

Sapience Consulting Europe – Sustainable Finance

ESG and Climate Bond due diligence for Practitioners – 1 day/1.5 days

This course is designed for issuers and investors, market participants, advisors in Green, Social, Sustainable and Sustainability-linked bonds and focuses on developing advanced due diligence and bond product structuring knowledge. The emphasis is on practical and implementable skills which will enable each delegate to confidently engage in this rapidly growing asset class. The course will use case studies from the financial institutions and corporate sectors.

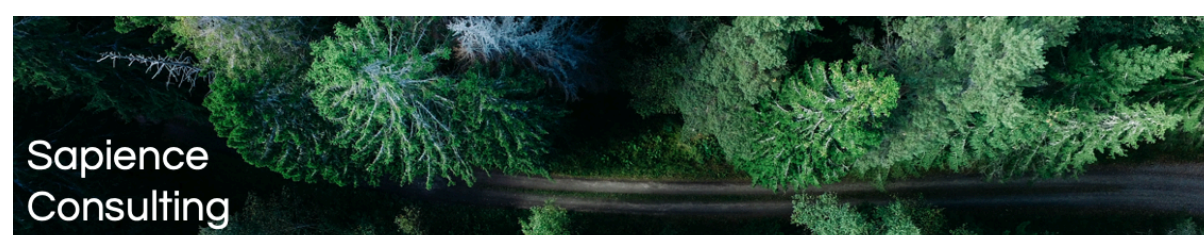
Participants should already be familiar with the concepts and features of green, social, sustainable and sustainability-linked bonds.

Objectives

- Examine the mechanics of assessing and structuring green, social, sustainable and sustainability-linked bonds using best market practice and current capital market case studies.
- Conduct due diligence on a Green Financing Framework (corporate, and/or bank).
- Understand + apply best practice for Green Bond monitoring and Impact reporting.
- Analyse + conduct due diligence on a Social financing framework.
- Understand + apply best practice for Social Bond monitoring and Impact reporting.
- Examine Sustainable Bonds: combining environmental and social projects in financings.
- Assess Sustainability-linked Bonds: best market practice in KPI and SPT selection; mechanics and performance scenarios over time.
- Examine Bond monitoring + impact reporting best practice for green and social bond case studies.

What makes this course different?

- This is a unique course in the marketplace.
- Emphasises practical Climate/ESG structuring skills for bond issuers and investors.
- Deep dive focus on monitoring and impact reporting.
- Focuses on transferring diagnostic due diligence expertise
- Trainer is an active Climate Finance market practitioner.



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Course content

1. Introduction

Current state of green, social, sustainable and sustainability-linked bonds in 2023/24

- Corporate and institutional issuance update.
- Emerging trends.
- Sustainable Finance challenges and opportunities in 2023/24.

2. Green bonds

Green Financing Framework due diligence

Case study 1: Analysing a significant corporate/FI green finance programme/framework.

- How to create a coherent corporate green financing framework.
 - Mapping corporate strategy and SDGs commitment.
 - Adherence to best market practice.
 - Mapping to ICMA Green Bond Principles/other standards.
- Creating a due diligence checklist.
 - Classification of risks.
 - Identifying ESG exclusions for project eligibility.
- Second Party Opinion/Verification reports + others – what to expect.
 - ICMA recommendations.
 - SPO reports, providers, independence and value add.
 - Verification reports, providers, independence and value add.
 - Other sources of information: industry bodies/think-tanks.
- Examine eligibility criteria for green projects and what questions to cover as an issuer/investor.
 - Use of Proceeds
 - Project Evaluation
 - Project selection
 - Deployment

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- What extra information do you need to provide as an issuer?
 - Issuer competency
 - Issuer infrastructure (people, systems, data)

Green and social Bond monitoring and reporting

- Best practice for green and social bond monitoring and reporting
 - Tracking and assessing Use of Proceeds within the borrower
 - Account segregation
 - Borrower governance
 - Reporting periods
 - Individual project/portfolio project choices
 - Borrowers and confidentiality
- How to assess impact.
 - Best practice – using the ICMA Frameworks for Green + Social finance.
 - Sector-specific guidance
 - Core Indicators
 - Other indicators
 - Mapping to SDGs – one approach

3.Social Bonds

Delegates will explore the current challenges in classifying social projects and measuring their impact.

Case study 2: analysing an emerging market bank social finance programme/framework.

- Assessing the coherence of a social finance framework (SDGs and strategy).
 - Mapping corporate strategy and SDGs commitment
 - Adherence to best market practice
 - Mapping to ICMA Social Bond Principles/draft Taxonomies
- Creating a due diligence checklist.
 - Classification of risks
 - Project eligibility
- Using publicly available information within Second Party Opinion/Verification reports.

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- ICMA recommendations for Social finance
- SPO examples
- Examine eligibility criteria for social projects and what questions to ask.
 - Use of Proceeds
 - Project Evaluation
 - Project selection
 - Deployment

Social impact reporting

- Social impact.
- Impact reporting for social projects – using the ICMA Framework.
 - Outputs
 - Outcomes
 - Impact
 - Impact confirmation on target population
 - how to create the reports

4 .Sustainable Bonds

- Understanding the importance of a ‘Just Transition’
- Combining Green and Social bond due diligence
 - Assessing the interplay between the two components

5. Sustainability-linked Bonds

Case study 3: analysing a Sustainability-linked corporate framework.

- How to assess the coherence of a sustainability-linked finance framework.
 - Mapping corporate strategy and SDGs commitment
 - Adherence to best market practice
 - Mapping to LMA Sustainability-Linked Bond Principles
- Determining the borrower’s ambition
- Understanding the mechanics and choices of KPIs and SPTs
 - Common primary and secondary KPIs
 - Materiality
 - Strategic significance
 - Measurability

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- Benchmarking
- SPT disclosure
- Using publicly available information within Second Party Opinion/Verification reports.
 - SPO examples
 - ICMA recommendations for Sustainability-Linked Bonds

Wrap up / Q and A

ESG and Climate finance Bond structuring for practitioners.

Training course summary

Climate and Thematic bonds have seen exponential growth. This course focuses on enabling participants to build their bond due diligence and structuring skills. By learning to do so, issuers can understand what is expected from professional investors. In addition, investors, lenders and their advisors can better understand what to expect from issuers and why.

This course is a deep dive into green, social, sustainable and sustainability-linked Bonds and uses current case studies as the basis of learning. Participants are encouraged to bring their own relevant ESG challenges to the programme to deepen their learning and application.

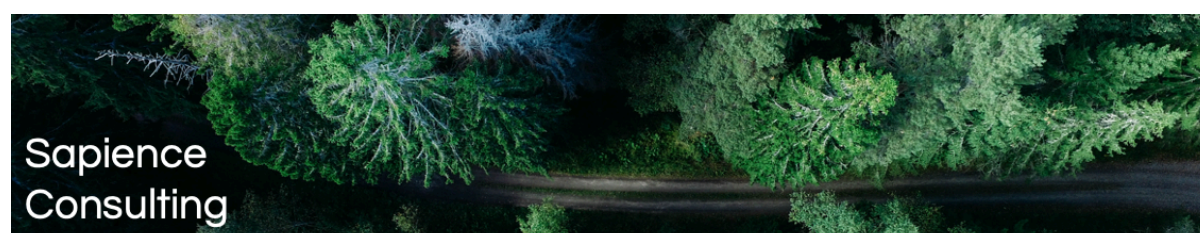
Trainer background

The trainer is an experienced international and emerging market capital markets consultant. He actively consults on Sustainable Finance to International Financial Institutions utilising his technical and leadership knowledge and skills. He has first-hand experience in over 38 emerging and frontier markets as an investor in a range ESG/Climate and non-ESG debt, equity and loan investment products.

As a former senior banker in the European Bank for Reconstruction and Development he led an advisory and structuring team which worked closely with multi-industry-sector bankers and risk officers to create loan, bond and equity investments in over 25 local currencies. He also has considerable expertise in debt and equity capital market governance and strategy.

Suitable for:

Asset managers	Institutional bankers
Banking and corporate credit officers	Investment banking officers
Banking lawyers	Private equity portfolio managers
Banking operations officers	Project finance officers
Consultants	Project finance advisors



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Corporate bankers	Risk Management
Family Offices	Sustainable finance officers
Finance Director	Syndications desks
In-house legal	Treasury officers