



Lamor

Green Finance Second Opinion

16 May 2023

Executive Summary

Lamor Corporation Plc is a global provider of environmental services headquartered in Finland. Lamor's business consists of environmental protection (including solutions to support pollution prevention and clean-up and restoration in case of an environmental incident, for example an oil spill) and material recycling solutions (covering solid and liquid waste management, water treatment and recycling of plastics as well as efficient soil remediation solutions). 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, although these activities are excluded from the framework.

Under its framework, Lamor will finance or refinance capex, opex and equity investments in its environmental services, with the majority of financing initially going to a plastic recycling facility and remediation and waste management projects. Primarily, a planned recycling facility in Finland will be financed, before expanding to other locations. Remediation projects in Kuwait will be financed, but the scope may include similar projects in other countries as well going forward. Other projects include investments in water and wastewater services, and environmental protection projects mainly in the Middle East and South America. As part of these services, expenditures relating to fossil-fuel-powered vehicles (e.g. vessels, trucks, and planes) and other equipment, and the procurement of fossil fuels to operate them, can be financed. The issuer informed us that it will transition to electrified and renewable sources when possible. According to Lamor, potential equity investments are most likely to be project-specific joint ventures and will be subject to the same due diligence and policies as outlined in the framework.

We rate the framework **CICERO Medium Green** and give it a governance score of **Good**. Remediation of contaminated lands will allow for the use of previously contaminated soil and reduce negative local impacts, while waste management for the purpose of reusing and recycling and treatment of polluted water are important activities in the transition to a low carbon future. Lamor is continuously working to develop its governance of environmental issues, where it has taken significant steps the last years. Moving forward, it could benefit from setting quantified emission targets and continue to improve how it works with its value chain.

Strengths

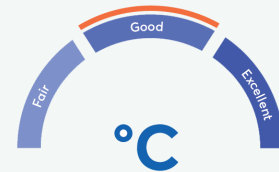
While Lamor's business model originally focused on oil and gas emergency response and waste management, in the last few years it has been diversifying its business into new areas within water and waste recycling, demonstrated by its current investments in a chemical recycling plant in Finland. Plastic pollution can alter habitats and natural processes, as well as reduce ecosystems' ability to adapt to climate change. Lamor

SHADES OF GREEN



°CICERO
Medium Green

GOVERNANCE ASSESSMENT



GREEN BOND AND LOAN PRINCIPLES

Based on this review, this framework is found to be aligned with the principles.



may use plastics collected from rivers and landfill to supplement its chemical recycling process. It may provide equipment for these activities but most probably this will take place through partnerships. According to Lamor, plastics will be mechanically recycled where possible, while the rest will be chemically recycled at the new facility. It is a strength of the technology that it provides a waste management option for plastics that cannot be recycled with mechanical recycling.

Weaknesses

Under the framework, proceeds can be used to procure fossil fuels, as well as buy or lease specialized fossil fuel-powered vehicles (e.g. planes, ships, trucks) and other equipment that are required to deliver Lamor's environmental services, which generate emissions and may represent lock-in risks. The power used by the equipment depends on the project location, and while most equipment can use both electric power and diesel generators/power packs, Lamor plans to finance projects at locations where fossil fuels, both diesel and electricity generated from fossil fuel grids, are used. According to Lamor, in some cases, the environmental protection equipment is only used a very limited number of times in its lifetime, e.g. 5% in the case of oil spill emergency equipment. Note that Lamor's biggest source of GHG-emissions is from fuel use in generators, ships and other vehicles.

Pitfalls

While minor there is a risk that assets, e.g. vehicles and equipment, financed by a project eligible for green financing will later support projects that have no place in a low carbon and climate resilient future. For some cases in remediation projects, some assets (e.g. trucks) might be obtained by Lamor to be used in other projects. There is therefore a risk that assets financed by a project eligible for green financing, will later support projects that are not covered by the framework. Lamor plans to mitigate this by having a system in place to track assets to ensure that assets financed with green financing will only be used for green activities throughout its lifetime, if still owned by Lamor. For the majority of projects, assets obtained are given back to asset owner or sold to the client. It also informs us that most equipment used in its projects has a short lifetime, and will therefore only be used for one project. If the equipment is no longer under the control of Lamor, it is not able to guarantee the end use after its services has ended. The risk is mitigated by Lamor's internal procedures to screen the end-use before selling equipment.

Activities linked to oil spill mitigation and emergency response are currently closely linked to the use of fossil fuels. While the framework excludes investments relating services for ongoing oil and gas activities, there are still climate risk associated with oil spill mitigation and emergency response. The equipment is needed in the transition to a low carbon future as it reduces the environmental impacts in case of oil spills through cleanup of potential leaks, but as society transitions away from oil and gas there will likely be less need for the equipment.

While Lamor contributes to a reduction of GHG emissions by replacing virgin fossil fuel with recovered/recycled raw material from collected oil or plastic waste, the raw material is still originating from fossil fuels, and some of the waste collected may be incinerated after use. There are also concerns related to chemical recycling of waste, as the pyrolysis process of plastics is considered to be a newer technology where there are still few operational facilities. Lamor has confirmed that the output of its processes will only be used to produce new plastics, and will not be used for fuels. Lamor is currently conducting life cycle assessments for its planned facility to better understand the climate impact of the process.

Lamor is aware of the most salient climate risks but has not yet carried out climate risk assessments using scenarios. We encourage Lamor to include climate scenarios when mapping and mitigating physical climate risks.



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1 Lamor’s environmental management and green finance framework

Company description

Lamor Corporation Plc (“Lamor” or “the issuer”) is a global provider of environmental services headquartered in Finland. Lamor’s business consists of environmental protection and material recycling solutions. The environmental protection include solutions to support pollution prevention and clean-up and restoration in case of an environmental incident, for example an oil spill. The material recycling solutions cover solid and liquid waste management, water treatment and recycling of plastics as well as efficient soil remediation solutions.

Through its partner networks, 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 has a 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 other countries, e.g. China, UK and the USA. Lamor had 608 own employees at the year-end 2022 and around 1,200 individuals in their network when including subcontractors.

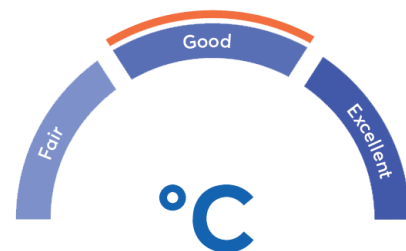
Governance assessment

Lamor is continuously working to develop its governance of environmental issues and has demonstrated this by among other things starting sustainability reporting, publishing a materiality assessment, and strengthening its code of conduct (CoC) since 2021. Lamor has established overarching sustainability targets, but does not have quantified environmental targets with a defined timeline. It reports its GHG-emissions according to the Greenhouse Gas Protocol, and reports on all three scopes. It is aware of the most salient climate risks and has included climate-related risks and opportunities in its 2022 annual report, however it could benefit from using worst-case scenarios for mapping against physical climate risks.

The selection process is sound and includes employees with environmental competence that have veto power. In the screening process, Lamor will ensure that projects that are chosen are not associated with the extraction of oil and gas or fossil energy production projects, among other exclusions. As Lamor operates globally, it collaborates with multiple partners and has a vast supply chain, and is therefore exposed to different climate-related risks. While it has systems in place to mitigate some risks, such as a screening process and CoC, it primarily focusses on social risks. It is in the process of establishing environmental requirements for suppliers, where firstly the ambition is to make suppliers aware of the environmental expectations of Lamor, with a plan to tighten the criteria with time.

Lamor is committed to reporting on allocation and impact: it has specified relevant impact indicators in its framework, and will disclose impact calculation methodologies. Limited assurance will be sought for allocation reporting, but not for impact reporting.

The overall assessment of Lamor’s governance structure and processes gives it a rating of **Good**.





Sector risk exposure

Physical climate risks. Lamor has operations all over the world, and depending on location, is more or less exposed to physical climate risks. The most salient physical risks are extreme precipitation and flooding, but also extreme weather events like cyclones and droughts/elevated temperatures are likely in particularly the Asia Pacific and African/Middle East operations respectively. Location-based analysis should be conducted to better assess these risks. Lamor's supply chain – both downstream and upstream - is likely exposed to disruptions from extreme weather – mainly through transportation routes/links but also from possible pollution in relation with extreme weather.

Transition risks. Due to the profound changes needed to limit global warming to well below 2°C, transition risk affects all sectors. The lock-in of uncompetitive and carbon intensive processes can constitute a transition risk for Lamor. Even if it is not an oil and gas producer, the company is indirectly exposed to transition risks given the broader shift away from oil and gas. Lamor might face financial consequences e.g. from loss of activity.

Environmental risks. Lamor's operations have sustainability risks related to pollution to air, soil and water and for staff working in hazardous environments. Lamor handles large quantities of hazardous and non-hazardous waste, which pose risks of negative impact on the local environment and biodiversity if not handled correctly.

Environmental strategies and policies

Lamor has overarching targets to minimize the environmental and social footprint of the company's own activities, and aims at contributing to a cleaner world by cleaning contaminated soil and water and by recovering and recycling waste.

In 2021, Lamor published its first sustainability report. Reporting was further strengthened in 2022 by reporting results in accordance with the Global Reporting Initiative (GRI). It reports its GHG-emissions according to the Greenhouse Gas Protocol, and reports on all three scopes. When reporting emissions, Lamor has chosen a financial control approach, and thus the emission inventory is limited to companies where Lamor has financial control or joint control in a form of joint operation. Associated companies are excluded from the inventory. The biggest source of GHG-emissions is from the use of fuels, generated from vessels, generators, and vehicles both used and leased by Lamor.

To reduce GHG-emissions, Lamor has started work to reduce transportation emissions e.g. by optimizing logistics and using locally provided services where possible. In its 2022 annual report, it indicates that many negative impacts in its value chain can be mitigated when technological decarbonization development advances to the level of being economically feasible. According to Lamor, as it provides services in multiple development countries, the shift in these countries towards new solutions is slower than globally, limiting their scalability short-term.

To map the environmental and social impacts of the company's operations, Lamor has conducted a risk assessment and established an environmental and safety aspect and impact register. The company concludes that the highest environmental risks are related to pollution from damaged drums, tanks and pipelines caused by emergency and



natural disasters, leakage from storage of chemicals and hazardous waste, and pollution from the use of dispersants during emergency operations.

The company has developed standard operating procedures (SOPs) for, among others, spill prevention and response where emergency measures are described and training of personnel and use personal safety equipment is emphasized. Lamor's integrated HSEEQ Management System is certified according to ISO 9001 and ISO 14001. Lamor's work on occupational health and safety is founded on ISO 45001. Lamor is aware of the most salient climate risks and has included climate-related risks and opportunities in its 2022 annual report.

Green finance framework

Based on this review, this framework is found to be aligned with the Green Bond and Loan Principles. For details on the issuer's framework, please refer to the green finance framework dated April 2023.

Use of proceeds

For a description of the framework's use of proceeds criteria, and an assessment of the categories' environmental impacts and risks, please refer to section 2.

Selection

Lamor has established a Green Finance Committee (GFC) comprising the Chief Executive Officer, Chief Financial Officer, and one representative from sustainability and operations departments. The GFC will convene every 6 months or when otherwise considered necessary.

The evaluation and selection process is based on the following steps:

- i. From existing and new investments, sustainability experts and representatives within Lamor evaluate potential green projects' compliance with the green project categories presented in this framework. Based on the analysis, the experts can nominate investments as potential green projects.
- ii. When potential green projects have been nominated, a list including their environmental and/or sustainability-related details will be reviewed by the GFC. The GFC is solely responsible for the decision to acknowledge the project as eligible in line with the framework. Eligible green projects will be tracked using a dedicated green register, and decisions will be documented and filed. Decisions require a majority decision by the GFC, where the sustainability representative holds a veto right. The GFC holds the right to exclude any green project already funded. If a green project is paid back or amortised, or for other reasons loses its eligibility, funds will follow the procedure under management of proceeds until reallocated to another green project.

Management of proceeds

Lamor will use a green register to track the allocation of net proceeds. The register will form the basis for the impact and allocation reporting.

In the event that the total outstanding net proceeds of the green debt exceed the value of the green projects in the register, such unallocated amount will temporarily be placed in the liquidity reserve and be managed accordingly by Lamor. The unallocated proceeds are expected to be 50% at issuance and, 100% is expected to be allocated within a year from issuance.

Following the initial year of issuance, it expects that there will always be sufficient green projects in the green register that match its outstanding green debt.



Temporary holdings will not be placed in entities with a business plan focused on fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, environmentally negative resource extraction, gambling or tobacco.

According to Lamor, in the unlikely event that projects lose eligibility under the framework for any reason, they will be refinanced with non-green debt.

Reporting

Lamor will annually, until full allocation and in the event of any material developments, provide investors with a publicly available green finance report describing the allocation of proceeds and the environmental impact of the green projects. In the event Lamor would have other green debt instruments than bonds outstanding, the company may choose to report, in relation to these other financial instruments, directly and non-publicly to the lenders or counterparties. The GFC is responsible for reporting, Allocation reporting will be reviewed by an independent external party. Impact reporting will not be verified by an external party.

Allocation reporting

At first, reporting will be linked to individual bonds, however, if Lamor would scale up its green debt financing considerably in the years to come, a portfolio approach may be used to simplify. Allocation reporting will include:

- i. Nominal amount of outstanding green debt.
- ii. Amounts allocated for each project category.
- iii. Relative share of new financing versus refinancing.
- iv. Descriptions of selected green projects financed.

Impact reporting

Impact reporting will be on a best effort basis. Lamor can finance many smaller green projects in the same project category, therefore impact reporting will, to some extent, be aggregated. The impact reporting will, if applicable, be based on the metrics presented in table 1. The green finance report will, to the extent feasible, also include a section on the methodology used in the impact calculations.

Green category	Key Performance Indicators (KPIs)
Pollution prevention and control	<ul style="list-style-type: none">• Volume of waste/hazardous waste/non-hazardous waste diverted from disposal (m3)• Built up capacity for diverting waste from disposal (metric tonnes)• Volume and share of plastic waste processed into new raw material (tonnes and %)• Estimated annual GHG emissions reduced/avoided compared to waste incineration or the alternative to not managing the waste (tonnes of CO2e emissions)• Number of spill response operations financed (number)• Areas cleaned up from a spill (m2)



	<ul style="list-style-type: none">• Volume of oil recovered as part of a spill response project (m3)• Total R&D cost and type of project
Sustainable water and wastewater management	<ul style="list-style-type: none">• Volume of liquid waste diverted from disposal (m3)• Produced potable water in water-stressed areas• Area remediated (m²)• Estimated amount of discharges of pollutants avoided (tonnes of pollutants)

Table 1. Potential impact reporting metrics



2 Assessment of Lamor's green finance framework

The eligible projects under Lamor's green finance framework are shaded based on their environmental impacts and risks, based on the "Shades of Green" methodology.

Shading of eligible projects under Lamor's green finance framework

- There will be both new financing and refinancing, with an expected split of 50/50. Proceeds can be used for opex, capex and also equity investments. Operating expenditures qualify for refinancing with a maximum look-back period of three years prior to the issuance date of the green debt instrument.
- For equity participations, at least 90% of the revenues must be attributed to the green project categories. Lamor has clarified that the remaining 10% of revenues still need to adhere to the exclusion criteria, and further must not be generated from activities that would defeat the purpose of the green framework.
- Most likely equity investment would be an investment in a joint venture (JV), as this is the type of entity that Lamor invests in in cases where the project is not operated solely by Lamor. This means that, for project delivery purposes, Lamor sometimes establishes a JV together with a local party. In these cases, Lamor aims to have a significant ownership but not always necessarily a controlling stake. For such cases, Lamor would still ensure that the JV is subject to the same due diligence and policies as normally.
- Initially, it is expected that 88% of proceeds will be allocated to pollution prevention and control (38% to a facility for chemical recycling plastics, 30% to remediation and waste management projects, and 20% to environmental protection projects), and 12% to sustainable water and wastewater management.
- According to Lamor, it does not intend to finance its equipment leasing business with green proceeds. Equipment sales could be financed as part of project deliverables covered by the framework. For equipment eligible for financing, Lamor screen the end buyer, where equipment sold to resellers would not be financed under the framework.
- Expenditures relating to buying fossil fuels and vessels (e.g. vehicles, trucks, and planes) or equipment using fossil fuels can be financed.
- For the majority of projects, assets leased or purchased for projects are returned to the asset owner, sold to the client, or used in similar projects by Lamor. If the equipment is no longer under the control of Lamor, it is not able to guarantee the end use after its services has ended. For some cases, e.g. in remediations projects, Lamor may retain ownership of some assets (e.g. trucks). There is therefore a risk that assets financed under the framework will later support projects that are not covered by the framework. Lamor plans to mitigate this by having a system in place to track assets to ensure that assets financed with green financing will only be used for green activities throughout its lifetime, if still owned by Lamor.
- Proceeds will not be allocated to investments relating to ongoing (including up-, mid, and downstream) oil and gas activities. The issuer informs us it will not be any investments related to the existing assembly and testing facility in Porvoo, Finland. Moreover, proceeds will not be directly allocated to projects for which the purpose is fossil energy production, nuclear energy generation, weapons and defense, potentially environmentally harmful resource extraction, gambling or tobacco.



Category	Eligible project types	Green Shading and considerations
Pollution prevention and control	<p data-bbox="427 320 689 347"><i>1. Waste management.</i></p> <p data-bbox="376 360 1032 499">Expenditures related to the collection and management of hazardous and non-hazardous waste for the purpose of reusing and recycling the materials and contribute to a circular economy as well as pollution prevention and control.</p> <p data-bbox="427 547 1032 611">1.1 Recycling of oily waste, including tank cleaning and oil pond clean-up of legacy waste pits.</p> <p data-bbox="427 659 1032 759">1.2 Recycling of other hazardous and non-hazardous waste, including MARPOL¹ accredited waste reception facilities.</p> <p data-bbox="427 775 1032 839">1.3 R&D to develop new waste management solutions targeting higher energy efficiency or recycling rate.</p> <p data-bbox="427 887 786 914"><i>2. Recycling of plastic material</i></p> <p data-bbox="427 927 1032 1027">Expenditures promoting increased recycling of plastics for the purpose of replacing virgin plastic materials in new products.</p> <p data-bbox="427 1075 1032 1251">2.1 Collection and sorting of plastic waste through mechanical recycling (i.e. the grinding, washing, separating, drying, re-granulating and compounding of plastic materials). The activity converts at least 50%, in terms of weight, of the processed waste into</p>	<p data-bbox="1133 320 1379 347">Light to Medium Green</p> <ul style="list-style-type: none"> <li data-bbox="1088 360 2121 464">✓ Remediation of contaminated lands will allow for the use of previously contaminated soil and reduce negative local impacts, while waste management for the purpose of reusing and recycling and treatment of polluted water are important activities in the transition to a low carbon future. <li data-bbox="1088 512 2121 647">✓ Generally, the power sources for the equipment depends on the location of its use, and both electric power and diesel generators/power packs can be used for most equipment. When equipment is used in remote locations it is usually generated by diesel power packs, when power source for an electric generator is not available. <p data-bbox="1133 695 1323 722"><i>Waste management</i></p> <ul style="list-style-type: none"> <li data-bbox="1088 735 2121 871">✓ Appropriate waste treatment will reduce the risk of local pollution and improve material recovery, which is key to the circular economy. 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. <li data-bbox="1088 919 2121 983">✓ The oil recovered will contribute to replacing virgin oil. Lamor is not involved in reselling of waste recovered, and cannot impact that how the oil is used. <li data-bbox="1088 1031 2121 1134">✓ Lamor’s processes for waste management are guided by the waste hierarchy. Oil, water, and solid substances are separated and treated. According to the issuer it contributes to increased recycling rates in countries where the local legislation on waste management and recycling is weak or non-existent. <li data-bbox="1088 1182 2121 1286">✓ While the issuer informs us that incineration is never its preferred solution, some of the waste collected may be incinerated after use. Incineration of waste with fossil-based input is not fully in line with a low carbon future, as emissions are released in the process. According to Lamor, it uses technologies

¹ MARPOL, the International Convention for the Prevention of Pollution from Ships, covering regulations aimed at preventing and minimizing pollution from ships – both accidental pollution and that from routine operations.



secondary raw materials suitable for replacing virgin materials in production processes.

2.2 Chemical and thermochemical recycling of plastic waste into new raw materials suitable for replacing virgin materials for the petrochemical sector. The activity converts at least 50%, in terms of weight, of the processed waste into secondary raw materials.

3. *Remediation and restoration of contaminated land and water areas*

Expenditures related to soil remediation and recovery for the purpose of pollution prevention and restoration of biodiversity in polluted areas.

3.1 Remediation of contaminated soil and polluted water areas

3.2 Reforestation and afforestation of remediated areas to support biodiversity and reduce the impacts of climate change.

4. *Environmental protection*

Expenditures related to preparedness against environmental incidents and oil spill response and clean-up, contributing to valuable barriers and reductions in contamination and reduced environmental impacts of clean-ups and potential leaks.

4.1 Preparedness solutions

compliant with the EU Waste Incineration Directive (WID) in all of its incineration processes and has evaluated that the environmental impact through air emissions is lower than that of final disposal of hazardous materials to a landfill that does not comply with e.g. EU regulations. It further states that it will only use it for the residual waste in case it cannot be treated in practice in any other way than with incineration. In the event incineration is needed, it always aim for recovering the energy produced in the incineration process.

Recycling of plastic material

- ✓ It is a strength that Lamor aims to reduce plastic waste and increasing the recycling rate and thus reduce the need for fossil fuels for new plastic. It is positive that only the plastics that cannot be mechanically recycled will be sent to chemical recycling. By reducing the amount of plastic being incinerated the issuer is also contributing to reduced CO₂-emissions, with the caveat that recycled plastics are not used to produce fuels.
- ✓ Recovered plastics can only be used for new plastic production and will not be used to produce fuels. Lamor plans to enforce this through contractual arrangements.
- ✓ Beyond climate emissions, the collection and recycling of plastics have the potential to alleviate the significant harmful impacts of plastic pollution on wildlife and ecosystems as well as human health.
- ✓ Lamor is initiating activities in the plastics recycling business as an extension to its offering for combating environmental pollution, where it plans to invest in Finland's first industrial-scale chemical recycling plant of plastics in the Kilpilahti industrial area located in Porvoo, Finland. In the coming years it also aims to continue to invest in plastics recycling outside of Finland. The chemical recycling plant will produce raw material for use in the petrochemical industry to produce recycled plastics and for suitable refineries for further processing. It will run on renewable energy, where 50% of the energy use is expected to be from process energy. Lamor is expecting a conversion rate between 60-75% depending on the quality of the feedstock.



4.2 Environmental incident response including oil spill response and clean-up services

- ✓ All the materials that can be recycled mechanically will be recycled mechanically and the reject will be recycled through chemical processes. Waste assessed to not be fit for mechanical recycling will be sent to the new facility in Finland for chemical recycling. Long term, the aim is to minimise transportation of the raw materials and to build the treatment facilities close to the raw material sources.

4.3 R&D for new technologies for improved environmental protection

- ✓ It should be noted that recycling is only ranked in third place in the waste hierarchy – after re-use and waste prevention. Moreover, recycling entails energy consumption, emissions and discharges to the environment. Lamor is in the process of doing life cycle assessments to understand the climate impact of its process.

Remediation and restoration of contaminated land and water areas

- ✓ Treatment and recovery of contaminated soil and polluted water areas allow for the use of previously contaminated land and can reduce negative local impacts, such as negative impacts on biodiversity, reduction in air emissions from oil-contaminated soil as well as preventing existing contamination from affecting precious resources such as ground and surface water.
- ✓ Lamor promotes bioremediation techniques which use less chemicals, water and other resources in the remediation processes. Lamor also promotes on-site remediation whenever possible and the minimising of waste incinerated or landfilled. To minimise the usage of water in the remediation processes, Lamor aims to use soil-washing only for materials that are heavily polluted.

Primarily, Lamor is expecting to finance remediation activities from an ongoing project in Kuwait. Lamor is contracted for remediation services in Kuwait after the world's largest anthropogenic oil spill that happened in Kuwait in 1991 during the Gulf War. The main energy source for electricity in Kuwait is fossil fuels. Lamor is working on a calculation of the handprint of the Kuwaiti projects, and has shared high-level illustrative calculations to highlight the emissions caused by the soil remediation project. Results show, that when comparing operational emissions, Lamor's treatment emits approximately 95% less than incineration of the soil.



- ✓ According to the company, environmental assessments shall be conducted to mitigate against unintended local impacts such as biodiversity and water resources.

Environmental protection

- ✓ Uncleaned spills can threaten biodiversity and pollute soil and groundwater. Investments in preparedness can reduce contaminated area and makes it easier to control and mitigate potential negative risks.

Activities linked to oil spill mitigation and emergency response are currently closely linked to the use of fossil fuels. While the framework excludes investments relating to ongoing (up-, mid- and downstream) oil and gas activities, are still climate risk associated with oil spill mitigation and emergency response. The equipment is needed in the transition to a low carbon future as it reduces the environmental impacts in case of oil spills through cleanup of potential leaks, but as society transitions away from oil and gas there will likely be less need for the equipment. These projects are therefore a Light-Green element in the project category.

- ✓ Investments in preparedness relate to building up capacity so that Lamor can efficiently respond to environmental incidents. Investments could for example be training personnel on-site to enable a quick response in case of an incident.
- ✓ Primarily, projects in the Middle East and South America will be financed. According to Lamor, the regions in the Middle East and Asia where it operates previously hasn't had sufficient environmental protection capacity in place despite having been active in oil production for about a half-century.
- ✓ While preparedness activities have the potential to reduce environmental impact when accidents happen, investors should be aware that it is resource intensive to both produce the spill response equipment and to use the equipment and vehicle fleet in exercises and drills. Such operations require the use of vessels for deployment of booms and skimmers and possibly airplanes for distributing dispersants.



Sustainable water and wastewater management



5. *Water and wastewater management*

Expenditures related to water and wastewater treatment and the remediation of water areas to promote increased water reuse and water security in areas of scarcity.

5.1 Water and wastewater treatment solutions, such as ultrafiltration and membrane bioreactors

5.2 Polluted groundwater remediation

5.3 Creating artificial groundwater with MAR (Managed Aquifer Recharge techniques)

5.4 R&D for the development of new water treatment and reuse solutions

Medium Green

- ✓ 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 security². Water treatment is crucial to climate adaptation.
- ✓ According to the issuer, some of its systems use less energy than competitors. One example is its legionella disinfection that uses 10-12% less energy than competitors.
- ✓ Wastewater treatment solutions to be financed may also include polishing plants. Polishing plants allow for the treatment and recirculation of salt-free water, originally taken from the ocean, to be used in industrial processes or in the municipal sector.
- ✓ Investors should be aware that in some geography’s wastewater treatment and water purification facilities run on fossil fuels and can be a source of GHG emissions. Treatment systems 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. For example, the decomposition of organic matter in wastewater treatment can release methane, and NO₂ emissions from sludge. The energy used will depend on the location, where multiple locations rely on fossil fuels.
- ✓ The MAR process consists of filtering water through the soil and bioremediation with bacteria. The technology can be applied for ground water remediation, to restore brackish water aquifers back to fresh water aquifers and also for storage of produced potable water or for storage of treated wastewater. According to Lamor, the method uses less energy than comparable methods due to the use

² [SR15 Chapter3 Low Res.pdf \(ipcc.ch\)](#)



of soil as a filter in the process. The need to transport water will depend on the project, where in some cases it can be handled through pipes.

Table 2. Eligible project categories









3 Terms and methodology

This note provides CICERO Shades of Green’s second opinion of the client’s framework dated April 2023. This second opinion remains relevant to all green bonds and/or loans issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Shades of Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client’s policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

‘Shades of Green’ methodology

CICERO Shades of Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

Shading	Examples
 Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low-carbon and climate resilient future.	 Solar power plants
 Medium Green is allocated to projects and solutions that represent significant steps towards the long-term vision but are not quite there yet.	 Energy efficient buildings
 Light Green 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

The “Shades of Green” methodology considers the strengths, weaknesses and pitfalls of the project categories and their criteria. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised, including potential macro-level impacts of investment projects.

Sound governance and transparency processes facilitate delivery of the client’s climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green bond are carefully considered and reflected in the overall shading. CICERO Shades of Green considers four factors in its review of the client’s governance processes: 1) the policies and goals of relevance to the green finance framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: 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.



Assessment of alignment with Green Bond Principles

CICERO Shades of Green assesses alignment with the International Capital Markets' Association's (ICMA) Green Bond Principles. We review whether the framework is in line with the four core components of the GBP (use of proceeds, selection, management of proceeds and reporting). We assess whether project categories have clear environmental benefits with defined eligibility criteria. The Green Bonds Principles (GBP) state that the “overall environmental profile” of a project should be assessed. The selection process is a key governance factor to consider in CICERO Shads of Green's assessment. CICERO Shades of Green typically looks at how climate and environmental considerations are considered when evaluating whether projects can qualify for green finance funding. The broader the project categories, the more importance CICERO Shades of Green places on the selection process. CICERO Shades of Green assesses whether net proceeds or an equivalent amount are tracked by the issuer in an appropriate manner and provides transparency on the intended types of temporary placement for unallocated proceeds. Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs.



Appendix 1: Referenced Documents List

Document Number	Document Name	Description
1	Lamor corporation green finance framework April 2023	
2	Lamor annual report 2022	Annual financial and sustainability report.
3	Lamor Company Assessment CICERO GREEN November 2021	Company assessment performed by us, the CICERO Shades of Green team, In the assessment we assign a Shade of Green to a company's revenues, operating costs, and capital expenditures. The assessment shows how green a company's activities are and allows investors to track companies' transition efforts.
4	Lamor Company Assessment CICERO GREEN Update January 2023	Company assessment performed by us, the CICERO Shades of Green team. Limited assurance report that shows the progress compared to the original 2021 report.



Appendix 2: 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 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 entity issuing the bond, 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 second opinions.

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- ★ **2021 Largest External Reviewer**, Climate Bonds Initiative Awards
 - ★ **2020 External Assessment Provider Of The Year**, Environmental Finance Green Bond Awards
 - ★ **2020 Largest External Review Provider In Number Of Deals**, Climate Bonds Initiative Awards
 - ★ **2019 External Assessment Provider Of The Year**, Environmental Finance Green Bond Awards
 - ★ **2019 Largest Green Bond SPO Provider**, Climate Bonds Initiative Awards
 - ★ **2018 External Assessment Provider Of The Year**, Environmental Finance Green Bond Awards
 - ★ **2018 Largest External Reviewer**, Climate Bonds Initiative Awards
 - ★ **2017 Best External Assessment Provider**, Environmental Finance Green Bond Awards
 - ★ **2016 Most Second Opinions**, Climate Bonds Initiative Awards