

The role of Green Bonds in financing climate aligned projects

Climate Bonds^{INITIATIVE}

Athens, May 2025



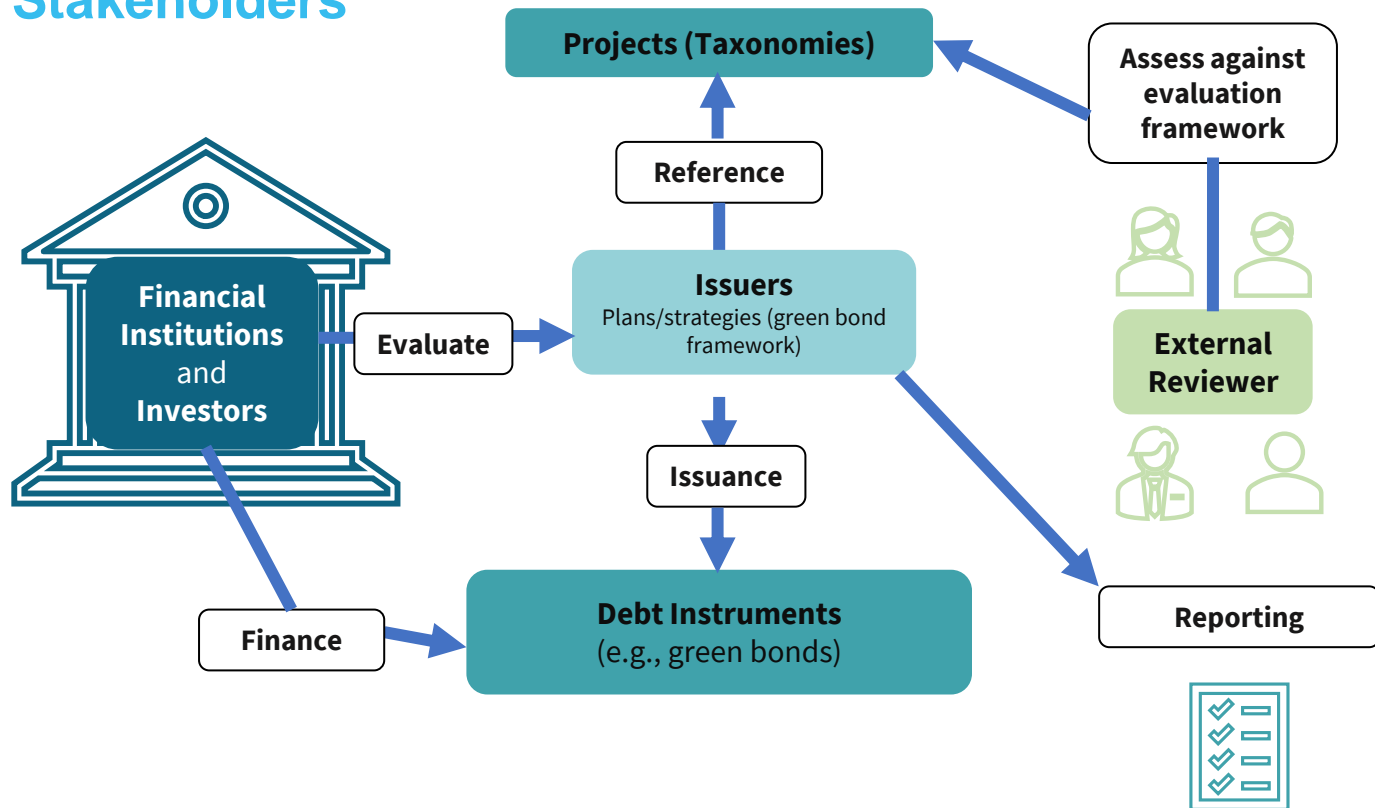
The composition of the labelled market

Aligned GSS+ scorecard 31 December 2024
provisional figures

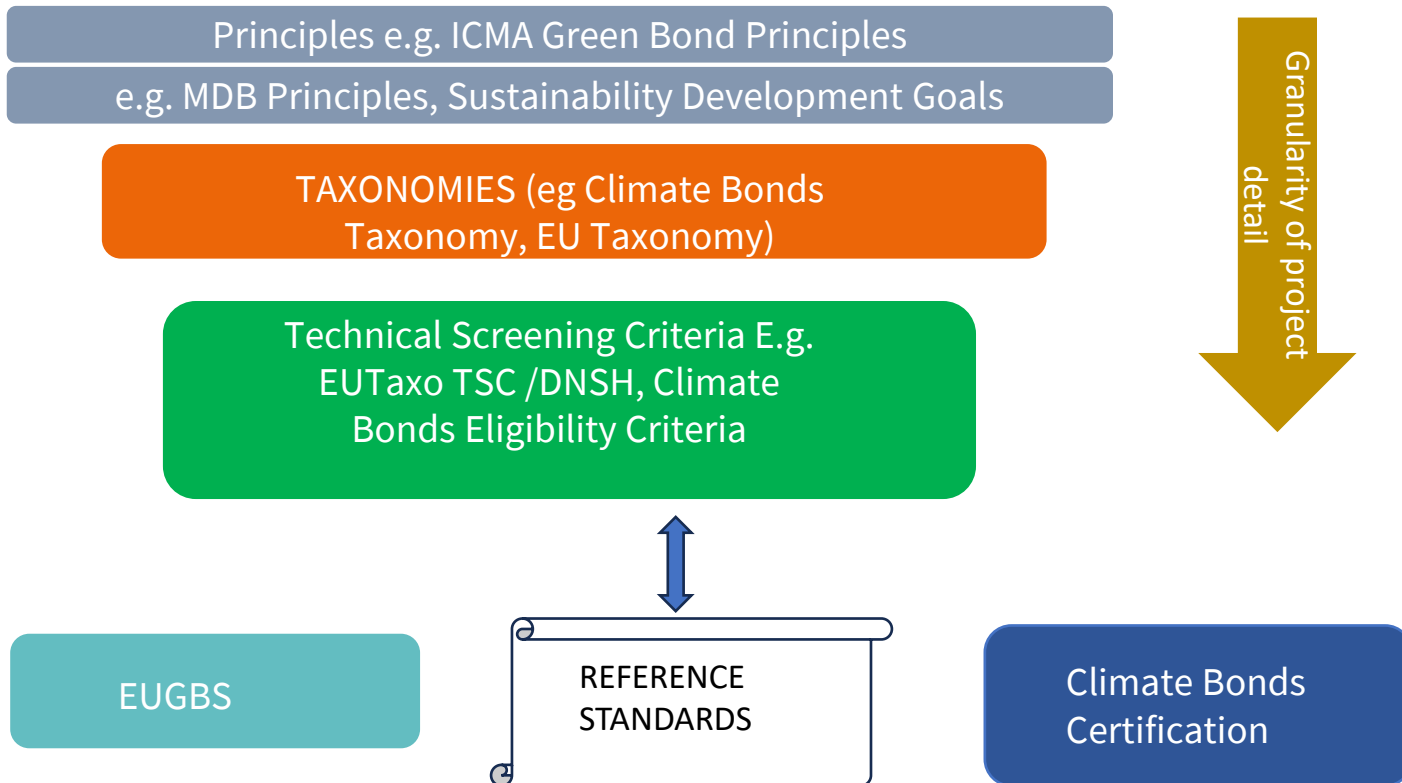
	2024 USD	Cumulative total USD
Green	669.7bn	3.5tn
Social & Sustainability	375.4bn	2.1tn
SLB	7.9bn	56.4bn
Total	1.1tn	5.7tn

- Cumulative of aligned green, social, sustainability, and sustainability linked (GSS+) amounted to **USD5.7tn**
- Aligned GSS+ volume constituted about **4%** of total global debt market, estimated at \$140tn
- Cumulative **Certified issuance** was **USD340bn** or 10% of total green bond market volume

GSS+ Stakeholders



Principles, Taxonomies, Standards and Criteria



Benefits of thematic issuances

Issuers

- **Access to additional capital sources** from dedicated sustainable financing and a diversified investor base.
- **Greater integration of climate risks into instruments** and the project lifecycle assessments.
- Improved reporting processes, investor engagement and **reputational benefits**.
- **Attracting strong investor demand**, which may lead to high subscription and **pricing benefits**.

Investors

- Thematic labels ensure issuers **integrate climate risks** into their project planning which **may lead to a reduction in risk**.
- Meeting ESG and sustainable investment mandates with **reduced burden of due diligence**.
- **Increasing transparency and accountability** on the use and management of proceeds.
- Increased levels of **engagement with management**, particularly on sustainability issues.

Systemic

- Stimulate **positive market reaction** and improvements in financial performance.
- Foster **green and social innovations**.
- Help transition towards **low-carbon, resource-efficient and inclusive** economies.
- Contribute to **public-private partnerships** development opportunities.

Vanilla and green bond issuance journey

Pre-Issuance:

- Get rated
- Get market intelligence on currency, maturity, size
- Decide on underwriters
- Register with local regulator
- Issue prospectus
- Comfort letter/due diligence
- Outreach through road shows and sales

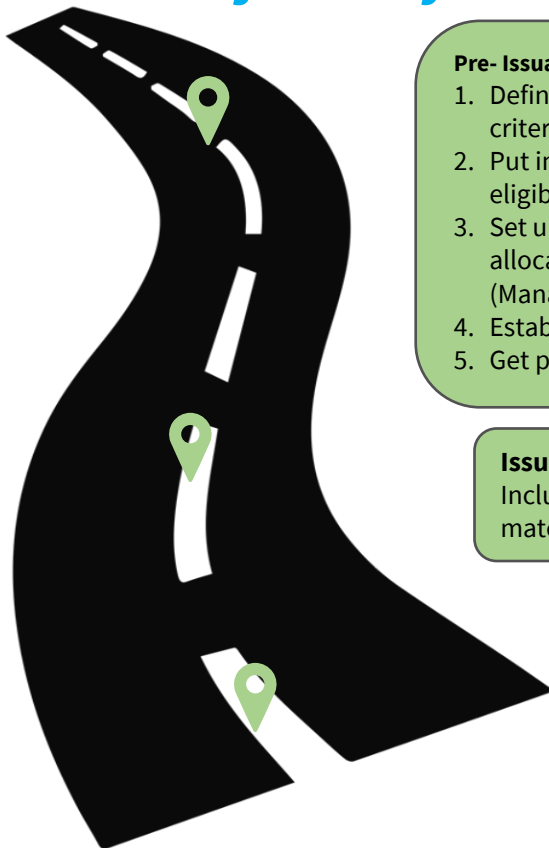
Issuance:

Build the book of investors who are interested in the bond

Post-Issuance:

Price and allocate bond to support secondary market performance

- Communication to the capital market
- Monitor secondary market



Pre- Issuance: Develop a Sustainable Finance Framework

1. Define how project meets green bond eligibility criteria (Use of Proceeds)
2. Put in place project selection process and select eligible projects (Selection of Projects and Assets)
3. Set up accounts and processes to earmark and allocate proceeds- ringfence proceeds (Management of Proceeds)
4. Establish reporting processes
5. Get pre-issuance external review (External review)

Issuance

Include the green attributes in marketing materials and investor documents

Post-Issuance

Allocate proceeds to the projects

- Monitor the projects and track allocation over time
- Publish impact report
- Post issuance Audit if necessary

Components of Sustainable Finance Frameworks

Reference Standards and principles

Standards (eg CBS, EIGBS), frameworks, principles (eg ICMA GBP) and Issuer's sustainability objectives

Internal processes

Use of Proceeds based on sustainability objectives and processes for the Selection of Projects and Assets, Managing the proceeds

Post Issuance

Management, tracking and allocation of proceeds. Value of eligible assets to cover net bond proceeds.

Accountability

External Review by an independent third party and post issuance reporting against chosen standards, frameworks and sustainability goals

The Climate Bonds Initiative

Innovative
finance inspires
green investing.

Institutional
investors, business
and civil society
advocate for
policies that
incentivise climate
investment.

Policymakers
tilt the playing
field for 1.5°C
and resilient
investments.

Capital flows
towards zero-
carbon and
resilient
investments.

Global
warming
limited to
1.5°C and
people and the
planet are
more resilient
to climate
change.



Mobilises the Capital Markets
Catalyses Markets towards low
carbon and resilience solutions



Catalyses Markets and
Optimises Impact



Influences investors and
Governments



Promoting credibility and accelerating scale

Science-based Definitions and Frameworks

Development of sector criteria and pathways. Support in global taxonomy development. Standards, methodologies and assessment frameworks

Certification

Labelling of Climate Bonds aligned Debt instruments, projects and companies promoting credibility in the market. Global Climate Bonds Standard provides the Certification ruleset

Market consensus and alignment

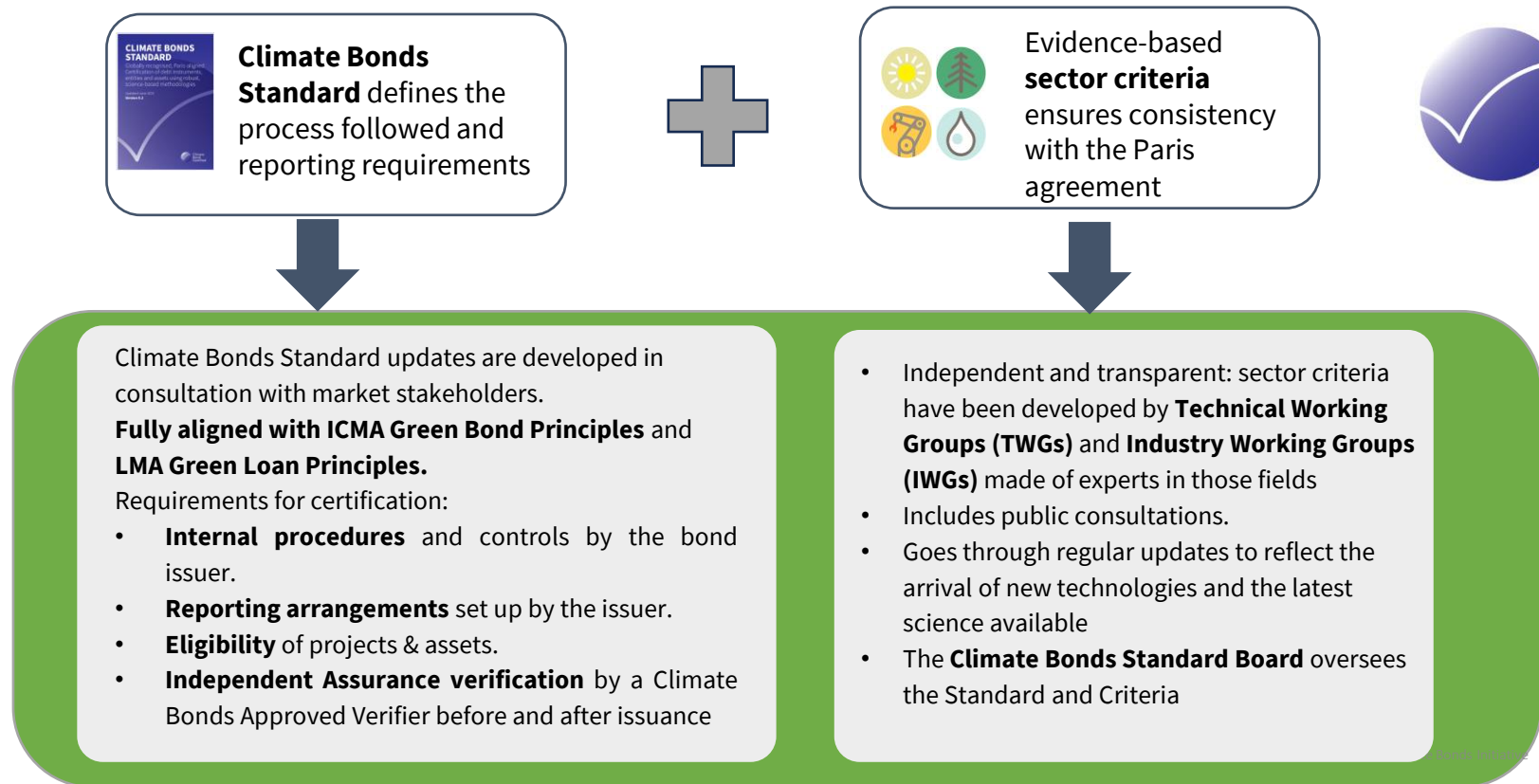
Provide data tools for the market (asset managers, index providers) Technical assistance to issuers and investors. Influence emerging regulation.

Transparency and Accountability

Regular market analyses, research and opinions on market developments. Showcase best practices.

Climate Bonds contribution to the development of the sustainable finance markets

Climate Bonds Standard & Certification Scheme: Best practice since 2012





Climate Bonds Sector Criteria

- Science based and Paris aligned
- Developed by expert Technical Working Groups, discussed at wider stakeholder groups and subject to public consultations



 NATURAL CAPITAL AGRICULTURE PRODUCTION	 NATURAL CAPITAL PROTECTED AGRICULTURE	 NATURAL CAPITAL ALTERNATIVE PROTEINS	 INDUSTRY BASIC CHEMICALS	 ENERGY BIOENERGY	 BUILDINGS BUILDINGS
 INDUSTRY CEMENT	 NATURAL CAPITAL AGRIFOOD DEFORESTATION AND CONVERSION FREE (DCF) SOURCING	 ENERGY ELECTRICAL GRIDS AND STORAGE	 ENERGY ELECTRICAL UTILITIES	 NATURAL CAPITAL FORESTRY	 INDUSTRY HYDROGEN
 ENERGY HYDROPOWER	 TRANSPORT LAND TRANSPORT	 ENERGY MARINE RENEWABLE ENERGY	 TRANSPORT SHIPPING	 ENERGY SOLAR	 INDUSTRY STEEL
 WASTE WASTE MANAGEMENT	 NATURAL CAPITAL WATER INFRASTRUCTURE	 ENERGY WIND			

The Climate Bonds Resilience Taxonomy: Resilience Themes

