

Climate Bonds Guide to Certification

SUSTAINABILITY-LINKED DEBT INSTRUMENTS



Climate Bonds ^{INITIATIVE}



SHOW YOUR CREDIBILITY WITH **CLIMATE BONDS CERTIFICATION**

The [Climate Bonds Standard and Certification Scheme](#) is a voluntary labelling scheme for investments that address the challenge of climate change, and are consistent with the goal of limiting global temperature rise to 1.5°C above pre-industrial levels.

Launched in 2012, the Standard was initially designed as a mechanism to support confidence in the climate change action credentials of green bonds and other debt instruments and to provide a tool to allow quick investment decision making. Climate Bonds have Certified over USD270bn of Use of Proceeds Green Bonds since the launch of the Certification Scheme.

The latest [Standard](#) expands Certification coverage to general purpose instruments, such as Sustainability-linked debt instruments, Assets and Entities. [Certification](#) under this Standard confirms that debt instruments, assets, or entities meet [Criteria](#) published under the Climate Bonds Standard. Transparently developed scientific criteria underpin the Scheme and independent assessment is provided by a network of Climate Bonds Approved Verifiers.

An international independent Climate Bonds Standard Board, comprised of institutional investor representatives and reporting to the Trustees of the Climate Bonds Initiative, provides oversight and a strong governance framework for the Scheme.

Benefits of Certification



The Certification label is an endorsement of the green credentials of the Sustainability-linked debt instruments and the ambition and credibility of corporate transition plans.



The science-based eligibility criteria are developed through a rigorous process, demonstrating credibility and robustness.



Certification increases visibility to investors.



A globally recognised symbol of best practice in green finance.



Clearly demonstrates to the market that the certified instruments meet the highest standards for climate integrity.



Enhanced reputation benefits for Issuers, Companies or Asset owners.

SUSTAINABILITY-LINKED DEBT INSTRUMENT CERTIFICATION



These general-purpose debt instruments have coupons linked to forward-looking commitments made by the Entity to future delivery of sustainability outcomes, often in the form of company-level Key Performance Indicators (KPIs).

The Standard provides transparent science-based climate mitigation Criteria for credible Sustainability-linked debt. The Certification rules for Sustainability-linked debt aim to address concerns of issuers and investors on the burden of information and reporting requirements, while maintaining robustness and credibility.

The framework adopted by Climate Bonds emphasizes the key governance elements that are important indicators of a company's willingness and ability to deliver on its decarbonisation targets, and adds the granularity needed to ensure that those targets are ambitious and in line with the agreed climate goals.

A quick guide to Eligibility

1

The requirements for Sustainability-linked debt instrument Certification relies on Performance Targets and supporting Transition Plans and Governance structures to enable the delivery of those targets.

2

Sustainability-linked debt Certification is only available to debt instruments issued by legal Entities.

3

Certified Sustainability-linked debt may be linked to activities that either have emissions already at or near zero (Level 1: Aligned label), or significantly above net-zero but with targets and plans aligned with 1.5 degree pathways (Level 2: Transition label).

4

Certification is limited to Sustainability-linked debt linked to activities for which the Climate Bonds Initiative has [Climate Bonds Standard Sector Criteria](#).

5

The [Sustainability-linked debt Checklist](#) describes more precisely what is required in order to qualify for Sustainability-linked debt Certification.

OUR LABELS

The Climate Bonds expanded Standard and Certification Scheme offers two levels of Certification for Sustainability-linked Debt:

LEVEL 1



Climate
Bond
Certified

Aligned

Sustainability-linked debt
1.5° aligned

The Sustainability-linked debt issuers are already aligned with 1.5 degree pathways. This category includes both those already near net-zero and those above net-zero but within sectoral 1.5 degree pathways and transition plans that predict alignment with the sector specific pathways going forward.

LEVEL 2

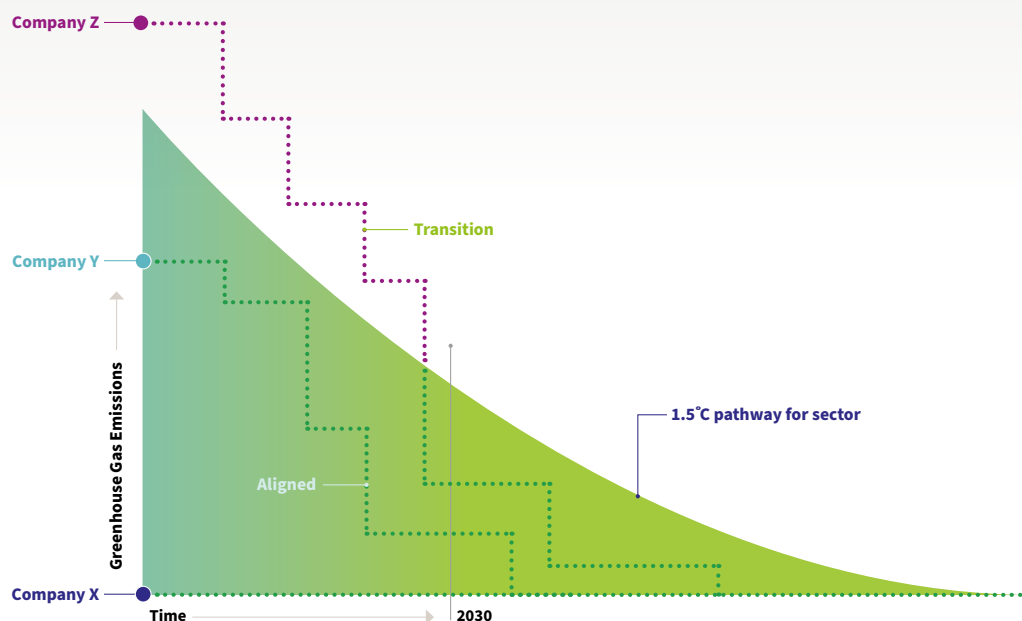


Climate
Bond
Certified

Transition

Entity Transitioning to
1.5° aligned

The Sustainability-linked debt issuer has transition plans that predict that they will be aligned with 1.5 degree pathways by 2030.



Certification is available for Single Sustainability-linked debt instruments, as well as for a Series of issuances (Programmatic):

	Sustainability-linked debt instrument (SLD).	Programmatic Sustainability-linked debt instruments (SLDs).
Certification attaches to	Single SLD.	Each SLD in a series of regular SLD issuance under a single Certification Agreement.
Suitability	Corporate Issuers of SLDs (as for Entity Certification) the proceeds of which are used for general corporate expenses.	Corporate issuers of SLDs (as for Entity Certification) the proceeds of which are used for general corporate expenses.
Eligibility rules	Proceeds can finance general corporate expenses. The issuing company must meet the requirements for Entity certification.	Proceeds can finance general corporate expenses. The issuing company must meet the requirements for Entity certification.
Validity of certification	Term of debt instrument.	Term of each instrument in the program.
Types of instruments that can be certified	Sustainability-linked bonds and loans, irrespective of tenor.	Sustainability-linked bonds and loans, irrespective of tenor.
Regularity of verification	At the time of applying for certification and then annually thereafter.	At the time of applying for certification and then annually thereafter.
Examples	Certification of an SLB issued by a Cement manufacturing company.	Certification of a series of SLBs issued by a Cement manufacturing company.
Safeguards on wider entity	Yes – on wider Parent Group.	Yes – on wider Parent Group.

CERTIFICATION PROCESS

SUSTAINABILITY-LINKED DEBT INSTRUMENTS

SLD Certification Application

1. Certification Agreement
2. Certification Information Form (CIF)
3. Verification Report

Submitted to CBI

Certification Awarded by Climate Bonds



12 MONTHS

Annual Verification and Reporting

Certification confirmed by Climate Bonds



New SLD Issuances in the year?

YES

Certification of new bonds Awarded by Climate Bonds



CIF for new SLD

Certification is confirmed or awarded

Decision

Reporting

Has all the SLD matured?

YES

End of process



Contact us

Contact email for Certification Team: certification@climatebonds.net

Detailed requirements information on Certification can be found on the Climate Bonds website: <https://www.climatebonds.net/certification>

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Certification under the Climate Bond Standard relates exclusively to the conformity of one or more designated debt instruments, designated assets and/or designated entities with the applicable Climate Bonds Standard at the time of certification. Certification under the Climate Bond Standard carries no implication (and should not be understood as carrying any implication) as to any other aspect of any debt instrument or investment product or any collection of debt instruments or investment products or any asset or entity or group of assets or entities or as to continuing conformity at any time after the time of certification. In particular, such certification carries no implication (and should not be understood as carrying any implication) that any stated target has been or will at any time be met or that any particular legal or regulatory requirement has been or will be satisfied.

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