

Development of the Green Bonds Market



Justine Leigh-Bell, Deputy CEO
25 February 2021

Climate Bonds INITIATIVE

What are Green Bonds?

Proceeds
to green

- “Vanilla” structures and terms
- Comparable pricing
- Refinance as well as new project
- 90% investment grade

Reporting

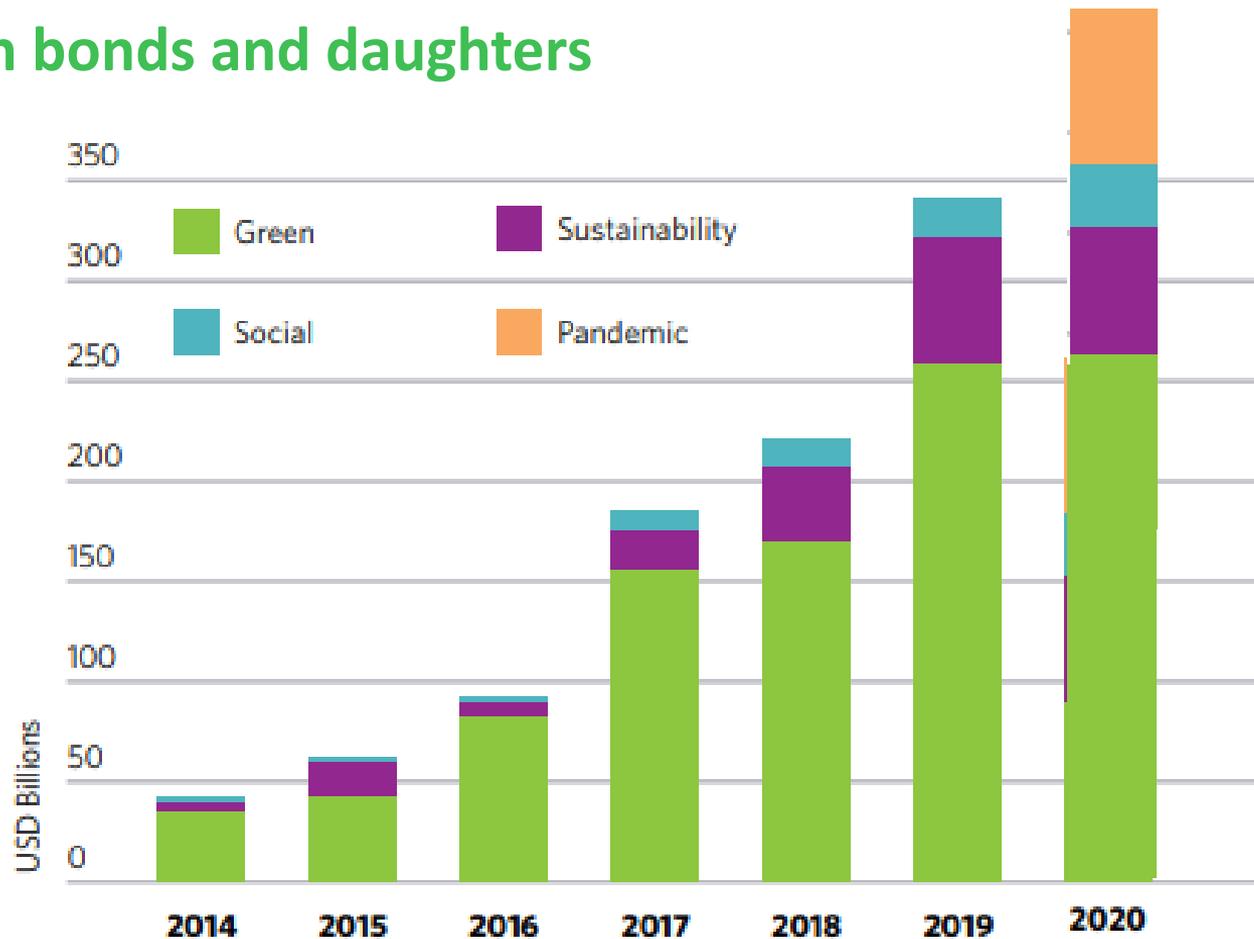
- Transparency to the green assets or projects
- Independent review / verification
- Reporting on use of proceeds

Any entity

- Governments & Development Finance Institutions
- Corporates
- Asset owners: PPPs, banks, utilities, etc
- Municipalities



Green bonds and daughters



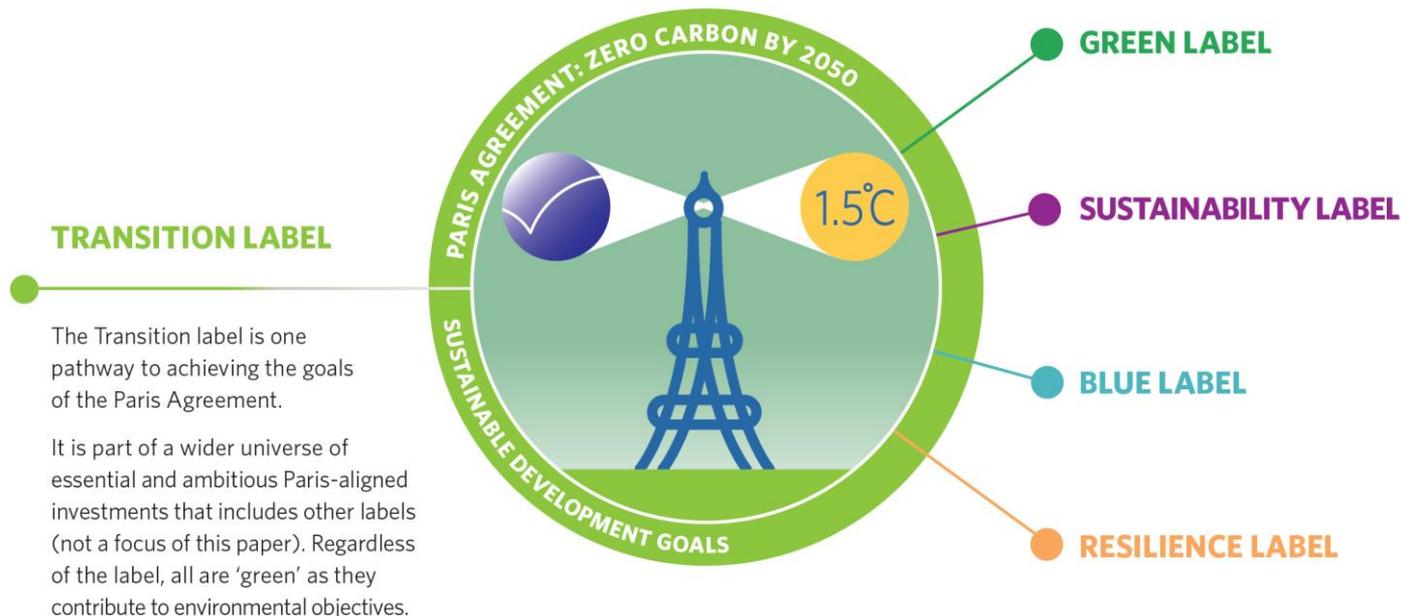
- FOR INVESTORS
- Risk mitigation
 - Capital protection
 - Client reporting

- FOR ISSUERS
- Investor diversification
 - Pricing

Transition as a pathway to Paris

One pathway to achieving the goals of the Paris Agreement.

Part of a wider universe of essential and ambitious Paris-aligned investments. All are 'green' as they contribute to environmental objectives.



5 Principles for Financing Credible Transitions



1. In line with 1.5 degree trajectory
All goals and pathways need to align with zero carbon by 2050



2. Established by science
All goals and pathways must be led by scientific experts and be harmonised across countries.



3. Offsets don't count
Credible transition goals and pathways don't count offsets, but should count upstream scope 3 emissions.



4. Technological viability trumps economic competitiveness
Pathways must include an assessment of current and expected technologies. Where a viable technology exists, even if relatively expensive, it should be used to

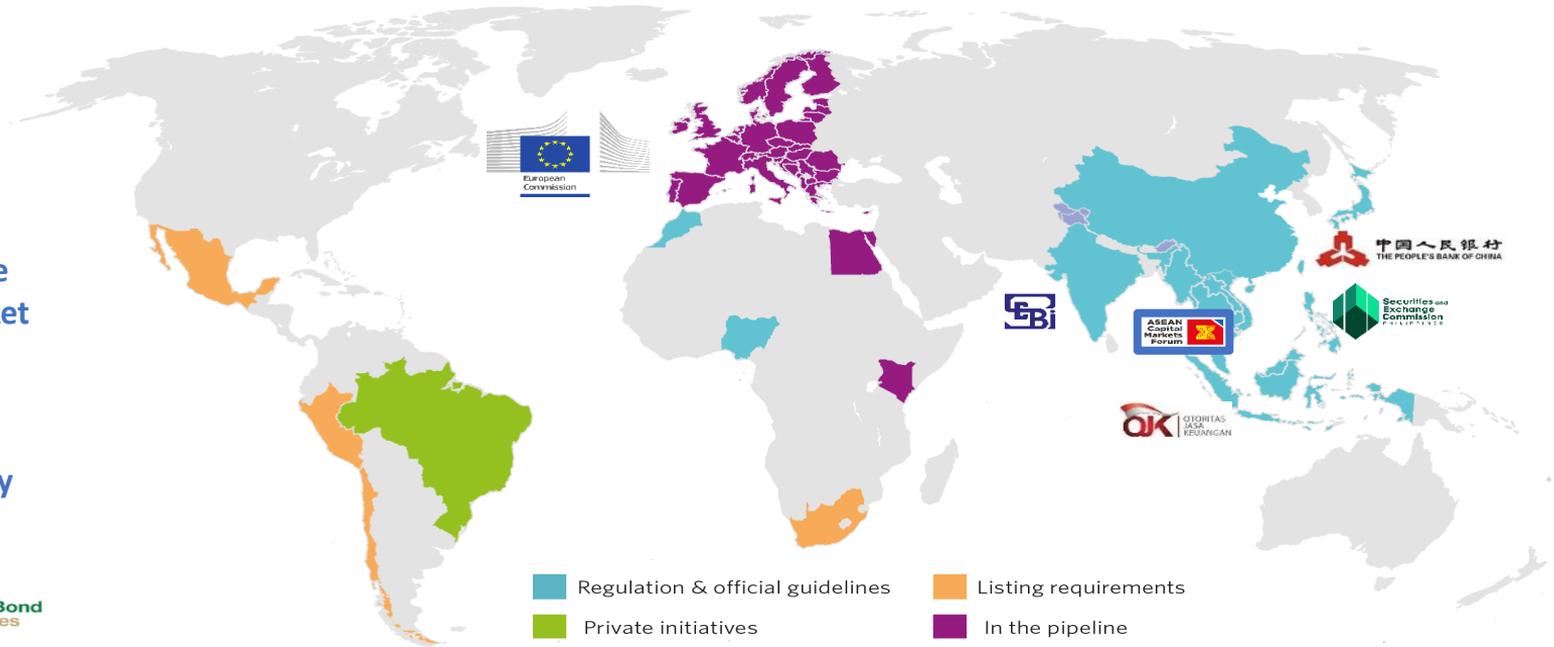


Effectuate the pledges
Action for transition is marked by operating metrics rather than a commitment/pledge to follow a transition pathway at some point in the future. In other words, this is NOT a transition to a transition.

Consistent rules support market growth

Regulators now providing guidance

Voluntary rules drove early market growth, allowed global consistency



Next

Make it easy to know what to do: green definitions

EU-China harmonization is underway

Green funds, incentives, regulatory support

Build Back Better: green, resilient & jobs rich

Energy, environmental restoration, health

Green window