

Thursday, 16 June 2016

2016 update of the Green Bond Principles creates online resource for voluntary issuer information on Green Bond alignment and introduces guidance for issuers of Social Bonds

Green Bonds raise funds for new and existing projects with environmentally sustainable benefits. The Green Bond market has grown substantially in recent years, with issuance to date in 2016 standing at over \$28 billion, providing financing for green projects from corporates, banks, multilateral development institutions, government agencies, as well as regional and municipal issuers.

The Green Bond Principles (GBP) are self-regulatory guidelines that provide the framework for the development of the Green Bond market based on transparency and disclosure. The GBP are recognised by a community of almost 200 investors, issuers, underwriters and observers globally, as well as increasingly by the authorities, as the reference for best practice both in developed and developing markets.

The 2016 edition of the GBP benefits from the input of GBP members and observers, from working groups and the wider Green Bond stakeholder community, and also takes into account recent market developments. While the 2016 update continues to be framed by the same four core components (use of proceeds, process for project evaluation and selection, management of proceeds and reporting), a particular effort has been made to recommend best practice on reporting and external reviews, including the use of templates designed to be made available publicly to the market through a GBP Resource Centre hosted by ICMA. It is expected that this will add significantly to market transparency and clarify further the process of Green Bond issuer alignment with the GBP.

The update contains new definitions and guidance for the type of external reviews that issuers are recommended to use to demonstrate their environmental project selection processes and their adherence to GBP recommendations. Further additions and details have also been included on green categories to help issuers and investors identify eligible green projects. Reporting recommendations have generally been strengthened and include important clarifications for issuers on ongoing expectations, and point to resources for impact reporting. Reference is also now made to the wider universe of environmental and climate themed bonds, including those from “pure play” green companies, to distinguish them from Green Bonds while also suggesting the adoption of GBP best practice where possible.

This update of the GBP acknowledges the application of the “use of proceeds” bond concept to themes beyond the environment, such as bonds financing projects with social objectives, or with a combination of social and environmental objectives. Guidance for Issuers of Social Bonds has therefore been developed in conformity with the core components of the GBP, providing voluntary guidelines facilitating transparency and disclosure in this emerging segment.

Eila Kreivi, Chair, Green Bond Principles and Head of Capital Markets, European Investment Bank, said: "The Green Bond Principles have gained broad market acceptance, as a means of driving transparency and accountability. Growth of issuance referencing the GBP underlines the market relevance of such guidelines. This new edition of the Green Bond Principles demonstrates that the GBP are adjusting to market developments and evolving best practice. The extensive consultation that led to the new GBP, as well as the enlarged Executive Committee and range of members and observers, show that this forum has made significant progress in broadening the involvement of relevant stakeholders."

Urban Angehrn, Chief Investment Officer, Zurich Insurance Group, said:

"Sustained growth in this market critically depends on the support from all the different stakeholders, and this new edition of the Green Bond Principles brings improvements for all of them. From an investor perspective, clarifications on the expected reporting as well as the guidance on Social Bonds are particularly welcome."

Marilyn Ceci, Managing Director and Head of Green Bonds for J.P. Morgan, said, "We originally drafted the Green Bond Principles to provide transparency and disclosure in the then nascent Green Bond Market. I am delighted to see that just two years later, the Principles continue to grow in membership and evolve with input from a broad set of stakeholders, and help shape the transition to a low carbon economy."

A full list of observers and members of the GBP is available from www.icmagroup.org/greenbonds.

[View the 2016 Green Bond Principles in full](#)

[View Guidance for Issuers of Social Bonds](#)

Contacts for press

Allan Malvar

+44 20 7213 0322

+44 7738 696 451

allan.malvar@icmagroup.org

Margaret Wilkinson

+44 20 7213 0323

+44 7931 100 499

margaret.wilkinson@icmagroup.org