

Social Bonds Working Group 2022-2023

Terms of Reference

Overall Objective: The chief objective of the Social Bonds Working Group (SBWG) is to accelerate the development of the social bond market through the consolidation and promotion of the Social Bond Principles, and the establishment of a market forum for potential Social Bond issuers, investors, and other market participants.

Objectives for 2022-2023: The working group has over recent work cycles successfully published a pre-issuance checklist and expanded impact reporting metrics and guidance as well as enhanced the High-Level SDG Mapping providing practical guidance on steps to issue Social Bonds. It also promoted the Social Bond market through a roundtable and podcasts. The aim over the next year(s) is to **(i)** promote Social Bonds with investors, issuers and policymakers, including review and response to proposed Social Bond Market regulations, standards and taxonomies **(ii)** explore market impediments and develop guidance on key market concepts; **(iii)** review and refine the SBP and other related documents including impact reporting as needed.

(i) Promotion of Social Bonds with investors, issuers and policymakers, including review and response to proposed Social Bond Market regulations, standards and taxonomies.

- Webinars, podcasts, videos, articles, case studies and/or other material to highlight deliverables and general Social Bond updates to be posted on the ICMA website.
- Follow regional or national standards/taxonomies, including the EU social taxonomy, and contribute to related consultations/requests for feedback.

Deliverables: Production/publication of webinars/podcast/videos/articles/case-studies, and feedback to consultations, as needed.

(ii) Exploration of market impediments and development of potential guidance the SBWG may provide on key market concepts, such as substantial contribution or risk mitigation

- A stock-taking exercise / outreach to investors and issuers to identify any key impediments in the market or limitations / omissions / need for further clarification in the current guidance. Recent reports, and feedback, on an EU social taxonomy illustrated the difficulty to define the notion of substantial contribution to a social objective as well as associated risk mitigation, which may be topics to explore.
- Develop and implement the scope for any potential guidance by the SBWG, based on the stock-taking exercise and which could include a specific focus such as on emerging markets and / or sovereign issuance.

Deliverables (potentially across multiple work cycles): Through outreach to SBWG (or members of the Principles) understand and map views, the development of Q&A or other guidance as needed.

(iii) Review and refinement of the SBP and other related documents including impact reporting as needed

- From a reporting metric point of view, there appears to be a social metric coalescence around the indicators: “number of people/families/households benefitted” and “number of jobs created”.¹ The SBWG could provide more granular guidance focused on context and practical

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implementation of the more common metrics, possibly structured around the most typical specific social issues or target groups that underpin social bonds.

- The SBWG could review the existing guidance (both Green and Social Harmonised Frameworks for Impact Reporting) to ensure cross-over definitions and the use of benchmarks are aligned, where possible. (For instance, the indicator “Number of people with access to improved sanitation facilities” could both reference the definition of “improved sanitation facilities” that follows the UNICEF-WHO Joint Monitoring Program.)
- The SBWG will monitor whether refinements or additions to the SBP, Q&A, and related documents, may be needed, for example, to encourage the use of the SBP by corporates or improve the communication around identification and management of risks associated with social projects.

Deliverables: Outreach to SBWG (or members of the Principles) to identify any reporting issues. Update of and addition to existing guidance material, depending on the feedback. Engage with other Working Groups to explore guidance around the concept of Just Transition.

Working Group Coordinators:

- European Bank of Reconstruction and Development (EBRD)
- Mirova
- World Bank

Working Group Members:

ABN Amro Bank	Development Bank of Japan	MUFG
Actiam	Development Bank of Southern Africa Limited	National Bank Financial
Allen & Overy LLP	DLA Piper	Natixis
Amundi	DNV Business Assurance Services UK Ltd	Natwest
Ashurst Hong Kong office	Enterprise Community Loan Fund	Nomura International
Association for Supporting the SDGs for the United Nations (ASD)	Erste Asset Management	Nordea
Australia and New Zealand Banking Group Limited (ANZ)	ESG Tech	Nordic Investment Bank (NIB)
AXA IM	Euronext Dublin	Ostrum
Banco BTG Pactual	European Bank of Reconstruction and Development (EBRD)	PeaceStartup Foundation
Bank of America	European Stability Mechanism	Pinsent Masons LLP
Bank of Montreal (BMO)	Financial Services Agency of Japan	Rabobank
Barclays	Freshfields Bruckhaus Deringer LLP	Raiffeisen Bank International AG (RBI)
BlackRock	Goldman Sachs AM	Rating and Investment Information

¹ From the 2021 CBI post-issuance reporting (https://www.climatebonds.net/files/reports/cbi_post_issuance_2021_02g.pdf): “Social metrics are becoming increasingly common but still cover a small share of the market, being mostly used by larger issuers or funders of large projects. By far the most common social metrics refer to the ‘number of people/families/households benefitted’ (which includes customers served or users added) and the ‘number of jobs created’, both of which appear across almost all project types to some degree.”

Bloomberg	Hong Kong Investment Funds Association	RBC
BNG	Hong Kong Quality Assurance Agency	Refinitiv
BNP Paribas	Impact Investment Exchange (IIX)	S&P Global Ratings
BNPParibas AM	Instituto de Crédito Oficial (ICO)	Santander CIB
BPCE SA	Inter-American Development Bank (IADB)	Scotiabank
Cadwalader, Wickersham & Taft LLP	International Finance Corporation (IFC)	SFIL/CAFFIL
Caixa Bank	Intesa Sanpaolo	Simmons & Simmons
Cassa depositi e prestiti S.p.A. (CDP)	ISS Corporate Solutions – Powered by ISS ESG	Singapore Exchange
CECEP Environmental Consulting	Itau Unibanco S.A.	Skandinaviska Enskilda Banken AB (SEB)
Center for Public Policy Development – ESPOL Polytechnic University	Japan Credit Rating Agency	SMBC Nikko Capital Markets
Center for Sustainable Finance – Vlerick Business School	Kestrel Verifiers	Social Value Institute
Citi Bank	King & Wood Mallesons LLP	Société Générale CIB
Clifford Chance LLP	KPMG LLP	SustainableFitch
Climate Bonds Initiative	Linklaters LLP	Sustainalytics
Commerzbank	Lloyds Bank Corporate Markets	T. Rowe Price International Ltd
Commonwealth Bank of Australia	Loan Market Association	TD Securities
Council of Europe Development Bank	Local Initiatives Support Corporation	The Standard Bank of South Africa Limited
Crédit Agricole – CIB	Luxembourg Stock Exchange	Threadneedle Asset Management
Crédit Suisse	Mainstreet Investment Partners	UN Women
Daiwa	Mayer Brown	UNICEF Luxembourg
Dentons	Mediobanca – Banca di Credito Finanziario S.p.A.	Wells Fargo
Deutsche Bank	Mizuho International plc	Westpac
Deutsche Kreditbank AG (DKB)	Moody's/Vigeo-Eiris	