

## Media Release

### **Climate Bonds Standard expansion into Transition Public consultation opens on Criteria for Cement First stage in 2022 programme focused on heavy industry**

**LONDON: 21/02/2022 09:00 GMT:** The Climate Bonds Standard will be expanding to include criteria and certification of credible transition for heavy industrial sectors in 2022 commencing with the Cement industry.

Public consultation on new [Draft Criteria](#) for the Cement industry is open from the 22<sup>nd</sup> of February and to close on 23<sup>rd</sup> of April. Feedback is sought from a wide range of stakeholders, including industry, civil society, and investors. Cement will be the first Criteria under the Climate Bonds Standard tackling industrial transition.

The Criteria were developed by a Technical Working Group (TWG), with an Industry Working Group (IWG) providing consultation and advice. They will provide a succinct set of decision rules for determining when cement assets and activities are compatible with a low carbon, climate resilient economy, and are eligible for Certification under the Climate Bonds Standard.

Specifically, the Cement Criteria will provide science-based requirements which identify when investment and activity in the sector is aligned with the transition to the Paris Agreement objectives.

#### **Expansion of the Climate Bonds Standard in 2022**

The launch of the [Cement Criteria](#) marks a major expansion of the Climate Bonds Standard into the heavy industry sectors and is the first stage in Climate Bonds' 2022 expansion programme for the global standard. Climate Bonds has developed [principles of credible transitions](#) which will guide efforts to bring high-emitting industries in line with net-zero goals.

Following the launch of the [Cement Criteria](#), Climate Bonds will also be releasing criteria for the Basic Chemicals and Steel industries, extending the reach of the Standard, and providing a pathway for Certification of transition investments across essential industries.

In 2021 three new sector Criteria for certifications were launched under the Standard including [Grids and Storage](#), [Hydropower](#), and [Livestock Agriculture](#).

#### **Cement and Emissions**

Cement is the most used construction material in the world, the second most consumed material on earth after water and its production accounts for almost 8% of global CO<sub>2</sub> emissions. The demand for cement is expected to increase by 12-23% by 2050 compared to 2014 as economies around the world continue to grow.

Around 60-70% of total emissions from the cement sector are process-related emissions. To reduce emissions, cement manufacturing will need to implement a range of mitigation factors, including

improving thermal and electrical efficiency and switching to alternative fuels, as well as reducing clinker content and implementing some carbon capture measures.

### **Certification Requirements**

As a general principle, debt-based investment is eligible for Certification under the Climate Bonds Standard where the use-of-proceeds:

- Promote Greenhouse Gas (GHG) mitigation through reduced emissions or increased carbon sequestration; and
- Promote adaptation to climate change and facilitate increased climate resilience in the systems in which they are located.

### **Mitigation**

Underpinning the mitigation requirements is an ambitious emissions pathway for cement plants, while the Criteria also identify specific measures which deliver significant mitigation benefits.

### **Adaptation & Resilience**

The adaptation & resilience requirements follow the framework of the [Climate Resilience Principles](#) developed in [2019](#) by an Adaptation and Resilience Expert Group and Climate Bonds. Additional requirements unique to cement are set which address quarry remediation and other impacts.

### **Entity transition**

Climate Bonds aims to certify companies and related company-level financial instruments later this year. These criteria will also form the backbone of those future Certifications.

### **Consultation Opening/Information Webinar:**

#### **‘Transitioning to Low Carbon Cement - New Climate Bonds Standard Criteria’**

**Date:** Tuesday, 22<sup>nd</sup> of February 2022

**Time:** 15:00 Paris / 14:00 London / 09:00 New York / 22:00 Hong Kong, Singapore

Register via [Zoom here.](#)

**Ends/More**

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## Notes for Journalists:

**About the Climate Bonds Initiative:** CBI is an international investor-focused not-for-profit organization working to mobilize the USD100tn bond market for climate change solutions. The Climate Bonds Initiative carries out market analysis, policy research, market development; advises governments and regulators; and administers a global green bond Certification Scheme. For more information, please visit <http://www.climatebonds.net>.

**About Climate Bonds Standard:** It is an overarching science-based, multi-sector standard overseen by the [Climate Bonds Standards Board](#) that allows investors and intermediaries to easily assess the climate credentials and environmental integrity of bonds and other green debt products.

Launched in [2011](#), with periodic [updates](#), the Climate Bonds Standard is the most detailed, climate aligned investment criteria available in the market and provides guidance to issuers, investors, governments and regulators.

Standard V3.0 and supporting documentation is [available here](#).

**About the Cement Criteria:** The Cement Criteria lay out the requirements that Cement production asset, projects must meet to be eligible for inclusion in a Certified Climate Bond and for companies on a credible transition path to issue transition labelled debt. The Criteria apply to manufacture and production of Cement and do not address other stages of the value chain.

The Criteria contain Mitigation Requirements, Adaptation & Resilience Requirements and Transition Requirements. Documentation can be found on our [Cement Resource Page](#).

Bonds and loans linked to these eligible assets and projects will be aligned with the goals of the Paris Agreement.

**About the Cement Criteria TWG and IWG.** Climate Bonds Initiative convened a Technical Working Group (TWG) and an Industry Working Group (IWG) Expert Group in Q1 2019 to develop Criteria for this sector. Full membership of both the TWG and IWG can be [found here](#).

**About Climate Bonds Certification:** Climate Bonds Certification framework has been designed to work in parallel with the normal process for issuing bonds, loans or other debt products. It has 2 phases, Pre-Issuance or Post-Issuance. Certification of a Climate Bond at the pre-issuance phase enables the issuer and underwriters to market the bond or debt product as Certified.

Further assurance activities in the post-issuance phase must be undertaken to maintain the Climate Bonds Certification.

The full Climate Bonds Database of Certified issuance can be [found here](#).

The full Climate Bonds Directory of Approved Verifiers can be [found here](#).

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Certification under the Climate Bond Standard only reflects the climate attributes of the use of proceeds of a designated debt instrument. It does not reflect the credit worthiness of the designated debt instrument, nor its compliance with national or international laws.

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