



NIB Environmental Bond Report 2017



**SERGELHUSET
at Sergel's Square
in Stockholm:** NIB and the Swedish commercial property company Vasakronan AB signed a long-term loan agreement funded with the proceeds of NIB Environmental Bonds in 2017. The loan will, among others, finance the renovation of Sergelhuset, which is to receive Platinum status under the Leadership in Energy and Environmental Design [LEED] certification system. Construction is scheduled for completion by the end of 2020.

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About NIB

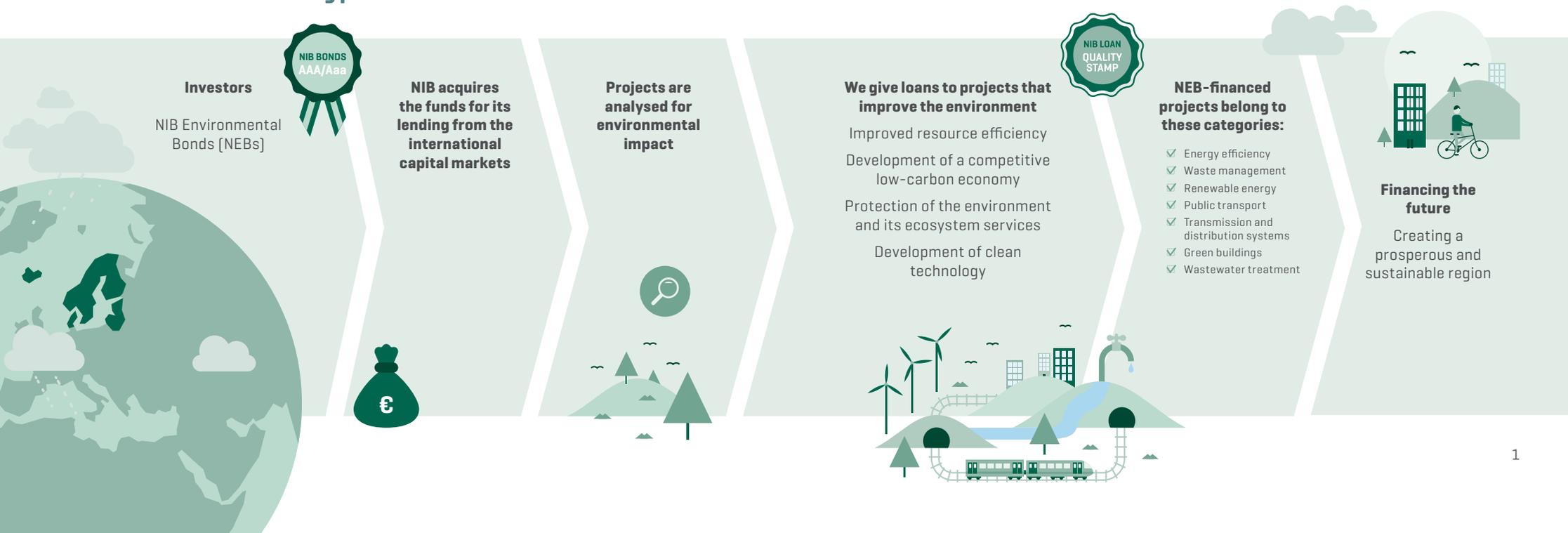
The Nordic Investment Bank (NIB) is an international financial institution owned by the governments of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.

NIB finances projects that improve competitiveness and the environment of the Nordic and Baltic countries. The Bank offers long-term loans and guarantees on competitive market terms to clients in the private and public sectors. NIB has lending operations both within and outside its member countries.

The Bank acquires the funds for its lending by borrowing on the international capital markets. NIB's bonds enjoy the highest possible credit rating. The Bank is also the leading Nordic issuer of green bonds, named NIB Environmental Bonds (NEBs).

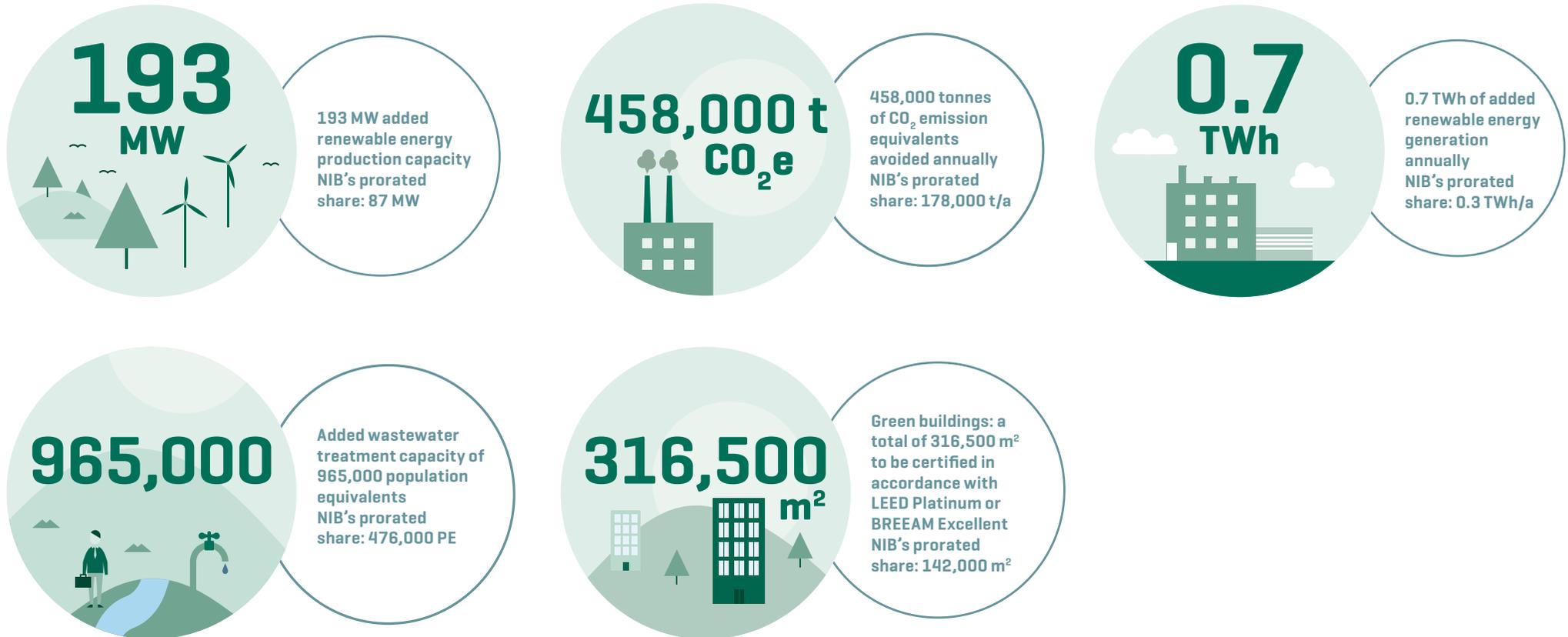
The Bank finances investments that improve the environment and analyses the environmental impact of each project considered for financing. The environmental review is conducted by NIB's environmental analysts. This is an integral part of NIB's mission to promote sustainable growth in its member countries.

NIB environmental financing process



Total impact of projects financed by NEBs in 2017

Projects that have been allocated funds from NIB Environmental Bond (NEB) proceeds during 2017 have the following total estimated impact, presented with NIB's prorated share:





LARS EIBEHOLM
Vice-President, Head of Treasury

Treasurer's review

NIB issued a record amount of NIB Environmental Bonds in 2017 due to a continued good pipeline of green projects. The year's issuance further anchors the Bank's position as one of the leading issuers of green bonds. During the year, the Bank issued the equivalent of EUR 920 million through seven transactions.

NIB Environmental Bonds (NEBs) are today a strategic part of NIB's funding programme, and the Bank foresees the issuance to be prominent going forward.

Since 2011, projects in the renewable energy sector represented the biggest share [29%] of all projects financed. However, during 2017, the greatest number of projects has been in the sectors of green buildings and wastewater treatment. Detailed information on NIB's environmental bonds and descriptions of all the NEB-financed projects – more than 50 – can be found on the Bank's website at www.nib.int.

As in the preceding year, NIB arranged site visits for investors to some of the NEB-financed projects. In 2017, the projects visited were based in Sweden. These events have been well received by investors and we are planning to invite investors to a similar "hands-on" event in 2018.

The green bond market continued its strong volume growth, and the governance evolved positively during 2017. NIB has had a forefront position, actively taking part in the evolution as a member of the Executive Committee of the Green Bond Principles and as an observer to the European Commission's High-Level Expert Group on Sustainable Finance.

The third Annual General Meeting of the Green Bond Principles (GBP) in Paris on 14 June 2017 drew the attention of almost 600 attendees. The

high attendance reflects market participants' increased interest in green bonds. This is further spurred by sovereign green bonds that entered the market in 2017. The key change to the GBP 2017 version was that principles and guidelines were drawn up separately for social bonds and sustainability bonds.

NIB continues to work together with other participants on harmonising impact reporting for green bonds. Building on the previous framework with metrics for energy efficiency and renewable energy, a GBP working group introduced a harmonised framework for impact reporting on sustainable water and wastewater management projects. Since autumn 2017, the working group has also included impact metrics for waste management treatment. The intention is to continue working on metrics for transport.

In 2017, several initiatives arose also outside the GBP. The most prominent is the EU High-Level Expert Group on Sustainable Finance. The HLEG gave its initial recommendations already in July 2017, and there are signs that the European Commission and other EU institutions are swiftly taking action on these recommendations. This demonstrates that the Commission has high expectations of the expert recommendations, and that it is prepared to draw on these when it will present the EU strategy on sustainable finance.

For NIB as an international financial institution with a specific mandate

to enhance the environment—and as the biggest Nordic issuer of green bonds—there are two important recommendations: firstly, to establish an EU sustainability taxonomy, starting with climate mitigation, and secondly to develop official European sustainability standards for green bonds. NIB welcomes these two recommendations. This is a step in the right direction, as it could bring clarity to the discussion of defining “green” and also gently raise the bar for green bond issuance.

Looking into 2018, I believe the green bond market will continue to grow and gain further momentum. I also believe 2018 could be the year where sustainability goes mainstream within the capital markets and the banking system. If the EU were to adopt several of the HLEG’s recommendations as regulations, then that would be a game-changer.

In addition to the two HLEG recommendations already mentioned, there are in my view also two other especially important recommendations: The first is to enhance investor duties through an omnibus proposal to incorporate sustainability in the whole investment decision chain. Further, they recommend giving the European Supervisory Authorities dedicated suitability responsibilities when ensuring financial stability, and to include sustainability risks in the “fit and proper” tests for the members of governing bodies of financial institutions.

Consequently, NIB will revise its mandate rating framework and update its NIB Environmental Bond framework during 2018. The Bank aims to continue being at the forefront, making sure that its environmental mandate is relevant and captures the latest scientific developments, and that NIB Environmental Bonds live up to the highest standards.

NIB will also continue to buy green bonds that fulfil NIB’s mandate for its green bond portfolio in cooperation with arranging banks. In 2017, NIB purchased the equivalent of EUR 147 million in green bonds.



NIB Environmental Bond issuance

During 2017, NIB issued seven NEBs for a total amount equivalent to EUR 920 million.

The NEBs issued during 2017 include an increase of EUR 500 million to an outstanding 2024 transaction [taking the total to EUR 1 billion], a new 2022 line of SEK 2.5 billion, and an increase of SEK 1.5 billion to an outstanding 2023 line [taking the total to SEK 3 billion]. In addition, two smaller private placements in the Indian rupee [INR] and Brazilian real [BRL] were issued. [See the table below.]

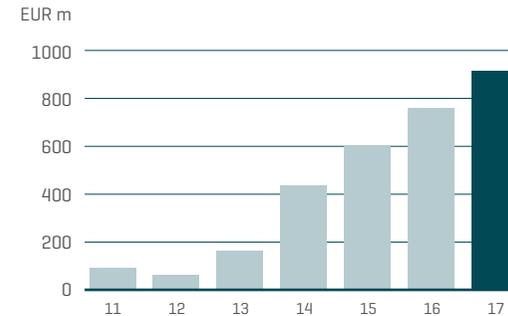
NIB Environmental Bond issuance 2017

Currency	Amount in millions	EUR million eqv. (accounting numbers)	ISIN	Value date	Maturity date
SEK	1,000	104	XS1494406074	25 Oct 2017	22 Sep 2023
SEK	500	52	XS1494406074	16 Oct 2017	22 Sep 2023
SEK	500	53	XS1673097637	5 Oct 2017	29 Aug 2022
SEK	2,000	211	XS1673097637	29 Aug 2017	29 Aug 2022
EUR	500	500	XS1431730388	18 May 2017	10 June 2024
INR	170	2.46	XS1602266923	30 May 2017	29 May 2020
BRL	5.5	1.67	XS1551670091	23 Feb 2017	24 Feb 2021

NIB Environmental Bond issuance 2011-2017

NIB is a top ten issuer of green bonds globally within the supranational and agency sector, and the leading Nordic issuer of green bonds. The Bank has increased the amount of NIB Environmental Bonds since the first issuance in 2011. Between 2011 and 2017, the Bank issued a total of EUR 3 billion in NEBs. [See the graph below.]

NIB Environmental Bond issuance 2011-2017



Projects financed by NEB proceeds in 2017

During 2017, the Bank financed 14 projects with NEB proceeds equivalent to EUR 694 million through 16 disbursements. Eight of the projects received their first NEB funds in 2017. The projects financed fell into these categories:

	EUR million equivalents	Share
Energy efficiency	77	11%
Renewable energy	79	11%
Wastewater treatment	151	22%
Green buildings	387	56%
TOTAL	694	100%

Energy efficiency and renewable energy

In 2017, NIB allocated a total of EUR 156 million of NEB funds to five projects within climate financing, such as biomass-fired power plants and energy efficiency measures. These projects will add 193 MW of renewable production capacity. This is estimated to result in additional renewable energy generation of 0.7 TWh annually. Prorated to NIB's share of financing, the added capacity is 87 MW and the added generation is 0.3 TWh. NIB also financed projects that prolonged the lifetime of existing renewable power plants.

NIB estimates that these projects will in total help avoid approximately 458,000 tonnes of CO₂ emission equivalents annually. Prorated to NIB's share of financing, the reduction is approximately 178,000 tonnes of CO₂ emissions annually. The project with the most significant greenhouse gas

emission reductions is Lahti Energia's biomass heating plant, which is presented as a case study in this report.

Wastewater treatment

Six wastewater treatment projects were allocated a total of EUR 151 million in NEB funds in 2017. Two of the projects included the installation of membrane bioreactor technology to enhance treatment efficiency and to remove microplastic particles from the wastewater. Most of the wastewater treatment projects included biogas generation from the sludge, thus also contributing to NIB's climate change mitigation financing. In total, the wastewater projects added treatment capacity corresponding to approximately 965,000 person equivalents. Prorated to NIB's share of financing, the added treatment capacity is 476,000 person equivalents.

NIB has an overall target to protect the marine environment. During recent decades, NIB has been participating in numerous projects of wastewater treatment and reducing the load of nutrients on the Baltic Sea.

Green buildings

Three green building projects were financed by NEB funds totalling EUR 387 million in 2017. Green buildings are considered eligible for NEBs if they are certified according to either LEED Platinum or BREEAM Excellent or Outstanding. Combined, the eligible building projects cover 316,500 square metres to be certified in accordance with LEED Platinum or BREEAM Excellent. Prorated to NIB's share of financing, the certified building area is approximately 142,000 square metres.

Green buildings are properties that reduce negative impacts on the climate and environment by the way they are built and operated. They are designed to preserve natural resources through the sustainable use of materials, energy and water, but also to create healthier indoor environments for tenants.

The Skanska green building projects are featured as a case study in this report.

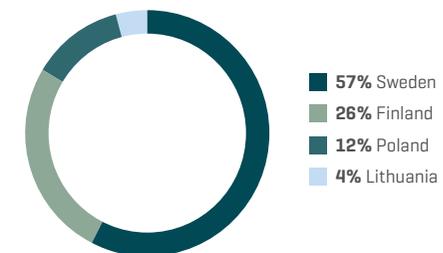
Compared to previous years, the share of green buildings financed by NEB proceeds has significantly increased being the main type of project in 2017.

Geographical distribution of projects

Of this year's disbursements, 57% went to projects in Sweden, 26% to projects in Finland, 12% to projects in Poland and 4% to projects in Lithuania.

NEB-financed projects in 2017

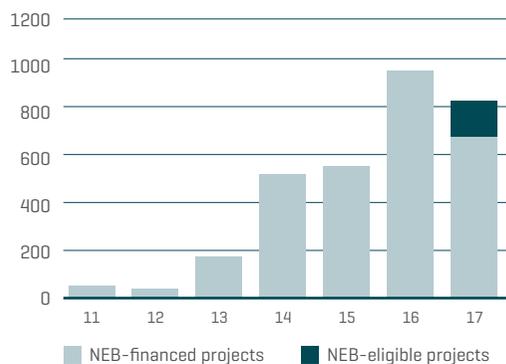
%, projects by country



NEB eligible projects 2011-2017

NEB proceeds are allocated to a separate portfolio, the 'Green Fund Pool'. Since the establishment of the NEB framework in 2011, the Bank has added 54 projects to the pool, equivalent to a total amount of EUR 3.2 billion. At year-end 2017, EUR 157 million of the disbursed eligible projects in the Green Fund Pool was not yet covered with environmental bonds, see table below.

NEB projects 2011-2017

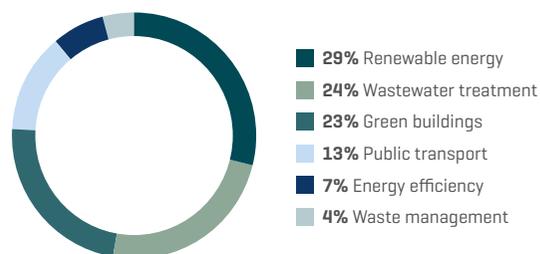


The following charts highlight the distribution statistics for projects by type and country for all projects included in the Green Fund Pool between 2011 and 2017, totalling EUR 3.2 billion.

Projects within the renewable energy sector represent the biggest share [29%] of all eligible projects since 2011.

NEB-financed projects 2011-2017

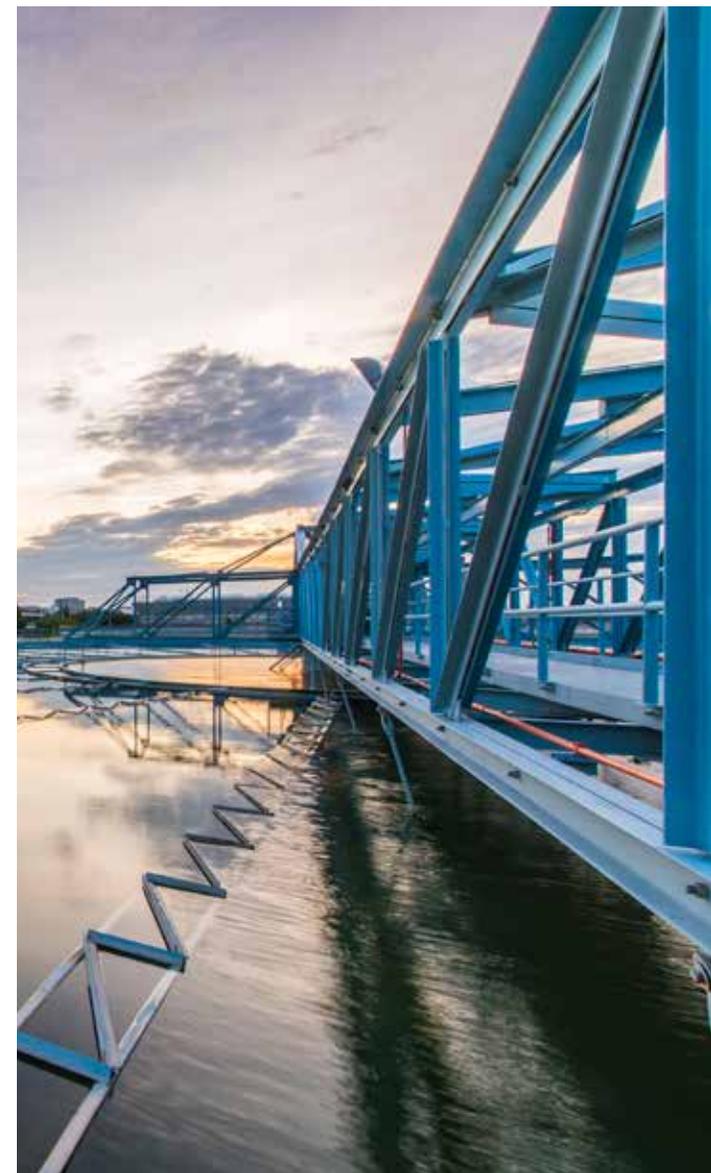
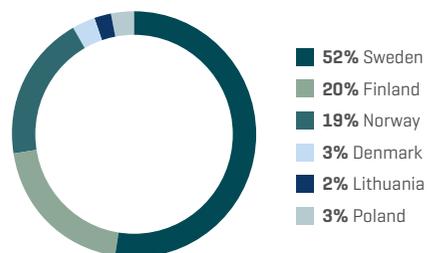
%, projects by project type



Projects financed by NEBs should be situated in NIB's member countries or other EU countries. Most of the projects financed so far are located in Sweden, Finland and Norway.

NEB-financed projects 2011-2017

%, projects by country



Estimated impact of projects in the NEB Green Fund Pool 2011-2017*

Impact indicators	Total project impact	NIB prorated share of impact**	NIB share of impact equivalent to
Added renewable energy capacity	1,800 MW	600 MW	200 onshore wind turbines
Added renewable energy generation	6.7 TWh (4.2 TWh electricity, 2.5 TWh heat)	2.3 TWh (1.3 TWh electricity, 1.0 TWh heat)	Energy use of 90,000 single family houses
CO ₂ e direct reductions, avoided emissions	2,850,000 t/a	935,000 t/a	760,000 cars
Added wastewater treatment capacity	1.4 million PE***	660,000 PE	
Added gross floor area of green buildings [LEED Platinum or BREEAM Excellent]	346,000 m ²	157,000 m ²	

* During the regular follow-up on projects financed, the Bank observed that one loan did not fulfil the NEB eligibility criteria. The anticipated environmental impact did not materialise. The project has therefore been removed from NIB's Green Fund Pool. The total annual CO₂e equivalent reduction for all financed projects has been reduced accordingly.

**In accordance with the harmonised impact reporting methodology implemented by IFIs in January 2016, numbers are prorated based on NIB's share of the total financing.

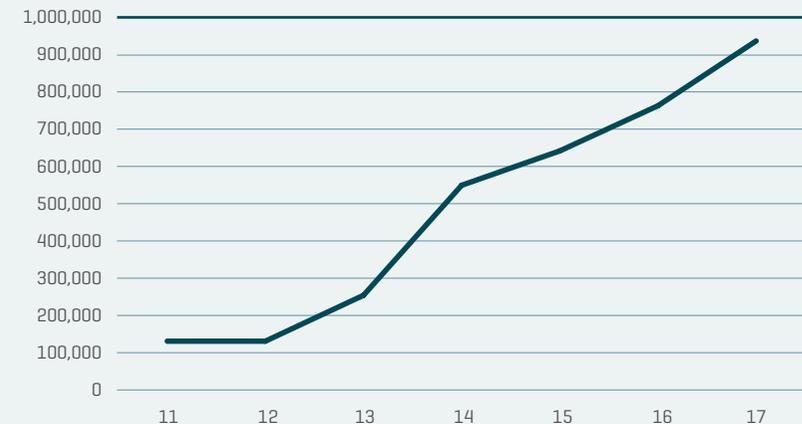
***PE: population equivalents

For a complete list of all NEB-financed projects, including descriptions, please visit https://www.nib.int/capital/markets/environmental_bonds/neb-financed_projects

Cumulative reductions of CO₂e emissions in 2011-2017, prorated to NIB's share of financing, amount to 935,000 tonnes of CO₂e equivalents. This is the equivalent of removing 760,000 cars from the roads every year.

Cumulative CO₂e reduction per year*. All projects financed by NEBs 2011-2017

Reduction in CO₂e emission [t/a]



* The cumulative CO₂e impact is calculated in accordance with the new harmonised methodology implemented by IFIs in January 2016.

Case study

Skanska Financial Services AB, Sweden



The loan will finance the development and construction of five office buildings in Warsaw and Wrocław, Poland. The facilities aim for Platinum environmental building certification status under the Leadership in Energy and Environmental Design (LEED) certification system, as required by the NEB framework.

The project is assessed to promote sustainable building practices, providing clients and tenants with resource-efficient options in LEED Platinum-certified facilities. As the housing and building sector accounts for approximately 40% of energy use in the EU, sustainable construction practices are expected to lower overall energy consumption.

The five projects in Poland will consume 25% less energy and 35% less water than similar office complexes do. Also, they will be located close to public transport hubs, which is an important feature of green offices.

The construction of the five LEED-certified premises in Poland will support Skanska's strategy to maintain its position as a global leader in energy-efficient buildings. Investments in sustainable business practices in premium locations like Warsaw and Wrocław are expected to generate high reference value and a competitive advantage for Skanska, and to prepare for expansion into less mature markets.



Case study

Lahti Energia, Finland



The loan will finance the construction of a new 193 MW thermal power plant, Kymijärvi III, in Lahti, Finland. The new boiler is designed to use 100% wood-based biofuels and to replace the old 350 MW coal fired boiler, Kymijärvi I, which will come to the end of its technical life in 2020.

The construction of the new plant commenced in 2016, and upon its commissioning in 2019/2020, it will produce heat for Lahti's district heating network. The annual renewable heat generation added at Kymijärvi III is approximately 700 GWh. The plant will operate at high efficiency due to the heat recovery from the flue gas. The technical design also includes an option to install a turbine for electricity generation in the future.

As the project will end the usage of coal by Lahti Energia as fuel for heat generation, it is estimated to decrease carbon dioxide emissions by approximately 382,000 tonnes per year. The construction of Kymijärvi III is part of the city's strategy to halve its greenhouse gas emissions by the year 2025, in relation to the 1990 level.

Kymijärvi III will be equipped with efficient flue gas treatment to comply with the requirements of the EU's reference document for best available techniques. Emissions of sulphur dioxide are assessed to decrease by approximately 740 tonnes per year, and those of nitrogen oxides by approximately 640 tonnes per year – over 50% compared to the current situation. Lahti Energia will also apply an innovative system for condensate treatment to remove sulphates and to enable the reuse of the treated condensate as process water.

The estimated investment cost of the project is EUR 165 million. With a loan of EUR 75 million, NIB's share of the added renewable energy generation and of all emission reductions is 45%.

Photo: Lahti Energia



Disbursement year	2017
Disbursed amount	EUR 75 million
Maturity	2031
Category	Renewable energy
NEB eligibility	100%



JENS HELLERUP
Senior Director, Head of Funding and Investor Relations

Head of Funding Green bonds Q&A

NIB has been issuing green bonds labelled NIB Environmental Bonds (NEBs) since 2011. What is the purpose of the NEB programme and do you see any price advantages?

Our objective is to attract new investors and diversify our funding programme. We have seen many environmentally responsible investors, especially in France, the Netherlands and the Nordics, buying NEBs. Some of these investors would not necessarily have bought our conventional bonds. Further, the NEB programme has proven a very good communication tool for explaining NIB's environmental mandate to our investors, borrowers and other stakeholders

So far, we have not seen any price advantages from issuing NEBs. However, as the supply of, and investor base for, green bonds increases, we expect the market to deepen, and we will see more stability and better performance in green bonds. Further, we have experienced that we have been able to access markets via NEBs, which typically has been more challenging via conventional NIB bonds.

There is some criticism that the projects financed by green bonds would have been financed anyway, and therefore the impact is not substantial. What is the main difference between conventional bonds and NEBs?

NIB has an explicit environmental mandate, so it is true that the green projects would have been financed anyway with NIB's conventional bonds. However, our experience is that lending clients appreciate that their projects are analysed to be eligible for receiving funds from NEB issues, as it gives additional credibility to their environmental projects. On request,

the Bank presents a NEB certificate to the projects financed with environmental bond proceeds. I also believe that green bonds in general have made the financial markets aware of the environmental challenges faced by societies, and that hence a more sustainable finance model needs to be developed.

When it comes to assessing and reporting the impact of the green projects, then this is something which is often discussed among the market participants. NIB follows the harmonised impact reporting framework developed together with other IFIs and the recommended metrics for reporting developed by the Green Bond Principles' working group on Impact Reporting, which NIB is also a part of.

How will the green bond market develop over the coming 3-5 years?

In recent years, we have seen substantial growth in the green bond market, and I believe this will continue. We expect the supply to increase, and also to come from a broader range of issuers. At the same time, the investor base will continue to evolve and demand more documentation and reporting on the quality and "shade of green" of the projects they invest in.

Further, interest has grown beyond the capital markets, and we are seeing more and more interest from politicians and NGOs as well.

I believe that as more stakeholders get involved, green bond taxonomy and recommendations around processes and reporting will develop further. In 2017, the Green Bond Principles and a High-Level Expert Group on Sustainable Finance, initiated by the European Commission, contributed to development of the green bond market. [See the Treasurer's review.] I believe, in particular, there will be more focus on external reviews. There are already discussions around the content and standard of an external review. In this context, the continued development of green bond taxonomy will be beneficial.

NIB green investor event 2017: deeper insights

In autumn 2017, NIB's Funding team invited investors in NIB Environmental Bonds to visit projects that they finance. The most recent visit was to Fortum Värme's combined heat and power plant in Stockholm, the world's largest power plant adapted for biofuel. The second stop was at Vasakronan's green office building, under construction in Uppsala, which is aiming for the highest LEED sustainability rating Platinum.

It was the second annual NIB Green Investor Event arranged by the Bank's Funding team.

"It was hugely interesting to see with my own eyes how sustainability is fully integrated in Fortum Värme's and Vasakronan's businesses. When you make visits like this, you get deep insights that are hard to get from just reading reports", says Christina Strand-Wadsjö, Senior ESG Investment Specialist at SEB Investment Management.

NIB issues green bonds to attract investors who particularly want to help finance a more sustainable future. The Bank allocates the funds from its NEBs to projects that have significant environmental benefits. NIB publish-

es detailed information on its website about its framework, environmental bonds and eligible projects.

"As an issuer of environmental bonds in the still-developing green bond market, being transparent with investors is of the utmost importance. By holding this event, investors get a chance to verify that NIB has indeed used the proceeds from the green bond as promised. It also allows investors the opportunity to ask the project owners questions directly. In addition, the project owners get to hear what is important for investors when they are considering what to invest in", says Angela Brusas, Senior Funding Manager at NIB.

For more information about the event and projects visited, please [visit our website](#).

"It was hugely interesting to see with my own eyes how sustainability is fully integrated in Fortum Värme's and Vasakronan's businesses."



NIB Green investor event 2017 at Fortum Värme in Stockholm. From left: Christina Strand-Wadsjö, Senior ESG Investment Specialist at SEB Investment Management; Kerstin Levin, CFO of Fortum Värme; Peter Castrén, Head of Fixed Income at Local Tapiola Asset Management; Tove Bangstad, Head of Nordics at Amundi; Heiko Bechtel, Head of Treasury at Fortum Värme; Magnus Andersson, Senior Environmental Analyst at NIB; Marianne Gut, Portfolio Manager at SEB Investment Management; Angela Brusas, Senior Funding Manager at NIB; Mats Strömberg, Project Manager at Fortum Värme; Nathalie Modig, Finance and HR assistant at Fortum Värme.



NIB active in Green Bond Principles and observer to the EU High-Level Expert Group on Sustainable Finance

The Green Bond Principles (GBP) is a set of voluntary process guidelines for issuing green bonds. The members and observers of the GBP include investors, issuers and dealers. The Executive Committee is the main body within the GBP developing and deciding on further amendments to the Principles.

NIB is a member of the Executive Committee of the Green Bond Principles. Membership obliges the Bank to coordinate and actively take part in the different work streams.

The Bank has been active especially in two GBP working groups: the Green Projects Eligibility Working Group and the Impact Reporting Working Group. For the GBP 2017 edition, the Green Projects Eligibility Working Group updated and complemented the green project categories. For the 2018 edition, the working group aims to have a role in coordinating and collating existing green taxonomies and external review providers. The Impact Reporting Working Group has addressed applicable metrics for renewable

energy, energy efficiency, and water and wastewater projects. The objective for the 2018 GBP edition is to focus on impact metrics for waste management and sustainable transport.

During 2017, NIB has been participating as an observer to the High-Level Expert Group that is assigned to provide recommendations for the European Commission on sustainable finance as a follow-up to the EU's 2030 Agenda for sustainable development.

The expert group has been set up for a year to identify measures to integrate sustainability considerations into the EU rules for the financial sector. The group has consisted of twenty policy leaders from civil society, the finance sector and academia. In January 2018, the group provided a report containing a set of operational recommendations for the European Commission. This marks an important step in the follow-up to the EU's 2030 Agenda for sustainable development as well as the Paris Agreement on climate change.

Green bond investments

As a long-term lender and issuer of environmental bonds, NIB wants to support the green bond market, which finances projects with positive environmental impact, such as contributing to climate change mitigation.

NIB has extensive experience in evaluating the environmental impact of all projects it lends to, which benefits the assessment of underlying projects financed by NIB-purchased green bonds. In 2016, NIB decided to allocate EUR 500 million for the Bank's lending portfolio for investments in green bonds issued by companies and municipalities in the Nordic-Baltic region.

Green bonds are typically issued with the involvement of arranging banks assisting the issuing corporate entity. As a rule, NIB itself evaluates the environmental impact before investing in a new green bond, but in some cases, there are time constraints. Thus, it is important that arranging banks with whom NIB cooperates have a good understanding of what purposes the bond proceeds are being used for and whether the issue would be eligible for NIB to invest in.

NIB has decided to cooperate with certain arranging banks. With these arrangers, NIB has discussed their respective green bond underwriting policies, procedures and awareness of NIB's mandate. This cooperation with green bond arrangers allows NIB to follow its strict requirements for investing, while being able to react to the rapid decision-making required for investing in green bonds.

NIB discloses its purchases of green bonds; the aggregate principal amount as of 31 December 2017 was EUR 280 million through 17 investments.

Information on purchases made so far is available on the [NIB website](#).





A summary:

NIB Environmental Bond framework

Please note that the framework will be updated during 2018.

NIB introduced its [NIB Environmental Bond framework in 2011](#), to attract fixed-income investors worldwide who particularly want to finance projects that improve the environment.

Under the framework, the Bank can issue NIB Environmental Bonds (NEBs) and use the proceeds to finance projects that have a positive impact on the environment. The debt obligations carry no project risk and are issued under NIB's standard debt issuance programmes.

CICERO Center for International Climate Research has issued [a second opinion](#) on the NEB framework, stating it is "a clear and robust framework for climate-friendly investments".

In line with the Green Bond Principles (GBP), NIB has four core components in its framework:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

Use of proceeds

NEB loans are identified through the following selection criteria:

- The new project is located in a member country or EU country.
- The sustainability review does not identify any potentially threatening risk elements to the projects.
- The project has a high likelihood of achieving the targeted environmental benefits.

NIB has identified the following categories eligible for green projects:

- Energy efficiency leading to a reduction of energy use of a minimum of 30% [fossil fuel energy generation is excluded]
- Renewable energy
- Public transport solutions mainly based on electricity or biofuels
- Electricity transmission and distribution systems to increase the capacity for renewable energy
- Wastewater treatment to reduce discharges into water
- Green buildings certified according to LEED Platinum or BREEAM Excellent or Outstanding

Process of evaluating and selecting projects

NIB's environmental mandate commits the Bank to assessing and measuring the environmental impact of all its lending projects. NIB's internal environmental analysts have a long history of systematically reviewing the environmental aspects of projects prior to financing. During these review processes, the environmental analysts identify and preselect projects that qualify for financing with proceeds from NEBs. Eventually, the Bank's Credit Committee decides which loans are eligible for NEB-financing.

The mandate assessment consists of two main components: an assessment of the project's potential environmental impact, and an assessment of the risk that the project's potential impacts will not materialise. The potential impact is rated on a six-grade scale from "Negative" impact to "Excellent" environmental improvement. Once the potential impact has been determined, the analysts also assess on a four-grade scale the risk that the project's expected impact will not materialise.

Only projects that reach the two highest levels on the potential impact and have low realisation risks are eligible to receive NIB Environmental Bond proceeds.

Management of proceeds

An amount equal to the net proceeds from the sale of the NEB issuance will be held in a separate portfolio, the Green Fund Pool, until it is disbursed to eligible projects.

Reporting

NIB publishes detailed descriptions of all issued NEBs and projects financed on its [website](#), along with the total CO₂ equivalent impact of all projects financed by NEBs.

International financial institutions (IFIs) have developed and signed a harmonised [framework for green bond impact reporting on renewable energy and energy efficiency projects](#). NIB is part of the IFI working group developing the framework, and it calculates its impact numbers in accordance with the harmonised methodology implemented by IFIs in January 2016.

NIB is also part of the GBP Impact Reporting Working Group, which has developed impact reporting metrics for sustainable water and wastewater management projects, released in June 2017. The report can be found on the [GBPs Resource Centre](#). The working group is about to finalise the impact reporting metrics also for waste management and will then focus on sustainable transport.



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