

Credible transitions

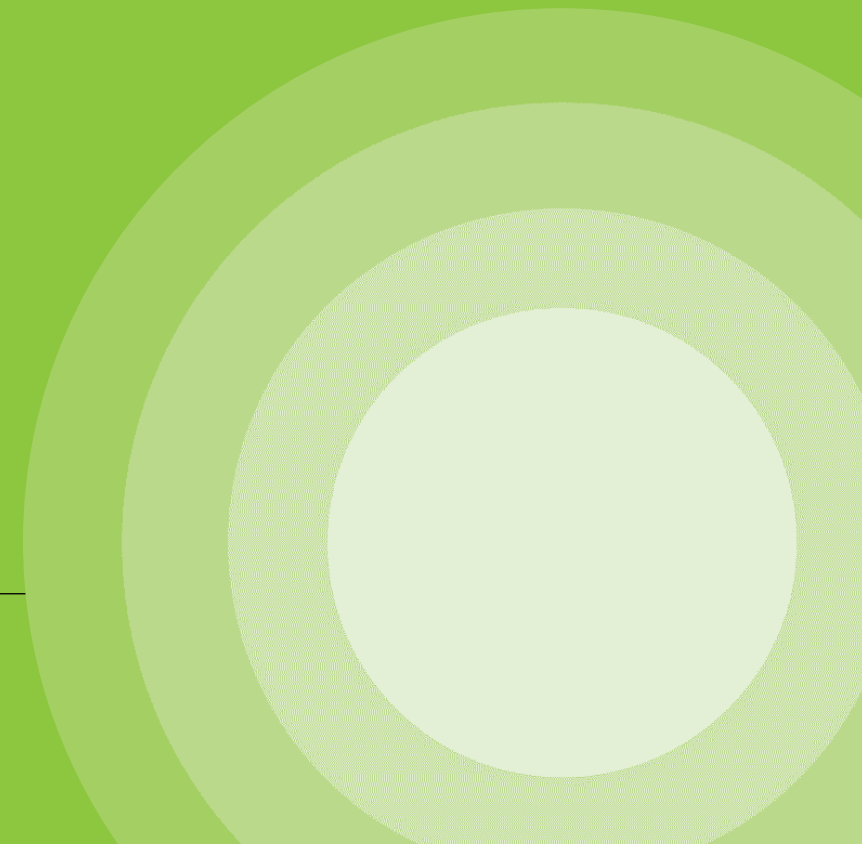
NZAO Alliance / Climate Bonds Initiative

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Agenda

1. About Climate Bonds Initiative
2. Transition tools for A.O.s: Taxonomy, Certification and Screening
3. Our proposal to Asset Owners

Leading expertise in sustainable bonds

Taxonomy and Bond certification

- First to certify credible green bonds in 2012
- First taxonomy in 2012

POLICY

- Global taxonomies and sustainable finance government strategies

Data, research and training

- Climate Bonds green bond database used by investors representing >\$40 trillion
- Dedicated research on sustainable bond markets

=> Deep global insight and expertise on genuine credible debt investing



Our approach is backed by a number of leading investment banks, issuers and investors

Our extensive network of partners

Sell-side



Buy-side



Market infra



“

We are looking for investment-grade returns that also address climate change. The Climate Bond Standard will allow us to know that investment opportunities put before us will be the right ones to build a Low Carbon Economy.

Jack Ehnes,
CEO of California Teachers
Retirement System

“

The Climate Bonds Initiative is taking a leading role in building consensus for Green Bond standards and impact reporting mechanisms. As this market evolves, standardization should help attract investor demand and increase the liquidity of these bonds. We will work closely with Climate Bonds Initiative, bringing our perspective as one of the largest asset managers in the sector.

**Kevin Holt, Co-head of the
Americas Fixed Income,**
Blackrock

Transition tools for asset owners

Taxonomy, Certification & Screening

A decorative graphic consisting of three concentric circles in shades of green, centered on the right side of the slide. The innermost circle is a light green, the middle one is a medium green, and the outermost one is a darker green. The circles are semi-transparent and overlap each other.

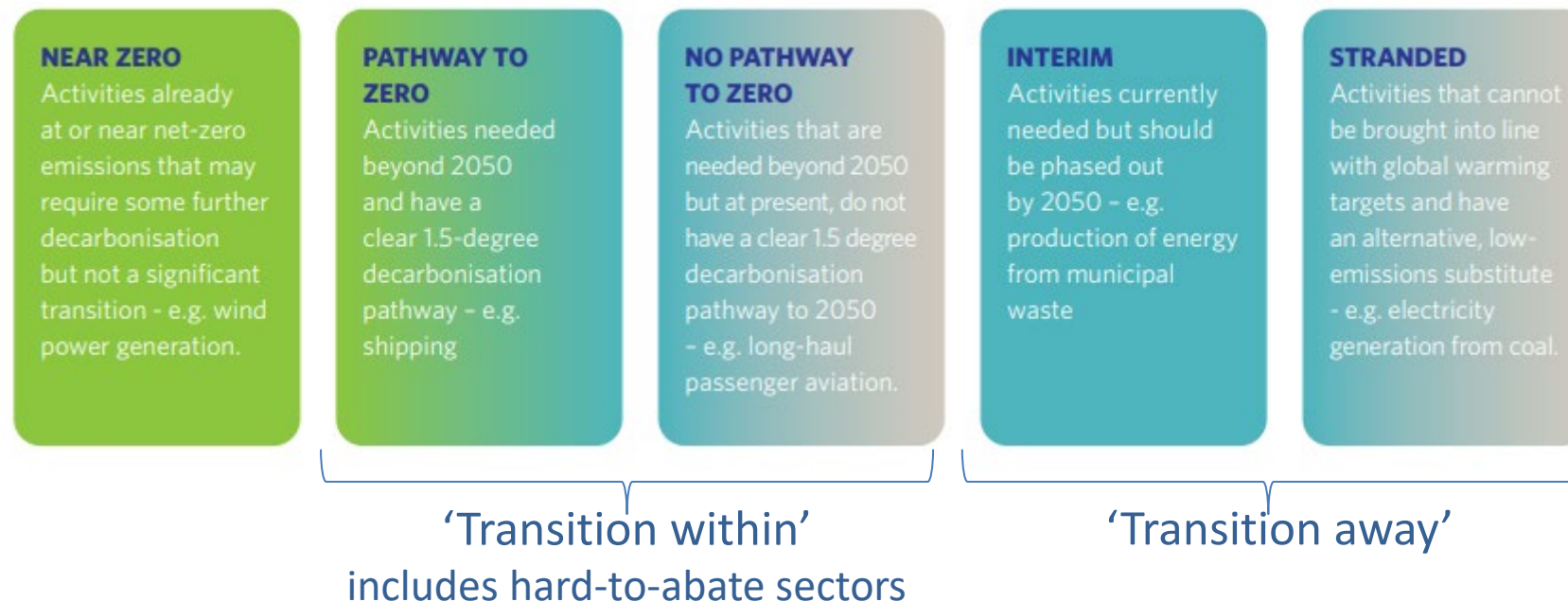
Underpinning principles: Ambitious and inclusive

- Ambition =
- Aligned with 1.5 degree warming targets and pathways
 - Driven by science
 - Not limited by economics
 - Scope 1, 2 and 3 – with limited role for offsets
 - Action, not promises

Inclusive =







Financing Credible Transitions - A framework for identifying credible transitions | Climate Bonds Initiative



Tools: Taxonomy, Certification, Screening for transition investments

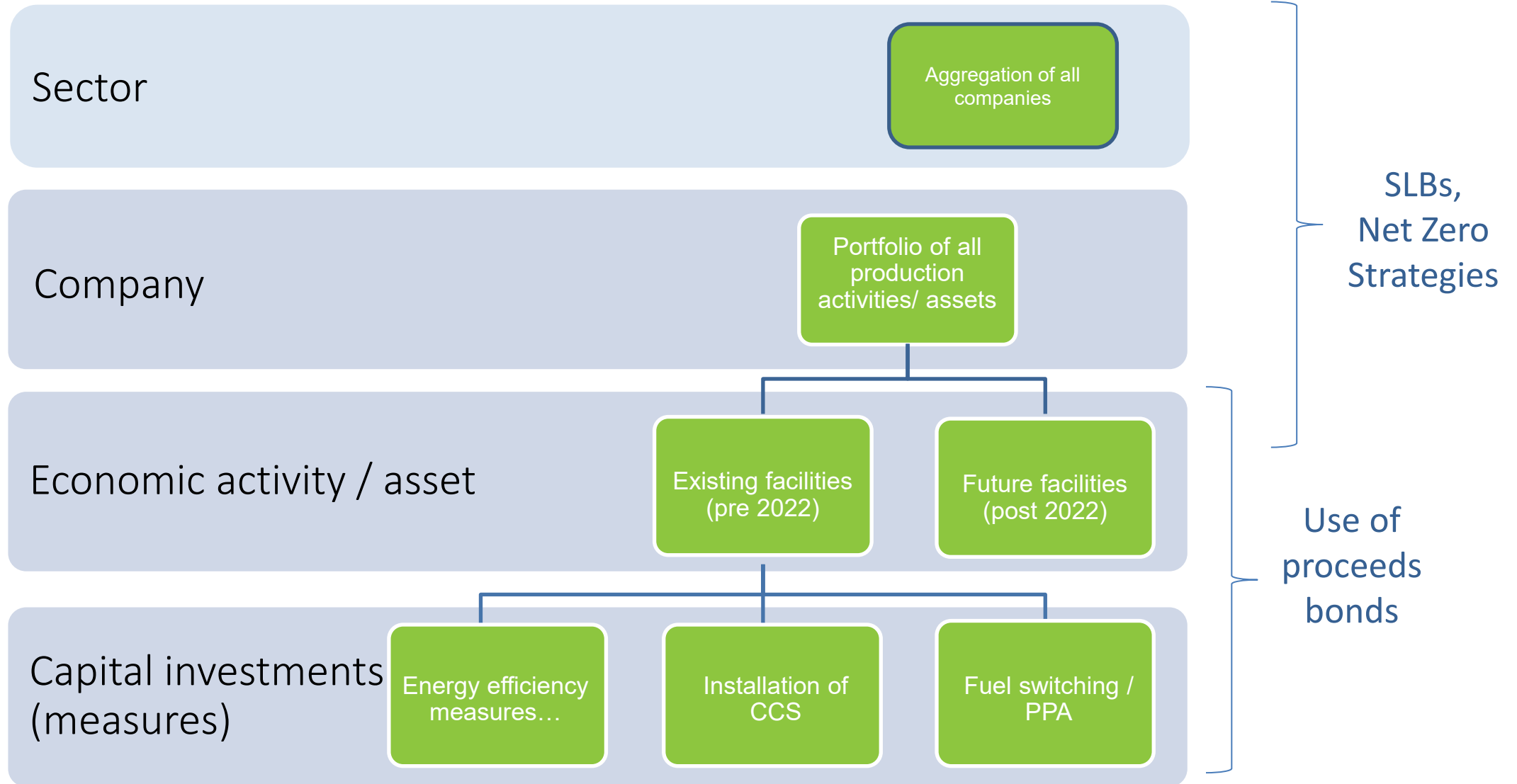
ENERGY	TRANSPORT	WATER	BUILDINGS	LAND USE & MARINE RESOURCES	INDUSTRY	WASTE	ICT
Solar	Private transport	Water monitoring	Residential	Agriculture	Cement production	Preparation	Broadband networks
Wind	Public passenger transport	Water storage	Commercial	Commercial Forestry	Steel production	Reuse	Telecommuting software and service
Geothermal	Freight rail	Water treatment	Products & systems for efficiency	Ecosystem conservation & restoration	Glass production	Recycling	Data hubs
Bioenergy	Aviation	Water distribution	Urban development	Fisheries & aquaculture	Basic Chemical production	Biological treatment	Power management
Hydropower	Water-borne	Flood defence		Supply chain management	Fuel production	Waste to energy	
Marine Renewables		Nature-based solutions				Landfill	
Electrical Grids & Storage						Radioactive waste management	
Nuclear							

 Certification Criteria approved
 Criteria under development
 Due to commence








www.climatebonds.net/standard/taxonomy

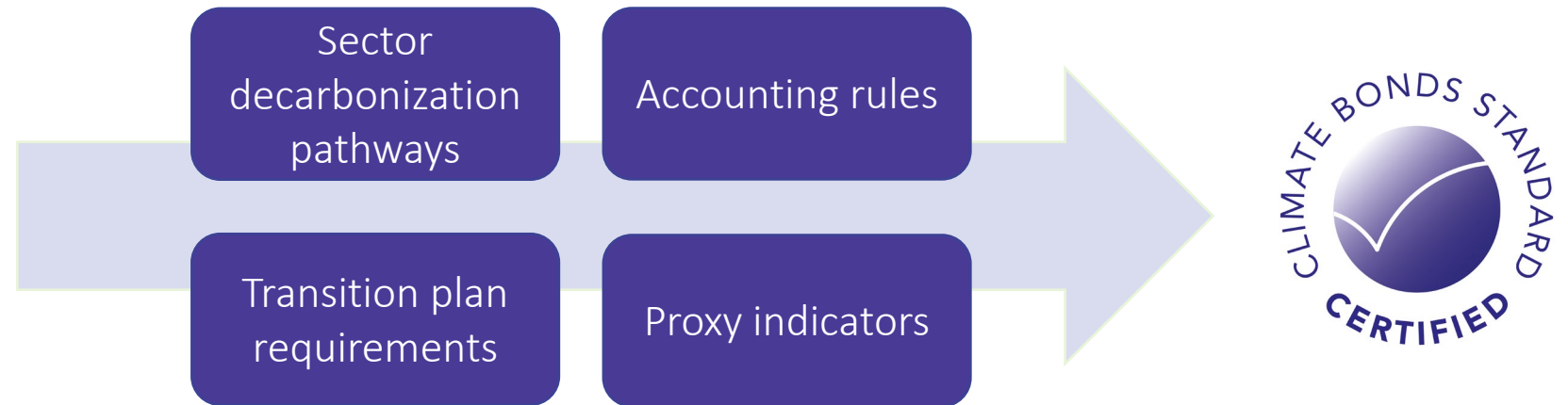
Ensuring coherency in transition: criteria at multiple levels



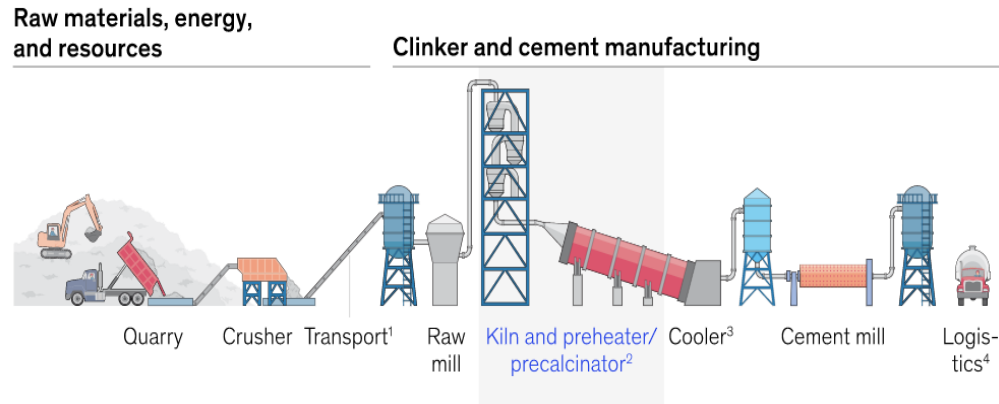
Screening for transitioning companies (and associated instruments)

Hallmarks for credible transition

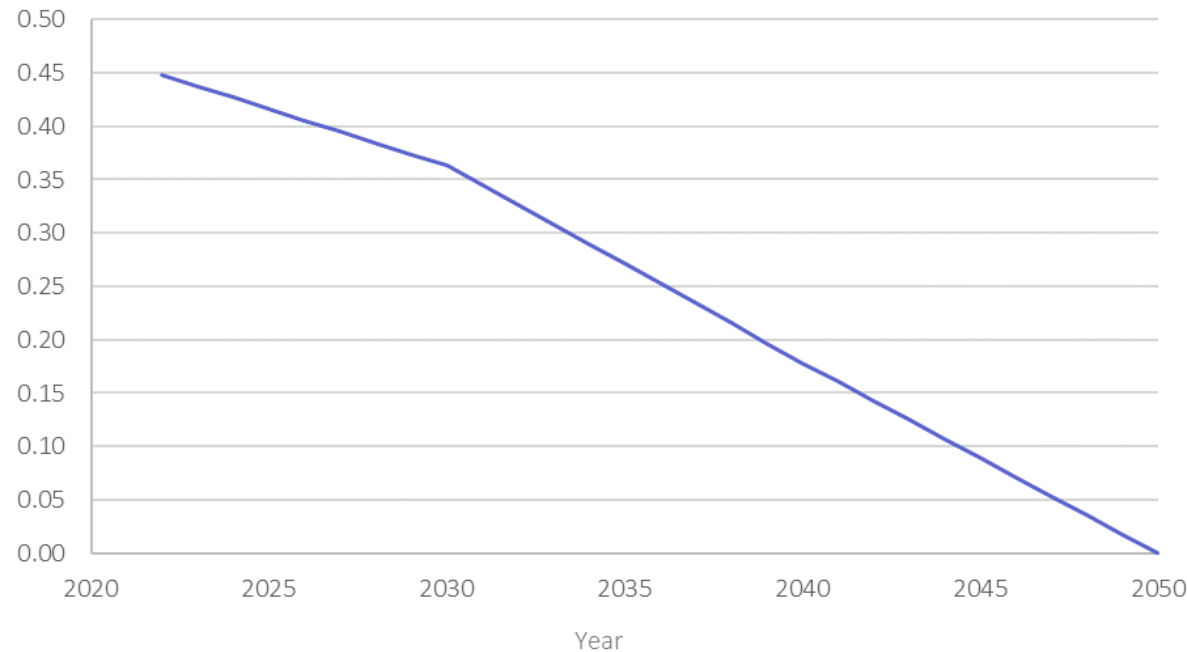
-  1. Paris-aligned targets
-  2. Robust transition plans
-  3. Implementation action
-  4. Internal reporting
-  5. External reporting



Example: cement criteria (in draft)



Carbon intensity (tonnes CO2 per tonne of cementitious product)



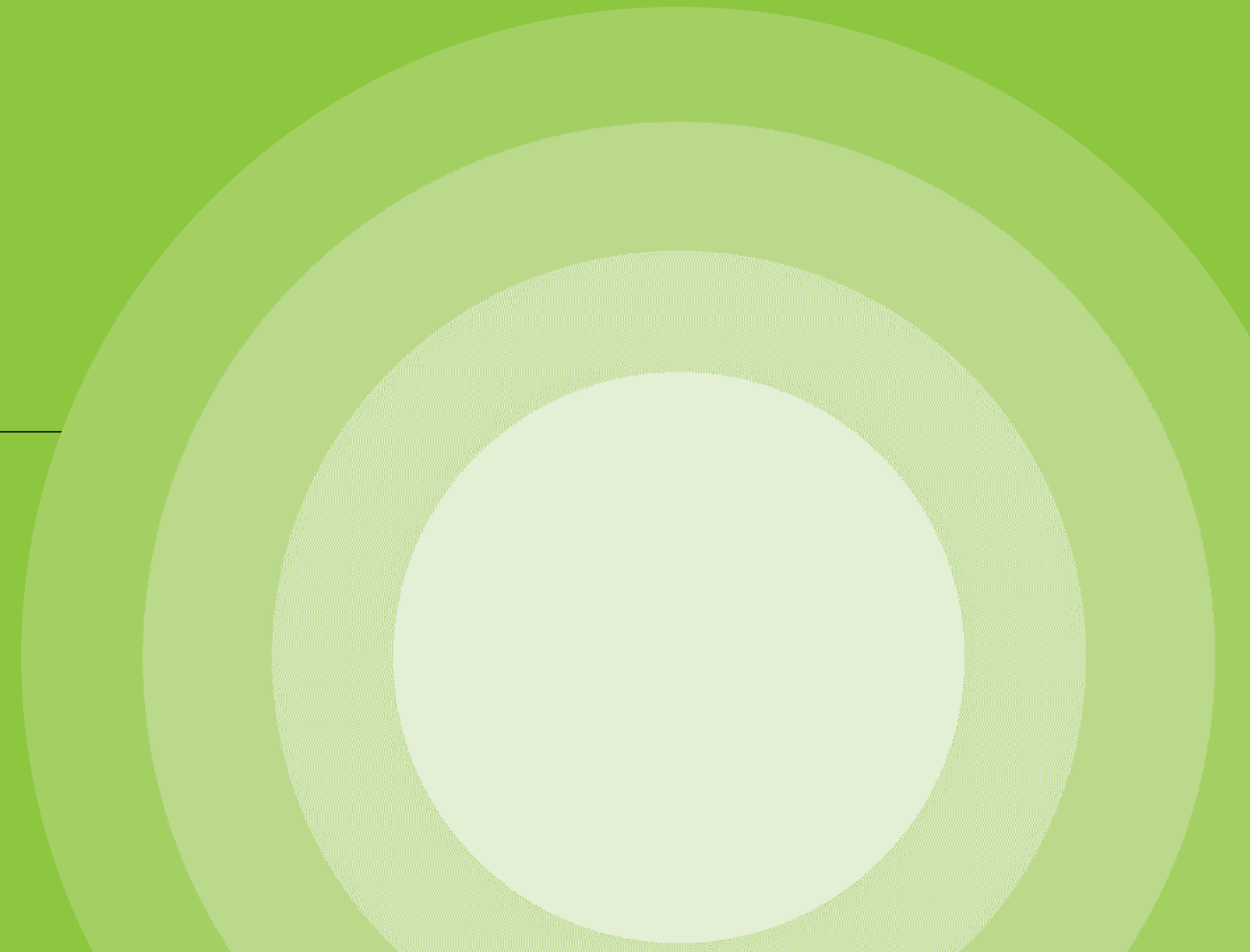
Companies eligible if meet GHG emissions intensity targets (per a 1.5 degree pathway)

New facilities eligible if meet GHG emissions intensity targets (per a 1.5 degree pathway)

Existing facilities eligible if retrofit reduces GHG emissions by required % or meets GHG emissions intensity targets (per a 1.5 degree pathway)

Certain **capital investments** are eligible – some automatically eligible, some have their own specific criteria

Our proposal to Asset Owners



CBI Partnership: a framework to share best practices and exchange on thought-leadership

Asset Owner membership at no cost, including:

- Invitation to join our Partner-only monthly **roundtables**
- 2 free tickets to our hybrid annual **conference** (London) + regional seminars (NYC, Mexico City, Singapore)
- Quarterly deep dives on **sustainable debt data**
- Access to **CBI staff** for insights on specialist topics, e.g. transition, Sustainability Linked Bonds, etc.
- Invitation to join working groups for **new standards criteria**

Our bond databases

Activity/project analysis

GREEN BONDS

- Checks for alignment of Use of Proceeds of all bonds labelled as Green (using CBI Taxonomy)
- Global, all currencies, jurisdictions and instrument sizes

Entity-level analysis

CLIMATE ALIGNED DATABASE

- Analysis of Vanilla bonds (not labelled as green) from corporates whose activities are de facto green

Coming soon: Sustainability Linked Bonds

- Issuer level analysis
- Analysis of Vanilla bonds (not labelled as green) from corporates whose activities are de facto green

Other

SOCIAL AND SUSTAINABILITY

- Bond level analysis
- Comprehensive list of all labelled bonds with proceeds going to social or sustainable categories
- Global, all currencies, jurisdictions and instrument sizes

Q&A

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