

Methodologies of External Reviews: Second opinions

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Independent non-profit climate change research center

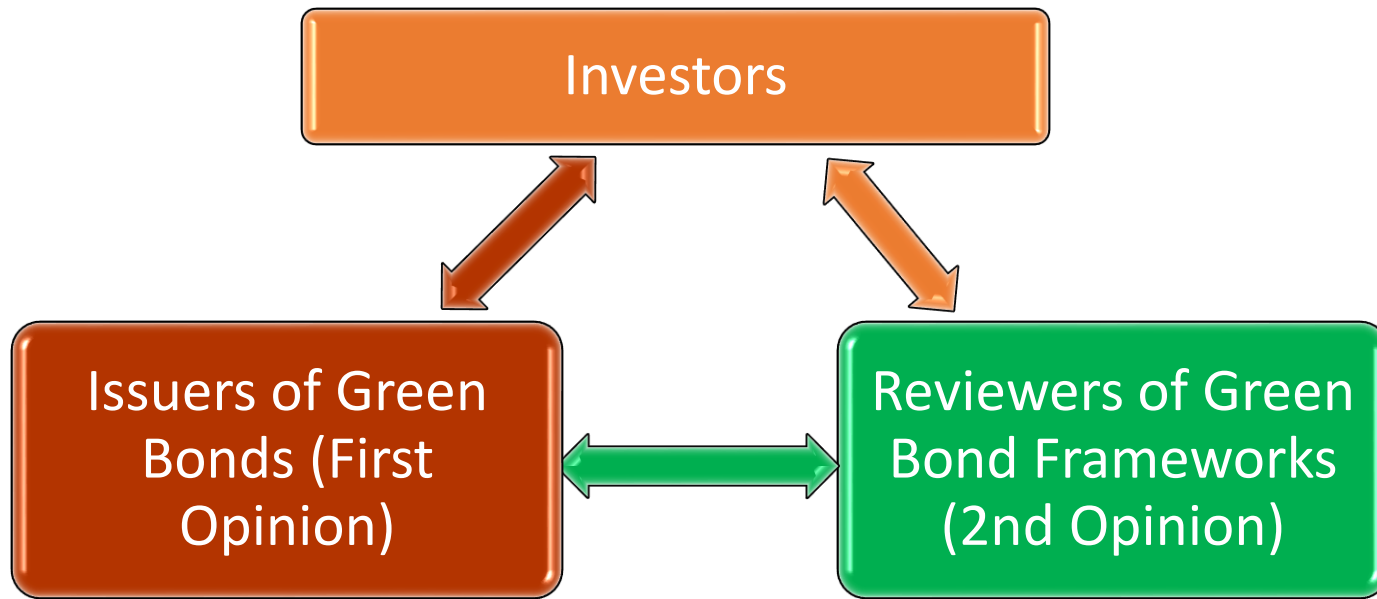
- Approximately 70 people
- Located in Oslo, Norway
- Trans-disciplinary climate research:
 - ...Climate system
 - ...Climate economics & finance
 - ...Climate policy
 - ...Climate solutions



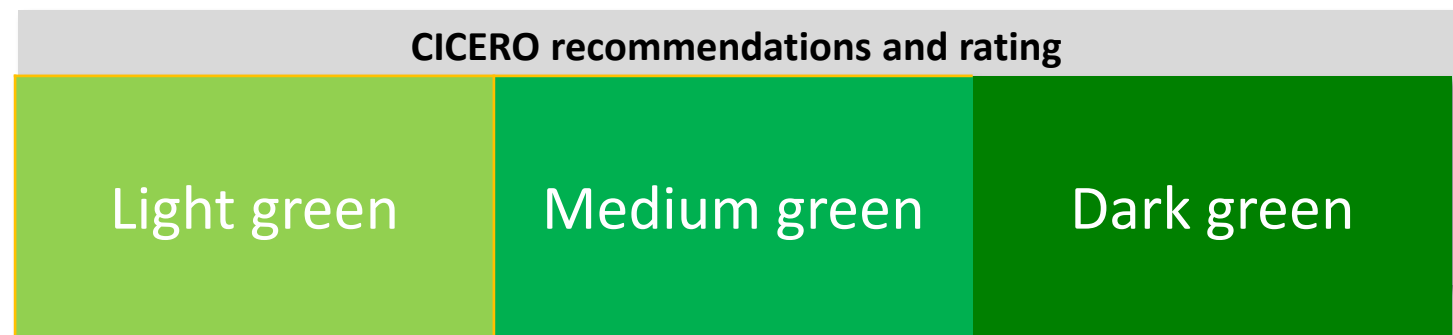
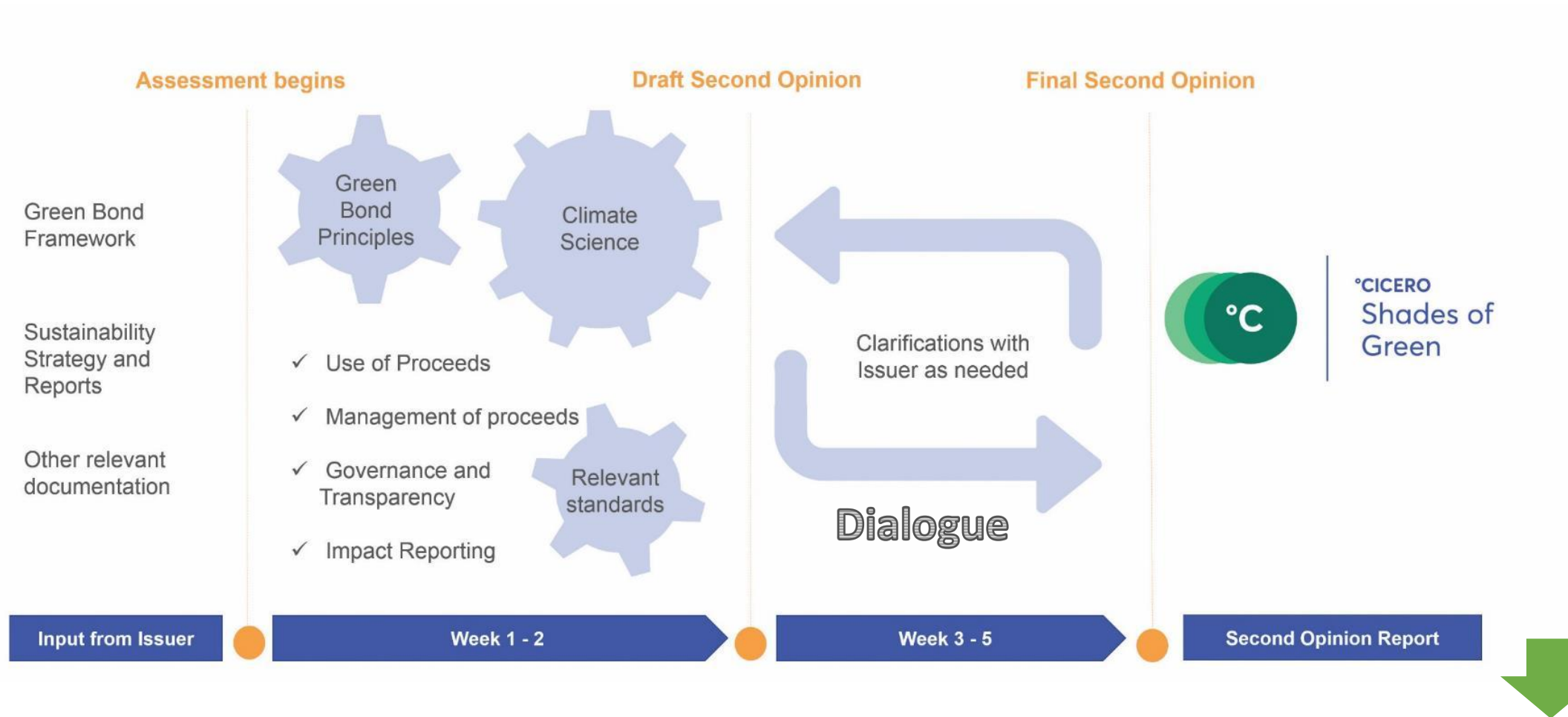
CICERO Awards 2017



The role of Second Opinions



- An **independent environmental quality review of a green bond issuer's framework** for selecting projects and investments to be eligible for green bond funding
- Produced by a competent environmental research institution with **integrity and no economic interests** in the outcome of investments
- Builds **confidence** among investors in green bonds
- Highlighting **strengths, weaknesses and pitfalls**





CICERO's Shades of Green

Dark green	Implementing the long-term solutions
Medium green	On the way to the long-term solutions
Light green	Short-term benefits, but not long-term solutions

Standard structure of a second opinion report (~10 pages)

- Summary and recommendations (a 1 page overview for investors)
- Introduction (aim and approach of the second opinion)
- List of documents and brief description of the green bond framework
- Assessment of framework in terms of
 - ✓ Strengths
 - ✓ Weaknesses
 - ✓ Pitfalls (areas where issuer and investors should be aware of potential challenges)



CICERO's approach

CICERO's second opinions differ from other approaches in two distinct ways:

1. CICERO is an *independent* research institution, and our second opinions are issued independently of other stakeholders' influence. This integrity has been valued by the market.
2. CICERO takes a *dynamic* and *flexible* approach in dialogue with issuers to enhance a climate-friendly and sustainable future. This is developing as science and the market evolves.

Thank you for your attention!

Knut H. Alfsen

www.cicero.oslo.no/greenbonds

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Example of a second opinion:
Tadau Energy (Green Sukuk)

'Second Opinion' on Tadau Energy's Green Sukuk Framework

http://cicero.uio.no/file/8/Second%20Opinion%20on%20Tadau%20Energy's%20Green%20Sukuk%20Framework_Final24072017.pdf/download