URBAN DEVELOPMENT NETWORK WEBINAR SERIES

Six building Blocks to Sustainable Urban Development

03, 09, 13, 17, 19 and 25 November 2020

The Urban Development Network

European Commission

SESSION 5 : Funding and Finance
Thursday, 19th November 2020, 1000-1200

Financial innovation – implementing Green Bonds

Sara Pettersson and Fredrik Block

CNN travel

DESTINATIONS FOOD & DRINK

Gothenburg, Sweden: Things to do in the greenest city on Earth

Mark Johanson, CNN • Updated 4th November 2019

Please read more at;
https://edition.cnn.com/travel/article/gothenburg-sweden-things-to-do/index.html

Environmental- and Climateprogram 2021-2030 (proposition)

Plan → Do

Goals

Nature
Gothenburg has a high biodiversity

Climate
Gothenburg's climate footprint is close to zero

Human
Citizens of Gothenburg have a healthy living environment

Sub-goals

Nature

1. Protection of habitats of species
2. Cleaner seas, lakes and streams
3. Biodiversity in the urban environment
4. Reduced impact on biodiversity from purchases

Climate

1. Halved energy consumption per citizen
2. Renewable energy
3. Reduced impact from transport
4. Reduced impact from consumption
5. Environmental meals

Human

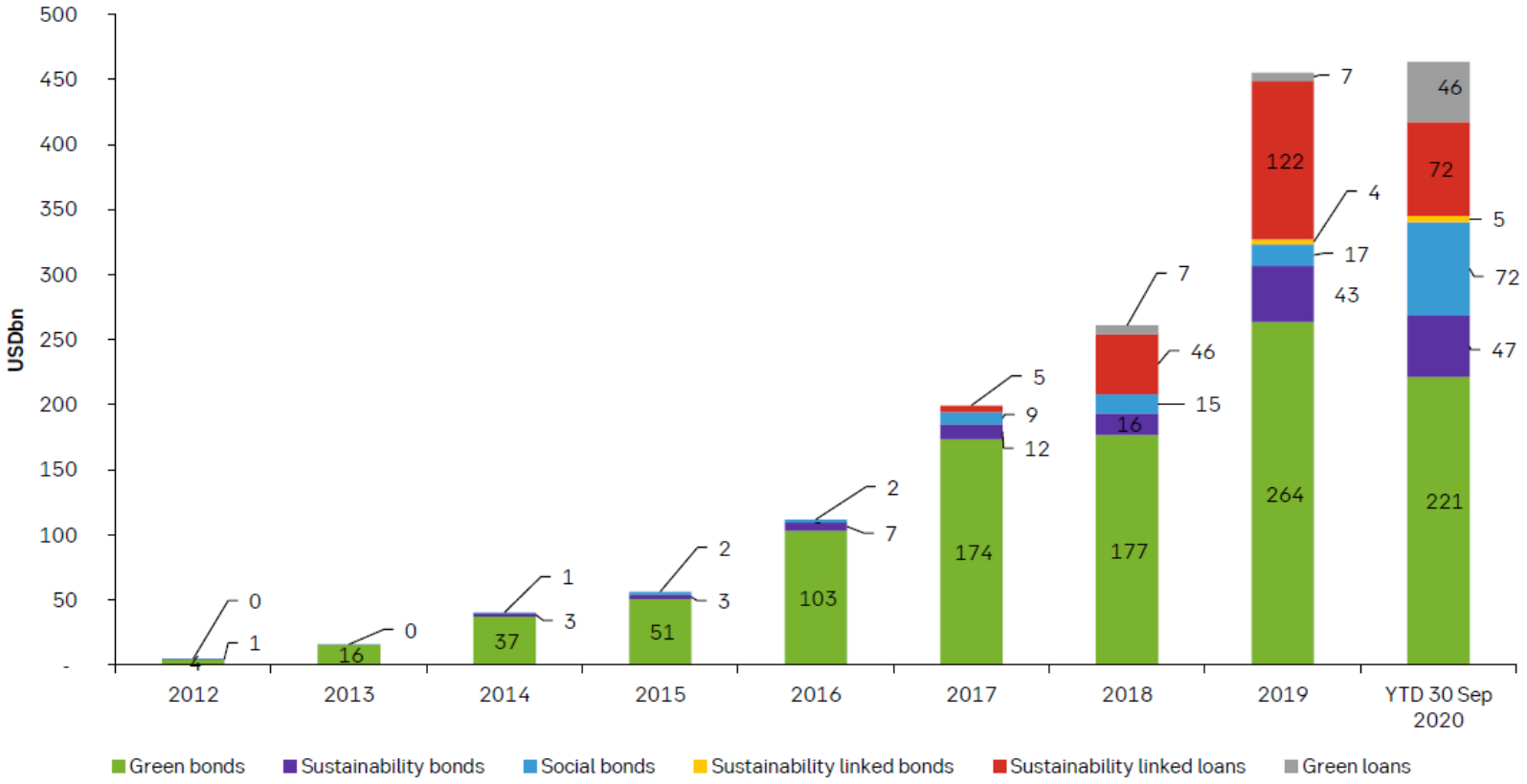
1. No harmful substances
2. Good air quality
3. Good sound environment
4. Closeness to green areas

Strategies

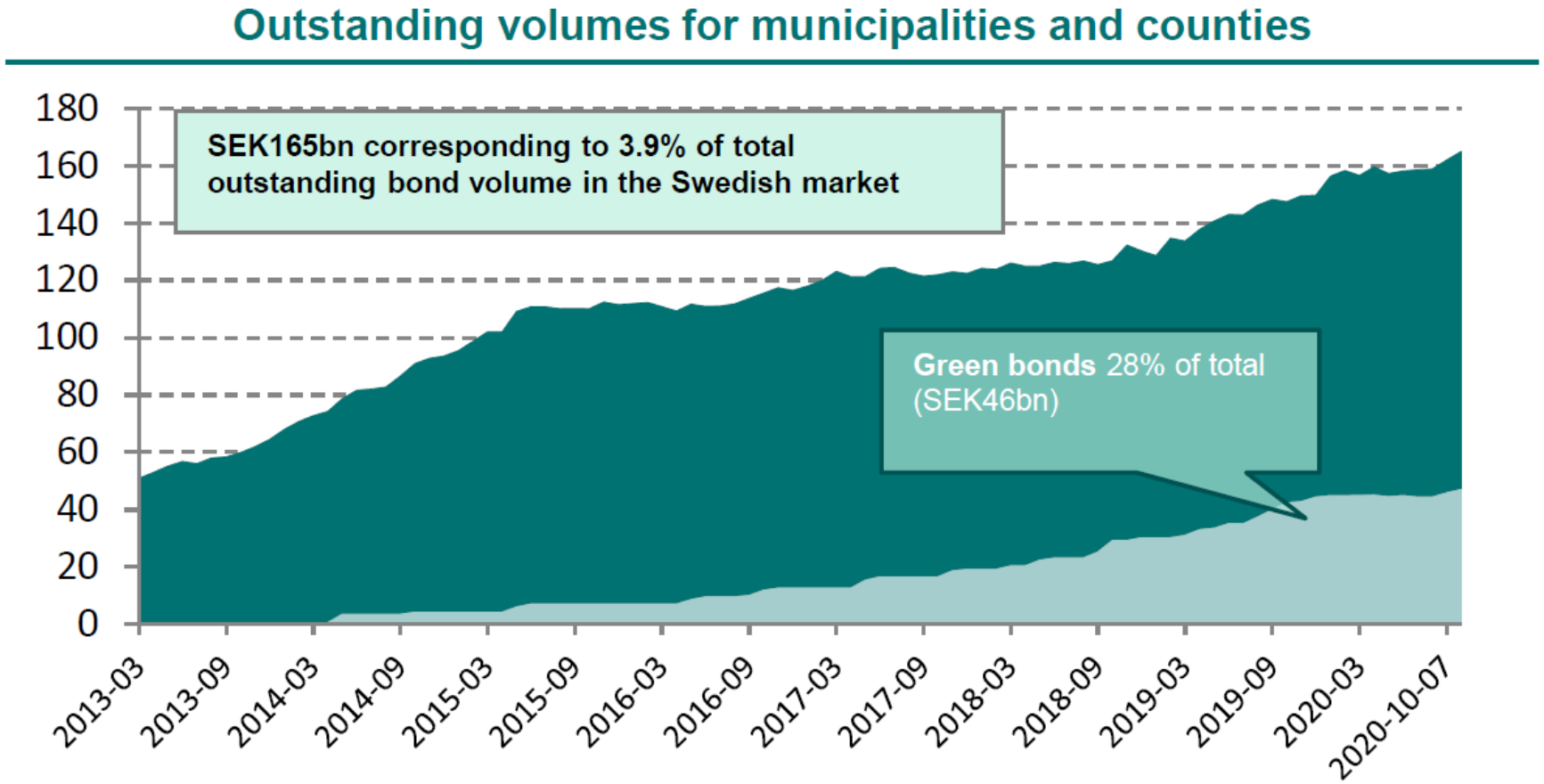
- We are setting a good example
- We create conditions for a sustainable lifestyle
- We are pushing the development of circular economy
- We work strategically with financing for a faster transition
- We are pushing the development of sustainable construction
- We plan for a green and robust city
- We are pushing the development of sustainable travel and transport

Improve ← Follow up

Green Bonds - From innovation to world success with spin-offs



Green bonds continue to increase among Swedish municipalities and counties



Green Bond Project Selection Process Flowchart

Guidelines:

- EU Law
- Miljöbalken Sweden
- Over all environmental strategy
- Environmental Programme and Climate Strategy
- Applicable environmental plans and decisions

Selection according to the criteria by:

1. City office (Urban Development and Treasury Department)
2. Environmental Administration
3. Final approval by the City Executive Board

How do we get more greens balls into the funnel?

Widening the funnel outlet is greenwashing

Green Bond Process

Eligibility criteria and use of proceeds

- Framework targeting sectors and projects with positive effects on climate and environment
- Framework reviewed by a second party (CICERO)

Project evaluation and selection

- City of Gothenburg's Environmental and Climate Programme
- Rigorous review and approval process

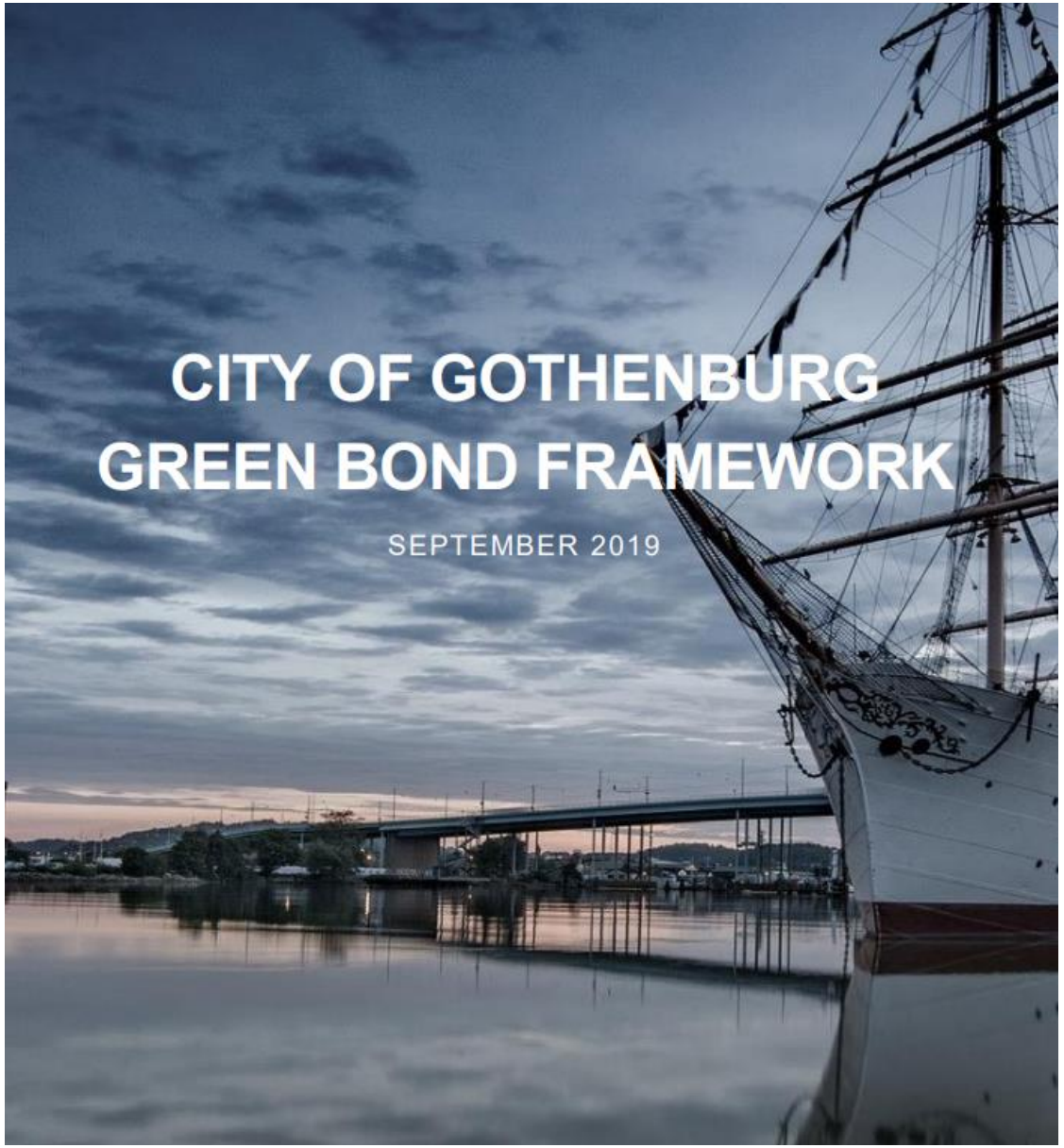
City of Gothenburg

Management of proceeds

- Green bond special account holding proceeds from green bonds
- In annual investor letters, we show preliminary allocation to each project for the coming year
- Proceeds are allocated annually once the final numbers allocated to each project are verified

Impact measurement and reporting

- Estimates of significant GHG emissions from projects
- Reporting of other significant indicators where possible
- Active contribution to the harmonization efforts regarding impact reporting of Green Bonds



04. City of Gothenburg Green Bonds

05. Use of Proceeds

06. Green Project Categories

06. Renewable Energy

07. Green Buildings

08. Energy Efficiency

09. Clean Transportation

10. Waste Management

11. Water & Wastewater management

12. Sustainable Land Use & Environmental Management

13. Climate Change Adaptation

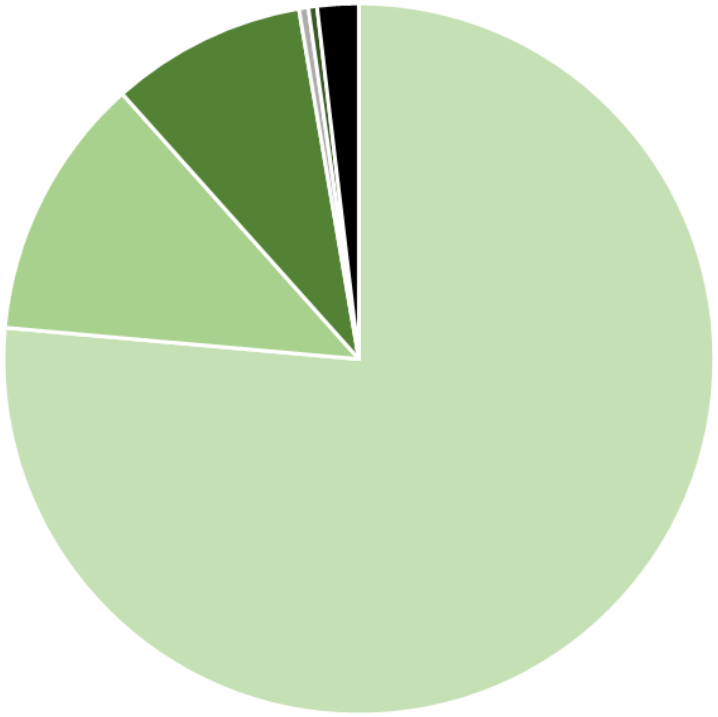
14. Green Project Evaluation & Selection

14. Management of Proceeds

15. Reporting & Transparency

17. External Review

Green Investment Portfolio 10,3 billion SEK



- Green Buildnings
- Water and Wastewater management
- Clean Transportation
- Renewable energy
- Environment
- Energy Efficiency

Examples of green investments

City of Gothenburg

Green Bond Impact Report 2018

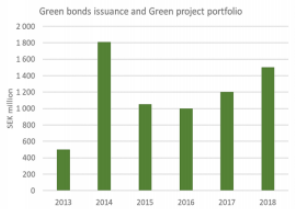
"It is a city that has sustainability in its DNA and is always eager to share best practice"

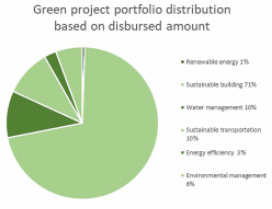
Gothenburg – GDS-Index Leadership Award 2018

City of Gothenburg

City of Gothenburg reports its Green Bonds impact in accordance with the *Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting,* published in October 2017, updated in January 2019, by a group of Nordic public sector green bond issuers. If we deviate from the Position Paper recommendations in our reporting, this will be indicated.

Executive Summary, as of 31 Dec 2018





Project category	GHG emissions reduced/avoided, tonnes CO2e/year	Outstanding disbursed amount to projects, SEK mn	Impact, tonnes CO2e per SEK mn
Renewable energy	2090	38	55
Sustainable building	682	4917	0,14
Water management	n/a	685	n/a
Sustainable transportation	217	396	0,55
Energy efficiency	1356	177	7,7
Environmental management	n/a	389	n/a
Total	**4345**	**6602**	n/a
Disbursed amounts with CO2 impact, SEKm		**5528**	
Impact, tonnes CO2e per SEK mn			**0,8**
Annual renewable energy generation, MWh			**5500**
Annual energy reduced/avoided MWh			**7075**

**This table presents the calculated impact in terms of CO2 reduced or avoided. Aggregated project datat reported represent both ex-ante estimates and ex-pst utcomes. For information on additional project impact, se page 12-14.*

Impact attributable to green bond investors*	**97,6%**
** Total outstanding disbursed amounts to projects divided by total outstanding green bonds*	
Whereof impact attributable to Green Bond SEK 250 mn maturing 3 October, 2019	**3,46%**
Whereof impact attributable to Green Bond SEK 250 mn maturing 3 October, 2019	**3,46%**
Whereof impact attributable to Green Bond SEK 1500 mn maturing 3 June, 2020	**20,74%**
Whereof impact attributable to Green Bond SEK 310 mn maturing 3 June, 2020	**4,29%**
Whereof impact attributable to Green Bond SEK 1050 mn maturing 3 June, 2021	**14,52%**
Whereof impact attributable to Green Bond SEK 1000 mn maturing 15 June, 2022	**13,83%**
Whereof impact attributable to Green Bond SEK 1200 mn maturing 14 June, 2023	**16,59%**
Whereof impact attributable to Green Bond SEK 500 mn maturing 5 November, 2024	**6,91%**
Whereof impact attributable to Green Bond SEK 1000 mn maturing 5 November, 2024	**13,83%**

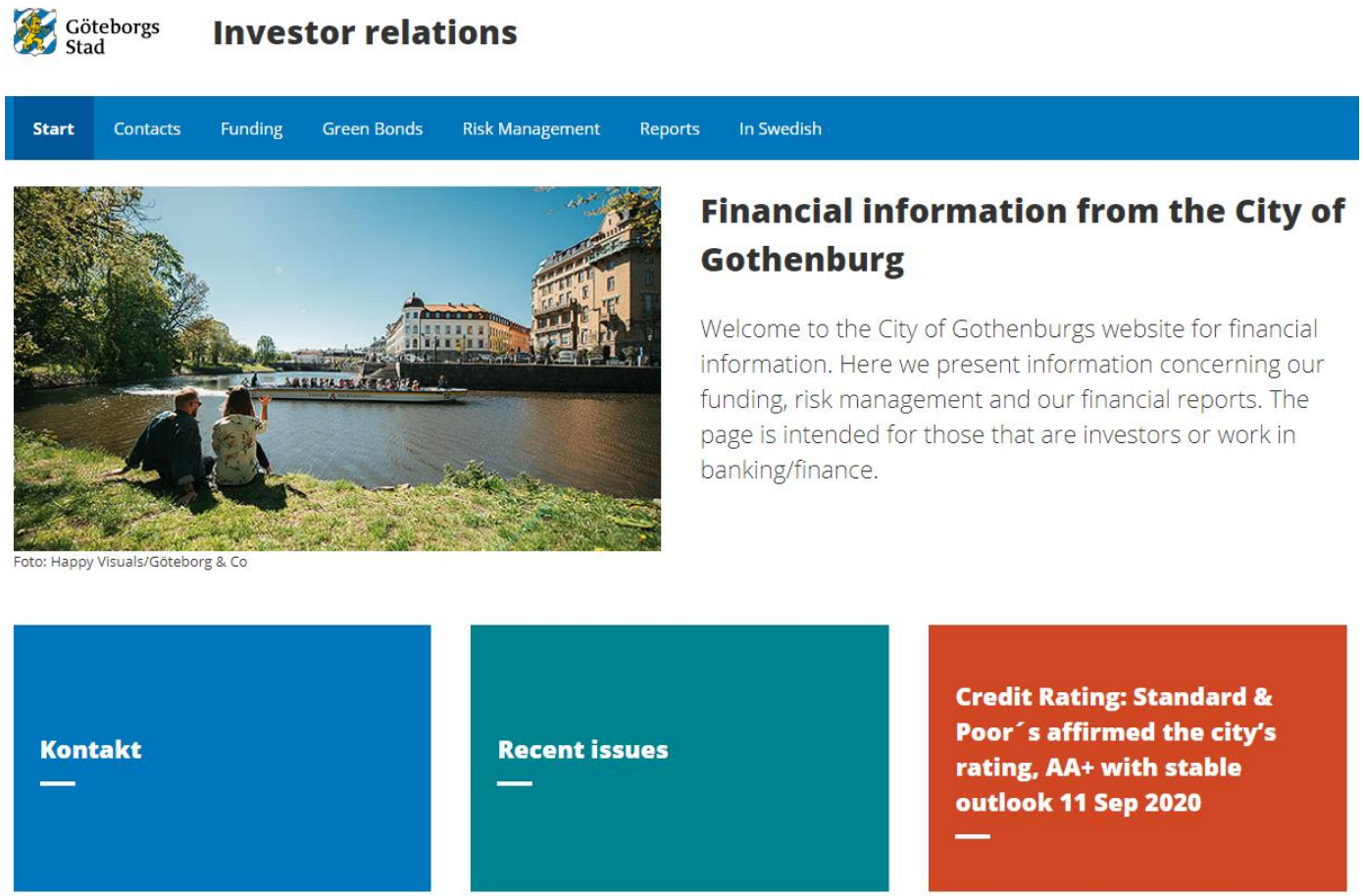
Key procedural aspects

- The City of Gothenburg´s Green Project portfolio exclusively consists of loans to the administration and companies within the municipality.
- Each loan is selected according to the Green Bonds framework available at http://finans.goteborg.se/en/greenbonds/green-bond-framework/
- The City of Gothenburg reports on a portfolio basis, and in Swedish kronor (SEK)
- For this document, the reporting period ends on 31 December 2018

Issuing Green Bonds, questions to answer

- Do we need to borrow money?
- What environmental investments do we plan to make?
- Are these investments classed as green by the Green Bond market standard?
- Should we set up a bond program?
- Does our organization have an environmental strategy?
- Who will be responsible for reporting the environmental impact?
- Who will be part of the Green Committee for the Selection of Projects?

Our homepage – for more information:



Please visit www.goteborg.se/investorrelations

Thank you

Contacts:

Fredrik Block
Portfolio Manager
+46 31 368 02 91
fredrik.block@stadshuset.goteborg.se

Sara Pettersson
Sustainable Urban Planning Officer
+46 31 368 00 55
sara.pettersson@stadshuset.goteborg.se