



Climate Bonds Standard Version 3.0

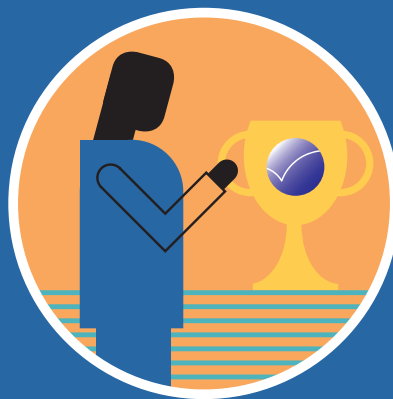
What does the Certification mark mean?

Certification under the Climate Bonds Standard confirms that the bond, loan or other debt instrument is:



1

Fully aligned with the
Green Bond Principles and/or
the Green Loan Principles



2

Using best practices for
internal controls, tracking,
reporting and verification



3

Financing assets consistent
with achieving the goals of the
Paris Climate Agreement.

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The Climate Bonds Initiative is not endorsing, recommending or advising on the financial merits or any other aspect of any debt instrument or investment product and no information within this document should be taken as such, nor should any information in this document be relied upon in making any investment decision.

Certification under the Climate Bond Standard relates exclusively to the climate attributes of the use of proceeds of a designated debt instrument in accordance with the applicable Climate Bonds Standard. For the avoidance of doubt, certification does not address any other aspect of the designated debt instrument which is not covered by the applicable Climate Bonds Standard, such as compliance with national or international laws and/or regulations, broader Environmental, Social and Governance (ESG) attributes, or credit-worthiness.

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Introducing the Climate Bonds Standard & Certification Scheme

The **Climate Bonds Initiative** is an international investor-focused not-for-profit organisation. It was founded in 2010 to promote large-scale investments that will deliver a low-carbon and climate-resilient global economy. Climate Bonds seeks to mobilise investors, industry and government to catalyse green investments at the speed and scale required to avoid dangerous climate change and meet the goals of the Paris Climate Agreement.

A key component of the Initiative is the **Climate Bonds Standard & Certification Scheme ("Certification Scheme")**. The Certification Scheme allows investors, governments and other stakeholders to identify and prioritise 'low-carbon and climate resilient' investments and avoid 'greenwash'.

What does the Certification mark mean?

Certification under the Climate Bonds Standard confirms that the bond, loan or other debt instrument is:



1

Fully aligned with the Green Bond Principles and/or the Green Loan Principles



2

Using best practices for internal controls, tracking, reporting and verification



3

Financing assets consistent with achieving the goals of the Paris Climate Agreement.

While the green finance market continues to grow at pace, future growth relies on maintaining the value of the green label. The green label is underpinned by trust and confidence that the use of funds will be directed to projects and assets that are in line with the Paris Climate Agreement. Investor capacity to assess green credentials is, however, limited, especially in the fast-paced bond market.

The Climate Bonds Standard & Certification Scheme aims to provide the green bond market with the trust and assurance that it needs to achieve scale. Activating the mainstream debt capital markets to finance and refinance climate-aligned projects and assets is critical to achieving international climate goals, and robust labelling of green bonds and green loans is a key requirement for that mainstream participation.

A Scientific Framework underpins the definitions of which projects and assets are consistent with achieving the goals of the Paris Climate Agreement and therefore eligible for inclusion in a **Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument**. The Certification Scheme includes robust approaches for monitoring, reporting and assurance of conformance with the Climate Bonds Standard.

An international **Climate Bonds Standard Board** comprised of large institutional investors and leading environmental NGOs provides ongoing oversight of the Climate Bonds Standard, Approved Verifiers, the Certification Scheme as well as decisions on Certifications. Day-to-day operations and decision making is delegated to the **Climate Bonds Standard Secretariat**.

Certification under the Climate Bond Standard relates exclusively to the climate attributes of the bond and does not address any other aspect of investment decision-making such as compliance with national or international laws and/or regulations, broader Environment, Social and Governance (ESG) attributes, or credit-worthiness.

The **Climate Bond Certified Mark (“Certification Mark”)** is used to designate **Certified Climate Bonds, Certified Climate Loans and Certified Climate Debt Instruments**.

The Climate Bonds Standard & Certification Scheme builds on the broad integrity principles contained in the Green Bond Principles² to create a robust, flexible and effective certification system. Key features include:

- Full alignment with the Green Bond Principles, Green Loan Principles,³ ASEAN Green Bond Standards,⁴ Japan’s Green Bond Guidelines⁵ and India’s Disclosure & Listing Requirements for Green Bonds,⁶ [European Union Green Bond Standard] [Chinese requirements] [Nigeria, Kenya, Brazil, Mexico]
- Clear mandatory requirements for use of proceeds, selection of projects & assets, management of proceeds, and reporting
- Sector criteria for determining the low-carbon and climate resilient credentials of projects and assets
- An assurance framework with independent verifiers and consistent procedures
- Certification awarded by the Climate Bonds Standard Board
- Certification is confirmed after issuance of the bond or loan with mandatory independent verification and annual reporting for the term of the investment



For investors, Certification is a screening tool that labels bonds or loans as Certified Climate Bonds or Certified Climate Loans, respectively. It reduces the burden for investors having to make subjective judgements during their due diligence on the green attributes of certified investments.

For issuers, Certification is a voluntary initiative, which allows them to clearly demonstrate to the market that their bond or loan meets science-based standards for climate integrity, and best practice standards for management of proceeds and transparency.

The **Climate Bonds Standard & Certification Scheme**⁷ is made up of the overarching Climate Bonds Standard Version 3.0 (this document), the **Climate Bonds Taxonomy, sector eligibility criteria, guidance material and certification documents**.

The **Climate Bonds Taxonomy** is the high-level roadmap for the relevant sectors. It forms the basis of the Climate Bonds green bond database methodology, used by Climate Bonds to assess the climate alignment of all green bonds (certified or uncertified) for inclusion in a database, which is then used by index providers and other market players.

The **Sector Eligibility Criteria** are science-based and provide detailed definitions for the eligibility of specific projects and assets. The criteria ensure that projects & assets are consistent with achieving the goals of the Paris Climate Agreement and the rapid transition to a low-carbon & climate resilient future.

All issuers are required to report annually to maintain Certification. The nature of the reporting is dependent on the issuer and the complexity of underlying assets or projects. We note that alignment with Sector Eligibility Criteria already provides investors certainty that the investment is aligned with the Paris Agreement goals. Given this feature of the standard, the need for detailed and quantitative reporting on impacts and outcomes is reduced and sometimes is not necessary. Specific recommendations on impact reporting will be covered in a separate guidance document.

Technical Working Groups and **Industry Working Groups** provide the expertise for the development of the Sector Eligibility Criteria. The **Climate Bonds Standard Board** provides governance and oversight of the Standard and the Certification process. **Approved Verifiers** provide independent assurance that issuers and their certified bonds or loans have met the requirements of the Standard.

The requirements of the Climate Bonds Standard are separated into the two phases of issuing a bond or closing a loan:

pre-issuance which need to be met for issuers seeking certification ahead of issuance, and

post-issuance which need to be met by issuers seeking ongoing certification following the issuance.

Certification is also available for bonds, loans or other debt instruments which have already been issued or closed. In these cases, Issuers only need to meet the Post-Issuance Requirements of the Standard. Issuers can apply for Certification at any time while the instrument is outstanding.

Programmatic Certification is available for frequent issuers of Certified deals. This option increases the flexibility and reduces the verification burden for Issuers with green or sustainable finance programs.

Verification by an Approved Verifier is mandatory in the Certification process. Ongoing Certification includes requirements for annual reporting with public disclosure.

The Climate Bonds Standard is a climate change standard. It is an authoritative standard that eases decision-making and focuses attention on credible climate change solutions in the debt capital markets.

1. The Paris Climate Agreement is an international agreement within the United Nations Framework Convention on Climate Change which entered into effect in November 2016 and will commence in 2020. The goals of the agreement include: "(a) Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels; (b) Increasing the ability to adapt to the adverse impacts of climate change; (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."

2. Green Bond Principles (GBP) are voluntary process guidelines intended for broad use by the market that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market. The latest edition of the GBP is available from the International Capital Markets Association website (www.icmagroup.org/greenbonds).

3. Published by the Loan Market Association (www.lma.eu.com)

4. Developed by the ASEAN Capital Markets Forum (www.theacmf.org)

5. Published by The Ministry of the Environment, Japan and can be retrieved at: <http://www.env.go.jp/en/policy/economy/gb/guidelines.html>

6. Published by the Securities & Exchange Board of India (www.sebi.gov.in) and can be retrieved at: https://www.sebi.gov.in/sebi_data/meetingfiles/1453349548574-a.pdf

7. <https://www.climatebonds.net/standard/taxonomy>

Green Bonds

A Bridge to the SDGs

Climate mitigation and adaptation underpin meeting the UN Sustainable Development Goals

All the goals are underpinned by a series of targets, some financial and some outcome based as part of the 2030 Agenda.

Climate Adaptation

Climate Mitigation

GREEN BONDS

Green Investment

Growth in Green Bond Markets

Our analysis of green bond investment has led Climate Bonds to identify six out of the seventeen SDGs where increased green investment and growth in green bond markets provides direct benefits, particularly in emerging economies.

Six SDGs that get the biggest boost from green bonds: 6, 7, 9, 11, 13 & 15.

<p>6 CLEAN WATER AND SANITATION</p>	<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>13 CLIMATE ACTION</p>	<p>15 LIFE ON LAND</p>
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SDGs that get the biggest boost from green bonds



Definitions

Bonds, loans and other debt instruments

Green Bond, Green Loan or Green Debt Instrument: A bond, loan or other debt instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible green projects, and which is aligned with the four core components of the Green Bond Principles or the Green Loan Principles.

A Green Bond, Green Loan or Green Debt Instrument should not be considered fungible or interchangeable with bonds, loans or other debt instruments which are not aligned with those four core components.

Certified Climate Bond or Certified Climate Loan or Certified Climate Debt Instrument: A green bond, green loan or other green debt instrument that is Certified by the Climate Bonds Standard Board as meeting the requirements of this Climate Bonds Standard.

The term “Bond” is used in this Standard to describe the debt instrument being considered for Certification whether that be structured as a bond or a loan or some other form of debt instrument. Further detail on the types of bonds, loans and other debt instruments which can be certified under the Climate Bonds Standard is provided in Annex 1.

Standard, certification and structures

Climate Bonds Standard: The requirements and eligibility criteria for Climate Bond Certification, based on the current version as published on the Climate Bonds Initiative website (<https://standard.climatebonds.net/>).

Climate Bonds Standard Board: A board of independent members that approves the Standard, Sector Eligibility Criteria, and Verifiers, and considers applications for Certification under the Climate Bonds Standard.

Note: The Climate Bonds Standard Board is constituted, appointed and supported in line with the governance arrangements and processes as published on the Climate Bonds Initiative website

Climate Bonds Standard Secretariat: Manages the day-to-day interaction with issuers, verifiers and other stakeholders.

Note: Contact details for the Climate Bonds Standard Secretariat are available on the Climate Bonds Initiative website www.climatebonds.net. Enquiries can be sent via email to certification@climatebonds.net

Certification under the Climate Bonds Standard: Allows the Issuer to use the Certification Mark in relation to that bond, loan or other debt instrument. Certification is provided once the Climate Bonds Standard Board is satisfied the bond, loan or other debt instrument conforms to the relevant requirements of the Climate Bonds Standard.

Certification Mark: The certification logo designating a **Certified Climate Bond** or **Certified Climate Loan** or **Certified Climate Debt Instrument** that Issuers may use once they have obtained Certification from the Climate Bonds Standard Board. Use of the logo by an Issuer is specified within the terms and conditions of the Certification Agreement.

Issuer, projects & assets

Issuer: The organisation issuing the bond or other debt instrument; or the borrower and other obligors taking out the loan or other debt instrument, or the financial institution receiving designated deposits.

Issuance: The date of issuance for a bond or closing of a loan or other debt instrument.

Eligible Projects & Assets: Parts or collections of:

- Projects or physical assets owned by the Issuer, and/or
- Indebtedness incurred to finance projects or physical assets, and/or
- Other related and supporting expenditures for projects or physical assets, such as research & development,

where the projects or physical assets meet the relevant Sector Eligibility Criteria provided in Part C of the Climate Bonds Standard.

Nominated Projects & Assets: Eligible Projects & Assets that are associated with the bond, loan or other debt instrument. These projects or physical assets may be existing, under construction or yet to be deployed.

Net Proceeds: The amount equal to the gross proceeds of the bonds, loans or other debt instruments minus issuance costs.

Market Value: The price at which an asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. This term is usually defined by convention within the relevant jurisdiction. It is sometimes called Fair Market Value, Market Value, or Fair Value, depending on the context.

Issuer documentation

Green Bond Framework: Information provided by the issuer which describes how each of the requirements in the Climate Bonds Standard will be met by the issuer for the relevant bond, loan or other debt instrument, or program of bonds, loans or other debt instruments. This information is often presented using the four core components of the Green Bond Principles (use of proceeds, selection of projects & assets, management of proceeds, reporting).

Note 1: The Green Bond Framework is an important part of the Certification Process. It is the primary reference for the verifier when undertaking the verification process and must be provided to the Climate Bonds Standard Board as one of the certification documents. See Part D of the Climate Bonds Standard for further detail.

Note 2: Issuers are encouraged to disclose their Green Bond Frameworks or relevant summaries to the market. This is in line with market best practice and will also enable Bonds to be eligible for key market indices and green bond funds. For example, some major green bond index providers undertake a review of the Issuer's Green Bond Framework as part of their analysis and inclusion screening.

Note 3: Examples of Green Bond Framework documents are available on the Climate Bonds Initiative website.

Disclosure Documentation: Documentation associated with the issuance of a bond, loan or other debt instrument; that is prepared before a bond, loan or other debt instrument is issued or entered into; and is made available to potential investors.

Note: This documentation is usually required by the relevant financial regulatory body in the jurisdiction where the bond, loan or other debt instrument is being offered, and may include items such as a prospectus, term sheet, offering, indenture contract or official bond statement. In some jurisdictions this also includes marketing materials for the deal.

Update Report: A document prepared by the issuer that confirms the ongoing conformance of the issuer and the relevant bond, loan or other debt instrument, or program of bonds, loans or other debt instruments with the Post-Issuance Requirements of the Climate Bonds Standard.

Note: The format and frequency of the Update report will depend on the specific circumstances of the issuer and the relevant bond, loan or other debt instrument, or program. Further detail on the Update Report is provided in clause 8 of the Climate Bonds Standard.

Climate Bond Information Form: A template document to be completed by the Issuer and submitted to the Climate Bonds Standard Secretariat as part of the Certification Process.

Note: The Climate Bond Information Form is available from the Climate Bonds Initiative website. The form is used and updated throughout the Certification Process.

Certification Agreement: A legal agreement which must be executed by the Issuer and submitted to the Climate Bonds Standard Board as part of the Certification Process.

Note: The Certification Agreement is available from the Climate Bonds Initiative website and includes terms and conditions for use of the Certification Mark. Adjustments to the template agreement can be negotiated directly with the Climate Bonds Standard Secretariat.

Verifiers and assurance

Verifier: An independent third party assurance provider or auditor, which has been approved by the Climate Bonds Standard Board and is listed on the Climate Bonds Initiative website. Also known as an “Approved Verifier”.

Verifier’s Report: An Assurance Report or a Report of Factual Findings provided by the Verifier to the Issuer which is then provided to the Climate Bonds Standard Secretariat as part of the Certification Process. The Verifier’s Report must be prepared in line with the Guidance for Verifiers which is available from the Climate Bonds Initiative website.

Assurance Report: A document prepared by the Verifier undertaking an Assurance Engagement that conveys the Verifier’s conclusion or opinion as to whether the bond, loan or other debt instrument has conformed to the relevant Requirements of the Climate Bonds Standard.

Assurance Engagement: Procedures undertaken by a Verifier, presented as an Assurance Report, to form a conclusion or an opinion as to whether the bond, loan or other debt instrument has conformed to the relevant requirements of the Climate Bonds Standard. This can be a limited assurance or reasonable assurance engagement.

Report of Factual Findings: A document prepared by the Verifier undertaking an Agreed-Upon-Procedures Engagement that reports factual findings obtained as a result of the Readiness Assessment to test whether the bond, loan or other debt instrument has conformed to the Pre-Issuance Requirements of the Climate Bonds Standard.

Readiness Assessment: An assessment undertaken by a Verifier, using Agreed-Upon Procedures, to assess whether the bond, loan or other debt instrument has conformed to the relevant Pre-Issuance Requirements of the Climate Bonds Standard.

Note: Agreed-upon-procedures can only be used for Pre-Issuance Verification. Agreed-upon-procedures can usually be completed faster than an Assurance Engagement. When agreed-upon procedures are followed, no conclusion or opinion is expressed by the Verifier. Instead, factual findings obtained as a result of the procedures performed are reported. A Readiness Assessment Protocol for Issuers and Verifiers to consider is available from the Climate Bonds Initiative website.

Climate Bonds Standard

The Climate Bonds Standard sets out the requirements to be met for Issuers seeking Certification of a bond, loan or other debt instrument. The requirements are separated into Pre-Issuance Requirements and Post-Issuance Requirements.

The Pre-Issuance Requirements need to be met by Issuers seeking certification prior to Issuance. Post-Issuance Requirements need to be met by Issuers seeking continued Certification following Issuance of the bond, loan or other debt instrument.

In this document, there are some words with very specific meanings, which follows the conventions associated with development of international standards. The word “shall” indicates that a requirement must be met for Certification to be awarded. The word “should” indicates a recommendation; “may” indicates a permission; “can” indicates a possibility or a capability. “Note” is for guidance in understanding or clarifying the associated requirement. The word “Bond” is used in the requirements to represent a bond, loan or other debt instrument.

Part A: Pre-Issuance Requirements

This Section of the Climate Bonds Standard sets out the requirements that apply to all Certified Climate Bonds, Certified Climate Loans and Certified Climate Debt Instruments prior to the issuance or closing of the bond, loan or other debt instrument. These requirements are designed to ensure that:

- the Issuer has established appropriate internal processes and controls prior to issuance or closing of the bond, loan or other debt instrument; and
- these internal processes and controls are sufficient to enable conformance with the Climate Bonds Standard after the bond, loan or other debt instrument has been issued or has closed, and allocation of the proceeds is underway.

For Issuers seeking pre-issuance Certification of their bond, loan or other debt instrument, all requirements set out in this section shall be met.

1. Use of Proceeds

1.1. The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept up-to-date during the term of the Bond.

1.2. The expected Net Proceeds of the Bond shall be no greater than the Issuer’s total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.

Note: The Issuer may choose whether to use its investment exposure or debt obligation to the Nominated Projects & Assets or their Market Value when satisfying Clause 1.2.

1.3. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:

1.3.1 distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bond, green loans or other labelled instruments; or.

1.3.2 the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.

2. Process for Evaluation and Selection of Projects & Assets

2.1. The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. This includes, without limitation:

2.1.1. A statement on the climate-related objectives of the Bond;

2.1.2. A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.

Note: A wide variety of climate-related objectives are possible. These can vary from increasing the installed capacity of low carbon assets, such as solar power facilities, to having a specific objective focused on the operations or indirect effects of the projects & assets, such as emissions reductions.

The climate-related objectives of the Bond, as stated by the Issuer, have implications for the reporting requirements under the Climate Bonds Standard. See Clauses 2.3, 5.2, 5.8, 6.1.1, and 8.4

2.2. The Issuer should include under Clause 2.1 further aspects of the decision-making process, including:

2.2.1. related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.

2.2.2. how the information provided under Clause 2.1 is positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.

2.2.3. any green standards or certifications referenced in the selection of Nominated Projects & Assets.

2.3. The Issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.

3. Management of Proceeds

3.1. The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:

3.1.1. Tracking of proceeds: The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.

3.1.2. Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3

3.1.3. Earmarking funds to Nominated Projects & Assets: An earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.

4. Reporting Prior to Issuance

4.1. The Issuer shall disclose in the Disclosure Documentation:

4.1.1. A statement on the climate-related objectives of the Bond;

4.1.2. The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1, and the Issuer shall provide an explanation of why detail on Nominated Projects & Assets is limited.

Note: Issuers are encouraged to disclose as much information as possible with respect to Nominated Projects & Assets. However, in many cases it is not possible for the Issuer to disclose detailed information about specific projects & assets prior to the issuance of the Bond. This limitation may be due to confidentiality arrangements with owners of projects & assets, the dynamic nature of the project portfolio, competitive considerations, or other legal provisions which limit the disclosure of detailed information.

4.1.3. Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.

4.1.4. The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3.

4.1.5. The Verifier engaged by the Issuer for the mandatory verification engagements.

4.1.6. The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.

Note: Update Reports may be made available through existing reporting channels, such as the EMMA system for the US Municipality sector.

Part B: Post-Issuance Requirements

This Section of the Climate Bonds Standard sets out the requirements that apply to all Certified Climate Bonds, Certified Climate Loans and Certified Climate Debt Instruments after the issuance or closing of the bond, loan or other debt instrument. For Issuers seeking Post-Issuance Certification, all requirements set out in this section shall be met.

Issuers seeking Certification of bonds, loans or other debt instruments which have already been issued or closed, and were not Certified at the pre-issuance stage, only need to meet the Post-Issuance Requirements to receive Certification under the Climate Bonds Standard.

5. Use of Proceeds

5.1. The Net Proceeds of the Bond shall be allocated to the Nominated Projects & Assets.

5.2. All Nominated Projects & Assets shall meet the documented objectives of the Bond as stated under Clause 6.1.1, and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.

5.3. The Issuer shall allocate the Net Proceeds to Nominated Projects & Assets within 24 months of issuance of the Bond, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects & Assets. Net proceeds may be reallocated to other Nominated Projects & Assets at any time while the Bond remains outstanding.

5.4. Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:

5.4.1. distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or

5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.

5.5. Where a proportion of the Net Proceeds of the Bond are used for refinancing, the Issuer shall provide an estimate of the share of the Net Proceeds used for financing and refinancing, and identify which Nominated Projects & Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.

5.6. The Net Proceeds of the Bond shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.

5.7. The Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects & Assets, or the relevant proportion of the total Market Value of the Nominated Projects & Assets which are owned or financed by the Issuer.

Note: The Issuer may choose whether to use the investment exposure or debt obligation to the Nominated Projects & Assets or their Market Value when satisfying Clause 5.7

5.8. Additional Nominated Project & Assets may be added to, or used to substitute or replenish, the portfolio of Nominated Project & Assets as long as the additional Nominated Project & Assets are eligible under Part C of the Climate Bonds Standard and are consistent with the Bond's objective as set out in Clause 6.1.1.

5.8.1. Where additional Nominated Projects & Assets are covered by Sector Eligibility Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification engagements, the Issuer shall engage a Verifier to provide a Verifier's Report covering at least the conformance of the additional Nominated Projects & Assets with the relevant Sector Eligibility Criteria under Part C of the Climate Bonds Standard.

Note: For example, if the objectives of a Certified Climate Bond are to finance a portfolio of solar power facilities in a region, and it receives Certification on that basis, then the Issuer may have only used the Solar Eligibility Criteria as the basis for the selection process in their Green Bond Framework. If the Issuer later wishes to adjust the objectives and allocate Net Proceeds to an expanded range of Nominated Projects & Assets, such as hydro power facilities, water infrastructure or forestry assets, then it will need to use the relevant Sector Eligibility Criteria in its selection processes. These Sector Eligibility Criteria may contain more complex eligibility criteria or technical requirements when compared to those considered during the initial Certification.

6. Process for Evaluation and Selection of Projects & Assets

6.1. The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects & Assets. This includes, without limitation:

6.1.1. a statement on the climate-related objectives of the Bond;

6.1.2. a process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;

6.1.3. other information provided by the Issuer as described in Clause 2.2

7. Management of Proceeds

7.1. The Net Proceeds of the Bond shall be credited to a sub account, moved to a sub-portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.

7.2. The Issuer of the Bond shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects & Assets as described in Clause 3.1.3.

7.3. While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts matching eligible investments or disbursements made. Pending such investments or disbursements to Nominated Projects & Assets, the balance of unallocated Net Proceeds shall be:

7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or

7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or

7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects & Assets.

8. Reporting

8.1. The Issuer shall prepare an Update Report at least annually while the Bond remains outstanding.

8.1.1. The Update Report shall be made available to holders of the Bond and the Climate Bonds Standard Board.

8.1.2. The Update Report should be made available to the public.

8.1.3. The Issuer may also provide an Update Report to holders of the Bond on a timely basis in case of material developments.

Note 1: If the Update Report can not be made available to the public, then the Certified Climate Bond can not be included in the green bond database compiled by Climate Bonds Initiative. This database is used by index providers and other market players and has minimum requirements for public disclosure (<https://www.climatebonds.net/cbi/pub/data/bonds>).

Note 2: The timing of reporting under this clause can be aligned with the Issuer's schedule of regular reporting, and does not need to follow the anniversary of the Certification or Issuance of the Bond.

Note 3: The Issuer can make the Update Reports available through existing reporting channels, such as the EMMA system for the US Municipality sector.

8.2. The Update Report shall include:

8.2.1. a statement on the climate-related objectives of the Bond;

8.2.2. the list of Nominated Projects & Assets to which Net Proceeds have been allocated (or re-allocated);

8.2.3. the amounts allocated to the Nominated Projects & Assets;

8.2.4. an estimate of the share of the Net Proceeds used for financing and refinancing, and which Nominated Projects & Assets have been refinanced. This may also include the expected look-back period for refinancing Nominated Projects & Assets.

8.2.5. confirmation that the Nominated Projects & Assets continue to meet the relevant eligibility requirements specified in Part C of the Climate Bonds Standard. This may include information which is prescribed by the relevant Sector Eligibility Criteria

Note: Some Bonds have very stable allocation of proceeds and do not need to track any performance indicators to maintain the eligibility of the projects & assets (such as financing for a single large-scale solar facility). This means that the update report provided by the Issuer each year can be very concise, and simply restate the information from previous reports.

8.3. Where there are limits to the amount of detail that can be made available in the Update Report about specific Nominated Projects & Assets (as per Clause 8.2), information shall be presented on the investment areas which the Nominated Projects & Assets fall into, as provided in Clause 9.1. Issuers shall include in the Update Report an explanation of why detail on Nominated Projects & Assets is limited.

8.4. The Update Report should include the expected outcomes or impacts of the Nominated Projects & Assets with respect to the climate-related objectives of the Bond.

8.5. Where the expected outcomes or impacts are included in the Update Report, the Issuer shall:

8.5.1. use qualitative performance indicators and, where feasible, quantitative performance measures of the outcomes or impacts of the Nominated Projects & Assets with respect to the climate-related objectives of the Bond

8.5.2. provide the methods and the key underlying assumptions used in preparation of the performance indicators and metrics.

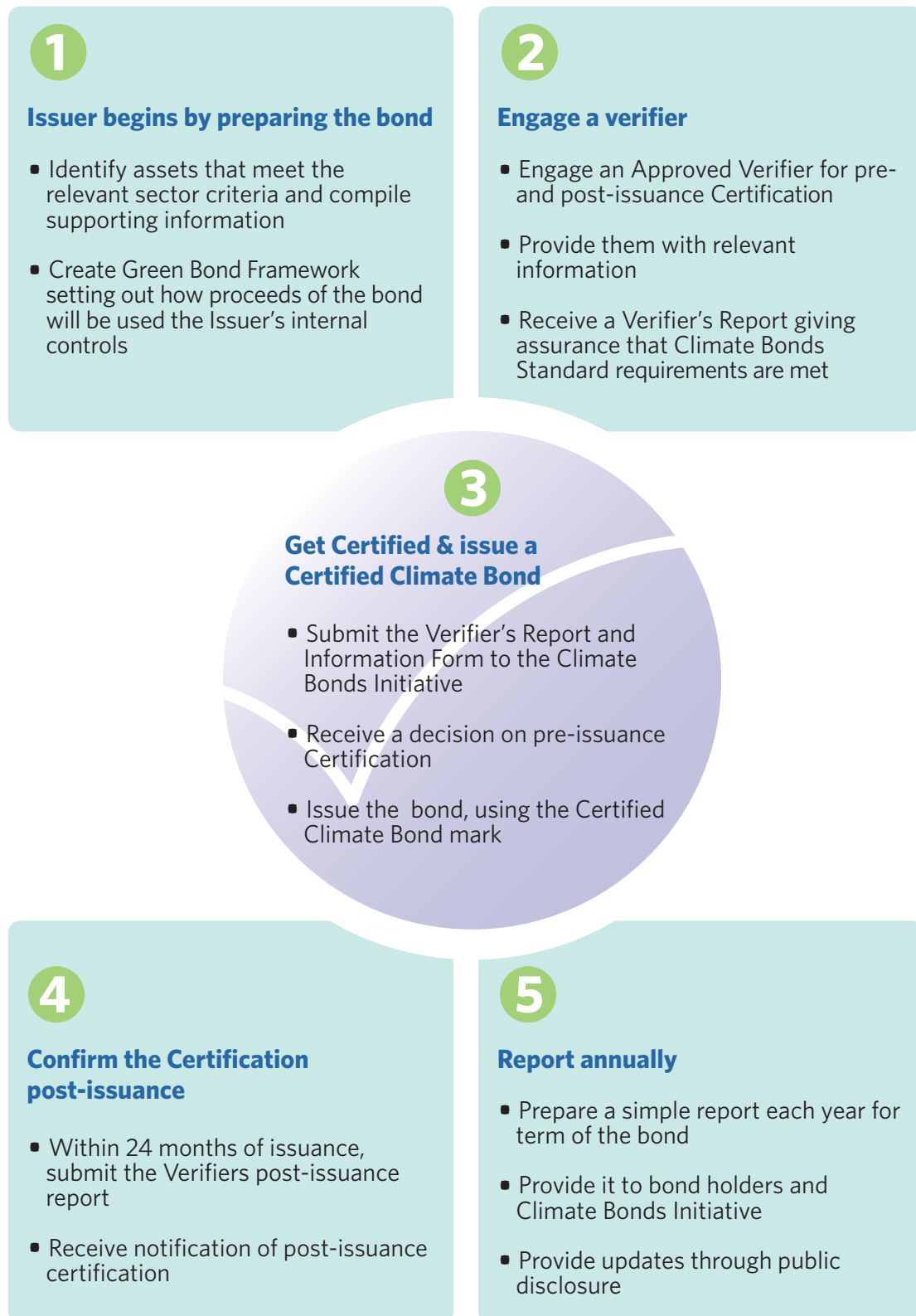
*Note: Examples of quantitative performance measures of the **outcomes** of Nominated Projects & Assets can include, but are not limited to: energy capacity installed, electricity generated, greenhouse gas emissions performance of buildings, number of passengers carried by public transport, number of electric vehicles manufactured, volume of waste water treated. **Impact** metrics and indicators can include, but are not limited to: greenhouse gas emissions reduced/avoided, number of households provided with access to clean power, decrease in water use, reduction in number of cars required.*

8.6. The Issuer should make available to the public any Verifier Reports or other relevant material which supports the Update Report.

8.7. Information about the Nominated Projects & Assets and the Management of Proceeds shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard.

Note: The information provided to the Verifier and the Climate Bonds Standard Board may be subject to confidentiality arrangements as required by the Issuer.

Figure 1. Certification Process for a bond, loan or other debt instrument



Part C: Eligibility of Projects & Assets

This Part of the Climate Bonds Standard serves to determine the eligibility of specific projects and assets that, for the purposes of this Climate Bonds Standard, can be regarded as contributing to the rapid transition to a low carbon and climate resilient economy in line with the goals of the Paris Climate Agreement.

Clause 9 refers to the Climate Bonds Taxonomy. The taxonomy provides an overview of the mitigation and adaptation investment opportunities across the major sectors of the global economy. It serves as an initial screen for inclusions and exclusions for climate-aligned sectors, and is used by the Climate Bonds Initiative when reviewing labelled bonds or loans for inclusion in its green bond list. The Taxonomy is available on the Climate Bonds Initiative website: <https://www.climatebonds.net/certification/resources>

Clause 10 refers to detailed criteria, contained in the Sector Eligibility Criteria documents. The criteria contained in these documents must be met for projects and assets to be considered eligible. Sector Eligibility Criteria for a wide variety of projects and assets are available on the Climate Bonds Initiative website: <https://www.climatebonds.net/certification/resources>.

Some of the Sector Eligibility Criteria include requirements for the ongoing demonstration of eligibility via metrics or performance indicators over time, while other Sector Eligibility Criteria simply refer to the inherent characteristic of the assets.

At the time of publication of Version 3.0 of the Climate Bonds Standard (this document), Sector Eligibility Criteria are available for projects & assets in wind energy, solar energy, geothermal energy, marine renewable energy, low carbon buildings, low carbon transport, water infrastructure, forests and land conservation.

Further Eligibility Criteria are being prepared covering bioenergy, hydro power, waste management, power grids, agriculture, energy efficient devices and industrial assets.

9. Climate Bonds Taxonomy

9.1. Nominated Projects & Assets, as identified by the Issuer under Clauses 1.1 and 5.1, shall fall into one or more of the investment areas listed as included in the Climate Bonds Taxonomy.

10. Sector Eligibility Criteria

10.1. Nominated Projects & Assets shall meet the specific eligibility requirements provided in the relevant Sector Eligibility Criteria documents.

Note: All Sector Eligibility Criteria are approved by the Climate Bonds Standard Board following a criteria development process involving Technical Working Groups, Industry Working Groups and stakeholder consultation. Further details on the development process and the sector-by-sector criteria are available from the Climate Bonds Initiative website. https://www.climatebonds.net/standard/sector_criteria.

Part D: Certification under the Climate Bonds Standard

This section of the Climate Bonds Standard sets out the rules and procedures for Certification of bonds, loans or other debt instruments by the Climate Bonds Standard Board. Further detail on the process steps and administrative workflow for Certification is provided in Guidance documents available from the Climate Bonds Initiative website.

Outline of the Certification Process

The Certification Process has three distinct phases that are aligned with the normal process for issuing and maintaining a bond, loan or other debt instrument. This allows the Certification Mark to be used during the pricing and marketing of the bond or the negotiation of the loan or other debt instrument. It also ensures that the integrity of the Certification Mark is maintained after issuance or closing of the bond, loan or other debt instrument and the allocation of net proceeds.

1. Pre-Issuance Certification: Assessment and Certification of the Issuer's internal processes, including its selection process for projects & assets, internal tracking of proceeds, and the allocation system for net proceeds.

This phase includes the Issuer preparing a Green Bond Framework and a list of eligible projects & assets; verification of the framework and the list by an Approved Verifier; production of a Verifier's Report; and provision of certification documents to the Climate Bonds Standard Secretariat.

Pre-Issuance Certification of bonds, loans or other debt instruments is awarded via a formal letter and a Certificate from the Climate Bonds Standard Board. The Pre-Issuance Certification covers the period prior to issuance or closing of the bond, loan or other debt instrument and is valid until Post-Issuance Certification is awarded.

2. Post-Issuance Certification: Assessment and Certification of the bond, loan or other debt instrument after it has been issued or has closed. If the bond, loan or other debt instrument has been awarded Pre-Issuance Certification, then the Post-Issuance Certification must be undertaken within 24 months of the date of financial close for the bond, loan or other debt instrument.

This phase includes preparation of post-issuance updates; verification of the information by an Approved Verifier; production of a Verifier's Report; and provision of certification documents to the Climate Bonds Standard Secretariat.

Post-Issuance Certification of individual bonds, loan or other debt instrument is confirmed via a formal letter from the Climate Bonds Standard Board. Post-Issuance Certification is awarded as at a particular date after the bond, loan or other debt instrument has been issued or has closed.

3. Ongoing Certification: Maintenance of the Certification based on ongoing conformance with the Post-Issuance Requirements of the Climate Bonds Standard, including meeting annual reporting requirements which are specified in Clause 8. Maintenance requirements and Non-conformance provisions are detailed in Clauses P10 and P11.

Programmatic Certification is also available for Issuers with large portfolios of Eligible Projects & Assets and programs for issuance of multiple Certified deals over a number of years. The Programmatic Certification approach enables frequent issuers to have greater flexibility with respect to the timing and scale of issuing Certified Climate Bonds Certified Climate Loans, or Certified Climate Debt Instruments.

Issuers using Programmatic Certification have a reduced verification burden during the certification and issuance process within their program. Annual verification by _____

an Approved Verifier is mandatory under Programmatic Certification. This option is described in detail in Clause P9.

If a bond, loan or other debt instrument has already been issued or has already closed, the Issuer can still seek Certification from the Climate Bonds Standard Board. Certification of existing bonds, loans or other debt instruments follows the Post-Issuance Certification Process and is encouraged for existing Issuers which are aligned with the Climate Bonds Taxonomy.

The rules and the requirements for the Certification Process are provided in this document under the next section.

Certification documents can be submitted to the Climate Bonds Standard Board via the Climate Bonds Standard Secretariat at the email address: certification@climatebonds.net

Further support is available via phone, email and the Climate Bonds Initiative website to assist Issuers, Verifiers and advisors with successfully navigating the requirements of the Climate Bonds Standard and the Certification Process.

Pre-Issuance Climate Bond Certification

P1. Preparing for the certification process

P1.1. Issuers seeking Certification and the use of the Certification Mark for a Bond prior to Issuance shall:

P1.1.1. Prepare a Green Bond Framework (or equivalent document) which describes how each of the requirements in the Climate Bonds Standard will be met by the Issuer for the relevant Bond or program of Bonds.

P1.1.2. Complete the Climate Bonds Information Form (as appropriate) and submit the completed form to the Climate Bonds Standard Secretariat.

P1.2. The Issuer shall identify within the Climate Bonds Information Form what components of the information provided are confidential and what components can be publically disclosed on the Climate Bonds Initiative website once Certification has been confirmed and Issuance of the Bond has been completed.

Note 1: The Climate Bonds Information Form is available from the Climate Bonds Initiative website: <https://www.climatebonds.net/certification/resources>.

Note 2: The Issuer may submit a draft or incomplete Climate Bonds Information Form to the Climate Bonds Standard Secretariat in order to seek feedback and guidance on the requirements of the Climate Bonds Standard, the Sector Eligibility Criteria and the Certification Process.

Note 3: While acknowledging that some information is sensitive and not able to be disclosed publicly, the Climate Bonds Initiative will always encourage Issuers to provide as much public information as is possible. This is in line with market best practice and will also enable Bonds to be eligible for key market indices and green bond funds. For example, some major green bond index providers undertake a review of the Issuer's Green Bond Framework as part of their analysis and inclusion screening.

P2. Use of a Verifier Prior to Issuance

P2.1. Issuers seeking Certification and the use of the Certification Mark for a Bond prior to its Issuance shall engage a Verifier to undertake either:

P2.1.1. An Assurance Engagement of the Issuer's and the proposed Bond's conformance with the Pre-Issuance Requirements of the Climate Bonds Standard. The Verifier shall issue an Assurance Report expressing a conclusion or an opinion as to whether the Issuer and the proposed Bond have conformed to the Pre-Issuance requirements of the Climate Bonds Standard; or

P2.1.2. An Agreed-Upon Procedures Engagement to assess the Issuer's and the proposed Bond's conformance with the Pre-Issuance Requirements of the Climate Bonds Standard. The Verifier shall consider the Readiness Assessment Protocol provided on the Climate Bonds Initiative website and shall issue a Report of Factual Findings providing the assessment of the Issuer's and the proposed Bond's conformance with the Pre-Issuance Requirements of the Climate Bonds Standard.

P2.2. The subject matter considered by the Verifier shall include those requirements set out in the Pre-Issuance Requirements section of the Climate Bonds Standard, including the relevant sector Eligibility Criteria.

P2.3. The Verifier shall undertake the engagement and prepare the report in line with the Guidance for Verifiers provided on the Climate Bonds Initiative website.

P2.4. The Verifier's Report shall include a summary of how the Issuer and the proposed Bond have conformed with each of the four components of the Pre-Issuance Requirements of the Climate Bonds Standard, including the relevant Sector Eligibility Criteria.

P3. Applying for Pre-Issuance Certification

P3.1. An Issuer that has completed a Pre-Issuance Assurance Engagement or Agreed-Upon Procedures Engagement may apply to the Climate Bonds Standard Board to receive Certification of the Bond under the Climate Bonds Standard.

P3.2. The Issuer shall supply the Climate Bonds Standard Board with:

P3.2.1. a completed (as appropriate) Climate Bond Information Form,

P3.2.2. the Green Bond Framework (or equivalent summary)

P3.2.3. the Verifier's Report, and

P3.2.4. an executed Certification Agreement.

These documents shall be submitted to the Climate Bonds Standard Secretariat via email (certification@climatebonds.net)

P4. Pre-Issuance Certification

P4.1. If the Climate Bonds Standard Board is satisfied that the Issuer and proposed Bond are in conformance with the Pre-Issuance Requirements, then it shall provide a statement which confirms the Certification of the Bond under the Climate Bonds Standard. The Issuer then has the right (subject to the Certification Agreement) to use the Certification Mark in association with the relevant Bond until the Post-Issuance Certification is confirmed.

P4.2. An Issuer shall stop using the Certification Mark:

P4.2.1. Within two years of Issuance, unless the Issuer has received confirmation of Post-Issuance Certification from the Climate Bonds Standard Board; or is using Programmatic Certification as per Clause P9.

Note: The Certification at the pre-issuance stage is only valid for two years from the Issuance of the Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument. Post-issuance Certification must be confirmed within that timeframe for the continuing use of the Certification Mark.

P4.2.2. Where the Issuer no longer wishes to take the proposed Bond to Issuance and provides a written statement to that effect to the Climate Bonds Standard Board.

P4.2.3. Where the Issuer becomes aware that the Bond no longer conforms with the Climate Bonds Standard; and

P4.2.4. Where an Assurance Engagement commissioned by the Issuer or the Climate Bonds Standard Board finds that the Bond no longer conforms with the Climate Bonds Standard.

Post-Issuance Certification

P5. Preparation for Post-Issuance Certification

P5.1. Issuers seeking Certification and the use of the Certification Mark after Issuance of the Bond shall:

P5.1.1. If Pre-Issuance Certification has previously been confirmed for the Bond,, update the Green Bond Framework and Climate Bond Information Form to reflect relevant changes or clarifications to this information after Issuance of the Bond

P5.1.2. If Pre-Issuance Certification has not previously been confirmed, prepare a Green Bond Framework and other documents as described in Clauses P3.2 and P5.1.3.

P5.1.3. Prepare information and evidence to support the Bond's ongoing conformance with the Post-Issuance Requirements of the Climate Bonds Standard, including any ongoing requirements in the relevant Sector Eligibility Criteria.

P6. Use of a Verifier for Post-Issuance Assurance

P6.1. The Issuer shall engage a Verifier to undertake an Assurance Engagement after Issuance of the Bond.

P6.1.1. If Pre-Issuance Certification has previously been confirmed then this Assurance Engagement must be completed within two years of the Issuance of the Bond.

P6.1.2. The subject matter considered by the Verifier shall include those requirements set out in the Post-Issuance Requirements section of the Climate Bonds Standard, including the relevant Sector Eligibility Criteria.

P6.1.3. The Verifier shall undertake the engagement and prepare the report in line with the Guidance for Verifiers provided on the Climate Bonds Initiative website.

Note: The Issuer or other supporting entity should engage the same Verifier to undertake both the pre-issuance and post-issuance activities under the one commercial arrangement. However, this may not be possible in all circumstances.

P6.2. Verifier's Reports submitted to the Climate Bonds Standard Board shall be considered to be confidential unless the Issuer voluntarily discloses the Verifier's Report, or the Standards Board is required by law or national regulators to disclose the Verifier's Report. The Climate Bonds Standard Board shall consult with the Issuer and Verifier on the presentation of the information prior to any public release of the Verifier's Report.

P6.3. The Verifier's Report shall include a summary of how the Issuer and the Bond have conformed with each of the four components of the Post-Issuance Requirements of the Climate Bonds Standard and the relevant sector Eligibility Criteria.

P7. Applying for Post-Issuance Certification

P7.1. If Pre-Issuance Certification has previously been confirmed, the Issuer shall supply the Climate Bonds Standard Board with:

P7.1.1. an updated Climate Bond Information Form,

P7.1.2. the Green Bond Framework (or equivalent summary) as updated

P7.1.3. the Verifier's Report from the Post-Issuance Assurance Engagement.

P7.2. If Pre-Issuance Certification has not previously been confirmed, the Issuer shall supply the Climate Bonds Standard Board with the documents listed in Clause P3.2.

These documents shall be submitted to the Climate Bonds Standard Secretariat via email (certification@climatebonds.net).

P8. Post-Issuance Certification

P8.1. If the Climate Bonds Standard Board is satisfied that the Issuer and the Bond are in conformance with the Post-Issuance Requirements of the Climate Bonds Standard, then it shall provide a statement that confirms the Certification of the Bond. The Issuer then has the right to continue using the Certification Mark in association with the relevant Bond (but no others) while the Bond remains outstanding.

P8.2. An Issuer shall stop using the Certification Mark if:

P8.2.1. Where the Issuer no longer wishes to continue with the Certification of the Bond and provides a written statement to that effect to the Climate Bonds Standard Board

P8.2.2. It becomes aware that the Issuer and/or the Bond no longer conform with the Climate Bonds Standard; or

P8.2.3. An Assurance Engagement commissioned by the Issuer or the Climate Bonds Standard Board finds that the Issuer and/or the Bond no longer conform with the Climate Bonds Standard.

Programmatic Certification

P9. Programmatic Certification

P9.1. An Issuer may use the option of Programmatic Certification if the Issuer:

P9.1.1. Can identify a large portfolio of Eligible Projects & Assets which could cover issuance of multiple Certified Climate Bonds, Certified Climate Loans or Certified Climate Debt Instruments, and

P9.1.2. Has initiated a Program to issue multiple Certified deals over multiple years.

P9.2. For the first Bond under the Program, the Issuer shall follow the normal process for Climate Bond Certification as per clauses P1 to P8.

P9.3. For subsequent Bonds under the Program, the Issuer shall apply to the Climate Bonds Standard Board to receive Certification of each Bond's conformance with the Climate Bonds Standard by:

P9.3.1. Prior to Issuance, supplying the Climate Bonds Standard Board with a completed (as appropriate) Climate Bonds Information Form and an executed Certification Agreement (if necessary). These documents shall be submitted to the Climate Bonds Standard Secretariat.

P9.3.2. Following Issuance, supplying the Climate Bonds Standard Board with an updated Climate Bonds Information Form through the Climate Bonds Standard Secretariat.

P9.4. Every year after the first Issuance under the Program, the Issuer must engage a Verifier to undertake an Assurance Engagement

P9.4.1. The subject matter considered by the Verifier shall include those requirements set out in the Post-Issuance Requirements section of the Climate Bonds Standard, including the reporting requirements in Clause 8, and shall cover all Bonds under the Program.

P9.4.2. The Issuer shall supply the Climate Bonds Standard Board with an updated Climate Bonds Information Form and the Verifier's Report through the Climate Bonds Standard Secretariat.

Maintaining Certification

P10. Maintaining Certification

P10.1. To maintain the Certification status of the Bond the Issuer shall prepare and make available Update Reports at least annually while the Bond remains outstanding, as prescribed in the post-issuance reporting requirements in Clause 8 of the Climate Bonds Standard. The Update Report shall be signed by an authorized officer of the Issuer.

P10.2. The Issuer shall supply the Climate Bonds Standard Board with Update Reports through the Climate Bonds Standard Secretariat or share their location on a public website. Links to Update Reports will be published on the Climate Bonds Initiative website.

P10.3. The Issuer may engage a Verifier to undertake further Assurance Engagements on a periodic basis (such as annually) to confirm that the Issuer and the Bond have maintained conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

P10.4. Where Nominated Projects & Assets are covered by Sector Eligibility Criteria which require ongoing demonstration of eligibility, the Issuer shall include in Update Reports confirmation that Nominated Projects & Assets continue to meet the relevant criteria.

P11. Non-Conformance

P11.1. An Issuer using the Certification Mark shall provide further information if requested by the Climate Bonds Standard Board.

P11.2. In cases of claimed breach of conformance with the Climate Bonds Standard, the Climate Bonds Standard Board may request a new Verifier's Report be prepared by a different Verifier as a condition of maintaining Certification under the Climate Bonds Standard.

P11.2.1. This Verifier's Report shall be submitted to the Climate Bonds Standard Board for review within three months of the initial request.

P11.2.2. No more than one Verifier's Report in any six month period shall be required to be provided by the Issuer following post-issuance certification.

P11.3. Where a Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is no longer in conformance with the Climate Bonds Standard, then the Issuer shall disclose that fact to the Climate Bonds Standard Board within one month of becoming aware of the non-conformance.

P11.3.1. The Climate Bonds Standard Board may suggest corrective actions for conformance to be restored.

P11.3.2. If conformance is not restored within an agreed time frame, the Climate Bonds Standard Board shall revoke its Certification of that Bond.

P11.4. Once Certification of a Bond has been revoked by the Climate Bonds Standard Board, the Issuer shall:

P11.4.1. Not use the Certification Mark in association with the Bond loan or imply that the Certification is still in place;

P11.4.2. Take all necessary steps to remove that Bond from relevant lists or indices which require Certification; and

P11.4.3. Inform the holders of the Bond, relevant exchanges, and other transaction parties of the change in Certification status of the Bond.

P11.5. An Issuer of a Bond which has had its Certification revoked by the Climate Bonds Standard Board may appeal the decision through the Climate Bonds Standard Appeals Mechanism, which is available from the Climate Bonds Initiative website.

Annex 1: Bonds, loans and other debt instruments which are eligible for Certification

There is a wide variety of different financial structures of green bonds, green loans and other debt instruments which are eligible for Certification under the Climate Bonds Standard.

The term “Bond” is used in this Standard to describe the debt instrument being considered for Certification whether that be structured as a bond, a loan or some other form of debt instrument.

A green loan or green bond may take the form of one or more tranches of a bond or loan facility. In such cases, the green tranche(s) must be clearly designated.

The following types of debt instruments are eligible for Certification under the Climate Bonds Standard version 3.0:

Standard Use of Proceeds Bond: a standard recourse-to-the-issuer debt obligation.

Revenue Bond: a non-recourse-to-the-issuer debt obligation in which the credit exposure in the bond is to the pledged cash flows of the revenue streams, fees, taxes etc., and whose use of proceeds go to related or unrelated projects.

Project Bond: a project bond for a single or multiple projects for which the investor has direct exposure to the risk of the projects with or without potential recourse to the issuer.

Securitised Bond: a bond collateralised by one or more specific projects or assets, including but not limited to covered bonds, Asset Backed Securities (“ABS”), Mortgage Backed Securities (“MBS”), and other structures. The first source of repayment is generally the cash flows of the assets.

Convertible Bonds or Notes: Bonds or notes which have the right but not the obligation to convert into a specified number of ordinary shares (or other securities) under specified terms and conditions. If the bond or note was Certified when it was issued and then later converted to equity, then its status as a Certified Climate Bond would end at the point of conversion.

Sukuk: refers to various types of quasi-debt securities that have been developed to meet the strictures of Islamic finance. One of the core principals underlying Islamic finance is avoiding the payment or collecting of interest. A variety of financial instruments have been created that serve the same purpose as bonds and other debt securities, but on which interest is not paid and investors share in profit distributions.

Schuldschein: a traditional German floating or fixed debt instrument. Some features of a Schuldschein are similar to those of loans, while other features are more similar to bonds.

Syndicated Loans: A loan from a number of different lenders acting together. The lenders form a syndicate and the borrower borrows from the syndicate. Common types of syndicated loans are underwritten deals, best-efforts deals and club deals. Usually structured, arranged, and administered by one or several commercial banks or investment banks. Also includes ‘non-bank’ lenders, notably hedge funds or pension funds, which can also be lending parties in syndicated loans.

Commercial Paper: Short-term debt securities. Unsecured promissory notes issued by strong credits including both financial institutions and non-bank corporates, Certification is available for Commercial Paper with maturity of one year or more.

Bilateral Loan: A loan agreement between one lender and one borrower.

Loan Facility: a credit line made available to borrowers to finance projects and assets which meet the relevant Sector Eligibility Criteria of the Climate Bonds Standard. This includes revolving credit facilities, where the parties to the loan must agree how the flow of funds will be evidenced.

Green Bond Fund: a fund which invests in green bonds based on a set of screens or criteria. Screens for the fund could include that the underlying projects and assets must meet the relevant Sector Eligibility Criteria of the Climate Bonds Standard. The fund is likely to issue securities such as units in a trust or use similarly structured arrangements to raise equity and debt. Certification is only available for the debt instruments issued by the fund. The fund itself is not eligible for Certification under the Climate Bonds Standard.

Green Deposits: client funds held by a financial institution which are clearly identified and allocated to a portfolio of projects and assets which meet the relevant Sector Eligibility Criteria of the Climate Bonds Standard. Certification is available for Green Deposits with duration of one year or more.

