Green Bonds born

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
LBEBW
SEB’s role in the Green Bond market
A reliable partner and the global leader in Green Bonds

<table>
<thead>
<tr>
<th>SEB in the Green Bond market</th>
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<tbody>
<tr>
<td><strong>Investor relations</strong></td>
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<tr>
<td>- SEB has met with nearly 800 investors worldwide in dedicated Green Bond meetings</td>
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<td>- SEB has placed Green Bonds to around 500 investors</td>
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<td>- SEB has been and is advising a large amount of investors on how to implement Green Investment strategies, including</td>
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<tr>
<td>- State Street Global Advisors</td>
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<tr>
<td>- Nikko Asset Management</td>
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<td>- Zurich Insurance</td>
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<tr>
<td>- Blackrock</td>
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<tr>
<td>- State of California Treasury</td>
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<tr>
<td>- The Nobel Foundation</td>
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</table>

| **Issuer relations** |
| - SEB is advising issuers of all types globally in their preparation to issue Green Bonds |
| - Advice on establishing Green Bond frameworks |
| - Coordinating second opinions |
| - Developing issuance strategies |

| **International engagement** |
| - Examples of international engagement: |
|   - SEB is active in the reference group created to support a board member of the UN Climate Fund |
|   - SEB is interacting with a number of governments to develop mechanisms to engage private capital in climate investments |
|   - SEB and GIZ have a strategic alliance on Green Bond market development in G20 emerging markets |
|   - SEB has been invited and been a speaker in high profile events such as |
|     - UN General Assembly |
|     - UN Foundation / INCR Investor Summit |
|     - OECD Roundtable |
|     - Environmental Finance Conference |
|     - US State Department |
Global Green Bond underwriters

**Selected Green Bond issues underwritten by SEB**

- **KFW**
  - 5 year EUR 1.5 billion
  - 0.279%
  - July 2019
  - Joint Lead

- **NWB Bank**
  - 5 year EUR 500m
  - 0.423%
  - July 2019
  - Joint Lead

- **ING**
  - 5 yr EUR 500m
  - 0.79% / 2.00%
  - Nov 2020 / Nov 2018
  - Joint Lead Manager

- **HSBC**
  - 5 year EUR 500m
  - 0.805%
  - June 2020
  - Joint Green Bond Structuring Advisor
  - Joint Lead Manager (no books)

- **IFC**
  - USD 1 billion
  - 0.625% fixed bond
  - November 2016
  - Joint Lead

- **SEK**
  - USD 500m
  - 0.750% fixed bond
  - October 2016
  - Joint Lead

- **The World Bank**
  - SEK 3.250m
  - 3.500% fixed bond
  - November 2014
  - Sole Lead

- **European Bank**
  - USD 250m
  - 1.625% fixed bond
  - April 2018
  - Joint Lead

- **Skanska**
  - 5 year SEK 850m
  - FRN
  - April 2019
  - Sole Bookrunner

- **KBN Kommunmbanken**
  - SEK 1.300m
  - 1.774% / FRN
  - May 2016
  - Sole Lead

- **Korea Eximbank**
  - USD 300m
  - 0.875% fixed bond
  - January 2017
  - Joint Lead

- **Nordea**
  - USD 1 billion
  - 0.625%
  - November 2016
  - Joint Lead

- **Hai Tong Sec Co Ltd**
  - USD 300m
  - 0.875% fixed bond
  - February 2018
  - Joint Lead

- **Fujita Sec Co Ltd**
  - USD 500m
  - 0.750% fixed bond
  - November 2016
  - Joint Lead

**Top 10 underwriters 1 Jan – 21 Oct 2016 (USDmn)**

- **BAML**
- **SEB**
- **JP Morgan**
- **HSBC**
- **China Intl Capital Corp**
- **Bank of China**
- **Global Junan Sec Co Ltd**
- **Hai Tong Sec Co Ltd**
- **Huatai Sec Co Ltd**

**Top Green Bond Underwriters 2007- 2015 (USDbn)**

- **SEB**
- **BAML**
- **Credit Agricole CIB**
- **HSBC**
- **JP Morgan**
- **Morgan Stanley**
- **Citi**
- **Deutsche Bank**
- **Barclays**
- **Daewa Securities**

*Source: Bloomberg*
A Green Bond database for climate financing

- Overview of Green Bond issuers with a second opinion
- Create your own Green universe with the help of academic experts
- Investors can create their Green Bond universe
- Market tool to create Green framework and Second Opinion application

http://greenfinancing.org/
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**.
Green Bonds – in response to investor demand
1500 investors with AUM of USD 62 trillion aim to integrate ESG in their investment decisions

**Increasing number of investors signing off on the 6 Principles for Responsible Investments (PRI)**

1. Incorporate ESG into investment analysis and decision making process
2. Incorporate ESG into ownership policies and practices
3. Seek appropriate disclosure on ESG by entities in which we invest
4. Promote acceptance and implementation of the Principles within the industry
5. Work together to enhance our effectiveness in implementing the Principles
6. Report our activities and progress towards implementing the Principles

Source: Unpri.org

(1) PRI is an investor driven initiative in partnership with UNEP Finance Initiative and the UN Global Compact
(2) ESG=Environmental, Social & Governance
Where is Green Bond money used?

Source, Climate Bonds Initiative. The State of the Market in 2016
Why do Green Bonds work - What’s in it for You?

**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
- Establish a targeted dialogue between operations (projects), Finance and Management
- Live your values - competitiveness

**Society**
- Activate (mobilize) human capital inside finance for society goals
The five pillars of Green Bonds

1. Define – What is Green
2. Select – Who decides
3. Verify – Credibility from external, independent environmental experts
4. Monitor – Keep track of proceeds with an earmarked account
5. Communicate – Transparency through annual reporting to investors
In efforts to develop standards for the green bond market, on January 13, 2014, a consortium of major banks developed a set of voluntary guidelines called the Green Bond Principles “GBP”.

1. Use of Proceeds:
   - Issuer should declare the eligible green project categories upfront, providing clear environmental benefits.

2. Process for Project Evaluation and Selection:
   - Issuer should outline the process of selection and work to establish impact objectives.

3. Management of Proceeds:
   - Funds should be segregated or otherwise tracked.

4. Reporting:
   - Issuers should report at least annually on projects and where feasible, the impact of the specific investment.

Recommendations - External Reviews:
- The GBP encourage a high level of transparency and recommended that issuers use an external review to verify the green definitions/criteria and the processes and systems applied.

*Source – ICMA, Skandinaviska Enskilda Banken*
### Strengths

- **Mobilizes human capital** necessary to generate financial capital needed for green investments
- Helps **optimize resource allocation** in the longer term
- Enhances **competence building** to the mutual benefit of financial and environmental experts
- Improves **risk management** skills among investors as well as issuers to allow for:
  - avoiding risks
  - ceasing opportunities
  - adjusting to changing regulations

### Weaknesses

- Adds **additional work for issuers and investors** alike compared to regular bond transactions (the price for higher awareness and understanding)
- Risk of **green washing** – may backfire at the expense of goodwill for
  - issuers
  - investors and
  - underwriters
Summing up - Key documents

Green Bond Framework

Kommuninvest – Green Bonds Framework
12 January 2016

1. EARMARKED ACCOUNT

An amount equal to the net proceeds of the issue of the Notes will be credited to a special account that will support Kommuninvest’s lending for Eligible Loans. As long as the Notes are outstanding and the special account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the special account and added to Kommuninvest’s lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Loans. An amount equal to the special account balance will be held in cash, Green Bonds, Swedish covered bonds, Municipality and/or Government risk with a minimum, average credit rating of A- by Standard & Poor’s or corresponding credit rating by another rating agency approved by Kommuninvest.

Second Opinion

23 November 2015

‘Second Opinion’ on IFC’s Green Bond Framework

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The Green Bond Principles

Green Bond Principles, 2016
Voluntary Process Guidelines for Issuing Green Bonds

16 June 2016

INTRODUCTION

Green Bonds raise funds for new and existing projects with environmentally sustainable benefits. The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market. They are intended for broad use by the variety of actors participating in the market and are designed to provide the information needed to increase capital allocation to environmentally sustainable purposes without any single arbiter.
Key trade-offs in creating a Green Bond Framework and how to balance them

São Paulo, 13 & 14 December 2016
A typical Green Bond issuance process

1. **Internal decision** to finance Green Projects with Green Money
   - Who is the internal driver: treasury – sustainability – management?

2. Prepare a **Green Bond Framework - define what is green**
   - Can/will financial and environmental divisions must join forces?
   - Volume vs. quality, broad and comprehensive or narrow and quick, level of specification?

3. Establish a **process for selecting** eligible projects
   - Integrate environmental competence in the decision process
   - If needed, in-source adequate environmental competence

4. Secure **verification** - get a **Second Opinion**
   - Choice of Second Opinion provider – most demanding/quickest/cheapest?
   - Chance to adjust Framework based on critical feedback from external, environmental experts

5. Safeguard monitoring by establishing an **earmarked account** for proceeds/allocation
   - Practical but prudent

6. Commit to **transparency** with regards to use of proceeds
   - How much impact reporting can the issuer commit to?
   - Additional work or synergies with other reporting and communication?

7. Coordinate **communication**, internal as well as external
   - Press release, web page and intra net, add in business paper, conferences and events

8. Prepare the **transaction** to maximize beneficial impact
   - Maximize investor diversification, road show, maturity etc.
Meet the press with a successful Green Bond issue/investment

Swedish bank SEB tops green bond league table

A Swedish bank is beating major global players as top underwriter to the green bond market.

SEB remains biggest green bond underwriter in first quarter of 2014

Bonds Tied to Green Investments are Booming
March 22, 2014
Source: The Economist

Green bonds grow with SCA deal, Skanska expected tomorrow

KfW enters green bond arena with aplomb
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