In autumn 2017, the City of Malmö established its green bond framework and Sustainalytics was engaged to provide a Second Opinion on the framework’s environmental credentials. Sustainalytics verified the framework’s transparency and robustness and its alignment with the four pillars of the International Capital Market Association’s (ICMA) Green Bond Principles. Sustainalytics highlights the City of Malmö’s commitment to provide investors with comprehensive impact reporting and sees the level of detail brought by the municipality as a best practice for the Nordic green bond market. Additionally, Sustainalytics is of the opinion that projects funded by the proceeds of the green bonds will positively contribute to the success of the City’s Environmental Programmes, which include ambitious environmental targets, and will contribute to advancing Sustainable Development Goals 6, 7, 11, 12, 13 and 15.

The process for evaluation and selection of green projects is conducted through the collaboration of the City of Malmö’s business units and administrative and environmental departments. If an investment is judged to potentially meet the green framework criteria, then it’s nominated for the environmental committee. In this way a ‘bottom-up’ approach is applied engaging many coworkers, including City’s administration and companies. The environmental committee ultimately decides and in this committee the environmental department representative has veto right. Working in this way allows for a broad and large size pool of green assets to cover all eight project categories of the green bond framework.

Our new green bond 2018
The new green bond will finance a representative and broad pool of green projects and assets. Green buildings are estimated to comprise about 75% of the green bond portfolio but in the wake of the National Negotiation on Housing and Infrastructure, investments allocated to the project categories of Clean transportation and Energy efficiency will increase over time. Examples of investments in the 8 categories below in the forthcoming transaction:

- In the green building category there will for instance be refinancing of Malmö Live concert hall certified LEED Platinum
- Energy efficiency category investments will continue with improved efficiency in water-cleaning processes
- Clean transportation via new train stations, such as ‘Malmöpendeln’: one of Malmö’s largest public transport initiative
- Climate adaption measures in parks and school yards, in order to collect water in case of torrential rain
- Measures to prevent and remove pollution, for example, by soil remediation
- Sustainable management of water and wastewater, for example, through improved water purification
- Renewable energy via solar and wind power installations
- Environmentally sustainable management of land and natural resources through, inter alia, construction of green spaces in existing and new urban areas

Annual report for transparency
The investments are at large in line with the City’s ambitious environmental goals of creating Sweden’s most climate smart city with a world-class sustainable urban development. The positive climate and environmental impact achieved by the investments financed under the green bond framework are reported annually in the City’s green bond reports. In accordance with the commitment in our framework, we will report CO2 savings, if possible, and provide an overall view of the bond’s total climate impact per investment level and category as well as on aggregated level. Our goal with the report is to create transparency and clarity towards investors, but also to the City’s inhabitants and other stakeholders.

For further reading, visit malmo.se/gronaobligationer