

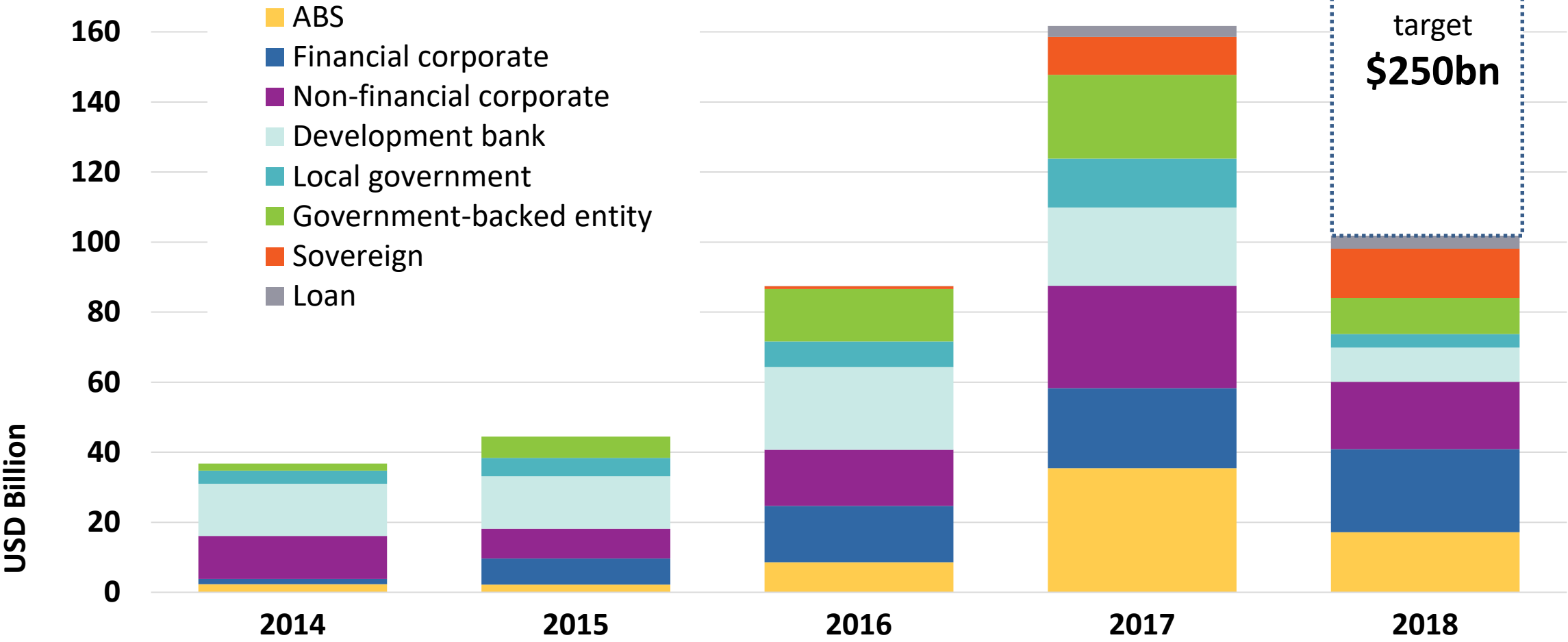


The role of green standards and guidelines to help move capital towards energy efficiency solutions

Serena Vento, Head of Partnerships & Commercial Relationships, Climate Bonds Initiative

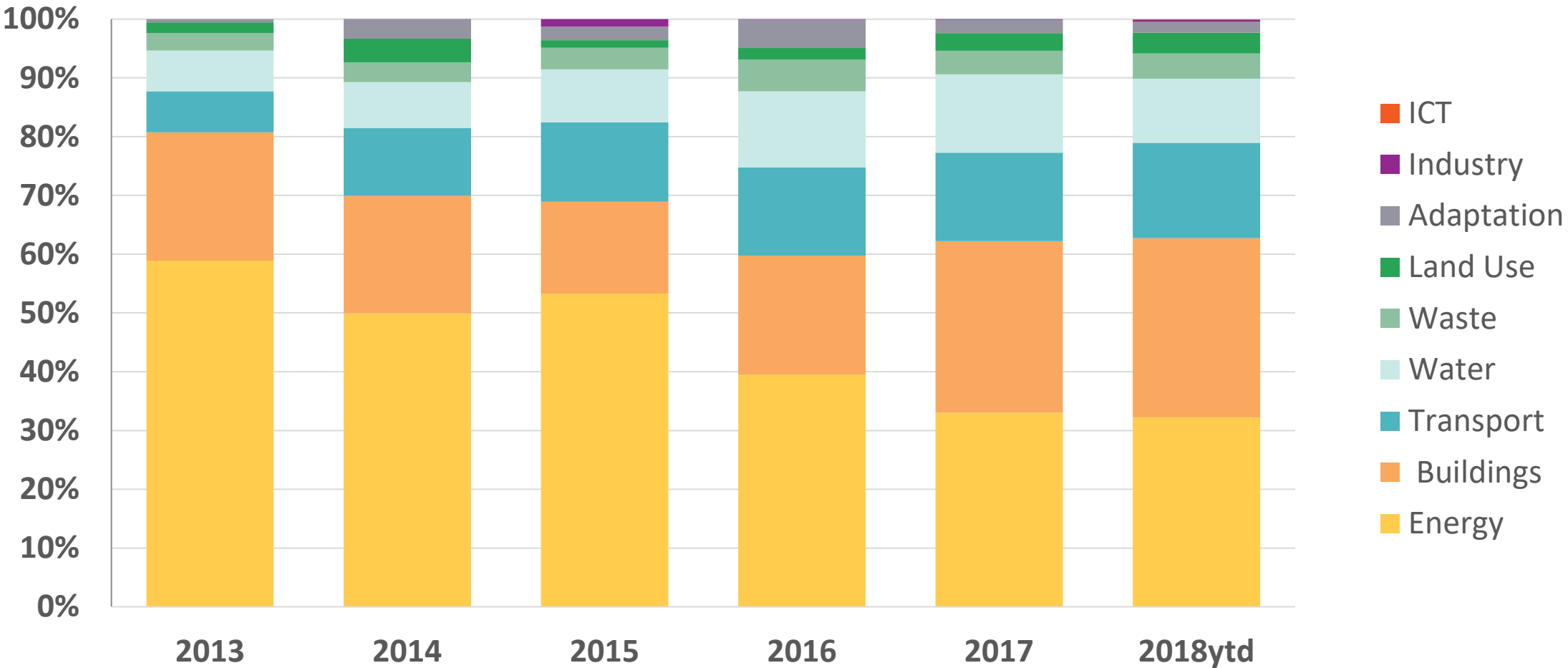
Kiev | 15, November 2018

Green bonds: a growing market



USD102bn for 2018ytd – as of September 20

Green bonds: Use of proceeds is diversifying



We have the capital and it wants green



- \$60^{tn} at UN Climate Summit
- Insurers x10 climate investments 2020
- G20 and green finance, BRICS Summit
- Central banks: China, England, etc.

Voluntary rules drive early market growth, with global consistency



Transparency
Reporting protocols
Green definitions
Independent review

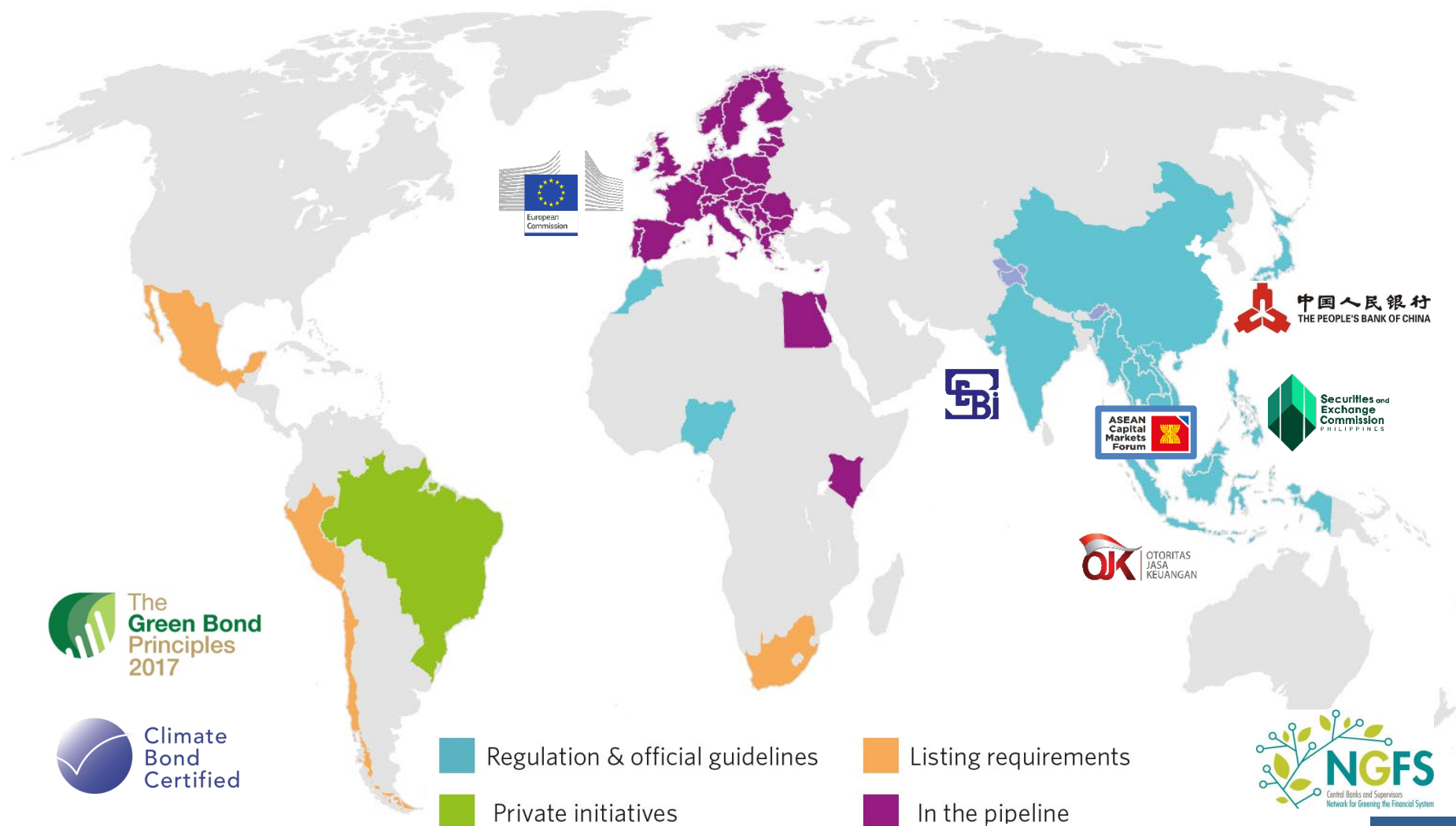
But incentives require regulation

China's regulations & definitions fast tracked a market

Malaysia, Hong Kong, Japan, Singapore,
Indonesia, ASEAN GB Standard

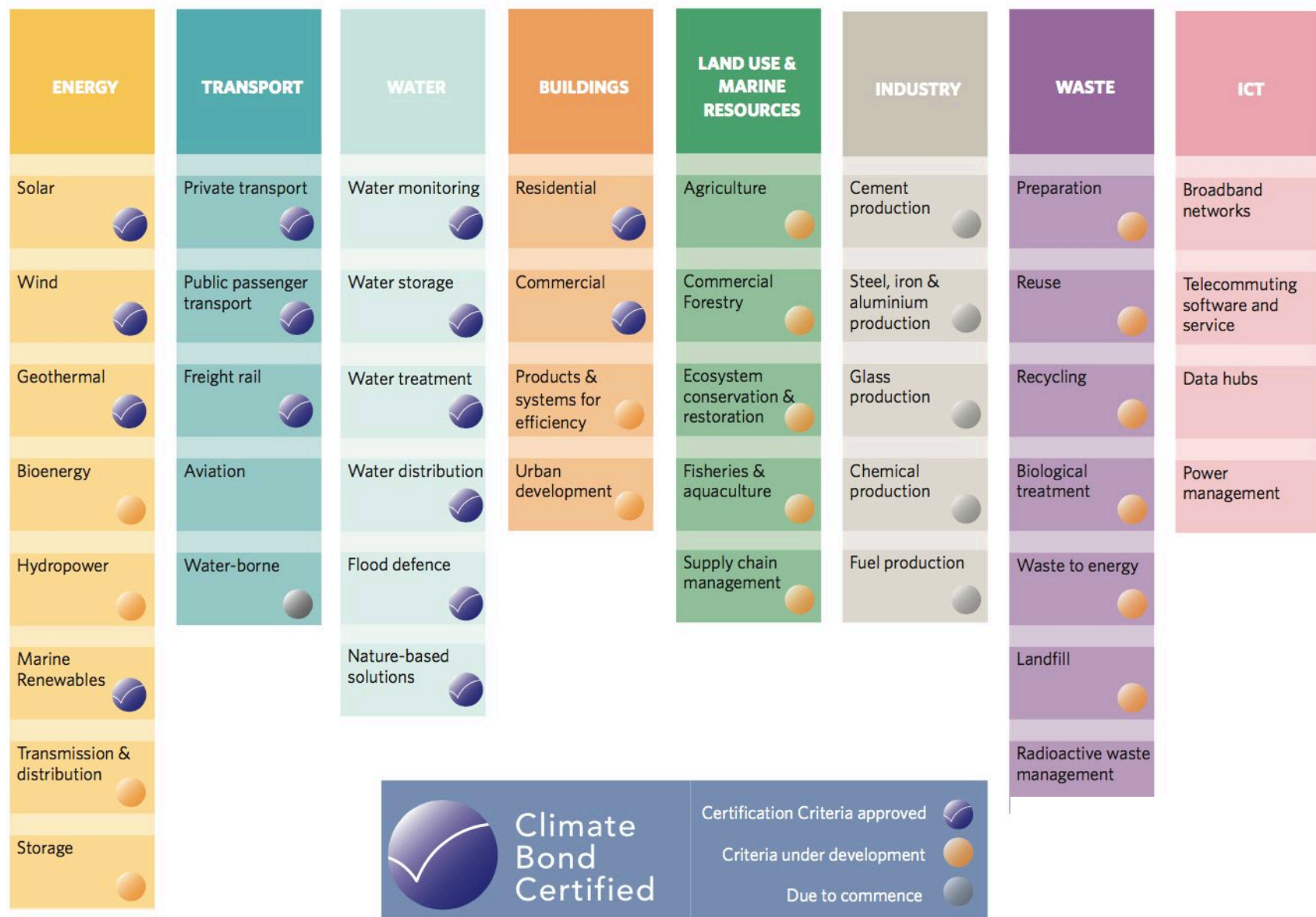
EU sustainable finance taxonomy & green labels regulation

Existing & Emerging Regulation



Defining Green: the Climate Bonds Taxonomy

- **8 categories** related to climate mitigation
 - Adaptation and resilience are part of each category
 - Energy performance improvement is part of each category
- **CBI green bond database methodology** is based on these 8 categories and adaptation/resilience
- **CBI Climate Bond Certification** is more stringent and is based on sector specific criteria



Investors are calling for standards, assurance and certification of Green Bonds

- Investor demand for Green Bonds & Climate Bonds is strong, and will increase in line with the delivery of quality products into the market
- **Standards, assurance & certification** have been identified as key to improved confidence and transparency, and further strong growth within the mainstream debt capital markets
- The **Green Bond Principles**, encourage the development and use of standards for certification of Green Bonds, as do various investor statements
- The **Climate Bonds Standard** represents an important step, moving from broad integrity principles to a robust and effective Certification scheme
 - Standard with clear mandatory requirements (use of proceeds, tracking, reporting)
 - Specific eligibility criteria for low carbon and climate resilient projects & assets
 - Assurance framework with independent verifiers and clear procedures
 - Certification decisions by an independent Climate Bonds Standard Board made up of over \$34 trillion AUM



Independent review is now expected by the green bond market


Pre-issuance options:

- “Second opinion”
- Certification, with review done by a local verifier
- Green rating: credit rating agencies add-on service
- Self-declaration

Post-issuance options:

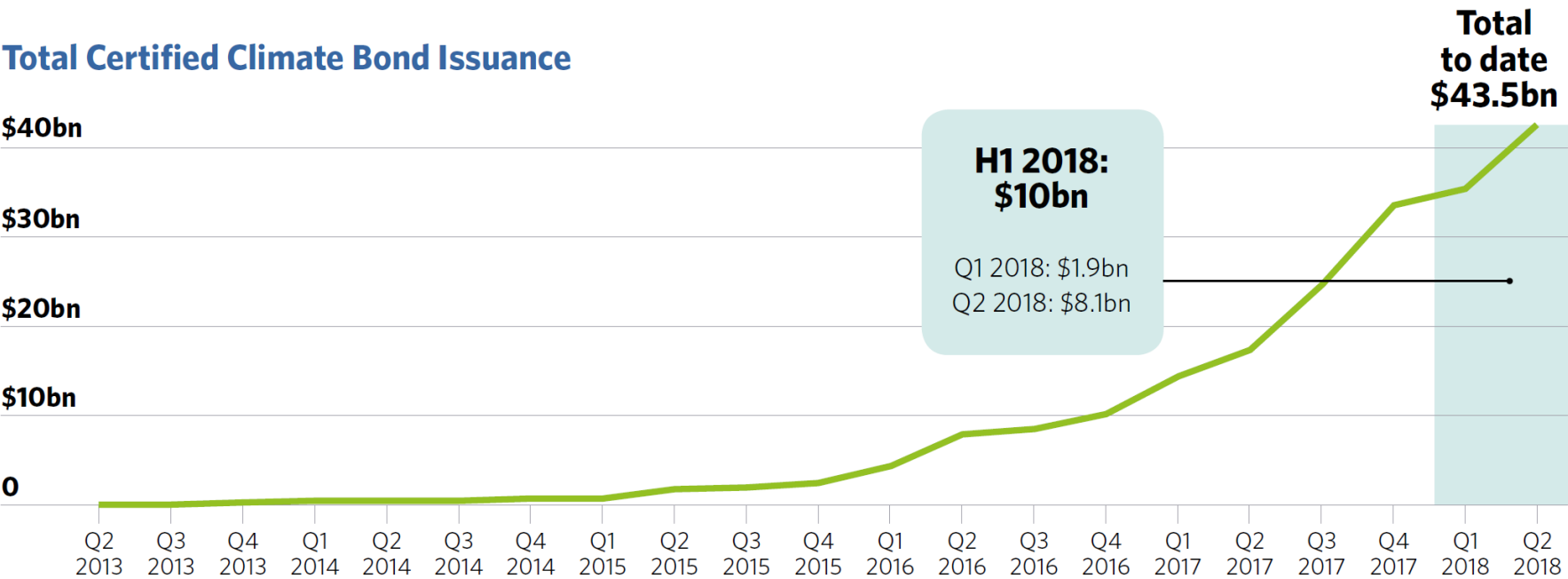
- Self-declaration
- Certification post-issuance check, then annual reporting by authorized officer
- Audit firm reporting each year
- Auditor-general

Financing Green Buildings

BUILDINGS 	Commercial buildings	Including offices, hotels, retail buildings, public buildings, educational buildings, healthcare buildings etc.	●	An emissions footprint in the top 15% of emissions performance in the local market	●
	Residential buildings	Private dwellings	●	OR A substantial reduction in gCO ₂ /m ² because of upgrade or retrofit	●
		Multifamily residential buildings	●		●
	Other building types	Data centres	●	See ICT (pg. 16)	●
		Stations and related buildings for eligible transport	●	See Transport (pg.7)	●
		Industrial buildings	●	See Industry (pg.14)	



Take up of the Certification option is growing - over US\$ 42 billion so far



We need USD1tn a year of green bond issuance by 2020

