



2019/2020 Working Group Social Bonds

Terms of reference

Overall Objective: The chief objective of this working group is to accelerate the development of the social bond market through the consolidation and promotion of the Social Bond Principles, and the establishment of a market forum for potential Social Bond issuers, investors, and market participants.
Objectives for 2019-2020

Objectives for 2019-2020: Last year, the working group successfully published an update to the Impact Reporting Framework for Social Bonds and to the Mapping SDGs to Green and Social Bonds. The aim over the next year is to (i) conduct some market intelligence to establish the hurdles to growth of social bonds issuances (ii) review and refine the SBP as needed; (iii) develop the Social Bond market infrastructure; and (iv) promote Social Bonds with policymakers.

(i) Conduct Market intelligence

To establish the hurdles to growth of social bonds, last year, the group conducted a survey of issuers to deduce what challenges issuers faced regarding issuance and management of social bond programs. We expect to continue this work with a survey to investors and a reconciliation thereafter.

Under this category, we will investigate the many different brands that still exist within social bond universe. Our meetings last year revealed that there are differing opinions as to what 'alignment' to the SDG means and on the relevance of the existing SDG indicators. We also expect to review whether the Sustainable Bonds Guidelines would benefit from an upgrade to "Principles" and if so, draft the document accordingly.

Deliverables: Survey results and analysis alongside issuer survey results. Potential upgrade of SBG to Principles. Further enhancement of the Mapping to SDGs. 1/2-page brief cases that would further illustrate project categories and target populations - for example, on how « especially but not exclusively for a target population » works in practice.

(ii) Review and Refine the SBP as needed

It is acknowledged that while there is no requirement or imminent need to revise the current wording of the SBP. However, it is advisable to host a few meetings to specifically focus on assessing the relevance of the present wording to ensure that it is apace with the market and other developments. Particular attention would be paid to the definition of target population and the project categories.

Deliverables: Potential updates to the SBP

(iii) Develop Social Bonds Market Infrastructure

There is currently inadequate "market infrastructure" for social bonds: no Social Bond indices, and fewer External Verifiers and consultants compared to the Green Bond market. In the coming months, the SBWG will endeavour to proactively reach out to these entities to promote adoption and integration of Social Bonds into market infrastructure. The SBWG will work alongside the Index group and engage with interested parties such as GIIN, CERES, Sitawi, Sust4in, etc. for their input in the development of the product.

(iv) Promote Social Bonds with Policymakers

Social Bonds remains a nascent product. Several players, potential issuers and also regulators, official institutions and public entities, are currently contemplating the product. It is important that the SBWG

constitute itself as a main contact point to guide on best practices and market dynamics. The SWBG should also have a proactive approach with policy makers et al on this matter.

Working group coordinators:

- Amundi
- International Finance Corporation (IFC)
- Mirova

Working group members:

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| Actiam | EBRD | Morgan Stanley |
| Axa IM | ENEL | Natixis |
| Barclays | European Stability Mechanism | NIB |
| BNP Paribas | Goldman Sachs | Nomura Securities |
| Bank of America | Hogan Lovells Lee & Lee | Nordea |
| Crédit Agricole CIB | HSBC | OP Corporate Bank |
| Cassa depositi e prestiti S.p.A. (CDP) | IADB | SMBC Nikko Capital Markets |
| Climate Bonds Initiative | ICO | Symbiotics |
| Citi | Impact Investment Exchange (IIX) | TD Bank |
| Council of Europe Development Bank | ING | Threadneedle Asset Management |
| Daiwa | Japan Credit Rating Agency | UN PRI |
| Deutsche Kreditbank AG (DKB) | JP Morgan | Union Investment |
| Development Bank of Japan | Luxembourg Stock Exchange | VIGEO |
| | Mizuho | World Bank |