

‘Second Opinion’ on SEB’s Green Bond Framework

30.11.2016

‘Second Opinion’ on SEB’s Green Bond Framework

Contents

Summary	3
1. Introduction and Background	4
Expressing concerns with ‘shades of green’	5
2. Brief Description of SEB’s s Green Bond Framework and Rules and Procedures for Climate-Related Activities.....	5
Background and documentation.....	5
Green Bond Framework.....	6
Transparency.....	7
3. Assessment of SEB’s Green Bond framework and environmental policies	7
Strengths.....	8
Weaknesses	12
Pitfalls	13
Impacts beyond the project boundary.....	13
Rebound effects	14
References	14
About IISD and CICERO	15

Summary

SEB's Green Bond Framework and Strategy, together with SEB's Environmental Policies and the accompanying sector policies, provide a robust framework for ensuring SEB's Green Bonds promote low-carbon and climate change resilient investment. The framework is supported by SEB's corporate level commitment to green bonds, and broader sustainable development. SEB was instrumental in the establishment of Green Bonds, developing the concept in partnership with the World Bank in 2007/2008, and is a leader in the industry.

SEB's Green Bond Framework establishes Eligible Product Categories for investment. These categories include renewable energy, energy efficiency, green buildings, clean transportation, waste management, emission reduction, water and wastewater management, and sustainable forestry. Projects must be located within the EU or the Nordic region. The eligible projects are generally clearly defined and in line with climate change mitigation goals. For transport and waste management projects, where there is a potential for projects to include minor components of fossil-fuels, the Green Products Steering Committee will undertake consideration of lifecycle and rebound effects. The specifics of how the projects will be assessed have been outlined, but not in great detail, and ENSO recommends that projects receive a high degree of scrutiny under the established processes of the Green Products Steering Committee and the Environmental Function of Group Corporate Sustainability to ensure that projects deliver positive climate and environmental benefits.

The role of environmental professionals in the selection and approval of projects is clearly defined. The Green Products Steering Committee selects eligible projects and these are finally approved by the Environmental Function of Group Corporate Sustainability. This process is considered to be well structured and a strength of the framework. The processes for monitoring and reporting, including the provision of an annual letter to investors are considered to be good practice.

In conclusion, SEB's Green Bonds Framework, in line with the company's broader commitment to environmental sustainability, provides a clear process for project approval. Based on an overall assessment of the project types that will be financed by the green bond and governance and transparency considerations, SEB's Green Bond Framework gets a dark green shading. With that said, there is potential for medium green projects to be approved (Table 2), however the framework for evaluating and selecting projects is well developed. It will be imperative that SEB apply its framework in a rigorous manner to ensure that a balance of project types is implemented to fulfill the high ambitions of the framework.

1. Introduction and Background

The global Expert Network on Second Opinions (ENSO), a network of independent non-profit research institutions on climate change and other environmental issues, was established by CICERO (Center for International Climate and Environmental Research – Oslo) to broaden the technical expertise and regional experience for second opinions. CICERO works confidentially with other members in the network to enhance the links to climate and environmental science, building upon the CICERO model for second opinions. In addition to CICERO, ENSO members include Basque Center for Climate Change (BC3), International Institute for Sustainable Development (IISD), Stockholm Environment Institute (SEI), and Tsinghua University's Institute of Energy, Environment and Economy.

This Second opinion was produced by The International Institute for Sustainable Development (IISD) and CICERO on behalf of ENSO. IISD is an independent international research institute that has been engaged in environment and development issues at local, national, regional and global policy levels for more than 25 years. CICERO is an independent, not-for-profit, research institute, focused on providing reliable and comprehensive knowledge about all aspects of the climate change problem. A more detailed description of each of these institutions can be found at the end of this report.

The CICERO-led ENSO provides second opinions on institutions' framework and guidance for assessing and selecting eligible projects for green bond investments, and assesses the framework's robustness in meeting the institutions' environmental objectives. The second opinion is based on documentation of rules and frameworks provided by the institution themselves (the client) and information gathered during meetings, teleconferences and email correspondence with the client. ENSO encourages the client to make this Second Opinion publically available. If any part of the Second Opinion is quoted, the full report must be made available.

ENSO's Second Opinions are normally restricted to an evaluation of the mechanisms or framework for selecting eligible projects at a general level. ENSO network members do not validate or certify the climate effects of single projects, and thus, has no conflict of interest in regard to single projects. Network members are neither responsible for how the framework or mechanisms are implemented and followed up by the institutions, nor the outcome of investments in eligible projects. ENSO is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure.

This note provides a Second Opinion of SEB's Green Bonds Framework and policies for considering the environmental impacts of their projects. The aim is to assess the SEB's Green Bonds Framework as to its ability to support SEB's stated objective of promoting the transition to low-carbon and climate resilient growth.

This Second Opinion is based on the green bond framework presented to ENSO by the issuer. Any amendments or updates to the framework require that ENSO undertake a new assessment.

ENSO takes a long-term view on activities that support a low-carbon climate resilient society. In some cases, activities or technologies that reduce near-term emissions result in net emissions or prolonged use of high-emitting infrastructure in the long-run. Network members strive to avoid locking-in of emissions

through careful infrastructure investments, and moving towards low- or zero-emitting infrastructure in the long run. Proceeds from green bonds may be used for financing, including refinancing, new or existing green projects as defined under the mechanisms or framework. ENSO assesses in this Second Opinion the likeliness that the issuer's categories of projects will meet expectations for a low carbon and climate resilient future.

Expressing concerns with 'shades of green'

ENSO Second Opinions are graded dark green, medium green or light green, reflecting the climate and environmental ambitions of the bonds and the robustness of the governance structure of the Green Bond Framework. The grading is based on a broad qualitative assessment of each project type, according to what extent it contributes to building a low-carbon and climate resilient society

This Second Opinion will allocate a 'shade of green' to the green bond framework of SEB:

- Dark green for projects and solutions that are realizations today of the long-term vision of a low carbon and climate resilient future. Typically, this will entail zero emission solutions and governance structures that integrate environmental concerns into all activities.
- Medium green for projects and solutions that represent steps towards the long-term vision, but are not quite there yet.
- Light green for projects and solutions that are environmentally friendly but do not by themselves represent or are part of the long-term vision (e.g. energy efficiency in fossil fuel projects).
- Brown for projects that are irrelevant or in opposition to the long-term vision of a low carbon and climate resilient future.

The project types that will be financed by the green bond primarily define the overall grading. However, governance and transparency considerations also factor in, as they can give an indication whether the institution that issues the green bond will be able to fulfil the climate and environmental ambitions of the investment framework.

2. Brief Description of SEB's s Green Bond Framework and Rules and Procedures for Climate-Related Activities

Background and documentation

Skandinaviska Enskilda Banken (SEB) provides commercial and investment banking to large corporate and institutional clients in 18 countries; banking and advisory services to individuals and small and medium sized businesses in Sweden and the Baltic countries; card operations in Nordic countries; life insurance in Sweden, Denmark and the Baltic countries; and asset management and private banking services in the Nordic countries. SEB has approximately 4 million customers and 16,000 employees.

The 2015 SEB sustainability report reiterated the eight business priorities and their tie to sustainability in SEB's operation. SEB has also done an analysis of the 17 Sustainable Development Goals and has mapped them to the eight priorities, looking at how the SDGs can be integrated into the bank's operations.

SEB collaborated with the World Bank in developing the green bond concept in 2007/08. The development of the Green Bond Framework is an extension of this work and seeks to outline the processes, project selection, management, and verification of green financing solutions. The framework allows SEB to issue Green Bonds and lending that meets required criteria.

This second opinion considered the documents provided by SEB listed in Table 1.

Table 1: Documents received from SEB

Ref	Title
1.	SEB Green Bonds Framework (November 2016)
2.	SEB Green Bonds Strategy (November 2016)
3.	European and national legislation (Not enclosed)
4.	UN Global Compact https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html
5.	OECD Guidelines for Multinational Enterprises (pages 1-30 and 42-46) http://www.oecd.org/daf/invy/mne/48004323.pdf
6.	Equator Principles http://www.equator-principles.com/resources/equator_principles_III.pdf
7.	SEB code of conduct http://sebgroup.com/siteassets/about_seb1/sustainability/sustainability_governance/code_of_conduct/code_of_conduct.pdf
8.	SEB's Sector Policies and Position Statements http://sebgroup.com/about-seb/sustainability/how-we-work/policies
9.	SEB's Sustainability Policy http://sebgroup.com/about-seb/sustainability/how-we-work/policies
10.	SEB's Environmental Policy http://sebgroup.com/about-seb/sustainability/how-we-work/policies
11.	SEB's Human Rights Policy http://sebgroup.com/about-seb/sustainability/how-we-work/policies
12.	SEB's Health and Safety Policy (Enclosed as a pdf)
13.	LEED
14.	BREEAM
15.	Miljöbyggnad
16.	Svanen (Enclosed as a pdf)
17.	Environmental function within SEB Group Corporate Sustainability (Enclosed as a pdf)

Green Bond Framework

SEB's Green Bond structure builds on the framework developed with the World Bank including:

- Earmarked account
- Specified criteria for Eligible Projects

- Selection process
- Investor reporting
- Second Opinion from independent, external environmental experts

Assurance of aspects of the process will also be provided by the bank's independent, external auditors.

An amount equal to the net proceeds of the issue of the Green Bonds will be separately identified within the Bank's Treasury function and applied by the Bank in the financing of Eligible Assets. The amounts so identified for such financing, together with such Eligible Assets, will form an earmarked portfolio within the internal systems of the Bank. Eligible Projects are within the EU and the Nordic region, and promote the transition to low carbon and climate resilient growth as well as environmental and ecosystem improvements as determined by SEB. Eligible projects target:

- a) mitigation of climate change, including investments energy efficiency, renewable energy, green buildings, clean transportation, waste management and sustainable forestry ("Mitigation Projects");
- b) adaptation to climate change, such as water and wastewater management ("Adaptation Projects") or
- c) environmental and ecosystem improvements, such as emission reduction, waste management and sustainable forestry ("Environmental Projects").

SEB's Green Bonds will not finance nuclear or fossil energy generation projects.

A list of specific projects, along with their assessment, is included in Table 2.

Selection of projects is defined by the specified project list, proposed by SEB lending units, selected by SEB's Green Products Steering Committee, and finally approved by the Environmental Function of Group Corporate Sustainability (in effect giving a veto to the Environmental Function). The Green Products Steering Committee includes representatives from relevant operational units and the Environment Function of SEB's Group Corporate Sustainability.

Transparency

SEB provides an annual investor letter including:

1. A list of project areas financed and the percentage distribution
2. A selection of project examples, and
3. A summary of SEB's Green Bond financing activities.

This investor letter will also be made available on the SEB website. To ensure that the processes and systems in the financing of Eligible Assets and the allocation of proceeds are in accordance with the Framework an appropriate, external, independent assurance provided will be engaged on an annual basis to provide this assurance. The opinion of this external assurance provider will also be made publicly available on SEB's website.

3. Assessment of SEB's Green Bond framework and environmental policies

The following assessment outlines the strengths, weaknesses and pitfalls of the Green Bond Framework.

Strengths

Eligible projects under the Green Bond Framework

The use of eligible project categories, and the categories themselves are a strength of the framework. Under the broader mitigation, adaptation, and environmental categories are a defined set of eligible project categories. The Green Bonds Principles to which SEB is a signatory, lists a number of broad categories which may be eligible for green bond finance including i.a. renewables, energy efficiency, pollution prevention and control, sustainable management of natural resources, clean transportation, sustainable water management, and climate change adaptation (ICMA, 2016). While these categories may be associated in general with low carbon development, they do not necessarily in themselves guarantee environmental sustainability. As a result, the eligible projects listed in the Green Bond Framework are assessed in table 2 against the ‘shades of green’ approach outlined in section 1.1. Each project category is assessed a shade of green. These are considered in the overall shade of green applied to the Framework as a whole.

We find that the eligible projects listed in the Framework are generally supportive of SEB’s identified objective of promoting a transition to low-carbon and climate resilient growth.

Table 2: Eligible project categories

GBP category	Project types	Likelihood of meeting objectives – concerns
renewable energy	renewable energy means wind, solar, small scale hydro power, tidal, geothermal and bio energy and any related infrastructure	dark green ✓ Consider negative impacts on wildlife, nature, lifecycle pollution ✓ Observe complex impacts of some biofuels ✓ Avoid negative impacts on biodiversity ✓ Potential for heavy metal pollution
energy efficiency	energy efficiency means district heating/cooling, smart grid technology and/or infrastructure, and energy recovery projects, as well as investments in technologies and processes, together with the manufacturing of products, in each case leading to energy efficiency gains of at least 25 per cent	dark green ✓ 25% target ensures - substantial gains
	green buildings means: 1. Commercial or residential buildings with an energy use per year on a m ² basis that is at least 25 per cent lower than that required by applicable national codes and regulations at the time of approval by the SEB Group of that project and that meet at least the minimum requirements of:	medium green. ✓ LEED and other certifications include aspects important to long-term sustainable development, e.g. site selection and consideration of brownfields, urban density and planning, and access to public transportation. The additional

	<ul style="list-style-type: none"> a. the LEED "gold" certification; b. the BREEAM "very good" certification; c. the Sweden Green Building Council Miljöbyggnad "silver" certification; d. the Nordic Swan Ecolabel (Svanen) certification; or e. any equivalent certification as determined by the Environmental Function of SEB Group Corporate Sustainability <ol style="list-style-type: none"> 2. Commercial or residential buildings in Sweden with an energy use per year on a m² basis that is at least 25 per cent lower than that required by applicable Swedish codes and regulations at the time of approval by the SEB Group of that project and 3. Major renovations of commercial or residential buildings leading to reduced energy use per year on a m² basis of at least 35 per cent 	<p>25% and 35% reduction requirement ensures GHG reductions if source is fossil fuels. Projects may not realize a standard of best available technologies.</p>
clean transportation	<p>clean transportation means transportation solutions/systems based on non-fossil fuel or hybrid technologies and supporting infrastructure;</p>	<p>medium green</p> <ul style="list-style-type: none"> ✓ Consider fuel type and comparison to current practice of all elements of each project
pollution prevention and control	<p>waste management, means waste-to-energy and methane capture projects and projects to reduce the amount of waste through process improvements;</p>	<p>medium green</p> <ul style="list-style-type: none"> ✓ Consider life cycle emissions, including reducing incineration of fossil fuel derived waste streams, and avoid negative impacts on biodiversity. Consider recycling into material of fossil fuel waste instead of incineration.
	<p>emission reduction means the reduction of emissions (e.g. emissions of CO₂, SO_x, NO_x, particulates, heavy metals and dioxins) into the air through physical, chemical and mechanical methods;</p>	<p>medium green</p> <ul style="list-style-type: none"> ✓ Good for environment and potentially climate. Such investment might in some cases increase CO₂ emissions

pollution prevention and control / sustainable water management	water and wastewater management	dark green ✓ Consider waste recycling rates
sustainable management of living natural resources	sustainable forestry means forestry projects with a certification from the Forest Stewardship Council (FSC) or an equivalent certification scheme, or forestry projects where the certification process is at a sufficiently advanced stage, or a certification has already been received for an equivalent forestry project, such that there is a high degree of certainty that such certification will be received, in each case as determined by the Environmental Function of the SEB Group Corporate Sustainability	dark green ✓ Consider negative impacts on wildlife, nature, lifecycle pollution

SEB also insists that its Green Bonds will not finance any nuclear or fossil fuel energy generation projects.

ENSO takes a long-term view on climate change, and thus recommends excluding projects that support prolonged use of fossil fuel-based infrastructure that will contribute to GHGs in the long run. The statement in the framework that fossil fuel investments will be excluded is a positive inclusion. The only exception might be in the transport sector with support of hybrid technologies that could potentially include fossil fuel use, and fossil fuel derived components of waste streams, such as plastics, in waste management projects. However, in these cases, SEB applies a special screening including life cycle considerations, lock-in and rebound effects, ensuring that the long-term impacts will be positive. The process outlines that every project will be assessed by, and need to be approved by the Green Products Steering Committee and the Environmental Function of Group Corporate Sustainability. This is considered a pragmatic approach to project selection.

Eligible Assets also include supranational, sovereign, agency and municipality (SSA) Green Bonds with an ENSO rating of Dark Green, or an equivalent assessment with equally high environmental standards as determined by the Environmental Function of Group Corporate Sustainability. An amount of up to 15% of the aggregate nominal amount of outstanding green bonds can include SSA Green Bonds with a Medium Green shade from ENSO or an equivalent assessment, as determined by the Environmental Function of SEB Group Corporate Sustainability.

SEB reserves the right to update the framework if improvements are identified or to be able to include further projects as Eligible Projects provided that the Second Opinion is updated by ENSO with a maintained overall Shade of Green. ENSO is encouraged to see that SEB on an ongoing basis will review and update their Green Bond Framework if improvements are identified and seek an updated Second Opinion.

Environmental Policies

A strength of the SEB approach to green bonds is how sustainability is integrated into the overall company business model.

SEB has position statements and sector policies on the topics of climate change, fresh water, forestry, fossil fuel, and renewable energy. These are also grounded in an overall Environmental Policy for SEB group that provides guidance on environmental responsibility outlining restrictions for SEB financial services or products for initiatives that have negative environmental impacts. This includes references to alignment with the goals of organizations like UNESCO, the Ramsar Convention and CITES.

The sector policies established by SEB places additional restrictions on products and services that the group will offer. For example, in its fossil fuel and renewable energy sector policies, SEB outlines that it will not provide services or products to fossil fuel operations that negatively impact UNESCO World Heritage sites, wetlands covered by the Ramsar Convention, or national parks and nature reserves.

The Environmental Policy also outlines SEB's international commitments to international sustainable development initiatives including:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN supported Principles for Responsible Investments (PRI)
- UN Environment Program Finance Initiative (UNEPFI)
- Equator Principles
- Carbon Disclosure Project
- CDP Water Disclosure Project
- Global Investor Statement on Climate Change
- The Montréal Carbon Pledge

Alignment to the Sustainable Development Goals in the Corporate Sustainability Report, and the commitment to map these goals to the priorities for the Bank also grounds its Green Bond Framework in a strong overall environmental position. The eight business priorities of SEB, as outlined in its Corporate Sustainability report include reference to responsible investments, sustainable finance, and reducing the footprint of the company with respect to resource efficiency, reduced energy consumption and reduced CO₂ emissions.

The use of a defined environmental policy, sector-specific policies, and a well-defined corporate sustainability reporting process provide a clear basis for SEB's positions on environmental issues and a way to manage environmental impacts of group operations. This basis also provides a solid foundation for the assessment of projects under the Green Bond Framework.

Project Selection

SEB's project selection process is considered to be a strength of the Green Bond Framework. The project selection process should provide a transparent system by which projects are identified and eventually approved. At the basic level the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits green bonds aim to provide certainty to investors that their investments deliver social and environmental returns as well as financial returns.

The GBPs state that the “overall environmental profile” of a project should be assessed and that the selection process should be “well defined”. The GBP’s note that multilateral and International Finance Institutions have processes to assess environmental impact of projects using in-house teams of environmental experts.

SEB states in the Green Bonds Framework that only projects located in the EU and the Nordic region are considered eligible under the current process. In-house environmental expertise is represented in decision making processes as the projects must be selected by the Green Products Steering Committee and approved by the Environmental function of Group Corporate Sustainability.

The screening process for projects involves reviewing the proposed project against a series of listed guidelines. The process includes up to seven stages, including where appropriate a review of lifecycle consideration and review of potential rebound effects. This culminated in a conclusion of net environmental benefits before a recommendation is provided.

SEB has the necessary structures in place to assess and approve projects. The Green Product Steering Committee has the mandate to review and select green loans, which are finally approved by the Environmental Function of Group Corporate Sustainability. The committee currently includes representatives from Treasury, Project Asset Finance, Real Estate Finance, Client Coverage, Climate and Sustainable Financial Solution and the Group Corporate Sustainability Environmental Function.

Assessments are made on the basis of information given from the borrowers to the relevant lending unit. The Committee will evaluate the overall net environmental benefits of projects according to the SEB Green Loan evaluation process. For project types where lifecycle and rebound analysis is critical (e.g. waste-to-energy projects), we recommend that SEB seek external capacity.

Earmarked Account/Transparency

The Green Bond Principles state that management process for tracking proceeds should be clearly and publicly disclosed. SEB outline their process for monitoring capital flows related to the green bonds in their Green Bond Strategy. SEB has established an earmarked account to support lending to eligible projects. On a quarterly basis funds are deducted from the special account and added to the lending pool in an amount equal to disbursements to eligible projects. The approach taken by SEB is considered to be a strength of the framework as it follows best practise guidelines available in the literature.

SEB has also taken an approach on transparency that is considered a strength. SEB will provide an annual investor letter including a list of project categories financed, a selection of project examples, and a summary of SEB’s Green Bond development and green financing activities in general. The investor letter will also be made publicly available on the SEB website.

SEB will make the independent Second Opinion from CISERO/ENSO publically available on the SEB web page.

Transparency, reporting and monitoring are key in order to enable investors to follow the implementation of the SEB Green Bond Program, and to provide information of the positive social and environmental returns to investors. The Green Bond Principles (ICMA, 2016) recommend the use of “qualitative performance

indicators and, where feasible, quantitative performance measures.” This could take the form of a periodic, independent evaluation against predefined key performance indicators, embedded in SEB’s existing reporting process.

Weaknesses

The Green Bonds Framework, Strategy and supporting processes and documents are not considered to have any significant weaknesses.

Pitfalls

The eligible project categories are a good tool to ensure that investments are only made in “green” projects. There is a small general risk that transport projects related to hybrid technology and waste management product categories could theoretically include projects that may not represent significant improvements over the status quo however, SEB proactively seeks to eliminate this risk through a selection process for such projects will be more rigorous, including assessment of life-cycle and rebound effects. SEB’s aims to retain the flexibility to finance good projects, which may include elements of fossil-fueled technologies in these limited examples, though it intends that the projects should be based on non-fossil technologies except for these minor exceptions.

Oversight and additional review of environmental criteria is provided by SEB’s Green Product Steering Committee and approval of the Environmental Function of Group Corporate Sustainability. A clear evaluation process is also outlined at a high level. It is suggested that this process could be further detailed to ensure that the decisions of the Green Product Steering Committee and the Environmental Function of Group Corporate Sustainability follow clear criteria.

SEB’s process is structured specifically to mitigate the risk of funding a significant level of fossil-fueled transport and waste management projects. However, there is a residual risk that the definitions of the eligible project categories that imply that limited amounts of green bond finance could be used to finance assets that favor fossil-fuel influenced technologies (e.g. hybrid vehicles), would delay the transition to more climate-friendly technologies that do not use fossil fuels at all. It is recommended that SEB continues to review the sustainability of projects and considers revising the eligible project categories in future as alternative technologies become more relevant. Ideally hybrid vehicles are a bridging technology, so SEB should be looking towards next generation solutions on a continual basis.

Beyond the consideration of specific project types, it is important to evaluate the potential for macro-level impacts of climate activities. Due to the complexity of how socio-economic activities impact the climate; a specific project is likely to have interactions with the broader community beyond the project borders. These interactions may or may not be climate-friendly, and thus need to be considered with regards to the net impact of climate-related investments. While lifecycle analysis is a time consuming and costly process and the current SEB framework has a number of steps in place that ensure that project review is rigorous, SEB should be aware that there could be pitfalls with not undertaking a lifecycle analysis for all projects. We do note that SEB will review lifecycle considerations and rebound effects “when necessary” to determine that longer- term net environmental effects will be positive. According to the issuer, life cycle considerations need to be taken into account in order to draw conclusions about the long term net environmental effects. If the borrower cannot show that life cycle considerations have been taken into account to make this analysis possible (with the conclusion that the net effects are positive), SEB will not finance the project with

green bonds proceeds. If a project is of a character that requires a full scale Life Cycle Analysis to be able to convincingly conclude that the long term net environmental effects are positive SEB will however require that in order to approve the loan for financing from Green Bonds.

Impacts beyond the project boundary

Due to the complexity of how socio-economic activities impact the climate, a specific project is likely to have interactions with the broader community beyond the project borders. These interactions may or may not be climate-friendly, and thus need to be considered with regards to the net impact of climate-related investments.

Rebound effects

Efficiency improvements may lead to rebound effects. When the cost of an activity is reduced there will be incentives to do more of the same activity. From the project categories in Table 2 an example is improved energy efficiency, which in part may lead to more energy use. SEB should be aware of such effects and possibly avoid Green Bond funding of projects where the risk of rebound effects is particularly high.

References

- ICMA (2016). *Green Bond Principles 2016: Voluntary Process Guidelines for Issuing Green Bonds*. International Capital Markets Association; <http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/green-bond-principles/>

About IISD and CICERO

IISD

The International Institute for Sustainable Development (IISD) contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change and energy, and management of natural and social capital, as well as the enabling role of communication technologies in these areas. We report on international negotiations and disseminate knowledge gained through collaborative projects, resulting in more rigorous research, capacity building in developing countries, better networks spanning the North and the South, and better global connections among researchers, practitioners, citizens and policy-makers.

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.

CICERO

The Center for International Climate and Environmental Research – Oslo (CICERO) is an independent research center associated with the University of Oslo. CICERO conducts interdisciplinary research on, and provides information and expert advice about, national and international issues related to climate change and climate policy. CICERO's mission is to conduct research and provide reports, information and expert advice about issues related to global climate change and international climate policy with the aim of acquiring knowledge that can help mitigate the climate problem and enhance international climate cooperation.