

FOR IMMEDIATE RELEASE

Climate Bond Standard released, open for business *Goal to Assure Integrity of Green Claims for Investors, Governments*

LONDON, 24 November 2011 – The Climate Bonds Initiative today released the final approved text of the prototype Climate Bond Standard.

The Standard will be a screening tool for investors and governments to support investment in delivering a Low Carbon Economy. Bonds complying with the Standard will be certified as ‘Climate Bonds’— a mark that assures their contribution to the delivery of a Low Carbon Economy. In its first iteration, the released version lists wind energy investments currently eligible with an expansion to solar energy and other renewable energy investments to follow in the coming months.

The finalized text was approved by the Climate Bond Standards Board, a group of institutional investors and leading environmental NGOs consisting of the [California State Teachers’ Retirement System](#) (CalSTRS); the [Natural Resources Defense Council](#); the [California State Treasurers’ Office](#); the [Investor Group on Climate Change](#) (IGCC); the [Carbon Disclosure Project](#); and the [Ceres Investor Network on Climate Risk](#) (INCR).

Jack Ehnes, CEO of Standards Board member CalSTRS, said, “We are looking for investment-grade returns that also address climate change. The Climate Bond Standard will allow us to know that investment opportunities put before us will be the right ones to build a Low Carbon Economy.”

Sean Kidney, Chair of the Climate Bonds Initiative welcomed the release saying, “This product allows for a new fixed income asset class to emerge and grow - one that will be focused on recognizing the investments needed to deliver a Low Carbon Economy by 2050 and on limiting the risk of dangerous climate change.”

The release concludes a 6-month development phase including a public consultation period and input from industry experts such as the [International Finance Corporation](#) (IFC), [Standard & Poor’s](#), [Aviva Investors](#), and [KPMG](#).

As well as types of investments that are eligible, the Standard will address traceability of funds and types of bonds that can be certified. Eligibility criteria for different types of investment will be released progressively over the coming year.

According to the International Energy Agency, approximately \$1 trillion a year is required out to 2050 in mitigation and adaptation investments. Funds under management by global bond traders reached \$95 trillion in 2010 and more than \$6 trillion of new bonds were issued.

Some \$12 billion of bonds backed by investments related to climate change solutions have already been issued internationally according to the Climate Bonds Initiative Issuance List. 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.

Nathan Fabian from the Investor Group on Climate Change, pointed to the need for more investment opportunities: “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.” The Investor Group on Climate Change is a Climate Bond Standards Board member.

About Climate Bonds Initiative:

The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. The Climate Bonds Initiative is developing:

- Proposals for governance architecture — regulatory mechanisms, standards, tax policies, green banks — that will support a rapid scaling up of investment.
- Models for engineering investibility in projects and assets necessary for attracting bond financing such as renewable energy, energy efficiency and forestry.

For more information or interviews:

Sean Kidney, Chair, Climate Bonds Initiative, sean@climatebonds.net, +44-75-2506-8331,
www.climatebonds.net

For FAQs see http://climatebonds.net/proposals/standards/faq_standards/

Quotes

Norwegian Government State Secretary Hilde Singsaas (responsible for the Norwegian sovereign wealth fund):

“The Climate Bond Initiative is an important project that could help spur the development of green bond markets suitable for institutional investors.

“Efforts to develop scientifically credible, evidence-based standards for what types of projects and technologies are eligible for green bond certification will be an important factor supporting the integrity of these markets. We will closely follow the development of this and other similar projects aiming to address climate change financing, and assess possible investment opportunities that fit with the investment strategy for the Government Pension Fund Global.”

California State Treasurer Bill Lockyer:

“Despite current circumstances, governments and investors around the world have a prime opportunity to transition to a sustainable, low-carbon economic growth path with the investment and employment benefits that entails. Climate Bond Standards offer a ready-made tool to assist this transition, in California and around the world. We look forward to working with other partners to set practical, integral standards for Climate Bonds.”

(Australian) Investor Group on Climate Change CEO Nathan Fabian:

“The transition to a low-carbon economy requires a huge range of energy and infrastructure investments. 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.”

OECD

“Governments should also support the setting up of a ‘rating agency’ or standard setter to rate and/or certify green projects (such as green bonds or green funds).

“A simple step would be for the OECD member countries to **participate in and support investor-driven ratings initiatives such as the Climate Bonds Standards Scheme**.

“Governments could also use the eligibility criteria of such schemes as a base reference for preferencing policies around fixed income investments. This would ensure consistency of labelling with international debt issuance: for smaller countries in particular this will support access to internationally focused institutional investors.”

Della Croce, Kaminker and Stewart (2011). “The Role of Pension Funds in Financing Green Growth Initiatives”, OECD Publishing, Paris.

James Cameron, Vice Chair, Climate Change Capital

“Bond finance built America’s highways, Europe’s drains and funded the Allies through two World Wars. Perhaps now we can raise Climate Bonds to deliver the quick, global transition required to head off runaway climate change.”

Nick Robins, HSBC Climate Change Centre for Excellence

“The Climate Bonds Initiative provides a welcome platform to investigate the policy and market framework that will simultaneously raise capital for low carbon solutions and provide attractive risk adjusted returns for investors.”

Quotes will be available from launch time (posted to the Climate Bonds website) from:

Christian Kjaer, CEO, European Wind Energy Association

Steve Lambert, Executive General Manager, Capital Markets, Wholesale Banking, National Australia Bank

Frequently Asked Questions

What sorts of bonds will be certified?

The Standard allows for certification of bonds backed by or linked to low carbon assets, specifically: project development bonds; corporate bonds linked to a pool of loans to compliant assets, or to the physical assets themselves; and bonds issued by securitization vehicles of individual loans to finance physical assets or equity investments in physical assets.

Is the Standard final?

The released Climate Bond Standard is a working prototype version designed to allow for certifying proposed Climate Bonds while taking note of any necessary changes, clarifications or additions to be made after a 6-month period. Any future changes to the Standard will *not* affect certifications already granted.

What does it cost?

An application for certification will cost one-tenth of a basis point of the value of the bond. Bond issuers will also be required to commission a third party review of their compliance with the Standard.

Who does the certification?

Approved third-party verifiers, such as KPMG and DNV, will review proposed bonds to confirm they comply with the Standard.

