

## Q&A for Social Bonds related to Covid-19

### **What types of issuers can issue Social Bonds related to COVID-19?**

All types of issuers in the debt capital markets can issue a Social Bond related to COVID-19, as long as all the four core components of the Social Bond Principles are addressed, and that the use of proceeds of the bond go exclusively towards addressing or mitigating social issues wholly or partially emanating from the coronavirus outbreak. There is no requirement to have previously issued a Social Bond.

### **What types of proceeds are eligible for a COVID-19 focused Social Bond?**

Social Bonds finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes. The global Coronavirus outbreak is a social issue that threatens the well-being of the world's population, especially the elderly and those with underlying health problems. In addition, millions of people around the world are suffering or will be suffering from the economic downturn and social isolation brought on by the impact of the pandemic. Relevant projects could be undertaken by various industries and sectors where the aim of the project(s) is to mitigate COVID-19- related social issues and bring about positive social outcomes, especially for target populations, which in this issue may also include the general population affected by the crisis.

Illustrative examples for eligible social projects can include for example COVID-19- related expenditures to increase capacity and efficiency in provisioning healthcare services and equipment, medical research, SME loans that support employment generation in affected small businesses, and projects specifically designed to prevent and/or alleviate unemployment stemming from the pandemic. The general population is likely to be affected by the pandemic, including by any resultant socioeconomic crisis, and Social Bonds, while seeking to achieve positive social outcomes for target populations, may also serve to address the needs of the general population.

### **Would an existing Social or Sustainability Bond issuer require a change to its framework to enable issuances related to COVID-19?**

An existing Social or Sustainability Bond issuer with an established framework which includes use of proceeds that comprise sectors affected by the coronavirus outbreak e.g. healthcare, employment generation, access to finance etc. would not need to amend its framework or use of proceeds language to explicitly mention the pandemic. The issuer should make transparent the positive social outcomes that a COVID-19 bond is targeting. In the absence of a broader social bond framework, issuers may also opt to specify how they will comply with the four core components of the SBP in the offering document for a COVID-19-focused Social Bond.

### **Can an issuer issue a Social Bond for COVID-19 where not all the proceeds are directed towards COVID-19 Projects?**

As with all GSS bonds, issuers should make known what the intended use of proceeds are for their Social Bonds. Where applicable, issuers should indicate whether a percentage of proceeds is earmarked for dedicated COVID-19 mitigation while the remaining proceeds could finance other eligible social projects.

**Is additional reporting required?**

Where possible, issuers should include recommended indicators applicable to COVID-19 in their annual Social or Sustainability impact report. See [Working Towards a Harmonized Framework for Impact Reporting for Social Bonds](#) for the core principles for reporting on Social Bonds.

**This is a crisis situation and requires swift action. Earmarking of proceeds might not be feasible.**

**Can all bonds that broadly target COVID 19 be labelled as Social Bonds?**

Only bond issuance that follows the four core requirements of the Social Bond Principles should be referred to as Social Bonds. While it is fully understandable that in the current situation not all issuers of bonds might be able to adhere to the Principles, in such a case they should refrain from using the Social Bond label.