

THE BOND BUYER

Baker Tilly adds climate bond verification status to its services

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Published

October 17, 2022, 4:10 p.m. EDT

Baker Tilly US LLP joined the [ranks of firms](#) with an ability to offer an independent verification for a "certified climate bond" label on debt.

The approved [verifier status](#) allows for the Chicago-based accounting firm that offers municipal advisory services to assign the label to bonds and other debt instruments based on a review of the project's adherence to the Climate Bonds Standard and Certification Scheme. The standards, consistent with the goals of the Paris climate accord, are overseen by an independent Climate Standards Board.

"Baker Tilly is proud to contribute to the advancement and assurance of the green bond market," said Vicki Hellenbrand, a managing partner and public sector practice leader, in a recent statement announcing the status. "This is another way we help state and local governments, utilities and school districts broaden investor pools and make a difference in their local communities."



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Project financings that may qualify for verification include those for bioenergy; low-carbon buildings, electrical grids and storage; geothermal energy; hydropower; low-carbon transport, solar, wind, waste and water sectors. The verification offers a pre-issuance review to allow for the certification mark for marketing purposes; the issuer must also provide post-issuance reports to retain the certification.

Demand for independent verification in the labeling of bonds is growing as the municipal market views on environmental, social, and governance related issuance evolve and attention to post-issuance reporting also is heightened.

"Given the current regulatory crackdown against "greenwashing" in other markets, our industry would be best served by adopting a more disciplined approach to labeled bonds," Triet Nguyen, vice president in strategic data operations at DPC Data, wrote in an [commentary published](#) by The Bond Buyer. "Certification by a third-party verifier is helpful, but it must be accompanied by an ongoing, genuine commitment on the issuer's part to achieve a clearly documented set of goals."

The standard applied to projects is based on scientific criteria consistent with the 1.5 degrees Celsius target declared in the 2015 Paris agreement and seeks to offer a universal, international application. It uses the Green Bond Principles and Green Loan Principles which have so far been a standard bearer in applying the "green label."

The scheme is also aligned with the proposed EU Green Bond Standard and the guidelines and rules in China, ASEAN, Japan, India and other countries and regions.

The Climate Bond Initiative promotes the standard as "the most detailed, climate aligned investment criteria available in the market and provides guidance to issuers, investors, governments and regulators."

The not-for-profit initiative launched in 2011 to promote large-scale investment in the low-carbon economy. It provides a database of certified corporate and municipal bonds and notes that it incorporates international standards.

An issuer must use an approved verifier and the Climate Bonds Standard Board must sign off on the certification.

The board members represent \$51 trillion of assets under management and include the California State Teachers Retirement System, California State Treasurer Fiona Ma's office, the Institutional Investors Group on Climate Change, the International Cooperative and Mutual Insurance Federation, the Investor Group on Climate Change, Ceres Investor Network, and the natural Resources defense Council. The board reports to the governors of the Climate Bonds Initiative, a registered charity in England and Wales.

"Certification under the Climate Bonds Standard is a mark of best practice in sustainable financing," Sean Kidney, chief executive officer of the Climate Bond Initiative, said in Baker Tilly's statement.