

## Green Bonds

In 2013 the City of Gothenburg was the first in the world to use the framework for green bonds that SEB has developed together with the World Bank Group and another of Swedish investors. The issue in 2013 of SEK 500 million is part of an issue programme from the City of Gothenburg that could lead to two billion. In May 2014 there was an announcement of a second bond from the City of Gothenburg. The issue of SEK 1.8 billion (\$273 million) received “tremendous” interest.

The Green Bond Programme and funds will be used primarily to support projects that counter or help adapt to climate change. For investors there is no difference in credit quality – the big difference is in transparency as they get a picture of what the funding is used for. There is a huge international interest in green bonds, which among other things has led to that the city of Gothenburg has a commitment to the United Nations Environment Programme and will be a speaker in the international conference The Sustainable & Responsible Capital Markets Forum in September 2014.

As part of the environmental programme, the City of Gothenburg continues to issue bonds for financing various environmental projects in the areas of renewable energy, public transport, water treatment, energy efficiency, smart grids, urban planning and waste management.

Eligible projects comprises a select group of projects that are financed, in whole or in part, by the City of Gothenburg to promote the transition to low carbon dioxide and climate-resilient growth as determined by the City of Gothenburg. Eligible projects can include projects aimed at:

- a) mitigating climate changes, including investments in low-carbon and clean technologies, such as energy efficiency and renewable energy sources and projects (“Mitigation Projects”)
- b) adapting to climate change, including investments in climate-friendly growth (“Adaptation Projects”)
- c) to a lesser extent (up to 20 per cent), projects related to a environmental sustainability rather than direct climate-related goals.

Eligible projects are selected jointly by the City of Gothenburg’s Finance department and the Group’s environmental managers. These are then reported to the investors. The selection criteria for investment has been assessed by the Centre for International Climate and Environmental Research (CICERO).

The following projects are financed with green bonds issue in 2013:

- Eco-cycle and Water Department. Lackarebäck water treatment plant and purification filter (SEK 150 million). Total cost approximately SEK 700 million. Anticipated effects of the project are 40 per cent increase in capacity, socio-economic benefits in terms of reduced disease outbreak and socio-economic benefits in terms of cost savings of 1.4 million hospital days.
- Göteborg Energi. GoBiGas, a large-scale production of biogas from forestry waste with high efficiency in production and recovery of waste heat for district heating and electricity (SEK 300 million). The project is a platform for development in industry and academia. Anticipated effects of the project when the plant is in full production; delivery will reach 800–1,000 GWh, equivalent to fuel for 80,000 to 100,000 cars.
- Gatubolaget has purchased a number of electric vehicles for City departments, administrations and companies (SEK 30 million). The goal was 100 electric vehicles in the City's vehicle fleet by 2015. As early as Tuesday, 10 December 2013, the 100th electric car was delivered.

*More information (in English):*

From City of Gothenburg annual report 2013, page 73; <http://finans.goteborg.se/wpui/wp-content/uploads/2013/02/Annual-report-2013.pdf> )

The world Bank;

[http://www.eurocapitalmarkets.org/system/files/George\\_Richardson\\_WorldBank.pdf](http://www.eurocapitalmarkets.org/system/files/George_Richardson_WorldBank.pdf)

*More information (in Swedish):*

From Vårt Göteborg (Newspaper from City of Gotheburg);

[http://www.vartgoteborg.se/prod/sk/vargotnu.nsf/1/ovrigt.grona\\_obligationer\\_nu\\_en\\_del\\_av\\_goteborgs\\_stads\\_miljoarbete](http://www.vartgoteborg.se/prod/sk/vargotnu.nsf/1/ovrigt.grona_obligationer_nu_en_del_av_goteborgs_stads_miljoarbete)