

Solar Sector Criteria

The Solar Sector Eligibility Criteria of the Climate Bonds Standard & Certification Scheme

Updated: April 2023

Note: *These Criteria can be used to certify Use-of-Proceeds Instruments, Sustainability-Linked Debt Instruments, Assets and Entities per the [Climate Bonds Standard v4.0](#)*

Revision	Date	Summary of Changes
Rev 2.3	13 April 2023	Revisions to enable Entity Certification and SLD Certification in line with release of CBS v4.0
Rev. 2.2	May 2022	Taxonomy updates
Rev. 2.1	November 2021	Taxonomy updates
Rev. 1.0	July 2014	First publication of original Criteria

Definitions

Applicant: The term or name for any potential bond issuer, or non-financial corporate entity that might seek certification under the Cement Criteria.

Certified Entity: The entity or part thereof which is being certified under the Climate Bonds Standard. Currently, Entity Certification is limited to non-financial Entities or segregated segments thereof, for which the Climate Bonds Initiative has Climate Bonds Standard Sector Criteria for Entity Certification.

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

Climate Bonds Standard (CBS): A screening tool for investors and governments that allows them to identify green bonds the proceeds of which 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 (CBS v3.0) 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 website.

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

Climate Bond Certification: allows the applicant to use the Climate Bond Certification Mark in relation to that bond. Climate Bond Certification is provided once the independent CBSB is satisfied the bond conforms with the CBS.

Critical interdependencies: The asset or activity's boundaries and interdependencies with surrounding infrastructure systems. Interdependencies are specific to local context but are often connected to wider systems through complex relationships that depend on factors 'outside the asset fence' that could cause cascading failures or contribute to collateral system benefits.

Green Bond: A green bond is a bond of which the proceeds are allocated to environmental projects or expenditures. 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 or expenditures, but in practice they have mostly been earmarked for climate change projects.

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

Investment Period: The interval between the bond's issuance and its maturity date. Otherwise known as the bond tenor.

Parent Company/Group: A company is considered a parent company of another entity (a subsidiary) if it exercises control over the subsidiary. The terms "control" and "subsidiary" have the meaning assigned to them under International Financial Reporting Standard 10 (IFRS 10). A Parent Group consists of the Parent Company and all the companies that the Parent Company exercises control over. Where the Applicant does not belong to a group of companies, the term Parent Company applies to the Applicant.

Sustainability-Linked Debt (SLD): Any debt instrument for which the financial and structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives. Such objectives are measured through predefined KPIs and assessed against predefined performance targets. Proceeds of SLD are intended to be used for general purposes.

Technical Working Group (TWG): A group of key experts from academia, international agencies, industry and NGOs convened by Climate Bonds. 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 (see below) and through public consultation. Final approval of Sector Criteria is given by the CBSB.

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1 Introduction

1.1 The Climate Bonds Standard

Investor demand for climate bonds is strong and is expected to 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.

Today, 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. Proposals are currently under consultation to also expand certification to entities with climate integrity.

A key part of the Standard is a suite of sector-specific eligibility Criteria. Each sector-specific Criteria sets climate change benchmarks for that sector that are used to screen debt instruments, assets and/or entities, 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.

These sector-specific Criteria are determined through a multi-stakeholder engagement process, including TWG and IWG, convened and managed by Climate Bonds, and are subject to public consultation. Finally, they are reviewed and approved by the Climate Bonds Standard Board (CBSB).

The second key part of the Climate Bonds Standard (CBS) is the overarching [Climate Bonds Standard v4.0](#). This documents the cross-sectoral criteria all certified instruments/ assets/ entities must meet, in addition to meeting the sector specific Criteria.

1.2 Environmental scope of the Solar Criteria

Currently, the Solar Sector Criteria address climate change mitigation only.

1.3 What can be certified under the Solar Criteria

Use-of-Proceeds¹ instruments, Sustainability-Linked Debt Instruments, Assets and Entities relating to solar activities can be Certified using these Solar Criteria. However, see Sections 2 and 3 below for the specific Solar assets and related activities in scope / not in scope respectively and any eligibility criteria for those assets and activities.

See also the [Climate Bonds Standard v4.0](#) for any cross sectoral requirements for Use-of-Proceeds, Sustainability-Linked Debt, Asset or Entity Certification. These cross sectoral requirements must be met in addition to the solar-specific requirements described in this document.

1.4 Documents supporting these Criteria

Information to support applicants and verifiers is available as follows:

- [Solar Background paper](#) that details why these criteria were chosen.
- The [Climate Bonds Standard v4.0](#) contains the cross-sectoral requirements of the overarching CBS.
- The [Climate Bonds Standard v4.0 Entity and Sustainability-Linked Debt Checklist documents](#): provides further information on the cross-sectoral requirements for Entity and Sustainability-Linked Debt Certification respectively.

For more information on Climate Bonds and the Climate Bonds Standard and Certification Scheme, see www.climatebonds.net.

1.5 Revisions to these Criteria

These Criteria will be reviewed on a regular basis, at which point the TWG will take stock of the deals that are printed in the early stages and any developments in improved methodologies and data that can increase the climate integrity of future deals. As a

¹ Use-of-Proceeds (UoP) is used as shorthand throughout this document for a variety of targeted finance instruments, including green loans, repos, and asset-backed securities. Annex 1 of the [Climate Bonds Standard v4.0](#) details the full list of instruments that can be certified.

result, the Criteria are likely to be refined over time, as more information becomes available. Certification will not be withdrawn retroactively from bonds certified under earlier versions of the Criteria.

2 Solar assets and activities eligible under these Criteria



Proceeds related to the establishment, acquisition, expansion, and/ or ongoing management of the solar energy or thermal generation facilities listed in Table 1 are eligible for **Use-of-Proceeds Certification**.

Solar energy or thermal generation facilities listed in Table 1 are eligible for **Asset Certification**.

Entities whose economic activities are solar energy generation or solar thermal generation related, driven by the assets listed in **Table 1** are eligible for **Entity Certification**. This Certification is Level 1: “Aligned”.²

Sustainability-Linked Debt linked to solar energy generation or solar thermal generation related activities driven by the assets listed in **Table 1** are eligible for **Sustainability-Linked Debt Certification**. This Certification is Level 1: “Aligned”.³

Table 1: Eligible solar facilities

Facilities	Eligibility Criteria
<ul style="list-style-type: none"> • Onshore solar electricity generation facilities • Wholly dedicated transmission infrastructure, grid connections and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems. • Onshore solar thermal facilities such as solar hot water systems. • Onshore solar heat/cool and power cogeneration facilities. 	 <p>A minimum of 85% of electricity generated from solar energy resources</p>
<ul style="list-style-type: none"> • Dedicated operational production, manufacturing or distribution facilities for key components, such as solar panels, inverters etc. 	 <p>Automatically eligible</p>

NOTE: *Current proposals would allow for the certification of only part of a company or group of companies, or SLD that relates to only part of a company or group of companies. See the [Climate Bonds Standard v4.0](#) parts C and D respectively for full details. This flexibility enables the certification of the part of a company or group of companies relating to steel production, separate from the certification of other activities of the company or group of companies of which it forms a part.*

3 Solar assets and activities not eligible under these Criteria

The following offshore assets and activities are **NOT** eligible for Certification under these Solar Criteria as they are instead addressed under the [Marine Renewable Energy Criteria](#):

- Offshore solar electricity generation facilities
- Wholly dedicated transmission infrastructure and other supporting infrastructure for offshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.
- Offshore solar thermal facilities such as solar hot water systems.

² Entity and SLD certification under the Climate Bonds Standard recognizes two levels of Certification. Level 1 is known as “Aligned” and represents alignment with 1.5 degree pathways at the time of Certification, Level 2 as “Transitioning” and represents transitioning to align with 1.5 degree pathways by 2030 at the latest. See Parts C and D of the [Climate Bonds Standard v4.0](#) for further information on these two levels.

³ Ibid