

Climate Bond Reporting

31 December

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Fund backing, climate benefits and
project ESG issues

1 - Presentation of the transaction

AFD issued its first 10-year climate bond for €1 billion on Wednesday 10 September 2014. In order to assist in the emergence of common standards, the issue was prepared using the "Green Bond Principles". There are four main principles: justification for the use of the funds, monitoring of flows, external review and lastly, robust reporting.

- Use of the funds: the projects backed by the bond are mitigation or sequestration projects, either existing or future, for which ex-ante carbon footprint calculations show a reduction of at least 10,000 metric tons of CO₂ eq. per year. Only projects for which the first payment took place in 2011 or later are selected.
- Monitoring of flows: the system chosen by AFD consists of backing a portfolio of eligible assets whose volume is at all times higher than that of the bond. AFD backs new eligible projects until the bond's maturity, in such a way that the amount of their outstandings is at all times higher than the amount of the bond.
- External opinion: AFD has mandated Vigéo, which participated in determining the project selection methodology. At the end of its assignment, the rating agency delivered an opinion on our methods, available on AFD's institutional website.
- Robust reporting: AFD has made a commitment to reporting annually on the state of the portfolio. This information gives rise to certification by one of our Statutory Auditors.

2 - Financial characteristics of the transaction

Amount:	€1,000,000,000
Transaction date:	10/09/2014
Payment date:	17/09/2014
Maturity date:	17/09/2024
Price relative to French Government:	OAT +14 bps
Price relative to swaps: bps	6-month EURIBOR +25
Equivalent 6-month EURIBOR for calculating CRM:	6-month EURIBOR +27.4 bps (after commission)
Redemption:	Bullet

3 - Available documentation

All documents relating to this issue can be obtained from the following address:

http://www.afd.fr/home/projets_afd/AFD-et-environnement/changement_climatique

4 - Climate Bond Reporting at 31/12/2015

4.1 - Funds backing eligible projects broken down by segment and geography

In millions of euros	Outstandings at 31/12/2015 by sector					
Country	Energy efficiency	Renewable energies	Fuel switch	Biological sequestration	Transport	Grand total
South Africa		13,96				13,96
Bangladesh					0,27	0,27
Brazil		69,50			200,00	269,50
China	55,60	18,75	62,05	33,01		169,41
Egypt					0,81	0,81
Ghana		31,50	1,36	14,00		46,86
India					167,28	167,28
Indonesia	4,59					4,59
Kenya		88,78				88,78
Morocco		77,50			23,00	100,50
Nicaragua		36,40				36,40
Pakistan		1,03				1,03
Panama		31,16				31,16
Peru		2,77				2,77
Turkey					44,14	44,14
Uruguay		29,67				29,67
Chile		20,29				20,29
Dominican Republic					211,26	211,26
Grand total	60,19	421,32	63,41	47,01	646,77	1 238,70

The sectors

Renewable energies: solar, photovoltaic, wind farm or biomass projects

Transport: urban or inter-urban collective rail transport projects

Energy efficiency: modernisation projects involving electricity transmission and distribution networks and water supply system rehabilitation

Fuel switch: modernisation projects for electricity generation stations with a change in fuel

Biological sequestration: projects that fight against deforestation, plantations, agroecology

What is a "climate" project?

AFD defines a "climate" project as a development project with positive co-benefits for the climate, that is, which contributes to the mitigation of climate change (reduction in greenhouse gas emissions) or to the adaptation to the impacts of climate change. In the present case, only mitigation projects that demonstrate greenhouse gas emission reductions are taken into consideration.

4.2 - Climate benefits using ex-ante project carbon footprint measurements at sector level

For investment financing, quantifying emissions generated and emissions reduced by projects is carried out systematically using a methodology and a robust, transparent project carbon footprint estimation tool that complies with international best practice.

The methodology adopted by the AFD using this tool is based on the following main principles:

- calculation of the carbon footprint aims to estimate net emissions generated or reduced by a project by calculating the difference between emissions generated by the project and those of a baseline scenario;
- the baseline scenario retained is the "no project" position, and not an alternative project;
- the main emissions items taken into account in the calculation include both the project's direct and indirect emissions;
- the calculation concerns GHG emissions throughout the life of the project.