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GREEN BONDS IN PERSPECTIVE

The Green Bond market experienced significant growth in recent years showing the enthusiasm for green investments across the financial spectrum. Green Bonds started the sustainable finance trend, and, though not currently the only sustainable finance tool, they are set to continue to play a crucial role to help meet global climate change objectives. Following is a general description of Green Bonds and an overview of important historic milestones, recent growth and future prospects.

OVERVIEW

The definition of "green" has been and continues to be subject to debate in the market. In simple terms, Green Bonds can be defined as debt securities issued to fund environment-friendly projects. Green Bonds can be divided into (i) green labeled bonds and (ii) green unlabeled bonds – depending on whether they are labeled as "green" by the issuer. According to the International Capital Markets Association ("ICMA"), Green Bonds are any type of bond instrument the proceeds of which must be exclusively applied to finance or refinance projects that contribute to environmental sustainability ("Green Projects"). Green Projects, in turn, are defined broadly and include a wide range of projects across various industries contributing to environmental objectives.[1] Ambiguity around what qualifies as "green" may hinder the growth of the Green Bond market amid issuers' and investors' concerns about reputational risks. While an imminent adoption of a universally accepted definition of Green Bonds is unrealistic, there is increasing consensus among market participants on the importance of more consistency on green definitions, taxonomies and criteria in order to reduce such reputational risks and ensure transparent growth of the Green Bond market.

[1] ICMA, *Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds* (2018), available at: https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/. It sets out a non-exhaustive list of several broad categories of eligibility for Green Projects that contribute to environmental objectives. The list includes but is not limited to: renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; terrestrial and aquatic biodiversity conservation; clean transportation; sustainable water and wastewater management; climate change adaption; eco-efficient and/or circular economy adapted products, production technologies and processes; and green buildings.

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IMPORTANT HISTORIC MILESTONES

The Climate Bonds Initiative and the Green Bond Principles

The Climate Bonds Initiative ("CBI") and the ICMA Green Bond Principles ("GBP") are two international certification mechanisms currently available to any issuer who wishes to issue Green Bonds and serve as *de facto* gatekeeper to assess the eligibility and credentials of Green Bonds. In addition, many jurisdictions have developed their own taxonomies setting out what constitutes a Green Bond.

CBI - The CBI was launched in 2009 by the Network for Sustainable Financial Markets and is supported by the Carbon Disclosure Project.[2] It is an international not-for-profit organization focusing on mobilizing the bond market for climate change solutions. In 2010, to drive down the cost of capital for climate change projects and grow aggregation mechanisms for fragmented sectors, CBI launched the Climate Bond Standard and Certification Scheme ("CBSC Scheme"), which serves as a fair trade-like labelling scheme for bonds. The CBSC Scheme is used globally by bond issuers, governments, investors and the financial markets to prioritize investments which genuinely contribute to addressing climate change.[3]

GBP – The GBP were produced in 2014 collaboratively by capital market intermediaries, issuers, investors and environmental organizations under the ICMA leadership.[4] The GBP were set to encourage more transparency and uniformed disclosure from the issuers and promote integrity in the Green Bond market by laying out recommended rules for each step of a Green Bond issuance.[5] The GBP, which are annually updated by ICMA, are divided into the following four components: (1) Use of Proceeds (i.e., proceeds from the issuance must be used to finance or refinance Green Projects); (2) Process for Project Evaluation and Selection (i.e., issuers are encouraged to disclose both their overarching environmental objectives and policies and the environmental sustainability objectives of the specific Green Projects to be financed); (3) Management of Proceeds (i.e., issuers are encouraged to establish a separate management system for better tracking the use of net proceeds from the issuance, including establishing a sub-account to hold such proceeds, building an internal control system to closely monitor and control the money movement from the net proceeds account to the target Green Projects, and to engage a professional third party (such as an auditor or internal control consultant) to verify their internal management and tracking system for using the net proceeds from a Green Bond issuance); and (4) Reporting (i.e., for as long as Green Bonds are outstanding, issuers are required to disclose on an annual basis up-to-date information on proportions of allocated and unallocated net proceeds, any Green Projects which have been financed and/or will be financed with the proceeds of the Green Bond issuance, as well as development progress and impact of the Green Projects so financed; the GBP encourage issuers to apply both qualitative

[2] Clifford Chance, *Greening the Financial System*, available at: https://www.cliffordchance.com/briefings/2017/11/greening_the_financialsystem.html. For more information on Network for Sustainable Markets and Carbon Disclosure Project, see their websites at: https://www.sustainablefinancialmarkets.net/ and https://www.cdp.net/en.

[3] Climate Bonds Initiative, *Standard—History*, available at: https://www.climatebonds.net/standards/about/history.

[4] JP Morgan Chase & Co, *Green Bond Principles Created to Help Issuers and Investors Deploy Capital for Green Projects* (2014).

[5] ICMA, *Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds* (2018).

and quantitative performance measures to describe the status of Green Projects and estimated performance when fully operational).

To avoid the risk of self-certification by issuers in the Green Bond market, the GBP recommend that external review providers be engaged to confirm the alignment of bonds to be issued with the four core components of the GBP. External reviews can vary in terms of scope. There are four types of external reviews recommended by the GBP[6]:

- *Second Party Opinion:* an independent institution with environmental expertise conducts an assessment of the alignment of Green Bonds with the GBP. In particular, a second party opinion can include an evaluation of an issuer's overarching objectives, strategies and policies with respect to environmental sustainability, and an evaluation of the environmental impact of the Green Projects to be financed with the proceeds from a Green Bond issuance.
- *Verification:* an independent third party reviews the alignment of an issuer's internal management system or alleged features of Green Bonds with a designated set of recognized standards. For example, an independent third party verifying a Green Bond might review the issuer's internal procedures for tracking net proceeds, allocating funds or reporting balance, and assure their alignment with the GBP; or, it might evaluate the environmentally sustainable features of underlying assets with reference to external criteria.
- *Certification*: an issuer may also have its Green Bonds labelled for marketing purposes. Certification needs to be done by a qualified third party with expertise in the Green Bond market, who will assess whether such issuer's bonds meet the criteria required by the relevant labelling system.
- *Green Bond Scoring/Rating:* an issuer can engage third parties, such as specialized research providers or rating agencies, to analyze its Green Bonds, the associated Green Bond framework, or a key feature such as use of proceeds using an established scoring/rating methodology. The rating result may reflect the process relative to the GBP, the performance level of underlying projects, or another benchmark related to environmental sustainability.

The Paris Agreement[7]

The adoption and subsequent entering into force of the Paris Agreement, which seeks to limit average temperature rise to two degrees Celsius compared to pre-industrial levels, illustrates the determination of human society to reduce and eventually eliminate our dependency on fossil fuels by increasing investment in

6 For more information on external review, see ICMA, *Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds* (2018), and ICMA, *Guidelines for Green, Social and Sustainability Bond External Reviews* (2018), available at: https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Guidelines-for-Green-Social-and-Sustainability-Bonds-External-Reviews---June-2018-140618-WEB.pdf

7 The Paris Agreement was adopted on December 12, 2015 at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change held in Paris. The Paris Agreement entered into force on November 4, 2016, thirty days after the date on which at least 55 countries accounting in total for at least an estimated 55% of the total global greenhouse gas emissions deposited their instruments of ratification, acceptance, approval or accession.

more environmental friendly assets.[8] Article 2(c) of the Paris Agreement commits to "…making finance flows consistent with a pathway towards low greenhouse emissions and climate-resilient development" showing that sustainable and green finance are a priority. By phasing out coal-fired power generation and calling for renewable energy resources and other clean technologies, it is expected that the Paris Agreement will incentivize capital to move from traditional energy industries like coal and petroleum to renewable energy projects. Such a shift of investment direction is expected to have a significant effect on the continuing development of the Green Bond market. In addition, some investors' preference for Green Bonds is consistent with their philosophy of supporting investments with positive environmental effects, heavily affected by initiatives like the Paris Agreement.[9] From the perspective of issuers, the Paris Agreement is expected to continue to urge corporates to increasingly consider environmental implication of their operations, which will be driven by both regulators and investors.[10] A company's issuance of Green Bonds is a clear message to investors that its long-term development strategies and business model are compatible with the green economy trend promoted by the Paris Agreement. Moreover, Green Bond corporate issuers can build positive company images by letting investors and stakeholders know that the they are willing to take corporate social responsibility at the cost of short-term economic interests.[11]

Following the adoption of the Paris Agreement, there has been an increased number of supranational and national initiatives that stress a general political will behind green finance and other sustainable finance initiatives. Examples of international efforts include the G20 Sustainable Finance Study Group ("SFGC", initially named the Green Finance Study Group),[12] the European Commission High Level Expert Group on Sustainable Finance and the UN Inquiry into the Design of a Sustainable Financial System. At the national level, governments continue to work to further develop guidelines and practical manuals for implementing the Paris Agreement, including by focusing on sustainable finance initiatives, such as Green Bonds. China's State Council's approval of its "Guidelines for Establishing the Green Finance System" in 2016, and Japan's establishing its "Green Bond Guidelines" in 2017 are examples of the focus that policy makers are putting on green finance initiatives globally.

The 24th annual meeting under the landmark U.N. Framework Convention on Climate Change was held in Katowice, Poland in December of 2018 to adopt detailed rules to implement the Paris Agreement. After two weeks of negotiations, representatives from almost 200 countries struck a deal that will ultimately require every country in the world to follow a uniform set of standards for measuring their planet-warming emissions and tracking their climate policies. It calls on countries

8 Reed Smith, *The Paris Agreement—Leading the Pathway to a Low-Carbon Economy* (2016).
9 Aaron Franklin et al., *Green Bonds: Financing a Sustainable Future* (2017); Gerrard Cowan, *More Investors are Turning to Green Bonds* (2017) available at: https://www.marketwatch.com/story/more-investors-are-turning-to-green-bonds-2017-04-19; Reed Smith, *The Paris Agreement—Leading the Pathway to a Low-Carbon Economy* (2016).
10 Reed Smith, *The Paris Agreement—Leading the Pathway to a Low-Carbon Economy* (2016).
11 Aaron Franklin et al., *Green Bonds: Financing a Sustainable Future* (2017).
12 In July 2018, under Argentina's Presidency, G20 members have adapted the work of the Green Finance Study Group to the broader concept of sustainable finance, leading to the change of its name to Sustainable Finance Study Group (SFSG). Given that private capital is deemed an important source of sustainable finance by G20 members, the SFSG seeks to identify voluntary options and mitigate relevant challenges to expand private investment, including through creating sustainable assets such as Green Bonds, in sustainable activities that achieve positive environmental impacts and social and economic co-benefits.

to step up their plans to cut emissions ahead of the upcoming round of talks in 2020.[13]

In December 2019, the European Commission published the European Green Deal, a package of environmental and climate policies with ambitious goals such as cutting carbon emissions to zero by 2050. The European Green Deal includes a wide range of general economic measures as well as specific measures to be implemented in certain sectors of the economy in the following years.[14]

The proliferation of initiatives around sustainable finance, harmonization and standardization of green definitions, taxonomies and disclosure standards, within and across countries, will be important for the continuing development of the Green Bond market.

Certain Landmark Green Bond Issuances

These are the most prominent green bond issuances since the first issuance, which closed more than 10 years ago:

- In 2007, the European Investment Bank issued the world's first green bond in a €600 million transaction known as the "Climate Awareness Bond" which was listed in the Luxembourg Stock Exchange. The proceeds were used to finance renewable and efficient energy projects.[15]
- In 2008, the World Bank partnered with Skandinaviska Enskilda Banken AB to issue a 3.35 billion Swedish krona (around U.S.$440 million) bond known as the "Green Bond."[16] This green bond supported the World Bank's strategy of innovating fund raising for climate financing. In addition, this bond raised funds for projects aimed at alleviating climate change or aiding affected communities in their adaptations to the climate changes.
- In 2013, Vasakronan, a leading Swedish real estate company, issued the first corporate green bond. This bond was mainly linked to real estate assets that were LEED (Leadership in Energy and Environmental Design) or BREEAM (Building Research Establishment Environmental Assessment Method) certified.[17]
- In December 2014, Energía Eólica, a Peruvian wind energy producer, issued the first green bond in Latin America (U.S.$204 million). The proceeds were used to refinance the debt that was generated by the financing of the Cupisnique and Talara wind farms. Additionally, the issuance was certified by an auditing firm that confirmed the completion of all of the conditions required to qualify as a green bond.

[13] Brad Plumer, *Climate Negotiators Reach an Overtime Deal to Keep Paris Pact Alive* (2018), available at: https://www.nytimes.com/2018/12/15/climate/cop24-katowice-climate-summit.html.
[14] For more information on the European Green Deal, see https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf
[15] European Investment Bank, *EPOS II: The Climate Awareness Bond—Nature Will Show its Gratitude* (2007).
[16] The World Bank, *World Bank and SEB partner with Scandinavian Institutional Investors to Finance "Green" Projects* (2008), available at: http://www.worldbank.org/en/news/press-release/2008/11/06/world-bank-and-seb-partner-with-scandinavian-institutional-investors-to-finance-green-projects
[17] Sean Kidney, *Vasakronan corporate green bond tackles energy efficiency* (2013), available at: https://www.climatebonds.net/2014/05/nov-review-47-vasakronan-corporate-green-bond-tackles-energy-efficiency

- In May 2015, BRF S.A., a leading Brazilian food company, issued Brazil's first green bond (€500 million). This issuance was aligned with ICMA's Green Bond Principles.
- In October 2015, Nacional Financiera (NAFIN), a Mexican development bank, issued Mexico's first green bond (U.S.$500 million). This issuance was reviewed by Sustainalytics and was certified by the *Climate Bonds Initiative*.
- In February 2016, Apple became the first American tech company to issue green bonds (U.S.$1.5 billion). Up to that date, this was the biggest corporate green bond ever issued. The issuance was backed by an external auditing performed by EY.
- In December 2016, Poland became the first sovereign to issue a green bond (€750 million). The proceeds were used to finance diverse projects related to climate change.
- In February 2017, France issued the biggest sovereign green bond yet, for a total of €7 billion.
- In May 2019, Chile became the first sovereign in Latin America to issue green bonds. The U.S.$1.42 billion of 3.53% notes due 2050 represent the lowest yield ever obtained by Chile for a similar tenor. The issuance took place after the favorable evaluation of Chile's "Green Bond Framework" by Vigeo Eiris, an international independent agency that gave the framework the highest assurance regarding the contribution of the bond to sustainable development. In addition, the project portfolio associated with the issuance obtained a certification from the Climate Bond Initiative (CBI). The development of the framework and the selection of the portfolio was the result of a multi-ministerial work led by Chile's Ministry of Finance, and the participation of the Ministries of Agriculture, Energy, Environment, Public Works, and Transportation, with the support of the Inter-American Development Bank (IDB).[18]

Growth of the Green Bond Market in Recent Years

In 2015, the aggregate principal amount of Green Bonds issued was approximately U.S.$41.8 billion, with several countries, including Brazil, Denmark, Estonia, India, Latvia, and Mexico, issuing Green Bonds for the first time in an aggregate principal amount of U.S.$3.2 billion. In 2015, China began developing its Green Bond market after China's State Council included the establishment of a green financial system as part of the national plan for ecological civilization, encouraging the development of green credit, Green Bonds, green securitization and more.

In 2016, the market experienced explosive growth, with U.S.$81 billion aggregate principal amount of Green Bonds issued, a 92% increase compared to 2015.[19] In 2016, over U.S.$23 billion aggregate principal amount of Green Bonds were

[18] For more information, see https://www.hacienda.cl/english/press-room/news/archive/chile-issues-its-first-green-bond-and.html
[19] Aaron Franklin et al., *Green Bonds: Financing a Sustainable Future* (2017); Morgan Stanley, *Behind the Green Bond Boom* (2017).

issued in China, representing more than a quarter of the total amount of Green Bonds issued globally during that year.[20]

In 2017, the global Green Bonds issuance reached U.S.$155.5 billion, approximately 300 times the issuance amount ten years ago in 2007. Ten countries[21] issued Green Bonds for the first time in 2017.[22]

The Green Bond market continued developing in 2018, though at a lower growth rate. According to the CBI annual report, global Green Bonds issuance reached approximately U.S.$167.3 billion in 2018. In 2018, there was also a significant rise in the issuance of sustainability, SDG bonds[23] and social bonds, underscoring increasing label diversification.

In the first 11 months of 2019, global Green Bond issuances hit another milestone for the first time surpassing U.S.$200 billion during the period, according to the Climate Bonds Initiative, which predicts global Green Bond issuances may reach US$250 billion by the end of 2019.

Since 2015, several exchanges have included a separate special segment for Green Bonds. Some of these exchange include Oslo (since January 2015), Mexico (since August 2016), Luxembourg (since September 2016), Japan (since January 2018) and Frankfurt (since November 2018).[24]

Argentina

The Republic of Argentina ratified the Paris Agreement in 2016 after obtaining the requisite congressional approvals. With a small percentage of the country's electricity coming from renewable sources and approximately 60% of electricity generated from fossil fuels, Argentina passed a new legal framework for renewable energy and launched an innovative renewable energy bidding program with the ultimate target of producing 20% of Argentina's electricity from renewable sources by 2025.

In 2017, the Provinces of La Rioja and Jujuy issued the first two bonds labeled as "green" in Argentine history. The Province of La Rioja issued U.S.$300 million aggregate principal amount of bonds (through an initial offering in February 2017 for U.S.$200 million taking into consideration the GBP and a reopening in October 2017 for U.S.$100 million obtaining a third-party consultant certification as to alignment with the GBP); the Province of La Rioja committed to use a significant portion of the net proceeds from the offerings to partially finance the development of the Parque Arauco wind farm, increasing its generation capacity by 300 MW, and the remaining net proceeds to projects having a positive environmental impact. The Province of Jujuy, in turn, issued U.S.$210 million aggregate

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20 Climate Bonds Initiative, *Green Bonds highlights 2016* (2017), available at: https://www.climatebonds.net/files/files/2016%20GB%20Market%20Roundup.pdf.

21 Argentina, Chile, Fiji, Lithuania, Malaysia, Nigeria, Singapore, Slovenia, Switzerland and the United Arab Emirates

22 Nina Chestney, *Global green bond issuance hit record $155.5 billion in 2017* (2018) available at: https://www.reuters.com/article/greenbonds-issuance/global-green-bond-issuance-hit-record-155-5-billion-in-2017-data-idUSL8N1P5335.

23 In 2017, the World Bank launched the first-ever bonds directly linked to Sustainable Development Goals ("SDGs"). The bonds directly link returns to the stock market performance of companies in the Solactive Sustainable Development Goals World Index, which includes 50 companies that are recognized industry leaders on environmentally and socially sustainable issues, or that dedicate at least 20% of their activities to sustainable products.

24 For the complete list of capital markets that include a separate special segment for green bonds see: https://www.climatebonds.net/green-bond-segments-stock-exchanges

principal amount of Green Bonds in September 2017 and used the net proceeds from the issuance to co-finance the development of the recently inaugurated Cauchari solar plant (300 MW), the highest solar plant in the world at about 4,000 m/a/s/l. The Province of Jujuy listed its Green Bonds on the Luxembourg Green Exchange platform and obtained a third-party consultant certification as to their alignment with the GBP.

In 2018, Banco Galicia became the first financial institution to issue Green Bonds in Argentina with the International Finance Corporation being the sole investor in the U.S.$100 million issuance. Banco Galicia committed to use the net proceeds from the issuance to finance environmentally friendly projects, including energy efficiency, renewable energy, and sustainable construction projects.[25]

On September 19, 2018, the Argentine Securities and Exchange Commission ("*Comisión Nacional de Valores*" or "CNV") published General Resolution No. 764/2018[26], which provided certain guidelines for the issuance of "Green, Social and Sustainable" bonds. The resolution classifies these securities based on the use of proceeds from the issuance: whether they are used to finance projects with environmental benefits ("green"), social benefits ("social"), or both ("sustainable"). No special tax benefits are granted.

The CNV subsequently modified certain terms and introduced new guidelines through General Resolution No. 788/2019 [27]; namely: (i) using the term "securities" instead of "bonds", since the possible structures also include mutual funds and financial trusts; (ii) granting markets with authority to control and regulate certain characteristics of these securities' issuances; and (iii) including recommendations to prepare a post-issuance report with details on the impact of the issued security.

Prospects for Green Bonds

Despite political setbacks in certain jurisdictions,[28] the international community generally agrees with the need to take urgent action in regard to climate change. In this international environment, the international finance industry, through green finance initiatives, will continue to play a critical role to meet the objectives of the Paris Agreement and similar initiatives, including furthering the transition to a low-carbon global economy.

By the end of 2030, climate projects will require an investment of approximately U.S.$90 trillion.[29] Currently, however, the proportion of Green Bonds as a percentage of all bond issuances remains very low. In this context, Green Bonds,

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25 Lucas Morais, *IFC Subscribes to USD 100m Green Bond By Banco Galicia* (2018) available at: https://renewablesnow.com/news/ifc-subscribes-to-usd-100m-green-bond-by-banco-galicia-606594/; Kevin Gray, *IDB Mendoza 2018: Banco Galicia Considers a Second Green Tranche* (2018) available at: https://www.latinfinance.com/daily-briefs/2018/3/26/idb-mendoza-2018-banco-galicia-considers-a-second-green-tranche.

26 For more information, the full text of General Resolution No. 764/2018 can be obtained at: http://servicios.infoleg.gob.ar/infolegInternet/anexos/310000-314999/314500/norma.htm?utm_source=newsletter-semanal&utm_medium=email&utm_term=semanal&utm_campaign=resolucion-nacional.

27 For more information, the full text of General Resolution No. 788/2019 can be obtained at: http://servicios.infoleg.gob.ar/infolegInternet/anexos/320000-324999/321298/norma.htm.

28 The Trump administration announced that the U.S. will withdraw from the Paris Agreement in November 2020. Under the Paris Agreement, the earliest that any of the countries can leave the agreement is on November 4, 2020. *See* Brad Plumer, *The U.S. Won't Actually Leave the Paris Climate Deal Anytime Soon* (2017) available at: https://www.nytimes.com/2017/06/07/climate/trump-paris-climate-timeline.html.

29 Climate Bonds Initiative, *Bonds and Climate Change: The State of the Market 2018*, available at: https://www.climatebonds.net/files/reports/cbi_sotm_2018_final_01k-web.pdf

which started the green finance trend, are expected to continue being at the forefront of green and other sustainable finance initiatives aimed at meeting global sustainable climate objectives. National and international sustainable finance initiatives and policies are expected to continue to be developed and emerge through the financial system, furthering the growth of the Green Bond market. With the proliferation of sustainable finance initiatives, there is growing consensus on the importance of harmonization and standardization of green definitions, taxonomies and disclosure standards. The sustainable growth of the Green Bond market will not only depend, however, on the efforts of supranational entities and organizations, sovereigns and sub-sovereigns, but also on the continuing focus and awareness development by private companies, asset managers and the investment community. Recent statistics show that investment in Green Bonds has steadily grown annually and that countries and municipalities around the world are actively working toward meeting their climate change goals.[30] In addition, the global development of the concept of sustainable investing — which prompts investment managers to consider environmental, social, and governance (ESG) factors and their impact when deploying capital — and increased awareness around sustainability obligations of private companies as global corporate citizens, are expected to continue contributing to the growth of the Green Bond market. In May 2018, the European Commission published its sustainable finance action plan, which included four proposals to promote the consideration of ESG factors in investment decision-making.[31] It proposed that (i) sustainability risks be disclosed by financial market participants, (ii) a sustainability taxonomy for financial products marketed as sustainable investments be implemented (iii) low-carbon and positive carbon impact benchmarks be created and (iv) existing regulation be amended to introduce clients' ESG preferences into the suitability assessment when providing investment advice. Stakeholders had also advocated in connection with the action plan that considering ESG factors be made part of the fiduciary duty of investment managers. A CFA Institute study found that 44% of CFA Institute EU members surveyed believed it was appropriate for regulators to make consideration of ESG factors an integral part of the legal fiduciary duty that investment managers owe to their clients.[32]

Despite the significant growth of the Green Bond market in the last decade and the prospects for further growth, there remain important questions and uncertainties around Green Bonds, including whether (i) issuers will benefit economically from a Green Bond labelling / certification by gaining access to significantly lower cost of capital as compared to non-green-labeled bond issuances; (ii) a global standardized green definition and set of global taxonomies, disclosures and principles will be eventually adopted, (iii) independent certification of alignment and compliance will become a requirement for purposes of labelling a bond instrument as "green" and (iv) representations and warranties, covenants and events of default relating to alignment and compliance with principles,

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30 Don Jergler, *Green Bonds Booming Despite Washington's Animus, Report Shows* (2018) available at: https://www.insurancejournal.com/news/national/2018/01/11/477019.htm.

31 For more information on the EU Sustainable Finance Action Plan see Section 1 of Clifford Chance's "*Growing the Green Economy: Addressing the Sustainability Challenges and Opportunities*" available at: https://www.cliffordchance.com/briefings/2019/07/growing_the_greeneconomyaddressingth.html.

32 Sviatoslav Rosov, CFA, *The Evolving Future of Fiduciary Duty in an ESG World: A Survey of CFA Institute EU-Based Members* (2018) available at: https://www.cfainstitute.org/-/media/documents/survey/esg-survey-2018.ashx.

reporting obligations and other undertakings will become standard in Green Bond documentation. In the answers to some of these questions may be the key to a sustainable and more rapid growth of the Green Bond market in furtherance of the fulfillment of global climate objectives.

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CONTACTS

Hugo Triaca*
Partner

T +1 212 878 3222
E hugo.triaca
@cliffordchance.com

***Hugo F. Triaca is a capital markets partner in Clifford Chance's New York office and specializes in securities offerings, including equity, high-yield and investment grade debt and hybrid securities, as well as in liability management and other corporate transactions. Click here to find out more on Hugo, including his experience on Green Bond transactions.

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