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USD 2 trillion in investments back Green Bonds to tap USD 100 trillion bond market for climate solutions

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Green Bond commitments announcement for next 12 months by issuers, banks and investors

New York, September 29, 2014 – Investors representing over two trillion dollars of assets under management as of September 23, issued an Investor Statement on Green Bonds and Climate Bonds, committing to grow a global market in the financing of climate change solutions. At the same a group of 13 development banks, investors and issuers committed themselves to further developing the Green Bonds market.

UN Secretary General Ban Ki Moon convened the UN Climate Summit on Tuesday, September 23 because, as he says, “Greenhouse gas emissions are at record levels and the effects of climate change are already widespread, costly and consequential.”

The past year has seen the rapid growth of a Green Bonds and Climate Bonds market as a mechanism to tap the global bond market to finance solutions to climate change. Over USD 25 billion of Green Bonds have been issued this year. The Climate Bonds Initiative expects a total of over USD 40 billion for the year and USD 100 billion in 2015.

Climate Bonds CEO, Sean Kidney, said, "Enormous opportunity exists to develop green bond financing in the coming year, including working with organizations making commitments in other workstreams of the UN Summit – cities, low-carbon transport, clean energy. That applies to emerging as well as developed markets."

He added: "The response to climate change also requires substantial investments in areas such as water infrastructure; adaptation measures for communities; and the climate-proofing of existing infrastructure. It requires a rapid transition to a low-carbon and climate resilient economy. The scale of the task requires mobilizing trillions of dollars of private sector capital as well as public expenditure."

On September 23, investors managing assets of over two trillion dollars in three continents issued an 'Investor Statement on Green Bonds and Climate Bonds'. The statement says they understand that they have a responsibility to address threats to the future performance of their investments from climate change, as well as a responsibility to secure their clients' savings through sustainable and responsible investments.

Erik Jan van Bergen, CIO, for the Dutch institutional investor ACTIAM (formerly SNS AM), said: "Climate change is real. Mitigating and adapting to it are vital challenges for societies worldwide. Acting on clients' behalf and as key economic players, investors do have a responsibility to take.

"Gigantic investments are needed. These amounts are investments yielding a return, they are not costs. To provide the necessary capital, we need to activate the world's large debt capital markets. Green bonds and climate bonds are a means to do so.

"We stand ready to invest. ACTIAM intends to further increase its climate bond holdings of EUR 500 million, subject to market conditions and client demand, to EUR 1 billion by the end of 2015."

Tushar Morzaria, Group Finance Director, Barclays Bank, said, "Every so often, market innovation and social imperatives come together to create something exciting that has the potential to make a real difference. The Green Bond market is a fast-growing and powerful example of this synthesis."

The signatories committed to working to "grow a large and robust market that makes a real contribution to addressing climate change", and called on:

- Climate science experts to develop clear standards for the climate change impacts and benefits of bond finance projects.
- Issuers to ensure transparency around the use of proceeds and their impact
- Governments to develop projects that can be financed by green and climate bonds.

As well, a broad range of issuers and investors have made specific announcements about green bond issuance and future plans:

Agence France de Développement (Afd) – Pierre Forestier, Head of Climate Division

The French development bank Afd has just issued its first EUR 1 billion Climate Bond,

funding existing or future climate-oriented projects in developing countries. AfD intends to be a regular issuer into this market.

Aviva Investors –Steve Waygood, Chief Responsible Investment Officer

Aviva, with USD 401 billion of assets under management, are a major purchaser of green bonds and are committed to growing their portfolio in 2015. Dr Steve Waygood: “Investors and policy-makers need to work on a capital-raising plan so that global governments and central banks know how they are going to raise the clean trillion in an efficient and effective way.”

Barclays Bank – Jeremy Wilson, Vice Chairman, Corporate Banking

Barclays Treasury has current green bond holdings of USD 700 million. It announced this week that it plans to increase its holdings to USD 1.63 billion by November 2015 to form part of its liquid asset buffer. This will be by far the largest such investment by a bank.

GDF SUEZ – Gérard Mestrallet, CEO

Global utility GDF SUEZ has issued the world’s largest single green bond to date, of USD 3.5 billion. It has announced that it plans further major issuance once the funds it has just raised are totally used. It should be rapid given GDF SUEZ growth strategy in renewables and energy efficiency.

Overseas Private Investment Corporation (OPIC) – Elizabeth L. Littlefield, President and CEO

OPIC, the U.S. Government’s Development Finance Institution, announced last week its first “Green Guaranties”, U.S. government-guaranteed certificates of participation that adhere to the Green Bond Principles. Proceeds of the \$47 million raised under these first guaranties will go to the construction of the Luz del Norte solar project in Chile – which when completed will be the largest photovoltaic project in Latin America.

ACTIAM (the former SNS AM)

Dutch institutional investor ACTIAM has climate bond holdings of EUR 500 million. It announces today that it plans to increase its holdings to at least EUR 1 billion by end of 2015, subject to market conditions.

African Development Bank

Green growth is a strategic objective of the African Development Bank. The bank has committed to invest USD 10 billion under its Climate Change Action Plan (2011-2015) to help Africa respond to the challenges of climate change and to promote low-carbon and climate-resilient development. A total of USD 700 million has been raised so far under its green bond framework, and substantial new green benchmark issuance is planned for next year.

California State Treasury

California this week is issuing a USD 200 million green bond. Last week it also announced a new investment in in USD 250 million of World Bank green bonds, taking its total purchases up to USD 1.1 billion. “We hope green bonds become an ongoing feature of the State’s infrastructure financing program,” said State Treasurer Bill Lockyer.

European Investment Bank (EIB)

The EIB has been a pioneer of the green bond market, promoting transparent linkage of use of proceeds to climate action and issuing the first bond issue of its kind in 2007. The bond was branded a Climate Awareness Bond. In 2014 to date, according to Climate Bonds Initiative figures, EIB has been the world's largest issuer of green bonds, for EUR 3.4 billion (USD 4.37 bn), with USD 1 billion placed just this month. The EIB will maintain an active approach to issuance and engagement to support sustainable development and further growth of the green bond market.

KfW Bankengruppe

In July, German development bank KfW issued its first green bond, EUR 1.5 bn. KfW has announced it intends to issue green bonds regularly and bring liquidity into the market, and will issue a second large green bond in 2014.

International Finance Corporate (part of the World Bank Group)

IFC's two 2013 USD 1 billion benchmark size bonds ignited the current green bonds market. IFC have committed to a program of green bond issuance in different emerging market currencies with the specific aim of encouraging the development of domestic green bond markets. They have also committed to making green bonds available to US retail investors twice a month under their retail program.

Zurich Insurance

Zurich has \$214 billion assets under management. Its announcement that it will be investing USD 2 billion in green bonds electrified the market and spurred activity. Zurich is looking for green bonds to invest across its range of portfolios.

Twitter: #GreenBonds

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