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## **CalSTRS Joins Climate Bonds Standards Board to Boost Green Debt Capital Market**

*Goal to assure integrity of green claims for investors, governments.*

SACRAMENTO, 22 July 2011– The California State Teachers' Retirement System (CalSTRS), the largest teacher pension fund in the US with \$154.3 billion under management, announced today that it was joining the Climate Bond Standards Board.

The Standards Board is supervising a program to provide investors and governments an easy way to assess the integrity of environmental claims for green bonds.

“The transition to a low-carbon economy requires a wide range of energy and infrastructure investments,” said Jack Ehnes, CalSTRS chief executive officer. “We are concerned that the investments being made are the right ones. Climate Bonds Standards will provide a simple tool for investors to screen the opportunities that come before them. Our engagement with the Climate Bond Standards Board is about the investment community taking the lead in identifying appropriate investments.”

“We are looking for investment grade returns that also address climate change,” said Michelle Cunningham, CalSTRS director of fixed income. “We challenge industry and government to now provide the investment opportunities we need to both deliver secure pensions for our members and address the long-term systemic threat of climate change to investment values.”

Sean Kidney, chairman of the Climate Bonds Initiative, which is leading the standards program, said, “According to the International Energy Authority we need up to a trillion dollars a year to be flowing into low-carbon industries if we're to avert catastrophic climate change. A large part of that money will have to come from bond markets.

“We need to ensure it's invested properly to support a transition to a low carbon economy. Standards will provide an international tool for investors and governments to assess the integrity of green investments and to give them preference. It will support liquidity with green portfolios, essential for investors today.”

Some \$12 billion of bonds backed by investments related to climate change solutions have already been issued internationally. Growing this “green debt” market will provide institutional investors with opportunities to switch from carbon intensive to low-carbon investments – and fuel the growth of the low-carbon economy.

Funds under management by global bond traders reached \$105 trillion in 2010. Last year, more than \$6 trillion of new bonds were issued. Kidney noted that “the challenge of redirecting just 1 percent per year of funds under management into building the low carbon economy is therefore eminently achievable.”

CalSTRS will be one of a group of institutional investors and non-governmental organizations that make up the Climate Bond Standards Board. Previously announced members include the California State Treasurer Bill Lockyer, the Australian Investor Group on Climate Change, the Carbon Disclosure Project and the Natural Resources Defense Council.

A Climate Bonds certification will be issued to bonds that are backed by assets meeting the Standard. Qualifying assets will include wind farms, solar energy plants and a wide variety of assets required for a low-carbon economy. Licensed third party verifiers will review proposed bonds to confirm they comply with the Standard. According to Kidney, the first Standard will be released within weeks.

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For more information or interviews:

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See also FAQs at [http://climatebonds.net/proposals/standards/faq\\_standards/](http://climatebonds.net/proposals/standards/faq_standards/)