

Sustainability Bond Guidelines

June 2018



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Introduction

A market has developed for bonds aligned to both the Green Bond Principles (GBP) and the Social Bond Principles (SBP) (referred to as the “Principles”). These transactions reflect the continuing development of the use of proceeds bond market. Specific examples of such transactions can be found on the [GBP SBP Webpages](#) on ICMA’s Website

These guidelines have been published to confirm the relevance of the Principles in this context and facilitate the application of their guidance on transparency and disclosure to the Sustainability Bond market. The common four core components of the Principles and their recommendations on the use of external reviews and impact reporting therefore also apply to Sustainability Bonds.

The goal of this document is to promote the integrity of the Sustainability Bond market and to ensure that issuers are better able to anticipate and fulfil the expectations of investors. It aims to facilitate the availability of information for the review and evaluation of expected or realized positive green and social impacts by investors. It also assists underwriters by promoting the expected disclosure of information and methodology.

Sustainability Bond definition

Sustainability Bonds are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects. Sustainability Bonds are aligned with the four core components of both the GBP and SBP with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects.

It is understood that certain Social Projects may also have environmental co-benefits, and that certain Green Projects may have social co-benefits. The classification of a use of proceeds bond as a Green Bond, Social Bond, or Sustainability Bond should be determined by the issuer based on its primary objectives for the underlying projects.

It is important to note that Sustainability Bonds should not be considered fungible with bonds that are not aligned with the four core components of the Principles.





Resource Centre

Recommended templates and Green, Social and Sustainability Bond resources are being made available at the Resource Centre on the **GBP SBP Webpages** on ICMA's Website. Completed templates can be published online for market information at the Resource Centre by following the instructions at the link above.

Note

The four types of Green Bonds and Social Bonds referred to in the Appendix I of the GBP and the SBP respectively would also apply to Sustainability Bonds, when Green and Social Projects are combined.

It is also recognised that there is a market of sustainability themed bonds, including those linked to the Sustainable Development Goals ("SDGs"), in some cases issued by

organisations that are mainly or entirely involved in sustainable activities, but their bonds are not aligned to the four core components of the Principles. In such cases, investors will need to be informed accordingly and care should be taken to not imply GBP or SBP features by a Sustainability Bond or SDG reference. These organisations are encouraged to adopt where possible the relevant best practice of the GBP and SBP (e.g. for reporting) for such existing sustainability, SDG or otherwise themed bonds, and to align future issues with the Principles.

A mapping of the GBP and SBP to the Sustainable Development Goals (SDGs) is now available and aims to provide a broad frame of reference by which issuers, investors and bond market participants can evaluate the financing objectives of a given Green, Social or Sustainability Bond/Bond programme against the SDGs. It can be found on the **GBP SBP Webpages** on ICMA's Website.

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Contact details

ICMA Paris Representative Office

62 rue la Boétie

75008 Paris

France

Tel: +33 1 70 17 64 70

sustainabilitybonds@icmagroup.org

www.icmagroup.org



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