Climate Bonds Initiative

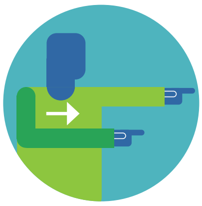
MOBILISING CAPITAL FOR CLIMATE ACTION

Contents

1. Introduction to Climate Bonds Initiative

Climate Bonds Initiative (Climate Bonds) is an international not-for-profit organisation working to mobilise global capital for climate action. Climate Bonds has played a central role in transforming the green bond market from a niche concept to a mainstream source of capital for sustainable development, driving quality of issuance through the development of science-based green definitions in line with the Paris Agreement.

Mobilising global capital for climate action



As financial market volatility increases and we grapple with multiple crises, the Climate Bonds mission is more important than ever. We must act urgently to address the climate crisis by cutting emissions to bring economies in line with 1.5-degree warming and build the resilience of communities to protect them against the worst climate impacts. As underscored by the Intergovernmental Panel on Climate Change (IPCC), this decade is critical to the future of our planet. To avoid runaway and catastrophic climate change, we must halve emissions by 2030.

Climate Bonds was created with a vision to mobilise institutional investors to counter the short-termism and vested interests that infect politics and finance and undermine action on climate change. With a mission to mobilise global capital for climate action, Climate Bonds aims to educate, inspire, convene, and steer a global collaboration of institutional investors, governments, development banks and industry to shift capital toward low-carbon and resilient investments.

Mission: Mobilise global capital for climate action

Vision: Global warming limited to 1.5°C and societies and ecosystems are resilient to the impacts of climate change.

1: Support the growth of a large and credible sustainable finance market

2: Inspire investors to support the transition to a green and resilient future

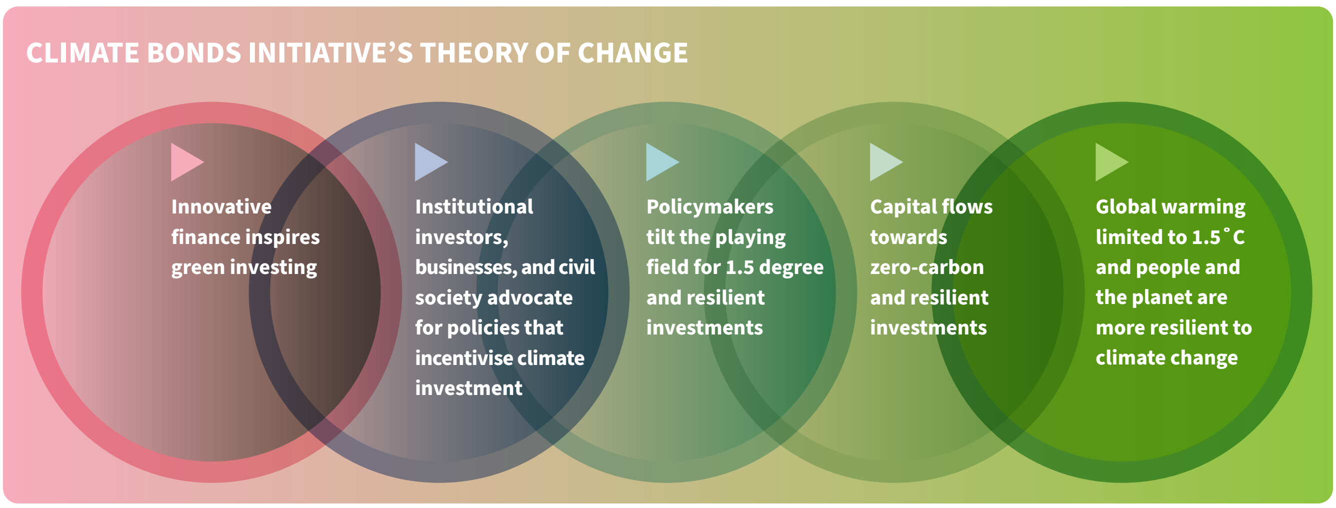
3: Influence governments to tilt the playing field toward green and resilient investments

4: Optimise Climate Bonds' impact by strengthening internal strategies, structures, and processes.

Theory of Change

Strong state action is necessary to mobilise capital with the speed and scale that is needed to fund a rapid and just transition to a 1.5 degree aligned and resilient global economy. Market forces alone are insufficient to meet the urgency for climate action. Accordingly, a constructive partnership between capital markets and governments, with a markedly different regulatory environment to support the required capital formation is essential.

Large volumes of global debt capital, currently achieving low or negative interest rates, can be redirected to high-yield climate investments while simultaneously protecting investment portfolios from climate transition and physical risks. The green bond market has demonstrated that if investors are offered credible green investments, they will invest – as evidenced by investor demand far outstripping supply of green bonds. Simultaneously, there is an urgent need to shift policies, regulations, and incentives away from unsustainable activities and toward activities that are compatible with a 1.5-degree and resilient future.



Key achievements

- **Climate Bonds drove the development of the USD2tn green bond market globally** through promotion and market infrastructure combined with definitions, certification, tracking, reporting and commentary. This is now the world's fastest growing bond market, in both developed and emerging markets. From 2014-2021 the market saw 50 times growth in global issuance.
- **Climate Bonds has done this in emerging markets as well as developed** and China is now the world's second largest green bond market. Climate Bonds was a key advisor to China's Central Bank in creating their green bond market; the Chinese green bond market (2021 estimate = USD109.5bn) would not exist without Climate Bonds.
- **Climate Bonds is making independent verification of green claims a global norm**. 95% of bonds issued globally now use an independent review and some USD230bn of those have received the 'gold standard' of Climate Bonds Certification.
- **Driving forward climate action, Climate Bonds provides international thought leadership** to define the credible transition to net zero in hard-to-abate sectors, reducing the risk of greenwashing.
- **Since 2018, the Climate Bonds Training Academy has empowered finance and sustainability professionals to harness the potential of green finance to support the transition to a low-carbon economy**. Climate Bonds flagship Green Bond Training has taught more than 1,000 capital market professionals in more than 30 countries. This training supports the growth of a large and credible finance market. Climate Bonds' global reputation rests on the nature and quality of the training programmes, which are Continuing Professional Development (CDP) certified, meaning they are accredited with professional career development objectives.
- **Climate Bonds advises governments and market stakeholders** in the EU, the US, China, India, Brazil, Australia and more on green finance.
- **Climate Bonds supports regulators in some major 20 countries** with the evolution of green guidelines and green taxonomies. Climate Bonds established the idea of taxonomies as a common global procurement list to meet the ambitions of the Paris Agreement.
- **The Climate Bonds Green Bond database includes more than 10,000 green-labelled, Taxonomy-aligned debt securities** and informs multiple indices which form the basis of passive investment products.
- **Climate Bonds has accrued a strong network of institutional investors**, with over USD40tn of assets under management (AUM) represented across Boards and Committees.

2. Green Finance Driving Sustainability

Climate Bonds is at the forefront of advances in green finance, collaborating with numerous global stakeholders, including governments, investors, banks, and large companies. Climate Bonds drives the market with:

- The only certification scheme for green bonds globally
- Provision to global fund managers and nearly all green bond indices of regular green bond data and market analysis
- Advice on green capital markets development and advocating for ambitious changes in the financial industry.

Figure 2 provides an overview of the broad activities we undertake.

Integrated Workstreams

Climate Bonds main workstreams are green bonds standards and certification; market intelligence; policy analysis and advocacy; communications, events and media; campaigns; capacity building; investor engagement; technical assistance and taxonomy development.

Figure 2. Climate Bonds integrated workstreams

Climate Bonds activities

POLICY ANALYSIS AND ADVOCACY

- Global and country level policy research and analysis
- Policy advisory to governments, regulators, central banks, and cities
- Government engagement
- Publication and dissemination of reports, policy briefs, blogs, webinars

STANDARDS AND TAXONOMIES

- Green bond standards and definitions
- Climate Bonds Taxonomy
- Advisory on Regional standards and taxonomies
- Thought leadership on green definitional frameworks

CAPACITY BUILDING

- Technical Assistance to issuers, governments, development banks, financial institutions and investors
- Training workshops and programmes
- Review of portfolios, assets, and pipelines for alignment with taxonomy and standards
- GSS+ Bonds Framework Advisory

CERTIFICATION

- Climate Bonds Standard V3.0
- Certification of green bonds, loans, and other debt instruments
- Entity certification
- Vetting and approving third party verifiers

INVESTOR ENGAGEMENT

- Provision of green bond and climate-aligned data services, analysis and advisory
- Thought leadership, tools, and knowledge to empower investors to navigate, instigate, and influence change
- Assurance on the environmental integrity and credibility of green financial products
- Convening of global network of sustainable finance leaders, issuers, intermediaries, and policymakers

MARKET DEVELOPMENT

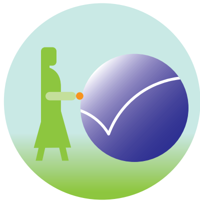
- Catalysing green finance markets in Asia Pacific, Africa, Latin America, and the EU
- Stakeholder engagement and convening through events, conferences, and meetings
- Partnership development to foster local green finance initiatives
- Advisory on localised green finance strategies through stakeholder engagement

MARKET INTELLIGENCE AND RESEARCH

- Climate Bonds Green Bonds Database
- Data provision to major green bond indices providers, financial data providers, and investors
- Research, analysis, and reporting on green bond market evolution
- Demonstrating investment pipelines through Investment Opportunity Reports

Standards and Certification

Providing confidence in the credentials of green bonds



The Climate Bonds Standards and Certification Scheme provides definitive clarity to eliminate greenwashing through an internationally acknowledged framework for certifying green bonds, loans, and other debt instruments.

The Scheme is used globally by bond issuers, governments, investors, and the financial markets to prioritise green investments. Confidence in the credentials of green bonds to avoid greenwashing is essential. To that end, **Climate Bonds provides credible, science-based guidelines about what should and should not be considered a qualifying investment, enabling investors to make informed decisions about the environmental credentials of a bond**. Rigorous scientific criteria ensure that it is consistent with the goals of the Paris Climate Agreement to limit warming to 1.5 degrees.

Under the Scheme, an Approved Verifier will assure whether a bond Issuer's upcoming bond meets the requirements of the Standard and sector-based technical criteria. The Standard incorporates the reporting and transparency features of the International Capital Market Association's (ICMA) Green Bond Principles and the Loan Market Association (LMA) into Climate Bonds' green loan principles. A Climate Bonds Standard Board, made up largely of investor representatives, provides oversight over the implementation and operation of the Scheme.

Sector Criteria are developed through a multi-stakeholder engagement process, initially by Technical Working Groups comprised of sector experts in each sector, convened and managed by Climate Bonds. Draft Criteria are then reviewed by Industry Working Groups, which assess their practical application, followed by a public consultation process.

Climate Bonds has established sector Criteria for renewable energy, low-carbon buildings, land and ocean, transport, water, waste management, agriculture, forestry, shipping and electrical grids and storage sectors. Work is underway to add sectors that need to transition such as steel, cement, and chemicals.By the end of 2022, cumulative certified issuance had exceeded USD258bn and represented 13% of the green bond market.F igure 3 depicts sector criteria currently available for certification.

Taxonomy Development

Identifying the universe of qualifying investments

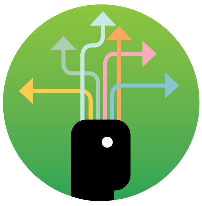
The Climate Bonds Taxonomy identifies assets, activities and projects needed to deliver a low carbon economy. Consistent with the goals of the Paris Agreement, the Taxonomy is based on the latest climate science, including research from the IPCC and the International Energy Agency (IEA). The Taxonomy is used to screen bonds to determine whether assets or projects underlying an investment are eligible for green or climate finance. The Taxonomy can be used by any entity looking to identify which assets, activities, and associated financial instruments are compatible with a trajectory to net zero by 2050. Where detailed analysis of a sector has been undertaken, and specific eligibility Criteria have been developed, bonds in that sector can be Climate Bonds Certified.

The idea of a taxonomy of science-based definitions of sustainable investments was first developed as an approach by Climate Bonds in 2012 to help push the nascent green bonds market towards ambitious climate investments. The Climate Bonds Taxonomy then became the model for approaches in China, the EU and other economies as top-down regulatory guidance on what constitutes a green investment. Over 20 countries around the world have taxonomies complete or in development, with more being added all the time. Climate Bonds has been involved at various levels in most of those projects around the world.

Figure 3: Sectors available for Climate Bonds Certification

Market Intelligence

Maintaining credibility of a fast-growing bond market



Climate Bonds' Market Intelligence activities span a host of data products, solutions, and analyses focused on applying rigorous definitions, including the Climate Bonds Taxonomy to help ensure the credibility of the Green, Social, Sustainability, Sustainability-linked and Transition (GSS+) bond markets.

The team's work involves tracking and reporting on all global issuance; this data is then made available to investors to aid in capital allocation decisions. The Climate Bonds database includes more than 10,000 green-labelled, Taxonomy-aligned debt securities. It informs multiple green bond indices from S&P, MSCI, JP Morgan, Citi, IHS Markit and Solactive. In addition, Climate Bonds develops methodologies and datasets on other thematic market segments including:

- The Climate Bonds Social & Sustainability Bond Database
- The Climate Bonds Climate-Aligned Issuer Dataset, and
- The Climate Bonds Sustainability-linked and Transition Bonds and Issuers Database (in development)

Climate Bonds produces several key industry publications including the flagship **Global Sustainable Debt - State of the Market** report series. The latest report, published in April 2022, showed USD2.8tn outstanding (including USD1.6tn of green, USD540bn of social, and USD520bn of sustainability bonds). Regional reports have also been published in 20 countries around the world.

Other flagship thematic series include, but are not limited to, the following:

- **Green Bond Pricing in the Primary Market**, investigates the dynamics of green bond pricing in the primary market to determine whether green bonds offer cheaper funding to issuers;
- **Post-Issuance Reporting in the Green Bond Market**, tracks the evolution of quality and depth of disclosure in issuers' post-issuance reporting;
- **The Green Infrastructure Investment Opportunity** (GIIO) reports which aim to identify and demonstrate green infrastructure investment opportunities around the world. Climate Bonds has published GIIO reports for Australia & New Zealand, Brazil, Indonesia, Philippines, Malaysia, Thailand, Vietnam, and the Greater Bay Area (China).

Policy Engagement

Raising climate ambition in public policy

The Policy Engagement team engages with governments and other policymakers so that they implement fiscally efficient policies to direct public and private capital flows to the net zero transition. The scaling of sustainable finance requires policy intervention to guide and accelerate the growth and align global financial markets with a 1.5-degree pathway. While governments have demonstrated willingness to act with nationally determined contributions (NDCs) and net zero commitments, they need guidance on how to catalyse financing for decarbonisation. The core focus of Climate Bonds policy engagement is to help influence positive change by supporting governments, policymakers, regulators, and businesses to align with the objectives of Climate Bonds and take the necessary steps to mobilise capital for climate action.

Climate Bonds engages with governments and the public sector on three levels:

1. Measures by government to enable investments necessary to address climate change. The team also works with governments to develop sovereign green bond issuance. For example, in 2020-21, Climate Bonds assisted with the development of the Italian sovereign green bond framework and developed a set of policy recommendations to channel private finance to meet Italy's climate goals.

2. Development banks, from multi-lateral to national: a rapid shift in global capital to support the transition to a lower carbon economy needs active support from development agencies. Climate Bonds promotes a range of blended finance options that leverage private capital at scale. There is huge opportunity to transform the world's development banks from direct lenders to green-focused leverage facilities.

3. Regulators and central banks: Climate Bonds has been part of the movement to get regulators and central banks around the world to grapple with the challenge of addressing the potential risks to financial stability arising from a climate change impacts and climate policy changes. Central bank policy work has suggested how central bank operations can incorporate climate considerations; mitigating climate-related risks and tilting central bank operations to enable green capital flows. Key Climate Bonds policy papers on this include: Greening the Financial System: Tilting the Playing Field: The Role of Central Banks and Embedding Sustainability into the COVID recovery: A Primer for ASEAN Central Banks.

Investor Engagement

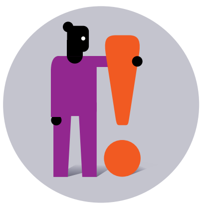
Empowering investors to drive positive change

Climate Bonds has developed a Partners Programme to support the global financial sector including investors, banks, issuers, and services providers. Banks, institutional investors, private and non-governmental organisations (NGOs) and governments are eligible to join as Climate Bond Partners to help grow the green bonds market. Partners support investor and stakeholder outreach and education projects centred on developing robust and sustainable green bond markets that contribute to climate action and low carbon investment.

The tools available to Partners include direct access to the most comprehensive and climate-relevant databases, key insights, and engagement with leaders in green climate finance. Climate Bonds Partners benefit from regular market reports. They receive the same data used to inform green bond indices by MSCI, S&P DJI, Solactive, and others, from bond commentary to issuer analysis. Partners have several opportunities to connect with a global, growing network of existing Partners and Climate Bonds stakeholders. They benefit from help and advice on green tagging within portfolios, team briefings on market opportunities, and presentations at client conferences.

Communications and Media

Influencing the public discourse



The Communications team leads the development and execution of an integrated, multi-channel communications strategy deployed at the global, regional, and national levels. The team provides support across all functions of the organisation along four pillars of action:

- Team management, systems, and performance
- Brand, positioning, and influence
- Supporting Climate Bonds' strategic objectives and activities; and
- People, culture, and connectivity

Harnessing the power of both digital and traditional media, the Communications and Media team cultivates Climate Bonds' expertise across financial markets and continues to build and strengthen its authority, brand, and positioning as a thought leader in sustainable finance. Climate Bonds works to build key audiences and networks of stakeholders to expand its influence and mobilise trillions toward climate action and move the world onto a 1.5-degree development pathway.

Capacity Building and Training

Building future leaders

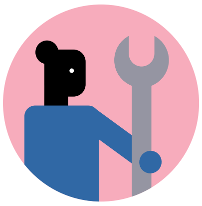
Climate Bonds has been designing and delivering market development and capacity-building activities globally since 2018. It offers public, private, and tailored training programmes informing, stimulating, and preparing the market to issue labelled bonds. The portfolio of courses includes Fundamental Courses, Deep Dives and Masterclasses with a selection of Continuing Professional Development (CPD) certified training.

Training Courses, Deep-Dives and Masterclasses

Since 2018, the Climate Bonds Initiative Training Academy has empowered professionals in finance and sustainability to harness the potential of green finance as a tool to support the transition to a low-carbon economy. Climate Bonds has developed a series of leading training options to empower the next generation of sustainable finance leaders to take action and can offer training either in private or through its public training programme.

The signature Climate Bonds' Green Bond Training has taught more than 1,000 capital market professionals worldwide. It provides comprehensive knowledge about the role and impact of green bonds in shifting financial practices to support sustainable development, including the latest data and information on the green bond market globally and regionally, the issuance process in detail, stakeholders and investment themes and other vital elements The Fundamental Courses present overarching information that forms the learning journey's base. The Transition Roadmap course, currently in development, will translate transition concepts and their applicability to debt instruments and entities.

The Deep Dive series provides more detail on technical areas, including Taxonomies, Verification and Certification, sub-national sustainable finance through thematic labelled bonds, the green, social and sustainability bond issuance process, and transparency and reporting. Masterclasses are shorter learning sessions in the format of webinars, roundtables or workshops which are tailored to the clients' needs and delivered to a larger audience.



Technical Assistance

Best practice sustainable finance

The Technical Assistance (TA) team supports clients and beneficiaries in the process of issuing a thematic bond, and in portfolio reviews to identify green projects, assets and activities. Climate Bonds provides TA to extend its knowledge and skill offering across the value chain for issuers and investors to increase issuance and create a best practice sustainable finance market.

The TA team builds on our Taxonomy expertise to create a foundation for portfolio and asset reviews. The team currently works with sovereign and corporate issuers. Climate Bonds strategic objectives include expanding its TA services to Institutional Investors, including MDBs, Asset Managers, Funds and Pension Funds. Climate Bonds is developing a model for the entity level to support the growth of SLBs and transition bonds and expanding its offering in post-issuance support for issuers.

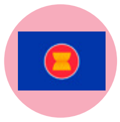
One case example is the technical assistance given to Banco de Bogotá in Colombia. Banco de Bogotá issued a green bond in 2020 for COP300bn (USD80.2m). As part of the engagement to Banco de Bogota, Climate Bonds support them with the issuer post issuance reporting.

Global Market Development

A global to local approach

Climate Bonds has implemented country-specific market development programmes to foster green bond markets in China, India, Brazil, and other countries. We have provided training in multiple markets, supported public and private issuers to enter the market and established green finance initiatives that bring investors and issuers together to learn about opportunities for green bonds.

ASEAN



Climate Bonds has worked with several ASEAN countries to support the development of taxonomies. Climate Bonds has collaborated with financial regulators in Vietnam, Singapore, Indonesia, and Thailand on their respective sustainable finance regulations. Climate Bonds supported the development of the ASEAN Taxonomy (2021) with sector agnostic guidance on principles to identify sustainable activities. For the Indonesian taxonomy, Climate Bonds was invited to provide broad intervention notes (2H2021). In addition, Climate Bonds supported taxonomy consultations in certain jurisdictions and provided taxonomy training to relevant stakeholders.

China

Climate Bonds has played a vital role in China's sustainable finance movement and has developed strong networks and partnerships with key financial sector regulators, including the People's Bank of China (PBOC), National Development and Reform Commission (NDRC), China Banking and Insurance Regulatory Commission (CBIRC), Ministry of Ecology and Environment (MEE) and the National Association of Financial Market Institutional Investors (NAFMII).

Climate Bonds is a member of the China Green Finance Committee and has relationships with several provincial and municipal governments, including Beijing, Shanghai, Guangdong, Zhejiang, Jiangsu, Chengdu, Hong Kong and Macau.

Climate Bonds supported China's central and local governments in developing green standards and definitions. More recently Climate Bonds has played a key role in the alignment of the UoP rules between Chinese and global sustainable dept capital markets and the creation of a Common Ground Taxonomy between China and the European Union.

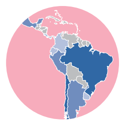
India

Climate Bonds has been active in India since 2016, with in-country staff since 2017. Climate Bonds is a member of the Green Finance Working Group from the Department of Economic Affairs on Taxonomy and a Special Invitee on a Working Group on Financial Sector Resilience. It is also a founder member of the India-UK Sustainable Finance Working Group, a private sector-led platform participating in India-UK G2G talks on sustainable finance. Together with the Federation of Indian Chambers of Commerce & Industry (FICCI) Climate Bonds founded the India Green Bonds Council.

Climate Bonds has delivered several projects in India across adaptation, resilience, risk, taxonomy, and transition, in addition to providing training and technical assistance on green bond frameworks and issuing credible green bonds. Climate Bonds' international and national experience, knowledge and networks enable a depth of understanding of policy constraints and capital market failures in green investment in India.

Indian GSS debt issuance increased more than six-fold (+585%) to reach USD7.5bn in 2021, following a pandemic-induced decline in issuance in 2020. Over 85% of the volume originating from India has some external review. Climate Bonds Certification is the preferred option by volume, closely followed by second-party opinions (SPO). Climate Bonds Certifications have 44% of the market share in the country. 2021 saw a 126% increase in green bond volumes with Climate Bonds Certification.

Latin America & the Caribbean



Since 2015 Climate Bonds has worked on market development in Latin America through engagement with investors and potential issuers and close collaborations with governments and development banks.

Climate Bonds prepared the Green Infrastructure Investment Report for Brazil in 2019, which identified opportunities in Brazil in renewable energy, low carbon transport, water infrastructure and waste management for power generation. This was followed by Unlocking Brazil's Green Investment Potential for Agriculture the following year, which identified projects eligible for inclusion in green bonds. In Brazil, Climate Bonds has Memoranda of Understandings (MoUs) with several government institutions (namely the Ministry of Agriculture, Ministry of Infrastructure, Ministry of Energy, Ministry of Regional Development, National Development Bank and Central Bank).

Climate Bonds has delivered taxonomy development projects in Colombia and Chile and has contributed to the development of Panama, Mexico and Argentina's Guidelines for GSS Bonds. Climate Bonds has delivered training in Brazil, Argentina, Chile, Colombia, Ecuador, Mexico, and Panama, as well as online programmes to Costa Rica and Dominican Republic.

Climate Bonds in numbers

Over **100 team members**

Operating in approximately **25 countries**

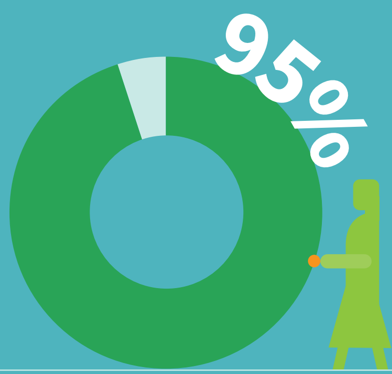
The **Climate Bonds Green Bond Database** includes more than **10,000 green-labelled, Taxonomy-aligned debt securities** and informs multiple indices which form the basis of passive investment products

Climate Bonds supports **regulators in 20 countries** with the evolution of green guidelines and green taxonomies

Climate Bonds advises governments and market stakeholders in the **EU**, the **US**, **China**, **India**, **Brazil**, **Australia** and beyond, on green finance.

Global teams in **Brazil**, **Mexico**, **China** & **India**

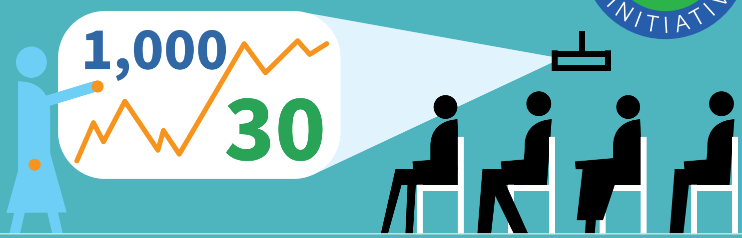
Climate Bonds is making independent verification of green claims a global norm - **95% of bonds issued globally now use an independent review**



Over **100 partner organisations** worldwide

Since 2018, the **Climate Bonds Training Academy** has empowered finance and sustainability professionals to harness the potential of green finance to support the transition to a low-carbon economy.

Our flagship **Green Bond Training** has taught more than **1,000** capital market professionals in more than **30 countries**



USD258bn of green bonds have received the gold standard of **Climate Bonds Certification**

3. Strategic Programmes

Transition Finance

Mapping pathways to a 1.5-degree, climate resilient future

The Transition programme is a multi-year, large-scale programme offering thought leadership to stakeholders from governments, NGOs, industry, and investors to define a credible, ambitious, and robust transition to a net zero economy by 2050. The programme was initiated in 2020 to understand that the whole economy must align with a 1.5-degree future and that the required financing could be sourced from global capital markets. The Transition programme aims to mobilise global capital to finance the transition to net zero emissions for hard to abate sectors.

Programme strategy:

1. Focus on hard-to-abate and enabling sectors in key locations
2. Emphasise the opportunities for investors
3. Develop large liquid transition bond market
4. Develop the standards and policy needed
5. Advocate for ambitious and science-led transition pathways
6. Be credible and outcome driven (technology-neutral)

There is a useful distinction between activities that do not have a long-term role in a low carbon economy and those that do. This is the foundation of a demarcated transition label. In broad terms, Climate Bonds proposes that:

- The green label be used for investments that:

  Have a long-term role to play in the low carbon economy and are near zero or following decarbonisation pathways in line with the Paris Agreement.

- The transition label be used for investments that:

  Are making a substantial contribution to halving global emissions by 2030 and reaching net zero by 2050 but do not have a long-term role to play; or,

  Will have a long-term role to play, but at present, the pathway to net zero is not certain.

Figure 4: Transitions Programme - Impact, Outcomes, and Activities

ACTIVITIES

Coalesce
Build consensus around transition frameworks

Criteria
Develop criteria for high carbon emitting sectors and enabling technologies

Expand certification to entity level transition plans

Policies
Advocacy and outreach to inform, provide policy models and governments advice to shape the development of EU, China, LatAm and India

Tools
Providing market research and data analysis to inform the transition finance landscape and disseminate definitions

Partnerships
Building investor and issuer understanding of transitions through outreach and socialization of concepts

Training and TA
Provide training on credible transition and direct technical assistance to develop aligned financial instruments

OUTCOMES

Credible transitions to 1.5 degree pathways across 12 sectors are being financed

Investment opportunities are identified using common frameworks

Scale and speed of growth of the transition debt market is accelerated through supportive policy

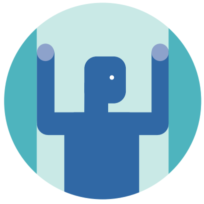
IMPACT

ACCELERATE THE TRANSITION TO A 1.5° ALIGNED ECONOMY

Achievements to date pertaining to Climate Bonds transition objectives:

- The Principles for a Credible Transition paper (October 2020) has been used by multiple international financial and thought leadership organisations in their transition principles development.
- The Transition Finance for Transforming Companies Paper (October 2021) lays out the principles underlying a credible entity transition strategy. These five hallmarks have been widely adopted into transition strategy guidelines. Climate Bonds is working on defining a standard set of principles for entity transition with key thought leaders in this space.
- In 2022 Climate Bonds was engaged by IPSF to support the development of transition principles which will define the global standard for transition finance.
- UoP transition investment criteria completed for steel production, cement production, and basic chemicals production. UoP transition investment criteria is being finalised for hydrogen production and early coal phase-out.
- UoP transition investment criteria is being developed for fossil gas infrastructure, mining and metals and agri-food commodity supply chains.
- Proceeds transition investment criteria are being developed for four additional agri-food sectors.
- Policymakers are working on the industry, finance, agriculture, transport, buildings and construction in the EU, Brazil, India, China and Japan to support credible standards for transition plan policies and ambitious taxonomies for transition finance.
- Legislators in the EU are engaged in the process of finalising legislation on taxonomy and sustainable finance
- Regulators in the EU (EBA, EIOPA, ESMA) are engaged in finalising regulations on the implementation and operation of sustainable finance legislation.
- Policy guidance for the EU's fossil gas and steel production transition has been finalised and published. Meetings, outreach and engagement to provide policy recommendations are a core part of Climate Bonds work and take place continuously.

Resilience



Protecting communities against climate impacts

Global commitments enshrined in the Paris Agreement, Sendai Framework, and the Sustainable Development Goals (SDGs) have established the ambition and provided a mandate for increased coherence in approaches to climate change, disaster risk reduction, and sustainable development. Yet substantial gaps remain in operationalising and financing the necessary and urgent action to fulfil these ambitions.

The Resilience Programme aims to scale-up capital flows to fill these gaps by mobilising capital markets for investments in social, economic, and ecological resilience, as well as physical resilience. The programme has two pillars:

1. Definitions: Climate Bonds will convene scientists and academics to define resilience activities in the form of a taxonomy designed for use by capital market participants. It will then convene investors, issuers, and policymakers to review definitions for useability in the financial sector.

2. Market Development:

a. Supporting demonstration issuance of resilience-focused green instruments;

b. Embedding resilience across national and regional taxonomies;

c. Providing policy recommendations on fiscally efficient measures to incentivise investments; and

d. Promoting blended finance instruments such as credit enhancement and guarantees on resilience taxonomy compliant activities.

Activities to date related to Climate Bonds resilience objectives:

- Integrating resilience criteria into existing Climate Bonds sector-specific standards for water, waste management, forestry, bioenergy, agriculture, and grids
- Publication of the Climate Resilience Principles that guide issuing a resilience bond
- Publication of two flagship reports in partnership with the Global Centre on Adaptation on the opportunity to scale up resilience finance through the green bond market.
- Influence and input into the adaptation objectives of the EU Sustainable Finance Taxonomy
- Influence and input into adaptation and resilience aspects of the Indian Taxonomy
- Tracking of adaptation related UoP bonds in the Climate Bonds Green Bond Database

4. Global Experience

Table 1 provides several examples of Climate Bonds' projects carried out globally.

Table 1: Selection of funded projects supported by Climate Bonds

Theme	Funder	Date	Project description
GREEN FINANCE DEVELOPMENT	**The Gordon Betty Moore Foundation**	2021 - 2023	Driving the Development of Agricultural Green Bonds
	Oak Foundation	2019 - 2022	Developing Green Bond Markets in South East Asia and across BRI
	Various funders including ADB, IDB, ECF ANZ Bank, Capital Markets (Malaysia), NAB Bank, Macquarie	2018 - 2022	Green Infrastructure Investment Opportunities (GIIO) Reports to identify and demonstrate green infrastructure investment opportunities worldwide, raise awareness of what is green and where to invest, and promote green bond issuance as a tool to finance green infrastructure. These reports are focused on a country or regional basis and include Indonesia, Vietnam, Philippines, Thailand, Brazil, Australia & New Zealand.
	Funders/sponsors: various	2016 - 2021	China market development and engagement to rapidly mobilise capital for environmental solutions through developing a large and liquid green and climate bond market that will help drive down the cost of capital for climate projects in China and the Belt & Road countries.
	Oak Foundation	2016 - 2019	Growing the global green bond market by bringing together public and private sector stakeholders in both emerging and developing countries and establishing a green bond campaign to close the investment gap for city climate action.
	FSDA (Financial Sector Deepening – Africa) Programme	2018 - 2019	Driving the development of a green bonds market in Nigeria.
	HSBC	2018	The Bonds and Climate Change: State of the Market 2020 report was an in-depth analysis of the climate-aligned and labelled green bond markets.
	ClimateWorks Foundation	2018	Identified a pipeline of low carbon, climate related assets and projects for green bond issuance, in the Belt & Road Initiative for ASEAN countries.
TRANSITION	**Children's Investment Fund Foundation**	2021 - 2024	Driving the low-carbon transition activities required to address the climate emergency and build long-term resilience
	New Venture Fund	2021 - 2024	Accelerating the flow of finance to support the transition of agriculture and food (agri-food) systems toward net-zero, resilient, and sustainable systems.
	Laudes Foundation	2021 - 2024	Accelerating Investments to Transition the EU Property Sector to Net Zero by 2050
	Growald Climate Fund	2022 - 2023	Catalysing finance for China's transition to a low-carbon economy
	FCO India	2018	Using Green Bonds to Raise International Capital for India's Transition to a Low-Carbon and Climate Resilient Economy Phase-(II).
CAPACITY BUILDING AND TECHNICAL ASSISTANCE	**UKPACT (UK Programme on Partnering for Accelerated Climate Transitions)**	2019 - 2020	Scaling up Green Finance and establishing building blocks for scalable and low carbon investment in Colombia.
	UKPACT (UK Programme on Partnering for Accelerated Climate Transitions)	2019 - 2020	India - Strengthening climate risk assessment and enabling central bank supervision in the Indian financial sector to equip Indian banks, NBFCs, and DFIs to consider climate risks in their financing decisions and to support the RBI in introducing climate risk into its supervision of financial institutions.
	Central American Bank for Economic Integration (CABEI)	2018 - 2020	Supporting CABEI with the development of a green bonds programme in the region.

Table 1: Selection of funded projects supported by Climate Bonds (continued)

Theme	Funder	Date	Project description
CAPACITY BUILDING AND TECHNICAL ASSISTANCE	**Inter-American Development Bank**	2018 - 2019	Supporting the Chilean Government's capacity to Issue green bonds.
	Proparco French Government's (Agence Française Développement)	2020 - 2023	Technical Assistance Facility - Supporting green, social and sustainable bond issuance to help the French Government's Proparco Agency's international partners develop sustainable bond issuance programmes.
	UK Foreign Office FCDO	2015 - 2016	Provided advice to the Securities and Exchange Board of India on the Development of Disclosure Guidelines for Issuing and Listing of Green Debt Securities Guidelines and developing guidelines for regulating green bonds.
	Abu Dhabi Global Market - for Abu Dhabi Financial Authorities	2019	Abu Dhabi Guiding Principles on sustainable finance to promote sustainable investment in the UAE.
Taxonomy	**GIZ (for EU DG FISMA)**	2020 - 2022	Support for IPSF – to develop the common ground between different taxonomies around the world.
	Asian Development Bank	2020 - 2021	Partnered with the Sustainable Finance Institute Asia to promote an interconnected, inclusive, and resilient ASEAN Capital Market.
Resilience	**Global Compact on Adaptation, Rotterdam**	2020 - 2021	Promoted better understanding of resilience investments and opportunities in the bond market and laid the groundwork for issuance of new resilience bonds through two new products: 1) State of play and opportunities scoping report 2) Investor and issuer's guide for resilience bonds.
	World Resources Institute (WRI)	2019 - 2021	Mobilising adaptation and resilience focused investment in Indian agriculture.
	BMU (German Ministry of Environment)	2018 - 2022	Growing the Resilience Bonds Market in collaboration with the WRI this project supported climate resilience actions in developing countries.
Policy	**European Bank for Reconstruction & Development (EBRD)**	2020 - 2021	Publication and engagement: Policy Design and Recommendations for Green Capital Market Incentives for Sustainable Development in Kazakhstan and Mongolia.

5. Governance and Leadership

Climate Bonds is a charity registered in England and Wales. Detailed information on the Board of Trustees is available on our website.

The Trustees are responsible for ensuring the financial stability of the charitable company, and the overall performance of the charity. Day-to-day decision-making is the responsibility of the CEO and the Senior Leadership Team (SLT). A comprehensive list with biographies of our growing team is available online.

Senior Leadership Team

Sean Kidney, CEO and Co-Founder

Claire Berson, Executive Director

Helen Ferguson, Director of People & Culture

Duncan Perritt, Director of Finance

Nicola Adams, Director of Operations

Bridget Boulle, Director of Technical Development

Anna Creed Director of Thought Leadership

Ujala Qadir Director of Strategy & Programmes

Trustees

Doris Honold

Jonathan Stone

Karen Kearney

Dr Rathin Roy

Dr Simon Cooper

Elizabeth Grayer

Kevin Steele

Nick Silver

6. Policy, risk and compliance

Climate Bonds has over 30 company policies that communicate our organisation's culture, values, and philosophy. These provide guidelines for decision-making processes and keep the organisation running smoothly. Copies of Climate Bonds policies can be supplied on request. Standard policies, procedures and practices regarding ESG (Environment, Social and Governance) are summarised in Table 2.

Table 2: ESG policies, procedures and practices

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Environmental Safeguarding Policy: Climate Bonds seeks to minimise the environmental impacts of its projects, programmes and operations, through: • **improving its environmental performance and integrating environmental management best practice into its operations,** • **improve its efficiency in the use of resources,** • **taking action to reduce the carbon footprint of its activities,** • **minimising waste generated from its operations,** • **managing its operations so as to minimise/prevent pollution,** • **considering environmental issues and energy performance in its use of buildings,** • **taking account of environmental criteria in its procurement of goods and services,** • **complying with relevant environmental legislation and requirements.**	**Code of Conduct Policy** – provides employees with framework of principles for conducting business, that affirms the organisation's belief in responsible social and ethical behaviour. **Conflict of Interest Policy** - outlines the rules regarding conflict of interest and the responsibilities of employees and the organisation in resolving any such discrepancies. **Occupational Health & Safety Policy** – provides for a safe work environment for the health, safety and welfare of employees, contractors, and others. **Safeguarding Policy** - aims to protect people, particularly children, at risk adults and beneficiaries of assistance, from any harm that may be caused due to their coming into contact with Climate Bonds. This includes harm arising from: (1) conduct of staff or personnel associated with Climate Bonds, (2) design and implementation of organisational programmes and activities. **Employee Handbook** – provides framework for staff with relation to employee relations and diversity, working conditions, conflict of interests, etc. issues.	**Anti-Bribery and Corruption Policy** - assists Climate Bonds employees, officers and operations teams all over the world to recognise issues, to avoid prohibited conduct where it is clearly prohibited, and to promptly seek guidance where there is uncertainty or lack of clarity. **Procurement Policy** - ensures that goods and services purchased by Climate Bonds are obtained in a cost-effective manner and in the best interest of the organisation. The policy extends to programme-related procurement **Whistle Blowing Policy** – provides guidance on how to proceed if there may have been a breach of the organisation's rules, or other malpractice may have taken place, or is likely to occur in the future.

7. Financial Statements

The company's Annual Reports, which include financial reporting, are audited and posted to Companies House in London. Recent copies can be requested or downloaded online.

Registered Offices

Climate Bonds Initiative
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Representation

London, Brussels, Paris, Athens, Cape Town, Delhi, Kuala Lumpur, Beijing, Sydney, Sao Paulo, Mexico City, Bogota, New York City

Design: Godfrey Design

www.climatebonds.net