Öhman

FAIR VALUES SINCE 1906
<table>
<thead>
<tr>
<th>Founded 1906</th>
<th>Independent asset manager. Privately owned corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM SEK 81bn, USD 10bn</td>
<td>Managing equity and fixed income products. Half of AUM in equities and half in fixed income products</td>
</tr>
<tr>
<td>Our clients</td>
<td>Institutional capital and private wealth clients</td>
</tr>
<tr>
<td>Pioneer in responsible investments</td>
<td>Managing ethical funds since 1990’s Signatory of PRI and Green Bond Principles</td>
</tr>
</tbody>
</table>
**Rigorous investment process in Green Bonds**

**OVERVIEW OF GREEN BOND EVALUATION**

- **Exclusion**
  - Exclusion criteria

- **ESG-analysis**
  - Environmental, Social and Governance analysis

- **Credit analysis**
  - Evaluate credit quality of investment

- **Green Bond evaluation**
  - Evaluate the green bond framework

If all the above level of analysis is satisfactory the green bonds is included in the portfolio.

**DETAILS**

- **Exclusion criteria support our clients valuation and investment policies**

- **ESG-analysis** is conducted on the issuer level. Analysis show that corporations that evaluate and integrate ESG-risk and opportunities into their business model have better risk-adjusted return.

- **Credit analysis of the issuer is the fundamental part of our investment process. Investment occur in issuers our analysis show have ability to repay debt.**

- **Only after an issuer has scored positive in the ESG and credit analysis, do our team evaluate the green bond framework and second opinion. An investment take place when we view the green bond delivers positive impact.**
Rigorous investment process in Green Bonds

**Exclusion Criteria**

- Exclusion criteria
- Environmental, Social and Governance analysis
- Evaluate credit quality of investment
- Evaluate the green bond framework

**Exclusions**

*Exclusion criteria support our clients valuation and investment policies*

*No investments in:*

- Issuers who do not follow the UN Global Compact
- Weapons
- Pornography
- Tobacco
- Alcohol
- Gambling
- Fossil Fuels

If all the above level of analysis is satisfactory the green bonds is included in the portfolio.
Rigorous investment process in Green Bonds

ESG ANALYSIS OF ISSUER

- Exclusion
- Environmental, Social and Governance analysis
- Credit analysis
- Green Bond evaluation

If all the above level of analysis is satisfactory the green bond is included in the portfolio

ESG ANALYSIS

ESG-analysis is conducted to evaluate a corporation or issuers most material risks.

ESG-analysis is conducted on the issuer level. Analysis show that issuers that actively evaluate and integrate ESG-risk and opportunities into their business model have better risk-adjusted return.

Work together with SUSTAINALYTICS

Sustainalytics have 120 analyst dedicated to ESG-analysis and cover 4,500 companies globally

ESG-analysis based on:
- Preventing work; policy and implementation of policies
- Reporting and transparency; Reporting according to GRI, CDP
- Evaluation of any incidents and controversies
Rigorous investment process in Green Bonds

CREDIT ANALYSIS

1. Exclusion
   - Exclusion criteria
2. ESG analysis
   - Environmental, Social and Governance analysis
3. Credit analysis
   - Evaluate credit quality of investment
4. Green Bond evaluation
   - Evaluate the green bond framework

If all the above level of analysis is satisfactory the green bonds is included in the portfolio

INTERNAL CREDIT ANALYSIS

Business risk
- Industri
- Counterparties
- Management

Documentation risk
- Term sheet
- Covenants
- Call-features

Financial risk
- Cash flow
- Balance Sheet
- Profit & Loss statement

Assets
- Balance sheet
- Valuation
Rigorous investment process in Green Bonds

GREEN BOND EVALUATION

- Exclusion criteria
- Environmental, Social and Governance analysis
- Evaluate credit quality of investment
- Evaluate the green bond framework

EVALUATION

After an issuer has scores positive in the ESG and credit analysis, our team evaluate the green bond.

Evaluate the Green Bond Framework

A requirement green bonds have a second opinion.

Our expertise is in credit analysis, we rely on second opinion providers to ensure the green bond project can deliver on the environmental benefits.

If all the above level of analysis is satisfactory the green bonds is included in the portfolio.
Bridging the gap

What hinders investment flows into Chinese green bonds?

1. Fear of financing clean coal
   - Investment mandates do not allow financing of fossil fuels

2. Knowledge gap:
   - Lack of knowledge of Chinese green bond market
   - Lack of knowledge of Chinese issuers

Suggestions to facilitate international capital flows to Chinese green bonds

1. Harmonizing green bond framework
   - Work in progress

2. Strengthening international collaboration further
   - Very encouraging Chinese actors are members of Green Bond Principles and Bank of China was elected on the Green Bond Principles executive committee