

# ELIGIBLE RESIDENTIAL BUILDINGS CHINA

## Low Carbon Buildings Criteria under the Climate Bonds Standard



### What are the Low Carbon Buildings Criteria?

They are the technical standards that buildings (or a portfolio of buildings)

must satisfy to be eligible as nominated use of proceeds in a Certified Climate Bond. Any bond being certified must also meet the reporting and transparency requirements of the overarching [Climate Bonds Standard](#).

This brochure outlines the Buildings Criteria for residential buildings in China. For full details on the methodology and requirements, see the detailed [Criteria document](#).

### When is a China residential building eligible for certification?

It is eligible for certification if it meets the following Climate Bonds requirements:

- It meets the low carbon emissions trajectory OR approved proxy

- It has or will undergo an upgrade or retrofit which reduces its emissions intensity by 30-50% (depending on the tenor of the bond).

### What do the low carbon emissions trajectories or proxy represent?

They represent rapid decarbonisation trajectories aligned with the goals of the Paris Agreement to limit global warming to no more than 2 degrees above pre-industrial levels, and ideally no more than 1.5 degrees. Trajectories are expressed as an emission intensity metric: kg CO<sub>2</sub> e/m<sup>2</sup> while proxies are expressed using a range of building codes and rating scheme including build year or post occupancy performance rating and standards.

### How have trajectories and proxies been established?

Trajectories have been established by taking the emissions intensity of the top 15% of buildings in that city and drawing a linear

pathway down to zero carbon in 2050. They are location specific to reflect a number of factors which vary significantly by region. Proxies use differing techniques to measure the correlation between an established code of rating scheme and its ability to produce emissions reductions in-line with the Criteria & rapid decarbonisation.

### Where can issuers go to find more information to check compliance?

The Proxy for China is illustrated in the box below. More information about compliance for China can be found on the [Low Carbon Building's Residential Criteria page](#).

### Want more information?

Contact [Cory.Nestor@ClimateBonds.net](mailto:Cory.Nestor@ClimateBonds.net) regarding the Low Carbon Building Criteria;

Contact [Matteo.Bigonini@ClimateBonds.net](mailto:Matteo.Bigonini@ClimateBonds.net) regarding portfolio/asset certification.

## China Proxy

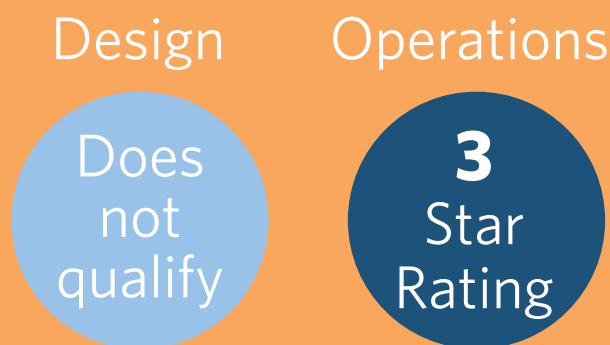
Residential buildings are eligible for certification if the asset meets the approved market proxy

The proxy diagram (Figure 1) shows the established low carbon buildings trajectory for residential buildings in China. Any building is eligible if it meets the this pre-approved market proxy.

For example, for a 10-year bond issued in 2018, the assets included in the issuance must achieve an operations rating of 3 Stars.

This proxy was established using data from the Evaluation Standard for Green Buildings database provided by the Ministry of Housing and Urban-Rural Development.

Figure 1 . Low carbon proxy requirements for China

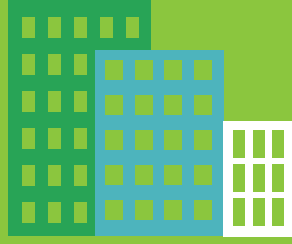


**Note:** The Evaluation Standard for Green Buildings provides ratings for both design and operation of residential and commercial buildings. For a building to qualify, it must achieve a operations based 3-star rating

## How is a market proxy established?

### Steps for developing a proxy

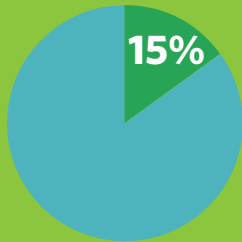
Each proxy uses the a similar approach, making global reporting more harmonised, allowing issuers and investors to compare across markets. The following steps highlight the fundamentals.



Proxies are established for specific building types (offices, hotels, shopping centers) on a city basis where data is available.



Proxies are used to derive currently best available building code or rating scheme that bond issuers must achieve to gain Climate Bond Certification.



Proxies are representative of the top 15% most emission efficient buildings in a particular market.



Proxies are placeholders until more data becomes available. This means proxies expire or are reassessed on an ongoing basis.

Country	Proxy	PDF

An issuer can find a list of available proxies for residential [here](#) and commercial [here](#).