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Asset Management and Brokerage industry. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research’s methodology.

	engagement tools and reporting on engagement outcomes are partially disclosed.
	Measures taken by the company to manage employee relations and work environment on issues such as a health and safety management system, mental health, workplace flexibility, working time reduction, and dependent care and special leaves are not reported. Further, company's position on non-regular employment and its policy on employment security and responsible workforce restructuring is not available.
	The company's information security management system lacks elements such as risk assessments, structure and responsibilities, targets and objectives, incident management, and audits. Its stand on information security in outsourced data processing is missing. Further, there is no disclosure on the company's commitment towards responsible marketing, measures to ensure responsible sales practices, and its stand on offshore banking and tax compliance.
	The company is partially addressed conflict of interest. However, other aspects of business ethics such as insider dealings, corruption and facilitation payments, anti-trust violations, money laundering, and validity of financial information are missing. Further, it provides anonymous and confidential reporting channels, and has a non-retaliation policy against whistleblowers; however, details on aspects such as business ethics awareness, compliance risk assessments and audits, compliance training, and third-party anti-corruption due diligence are missing.

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.A of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

Social Impact of Product Portfolio:

The company is active in financing affordable housing for low to median income households, thereby positively contributing to the social Sustainable Development Goal of providing basic services. However, its share is minimal, thus the impact of product portfolio on social Sustainable Development Goal is estimated to be neutral.

Environmental Impact of Product Portfolio:

The company's products or services contribute neither positively nor negatively to the environmental sustainability objectives. Thus, the impact of product portfolio on environmentally Sustainable Development Goal (SDG) is considered neutral.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Asset Management and Brokerage industry are as follows: Failure to mitigate climate change impacts, Greenwashing and Failure to prevent money laundering.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

DISCLAIMER

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2. ISS Corporate Solutions, Inc. (“ICS”), a wholly-owned subsidiary of Institutional Shareholder Services Inc. (“ISS”), sells/distributes Second Party Opinions which are prepared and issued by ISS ESG, the responsible investment arm of ISS, on the basis of ISS ESG’s proprietary methodology. In doing so, ISS adheres to standardized procedures to ensure consistent quality of responsibility research worldwide. Information on ISS’s methodology is available upon request.
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ANNEX 1: Methodology

The ISS ESG SPO provides an assessment of labelled transactions against international standards using ISS ESG proprietary methodology. For more information, please visit:
<https://www.issgovernance.com/file/publications/SPO-Use-of-Proceeds-Bonds-and-Loans.pdf>

ANNEX 2: ISS ESG Corporate Rating Methodology

[ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance \(ESG\) data and performance assessments.](#)

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality Management Processes

SCOPE

Green S commissioned ICS to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the Green Bond Principles and Green Loan Principles and to assess the sustainability credentials of its Green Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- Green Bond Principles and Green Loan Principles

ISSUER'S RESPONSIBILITY

Green S' responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Finance Instruments to be issued by Green S has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and Green Loan Principles.

The engagement with Green S took place in August 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Finance Instruments SPO, please contact: SPOOperations@iss-esg.com

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