**Media Release**

A ‘new chapter’ for sustainable finance

Climate Bonds Expansion into Transition-Standards, Policy, Market Screening Capabilities

*Transition focus on Industry, Energy and Agri-Foods Systems for 2022-23*

**London:20/10/2022: 09:00 (GMT-4):** The [Climate Bonds Initiative](http://www.climatebonds.net/) has announced it will expand the Climate Bonds Standard and Certification Scheme to address sustainability-linked bonds (SLBs) in December of this year. The launch will conclude a year in which Climate Bonds has established a slate of criteria for hard-to-abate sectors, helping to expand the scope of sustainable finance.

Climate Bonds is working to meet the climate crisis and facilitate the transition to a green economy. To help lay out a credible transition to net zero, Climate Bonds is providing robust standards, actionable policy recommendations, and up-to-date market intelligence.

# Sean Kidney, CEO, Climate Bonds

**“**Sustainable finance has been undergoing a vital evolution over the last couple of years, witnessing the emergence of exciting new labels. Among them, sustainability-linked bonds and transition bonds take their place as climate-saving vehicles for transforming existing emitters into the clean corporates of the future.”

“Climate Bonds’ is well versed in tying green investment standards to international targets on climate change. The potential for transition instruments should not be dismissed and the expansion of our Standard to include assessment of these instruments will fire ambition and integrity into the market.”

**Transition Standards — A credible road to net zero**

Over the past year, the Climate Bonds Standard has added several ‘hard-to abate’ or ‘transition’ sectors to its Standard and Certification Scheme – a screening tool and label for sustainable finance, influential in the development of the green bond market. Specifically, [basic chemicals](https://www.climatebonds.net/standard/basic-chemicals), [cement](https://www.climatebonds.net/standard/cement), [steel](https://www.climatebonds.net/standard/steel), and [hydrogen](https://www.climatebonds.net/standard/hydrogen) are or will shortly be covered, alongside renewable energy, grids, buildings, transport, waste management, water infrastructure, forestry and agriculture. Such criteria can guide issuance of transition bonds, a market that reached a lifetime volume of USD10.7bn at the end of H1 2022.

**Sustainability Linked Bonds — A new tool for transition**

Sustainability Linked Bonds are new financial tool which allows entities to finance improvements in their environmental performance. Unlike typical green and transition bonds, SLBs come with no restrictions on the use of proceeds. Instead, issuers commit to improving their environmental performance at the entity-level against KPIs and link the achievement of these pledges directly to the coupon paid to investors. Climate Bonds’ [Standard V.4](https://www.climatebonds.net/files/files/DRAFT-climate-bonds-standard-v4-public-consultation-060922-Final.pdf) (now open for public consultation) prepares the way for entity-level assessment, and SLB Certification is being readied for December 2022.

By the end of H1 2022, Climate Bonds recorded SLB volumes of USD176.6bn. However, the market’s infantile years have raised concern over greenwashing due to varying ambition levels of the KPI’s central to SLB issuance. Climate Bonds’ coming expansion of its Standard and Certification Scheme to SLBs seeks to redress this issue. See [here](https://www.climatebonds.net/files/files/DRAFT-climate-bonds-standard-v4-public-consultation-060922-Final.pdf) for the draft Climate Bonds Standard 4.0 and [here](https://www.climatebonds.net/files/files/Transition%20Finance/Transition-Finance-for-Transforming-Companies-6-Sept-2022.pdf) for supporting information. Consultation is open till 4 Nov and all feedback to [public.consultation@climatebonds.net](mailto:public.consutation@climatebonds.net) is welcome.

**Policy and Market Intelligence — Guiding the transition**

As the market expands, so do Climate Bonds’ activities. 2022 has seen a dramatic expansion in Climate Bonds’ market intelligence and policy programmes. The new Social and Sustainability Database launched in October is aimed at providing issuers, investors and other market participants with new insights into these growing investment themes and their constituent issuers and instruments. Additionally, policy papers on fossil gas, steel transition, and other critical topics provide policy makers with guidance on facilitating a rapid, robust transition.

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**Notes for Journalists:**

**About the Climate Bonds Initiative:** Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low carbon economy. Climate Bonds undertakes advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis, and administers an international Standard & Certification Scheme for best practice in green bonds issuance. For more information, please visit [http://www.climatebonds.net/.](https://www.climatebonds.net/)

**About Climate Bonds Standard:** It is an overarching science-based, multi-sector standard overseen by the Climate Bonds Standards Board that allows investors and intermediaries to easily assess the climate credentials and environmental integrity of bonds and other green debt products. The Standard, which is used in conjunction with the organisation’s Certification program and market analysis functions, has also been influential in the birth of other green bond frameworks and taxonomies across the globe. The green bond market stood at USD1.9trn in lifetime volumes at end H1 2022

# For more information, please contact:

Liam Jones

Communications and Media Officer T: +44 (0)7463 733 900

E: [liam.jones@climatebonds.net](mailto:liam.jones@climatebonds.net)

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