

# **Bond Case Briefs**

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## **Moody's Requests Comment on Proposed Approach and Methodology for Assessing Green Bonds.**

New York, January 14, 2016 — Moody's Investors Service is requesting market participants to comment on its proposed approach and methodology for evaluating an issuer's management, administration and reporting on environmental projects financed through green bonds.

The Green Bonds Assessment (GBA) described in Moody's proposed approach and methodology will apply to fixed-income securities — both taxable and tax-exempt — that raise capital for use in projects or activities with specific climate or environmental sustainability purposes.

These include debt obligations with direct recourse to issuers, project finance or revenue bonds — with and without recourse to issuers — and securitizations that collateralize projects or assets whose cash flows provide the first source of repayment.

A reported \$36.6 billion of green bonds were issued during 2014 and an additional estimated \$42.0 billion came to market during 2015.

Moody's proposed assessment of green bonds will focus on five primary factors: (1) organization structure and decision making, (2) use of proceeds, (3) disclosure on the use of proceeds, (4) management of proceeds, and (5) ongoing reporting and disclosure.

As part of the proposed approach and methodology, Moody's is introducing a scorecard that will assign weights to each of the aforementioned factors, which Moody's considers most important in assessing the framework adopted by green bond issuers.

GBAs are not credit ratings; rather, they are forward-looking opinions of the relative effectiveness of the issuer's approach for managing, administering, allocating proceeds to and reporting on environmental projects financed by green bonds.

As such, GBAs assess the relative likelihood that bond proceeds will be invested to support environmentally beneficial projects as designated by the issuer.

Moody's is seeking market feedback on its proposed methodology by February 12, 2016 and will adopt and publish its GBA following appropriate consideration of any comments it receives. Market participants should submit their comments on the Request for Comment page on [www.moodys.com](http://www.moodys.com).

For more information, including the full text of the RFC, please access [this link](#). (Subscription required.)

Recent Moody's publications on the credit implications of these developing environmental trends are available [here](#).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most

updated credit rating action information and rating history.

Henry Shilling  
Senior Vice President  
Project & Infrastructure Finance  
Moody's Investors Service, Inc.  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653

Richard Cantor  
Chief Credit Officer  
Credit Policy  
Moody's Investors Service, Inc.  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653

Releasing Office:  
Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A.  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653

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