

Overview of Green Bond Principles and the Climate Bond Standard

An introduction

*Damian Regan,
18 Sept 2017*

To help apprise investors

*that the bond they are investing in is 'Green'
and that over the course of its life it will remain
'Green'*

01 *What are Green Bonds ?*

02 *How popular are they ?*

03 *Gaining investors' confidence*

04 *Levels of comfort*

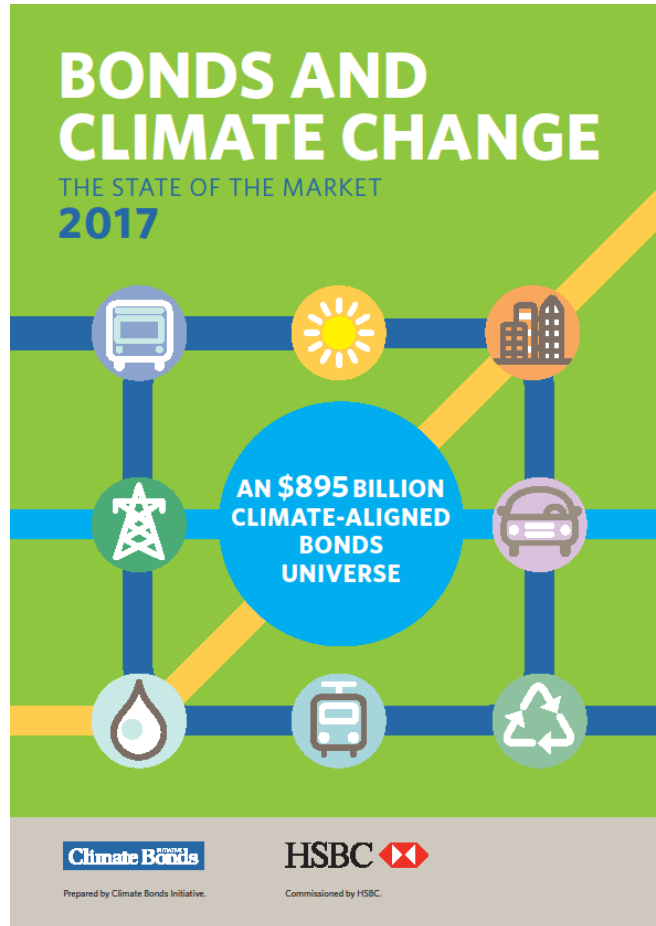
05 *Bonds with promises*

1. What are Green Bonds

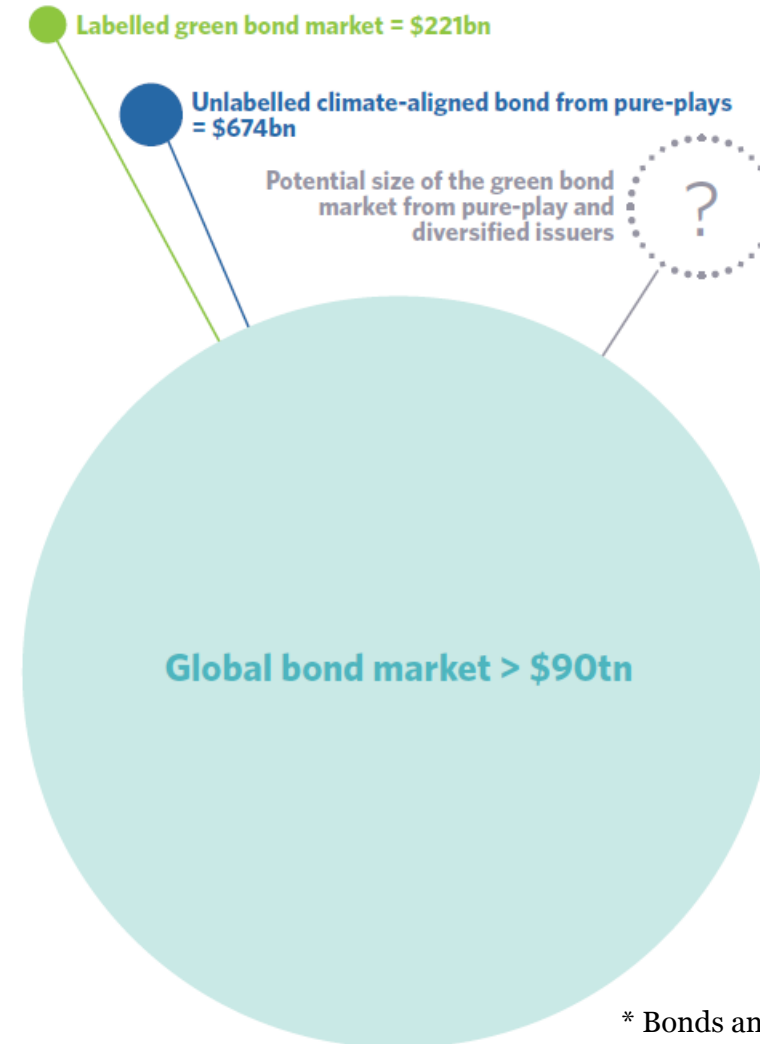
Green Bonds are fixed income securities that raise capital for a company or project with specific environmental benefits. They bear a 'Green Promise'.

In 2007, the EIB issued the world's first Green Bond, labelled a Climate Awareness Bond (CAB). Funds are earmarked to match disbursements to EIB lending projects contributing to climate action in the fields of renewable energy and energy efficiency sector:

2. How popular are they ? *



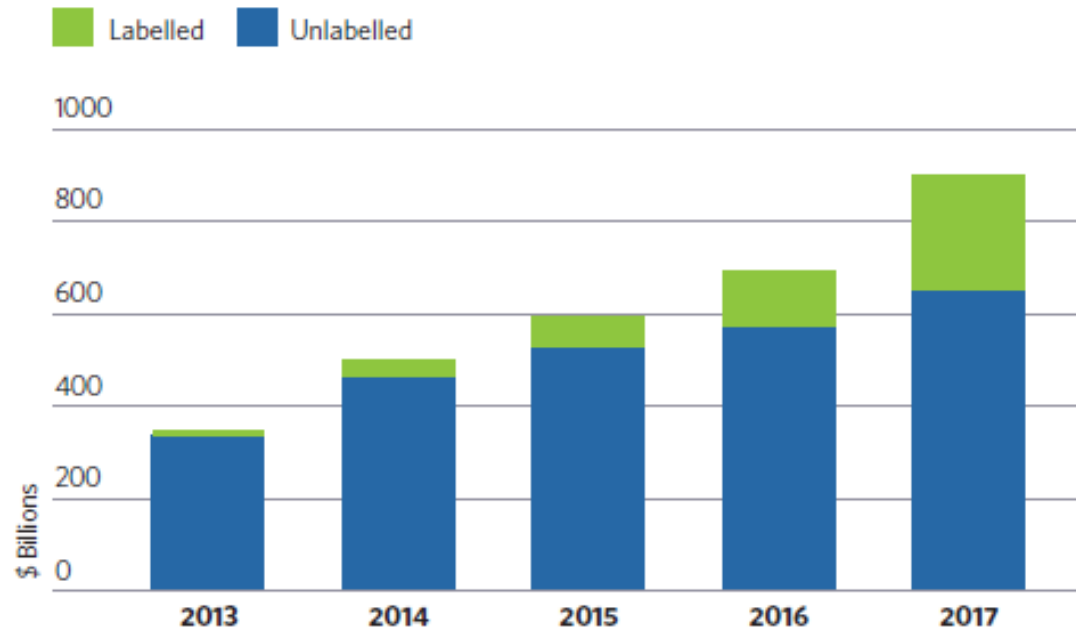
The potential for growth is much larger than the \$895bn universe



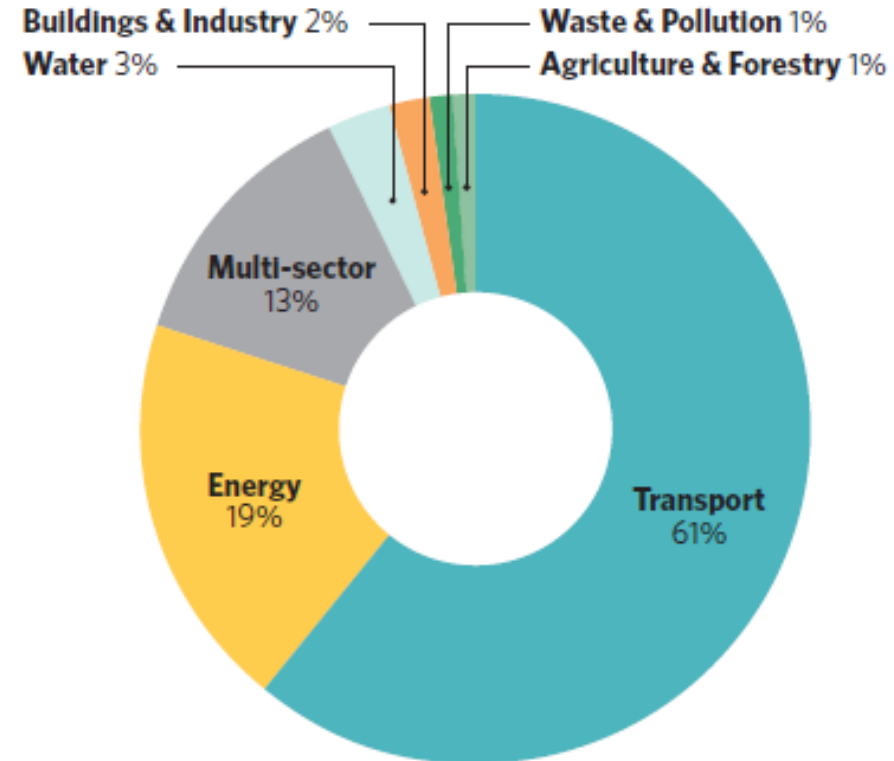
* Bonds and Climate Change, The State of the Market 2017, Climate Bonds Initiative

2. How popular are they ? (cont.)*

Labelled green bonds account for a growing proportion of the climate-aligned universe

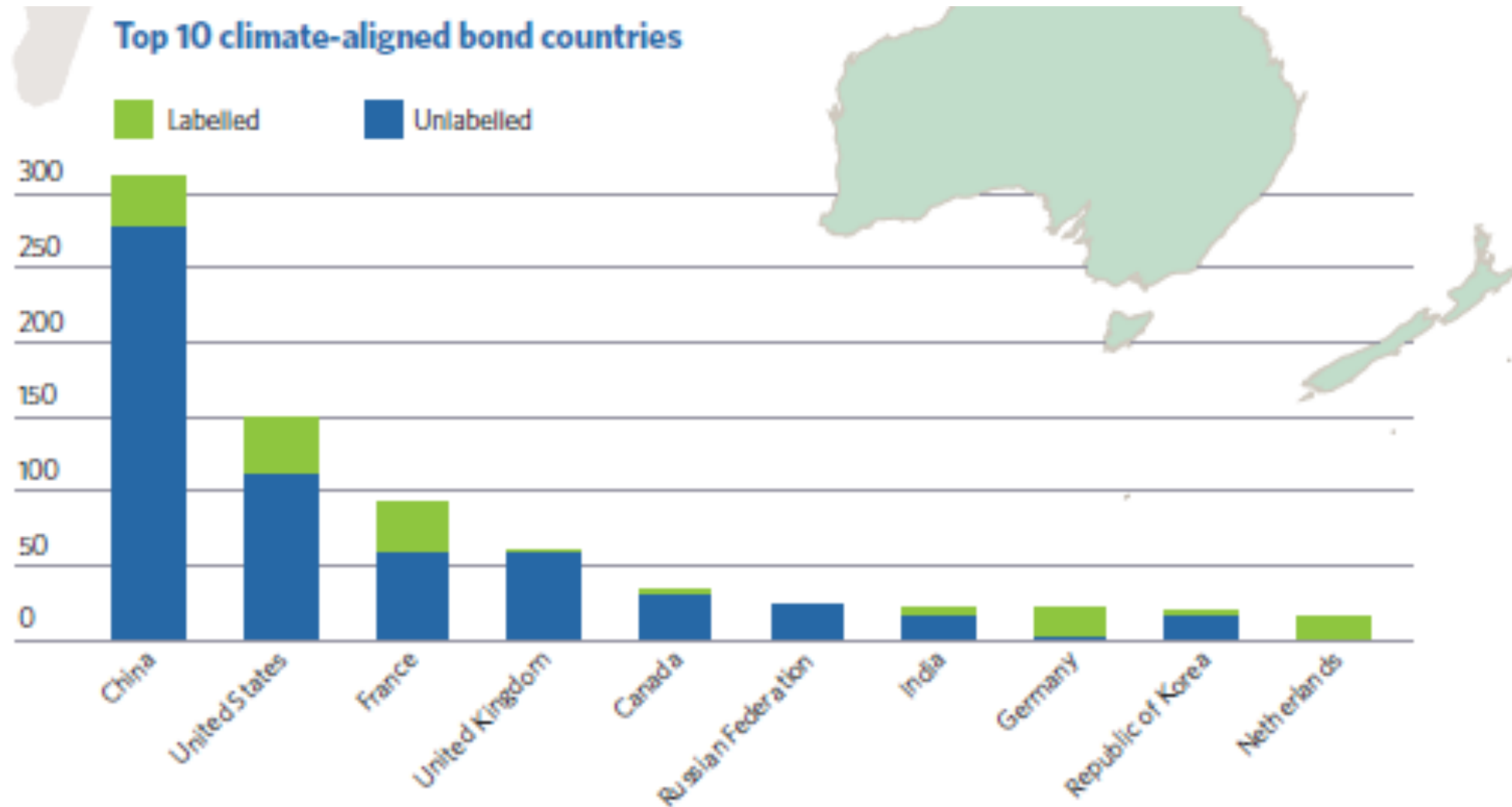


Transport and Energy account for 80% of the universe



* Bonds and Climate Change, The State of the Market 2017, Climate Bonds Initiative

2. How popular are they ? (cont.)*



* Bonds and Climate Change, The State of the Market 2017, Climate Bonds Initiative

3. Gaining investors' confidence

To help apprise investors

*that the bond they are investing in is 'Green'
and that over the course of its life it will remain
'Green'*

3. *Gaining investors' confidence (cont.)*



Launched 2014, updated 2017

Overseen by ICMA

The GBP have four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

High level categories for eligible Green Projects

Does not hold itself out as a Standard

3. Gaining investors' confidence (cont.)

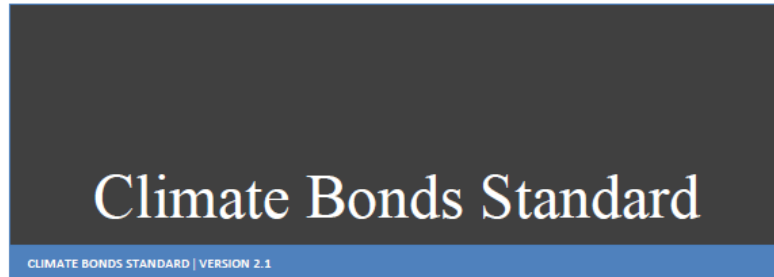


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Version 2.1 launched

Climate Bonds Initiative is an investor-focused not-for-profit organization

3 steps

1. Identify qualifying projects and assets
2. Arrange independent review
3. Track and Report

Detailed taxonomies for projects and assets

Certification

4. Levels of Comfort

*Evaluation of
Risk*

Certification

Indices

*Statement of
Proceeds*

*Risk Rating
Agencies*

*Second
Opinions*

*Chinese Green Bond
Standards*

*Impact
reporting*

5. Bonds with promises

*Green Sukuk
Bonds*

Green Bonds

Sukuk Bonds

*Sustainability
Bonds*

*Social Impact
Bonds*

4. *Contacts*



Damian Regan

PwC Middle East Trust and Transparency Leader

Mob number: +971 56 406 8321

Email: damian.x.regan@pwc.com

<https://uk.linkedin.com/in/damianregan>

<https://www.climatebonds.net/>

<https://www.icmagroup.org/>

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