



Break-out session: A

How to set up a GB framework

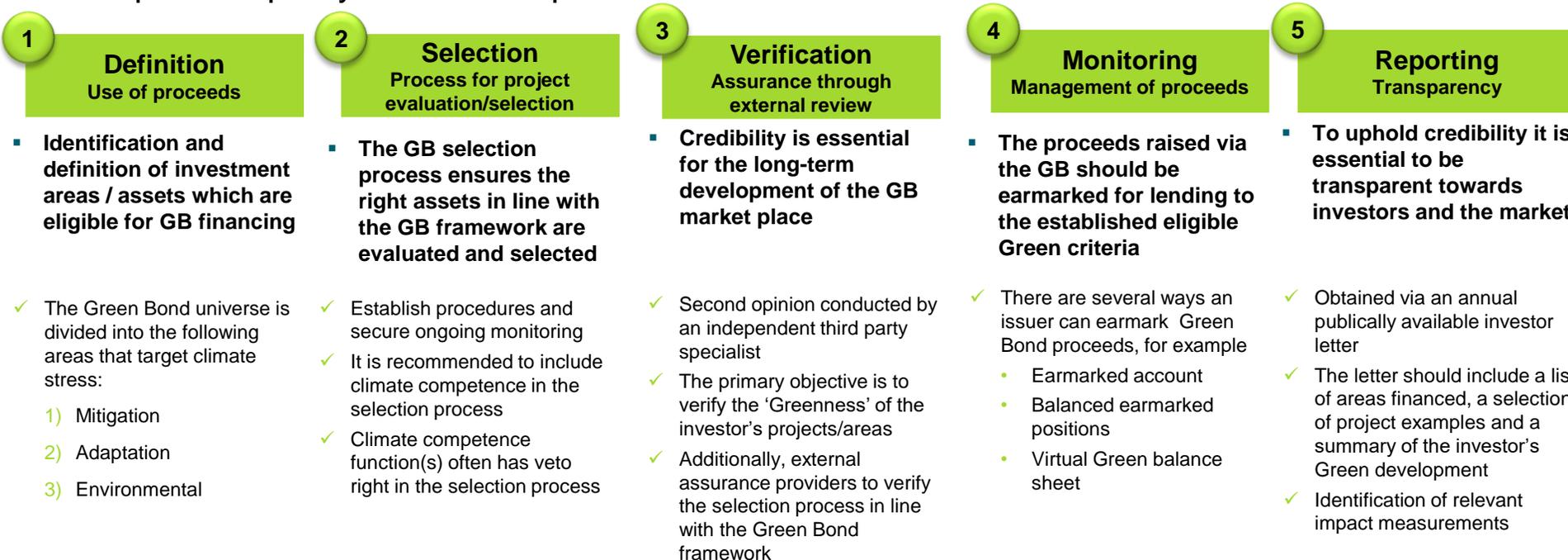
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The five steps of the Green Bonds

A concept of simplicity built on five pillars



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



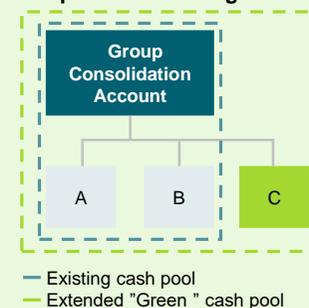
Who provides second opinions?

- 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

Example of earmarking



The investor letter



A typical Green Bond issuance process

Steps 1-4

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 join forces?
- Volume vs. quality, broad and comprehensive or narrow and quick, level of specification?

3. **Select** eligible projects

- Integrate environmental competence in the decision process
- If needed, in-source environmental competence

4. Secure **verification** – get a **Second Opinion**

- Choice of Second Opinion provider – most demanding/quickest/cheapest?
- Adjust Framework based on critical feedback from external environmental experts

A typical Green Bond issuance process

Steps 5-8

5. Safeguard **monitoring** by establishing an **earmarked account** for proceeds/allocation
 - Practical but prudent
6. Commit to **transparency** with regards to use of proceeds
 - Impact reporting
 - Additional work or synergies with other reporting and communication?
7. Coordinate **communication**, internal as well as external
 - Press release, web page and intra net, business papers, conferences and events
8. Prepare the **transaction** to maximize beneficial impact
 - Maximize investor diversification, road show, maturity etc.

Indicative timeline of the Green structuring process

Step	Action	Responsibility	Timeline
1	<ul style="list-style-type: none"> Start-up meeting with all relevant colleagues (finance, environment/sustainability, legal, communication) 	SEB and Issuer	Week 1
2	<ul style="list-style-type: none"> Draft Green Bond framework for the issuer 	SEB	Week 1
3	<ul style="list-style-type: none"> Adjust and tailor-make the framework to match the ambitions of Issuer 	Issuer/SEB	Week 2
4	<ul style="list-style-type: none"> Prepare information package to CICERO <ul style="list-style-type: none"> ✓ Issuer's green ambitions and targets ✓ Environmental policies and strategies (external and internal) ✓ Internal working guidelines ✓ Information on technologies ✓ Description of selection process and follow up procedures ✓ Routines for impact measurements ✓ Other documents that may be relevant from climate perspective 	Issuer/SEB	Week 2
5	<ul style="list-style-type: none"> The framework and guidelines are sent to CICERO for review 	SEB	Week 2

Indicative timeline of the Green structuring process (continued)

Step	Action	Responsibility	Timeline
6	<ul style="list-style-type: none"> • A set of questions and draft version of the second opinion arrives 	CICERO	Week 4
7	<ul style="list-style-type: none"> • Response on the second opinion <ul style="list-style-type: none"> – Answers to the questions (+extra material and/ clarifications if needed) – Adjustments to framework (if desired) 	Issuer (with guidance from SEB)	Week 5
8	<ul style="list-style-type: none"> • A call is arranged with CICERO and Issuer 	SEB	Week 5
9	<ul style="list-style-type: none"> • Final Second Opinion is delivered 	CICERO	Week 5
10	<ul style="list-style-type: none"> • Prepare investor presentation, communication strategy, transaction strategy and open a separate account 	Issuer/SEB	Weeks 3-5
11	<ul style="list-style-type: none"> • Investor lunch + bilateral meetings followed by inaugural Green Bond transaction 	Issuer (with guidance from SEB)	Week 6

Questions for discussion

DEFINITION

Are the categories to be financed with proceeds from the Green Bonds clearly defined?

What kinds of projects can be financed? What kinds are excluded?

Important issue in India: “Clean coal”?

SELECTION

How is environmental governance secured in the selection process?

Is there enough competence in the organization?

Is the selection process robust and clear?

What position/strength do the “environmentalists” have?

EXTERNAL REVIEW/SECOND OPINION

What are the strengths and weakness of external reviews/Second opinions?

What values does the Second opinion bring – for issuers, for investors?

More questions

EXTERNAL REVIEW/SECOND OPINION

**Does the Second opinion convey the right level of information about the issuer's intentions and commitments from an investor's point of view?
To what extent should the issuer revise the project after the Second opinion?**

MONITORING

**Is there a dedicated (earmarked) account?
Is the use of proceed transparent
Routines for impact measurement?**

REPORTING

**How will reporting be done? Regularity? Reliable data?
Integrated reporting?
Will investors receive information about environmental impacts?
Will media and the general public?**