The Climate Bonds Certification Scheme is the first and the only international labelling scheme for green bonds, green loans and green sukuk.

The scheme sets best practice for the market in terms of ambitious climate action, reporting and disclosure.

- Fully aligned with the Green Bond Principles and the Green Loan Principles
- Using best practice for internal controls, tracking, reporting & verification
- Financing assets consistent with achieving the goals of the Paris Climate Agreement
Launched in 2014, the Climate Bonds Standard & Certification Scheme has provided Certification to hundreds of debt instruments, amounting to USD 150 billion equivalent as of October 2020. Globally recognised as best practice, the Scheme has consistently captured around 18% of the market.
A Universal Adapter: the Scheme acts as a universal adapter across jurisdictions. It incorporates the Green Bond Principles and Green Loan Principles and is aligned with the EU Green Bond Standard and the guidelines and rules in China, ASEAN, Japan, India and other nations.

Global Climate Bond Certifications

Certified green issuers

Rail operators

Global banks

Energy companies

Sovereign issuance

Development banks
Key features of the Certification Scheme

Outline

Independent verification, delivering reasonable or limited assurance, of whether the bonds, loans or other debt instruments conform to the following:

The Climate Bonds Standard, which details the proceeds management & reporting processes. This includes clear requirements for the use of proceeds, selection of projects & assets, management of proceeds & reporting, which are the components of the Green Bond Principles.

Rigorous Sector Criteria detailing what Use of Proceeds (projects & asset) may be consistent with the Paris Agreement goal of 2 Degrees Celsius warming.

This independent verification is performed by Approved Verifiers. The Climate Bonds Standard Board has oversight of the Approved Verifiers, whereby their management is under the Climate Bonds Secretariat. The recent list of Approved Verifiers is listed on page 6.


This is not the same as the Second Party Opinion (SPO) model, where different external reviewers produce reviews of the green bond / framework based on their individual methodologies which may be opaque & not comparable between various reviewers.

Annual reporting by the issuer, throughout the term of the bond or loan.

Certification can be used for different instruments beyond bonds & loans. It has also been used for certain funds & deposit products. For a range of debt instruments which may receive Certification, visit the database of Certifications.

Supporting the rapid transition to a 2°C pathway: The Climate Bonds Standard recognises that small improvements will not be sufficient to meet the targets of the international community, rapid changes are needed.

The Sector Criteria align with the net zero emissions by 2050 trajectory & best practice in adaptation & resilience.

Benefits of Certification

1. The branding & reputation of the Certification Scheme increases the visibility of the Certified bonds and loans to investors. Investors recognize that the Certification issuances follow the best practice in the market and are related to investments that are aligned with the goals of the Paris agreement.

2. This increased visibility allows the issuer to reach investors who may otherwise not know about this issuance. For example, this is useful for issuers issuing offshore debt, or issuing green debt for the first time.

3. Due to the stronger appeal to investors, anecdotally, there is higher demand for Certified issuances compared to similar issuances. This usually leads to better pricing for the issuer in the primary market.

4. As Certified debt is a relatively smaller subset of the overall market, it is in higher demand & investors hold them for longer & do not trade it as frequently in the secondary market.

5. For loans and other debt instruments, the Certification enhances the reputation of the borrower and the lender.

The Climate Bonds Standard

The Climate Bonds Standard, which details the requirements for Certification, has been developed based on public consultation, reviews by the key stakeholders & expert support from experienced green bond market participants. The Standard is updated regularly in response to the evolving green bond & loans market. Standard Version 3.0 was launched in December 2019.
How the Certification process works

Verification and assurance

The process of the Climate Bonds Certification is separated into two verification & assurance procedures, one before & one after the issuance of the bond or loan. These verifications are conducted by the independent Approved Verifier. The Verifier conducts the bulk of the process & the burden is minimal for the issuer.

The steps as taken by the issuer are laid out as follows:

1. **Get in touch** with the Climate Bonds Secretariat about their issuance plans.
2. **Prepare** a Green Bond/Loan/Finance Framework.
3. **Engage** an Approved Verifier to conduct the Pre-Issuance Verification.
4. **Once the Certification documents** (Verifier’s assurance report, Climate Bonds Information Form, signed Certification Agreement) are ready, submit them to the Climate Bonds Secretariat for review & approval by the Climate Bonds Standard Board.
5. **Once the Certification is approved**, then the Certification will be formally approved via a Certificate & formal letter. The issuer can promote the Certification of their bond or loan with the Certificate & letter, to the market & their investors.
6. **The Issuer carries out the issuance.**
7. **Within 24 months after the issuance, engage the Verifier again** to conduct Post-Issuance Verification.
8. **Reporting** for ongoing compliance throughout the bond / loan tenor. A template is available as part of the Certification Scheme, for the issuer’s use.

For more details about the information & steps required, we would encourage issuers or their advisors & underwriters to get in touch with the Climate Bonds Secretariat as early as possible.

Climate Bonds can provide guidance and undertake a preliminary review of the environmental use of proceeds to see whether it is eligible for Certification.

The entire process from the beginning to the awarding of Certification may take between 2 weeks & 2 months, depending on the specifics of the Use of Proceeds.

Retroactive certification after the issuance

Certification is also available for transactions which have already closed. In these cases, issuers only need to meet the Post-Issuance Requirements of the Standard. Issuers can apply for Certification at any time while the bond or loan is outstanding.

Certification for multiple issuances

Programmatic Certification is also available for frequent issuers of Certified bonds or loans. Rather than going through the process of Certification for each bond issuance, the issuer can use one pre issuance verification which covers multiple issuances in the past and in the future.

Subsequently, when the Issuer issues more bonds against other parts of the same portfolio of physical assets, each bond only requires post-issuance verification. At most, verification is required once a year, and therefore, this method makes the process significantly simpler for the Issuer.

Ongoing Reporting

All issuers are required to report annually for the tenor of the bond to maintain the Certification. The exact nature of the reporting is dependent on the Use of Proceeds and it may be included in your regular financial or sustainability reporting. Issuers are provided with a template & guidance on what is required in the report & with continued support to make the process as smooth as possible.

Fees

There is a nominal fee payable to the Climate Bonds Initiative for the Certification, which is payable once & at the time of the issuance. This fee is calculated as 1/10 of a basis point of the issuance amount. For example, for a $100 million issuance, the fee is $1000.
**Sector Criteria**

The **Sector Criteria** define what types of physical investments & infrastructure may be compatible with a net zero emissions in 2050 target. These are developed by Technical Working Groups (TWGs) & Industry Working Groups (IWGs), made up of independent & external scientists & experts in each field, in a development process which is facilitated by the Climate Bonds Secretariat. More Sector Criteria will be released soon, please visit the Sector Criteria webpage for the most updated Criteria available.

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**Approved Verifiers for Climate Bonds Standard**

Please visit the Approved Verifiers webpage for more information and the most updated list.

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**Want to find out more?**

For issuers, underwriters, investors & potential verifiers who would like to find out more about any aspect of the Standard or Scheme, or who may want to discuss a potential issuance, please get in touch with us:

- **certification@climatebonds.net**
- +44 7435 280 312
- [www.climatebonds.net/certification](http://www.climatebonds.net/certification)
- [Database of Certifications awarded to date](http://www.climatebonds.net/certification)

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