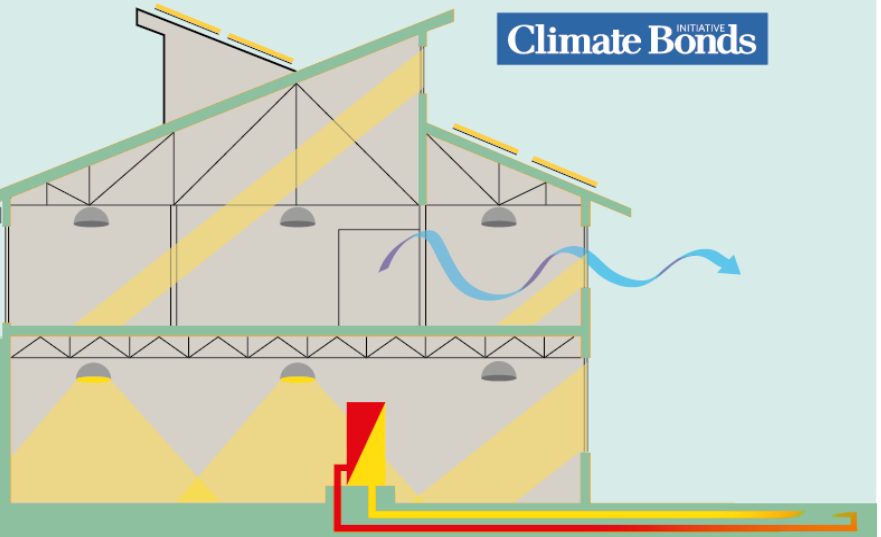


BUILDINGS CRITERIA 2.1

Climate Bonds Standard



The [Climate Bonds Building Criteria](#) provide definitions for what constitutes a green activity or investment in buildings stock. Assets, Use of Proceeds (UoP), Entities, and Sustainability-Linked Debt (SLLs & SLBs) that comply with the Building Criteria can be Certified, demonstrating to the market that the Certified instrument meets the highest standards in climate finance.

The Criteria have been designed with an ambition of a zero-carbon future by 2050 and offers a pathway to reach that outcome in a manner bespoke to each city's present circumstances.

The importance of trusted Building Criteria to achieve a Sustainable Future:

1. Buildings account for around 40% of all global emissions globally.
2. The International Energy Agency (IEA) highlights that the building sector is behind on meeting the performance targets required to keeping global temperature rise, at or below 1.5°C above pre-industrial levels.
3. Early and rapid investment in the sector is critical to meet these performance targets. Luckily, the technology already exists in the sector to rapidly decarbonise new and refurbished building stock.

Benefits of Certification

- ✓ Demonstrates to the market that Certified instruments meet industry best practice for climate integrity, management of financial proceeds and transparency.
- ✓ Indicates to investors that proper environmental due diligence has been done, on the assets they are investing in.
- ✓ Increases visibility to investors and attract new and more diverse investors with greater engagement
- ✓ Enhances reputational benefits for issuers, companies, or asset owners.

Eligible Assets Types



Commercial :

A building or portfolio of buildings where more than half of the floor area is used for commercial purposes and is intended to generate a profit, either from capital gain or rental income. There are sub-categories of Commercial Buildings, including but not limited to: *Offices, Schools & campuses, Shopping centres & retail, Hotels etc.*



Residential:

A building or portfolio of buildings where more than half of the floor area is used or suitable for use for dwelling purposes, including but not limited to the follow sub-categories of residential buildings: *Single family, Multi-family, Rentals*



Built Environment

Projects or activities that are not specifically buildings related, but are part of the wider built environment, such as street lighting upgrade projects. Generally upgrades should achieve energy performance improvements through the application of energy efficiency measures and components that relate to the built environment.

Compliance Process



For a project to satisfy the Low Carbon Building Criteria, it must comply with the components: Disclosure, Mitigation and align with either Pathway 1 or 2.

Disclosure Component:

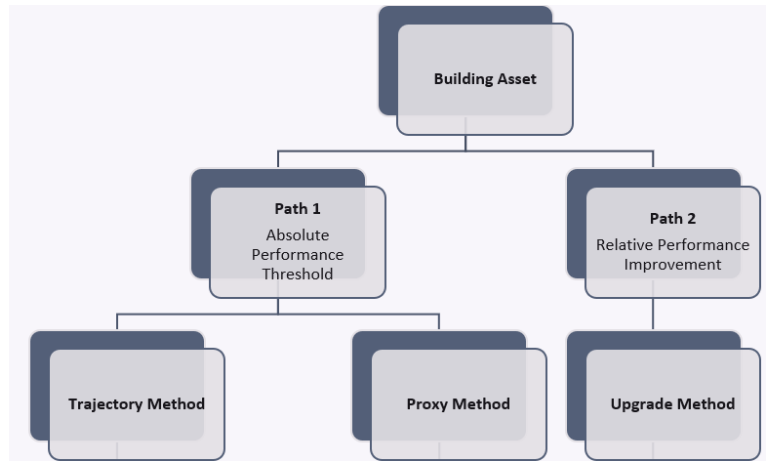
The disclosure component provides clarity to investors on the details of the projects in the Certified Climate Bond. Issuers must provide the required information (where applicable), however, CBI has no liability on the quality of the submitted documentation. This component was designed to ask for information that is often publicly disclosed anyway but often not included in bond offering documents.

Mitigation Component

All the Criteria developed under the Climate Bonds Standard have a GHG mitigation component. This is fundamental to showing that projects are in line with a low carbon future. Projects and assets can be compliant with the Climate Bonds Standard in two ways: Absolute Performance or Relative Performance.

The Trajectory Method Explained

Eligibility for certification can be achieved if their emission intensity is at or below an emissions intensity target calculated using the trajectory and the term of the relevant bond. Specifically, the target is equal to the value of the trajectory in the year that corresponds to the mid-point of the bond's tenor.

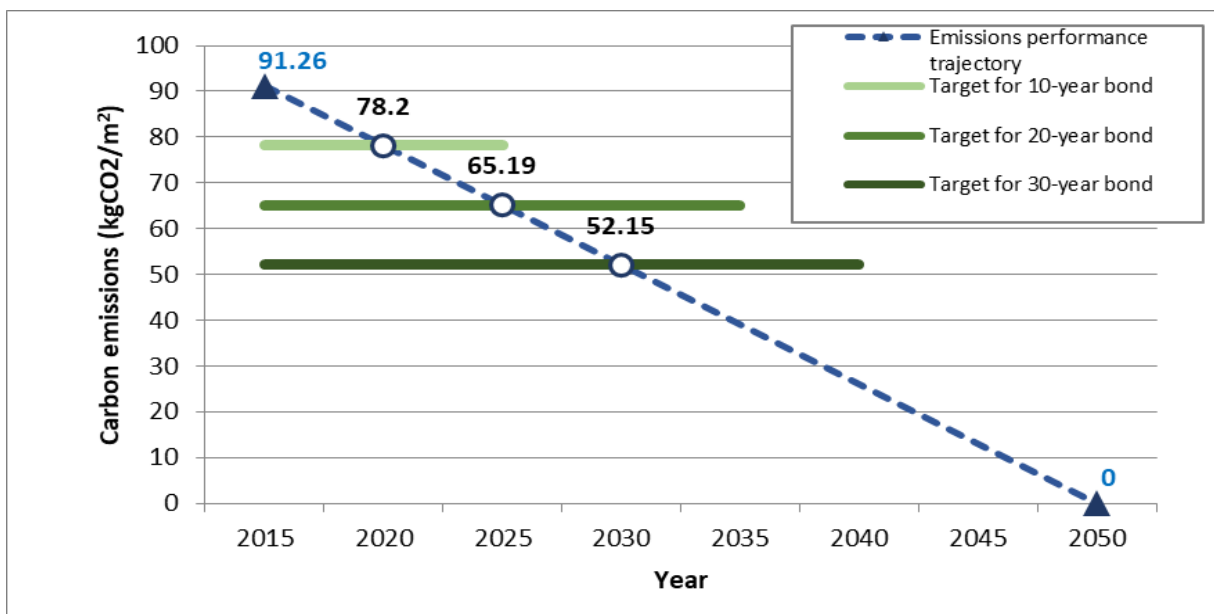


Path 1:

Absolute Performance can be shown through compliance with a Trajectory where the asset must either meet the performance target for that location over the term of the bond, or it must comply with a Proxy that has been approved for use by CBI.

- **Trajectories:** are established for specific building types in a city/region or country where data is available. The start of the trajectory equates to the top 15% most emission efficient buildings in a city (rated by carbon intensity, gCO_2/m^2).

Trajectories are linear and reach net-zero emissions by 2050. The Climate Bonds [CO₂ Target calculator](#) automatically calculates the missions performance targets for an issuer based on city, building type, bond issuance year and bond term.



- **Proxies:** are used to assess current and best available building codes or rating schemes that bond issuers must adhere to, to ensure they achieve Climate Bond Certification.

Proxies are representative of the top 15% most emission efficient buildings in a particular market where data is not available. Proxies are may be placeholders until more data become available. This means proxies can be used as an interim solution until robust data is available after which these proxies will be reassessed or on an on-going basis, or considered expired.

Path 2:

Relative Performance can be demonstrated when a retrofitting project (major or minor refurbishment and fit-out) improves the emissions intensity of the asset against the pre-retrofit baseline. This *region agnostic* option is applicable across all different asset types or public space renovations and it simply needs to demonstrate an significant improvement (30% to 50%) from the current baseline, which is determined by the tenor of the bond. This option is designed to ensure that even in regions where market-wide

emissions performance data is unavailable or where buildings cannot meet the zero-carbon trajectory hurdle due to constraints such as heritage and historic protection orders

Additional Requirements for New Buildings: The latest Buildings Criteria update (December 2023) brings new requirements to assessing all new buildings (commercial and residential). These go further in achieving **net-zero or net-zero ready buildings by 2050**.

There are three key inclusions under:

1. No fossil fuels may be used for heating, hot water, cooking, or on-site electricity generation
2. Conversion to all electric buildings (electrification)
3. The building supports necessary infrastructure to support electric mobility where on-site car parking is provided.

Additionally, the New Buildings are also required to report on the following:

4. Reporting on Whole Life Carbon Assessment (effective from 01 January 2026)
5. Accounting and reporting in accordance with GHG Protocol, Scope 3 emissions rules

You can find more in our [New Criteria documents](#)

Interested in the Climate Bonds Standards & Certification Scheme?

Get in Touch!



**Begin the
certificate process**

Contact our Certification team:
certification@climatebonds.net



Online resources

[Building Criteria](#)
[Certified Bond Database](#)

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