

# Örebro Kommun – Green Bond Framework

July 2014

## EARMARKED ACCOUNT

An amount equal to the net proceeds of the issue of the Notes will be credited to a special account that will support Örebro Kommun's lending for Eligible Projects. So long as the Notes are outstanding and the special account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the special account and added to Örebro Kommun's lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Projects.

## ELIGIBLE PROJECTS

“**Eligible Projects**” means a selected pool of projects funded, in whole or in part, by Örebro Kommun that promote the transition to low carbon and climate resilient growth in line with Örebro Kommun's Environmental Programme and as determined by Örebro Kommun.

Eligible Projects include projects that target (a) mitigation of climate change, including investments in low-carbon and clean technologies, such as energy efficiency and renewable energy programs and projects (“Mitigation Projects”) (b) adaptation to climate change, including investments in climate-resilient growth (“Adaptation Projects”) or (c) to a smaller extent (max 20%) projects which are related to a sustainable environment rather than directly climate related.

Examples of Eligible Projects include

- Renewable Energy (wind, solar and biogas (from waste)).
- Energy Efficiency
- Sustainable public transportation excluding fossil as well as promotion of active transportations by bike and pedestrian.
- Waste Management (recycling and re-use, rehabilitation of contaminated areas).
- Water Management (quality and efficiency, reduced eutrophication (nutrient over-enrichment), recirculation of nutrients and richer diversity).
- Sustainable buildings with energy use in new constructions at or below 55 kWh/m<sup>2</sup> per year in buildings, e.g. schools, nursery schools, nursing homes. In residence buildings e.g. apartment blocks the main housing corporation (ÖBO) requires 65 kWh/m<sup>2</sup> per year or below in new constructions and a reduction of energy use of at least 20% in connection to major rehabilitation or renovations.

Sustainable Environment (max 20%)

- Nature conservation – protecting, restoring, and create valuable milieus and rich diversity of plant and animal life.
- Development of non-toxic environments (reduced use of harmful material, dangerous chemicals, toxic pollution).
- Sustainable buildings with densification, health promoting accommodation and surroundings, increasing green values.

## SELECTION OF ELIGIBLE PROJECTS

Eligible Projects will be selected by the Finance Committee. The proposal for decision will be co-created and processed jointly by the Treasury department together with the Department for Sustainable Development [Enheten för hållbar utveckling].

The foundation for the proposal is based on Örebro Kommun's Environmental Program together with the Investment Program. The environmental program is companioned by the following plans: the Climate plan, the Water management plan and the Nature conservation plan (in Swedish: klimatplan, vattenplan, naturplan) and the upcoming Waste management plan and the Transport management plan (in Swedish: avfallsplan, trafikprogram).

### TRANSPARENCY

To enable investors to follow the development and provide insight to prioritised areas, Örebro Kommun will provide an annual investor letter to investors including 1) a list of projects financed 2) a selection of project examples and 3) a summary of Örebro Kommun's Green Bond development. The investor letter will be made publically available on Örebro Kommun's web page. Furthermore, the principle of free access to public records is applied. That enable both investors and potential investors generous insight.

## Green Bond Project Selection Process Flowchart

