



To: Advisory Council members

From: GBP SBP Executive Committee

8 June 2020

The GBP SBP Executive Committee (ExCom) would like to thank all members of the Advisory Council for having actively contributed to the valuable deliveries summarised in the Workstreams Report

The ExCom has made a detailed review of the deliveries that came out from each workstream and would like to acknowledge their high quality and professional substance. The ExCom's specific responses are listed below.

1) Green Bond Data Quality workstream

The workstream encouraged the ExCom to consider including reference to recommendations 1 to 5 below together with the "Check-list" table into the next version of the Green Bond Principles or as an annex, as a way to promote best market practices.

1. Establish recommendations on the **disclosure of data points** (help issuers with guidance on higher quality voluntary disclosures): a summary check-list reflecting the current best practice in voluntary disclosure of quality information in the market; Framework and report templates to incorporate guidance on data quality best practices; Expanding the ICMA information template on the basis of current best practices
2. Clarify the **link between specific bond issuances and bond documentation**: In cases when issuers published multiple versions of their Green Bond Framework, it can become difficult to establish under which version of the Framework falls which issuance. A solution to this problem is to encourage Issuers to adjust the language in the "Use of proceeds" section of their bond documentation in order to establish a clear link between specific issuances and the related Framework.
3. Encourage **bond-by-bond reporting**: Currently, many issuers report on the scope of their bond programme or on the scope of their eligible asset pool. While reporting on the scope of a bond programme provides a global picture at the issuer level, it does not allow investors to assess the impact of individual bond offerings. ICMA could build on the work done by the Nordic Public Sector Issuers on that topic.
4. Clarify the **different levels of granularity of reporting**: Allocation and impact metrics can be provided at different levels.
5. **Streamline post-issuance external review**: Currently, only a minority of issuers engage external reviewers to verify their post-issuance report. External reviews on post-issuance reporting could increase the accuracy and the reliability of allocation and impact data. The EU GBS currently requires the final allocation report to be verified by external reviewers.

The ExCom appreciates these recommendations as well as the checklist and will consider how the GBP SBP, their templates and reporting practices, may reflect them in future updates. Several working groups will evaluate recommendations beginning in the summer of 2020. We have included your recommendation of a check list for the newly published Sustainability Linked Bond Principles. You will notice the similarity in format of your recommendation. Further, the Secretariat will consider how the recommendations can be incorporated in future development of the existing resource centre.

2) Social & Sustainability bonds workstream

This workstream issued White Paper on Social and Sustainability Bonds – “How to Foster the Development of the Market” which provides recommendations in both general and Covid-19-related contexts.

The ExCom welcomes the comprehensive White Paper, which has been circulated among the members of the Social Bonds Working Group. Many of these findings have been taken into account in the updated documents that the working group will release at the time of the GBP SBP Annual General Meeting (9 June), including in the Guidance Handbook where new Q&A’s related to Social Bonds have been included. The White Paper will be kept on the agenda of the Social Bond Working Group for the coming season and will be discussed further particularly your recommendations which encourage expanded social and sustainable bond research to broaden investor knowledge and identify new potential issuers and sectors for these instruments.

3) External Review Guidelines workstream

The workstream has recommended drafting changes to the GBP SBP External Review Guidelines of 2018.

The ExCom have actioned the proposal to update the External Review Guidelines. The proposed changes have been circulated for feedback from the External Reviewers with whom the current Guidelines were drafted. Following incorporation of this feedback, the ExCom has approved the publication of the updated version of the Guidelines at the time of the GBP SBP AGM on the 9 June 2020.

4) Risk factors for Green Bonds

An additional initiative was led by Latham & Watkins and White & Case law firms to provide a template for risk factor disclosures in prospectuses of use of proceeds bond issuances based on a template drafting.

The draft of a comprehensive green bond risk factor was well received by the ExCom. The ExCom has asked ICMA’s Legal and Documentation Committee, which consists of law firms and underwriters’ in-house legal counsels, to review the document and to recommend next steps. We expect this work stream will take time before any final decisions will be made.