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A global challenge, a global solution: trends in climate finance

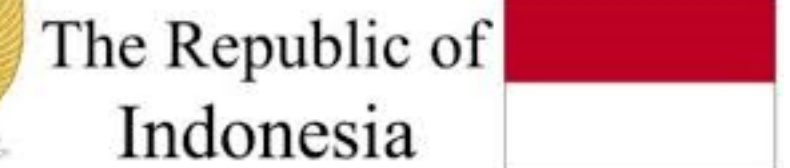
Kristina Alnes

DRIVA, Stavanger
28 mai 2019

CICERO Center for International Climate Research

CICERO is one of the world's foremost institutes for interdisciplinary climate research.

- ✓ Contributor to the IPCC since 1992
- ✓ A pioneer of climate finance research
- ✓ 10 years of experience in the green bond market
- ✓ Over 100 issuers and 125 USD Billion of bonds reviewed
- ✓ New company established CICERO Shades of Green



NorgesGruppen



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Green



WINNER
LARGEST
EXTERNAL
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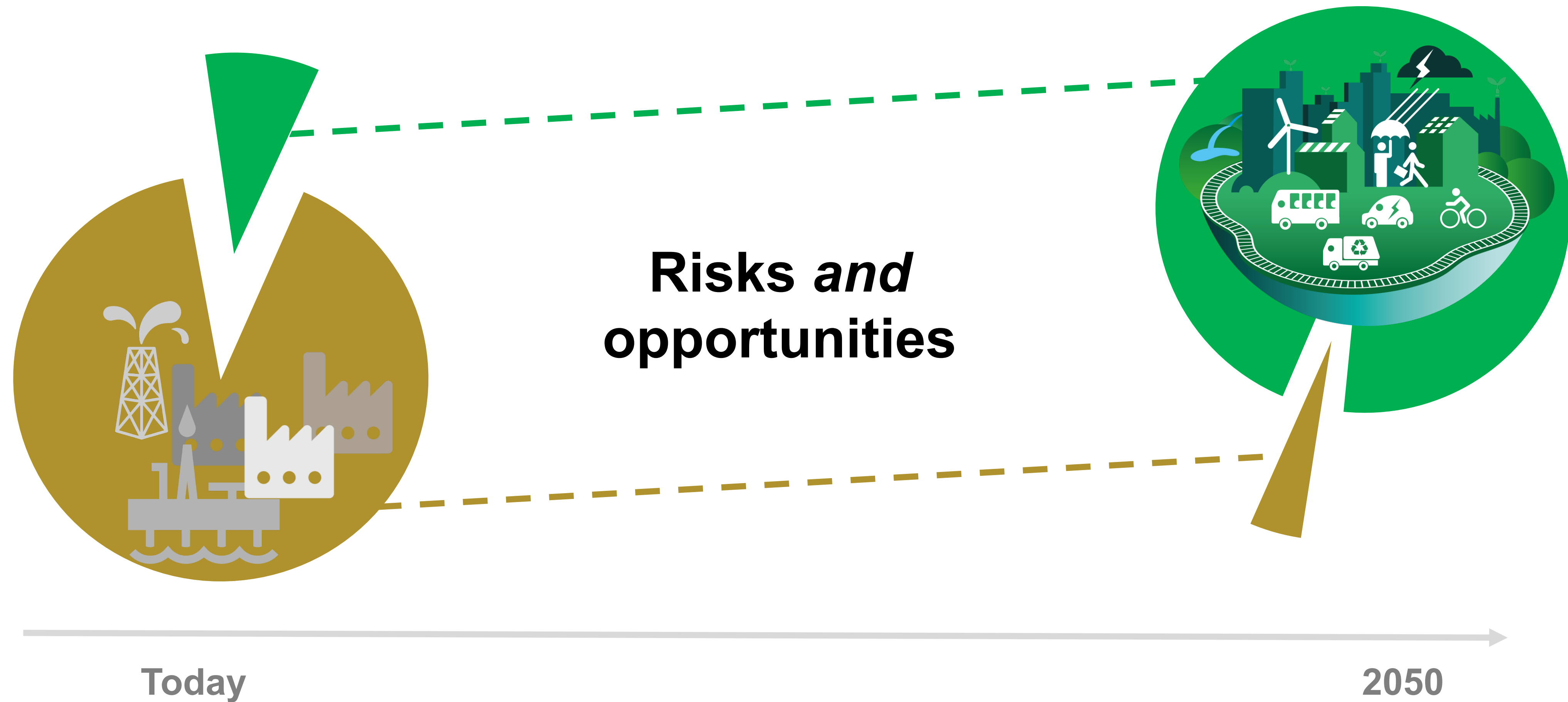
The financial sector must be at the heart of tackling climate change

Mark Carney (Bank of England) François Villeroy de Galhau (Banque de France) Frank Elderson (NGFS) (April 2019)

Investors Underappreciate Climate-Related Risks in Their Portfolios

BlackRock Report (April 2019)

The transition needs financing



Investors increasingly aware of climate risks

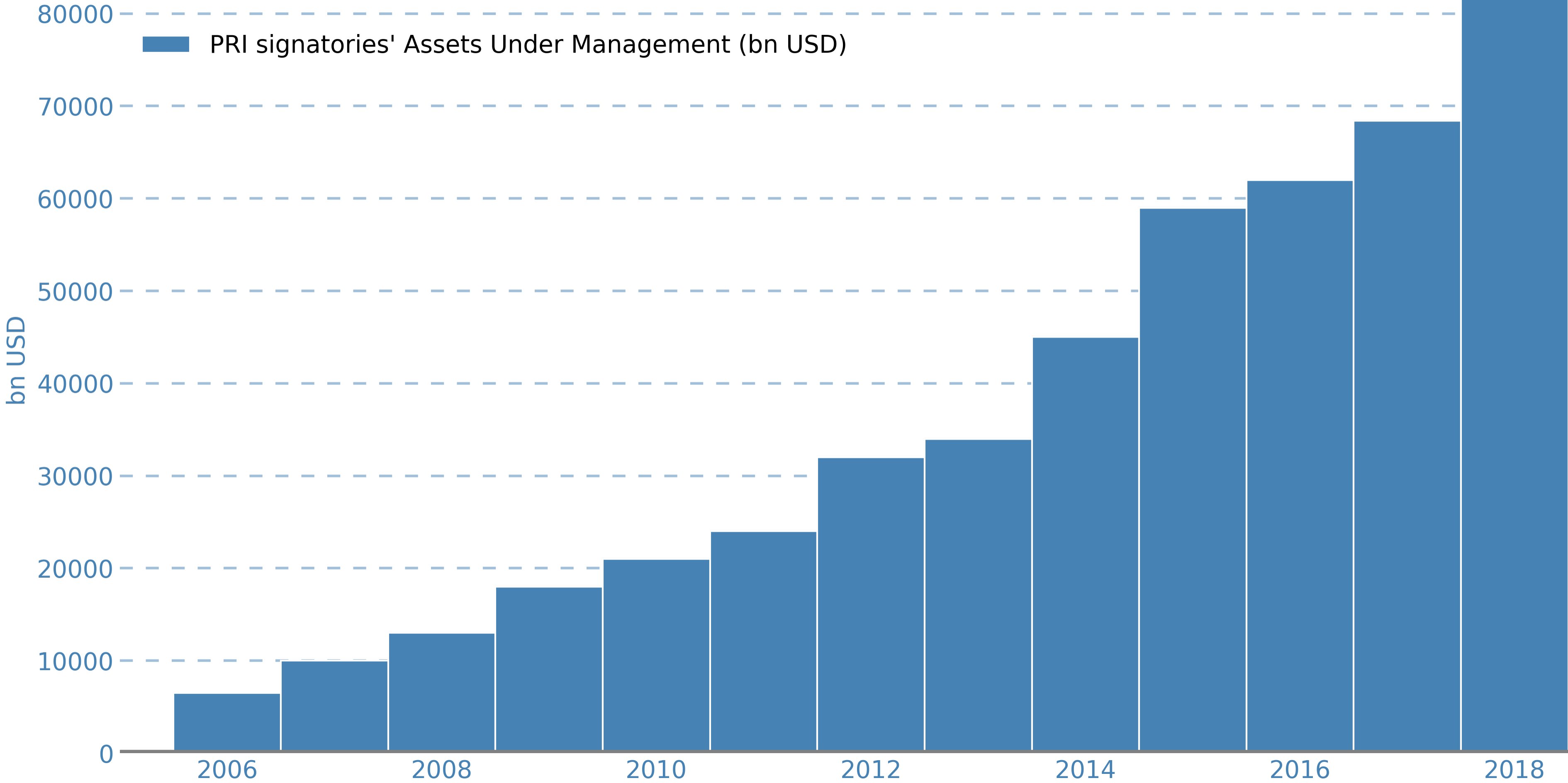
1. Investors expect **increased losses from physical impacts of climate change**
2. Investors experiencing **increased technological, policy and liability risk from unsustainable investments**



“PG&E: The First Climate-Change Bankruptcy, Probably Not the Last”

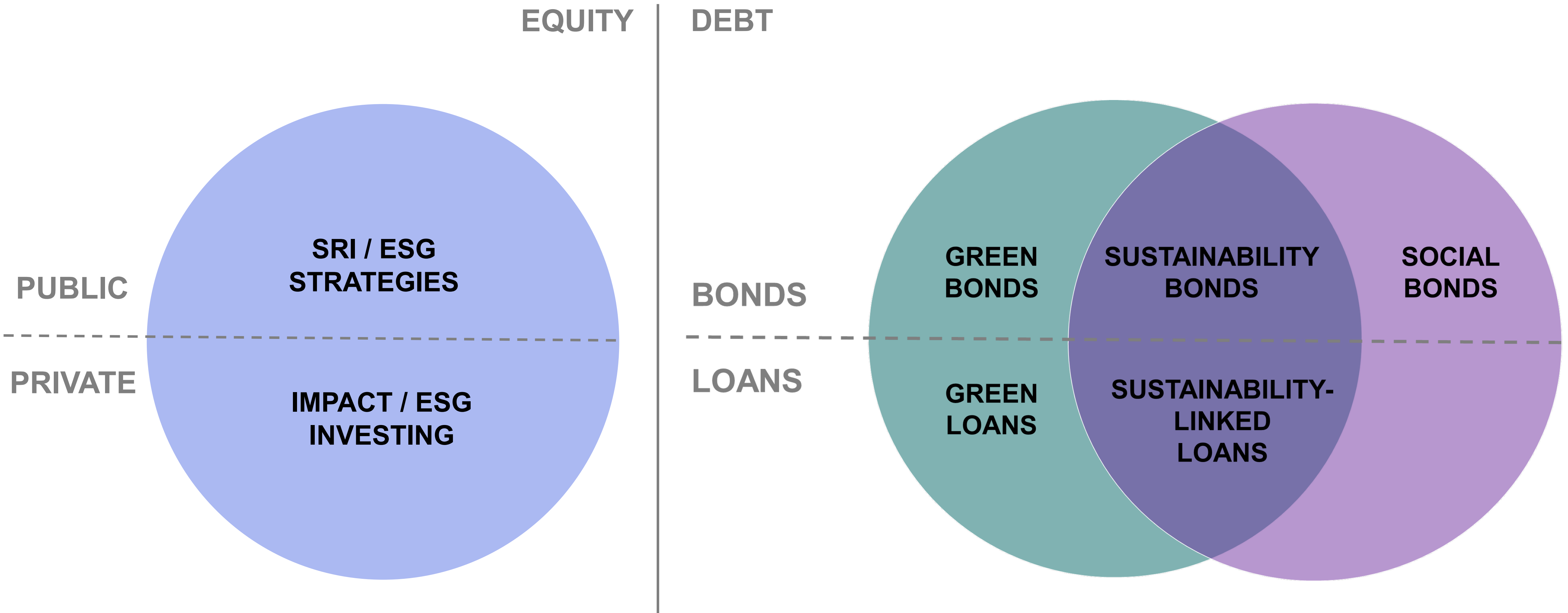
Wall Street Journal
(May,2019)

Investors increasingly integrating ESG concepts



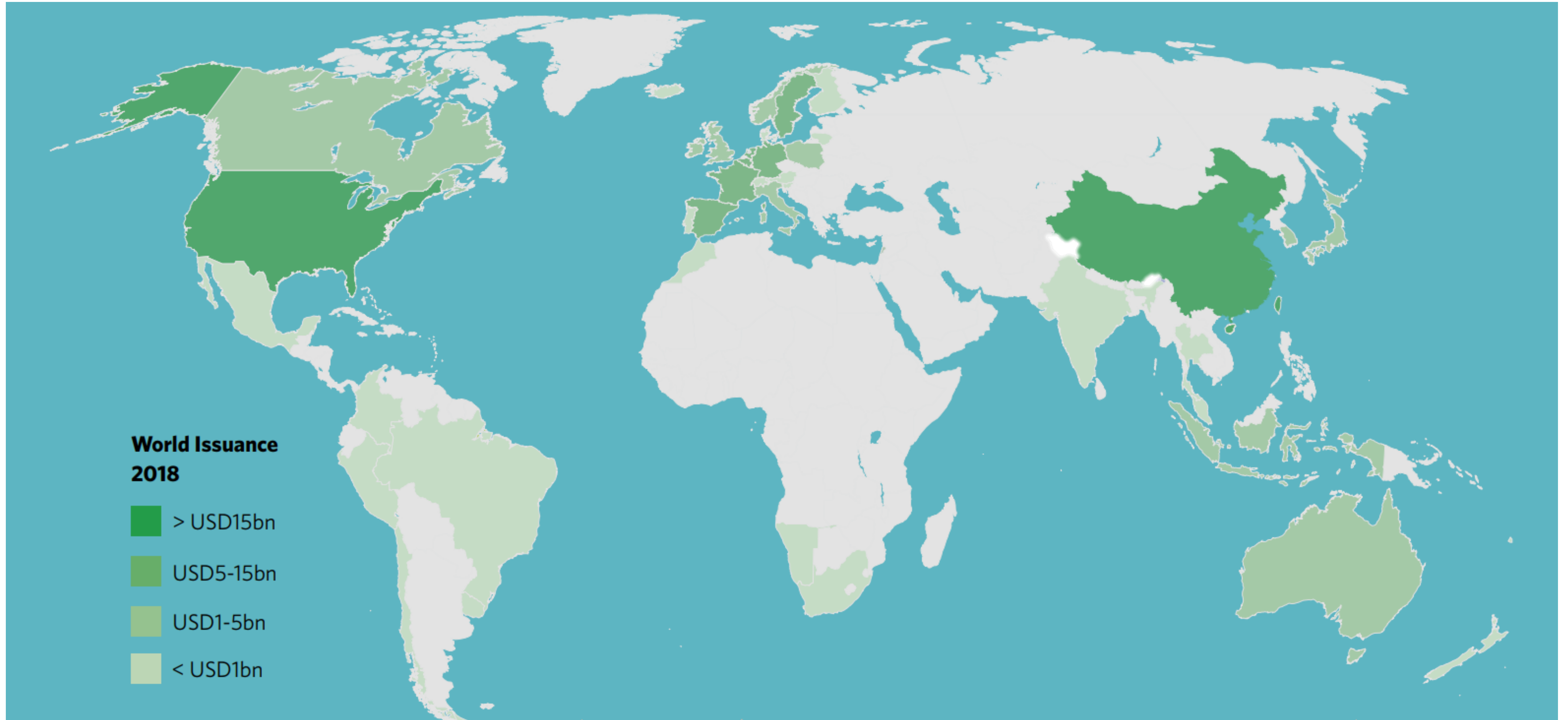
Source: PRI, CBI and SEB

The market is developing a suite of tools



Common types of sustainable equity and debt

The global green bond market



Case study: sovereign green sukuk

“This sovereign Green Bond and Green Sukuk Framework includes a broad range of mitigation and adaptation project categories across a range of line ministries to support its NDC.”

Full Second Opinion: <http://www.cicero.green>



The Republic of
Indonesia



Case study: sustainability bond for agricultural development in China

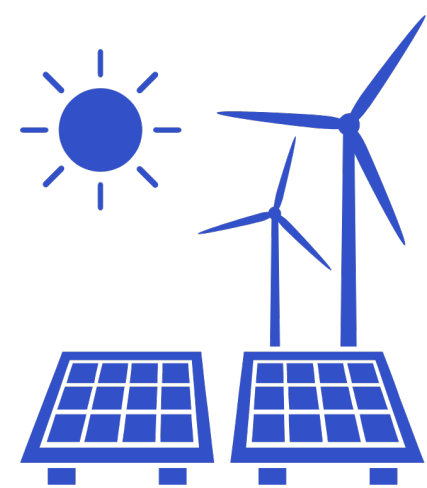
Proceeds from the bond can fund:



Sustainable water and wastewater Management



Environmentally sustainable management of living natural resources and land-use



Renewable Energy



Affordable housing



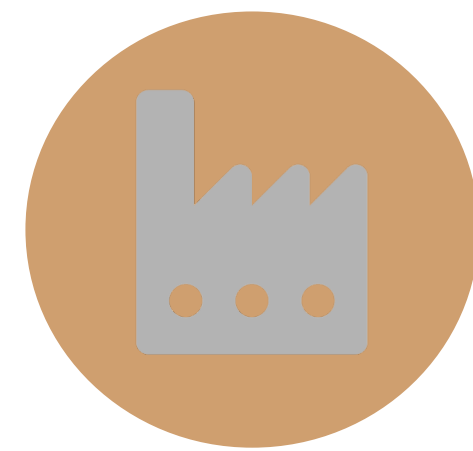
Affordable Basic Infrastructure and services

Case study: new company climate rating

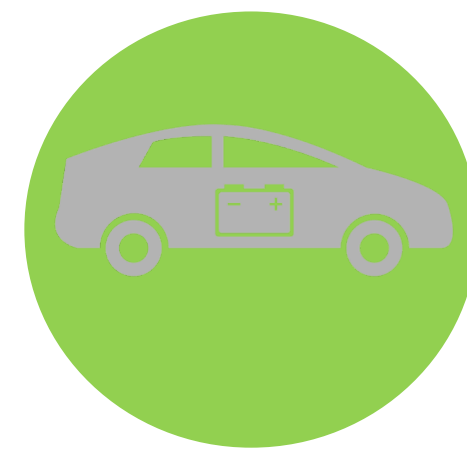
How green are the companies you are invested in?



Dark Brown



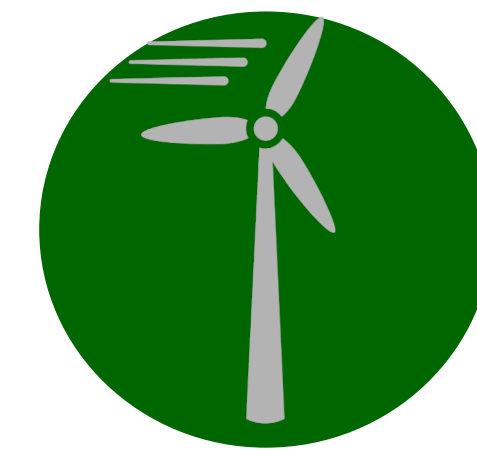
Light Brown



Light Green

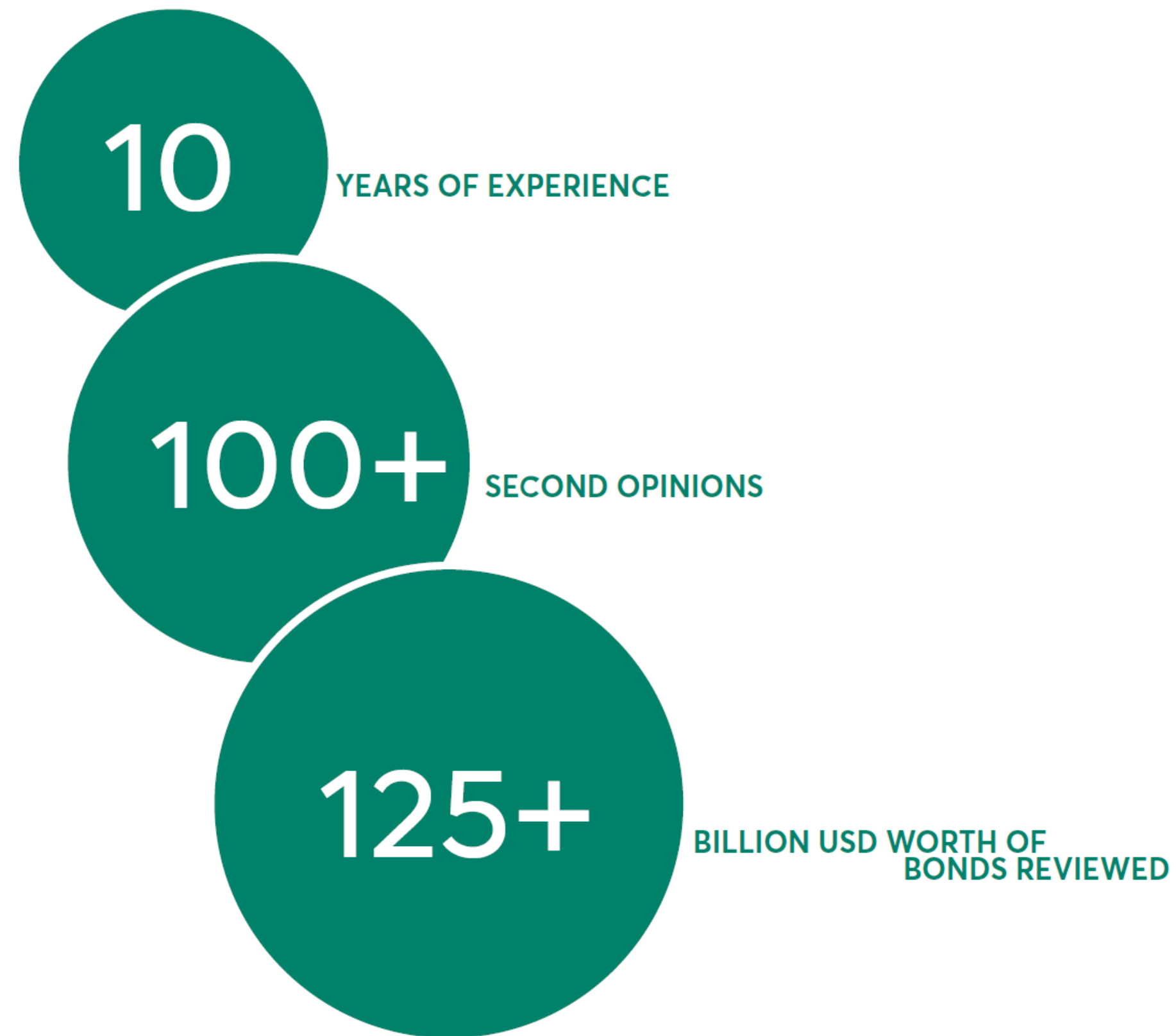


Medium Green



Dark Green

Takeaways from 10 years of experience



- Climate science tells us that we need to **mitigate AND adapt to climate change.**
- The sustainable debt market has contributed to building **environmental capacity for issuers.**
- Transparency on environmental attributes can facilitate an **environmental “race to the top”.**
- **All industries and sectors are necessary** for the transition. The key is to avoid locking in obsolete infrastructure.

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Free online introduction course to sustainable finance

<https://unccelearn.org/course/view.php?id=59&page=overview>

Provided by: SEB, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), The Partnership for Action on Green Economy (PAGE) & United Nations Institute for Training and Research (UNITAR). CICERO technical partner.

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