

CLIMATE BONDS STANDARD

Globally recognised, Paris-aligned
Certification of Debt Instruments,
Entities and Assets using robust,
science-based methodologies

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Version 4.0



Climate
Bond
Certified

The Climate Bonds Standard and Certification Scheme

The Climate Bonds Standard and Certification Scheme is a voluntary labelling scheme for investments – and now entities – that address the challenge of climate change and are consistent with the goals of the Paris Climate Agreement. The Scheme was launched in 2012 by the Climate Bonds Initiative, a not-for-profit organisation working to mobilise global capital for climate action.

The Standard was initially designed to support confidence in the climate change credentials of green bonds and other debt instruments and to facilitate investment decision-making. Since the Scheme was launched, over USD270bn of Use of Proceeds green instruments have been certified under the Climate Bonds Standard. Version 4.0 of the Standard expands certification coverage to general-purpose instruments (such as sustainability-linked bonds), assets and entities.

Certification under this expanded Standard confirms that debt instruments, assets or entities meet criteria published under the Climate Bonds Standard. Transparently developed scientific criteria underpin the Standard, and a network of Climate Bonds Approved Verifiers provides independent assessment. An international, independent Climate Bonds Standard Board, comprised of institutional investor representatives and appointed by the Trustees of the Climate Bonds Initiative, provides oversight of the Scheme.

This document details the requirements for certification under the Climate Bonds Standard version 4.0 for all of the following:



A. Use of Proceeds (UoPs) debt Instruments.

The proceeds of such instruments are allocated to specific projects, assets, activities, or expenditures which align with the Climate Bonds sector-specific criteria.



B. Assets.

This involves certification of the environmental credentials of specific projects, assets, or activities, following the Climate Bonds sector-specific criteria.



C. Non-Financial Legal Entities.

This certification is available to legal entities that provide non-financial goods and services, or a segregated segment thereof. This certification covers:

- a.** Entities that have ambitious Climate Mitigation Performance Targets that are aligned with the Climate Bonds Sector Criteria at the time of Certification, or that will align by 2030, and that meet the requirements for Transition Plan and disclosure, as defined in this Standard; or
- b.** General-purpose debt instruments issued by Certified Entities that meet the requirements above.



D. Sustainability-Linked Debt instruments issued by non-financial legal entities.

These instruments are eligible for Certification if the Climate Mitigation Performance Targets linked to them are aligned with the Climate Bonds Sector Criteria and supported by a Transition Plan and disclosure requirements that meet the requirements defined in this Standard.

Sector specific criteria for eligible projects, assets or activities can be found on the Climate Bonds website, under “Sector Criteria Available for Certification” <https://www.climatebonds.net/standard/available>

Resources for Standard users: <https://www.climatebonds.net/certification/resources>

Contact email for Certification Team: certification@climatebonds.net

Climate Bonds Initiative New Standard v4.0 Disclaimer

Disclaimer: The information contained in this document does not constitute investment advice in any form or any invitation or inducement to engage in investment activity and the Climate Bonds Initiative is not an investment adviser. Any reference to a financial organisation or debt instrument or investment product is for information purposes only. Links to external websites are for information purposes only. The Climate Bonds Initiative accepts no responsibility for any content on any external website.

Certification under the Climate Bonds Standard relates exclusively to the conformity of one or more designated debt instruments, designated assets and/or designated entities with the applicable Climate Bonds Standard at the time of certification. Certification under the Climate Bonds Standard carries no implication (and should not be understood as carrying any implication) as to any other aspect of any debt instrument or investment product or any collection of debt instruments or investment products or any asset or entity or group of assets or entities or as to continuing conformity at any time after the time of certification. In particular, such certification carries no implication (and should not be understood as carrying any implication) that any stated target has been or will at any time be met or that any particular legal or regulatory requirement has been or will be satisfied.

The Climate Bonds Initiative is not endorsing, recommending or advising on the financial merits or (subject to the previous paragraph) any other aspect of any debt instrument or investment product or any collection of debt instruments or investment products or any asset or entity or group of assets or entities 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.

A decision to invest in anything is solely yours. The Climate Bonds Initiative accepts no liability of any kind, for any investment made by an individual or organisation, nor for any investment made by third parties on behalf of an individual or organisation, based in whole or in part on any information contained within this, or any other Climate Bonds Initiative document.

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Terminology

Applicant: A legal Entity applying for Entity Certification or an issuer of a debt instrument applying for Use of Proceeds or SLD Certification or an asset owner applying for Asset Certification, under the Climate Bonds Standard.

Approved Verifier (Verifier): An independent third-party assurance provider approved by the Climate Bonds Standard Secretariat and listed on the Climate Bonds Initiative website as an Approved Verifier. Only Approved Verifiers are authorised by the Climate Bonds Standard Secretariat to issue verification opinions in relation to a certification application in accordance with the Climate Bonds Standard.

Certification Agreement: A legal agreement must be executed by the Issuer and submitted to the Climate Bonds Standard Secretariat as part of the Certification Process. The Certification Agreement is available from the Climate Bonds website and includes terms and conditions for using the Certification Mark.

Certified Entity: The entity or part thereof which is being certified under the Climate Bonds Standard. Currently, Entity Certification is limited to non-financial Entities or segregated segments thereof, for which the Climate Bonds Initiative has Climate Bonds Standard Sector Criteria for Entity Certification.

Certification Mark: The certification logo designates a Certified Climate Debt Instrument, Entity or asset that issuers or Applicants may use once they have obtained Certification from the Climate Bonds Standard Secretariat. The use of the logo is specified within the terms and conditions of the Certification Agreement.

Certification Scheme: A scheme developed by Climate Bonds for awarding the Climate Bonds Certification label/mark to finance instruments, assets, and entities. The Scheme consists of the Climate Bonds Standard and the Sector Criteria.

Certified debt Instrument Any debt instrument certified by the Climate Bonds Standard Secretariat that meets the Climate Bonds Standard requirements. A certified bond or certified loan may take the form of one or more tranches of a bond or loan facility. The accredited tranche(s) must be clearly designated in such cases.

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

Climate Bonds Initiative (Climate Bonds): Climate Bonds is a company limited by guarantee and a charity registered in England. It is an independent not-for-profit organisation dedicated to mobilising global capital to deliver climate action.

Climate Bonds Standard (CBS): A robust framework based on international best practice in green finance which defines the processes to be followed and Sector Criteria that must be met to achieve certification under the Climate Bonds Standard. The current version of the Climate Bonds Standard is published on the Climate Bonds website.

Climate Bonds Standard Board: An advisory committee set up to review the Standard, Sector Criteria, applications for certification under the Standard and applications by prospective verifiers and to make recommendations to the Trustees and the executive management of the Climate Bonds Initiative.

Climate Bonds Standard Secretariat: Consists of the Climate Bonds Certification Team and the Climate Bonds Standards Team. The Certification Team manages the day-to-day interaction with issuers, verifiers, and other stakeholders. Enquiries can be sent via email to certification@climatebonds.net. The Standards Team drives the process for developing and maintaining Sector Criteria.

Climate Mitigation Performance Targets: The performance targets that define the measurable climate mitigation performance to be achieved.

Debt Instrument: Any debt instrument being considered for Certification, whether that be a bond, a loan, or some other type of debt instrument.

Disclosure Documentation: Documentation associated with the issuance of a bond, loan or other debt instrument is prepared before the bond, loan or other debt instrument is issued or entered into and is made available to potential investors. For debt instrument issuance, 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 memorandum, indenture contract, official debt instrument statement, or legal documentation. In some jurisdictions, this also includes marketing materials for the transaction.

Entity: A legal entity, duly incorporated and validly existing in the jurisdiction in which it operates, providing non-financial goods and services or a segregated segment thereof. It may or may not include other controlled entities (subsidiaries).

GHG Protocol: The Greenhouse Gas Protocol provides requirements and guidance for companies and organizations preparing a corporate-level GHG emissions inventory. The GHG Protocol covers the accounting and reporting of the seven greenhouse gases covered by the Kyoto Protocol.

Green Finance Framework: Information provided by the issuer describes how the issuer of the relevant bond, loan or other debt instrument, or programme of bonds, loans or other debt instruments will meet the requirements in the Climate Bonds Standard.

Green debt instrument: A green debt instrument where the proceeds will be exclusively applied to finance or re-finance, in part or complete, new or existing eligible green projects, and which align with the four core components of the Green Bond Principles, the Green Loan Principles and the Sustainability-Linked Bond Principles.

Issuer: The organisation issuing the bond or other certified debt instrument; or the borrower and other obligors taking out the loan or other debt instrument; or the financial institution receiving designated deposits. The Issuer of a UoP Instrument can be a special purpose vehicle, a securitisation vehicle, or a trust controlled by the issuing entity.

Investment Exposure: Actual amounts invested/to be invested in eligible projects or assets.

Key Performance Indicator (KPI): External or internal indicators which are under management's control and are material to an Applicant's business strategy.

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. Market Value may be assessed by an independent valuer or by using an internal valuation model.

Materiality of Emissions: The Sector Criteria apply materiality thresholds for Scope 1, 2 and 3 emissions on a sectoral basis.

Net Proceeds: The amount equal to the gross proceeds of the bonds, loans, or other debt instruments minus costs directly linked to the issuance, such as legal fees, accountants' fees, and verification fees. In case the debt instrument is a debt facility with a limit (e.g., a revolving credit facility), the net proceeds in the context of a UoP certification will be equal to the drawn amount of the facility.

Net Zero Targets: Short-, medium- and long-term targets set by an entity that aims to reduce its Scope 1, 2 and 3 net greenhouse gas emissions to zero by 2050.

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

Non-Assessed Segment: The part(s) of the Parent Group of the Certified Entity which do not form part of the Certified Entity and those that form part of the Certified Entity but do not contribute to the Certified Entity meeting the Certification Threshold per Clause C.2.3

Parent Company/Group: A company is considered a parent company of another entity (a subsidiary) if it exercises control over the subsidiary. The terms "control" and "subsidiary" have the meaning assigned to them under International Financial Reporting Standard 10 (IFRS 10). A Parent Group consists of the Parent Company and all the companies that the Parent Company exercises control over. Where the Applicant does not belong to a group of companies, the term Parent Company in this Standard applies to the Applicant.

Retroactive Certification: Certification awarded for bonds, loans or other debt instruments which have already been issued or closed.

Safeguards: The exclusions and conditions that the Parent Company and the Parent Group must meet in order for the Certified Entity to be eligible for certification.

Sector Criteria (Climate Bonds Standard Sector Criteria): Sector-specific criteria for the eligibility of specific projects, assets, activities and/ or entities under the Climate Bonds Standard described in the [sector criteria documents](#).

Sustainability-Linked Debt (SLD): Any debt instrument for which the financial and structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives. Such objectives are measured through predefined KPIs and assessed against predefined performance targets. Proceeds of SLD are intended to be used for general purposes.

Transition Finance: Any form of financial support to high-carbon companies intended to finance the implementation of their short-, medium- and long-term plans to achieve net zero.

Transition Plans: The delivery strategy and governance implemented / to be implemented to achieve the decarbonisation targets represented by the Climate Mitigation Performance Targets of the Applicant.

Unqualified Opinion: An unqualified assurance opinion by an Approved Verifier indicates that the Verification Report has been issued with no reservations regarding the adherence of the Applicant (for UoP instruments, assets, SLD or Entity certification) with the requirements of the Climate Bonds Standard and Sector Criteria.

Update Report: A document prepared by the issuer that confirms the ongoing conformance of the issuer and the relevant debt instrument, or programme of debt instruments with the post-issuance requirements of the Climate Bonds Standard.

Use of Proceeds Debt Instruments (UoP Instruments): The proceeds of UoP instruments are allocated to specific projects or purposes. For this Standard, UoP Instruments are for environmentally beneficial projects, assets, activities, or expenditures.

Verification Engagement: The work conducted by an Approved Verifier commissioned by an Applicant for Certification to provide a mandatory Verification Report following the Climate Bonds Standard.

Verification Report: A report prepared by the Approved Verifier, addressed to the Issuer, and provided to the Climate Bonds Standard Secretariat as part of the Certification Process.

Overview of Use of Proceeds and Asset Certification

Nominated projects and assets must meet the eligibility requirements provided in the relevant Sector Criteria documents applicable at the time of certification.

Projects and assets are only eligible under the Standard if all applicable regulatory permits and licences have been obtained and all related legal requirements and obligations in the jurisdiction where the Issuer/Entity/owner operates have been satisfied.

Projects or assets which satisfy the eligibility requirements of the Climate Bonds Standard may be parts or collections of:

i. Physical assets or projects owned by an Issuer or an entity which fully satisfy the Sector Eligibility Criteria published on the Climate Bonds website. Physical assets or projects include:

- a.** Physical assets: existing and operational equipment, machinery, infrastructure, buildings, or land.
- b.** Projects: equipment, machinery, infrastructure or buildings in construction, redevelopment (upgrades, expansion) and similar asset value creation or enhancement activity.

ii. Debt or other financing arrangements provided by a lending institution to finance or facilitate the financing of eligible projects or physical assets, such as corporate loans, retail mortgages, project finance, bank guarantees or performance bonds.

iii. Capital expenditure is undertaken to increase the value and/or lifetime of the physical assets or projects.

iv. Acquisition costs/purchase price for an entity (company or division) which holds physical assets or projects or a share thereof that approximately corresponds to the Market Value of the physical asset or projects holdings.

v. Leasing structures resulting in right-of-use assets and liabilities and long-term leaseholds on land (with duration greater than 12 months), buildings, and infrastructure.

vi. Subsidies, tax and other incentives, credit schemes and grants, and other similar arrangements provided by public entities or agencies, including local and national governments.

vii. Related and supporting expenditures for projects or physical assets where the projects or physical assets meet the relevant Sector Criteria of the Climate Bonds Standard. Such non-capitalised costs may include:

- a.** Relevant installation and routine servicing costs are required to ensure the proper functioning of the asset.
- b.** Repair and maintenance costs, upgrades or renovations undertaken to maintain the value or extend the asset's life.
- c.** Relevant performance monitoring costs concerning tracking climate credentials (e.g., GHG emissions) and climate information services (e.g., satellite monitoring and emissions testing)
- d.** Relevant later-stage research and development (R&D) expenditure where a definable future asset, product and/or process can be linked to climate benefits under the relevant Sector Criteria. At the later-stage research phase, specific (existing or prototype) products, assets or processes exist for which there is a defined approach for improvement that quantifies future climate benefits.
- e.** Any training and education costs directly related to activities a. to d. above.

Overview of Entity and SLD Certification

The Standard provides transparent science-based climate mitigation Sector Criteria for certifying non-financial corporate entities (and parts thereof) and SLD issued by them. This includes corporates whose emissions are already near zero and those that are not but undergoing an ambitious and credible transition.

The Certification rules for entities and SLD aim to address the concerns of issuers and investors on the burden of due diligence and reporting requirements, respectively, while maintaining robustness and credibility. They build on existing frameworks and methodologies. They also emphasise the need for ambitious Climate Mitigation Performance Targets in line with Paris-aligned climate mitigation goals, credible transition plans which give confidence in the entity's ability to meet those targets, and disclosure and verification to enable oversight by investors and other stakeholders.

The Certification rules are based on the [five Hallmarks of a credibly transitioning company first developed by Climate Bonds in 2020 \(the "Hallmarks"\)](#). The Hallmarks provide an assessment framework to support a company transition that is sufficiently rapid and robust to align with the Paris goal to nearly halve emissions by 2030 and reach net zero by 2050. Specifically, the Hallmarks are:

- i.* Paris-aligned targets
- ii.* Robust plans
- iii.* Implementation action
- iv.* Internal monitoring
- v.* External reporting

The Hallmarks and these Certification rules move away from relative measures such as best in class, sector benchmarking or improvements compared to a historic baseline to more absolute measures tied to transition pathways that are common to all sector participants. They require material scope 1, 2, and 3 emissions to be addressed and short-, medium- and long-term targets to be set and supported by robust transition plans.

Approved Verifiers

Professional qualifications and competence

Approved Verifiers are professional firms that follow best practice guidelines concerning ethics, independence, management of conflicts of interest, competence, documentation, and quality controls. Members of the verification teams must have appropriate qualifications and professional experience to enable them to conduct their work to a high standard as well as proven competencies in both financial and environmental/technical fields.

Approved Verifiers must conduct the verification assurance engagements in accordance with ISAE3000 or an equivalent international standard and must adhere to all applicable legal requirements. Verification Engagements should also adhere to the ICMA Guidelines for Green, Social and Sustainability Bonds External Reviews (June 2022) and the LMA Guidance for Green, Social and Sustainability-Linked Loans External Reviews (March 2022).

Verification Report Requirements

Verification reports must include an assurance opinion regarding the compliance of the debt instrument/asset/entity with the provisions of the Climate Bonds Standard and specify the level of assurance entailed in the report. The Applicant must provide all the necessary information about the eligible projects and assets and the internal processes they have in place to the Approved Verifier to support the assessment of conformance with the Climate Bonds Standard. For Entity and SLB certifications, the Applicant must provide the Verifier with Transition Plans and other supporting documents.

Approved Verifiers conduct the Verification Engagement and prepare the Verification Reports per the Guidance for Approved Verifiers provided on the Climate Bonds Initiative website. The subject matter considered by the Approved Verifiers must include a summary of how the Issuer has conformed with the requirements set out in the Standard, including the relevant Sector Criteria.

Disclosure only on authorization of the receiver of the certification

Verification Reports submitted to the Climate Bonds Standard Secretariat may be publicly disclosed only upon the authorization of the Issuer unless the Climate Bonds Standard Secretariat is required by law or national regulators to make such disclosure. The Climate Bonds Standard Secretariat must consult with the Issuer and Approved Verifier on the presentation of the information prior to any public release of any Verification Report.

PART A: USE OF PROCEEDS CERTIFICATION



1. Introduction

The requirements for Use of Proceeds certification are separated into Pre-Issuance and Post-Issuance requirements. The Climate Bonds Standard and Certification Scheme build on the broad integrity principles contained in the [ICMA Green Bond Principles](#).

The Pre-Issuance requirements must be met by Issuers seeking Certification prior to issuance. Post-Issuance requirements must be met by Issuers seeking continued Certification following issuance of the bond, loan, or other debt instrument. Issuers can also apply for Retroactive Certification at any time while the debt instrument is outstanding.

Programmatic Certification is available for frequent Issuers of Certified Debt Instruments. This option increases flexibility and reduces the verification burden for Issuers with large-scale or longer-term green bonds or sustainable finance programmes.

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

2. Pre-Issuance requirements

This section sets out the requirements that apply to all Certified debt Instruments before issuing the bond or closing the loan. These requirements are designed to ensure that:

- i.** The Issuer has established appropriate internal processes and controls prior to issuance or closing of the bond, loan, or other debt instrument;
- ii.** 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;
- iii.** The Issuer has provided a Green Finance Framework document which explains how each of the stages involved in issuing a green debt instrument is satisfied (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting)

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

2.1. Utilisation of Proceeds

2.1.1. The Issuer must document the Nominated projects and assets which are eligible to be associated with the debt instrument. The Issuer must compile a list of Nominated projects and assets which must be kept up to date during the term of the Bond.

2.1.2. The expected Net Proceeds of the debt instrument must be no greater than the Issuer's total Investment Exposure to the proposed Nominated projects and assets or the relevant proportion of the total Market Value of the proposed Nominated projects and assets owned or funded by the Issuer.

2.1.3. Nominated projects and assets must not be nominated to other Certified debt Instruments, unless the Issuer demonstrates that distinct portions of the Nominated projects and assets are being funded by different Certified debt Instruments or, the existing Certified debt Instrument is being refinanced via another Certified debt Instrument.

2.2. Process for Evaluation and Selection of projects and assets

2.2.1. The Issuer must establish, document, and maintain a decision-making process which it uses to determine the eligibility of the Nominated projects and assets.

2.2.2. The decision-making process must include, without limitation:

- i.** A statement on the climate-related objectives of the debt instrument.
- ii.** How the climate-related objectives of the debt instrument are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.
- iii.** The Issuer's rationale for issuing the Bond.
- iv.** A process to determine whether the Nominated projects and assets meet the eligibility requirements of the Climate Bonds Standard.
- v.** Related Sector Criteria, including any exclusion criteria and any other process, applied to identify and manage potentially material environmental or governance risks associated with the Nominated projects and assets.
- vi.** Any green standards or certifications referenced in the selection of Nominated projects and assets.

2.3. Management of Proceeds

2.3.1. The Issuer must document and disclose to the Approved Verifier the systems, policies, and processes they will use to manage the Net Proceeds. These must include arrangements for the following activities:

- a.** Tracking of proceeds: The Net Proceeds of the debt instrument can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.
- b.** Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per the requirements in Clause A.3.3.3.
- c.** Earmarking funds to Nominated projects and assets: An earmarking process can be used to manage and account for funding to the Nominated projects and assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.

2.3.2. Where the prospectus requires the proceeds to be ring-fenced, they must be credited to designated bank accounts that can only fund the specified Nominated projects and assets. The Issuer must track and monitor all payments from the designated bank accounts.

2.4. Pre-Issuance Reporting: Green Finance Framework and Disclosure Documentation

2.4.1. The Issuer must prepare a Green Finance Framework and make it publicly available prior to, or at the time of, issuance. The Green Finance Framework must be provided to the Climate Bonds Standard Secretariat as one of the certification documents.

2.4.2. The Green Finance Framework must include:

- i.** A statement of compliance with the Climate Bonds Standard and/or other applicable standards such as the [Green Bond Principles](#) or the United Nations Sustainability Development Goals.

- ii. A summary of the expected use of proceeds
- iii. A description of the decision-making process for project selection
- iv. A description of the Issuer's processes for managing the proceeds
- v. A description of the Issuer's processes for reporting and external review or verification

2.4.3. The Green Finance Framework should also include, without limitation:

- i. Information on the methodology and assumptions to be used for confirming that the characteristics or performance of the Nominated projects and assets conform to the relevant Sector Criteria, where required, and any other additional impact metrics that the Issuer will define.
- ii. A summary of the approach to manage unallocated Net Proceeds in accordance with Clause A.3.3.3.
- iii. The intended approach to provide Update Reports to reaffirm conformance with the Climate Bonds Standard while the debt instrument remains outstanding.
- iv. The list of proposed Nominated projects and assets associated with the debt instrument and the investment areas into which the Nominated projects and assets fall. Where there are limits on the detail that can be made publicly available about specific Nominated projects and assets, information disclosed must include the investment areas into which the Nominated projects and assets fall and an explanation of why detail on Nominated projects and assets is limited.
- v. Where a proportion of the Net Proceeds are used for refinancing, an estimate of the respective shares of the Net Proceeds used for financing and refinancing, and the relevant Nominated projects and assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated projects and assets.

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

2.4.5. The Issuer must include in its Disclosure Documentation:

- i. The investment areas into which the Nominated projects and assets fall.
- ii. The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause A.3.3.3.
- iii. The Approved Verifier engaged by the Issuer for the mandatory Verification Engagements.
- iv. The intended approach to provide Update Reports to reaffirm conformance with the Climate Bonds Standard while the debt instrument remains outstanding, including the location of the published documents.
- v. The Climate Bonds Initiative Disclaimer provided in the Certification Agreement.

3. Post-Issuance requirements

This Section sets out the requirements for all Certified debt Instruments after issuance or closing which must be met by Issuers seeking Post-Issuance or Retroactive Certification.

3.1. Use of Proceeds

3.1.1. The Net Proceeds of the debt instrument must be allocated to the Nominated projects and assets.

3.1.2. All Nominated projects and assets must meet the documented objectives of the debt instrument and must be in conformance with the Sector Eligibility Criteria requirements of the Standard.

3.1.3. The Issuer must allocate the Net Proceeds to the Nominated projects and assets within 24 months of issuance of the debt instrument. The 24-month deadline can be extended by the Climate Bonds Standard Secretariat for up to 5 years (and exceptionally up to 10 years if duly justified by the nature of the projects to be financed). An extension will be granted at the discretion of the Climate Bonds Standard Secretariat, provided the justification for it can be substantiated by the Issuer and confirmed by the Approved Verifier. At the end of the allocation period specified in the Certification, the Issuer must provide a Post-Issuance Verification Report by an Approved Verifier. The Issuer must provide annual Post-Issuance Verification Reports until the Approved Verifier confirms that 100% of the proceeds have been allocated.

3.1.4. Net proceeds may be reallocated to other Nominated projects and assets at any time while the debt instrument remains outstanding, provided the Approved Verifier has verified such assets.

3.1.5. Nominated projects and assets must not be nominated to other Certified debt Instruments, unless the Issuer demonstrates that different Certified Climate Bonds are funding distinct portions of the Nominated projects and assets, or the Certified debt Instrument is being refinanced via another Certified debt Instrument.

3.1.6. Where a proportion of the Net Proceeds of the debt instrument are used for refinancing, the Issuer must track the respective shares of the Net Proceeds used for financing and refinancing and identify which Nominated projects and assets may be refinanced. This may also include the expected look-back period for refinanced Nominated projects and assets which should reflect the functional lifetime of the projects or assets for delivering the stated climate mitigation/ adaptation/ resilience benefits. The remaining functional lifetime of the projects or assets must be equal to or greater than the term of the instrument being certified. The Net Proceeds may only be used for refinancing operating expenditures that were incurred within three years prior to the issuance of the Certified Debt Instrument.

3.1.7. The Issuer must track the Net Proceeds of the debt instrument following a formal internal process which is documented in accordance with Clause A.3.3.

3.1.8. The Net Proceeds of the debt instrument must be no greater than the Issuer's total Investment Exposure or debt obligation to the Nominated projects and assets or the relevant proportion of the total Market Value of the Nominated projects and assets which are owned or financed by the Issuer. When satisfying this clause, the Issuer may choose either (i) the Investment Exposure or debt obligation to the Nominated projects and assets, or (ii) their Market Value.

3.1.9. Additional Nominated projects and assets may be added to, or used to substitute or replenish, the portfolio of Nominated projects and assets as long as the additional Nominated projects and assets are eligible under the Standard and are consistent with the debt instrument's objectives. Where additional Nominated projects and assets are covered by Sector Criteria which were not included in the scope of either the Pre-Issuance Verification or the Post-Issuance Verification Engagements, the Issuer must engage an Approved Verifier to provide a Verification Report covering at least the conformance of the additional Nominated projects and assets with the relevant Sector Criteria.

3.2. Process for Evaluation and Selection of projects and assets

3.2.1. The Issuer must document and maintain a decision-making process to determine the continued eligibility of the Nominated projects and assets. This includes, without limitation:

- i.** A statement on the climate-related objectives of the Bond.
- ii.** How the climate-related objectives of the debt instrument are positioned within the context of the Issuer's overarching goals, strategy, policy and/or processes relating to environmental sustainability.
- iii.** The Issuer's rationale for issuing the debt instrument.
- iv.** A process to determine whether the Nominated projects and assets meet the sector eligibility requirements specified of the Standard.
- v.** Other information provided by the Issuer as described in Clause A.2.2.

3.3 Management of Proceeds

3.3.1. The Net Proceeds of the debt instrument must be credited to a sub-account, moved to a sub-portfolio, or otherwise identified by the Issuer in an appropriate manner and documented.

3.3.2. The debt instrument Issuer must either maintain an earmarking process or ring-fence the proceeds per Clause A.2.3 to manage and account for the allocation of Net Proceeds to the Nominated projects and assets.

3.3.3. While the debt instrument remains outstanding, the balance of the tracked Net Proceeds must be reduced by amounts allocated to Nominated projects and assets. Pending such allocations to Nominated projects and assets, the balance of unallocated Net Proceeds must be:

- i.** Held in temporary investment instruments that are cash, money-market instruments or other liquid, short-term cash equivalent instruments within a Treasury function; and/or
- ii.** Held in temporary investment instruments that do not relate to greenhouse gas intensive projects or any projects which are inconsistent with the delivery of a low carbon and climate resilient economy; and/or
- iii.** Applied to temporarily reduce the indebtedness of a revolving nature before being redrawn for investments in or disbursements to Nominated projects and assets.

3.4. Post-Issuance Reporting

3.4.1. Following the issuance of a Certified UoP instrument, to maintain the Certification all Issuers must submit annual Update Reports within 12 to 24 months from the date of issuance of the debt instrument until its maturity. Any Post-Issuance Verification Report by an Approved Verifier in any year is deemed to satisfy the Issuer's requirement to submit an Update Report for that year.

3.4.2. The Issuer should also provide an Update Report on a timely basis in case of material developments. Material developments include, but are not limited to, early repayment, change of control or acquisition, change of name, changes to the eligibility of assets and projects and any material amendments to transaction documents, including any winding-up process or enforcement.

3.4.3. Issuers are encouraged to provide their Update Reports through existing bond market reporting channels, such as the US Municipality sector's Electronic Municipal Market Access (EMMA) website.

3.4.4. An Update Report may contain three types of reporting: allocation reporting, eligibility reporting, and impact reporting:

- i.** Allocation reporting confirms the allocation of bond proceeds to eligible projects and assets and is mandatory for all Certified debt instruments.
- ii.** Eligibility reporting confirms the characteristics or performance of projects and assets to demonstrate their eligibility under the relevant Sector Criteria and is mandatory for all Certified debt instruments.
- iii.** Impact reporting discloses the metrics or indicators which reflect the expected or actual impact of eligible projects and assets and is encouraged for all Certified debt instruments.

3.4.5. The three different types of reporting can be included in a single Update Report, which must be provided to the Climate Bonds Standard Secretariat and made publicly available or provided annually to the bondholders/lenders for as long as the debt instrument remains outstanding.

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

3.4.7. The Allocation Reporting must include, without limitation:

- i.** Confirmation that the Bonds issued under the Issuer's Green Finance Framework are aligned with the Climate Bonds Standard.
- ii.** A statement on the climate-related objectives of the Bond.
- iii.** The list of Nominated projects and assets to which Net Proceeds have been allocated (or re-allocated).
- iv.** The amounts allocated to the Nominated projects and assets.
- v.** An estimate of the respective shares of the Net Proceeds used for financing and refinancing and which Nominated projects and assets have been refinanced. This may also include the expected look-back period for refinancing Nominated projects and assets.
- vi.** The geographical distribution of the Nominated projects and assets.

3.4.8. The Eligibility Reporting must include, without limitation:

- i.** Confirmation that the Nominated projects and assets continue to meet the relevant eligibility requirements applicable when obtaining the Certification.
- ii.** Information on the environmental characteristics or performance of Nominated projects and assets, which is prescribed by the relevant Sector Criteria.

3.4.9. Some Bonds have a very stable allocation of proceeds and do not need to track any performance indicators to maintain the eligibility of the projects and assets (such as financing for a single large-scale solar facility). This means that the annual Update Report can be concise and restate the information from previous reports.

3.4.10. Where there are limits on the detail that can be made available in the Update Report about specific Nominated projects and assets (as per Clause A.2.4.3), information disclosed must include the investment areas into which the Nominated projects and assets fall and an explanation of why detail on Nominated projects and assets is limited.

3.4.11. The impact reporting shall, without limitation:

- i.** Provide the expected or actual outcomes or impacts of the Nominated projects and assets concerning the climate-related objectives of the Bond.
 - i.** Use qualitative performance indicators and, where feasible, quantitative performance measures of the outcomes or impacts of the Nominated projects and assets for the climate-related objectives of the Bond.
 - ii.** Provide the methods and the key underlying assumptions for the calculation of the performance indicators and metrics.

3.4.12. Examples of quantitative performance measures of the outcomes of Nominated projects and assets can include but are not limited to: renewable energy capacity installed, greenhouse gas emissions avoided, emissions intensity, energy performance of buildings, number of passengers carried by public transport, volume of wastewater treated. Impact metrics and indicators can include but are not limited to: greenhouse gas emissions reduced/avoided, the number of households provided with access to clean power, a decrease in water use, a reduction in the number of cars required.

3.4.13. Methods include, but are not limited to, the framework used and the calculation methodology, including annualized metrics and/or lifetime calculations. Both institutional and proprietary frameworks may be used: institutional frameworks may be referenced by name, but proprietary and new frameworks should be described in sufficient detail to allow assessment.

3.4.14. The Issuer must make available to the public any Verification Reports or other relevant material which supports the Update Report.

4. Certification Process for Use of Proceeds Instruments

4.1. Process outline

4.1.1. The Certification Process consists of three distinct phases that align with the standard process for issuing and maintaining any debt instrument. This alignment enables the use of the Certification Mark during the pricing and marketing of the debt instrument and during the negotiation of the loan or other debt instrument. Furthermore, it guarantees that the integrity of the Certification Mark is preserved even after the bond or loan has been issued or closed and the net proceeds have been allocated.

4.1.2. Pre-Issuance Certification: Assessment and Certification of the Issuer’s internal processes, including its selection process for projects and assets; internal tracking of proceeds, and the allocation system for net proceeds. This phase includes the Issuer preparing a Green Finance Framework and a list of eligible projects and assets; verification of the framework and the list by an Approved Verifier; production of a Verification 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 Secretariat. The Pre-Issuance Certification covers the period prior to the issuance or closing of the debt instrument. It can assist with marketing the transaction, provided this period does not exceed 12 months. Pre-Issuance Certification is valid until Post-Issuance Certification is awarded.

4.1.3. 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 the specified allocation period as specified in Clause A.3.1.3. This phase includes preparation of Post-Issuance updates; verification of the information by an Approved Verifier; production of a Verification Report; and provision of certification documents to the Climate Bonds Standard Secretariat. Post-Issuance Certification of individual debt instruments is confirmed via a formal letter from the Climate Bonds Standard Secretariat.

4.1.4. Ongoing Certification: Maintenance of the Certification based on ongoing conformance with the Post-Issuance requirements of the Climate Bonds Standard, including meeting the annual reporting requirements specified in Clause A.3.4. Maintenance requirements are detailed in Clause A.4.6. Non-conformance provisions are described in Clause A.4.7.

4.1.5. Programmatic Certification is also available for Issuers with large portfolios of eligible projects, assets, and programmes of multiple Certified deals over several years. Issuers using Programmatic Certification have a reduced verification burden. Annual verification by an Approved Verifier is mandatory under Programmatic Certification. This option is described in detail in Clause A.4.4.

4.2. Pre-issuance Certification

4.2.1. Preparation for Certification: Issuers seeking Certification and the use of the Certification Mark for a debt instrument prior to issuance shall:

- i. Prepare a Green Finance 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 debt instrument issuance or programme.
- ii. Complete the Climate Bonds Information Form and submit the completed form to the Climate Bonds Standard Secretariat. The Issuer must identify within the Climate Bonds Information Form which components of the information provided are confidential and which components can be publicly disclosed on the Climate Bonds Initiative website once Certification has been confirmed and issuance of the debt instrument has been completed. The Issuer may submit a preliminary Climate Bonds Information Form to the Climate Bonds Standard Secretariat in the case where certain information on the debt instrument is unknown at the Pre-Issuance stage.

iii. Engage an Approved Verifier to undertake the Verification Engagement to assess conformance with the Pre-Issuance requirements of the Climate Bonds Standard. Approved Verifier engaged by the Issuer must issue an assurance report expressing an unqualified assurance opinion as to whether the Issuer and the proposed debt instrument have conformed to the Pre-Issuance requirements of the Climate Bonds Standard.

4.2.2. Obtaining Pre-Issuance Certification

i. An Issuer that has completed the Pre-Issuance preparatory steps in Clause A.4.2.1 may apply to the Climate Bonds Standard Secretariat to receive Certification of the debt instrument under the Climate Bonds Standard by submitting the following documents: (i) a completed Climate Bonds Information Form (ii) the Green Finance Framework (or equivalent summary) (iii) the Pre-Issuance Verification Report, and (iv) an executed Certification Agreement. These documents must be submitted to the Climate Bonds Standard Secretariat via email (certification@climatebonds.net).

ii. If the Climate Bonds Standard Secretariat is satisfied that the Issuer and proposed debt instrument are in conformance with the Pre-Issuance requirements, then it shall provide a statement to the Issuer confirming the Certification of the debt instrument under the Climate Bonds Standard. Thereafter, the Issuer has the right (subject to the Certification Agreement) to use the Certification Mark in association with the relevant debt instrument until the Post-Issuance Certification is confirmed.

4.3 Post-Issuance Certification

4.3.1. Preparation for Post-Issuance Certification: Issuers seeking Certification and the use of the Certification Mark after issuance of the debt instrument shall:

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

ii. If Pre-Issuance Certification has not previously been obtained, prepare a Green Finance Framework and other documents as described in Clauses A.2.4 and A.4.2.1.

iii. 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 Criteria.

iv. Engage an Approved Verifier to undertake a Verification Engagement after issuing the debt instrument. If Pre-Issuance Certification has previously been confirmed, then this verification must be completed within two years of the issuance of the Bond.

v. The Issuer may engage the same Approved Verifier to undertake both the Pre-Issuance and Post-Issuance activities under one commercial arrangement, but this is not mandatory.

4.3.2. Obtaining Post-Issuance Certification: If Pre-Issuance Certification has previously been confirmed, the Issuer must submit the following documents to the Climate Bonds Standard Secretariat:

i. An updated Climate Bonds Information Form,

ii. The Green Finance Framework (or equivalent summary) as updated,

iii. The Verification Report from the Post-Issuance Verification Engagement.

iv. If Pre-Issuance Certification has not been obtained, the Issuer must provide the Climate Bonds Standard Secretariat with the documents listed in Clause A.4.2.2.

4.3.3. If, at the time of issuance of the Post-Issuance Verification Report, the proceeds have yet to be fully allocated to the Nominated projects and assets, then the Issuer must provide the relevant explanations. In such an event, the Post-Issuance Verification process must be repeated at least annually until the proceeds have been fully allocated.

4.3.4. If the Climate Bonds Standard Secretariat is satisfied that the Issuer and the debt instrument are in conformance with the Post-Issuance requirements of the Climate Bonds Standard, then it shall provide a statement to the Issuer confirming the Certification of the debt instrument. The Issuer of the previously Certified instrument then has the right to continue using the Certification Mark in association with the relevant debt instrument while the debt instrument remains outstanding.

4.4. Programmatic Certification

4.4.1. Programmatic Certification allows an Issuer with a portfolio of eligible projects and assets to issue multiple Certified debt Instruments under the overarching certification of the whole programme.

4.4.2. To obtain certification of the Program, the Issuer must submit to the Climate Bonds Standard Secretariat:

- i.** A Pre-Issuance Verification Report on the eligible projects and assets and the readiness assessment of the Issuer to comply with the requirements of the Standard
- ii.** A signed Certification Agreement
- iii.** A copy of the Green Finance Framework

4.4.3. The Climate Bonds Standard Secretariat will provide the Issuer with formal confirmation of Certification of the programme.

4.4.4. For every debt instrument issued under the Program, the Issuer must:

- i.** Supply the Climate Bonds Standard Secretariat with a completed Climate Bonds Information Form for the specific debt instrument issued. The Climate Bonds Standard Secretariat will provide the Issuer with formal confirmation of Certification of the specific instrument.
- ii.** Following the first issuance under the Program, the Issuer must adopt an annual Verification Reporting process per Clause A.3.4. (typically 12-24 months after issuance of the first debt instrument under the Program).
- iii.** At the end of every subsequent reporting year, the Issuer must provide the Climate Bonds Standard Secretariat with an updated report from an Approved Verifier to confirm the continuing eligibility of the projects and assets and the allocation of the proceeds for all the Certified instruments under the programme.
- iv.** Annual verifier reports should include Post-Issuance Verification Reports where required until all the proceeds of all Certified bonds under the programme have been fully allocated.
- v.** Once the Post-Issuance certification of all of the instruments in the programme has been completed, the Issuer need only provide an annual Update Report per Clause B.2.2.4 until new instruments are issued under the programme, or the programme has been completed under Clause A.4.4.viii below.
- vi.** The subject matter considered by the Approved Verifier must include the Post-Issuance requirements of the Climate Bonds Standard, including the reporting requirements in Clause A.3.4. It must cover all the debt instruments under the Program.

vii. In the event of changes to the Green Finance Framework during the programme, the Issuer must supply the Climate Bonds Standard Secretariat with the updated version of the annual Verification Report.

viii. Any Programmatic Certification programme is considered completed at the latest of:

- a.** Five years from the issuance of the first debt instrument under the programme; and
- b.** Two years from the most recent debt instrument issuance for which the post issuance verification has been completed

4.4.5. After completing the Programmatic process, the Issuer is no longer required to engage the Approved Verifier annually to conduct of the debt instrument programme. However, the Issuer must conform with the Update Reporting requirements per Clause A.3.4.

4.5. Validity of Certification Label/Mark

4.5.1. An Issuer must stop using the Certification Mark if any of the following applies:

- i.** The Issuer no longer wishes to continue with the Certification of the debt instrument and provides a written statement to that effect to the Climate Bonds Standard Secretariat.
- ii.** The issuance of the debt instrument is cancelled or suspended.
- iii.** The debt instrument is issued more than 12 months after the Pre-Issuance Certification is awarded in accordance with Clause A.4.1.2, other than in the context of a Programmatic Certification as described in Clause A.4.4.
- iv.** The Climate Bonds Standard Secretariat becomes aware that the Issuer and/or the debt instrument no longer conform with the Climate Bonds Standard.
- v.** A Verification Engagement commissioned by the Issuer, or the Climate Bonds Standard Secretariat finds that the Issuer and/or the debt instrument no longer conforms with the Climate Bonds Standard.
- vi.** Ongoing certification is not met (see Clause A.4.1.4)
- vii.** Revocation of Certification occurs (see Clause A.4.7)

4.6. Maintaining Certification

4.6.1. To maintain the Certification status of the debt instrument, the Issuer must prepare and make available Update Reports at least annually, for as long as the debt instrument remains outstanding per Clause A.3.4. An authorised officer of the Issuer must sign the Update Report.

4.6.2. The Issuer must supply the Climate Bonds Standard Secretariat with links to Update Reports or share their location on a public website (such as EMMA).

4.6.3. The Issuer may engage an Approved Verifier to undertake further Verification Engagements on a periodic basis, to confirm that the Issuer has maintained conformance with the Post-Issuance requirements of the Climate Bonds Standard.

4.6.4. Where Nominated projects and assets are covered by Sector Criteria, which require ongoing demonstration of eligibility, the Issuer must include in the Update Reports confirmation that Nominated projects and assets continue to meet the relevant Criteria, including any relevant metrics or thresholds.

4.7. Revocation of Certification

4.7.1. An Issuer using the Certification Mark must provide further information if requested by the Climate Bonds Standard Secretariat.

4.7.2. In case of an alleged breach of conformance with the Climate Bonds Standard, the Climate Bonds Standard Secretariat may request that a different Approved Verifier prepares a new Verification Report as a condition for maintaining Certification under the Climate Bonds Standard:

- i.** This Verification Report must be submitted to the Climate Bonds Standard Secretariat for review within three months of the initial request.
- ii.** The Climate Bonds Standard Secretariat may request no more than one Verification Report in any six-month period following Post-Issuance Certification.

4.7.3. Where a Certified debt Instrument is no longer in conformance with the Climate Bonds Standard, then the Issuer must disclose that fact to the Climate Bonds Standard Secretariat within one month of becoming aware of the non-conformance:

- i.** The Climate Bonds Standard Secretariat may suggest corrective actions to restore conformance
- ii.** If conformance is not restored to the satisfaction of the Climate Bonds Standard Secretariat, the Certification of that debt instrument will be revoked.

4.7.4. Once Certification of a debt instrument has been revoked by the Climate Bonds Standard Secretariat, the Issuer shall:

- i.** Not use the Certification Mark in association with the debt instrument or imply that the Certification is still in place, either directly by the Issuer or indirectly through third-party data providers.
- ii.** Take all necessary steps to remove that debt instrument from relevant lists or indices which require Certification; and
- iii.** Inform the holders of the debt instrument, relevant exchanges, and other transaction parties of the change in the Certification status.

4.7.5. An Issuer of a debt instrument which has had its Certification revoked by the Climate Bonds Standard Secretariat may appeal the decision through the appeals mechanism adopted by the Climate Bonds Standard Board.

PART B. ASSET CERTIFICATION



1. Eligibility requirements

1.1. The owner of any project, asset or portfolio of assets that satisfies the Sector Criteria may apply to certify such assets. In an Asset Certification process, the assessment involves only the eligibility of a project, asset, or portfolio of assets under the Sector Criteria and is not related to the financing of these assets. The project, asset, or portfolio to be Certified must be labelled and described in sufficient detail to be clearly identifiable.

2. Process outline

2.1. Asset owners seeking Certification of their projects, assets or portfolio of assets shall:

- i.** Engage an Approved Verifier to undertake the Verification Engagement to assess conformance with the Sector Criteria of the Climate Bonds Standard. The Approved Verifier engaged by the Issuer must issue a Verification Report expressing an opinion as to whether the owner has conformed to the Climate Bonds Standard Asset Certification requirements.
- ii.** The Approved Verifier must confirm that the asset owner has the internal processes to ensure that the specific asset/portfolio will remain eligible in the 12-month period following the certification.
- iii.** Complete and submit the Climate Bonds Information Form to the Climate Bonds Standard Secretariat. The asset owner must identify within the Climate Bonds Information Form which information provided is confidential and which components can be publicly disclosed on the Climate Bonds Initiative website once Certification has been confirmed.

2.2. An asset owner may apply to the Climate Bonds Standard Secretariat to receive Certification of the project/asset/portfolio of assets under the Climate Bonds Standard by submitting the following documents: (i) a completed Climate Bonds Information Form (ii) an unqualified Verification Report, and (iii) an executed Certification Agreement. These documents must be submitted to the Climate Bonds Standard Secretariat via email.

2.3. If the Climate Bonds Standard Secretariat is satisfied that the proposed assets are in conformance with the asset Certification Requirements, then it shall provide a statement to the asset owner confirming the Certification under the Climate Bonds Standard.

3. Static or Dynamic asset Certification

3.1. Static asset Certification refers to a project, asset or portfolio of assets, the composition of which does not change over the duration of the certification period (12 months for a one-off asset Certification).

3.2. Dynamic asset certification refers to a pool of assets into which new assets may be added over the duration of certification. In the case of Dynamic Asset Certification, the Issuer must adopt a process by which they can evaluate and select the individual assets within the green project categories. This process is similar to that adopted by green bond Issuers for selecting eligible assets in a Use of Proceeds certification, as described in Clause A.2.2. In a dynamic certification process, the Approved Verifier must assess the asset owner's asset selection controls and procedures.

4. Validity of Certification Label/Mark

4.1. One-off asset Certification

This Certification attaches to specific eligible Projects, Assets or Portfolios of Assets. It will be valid for a maximum of 12 months from when the Certification is awarded unless the asset owner adopts a Programmatic Asset Certification process as described in Clause B.4.2.

4.2. Programmatic Asset Certification

The asset owner may apply for Programmatic Asset Certification by engaging the Approved Verifier annually to confirm the eligibility of the project, asset, or portfolio of assets. To maintain certification of the project, asset or portfolio of assets, the asset owner must submit a Verification Report to the Climate Bonds Standard Secretariat confirming alignment with the Sector Criteria applicable when the verification work was conducted. If assets relating to new sectors are added to the Certified pool of assets, the asset owner must ensure that the description of the expanded asset pool clearly describes its composition.

5. Revoking Certification

5.1. An asset owner using the Certification Mark must provide further information if requested by the Climate Bonds Standard Secretariat.

5.2. In cases of a suspected breach of conformance with the Climate Bonds Standard, the Climate Bonds Standard Secretariat may request a new Verification Report be prepared by a different Approved Verifier as a condition for maintaining Certification under the Climate Bonds Standard.

5.3. Where a Certified project, asset or portfolio of assets no longer conforms with the Climate Bonds Standard, the asset owner must disclose that fact to the Climate Bonds Standard Secretariat within one month of becoming aware of the non-conformance. The Climate Bonds Standard Secretariat may suggest corrective actions to restore conformance. If conformance is not restored to the satisfaction of the Climate Bonds Standard Secretariat, the Certification of that asset will be revoked.

5.4. Once the Certification of an asset has been revoked by the Climate Bonds Standard Secretariat, the Owner must not use the Certification Mark or imply that the Certification is still in place.

5.5. An asset owner which has had its Certification revoked by the Climate Bonds Standard Secretariat may appeal against the decision through the Climate Bonds Standard Appeals Mechanism.

PART C: ENTITY CERTIFICATION



1. Introduction

Currently, Entity Certification is limited to non-financial Entities or segregated segments thereof, for which the Climate Bonds Initiative has Climate Bonds Standard Sector Criteria for Entity Certification.

These entities, or segments thereof, may have emissions already at or near zero or significantly above zero but with Transitions Plans aligned with 1.5C degree pathways.

Certification is valid for **five years** from the date of certification, subject to compliance with the requirements laid out in this Part C.

Figure C1 summarises the steps to Entity Certification. **Figure C2** illustrates the certification requirements for the Compliant Activities of the entity, or segregated segment thereof, being Certified. **Figure C3** illustrates additional certification requirements relating to the remainder of the legal entity not forming part of the Certified Entity (in the case of certification of a segment of a legal entity) or to the wider Parent Group of which the Certified Entity is a part (if the Certified Entity is part of a Parent Group).

A Checklist for Certification providing further clarification on the requirements to comply with the criteria for Entity Certification is given in the accompanying ‘Entity Certification Checklist’ document. That Checklist must be adhered to in conjunction with the requirements in this Part C.

Figure C1: Steps to Entity Certification*

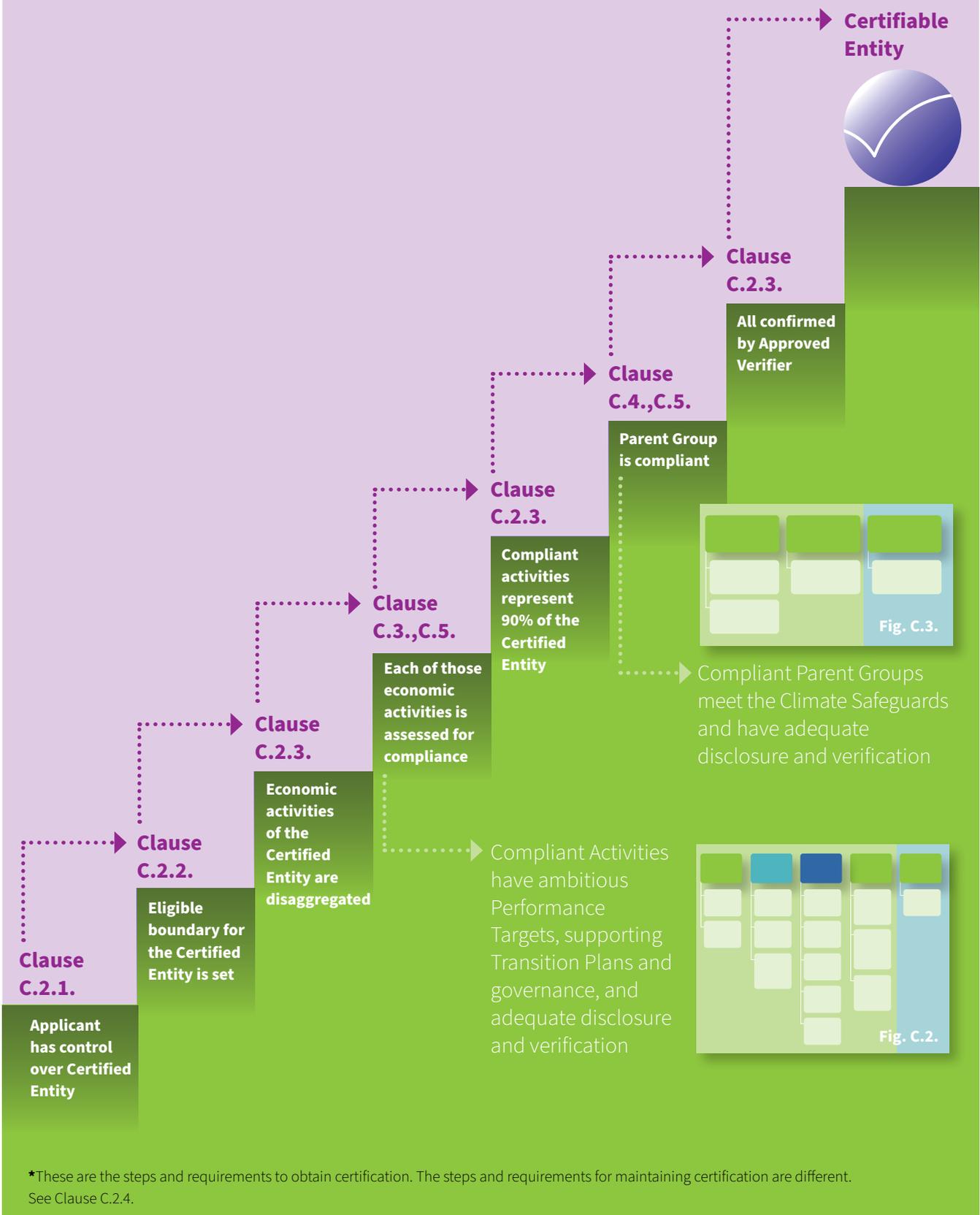


Figure C2: Requirements for Compliant Activities of the Certified Entity

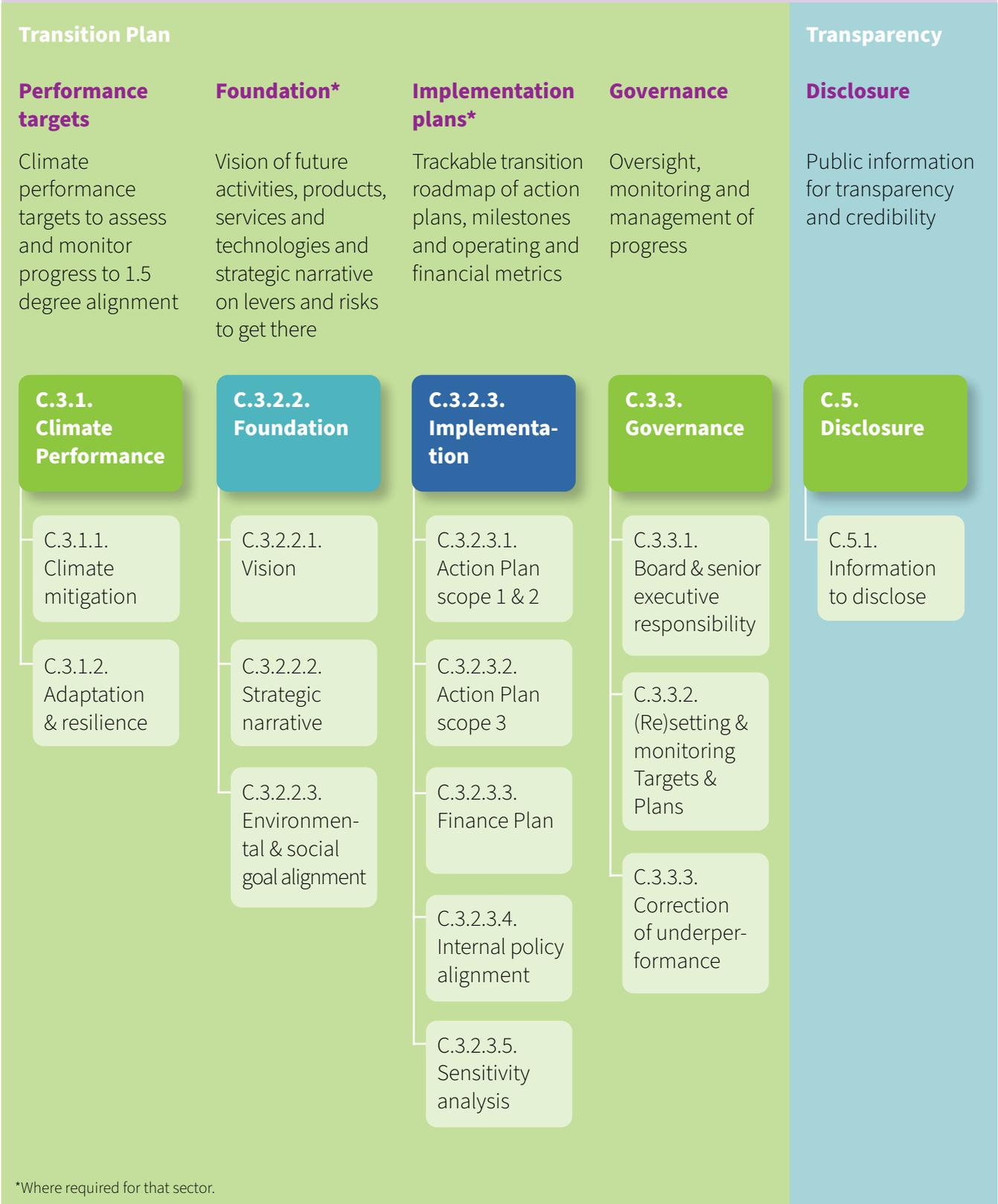
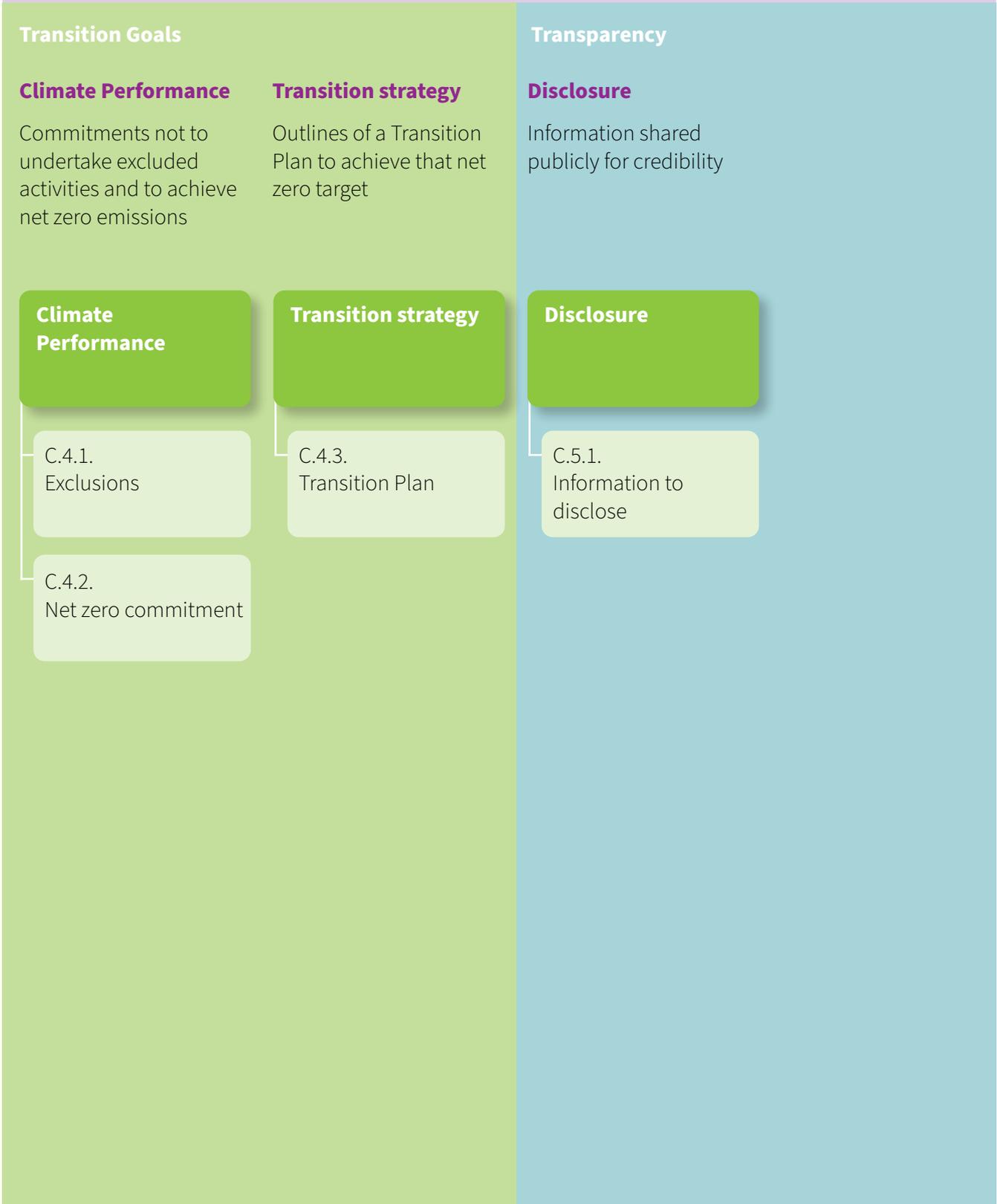


Figure C3: Requirements on the Parent Group



2. Eligibility and Accounting Rules

2.1. Applicant control over the Certified Entity

The Applicant must either be the same legal entity as the Certified Entity or have operational control over the Certified Entity.

2.2. Boundary of the Certified Entity

The Certified Entity may be a group of legal entities within a Parent Group, a single legal entity or a segregated segment thereof, at the Applicant's discretion, subject to the following conditions:

- i.** Certification of a Parent Company must include subsidiaries and other controlled companies within its boundary. The sole exception is where no Sector Criteria are available to assess the activities of any subsidiary or controlled company, in which case those subsidiaries or controlled companies must be excluded from the boundary of the Certified Entity.
- ii.** A segregated segment thereof means a sub-division of a legal entity. This can be set as the Certified Entity and Certified in its own right only if no Climate Bonds Sector Criteria exist for the other sub-divisions of the legal entity.
- iii.** Where an economic activity of the Certified Entity is carried out across multiple sub-divisions or subsidiaries or companies controlled by the same legal entity, the Applicant must include all such sub-divisions and subsidiaries within the boundary of the Certified Entity.

2.3. Obtaining Entity Certification

The Applicant receives a Verification Report from an Approved Verifier that:

- i.** The proportion of the Certified Entity's economic activities that are counted as complying with the Climate Performance, Delivery Strategy, Governance and Disclosure requirements in Clauses C.3.1, C.3.2, C.3.3 and C.5, respectively, exceeds 90% of the Certified Entity's total economic activities; and
- ii.** The Parent Group meets the Climate Safeguard and Disclosure requirements in Clauses C.4 and C.5, respectively.

And the Applicant supplies to the Climate Bonds Standard Board, through the Climate Bonds Standard Secretariat, a copy of the Verification Report or shares its location on a public website, for the purpose of publishing on the Climate Bonds Initiative website.

See Box C1 for the application process for obtaining Entity Certification.

A note on terminology: This 90% is defined as the 'Certification Threshold', and economic activities which meet the Climate Performance, Delivery Strategy, Governance and Disclosure requirements per Clauses C.3.1, C.3.2, C.3.3 and C.5 respectively and hence form part of this 90% are the 'Compliant Activities.'

To assess compliance with this threshold, the economic activities of the Certified Entity are disaggregated and weighted according to either their revenue share or share of GHG emissions. See the Entity Certification Checklist document for the methodology to determine compliance.

Box C1: Application process for Entity Certification

Applicants seeking Entity Certification must apply by submitting the following documents to the Climate Bonds Standard Board Secretariat:

- i.** A completed Climate Bonds Information Form;
- ii.** The Verification Report from an Approved Verifier that meets the requirements in Clause C.2.3.; and
- iii.** An executed Certification Agreement.

If the Climate Bonds Standard Board is satisfied that the Applicant is in conformance with the Pre-Issuance requirements, then it will provide a statement confirming the Certification of the Certified Entity.

The Applicant must identify within the Climate Bonds Information Form which of the information provided are confidential and which can be publicly disclosed on the Climate Bonds Initiative website once Certification is confirmed.

2.4 Maintaining Entity Certification

The Applicant receives an annual Verification Report from an Approved Verifier that:

- i.** In respect of the Certified Entity:
 - i.** If at Certification the Certified Entity followed the revenue share basis for compliance with the Certification Threshold and subsequently increased the revenue of any economic activity of the Certified Entity that did not previously contribute to the Certified Entity meeting the Certification Threshold, then the Applicant has re-assessed its compliance with the Certification Threshold and the Certified Entity still meets the Certification Threshold (per Clause C.2.3); and
 - ii.** All interim Climate Mitigation Performance Targets (per Clause C.3.1.1) and all interim milestones in the Delivery Strategy (per Clauses C.3.2.3.1, C.3.2.3.2 and C.3.2.3.3) falling due since the last Verification Engagement have been met. The only exception to this may be where compensatory measures have been taken or are planned to address underperformance and those measures collectively meet the requirements in Clause C.3.3; and
 - iii.** Any and all correction measures have been taken to address any anticipated underperformance in the delivery of the Delivery Strategy and future interim Climate Mitigation Performance Targets meet the requirements in Clause C.3.3; and
 - iv.** All disclosure requirements have been met (per Clause C.5);

and

- ii.** The Parent Group remains in compliance (per Clauses C.4 and C.5);

and

- iii.** The Applicant is not subject to revocation of certification due to any of the events detailed in Box C2.

and

- iv. The Applicant supplies to the Climate Bonds Standard Board, through the Climate Bonds Standard Secretariat, a copy of the annual Verification Report or shares its location on a public website, for the purpose of publishing on the Climate Bonds Initiative website.

See Box C3 for the process for maintaining Entity Certification:

Box C2: Events leading to the revocation of Entity Certification

Entity Certification will also be rescinded at any time where:

1. The Applicant becomes aware that the Certified Entity and/ or the Parent Group no longer conforms with the Climate Bonds Standard and provides a written statement to that effect to the Climate Bonds Standard Secretariat; or
2. A Verification Engagement commissioned by the Climate Bonds Standard Board, finds that the Certified Entity and/ or the Parent Group no longer conforms with the Climate Bonds Standard; or
3. The Applicant has breached any contractual obligation towards the Climate Bonds Initiative.

In addition, if the Certified Entity has undertaken new economic activities in addition to those previously taken into account when assessing compliance with the Certification Threshold (per Clause C.2.3.), the Applicant must re-apply for certification within 12 months of the start of the new economic activity. This new application must consider the new, expanded economic activities of the Certified Entity. If the new application is not submitted or is not compliant with this PART C of the Standard, the existing Entity Certification will be revoked.

Box C3: Maintaining Entity Certification

Applicants seeking to maintain Entity Certification must submit the following documents to the Climate Bonds Standard Board Secretariat on an annual basis:

- i. A completed Climate Bonds Information Form;
- ii. The annual Verification Report from an Approved Verifier which meets the requirements per Clause C.2.4.).

If the Climate Bonds Standard Board is satisfied that the Applicant is in conformance with the ongoing requirements, then it will provide a statement confirming the certified status of the Certified Entity.

3. Transition Plan for Compliant Activities

For each of the economic activities of the Certified Entity identified per Clause C.2.3., all of the following requirements must be met for it to be deemed a ‘Complying Activity.’

3.1. Climate Performance

3.1.1. Climate Mitigation Performance Targets

3.1.1.1. Time horizon

The Climate Mitigation Performance Targets cover the time from the date of certification to the date the activity is intended to hit net zero emissions, or 2050, whichever is sooner.

3.1.1.2. Interim Climate Mitigation Performance Targets

The Climate Mitigation Performance Targets include interim targets on a three-yearly basis for the nine years following the date of certification and a five-yearly basis thereafter over the full-time horizon described in Clause C.3.1.1.1.

3.1.1.3. Alignment with decarbonisation pathways of the Climate Bonds Standard

The interim Climate Mitigation Performance Targets (per Clause C.3.1.1.2) are benchmarked against the climate mitigation criteria in the Climate Bonds Standard Sector Criteria (Sector Criteria) and align with those Sector Criteria by 31 December 2030 at the latest.

N.B. Different levels of Entity Certification are awarded depending on the date the Climate Mitigation Performance Targets align with the Sector Criteria – see Box C4.

Box C4: Two levels of Entity Certification

Two levels of Entity Certification are available, depending on when the Climate Mitigation Performance Targets align with the Sector Criteria.

1. Level 1 – “Aligned”: The Climate Mitigation Performance Targets align with the Sector Criteria **at the time of Certification** and thereafter until the date the Climate Mitigation Performance Targets represent net zero emissions or 2050, whichever is sooner.

2. Level 2 – “Transition”: The Climate Mitigation Performance Targets do not align with the Sector Criteria at the time of Certification **but align by 31st December 2030** and thereafter until the date the Climate Mitigation Performance Targets represent net zero emissions or 2050, whichever is sooner.

In addition, for both levels, the Delivery Strategy and governance for achieving those Climate Mitigation Performance Targets meets the requirements described in Clauses C.3.2 and C.3.3 respectively, the Parent Group complies with the requirements described in Clause C.4 and the disclosure requirements of Clause C.5 are met.

3.1.1.4. Board approval

The Board of the Certified Entity has approved the Climate Mitigation Performance Targets no earlier than one year prior to the application for Certification.

3.1.2. Climate Adaptation & Resilience Performance

The economic activity complies with any Climate Adaptation & Resilience Criteria specified in the relevant Climate Bonds Standard Sector Criteria.

3.2. Delivery Strategy

3.2.1. Board approval of the Delivery Strategy

If a Delivery Strategy is required for the economic activity*, that Delivery Strategy:

- Includes all the elements listed in Clauses C.3.2.2. – C.3.2.3.; *and*
- Has been approved by the Board of the Certified Entity no more than one year prior to the application for Certification.

*See supplementary guidance for the list of activities that do/ do not require a Delivery Strategy.

3.2.2. Foundations

The Delivery Strategy includes the following foundational elements.

3.2.2.1. Vision

A Vision outlining the strategic objectives and priorities of the transition, outlining what the Certified Entity will look like in terms of its future economic activities, physical assets and business model that aligns with the long-term Climate Mitigation Performance Targets of Clause C.3.1.1.

3.2.2.2. Strategic Narrative

A Strategic Narrative describing how each of the Compliant Activities of the Certified Entity will evolve from their current position to the Vision of Clause C.3.2.2.1., taking into account business context.

3.2.2.3. Broader social and environmental alignment

A position statement aligning the Vision and Strategic Narrative of Clauses C.3.2.2.1 and C.3.2.2.2. with the Certified Entity's broader environmental and social objectives, strategies and/ or policies, in particular demonstrating that effects on biodiversity sensitive areas, emissions to water and hazardous waste have been taken into account.

In addition, the Certified Entity is not subject to a complaint to a National Contact Point of the OECD regarding Responsible Business Conduct of Multinational Enterprises.

3.2.3. Implementation plans

Implementation plans include the following.

3.2.3.1. Action Plan for scope 1 & 2 emissions

A time-bound plan of the trackable actions the Certified Entity will take or is taking to implement its decarbonisation strategy as described in the Vision and Strategic Narrative and thereby deliver its Climate Mitigation Performance Targets regarding scope 1 & 2 emissions.

This includes interim milestones and metrics annually for the five-year period of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.

3.2.3.2. Action Plan for Scope 3 Emissions

A time-bound plan of the trackable actions the Certified Entity will take or is taking to implement its decarbonisation strategy as described in the Vision and Strategic Narrative and thereby deliver its Climate Mitigation Performance Targets regarding scope 3 emissions.

This includes interim milestones and metrics annually for the five-year period of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.

N.B. This is only required if the relevant Climate Bonds Standard Sector Criteria address scope 3 emissions.

3.2.3.3. Finance Plan

A Finance Plan detailing the financial implications of the Strategic Narrative and Action Plans, and the trackable actions being taken/ to be taken to deliver this Finance Plan.

This includes interim milestones and metrics annually for the five-year period of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.

3.2.3.4. Internal policy alignment

Information on the key internal policies and conditions developed or to be developed to enable the delivery of the Climate Mitigation Performance Targets, Strategic Narrative, Action Plans and Finance Plan, explaining how each of these policies supports specific elements and milestones in the Strategic Narrative, Action Plans and Finance Plan.

3.2.3.5. Sensitivity analysis

Sensitivity analysis identifying the key sensitivities and risks to the Vision, Strategic Narrative, Action Plans and Finance Plan that have the potential to decisively impact the delivery of the Climate Mitigation Performance Targets.

3.3. Governance

The following accountability mechanisms are in place to govern the delivery of the Climate Mitigation Performance Targets and any associated Delivery Strategy.

3.3.1. Board and senior executive responsibility

3.3.1.1. Board mandate

The Board (or equivalent governance body) has a clear mandate to:

- Oversee the design of the Climate Mitigation Performance Targets and Delivery Strategy;
- Approve the Climate Mitigation Performance Targets and Delivery Strategy; and
- Oversee the execution and monitor progress with the Delivery Strategy; and
- Approve and monitor any corrective actions required where interim Climate Mitigation Performance Targets and Delivery Strategy milestones are not being met.

3.3.1.2. Senior management responsibility

Senior management has responsibility for execution of the Delivery Strategy, and the responsible parties have authority and access to resources to ensure execution.

3.3.2. (Re)setting and monitoring the Climate Mitigation Performance Targets and Delivery Strategy

3.3.2.1. (Re) setting Climate Mitigation Performance Targets and the Delivery Strategy

Tools and mechanisms are in place for the (re) setting of robust Climate Mitigation Performance Targets and the Delivery Strategy, including a full review and, if necessary, update of the Climate Mitigation Performance Targets and the Delivery Strategy at least every five years.

3.3.2.2. Tracking and monitoring delivery

Tools and mechanisms are in place for tracking and monitoring of delivery of interim Climate Mitigation Performance Targets and the milestones and metrics identified in the Action Plans and Finance Plan.

3.3.3. Correction of underperformance

In the event that interim Climate Mitigation Performance Targets and milestones and metrics due during the period of Certification have not been met, corrective action must be taken to reverse that under-performance so no interim Climate Mitigation Performance Target or milestone or metric is unmet for a period longer than 12 months.

4. Commitments of the Parent Group

4.1. Exclusions

4.1.1. Expansion of fossil fuel activities

If any legal entity within the Parent Group is in the business of exploration or extraction or fossil fuels, or is a utility company generating or supplying power or heat generated from fossil fuels, the Parent Company has, within the last year, publicly (re)committed to no expansion of any of the following activities across the Parent Group after 1 January 2023:

- i. The exploration and extraction of proven conventional and unconventional fossil fuel reserves;
- ii. The exploration of new conventional and unconventional fossil fuel resources;
- iii. Natural gas production;
- iv. Refining crude oil to produce derivative products;
- v. The supply and/or use of fossil fuels for power generation and heat.

4.1.2. Conversion of high-carbon-stock land

The Parent Company has, within the last year, publicly (re)committed that as of 1 January 2020, no entity within the Parent Group has or will convert, fragment, or unsustainably intensify operations on high-carbon stock land leading to the loss of its status as high-carbon stock land.

4.2. Net zero commitment

The Parent Company has approved and made public net zero emissions commitment covering all material scope 1, 2 and 3 emissions of the entire Parent Group or already has net zero emissions as determined in line with the GHG Protocol and based on emission data that is independently verified/audited and not more than two years old.

4.3. Transition Plans

The Parent Company has approved and made public corresponding Transition Plans to support the public net zero targets for the Parent Group (per Clause C.4.2).

5. Disclosure

5.1. Information to disclose

The Applicant publishes and keeps accessible on their website the information presented in Table C1.

5.2. Format of disclosure

Disclosures have been and will be made according to the customary practices regarding corporate disclosures, such as annual reporting, dedicated sustainability reporting, statutory filings, and investor presentations, at the discretion of the Applicant.

Table C1: Disclosure requirements for Entity Certification

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
C.2.1 Applicant control of the Certified Entity	<p>The name of the Applicant.</p> <p>The entity that is the Certified Entity.</p> <p>The relationship between the Applicant and the Certified Entity (if different).</p>	Any changes in the relationship between the Applicant and the Certified Entity.
C.2.2. Boundary of the Certified Entity	<p>All activities of the Applicant company, noting which are included within the boundary of the Certified Entity and which are not, and the rationale for that.</p> <p>All legal entities of the Applicant, noting which are included within the boundary of the Certified Entity and which are not.</p> <p>Any activities of the Applicant which are not included in the boundary of the Certified Entity and the rationale for that.</p>	Any changes to activities and/ or legal entities of the Applicant, and how this has or has not changed the boundary/ activities included within the boundary of the Certified Entity.
C.2.3. Obtaining Entity Certification	<p>Which of the economic activities of the Certified Entity have been counted towards the 90% Certification Threshold and which have not.</p> <p>The method used to disaggregate and weight different economic activities within the Certified Entity to determine compliance with the Certification Threshold (revenue or emissions).</p> <p>Which legal entities form part of the Parent Group, and the economic activities they practice.</p> <p>The assurance provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance).</p> <p>The professional standard(s) against which the Verification Engagement was performed.</p> <p>The Approved Verifier's pre-Certification Verification Report.</p>	n/a
C.2.4 Maintaining Entity Certification	n/a	<p>The assurance provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance).</p> <p>The professional standard(s) against which the Verification Engagement was performed.</p> <p>The Approved Verifier's annual Verification Report.</p> <p>Any revocation of Certification.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
C.3.1.1. Climate Mitigation Performance Targets	<p>The interim Climate Mitigation Performance Targets over the full-time horizon i.e. on a three-yearly basis for the nine years following certification, and a five-yearly basis thereafter (per Clauses C.3.1.1.1 and C.3.1.1.2)</p> <p>The Climate Bonds Standard Sector Criteria that the Climate Mitigation Performance Targets have been assessed against (per Clause C.3.1.1.3)</p> <p>The date the Climate Mitigation Performance Targets were approved by the Board of the Certified Entity</p>	Any changes in the relationship between the Applicant and the Certified Entity.
	<p>Whether the Climate Mitigation Performance Targets align with the Sector Specific Criteria at the time of Certification. If not, the year by which they are expected to align.</p> <p>Related to that, whether Certification is Level 1 (“Aligned”) or Level 2 (“Transition”) (per Clause C.3.1.1.3)</p>	<p>Whether alignment with the Climate Bonds Standard Sector Criteria has been achieved (per Clause C.3.1.1.3)</p> <p>Any changes to the expected date the Climate Mitigation Performance Targets are expected to align with the Climate Bonds Standard Sector Criteria (earlier or later) and any related change to the level of Certification awarded (per Clause C.3.1.1.3).</p>
C.3.2.1. Approval of the Delivery Strategy	<p>The activities of the Certified Entity covered by the Delivery Strategy.</p> <p>In cases where some or all of the activities of the Certified Entity are not required to have a Delivery Strategy, whether and, if so, when a Delivery Strategy will be adopted.</p> <p>The date of Board approval of the Delivery Strategy.</p>	The date of Board approval of any changes to the Delivery Strategy reset since the previous Verification Engagement.
C.3.2.2.1. Foundations of the Delivery Strategy - Vision	<p>A description of the Vision addressing the elements described in Clause 3.2.2.1., and how this aligns with the delivery of the Climate Mitigation Performance Targets.</p> <p>The extent, role and source of any carbon offsets, carbon removals and avoided emissions the Certified Entity anticipates employing to address any residual emissions over and above those required to meet the Climate Bonds Standard Sector Criteria.</p>	Any amendments to the Vision since the previous Verification Engagement.

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
C.3.2.2.2. Foundations of the Delivery Strategy – Strategic Narrative	<p>A description of the Strategic Narrative addressing:</p> <ul style="list-style-type: none"> • Current GHG emissions, in absolute emissions terms and any other metrics such as emissions intensity detailed in the Climate Bonds Standard Sector Criteria. Including information on the current sources and volume of GHG emissions and how and by whom this has been calculated and verified. • Key decarbonisation levers, their anticipated timing and emissions reduction impact • Assumed market trends, business growth, pricing and demand underpinning the transition strategy as well as regulatory and government policy assumptions. • Significant challenges in delivering the strategy. • Significant areas of uncertainty in estimation, assumptions, or outcomes. • How the Certified Entity embedded the strategy in its wider business model, highlighting key implications for products and services, resourcing and operational and capital expenditure, acquisitions or divestments. 	Any significant amendments to the Strategic Narrative since the previous Verification Engagement.
C.3.2.2.3. Foundations of the Delivery Strategy – Broader environmental and social alignment	<p>A summary assessment of the negative environmental or social externalities related to delivering the Vision and Strategic Narrative.</p> <p>A summary description of the steps that the Certified Entity is taking, or planning to take, to mitigate those impacts.</p> <p>A summary description of how, if at all, the decarbonisation transition contributes to the Just Transition in the region in which the activities are carried out.</p>	An update on the assessment of the negative environmental or social externalities related to main actions supporting the Delivery Strategy, and the steps that the Certified Entity is taking, or planning to take, to mitigate those impacts.

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
C.3.2.3.1. Implementation Plans – Action Plan for scope 1 & 2 emissions	<p>The roadmap of the short-, medium- and long-term actions the Certified Entity will take to deliver the decarbonisation levers relating to scope 1 & 2 emissions and hence the Climate Mitigation Performance Targets.</p> <p>The milestones and business and operations metrics that will be used to track performance.</p> <p>An overview of which actions, milestones and metrics are subject to external assurance, including the nature of the assurance.</p>	<p>Progress and track record against the milestones and business or operational metrics identified in the Action Plan for Scope 1 & 2 Emissions.</p> <p>Where any milestones or business or operational targets falling due since the previous Verification Engagement have been not been met, the corrective actions being taken to address this within 12 months (in line with Clause C.3.3.)</p> <p>Any significant amendments to the Action Plan for Scope 1 & 2 Emissions since the previous Verification Engagement.</p>
C.3.2.3.2. Implementation Plans – Action Plan for scope 3 Emissions	<p>A high-level description of the Action Plan for Scope 3 Emissions describing the objectives, scope of coverage and actions that will be taken to reduce value chain emissions necessary for delivery any related decarbonisation lever identified in the strategic narrative.</p> <p>The interim milestones and metrics that will enable assessment of progress in the delivery of the Action Plan for Scope 3 Emissions.</p>	<p>Progress and track record against the interim milestones and metrics identified in the Action Plan for Scope 3 Emissions.</p> <p>Where any milestones or metrics falling due since the previous Verification Engagement have been not been met, the corrective actions being taken to address this within 12 months (in line with Clause C.3.3.)</p> <p>Any significant amendments to the Action Plan for Scope 3 Emissions since the previous Verification Engagement.</p>
C.3.2.3.3. Implementation Plans – Finance Plan	<p>A description of the financial implications of the planned changes to the entity’s business strategy, resource allocation and products and services arising from its Transition Plan, including relevant financial plans and investment where possible.</p> <p>An explanation of how the above impacts have been integrated into general purpose financial reporting.</p> <p>The financial metrics and targets that will be used to assess progress in the delivery of the Finance Plan and the current value of those metrics, and the methodologies by which those metrics will be calculated.</p> <p>Metrics that have significant estimation uncertainty, noting the sources and nature of the estimation uncertainties and the factors affecting the uncertainties.</p>	<p>Progress and track record against the interim financial milestones and metrics.</p> <p>Where any milestones or metrics falling due since the previous Verification Engagement have been not been met, the corrective actions being taken to address this within 12 months (in line with Clause C.3.3.)</p> <p>Any significant amendments to the Finance Plan since the previous Verification Engagement.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
C.3.2.3.4. Implementation plans - Internal policy alignment	The key internal policies that need to be developed to deliver the Climate Mitigation Performance Targets and the Delivery Strategy, and a schedule for their development and implementation.	Progress against the schedule for the developing and implementing the identified internal policies key to the delivery of the Climate Mitigation Performance Targets and the Delivery Strategy.
C.3.2.3.5. Implementation Plans – Sensitivity analysis	<p>Key sensitivities and risks around the Delivery Strategy and achievement of the Climate Mitigation Performance Targets.</p> <p>The threshold or methodology for determining which sensitivities and risks have been identified as key, taking into account the materiality of cumulative or aggregated uncertainties or challenges.</p> <p>Quantification of the potential impact in terms of the likelihood, timing and cost of delivery of the Climate Mitigation Performance Targets.</p> <p>How these impacts are reflected in the Strategic Narrative, Action Plans and Finance Plan.</p>	<p>Any significant changes to the results of the Sensitivity Analysis since the previous Verification Engagement.</p> <p>How these changes have been addressed in the Vision, Strategic Narrative, Action Plans and/ or Finance Plan as appropriate.</p>
C.3.3.1. Governance - Board and senior executive responsibility	<p>The named individual, committee or Board responsible for the Transition Plan.</p> <p>The management structure in place for executing the Transition Plan.</p> <p>How frequently the Board reviews the Transition Plan, and how frequently the Board will monitor and receive reports on progress against the Climate Mitigation Performance Targets and milestones.</p> <p>How the Certified Entity ensures adequate climate expertise (e.g., management expertise, provided resources, trainings, skill acquisition).</p> <p>Any KPIs tied to Board, CEO or other senior executive compensation plans that are aligned with the organization’s climate goals, as described in the Transition Plan.</p> <p>Any responsibility related targets and progress against those targets.</p>	<p>Any changes to the named individual, committee, or Board responsible for the Transition Plan.</p> <p>Any changes or additions to climate and/ or transition-related KPIs tied to Board, CEO or other senior compensation plans.</p> <p>Performance against the disclosed responsibility-related metrics and targets.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
<p>C.3.3.2. Governance - (Re)setting and monitoring the Climate Mitigation Performance Targets and Delivery Strategy</p>	<p>Information on internal controls that are in place to scrutinise the Transition Plan, and progress against the plan, by relevant internal assurance functions such as internal audit.</p> <p>Stakeholder communication and feedback mechanisms, including whether the Transition Plan is scrutinised by shareholders (such as through an advisory vote at the entity's Annual General Meeting, or resolution subject to shareholder approval).</p> <p>Information on the process and internal controls for monitoring and tracking performance regarding the interim Climate Mitigation Performance Targets and milestones and targets identified in the Action Plans and Finance Plan. This includes information on any tracking and estimation tools, including but not limited to GHG performance tools, and any equivalents for Climate Mitigation Performance Targets that are not expressed in terms of GHG emissions.</p> <p>Information on the process for regularly reviewing the Transition Plan to ensure material updates are incorporated and challenges are addressed.</p> <p>Commitment by the Applicant to review the Transition Plan at least every 5 years.</p> <p>Date of the last and the next scheduled review.</p>	<p>Any changes to the controls, tools and mechanisms disclosed in the previous Verification Engagement.</p> <p>If the scheduled review fell due since the previous Verification Engagement, all reset Climate Mitigation Performance Targets and Delivery Strategy disclosure requirements detailed under Clauses C.3.1 and C.3.2.</p> <p>Any changes to the date of the next scheduled review.</p>
<p>C.3.3.3. Governance - Correction of underperformance</p>	<p>n/a</p>	<p>Any corrective actions planned to address any underperformance, with an explanation of how they will address that underperformance.</p>
<p>C.4.1. Parent Group Commitments – Exclusions</p>	<p>Commitment by the Parent Company on behalf of the Parent Group to zero future expansion of any of the activities detailed in Clause C.4.1.1.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has expanded any of the activities detailed in Clause C.4.1.1 since 1 January 2023.</p> <p>Commitment by the Parent Company on behalf of the Parent Group that no entity within the Parent Group will or is planning to convert high carbon stock land as detailed in Clause C.4.1.2.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has converted high carbon stock land (as detailed in Clause C.4.1.2) since 1 January 2020.</p>	<p>Statement from the Parent Company on behalf of the Parent Group that no entity within the Parent Group has expanded any of the activities detailed in Clause C.4.1.1 since the previous Verification Engagement.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has converted high carbon stock land (as detailed in Clause C.4.1.2) since the previous Verification Engagement.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
C.4.2. Parent Group Commitments - Net zero	Commitment by the Parent Company to net zero emissions and the expected date for net zero – covering the entire Parent Group (per Clause C.4.2)	Any changes to the net zero commitment for the Parent Group (per Clause C.4.2)
C.4.3. Parent Group Commitments – Transition Plan	A description of the Transition Plan outlining how the Parent Group will achieve net zero emissions (per Clause C.4.3)	Any updates to the Transition Plan for the Parent Group (per Clause C.4.3) If any part of the Parent Group practices any of the activities described under Clause C.4.1.1., the expected timing to fully cease those activities.
C.6.1. Extending Entity Certification - to financial instruments linked to the Climate Mitigation Performance Targets and Transition Plans	Details of any financial instrument to which Entity Certification was linked at the time of Entity Certification.	Details of any financial instrument to which Entity Certification has been extended since the last Verification Engagement.
C.6.2. Extending Entity Certification - to general purpose debt	Details of any financial instrument to which Entity Certification was linked at the time of Entity Certification.	Details of any financial instrument to which Entity Certification has been extended since the last Verification Engagement.
C.6.3. Extended entity Certification - revocation of linked certification	n/a	Details of revocation of any instrument to which Entity Certification was previously extended.

6. Extending entity certification to linked financial instruments

6.1. Extending entity certification to financial instruments linked to the Climate Mitigation Performance Targets and Delivery Strategy

The Applicant may use Entity Certification as a stepping-stone to certification of financial instruments linked to the Climate Mitigation Performance Targets and Delivery Strategy of the Certified Entity as assessed per Clause C.3, such as a Sustainability-Linked Bond or Loan, or a compatible Use-of-Proceeds Bond.

Certification is not automatically extended to these financial instruments. It requires an Approved Verifier to verify the link between the Entity certification and Sustainability-Linked Debt (SLD)/ Use-of-Proceeds Certification under Part D/ Part A of the Standard and meet any other SLD/ Use-of-Proceeds criteria as described in this document.

6.2. Extending entity certification to general purpose debt

A Certified Entity may also apply for certification of any general-purpose debt issued by the same Certified Entity, such as commercial paper, revolving credit facilities or a general-purpose bond.

A company wishing to certify its general-purpose debt must complete the Climate Bonds Information Form and submit it to the Climate Bonds Standard Secretariat. The Climate Bonds Secretariat will award the Certification without needing a Verification Report by an Approved Verifier.

6.3. Revocation of linked certification

Should certification of the Certified Entity lapse or be revoked for any reason in accordance with Box C2, certification of any linked instrument still outstanding will also be publicly revoked.

PART D: SUSTAINABILITY-LINKED DEBT



1. Introduction

The requirements for Sustainability-Linked Debt (SLD) Certification closely mirror those for Entity Certification. Additional disclosure elements have, however, been added into the requirements for SLD Certification concerning the structural characteristics of SLD instruments.

Currently, SLD Certification is only available to SLD instruments issued by legal entities, or segments thereof, providing non-financial goods and services for which the Climate Bonds Initiative has Climate Bonds Standard Sector Criteria for SLD Certification.

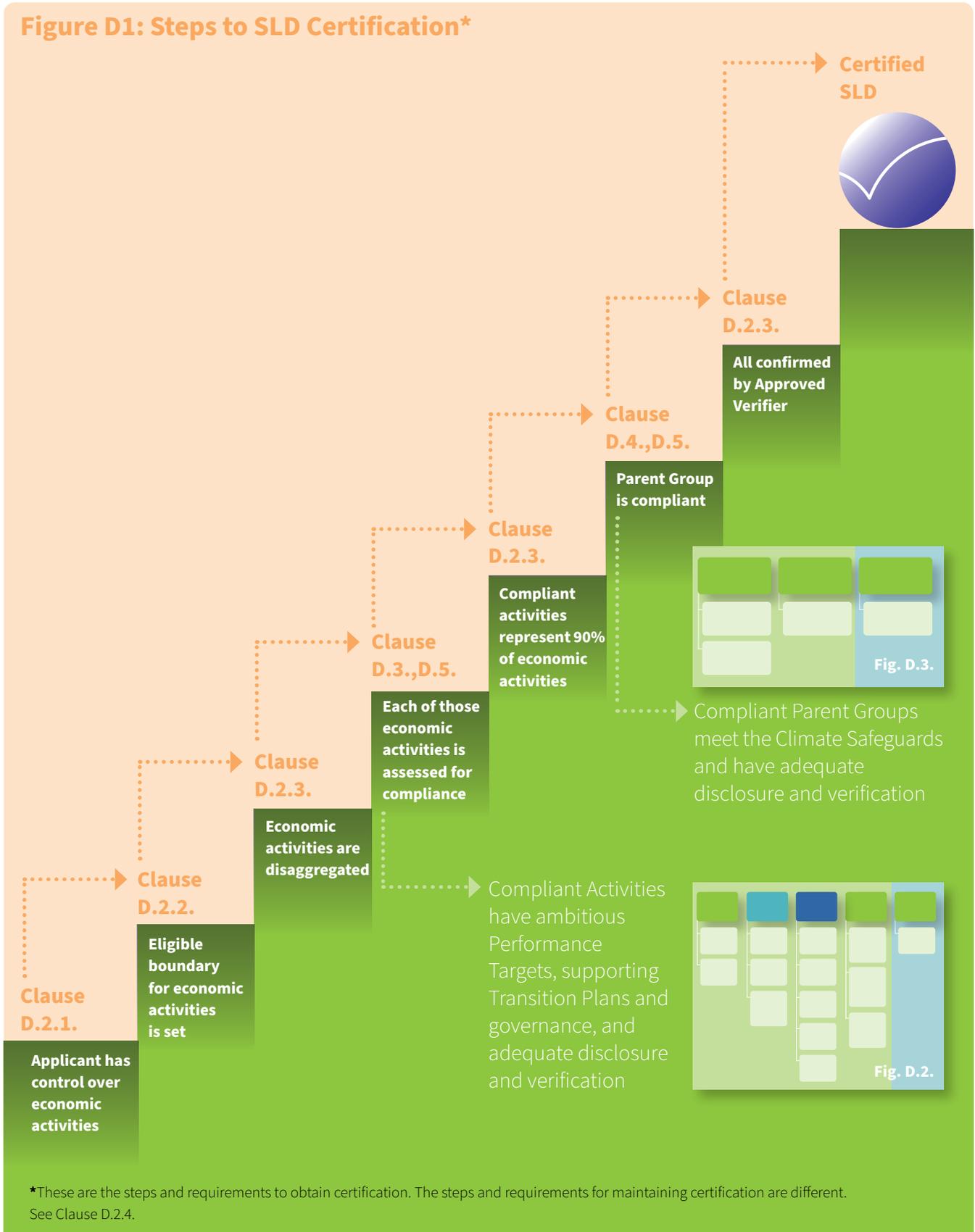
Certified SLD instruments may be linked to economic activities that either have emissions already at or near zero or significantly above zero but with Transition Plans aligned with 1.5C degree pathways. Certification focussed only on the climate mitigation aspects of any performance targets linked to the SLD instrument. Where the performance targets linked to Certified SLD instruments relate to social or other environmental goals, Certification confers no assurance over those performance targets or any associated (elements of a) transition plan.

SLD Certification is valid for the full term of the SLD instrument, subject to compliance with the requirements laid out in PART D.

Figure D1 summarises the steps to SLD Certification. **Figure D2** illustrates the certification requirements for the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument. **Figure D3** illustrates additional certification requirements relating to wider activities of the Issuer (if any) and the Parent Group to which it belongs (if any).

A Checklist for Certification providing further clarification on the requirements to comply with the criteria for SLD Certification is given in the accompanying 'SLD Certification Checklist' document. That Checklist must be adhered to in conjunction with the requirements in this Part D.

Figure D1: Steps to SLD Certification*



*These are the steps and requirements to obtain certification. The steps and requirements for maintaining certification are different. See Clause D.2.4.

Figure D2: Requirements for Compliant Activities

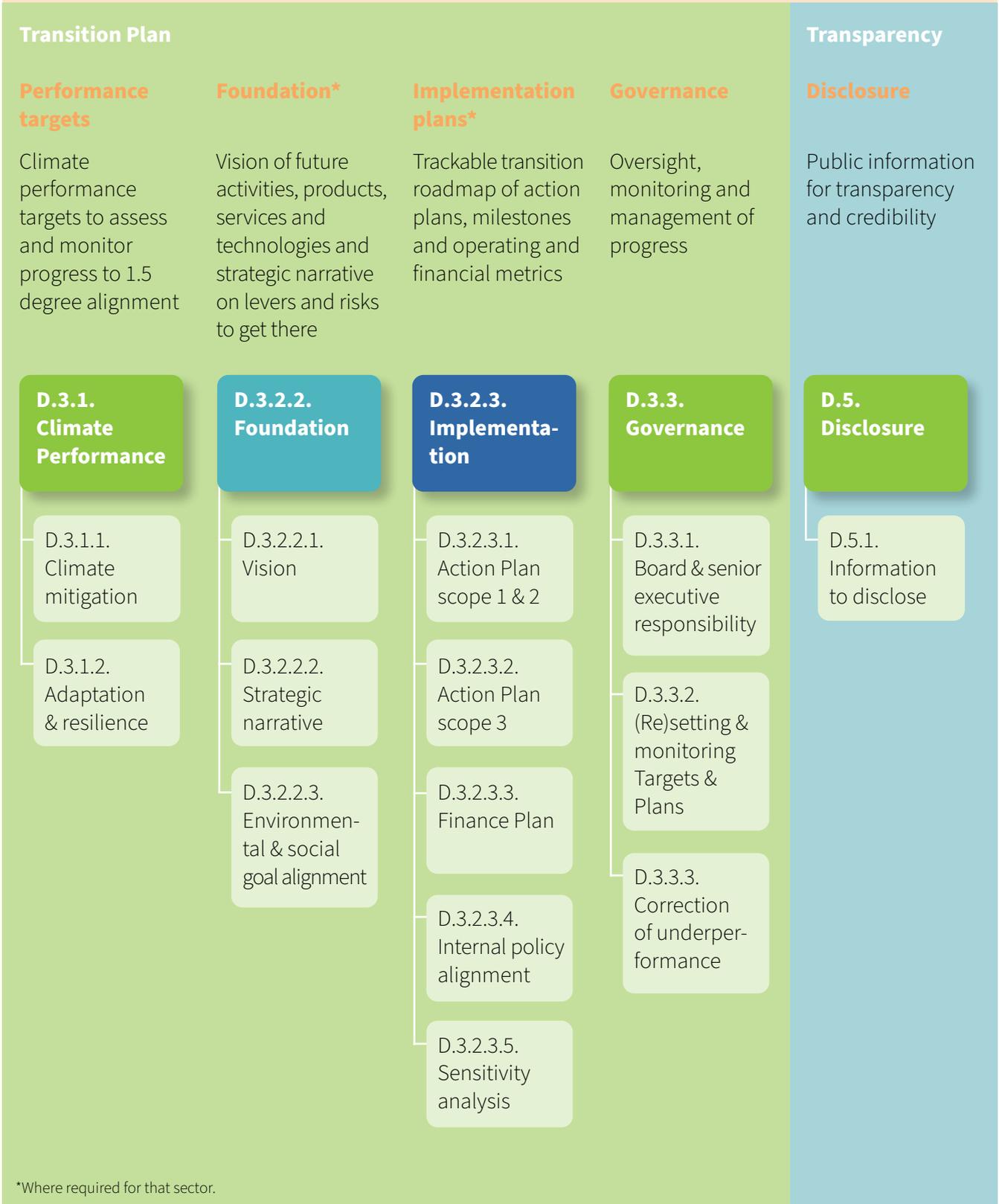


Figure D3: Requirements on the Parent Group



2. Eligibility and accounting rules

2.1. Issuer control

The Issuer has operational control over the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument.

2.2. Boundary of economic activities

The Issuer may set the boundary of the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument at their discretion, subject to the following condition:

- Where the same economic activity is carried out across multiple sub-divisions or subsidiaries or companies controlled by the same legal entity, the Climate Mitigation Performance Targets must address all instances of that activity across all sub-divisions and companies controlled by the Issuer.

2.3. Obtaining SLD Certification

The Issuer receives a Verification Report from an Approved Verifier that:

- i.** At least 90% of economic activity(ies) represented by the Climate Mitigation Performance Targets linked to the SLD instrument comply with the Climate Performance, Delivery Strategy, Governance and Disclosure requirements in Clauses D.3.1, D.3.2, D.3.3 and D.5, respectively; and
- ii.** The remaining % of the economic activity(ies) represented by the Climate Mitigation Performance Targets linked to the SLD instrument comply with the Climate Performance, Delivery Strategy, Governance and Disclosure requirements in Clauses D.3.1.1.1, D.3.1.2.2, D.3.1.2, D.3.2, D.3.3 and D.5, respectively; and
- iii.** The Parent Group complies with the Climate Safeguard and Disclosure requirements in Clauses D.4 and D.5, respectively; and
- iv.** The SLD instrument will not mature or become callable before the date of the first interim Performance Target to which the instrument is linked.

And

The Issuer supplies the Climate Bonds Standard Board, through the Climate Bonds Standard Secretariat, with a copy of the Verification Report or shares its location on a public website, for the purpose of publishing on the Climate Bonds Initiative website.

And

If the SLD instrument has Use-of-Proceeds elements (i.e., it is a hybrid), it meets the requirements for Use-of-Proceeds bonds described in PART A of this document.

See Box D1 for the application process for obtaining SLD Certification.

A note on terminology: This 90% is defined as the 'Certification Threshold', and economic activities which meet the Climate Mitigation Performance Targets, Delivery Strategy, Governance and Disclosure requirements per Clauses D.3.1, D.3.2, D.3.3 and D.5 respectively and hence form part of this 90% are the 'Compliant Activities'.

To assess compliance with this threshold the economic activities represented by the Climate Mitigation Performance Targets linked to the SLD instrument are disaggregated and weighted according to either their revenue share or share of GHG emissions. See the 'SLD Certification Checklist' document for the methodology to determine compliance.

Box D1: The application process for SLD Certification

Single SLD Certification

Issuers seeking SLD Certification shall apply by submitting the following documents to the Climate Bonds Standard Board Secretariat:

1. A completed (as appropriate) Climate Bonds Information Form; *and*
2. The Verification Report satisfying the requirements in Clause D.2.3.; *and*
3. An executed Certification Agreement.

If the Climate Bonds Standard Board is satisfied that the Issuer is in conformance with the Pre-Issuance requirements, then it will provide a statement confirming the Certification of the SLD.

The Issuer will identify within the Climate Bonds Information Form which information provided is confidential and which can be publicly disclosed on the Climate Bonds Initiative website once Certification has been confirmed.

Programmatic SLD Certification

Programmatic Certification allows an Issuer who meets the requirements of Clauses D.2, D.3, D.4 and D.5 above to certify a number of SLD instruments which share common Transition Plans.

For the first SLD instrument under the Program, the Issuer follows the standard process for Climate Bond Certification as per ‘Single SLD Certification’. For subsequent SLD instruments under the Program, the Issuer must apply to the Climate Bonds Standard Board to receive Certification of each subsequent instrument’s conformance with the Climate Bonds Standard, as follows:

- i. Prior to issuance, the Issuer must supply the Climate Bonds Standard Secretariat with a completed Climate Bonds Information Form for the specific SLD instrument to be considered for Certification. The Climate Bonds Standard Secretariat will promptly provide the Issuer with formal confirmation of Certification of the specific SLD instrument.
- ii. Following every debt instrument issuance, the Issuer must supply the Climate Bonds Standard Secretariat with an updated Climate Bonds Information Form.
- iii. The annual Verification Reports described in Clause D.2.4 must cover all the SLD instruments issued under the programme.

2.4. Maintaining SLD certification

The Issuer receives an annual Verification Report from an Approved Verifier that:

- i. In respect of the activity(ies) represented by the Climate Mitigation Performance Targets linked to the SLD instrument:
 - a. If, since the last Verification Engagement, the revenue share of any existing part of the Issuer’s activities represented by the Climate Mitigation Performance Targets that did not previously contribute to meeting the Certification Threshold increases, the Issuer has reassessed compliance with the Certification Threshold and the Certified SLD instrument still meets the Certification Threshold (per Clause D. 2.1).

b. All interim Climate Mitigation Performance Targets (per Clause D.3.1.1.) and all interim milestones in the Delivery Strategy (per Clauses D.3.2.) falling due since the last Verification Engagement have been met. The only exception to this may be where compensatory measures have been taken or are planned to address underperformance and those measures collectively meet the requirements in Clause D.3.3.;

c. Any and all correction measures have been taken to address any anticipated underperformance in the delivery of the Delivery Strategy and future interim Climate Mitigation Performance Targets (per Clause D.3.3.); *and*

d. All disclosure requirements have been met (per Clause D.5.);

and

The Parent Group remains in compliance (per Clauses D.4. and D.5.);

and

The Issuer is not subject to revocation of Certification due to any of the events detailed in Box D2.

and

The Issuer supplies the Climate Bonds Standard Board, through the Climate Bonds Standard Secretariat, with a copy of the annual Verification Report or shares its location on a public website, for the purpose of publishing on the Climate Bonds Initiative website.

See Box D3 for the process for maintaining SLD Certification

Box D2: Events leading to the revocation of SLD Certification

SLD Certification will be rescinded at any time where:

- 1.** The Issuer becomes aware that the Certified SLD instrument and/or the Parent Group no longer conforms with the Climate Bonds Standard and provides a written statement to that effect to the Climate Bonds Standard Secretariat; or
- 2.** A Verification Engagement commissioned by the Climate Bonds Standard Board finds that the Certified SLD instrument and/or the Parent Group no longer conforms with the Climate Bonds Standard; or
- 3.** The Climate Mitigation Performance Targets to which the SLD instrument is linked are reset at a level lower than those in place at the time of Certification; or
- 4.** The Issuer has breached any contractual obligation towards the Climate Bonds Initiative.

Box D3: Maintaining SLD Certification

Applicants seeking to maintain Entity Certification must submit the following documents to the Climate Bonds Standard Board Secretariat on an annual basis:

- iii.** A completed Climate Bonds Information Form;
- iv.** The annual Verification Report by an Approved Verifier which meets the requirements of Clause D.2.4.

If the Climate Bonds Standard Board is satisfied that the Applicant is in conformance with the ongoing requirements, it will provide a statement confirming the certified status of the SLD instrument.

3. Transition Plan linked to the SLD instrument

3.1. Climate Performance

3.1.1. Climate Mitigation Performance Targets

The Climate Mitigation Performance Targets to which the SLD instrument is linked meet the following requirements.

3.1.1.1. Time horizon

The Climate Mitigation Performance Targets cover the time from the date of Certification to the date the activity is intended to hit net zero emissions, or 2050, whichever is sooner.

3.1.1.2. Interim Climate Mitigation Performance Targets

The Climate Mitigation Performance Targets include interim targets on a three-yearly basis for the term of the SLD instrument and a five-yearly basis thereafter over the full-time horizon described in Clause D.3.1.1.1.

3.1.1.3. Alignment with decarbonisation pathways of the Climate Bonds Standard.

All interim Climate Mitigation Performance Targets (per Clause D.3.1.1.2) representing economic activities that contribute to meeting the Compliance Threshold (see Clause D.2.3) are benchmarked against the climate mitigation criteria in the Climate Bonds Standard Sector Criteria and align with those criteria by 31 December 2030 at the latest.

N.B. Different levels of SLD Certification are awarded depending on the date the Climate Mitigation Performance Targets align with the Climate Bonds Standard Sector Criteria – see Box D4.

3.1.1.4. Board approval

The Board of the Issuer has approved the Climate Mitigation Performance Targets no earlier than one year prior to application for Certification.

Box D4: Two levels of SLD Certification

Two levels of SLD Certification levels are available, depending on when the Climate Mitigation Performance Targets align with the Climate Bonds Standard Sector Criteria.

3. Level 1 – “Aligned”: The Climate Mitigation Performance Targets align with the Climate Bonds Standard Sector Criteria **at the time of certification** and thereafter until the date the Climate Mitigation Performance Targets represent net zero emissions or 2050, whichever is sooner.

4. Level 2 – “Transition”: The Climate Mitigation Performance Targets do not align with the Climate Bonds Standard Sector Criteria at the time of certification **but align by 31st December 2030** and thereafter until the date the Climate Mitigation Performance Targets represent net zero emissions or 2050, whichever is sooner.

In addition, for both levels, the Delivery Strategy and governance for the achieving those Climate Mitigation Performance Targets meet the requirements described in Clauses D.3.2 and D.3.3, respectively, the Parent Group complies with the requirements described in Clause D.4 and the disclosure requirements of Clause D.5 are met.

3.1.2. Climate Adaptation & Resilience Performance

The economic activities of the Issuer represented by the Climate Mitigation Performance Targets linked to the SLD instrument also meet any climate adaptation and resilience requirements in the relevant Climate Bonds Standard Sector Criteria.

3.2. Delivery Strategy

3.2.1. Board approval of the Delivery Strategy

If a Delivery Strategy is required* for the economic activity(ies) represented by the Climate Mitigation Performance Targets per Clause D.3.1.1., that Strategy:

- Includes all the elements listed in Clauses D.3.2.2. and D.3.2.3.; *and*
- Has been approved by the Board of the Issuer no more than one year prior to the application for Certification.

* See supplementary guidance for the list of economic activities that do/ do not require a Delivery Strategy.

3.2.2. Foundations

The Delivery Strategy includes the following foundational elements.

3.2.2.1. Vision

A Vision outlining the long-term strategic objectives and priorities for the economic activity(ies) of the Issuer represented by the Climate Mitigation Performance Targets of Clause D.3.1.1., including the long-term vision for its physical assets and operating model.

3.2.2.2. Strategic Narrative

A Strategic Narrative describing how each of the economic activity(ies) of the Issuer represented by the Climate Mitigation Performance Targets will evolve from their current position to the Vision of Clause D.3.2.2.1. taking into account business context.

3.2.2.3. Broader social and environmental alignment

A position statement aligning the Vision and Strategic Narrative of Clauses D.3.2.2.1 and D.3.2.2.2. with the Issuer's broader environmental and social objectives, strategies and/ or policies, in particular demonstrating that effects on biodiversity sensitive areas, emissions to water and hazardous waste have been taken into account.

In addition, the Issuer is not subject to a complaint to a National Contact Point of the OECD regarding Responsible Business Conduct of Multinational Enterprises.

3.2.3. Implementation plans

Implementation plans include the following.

3.2.3.1. Action Plan for scope 1 & 2 emissions

A time-bound plan of the trackable actions the Issuer will take or is taking to implement its decarbonisation strategy as described in the Vision and Strategic Narrative and thereby deliver its Climate Mitigation Performance Targets regarding scope 1 & 2 emissions.

This includes interim milestones and metrics annually for the first five years of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.

3.2.3.2. Action Plan for scope 3 emissions

A time-bound plan of the trackable actions the Issuer will take or is taking to implement its decarbonisation strategy as described in the Vision and Strategic Narrative and thereby deliver its Climate Mitigation Performance Targets regarding scope 3 emissions.

This includes interim milestones and metrics annually for the first five years of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.

N.B. This is only required if the relevant Climate Bonds Standard Sector Criteria address scope 3 emissions.

3.2.3.3. Finance Plan

A Finance Plan detailing the financial implications of the Strategic Narrative and Action Plans, and the trackable actions being taken/ to be taken to deliver this Finance Plan.

This includes interim milestones and metrics annually for the first five years of certification, three-yearly for the subsequent nine years and a five-yearly thereafter.

3.2.3.4. Internal policy alignment

Information on the key internal policies and conditions developed or to be developed to enable the delivery of the Climate Mitigation Performance Targets, Strategic Narrative, Action Plans and Finance Plan, explaining how each of these policies supports specific elements and milestones in the Strategic Narrative, Action Plans and Finance Plan.

3.2.3.5. Sensitivity analysis

Sensitivity analysis identifying the key sensitivities and risks to the Vision, Strategic Narrative, Action Plans and Finance Plan that have the potential to decisively impact the delivery of the Climate Mitigation Performance Targets.

3.3. Governance

The following accountability mechanisms are in place to govern the delivery of the Climate Mitigation Performance Targets (per Clause D.3.1.1.) and the associated Delivery Strategy (per Clause D.3.2.)

3.3.1. Board and senior executive responsibility

3.3.1.1. Board mandate

The Board (or equivalent governance body) has a clear mandate to:

- Oversee the design of the Climate Mitigation Performance Targets and Delivery Strategy; and
- Approve the Climate Mitigation Performance Targets and Delivery Strategy; and
- Oversee the execution and monitor progress with the Delivery Strategy; and
- Approve and monitor any corrective actions required where interim Climate Mitigation Performance Targets and Delivery Strategy milestones are not being met.

3.3.1.2. Senior management responsibility

Senior management has responsibility for execution of the Delivery Strategy, and the responsible parties have authority and access to resources to ensure execution.

3.3.2. (Re)setting and monitoring the Climate Mitigation Performance Targets and Delivery Strategy

3.3.2.1. (Re) setting Climate Mitigation Performance Targets and the Delivery Strategy

Tools and mechanisms are in place for the (re) setting of robust Climate Mitigation Performance Targets and the Delivery Strategy, including a full review and, if necessary, update of the Climate Mitigation Performance Targets and the Delivery Strategy at least every five years.

3.3.2.2. Tracking and monitoring delivery

Tools and mechanisms are in place for tracking and monitoring of delivery of interim Climate Mitigation Performance Targets and the milestones and metrics identified in the Action Plans and Finance Plan.

3.3.3. Correction of underperformance

In the event that interim Climate Mitigation Performance Targets and milestones and metrics due during the period of Certification have not been met, corrective action must be taken to reverse that under-performance so no interim Climate Mitigation Performance Target or milestone or metric is unmet for a period longer than 12 months, or by the maturity of the SLD instrument, whichever is earlier.

4. Commitments of the Parent Group

4.1. Exclusions

4.1.1. Expansion of fossil fuel activities

If any legal entity within the Parent Group is in the business of the exploration or extraction of fossil fuels, or is a utility company generating or supplying power or heat generated from fossil fuels, then the Parent Company has, within the last year, publicly (re)committed to no expansion of any of the following activities across the Parent Group after 1 January 2023:

- i. The exploration and extraction of proven conventional and unconventional fossil fuel reserves; and
- ii. The exploration of new conventional and unconventional fossil fuel resources; and
- iii. Natural gas production; and
- iv. Refining crude oil to produce derivative products; and
- v. The supply and/or use of fossil fuels for power generation and heat.

4.1.2. Conversion of high-carbon-stock land

The Parent Company has, within the last year, publicly (re)committed that as of 1 Jan 2020, no entity within the Parent Group has or will convert, fragment, or unsustainably intensify operations on high-carbon stock land leading to the loss of its status as high-carbon stock land.

4.2. Net zero Commitment

The Parent Company has approved and made public net zero emissions commitments

covering all material scope 1, 2 and 3 emissions of the entire Parent Group or already has net zero emissions as determined in line with the GHG Protocol and based on emission data that is independently verified/audited and not more than two years old.

4.3. Transition Plans

The Parent Company has approved and made public corresponding transition plans to support net zero targets for the Parent Group (per Clause D.4.2).

5. Disclosure

5.1. Information to disclose

The Issuer publishes and keeps accessible on their website the information presented in Table D1.

5.2. Format of disclosure

Disclosures must be made according to the customary practices regarding corporate disclosures, such as via annual reporting, dedicated sustainability reporting, statutory filings, and investor presentations, but this is at the discretion of the Issuer.

Table D1: Disclosure requirements for SLD Certification

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
D.2.1 Issuer control	The name of the Issuer.	
D.2.2. Boundary of the economic activities	All economic activities of the Issuer, noting which are included within the boundary of the Climate Mitigation Performance Targets linked to the SLD instrument and which are not, and the rationale for that.	
D.2.3. Obtaining SLD Certification	<p>Which economic activities of the Issuer have been counted towards the 90% Certification Threshold and which have not.</p> <p>The method used to disaggregate and weight those different economic activities within the portfolio of activities of the Issuer (revenue or emissions) to determine compliance with the Certification Threshold.</p> <p>Which legal entities form part of the Parent Group, and the economic activities they practice.</p> <p>The assurance provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance).</p> <p>The professional standard(s) against which the Verification Engagement was performed.</p> <p>The Approved Verifier's pre-Certification Verification Report.</p>	n/a
D.2.4 Maintaining SLD Certification	n/a	<p>The assurance provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance).</p> <p>The professional standard(s) against which the Verification Engagement was performed.</p> <p>The Approved Verifier's annual Verification Report.</p> <p>Any revocation of Certification.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
D.3.1.1. Climate Mitigation Performance Targets	<p>The interim Climate Mitigation Performance Targets over the full-time horizon i.e., on a three-yearly basis for the nine years following certification, and a five-yearly basis thereafter until the activity reaches net zero emissions or 2050, whichever is sooner (per Clauses D.3.1.1.1 and D.3.1.1.2).</p> <p>The Climate Bonds Standard Sector Criteria that the Climate Mitigation Performance Targets have been assessed against (per Clause D.3.1.1.3).</p> <p>The date the Climate Mitigation Performance Targets were approved by the Board of the Issuer.</p>	<p>Whether any interim Climate Mitigation Performance Targets falling due since the previous Verification Engagement have been met (per Clause D.3.1.1.2).</p> <p>If interim Climate Mitigation Performance Targets falling due since the previous Verification Engagement have not been met, the corrective actions that will ensure compliance within 12 months or by the maturity of the SLD instrument, whichever is earlier (per Clause D.3.3.3.).</p> <p>Any resetting of future interim Climate Mitigation Performance Targets (per Clause D.3.3.2).</p> <p>The date any Climate Mitigation Performance Targets reset since the last Verification Engagement were approved by the Board of the Issuer.</p>
D.3.2.1. Approval of the Delivery Strategy	<p>The economic activities represented by the Climate Mitigation Performance Targets to which the SLD instrument is linked that are covered by a Delivery Strategy.</p> <p>In cases where some or all of the economic activities represented by the Climate Mitigation Performance Targets to which the SLD instrument is linked are not required to have a Delivery Strategy, whether and, if so, when a Delivery Strategy will be adopted.</p> <p>The date of Board approval of the Delivery Strategy.</p>	<p>Whether alignment with the Climate Bonds Standard Sector Criteria at the time of Certification. If not, the year by which they are expected to align.</p> <p>Related to that, whether Certification is Level 1 (“Aligned”) or Level 2 (“Transition”) (per Clause D.3.1.1.3).</p> <p>Whether alignment with the Climate Bonds Standard Sector Criteria has been achieved (per Clause D.3.1.1.3).</p> <p>Any changes to the expected date the Climate Mitigation Performance Targets are expected to align with the Climate Bonds Standard Sector Criteria (earlier or later) and any related change to the Level of Certification awarded (per Clause D.3.1.1.3).</p> <p>The date of Board approval of any changes to the Delivery Strategy reset since the previous Verification Engagement.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
D.3.2.2.1. Foundations of the Delivery Strategy – Vision	<p>A description of the Vision addressing the elements described in Clause D.3.2.2.1., and how this aligns with the delivery of the Climate Mitigation Performance Targets.</p> <p>The extent, role and source of any carbon offsets, carbon removals and avoided emissions the Issuer anticipates employing to address any residual emissions over and above those required to meet the Climate Bonds Standard Sector Criteria.</p>	Any amendments to the Vision since the previous Verification Engagement.
D.3.2.2.2. Foundations of the Delivery Strategy – Strategic Narrative	<p>A description of the Strategic Narrative addressing:</p> <ul style="list-style-type: none"> • Current GHG emissions, in absolute emissions terms and any other metrics such as emissions intensity detailed in the Climate Bonds Standard Sector Criteria. Including information on the current sources and volume of GHG emissions and how and by whom this has been calculated and verified. • Key decarbonisation levers, their anticipated timing and emissions reduction impact. • Assumed market trends, business growth, pricing and demand underpinning the transition strategy as well as regulatory and government policy assumptions. • Significant challenges in delivering the strategy. • Significant areas of uncertainty in estimation, assumptions, or outcomes. • How the Issuer embedded the strategy in its wider business model, highlighting key implications for products and services, resourcing and operational and capital expenditure, acquisitions, or divestments. 	Any significant amendments to the Strategic Narrative since the previous Verification Engagement.
D.3.2.2.3. Foundations of the Delivery Strategy – Broader environmental and social alignment	<p>A summary assessment of the negative environmental or social externalities related to delivering the Vision and Strategic Narrative.</p> <p>A summary description of the steps that the Issuer is taking, or planning to take, to mitigate those impacts.</p> <p>A summary description of if, and if so how, the decarbonisation transition contributes to the Just Transition in the region in which the activities are carried out.</p>	An update on the assessment of the negative environmental or social externalities related to main actions supporting the Delivery Strategy, and the steps that the Issuer is taking, or planning to take, to mitigate those impacts.

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
D.3.2.3.1. Implementation Plans – Action Plan for scope 1 & 2 emissions	<p>A high-level description of the Action Plan for Scope 3 Emissions describing the objectives, scope of coverage and actions that will be taken to reduce value chain emissions necessary for delivery any related decarbonisation lever identified in the Strategic Narrative.</p> <p>The interim milestones and metrics that will enable assessment of progress in the delivery of the Action Plan for Scope 3 Emissions.</p>	<p>Progress and track record against the interim milestones and metrics identified in the Action Plan for Scope 3 Emissions.</p> <p>Where any milestones or metrics falling due since the previous Verification Engagement have been not been met, the corrective actions being taken to address this within 12 months (in line with Clause D.3.3.).</p> <p>Any significant amendments to the Action Plan for Scope 3 Emissions since the previous Verification Engagement.</p>
D.3.2.3.3. Implementation Plans – Finance Plan	<p>A description of the financial implications of the planned changes to the Issuer’s business strategy, resource allocation and products and services arising from its climate mitigation transition, including relevant financial plans and investment where possible.</p> <p>An explanation of how the above impacts have been integrated into general purpose financial reporting.</p> <p>The financial metrics and targets that will be used to assess progress in the delivery of the Finance Plan and the current value of those metrics, and the methodologies by which those metrics will be calculated.</p> <p>Metrics that have significant estimation uncertainty, noting the sources and nature of the estimation uncertainties and the factors affecting the uncertainties.</p>	<p>Progress and track record against the interim financial milestones and metrics.</p> <p>Where any milestones or metrics falling due since the previous Verification Engagement have been not been met, the corrective actions being taken to address this within 12 months (in line with Clause D.3.3.).</p> <p>Any significant amendments to the Finance Plan since the previous Verification Engagement.</p>
D.3.2.3.4. Implementation plans - Internal policy alignment	<p>The key internal policies that need to be developed to execute the Delivery Strategy and achieve the Climate Mitigation Performance Targets, and a schedule for their development and implementation.</p>	<p>Progress against the schedule for developing and implementing the identified internal policies key to the execution of the Delivery Strategy and achievement of the Climate Mitigation Performance Targets.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
D.3.2.3.5. Implementation Plans – Sensitivity analysis	<p>Key sensitivities and risks around the Delivery Strategy and the achievement of the Climate Mitigation Performance Targets.</p> <p>The threshold or methodology for determining which sensitivities and risks have been identified as key, taking into account the materiality of cumulative or aggregated uncertainties or challenges.</p> <p>Quantification of the potential impact in terms of the likelihood, timing and cost of delivery of the Climate Mitigation Performance Targets.</p> <p>How these impacts are reflected in the Strategic Narrative, Action Plans and Finance Plan.</p>	<p>Any significant changes to the results of the Sensitivity Analysis since the previous Verification Engagement.</p> <p>How these changes have been addressed in the Vision, Strategic Narrative, Action Plans and/or Finance Plan as appropriate.</p>
D.3.3.1. Governance - Board and senior executive responsibility	<p>The named individual, committee or Board responsible for the Transition Plan.</p> <p>The management structure in place for executing the Transition Plan.</p> <p>How frequently the Board reviews the Transition Plan, and how frequently the Board will monitor and receive reports on progress against the Climate Mitigation Performance Targets and Delivery Strategy.</p> <p>How the Issuer ensures adequate climate expertise (e.g., management expertise, provided resources, trainings, skill acquisition).</p> <p>Any KPIs tied to Board, CEO or other senior executive compensation plans that are aligned with the organization’s climate goals, as described in the Transition Plan.</p> <p>Any responsibility-related targets and progress against those targets.</p>	<p>Any changes to the named individual, committee, or Board responsible for the Transition Plan.</p> <p>Any changes or additions to climate and/or transition-related KPIs tied to Board, CEO or other senior compensation plans.</p> <p>Performance against the disclosed responsibility-related metrics and targets.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
<p>D.3.3.2. Governance - (Re)setting and monitoring the Climate Mitigation Performance Targets and Transition Plan</p>	<p>Information on internal controls that are in place to scrutinise the Transition Plan including any relevant internal assurance functions such as internal audit.</p> <p>Stakeholder communication and feedback mechanisms, including whether the Transition Plan is scrutinised by shareholders (such as through an advisory vote at the entity's Annual General Meeting, or resolution subject to shareholder approval).</p> <p>Information on the process and internal controls for monitoring and tracking performance regarding the interim Climate Mitigation Performance Targets and milestones and targets identified in the Action Plans and Finance Plan. This includes information on any tracking and estimation tools, including but not limited to GHG performance tools, and any equivalents for Climate Mitigation Performance Targets that are not expressed in terms of GHG emissions.</p> <p>Information on the process for regularly reviewing the Transition Plan to ensure material updates are incorporated and challenges are addressed.</p> <p>Commitment by the Issuer to review the Transition Plan at least every 5 years.</p> <p>Date of the last and the next scheduled review.</p>	<p>Any changes to the controls, tools and mechanisms disclosed in the previous Verification Engagement.</p> <p>If the scheduled review fell due since the previous Verification Engagement, all reset Climate Mitigation Performance Targets and Delivery Strategy disclosure requirements detailed under Clauses D.3.1 and D.3.2.</p> <p>Any changes to the date of the next scheduled review.</p>
<p>D.3.3.3. Governance - Correction of underperformance</p>	<p>n/a</p>	<p>Any corrective actions planned to address any underperformance, with an explanation of how they will address that underperformance.</p>
<p>D.4.1. Parent Group Commitments – Exclusions</p>	<p>Commitment by the Parent Company on behalf of the Parent Group to zero future expansion of any of the activities detailed in Clause D.4.1.1.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has expanded any of the activities detailed in Clause D.4.1.1 since 1 January 2023.</p> <p>Commitment by the Parent Company on behalf of the Parent Group that no entity within the Parent Group will or is planning to convert high carbon stock land as detailed in Clause D.4.1.2.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has converted high carbon stock land (as detailed in Clause D.4.1.2) since 1 January 2020.</p>	<p>Statement from the Parent Company on behalf of the Parent Group that no entity within the Parent Group has expanded any of the activities detailed in Clause D.4.1.1 since the previous Verification Engagement.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has converted high carbon stock land (as detailed in Clause D.4.1.2) since the previous Verification Engagement.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
4.2. Parent Group Commitments - Net zero commitment	Commitment by the Parent Company to net zero emissions and the expected date for net zero – covering the entire Parent Group (per Clause D.4.2).	Any changes to the net zero commitment for the Parent Group (per Clause D.4.2.).
4.3. Parent Group Commitments – Transition Plan	A description of the Transition Plan outlining how the Parent Group will achieve net zero emissions (per Clause D.4.3).	Any updates to the Transition Plan for the Parent Group (per Clause D.4.3) If any part of the Parent Group practices any of the activities described under Clause D.4.1.1., the expected timing to fully cease those activities.
INDEPENDENT OF ANY CLAUSES ABOVE		
SLD instrument financial and structural characteristics	Potential change of bond financial and/or structural characteristics and the trigger events leading to such a change. Potential extreme/ exceptional events such as M&A that could subsequently impact the restatement of a Climate Mitigation Performance Target.	Potential change of bond financial and/or structural characteristics and the trigger events leading to such a change Potential extreme/ exceptional events such as M&A that could subsequently impact the restatement of a Climate Mitigation Performance Target.

ANNEX 1 - Types of Use of Proceeds Instruments that can be Certified

There are various types of green financial instruments eligible for Certification under the Climate Bonds Standard. Use of Proceeds debt instruments that may be eligible for Certification under the Climate Bonds Standard version 4.0 include the following:

Bilateral Loan: commercial, multilateral and development banks offer credit lines to their corporate and institutional customers to finance specific green projects with set criteria and reporting requirements. The loans may or may not be public, and the terms vary considerably.

Certificate of Agribusiness Receivables (CAR): title backed by agribusiness credit, created by the Brazilian government to encourage the financing of the agricultural sector's production chain. These instruments are issued by securitisation vehicles and sold to investors in capital markets to finance the purchase of the feedstock.

Commercial Paper: is unsecured, short-term debt commonly issued by companies or financial institutions to finance short-term liabilities. The proceeds mainly contribute to general corporate purposes and working capital financing.

Convertible Bonds or Notes: Bonds or notes, either listed or unlisted, 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, its status as a Certified Instrument would end at the conversion point.

Covered Bond (Pfandbrief): a dual recourse bond which relies primarily on repayment from the issuer but also has access to a pool of assets (the cover pool). The cover pool often comprises mortgages, but other assets can be used as collateral too. For instance, the German Pfandbrief market includes Mortgages Pfandbrief, Public Pfandbrief, Ship and Aircraft Pfandbrief. In Luxembourg, it is possible to issue renewable infrastructure-covered bonds.

Debt Instruments issued by a Green Bond Fund: A Green Bond Fund is a fund which invests in green bonds based on a set of screens or criteria. Screens for the fund can include that the underlying projects and assets must meet the relevant Sector Criteria of the Climate Bonds Standard. The fund will likely issue securities such as units in a trust or use similarly structured arrangements to raise equity.

Export Financing in Brazil: Advance on Export Exchange Contracts or Advance on Export Shipping Document Contracts

Export Letters of Credit: issued by banks, guaranteeing future payment (upon receipt of goods) to the exporter. These instruments are used in trade with developing countries and/or importers of relatively weak credit quality. Certification requires the Approved Verifier to confirm that the UoP of the importer is aligned with the Climate Bonds Criteria.

Floating Rate Notes: notes that have a variable interest rate tied to a benchmark rate. Interest is usually paid quarterly, and the term is several months/years. FRNs are popular with US corporates with quarterly re-issuance.

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 Criteria of the Climate Bonds Standard. Green Deposits usually have a maturity of up to one year and are accepted by financial institutions. Depositors are often institutional investors. Non-banks (e.g., securitisation vehicles) may issue green units or notes.

Leases: bilateral contracts whereby the owner of the asset (the lessor) grants to another party (the lessee) the exclusive right to use the asset for an agreed period, for an agreed amount payable on a periodical basis (lease rentals) over the specified lease period.

Loan Facility: a credit line made available to borrowers to finance projects and assets which meet the relevant Sector Criteria of the Climate Bonds Standard. Loans can be unsecured (with available recourse to the obligors) or secured (non-recourse or limited recourse to obligors).

Project Bond: a project bond, either listed or unlisted, 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.

Repurchase Agreements (Repos): Repos enable short-term borrowing by banks or corporates, usually in government or investment-grade securities. The price difference is the implicit overnight interest rate. Repos are typically used to raise short-term capital.

Revenue Bond: a non-recourse-to-the-issuer debt obligation, either listed or unlisted, in which the credit exposure in the bond is to the pledged cash flows of the revenue streams, fees, taxes etc.

Revolving Credit Facilities: credit lines which may be drawn by the borrower and repaid on an ongoing basis with a short- or medium-term maturity.

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.

Securitised Bond: a bond, either listed or unlisted, collateralised by one or more specific projects or assets, including lease, loan and other revenue receivables asset Backed Securities (“ABS”), Mortgage-Backed Securities (“MBS”) including Agency MBS, Residential MBS, Commercial MBS, Commercial Mortgage-Backed Securities (CMBS) Collateralised Loan Obligations (“CLO”), Collateralised debt Obligations (“CDO”), Whole Business Securitisation (“WBS”) and other securitisation structures.

Standard Use of Proceeds Bond: a standard recourse-to-the-issuer debt obligation which is either listed or unlisted.

Sukuk: refers to various types of quasi-debt securities developed to meet the strictures of Islamic finance. One of the core principles underlying Islamic finance is avoiding the payment or collection of interest. Various 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.

Syndicated Loan: A loan from a number of different lenders acting together. The lenders form a syndicate, and the borrower borrows from the syndicate. Usually structured by one of several commercial banks or investment banks, it can also include ‘non-bank’ lenders such as debt funds, insurance companies, hedge funds or pension funds.

Trade Finance / Receivables Financing / Factoring: where a third-party lender buys outstanding accounts receivable at a discount. The trader’s/exporter’s accounts receivables effectively act as collateral. The key is whether the receivables, creditors or stocks relate to green assets.