

Primrock Shades of Green assessment¹

October 27, 2023



Sector: Energy services



Region: Nordics

This report was produced by Shades of Green using Shades of Green Methodology.

On December 1, 2022, S&P Global acquired Shades of Green from CICERO.

Executive Summary

Primrock is a private Swedish company providing balance services to the electric grid and capacity services to local end-users of electricity. It designs, assembles, and operates modular battery energy storage units and load banks to support the expansion of renewable power generation and accelerate the electrification of the industry and transport sectors. Established in 2019, it currently serves the Swedish market and plans to expand to broader Scandinavia.

Shading of Primrock’s 2022/2023 revenue, operating expenses, and capital expenditures

■ Dark green ■ Medium green ■ Light green ■ Yellow ■ Red

Source: Shades of Green analysis using Primrock’s financial data from 2022/2023.

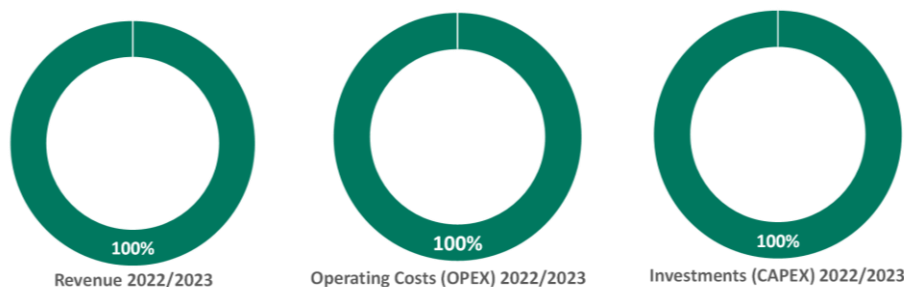


Figure 1: Shading of revenue, operating costs and capital expenditures for Primrock

We assign a Dark Green shade to 100% of Primrock’s revenues, OPEX, and CAPEX because the company’s activities and investments are dedicated to energy balancing and capacity services that enable the integration of intermittent renewable energy sources onto power grids. To successfully decarbonize the energy sector by rapidly scaling up renewable power, technologies like Primrock’s storage and load banks will be needed to manage frequency falling below or rising above normal levels due to the intermittency of renewable sources such as wind and solar power. Primrock’s business model as a pure play provider of these services and associated financial flows are therefore well-aligned with the goals of the Paris Agreement and net zero decarbonisation scenarios. Primrock’s sound management of other sustainability risks further supports a Dark Green shade.

Nasdaq Green Designation¹

S&P Global Ratings Shades of Green assesses that Primrock meets the requirements for Nasdaq Green Equity Designation – Private Company set out in the Nasdaq Green Equity Principles.



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

While it does not prevent a Dark Green shade, the main potential pitfall for Primrock’s sustainability strategy is its value chain climate emissions and environmental risks. Battery components are particularly associated with sensitive materials and emissions during production. While Primrock’s supplier selection policy that prioritises suppliers with better management of these issues is a good first step, these risks are likely to rise in line with the rollout of renewable electrification services and should be tightly managed and accounted for by companies wherever they are in the value chain.

Governance Assessment

While Primrock is in an early stage of formalising its sustainability governance, it demonstrates consideration of sustainability risks in its company design and management. Its plans to use 100% renewable energy and minimise waste, the existence of a supplier selection policy, and its integration of DNSH criteria and social due diligence prescribed in the EU Taxonomy are positive.

Primrock could further strengthen its sustainability governance by developing targets for key issues such as Scope 3 climate emissions and waste, actively engaging suppliers on quantitative sustainability criteria, and aligning with external standards for environmental risk management and sustainability reporting. As the company grows and becomes more established, it will be important to formalise and systematise all sustainability strategies and seek external expertise where appropriate to ensure the company is always acting on the basis of state-of-the-art information.

EU Taxonomy

Shades of Green assesses that 100% of Primrock’s revenue, OPEX and CAPEX are likely aligned with EU Taxonomy requirements. The relevant EU Taxonomy activities for Primrock are 4.9 Transmission and distribution of electricity and 4.10 Storage of electricity. Primrock is likely aligned to the substantial contribution criteria because it operates transmission and distribution infrastructure that balances the grid when frequency rises above or falls below normal levels with a main objective of facilitating the integration of intermittent renewable electricity. These services include battery energy storage systems (BESS) and are part of the interconnected European system. Primrock is also likely aligned with the relevant Do-No-Significant-Harm (DNSH) criteria and appears to fulfil the requirements of the minimum social safeguards.

Table 1: Sector specific metrics²

	Energy Consumption (kWh)	Scope 1 & 2 ³ Emissions (tonnes CO ₂ e)	Scope 3 ⁴ Emissions (tonnes CO ₂ e)	Prequalified Capacity for Balancing Services (MW)	Installed Capacity (MW)
2022/2023	603,351	18.1	10.27	17.2	11.0
2021/2022	480,164	14.0	Not calculated	11.1	6.0
2020/2021	114,749	5.9	Not calculated	3.6	4.2
2019/2020	15,378	0.0	Not calculated	0.6	0.6

² Primrock’s financial/accounting/reporting year runs from September 1 to August 31. All annual figures relate to the full financial year.

³ Primrock’s Scope 2 emissions are calculated on a market basis.

⁴ Primrock’s 2022/2023 Scope 3 emissions are calculated for fuel- and energy-related activities, business travel, employee commuting, and end-of-life treatment of sold products following GHGP guidance. Primrock plans to provide disclosures on its remaining material Scope 3 categories— purchased goods and services, capital goods, upstream transportation and distribution, and waste generated in operations— as part of its 2023/2024 sustainability reporting.

Contents

Executive Summary.....	1
Primrock’s sustainability governance	4
Company description	4
Governance Assessment.....	4
Sector risk exposure	8
Assessment of Primrock’s activities	9
Key issues and metrics	9
Shading of Primrock’s revenue, operating expenses and capital expenditures	12
EU Taxonomy	14
Nasdaq Green Designation.....	15
Terms and methodology	16
Shading corporate revenue and investments	16
Appendix 1: Referenced documents list	18
Appendix 2: EU Taxonomy criteria and alignment	21
4.9 Transmission and distribution of electricity	21
4.10 Storage of electricity	26
Appendix 3: About Shades of Green	28

Primrock's sustainability governance

Company description

Primrock is a Swedish company providing and developing balance services to the electric grid, and capacity services to local end-users of electricity, such as highly energy dependent industries. They provide balancing services to the grid through decentralised battery energy storage units which are automatically activated when the frequency of the grid falls below normal levels, and through load banks acting as a vent when the frequency of the grid rises above normal levels. Additionally, they are currently developing sites that will deliver balancing services to the grid and business customers.

Primrock's services help maintain stability in the Nordic synchronous system. Primrock's mission is to support the expansion of renewable power generation by balancing the grid, and to accelerate the electrification of the industry and transport sectors by providing high-quality capacity services. The company designs and assembles modular units, which they own and operate for their customers.

The company was first established via a research project with financial support from the Swedish Energy Agency and entered commercial operation in early 2020. It currently has expanded its operations to 17.2 MW of prequalified capacity to provide balancing services and has invested in facilities that are expected to deliver a total service capacity of around 70 MW by the end of the calendar year 2023.

There are five companies in the Primrock Group: Primrock Holding AB (the holding company) and its four sub-entities Primrock AB, Primrock EQL AB, Crownridge AB (dormant), and Entour AB (dormant). Primrock has 19 employees. The company is privately owned and based in Sweden. The company is in expansion mode, scaling up capacity and its service provisions primarily in the Scandinavian market with an immediate focus on Sweden.

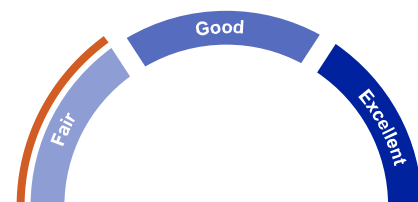
Governance Assessment

While Primrock is in an early stage of formalising its sustainability governance, it demonstrates awareness and consideration of sustainability risks and has incorporated these aspects into its company design and management.

Primrock's targets to use 100% renewable energy in its own operations and minimize waste are positive. Quantitative targets to reduce its Scope 3 emissions and waste would further strengthen its approach.

The company demonstrates clear awareness and oversight of sustainability issues from its board and senior management. We are encouraged by Primrock's stated commitment to design sustainability into its policies and processes from the outset.

Primrock has developed a supplier selection policy that covers material environmental and social aspects. Over time and as Primrock grows, greater engagement with suppliers to continuously improve their practices, such as



through quantitative sustainability criteria, lifecycle assessment, or auditing and verification measures would benefit the company via reduced risks.

The company's in-house environmental risk assessment has identified key issues, and its policies cover high-level management approaches for these concerns. As the company matures, additional integration of external expertise and standards, such as ISO certification (as planned for 2025), could further strengthen its consideration of environmental risks.

Primrock shows that it identifies key social risks in its operations and supply chain. It plans to integrate social due diligence prescribed in the minimum safeguards already from the start throughout their processes and policies. The company shows awareness about risks and how to manage these and is already documenting measures put in place.

Primrock's sustainability reporting could be strengthened. While inclusion of some metrics such as energy use and renewable energy share are positive, additional disclosures on total climate emissions and waste generation as well as alignment with robust external standards such as the Global Reporting Initiative (GRI) or Taskforce on Climate-related Financial Disclosures (TCFD) would improve transparency for stakeholders.

The overall assessment of Primrock's governance structure and processes gives it a rating of **Fair**. We expect this score to increase over time as Primrock implements planned steps to formalize its sustainability practices.

Key strategies, policies, and targets

Primrock reports its sustainability mission as three-fold:

1. Contribute to a future electricity system which is 100% based on renewables
2. Contribute to a doubling of Sweden's electricity production and its efficient use
3. Contribute to a future transport system which is 100% fossil fuel-free

While Primrock has not undertaken formal materiality analysis, it has identified key sustainability risks through in-house expert assessment. Its sustainability policy that addresses these issues is currently internal, but it is available upon request by stakeholders and will be shared on its website in 2024. The policy has four elements:

1. Economical (efficient) use of resources
2. Optimal (and flexible) utilisation of resources and assets
3. Selection of sustainable (and reliable) technologies and suppliers
4. Decommissioning so that physical environments are restored without lasting negative impact

The company relates its sustainability policy to the sustainability goals of the Swedish government, the EU and relevant UN Sustainable Development Goals. The company's target is to operate all facilities with zero-emission renewable energy contracts – a goal which is currently achieved. Primrock also targets minimal waste production and operates in line with EU waste management hierarchy.

Primrock has not set a specific climate emissions reduction target, made a public commitment to alignment with the Paris Agreement or net zero by 2050, or sought Science Based Targets initiative (SBTi) verification.

Governance structure

The five companies in the Primrock Group are all governed by the policies and procedures of the holding company. Primrock's board is ultimately responsible for sustainability issues and governance of the company. It signs off on investments only if financial, sustainability, and risk criteria are met and requires a sustainability report for each project.

Primrock's leadership, including its CEO, inform us they view sustainability as an integral component of the production and scaling process of the company and as such is "designed" into plans and incorporated into processes across project lifecycles. Metrics that will be measured (these are currently mainly concerned with waste, which is one area the company can control directly) are followed up during and at the end of the construction and operative phase. Although specific sustainability metrics such as climate emissions or waste reduction are not incorporated into employee incentive structures, there are strong incentives for Primrock's leadership to expand the company's general services that enable renewable energy integration.

The young age of the company means that governance policies have only been formalised and systematised over the course of 2023.

Supply chain

Primrock produces multifunctional and modular systems, consisting of parts, assembly, service and energy components. The company states that it prioritises suppliers who have a well thought through sustainability strategy, including climate considerations. In the long run, it aims to be in a position where it has the size and clout to impose sustainability requirements on its suppliers.

While Primrock does not have a formal, public supplier code of conduct, it has an internal supplier selection policy. On environmental aspects, this selection policy emphasises transport (some of the components used are sourced from East Asia and have a significant transportation climate footprint), energy and carbon emissions accounting, and the existence of a corporate sustainability policy. The final decision on a supplier is taken following an assessment of several criteria, where sustainability is one of the aspects considered. Different suppliers are selected based on different criteria, according to the component type and materiality of the issue. This may include, for example using energy saving systems, working with local companies, and prioritising EU suppliers when possible as these are obliged to follow European laws.

Environmental risk management

Primrock has undertaken an in-house risk analysis including environmental aspects. It has gone through several iterations to date and will be updated annually going forward. Four main risks have been identified:

1. Supply chain risk related to the sourcing of electrical components, batteries, metals, etc.
2. Raw material risk related to the extraction of metals etc.
3. The risk that modular services will no longer be permitted or functional, leading to resource waste in Primrock's system.
4. The risk of underperformance of the balancing system provided by Primrock's solutions, which can lead to higher energy use or less efficient solutions.

The company's policies provide a description of how each risk is managed, albeit in broad terms. The company monitors local environmental impacts by following local legislation, such as carrying out environmental impact assessments that include physical climate risk in the Swedish context.

The company does not yet have ISO 14001 certification, internal carbon pricing, which the issuer informs us is due to its early stage and small size. According to Primrock, it plans to undertake ISO certification in 2025.

Social risk awareness

Primrock states that it wants to take responsibility for ensuring that the expansion of the business does not contribute to human suffering in other parts of the world. So far, it has no separate policy expressing their commitment on social issues but expresses their commitments in several other policies.

The company has taken steps to ensure that its purchases of components for assembly and plant operations are made from suppliers who respect human rights. Primrock's parent company has developed a supplier selection policy, which clarifies to the purchasing department which values are to be given weight in the selection of suppliers. The company increasingly requests information about the key suppliers' human rights work and strategies, to minimize the negative consequences of raw material purchases and to ensure that no violations take place in the value chain.

In the batteries used in Primrock's facilities, the active materials are composed of a number of metals, one of which is cobalt. It is established that human rights violations have taken place in relation to mining of cobalt in the Democratic Republic of Congo, a country which controls around 70 % of the world's cobalt output. This is why Primrock has chosen to source its batteries from Samsung, which they believe has strong policies and is large enough to use its leverage there.

The majority of Primrock's revenue during this last year has come from one and the same customer—Svenska Kraftnät—which is a Swedish public actor with great power over both the design of rules and procurement processes.

Primrock has initiated extensive policy work to inform employees about social risks and to clarify Primrock's stance. The company has also established a personnel policy that clarifies the management's expectations about good working conditions in the workplace, and a zero-tolerance policy against bullying and discrimination. The company requires that their suppliers, of both products and services, ensure equal pay for equal work, living wage and the right to organize.

The company has started to report on identified social risks and corresponding preventive measures and will start to report on the effectiveness of these measures once these have been in use for some time.

Reporting

Primrock is a young company and is in the process of merging and standardising its reporting between the various sub-companies. At the moment, its sustainability report and financial report are separate. The sustainability report is structured around the key issues identified in its sustainability policy and includes quantitative metrics such as energy use at its facilities and share of renewable energy. It is not reviewed externally. The company does not report according to the GRI at the moment but sees this (and reporting generally) as a natural growth area as the company expands.

Primrock's climate reporting is currently in an early stage and largely project-based. The company is planning to centralise and formalise procedures in the coming years, including disclosures on more complete Scope 3 emissions to better reflect the embedded footprint of its projects. It does not yet report in alignment with the recommendations of the TCFD for its operations and value chain but does undertake physical climate risk assessments and mitigation measures at project site level in accordance with EU Taxonomy DNSH criteria for adaptation. Finally, being an enabler of renewable energy integration, it considers its climate transition risks low.

Sector risk exposure



Physical climate risks. Climate-related changes can reduce the supply and quality of energy in the grid, while more frequent extreme weather events such as flood and mudslides (increasing in Northern Europe) can damage storage equipment and infrastructure. Climate change can also disrupt logistics and transportation of raw materials; in the case of battery production, materials are typically transported across a wide range of locations and geographies. The battery supply chain is also exposed to physical climate risk via e.g., the extraction of certain raw materials requiring large amounts of water from areas vulnerable to water shortages (e.g., China, Chile, Argentina).

Transition risks. Due to the profound changes needed to limit global warming to well-below 2°C, transition risk affects all sectors. However, stricter climate policies are expected to favour renewable energy in general, and given the intermittency of renewable energy, the ability to store energy will be needed in a low carbon future. As a result, the sector faces low transition risks, although raw material supply chains may be strained by rapid demand increases.

Environmental risks. Energy infrastructure project materials, construction, operation, and end of life management can have environmental risks and impacts, including air pollution, waste and wastewater risk. Biodiversity loss can occur if installations disturb habitats. Local pollution is a risk, such as during component sourcing and manufacturing or resulting from leakage.

Social risks. Social risks in this sector are about health and safety for workers involved in the construction work, preparing for plant operations, and potential risks for negative impact on the local community. The most serious social risks are linked to sourcing of components for assembly and in particular sourcing of materials, which often originate from conflict-ridden regions or countries with weak human rights protection.

Assessment of Primrock's activities

Key issues and metrics

GHG Emissions

Primrock's Scope 1 emissions appear to be limited to fugitive emissions from refrigerants used for air conditioning equipment at energy storage sites. Primrock does not own or control any backup generators or any other stationary or mobile asset with a combustion engine. The electricity sourced for Primrock's operations is purchased from a supplier guaranteeing 100% renewable electricity based on hydropower, wind, and solar PV and corresponding Scope 2 emissions are considered to be zero on a market basis. Primrock does not currently report on location-based Scope 2 emissions.

The company has begun calculating Scope 3 emissions for the 2022/2023 fiscal year, covering fuel- and energy-related activities, business travel, employee commuting, and end-of-life treatment of sold products categories following Greenhouse Gas Protocol Guidance. As a share of calculated Scope 3 emissions, more than three quarters (76%) were attributed to lifecycle energy emissions and transmission losses associated with the electricity consumed by Primrock, followed by business travel flights and car or bus transit (23%).

The company plans to provide Scope 3 disclosures on all remaining material categories, including purchased goods and services, capital goods, upstream transportation and distribution, and waste generated in operations, as part of its 2023/2024 sustainability reporting. The production of batteries used in Primrock's projects can be emission-intensive depending on the grid in the region of production. Other upstream or downstream sources also include mining and transportation of raw materials, shipping components from the production plants in East Asia to Primrock's assembly plant in Sweden, and potential emissions from subcontractors transporting, installing, or decommissioning Primrock's modular units at project sites.

Primrock follows Greenhouse Gas Protocol (GHGP) guidance to calculate the emissions it measures. It does not have a specific emissions reduction target other than continuing its renewable energy sourcing strategy to maintain zero Scope 2 emissions.

Table 2: The table summarises GHG-emissions and main emission reduction targets.

	Total (tonnes CO ₂ e ⁵)	Scope 1 Emissions (tonnes CO ₂ e)	Scope 2 Emissions ⁶ (tonnes CO ₂ e)	Scope 3 ⁷ Emissions (tonnes CO ₂ e)
Main targets	No target	No target	Continue to source 100% renewable electricity to maintain zero Scope 2 emissions	No target
2022/2023	28.37	18.1	0	10.27

⁵ CO₂e, carbon dioxide equivalent is a measurement term for greenhouse gas accounting.

⁶ Note that Scope 2 emissions are market-based.

⁷ Primrock's Scope 3 2022/2023 emissions are calculated for fuel- and energy-related activities, business travel, employee commuting, and end-of-life treatment of sold products.

2021/2022	Not calculated	14.0	0	Not calculated
2020/2021	Not calculated	5.9	0	Not calculated
2019/2020	Not calculated	0.0	0	Not calculated
Change 2021/2022-2022/2023	Not applicable	4.1 (+29%)	0	Not applicable
Main Sources		Fugitive emissions from air conditioning units installed on the energy storage modules	Primrock sources 100% renewable energy	Mining of raw materials, assembly of batteries, and transportation

Energy

Primrock procures its electricity from renewable sources and uses no other forms of energy. Its energy consumption in 2022/2023 was 603,351 kWh.

Table 3: The table summarises energy mix by energy source

Energy source	Percent of total	Comments
Renewable electricity	100%	Primrock has partnered with an electricity trading company that commits to sourcing the electricity it provides to Primrock from 100% solar, wind, and hydropower through power purchase agreements (PPAs) and to source from local producers to the greatest extent possible

Table 4: Energy consumption and capacity

	Energy Consumption (kWh)	Prequalified Capacity for Balancing Services (MW)	Installed Capacity (MW)
2022/2023	603,351	17.2	11.0
2021/2022	480,164	11.1	6.0
2020/2021	114,749	3.6	4.2
2019/2020	15,378	0.6	0.6

Waste

The waste policy of the company has been created following the EU waste management hierarchy – and comprises production, installation and building sites. Re-use of components is encouraged through the modular approach of the company’s product, meaning elements can be re-assembled and used again. Waste management plans are created for each project.

In terms of battery recycling and waste management, Primrock designs and deploys battery energy storage systems that have a long technical and financial life, estimated at 15-20 years. The systems are designed for “graceful degradation,” which aims to reduce the need for premature recycling. At the end of their useful life, batteries will be transferred to specialized local battery recycling facilities. As part of the procurement process, information relating to supplier waste management is collected and assessed to the extent possible.

Climate Resilience

The company states that it has a systematic site selection process where resilience is considered through regulatory requirements as well as additional voluntary measures. Under Swedish law, local authorities are required to analyse climate risks as part of the process to introduce local zoning regulations that govern where

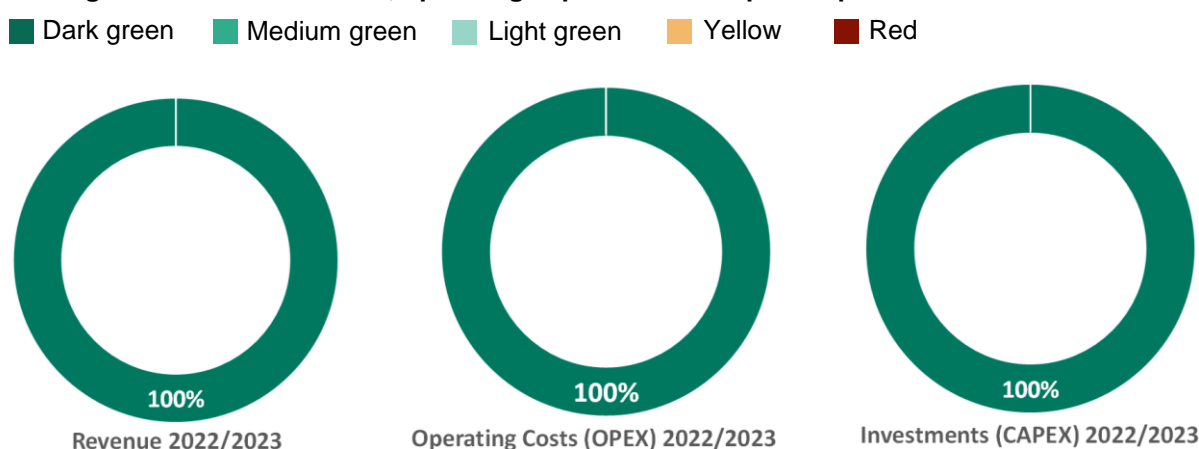
Primrock’s projects can be located. Moreover, Primrock undertakes additional independent site-specific research and data collection following the guidance of the EU Taxonomy DNSH requirements for adaptation. Primrock informs us it uses climate scenario data and projections from the Swedish Meteorological and Hydrological Institute (SMHI) translating Intergovernmental Panel on Climate Change (IPCC) representative concentration pathways (RCPs) into local Swedish context to screen its sites for physical climate risks. It reviews physical climate risks under the worst-case scenario provided by SMHI for its relevant site or facility location and then ensures its facilities are designed with a large buffer against potential impacts to handle the worst-case scenario with no material risk. If physical climate risk exposures were identified in this screening process, Primrock informs us it would then conduct a full climate risk and vulnerability assessment according to Taxonomy criteria. To date, this has not been needed. Resilience is also enhanced via the company’s modular approach, where units to the greatest possible extent are independent from each other, distributed across a geographically diverse network, and can more easily be relocated if conditions change.

Table 5: Shades of Green assessment of Primrock’s management of key environmental issues

Key issue	Shades of Green comments
GHG emissions	<ul style="list-style-type: none"> ✓ It is a strength that Primrock has very low Scope 1 and 2 emissions due to its avoidance of any fossil fuel combustion in its operations and sourcing of renewable energy. ✓ We note that while Primrock’s partnership with a renewable energy trading company using PPAs is more robust than other procurement mechanisms such as guarantees of origin, location-based Scope 2 emissions should also be managed and reported. ✓ Primrock’s major emissions are likely to be from Scope 3. It is a pitfall that Primrock does not yet measure, report, or set targets for these emissions. At the same time, we appreciate that the company is currently at a small size, young age, and is a pure play facilitating the transition to a low carbon future– all of which serve to mitigate our concern. ✓ Over time, it would strengthen Primrock’s climate strategy to develop a more robust Scope 3 approach and targets. While its overall emissions may increase as it grows and provides an important service integrating intermittent renewable energy, intensity measures could still indicate progress in this area.
Energy	<ul style="list-style-type: none"> ✓ It is a strength that Primrock sources 100% of its electricity from renewable sources. ✓ As a complementary measure to potential future engagement with suppliers on climate emissions, it would further strengthen Primrock’s approach to actively engage its value chain on transitioning to renewable energy where feasible.
Waste	<ul style="list-style-type: none"> ✓ It is positive that the company has a policy of following the waste management hierarchy and responsible decommissioning. Project documentation shows assessments are carried out at the execution level, which is good practice. ✓ It is also a strength that waste prevention and reduction is considered in project design, such as through graceful degradation principles and modularity of components. ✓ The company is in a start-up phase, and it will be important to monitor how policies are rolled out in practice and whether they can be improved, particularly for higher risk components such as batteries. ✓ Over time, a quantitative target and reporting on waste performance could strengthen this aspect of Primrock’s sustainability strategy.

-
- Climate Resilience ✓ It is positive Primrock’s units are installed according to local Swedish zoning laws that contain physical climate risk considerations.
- ✓ It is a strength that Primrock is following EU Taxonomy guidance on DNSH for adaptation using robust climate scenarios.
 - ✓ Primrock’s business model with modular independent units also enhances the climate resilience of the company.
 - ✓ Over time, Primrock should ensure it is assessing climate resilience in its value chain where applicable and providing greater overall transparency on this topic to stakeholders.
-

Shading of Primrock’s revenue, operating expenses and capital expenditures



Source: Shades of Green analysis using Primrock’s financial data from 2022/2023.

Figure 2: Shading of revenue, operating costs and capital expenditures for Primrock

Given Primrock’s core business model and governance and management of key issues, we have assigned a Dark Green shade to 100% of Primrock’s revenues, OPEX, and CAPEX. We consider Primrock a pure play company with activities and investments entirely focused on energy services that facilitate improved integration of renewable energy into power grids. Their balancing services through energy storage units that activate when the frequency of the grid falls below normal levels and load banks than can serve as an off-taker when the frequency of the grid rises above normal levels are essential to enable the expansion of low carbon, intermittent renewable electricity, such as wind and solar power. While Primrock informs us its services could theoretically be used by a heavier emitting industry, this would make little practical sense and is unlikely. Primrock is therefore well-aligned with the goals of the Paris Agreement by directly supporting scaling up clean power and achieving net zero emissions in the energy sector. Their services support a grid that can accommodate renewable electrification of diverse sectors, which is a key component of decarbonisation scenarios.⁸

A Dark Green shade is further supported by Primrock’s use of 100% renewable energy in its own operations and sound management of waste and physical climate risk as described above. It is Primrock’s responsibility to ensure these measures are effectively implemented and strengthened over time as it formalises its sustainability governance, particularly for higher risk components such as batteries.

⁸ See, e.g., the [IEA Net Zero by 2050](#) scenario.

Primrock's value chain emissions and environmental impacts are the main potential pitfall in its current sustainability strategy. Primrock has developed a supplier selection policy that is a good foundation for identifying partners with better practices on aspects such as battery sourcing. Over time, Primrock should continue to develop its Scope 3 and broader sustainable sourcing approach to ensure that as it supports energy sector decarbonisation locally, it is also managing emissions and impacts in its value chain and actively engaging suppliers on these topics, particularly for more emissions-intensive and environmentally impactful components such as batteries.

Investors should note that our assessment is based on data reported or estimated by the company and has not always been verified by a third party. We analyse revenue, operating costs and capital expenditures, however there is typically not an explicit link between sustainability and financial data⁹. Our shading often requires allocating line items in financial statements to projects or products, for this we rely on the company's internal allocation methods. In addition, there are numerous ways to estimate, measure, verify and report e.g., data on emissions, which may make direct comparisons between companies or regulatory criteria difficult and somewhat uncertain.

⁹ Most accounting systems do typically not provide a break-down of revenue and investments by environmental impact, and the analysis may therefore include imprecisions and may not be directly comparable with figures in the annual reporting.

EU Taxonomy

The mitigation criteria in the EU taxonomy includes specific thresholds and do no significant harm (DNSH) criteria for storage of electricity and transmission and distribution of electricity¹⁰. Comments on alignment are given in the table below, and detailed thresholds, NACE-codes and likely alignment with DNSH criteria are given in Appendix 2.

Table 6: Overall EU Taxonomy alignment

Overall EU Taxonomy alignment (Substantial contribution + DNSH + minimum safeguards)	Revenue	OPEX	CAPEX
Total share eligible (activities covered by criteria)	100%	100%	100%
Total share likely aligned to all criteria	100%	100%	100%

Alignment with minimum social safeguards

To qualify as a sustainable activity under the EU regulation certain minimum social safeguards must be complied with. Shades of Green has assessed the company's social safeguards with a focus on human and labour rights. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risks. Shades of Green concludes that Primrock appears to fulfil the requirements of the minimum social safeguards.

Table 7: Summary of alignment to 4.9 Transmission and distribution of Electricity

Eligibility	2022/2023 share
Activities covered	<ul style="list-style-type: none"> ✓ 100% of revenues, OPEX and CAPEX are considered eligible. ✓ Some shares may be better classified under 4.10 criteria as battery storage systems that are part of transmission and distribution infrastructure. However, current reporting does not separate financial numbers to a sufficiently granular level to confirm the split between the two. We have assessed 4.10 criteria as well below.
Alignment	2022/2023 share
Activities aligned	✓ 100% of revenue, 100% of OPEX, and 100% of CAPEX are likely aligned.
Substantial contribution	Summary of assessment
Mitigation Criteria	<ul style="list-style-type: none"> ✓ Primrock operates transmission and distribution infrastructure that balances the grid when frequency rises above or falls below normal levels. ✓ The main objective of Primrock's services and infrastructure are to increase the use of renewable electricity by providing these balancing services to facilitate the integration of increased intermittent renewable power as well as the export of renewable energy from the Nordics to continental Europe and Great Britain.
DNSH-criteria	Summary of assessment
Climate change adaptation	✓ Likely aligned
Transition to a circular economy	✓ Likely aligned

¹⁰ taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf (europa.eu)

Pollution prevention and control ✓ Likely aligned

Protection and restoration of biodiversity and ecosystems ✓ Likely aligned

Table 8: Summary of alignment to 4.10 Storage Distribution of Electricity

Eligibility	2022/2023 share
Activities covered	✓ All financial data have been reflected in 4.9 above. Some shares may be better classified under these 4.10 criteria as battery storage systems that are part of transmission and distribution infrastructure. However, current reporting does not separate financial numbers to a sufficiently granular level to confirm the split between the two.
Alignment	2022/2023 share
Activities aligned	✓ Any shares that could be separated out from 4.9 above and better classified as 4.10 are likely aligned.
Substantial contribution	Summary of assessment
Mitigation Criteria	✓ Primrock operates transmission and distribution infrastructure that balances the grid when frequency falls below normal levels. These services include battery electricity storage systems (BESS).
DNSH-criteria	Summary of assessment
Climate change adaptation	✓ Likely aligned
Sustainable use and protection of water and marine resources	✓ Likely aligned
Transition to a circular economy	✓ Likely aligned
Protection and restoration of biodiversity and ecosystems	✓ Likely aligned

Nasdaq Green Designation

Shades of Green confirms that Primrock meets the requirements for Nasdaq Green Equity Designation – Private Company set out in the Nasdaq Green Equity Principles.

In 2022, 100% of Primrock’s turnover came from assets with some Shade of Green, exceeding the 50% threshold for green activities for company turnover. The sum of OPEX and CAPEX allocated a Shade of Green is 100%. This exceeds the 50% threshold for investments, defined as the sum of CAPEX and OPEX. In 2022, Primrock had no turnover assessed shaded Red, meeting the threshold of less than 5% of the company’s turnover being derived from fossil fuel activities. In addition, this report provides transparency on alignment of the company’s activities with the EU Taxonomy and transparency on the company’s environmental targets and KPIs is provided.

Investors should note that the statements above are the results of Shades of Green’s assessment. The awarding of the Green Designation to Primrock is subject to Nasdaq approval.











Terms and methodology

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

Shading corporate revenue and investments

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

The approach is an adaptation of the Shades of Green methodology for the green bond market. The Shade of Green allocated to a green bond framework reflects how aligned the likely implementation of the framework is to a low carbon and climate resilient future, and we have rated investments and revenue streams in this assessment similarly. We allocate a shade of green to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

Shading		Examples
	Dark green Is allocated to projects and solutions that corresponds 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
	Yellow Is allocated to projects and solutions that do not explicitly contribute to the transition to a low carbon and climate resilient future. This category also includes activities with too little information to assess.	 Health care services
	Red Is allocated to projects and solutions that have no role to play in a low-carbon and climate resilient future. There are the heaviest emitting assets, with the most potential for lock in of emissions and highest risk of stranded assets.	 New oil exploration

In addition to shading from dark green to red, Shades of Green also includes a governance score to show the robustness of the environmental governance structure. When assessing the governance of the company, Shades of Green looks at five elements: 1) strategy, policies and governance structure; 2) lifecycle considerations including supply chain policies and environmental considerations towards customers; 3) the integration of

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

In March 2020, a technical expert group (TEG) proposed an EU taxonomy for sustainable finance that included a number of principles including “do-no-significant-harm (DNSH)-criteria” and safety thresholds for various types of activities¹¹. In April 2021, EU published its delegated act to outline proposed criteria for climate mitigation and adaptation, which it was tasked to develop after the EU Taxonomy Regulation entered into law in July 2020. Shades of Green has assessed the mitigation criteria in the EU taxonomy that includes specific thresholds for activities relevant for the company¹².

Do-No-Significant-Harm criteria include measures such as ensuring resistance and resilience to extreme weather events, preventing excessive water consumption from inefficient water appliances, ensuring recycling and reuse of construction and demolition waste and limiting pollution and chemical contamination of the local environment, as well as restriction on the type of land used for construction (no arable or forested land).

Shades of Green has assessed potential alignment against the mitigation thresholds and the DNSH criteria in the delegated acts published in April 2021.

In order to qualify as a sustainable activity under the EU regulation 2020/852 certain minimum safeguards must be complied with. The safeguards entail alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation’s (‘ILO’) declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights. Shades of Green has completed a light touch assessment of the above social safeguards with a focus on human rights and labour rights risks¹³. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risk.

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

¹¹ Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020. [TEG final report on the EU taxonomy \(europa.eu\)](#)

¹² [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](#)

¹³ S&P Global Ratings Shades of Green is in the process of further developing its assessment method to ensure that it encompasses the object and purpose of the minimum safeguards.

Appendix 1: Referenced documents list

Document Number	Document Name	Description
1	Primrock Holding AB Hållbarhetsrapport 2023-08-31	Sustainability report for Primrock Holding AB
2	Primrock AB Hållbarhetsrapport 2023-08-31	Sustainability report for Primrock AB
3	Hållbarhetsrapport för Primrock EQL AB 2022/2023	Sustainability report for Primrock EQL AB
4	Primrock: Indirekta utsläpp av växthusgaser (GHGP Scope 3) under verksamhetsåret 2022/23	Primrock Holding AB's calculation of indirect emissions of greenhouse gases (GHGP Scope 3) under financial year 2022/23 from October 2023
5	Årsredovisning för Primrock Holding AB	2022/2023 Annual Report for Primrock Holding AB
6	Primrock EQL AB Årsredovisning 2023-08-31	Annual Report for Primrock EQL AB
7	Primrock Helårsrapport 2021/2022	Primrock's 2021/2022 annual report
8	Revisionsberättelse Till bolagsstämman i Primrock Holding AB	Audit report on the Primrock Holding AB 2022/2023 annual report
9	Revisionsberättelse Till bolagsstämman i Primrock EQL AB	Audit report Primrock EQL AB 2022/2023 annual report
10	Primrock Holding AB investment memorandum May 2023 Konfidentiell Version	Investment memorandum confidential version May 2023
11	Primrock Holding AB Investment Memorandum	May 2023
12	Primrocks Hållbarhetsstrategi 2023-09-20	Primrock Holding AB's sustainability strategy
13	Primrocks Hållbarhetspolicy 2023-09-20	Primrock Holding AB's sustainability policy

Ratings

14	Primrocks Leverantörsvalspolicy 2023-09-20	Primrock Holding AB's supplier selection policy
15	Primrocks Personalpolicy 2023-09-20	Primrock Holding AB's HR policy
16	Primrocks Policy för Antikorrupsionsarbete 2023-09-20	Primrock Holding AB's anticorruption policy
17	Primrocks GDPR Policy för Skydd av Personlig Data 2023-09-20	Primrock Holding AB's GDPR policy for the protection of personal data
18	Primrocks Policy för Skydd av Immateriella Tillgångar 2023-09-20	Primrock's policy for the protection of intellectual property assets
19	Introduktionsvecka 2023: Underlag till Primrocks Team	Presentation for Introduction Week 2023: Background on Primrock's Team
20	Project Röd Ockra	Presentation on project Röd Ockra from February 2023
21	Core suppliers sustainability project Röd Ockra	
22	Återställningsplan för avveckling, demontering och återvinning av site NSB01 som uppförs under projekt Röd Ockra	Recovery plan for decommissioning, dismantling and recycling of site NSB01, which is being built under project Röd Ockra
23	Avfallshanteringsplan vid nyanläggningsprojekt Röd Ockra	Waste management plan for new construction project Röd Ockra
24	Primrock AB core suppliers sustainability project Freja	
25	Anläggning: Projekt Freja (FBG04): Återställningsplan för avveckling, demontering och återvinning av site FBG04 som uppförs under projekt Freja	Recovery plan for decommissioning, dismantling and recycling of site FBG04 which is being built under project Freja
26	Avfallshanteringsplan vid nyanläggningsprojekt Freja	Waste management plan for new construction project Freja
27	Core suppliers sustainability project SV22:E2	
28	Återställningsplan för avveckling, demontering och återvinning av SV22E2 (FBG01)	Recovery plan for decommissioning, dismantling and recycling of project SV22E2 (FBG01)
29	Avfallshanteringsplan vid nyanläggningsprojekt SV22:E2	Waste management plan for new construction projects SV22:E2

Ratings

30	Core suppliers sustainability project Birka	
31	Core suppliers sustainability project Birka II	
32	Återställningsplan för avveckling, demontering och återvinning av site HBG01 som uppförs under projekt Birka	Recovery plan for decommissioning, dismantling and recycling of site HBG01 which is being built under project Birka
33	Återställningsplan för avveckling, demontering och återvinning av site JNK01 vars första etapp uppförs under projekt Birka II	Recovery plan for decommissioning, dismantling and recycling of site JNK01, the first stage of which is being built under project Birka II
34	Avfallshanteringsplan vid nyanläggningsprojekt Birka	Waste management plan for new facility project Birka
35	Avfallshanteringsplan vid nyanläggningsprojekt Birka II	Waste management plan for new facility project Birka II
36	Avfallshanteringsplan vid serietillverkning av Primrock Megabank, Primrock Powerbank och Primrock Qube i Falkenberg	Waste management plan for serial production of Primrock Megabank, Primrock Powerbank and Primrock Qube in Falkenberg

Appendix 2: EU Taxonomy criteria and alignment

Complete details of the EU taxonomy criteria are given in [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)4.10 4.10](#)

4.9 Transmission and distribution of electricity

Taxonomy activity	4.9 Transmission and distribution of electricity (NACE Code D35.12 and D35.13)		
Taxonomy version	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<p>Substantial contribution to climate change mitigation:</p> <p>The activity complies with one of the following criteria:</p> <p>1. The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria:</p> <ul style="list-style-type: none"> a. the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; b. more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; c. the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; <p>2. The activity is one of the following:</p> <ul style="list-style-type: none"> a. construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity 	<ul style="list-style-type: none"> • Primrock operates transmission and distribution infrastructure that balances the grid when frequency rises above or falls below normal levels. • The main objective of Primrock’s services and infrastructure are to increase the use of renewable electricity by providing these balancing services to facilitate the integration of increased intermittent renewable power, such as wind generation, as well as the export of renewable energy from the Nordics to continental Europe and Great Britain. This demonstrates compliance with criterion 2d. • Its operations are part of the interconnected European system in Sweden and as such it is considered to be compliant with criteria 1a. 	Likely Aligned

	<p>generation below the threshold of 100 gCO₂e/kWh measured on a life cycle basis to a substation or network</p> <ul style="list-style-type: none"> b. construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of this Annex c. installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014 and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAA0 level requirements on no-load losses set out in standard EN 50588-1 d. construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation e. installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including: (i) sensors and measurement tools (including meteorological sensors for forecasting renewable production); (ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed). f. installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs; g. construction/installation of equipment to allow for exchange of specifically renewable electricity between users; h. construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant. 		
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	The physical climate risks that are material to the activity have been identified (chronic and acute, related to temperature, wind, water, and	<ul style="list-style-type: none"> • Primrock undertakes physical climate risk screening to assess exposure to the risks described in Taxonomy criteria for each of its sites. 	Likely Aligned

soil) by performing a robust climate risk and vulnerability assessment with the following steps:

- a. screening of the activity to identify which physical climate risks from the list in Section II of the EU Taxonomy Appendix may affect the performance of the economic activity during its expected lifetime;
- b. where the activity is assessed to be exposed to physical climate risks, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;
- c. an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

- a. for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;
- b. for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, and open source or paying models.

For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are

- In the screening process, Primrock informs us it uses climate scenario data and projections from the Swedish Meteorological and Hydrological Institute (SMHI).¹⁴ SMHI is part of Sweden's Ministry of the Environment that has generated scenario data by translating Intergovernmental Panel on Climate Change (IPCC) representative concentration pathways (RCPs) into local Swedish context. According to Primrock, it reviews physical climate risks under the worst-case scenario provided by SMHI for its relevant site or facility location. It then ensures its facilities are designed with a large buffer against potential impacts to handle the worst-case scenario with no material risk.
- If physical climate risk exposures were identified in this screening process, Primrock informs us it would then conduct a full climate risk and vulnerability assessment according to Taxonomy criteria. To date, this has not been needed.
- Where Primrock can locate its projects is specified by Swedish zoning regulations for industry and technical equipment. These regulations have taken physical climate risk into consideration, providing an additional layer of physical climate risk management.
- According to Primrock, its facilities have resilience features such as temperature control systems and robust sealed containers that protect internal components from damage. It elevates its sites to reduce extreme precipitation and flooding risks and does not locate its sites near forests, avoiding exposure to falling trees or wildfires. Its site contracts for locating its modular systems are also shorter than 10 years, meaning that they could be relocated if conditions changed.

¹⁴ See [In-depth climate scenario service | SMHI](#).

	<p>material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.</p> <p>For new activities and existing activities using newly built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.</p> <p>The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.</p>		
Transition to a circular economy	<p>A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.</p>	<ul style="list-style-type: none"> • Primrock produces waste management plans for each of its sites, projects, and modules to ensure the EU waste management hierarchy is followed and waste is minimised during assembly, construction, decommissioning, and end of life. • Primrock informs us that it expects that more than 90% of its components will be recycled at end of life under these policies and procedures. Components with specific recycling requirements, such as batteries, are sent to specialist facilities. • Any partners are required to follow this guidance, which is part of official project documentation. • According to Primrock, it also selects high quality components to ensure high durability, reusability and recyclability and further reduce waste. 	Likely Aligned
Pollution Prevention and Control	<p>Overground high voltage lines:</p> <ol style="list-style-type: none"> a) for construction site activities, activities follow the principles of the IFC General Environmental, Health, and Safety Guidelines b) activities respect applicable norms and regulations to limit of electromagnetic radiation on human health, including for activities carried out in the Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz)¹⁸² and 	<ul style="list-style-type: none"> • No overground high voltage lines are used by Primrock. • Primrock does not use any PCBs. 	Likely Aligned

	<p>for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP).</p> <p>Activities do not use PCBs polychlorinated biphenyls.</p>		
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU, or in accordance with national provisions.</p> <p>Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.</p> <p>For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented</p>	<ul style="list-style-type: none"> • As per Swedish law, Primrock’s site selection procedures require that a local planning process has been undertaken and eligible areas are assigned for industry or technical facilities. No sensitive areas are eligible. • Primrock undertakes screening to assess whether an EIA should be carried out, following EU Taxonomy and national regulation. To date, no EIAs or associated mitigation and compensation measures have been necessary at selected sites. 	<p>Likely Aligned</p>

4.10 Storage of electricity

Taxonomy activity	4.10 Storage of Electricity (NACE codes D.35.1.1 and F 42.22)		
	EU Technical mitigation criteria	Comments on alignment	Alignment
Mitigation criteria	<p>Substantial contribution to climate change mitigation:</p> <ul style="list-style-type: none"> The activity is the construction and operation of electricity storage including pumped hydropower storage. Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of the EU taxonomy Annex. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in Section 3.10, electrification of hydrogen is also considered part of the activity 	<ul style="list-style-type: none"> Primrock’s balancing and capacity services include battery electricity storage systems (BESS). No chemical energy storage is or will be used. 	Likely Aligned
	EU Taxonomy DNSH-criteria	Comments on alignment	Alignment
Climate change adaptation	See 4.9 criteria	See 4.9 comments on alignment.	Likely Aligned
Sustainable use and protection of water and marine resources	<p>In case of pumped hydropower storage not connected to a river body, the activity complies with the criteria set out in Appendix B to the EU Annex.</p> <p>In case of pumped hydropower storage connected to a river body, the activity complies with the criteria for DNSH to sustainable use and protection of water</p>	No pumped hydropower storage is used by Primrock, only battery storage systems will be used.	Likely Aligned

	and marine resources specified in Section 4.5 of EU Taxonomy(Electricity production from hydropower)		
Transition to a circular economy	See 4.9 criteria.	See 4.9 comments on alignment.	Likely Aligned
Protection and restoration of biodiversity and ecosystems	See 4.9 criteria.	See 4.9 comments on alignment.	Likely Aligned

Appendix 3: About Shades of Green

S&P Global Ratings Shades of Green 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.

Shades of Green Company Assessments indicate the greenness of a company by providing a shading of revenues, operating costs and capital expenditures, as well as an assessment the company's governance structure. Shades of Green also provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investments. Shades of Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. Shades of Green is independent of the company being assessed, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. Shades of Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of assessments.



ESG Opinion Provider of the Year



Largest External Review Provider in Number of Deals for Shades of Green



ESG Assessment Tool of the Year - Ratings



External Assessment Provider of the Year

All information, text, data, analyses, opinions, ratings, scores and other statements ("Content") herein has been prepared solely for information purposes and is owned by or licensed to S&P Global and/or its affiliates (collectively, "S&P"). The Content shall not be used for any unlawful or unauthorized purposes. 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 Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall 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) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions and analyses are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. 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 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 non-public information received in connection with each analytical process. S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses.

See additional Disclaimers and Terms of Use at <https://www.spglobal.com/en/terms-of-use>

This disclaimer is updated and modified from time to time. Make sure that you check this page every time you access this Web page or other Web pages maintained by S&P Global.

Copyright© 2023 S&P Global Inc. All rights reserved.

This report does not constitute a rating action.