



The five pillars of Green Bonds

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Strictly confidential

SEB

International alignment of Green Bonds

- On 13 January 2014, a consortium of major banks developed a set of voluntary guidelines called the Green Bond Principles (GBP) to
 - ✓ develop a common approach;
 - ✓ promote integrity; and
 - ✓ provide recommendation on transparency and disclosure for the Green Bond market
- Harmonisation of the market secures scalability
- Views on what is Green amongst stakeholders varies and transparency ensures investors can select Green Bonds with criteria that suit their investment mandates

The image displays a stack of four overlapping copies of the 'Green Bond / Green Bond Programme External Review Form'. The top-most form is clearly visible and contains the following text:

The Green Bond Principles

Green Bond / Green Bond Programme

External Review Form

Section 1. Basic Information

Issue name:
Green Bond ISIN or Issue Green Bond Framework Name, if applicable: (specify as appropriate)
Review provider's name:
Completion date of this form:
Publication date of review publication: (where appropriate, specify if it is an update and add reference to earlier relevant review)

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adopted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

<input type="checkbox"/> Use of Proceeds	<input type="checkbox"/> Process for Project Evaluation and Selection
<input type="checkbox"/> Management of Proceeds	<input type="checkbox"/> Reporting

ROLE(S) OF REVIEW PROVIDER

<input type="checkbox"/> Consultancy (incl. 2 nd opinion)	<input type="checkbox"/> Certification
<input type="checkbox"/> Verification	<input type="checkbox"/> Rating
<input type="checkbox"/> Other (please specify):	

Note: In case of multiple review / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

1

2

3

4

Source: ICMA webpage

The five pillars of the Green Bond framework

- 1 Definition – Use of proceeds
- 2 Selection – Process for project evaluation
- 3 Traceability – Management of proceeds
- 4 Transparency – Monitoring and reporting
- 5 Verification – Assurance through external review

Use of proceeds

Examples of the Green Bond universe*		
Mitigation & Environmental preservation	✓ Renewable Energy	<ul style="list-style-type: none"> ▪ Wind, solar etc. ▪ Related infrastructure
	✓ Energy Efficiency	<ul style="list-style-type: none"> ▪ Building efficiency incl. environmental certification systems such as LEED, BREEAM or equivalent ▪ SmartGrids
	✓ Pollution Prevention and Control	<ul style="list-style-type: none"> ▪ Waste water management ▪ Recycling and waste-to-energy
	✓ Sustainable Management of Living Natural Resources	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ Sustainable forest management
	✓ Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> ▪ Protection of coastal, marine and watershed management ▪ Nature reserve management
	✓ Clean transportation	<ul style="list-style-type: none"> ▪ Public transportation and related infrastructure ▪ Alternative fuel vehicles
	✓ Sustainable Water Management	<ul style="list-style-type: none"> ▪ Infrastructure for clean and / or drinking water ▪ Energy recovery from waste water
	✓ Eco-efficient Products, Production Technologies and Processes	<ul style="list-style-type: none"> ▪ Eco labelled and certified products ▪ Resource efficient packaging and distribution
Adaptation	✓ Climate Change Adaptation	<ul style="list-style-type: none"> ▪ Flood protection ▪ Disaster early warning systems

* As outlined in the Green Bond Principle updated 16 June 2016

2 Management of proceeds

- The issuer commits to track and monitor the proceeds of the Green Bond issuance
- Recommendation to make known intended types of temporary placement for the balance of unallocated proceeds
- Annual assurance recommended to verify internal tracking method for allocation of proceeds

1 Earmarked account

- A separate account is established within the existing account structure
- Once eligible project(s) have been identified the cash is released to the master account for distribution to the project(s)

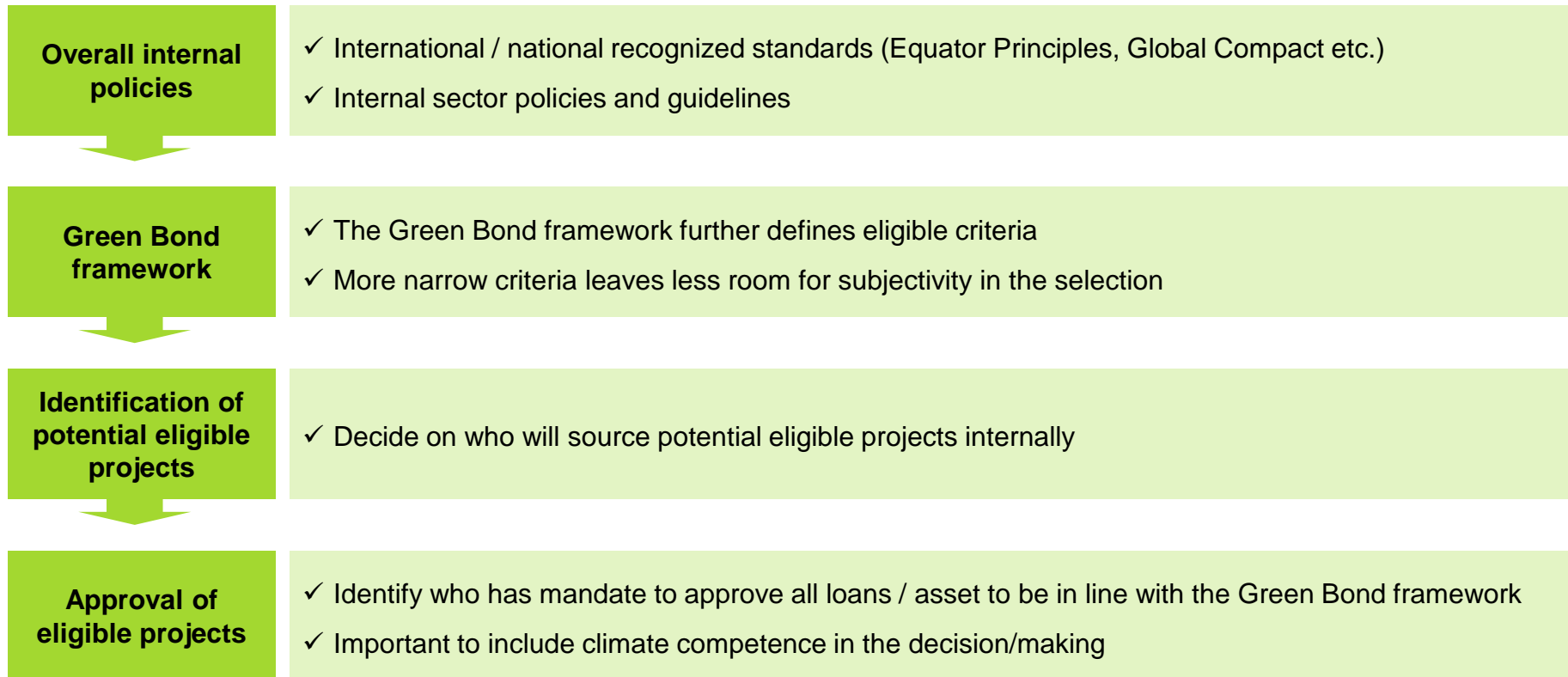
2 Virtual Green balance sheet

- A separate portfolio is established whereby the proceeds are managed to match eligible projects
- Undisbursed funds will be managed as regular liquidity management and through the virtual balance sheet these will also be tracked

3 Balanced earmarked positions

- Create an earmarked position where the Green proceeds are booked and matched with earmarked positions of identified eligible projects
- Establish a register to match and track the Green positions

Process for Project Evaluation and Selection



Monitoring and reporting

To ensure transparency the issuer commits to report back to investors on at least an annual basis

■ The investor letter

- A list of eligible projects / assets financed
- A selection of eligible project / asset examples
- A summary of the issuer's Green Bond development
- Impact reporting

■ Impact reporting

- ✓ Identify underlying methodologies and benchmarks
- ✓ Decide on impact metrics

The image shows the cover and several pages of the World Bank Green Bond investor letter 2016. The cover features the World Bank Treasury logo and the title "Green Bond" in large green letters. Below the title, it says "EIGHTH ANNUAL INVESTOR UPDATE 2016". The main headline is "Highlighted In This Issue Renewable Energy & Resilient Infrastructure" with a sub-headline "Page 3". A green box titled "More In This Issue" lists several articles: "Helping Countries Reach their Goals", "Interview: Arunma Oteh, World Bank Vice President & Treasurer", "World Bank Green Projects", "What Makes Our Green Bonds 'Green'?", and "What Green Bond Investors & Financial Partners Said". Below this, there are two quotes from Jim Yong Kim and Arunma Oteh. The right side of the image shows a sidebar titled "WORLD BANK GREEN PROJECTS" with a sub-section "Infrastructure" and a photo of children. At the bottom, there are two pages of impact reporting for a road project, listing expected impacts like "Reduce major road damage events by 30%" and "Improve drainage conditions along 110 km road corridor".

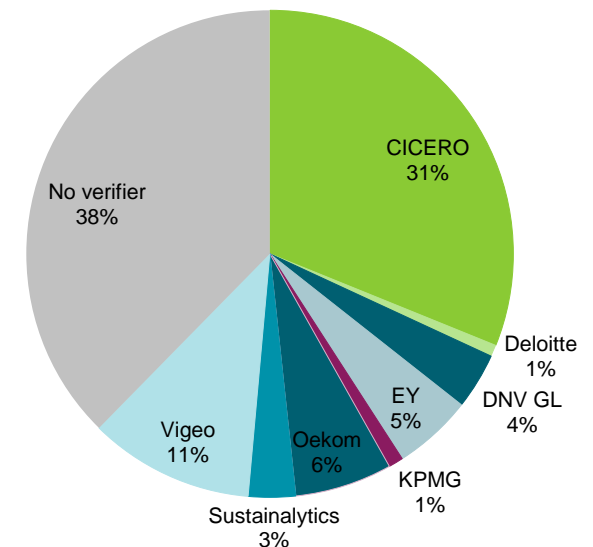
World Bank Green Bond investor letter 2016

Assurance through external review

To secure alignment with international guidelines it is recommended to obtain an external third party opinion on the Green Bond framework and set up

Consultant Review	<ul style="list-style-type: none"> Including Second Opinion from institution with recognized climate / environmental expertise
Verification	<ul style="list-style-type: none"> An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors
Certification	<ul style="list-style-type: none"> An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard
Rating	<ul style="list-style-type: none"> An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties

Second opinion providers for all issued Green Bonds (share of volume)



Source: Bloomberg & SEB, as at H1 2016

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