Breakout sessions
Option B: How to assess a green bond framework
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

°CICERO
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

©CICERO
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:
# CICERO Green Bond Rating System

<table>
<thead>
<tr>
<th>SHADES OF GREEN</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dark green</strong></td>
<td>Wind energy projects with a governance structure that integrates environmental concerns</td>
</tr>
<tr>
<td><strong>Medium green</strong></td>
<td>Plug-in hybrid busses</td>
</tr>
<tr>
<td><strong>Light green</strong></td>
<td>Efficiency in fossil fuel infrastructure that decreases cumulative emissions</td>
</tr>
<tr>
<td><strong>Brown</strong></td>
<td>New infrastructure for coal</td>
</tr>
</tbody>
</table>

- **Dark green** is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.
- **Medium green** is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet.
- **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.
- **Brown** for projects that are in opposition to the long-term vision of a low carbon and climate resilient future.
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?
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
www.cicero.oslo.no

cicero_klima
cicero.oslo.no
cicerosenterforklimaforskning