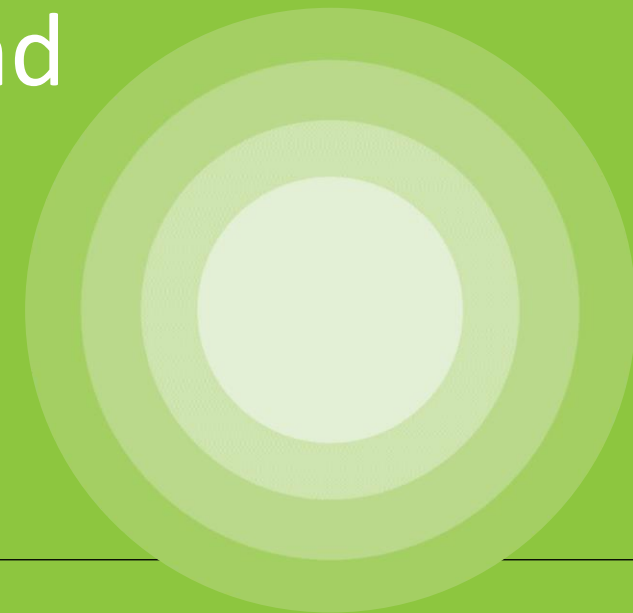


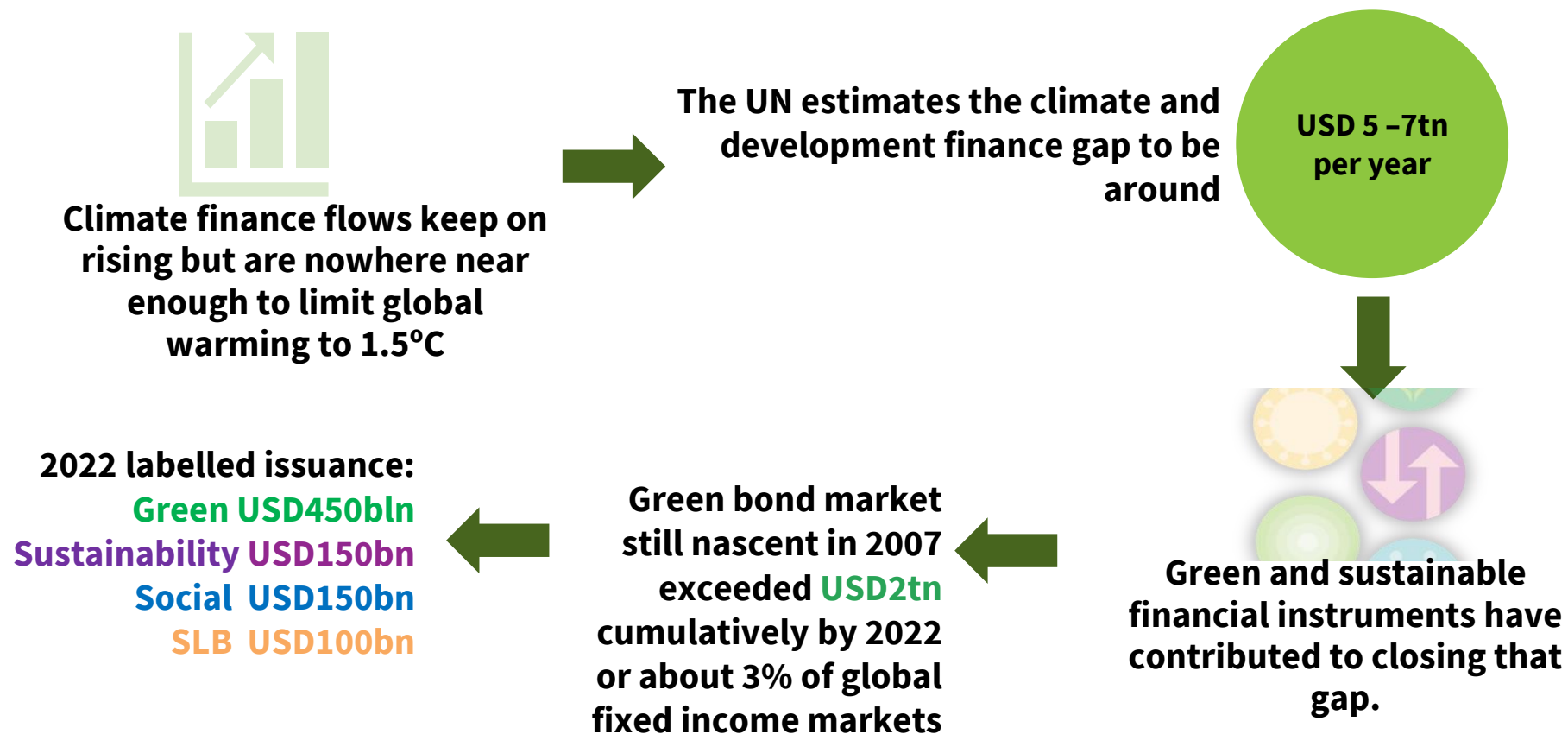
Green Financing Opportunities Conference

The Climate Bonds Standard and Certification Scheme

Athens 5 April 2023



Status quo of climate and sustainable investments



However, the speed and scale of climate investment is lagging. Action is needed across the broader economy in every industry, and finance will particularly need to support **rapid change in high-emitting sectors.**

The Climate Bonds Standard and certification scheme: Developed in 2012 with key market players. Composed of two pillars



Climate Bonds Standard details the management and reporting process.



Evidence-based sector criteria ensures consistency with the Paris agreement.

Fully aligned with ICMA's Green Bond Principles and Green Loan Principles.
Requirements for certification:

- 1) Internal procedures** and financial controls inside the bond issuer.
- 2) Reporting arrangements** which have been set up by the issuer.
- 3) Eligibility** of projects & assets.
- 4) Independent Assurance verification** by a Climate Bonds Approved Verifier

- Sector criteria have been developed by **Technical Working Groups (TWGs) and Industry Working Groups (IWGs)** made up of experts in those fields.
- New criteria developments are approved by the independent **Climate Bonds Standard Board**



CALSTRS

IIGCC



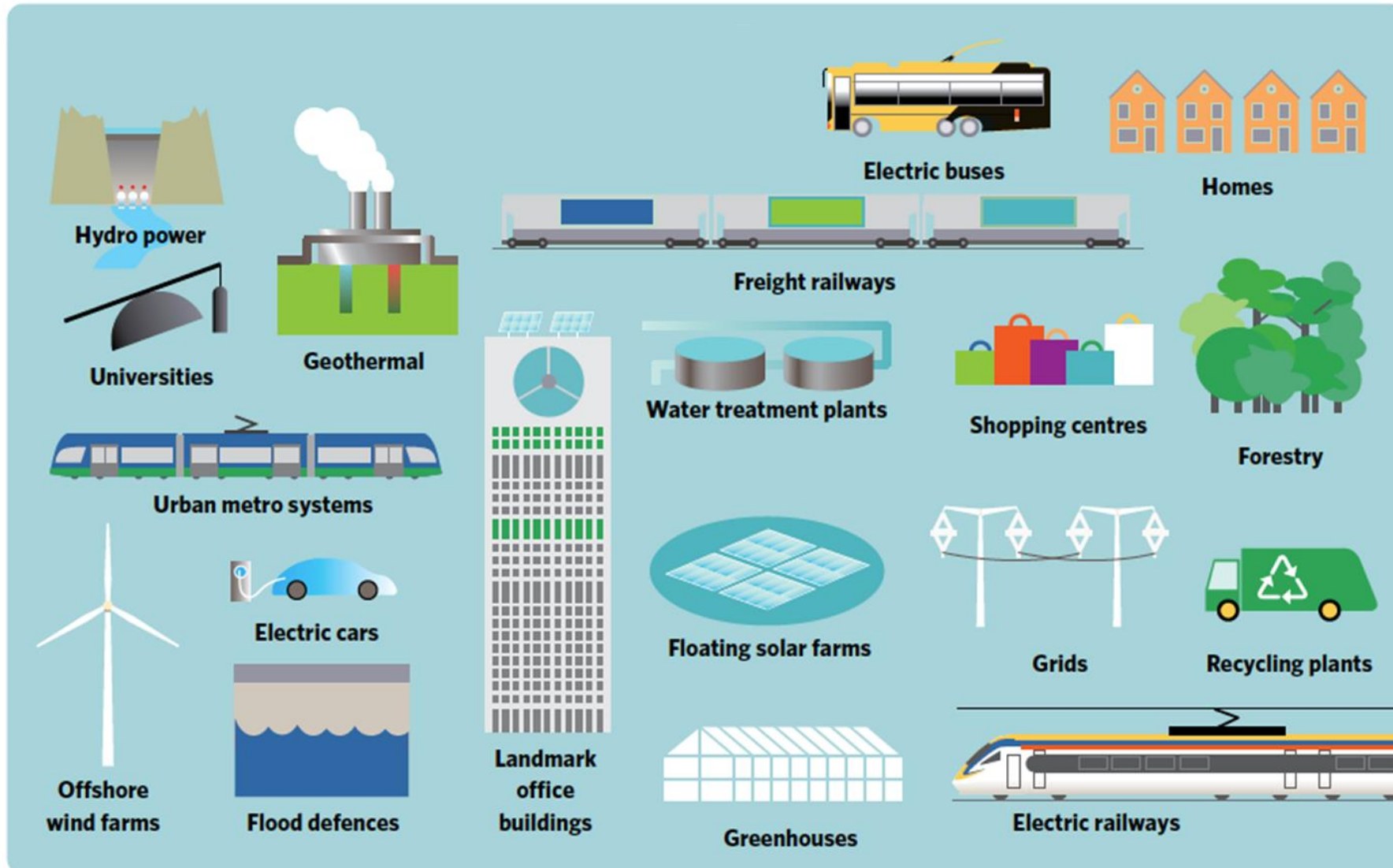
Investor Network on
CLIMATE RISK






Investor Group on
Climate Change
Australia/New Zealand



Examples of eligible assets for certification



Benefits of Certification

-  A globally recognised symbol of best practice in green finance
-  Robust Framework promoting highest standards of climate integrity
-  Scheme transparency supports investor due diligence
-  Network of Approved Verifiers provide reliable and consistent external review
-  A tool to fight greenwashing
-  Endorsement of the green credentials of the assets/projects
-  Higher demand for Certified Bonds and potential price benefits to issuer
-  Enhanced reputation benefits for Issuers, Asset Owners and Companies



Certification Process and Verification

The process involves:

1. Issuer to prepare **Green Finance Framework**
2. Issuer engages an **Approved Verifier**
3. Verifier conducts the engagement in accordance with an International Assurance Standard (ISAE3000 or equivalent): Limited or Reasonable.
4. In a Use of Proceeds Certification, Verifier is usually engaged in two stages:

Pre-issuance verification is focused on the eligibility of the projects and assets under the Sector Eligibility Criteria and the readiness of the issuer to meet the requirements of the Standard

Post-issuance verification focuses on assessing whether the proceeds of the instruments have been fully allocated to eligible projects and assets. This is usually completed within 24 months after issuance.

December 2019, Version 3.0 <https://www.climatebonds.net/climate-bonds-standard-v3>

Issuer begins
by preparing the bond



Engage an
Approved Verifier



Get Certified & issue a
Certified Climate Bond



Confirm the Certification
post-issuance



Report annually





Programmatic Certification for multiple green issuance

First instrument under programmatic agreement



Stage 1: Submit all four documents



1. Pre-issuance verifier report



2. Green bond framework



3. Climate bond information form



4. Agreement

Pre-issuance certification approved



Stage 2: 12 months after engaging verifier to produce post-issuance report annually until maturity of bond



Post-issuance report

Second, third and sequential instruments under programmatic certification



Stage 1: Submit just one document per bond



1. Climate bond information form

Pre-issuance certification approved

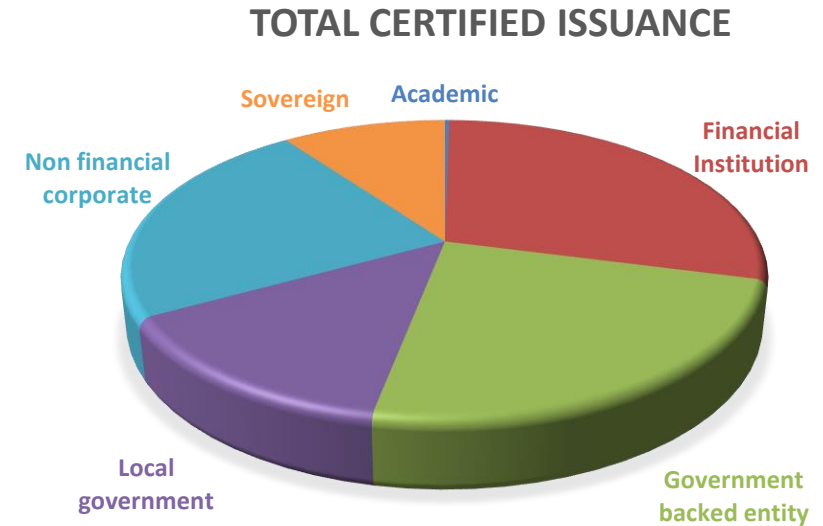
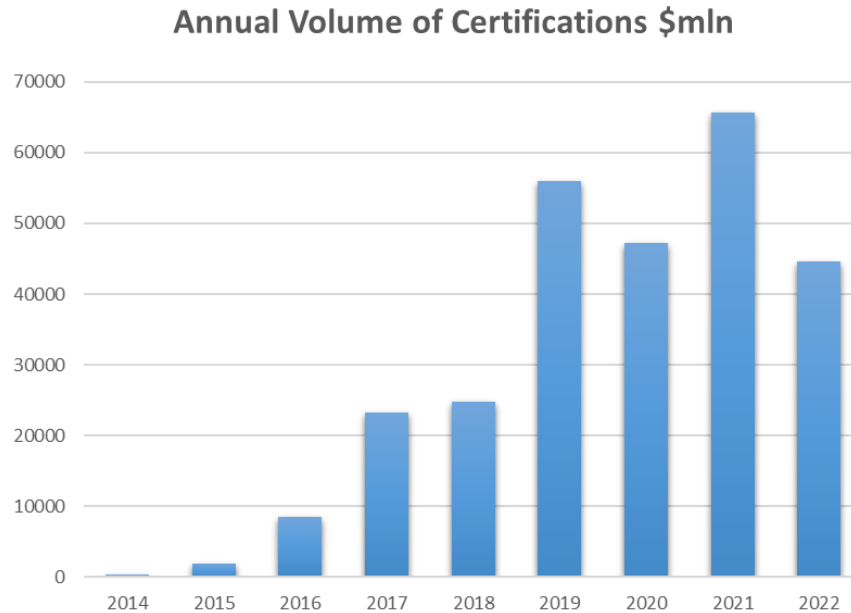


Stage 2: Verifier to confirm ongoing compliance with Certification Standard



Post-issuance report

CERTIFICATION METRICS

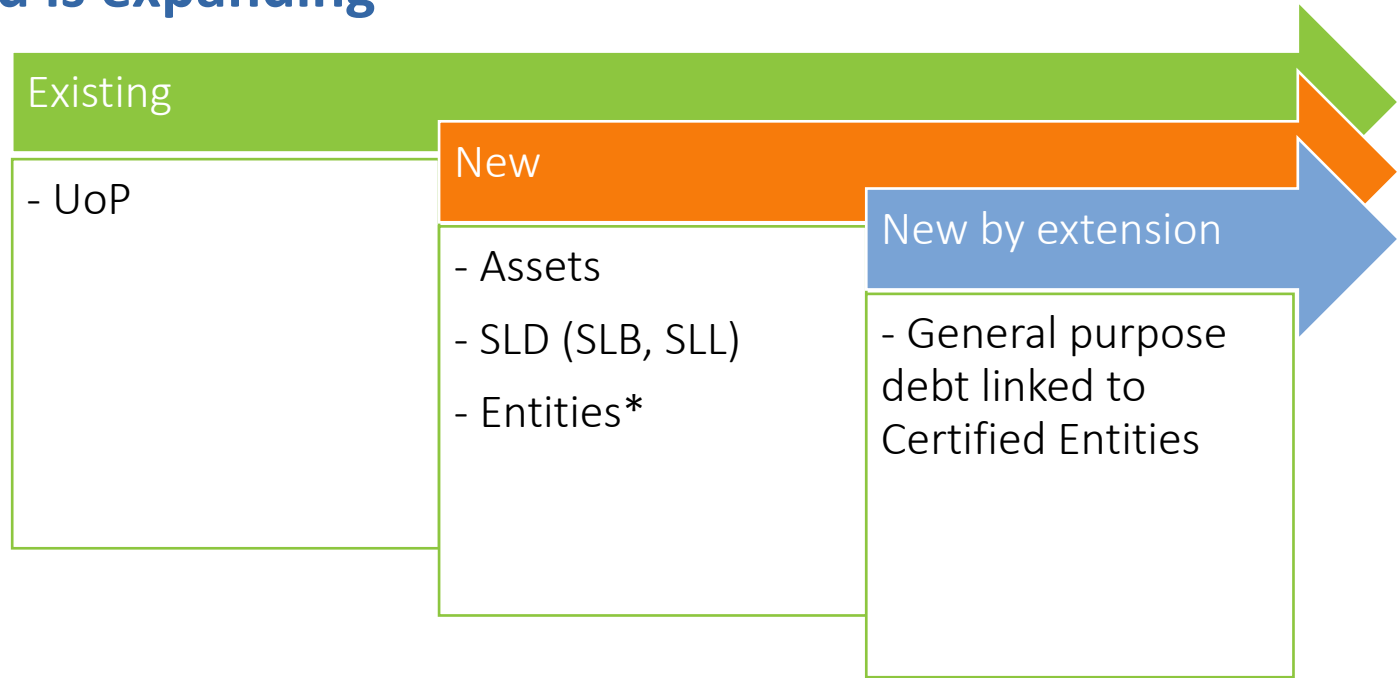


- **\$270bln Cumulative Certified Bond Issuance**
- **Certified Bonds amount to 12% of CBI labelled Green Bonds**
- **3 certified issuances in Greece (Terna, Ellaktor) total of Euro820m**

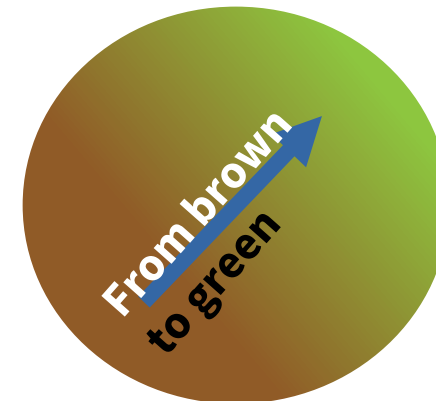
Examples of Certified UoP Instruments:

- Municipal bonds
- Bilateral Loans, Syndications
- Project bonds
- Securitisation bonds
- Unsecured bonds
- Green Deposits
- Commercial Paper

The Climate Bonds Standard is expanding



* Certified Entities and SLD issuers must be legal entities; Sovereigns and Financial Institutions are excluded under v4



	Use of proceeds debt	Assets	Sustainability-linked debt	Entities
ENERGY				
Solar	●	●	●	●
Wind	●	●	●	●
Geothermal	●	●	●	●
Hydropower	●	●	●	●
Marine renewables	●	●	●	●
Electric grids & storage	●	●	●	●
Mixed energy (utilities)	●	●	●	●
Bioenergy	●	●	●	●
Nuclear	●	●	●	●
LAND USE & MARINE RESOURCES				
Crop production	●	●	●	●
Livestock production	●	●	●	●
Commodity supply chains	●	●	●	●
Commercial forestry	●	●	●	●
Ecosystem conservation & restoration	●	●	●	●
INDUSTRY				
Cement production	●	●	●	●
Steel production	●	●	●	●
Basic chemicals production	●	●	●	●
Specialist & intermediate chemicals	●	●	●	●
Hydrogen production, storage & transport	●	●	●	●
Critical raw materials	●	●	●	●
Carbon capture storage	●	●	●	●
WASTE				
Preparation	●	●	●	●
Reuse	●	●	●	●
Recycling	●	●	●	●
Biological treatment	●	●	●	●
Waste to energy	●	●	●	●
Landfill	●	●	●	●
ICT				
	●	●	●	●
TRANSPORT				
Public passenger transport	●	●	●	●
Private transport	●	●	●	●
Freight rail	●	●	●	●
Water-borne	●	●	●	●
Biofuels for transport	●	●	●	●
Aviation	●	●	●	●
WATER				
Water monitoring	●	●	●	●
Water storage	●	●	●	●
Water treatment	●	●	●	●
Water distribution	●	●	●	●
Water desalination	●	●	●	●
Flood defence	●	●	●	●
Nature-based solutions	●	●	●	●
BUILDINGS				
Residential	●	●	●	●
Commercial	●	●	●	●
Products & systems for efficiency	●	●	●	●
Urban development	●	●	●	●

Different Certification criteria for [UoP instruments and Assets] vs [Entities and Sustainability-Linked Debt]

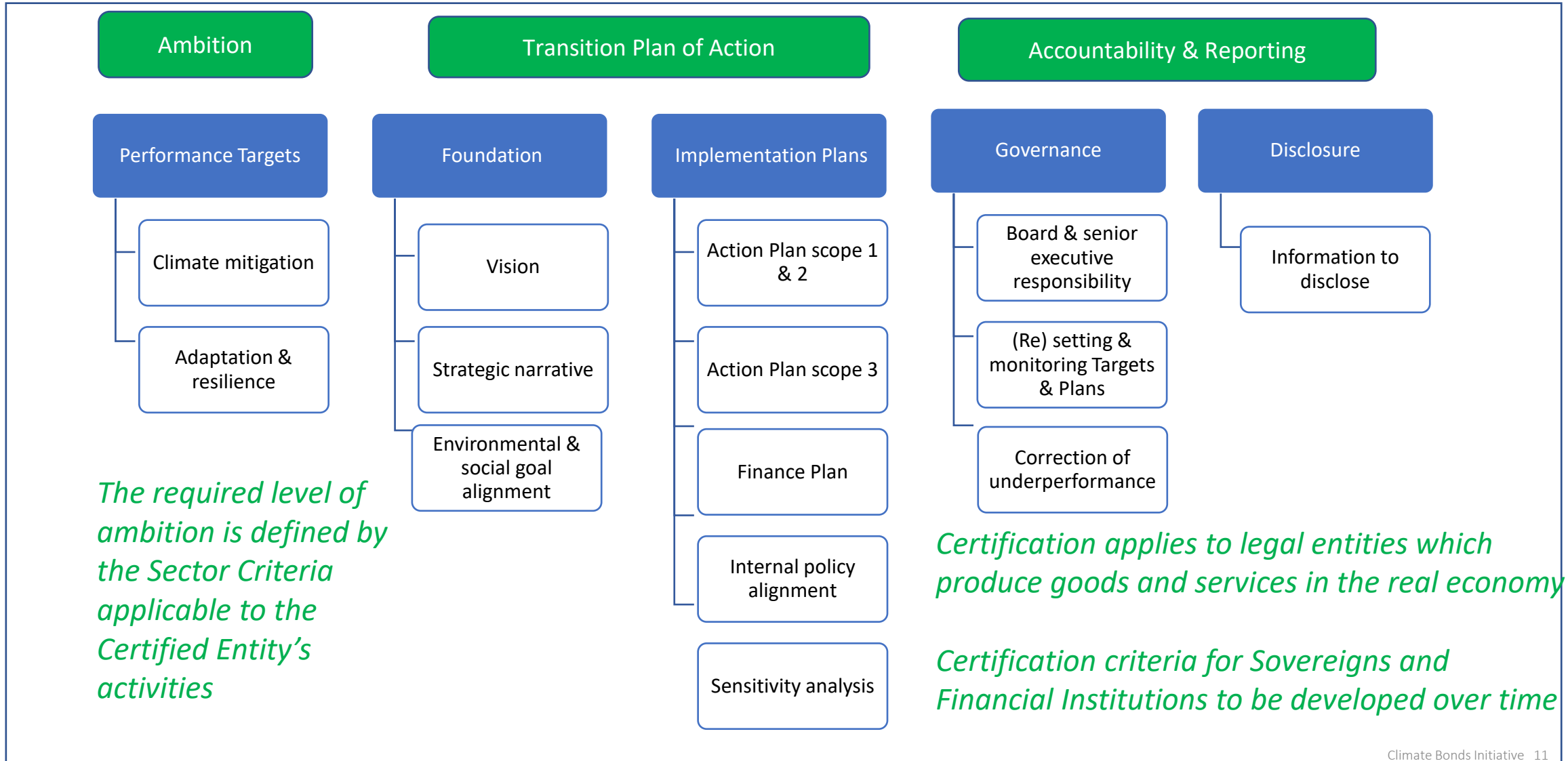
Sector coverage will be gradually expanded over time

Certain Sectors are already near zero and do not require Performance Targets and Transition Plans (eg Solar, Wind)

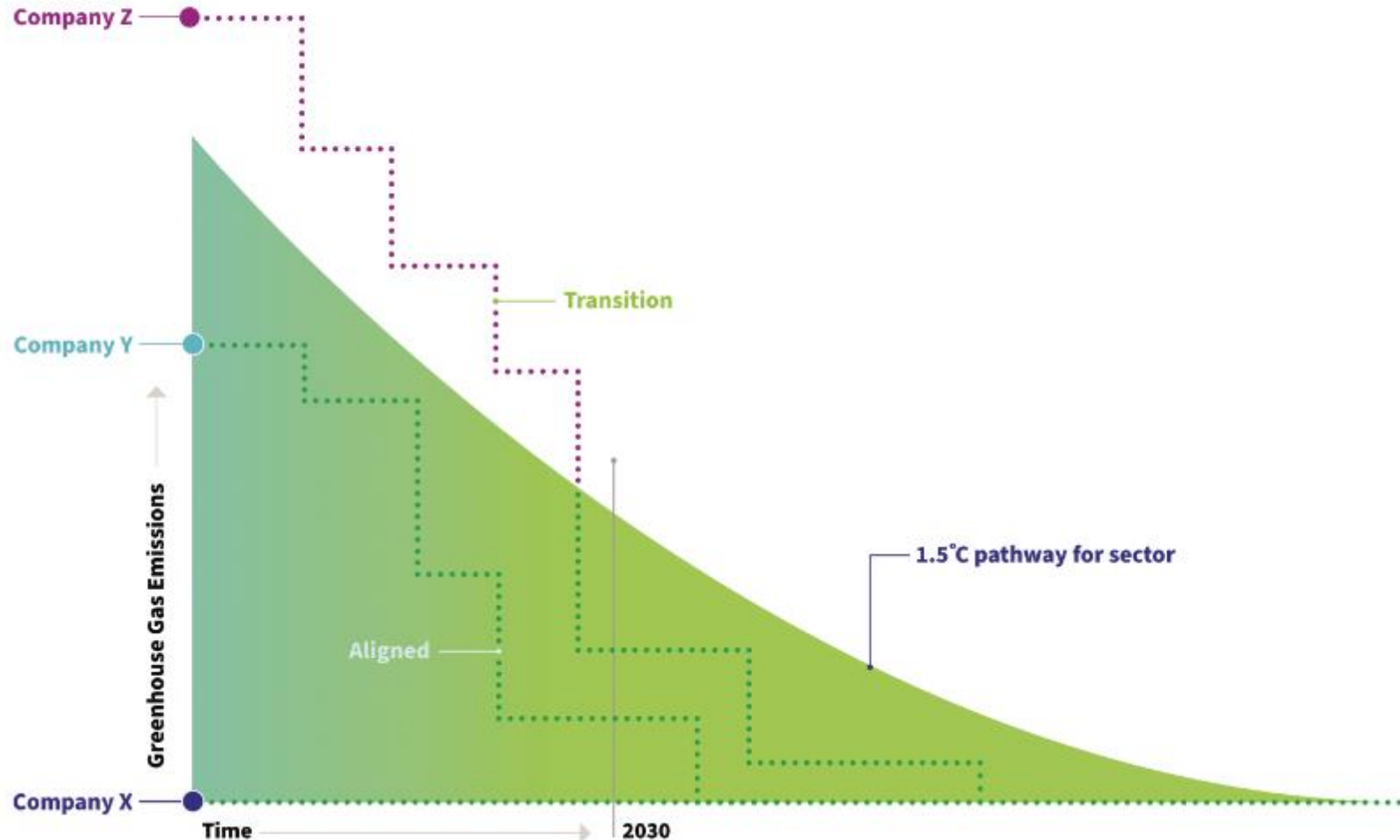
Climate Bonds Certification			
CRITERIA STATUS	● Certification available	● Certification for part of the sector only	● Certification pending 2023



Certification requirements on the Certified Entity



Two levels of Certification are available for Entities and SLBs under the Climate Bonds Standard v4 – Launch date 13th April 2023



Company Z

Climate Bond Certified **Transition**
Entity: Transitioning to 1.5° aligned

Company X, Company Y:

Climate Bond Certified **Aligned**
Entity: 1.5° aligned