

CLIMATE BONDS STANDARD

Globally recognised, Paris-aligned
Certification of debt instruments,
entities and assets using robust,
science-based methodologies

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Version 4.3



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 addresses the challenge of climate change and is consistent with the goals of the Paris Agreement. The Scheme was launched in 2012 by the Climate Bonds Initiative (Climate Bonds), 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.

Certification under the Standard confirms that debt instruments, assets or entities meet assessment frameworks and criteria required by the Climate Bonds Standard (CBS). 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 (CBSB), comprised of institutional investor representatives and appointed by Climate Bonds trustees, provides oversight of the Scheme.

This document details the requirements for Certification under the Climate Bonds Standard version 4.3 (CBS v4.3) for all of the following:

A. Use of proceeds (UoP) debt instruments.

The proceeds of such instruments are allocated to specific projects, assets, activities, or expenditures which align with Climate Bonds Sector Criteria.

B. Assets.

This involves Certification of the environmental credentials of specific projects, assets, or activities, following Climate Bonds Sector 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 CMPTs aligned with the Climate Bonds Sector Criteria at the time of Certification, or that will align by 2030, and that meet transition plan and disclosure requirements, 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 CMPTs linked to them are aligned with the Climate Bonds Sector Criteria and supported by a transition plan and disclosure that meet the requirements defined in this Standard.

In regard to debt instruments, Certification is applied to each instrument rather than to the issuer's sustainable/green finance framework.

Sector-specific Criteria for eligible projects, assets or activities can be found on the Standards page of the Climate Bonds website (<https://www.climatebonds.net/expertise/standard-sector-criteria-certification/sector-criteria>)

Resources for Standard users: <https://www.climatebonds.net/expertise/standard-sector-criteria-certification/certification>

Certification applicants and approved verifiers must use the templates and documents (legal agreements, information forms, checklists) applicable at the time of Certification on the Climate Bonds website.

The version of the Standard governing any Certification of a debt instrument, asset or entity is that which is applicable on the date of the verification report issued by the approved verifier, unless otherwise agreed with the applicant.

Contact email for the Certification team: certification@climatebonds.net

Climate Bonds Initiative New Standard v4.3 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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1. Glossary

Term	Acronym	Definition
agri-food entity		A legal entity with at least 50 percent of its revenues generated from agri-food supply chains, which includes, but is not limited to, traders, processors, manufacturers, distributors, and retailers.
agri-food DCF Certified entity		An agri-food entity that has been Certified under Section E of this Standard.
applicant		A legal entity applying for Entity Certification or an issuer of a debt instrument applying for <i>Use of Proceeds (UoP)</i> or <i>Sustainability-Linked Debt (SLD)</i> Certification or an asset owner applying for Asset Certification, under the <i>Climate Bonds Standard</i> .
approved verifier		An independent third-party assurance or approved external review provider approved by the <i>Climate Bonds Standard Board</i> and listed on the Climate Bonds website as authorised to issue verification opinions in relation to a Certification application in accordance with the <i>Climate Bonds Standard</i> .
Certification agreement		The legal agreement executed by the <i>applicant</i> and submitted to the CBSS as part of the Certification process, which is available from the Climate Bonds website and includes terms and conditions for using the <i>Certification mark</i> .
Certification (Certified)		The process of granting the use the Certification Mark in relation to debt instruments, entities or assets Certified under this Standard.
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.
Certification threshold		The minimum acceptable percentage of <i>compliant activities</i> for <i>entity</i> and <i>SLD Certification</i> as defined in Clauses C.2.3 and D.2.3.
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 Certified tranche(s) must be clearly designated in such cases.
Certified entity		The entity or part thereof which is Certified under the Climate Bonds Standard (Part C). Currently, Entity Certification is limited to non-financial entities or segregated segments thereof.
Climate Bonds information form		A template document to be completed by the <i>applicant</i> and submitted to the CBSS as part of the Certification process, available from the Climate Bonds 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.

Term	Acronym	Definition
Climate Bonds Resilience Criteria	CBRC	Criteria for assessing climate resilience investments based on the Climate Bonds Resilience Taxonomy (CBRT), in accordance with Clause 2.4b.
Climate Bonds Standard Board	CBSB	An advisory committee set up to review the Standard, <i>Sector Criteria</i> , applications for Certification under the Standard, applications by prospective verifiers, and to make recommendations to Climate Bonds trustees and executive management.
Climate Bonds Standard Secretariat	CBSS	Consists of the Climate Bonds Certification team, who manage the day-to-day interaction with applicants, verifiers, and other stakeholders; and the Climate Bonds Standards team, who drive the process for developing and maintaining Sector Criteria. Enquiries can be sent via email to certification@climatebonds.net .
climate mitigation performance targets	CMPTs	The performance targets that define the measurable climate mitigation performance to be achieved.
deforestation- or conversion-free sourcing	DCF sourcing	The requirement that the supply chain of an <i>agri-food entity</i> only includes commodities produced on land that has not been subject to deforestation or the conversion of other natural ecosystems after 31 December 2020.
debt instrument		Any debt instrument being considered for Certification, whether a bond, a loan, or other type of debt instrument.
compliant activities		The activities of an <i>entity</i> which contribute to the <i>Certification threshold</i> for Certified <i>entities</i> and <i>SLDs</i> under Figures C1 and D1, respectively.
disclosure documentation		Documentation associated with the issuance of a bond, loan or other debt instrument prepared before it 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 legitimately 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).
Greenhouse Gas Protocol	GHG Protocol	The GHG Protocol establishes standardised frameworks and guidance for companies and organisations preparing a corporate-level GHG emissions inventory, which encompass the accounting and reporting of the seven greenhouse gases covered by the Kyoto Protocol.
green finance framework		Information provided by the issuer that describes how its programme of bonds, loans or other debt instruments will meet the requirements in the <i>Climate Bonds Standard</i> .
investment exposure		Actual amounts invested/to be invested in eligible projects or assets.

Term	Acronym	Definition
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.
key performance indicator	KPI	External or internal measurement/value under management's control and material to an <i>applicant</i> '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 and is sometimes called fair market value or fair value. Market Value may be assessed by an independent valuer or by using an internal valuation model.
materiality of emissions		The <i>Sector Criteria</i> 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, accountancy fees, and verification fees. In situations where the debt instrument is a debt facility with a limit (e.g., a revolving credit facility), the net proceeds in the context of a <i>UoP</i> 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, which may be existing, under construction or yet to be deployed.
non-assessed segment		The part(s) of the <i>parent group</i> of the Certified <i>entity</i> which do not form part of the Certified <i>entity</i> and those that form part of the Certified <i>entity</i> but do not contribute to it meeting the <i>Certification threshold</i> 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 <i>applicant</i> does not belong to a group of companies, the term parent company in this Standard applies to the <i>applicant</i> .
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 <i>entity</i> to be eligible for Certification.
Sector Criteria		Sector-specific criteria for the eligibility of specific projects, assets, activities and/or entities under the <i>Climate Bonds Standard</i> described in the <i>Sector Criteria</i> documents or the <i>Climate Bonds Resilience Criteria</i> .
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.

Term	Acronym	Definition
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 plan		The delivery strategy and governance implemented to achieve the decarbonisation targets represented by the <i>CMPTs</i> of the <i>applicant</i> .
unqualified opinion		An unqualified assurance or external review opinion by an <i>approved verifier</i> indicates that the <i>verification report</i> has been issued with no reservations regarding the adherence of the <i>applicant</i> (for <i>UoP</i> , <i>Asset</i> , <i>SLD</i> or <i>Entity</i> Certification) with the requirements of the <i>Climate Bonds Standard</i> and <i>Sector Criteria</i> .
update report		A document prepared by the <i>issuer</i> that confirms the ongoing conformance of the <i>issuer</i> and the relevant debt instrument, or programme of debt instruments with the post-issuance requirements of the <i>Climate Bonds Standard</i> .
use of proceeds debt instruments	UoP instruments	The proceeds of <i>UoP</i> instruments are allocated to specific projects or purposes. For this Standard, <i>UoP</i> instruments finance environmentally beneficial projects, assets, activities, or expenditures.
verification engagement		The work conducted by an <i>approved verifier</i> commissioned by an <i>applicant</i> for Certification to provide a mandatory <i>verification report</i> following the <i>Climate Bonds Standard</i> .
verification report		A report prepared by the <i>approved verifier</i> , addressed to the <i>applicant</i> , and provided to the <i>CBSS</i> as part of the Certification process.

2. Eligibility requirements for Use of Proceeds and Asset Certifications

2.1. Eligibility conditions

2.1.1. Projects and assets are only eligible under Parts A and B of the Standard if all of the below conditions are satisfied:

- i.** All applicable regulatory and environmental permits and licences have been obtained; **and**
- ii.** All relevant legal requirements and obligations in the relevant jurisdiction have been satisfied; **and**
- iii.** They meet the eligibility criteria requirements of Clauses 2.2, 2.3 or 2.4.

2.1.2. In addition to Clause 2.1.1, projects and assets which meet the conditions of Clause A.2.1.5, up to a maximum of 5% of the bond proceeds, are eligible for UoP Certification.

2.1.3. Asset Certification under Part B applies to definable assets and projects that are fully eligible under any of Clauses 2.2.1, 2.2.2, 2.2.3 or 2.4.

2.2. Eligible categories and relevant eligibility requirements

Assets, projects, and expenses in any of the following categories may be considered eligible for UoP or Asset Certification under Parts A and B, respectively, if they meet the requirements:

2.2.1. Eligible physical assets or projects

a. Existing physical assets or projects which fully satisfy the Climate Bonds Sector Criteria or are eligible climate resilience investments under Clause 2.4.b. Physical assets include existing and operational equipment, machinery, infrastructure, buildings, or land. Projects may include physical assets in construction, redevelopment (upgrades, expansion) and similar asset value creation or enhancement activities.

b. Planned physical assets or projects, which are under development or to be developed, and satisfy all of the following conditions:

- i.** The development plans are supported by detailed engineering and feasibility reports signed by competent persons who have the relevant professional qualifications and experience.
- ii.** The development plans, designs, and specifications are in sufficient detail to demonstrate that the completed asset or project will either fully satisfy the Sector Criteria or will be eligible climate resilience investments under clause 2.4.b, by the time the asset or project becomes fully operational.
- iii.** All the relevant environmental impact reports, permits, and licences relevant to the stage of completion of the assets have been obtained.
- iv.** There are signed legal agreements in place with any third parties involved in the construction, which include agreed delivery timelines consistent with the plans and designs.
- v.** All relevant reporting requirements have been complied with.

2.2.2 Eligible financial assets

- i.** Debt or other financing arrangements provided by a lending institution to finance or facilitate the financing of eligible projects, assets or expenses, such as corporate loans, retail mortgages, project finance, bank guarantees or performance bonds.
- ii.** Participations in entities whose assets or activities are aligned with the Climate Bonds eligibility requirements.

2.2.3 Leasing arrangements

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.

2.2.4 Other types of eligible capital expenditure and arrangements:

- i.** Capital expenditure undertaken to increase the value and/or lifetime of eligible physical assets or projects.
- ii.** Subsidies, tax and other incentives, credit schemes and grants, and other similar arrangements provided by public entities or agencies, including local and national governments.

2.2.5. Eligible operating expenses

Related and supporting expenditures for eligible projects or physical assets. Such non-capitalised costs may include the following:

- i.** Relevant installation and routine servicing costs required to ensure the proper functioning of the asset.
- ii.** Repair and maintenance costs, upgrades or renovations undertaken to maintain the value or extend the asset's life.
- iii.** Relevant performance-monitoring costs concerning tracking climate credentials (e.g., GHG emissions) and climate information services (e.g., satellite monitoring and emissions testing).
- iv.** Any training and education costs directly related to activities i. to iii. above.

2.3 Eligibility requirements for research and development expenditure

Eligibility requirements of research and development (R&D) expenditure for UoP Certification.

- a.** Any early or later stage expenditure relating to the research, applied research, and experimental development of solutions, processes, technologies, business models, and other products dedicated to the substantial reduction, avoidance or removal of GHG emissions for which the ability to substantially reduce, remove or avoid GHG emissions has been demonstrated in a relevant environment, corresponding to at least Technology Readiness Level (TRL) 6.¹
- b.** For the avoidance of doubt, this includes expenditure related to research, applied research, and experimental development to bring the solution, process, technology, business model or other product through TRLs 1-5. In addition, funds or subsidy schemes incentivising early-stage R&D (TRL1 to TRL5) may be considered eligible if aiming to bring the solution, product or technology to TRL6.

1. In line with Annex G of the General Annexes of HORIZON 2020 WORK PROGRAMME 2016 2017, p.29 (version of 4.6.2021: https://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016-2017/annexes/h2020-wp1617-annex-ga_en.pdf).

c. Substantial reduction, removal or avoidance of GHG emissions requires the R&D to:

- i.** provide research, development or innovation for technologies, products or other solutions that enable an economic asset or activity to meet the respective Sector Criteria under the Climate Bonds Standard; or
- ii.** aim to bring to market a solution that is expected to have a substantially better performance in terms of life-cycle GHG emissions than best commercially available technologies based on public or market information or with substantially improved technological and economical feasibility in order to facilitate its scaling up.

d. TRL6 or above must be demonstrated as follows:

- i.** TRL6 requires that the technology is finely tuned to a variety of operating conditions, the process is reliable, the performance matches expectations, interoperability with other connected technologies is demonstrated, the manufacturing approach is clearly defined, and that all environmental, regulatory, and socio-economic issues are addressed.
- ii.** Where the researched, developed or innovated technology, product or other solution is at TRL6 or 7, life-cycle GHG emissions are evaluated in simplified form by the entity carrying out the research. The entity demonstrates one of the following, where applicable: (a) a patent not older than 10 years associated with the technology, product or other solution, where information on its GHG emission reduction potential has been provided; (b) a permit obtained from a competent authority for operating the demonstration site associated with the innovative technology, product or other solution for the duration of the demonstration project, where information on its GHG emission reduction potential has been provided.
- iii.** Where the researched, developed or innovated technology, product or other solution is at TRL8 or higher, life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018 and are verified by an independent third party.

e. Where the R&D expenditure relates to products, solutions or activities for which Climate Bonds has not yet developed Sector Criteria, the eligibility will be individually assessed on a case-by-case basis. In making such assessments, Climate Bonds may rely on independent expert reports or opinions.

f. R&D expenditure must be continually assessed by the issuer to ensure that the relevant climate-related goals are being achieved. The results of the assessment must be disclosed in the annual update report in accordance with Clause A.3.4.

g. All R&D expenditure must be independently verified by a Climate Bonds approved verifier at least on an annual basis until the related technology reaches TRL6 or higher.

2.4 Eligibility requirements for climate resilience investments

The following climate resilience investments are eligible under the Standard:

- a.** Investments which are eligible under Clause 2.2 through being aligned with Climate Bonds sector-specific Criteria; or
- b.** Resilience investments listed in the draft Climate Bonds Resilience Taxonomy v1.0 (the CBRT).²

2. The draft [Climate Bonds Resilience Taxonomy](#) consists of CBRT v1.0 in the form of a downloadable excel spreadsheet and the Climate Bonds Resilience Methodology.

Investments that fall under category (a) must be assessed for eligibility based on the Sector Criteria requirements.

Investments that fall under category (b) must be assessed for eligibility for UoP Certification or Asset Certification using the Criteria for Certification against the Climate Bonds Resilience Taxonomy.

In a UoP Certification, up to 5% of proceeds (the ‘flexibility pocket’) can also be allocated to resilience investments listed in the CBRT, in accordance with Clause **A.3.1.5.** The Criteria for Certifying investments listed in the CBRT do not apply to the flexibility pocket.

The CBRT will gradually undergo review and validation by technical working groups, in accordance with the governance process followed in developing Climate Bonds Sector Criteria eligibility.

3. Criteria for Certifying Investments listed in the Climate Bonds Resilience Taxonomy <https://www.climatebonds.net/expertise/resilience-finance>.

3. 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. Additionally, they emphasise the need for ambitious CMPTs in line with Paris-aligned climate mitigation goals, credible transition plans that provide 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 frameworks that have been developed by Climate Bonds for assessing corporate transition plans. The five hallmarks of a credible company transition aligned with the Paris goals are:

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

The above 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, which 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.

4. Approved verifiers

4.1. 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 engagements in accordance with ISAE3000 or an equivalent international standard/assessment framework, and must adhere to all applicable legal requirements. Verification engagements should also adhere to the ICMA Guidelines for *Green, Social, Sustainability, and Sustainability-Linked Bonds External Reviews* (June 2022) and the LMA *External Review Guidance for Green, Social and Sustainability-Linked Loans* (March 2022).

4.2. Special provisions relating to regulated entities

Certain types of regulated entities, such as credit rating agencies or other regulated organisations which provide external review services, may apply to become approved external review providers, on the condition that they are subject to publicly disclosed regulatory frameworks and otherwise meet the professional competence requirements of the Standard. Such firms may opt to issue external review reports in accordance with their internal processes and procedures which will have been assessed by the Climate Bonds Standard Board as equivalent to internationally accepted assurance standards.

Firms applying for the approved external review provider status must submit sufficient documentation on their internal processes and procedures to the Climate Bonds Standard Board via the Climate Bonds Secretariat to enable this assessment to be made.

In the context of the Standard, the term approved verifier will be understood to include approved external review provider and the term verification report will be understood to include an external review report issued by an external review provider.

Existing Climate Bonds approved verifiers who meet the relevant criteria may apply to change their status to approved external review provider.

4.3. Verification report requirements

Verification reports must either include an assurance opinion or an external review opinion regarding the compliance of the debt instrument/asset/entity with the provisions of the Climate Bonds Standard. Assurance opinions must additionally 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 website. The subject matter considered by the approved verifiers must include a summary of how the issuer has conformed to the requirements set out in the Standard, including the relevant Sector Criteria.

4.4. Disclosure only on authorisation of the receiver of the Certification

Verification reports submitted to the CBSS may be publicly disclosed only upon the authorisation of the issuer unless the CBSS is required by law or national regulators to make such disclosure. The CBSS must consult with the applicant and approved verifier on the presentation of the information prior to any public release of any verification report.

PART A: USE OF PROCEEDS CERTIFICATION

A

A.1. Introduction

The requirements for UoP Certification are separated into pre-issuance and post-issuance requirements which apply before and after the instrument is issued. The Climate Bonds Standard and Certification Scheme builds 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 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 finance programmes.

The Use of Proceeds Certification label attaches to the specific Certified debt instrument(s).

Verification by an approved verifier at pre- and post-issuance is mandatory in the Certification process.

A.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 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; and
- 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 (UoP, 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.

A.2.1. Use of proceeds

A.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.

A.2.1.2. All nominated projects and assets must meet the documented objectives of the debt instrument as set out in the issuer's green finance framework.

A.2.1.3. Issuers must allocate at least 95% of the net proceeds of the debt instrument to projects and assets that meet the Sector Criteria requirements of the Standard.

A.2.1.4. For any part of the net proceeds that finance projects and assets which do not fully satisfy the Sector Criteria requirements (up to 5%), the issuer must provide detailed disclosures in the green finance framework.

A.2.1.5. Any nominated projects and assets which do not fully satisfy the Sector Criteria may be considered eligible if they meet all of the following conditions:

- i.** They relate to asset categories or activities or sectors for which Climate Bonds has not yet developed Sector Criteria; and
- ii.** They fall under any of the project categories listed in the ICMA Green Bond Principles or the ICMA Social Bond Principles; and
- iii.** The verification report opinion confirms their alignment with the ICMA Green/Social Bond Principles; and
- iv.** They do not relate to any of the following excluded activities:
 - The exploration, extraction or transportation of proven conventional or unconventional fossil fuel reserves,
 - Natural gas production,
 - Refining crude oil to produce derivative products,
 - Conversion or fragmentation of high-carbon stock (HCS) land or unsustainable operations on HCS land leading to the loss of its status as HCS land.

A.2.1.6. 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.

A.2.1.7. 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.

A.2.2. Process for evaluation and selection of projects and assets

A.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.

A.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.

A.2.3. Management of proceeds

A.2.3.1. The issuer must document and disclose to the approved verifier the systems, policies, and processes it will use to manage the net proceeds. These must include arrangements for the following activities:

- i.** 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.
- ii.** Managing unallocated proceeds. The balance of unallocated net proceeds can be managed as per the requirements in Clause A.3.3.3.
- iii.** 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.

A.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.

A.2.4. Pre-issuance reporting: green finance framework and disclosure documentation

A.2.4.1. The issuer must prepare a green finance framework and make it publicly available prior to, or at the time of, issuance. In the case of loans and other private transactions the issuer/borrower has the option to disclose green finance framework only to the lender(s). The green finance framework must be provided to the CBSS as one of the Certification documents.

A.2.4.2. The green finance framework must include all of the following:

- 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 UoP.
- 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.

A.2.4.3. The green finance framework should also include the following, 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 managing 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 instruments 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 is used for refinancing, information must be provided regarding 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.

A.2.4.4. While issuers are encouraged to disclose as much information as possible with respect to nominated projects and assets, 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.

A.2.4.5. The issuer must include the following 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 disclaimer provided in the Certification agreement.

A.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.

Post-issuance verification by an approved verifier is a mandatory part of the Certification process. It requires the verification of the debt instrument(s) against the post-issuance requirements of Clauses A.3.1, A.3.2 and A.3.3, and the issuance of a post-issuance verification report.

A.3.1. Use of proceeds

A.3.1.1. The net proceeds of the debt instrument must be allocated to the nominated projects and assets.

A.3.1.2. All nominated projects and assets must meet the documented objectives of the debt instrument as set out in the issuer's green finance framework.

A.3.1.3. Issuers must allocate at least 95% of the net proceeds of the debt instrument to projects and assets that meet the Sector Criteria requirements of the Standard.

A.3.1.4. For any part of the net proceeds that finance projects and assets that do not fully satisfy the Sector Criteria requirements (up to 5%), the issuer must provide detailed disclosures in the green finance framework.

A.3.1.5. Any nominated projects and assets which do not fully satisfy the Sector Criteria may be considered eligible if they meet all of the following conditions:

- i.** They must relate to asset categories or activities or sectors for which Climate Bonds has not yet developed Sector Criteria; and
- ii.** They must fall under any of the project categories listed in the ICMA Green Bond Principles or the ICMA Social Bond Principles; and
- iii.** The verification report opinion must confirm their alignment with the ICMA Green/Social Bond Principles; and
- iv.** They must not relate to any of the following excluded activities:
 - The exploration, extraction or transportation of proven conventional or unconventional fossil fuel reserves,
 - Natural gas production,
 - Refining crude oil to produce derivative products,
 - The supply and/or use of fossil fuels for power generation and heat,
 - Conversion or fragmentation of high-carbon stock (HCS) land or unsustainable operations on HCS land leading to the loss of its status as HCS land.

A.3.1.6. The issuer must allocate the net proceeds to the nominated projects and assets within 24 months of issuance of the debt instrument. This deadline can be extended by the CBSS for up to five years (and exceptionally up to ten years if duly justified by the nature of the projects to be financed).

An extension will be granted at the discretion of the CBSS, 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 may be requested to provide annual post-issuance verification reports until the approved verifier confirms that 100% of the proceeds have been allocated.

A.3.1.7. 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 validated such assets.

A.3.1.8. Nominated projects and assets must not be designated 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.

A.3.1.9. Where a proportion of the net proceeds of the debt instrument is used for refinancing, the respective shares of the net proceeds used for financing and refinancing must be tracked and the nominated projects and assets eligible for refinancing must be identified. This may also include the expected look-back period for refinanced nominated projects and assets which should reflect their functional lifetime for delivering the stated climate mitigation/adaptation/resilience benefits. The remaining functional lifetime of the financed physical 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.

A.3.1.10. 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.

A.3.1.11. 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.

A.3.1.12. 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 they 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.

A.3.2. Process for evaluation and selection of projects and assets

A.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 all of the following, 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.

A.3.3 Management of proceeds

A.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.

A.3.3.2. The issuer of the debt instrument 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.

A.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.

A.3.4. Post-issuance reporting

A.3.4.1. Issuers must submit an annual update report within 12 to 24 months from the date of issue and annually thereafter until the post-issuance requirements (as per Clauses A.3.1, A.3.2. and A.3.3.) have been fulfilled. A verification report prepared by an approved verifier may be submitted in place of the update report in any given year. Following the fulfilment of post-issuance requirements, issuers are encouraged, but not required, to continue submitting annual update reports until maturity of the instrument.

A.3.4.2. Issuers of the following are required to submit annual update reports following post-issuance verification until maturity:

- i.** Revolving credit facilities.
- ii.** Debt instruments financing projects and assets whose eligibility for Certification is determined by an emissions threshold and therefore monitored over time.
- iii.** Debt instruments financing dynamic asset portfolios where the composition of which may vary over the life of the instrument (e.g., green mortgage portfolios).

A.3.4.3. The issuer should also provide an update report on a timely basis in case of material developments, which 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.

A.3.4.4. 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.

A.3.4.5. An update report includes allocation and eligibility reporting, and, where required, 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. Impact reporting must at a minimum include any metrics required for confirming compliance with specific Sector Criteria requirements.

A.3.4.6. The three different types of reporting can be included in a single update report, which must be provided to the CBSS and made publicly available or provided annually to the bondholders/lenders for as long as the debt instrument remains outstanding.

A.3.4.7. 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.

A.3.4.8. The allocation reporting must include the following, 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 reallocated).
- 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.

A.3.4.9. The eligibility reporting must include the following, 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.
- iii.** The percentage of the UoP allocated to, and detailed description of, the nominated projects and assets which do not fully satisfy the Sector Criteria, where the issuer has made use of the 5% flexibility pocket in accordance with Clause A.3.1.3.

A.3.4.10. 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.

A.3.4.11. 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.

A.3.4.12. The impact reporting shall, without limitation, provide the following information:

- i.** The expected or actual outcomes or impacts of the nominated projects and assets concerning the climate-related objectives of the bond.
- ii.** State 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.

iii. The methods and the key underlying assumptions for the calculation of the performance indicators and metrics.

A.3.4.13. The issuer must make available to the public or to the bondholders any verification reports or other relevant material which supports the update report.

A.4. Certification process for use-of-proceeds instruments

A.4.1. Process outline

A.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.

A.4.1.2. Pre-issuance Certification: This involves 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 debt instrument by an approved verifier; production of a verification report; and provision of Certification documents to the CBSS. Pre-issuance Certification of bonds, loans or other debt instruments is awarded via a formal letter and a Certificate from the CBSS. The pre-issuance Certification covers the period prior to the issuance or closing of the debt instrument and 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.

A.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.3.1.6. 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 CBSS. Post-issuance Certification of individual debt instruments is confirmed via a formal letter from the CBSS.

A.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.

A.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, for which annual verification by an approved verifier is mandatory. This option is described in detail in Clause A.4.4.

A.4.2. Pre-issuance Certification

A.4.2.1. Preparation for Certification: Issuers seeking Certification and the use of the Certification mark for a debt instrument prior to issuance must fulfil the following:

- 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, which must be submitted to the CBSS, identifying the confidential components of the information provided and those for public disclosure on the Climate Bonds 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 CBSS 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. The approved verifier engaged by the issuer must issue a verification report expressing an unqualified opinion as to whether the issuer and the proposed debt instrument have conformed to the pre-issuance requirements of the Climate Bonds Standard.

A.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 CBSS 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) a green finance framework (or equivalent summary), (iii) the pre-issuance verification report, and (iv) the executed Certification agreement. These documents must be submitted to the CBSS via email (certification@climatebonds.net).
- ii.** If the CBSS is satisfied that the issuer and proposed debt instrument comply 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.

A.4.3. Post-issuance Certification

A.4.3.1. Preparation for post-issuance Certification: Issuers seeking Certification and the use of the Certification mark after issuance of the debt instrument must complete the following:

- i.** If pre-issuance Certification has previously been confirmed for the bond, update the green finance framework and Climate Bonds information form to reflect any 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 compliance 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 or the period agreed in accordance with Clause A.3.1.6 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.

A.4.3.2. Obtaining post-issuance Certification: If pre-issuance Certification has previously been confirmed, the issuer must submit the following documents to the CBSS:

- 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 CBSS with the documents listed in Clause A.4.2.2.

A.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.

A.4.3.4. If the CBSS is satisfied that the issuer and the debt instrument comply 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 has the right to continue using the Certification Mark in association with the relevant debt instrument while the debt instrument remains outstanding.

A.4.4. Programmatic Certification

A.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 programme. Programmatic issuers must have internal controls in place to ensure the eligibility of any new assets being financed through the Certified instruments. Multiple issuances relating to the same project/asset pool are assessed against the version of the Standard and Criteria applicable at the outset of the programmatic process.

A.4.4.2. To start the Programmatic Certification process, the issuer must follow the process described in Clause A.4.2.1.

A.4.4.3. The CBSS will provide the issuer with formal confirmation of Certification of the first issuance under the programme.

A.4.4.4. For every subsequent debt instrument, or taps thereof, issued under the programme, the issuer must ensure the following:

- i. A completed Climate Bonds information form for the specific debt instrument issued is submitted to the CBSS, which will provide the issuer with formal Certification of the specific instrument.
- ii. Annual verification must commence 12 to 24 months after the first debt instrument under the programme has been issued and a post-issuance verification report prepared by an approved verifier must be submitted, addressing the post-issuance requirements as per Clauses A.3.1. A.3.2 & A.3.3.
- iii. Annual verification must continue in each year in which there are outstanding Certified debt instruments that have not yet been included in a post-issuance verification report. An exception to this could be where the 24-month deadline for post-issuance has not yet lapsed, in which case annual verification would resume the following year.

- iv.** The approved verifier's report must confirm the continuing eligibility of the projects and assets, and the allocation of the proceeds for all the Certified instruments under the programme.
- v.** After all post-issuance reporting has been completed, the issuer is encouraged to continue submitting annual update reports in accordance with Section A.3.4 until either new instruments are issued, or the programme is concluded under Clause A.4.4.4.viii.
- vi.** If new eligible assets are added to the pool of previously verified assets (as per Clause A.4.4.2), a new pre-issuance verification report must be submitted by an approved verifier.
- vii.** In the event of updates to the green finance framework during the programme, the issuer must promptly notify the CBSS of the changes.
- 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.

A.4.4.5. After completing the programmatic process, the issuer is no longer required to engage the approved verifier annually to conduct verification of the debt-instrument programme. However, the issuer is encouraged to conform with the update reporting requirements per Clause A.3.4. unless A.3.4.2. applies.

A.4.5. Validity of Certification label/mark

A.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 CBSS.
- 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, and no extension has been granted by the CBSS.
- iv.** The CBSS 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 CBSS 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)

A.4.6. Maintaining Certification

A.4.6.1. The issuer must supply the CBSS with links to update reports or share their location on a public website (such as EMMA).

A.4.6.2. 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.

A.4.6.3. Where nominated projects and assets are covered by Sector Criteria, which require ongoing demonstration of eligibility, the update reports supplied by the issuer must include confirmation that nominated projects and assets continue to meet the relevant Criteria, including any relevant metrics or thresholds.

A.4.7. Revocation of Certification

A.4.7.1. An issuer using the Certification mark must provide further information if requested by the CBSS.

A.4.7.2. In case of an alleged breach of conformance with the Climate Bonds Standard, the CBSS 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 CBSS for review within three months of the initial request.
- ii.** The CBSS may request no more than one verification report in any six-month period following post-issuance Certification.

A.4.7.3. Where a Certified debt instrument no longer conforms to the Climate Bonds Standard, then the issuer must disclose that fact to the CBSS within one month of becoming aware of this:

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

A.4.7.4. Once Certification of a debt instrument has been revoked by the CBSS, 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 or indirectly through third-party data providers; and
- 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.

A.4.7.5. An issuer of a debt instrument which has had its Certification revoked by the CBSS may appeal the decision through the Climate Bonds Standard Complaints and Appeals Policy.

PART B. ASSET CERTIFICATION

B

B.1. Eligibility requirements

B.1.1. The legal owner of any definable 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.

B.2. Process outline

B.2.1. Asset owners seeking Certification of their projects, assets or portfolio of assets must complete the following:

- i.** Disclose to the CBSS the type of assets, the sectors involved, description of the asset/ portfolio and the stage of development of any planned assets, ahead of applying for Certification. A preliminary opinion on the description of the asset/portfolio will be provided by the Secretariat.
- ii.** Engage an approved verifier to undertake the verification engagement to assess conformance with the Climate Bonds Standard Sector Criteria. The approved verifier engaged by the owner must issue a verification report expressing an opinion as to whether the owner has conformed to the Climate Bonds Standard Asset Certification requirements.
- iii.** The approved verifier must confirm that the asset owner has the internal processes to ensure that the specific asset/portfolio will remain eligible for the duration of the Certification period.
- iv.** Complete the Climate Bonds information form and submit to the CBSS, identifying the confidential components of the information provided and those for public disclosure on the Climate Bonds website once Certification has been confirmed.

B.2.2. An asset owner may apply to the CBSS 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 CBSS via email.

B.2.3. If the CBSS is satisfied that the proposed assets comply with the Asset Certification requirements, then it shall provide a statement to the asset owner confirming the Certification under the Climate Bonds Standard.

B.3. Static or dynamic Asset Certification

B.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.

B.3.2. Dynamic Asset Certification refers to a pool of assets into which new assets may be added over the duration of Certification, in which case 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 UoP Certification, as described in Clause A.2.2. In a dynamic Certification process, the approved verifier must additionally assess the asset owner's asset selection controls and procedures.

B.4. Validity of Certification label/mark

B

B.4.1. Initial Asset Certification

This Certification attaches to specific eligible projects, assets or portfolios of assets. In the case of existing assets (per Clause 2.2.1.a), Certification attaches to the project, asset or portfolio of assets. In the case of planned assets (per Clause 2.2.1.b.), Certification attaches to the plan for the project, asset or portfolio of assets. and is valid for a maximum of 12 months from when the Certification is awarded unless:

- Certification is of a planned asset (per Clause 2.2.1.b.) and the planned asset becomes fully operational within 12 months of Certification. In which case, Certification lapses at the time the asset becomes fully operational, and the asset owner may apply for a renewal of Asset Certification (in accordance with Clause B.4.2.).
- Certification is revoked in accordance with Clause B.5.

B.4.2. Renewal of Asset Certification

Asset Certification may be renewed by the asset owner notifying the CBSS of this intention at least one month before the existing Certification expires, and submitting a verification report from an approved verifier to the CBSS at, or before, the expiry date.

This verification report must reconfirm alignment with the Sector Criteria. For an existing asset (as defined in Clause 2.2.1.a) the Sector Criteria are those applicable at the time of Asset Certification renewal. For planned assets (as defined in Clause 2.2.1.b.) not yet fully operational at the time of renewal, the Sector Criteria are those applicable at the time of the initial Asset Certification and the approved verifier must reconfirm that the planned asset will fully satisfy those criteria by the time the asset or project becomes fully operational. For assets that were planned assets at the time of initial Certification, but fully operational at the time of renewal and hence now deemed existing assets (as defined in Clause 2.2.1.a), the Sector Criteria are those applicable at the time of renewal.

Where the Certification relates to a planned asset as defined in Clause 2.2.1.b., the approved verifier must reconfirm that the climate mitigation components of the relevant Sector Criteria applicable at the time of the initial certification of the Asset will be fully satisfied by the time the asset or project becomes fully operational.

B.5. Revoking Certification

B.5.1. An asset owner using the Certification mark must provide further information if requested by the CBSS.

B.5.2. In cases of a suspected breach of conformance with the Climate Bonds Standard, the CBSS may request a new verification report be prepared by a different approved verifier as a condition for maintaining Certification under the Climate Bonds Standard.

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

B.5.4. Once the Certification of an asset has been revoked by the CBSS, the owner must not use the Certification mark nor imply that the Certification is still in place.

B.5.5. An asset owner that has had its Certification revoked by the CBSS may appeal against the decision through the Climate Bonds Standard Complaints and Appeals Policy.

PART C: ENTITY CERTIFICATION

C

C.1. Introduction

Currently, Entity Certification is limited to non-financial entities or segregated segments thereof, for which Climate Bonds has 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 1.5°C pathways.

Certification is valid for five years from the date of Certification, subject to compliance with the requirements laid out in 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, which must be adhered to in conjunction with the requirements in Part C.

Figure C1: Steps to Entity Certification*

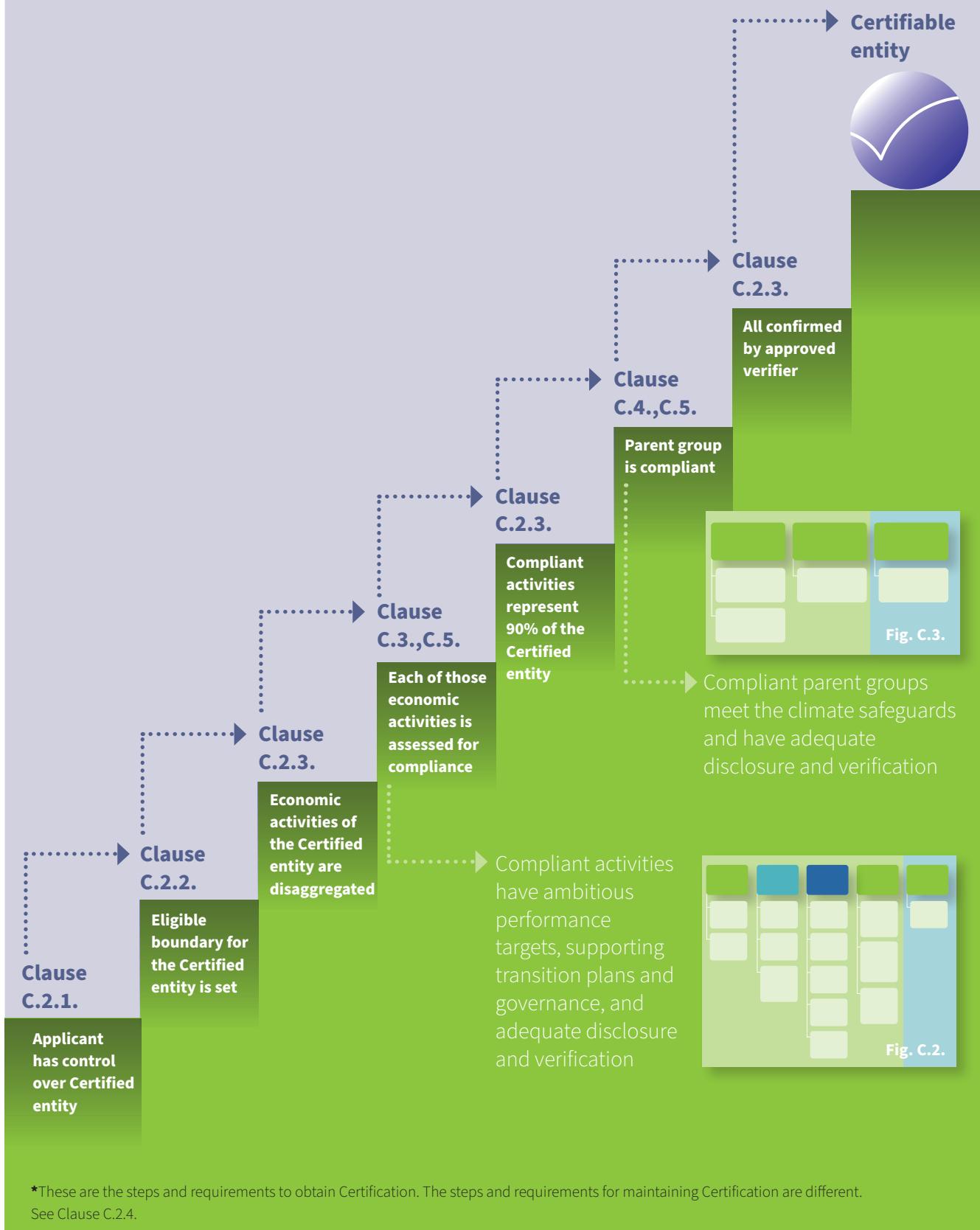
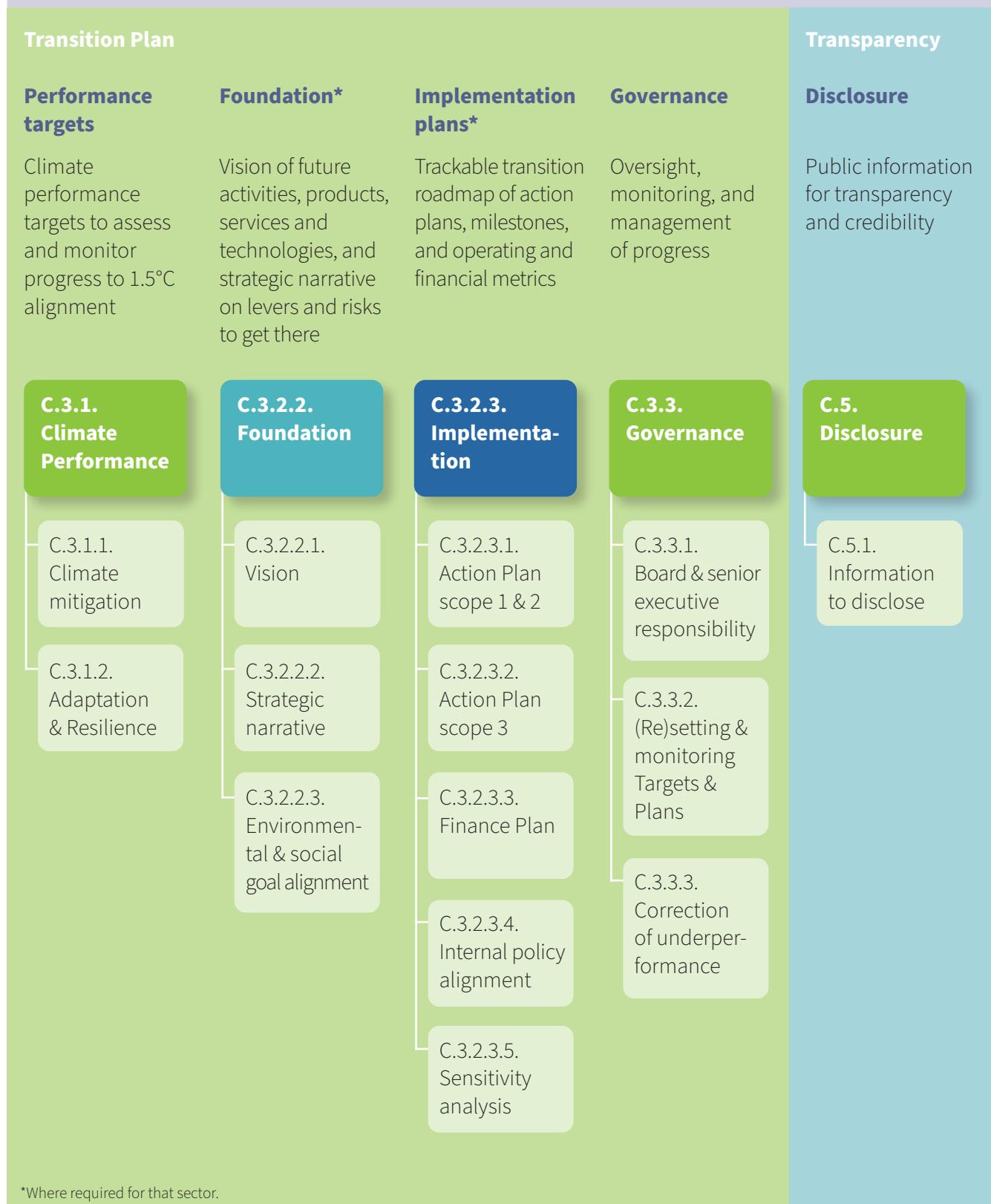


Figure C2: Requirements for Certified entity compliant activities



*Where required for that sector.

Figure C3: Parent group requirements

Transition Goals	Transparency
Climate performance	Disclosure
<p>Commitments not to undertake excluded activities and to achieve net-zero emissions</p>	<p>Outlines of a transition plan to achieve that net-zero target</p>
<p>Climate performance</p>	<p>Disclosure</p>
<p>C.4.1. Exclusions</p>	<p>C.4.3. Transition plan</p>
<p>C.4.2. Net-zero commitment</p>	<p>C.5.1. Information to disclose</p>

C.2. Eligibility and accounting rules

C.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.

C.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.

C.2.3. Obtaining Entity Certification

The applicant receives a verification report from an approved verifier stating that:

- i.** the proportion of the Certified entity's economic activities 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.

Additionally, the applicant supplies to the Climate Bonds Standard Board, through the CBSS, a copy of the verification report or shares its location on a public website, for the purpose of publishing on the Climate Bonds website.

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

A note on terminology: The 90% is defined as the Certification threshold, such that 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, forming 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. Refer to 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 CBSS:

- 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 complies with the pre-issuance requirements, then it will provide a statement confirming the Certification of the entity.

The applicant must identify within the Climate Bonds information form the confidential components of the information provided and those for public disclosure on the Climate Bonds website once Certification is confirmed.

C.2.4 Maintaining Entity Certification

The applicant receives an annual verification report from an approved verifier.

- i.** In respect of the Certified entity it confirms all of the following:
 - a.** If at Certification the Certified entity followed the revenue-share basis for compliance with the Certification threshold and subsequently increased the revenue of any its economic activities that did not previous contribute to the Certified entity meeting the Certification threshold, then the applicant has reassessed its compliance with the Certification threshold, which is still met by the Certified entity (per Clause C.2.3).
 - b.** All interim CMPTs (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.
 - c.** Any and all correction measures have been taken to address any anticipated underperformance in the delivery of the delivery strategy, and future interim CMPTs meet the requirements in Clause C.3.3.
 - d.** All disclosure requirements have been met (per Clause C.5).
- ii.** In respect of the parent group, it remains in compliance (per Clauses C.4 and C.5).
- iii.** The applicant is not subject to revocation of Certification due to any of the events detailed in Box C2.
- iv.** The applicant supplies to the Climate Bonds Standard Board, through the CBSS, a copy of the annual verification report or shares its location on a public website, for the purpose of publishing on the Climate Bonds 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 to the Climate Bonds Standard and provides a written statement to that effect to the CBSS; 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 reapply 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 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 CBSS 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 complies with the ongoing requirements, then it will provide a statement confirming the Certification status of the entity.

C.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.

C.3.1. Climate performance

C.3.1.1. Climate Mitigation Performance Targets

C.3.1.1.1. Time horizon

The CMPTs span the date of Certification to the date the activity is intended to reach net-zero emissions, or 2050, whichever is sooner.

C.3.1.1.2. Interim CMPTs

The CMPTs 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.

C.3.1.1.3. Alignment with Climate Bonds Standard decarbonisation pathways

The interim CMPTs (per Clause C.3.1.1.2) are benchmarked against the climate mitigation criteria in the Sector Criteria with which they align by 31 December 2030 at the latest.

N.B. Different levels of Entity Certification are awarded depending on the date the CMPTs 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 CMPTs align with the Sector Criteria.

1. Level 1 – Aligned: The CMPTs align with the Sector Criteria **at the time of Certification** and thereafter until the date these targets represent net-zero emissions or 2050, whichever is sooner.

2. Level 2 – Transition: The CMPTs do not align with the Sector Criteria at the time of Certification **but align by 31st December 2030** and thereafter until the date these targets represent net-zero emissions or 2050, whichever is sooner.

In addition, for both levels, the delivery strategy and governance for achieving these CMPTs must meet the requirements described in Clauses C.3.2 and C.3.3, respectively, and the parent group complies with the requirements described in Clause C.4 and the disclosure requirements of Clause C.5 are met.

C.3.1.1.4. Board approval

The board of the Certified entity has approved the CMPTs no earlier than one year prior to the application for Certification.

C.3.1.2. Climate Adaptation & Resilience performance

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

C.3.2. Delivery strategy

C.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. to 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.

C.3.2.2. Foundations

The delivery strategy includes the following foundational elements:

C.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 align with the long-term CMPTs of Clause C.3.1.1.

C.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.

C.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 an OECD National Contact Point regarding the responsible business conduct of multinational enterprises.¹

C.3.2.3. Implementation plans

Implementation plans include the following:

C.3.2.3.1. Action plan for scope 1 and 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 CMPTs regarding scope 1 and 2 emissions.

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

1. <https://mneguidelines.oecd.org/ncps/what-are-ncps-for-rbc.htm>

C.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 CMPTs regarding scope 3 emissions.

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

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

C.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 the finance plan.

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

C.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 CMPTs, 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.

C.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 CMPTs.

C.3.3. Governance

The following accountability mechanisms are in place to govern the delivery of the CMPTs and any associated delivery strategy.

C.3.3.1. Board and senior executive responsibility

C.3.3.1.1. Board mandate

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

- oversee the design of the CMPTs and delivery strategy; and
- approve the CMPTs and delivery strategy; and
- oversee the execution and monitor progress with the delivery strategy; and
- approve and monitor any corrective actions required where interim CMPTs and delivery strategy milestones are not being met.

C.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.

C.3.3.2. (Re)setting and monitoring the CMPTs targets and delivery strategy

C.3.3.2.1. (Re)setting CMPTs and the delivery strategy

Tools and mechanisms are in place for the (re)setting of robust CMPTs and the delivery strategy, including a full review and, if necessary, update of the CMPTs and the delivery strategy at least every five years.

C.3.3.2.2. Tracking and monitoring delivery

Tools and mechanisms are in place for tracking and monitoring of delivery of interim CMPTs and the milestones and metrics identified in the action plans and finance plan.

C.3.3.3. Correction of underperformance

In the event that interim CMPTs, milestones, and metrics due during the period of Certification have not been met, corrective action must be taken to reverse that under-performance so it is not unmet for a period longer than 12 months.

C.4. Commitments of the parent group

C.4.1. Exclusions

C.4.1.1. Expansion of fossil fuel activities

If any legal entity within the parent group is in the business of exploration or extraction of 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.

C.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 HCS land leading to the loss of its status as HCS land.

C.4.2. Net-zero commitment

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

C.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).

C.5. Disclosure

C.5.1. Information to disclose

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

C.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 and are not included within the boundary of the Certified entity.</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>The economic activities of the Certified entity that have and have not been counted towards the 90% Certification threshold.</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>The legal entities forming part of the parent group, and the economic activities they practise.</p> <p>The assurance or external review provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance) where appropriate.</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/external review provider.</p> <p>The level of assurance obtained where relevant.</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. CMPTs	<p>The interim CMPTs 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 and C.3.1.2).</p> <p>The Sector Criteria that the CMPTs have been assessed against (per Clause C.3.1.3).</p> <p>The date the CMPTs were approved by the board of the Certified entity.</p>	Any changes in the relationship between the applicant and the Certified entity.
	<p>Alignment of the CMPTs 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.3.1.3).</p>	<p>Whether alignment with the Sector Criteria has been achieved (per Clause C.3.1.3).</p> <p>Any changes to the expected date the CMPTs are expected to align with the Sector Criteria (earlier or later) and any related change to the level of Certification awarded (per Clause C.3.1.3).</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, if and 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 CMPTs.</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 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. Foundations of the delivery strategy – strategic narrative	<p>A description of the strategic narrative addressing the following:</p> <ul style="list-style-type: none"> • Current GHG emissions, in absolute emission terms and any other metrics such as emission intensity detailed in the 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 emission 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 has 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 and 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 and 2 emissions and hence the CMPTs.</p> <p>The milestones and business/operations metrics that will be used to track performance.</p> <p>An overview of which actions, milestones, and metrics are subject to external review including the nature of the review.</p>	<p>Progress and track record against the milestones and business/operational metrics identified in the action plan for scope 1 and 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 and 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 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 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 CMPTs and the delivery strategy, and a schedule for their development and implementation.	Progress against the schedule for the development and implementation of the identified internal policies key to the delivery of the CMPTs 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 CMPTs.</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 CMPTs.</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 CMPTs 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 organisation'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
C.3.3.2. Governance - (re)setting and monitoring the CMPTs and delivery strategy	<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 CMPTs and milestones/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 CMPTs that are not expressed in terms of GHG emissions.</p> <p>Information on the process for regularly reviews of 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 five 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 falls due after the previous verification engagement, all CMPTs and delivery strategy disclosure requirements detailed under Clauses C.3.1 and C.3.2 are reset.</p> <p>Any changes to the date of the next scheduled review.</p>
C.3.3.3. Governance – correction of underperformance	n/a	Any corrective actions planned to address any underperformance, with an explanation of this will be addressed.
C.4.1. Parent group commitments – exclusions	<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 HCS 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 HCS 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 HCS 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 practises 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 CMPTs 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 Certifications	n/a	Details of revocation of any instrument to which Entity Certification was previously extended.

C.6. Extending Entity Certification to linked financial instruments

C.6.1. Extending Entity Certification to financial instruments linked to the CMPTs and delivery strategy

The applicant may use Entity Certification as a stepping-stone to Certification of financial instruments linked to the CMPTs and delivery strategy of the Certified entity as assessed per Clause C.3, such as a sustainability-linked bond or loan, or a compatible UoP bond.

Certification is not automatically extended to these financial instruments. It requires an approved verifier to corroborate the link between the Entity Certification and sustainability-linked debt (SLD)/ UoP Certification under Part D/Part A of the Standard and meet any other SLD/UoP criteria as described in this document.

C.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 and submit the Climate Bonds information form to the CBSS, which will award the Certification without needing a verification report by an approved verifier.

C.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

D

D.1. Introduction

The requirements for Sustainability-linked debt (SLD) Certification closely mirror those for Entity Certification. Additional disclosure elements have, however, been added to 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 Climate Bonds has 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 1.5°C degree pathways. Certification is focused 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 CMPTs 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 Part D.

Figure D1: Steps to SLD Certification*

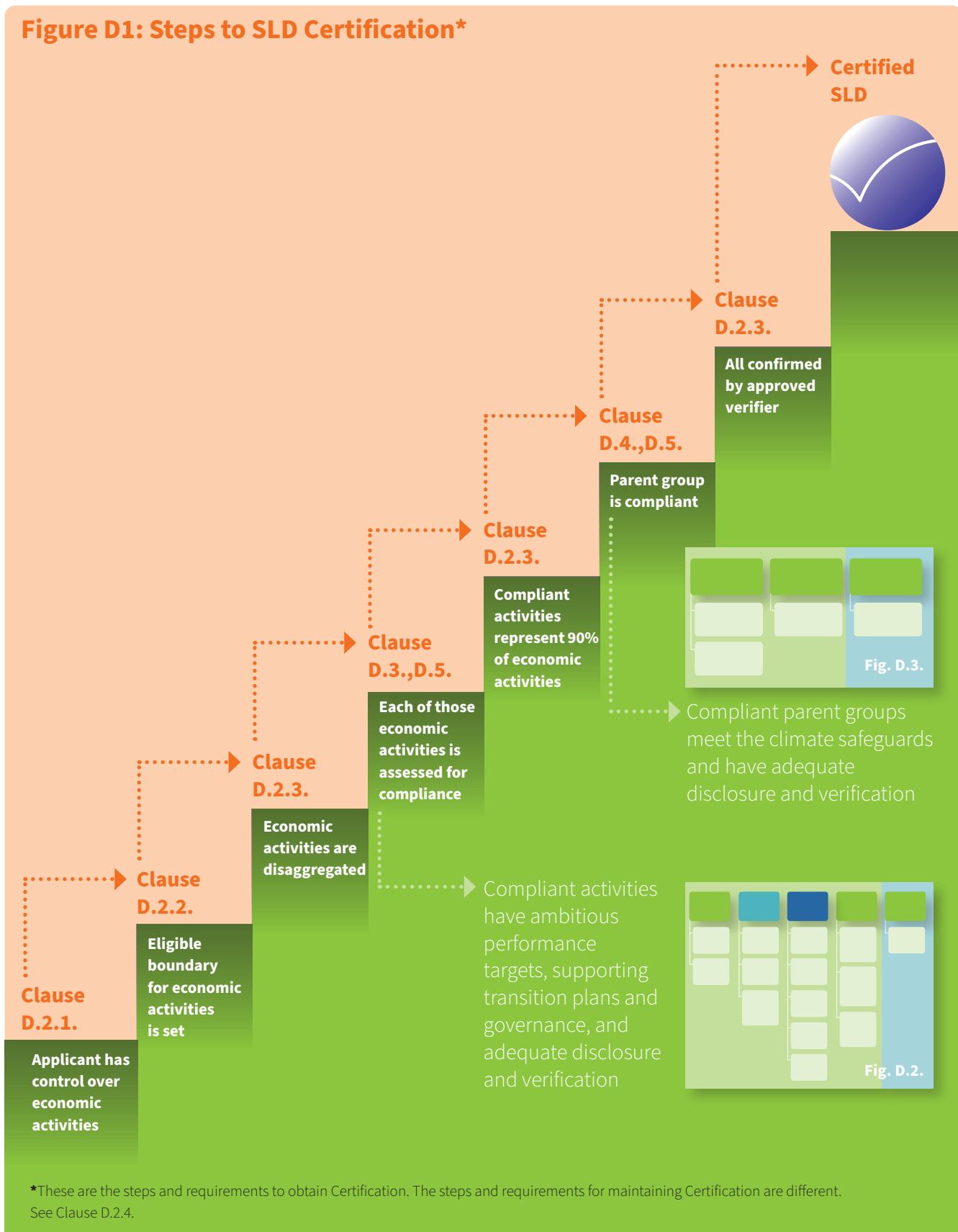


Figure D2: Requirements for compliant activities



*Where required for that sector.

Figure D3: Requirements on the parent group

Transition Goals	Transparency	
Climate performance	Transition strategy	Disclosure
Commitments not to undertake excluded activities and to achieve net-zero emissions	Outlines of a transition plan to achieve that net-zero target	Information shared publicly for credibility
Climate performance	Transition strategy	Disclosure
D.4.1. Exclusions	D.4.3. Transition plan	D.5.1. Information to disclose
D.4.2. Net-zero commitment		

D.2. Eligibility and accounting rules

D.2.1. Issuer control

The issuer has operational control over the economic activities represented by the CMPTs linked to the SLD instrument.

D.2.2. Boundary of economic activities

The issuer may set the boundary of the economic activities represented by the CMPTs linked to the SLD instrument at their discretion, subject to the following condition:

- i.** Where the same economic activity is carried out across multiple sub-divisions or subsidiaries or companies controlled by the same legal entity, the CMPTs must address all instances of that activity across all sub-divisions and companies controlled by the issuer.

D.2.3. Obtaining SLD Certification

The issuer receives a verification report from an approved verifier confirming the following:

- i.** At least 90% of economic activities represented by the CMPTs 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 percentage of the economic activities represented by the CMPTs 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 CBSS, with a copy of the verification report or shares its location on a public website, for the purpose of publishing on the Climate Bonds website.

And

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

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

A note on terminology: The 90% is defined as the Certification threshold; such that economic activities which meet the CMPTs, delivery strategy, governance, and disclosure requirements per Clauses D.3.1, D.3.2, D.3.3, and D.5, respectively, which form part of this 90% are the compliant activities.

To assess compliance with this threshold, the economic activities represented by the CMPTs 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 CBSS:

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 complies 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 the confidential components of the information provided and those for public disclosure on the Climate Bonds website once Certification has been confirmed.

Programmatic SLD Certification

Programmatic Certification allows an issuer that 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 programme, the issuer follows the standard process for Climate Bond Certification as per single SLD Certification. For subsequent SLD instruments under the programme, the issuer must apply to the Climate Bonds Standard Board to receive Certification of each subsequent instrument's compliance with the Climate Bonds Standard, as follows:

- i. Prior to issuance, the issuer must supply the CBSS with a completed Climate Bonds information form for the specific SLD instrument to be considered for Certification. The CBSS will promptly provide the issuer with formal confirmation of Certification of the specific SLD instrument.
- ii. Following the issuance of every debt instrument, the issuer must supply the CBSS 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.

D.2.4. Maintaining SLD Certification

The issuer receives an annual verification report from an approved verifier.

- i. In respect of the activities represented by the CMPTs linked to the SLD instrument the annual verification report confirms all of the following:
 - a. If since the last verification engagement, the revenue share of any existing part of the issuer's activities represented by the CMPTs that did not previously contribute to meeting the Certification threshold increases, the issuer has reassessed compliance with the Certification threshold, which is still met by the Certified SLD instrument (per Clause D.2.1).

- b.** All interim CMPTs (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 CMPTs (per Clause D.3.3).
- d.** All disclosure requirements have been met (per Clause D.5).

- ii.** The annual verification report confirms the parent group remains in compliance (per Clauses D.4. and D.5).
- iii.** The annual verification report confirms the issuer is not subject to revocation of Certification due to any of the events detailed in Box D2.
- iv.** The issuer supplies the Climate Bonds Standard Board, through the CBSS, 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 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 any of the following conditions are met:

- 1.** The issuer becomes aware that the Certified SLD instrument and/or the parent group no longer conforms to the Climate Bonds Standard and provides a written statement to that effect to the CBSS.
- 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.
- 3.** The CMPTs to which the SLD instrument is linked are reset at a level lower than those in place at the time of Certification.
- 4.** The issuer has breached any contractual obligation towards Climate Bonds.

Box D3: Maintaining SLD Certification

Applicants seeking to maintain Entity Certification must submit the following documents to the CBSS on an annual basis:

- i.** A completed Climate Bonds information form.
- ii.** The annual verification report prepared by an approved verifier which meets the requirements of Clause D.2.4.

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

D.3. Transition plan linked to the SLD instrument

D

D.3.1. Climate performance

D.3.1.1. Climate Mitigation Performance Targets

The CMPTs to which the SLD instrument is linked meet the following requirements.

D.3.1.1.1. Time horizon

The CMPTs 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.

D.3.1.1.2. Interim CMPTs

The CMPTs 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.

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

All interim CMPTs (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 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 CMPTs align with the Sector Criteria (see Box D4)..

D.3.1.1.4. Board approval

The board of the issuer has approved the CMPTs 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 CMPTs align with the Sector Criteria.

1. Level 1 – Aligned: The CMPTs align with the Sector Criteria **at the time of Certification** and thereafter until the date that they represent net-zero emissions or 2050, whichever is sooner.

2. Level 2 – Transition: The CMPTs do not align with the Sector Criteria at the time of Certification **but align by 31st December** and thereafter until the date that they represent net-zero emissions or 2050, whichever is sooner.

In addition, for both levels, the delivery strategy and governance for the achieving the CMPTs meet the requirements described in Clauses D.3.2 and D.3.3, respectively, and the parent group complies with the requirements described in Clause D.4 and the disclosure requirements of Clause D.5 are met.

D.3.1.2. Climate Adaptation & Resilience performance

The economic activities of the issuer represented by the CMPTs linked to the SLD instrument also meet any climate adaptation and resilience requirements in the relevant Sector Criteria.

D.3.2. Delivery strategy

D.3.2.1. Board approval of the delivery strategy

If a delivery strategy is required* for the economic activities represented by the CMPTs per Clause D.3.1.1, that strategy must satisfy both of the following conditions:

- 1.** It includes all the elements listed in Clauses D.3.2.2 and D.3.2.3.
- 2.** It 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.

D.3.2.2. Foundations

The delivery strategy includes the following foundational elements.

D.3.2.2.1. Vision

A vision outlining the long-term strategic objectives and priorities for the economic activities of the issuer represented by the CMPTs of Clause D.3.1.1, including the long-term vision for its physical assets and operating model.

D.3.2.2.2. Strategic narrative

A strategic narrative describing how each of the economic activities of the issuer represented by the CMPTs will evolve from their current position to the vision of Clause D.3.2.2.1 taking into account the business context.

D.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 an OECD National Contact Point regarding the responsible business conduct of multinational enterprises.

D.3.2.3. Implementation plans

Implementation plans include the following.

D.3.2.3.1. Action plan for scope 1 and 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 CMPTs regarding scope 1 and 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 basis thereafter.

D.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 CMPTs 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 basis thereafter.

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

D.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 five-yearly basis thereafter.

D.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 CMPTs, 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.

D.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 CMPTs.

D.3.3. Governance

The following accountability mechanisms are in place to govern the delivery of the CMPTs (per Clause D.3.1.1) and the associated delivery strategy (per Clause D.3.2).

D.3.3.1. Board and senior executive responsibility

D.3.3.1.1. Board mandate

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

- oversee the design of the CMPTs and delivery strategy; and
- approve the CMPTs and delivery strategy; and
- oversee the execution and monitor progress with the delivery strategy; and
- approve and monitor any corrective actions required where interim CMPTs and delivery strategy milestones are not being met.

D.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.

D.3.3.2. (Re)setting and monitoring the CMPTs and delivery strategy

D

D.3.3.2.1. (Re)setting CMPTs and the delivery strategy

Tools and mechanisms are in place for the (re)setting of robust CMPTs and the delivery strategy, including a full review and, if necessary, update of the CMPTs and the delivery strategy at least every five years.

D.3.3.2.2. Tracking and monitoring delivery

Tools and mechanisms are in place for tracking and monitoring of delivery of interim CMPTs and the milestones and metrics identified in the action plans and the finance plan.

D.3.3.3. Correction of underperformance

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

D.4. Parent group commitments

D.4.1. Exclusions

D.4.1.1. Expansion of fossil fuel activities

If any legal entity within the parent group is in the business of the exploration of 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.
- 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.

D.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 HCS land leading to the loss of its status as HCS land.

D.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.

D.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).

D.5. Disclosure

D.5.1. Information to disclose

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

D.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 CMPTs linked to the SLD instrument and which are not, with the rationale for that.	
D.2.3. Obtaining SLD Certification	<p>The economic activities of the issuer which have and have not been counted towards the 90% Certification threshold.</p> <p>The method used to disaggregate and weight the 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 practise.</p> <p>The assurance/external review provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance) where relevant.</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 where relevant.</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. CMPTs	<p>The interim CMPTs 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 Sector Criteria that the CMPTs have been assessed against (per Clause D.3.1.1.3).</p> <p>The date the CMPTs were approved by the board of the issuer.</p>	<p>Whether any interim CMPTs falling due since the previous verification engagement have been met (per Clause D.3.1.1.2).</p> <p>If interim CMPTs 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 CMPTs (per Clause D.3.3.2).</p> <p>The date any CMPTs reset since the last verification engagement were approved by the board of the issuer.</p>
	<p>Whether the alignment of the CMPTs 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 D.3.1.1.3).</p>	<p>Whether alignment with the Sector Criteria has been achieved (per Clause D.3.1.1.3).</p> <p>Any changes to the expected date the CMPTs are expected to align with the Sector Criteria (earlier or later) and any related change to the Level of Certification awarded (per Clause D.3.1.1.3).</p>
D.3.2.1. Approval of the delivery strategy	<p>The economic activities represented by the CMPTs 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 CMPTs to which the SLD instrument is linked are not required to have a delivery strategy, if and when a delivery strategy will be adopted.</p> <p>The date of board approval of the delivery strategy.</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 CMPTs.</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 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 the following:</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 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 has 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 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 and 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 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 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 CMPTs, 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 CMPTs.</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 CMPTs.</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 CMPTs.</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 and monitors the transition plan, and how frequently it receives reports on progress against the CMPTs and delivery strategy.</p> <p>How the issuer ensures adequate climate expertise (e.g., management expertise, provided resources, training, and skill acquisition).</p> <p>Any KPIs tied to board, CEO or other senior executive compensation plans that are aligned with the organisation'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
D.3.3.2. Governance - (re)setting and monitoring the CMPTs and transition plan	<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 examined 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 CMPTs/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 CMPTs 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 five 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 falls due after the previous verification engagement, all CMPTs and delivery strategy disclosure requirements detailed under Clauses D.3.1 and D.3.2 are reset.</p> <p>Any changes to the date of the next scheduled review.</p>
D.3.3.3. Governance – correction of under-performance	n/a	Any corrective actions planned to address any underperformance, with an explanation of how it will be addressed.
D.4.1. Parent group commitments – exclusions	<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>	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>Commitment by the parent company on behalf of the parent group that no entity within the parent group will or is planning to convert HCS 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 HCS land (as detailed in Clause D.4.1.2) since 1 January 2020.</p>	Statement by the parent company on behalf of the parent group that no entity within the parent group has converted HCS land (as detailed in Clause D.4.1.2) since the previous verification engagement.

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter	D
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 practises 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 the instrument's 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 CMPT.	Potential change of the instrument's 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 CMPT.	

PART E: ENTITY CERTIFICATION FOR AGRI-FOOD DEFORESTATION- AND CONVERSION-FREE SOURCING

E.1. Introduction

Entity Certification under the Climate Bonds Standard for agri-food deforestation- and conversion-free sourcing (agri-food DCF) is available to non-financial entities in the agri-food sector compliant with the Climate Bonds Standard for Entity Certification under the Agri-Food Deforestation- and Conversion-Free (DCF) Sourcing Criteria (Agri-Food DCF Criteria).

E.2. Eligibility and accounting rules

E.2.1. Applicant control over the Certified agri-food DCF entity

The applicant must either be the same legal entity as the Certified agri-food DCF entity or have operational control over it.

E.2.2. Boundary of the Certified entity

The agri-food DCF entity may be a group of legal entities within a parent group or a single legal entity, at the applicant's discretion. Certification of a parent company must include all subsidiaries and other controlled companies that fall within the scope of agri-food entities, as defined in the Agri-Food DCF Criteria.

E.2.3. Obtaining agri-food DCF Entity Certification

Before applying for agri-food DCF Entity Certification under PART E, the applicant receives a verification report from an approved verifier that confirms the following:

- i.** The Certified entity meets the Agri-Food DCF Criteria performance requirements in Clause E3.1 and the governance requirements in Clause E.3.2.
- ii.** The parent group meets the climate safeguard requirements in Clause E.4.1.
- iii.** The Certified entity and parent group meet the disclosure requirements in Clause E.5.

Applicants seeking agri-food DCF Entity Certification must apply by submitting the following documents to the CBSS:

- i.** A completed Climate Bonds information form.
- ii.** The verification report from an approved verifier that meets the requirements of PART E.
- iii.** An executed Certification agreement.

If Climate Bonds is satisfied that the applicant complies with the pre-Certification requirements, then it will provide a statement confirming the Certification of the agri-food DCF Certified entity. The applicant must identify within the Climate Bonds information form which information is confidential and which can be publicly disclosed on the Climate Bonds website once Certification is confirmed.

Certification is valid for five years from the date of Certification, subject to compliance with the requirements laid out in Clause E2.4.

E.2.4. Maintaining agri-food DCF Entity Certification

The applicant receives an annual verification report from an approved verifier.

- i.** In respect of the agri-food DCF sourcing Certified entity the annual verification report confirms:
 - a.** The continued compliance of the Certified entity with the Agri-Food DCF Sourcing Criteria.
 - b.** Communication of any changes in clauses E3.1 and E3.2 (Agri-Food DCF Sourcing Criteria requirements and governance) and provides verification of compliance of any changes.
 - c.** All disclosure requirements have been met (per Clause E.6).
- ii.** The annual verification report confirms the parent group remains in compliance (per Clauses E.4 and E.5).
- iii.** The annual verification report confirms the applicant is not subject to revocation of Certification as per Clause E.2.5.
- iv.** The annual verification report confirms the applicant supplies a copy of the annual verification report to the CBSS.

Applicants seeking to maintain Entity Certification must submit the following documents to the CBSS on an annual basis:

- i.** A completed Climate Bonds information form.
- ii.** The annual verification report from an approved verifier which meets the requirements of Clause E.2.4.

If the CBSS is satisfied that the applicant complies with the ongoing requirements, then it will provide a statement confirming the Certified status of the Certified entity.

E.2.5. Revocation of agri-food DCF Entity Certification

Entity Certification will be rescinded at any time where any of the following apply:

- i.** The applicant becomes aware that the agri-food DCF Certified entity and/or the parent group no longer conforms to the Climate Bonds Standard and provides a written statement to that effect to the CBSS.
- ii.** A verification engagement commissioned by the Climate Bonds Standard Board finds that the Certified entity and/or the parent group no longer conforms to the Climate Bonds Standard.
- iii.** The applicant has breached any contractual obligation towards Climate Bonds.

E.3. Compliance

Regarding the agri-food DCF Certified entity, all of the following requirements must be met:

E.3.1. Performance

E.3.1.1. Agri-Food DCF Sourcing Criteria

The entity must meet all the requirements set out in the Agri-Food DCF Sourcing Criteria on an annual basis for the duration of the Certification (5 years).

E.3.1.2. Board approval

The board of the agri-food DCF Certified entity has approved the agri-food DCF sourcing commitment no earlier than one year prior to the application for Certification. The agri-food DCF sourcing commitment states that the agri-food DCF Certified entity will continue to comply with agri-food DCF sourcing until 2050.

E.3.2. Governance

The following accountability mechanisms are in place to govern the delivery of the agri-food DCF sourcing performance.

E.3.2.1. Board and senior executive responsibility

E.3.2.1.1. Board mandate

The board (or equivalent governance body) has a clear mandate to fulfil all of the following:

- i.** Oversee the design of the agri-food DCF sourcing strategy.
- ii.** Approve the agri-food DCF sourcing strategy.
- iii.** Oversee the execution and monitor progress of the agri-food DCF sourcing strategy.
- iv.** Approve and monitor any corrective actions required.

E.3.2.1.2. Senior management responsibility

Senior management has responsibility for execution of the agri-food DCF sourcing performance, and the responsible parties have authority and access to resources to ensure execution.

E.4. Commitments of the parent group

E.4.1. Exclusions

E.4.1.1. Expansion of fossil fuel activities

If any legal entity within the parent group is in the business of exploration or extraction of 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.

E.4.1.2. Deforestation and conversion of natural ecosystems

The parent company has, within the last year, publicly (re)committed that as of 31 Dec 2020, no entity within the parent group has or will engage in deforestation or conversion of other natural ecosystems.

E.5. Disclosure

E.5.1. Information to disclose

The applicant publishes and keeps accessible on their website the information presented in Table E1.

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 E1: Disclosure requirements for agri-food DCF Entity Certification

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
E.2.1. Applicant control of the agri-food DCF Certified entity	<p>The name of the applicant.</p> <p>The entity that is the agri-food DCF Certified entity.</p> <p>The relationship between the applicant and the agri-food DCF Certified entity (if different).</p>	Any changes in the relationship between the applicant and the agri-food DCF Certified entity.
E.2.2. Boundary of the agri-food DCF Certified entity	All legal entities of the applicant, noting which are included within the boundary of the agri-food DCF Certified entity and which are not.	Any changes to the boundary of the agri-food DCF Certified entity.
E.2.3. Obtaining agri-food DCF Entity Certification	<p>Which legal entities form part of the parent group, and the economic activities they practise.</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
E.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>
E.3.1. Agri-food DCF sourcing performance	<p>The agri-food DCF sourcing performance (per Clauses E.3.1.1 (Agri-Food DCF Sourcing Criteria) and E.3.1.2 (board approval)).</p> <p>The date the agri-food DCF sourcing performance was approved by the board of the agri-food DCF Certified entity (E.3.1.2).</p>	Whether agri-food DCF sourcing performance has changed (per Clause E.3.1), including any changes in materiality (any agri-food commodity with procurement spend > 1%).

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter	E
E.3.2. Governance – board and senior executive responsibility	<p>The named individual, committee or board responsible for the agri-food DCF sourcing performance.</p> <p>The management structure in place for executing the agri-food DCF sourcing performance.</p>	Any changes to the named individual, committee, or board responsible.	
E.4. Parent group commitments – exclusions	<p>Commitment by the parent company on behalf of the parent group to zero future expansion of any of the activities detailed in Clause E.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 E.4.1.1 since 1 January 2023.</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 E.4.1 since the previous verification engagement.	
	<p>Commitment by the parent company on behalf of the parent group that no entity within the parent group will or is planning to deforest or convert other natural ecosystems as detailed in Clause E.4.1.2.</p> <p>Statement by the parent company on behalf of the parent group that no entity within the parent group has engaged in deforestation or the conversion of other natural ecosystems (Clause E.4.1.2) since 31 December 2020.</p>	Statement by the parent company on behalf of the parent group that no entity within the parent group has engaged in the deforestation or the conversion of other natural ecosystems (Clause E.4.1.2) since the previous verification engagement.	

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 include the following:

Bilateral loan: A contract between a corporate or institutional borrower and a single lender (commercial, multilateral or development bank) for a loan or credit line to finance specific green projects with set criteria and reporting requirements. The loans may or may not be public, and the terms vary considerably.

Agribusiness receivables certificate (CRA): A fixed-income security backed by agribusiness credit claims, created by the Brazilian government to encourage financing of the agricultural sector production chain. Companies assign their receivables to a securitisation vehicle which issues CRAs that are sold to investors in the capital markets.

Commercial paper (CP): Unsecured, short-term debt issued by companies or financial institutions to finance short-term liabilities. The proceeds mainly contribute to working capital finance.

Convertible bonds or notes: A debt instrument, for which the bondholder has 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 debt instrument would end at the conversion point unless the issuer is a Certified entity.

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), which often comprises mortgages, although other assets can also be used as collateral.

Debt instruments issued by a green bond fund: The debt instruments are issued based on a set of criteria which may include that the underlying projects and assets meet the relevant Sector Criteria of the Climate Bonds Standard.

Export financing in Brazil: Provides advances on export exchange contracts (ACC) that enable finance for export pre-shipment or advances on export shipment documents (ACE), post-shipment finance designed to allow the exporter to offer better terms to customers abroad.

Export letter 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 Sector Criteria.

Floating rate notes (FRNs): A debt instrument with a fixed maturity of several years which pays interest tied to a variable short-term money market reference rate.

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 Climate Bonds Standard Sector Criteria. Green depositors are often institutional investors and usually place funds for up to one year. Non-banks (e.g., securitisation vehicles) may issue green units or notes.

Lease: A bilateral contract 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 secured or unsecured, with or without recourse to the debtor.

Project bond: A bond issued to finance a project(s) for which the investor will be paid back exclusively by the flows generated by the project and has direct exposure to the risk of the project(s) without potential recourse to the issuer.

Repurchase agreement (Repo): A repo is the simultaneous sale and forward agreement to repurchase securities at a specific price and future date in return for cash. Ownership of the security does not change hands in a repo transaction so they are typically short-term collateralised loans.

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

Revolving credit facility: A credit line 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 with some features similar to those of loans, while others are more similar to bonds.

Securitised bond: A bond, either listed or unlisted, collateralised by specific projects or assets, including lease, loan, and other revenue receivables, such as asset-backed securities, mortgage-backed securities, and other securitisation structures.

Standard use of proceeds bond: a standard recourse-to-the-issuer debt obligation which is either listed or unlisted.

Sukuk: Various types of quasi-debt securities developed to meet the strictures of Islamic finance, one of the core principles of which is avoiding the payment or collection of interest, so that investors share in profit distributions.

Syndicated loan: A loan from a number of different lenders acting together to form a syndicate, which the borrower borrows from. 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: The sale of unpaid invoices (accounts receivable) by a trader/exporter to a third-party lender, which are used as collateral for a loan. The main consideration for Certification is whether the receivables, creditors, or stock relate to green assets.