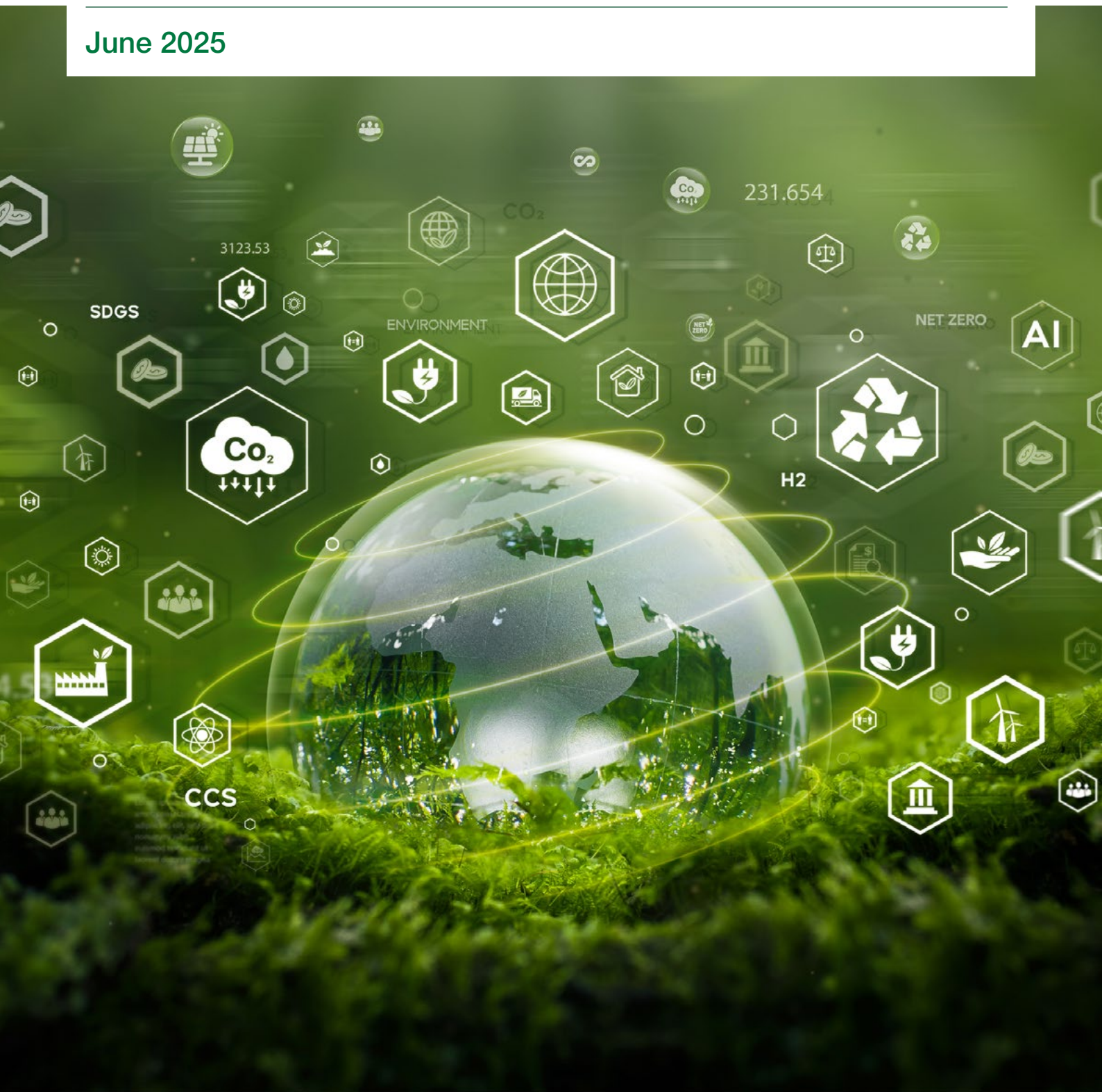


Green Bond Principles

Voluntary Process Guidelines for Issuing Green Bonds

June 2025



Introduction

The Green Bond Principles (GBP), together with the [Social Bond Principles](#) (SBP), the [Sustainability Bond Guidelines](#) (SBG) and the [Sustainability-Linked Bond Principles](#) (SLBP) are published under the governance of the Principles. The Principles are a collection of voluntary frameworks with the stated mission and vision of promoting the role that global debt capital markets can play in financing progress towards environmental and social sustainability.

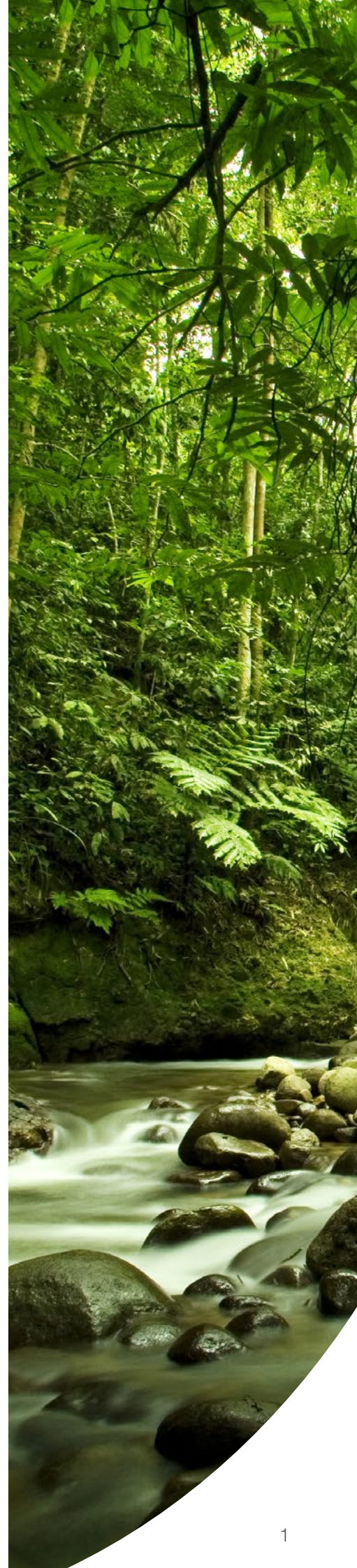
The Principles outline best practices when issuing bonds serving social and/or environmental purposes through global guidelines and recommendations that promote transparency and disclosure, thereby underpinning the integrity of the market. The Principles also raise awareness of the importance of environmental and social impact among financial market participants, which ultimately aims to attract more capital to support sustainable development.

The GBP seek to support issuers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy and protect the environment. GBP-aligned issuance should provide transparent green credentials alongside an investment opportunity. By recommending that issuers report on the use of Green Bond proceeds, the GBP promote a step change in transparency that facilitates the tracking of funds to environmental projects, while simultaneously aiming to improve insight into their estimated impact.

The GBP provide high level categories for eligible Green Projects in recognition of the diversity of current views and of the ongoing development in the understanding of environmental issues and consequences, while referring when needed to other parties that provide complementary definitions, standards and taxonomies for determining the environmental sustainability of projects. The GBP encourage all participants in the market to use this foundation to develop their own robust practices, referencing a broad set of complementary criteria as relevant.

The GBP are collaborative and consultative in nature based on the contributions of [Members and Observers](#) of the Principles, and of the wider community of stakeholders. They are updated as required in order to reflect the development and growth of the global Green Bond market. The GBP, and the Principles generally, are coordinated by the [Executive Committee](#) with the support of the Secretariat.

In addition to the GBP, the Principles offer approaches that reflect issuer level sustainability commitments, which can supplement or provide an alternative to a focus on use of proceeds. Such commitments can be expressed through Sustainability-Linked Bonds, as well as through dedicated issuer strategies and disclosures as recommended by the [Climate Transition Finance Handbook](#) when communicating Paris-aligned transition plans. An illustration of the products and related guidance covered by the Principles is depicted in Appendix II.



The 2025 Edition of the GBP

This edition of the GBP includes a reference to the [Green Enabling Projects Guidance](#) document published in June 2024. A number of “enabling” activities are not currently considered green per se but remain critical to the eligible categories listed in the GBP. A Green Enabling Project is a necessary component of an enabled Green Project’s value chain, specifically in relation to its development, manufacturing, implementation, or scaling up, even if it does not yield direct environmental objectives on its own. These projects establish the necessary conditions for the success and existence of Green Projects.

Furthermore, in addition to assets, investments and other related and supporting expenditures, this version includes “activities” in the definition of Green Projects.

Green Bond Definition

Green Bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects (see Use of Proceeds section below) and which are aligned with the four core components of the GBP.

Different types of Green Bonds exist in the market. These are described in Appendix I.

It is understood that certain eligible Green Projects may have social co-benefits, and that the classification of a use of proceeds bond as a Green Bond should be determined by the issuer based on its primary objectives for the underlying projects (bonds that intentionally mix eligible Green and Social Projects are referred to as Sustainability Bonds, and specific guidance for these is provided separately in the [Sustainability Bond Guidelines](#)).

It is important to note that Green Bonds should not be considered fungible with bonds that are not aligned with the four core components of the GBP. Bonds issued under earlier Green Bond Guidance released prior to this version are deemed consistent with the GBP.



Green Bond Principles

The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. The GBP are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Green Bond; they aid investors by promoting availability of information necessary to evaluate the environmental impact of their Green Bond investments; and they assist underwriters by offering vital steps that will facilitate transactions that preserve the integrity of the market.

The GBP recommend a clear process and disclosure for issuers, which investors, banks, underwriters, arrangers, placement agents and others may use to understand the characteristics of any given Green Bond. The GBP emphasise the required transparency, accuracy and integrity of the information that will be disclosed and reported by issuers to stakeholders through core components and key recommendations.

The four core components for alignment with the GBP are:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The key recommendations for heightened transparency are:

- (i) Green Bond Frameworks
- (ii) External Reviews

1. Use of Proceeds

The cornerstone of a Green Bond is the utilisation of the proceeds of the bond for eligible Green Projects, which should be appropriately described in the legal documentation of the security. All designated eligible Green Projects should provide clear environmental benefits, which will be assessed and, where feasible, quantified by the issuer.

In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced eligible Green Projects.

The GBP explicitly recognise several broad categories of eligibility for Green Projects, which contribute to environmental objectives, such as: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.

The following list of project categories, while indicative, captures the most commonly used types of projects supported, or expected to be supported by the Green Bond market. Green Projects include assets, investments and activities, as well as other related and supporting expenditures, such as R&D that may relate to more than one category and/or environmental objective. Three environmental objectives identified above (pollution prevention and control, biodiversity conservation and climate change adaptation) also serve as project categories in the list. As such, they refer to the projects that are more specifically designed to meet these environmental objectives.

The eligible Green Projects categories, listed in no specific order, include, but are not limited to:

- **Renewable energy** (including production, transmission, appliances and products);
- **Energy efficiency** (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products);
- **Pollution prevention and control** (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy);



- **Environmentally sustainable management of living natural resources and land use** (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes);
- **Terrestrial and aquatic biodiversity** conservation (including the protection of coastal, marine and watershed environments);
- **Clean transportation** (such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions);
- **Sustainable water and wastewater management** (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation);
- **Climate change adaptation** (including efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate observation and early warning systems);
- **Circular economy adapted products, production technologies and processes** (such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services); **and/or certified eco-efficient products;**
- **Green buildings** that meet regional, national or internationally recognised standards or certifications for environmental performance.

The GBP recognise that Green Enabling Projects may be a necessary component for an eligible Green Project to be developed and/or implemented. All Green Enabling Projects should provide clear environmental benefits and ensure protection against any potential adverse environmental and social impacts. Issuers wishing to finance Green Enabling Projects through Green Bonds should refer to the [Green Enabling Projects Guidance document](#).

While the GBP's purpose is not to take a position on which green technologies, standards, claims and declarations are optimal for environmentally sustainable benefits, it is noteworthy that there are several current international and national initiatives to produce taxonomies and nomenclatures, as well as to provide mapping between them to ensure comparability. These may give further guidance to Green Bond issuers as to what may be considered green and eligible by investors. These taxonomies are currently at various stages of development. Issuers and other stakeholders can refer to examples in the [sustainable finance section](#) of ICMA's website.

Furthermore, there are many institutions that provide independent analysis, advice and guidance on the quality of different green solutions and environmental practices. Definitions of green and Green Projects may also vary depending on sector and geography.

Finally, where issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement, guidance on issuer level disclosures and climate transition strategies may be sought from the [Climate Transition Finance Handbook](#).



2. Process for Project Evaluation and Selection

The issuer of a Green Bond should clearly communicate to investors:

- The environmental sustainability objectives of the eligible Green Projects;
- The process by which the issuer determines how the projects fit within the eligible Green Projects categories (examples are identified above); and
- Complementary information on processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s).

Issuers are also encouraged to:

- Position the information communicated above within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.
- Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria, including if applicable, exclusion criteria; and also disclose any green standards or certifications referenced in project selection.
- Have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s). Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful.

3. Management of Proceeds

The net proceeds of the Green Bond, or an amount equal to these net proceeds, should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner, and attested to by the issuer in a formal internal process linked to the issuer's lending and investment operations for eligible Green Projects.

So long as the Green Bond is outstanding, the balance of the tracked net proceeds should be periodically adjusted to match allocations to eligible Green Projects made during that period. The issuer should make known to investors the intended types of temporary placement for the balance of unallocated net proceeds.

The proceeds of Green Bonds can be managed per bond (bond-by-bond approach) or on an aggregated basis for multiple green bonds (portfolio approach).

The GBP encourage a high level of transparency and recommend that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Green Bond proceeds (see Key Recommendations section below).

4. Reporting

Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).

Transparency is of particular value in communicating the expected and/or achieved impact of projects. The GBP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Issuers should refer to and adopt, where possible, the guidance and impact reporting templates provided in the [Harmonised Framework for Impact Reporting](#).

The use of a summary, which reflects the main characteristics of a Green Bond or a Green Bond programme, and illustrates its key features in alignment with the four core components of the GBP, may help inform market participants. To that end, a template can be found in the [sustainable finance section](#) of ICMA's website which once completed can be made available online for market information.

Key Recommendations

Green Bond Frameworks

Issuers should explain the alignment of their Green Bond or Green Bond programme with the four core components of the GBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) in a Green Bond Framework or in their legal documentation. Such Green Bond Frameworks and/or legal documentation should be available in a readily accessible format to investors.

It is recommended that issuers summarise in their Green Bond Framework relevant information within the context of the issuer's overarching sustainability strategy. This may include reference to the five high level environmental objectives of the GBP (climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control). Issuers are also encouraged to disclose any taxonomies, green standards or certifications referenced in project selection.

When communicating Paris-aligned transition strategies in the context of projects targeting climate change mitigation, issuers are encouraged to use guidance from the [Climate Transition Finance Handbook](#).

External Reviews

It is recommended that issuers appoint (an) external review provider(s) to assess through a pre-issuance external review the alignment of their Green Bond or Green Bond programme and/or Framework with the four core components of the GBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) as defined above.

Post issuance, it is recommended that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the Green Bond proceeds to eligible Green Projects.

There are a variety of ways for issuers to obtain outside input to their Green Bond process and there are several types of review that can be provided to the market. Issuers should consult the [Guidelines for External Reviews](#) for recommendations and explanations on the different types of reviews. These Guidelines have been developed by

the GBP to promote best practice. They are a market-based initiative to provide information and transparency on the external review processes for issuers, underwriters, investors, other stakeholders and external reviewers themselves.

The GBP encourage external review providers to disclose their credentials and relevant expertise and communicate clearly the scope of the review(s) conducted. Issuers should make external reviews publicly available on their website and/or through any other accessible communication channel as appropriate and if feasible, as well as use the template for external reviews available in the [sustainable finance section](#) of ICMA's website.

Disclaimer

The Green Bond Principles are voluntary process guidelines that neither constitute an offer to purchase or sell securities nor constitute specific advice of whatever form (tax, legal, environmental, accounting or regulatory) in respect of Green Bonds or any other securities. The Green Bond Principles do not create any rights in, or liability to, any person, public or private. Issuers adopt and implement the Green Bond Principles voluntarily and independently, without reliance on or recourse to the Green Bond Principles, and are solely responsible for the decision to issue Green Bonds. Underwriters of Green Bonds are not responsible if issuers do not comply with their commitments to Green Bonds and the use of the resulting net proceeds. If there is a conflict between any applicable laws, statutes and regulations and the guidelines set forth in the Green Bond Principles, the relevant local laws, statutes and regulations shall prevail.

Appendix I (June 2022)

Types of Green Bonds

There are currently four types of Green Bonds (additional types may emerge as the market develops and these will be incorporated in GBP updates):

1. **Standard Green Use of Proceeds Bond:** an unsecured debt obligation with full recourse-to-the-issuer only and aligned with the GBP.
2. **Green Revenue Bond:** a non-recourse-to-the-issuer debt obligation aligned with the GBP in which the credit exposure in the bond is to the pledged cash flows of the revenue streams, fees, taxes etc., and whose use of proceeds go to related or unrelated Green Project(s).
3. **Green Project Bond:** a project bond for a single or multiple Green Project(s) for which the investor has direct exposure to the risk of the project(s) with or without potential recourse to the issuer, and that is aligned with the GBP.
4. **Secured Green Bond:** a secured bond where the net proceeds will be exclusively applied to finance or refinance either:
 - i. The Green Project(s) securing the specific bond only (a “Secured Green Collateral Bond”); or

- ii. The Green Project(s) of the issuer, originator or sponsor, where such Green Projects may or may not be securing the specific bond in whole or in part (a “Secured Green Standard Bond”). A Secured Green Standard Bond may be a specific class or tranche of a larger transaction.

This Secured Green Bond category may include, but is not limited to, covered bonds, securitisations, asset-backed commercial paper, secured notes and other secured structures, where generally, the cash flows of assets are available as a source of repayment or assets serve as security for the bonds in priority to other claims.

For each Secured Green Bond, the issuer, originator or sponsor should clearly specify in its marketing materials, offering documentation or by other means which method defined in (i) or (ii) above is being applied, i.e. whether it is a Secured Green Collateral Bond or a Secured Green Standard Bond.

There should be no double counting of Green Projects under a Secured Green Bond with any other type of outstanding green financing and the issuer, originator or sponsor (as applicable) must ensure full alignment with all Core Components of the GBP.



Note 1

It is recognised that there is a market of environmental, climate or otherwise themed bonds, in some cases referred to as “pure play”, issued by organisations that are mainly or entirely involved in environmentally sustainable activities, but that do not follow the four core components of the GBP. In such cases, investors will need to be informed accordingly, and care should be taken to not imply GBP features by a Green Bond reference. These organisations are encouraged to adopt where possible the relevant best practice of the GBP (e.g. for reporting) for such existing environmental, climate or otherwise themed bonds, and to align future issues with the GBP.

Note 2

It is recognised that there is a market of bonds with sustainable themes which finance a combination of green and social projects, including those linked to the Sustainable Development Goals (“SDGs”). In some cases, such bonds may be issued by organisations that are mainly or entirely involved in sustainable activities, but their bonds may not align to the four core components of the GBP. In such cases, investors will need to be informed accordingly, and care should be taken to not imply GBP (or SBP) features by a Sustainability Bond or SDG reference. These issuing entities are encouraged to adopt, where possible, the relevant best practice of the GBP and SBP (e.g. for reporting) for such existing sustainability, SDG or otherwise themed bonds, and to align future issues with the GBP and SBP.

A mapping of the GBP and SBP to the Sustainable Development Goals (SDGs) is available and aims to provide a broad frame of reference by which issuers, investors and market participants can evaluate the financing objectives of a given Green, Social or Sustainability Bond/Bond Programme against the SDGs. It can be found in the [sustainable finance section](#) of ICMA’s website.

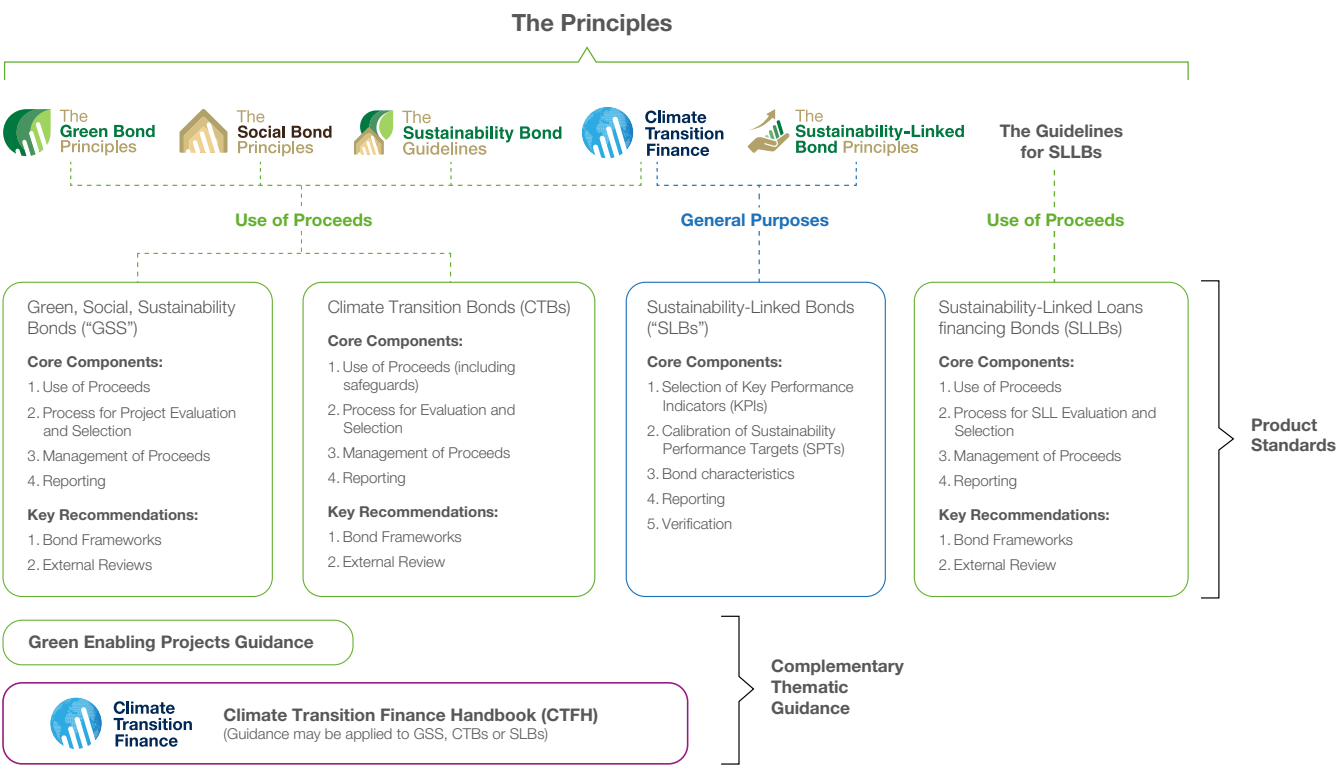
Note 3

It is recognised that a number of transactions have been promoted as “Blue Bonds” or similar terminology with the objective of emphasising the importance of the sustainable use of maritime resources and of the promotion of related sustainable economic activities. These efforts are also supported by dedicated market initiatives including official sector support. Such “Blue Bonds” are also Green Bonds as long as they align with the four core components of the GBP.

Note 4

It is recognised that issuers may wish to align their Green Bonds with both the GBP and the SLBP. For the avoidance of doubt, such an approach remains at the discretion of issuers and is neither recommended nor discouraged.

Appendix II



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