

Green Bond Fact Sheet

Issuer Name: Reykjavik Energy		Date: 20-Feb-2019	
Issue date: 18-Feb-2019 Maturity date: 18-Feb-2055 Tenor: 36			
Issuer Name	Reykjavik Energy	Amount Issued	ISK3,528m (USD29m)
Country of risk	Iceland	CBI Database	Included
Issuer Type ¹	Government-backed entity	Bond Type	Green bond
Green Bond Framework	Framework	Second party opinion	Cicero
Certification Standard	Not certified	Assurance report	N/A
Certification Verifier	N/A	Green bond rating	N/A
Use of Proceeds			
<input checked="" type="checkbox"/> Energy	<input type="checkbox"/> Solar <input type="checkbox"/> Onshore wind <input type="checkbox"/> Offshore wind <input checked="" type="checkbox"/> Geothermal <input checked="" type="checkbox"/> Hydro	<input type="checkbox"/> Tidal <input type="checkbox"/> Biofuels <input type="checkbox"/> Bioenergy <input checked="" type="checkbox"/> District heating <input checked="" type="checkbox"/> Electricity grid	<input type="checkbox"/> Energy storage <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Buildings	<input type="checkbox"/> Certified Buildings <input type="checkbox"/> HVAC systems <input type="checkbox"/> Energy performance	<input type="checkbox"/> Water performance <input type="checkbox"/> Energy storage/meters <input type="checkbox"/> Other energy related	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Transport	<input type="checkbox"/> Electric vehicles <input type="checkbox"/> Low emission vehicles <input type="checkbox"/> Bus rapid transit <input type="checkbox"/> Passenger trains <input type="checkbox"/> Urban rail	<input type="checkbox"/> Freight rolling stock <input type="checkbox"/> Coach / public bus <input type="checkbox"/> Bicycle infrastructure <input type="checkbox"/> Energy performance	<input type="checkbox"/> Transport logistics <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input checked="" type="checkbox"/> Water & wastewater	<input checked="" type="checkbox"/> Water distribution <input type="checkbox"/> Water treatment <input checked="" type="checkbox"/> Wastewater treatment <input type="checkbox"/> Water storage	<input type="checkbox"/> Storm water mgmt <input type="checkbox"/> Desalination plants <input type="checkbox"/> Erosion control <input type="checkbox"/> Energy performance	<input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Waste management	<input type="checkbox"/> Recycling <input type="checkbox"/> Waste prevention <input type="checkbox"/> Pollution control	<input type="checkbox"/> Landfill, energy capture <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure	<input type="checkbox"/> Waste to energy <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience

<input checked="" type="checkbox"/> Land use & agriculture	<input type="checkbox"/> Afforestation/parks <input type="checkbox"/> Land remediation <input type="checkbox"/> Sustainable agriculture <input type="checkbox"/> FSC Forestry <input type="checkbox"/> Energy/water efficiency <input type="checkbox"/> Adaptation & resilience <input type="checkbox"/> FSC Cellulose & paper
<input type="checkbox"/> Other	<input type="checkbox"/> Adaptation & resilience <input type="checkbox"/> ICT <input type="checkbox"/> Industry: process
Issue details	
Reporting	<p>Reykjavik Energy (OR) will issue an annual Green Bond Impact Report, which will be published at the same time as its Annual Report. It will include updates on aggregated project funding under the framework; funds allocated to project categories; unallocated proceeds; proceeds allocated to new versus refinanced projects; environmental impact of each funded project (or project category), using metrics relevant to the project or project category; and the refinancing ratio. Large projects will be listed individually; smaller projects will be aggregated under project categories, and relevant data made publicly available. An external auditor confirms that net proceeds are used for funded projects; the external audit is also communicated through the Annual Green Bond Impact Report.</p>
Company information	<p>Reykjavik Energy (OR) is Iceland’s largest geothermal energy producer. OR employed 509 people in 2017 and is powered 99% with renewable energy. It is the parent-company of ON Power (energy generation), Veitur (utilities and distribution) and Gagnaveita Reykjavíkur (Reykjavik’s fiber network). It owns and/or operates cold water supply, hot water supply (district heating), sewerage, electricity generation and distribution, and fibre-optic network assets. ON operates two geothermal plants (303 MW and 120 MW) and one small hydro plant; it is the second largest producer of power in the country and the largest producer of geothermal power.</p>
Firsts, records and certifications	<p>First Icelandic issuance in 2019 (only the third bond & issuer overall)</p>
Proceeds description	<p>Proceeds will be used to fund anticipated projects in eight eligible categories: renewable energy (25%), energy distribution and management (25%), carbon capture and storage at its geothermal power plant (5%), sustainable land use and environmental management (5%), clean transportation (5%), sustainable water and wastewater management (20%), circular economy activities that lead to lower lifecycle energy and GHG use (5%), and products and technologies that support smart grid applications (10%).</p>
Climate Bonds view	<p>We are happy to see the Icelandic green bond market expanding to include the second government-backed entity green bond issuer. Reykjavik Energy is an example of a group with quite ambitious environmental targets, with green bond issuance fitting well within these. Despite the focus on energy (especially geothermal), it’s a positive that proceeds are expected to be spent in several different areas, including wider initiatives such as circular economy activities. This suggests the issuer is thinking about its business model holistically and plans to adjust its strategy accordingly.</p>
Underwriters	<p>N/A</p>
Deal comments	
Credit Rating	<p>N/A</p>
Pricing summary	

Investors summary

¹ Issuer categories: ABS, development bank, financial corporate, government-backed entity, loan, local government, non-financial corporate, sovereign