

°CICERO

# Breakout sessions

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# Option B: How to assess a green bond framework

# Exercise overview

*Practical experience in evaluating an issuer's green bond framework ("express review"). Understand key concerns and issues when assessing compliance with the Green Bond Principles, how to identify typical strengths and pitfalls*

10 min	Introduction to exercise
45 min	Work in groups (2 – 3 participants)
10 min	Groups report back
20 min	Discussion

# Standard structure of a second opinion report

- Summary and recommendations (a one 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)



*Approximately 10 pages*

# Green Bond Principles (GBP)



Use of Proceeds



Process for Project Evaluation and Selection



Management of Proceeds



Reporting



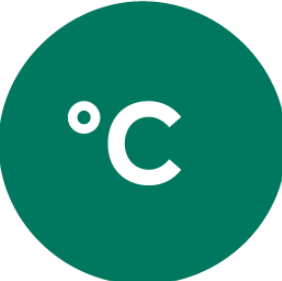
ICMA is the GBP secretariat, the principles can be downloaded from their resource center:

<https://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

# CICERO Green Bond Rating System

**SHADES OF GREEN**

**EXAMPLES**



**Dark green** is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.



Wind energy projects with a governance structure that integrates environmental concerns



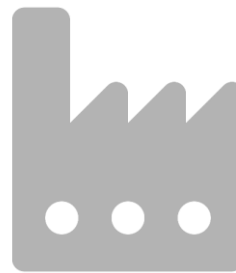
**Medium green** is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet.



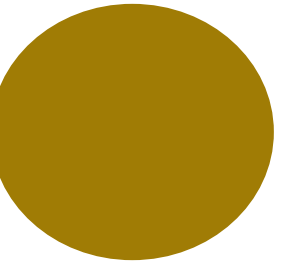
Plug-in hybrid busses



**Light green** is allocated to projects and solutions that are environmentally friendly but do not by themselves represent or contribute to the long-term vision.



Efficiency in fossil fuel infrastructure that decreases cumulative emissions



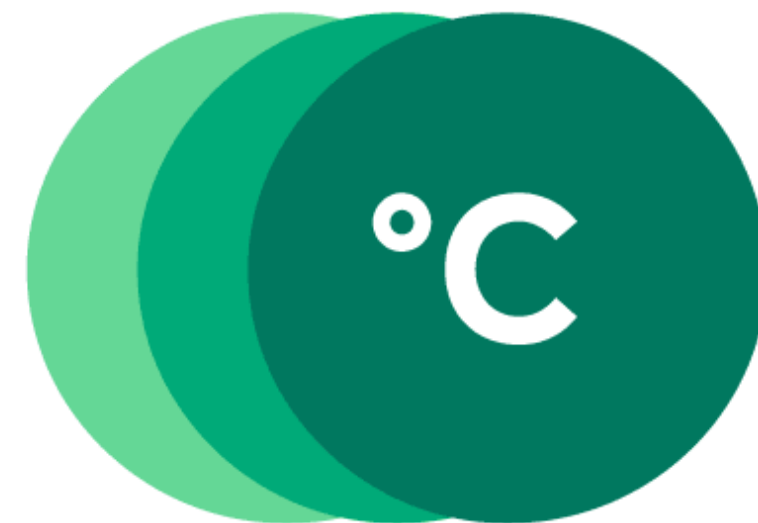
**Brown** for projects that are in opposition to the long-term vision of a low carbon and climate resilient future.



New infrastructure for coal

# Suggested Questions for Exercise

- How do these projects align with climate mitigation and a low carbon society?
- How do these projects align with climate resilience and adaptation?
- Is there a risk of locking in fossil fuel infrastructure from these investments?
- Are there any potential environmental concerns from the life cycle, supply chain or construction of the projects?



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Shades of  
Green

# Suggested output from *express review*

- List of key strengths, weaknesses and pitfalls
- A table with project categories and assign a shading/ rating to the projects
- Rate the framework, what shade of green is this bond?
- List key unanswered questions to the issuer



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