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## **Green Bond Principles evolve to encourage new categories of issuers and embrace Social & Sustainability Bond market participants**

*Green bond market growing rapidly supported by official guidelines referencing the GBP  
Green Bond Principles embrace new categories of issuers and strengthen guidance on communication of environmental objectives  
Governance of the GBP broadened to admit Social and Sustainability Bond Market participants*

Changes introduced in the 2017 update of the Green Bond Principles (GBP), announced at the 3rd GBP AGM, held in Paris today are designed to clarify and strengthen the Principles, they include:

- Detail on objectives of the GBP and its role in promoting the Green Bond market
- Project and traceability language updated to facilitate issuance growth especially from sovereigns and corporates
- Stronger guidance on issuer communication of environmental strategy and management of material environmental and social risk factors
- Expanded and additional definitions of green categories and new impact reporting metrics

Other developments:

- Release of new Social Bond Principles in support of bonds raising funds for projects with positive social outcomes, including affordable housing, employment generation, food security and socioeconomic advancement and empowerment.
- New Sustainability Bond Guidelines published to provide guidance for bonds combining green and social projects
- Social and Sustainability bond market participants become eligible to become members of the GBP and fully integrated in its governance

An online Q&A has been made available to provide detailed guidance for participants in the Green, Social and Sustainability Bond markets

In the year since the last update, issuance in the green bond market has roughly doubled to \$80bn and stands at over \$45bn for the year to date<sup>1</sup>, with China especially driving this growth and becoming the largest source of issuance in 2016.

More than 90 new issuers came to the market over this period, increasing its diversity by geography and type of issuer and extending its maturity spectrum, including landmark inaugural sovereign issues from France and Poland. This growth and diversification is marked by important new investment initiatives such as dedicated green bond funds. Contributing further to the market's progress, additional green bond indices are available, as well as smart beta offerings catering to both passive and active asset managers.

This growth and increasing sophistication is underpinned by the GBP that provide the voluntary framework for the organisation of the international green bond market. The GBP also serve as a key

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<sup>1</sup> All figures from the Climate Bonds Initiative, unless stated

reference for countries and regulators wishing to provide additional guidance as in for example China, India, Japan, ASEAN and Brazil.

Martin Scheck, ICMA Chief Executive said: “The green bond market is growing and maturing and the social bond market is beginning to take off, this is good news for the funding of solutions for some of the really difficult problems the world faces. The enhancements to the GBP will help the market to continue its internationalisation while remaining focused on its core environmental objectives. Widening the scope of the Principles to include social and sustainability bonds will promote the growth of these sectors alongside green bonds”.

Bertrand de Mazières, Director General – Finance, European Investment Bank: “The great work of the GBP in providing guidelines for the development of the green bond market, and now in support of social and sustainability bonds, confirms the relevance and importance of this initiative in a wider context whereby green and sustainable finance, and their accountability and expected impact, are increasingly the focus of investors, but also of policymakers.”

Marilyn Ceci, Managing Director and Head of Green Bonds, J P Morgan Securities said “Continued global collaboration among issuers, investors and underwriters – as evidenced by the insightful feedback from the member and observer community during our annual consultation – is a true testament to the interest in green bonds. Together, we continue to bring green bonds into the mainstream.”

Manuel Lewin, Head of Responsible Investment, Zurich Insurance said: “The 2017 update to the GBP encourages issuers to provide information about their green projects in the context of their broader sustainability strategy and processes, establishing a critical link between the dedicated use of proceeds unique to green bonds, and the relevance of sustainability practices in the assessment of credit risk. At the same time, by introducing the Social Bond Principles, it is acknowledged that green is not the only colour that matters to investors. Zurich very much welcomes these and other updates and believes that they will contribute to the growing success of this market shaping a more resilient tomorrow.”

[View the 2017 Green Bond Principles](#)

[View the 2017 Social Bond Principles](#)

[View the Guidelines for Sustainability Bonds](#)

## **Notes for editors**

### **The Green Bond market and the GBP**

The green bond market aims to enable and develop the key role debt markets can play in funding projects that contribute to environmental sustainability. The Green Bond Principles (GBP) promote integrity in the green bond market through guidelines that recommend transparency, disclosure and reporting.

The 2017 update is still framed by the same four core components (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting). It also continues to underline the importance of the use of the recommended disclosure templates for issuers and the content of external reviews available at the [Resource Centre](#).

**GBP governance**

The Green Bond Principles community consists of more than 240 members and observers. Members are institutions that have issued, underwritten or placed, or invested in a Green Bond. Members elect the Executive Committee, decide on changes to GBP governance, and provide input to updates to the Principles. Observer status is designed to welcome organisations that are not yet in the market and/or are active in the field of green finance such as but not limited to NGOs, universities, auditors, and service providers. Observers are informed of GBP developments and are included on consultations regarding updates to the GBP. The International Capital Market Association (ICMA) provides support to the GBP including advice on governance and other issues.

**International Capital Market Association (ICMA)**

ICMA is the trade association for the international capital market with over 500 member firms from almost 60 countries, including banks, issuers, asset managers, infrastructure providers and law firms. It performs a crucial central role in the market by providing industry-driven standards and recommendations for issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market [www.icmagroup.org](http://www.icmagroup.org)

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