

14 June 2018

**Green Bond Principles and Social Bond Principles 2018 editions now released along with best practice guidelines for external reviewers, a mapping to the Sustainable Development Goals and a framework for social bonds impact reporting.**

On the occasion of the 4th Annual General Meeting and Conference of the Green Bond Principles held in Hong Kong today, the updated versions of the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines (the “Principles”) were published. A number of key documents that complement the Principles were also released.

These include:

- [Guidelines for External Reviews](#) promoting best practice and integrity in the provision of external review services for Green, Social and Sustainability Bonds.
- [A High-Level Mapping to the UN’s Sustainable Development Goals](#) of the Principles’ Eligible Project categories, recognizing investor and wider market interest in referencing SDGs within this context.
- The [Framework for Impact Reporting of Social Bonds](#) designed to accelerate progress on impact reporting for social and sustainability bonds.

The 2018 editions benefit from the contributions of the large community of market participants and stakeholders that support the Principles. Key changes include:

- Recognition of five high level environmental objectives, namely climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.
- Distinction between these environmental objectives and the projects designed to meet them.
- Reference to international and national initiatives to produce green taxonomies and classifications.
- Refinement to the definition of target populations that benefit from Social Projects within the SBP.
- Agreed detailed definitions of external review services, plus new template for reviewers to articulate the types of service provided.
- Emphasis on timely reporting by issuers to investors in the case of material developments.
- Confirmation that ESG or sustainability themed bonds are not aligned unless fully consistent with the four core components of the Principles.

Over 400 issuers have now issued Green, Social and Sustainability bonds in over 30 currencies across 50 countries globally. The Principles continue to be the key reference for market participants as well as for the official sector. In 2017, it is estimated that more than 85% of issuance in the Green Bond market was aligned with the GBP. The methodology and tools of the GBP also have wider relevance for the development of sustainable finance. Synergies with the loan market were crystallised in March with the [Green Loan Principles](#) released by the LMA & APLMA with the support of ICMA.

Martin Scheck, Chief Executive of the International Capital Market Association (ICMA), said: “The Green and Social Bond Principles and Sustainability Bond Guidelines continue to play a

leading role in the development of the green, social and sustainable bond markets at a time when sustainable finance is an increasing focus for policy makers the world over. The 2018 versions provide further clarity and support to market participants in a number of key areas and are supplemented, among other things, with new Guidelines for Green, Social and Sustainability Bond External Reviews. Whilst the Principles are voluntary process guidelines it is gratifying to note that where market authorities are contemplating regulation, or it has been introduced, the Principles are a major reference.”

Eila Kreivi, Head Capital Markets Department, European Investment Bank and chair of the Green Bond Principles Executive Committee states: “This year, the GBP update contains several important milestones and responses to the annual consultation. The Guidelines for External Review is one such example and the mapping to the Sustainable Development Goals another. In the GBP text itself, one important notion is introduced, i.e. the distinction between environmental objectives and the list of projects meant to meet them.”

Marilyn Ceci, Managing Director, Head of Green Bonds, J.P. Morgan and vice-chair of the Green Bond Principles Executive Committee said: “Each year our annual updates are the result of a comprehensive consultation with investors, issuers, underwriters, service providers and NGOs on our Working Groups. The Guidelines for Best Practices for External Reviewers will help harmonize reviews to ensure the independence and integrity of reviews.”

Johanna Köb, Head of Responsible Investment at Zurich Insurance and vice-chair of the Green Bond Principles Executive Committee said: “In 2018 we conducted the first systematic survey among the Principles’ investor community. It revealed that 70 percent of these investors are impact investors. The majority of them are interested in both environmental and social impact, and are just as likely to buy a green bond, as a social or sustainability bond. Many of the annual updates to the 2018 Principles and supporting tool kit focus on improving the measurement and communication of impact, which will certainly be good news to the investor community”.

[View the 2018 Green Bond Principles](#)  
[View the 2018 Social Bond Principles](#)  
[View the Guidelines for Sustainability Bonds](#)

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#### **Notes for editors**

##### **The Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG)**

The green, social and sustainability bond market aims to enable and develop the key role debt markets can play in funding projects that contribute to environmental sustainability or/and socio-economic challenges globally. The Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines (the “Principles”) promote integrity in this market through guidelines that recommend transparency, disclosure and reporting. The 2018 editions of the GBP and SBP remain framed by four core components (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting), as well as recommendations for the use of external reviews. They also continue to emphasise

the importance of the use of the recommended disclosure templates for issuers and the content of external reviews.

[www.icmagroup.org/green-social-and-sustainability-bonds](http://www.icmagroup.org/green-social-and-sustainability-bonds)

### **Green Bond and Social Bond Principles Governance**

The Green Bond and Social Bond Principles community consists of nearly 300 members and observers. Members are institutions that have issued, underwritten, placed, or invested in a Green, Social or Sustainability 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 active in the field of green finance, such as but not limited to NGOs, universities, auditors, and service providers, or are not yet active in the market. Observers are included in consultations regarding updates to the GBP and SBP and participate in working groups. The International Capital Market Association (ICMA) operates the Secretariat for the GBP and SBP and provides advice on governance and other issues.

### **International Capital Market Association (ICMA)**

ICMA is the trade association for the international capital market with over 530 member firms from more than 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 help to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market.

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