Gröna obligationer och placeringar, så minskar de utsläppen

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A decade of Green Bonds

Launches its first Green Bonds
SEK 2,325,000,000
6-year 3.5% Green Bonds
Investing to reduce global warming

Sole Lead Manager
SEB

Key Investors

Senior CoManager
Credit Suisse

CoManager
LB♭BW
Green Bonds defined

GREEN BOND DEFINITION

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Green Projects (see section 1 Use of Proceeds) and which are aligned with the four core components of the GBP.
The five pillars of Green Bonds

A concept of simplicity built on five pillars

1. **Definition**
   - Use of proceeds
     - Identification and definition of investment areas/assets which are eligible for Green Bond financing

2. **Selection**
   - Process for project evaluation/selection
     - The Green Bond selection process ensures the right assets in line with the Green Bond framework are evaluated and selected
     - Establish procedures and secure ongoing monitoring
       - It is recommended to include climate competence in the selection process
       - Climate competence function(s) often has veto right in the selection process

3. **Monitoring**
   - Management of proceeds
     - There are several ways an issuer can earmark Green Bond proceeds, for example
       - Earmarked account
       - Balanced earmarked positions
       - Virtual Green balance sheet

4. **Reporting**
   - Transparency
     - To uphold credibility it is essential to be transparent towards investors and the market
     - Obtained via an annual publically available investor letter
       - The letter should include a list of areas financed, a selection of project examples and a summary of the investor’s Green development

5. **Verification**
   - Assurance through external review
     - Credibility is essential for the long-term development of the Green Bond market place
     - Second opinion conducted by an independent third party specialist

**The Green Bond universe**

- Energy efficiency and other energy related initiatives (e.g. renewables) are driving the market at the moment
- Other project types include energy efficiency, sustainable housing, water management and waste management

**Overview of selection process**

- Overall guidelines (internal/external)
- Eligible Green criteria
- Process for project evaluation
- Approval of eligible assets/projects

**Example of earmarking**

- Group Consolidation Account
- A: Existing cash pool
- B: Extended "Green" cash pool
- C:

**The investor letter**

- Who provides second opinions?
  - Cicero, DNV, Oekom, Sustainalytics, Vigeo

- Why does SEB use Cicero?
  - It's a non for profit academic institution
  - Cicero is broadly recognized, providing research for G8, OECD, UN and the World Bank
  - They have a well developed international network of climate scientists which can be activated for regional development

Pillars 1 + 2 + 3 + 4 = the four principles of the Green Bond Principles
Green Bond market ecosystem and investor engagement

Drivers overview

Economic
- Climate stress a financial risk
- Action vs. business as usual
- Allocation to resource efficiency

Regulatory environment
- Increasing focus on the need of climate financing
- Recognition of financial stability risk
- Market incentives

Regional benchmarks
- Challenges and opportunities differ
- Regions are at different stages in the transition

International initiatives
- UNPRI
- COP21
- G20 Green Finance Study Group

Investor engagement continues to grow through UNPRI* signatories

Number of investors vs. Assets under management (USDtn) (right axis)

Green Bond Funds - examples
- SSgA
- AXA
- Calvert
- Mirova
- Storebrand / SPP
- SEB
- BlackRock
- Allianz
- Amundi
- Colombia Threadneedle
- Erste AM
- NN

Green Bond listings
- Oslo
- Nasdaq Stockholm
- London
- Luxembourg
- Shenzhen
- Paris
- Amsterdam
- Borsa Italia
- Johannesburg
- Mexico City
- Riga
- Lisbon

Green Bond indices
- Solactive
- Bloomberg/ MSCI
- S&P/Dow Jones
- BAML
- Shenzhen / Luxembourg
- Various China Green Bond indices

Drivers overview

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International initiatives
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Source: SEB analysis
### Value proposition of Green Bonds

#### Investors
- Achieve intelligence on climate related issues inside existing management structure
  - Risk management
  - Climate stress
  - Regulations
  - Technology transition
- Live your values - competitiveness

#### Issuers
- Strengthen the financial position:
  - Investor diversification
  - Deepened dialogue
  - Enhanced issuance flexibility
- Targeted dialogue between operations (projects), Finance and Management
- Live your values - competitiveness

#### Society
- Activate (mobilize) human capital inside finance for society goals
Global Green Bonds issuance: 2017 (YTD)

Source: SEB analysis based on Bloomberg/BNEF and SEB data. YTD through October 10.

League tables for Green Bond underwriting

Selected Green Bond issues underwritten by SEB

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Description</th>
<th>Date</th>
<th>Lead Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>KFW</td>
<td>5 year EUR 1.3 billion 0.275% July 2016 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NWB Bank</td>
<td>5 yr EUR 800m 0.625% July 2019 Joint Lead</td>
<td></td>
<td></td>
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<tr>
<td>ING</td>
<td>5 yr EUR 800m / 3 yr USD 100m 0.625% July 2019 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HSBC</td>
<td>5 yr EUR 800m 0.625% Dec 2020 Joint Green Underwriting Advisor</td>
<td>Joint Lead Manager (non-official)</td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>5 yr EUR 500m 0.750% October 2015 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFC</td>
<td>USD 500m 0.750% Fixed Bond December 2016 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>SEK 3.250bn 3.500% Fixed Bond November 2014 Sole Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>THE WORLD BANK</td>
<td>USD 500m 1.625% Fixed Bond April 2018 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>USD 250m 1.625% Fixed Bond April 2018 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>USD 500m 0.750% Fixed Bond November 2014 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCA</td>
<td>5 year SEK 500m FRN April 2019 Sole Bookrunner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>SEK 3.250bn 3.500% Fixed Bond November 2014 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skanska</td>
<td>5 year SEK 1 billion 0.625% January 2021 Sole Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>SEK 1.30bn 1.75% FRN May 2016 Sole Lead</td>
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<tr>
<td>VasaKronan</td>
<td>USD 300m 0.875% Fixed Bond January 2017 Joint Lead</td>
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<td></td>
</tr>
<tr>
<td>EDC</td>
<td>USD 300m 0.875% Fixed Bond February 2018 Joint Lead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea Eximbank</td>
<td>USD 500m 1.750% Fixed Bond February 2018 Joint Lead</td>
<td></td>
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</tr>
</tbody>
</table>

Top 10 Global Green Bond Underwriters Q1 2007 – Q3 2017 (USD bn)

Top Nordic Green Bond Underwriters Q1 2007 – Q3 2017 (USD bn)

Source: Bloomberg
Country league table 2017
The Green Bond universe*

<table>
<thead>
<tr>
<th>Mitigation &amp; Environmental preservation</th>
<th>Energy Efficiency</th>
<th>Renewable Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wind, solar etc.</td>
<td>Related infrastructure</td>
</tr>
<tr>
<td></td>
<td>Energy storage and recovery, district heating/cooling, smart grids</td>
<td></td>
</tr>
<tr>
<td>Green Buildings</td>
<td>Building efficiency incl. environmental certification systems such as LEED, BREEAM or equivalent</td>
<td></td>
</tr>
<tr>
<td>Pollution Prevention and Control</td>
<td>Waste water management</td>
<td>Recycling and waste-to-energy</td>
</tr>
<tr>
<td>Environmentally Sustainable Management of Living Natural Resources and Land Use</td>
<td>Sustainable agriculture</td>
<td>Sustainable forest management</td>
</tr>
<tr>
<td>Terrestrial and Aquatic Biodiversity Conservation</td>
<td>Protection of coastal, marine and watershed management</td>
<td>Nature reserve management</td>
</tr>
<tr>
<td>Clean Transportation</td>
<td>Public transportation and related infrastructure</td>
<td>Alternative fuel vehicles</td>
</tr>
<tr>
<td>Sustainable Water and Waste-water Management</td>
<td>Infrastructure for clean and / or drinking water</td>
<td>Energy recovery from waste water</td>
</tr>
<tr>
<td>Eco-efficient Products, Production Technologies and Processes</td>
<td>Eco labelled and certified products</td>
<td>Resource efficient packaging and distribution</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adaptation</th>
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</thead>
<tbody>
<tr>
<td>Climate Change Adaptation</td>
</tr>
</tbody>
</table>

* Examples of the Green Bond universe as outlined in the Green Bond Principle June 2017
Where is Green Bond money used?

Total amount issued by sector and share, 2016

- Renewable Energy: 28%
- Energy efficiency: 23%
- Sustainable waste management: 6%
- Sustainable land use: 2%
- Clean transportation: 18%
- Clean water and/or drinking water: 7%
- Climate change adaptation: 10%
- Various eligible projects: 2%

Source: Moody’s (2017)
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