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## **Moody's publishes methodology on Green Bonds Assessment**

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New York, March 30, 2016 — Moody's Investors Service has published its Green Bonds Assessment (GBA) methodology, which offers a consistent, standardized and transparent framework for evaluating an issuer's approach for managing, administering, and allocating proceeds to and reporting on environmental projects financed by green bonds across various security types globally.

Specifically, the GBA methodology explains how Moody's evaluates a green bond based on five key factors: (i) organization, (ii) use of proceeds, (iii) disclosure on the use of proceeds, (iv) management of proceeds, and (v) ongoing reporting and disclosure on environmental projects financed or refinanced with such securities. Moody's defines green bonds as fixed-income securities — both taxable and tax-exempt — that raise capital for use in projects or activities with environmental benefits.

The methodology is intended to inform issuers, investors, financial intermediaries and other interested market participants about Moody's green bond assessment definitions and symbols, assessment process, information sources, the key factors and sub-factors, and how these are scored to derive a green bond assessment.

The methodology's publication follows a Request for Comment (RFC) period that ran between 14 January and 12 February 2016. This published version incorporates a number of revisions that reflect the feedback received.

The GBA methodology may be used to assess bonds issued by corporations, financial institutions, governments, supranational organizations, municipal bodies as well as other entities. Additionally, the methodology may be used to perform an assessment on project finance and structured finance transactions, such as asset backed securities.

As part of the assessment process, Moody's will score each bond issue on five key factors (along with their respective sub-factors), weighted to reflect their relative importance, to arrive at a composite grade.

The composite grade, in turn, will inform an overall assessment that runs from GB1 (Excellent) to GB5 (Poor).

The initial assessment of green bonds and their use of proceeds involves an examination of relevant governing documentation, regulatory filings, issuer reports and presentations, if any, and other publicly available information.

Information derived from these sources is complemented by direct engagement and dialogue with the issuer. GBAs are unmonitored but are expected to refresh annually based on receipt of an annual "use of proceeds" report from the issuer.

Moody's "Green Bond Assessment Methodology" is available for purchase at:

[http://www.moody's.com/viewresearchdoc.aspx?docid=PBC\\_188333](http://www.moody's.com/viewresearchdoc.aspx?docid=PBC_188333).

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