



# Assurance Roundtable

Beijing – 19 September 2017



# Agenda for today's meeting

1. Welcome
2. Introductions and updates from verifiers
3. State of the Market report released 18 September in New York
4. Market developments
5. Updating the Climate Bonds Standard to version 3.0
6. Updating the Guidance for Verifiers
7. Discussion and Q&A
8. Next session of the Assurance Roundtable



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## Market developments

- PBoC and four other Ministries jointly published the *Construction and Development Planning of the Financial Industry Standardization*. This will include developing standards and certification schemes for green financial products, including green loans, green bonds, green funds, green insurance products, etc
- The EIB and People's Bank of China (PBoC) – the regulator of 97% of the Chinese bond market – have launched a partnership committed to looking at harmonising the banks green bond guidelines
- ISO processes are underway to develop international standards for *Investments, Financing & Climate Change (ISO14097)*, *Green bonds -- Environmental performance of nominated projects and assets (ISO14030)* and a Chinese proposal which will hopefully be approved soon
- Climate Bonds Initiative is in talks with Hong Kong Exchanges and Clearing about expanding the recently launched Bond Connect trading link to give overseas investors greater access to China's green bond market



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## Updating to version 3.0 of Climate Bonds Standard

- The changes will create a much more widely applicable approach to demonstration of good practice in issuing green debt instruments:
  - Clearer alignment with the terminology and pillars of the **Green Bond Principles** to minimise any confusion around competing approaches
  - A **simpler structure** with four sections: pre-issuance requirements, post-issuance requirements, green definitions, certification process
  - Use of the **broader taxonomy as the basis for asset eligibility**, with sector-specific criteria used where it is available. This is in contrast to only allowing certification of assets covered by existing sector criteria
  - Focus on **post-issuance reporting** as per the Green Bond Principles, including **more explicit requirements on impact reporting**
  - **More targeted use of post-issuance verification** to address risks around allocation to new projects or uncertain eligibility of assets. This is in contrast to post-issuance verification being mandatory for all.





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## Updating the Guidance for Verifiers

- As the approved verifiers gain experience and undertake a broader range of verifications, the guidance for their work needs to be updated and enhanced
- This process needs the input from verifiers who are at the forefront of the market's development
- Assurance Roundtable will be the focal point for this work through a new **Guidance Working Group** which we would like to form
  - *Who would like to volunteer?*
- Key issues being addressed in this update:
  - Alignment with domestic guidance in major markets (China, EU, USA)
  - Templates for Verifier Reports
  - Clarifying what assurance standards are “equivalent” to ISAE3000
  - *What else needs to be addressed???*



## Templates for Verifier Reports is the first topic

- So far verifiers have created their own templates for reporting based on the very high level guidance in the Guidance for Verifiers
- The market is now calling for more consistency in how the verifier presents their contribution to the certification and investor confidence
- There are some key issues which have been identified:
  - Providing detail on the formal procedures which have been used
  - Providing summary information on how the bond meets the Green Bond Principles and the requirements of the Climate Bonds Standard
  - Stating the verifier's opinion so that it is clear what it means and does not mean
- The Guidance Working Group will develop draft templates for the Pre-Issuance Verifier Report, Post-Issuance Verifier Report, and Annual Verifier Report
- ***Who would be interested in contributing to this important work?***



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[www.climatebonds.net](http://www.climatebonds.net)

