



Climate
Bond
Certified

Low Carbon Commercial Property Developments – Australia

Webinar – Sydney – 7 February 2017

Climate Bonds INITIATIVE



Agenda

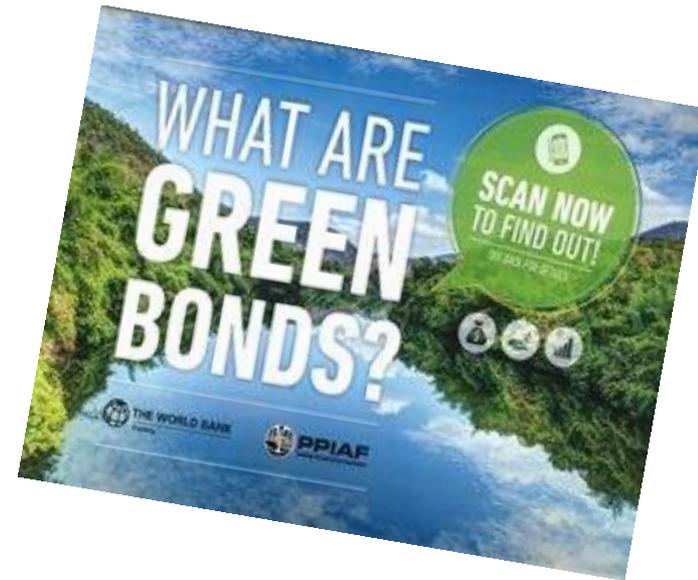
In today's webinar we will hear from five expert panellists followed by an extensive Q&A session:

- **Rob Fowler**, Head of Certification, Climate Bonds Initiative
- **Emma Herd**, CEO, Investor Group on Climate Change (IGCC)
- **Jorge Chapa**, Executive Director of Market Transformation: Green Building Council of Australia (GBCA)
- **Ché Wall**, Director, Flux Consultants and Lead Specialist, CBI's Low Carbon Buildings Technical Working Group
- **David Jenkins**, Director, Investment Grade Originations NAB

Green bond basics

A bond is a form of debt

- Usually used to finance (and re-finance) large, mature assets at substantial scale
- Issued by companies, governments, municipalities, banks...
- Important part of investment portfolios for investors such as pension funds, insurance companies, institutional investors, etc



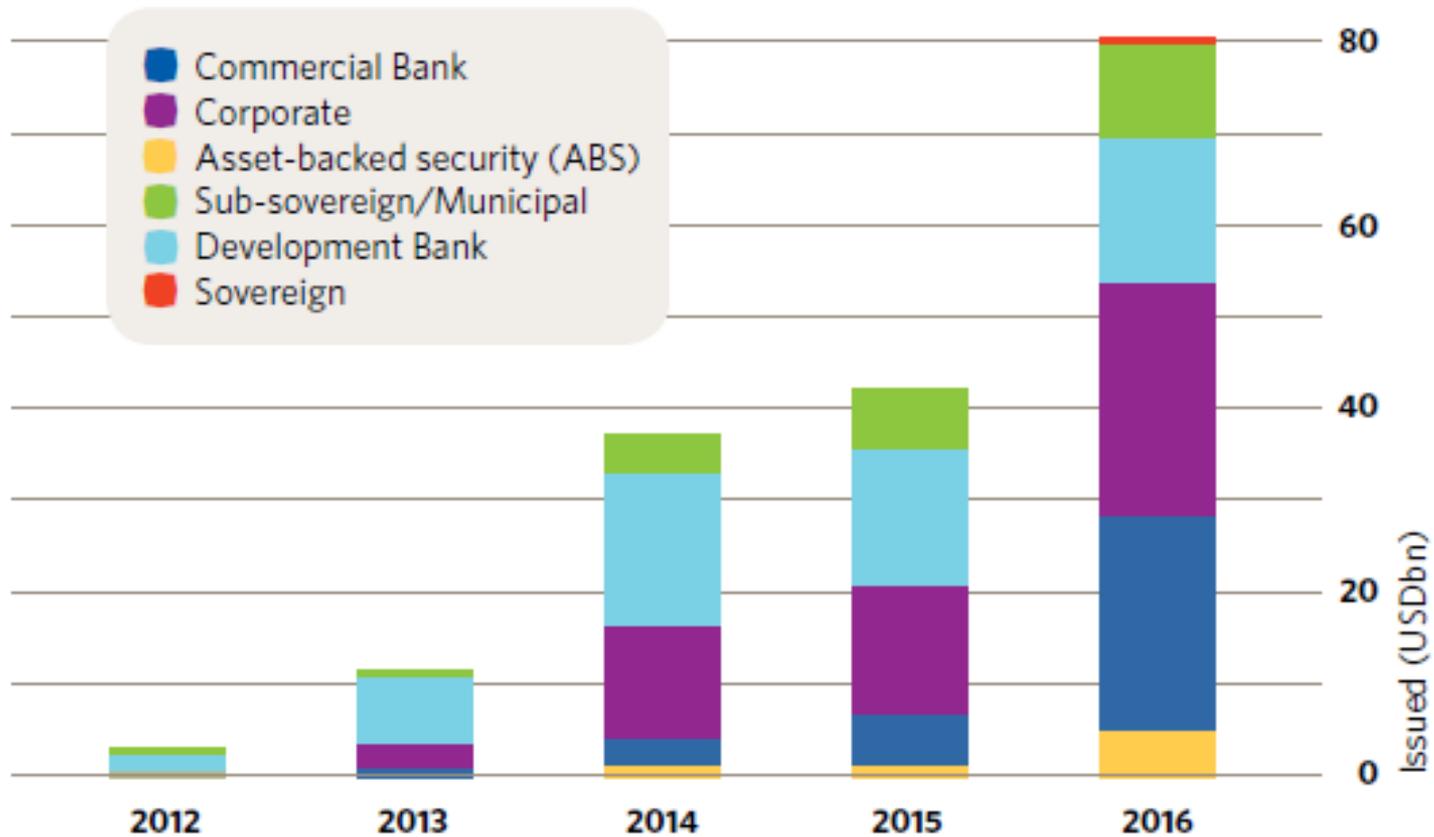
A green bond is just like other bonds, except:

- Issuer declares the bond as green and predefines the use of proceeds
- Use of proceeds must be for the financing or refinancing of 'green projects or assets'
- Issuer commits to some level of transparency and reporting
- Anyone can issue: companies, governments, municipalities, banks

Currently strong oversubscription is the norm

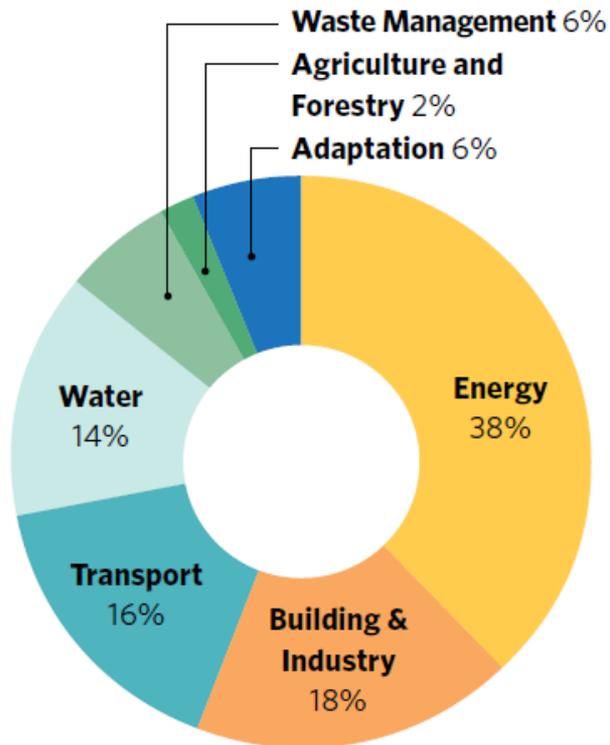
Green bonds – a growth market

The green bond market 2012-2016

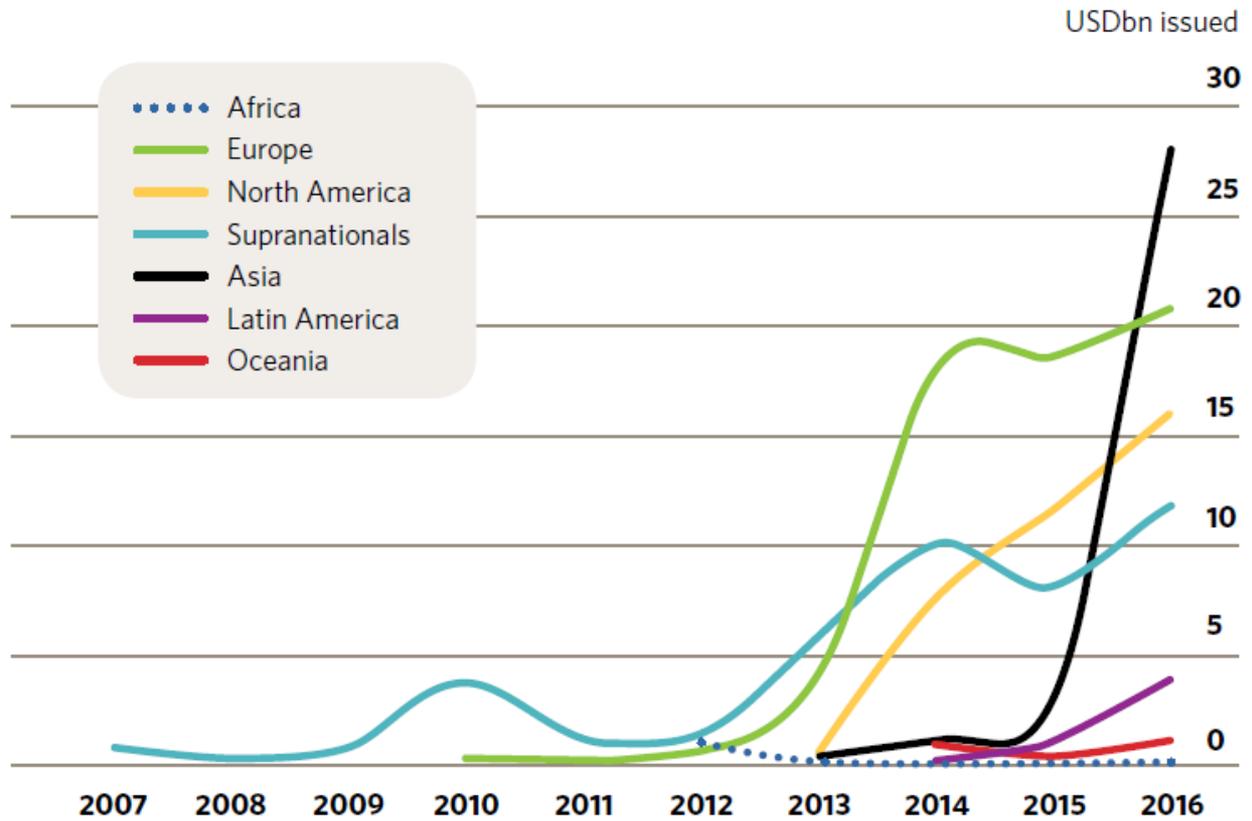


Renewable energy is largest segment and Asia the fastest growing region

There was a broad range of use of proceeds in 2016



Green bond issuance by region



The attraction of green bonds

Issuer benefits become more and more apparent and diverse...

Issuer Benefits

- Investor diversification across regions and types
- Investor engagement & “stickiness”. investors likely to be more engaged and in for longer term.
- Strengthened reputation – demonstrating commitment to green growth
- Eventually: free up balance sheets with structured products

...given strong and persistent investor demand for green.

Investor Benefits

- Identical credit ratings, pricing and structures to non-green
- Trading at a premium in secondary markets
- Strengthened reputation
- Deeper engagement with company on green
- Greening investments through well-understood products
- Access to green assets / projects without higher project risk



Investors are calling for standards, assurance and certification of Green / Climate Bonds

- Investor demand for Green Bonds & Climate Bonds is strong, and will increase in line with the delivery of quality products into the market
- **Standards, assurance & certification** have been identified as key to improved confidence and transparency, and further strong growth within the mainstream debt capital markets
- The **Green Bond Principles**, updated in June 2016, encourage the development and use of standards for certification of Green Bonds, as do various investor statements
- The **Climate Bonds Standard** represents an important step, moving from broad integrity principles to a robust and effective Certification scheme
 - **Standard** with clear mandatory requirements (use of proceeds, tracking, reporting)
 - Specific **eligibility criteria** for low carbon and climate resilient projects & assets
 - **Assurance** framework with independent verifiers and clear procedures
 - **Certification** decisions by an independent Climate Bonds Standard Board made up of over \$34 trillion AUM



Key features of the Climate Bonds Standard

- Green Bond Principles are fully integrated
 - Climate Bonds Standard V2.1 basically converts the GBP into a set of requirements and actions which can be assessed, verified and certified in a robust and repeatable way
- Provides a detailed set of technical criteria for eligible projects and physical assets
 - removes the subjective judgements in second party opinions and under the GBP
- Wide variety of bond types are eligible for certification
 - The Standard has specific requirements for each of these bond types to address particular risks which are apparent for that structure
- The Standard is structured to provide a consistent approach to selection of investments, use of proceeds, reporting by issuers, and assurance while allowing the detailed technical criteria for each of the investment areas to be developed, approved, and updated

Environmental standard, **not** a financial standard.
Investors must do their own credit analysis



Climate Bonds Taxonomy and Technical Criteria

ENERGY	LOW CARBON BUILDINGS	INDUSTRY & ENERGY-INTENSIVE COMMERCIAL	WASTE & POLLUTION CONTROL	TRANSPORT	INFORMATION TECHNOLOGY & COMMUNICATIONS	NATURE BASED ASSETS	WATER
Solar 	Residential 	Manufacturing 	Recycling facilities 	Rail 	Power management 	Agricultural land 	Flood Defences 
Wind 	Commercial 	Energy efficiency processes 	Recycled products & circular economy 	Vehicles 	Broadband 	Forests (managed and unmanaged) 	Water distribution infrastructure 
Geothermal 	Retrofit 	Energy efficiency products 	Waste to energy 	Mass transit 	Resource efficiency 	Wetlands 	Water capture & storage infrastructure 
Hydropower 	Products for building carbon efficiency 	Retail and wholesale 	Methane management 	Bus rapid transport 	Teleconferencing 	Degraded Lands 	Water treatment plants 
Bioenergy 		Data centres 	Geosequestration 	Water-borne transport 		Other land uses (managed and unmanaged) 	Assets in energy & production industries 
Wave and Tidal 		Process & fugitive emissions 		Alternative fuel Infrastructure 		Fisheries and aquaculture 	
Energy distribution & management 		Energy efficient appliances 				Coastal infrastructure 	
Dedicated transmission 		Combined heat & power 					

Certification Criteria approved 

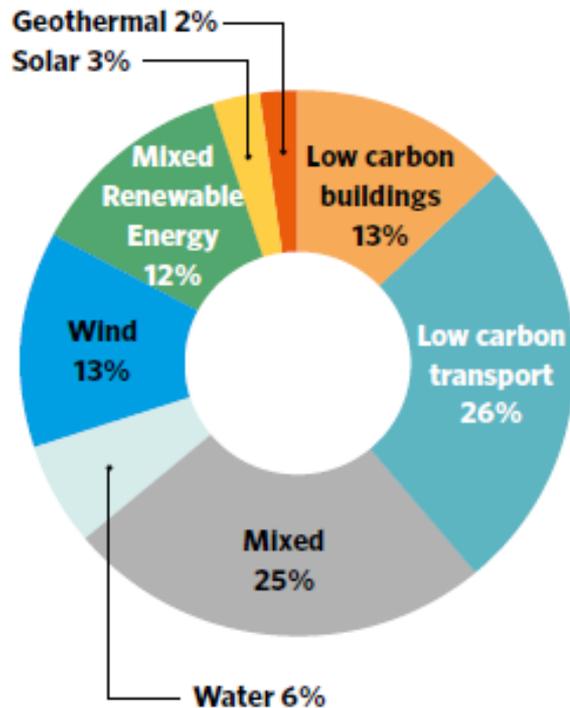
Criteria under development 

Due to commence 

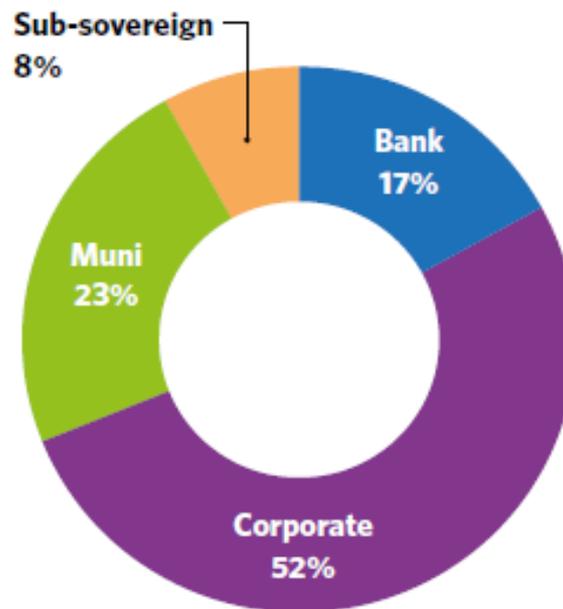


Over USD 9 billion worth of Certified Climate Bonds have been issued to date

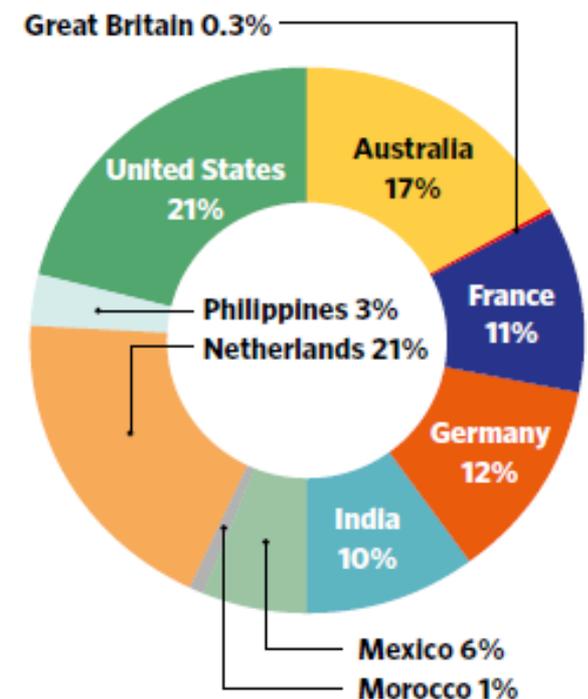
Low Carbon Transport takes the largest share of the total Certified Climate Bond market



Corporates continue to make up the majority of issuers of Certified Climate Bonds

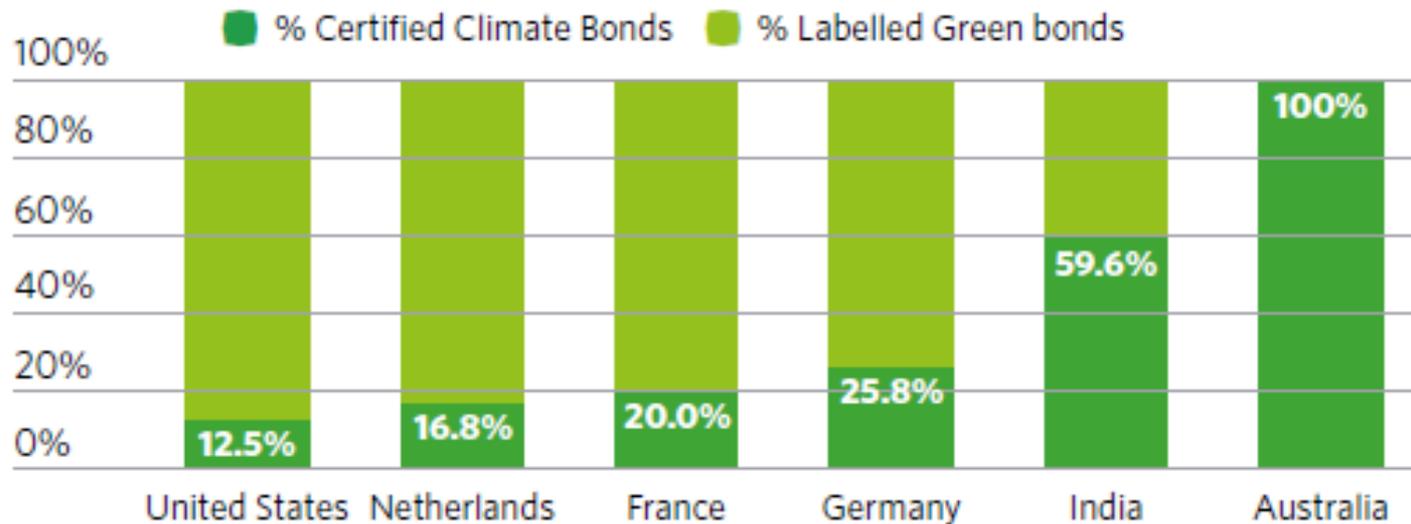


We've now seen Certified Climate Bonds issued in 10 different countries



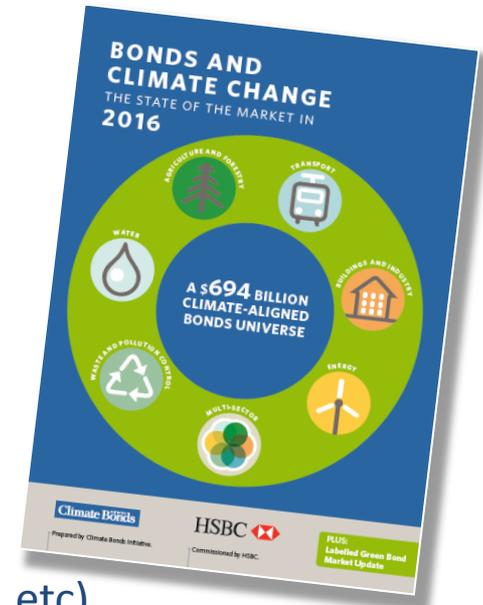
Take-up in some countries has been impressive so far

Key markets for 2016 Climate Bonds Certification



The Climate Bonds Initiative: What we do

- Climate Bonds Standard & Certification Scheme
 - Definitions for investors and guidelines for bond issuers
 - Investor confidence through assurance and certification
- Information flows for ratings agencies & index providers
- Outreach to inform and stimulate the market
 - Policy models and government advice
 - Efforts in emerging markets to grow issuance (China, India, etc)
 - Facilitating discussions on securitization, covered bonds, Islamic Finance
- Partners Program
 - Platform for market participants to get involved during the formative stages
 - Tailored way to support the CBI's efforts to accelerate growth in green bond issuance and demand



A growing list of Climate Bonds Partners



www.climatebonds.net

