Development of the Green Bonds Market

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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

Any entity

[Climate Bonds Initiative logo]
Green bonds and daughters

FOR INVESTORS
- Risk mitigation
- Capital protection
- Client reporting

FOR ISSUERS
- Investor diversification
- Pricing

[Graph showing green, sustainability, social, and pandemic trends from 2014 to 2020 in USD billions]
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.

The Transition label is one pathway to achieving the goals of the Paris Agreement.

It is part of a wider universe of essential and ambitious Paris-aligned investments that includes other labels (not a focus of this paper). Regardless of the label, 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 and nearly halving emissions by 2030.

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 backfill the pledges path and for that activity 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
Taxonomy development & synchronisation

2015 original
2020 remove fossil fuels

2020

Voluntary rules for green bonds

GBP + Taxonomy
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