Climate Bonds Standard & Certification Scheme

Happy 10th birthday!
June 2017 will mark a decade since the first green bond was issued. Since then, there’s been strong year-on-year growth and 2016 saw a record USD 81bn green bonds issued, up 92% on 2015.

We’ve also seen the market maturing with an increasing number of issuer countries, bond types, issuer types, ratings and use of proceeds – our State of the Market report available online gives full details.

This momentum will continue. HSBC’s preliminary estimate for the year ranges up to USD 120bn, Moody's is around USD 200bn and our forecast is that green bond issuance will reach USD 150bn in 2017. Already USD 19bn of green bonds have been issued to the end of February.

The market needs to scale up even faster to meet green infrastructure needs
Global infrastructure investment is expected to amount to USD 90 trillion over the next 15 years. To ensure sustainable development and limit climate change, this infrastructure needs to be low-carbon and climate resilient, without compromising the economic growth needed to improve the lives of the world’s most vulnerable citizens.

Ensuring that new infrastructure is low-carbon raises the annual investment costs by 3–4%. Climate adaptation necessitates an additional USD 280–500 billion per annum in infrastructure spend by 2050, even in a 2°C scenario.

At USD 100 trillion, the global bond market can absorb this. Institutional investors, particularly pension and sovereign wealth funds, are increasingly looked to as viable actors to fill these green financing gaps.

“...The emergence of green bonds represents one of the most significant developments in the financing of low-carbon, climate resilient investment opportunities...”
Ban Ki Moon, Former UN Secretary-General

USD 1 trillion a year by 2020 is needed to address climate change

To achieve this growth, the green bond market needs transparency and calibration
Labelled green bonds are increasingly considered an ideal vehicle for meeting green infrastructure investment needs through the bond market.

But, to avoid greenwashing, and assist this market to grow, standards and assurance for green bonds are essential. They ensure consistency, improve transparency and give investors confidence in the green credentials of the investments they are making.

Key players driving the international green bond market

Regulators and Governments
Policy and regulation is central to enabling and scaling up green investment. Internationally, there are many examples of the public sector driving this green finance transition including:

- China’s National Green Finance Guidelines
China has established the national Guidelines for Establishing the Green Financial System, proposing 35 measures to push the development of the green financial system including the green bond market - see our China Green Bond Market 2016 report.

- France’s TEEC guidelines for green investment
In July 2016, the French government issued green funds guidelines aligned with the Climate Bonds Taxonomy and the Green Bond Principles.

- India’s Green Bond Guidelines
The Securities and Exchange Board of India (SEBI) released a first draft of green bond guidelines in early 2016. SEBI will soon finalise its guidelines, which will facilitate the raising of funds for investment in the renewable energy space, after incorporating comments from the Ministry of New and Renewable Energy (MNRE).

Industry players

- Green Bond Principles (GBPs)
The financial industry, coordinated by ICMA, has drawn up voluntary green bond guidelines to raise and promote standards on transparency, disclosure and green bond instruments.

- Second opinions
66% of green bonds issued have had a second opinion with independent organisations reviewing issuance frameworks, green credentials, management of use of proceeds and reporting and disclosure.

- Rating agencies review
Moody’s & S&P evaluate green bonds and green bond issuers in terms of their environmental performance and management.

- Climate Bonds Standard & Certification Scheme
The Climate Bonds Initiative has established and runs the only international certification scheme for green bonds. This sets detailed green definitions and eligibility criteria for certification, and has a robust pre-and post-issuance assurance framework.
How the Climate Bonds Standard & Certification Scheme works: What you need to know

1. Preparing the Climate Bonds Certification process for issuers

2. The Climate Bonds Certification process for issuers includes:
   - Identifying assets to facilitate ambitious and consistent pathways, technology options and sector criteria
   - Prepare a simple Information Form to the Climate Bonds Roundtable Advisory Panel
   - Collectively or individually submit the Verifier’s Report and Request the Climate Bonds Standard Certification
   - Receive a decision on pre-issuance Certification at the end of the 3-month timeframe
   - Get Certified & issue a Certified Climate Bond mark
   - Prepare the Climate Bonds Certification Report

3. Benefits of Certification

4. Our Taxonomy has been integrated into the taxonomy – see table opposite for premises definitions globally.

5. Benefits of Certification

- Increases confidence in green credentials
- Strengthens engagement, investor ‘stickiness’, strengthened reputation and a freeing up of balance sheets
- Prioritising investments that truly contribute to the growing green bond market
- Underpinning the Climate Bonds Standard
- Approved Verifiers are listed overleaf.

6. The Climate Bonds Standard and Certification

- Governs the development of the Climate Bonds Standard
- Provides a competitive advantage to issuers
- Requires assets to meet the Climate Bonds requirements
- Criteria are presented respectively were Climate Bonds Certified
- Certification is becoming the standard for term of the bond
- Certification allows issuers to demonstrate their commitment to the climate crisis
- Certification because it reduces transaction costs and increases confidence in green credentials
- Strong growth in Certified assets to facilitate ambitious and consistent pathways, technology options and sector criteria
- In 2018, we expect about 20% of the market share this year
- Increases confidence in green credentials
- Strengthens engagement, investor ‘stickiness’, strengthened reputation and a freeing up of balance sheets
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7. Sector Criteria development

- Can be certified now
- Criteria in development
- Criteria in development
- Criteria in development
- Criteria in development

8. Standard

- Vision for the Climate Bonds Standard
- Develop the Climate Bonds Standard

9. Why the Climate Bonds Standard works:

- The climate crisis is a profound challenge
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10. Climate Bonds blog and in our quarterly newsletters the latest news on the green bond market and upcoming webinars, events and all the things you need to know.

- Keep up to date
- How the Climate Bonds Standard & Certification Scheme works: What you need to know
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- Develop the Climate Bonds Standard
Certified Climate Bonds to end 2016

**Mexico (1)**  
Nacional Financiera, USD 500m

**Netherlands (3)**  
ANB AMRO, First: EUR 500m, Second: EUR 500m  
Obvion, EUR 500m

**Germany (1)**  
DKB, EUR 500m

**India (4)**  
Hero Future Energy, IRN 3bn  
Axis Bank, USD 500m  
NTPC Ltd., INR 20bn  
ReNew Power, IRN 5bn

**Philippines (1)**  
AP Renewables Inc, PHP 10.7 bn

**Global (1)**  
Nordex SE, EUR 550m

**Morocco (1)**  
Masen, MAD 1.15bn

**United States (5)**  
New York State Housing Finance Agency, USD 45m  
New York Metropolitan Transport Authority, First: USD 782m, Second: USD 558m  
San Francisco Public Utilities Commission, First: USD 240m, Second: USD 259m

**UK (4)**  
Big60Million, First: GBP 4m, Second: GBP 3.5m, Third: GBP 4.4m, Fourth: GBP 3.4m

**Australia (6)**  
NAB, AUD 300m  
ANZ, AUD 600m  
FlexiGroup, AUD 600m  
Westpac, AUD 500m  
Treasury Corp Victoria, AUD 300m  
Monash University, AUD 218m

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**Approved verifiers**

**Certified Climate Bonds to end 2016**

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**www.climatebonds.net**  
Want to know more? Please contact certifications@climatebonds.net  
Subscribe - Sign up here to our blog and receive our newsletters in your inbox.

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