

# Wind Sector Eligibility Criteria of the Climate Bonds Standard

Version 1.2

Document revision number	Date	Summary of changes
1.2. Minor changes (ad hoc)	September 2020	Alignment with the Marine Renewables Criteria: scope of the Wind Criteria now includes dedicated operational production, manufacturing or distribution facilities for key wind energy components, such as wind turbines, platforms etc.
1. First publication of original Criteria	2016	

Date: September 2020

## Table of Contents

1. Definitions.....	3
2. Introduction.....	4
2.1. The Climate Bonds Standard.....	4
2.2. This document and supplementary information available.....	4
2.3. Revisions to these Criteria.....	4
3. Assets and Projects in Scope.....	5
4. Eligibility Criteria for Wind Renewable Energy Assets.....	6
4.1. Mitigation Component.....	6

## 1. Definitions

**Climate Bonds Initiative:** An investor-focused not-for-profit organisation, promoting large-scale investments that will deliver a global low carbon and climate resilient economy. The Initiative seeks to develop mechanisms to better align the interests of investors, industry and government so as to catalyse investments at a speed and scale sufficient to avoid dangerous climate change.

**Climate Bond:** A climate bond is a bond used to finance – or re-finance - projects needed to address climate change. They range from wind farms and solar and hydropower plants, to rail transport and building sea walls in cities threatened by rising sea levels. Only a small portion of these bonds have been labelled as green or climate bonds by their issuers.

**Certified Climate Bond:** A Climate Bond that is certified by the Climate Bonds Standard Board as meeting the requirements of the Climate Bonds Standard, as attested through independent verification.

**Climate Bonds Standard:** A screening tool for investors and governments that allows them to identify green bonds where they can be confident that the funds are being used to deliver climate change solutions. This may be through climate mitigation impact and/ or climate adaptation or resilience. The CBS is made up of two parts: the parent standard (Climate Bonds Standard v2.1) and a suite of sector specific eligibility Criteria. The parent standard covers the certification process and pre- and post-issuance requirements for all certified bonds, regardless of the nature of the capital projects. The Sector Criteria detail specific requirements for assets identified as falling under that specific sector. The latest version of the CBS is published on the Climate Bonds Initiative website

**Climate Bonds Standard Board:** A board of independent members that collectively represents \$34 trillion of assets under management. The CBSB is responsible for approving i) Revisions to the Climate Bonds Standard, including the adoption of additional sector Criteria, ii) Approved verifiers, and iii) Applications for Certification of a bond under the Climate Bonds Standard. The CBSB is constituted, appointed and supported in line with the governance arrangements and processes as published on the Climate Bonds Initiative website.

**Climate Bond Certification:** allows the issuer to use the Climate Bond Certification Mark in relation to that bond. Climate Bond Certification is provided once the independent Climate Bonds Standard Board is satisfied the bond conforms with the Climate Bonds Standard.

**Green Bond:** A Green Bond is where proceeds are allocated to environmental projects. The term generally refers to bonds that have been marketed as “Green”. In theory, Green Bonds proceeds could be used for a wide variety of environmental projects, but in practice they have mostly been the same as Climate Bonds, with proceeds going to climate change projects.

**Wind assets and projects:** Assets and projects relating to the acquisition and / or management of wind renewable energy facilities, and or the production of associated infrastructure. These facilities might include: onshore wind facilities and associated infrastructure.

**Technical Working Group (TWG):** A group of key experts from academia, international agencies, industry and NGOs convened by the Climate Bonds Initiative. The TWG develops the Sector Criteria - detailed technical criteria for the eligibility of projects and assets as well as guidance on the tracking of eligibility status during the term of the bond. Their draft recommendations are refined through engagement with finance industry experts in convened Industry Working Groups and through public consultation. Final approval of Sector Criteria is given by the CBSB.

**Industry Working Group (IWG):** A group of key organisations that are potential issuers, verifiers and investors convened by the Climate Bonds Initiative. The IWG provides feedback on the draft sector Criteria developed by the TWG before they are released for public consultation.

## 2. Introduction

### 2.1. The Climate Bonds Standard

Investor demand for Green Bonds & Climate Bonds is strong, and will increase in line with the delivery of quality products into the market. However, investor concerns about the credibility of green labelling are also growing. standards, assurance & certification will be essential to improve confidence and transparency, which in turn will enable further strong growth in the market.

The Climate Bonds Standard and Certification Scheme is an easy-to-use screening tool that provides a clear signal to investors and intermediaries on the climate integrity of Certified Climate Bonds.

A key part of the Standard is a suite of sector-specific eligibility Criteria. Each set of sector-specific Criteria set climate change benchmarks for that sector that are used to screen assets and capital projects so that only those that have climate integrity, either through their contribution to climate mitigation, and/ or to adaptation and resilience to climate change, will be certified. Where a bond encompasses a mixed portfolio of assets across several sectors, each sub-category of assets will be subject to the relevant sector Criteria for those assets.

These sector-specific Criteria are determined through a multi-stakeholder engagement process, including Technical and Industry Working Groups, convened and managed by the Climate Bonds Initiative, and are subject to public consultation. Finally, they are reviewed and approved by the Climate Bonds Standard Board.

The second key part of the Climate Bonds Standard is the overarching Climate Bonds Standard available at [https://www.climatebonds.net/standards/standard\\_download](https://www.climatebonds.net/standards/standard_download). This documents the common fund management and reporting requirements that all Certified Climate Bonds must meet, in addition to meeting the sector specific Criteria.

### 2.2. This document and supplementary information available

This document details:

- The current scope of wind assets and projects eligible for certification under the Climate Bonds Standard – Chapter 3;
- The specific eligibility Criteria under which these assets and projects can be certified – Chapter 4.

Supporting information is available at [\[https://www.climatebonds.net/standard/wind\]](https://www.climatebonds.net/standard/wind) as follows:

- [Wind Criteria public consultation report](#)
- [The Climate Bonds Standard V2.1](#): contains the requirements of the overarching Climate Bonds Standard
- [The Climate Bonds Standard & Certification Scheme Brochure](#): provides an overview of the Climate Bonds Standard & Certification Scheme, of which these Criteria are a part

For more information on the Climate Bonds Initiative and the Climate Bonds Standard and Certification Scheme, see [www.climatebonds.net](http://www.climatebonds.net).

### 2.3. Revisions to these Criteria

These Criteria will be reviewed every two years. As a result, the Criteria are likely to be refined over time, as more information becomes available. However, certification will not be withdrawn retroactively from bonds certified under earlier versions of the Criteria.

### 3. Assets and Projects in Scope

Table 1 presents wind energy related assets that might be included in a Certified Climate Bond, subject to meeting the specific Criteria described in Chapter 4. Table 1 is provided for illustrative purposes and is not an exhaustive list of every possible asset that would be eligible.

In general terms, wind energy assets relate to:

- The establishment, acquisition, expansion, and/ or ongoing management of a specified onshore wind energy facility.
- The establishment, acquisition, expansion and/ or ongoing management of related inputs and infrastructure to support these facilities.

These assets are eligible for inclusion in a Certified Climate Bond if they meet:

- The Mitigation requirements (see section 4.1 for details)

Bonds financing multiple projects may also have to prove compliance with other Sector Criteria to be eligible for Climate Bonds Certification.

To guide the interpretation of the requirements, Table 1 provides signposting as follows:

- A green circle indicates these assets, when fully described and documented, automatically meet the Criteria requirements, with no further disclosure or documentation required.
- An orange circle indicates that the eligibility of these assets is conditional on meeting specific requirements.
- A red circle indicates that these assets are not eligible for certification under any circumstances.

*Table 1: Illustrative use of bond proceeds eligible under the Wind Criteria*

Assets	Example eligible assets	Mitigation
<b>Onshore wind</b>		
Assets that operate or are under construction to operate:	Onshore wind energy generation facilities	●
	Dedicated transmission infrastructure and support facilities (e.g. transformers, backbone, transmission terminus, grid connections, dedicated facilities for support vessels and vehicles, equipment storage, onshore assembly)	●
	Dedicated operational production, manufacturing or distribution facilities for key components, such as wind turbines, platforms etc.	●
<b>Offshore wind</b>		
Assets that operate or are under construction to operate:	Dedicated operational production, manufacturing or distribution facilities for key components, such as wind turbines, platforms etc.	●

*Table 2: Assets and projects not eligible for Certification under the Wind Criteria*

Assets	Explanation for exclusion
Offshore wind	With the notable exceptions of the assets described in Table 1, offshore wind facilities, dedicated transmission infrastructure, and dedicated support facilities, are not eligible for Certification under the Wind Criteria.  Offshore wind is eligible for Certification under the <u>Marine Renewable Energy Criteria</u> .

## 4. Eligibility Criteria for Wind Renewable Energy Assets

To demonstrate compliance with the following Criteria, in accordance with the Climate Bonds Standard, it is the issuers responsibility to provide the information to prove compliance with each component of these Criteria. Verifiers must include this information in the scope of verification.

In accordance with the overarching reporting timetable as laid out in the Climate Bond Standard, issuers are required to provide this information as follows:

- Pre-issuance reporting (supported by independent verifiers report): Full disclosure information.
- Post-issuance reporting (supported by independent verifiers report): Any amendments to the information provided pre-issuance to be disclosed.
- Annual reporting thereafter: Any amendments to the previously provided information should be reported by exception as changes arise.

### 4.1. Mitigation Component

Assets listed in Table 1 with an associated green circle in the mitigation column automatically meet the Mitigation requirement of the Climate Bonds Standard. This extends to:

- Wind energy generation shall be projects & assets that operate or are under construction to operate in one or more of the following activities:
  - The development, construction and operation of wind farms
  - Operational production or manufacturing facilities wholly dedicated to wind energy development
  - Wholly dedicated transmission infrastructure for wind farms.

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