



CALIFORNIA STATE TREASURER BILL LOCKYER

NEWS RELEASE

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Treasurer Lockyer Joins International Board Developing Standards for Climate Bonds *Goal to Assure Integrity of Green Claims for Investors, Governments*

SACRAMENTO – State Treasurer Bill Lockyer today announced he has joined the Climate Bond Standards Board, which is supervising a program to provide investors and governments an easy way to assess the integrity of environmental claims for green bonds.

"Joining the Climate Bond Standards Board reinforces California's leadership role in combating climate change," said Lockyer. "Despite current circumstances, governments and investors around the world have a prime opportunity to transition to a sustainable, low-carbon economic growth path with the investment and employment benefits that entails. Climate Bond standards offer a ready-made tool to assist this transition, in California and around the world. We look forward to working with other partners to set practical, integral standards for Climate Bonds."

Sean Kidney, chairman of the Climate Bonds Initiative, which is leading the standards program, said, "According to the International Energy Authority, we need up to \$1 trillion dollars a year to be flowing into low-carbon industries if we're to avert catastrophic climate change. That money will come largely from bond markets. We need to ensure it's invested to support a transition to a low-carbon economy. Standards will provide a multi-country tool for investors and governments to assess the integrity of green investments and to preference them. It will support liquidity with green portfolios, essential for investors today."

Lockyer manages a \$70 billion investment portfolio and sits on the boards of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS). The two public pension funds have assets totaling \$236 billion and \$155.4 billion, respectively. Under Lockyer, the State Treasurer's Office was one of the first supporters of the World Bank Green Bonds Program, making a \$300 million investment in 2009.

(MORE)

Some \$12 billion of bonds backed by investments related to climate change solutions are already outstanding. Growing this “green debt” market will provide institutional investors with opportunities to switch from carbon intensive to low-carbon investments – and fuel the growth of the low-carbon economy.

Funds under management by global bond traders reached \$105 trillion in 2010. Last year, more than \$6 trillion of new bonds were issued. Kidney noted "the challenge of redirecting just 1 percent per year of funds under management into building the low-carbon economy is therefore eminently achievable."

Lockyer’s office will be one of a group of institutional investors and non-governmental organizations that make up the Climate Bond Standards Board. Previously announced members include the Carbon Disclosure Project and the Natural Resources Defense Council.

A Climate Bonds certification will be issued to bonds backed by assets meeting the standard. Compliant assets will include wind farms and solar energy plants. Licensed third-party verifiers will review proposed bonds to confirm they comply with the standard. According to Kidney, the first standard will be released within weeks.

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