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PRESS RELEASE

Nordic issuers release guide on green bonds impact reporting

A group of ten Nordic public sector issuers have released a joint position paper on green bonds impact reporting. Developed with the primary aim of assisting Nordic public sector borrowers, the signatories hope that it will prove useful also for issuers from the private sector and from other countries as well as for the investor community. The position paper, which has been 14 months in the making, was launched at the OECD Green Investment Financing Forum in Paris on 24 October.

The paper has been developed by a working group comprising public sector green bond issuers from the four Nordic countries Denmark, Finland, Norway and Sweden. They include the local government funding agencies Kommunalbanken (Norway), Kommuninvest (Sweden) and MuniFin (Finland); the Swedish Export Credit Corporation (SEK); and six Swedish municipal or regional issuers including City of Gothenburg, the municipalities of Lund, Norrköping and Örebro, Region Skåne and Stockholm County Council. Denmark's municipal lending agency KommuneKredit has been part of the working group but intends to comply at a later stage.

The idea of a harmonised approach to impact reporting came up as Kommuninvest prepared its reporting after launching its debut green bond in 2016. Realising that there would be benefits both to issuers and to investors from a harmonisation of impact reporting efforts, Kommuninvest initiated a working group together with other Nordic issuers.

– What characterises Nordic public sector issuers of green bonds is that we finance projects across a range of categories and sizes, and that we have a limited number of people available to work with environmental reporting. There are some guidelines on impact reporting available in the market today, but we felt a degree of tailoring to regional market and portfolio characteristics would be useful to deliver meaningful reporting, says Björn Bergstrand, Head of Sustainability at Kommuninvest.

– Through this group harmonisation initiative, we ensure transparency and consistency in reporting from the Nordic public sector green bond market. We hope this guide will be useful to other green bond issuers in the Nordic region as well as in other geographies, and to the investor community. We believe it raises the bar for green bonds impact reporting, and we encourage other issuers to build on this so that the market may continue to advance, says Bergstrand.

The paper proposes an outline for reporting environmental benefits of green bond investments. It provides guidance on general matters such as to report on actual impact when feasible, to distinguish between reduced and avoided emissions, and to report impact in relation to the share financed by green bonds. The paper also recommends issuers to report impact in relation to amounts disbursed and outstanding, as opposed to amounts committed.



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– This means that if disbursements to a project are made gradually, environmental impact will also be taken into account gradually. Amortisations will gradually reduce the issuer’s reported environmental impact of a project, but will free up capacity to finance new projects, says Bergstrand.

The paper furthermore provides suggestions for metrics and indicators relevant to eight different project categories. This effort builds upon reporting approaches suggested by the Green Bond Principles and multilateral development banks, but adds indicators for categories such as clean transportation and green buildings, that have previously not been addressed.

As a first step toward approaching social impact, the paper includes a few social impact indicators on a ‘nice to have’ basis.

The paper has benefited from input from CICERO Center for International Climate Research, the Nordic Investment Bank, SEB, and Crédit Agricole CIB as well as several investors throughout the process.

The issuer group intends to manage the position paper as a live document, to be updated on a regular basis. The group encourages feedback and will seek to develop its methodology to provide as relevant and appropriate impact reporting as possible. Events to introduce the paper to issuers and investors are planned for a number of cities, with Frankfurt, London, Paris and Stockholm confirmed at time of the launch.

The position paper will be available for download on the signatories’ web pages such as www.munifin.fi, www.kommuninvest.org and www.kommunalbanken.no from 18.00 hrs CET on October 24, 2017.

Comment from Chris Wigley, Senior Portfolio Manager, Mirova:

– This new paper on impact reporting is in tune with the current movement towards greater transparency. It is thoughtful and innovative, and advances research in this field to yet another milestone.

Comment from Christa Clapp, Research Director of Climate Finance, CICERO:

– This impact reporting initiative is impressive, timely and highly welcome. It will clearly facilitate a harmonisation of impact reports in the green bond market. It will also hopefully trigger discussions on how to present impacts to investors when these are not easy to assess.

Comment from Ulf Erlandsson, Senior Portfolio Manager, Strukturinvest Fondkommission:

– We think the Nordic public sector issuers’ position paper is a very effective document for lowering the barriers to issue green bonds. Alignment of green metrics, such as those suggested in this document, also greatly simplifies the green due diligence required for investors to invest.

Comment from Tanquy Claquin, Head of Sustainable Banking, Crédit Agricole CIB:

– Transparency, reliability and consistency of data are critical to further expand the green bond market and sustainable finance in general. In this respect, this Nordic public sector issuers’ initiative is



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tremendously helpful. It will serve issuers, well outside of the group signatories, and contribute to better practices and exemplarity in the market in general.

Comment from Christopher Flensburg, Head of Climate & Sustainable Financial Solutions, SEB:

– This position paper is an important milestone in securing a better dialogue and enables investors to understand the impact of their investments. It is initiatives like this which will allow finance to proactively contribute to building sustainable societies.

Contact information

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