Annual Consultation 2020
Feedback
Members & Observers call 17 December 2020
The annual consultation conducted from 13 October 2020 to 13 November 2020 by the Secretariat on behalf of the Executive Committee, produced 78 answers received from both Members and Observers.

**Members' participation**

- No answer (137)
- Issuers (22)
- Investors (10)
- Underwriters (18)

**Observers' participation**

- No answer (121)
- Answers (28)

**Participation trend**

- Issuers
- Investors
- Underwriters
- Observers

**Geographic representation**

- Europe: 53
- North America: 7
- APAC: 11
- Supra National: 6
- Other: 1
Governance, Communication and Outreach

The Executive Committee (ExCom) has agreed on the following priorities. Which of them do you believe require the most consideration?

1. Pursue efforts of all Working Groups, with the potential input of the Advisory Council when appropriate, to develop further guidance for market participants.
2. Revisit the GBP SBP to ensure they remain aligned with current market practice.
3. Devise a communications plan for the Principles, including highlighting ongoing deliveries from WGs.
4. Update ExCom governance with a view to optimize inclusivity and rotation, and to ensure the continued global relevance of the GBP SBP and related guidance.
5. Organise further outreach efforts including virtual events focused on specific regions and education.
6. Consider new holistic name for the GBP SBP following the release of the Sustainability-Linked Bond Principles.
I- Governance, Communication and Outreach

Based on the GBP/SBP Vision & Mission, as well as the broadened mandate with the establishment of SLBP, do you feel the existing governance remains fully adequate?

At the ExCom level (13 responses):
- Term limit followed by a period of ineligibility
- Minimum quota for FI/corporate issuers
- Ensure expertise of candidates in both UoP and SLB
- Expand the membership to other categories

At the AC and/or WG level (7 responses):
- Clearer mandate for the AC (avoid mix up with WGs)
- Clearer guidance of the WG (coordinators extensive control over the outcome)
- WG membership (adequacy with the topic)
- Prior consultation before large meetings

Other (9 responses):
- Amend the text of the governance to better reflect the AC and the SLBs
- Open membership to SLB issuers
I- Governance, Communication and Outreach

I-3 The Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, the Sustainability-Linked Bonds are often referred to as “the Principles”. Nonetheless, the Executive Committee is considering the possibility of a more expressive/inclusive branding such as the “Green & Sustainable Bond Principles” or the “Sustainable Bond Principles”.

- **Sustainable Bond Principles** (34 in favour)
- **Green and Sustainable Bond Principles**
  (13 in favour)
- **The Principles** (4 in favour)
- **No branding** (4 in favour)

9 responses warned about the risk that “sustainable” might be confusing or misleading.

7 responses suggested to leave the door opened to other products:
- Principles for Sustainable Issuance/Financing
- Sustainable Debt/Capital Market Principles
- Sustainable Finance related Principles

6 responses proposed:
- ESG/SDG Bond Principles
## I- Governance, Communication and Outreach

The ExCom has agreed to devise a communications plan for the Principles and prioritise further outreach to support the international reach of the Principles. Do you have any observations or suggestions you would like to share with the ExCom?

<table>
<thead>
<tr>
<th>Communication at <strong>regional level</strong> (esp. Asia, LatAm and North America) (21 requests) with the help of appointed <strong>regional correspondents</strong> (4 requests)</th>
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<tbody>
<tr>
<td><strong>Regular usage of webinars, podcasts and social media</strong> (7 requests)</td>
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<td><strong>Tailor made conferences/courses (e.g. for investors, US municipals, or sector specific)</strong> (4 requests)</td>
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<td><strong>Explain of the role of the External Reviewers</strong> (2 requests)</td>
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<td><strong>More transparency on ExCom’s and Working Groups’ ongoing work (e.g. quarterly updates)</strong> (5 requests)</td>
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<td><strong>Corporate</strong> focused communication strategy (case studies, testimonials) (10 requests)</td>
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<td><strong>Explain the Principles in relation with other initiatives</strong> (ISO, UNDP), networks (GIIN, NGFS), or <strong>regulations</strong> (EU GBS) (10 requests)</td>
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<td><strong>Corporate</strong> focused communication strategy (case studies, testimonials) (10 requests)</td>
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<tr>
<td><strong>Explain the <strong>complementarity</strong> of UoP bonds over SLBs or other instruments &amp; Climate Transition</strong> (4 requests)</td>
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II. Green Bonds & Sustainability-Linked Bonds

II-1. Is there a need to update the Green Bond Principles version from 2018?

**Most popular arguments** (all raised by European based entities):
- Alignment/interplay with the EU GBS and EU taxonomy
- Inclusion of a DNSH criteria
- Lookback period for refinancing

**Other topics to be considered:**
- More transparency on the overall issuer’s strategy
- Extend the project categories
- Role of transition financing
- Role of external reviewers
- Standardisation of the frameworks
- Post issuance reporting best practices

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**GBP 2018 update**

- **YES (46%)**
  - Investors: 12
  - Issuers: 10
  - Underwriters: 6
  - Observers: 7

- **NO (54%)**
  - Investors: 13
  - Issuers: 10
  - Underwriters: 15
  - Observers: 3
II-2 For issuers: As a current or coming issuer of green bonds or sustainability linked instruments do you expect to use the EU Taxonomy for the selection of green assets or for setting KPIs?

**NO** has been ticked by MDBs, agencies and North American based entities but it is not an “absolute” No. It would require further assessment.

**YES** can also be explained by regulatory constraints:
- investors will soon need to disclose alignment with EU taxonomy and thus an issuer will potentially need to demonstrate alignment to facilitate their analysis.
- European companies that are subject to an obligation to publish a Non-Financial Statement shall report to what degree their business activities are aligned to the EU Taxonomy.

Most of the issuers think their framework is already aligned or are reviewing it to adapt accordingly.
-II- Green Bonds & Sustainability-Linked Bonds

II-3 For Investors: As an investor in green bonds would you favour sustainable instruments with reference to the EU Taxonomy?

Favour sustainable instruments with reference to the EU Taxonomy

- YES
- NO, but as a guide

7 YES
10 NO, but as a guide
-III- Impact Reporting – For investors

III-1  Do you already use any kind of technical tools like bond databases/platforms to compile and analyse the impact of your green bond holdings?

III-1-1  If yes, which tools do you use?

III-1-2  If no, what is the main reason for not using such a tool?

**Usage of Database or Platforms**

- 8 Yes, internal tools
- 4 Yes, external tools
- 2 Yes, both
- 4 No

**External sources:**
- MSCI ESG Data
- Sinzer
- EF database
- Lux Green Exchange Datahub
- Bloomberg

**Reasons for not using external tools:**
- Not enough consistency, accuracy or depth of scope in the data and reporting
- Different impacts measured or estimated
- Different methodologies
III-2 Which barriers or challenges do you experience to compile and analyse impact of your green bond holdings?

- No standard form
- Cost of a tool
- Differences in methodologies and assumptions (no aggregation is possible)
- Complexity and availability of reliable data
III-3 What kind of impact data and functions would you consider crucial if using tools like bond databases/platforms?

- Impact data at bond level (as opposed to company level)
- Underlying calculation methodologies and assumptions
- Standardized format
- Comparability of UoP categories
III-4 Does your organization experience any barriers to uploading, or having uploaded your impact data to impact databases/platforms?

III-4-1 If yes, what are the most important barriers?

### Barriers to upload

- **YES**
- **NO**

### Most important barriers

- **too many platforms**: 8
- **time**: 6
- **cost**: 5
- **legal**: 3
- **no report**: 2
- **complicated**: 2
- **other**: 6

### Heterogeneity

- Lack of a unique and clear set of specific metrics (as a result: low comparability among the performance analysis, inducing a high possibility of interpretation and subjectivity)
- Lack of common standard among the different platforms
- Number of solicitations is a time consuming project, esp. for corporate issuers
-III- Impact Reporting – For all

III-5  Do you recommend any other current topics or open questions with relevance for impact reporting the Impact Reporting Working Group should consider going forward?

**Most popular recommendations:**

- Guidance on aligning the reported impact with the issuer’s ESG strategy
- Guidance on the trade-offs between risks and benefits (process and method for assessment of DNSH topics)
- Methodology to measure impact for SLBs and guidance on recommended KPIs
- Guidance for systematic SDG mapping (from a scientific perspective) or SDG contribution measurement
- Methodology for impact reporting regarding opex and R&D expenses
- Set up a standardised approach to disclose all the necessary information to contextualise and ensure a better comparability of impact metrics

**Other recommendations:**

- Guidance on how to include methodologies for the calculation of impact indicators
- Recommendations on the choice of KPIs more adapted to SMEs or micro-finance
- Sector specific: Controversial sectors - Blue Bonds – Transition Bonds
- Communication on the existing impact reporting or disclosure requirements (EU GBS, BIS report, CFTC report, TCFD, FCA, ...) and put the work in perspective
- Guidance on the role of External Reviewers
Most of the respondents indicated that the Handbook is a very good complement to the Principles and an excellent introduction to new market participants.

It was also underlined the Q&A related to COVID-19 were particularly helpful, esp. considering eligible assets.

Some encouraged to update and refresh the Handbook on a regular basis as the market evolves.
The Executive Committee and the Sustainability-Linked Bonds (SLBs) Working Group are envisaging to include Q&As related to SLBs in the “Guidance handbook”. In your opinion, should it be:

- Separate section
- Thematically

SLB Q&A

19
54
-IV- Guidance Handbook & Helpdesk

IV-4-1 Have you used the Helpdesk service in the past?
IV-4-2 If you have answered No to the above question, do you expect using the Helpdesk in the future?

- Although some of the respondents indicated that they were not aware about this helpdesk, the vast majority answered that they don’t really need such a service, either because they have internal expertise or because they can easily ask for guidance banks, SPO providers or the Secretariat directly.

- It was also underlined that a lot of information is already publicly available on the website or through the Newsletters, which is sufficient.