

CLIMATE BONDS STANDARD

Globally recognised, Paris-aligned
Certification of Debt Instruments,
Entities and Assets using robust,
science-based methodologies

CHECKLIST FOR SUSTAINABILITY-LINKED DEBT CERTIFICATION

APRIL 2023
Version 1.0

Accompanies the Climate Bonds Standard v4.0



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Certified

The Checklist below describes more precisely what is required in order to meet the Entity Certification criteria as described in PART D of the [Climate Bonds Standard v4.0](#). The associated Guidance provides supporting information that may be useful in interpreting the Criteria and associated Checklist requirements.

Climate Bonds will also make available on its website an Excel version of the Checklist for use in Verification Engagements.

The Checklist and Guidance have been prepared by Climate Bonds to address its specific Certification Criteria, but a number of sources of similar guidance have informed this.¹

These include but are not limited to: ACT Framework ([act-framework-eng-2019-04-09.pdf \(actinitiative.org\)](#)), Moody's proposed Net Zero Assessment methodology, The Transition Plan Taskforce (TPT) Implementation guidance ([TPT-Implementation-Guidance-1.pdf \(transitiontaskforce.net\)](#)), GFANZ's Expectations for Real-Economy Transitions ([Expectations-for-Real-economy-Transition-Plans-September-2022.pdf \(bbhub.io\)](#)) and [Recommendations-and-Guidance-on-Financial-Institution-Net-zero-Transition-Plans-November-2022.pdf \(bbhub.io\)](#), The Transition Pathway Initiative's methodology report: Management Quality and Carbon Performance Version 4.0, November 2021 ([90.pdf \(transitionpathwayinitiative.org\)](#)) ([90.pdf \(transitionpathwayinitiative.org\)](#)), SBTi's Net Zero Standard v1.0 ([Net-Zero-Standard.pdf \(sciencebasedtargets.org\)](#)), SBTi's Target Validation Protocol ([target-validation-protocol.pdf \(sciencebasedtargets.org\)](#)), TCFD Task Force on Climate Related Financial Disclosures [2021-Metrics Targets Guidance-1.pdf \(bbhub.io\)](#), Illustrative Examples of Selected aspects or EER Assurance Engagements under ISAE3000 <https://www.iaasb.org/publications/non-authoritative-guidance-applying-isa-3000-revised-extended-external-reporting-assurance>), IFRS Exposure Draft S1 General Requirements for Disclosure of Sustainability-related Financial Information, ([Climate Action 100+ Net Zero Company Benchmark PDF](#), Oct 2022) and [Climate Action 100+ Net Zero Company Benchmark PDF v1.2 Oct 2022](#)), ICMA Climate Transition Finance Handbook, December 2020 ([Climate-Transition-Finance-Handbook-December-2020-091220.pdf \(icmagroup.org\)](#)) and ICMA Sustainability-Linked Bond Principles, June 2020 ([Sustainability-Linked-Bond-Principles-June-2020-171120.pdf \(icmagroup.org\)](#))

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
D.1. INTRODUCTION		
<p>Eligible SLDs</p> <p>Currently, SLD Certification is only available to SLD instruments issued by legal entities, or segments thereof, providing non-financial goods and services for which the Climate Bonds Initiative has Climate Bonds Standard Sector Criteria for SLD Certification</p>		<p>In the Climate Bonds Standard v4.0, an Entity is defined as a legal entity, duly incorporated and validly existing in the jurisdiction in which it operates, providing non-financial goods and services or a segregated segment thereof. It may or may not include other controlled entities (subsidiaries).</p> <p>This includes:</p> <ul style="list-style-type: none"> • State-Owned Entities (SOEs) that are legal entities with full- or partial-government ownership established to engage in specific commercial activities, with its own management body, governance structure and business planning and reporting processes. Note, sovereigns, municipalities and local authorities do not fall under this definition of SOEs; and • Real Estate Investment Trusts (REITs) where they own or operate income-generating real estate. Note, REITs which hold financial assets such as mortgages on real estate property do not fall under this definition of REITs.
D.2. ELIGIBILITY & ACCOUNTING RULES		
<p>D.2.1 Issuer control</p> <p>The Issuer has operational control over the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD.</p>	<p>To obtain Certification</p> <p>Audited financial statements of the Issuer confirming the parent-subsidiary relationship where the Issuer is the Parent Company, or alternative evidence may be sought where the relationship cannot be confirmed from the audited financial statements.</p> <p>For subsequent annual verifications</p> <p>As above</p>	<p>The economic activity is considered to be operationally controlled by the Issuer if it is a business segment of the Issuer.</p> <p>Alternatively, the economic activity is considered as controlled by the Issuer if it is (part of) a subsidiary company of the Issuer over which the Issuer has operational control as defined in the GHG Protocol.</p> <p>In the absence of audited financial statements confirming the relationship, additional evidence may be:</p> <ul style="list-style-type: none"> • Corporate documents • Board minutes of parent/subsidiary companies • Contractual arrangements • Intra-group reporting arrangements, policies and procedures • Governance structures
<p>D.2.2. Boundary of economic activities</p> <p>The Issuer may set the boundary of the economic activities addressed in the Climate Mitigation Performance Targets linked to the SLD instrument at their discretion, subject to the following condition:</p> <ul style="list-style-type: none"> • Where the same economic activity is carried out across multiple subdivisions or subsidiaries controlled by the Issuer, 	<p>To obtain Certification</p> <p>Management representations to this effect have been given by the Governing Body of the Issuer.</p> <p>For subsequent annual verifications</p> <p>As above</p>	<p>Associates and Joint Ventures over which the Issuer has significant influence (i.e., the power to participate in the financial and operating policy decisions) but not the power to control as defined in Clause D.2.1, will be excluded from the boundary. Dormant companies can be excluded/ignored.</p> <p>It is encouraged (but not required) that the economic activities represented by the Climate Mitigation Performance Targets align with the Issuer's reporting structure that is in accordance with an international disclosure framework such</p>

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<p>the Issuer must address all instances of that activity across all sub-divisions and subsidiaries of the Issuer.</p>		<p>as those developed by the Task Force on Climate Related Disclosures (TCFD) and the International Sustainability Standards Board (ISSB) and/ or recognised accounting frameworks such as the IFRS.</p>
<p>D.2.3. Obtaining SLD certification</p> <p>The Issuer receives a Verification Report from an Approved Verifier that:</p> <ol style="list-style-type: none"> i. At least 90% of the economic activity(ies) represented by the Climate Mitigation Performance Targets linked to the SLD comply with the Climate Mitigation Performance Target, Delivery Strategy, Governance and Disclosure requirements in Clauses D.3.1, D.3.2, D.3.3 and D.5 respectively; <i>and</i> ii. The remaining % of the economic activity(ies) represented by the Climate Mitigation Performance Targets linked to the SLD instrument comply with the Climate Mitigation Performance Targets, Delivery Strategy, Governance and Disclosure requirements in Clauses D.3.1.1.1, D.3.1.1.2, D.3.1.2, D.3.2, D.3.3 and D.5 respectively; <i>and</i> iii. The Parent Group complies with the Climate Safeguard and Disclosure requirements in Clauses D.4 and D.5 respectively; <i>and</i> iv. The SLD will not mature or become callable before the date of the first interim Climate Mitigation Performance Target to which the debt instrument is linked. <p><i>And</i> the Issuer supplies the Climate Bonds Standard Board, through the Climate Bonds Standard Secretariat, with a copy of the Verification Report or shares its location on a public website, for the purpose of publishing on the Climate Bonds Initiative website.</p>	<p>To obtain Certification</p> <p>Demonstration of compliance with the Certification threshold supported by either the latest audited financial statements and/or independently verified/ audited management reporting (revenue route) <i>or</i> audited GHG emissions determined in line with the GHG protocol within the last 2 years.</p> <p>Compliance with all relevant ‘To obtain Certification’ requirements documented under Clauses D.3, D.4 and D.5.</p> <p>For subsequent annual verifications</p> <p>n/a</p>	<p>Methodology for determining compliance with the 90% Certification Threshold</p> <p><u>Step 1:</u> At the discretion of the Issuer, the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD must be disaggregated according to either:</p> <ul style="list-style-type: none"> • Turnover (revenue): historical revenue per the latest audited annual financial reports and/or independently verified/ audited management reporting; or • GHG emissions: determined in line with the GHG Protocol. This assessment to be based on emissions data that is independently verified/audited and not more than two years old. <p><u>Step 2:</u> For each economic activity represented by Climate Mitigation Performance Targets linked to the SLD instrument that is fully compliant with requirements in Clauses D.3 and D.5, the proportion of revenue / GHG emissions allocated to that activity can be counted towards the 90% Certification Threshold.</p> <p><i>Clarifying notes:</i></p> <ol style="list-style-type: none"> 1. <i>Where an Issuer chooses to disaggregate its operations by Revenue, it is required that the boundary of the activities covered by the Climate Mitigation Performance Targets linked to the SLD instrument are aligned with the Issuer’s management and financial reporting structure.</i> 2. <i>It is required that 100% of the revenue/ emissions from the operationally controlled activities be included (not just the share of revenue/ emissions per any financial or equity control allocation)</i> 3. <i>Revenue/ emissions (depending on the basis selected for disaggregation) from any activities that cannot be assessed against Climate Bonds Standard entity-level sector-specific criteria must not be counted towards the certification threshold. This includes revenue (or emissions) from financial activities such as trading or investment.</i> 4. <i>Business operations pursuing the same economic activity are addressed collectively through one assessment.</i> 5. <i>If taking the GHG emissions route to allocation, carbon offsets or credits or avoided emissions should not be taken into account.</i> 6. <i>If taking the GHG emissions route to allocation, estimates using tools such as the Scope 3 Evaluator to calculate scope 3 emission category(ies) are acceptable,</i>

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<p>And if the SLB has Use-of-Proceeds elements (i.e., it is a hybrid), it meets the requirements for Use-of-Proceeds bonds as described in PART A of this document.</p> <p>See Box D1 for the application process for obtaining SLD Certification.</p> <p><i>A note on terminology: This 90% is defined as the 'Certification Threshold'.</i></p> <p><i>To assess compliance with this threshold the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument are disaggregated and weighted according to either their revenue share or share of GHG emissions. See the 'SLD Certification Checklist' document for details on the methodology to determine compliance.</i></p>		<p><i>although primary data is preferable and best practice.</i></p> <p>See ghg-protocol-revised.pdf (ghgprotocol.org) and Corporate Value Chain (Scope 3) Standard Greenhouse Gas Protocol (ghgprotocol.org)</p> <p>The Issuer may opt to make publicly accessible a more concise public version of the Verification Report, in which case the full assurance report shall be made available to the Climate Bonds Standard Secretariat.</p>
<p>D.2.4 Maintaining SLD Certification</p> <p>The Issuer receives an annual Verification Report from an Approved Verifier that:</p> <p>In respect of the activity(ies) represented by the Climate Mitigation Performance Targets linked to the SLD instrument:</p> <ol style="list-style-type: none"> a. If, since the last Verification Engagement, the revenue share of any existing part of the Issuer's activities that did not previously contribute to meeting the Certification Threshold increases, the Issuer has re-assessed its compliance with the Certification Threshold and the Certified SLD still meets the Certification Threshold (per Clause D.2.1). b. All interim Climate Mitigation Performance Targets (per Clause D.3.1.1) and all interim milestones in the Delivery Strategy (per Clause D.3.2) falling due since the last Verification Engagement have been met. The only 	<p>To obtain Certification</p> <p>n/a</p> <p>For subsequent annual verifications</p> <p>If, since the last verification engagement, the revenue share of any existing part of the Certified Entity activities that did not previously contribute to the Certified Entity meeting the Certification Threshold has increased, demonstration of compliance with the Certification threshold supported by the latest audited financial statements and/or independently verified/ audited management reporting.</p> <p>Compliance with all the 'For subsequent annual verifications' requirements documented under Clauses D.3, D.4 and D.5.</p>	<p>For guidance on (re)assessing compliance with the Certification Threshold, see Clause D.2.3 Obtaining Entity Certification.</p>

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<p>exception to this may be where compensatory measures have been taken or are planned to address underperformance and those measures collectively meet the requirements in Clause D.3.3; <i>and</i></p> <p>c. Any and all correction measures have been taken to address any anticipated underperformance in the delivery of the Delivery Strategy and future interim Climate Mitigation Performance Targets (per Clause D.3.3); <i>and</i></p> <p>d. All disclosure requirements have been met (per Clause D.5.)</p> <p><i>and</i></p> <p>The Parent Group remains in compliance (per Clauses D.4 and D.5)</p> <p><i>and</i></p> <p>The Issuer is not subject to revocation of Certification due to any of the events detailed in Box D2</p> <p><i>and</i></p> <p>The Issuer supplies, through the Climate Bonds Standard Secretariat, the Climate Bonds Standard Board with a copy of the annual Verification Report or shares their location on a public website, for the purpose of publishing on the Climate Bonds Initiative website.</p>		
<p>Box D2: Revocation of SLD Certification</p> <p>SLD Certification will be rescinded at any time where:</p> <ol style="list-style-type: none"> 1. The Issuer becomes aware that the Certified SLD instrument and/ or the Parent Group no longer conforms with the Climate Bonds Standard and provides a written statement to that effect to the Climate Bonds Standard Secretariat; or 2. A Verification Engagement commissioned by the Climate Bonds Standard Board, finds that the Certified SLD 	<p>To obtain Certification n/a</p> <p>For subsequent annual verifications n/a</p>	<p>Contractual obligations to Climate Bonds include, but are not limited to, reporting requirements, payment of the certification fee in accordance with the Climate Bonds Certification Fee Policy.</p>

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<p>instrument and/ or the Parent Group no longer conforms with the Climate Bonds Standard; or</p> <p>3. The Climate Mitigation Performance Targets to which the SLD instrument is linked are reset at a level lower (i.e. represent smaller emissions reductions) than those in place at the time of Certification; or</p> <p>4. The Issuer has breached any contractual obligation towards the Climate Bonds Initiative.</p>		

D.3. TRANSITION PLAN LINKED TO THE SLD INSTRUMENT

		<p>A Transition Plan is a time-bound and trackable strategy and roadmap presenting the plans and actions for reducing emissions to achieve the future Climate Mitigation Performance Targets, and the assumptions underpinning it.</p> <p>It should demonstrate that the Certified Entity has identified viable activities in a low-carbon economy that it intends to engage in, and that action plans and mechanisms are being put in place to deliver the transition in line with the Climate Mitigation Performance Targets set, and this transition has been fully integrated into the entity's wider business model and forward plans.</p> <p>The Transition Plan must include the elements detailed here but need not be limited to them. However, any additional elements beyond those detailed here will not be within the scope of Certification and Certification confers no assurance over them.</p> <p>Specifically, performance targets linked to the SLD instrument that relate to social goals or biodiversity, water or other environmental goals are not assessed under the Climate Bonds Standard, and Certification confers no assurance over those performance targets or any associated (elements of a) transition plan.</p>
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D.3.1 CLIMATE PERFORMANCE

<p>D.3.1.1. Climate Mitigation Performance Targets</p>	<p>The Climate Mitigation Performance Targets to which the SLD instrument is linked meet the following requirements:</p> <p>D.3.1.1.1. Time horizon The Climate Mitigation Performance Targets cover the time from the date of Certification to the date the activity is intended to hit net zero emissions, or 2050, whichever is sooner.</p>	<p>To obtain Certification</p> <p>Documented Climate Mitigation Performance Targets meet the requirements laid out in Clause D.3.1.1.</p> <p>Board minutes and related documents not older than 12 months from the application for Certification documenting approval of the Climate Mitigation Performance Targets that meet the requirements.</p> <p>The sole exceptions to this are if:</p>	<p>A list of the Climate Bonds Standard Sector Criteria available for the purposes of Entity and SLD Certification is available here. There is no cross-sectoral pathway. If criteria for a sector do not exist, then SLD instruments with Climate Mitigation Performance Targets representing activities in that sector cannot be Certified, unless they form part of the % outside of the Certification Threshold per Clause D.2.2.</p> <p>The Climate Mitigation Performance Targets need not be limited to but must address all metrics and criteria listed in the relevant climate</p>
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<p>D.3.1.1.2. Interim Climate Mitigation Performance Targets The Climate Mitigation Performance Targets include interim targets on a three-yearly basis for the nine years following the date of Certification, and a five-yearly basis thereafter over the full time horizon described in Clause D.3.1.1.1.</p> <p>D.3.1.1.3. Alignment with decarbonisation pathways of the Climate Bonds Standard. All interim Climate Mitigation Performance Targets per Clause D.3.1.1.2 representing economic activities that contribute to meeting the Compliance Threshold (see Clause D.2.3) are benchmarked against the climate mitigation criteria in the Climate Bonds Standard Sector Criteria <u>and align with those criteria by 31 December 2030 at the latest.</u> <i>N.B. Different levels of SLD Certification are awarded depending on the date the Climate Mitigation Performance Targets align with the Climate Bonds Standard Sector Criteria – see Box D4.</i></p> <p>D.3.1.1.4. Board approval The Board of the Issuer has approved the Climate Mitigation Performance Targets no earlier than one year prior to application for Certification.</p>	<ul style="list-style-type: none"> - The Climate Bonds Standard Sector Criteria for Entities <i>do not</i> ratchet down over time (i.e. the criteria are static over time), <i>and</i> the activity already meets those criteria. - The Climate Bonds Standard Sector Criteria for Entities <i>do</i> ratchet down over time, but the activity is already at net zero emissions. <p>In these cases the requirement for Board approval can be waived.</p> <p>For subsequent annual verifications</p> <p>Any interim Climate Mitigation Performance Targets falling due since the previous annual verification engagement have been met.</p> <p>Or, for any interim Climate Mitigation Performance Targets that have not been met, corrective actions are being taken to address this within 12 months or by the end of the SLD instrument term, whichever is earliest (in line with Clause D.3.3.3).</p> <p>If Climate Mitigation Performance Targets have been reset since the previous verification engagement (in line with Clause D.3.3.2), those reset targets meet the ‘To obtain Certification’ requirements above.</p> <p>Board minutes document Board sign-off of any reset Climate Mitigation Performance Targets reset since the previous verification engagement.</p>	<p>mitigation elements of the Climate Bonds Standard Sector Criteria. These elements include pathways of GHG emissions intensity metrics that take into account all material scope 1, 2, and 3 emissions, and for some activities may also include other quantitative or qualitative indicators and requirements. See the appropriate Climate Bonds Standard Sector Criteria for details.</p> <p>Carbon credits or avoided emissions may be used <i>in addition to</i> achieving alignment with Climate Bonds Standard Sector Criteria but cannot be used as a means to achieve alignment with those Criteria and do not form part of the scope of this assessment.</p> <p>For a definition of the Board, see Clause D.4.1.</p>
<p>Box D3: Two levels of SLD Certification Two levels of SLD Certification are available, contingent on when the Climate Mitigation Performance Targets align with the Climate Bonds Standard Sector Criteria.</p> <p>1. Level 1 – “Aligned”: The Climate Mitigation Performance Targets align with the Climate Bonds Standard Sector Criteria at the time of certification and thereafter until the date the Climate Mitigation Performance Targets represent net zero</p>	<p>n/a</p>	<p>If less than 90% of the activities represented by the Climate Mitigation Performance Targets meet Level 1 requirements at the time of certification, but more than 90% meet Level 2 requirements, the SLD instrument is eligible only for Level 2 certification.</p> <p>If performance levels improve and Climate Mitigation Performance Targets and Delivery Strategy are subsequently reset during the term of Certification such that the SLD instrument subsequently attains the 90% threshold required for Level 1, then certification can be ‘upgraded’ from Level 2 to Level 1 certification. This is subject to audited verification of this improved performance and reset Climate Mitigation Performance Targets and Delivery Strategy that meet the requirements of Clauses C.3.1.1. and C.3.2 respectively.</p>

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<p>emissions or 2050, whichever is sooner.</p> <p>2. Level 2 – “Transition”: The Climate Mitigation Performance Targets do not align with the Climate Bonds Standard Sector Criteria at the time of certification but align by 31 December 2030 and thereafter until the date the Climate Mitigation Performance Targets represent net zero emissions or 2050, whichever is sooner.</p> <p>In addition, for both levels, the Delivery Strategy and governance for the achievement of those Climate Mitigation Performance Targets meet the requirements described in Clauses D.3.2. and D.3.3. respectively, the Parent Group complies with the requirements described in Clause D.4 and the disclosure requirements of Clause D.5 are met.</p> <p>The economic activities of the Issuer represented by the Climate Mitigation Performance Targets linked to the SLD instrument also meet any climate adaptation and resilience requirements in the relevant Sector Criteria.</p> <p>D.3.1.2. Climate Adaptation & Resilience Performance</p>	<p>To obtain Certification</p> <p>Any requirements documented under ‘Climate Resilience Criteria’ in the Climate Bonds Standard Sector Criteria</p> <p>For subsequent annual verifications</p> <p>Any requirements documented under ‘Climate Resilience Criteria’ in the Climate Bonds Standard Sector Criteria</p>	<p>Under Level 2, ‘align by 2030’ means alignment with the thresholds of 2030 by 2030, not alignment with the thresholds at the time of certification by 2030.</p> <p>Not all Climate Bonds Standard Sector Criteria have Climate Resilience Criteria at this time. If this is the case, then Clause D.3.1.2. can be ignored.</p>
<p>D.3.2 DELIVERY STRATEGY</p>		
<p>D.3.2.1. Board approval of the Delivery Strategy</p> <p>If a Delivery Strategy is required* for the economic activity(ies) represented by Climate Mitigation Performance Targets per Clause D.3.1.1., that Strategy:</p> <ul style="list-style-type: none"> Includes all the elements listed in Clauses D.3.2.2. and D.3.2.3.; <i>and</i> Has been approved by the Board of the Certified Entity no more than one year prior to the application for Certification. <p>* See supplementary guidance for the list of economic</p>	<p>To obtain Certification</p> <p>The Delivery Strategy addresses and is tailored to all the activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument.</p> <p>Board minutes and related documents documenting Board approval of the Delivery Strategy and all the supporting documents in Clause D.3.2., dated within one year of the date of the application for Certification.</p> <p>For subsequent annual verifications</p> <p>Board minutes document Board approval of any Delivery Strategy</p>	<p>In essence, activities for which emissions are already near net zero do not require a Delivery Strategy. See supplementary guidance here for the list of activities that do/ do not require a Delivery Strategy.</p> <p>If the Delivery Strategy encompasses a number of different economic activities, each activity represented by the Climate Mitigation Performance Targets linked to the SLD instrument must be clearly addressed and identifiable within each of the elements of the (combined) Delivery Strategy described below, so that it is clear how the Climate Mitigation Performance Targets for that activity will be delivered.</p> <p>For a definition of the Board, see Clause D.4.1.</p>

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<p>activities that do/ do not require a Delivery Strategy.</p>	<p>reset since the previous verification engagement.</p>	
<p>D.3.2.2 Foundations</p> <p>The Delivery Strategy includes the following foundational elements.</p>		
<p>D.3.2.2.1. Vision</p> <p>A Vision outlining the long-term strategic objectives and priorities for the economic activity(ies) of the Issuer represented by the Climate Mitigation Performance Targets of Clause D.3.1.1., including the long term vision for its physical assets and operating model.</p>	<p>To obtain Certification</p> <p>For each economic activity of the Issuer represented by the Climate Mitigation Performance Targets, the Vision describes:</p> <ul style="list-style-type: none"> • The evolved product and/ or service that will deliver the long-term Climate Mitigation Performance Targets. • The future operating model and supporting asset base that will underpin this. • The associated priorities to deliver the long-term Climate Mitigation Performance Targets. • Any future reliance on new technologies and changed policies. <p>The Vision is compatible with the long term Climate Mitigation Performance Targets see Clause D.3.1.1.</p> <p>The Vision is compatible with disclosures made in sustainability reporting and wider TCFD reporting of the Issuer. In particular, it responds to the climate-related risks and opportunities identified by the Issuer through TCFD reporting processes.</p> <p>For subsequent annual verifications</p> <p>Any amendments to the Vision since the previous verification engagement meet the ‘To obtain Certification’ requirements as described above.</p>	<p>The Vision will be specific to the context of the activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument. Factors to be considered include investments in low-carbon technologies, any phasing out or other disposal of assets of activities that cannot be decarbonised, value chain engagement activities, and lending or investment objectives.</p> <p>As carbon credits or avoided emissions may not be used to achieve alignment with Climate Bonds Sector Criteria, the role of any carbon offsets, carbon removals and avoided emissions the Issuer anticipates employing to address any residual emissions over and above those required to meet the Climate Bonds Sector Criteria should be clearly demarcated.</p>
<p>D.3.2.2.2. Strategic Narrative</p> <p>A Strategic Narrative describing how each of the economic activity(ies) represented by the Climate Mitigation Performance Targets will evolve from their current position to the Vision of Clause D.3.2.2.1. taking into account business context.</p>	<p>To obtain Certification</p> <p>For each economic activity represented by the Climate Mitigation Performance Targets linked to the SLD instrument, the Strategic Narrative describes:</p> <ol style="list-style-type: none"> a. Current GHG emissions, in absolute emission terms and any other metrics such as emissions intensity detailed in the Climate Bonds Standard Sector Criteria. Including information on the current sources of GHG emissions and how and by whom this has been calculated and verified. 	<p>The content of the Strategic Narrative will be specific to the Issuer according to their business context, such as relevant region-specific considerations, organization size and market position, operating model.</p> <p>However, where the appropriate Climate Bonds Standard Sector Criteria include key actions that would be required for Certification these must be incorporated within the decarbonisation levers of the Narrative Strategy.</p> <p>Depending on the nature of the decarbonisation lever, external evidence may include academic studies, third party expert verification, evidence from comparable action taken in similar circumstances, contractual undertakings,</p>

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	<p>b. The nature and timing of decarbonisation levers to be pulled and a quantification of their emissions reduction (identifying any potential emissions trade-offs). These to include but not be limited to:</p> <ul style="list-style-type: none"> i. Changes to the structure of the Issuer, including any organic growth, mergers and acquisitions, divestments or retirements ii. Changes in the Issuer's product and service portfolio iii. Adoption of any new technologies iv. Changes in supply chain relationships. <p>c. The assumed market trends, business growth, pricing and demand underpinning the transition as well as regulatory and government policy assumptions. This includes how climate change risks and opportunities have been incorporated.</p> <p>d. The key internal and external risks and barriers that the Issuer faces and the potential impact on specific decarbonisation levers.</p> <p>e. Key sources of uncertainty in estimation, assumptions or outcome.</p> <p>f. The source and significance of any locked-in GHG emissions.</p> <p>g. How the Issuer will embed the strategic ambition of its Transition Plan in its wider business model, highlighting key implications for products and services, resourcing and operational and capital expenditure, acquisitions or divestments.</p> <p>The Strategic Narrative breaks the timeline down into 3-yearly intervals to 2035, and a 5-yearly basis thereafter until the earlier of the target date for net zero and 2050.</p> <p>The decarbonisation levers are broadly consistent with those of net zero pathways for the sector.</p> <p>The plausibility of the Strategic Narrative is supported by external evidence regarding the feasibility and timing of the decarbonisation levers and their estimated impact on emissions. Material deviations are explained and supported. If expected</p>	<p>government or regulator undertakings or established market trends.</p> <p>The scopes and sources of GHGs addressed in the Climate Bonds Standard Sector Criteria must be included in the estimation of current GHG emissions. Methodologies to estimate emissions must follow those outlined in the Climate Bonds Standard Sector Criteria.</p> <p>The strategy may rely on nascent or mostly existing or incremental technology improvements. In the former case a greater body of evidence is required to support the assumptions made in respect of the anticipated resulting emissions reductions.</p> <p>In particular, where the strategy relies on nascent technologies the narrative is supported by external assessment of the technological readiness and potential emissions reductions over time of the technology, and evidence that exploration of the technology has started, such as pilot projects. Strategies may not rely on non-existent or non-proven technologies.</p> <p>Where decarbonisation is dependent on regulatory or government policy or changes in consumer demand, assumptions are consistent with known policies, market trends or anticipated scenarios from credible third parties. Key growth business areas are not in geographies with unsupportive policy and other unsupportive conditions without addressing the compensatory factors which override those unsupportive conditions.</p> <p>Where decarbonisation is assumed to be passive this should be clearly indicated, and supportive evidence provided for those external factors. For example, for decarbonisation of the grid, via globally recognized energy decarbonization scenarios that take into account the plans and commitments of those responsible for the grid.</p> <p>Where decarbonisation is dependent on reducing emissions in its value chain, evidence will be required to support the assumed capacity of the Issuer to influence its value chain. For example, entities may have greater influence on their suppliers when their orders account for a meaningful share of the suppliers' business and when multiple sourcing alternatives exist. A reliance on large, publicly listed suppliers may also facilitate the adoption of ambitious emissions reduction compared to small and mid-sized companies (SMEs). Greater concentration in the supplier base can also support value chain decarbonization efforts as it may be easier to engage and coordinate emissions reduction actions.</p> <p>Potential emissions trade-offs might include possible increases in short-term emissions that</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
	<p>emissions reductions are substantially larger when compared to similar measures adopted elsewhere, reasonable explanation must be given to justify this. Overall the evidence base is appropriate, complete and accurate.</p> <p>Quantitative future outcomes are calculated on the basis of the given scenarios, assumptions, base data and other information.</p> <p>The timing and anticipated emissions reductions of the decarbonisation levers are compatible with the (interim) Climate Mitigation Performance Targets per Clause D.3.1.1.</p> <p>The Strategic Narrative is compatible with disclosures made in sustainability reporting and any wider TCFD reporting of the Issuer. In particular, it responds to the climate-related risks and opportunities identified by the Issuer through any TCFD reporting processes.</p> <p>For subsequent annual verifications</p> <p>The Strategic Narrative described is compatible with made in any post certification sustainability reporting and any wider TCFD reporting of the Issuer.</p> <p>Any amendments to the Strategic Narrative since the previous verification engagement meet the ‘To obtain Certification’ requirements as described above.</p>	<p>result from actions that are necessary for delivering long-term emissions reduction across the operations.</p> <p>Variations in assumptions around prices, the existence of product substitutes and regulatory policies (e.g., subsidies for low-carbon products or taxes on more carbon-intensive substitutes) can materially impact the future acceptance of low-carbon products by customers and thus raise questions about the robustness of the Strategic Narrative.</p>
<p>D.3.2.3.6. Broader social and environmental alignment</p> <p>A position statement aligning the Vision and Strategic Narrative of Clauses D.3.2.2.1 and D.3.2.2.2. with the Issuer’s broader environmental and social objectives, strategies and/ or policies, in particular demonstrating that effects on biodiversity sensitive areas, emissions to water and hazardous waste have been taken into account.</p> <p>In addition, the Issuer is not subject to a complaint to a National Contact Point of the OECD regarding Responsible Business Conduct of Multinational Enterprises.</p>	<p>To obtain Certification</p> <p>The position statement meets the requirements of Clause D.3.2.3.6. This includes addressing whether, and if so how, the alignment with the Issuer’s broader environmental and social objectives considers any contribution to the Just Transition in the region in which the activities are carried out.</p> <p>Risks of negative environmental or social externalities related to the main actions supporting the Vision and Strategic Narrative have been identified and monitoring systems are in place to monitor those risks and escalate mitigation or compensation measures if the externalities materialise.</p>	<p>These broader environmental and social objectives, strategies and policies should relate to the Issuer’s ESG objectives and policies, obligations under any sustainability reporting requirements and/ or regulations.</p> <p>At this time, this guidance does not define a Just Transition or the requirements for how a Delivery Strategy incorporates a Just Transition. This can be done by the Issuer using whatever tools, frameworks or methodologies as it deems appropriate. As a broad definition, a Just Transition would be the delivery of a net zero and climate-resilient economy in a way that delivers fairness and tackles inequality and injustice.</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
	<p>Confirmation that the Certified Entity is not subject to a complaint to a National Contact Point of the OECD regarding Responsible Business Conduct of Multinational Enterprises.</p> <p>For subsequent annual verifications</p> <p>Evidence that the risks of social and environmental externalities are being monitored and acted upon.</p>	
<p>D.3.2.3 Implementation plans</p>		
<p>D.3.2.3.1. Action Plan for Scope 1 & 2 Emissions</p> <p>A time-bound plan of the trackable actions the Issuer will take or is taking to implement its decarbonisation strategy as described in the Vision and Strategic Narrative and thereby deliver its Climate Mitigation Performance Targets regarding scope 1 & 2 emissions.</p> <p>This includes interim milestones and metrics annually for the first five years of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.</p> <p><i>N.B. This is only required if the relevant Climate Bonds Standard Sector Criteria address scope 1 and/or scope 2 emissions.</i></p>	<p>To obtain Certification</p> <p>For each decarbonisation lever identified in the Strategic Narrative relating to scope 1 or 2 emissions, the documented Action Plan identifies a schedule of actions (a roadmap) that will deliver that lever.</p> <p>For each decarbonisation lever and associated schedule of actions, interim milestones and business and operational metrics are identified for the purpose of monitoring delivery of the Action Plan, per the schedule described in Clause D.3.2.3.1.</p> <p>The documented actions are broadly consistent with those of peers targeting similar decarbonisation levers. Material deviations are explained and supported.</p> <p>The plausibility of the actions is supported by external evidence regarding the feasibility and timing of the proposed action and its estimated impact on emissions.</p> <p>Collectively, the actions identified in the Action Plan can plausibly be expected to deliver the decarbonisation levers described in the Strategic Narrative.</p> <p>For subsequent annual verifications</p> <p>The interim milestones and metrics falling due since the previous annual verification engagement have been delivered/ met.</p> <p>Or, for any milestones or metrics that have not been met, the corrective actions being taken to address this within 12 months or by the maturity of the SLD instrument, whichever is earlier (in line with Clause D.3.3.)</p>	<p>The Action Plan will be specific to the Issuer. However, where the appropriate Climate Bonds Standard Sector Criteria include key actions and/or business or operational metrics that would be required for Certification these must be incorporated into the Action Plan.</p> <p>Key milestones are one-off actions to be undertaken. They must be sufficiently granular that progress can be assessed annually.</p> <p>For example, if the decarbonisation lever is the deployment of a new technology, the Action Plan should detail the steps taken to develop and deploy that technology, from investments in R&D, patent registering, pilot projects, scaling projects etc. Not simply state that the technology will be deployed ten years hence.</p> <p>Likewise, if the decarbonisation lever is a switch to renewable energy, the Action Plan should detail the steps taken to source that energy, such as intentions for and source of renewable energy certificates (RECs) and / or purchasing power agreements (PPAs) and as well as any action to install and operate on-site generation.</p> <p>The actions must be concrete. Vague descriptions such as ‘accelerate our transition to cleaner energy solutions’, ‘modernize our operations’ or ‘leverage green solutions’ without a description of the specific actions that will be taken, and the impact of those actions, are not eligible.</p> <p>Depending on the nature of the action, plausible evidence of the expected impact of the actions identified in the Action Plan may include academic studies, third party expert verification, evidence from comparable action taken in similar circumstances, contractual undertakings.</p> <p>Business and operational metrics are cross cutting targets that can be used to assess overall progress in the implementation of the Action Plan. For example, % of product sold that is low carbon, % energy from renewable sources/ emissions intensity of energy used/ total</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
	<p>Any amendments to the Action Plan since the previous verification engagement meet the 'To obtain Certification' requirements as described above.</p>	<p>emissions of energy used, % of recycled source materials etc.</p> <p>These milestones and metrics together address and enable the tracking of all key actions identified in the Action Plan as necessary to deliver the decarbonisation levers.</p> <p>Plausible evidence of the interim actions being taken and/ or interim metrics and milestones being met will vary but might include management reports, Board papers, audited sustainability reports, public announcements, evidence of capital expenditure or contracted services or equipment, sales contracts.</p>
<p>D.3.2.3.2. Action Plan for Scope 3 Emissions</p> <p>A time-bound plan of the trackable actions the Issuer will take or is taking to implement its decarbonisation strategy as described in the Vision and Strategic Narrative and thereby deliver its Climate Mitigation Performance Targets regarding scope 3 emissions.</p> <p>This includes interim milestones and metrics annually for the first five years of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.</p> <p><i>N.B. This is only required if the relevant Climate Bonds Standard Sector Criteria address scope 3 emissions.</i></p>	<p>To obtain Certification</p> <p>The documented Action Plan describes:</p> <ol style="list-style-type: none"> i. Clear objectives for value chain engagement that align with value chain related decarbonisation lever(s) identified in the Strategic Narrative. These objectives address the desired behaviours or results or outputs from value chain partners, and the expected contribution to the delivery of the relevant decarbonisation lever(s). ii. The granular actions to be taken to achieve these objectives, with identified trackable interim milestones and metrics to enable the monitoring and assessment of progress per the schedule described in Clause D.3.2.3.2. iii. An escalation process and mitigation action that will be taken should value chain stakeholders show little or insufficient response to engagement and/ or interim milestones and metrics are not met. In particular, if the plan is fully or partially reliant on partners setting their own compatible emissions reduction targets, it is accompanied by a mechanism for assessing the veracity of any partner emissions reduction claims and a description of and timeframe for the compensatory action that will be taken if partners do not set or achieve their own emissions targets. <p>The timing and anticipated emissions reductions of the engagement actions described in the Action Plan for Scope 3 emissions can plausibly</p>	<p>The Action Plan for Scope 3 emissions is a roadmap for engagement with downstream and upstream entities in the Issuer's value chain e.g. suppliers, distributors, final customers and portfolio companies.</p> <p>The Action Plan should identify avenues through which the Issuer has significant influence on their suppliers or customers.</p> <p>Appropriate actions and associated milestones and metrics will vary by Issuer. Examples include:</p> <ul style="list-style-type: none"> - % of procurement from no- or low GHG suppliers. - Implementing a sourcing governance policy or framework ensuring new supply chain partners are compatible with the objectives described in the Action Plan for Scope 3 emissions.

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
<p>D.3.2.3.3. Finance plan</p> <p>A Finance Plan detailing the financial implications of the Strategic Narrative and Action Plans, and the trackable actions being taken/ to be taken to deliver this Finance Plan.</p> <p>This includes interim milestones and metrics annually for the first five years of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.</p>	<p>be expected to deliver the associated decarbonisation levers identified in the Strategic Narrative.</p> <p>For subsequent annual verifications</p> <p>The interim milestones and metrics falling due since the previous annual verification engagement have been delivered/ met.</p> <p>Value chain partners brought on since the development of any low carbon procurement policy or similar have been comply with the terms of that policy. This may be evidenced via contractual agreements with those partners.</p> <p>Any amendments to the Action Plan for Scope 3 emissions since the previous verification engagement meet the ‘To obtain Certification’ requirements as described above.</p>	
	<p>To obtain Certification</p> <p>The Finance Plan for the delivery of the Climate Mitigation Performance Targets addresses:</p> <ul style="list-style-type: none"> - The costs (CapEx and potentially OpEx), revenue impacts and other balance sheet impacts of implementing the Strategic Narrative and associated Action Plans. - The planned sources of funding to cover these costs. - An assessment of how the financial impacts described above will impact the overall financial metrics of the Issuer and any implications for the ongoing financial viability of the Issuer. - Identification of metrics that have significant estimation uncertainty, noting the sources and nature of the estimation uncertainties and the factors affecting the uncertainties. - Financial milestones and target metrics that can be monitored to track progress in the delivery of the Finance Plan per the schedule described in Clause D.3.2.3.3. <p>This Finance Plan incorporates detailed financial budgets for first two years. Higher level estimates and projections may be used over the subsequent three to five years. Beyond that, estimates and projections will be broader and into the longer term represent more a</p>	<p>The details of the Finance Plan will be specific to the Issuer. However, the following guidance applies to all.</p> <p>Financial considerations typically have greater bearing for sectors that are capital-intensive or where transition is expected to involve very significant investments and costs. Issuers whose transition to lower emissions does not entail significant costs would likely provide fewer details on financial strategy.</p> <p>Costs relate to the investments (CapEx) and operational costs (OpEx) needed to deliver the Climate Mitigation Performance Targets. Examples include R&D or investment costs in new technologies or infrastructure, site remediation, contract penalties, regulatory costs, restructuring costs, higher supplier prices arising from the transition, long-term utilities savings from investment in renewable energy assets. They must address all current, committed and anticipated impacts.</p> <p>Revenue impacts must include the positive and/or negative impacts from changed product or service offerings and/ or the prices of those offerings.</p> <p>Balance sheet impacts must address balance sheet and cash flow impacts. For example revised asset values/ write-downs.</p> <p>Target metrics that can be tracked over time might include:</p> <ul style="list-style-type: none"> - % of the Issuer’s capital expenditure aligned with the Strategic Narrative and Action Plans - % of the Issuer’s R&D aligned with the Strategic Narrative and Action Plans - % of the Issuer’s asset base aligned with the products/ services described in the Vision

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
	<p>broad conceptualization of possible financial pathways.</p> <p>The costs estimated in the Finance Plan are reasonably sized compared to sector peers and/ or the overall plausibility of the Finance Plan is supported by external evidence from credited third party sources. Material deviations are explained and supported. If expected costs or revenue impacts are substantially different when compared to equivalent estimations elsewhere, reasonable explanation is given to justify this.</p> <p>Assumptions on growth, market demand for products, prices and costs related to future business mix are broadly aligned with industry trends, and the plan adequately justifies an expectation of commercial viability.</p> <p>Quantitative future outcomes are calculated on the basis of given scenarios, assumptions, base data and other information and reflect the uncertainties and sensitivities identified in the Strategic Narrative and Sensitivity Analysis.</p> <p>The selected milestones and target metrics are clearly linked to the delivery of the Finance Plan and representative of all aspects of it and can be tracked over time.</p> <p>There is no material uncertainty related to the capacity of the Issuer to finance the transition represented by the Climate Mitigation Performance Targets, either due to likely underestimation of costs or weak financial profile compared to the expected expenditures involved, estimated sources of finance, and their timing.</p> <p>The Issuer's projected asset base does not indicate a lock-in to high carbon impact technologies that is inconsistent with the attainment of the Vision and Strategic Narrative.</p> <p>Financial data and assumptions are consistent with and integrated into the corresponding financial data and assumptions in the Issuer's financial statements in accordance with the relevant accounting standard.</p> <p>For subsequent annual verifications</p>	<p>- % of the Issuer's revenue aligned with the products/ services described in the Vision.</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
<p>D.3.2.3.4. Internal policy alignment</p> <p>Information on the key internal policies and conditions developed or to be developed to enable the delivery of the Climate Mitigation Performance Targets, Strategic Narrative, Action Plans and Finance Plan, explaining how each of these policies supports specific elements and milestones in the Strategic Narrative, Action Plans and Finance Plan.</p>	<p>The interim milestones and target metrics falling due since the previous annual verification engagement have been delivered/ met.</p> <p>Or, for any milestones or target metrics that have not been met, the corrective actions being taken to address this within 12 months or by the maturity of the SLD instrument, whichever is earlier (in line with Clause D.3.3.).</p> <p>The Financial Plan is compatible with any financial statements issued post certification.</p> <p>Any amendments to the Financial Plan since the previous verification engagement meet the 'To obtain Certification' requirements as described above.</p> <p>To obtain Certification</p> <p>Documentation of the key internal policies that need to be developed to deliver the Climate Mitigation Performance Targets.</p> <p>For each policy, the following is described:</p> <ul style="list-style-type: none"> - The objective of the policy - The activity to which it relates - How it supports the delivery of the Climate Mitigation Performance Targets, linking it to elements in the Strategic Narrative / Action Plans and/ or Finance Plan - A schedule for its development and implementation, with annual trackable milestones. <p>For subsequent annual verifications</p> <p>The trackable milestones have been met.</p> <p>Or, for any trackable milestones that have not been met, an explanation is given of how this will not affect the delivery of the Action Plan/ Finance Plan/ Climate Mitigation Performance Targets, or corrective actions have been identified and are being implemented to address this underperformance within 12 months or by the maturity of the SLD instrument, whichever is earlier (in line with Clause D.3.3.).</p>	<p>Key policies and conditions will vary according to the Issuer and its activities. They may cover operational, financial or any other aspects of the transition.</p>
<p>D.3.2.3.5. Sensitivity analysis</p> <p>Sensitivity Analysis identifying the key sensitivities and risks to the Vision, Strategic Narrative, Action Plans and Finance Plan that have the potential to</p>	<p>To obtain Certification</p> <p>The key sensitivities and risks around key assumptions underpinning the Vision, Strategic Narrative, Action</p>	<p>Key sensitivities and risks will be specific to the Issuer, depending on their activity, size and location among other factors. At a minimum,</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
<p>decisively impact the delivery of the Climate Mitigation Performance Targets.</p>	<p>Plans and Finance Plan and ultimately the delivery of the Climate Mitigation Performance Targets are identified.</p> <p>Sensitivity analysis has been performed on plausible variations of these key assumptions and the impacts of these are quantified in respect of estimated impacts on the likelihood, timing and/ or costs of delivery of the Climate Mitigation Performance Targets.</p> <p>For subsequent annual verifications</p> <p>-</p>	<p>consideration should be given to key sensitivities and risks relating to:</p> <ul style="list-style-type: none"> • Policy and regulatory change e.g., how policy and regulatory change will subsidise the cost of investments. • Technological developments e.g., reliance on new technologies and the timing and cost of their roll out • The physical impacts of the current and forecast changing climate e.g., how changing precipitation patterns and may impact access to water required for operations. • Shifts in client and consumer demand e.g. the level of demand for products or services that the company is not currently providing. • Operating environment change e.g., decarbonisation of the grid. • Supply chain considerations e.g., scarcity/prices of key inputs

D.3.3. GOVERNANCE

<p>D.3.3.1. Board and senior executive responsibility</p> <p>D.3.3.1.1. Board mandate</p> <p>The Board (or equivalent governance body) has a clear mandate to:</p> <ul style="list-style-type: none"> • Oversee the selection of the Climate Mitigation Performance Targets and design of the Delivery Strategy; and • Approve the Climate Mitigation Performance Targets and Delivery Strategy; and • Oversee the execution and monitor progress with the Delivery Strategy; and • Approve and monitor any corrective actions required where interim Climate Mitigation Performance Targets and Delivery Strategy milestones are not being met. <p>D.3.3.1.2. Senior management responsibility</p>	<p>To obtain Certification</p> <p>The Terms of Reference, mandate and related policies for the Board (or equivalent governance body) of the Issuer reflect the four elements noted in Clause D.3.3.1.</p> <p>There is a named board member or executive with explicit responsibility for the Issuer's response to climate change.</p> <p>This person has climate change expertise and/ or the Board engages external experts to advise on climate and other related technical matters.</p> <p>Board minutes document receipt and discussion of regular status reports on the design of the Delivery Strategy, execution of the Delivery Strategy, and corrective measures needed in respect of delivery of the Climate Mitigation Performance Targets and Delivery Strategy, as per the disclosed information on the frequency of Delivery Strategy review and monitoring.</p> <p>For subsequent annual verifications</p>	<p>The Board or equivalent governing body means:</p> <ul style="list-style-type: none"> • The Board • A named, specific, Board committee • An executive or committee that reports on this directly to the Board or to a Board-level committee.

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
	<p>Board minutes since the previous verification engagement document receipt and discussion of regular status reports on the design of the Delivery Strategy, execution of the Delivery Strategy, and corrective measures needed in respect of delivery of the Climate Mitigation Performance Targets and Delivery Strategy, as per the disclosed information on the frequency of Delivery Strategy review and monitoring.</p>	
<p>D.3.3.2. (Re)setting and monitoring the Climate Mitigation Performance Targets and Delivery Strategy</p> <p>D.3.3.2.1. (Re) setting Climate Mitigation Performance Targets and the Delivery Strategy</p> <p>Tools and mechanisms are in place for the (re)setting of robust Climate Mitigation Performance Targets and the Delivery Strategy, including a full review and, if necessary, update of the Climate Mitigation Performance Targets and Delivery Strategy at least every five years.</p> <p>D.3.3.2.2. Tracking and monitoring delivery</p> <p>Tools and mechanisms are in place for tracking and monitoring of delivery of interim Climate Mitigation Performance Targets and the milestones and metrics identified in the Action Plans and Finance Plan.</p>	<p>To obtain Certification</p> <p>An internal control system is in place in relevant internal assurance functions in which there is:</p> <ol style="list-style-type: none"> 1. A documented process for (re) setting the Climate Mitigation Performance Targets and the Delivery Strategy at least every five years, including identification of internal controls established to prevent, or detect and correct inappropriate or erroneous inputs, or computational errors in the compilation of the finance plan, and ensure the underlying base data is complete and accurate. 2. An information system for obtaining, processing and communicating relevant data and information of sufficient quality to enable monitoring of progress in the delivery of the interim Climate Mitigation Performance Targets and interim milestones and target metrics identified in the Action Plans, and the ongoing appropriateness of the assumptions underpinning the Vision and Strategic Narrative, including those highlighted in the Sensitivity Analysis as posing significant risks to the delivery of the Delivery Strategy. 3. A central record of and tracking processes for Interim Climate Mitigation Performance Targets and interim milestones and metrics for monitoring purposes. 4. Stakeholder communication and engagement and feedback mechanisms. 5. An escalation process to enable any challenges or concerns in relation to the Issuer's transition to be communicated to and 	<p>This internal control system may include an internal audit system.</p> <p>Climate Mitigation Performance Targets should be reset and/ or Delivery Strategies adjusted, as needed, to reflect significant changes within or external to the business that could compromise relevance and consistency of the existing target or delivery strategy. This re-evaluation and recalibration must reflect changing operating conditions and market developments, such as new technologies coming online sooner than expected.</p> <p>Any Climate Mitigation Performance Targets and/ or Delivery Strategy reset during the period of Certification must comply with the Standard (including Climate Bonds Standard Sector Criteria) in force at the date of initial Certification, not the Standard in force at the time of reset.</p> <p>Tracking and monitoring processes should be adequate to identify in a timely manner:</p> <ul style="list-style-type: none"> - Actual underperformance against the interim Climate Mitigation Performance Targets and the milestones and metrics identified in the Delivery Strategy - Anticipated underperformance of future interim Climate Mitigation Performance Targets and milestones and metrics identified in the Delivery Strategy due to changes in internal or external factors that might impact on future delivery. - Changes in anticipated operating conditions that might conversely enable a tightening or strengthening of Climate Mitigation Performance Targets and associated update of the Delivery Strategy.

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
	<p>considered by senior management and the Board as appropriate.</p> <p>Evidence that the development of the Climate Mitigation Performance Targets and Delivery Strategy on which Certification has been obtained have followed this internal control process.</p> <p>A public statement by the managing body or executive management committing to review the Climate Mitigation Performance Targets and Delivery Strategy at least every 5 years, and notification of the next scheduled review.</p> <p>For subsequent annual verifications</p> <p>Evidence of regular overall monitoring of the internal control system to determine that such controls are effective.</p> <p>Any Climate Mitigation Performance Targets reset since the previous verification engagement are in compliance with the requirements of Clause D.3.1 and supported by a (revised) Delivery Strategy that complies with Clause D.3.2.</p> <p>Any Climate Mitigation Performance Targets reset since the previous verification engagement are not weaker (i.e. represent lower emissions reductions) than those in place at the time of Certification.</p>	
<p>D.3.3.3. Correction of underperformance</p> <p>In the event that interim Climate Mitigation Performance Targets and milestones and metrics due during the period of Certification have not been met, corrective action must be taken to reverse that underperformance, so no Climate Mitigation Performance Target or milestone is unmet for a period longer than 12 months or by the maturity of the SLD instrument, whichever is earlier.</p>	<p>To obtain Certification</p> <p>n/a</p> <p>For subsequent annual verifications - in the event of underperformance only</p> <p>A unified dashboard underpinned by a single system of record to track all instances of underperformance and their associated action or mitigation plans.</p> <p>The corrective actions are deemed to be feasible and sufficient to correct the performance gap.</p> <p>The corrective actions are approved and subsequently monitored by the Board.</p>	<p>Climate Mitigation Performance Targets and milestones may be reset as part of this corrective process (i.e. resetting Climate Mitigation Performance Targets and/ or Delivery Strategies can be the corrective action), but any revised Climate Mitigation Performance Targets and/ or Delivery Strategy must be in compliance with the requirements of Clauses D.3.1.1 and D.3.2.</p>
<p>D.4. COMMITMENTS OF THE PARENT GROUP</p>		
<p>D.4.1. Exclusions</p>		

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
<p>D.4.1.1. Expansion of fossil fuel activities</p> <p>If any legal entity within the Parent Group is in the business of the exploration or extraction of fossil fuels, or is a utility company generating or supplying power or heat generated from fossil fuels, then the Parent Company has, within the last year, publicly (re)committed to no expansion of any of the following activities across the Parent Group after 1 January 2023:</p> <ul style="list-style-type: none"> i. The exploration and extraction of conventional and unconventional fossil fuel reserves; and ii. The exploration of new conventional and unconventional fossil fuel resources; and iii. Natural gas production; and iv. Refining crude oil to produce derivative products; and v. The supply and/or use of fossil fuels for power generation and heat. 	<p>To obtain Certification</p> <p>Commitment documented in a published policy or statement.</p> <p>For subsequent annual verifications</p> <p>Commitment documented in a published policy or statement.</p>	<p>These activities include unconventional sources such as hydraulic fracking, arctic drilling, oil sands and shale deposits.</p> <p>No expansion means no additional commitment of CapEx for the acquisition or leasing of new fossil fuel assets. These assets might be fixed (e.g., property, plant, equipment) or intangible (e.g., goodwill, capitalized licences).</p> <p>Already committed CapEx with pre-dated Board sign off is not included in the exclusion.</p> <p>Capex for maintenance of existing fossil fuel assets is permitted, so long as it does not extend the life of those assets.</p>
<p>D.4.1.2. Conversion of high carbon stock land</p> <p>The Parent Company has, within the last year, publicly (re)committed that as of 1 January 2020 no entity within the Parent Group has or will convert, fragment or unsustainably intensify operations on high-carbon stock land leading to the loss of its status as high-carbon stock land.</p>	<p>To obtain Certification</p> <p>Commitment documented in a published policy or statement.</p> <p>For subsequent annual verifications</p> <p>Commitment documented in a published policy or statement.</p>	<p>High-carbon stock land is defined as:</p> <ul style="list-style-type: none"> i. Wetlands: land that is covered with or saturated by water permanently or for a significant part of the year; and ii. Continuously forested areas: land spanning more than one hectare with trees higher than five metres and a canopy cover of more than 30 %, or trees able to reach those thresholds in situ; and iii. Land spanning more than one hectare with trees higher than five metres and a canopy cover of between 10 % and 30 %, or trees able to reach those thresholds in situ.
<p>D.4.2. Net zero commitment</p> <p>The Parent Company has approved and made public net zero emissions commitments covering all material scope 1, 2 and 3 emissions of the entire Parent Group, or already has net zero emissions as determined in line with the GHG Protocol and based on emission data that is independently verified/audited and not more than 2 years old.</p>	<p>To obtain Certification</p> <p>Commitment documented in a published policy or statement.</p> <p>For subsequent annual verifications</p> <p>Commitment documented in a published policy or statement.</p>	<p>The commitment must cover reducing (without the use of offsets) material scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways and neutralizing any residual emissions at the net-zero target date and any GHG emissions released into the atmosphere thereafter (offsets may be utilised to address these residual emissions only).</p> <p>All relevant GHGs required as per the Kyoto Protocol (CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃) must be included.</p> <p>Materiality is defined as at least 95% of group-wide scope 1 and 2 emissions. Plus, for</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
<p>D.4.3. Transition plan</p> <p>The Parent Company has approved and made public corresponding Transition Plans to support the public net zero commitment for the Parent Group (per Clause D.4.2).</p>	<p>To obtain Certification</p> <p>A documented, public Transition Plan for the Parent Group, aligned with the net zero commitment, that includes:</p> <ul style="list-style-type: none"> i. The nature of the economic activities undertaken by each legal entity within the Parent Group and their respective contribution to the Parent Group’s total emissions and revenue. This includes the activities of the Certified Entity. ii. The GHG reduction targets of all parts of the Parent Group not represented by the Climate Mitigation Performance Targets linked to the SLD instrument. This must include the target date(s) by which each activity is set to achieve net zero emissions, and interim targets for each activity over the short, medium and long term aligned with that target. These targets must address all material scope 1, 2 and 3 emissions. iii. If any part of the Parent Group practices any of the activities described under Clause D.4.1.1., the plans to fully cease those activities by the earlier of: <ul style="list-style-type: none"> a. a ten-year timeframe, and b. 2030 if located in an OECD country or 2040 elsewhere. <p>For subsequent annual verifications</p> <p>Any amendments or updates to the Transition Plan since the previous verification engagement meet the ‘To obtain Certification’ requirements.</p>	<p>companies with scope 3 emissions that are at least 40% of total emissions (scope 1, 2, and 3 emissions), at least 90% of scope 3 emissions.</p> <p>Materiality is defined as at least 95% of group-wide scope 1 and 2 emissions. Plus, for companies with scope 3 emissions that are at least 40% of total emissions (scope 1, 2, and 3 emissions), at least 90% of scope 3 emissions.</p>
<p>D.5. DISCLOSURE</p>		
<p>D.5.1. Information to disclose</p> <p>The Issuer publishes and keeps accessible on their website the information presented in Table D1.</p>	<p>To obtain Certification</p> <p>All items under the ‘To obtain Certification’ column of Table D1 have been publicly disclosed in line with the format of disclosure requirements in Clause D.5.2.</p> <p>For subsequent annual verification</p>	<p>There are no specific requirements regarding where the disclosure items per Table D1 should be disclosed, so long as they are publicly available and remain publicly available via the Applicants’ website at a minimum.</p> <p>Examples: Annual reports, sustainability reports, websites.</p> <p>In respect of Transition Plan disclosures per Table D1, the same corporate reporting norms</p>

Criteria as written in Part D of the Climate Bonds Standard v4.0	Certification Checklist	Additional guidance
<p>D.5.2. Format of disclosure</p> <p>Disclosures have been and will be made according to the customary practices regarding corporate disclosures, such as via annual reporting, dedicated sustainability reporting, statutory filings and investor presentations, at the discretion of the Issuer.</p>	<p>All items under the 'For subsequent annual disclosure' column of Table D1 have been publicly disclosed in line with the format of disclosure requirements in Clause D.5.2.</p>	<p>should be applied as are applied to general purpose financial reporting. Specifically, any information should be disclosed that, if omitted, misstated, or obscured, could reasonably be expected to influence the decisions that the primary users of general purpose financial reporting make on the basis of that reporting.</p>
	<p>To obtain Certification</p> <p>-</p> <p>For subsequent annual verification</p> <p>-</p>	<p>Disclosure integrates with, and build from, broader climate related disclosures in the reporting entity's general purpose financial reports.</p>