



# TRANSPORT CRITERIA

## Climate Bonds Standard



### Why have Transport Criteria?

#### Transport and Climate Change:

Greening transport is crucial to achieving global decarbonisation targets and meeting multiple sustainable development goals (SDGs).

In 2014, the IPCC estimated that the transport sector (including land, sea and air transport) accounts for approximately 23% of all energy-related CO2 emissions globally and 14% of total GHG emissions. Road transportation for passengers and freight is responsible for 73% of those CO2 emissions.

Moreover, transport energy use is projected to continue increasing. New vehicle technologies, electrified and other zero emissions transport infrastructure, and

overall system improvements will be needed to peak emissions, decarbonise the sector and bring it in line with the Paris agreement.

Simultaneously, behaviour change and modal shift can increase the share of more climate friendly transport modes such as cycling or rail and decrease emissions further.

#### Investment need:

Some estimates suggest that as much as USD 17.5 trillion is required per year between 2017 and 2060 to meet a below 2-degrees Celsius warming scenario.

Despite accounting for a large share of the climate-aligned bond universe (59%), total transport investment lies around USD 1.4 and 2.1 trillion per year, emphasising an urgent need for more finance flows directed towards addressing climate impacts in the sector.

#### Eligible Use of Proceeds

Eligible use-of-proceeds relating to transport systems might include capital and operating expenditure relating to:

1. Passenger cars and commercial vehicles;
2. Public passenger transport by road;
3. Freight transport by road;
4. Passenger rail rolling stock;
5. Freight rail rolling stock;
6. Railway networks and lines; and
7. Infrastructure for low carbon transport.

Eligible use-of-proceeds can also include key supporting components and infrastructure that enable mitigation in transport systems or vehicles such as electric batteries, or zero direct emissions vehicles that support other industries such as waste collection vehicles.

### Some recent certified bonds in the sector

Here are some exciting examples of how the criteria have been used already in the past:



**Rumo - July 2020:** The Brazilian company issued an 8-year bond to finance the purchase of new locomotives and rolling stock for rail freight



**Porsche AG - August 2019:** The motor vehicle company issued EUR 1bn (USD 1.12bn) bond (tenor up to 7 years) to finance development and production of its Taycan model, which is Porsche AG's first fully electric car



**Russian Railways - May 2019:** EUR 500mn (USD 585mn), 8-year bond to finance rolling stock which operate on many commuter and intercity routes

### Programmatic and repeat issuers

The Transport Criteria have been used repeatedly by some issuers financing large-scale projects:



**New York Metropolitan Transport Authority:** they have certified fifteen bonds worth nearly USD 10.4bn of issuance to finance capital investments in MTA's electrified rail assets and supporting infrastructure



**Société du Grand Paris:** certified ten bonds worth over USD 9bn of issuance to finance the construction of new lines and line extensions: almost 200 km of new metro lines in the Ile-de-France region



**JRRT:** certified eight bonds worth nearly JPY 267bn of issuance (about USD 2.5bn) going to network and infrastructure upgrades, including the high-speed Shinkansen rail network



## Transport core eligibility

### TRANSPORT MODES

**Is the mode of transport electric, hydrogen or other zero-direct emissions?**

**Yes**

**Is it not zero-direct emissions, do the operational emissions fall below the following thresholds?**

We are looking to see if the operational emissions associated with the transport mode broadly complies with either of these thresholds:

(a) <50g passenger-km (for passenger transport)  
(b) <25g tonne-km (for freight transport)

**If the mode of transport is freight rail AND/OR new interurban rail, continue the flow. Any other mode is certified.**

**If freight rail, is less than 25% of the total freight being transported comprising fossil fuels?**

**Yes**

**If new interurban rail, will the project result in at least a 25% reduction in emissions in the travel corridor?**

An independent project appraisal must demonstrate this reduction.

**Yes**

**Certified**

**Not Certified**

### INFRASTRUCTURE

**Is the project supporting infrastructure for zero-direct emissions transport modes (or projects that would meet the criteria?)**

For example, manufacture of electric vehicle components are considered green if they are exclusively destined for zero-direct emissions vehicles. All infrastructure upgrades, fueling and refueling, rolling stock and vehicles solely for such transport are included as green.

**If the project is for public walking or cycling infrastructure, this is automatically green.**

**If the project is just a retrofit for public transport infrastructure, this is considered automatically green.**

**If the project is dedicated to the recharging and refuelling of zero emissions vehicles, this is considered automatically green.**

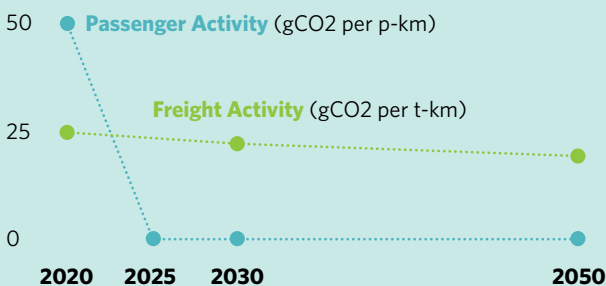
**Certified**

**Certain infrastructure types are eligible on a case-by-case basis, including smart freight logistics, intermodal freight facilities and ICT that improves system efficiency**

**Automatically excluded projects include: Biofuels, Fossil fuel transport by road, Road freight that is not zero-direct emissions, Parking, New roads.**

## Tightening thresholds

**Direct emissions thresholds** will also tighten in line with the need to decarbonise



## Further information sources

Want to Certify, or just know more? Take a look at these documents:

- 1. Transport Criteria Document:** Summary of the Criteria for issuers and verifiers
- 2. Transport Criteria Background Document:** Technical Background and summary of Criteria development process
- 3. Climate Bonds Standard V3.0:** CBI's Certification process, Pre- and Post-issuance requirements and a suite of sector eligibility and guidance documents

For more information:

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

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