





Sustainable Bonds for Nature: A Practitioner's Guide

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Introduction

Nature – biodiversity, ecosystems, and ecosystem services – provides critical services to the functioning of the planet and the global economy, ensuring human well-being and powering economic growth and job opportunities. Yet, global economic activity and consumption patterns are driving the unprecedented loss of nature. The Intergovernmental Science and Policy Platform on Biodiversity and Ecosystem Services (IPBES)¹ and the United Nations Convention on Biological Diversity (UN CBD)² identified five human-made direct drivers of biodiversity and ecosystem services loss (also referred to as "pressures"): land and sea use change, direct use and (over)exploitation of natural resources, climate change, pollution, and invasive alien species.

In response, the Kunming-Montreal Global Biodiversity Framework (GBF)³, adopted by 188 countries in 2022, calls for a whole-of-economy transformation to halt and reverse nature loss by 2030 for the benefit of people and the planet. Investing in such a transformation to conserve and restore critical natural ecosystems and to shift economic sectors to sustainable practices can create long-term value, achieve global environmental objectives, and support sustainable livelihoods. The GBF estimates the annual financing needs to be \$700 billion to meet these objectives.

The bond market has substantial potential to drive investments towards achieving the collective goals articulated in the GBF. A number of nature and biodiversity themed green bonds have already been issued where an amount equal to a portion or 100% of the proceeds was allocated to conservation and restoration, and/or activities addressing the direct drivers of nature loss. These issuances reflect a growing interest in these types of themed instruments.

Market participants often use the terms nature and biodiversity interchangeably, even though they have distinct definitions. The IPBES refers to nature as "the natural world with an emphasis on the diversity of living organisms and their interactions among themselves and with their environment."⁴ The UN CBD defines biodiversity as "the variability among living organisms from all sources, including inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems."⁵

In plain language, biodiversity is the living part of nature – all plants and animals, while nature is all of our natural world – living (biodiversity) plus all other inanimate components that comprise our planet, such as geology, water, air and climate.⁶ The interaction between living and non-living parts of the natural world creates ecosystems that produce ecosystem services to support human life and economic activities.

In this Guide, nature and biodiversity adhere to these definitions, with nature being used henceforth as a broader term that encompasses biodiversity, natural ecosystems, and the ecosystem services they generate.

About this Guide

This voluntary Guide is for broad use by the market:

- to provide issuers with guidance on the key components involved in issuing a credible nature-themed bond;
- to aid investors by promoting availability of information to evaluate the environmental impact of their nature-themed bond investments;
- to assist underwriters by offering steps that will facilitate the design of transactions that preserve the integrity of the market; and

¹ https://www.ipbes.net/.

² https://unfccc.int/process-and-meetings/the-rio-conventions.

^{3 &}lt;u>https://www.cbd.int/gbf</u>.

⁴ https://www.ipbes.net/document-library-catalogue/ipbes-conceptual-framework-connecting-nature-and-people.

 <u>https://www.cbd.int/convention/articles?a=cbd-02</u>.
 <u>https://www.cbd.int/idb/activities/difference-biodiversity-nature.pdf</u>.

• to equip external reviewers such as second party opinion (SPO) providers and verifiers with a better understanding of what to expect from a nature-related sustainable bond framework.⁷

The Guide builds on the existing global market standards that underpin the global sustainable bond markets: the <u>Green</u> <u>Bond Principles</u> (GBP), the <u>Social Bond Principles</u> (SBP), the <u>Sustainability Bond Guidelines</u> (SBG), and the <u>Sustainability-Linked Bond Principles</u> (SLBP) provided by the International Capital Market Association (ICMA), collectively known as "the Principles". These voluntary global market standards have outlined best practice for sustainable bonds since 2014, promoting integrity in the development of the market by clarifying the approach for issuance.

This Guide is meant to be used in conjunction with these Principles. It acts as an additional thematic guidance for use of proceeds (UoP) bonds such as green bonds or sustainability bonds to finance projects supporting nature, considering that such activities span all eligible green project categories.⁸ It also provides issuers with the option for green bonds aligned to the GBP and with proceeds exclusively applied to finance nature-related projects to use the secondary designation of a "Nature Bond". Finally, the Guide points to the potential for sustainability-linked bonds to incorporate nature-related key performance indicators (KPIs) (N.B. social projects related to nature and biodiversity can be financed through a social or sustainability bond or issuers can use social KPIs to underline their strategy).

Although this Guide focuses on bonds, it may also be applicable to other debt instruments such as loans. In the case of loans, it is recommended that this Guide be considered alongside the <u>Green Loan Principles</u> (GLP) and the <u>Sustainability-Linked Loan Principles</u> (SLLP).

The Guide is intended for use by all types of issuers (private and public sector). Issuers from the public sector can follow similar steps starting with policy review, biodiversity expenditure review, biodiversity financial needs assessment and the establishment of a biodiversity finance plan:

- Policy review: policies, actors, existing mechanism that influence biodiversity finance;
- Biodiversity expenditure review: how much it spent for biodiversity in a specific sector or on a specific theme, whether budget and expenditures are aligned with national policies priorities and what the expenditures have achieved;
- Biodiversity financial needs assessment: how much it is needed to reach the national biodiversity targets;
- Implementation of the biodiversity finance plan: recommended finance solutions, sector, financial results, source of finance and contribution to NBSAP, GBF and SDGs.

Importance of nature

Nature provides essential ecosystem services to our economies such as water, food, raw materials, medicine, regulation of climate, water and air quality, nutrient cycling, soil formation and pollination among others.

Yet, the natural world is experiencing a rapid and alarming decline. Three-quarters of the land-based environment and about two thirds of the marine environment have been significantly altered by human actions.⁹ Over the last 50 years, there has been a 73% decline in the average size of monitored wildlife populations,¹⁰ driven by changes in land and sea use, climate change, pollution, natural resource use and (over)exploitation, and the spread of invasive species.¹¹ Around one million animal and plant species are threatened with extinction – more than ever before in human history – and 14 out of 18 ecosystem services are in decline.¹²

This alarming decline makes conservation, restoration, sustainable use of nature, and the reduction of the direct economic

⁷ General guidelines for external reviews can be found on the ICMA website.

⁸ ICMA also provides guidance for green enabling projects, which are key to the value chain of green projects. Green enabling projects are not themselves explicitly considered green but remain critical to eligible green projects as defined in the Green Bond Principles (GBP). The ExCom of the Principles will consider in the future updates of this guidance and related documents for potential green enabling projects related to nature.

⁹ https://www.ipbes.net/global-assessment.

¹⁰ https://livingplanet.panda.org/en-US/living-planet-report-2024-key-messages/.

¹¹ https://ipbes.net/models-drivers-biodiversity-ecosystem-change

¹² https://www.ipbes.net/global-assessment.

drivers of nature loss urgent. The global economy depends on nature, with half of it exposed to material nature risk.¹³ On the other hand, a transformation to nature-smart economies could create \$10.1 trillion in annual business opportunities, 395 million new jobs by 2030, and significant opportunities for income diversification that support local economies.¹⁴

Importance of bonds to finance nature

Nature finance has emerged as a key area within green finance. By focusing on nature conservation and restoration, transformation of economic activities to reduce one or more of the direct drivers of biodiversity, ecosystems' and ecosystem services' loss, the integration of nature-based solutions across economic sectors, and supporting policies, tools, and activities, sustainable (GSS) bonds can channel resources towards meeting the GBF's goal of halting and reversing nature loss. Additionally, they may offer a wider array of investible assets for investors looking to build portfolios centred around nature-themed investments.

Given the Principles' recommendation to clearly communicate complementary information on the management of material risks of negative environmental/social impacts from eligible projects, GSS bonds also serve as tools for enhanced issuer-investor engagement on potential nature-related risks and externalities at both the green/social project and entity level.

Nature-themed bonds are typically UoPs bonds such as green bonds or sustainability bonds (for a combination of green and social projects) aligned to the four core components of the GBP:

- 1. Use of Proceeds (UoP)
- 2. Process for Project Evaluation and Selection
- 3. Management of Proceeds
- 4. Reporting (Allocation and Impact Reporting)

Related to the first and fourth core component, section I and II of this guidance are aimed at providing market participants with a better understanding of nature-related use of proceeds and relevant indicators for impact reporting (see appendix).

Sustainability-linked bonds (SLBs) are another instrument through which issuers can deliver quantified improvements in biodiversity and reduce pressures on ecosystems. Indeed, changes in practices or business models that do not necessarily require large amounts of capital expenditures can also have substantial positive impacts on nature.

As a forward-looking performance-based instrument, SLBs allow issuers to underline their nature-related strategies and contribution to the GBF. In conjunction with the SLBP, section III of this Guide is therefore aimed at providing market participants with a better understanding of what constitute nature-related KPIs and how they can be assessed as relevant and material.



13 https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_02020.pdf. 14 https://www.weforum.org/publications/new-nature-economy-report-ii-the-future-of-nature-and-business/

I. Use of proceeds for nature-themed bonds

This section aims to give market participants a better understanding of what kind of projects could be financed with a nature-themed green bond. Building on the GBP, it offers guidance to issuers through providing an indicative list of nature-related projects.

Nature-related projects may contribute to:15

- a) restoration and conservation of biodiversity, ecosystems and ecosystem services;¹⁶
- b) transformation of economic activities to reduce one or more of the direct drivers of biodiversity, ecosystems and ecosystem services loss: land and sea use change, overexploitation of natural resources, pollution, spread of invasive species, and climate change;¹⁷
- c) integration of nature-based solutions¹⁸ across economic sectors; and
- d) implementation of initiatives (policies for sovereign issuers), tools, and activities that support projects under (a) to (c) above.

All nature-themed bonds should go beyond a "business as usual" (BAU) scenario and should ensure identification, assessment and management of environmental and social risks and impacts associated with the projects and investments supported.

Such projects can span all the 10 eligible green project categories of the GBP in which case they would also contribute to one or more of the GBP's five specified environmental objectives:

- i. climate change mitigation
- ii. climate change adaptation
- iii. natural resource conservation
- iv. biodiversity conservation
- v. pollution prevention and control

In this context, nature-related projects can fall under more than one theme of green finance. For example, a project to restore mangroves can sequester carbon, increase resilience of coastal areas, and restore a coastal ecosystem. Such a project could be considered as contributing towards climate change mitigation, climate change adaptation, and/or blue or nature-themed finance.

The overlap between these objectives and themes is to be expected given the interconnectivity between climate and nature and the fact that the blue economy is part of nature (blue projects, including both freshwater and ocean-related projects, can be financed under the GBP. Additionally, for ocean finance supporting SDG 14, issuers should also see <u>Bonds to Finance the Sustainable Blue Economy</u> published in September 2023). In these cases, it is up to issuers to emphasise the type of results they seek to achieve as a primary focus depending on their sustainability strategy.

¹⁵ Worldbank: Note on nature finance tracking methodology.

¹⁶ The IPCC defines ecosystem services as "ecological processes or functions which have value to individuals or society"

¹⁷ There are well-developed taxonomies for projects that target climate change, which are not covered in this guidance. Climate-related projects cited here are only those that have significant localised nature benefits.

¹⁸ Defined by the United Nations Environment Assembly as "actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services, resilience and biodiversity benefits".

While climate and nature are connected, not all climate-related projects directly benefit nature beyond addressing climate change as a driver of nature loss, and not all nature-related projects support climate change mitigation or adaptation. Issuers should provide details on the UoPs and themes being financed in their GBP aligned framework and/or bond documentation. Where the proceeds of a green bond aligned to the GBP are exclusively applied to finance nature-related projects, it is up to the issuer whether to give the bond the secondary designation of a "Nature Bond". Nature-related projects can also constitute only a portion of the financing raised through a green bond.

Some of the GBP eligible green projects' categories, such as terrestrial and aquatic biodiversity and environmentally sustainable management of living natural resources and land use, explicitly target as their primary or secondary objective substantial positive outcomes for biodiversity, natural ecosystems, and the services they generate. Others, like pollution prevention and control and sustainable water and wastewater management, seek to achieve other outcomes, but in doing so they can reduce the direct drivers of nature loss in economic activity and thus may be deemed to contribute meaningfully to the goal of halting and reversing nature loss.

The appendix provides an indicative list of nature-related projects that can be supported by a nature-themed bond. Issuers are encouraged to identify the alignment of their nature-related projects with the targets set out in the GBF. The appendix therefore also includes relevant GBF targets that the individual projects may be contributing to achieve directly or indirectly.

In this Guide, "projects" is a broad term encompassing assets, investments and activities, as well as other related and supporting expenditures such as research and development (R&D) that may contribute to one or more of the GBP environmental objectives. This also includes potential investments and interventions led by public sector issuers (such as sovereigns or development finance institutions) in support of the implementation of the National Biodiversity Strategies and Action Plans (NBSAPs), national biodiversity finance plans, and ultimately, the GBF targets. Examples of such public sector interventions range from direct investments in conservation and restoration of nature, to expenditure linked to implementation of environmental policies and regulations, as well as capacity-building and technical and scientific cooperation, or establishment of environmental markets and robust enforcement, monitoring, and governance mechanisms to promote sustainable management of natural assets.

Issuers should note that while in some cases, an entire project can be considered eligible for a nature-themed bond, in other cases only a portion of a project corresponding to the activities listed in the appendix can be considered eligible.

Following the Principles' process for risk management in project evaluation and selection, issuers should clearly communicate to investors complementary information on the processes by which they identify and manage perceived social and environmental risks associated with the relevant project(s). Issuers should furthermore 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 undertaking clear and relevant trade-off analyses and monitoring where the issuer assesses the potential risks to be meaningful.¹⁹

The Principles also recommend heightened transparency for issuer-level sustainability strategies and commitments, and encourage information, if relevant, on the degree of alignment of projects with official or market-based taxonomies.²⁰

 Financing directed at identifying, evaluating and managing potential adverse environmental risks of the project on nature, in accordance with safeguards standards like for example, those prescribed by national legislation or IFC Environmental and Social Performance Standards or equivalent, is outside the scope of nature finance. The appendix aims to capture value addition for nature beyond business-as-usual, namely compliance with minimum environmental safeguards standards.
 Public sector issuers could also look to BIOFIN's <u>Global Biodiversity Expenditure (GLOBE) Taxonomy</u>.

II. Impact Reporting

All projects classified as eligible for a nature-themed bond in line with this guidance should report on at least one relevant impact indicator to demonstrate measurable contributions to nature. Issuers are encouraged to report on any environmental or social co-benefits of projects.

The appendix provides a list of relevant impact reporting metrics, drawing from the <u>Harmonised Framework for Impact</u> <u>Reporting</u>²¹ for green projects. To facilitate comparison of project results, it is suggested that issuers aim to report on at least a limited number of sector specific core indicators for projects included in their green bond programmes. However, other indicators may be deemed relevant as well.

The indicators proposed aim to capture and illustrate the environmental and sustainability benefits of projects relating to nature, under the 10 broad categories of GBP eligible green projects. However, there may be projects for which the proposed indicators are either not applicable or the data is not available. In such cases, issuers are encouraged to use metrics appropriate for these projects.

Furthermore, indicators are developed to measure improvements in outcomes made as a result of a project. Where issuers already implement best in class practices and therefore may not be able to demonstrate an improvement, they are encouraged to articulate how their practices exceed "business as usual" (BAU) scenarios for the industry (e.g. relevant to "increase in" and "reduction of" indicators).

As the focus and objectives of nature-themed projects are highly dependent on individual circumstances of the relevant habitat, it is crucial to provide information on the core dimensions of the project, its specific characteristics and the metrics to analyse the results. The importance of the geographic context in the assessment of solutions reinforces the benefit of additional disclosures, such as the national, regional and local context and information on the population served.

In addition to the specific quantitative impact reporting metrics proposed, issuers are encouraged to provide qualitative information, including all strategies, actions and plans for managing the impacts on nature. Depending on the project, this could include, for example, qualitative information about the type of natural or ecological infrastructure used. Such qualitative information is also encouraged to provide a meaningful context for understanding and assessing the baseline situation and the improvement as a result of the project, which may be further complemented by more general indicators such as Mean Species Abundance (MSA) and Potentially Disappeared Fraction (PDF) of species.



21 Impact indicators were drawn from either same GBP categories or other GBP categories. In addition, this guide contains newly suggested indicators for impact reporting.

III. Sustainability–Linked Bonds with a Focus on Nature

Issuers wishing to underline their nature-related strategy²² can issue a sustainability-linked bond (SLB). SLBs are usually general-purpose bonds that can incorporate nature-related KPIs to enable issuers to demonstrate their commitment to contribute to the achievement of the goals of the Global Biodiversity Framework (GBF). Such SLBs can increase transparency and dialogue between issuers and investors on nature-related risks and opportunities and serve as a tool to align and incentivise various teams within issuers' organisations to deliver quantified improvements in biodiversity, natural ecosystems, and ecosystem services.

This guidance builds on the <u>Sustainability-Linked Bond Principles</u> (SLBP) recommendations on launching a credible and ambitious SLB. The SLBP consist of five core components:

- 1. Selection of Key Performance Indicators (KPIs)
- 2. Calibration of Sustainability Performance Targets (SPTs)
- 3. Bond characteristics
- 4. Reporting
- 5. Verification

Given the complexity, specificity to location/organisation and measurement challenges associated with nature-related sustainability objectives, this guidance highlights key considerations for the selection of Key Performance Indicators (KPIs) and calibration of Sustainability Performance Targets (SPTs).

Selection of KPIs

The SLBP underscore the importance of selecting KPIs that address issues that are material to the issuer's sustainability performance and business activities. In this sense, KPIs should be relevant, core and material to the issuer's overall business or ESG policies, consistent with the issuer's sustainability strategy or policies, measurable or quantifiable on a consistent methodological basis, externally verifiable, and able to be benchmarked as much as possible. In alignment with the SLBP, these indicators should be under management's control.

Issuers may wish to consider KPIs suggested in the <u>Illustrative KPIs Registry</u> or other nature-related metrics and indicators, including composite indices, as long as they are relevant, core and material to the issuer's overall business or policies, and of high strategic significance to the issuer's current and/or future operations. Issuers may wish to select KPIs specific to a location or activity in their value chain after assessing their nature impacts/dependencies and prioritising the locations or activities that require urgent action. Given the variety and complexity of activities, actions and objectives that may be captured by a nature-related indicator, issuers should prioritise KPIs based on their simplicity, comparability/ availability of benchmarks and ease of assessment by investors.

Nature-related KPIs may contribute to the (examples below are indicative, not exhaustive):²³

a) Restoration and conservation of biodiversity and ecosystem services.

Examples: Area of habitats protected or restored or rehabilitated, or under restoration or rehabilitation (in km² or % of total surface); species richness and relative abundance of priority biodiversity species (in number); agricultural land set aside for biodiversity conservation (in ha).

b) Transformation of economic activities to reduce one or more of the direct drivers of biodiversity, ecosystems and ecosystem services loss – land and sea use change, overexploitation of natural resources, pollution, spread of invasive species, and climate change.²⁴

Examples: Quantity of pollutants (and/or annual average concentrations) in water discharged (absolute in t or intensity in t / m³); quantity of water withdrawals (m³ or % reduction); area under soil conservation/regenerative agricultural practices, including increased cover crop coverage, complex crop rotation, crop diversity practices, maintaining living roots/permanent soil coverage, minimum or no tillage farming and/or crop and livestock integration (in ha and % of area farmed); area under sustainable forest management (in ha).

c) Integration of nature-based solutions across economic sectors.

Examples: % of water treatment facilities or m³ of water treated using nature-based solutions; area of mangroves created, rehabilitated, or restored to reduce flooding and soil erosion and increase coastal resilience (in ha and % of total area; increase in %); share of solar panels with cooling system totally based on nature-based solutions (in %; increase in %).

d) Implementation of initiatives (policies for sovereign issuers), tools, and activities that support activities listed in (a) to (c) above.

Examples: Area under integrated spatial planning to conserve areas of biodiversity importance within farm systems and create biodiversity corridors across multiple farms (in ha and % of area farmed); area covered by assessments of groundwater budget to avoid overextraction of groundwater and ensure that discharge does not exceed recharge; supply chain covered by traceability mechanisms, data, and technologies that promote zero deforestation or other positive effects on biodiversity (in t/y and % of total supply).

Investors may expect issuers to provide the local context and explain how a KPI relates to the nature-related impacts, dependencies, challenges and/or opportunities in its operations or value chain. Issuers may wish to refer to the following resources to address this:

- Sectoral materiality matrices per IPBES drivers of biodiversity loss,²⁵
- Own assessments conducted for disclosing information according to the Taskforce on Nature-related Financial Disclosures (<u>TNFD</u>),
- Synthetic biodiversity footprints²⁶ showing quantitative materiality of a given pressure on the nature the KPI aims to reduce,
- An impact assessment of a given pressure on ecosystems the KPI is addressing.

In addition to aligning with the overarching SLBP recommendations on selecting KPIs that are material to issuers' economic activities and sustainability performance, issuers may wish to communicate their rationale for KPI selection by referencing specific goals, targets and indicators laid out in the GBF monitoring framework.²⁷

²³ Worldbank: Note on nature finance tracking methodology.

²⁴ There are well-developed taxonomies that target climate change, which are not covered in this guidance. Climate-related KPIs can only be considered for nature issuances if they have significant localised nature benefits.

²⁵ See <u>SBTN sectoral materiality tool</u> and resources page.

²⁶ Synthetic biodiversity footprints are an estimate of the impacts of a company's activities on ecosystems. This is based on a company's financial, physical flows and when available environmental reporting (Sox, Nox, CO2 emissions, water consumption, ecotoxicity, etc.). Often expressed in MSA.km² or pdf.km², it provides information on the level of biodiversity degradation induced by an economic activity (ex: a 1,000 MSA.km² footprint is equivalent to the artificialisation of 1,000 square kilometres of pristine ecosystem).
27 <u>https://www.cbd.int/gbf/related/monitoring</u>.

These multi-faceted GBF targets and indicators are meant to enable national target setting and are considered a work in progress that may be updated over time. Nonetheless, issuers may find it helpful to reference a GBF target(s) to demonstrate their KPIs' relevance to nature-related challenges and opportunities. Similarly, issuers may wish to align their KPI definition to that of a GBF headline indicator as these are supported by extensive bibliography on their scientific basis and relevance to GBF targets and goals.

Calibration of Sustainability Performance Targets (SPTs)

Issuers may wish to reference the targets and trajectories laid out in the following resources to demonstrate the ambition of their SPTs:

- National Biodiversity Strategies and Action Plans (NBSAPs)
- Global Biodiversity Framework (GBF)
- Sustainable Development Goals (SDGs)
- Regulatory standards or frameworks
- Industry-led or sectoral target-setting methodologies
- Science-based target setting guidance

If practical and feasible, issuers are encouraged to communicate both the expected and observed effects on nature by achieving the SPTs. This information may be provided quantitatively or qualitatively in pre-issuance disclosures and annual reporting.



Appendix: Indicative nature-related projects and impact reporting indicators

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
		Renewable Energy
Nature-based solutions for renewable energy Projects that use nature-based solutions in renewable energy projects to reduce land- and sea-use change, overuse of natural resources, and provide additional biodiversity benefits (e.g. agrivoltaics, integrating vegetation supporting pollinators in solar projects, technologies and practices to reduce water use in solar farms, offshore wind farm artificial reef management).	T8, T11 T1	 Core indicators: Capacity of renewable energy plant(s) constructed or rehabilitated using nature-based solutions, in MW Area of land restored/remediated/rehabilitated (m²/hectares) Annual absolute (gross) water use before and after the project in m³/a, reduction in water use in % Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Other indicators: Actions to preserve biodiversity (e.g. installation of nesting platforms for overhead lines) Increase in species richness and relative abundance of priority biodiversity species (in number) Improvements in site-specific physical, chemical, and/or biological indicators of soil quality (including but not limited to: nutrient concentration (phospho-rus, nitrate), pH level, reactive carbon, water hold capacity and soil organic matter)

28 In some cases, an entire project can be considered eligible for a nature-themed bond and in other cases only a portion of a project corresponding to the activities listed in the table can be considered eligible for a nature-themed bond. 29 GBF targets that individual projects may be contributing to achieve directly are in bold. The full list of GBF targets can be found here: <u>https://www.cbd.int/gbf/targets</u>.

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Bioenergy Projects that use sustainably sourced biowaste for low emission energy production and contribute to pollution reduction from discarded waste (e.g. agricultural and forestry waste, sludge).	T7 T8, T11	 Core indicators: Amount of energy recovered from non-recyclable waste (MWh/GWh or GJ/TJ) Other indicators: Reduction in air pollutants (SO2, NOx, PM, VOCs, SF6) from fossil fuels (in tonnes p.a.) Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent^{so} Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy) Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes p.a. Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %) Absolute or % reduction in local pollutants
		Energy Efficiency
Nature-based solutions for energy efficiency Projects that use nature-based solutions to improve energy efficiency through avoided energy use for cooling and traditional stormwater capture and treatment (e.g. urban parks, green roofs and facades, rain gardens, constructed wetlands for stormwater/ wastewater purification).	T8, T11, T12 T7	 Core indicators: Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Other indicators: Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent³¹ Capacity of the nature-based structure (in m³ and % of total capacity if combined with grey infrastructure; increase in %) Area of land restored/remediated/rehabilitated (m²/hectares) Social indicators (social co-benefits): Increased number of urban residents with access to thermally safe conditions in buildings/transport systems

30 Where CO2 emissions figures are reported, the GHG accounting methodology and assumptions should be referenced. 31 Where CO2 emissions figures are reported, the GHG accounting methodology and assumptions should be referenced.

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
		Pollution prevention and control
Reduction of chemicals harmful to biodiversity		Core indicators:Increase in area under certified organic or sustainable agriculture (ha and % of acreage farmed)
Projects that prevent, reduce and/or substitute harmful chemicals to biodiversity in soil and water from sectors that include (but are not limited to) agriculture, forestry, fisheries, aquaculture, manufacturing, mining, construction (e.g. reduction in use of agrochemicals, alternative biological and mechanical pest-control methods, organic fertiliser, organic dies in textiles, decommissioning of tailing dams).	T7, T10 T2, T11	 Other indicators: Area cultivated by precision agriculture in km² Increase in area under integrated pest management (ha and % of acreage farmed) Reduction of chemicals, anti-microbials or pesticides per tonne of fish and in % Reduction in chemical inputs in kg/ha and in % Absolute or % reduction in local pollutants Improvements in site-specific physical, chemical, and/or biological indicators of soil quality (including but not limited to: nutrient concentration (phosphorus, nitrate), pH level, reactive carbon, water hold capacity and soil organic matter) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants)

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Waste management Projects that prevent, reduce, reuse, and recycle waste and contribute to reducing soil and water pollution (e.g. recycling, food loss and waste avoidance, solid waste collection, urban drainage systems, safe disposal of hazardous waste or remediation of hazardous waste sites, landfills or illegal waste dumps, biochar production from sustainably sourced biomass waste).	T7 T2, T16	 Core indicators: Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes p.a. Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste Annual absolute (gross) amount of biodegradable waste, digestate and compost that is recovered in tonnes p.a. and/or in % of total waste Annual absolute (gross) amount of biodegradable waste, digestate and compost that is recovered in tonnes p.a. and/or in % of total waste Area of land restored/remediated/rehabilitated (m² / hectares) Improvements in site-specific physical, chemical, and/or biological indicators of soil quality (including but not limited to: nutrient concentration (phosphorus, nitrate), pH level, reactive carbon, water hold capacity and soil organic matter) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Other indicators: Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %) Annual absolute (gross) amount of secondary raw materials, by-products and/or waste that is recovered in tonnes p.a. and/or in % of total waste that will be used to develop new materials Improved manure treatment practice (% of total volume) Products changed to increase waste reduction Tonnes of secondary raw materials or compost produced Area with improved regular (daily, weekly or bi-weekly) waste collection service Social indicators (social co-benefits): Number of people or % of population with access to waste collection under the project Number of people benefitting from selective collection of recordables

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Nature-based solutions for pollution prevention and control Projects that use natural infrastructure to complement or displace grey infrastructure to prevent or remove pollutants from soil and water (e.g. vegetated buffer strips to reduce runoff of agrochemicals and sediment into rivers, swales to treat stormwater runoff, constructed wetlands to remove chemicals, using bivalves and seaweed native species to treat water pollution).	т7, Т11, Т12 Т2, Т8	 Core indicators: Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Increase in area under wetland management³² in km² Improvements in site-specific physical, chemical, and/or biological indicators of soil quality (including but not limited to: nutrient concentration (phosphorus, nitrate), pH level, reactive carbon, water hold capacity and soil organic matter) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Other indicators: Absolute or % reduction in local pollutants Area of land restored/remediated/rehabilitated (m² / hectares) Increase in area under management practices targeting improved ecosystem services provision (e.g. pollination) (ha and % of acreage farmed) Capacity of the nature-based structure (in m³/second or m³ and % of total capacity if combined with grey infrastructure; increase in %)

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
	Environme	ntally sustainable management of living natural resources and land use
Sustainable forestry and agribusiness land management and production practices Projects that conserve and restore biodiversity, natural ecosystems or the services they provide within productive landscapes, promote (deforestation/ conversion free practices, ³³ regenerate soil, reduce natural (e.g. water) and chemical (e.g. agrichemical) input use, sustainably improve productivity or reduce crop losses, restore a degraded landscape with native or naturalised species or enable natural assisted regeneration, use diversified crops and promote sustainable non-timber forest products, produce alternative proteins. ³⁴	T1, T2, T3, T4, T7, T10, T11 T8, T16	 Core indicators: Increase in agricultural land set aside for biodiversity conservation (e.g. rewilding, conversion of land along field edges to woodland) (ha and % of acreage farmed) Increase in area under cutified organic or sustainable agriculture (ha and % of acreage farmed) Increase in area under sustainable forest management (ha) / Area converted from conventional logging to reduced-impact logging practices (% of managed forestland) / Adoption of harvesting methods that minimise impacts on soil (% of managed forestland) Maintenance/safeguarding/increase of protected area/DECM/habitat/natural landscape area (including forest) in km² and in % for increase Improvements in site-specific physical, chemical, and/or biological indicators of soil (e.g. nutrient concentration (phosphorus, nitrate), pH level, reactive carbon, water hold capacity, and soil organic matter) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Reduction in chemical inputs in kg/ha and in % Area of land restored/remediated/rehabilitated (m?/hectares) Other indicators: Increase in area under integrated pest management (ha and % of acreage farmed) Increase in feedstock supply chain certification coverage (% of total feedstock volume) Increase in feedstock supply chain certification coverage (% of total feedstock volume) Farmland under soil conservation/regenerative agricultural practices, including increased cover crop coverage, complex crop rotation, crop diversity practices, maintaining living roots/permanent soil coverage, minimum or no tillage farming and/or crop and livestock integration (ha and % of acreage farmed) Pasture area under improved management such as Management Intensive Rotational Grazing (MIG) systems and silvopastoral grazing practices

33 Conversion here refers to change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. This includes deforestation, for example.
34 It is recommended for practices related to all activities in this category to be certified with internationally or nationally accepted sustainability certifications, where feasible, which follow audit protocols that confirm biodiversity and nature benefits.

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Sustainable fisheries management and production practices Projects that prevent overfishing, reduce catch losses, reduce bycatch, contribute to repopulation of native species, address illegal, unreported and unregulated fishing, properly dispose of nets.	T2, T4, T10 T5, T9, T11, T16	 Core indicators: Increase in % of certified sustainable fisheries Increase in tonnes of sustainable seafood production Maintenance/safeguarding/increase of protected area/OECM/habitat/natural landscape area (including forest) in km² and in % for increase Area of land restored/remediated/rehabilitated (m²/hectares) Other indicators: Reduction in abandoned, lost or otherwise discarded fishing gear (ALDFG) volumes Increase in cold storage facilities in absolute number and/or in installed capacity (metric tonnes) Number of projects involving integration of bycatch exclusion devices and other fishing gear modification programmes
		 Increase in low-impact fishing gear (in % of operations covered)

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Sustainable aquaculture Projects that reduce pressure on wild fisheries, reduce the use of damaging inputs and pollution, and do not undermine the function and resilience of coastal and marine ecosystems, including through nature-based solutions (e.g. restoration of mangroves to treat effluent from aquaculture ponds, species diversification to reduce use of antibiotics, other veterinary products or pesticides; optimising feedstock use or multi-species systems to minimise feed waste; sustainably sourced or circular feedstock).	T2, T4, T10 T5, T9, T11, T16	 Core indicators: Increase in % of certified sustainable aquaculture Increase in tonnes of sustainable seafood production Maintenance/safeguarding/increase of protected area/OECM/habitat/natural landscape area (including forest) in km² and in % for increase Decrease in the dependence on the direct wild capture of fish in favour of farm-raised broodstocks (% total stock for fish production)³⁵ Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Area of land restored/remediated/rehabilitated (m²/hectares) Other indicators: Reduction of chemicals, anti-microbials, pesticides, and/or waste discharged per tonne of fish and in % Increase in feed supply chain certification coverage (% of total feedstock volume) Increase in the share of feed that can be shown to be deforestation- or conversion-free Reduction in the use of fish meal and fish oil taken from wild stocks as feed (e.g. in favour of using alternative protein ingredients such as algal, insect, or single-cell ingredients) Reduction in the occurrence of farmed fish escapes / Percentage of operations covered by new design improvements mitigating the risk of escape Absolute or % reduction in local pollutants Capacity of the nature-based structure (in m³/second or m³ and % of total capacity if combined with grey infrastructure; increase in %)

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
		Terrestrial and aquatic biodiversity conservation
Conserving and restoring ecosystems and the biodiversity they support Projects that conserve and manage habitats for biodiversity, ecosystem function and services through protected areas or other effective area-based conservation measures (e.g. collaborative management partnerships for conservation, ecotourism); rewild or restore degraded terrestrial, aquatic, marine ecosystems (e.g. natural assisted regeneration of forests), or improve their connectivity (e.g. biodiversity corridors); enhance carbon sequestration; prevent, control and/or eliminate invasive species; reduce human-wildlife conflict; maintain and restore genetic diversity within and between species, and/or sustainable sourcing of bioingredients from conservation areas.	T1, T2, T3, T4, T5, T6, T13 T7, T8, T11, T12	 Core indicators: Increase of area under certified land management in km² or m² and in % Maintenance/safeguarding/increase of protected area/OECM/habitat/natural landscape area (including forest) in km² and in % for increase Area of land restored/remediated/rehabilitated (m²/hectares) Absolute number of predefined target organisms and species per km² (bigger fauna) or m² (smaller fauna and flora) before and after the project Absolute number of protected and/or priority species that are deemed sensitive in protected/ conserved area before and after the project Absolute number of protected and/or priority species that are deemed sensitive in protected/ conserved area before and after the project Other indicators: Reduction in the absolute number of invading species and/or area occupied by invading species in m² or km² before and after the project Increase in the Ecosystem Integrity Index or equivalent Absolute number of indigenous, native and/or naturalised species, flora or fauna (trees, shrubs and grasses, etc.) restored through the project Number of wildlife crossings created

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Productive and protective buffer zones Projects that contribute to habitat conservation through the establishment of protective buffer zones that produce agroforestry (e.g. shade grown coffee) or forestry commodities that displace products from illegal deforestation and reduce pressures from natural forests (e.g. establishment of managed plantations of hardwood species on degraded lands, establishment of managed plantations for charcoal production).	T1, T2, T3, T9 T10, T11	 Core indicators: Increase of area under certified land management in km² or m² and in % (in buffer zones of protected areas) Maintenance/safeguarding/increase of protected area/OECM/habitat/natural landscape area (including forest) in km² and in % for Increase in area under sustainable forest management (ha) / Area converted from conventional logging to reduced-impact logging practices (% of managed forestland) / Adoption of harvesting methods that minimise impacts on soil (% of managed forestland) Increase in species richness and relative abundance of priority biodiversity species (in number) Other indicators: Volume of sustainably sourced goods produced or procured (m³/tonnes) Area covered by sustainable land and water resources management practices Area of land remediated/rehabilitated (m²/hectares) Production of native non-timber forest products (in tonnes p.a. and % of total; increase in %) Improvement in the Species Threat Abatement and Restoration (STAR) score Increase in the Forest Landscape Integrity Index Increase in the Ecosystem Integrity Index or equivalent
Restoration of hydrologically altered waters Projects that retrofit or remove dams to restore freshwater ecosystem connectivity, flows, sediment, temperature, and improve water quality.	T2, T11	 Core indicators: Maintenance/safeguarding/increase of protected area/OECM/habitat/natural landscape area (including forest) in km² and in % for increase Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Area of land restored/remediated/rehabilitated (m²/hectares) Increase in species richness and relative abundance of priority biodiversity species (in number) Other indicators: Area covered by sustainable land and water resources management practices (ha and in % for increase) Improvement in the Species Threat Abatement and Restoration (STAR) score Increase in the Ecosystem Integrity Index or equivalent

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
		Clean transportation
Biodiversity-friendly transport and logistics Projects that implement measures in transport and logistics to avoid the transportation of invasive species and/or prevent and reduce soil, water, noise and light pollution negatively affecting species (e.g. ballast and water treatment systems on ships, solid waste facilities at ports and terminals, technologies on ships to reduce noise pollution harmful to ocean species, tools and/or alternative routing to avoid collision with animal species, non-toxic hull cleaning substances).	Τ6, Τ7 Τ1, Τ4	 Core indicators: Absolute or % reduction in local pollutants Reduction in the absolute number of invading species and/or area occupied by invading species in m² or km² before and after the project Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³/a and p.e./a and as % Improvements in site-specific physical, chemical, and/or biological indicators of soil (including but not limited to: nutrient concentration (phosphorus, nitrate), pH level, reactive carbon, water hold capacity and soil organic matter) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Other indicators: Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste) Ambient noise reduction from the transport infrastructure in decibels and as % of baseline Share of fleet with noise reduction technology (in %; increase in %) Vessels with navigation systems that include biodiversity-protection technology (in number and % of fleet; increase in %) Capacity of ballast water treatment (in m³/s; increase in %) and/or vessels with ballast water treatment systems installed (in number and % of fleet; increase in %) Capacity of membrane bioreactor-type water treatment (in m³/s; increase in %) and/or vessels with bilge water treatment bioreactor-type water treatment (in matter more and % of fleet; increase in %) Capacity of ballast water treatment (in m³/s; increase in %) and/or vessels with bilge water treatment systems installed (in number and % of fleet; increase in %) Capacity of ballast water treatment (in m³/s; increase in %) and/or vessels with bilge water treatment systems installed (in number and % of fleet; i

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Nature-based solutions in transport and logistics Projects that use natural infrastructure to displace or complement grey infrastructure to increase resilience, prevent pollution (including light and noise pollution) and/or soil erosion (e.g. vegetation to stabilise slopes along roads, bioswales, rain garden, detention ponds, permeable pavements to prevent flooding, mangroves to protect and stabilise coastline, bivalves and seaweed native species to improve water quality at ports, green corridors above/below roads for wildlife crossing, vegetated buffer zones to reduce light and noise pollution).	T7, T11, T12 T2	 Core indicators: Reduction in land-loss from inundation and/or coastal erosion in km² (due to the impact of using NBS in transport projects) Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Improvements in site-specific physical, chemical, and/or biological indicators of soil (e.g. nutrient concentration (phosphorus, nitrate), pH level, reactive carbon, water hold capacity, and soil organic matter, among others) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Other indicators: Capacity of the nature-based structure (in m³ and % of total capacity if combined with grey infrastructure; increase in %) Absolute or % reduction in local pollutants Number of wildlife crossings created Ambient noise reduction from the transport infrastructure in decibels and as % of baseline Stormwater captured and/or prevented; reduction in peak flow and/or inundation following a storm (e.g. through increased infiltration) in m³/s or mm Increase in the biotope area factor (in number and %)
		Sustainable water and wastewater management
Water management Projects that implement measures to achieve conservation, greater efficiency, and/or sustainable use of water, maintain or improve water quantity and quality (e.g. reducing or eliminating water loss in infrastructure, managed aquifer recharge, water efficient irrigation, water recycling, sustainable reuse of greywater).	T2, T3, T7, T10, T11, T12 Т8	 Core indicators: Additional water availability and/or increased water catchment in m³/year Annual absolute (gross) water use before and after the project in m³/a, reduction in water use in % Area of land restored/remediated/rehabilitated (m² / hectares) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Other indicators: Area covered by sustainable land and water resources management practices Annual catchment of water (m³/year) that complies with quantity (m³/year) and quality (e.g. turbidity) requirements by utilities Recharge to groundwater in mm/d, mm/a Amount of rainwater harvested and reused in m³/a

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Wastewater and stormwater management Projects that prevent, reduce or remove pollution harmful to ecosystems, improve water quality (e.g. wastewater treatment plants, connection of new users to centralised sewage, drainage systems to prevent stormwater and wastewater runoff).	T2, T3, T7, T10, T11, T12 Т8	 Core indicators: Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³/a and p.e./a and as % Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Other indicators: Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %) Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of (in tonnes of dry solids p.a. and in %) Absolute or % reduction in local pollutants Stormwater and/or wastewater captured and/or prevented; reduction in peak flow and/or inundation following a storm (e.g. through increased infiltration, efficient drainage) in m³/s or mm Reduction in number of operating days lost to floods Social indicators (social co-benefits): Number of people with access to improved sanitation facilities under the project Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Nature-based solutions for water and wastewater management Projects that use or integrate natural infrastructure to complement or displace grey infrastructure to improve water quantity and quality, prevent, reduce or remove pollution harmful to ecosystems (e.g. conservation of aquatic and wetland habitats key to environmental flows and to maintaining water quality, wastewater treatment wetlands, urban green infrastructure for stormwater capture and treatment).	T2, T3, T7, T10, T11, T12 Т8	 Core indicators: Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³/a and p.e./a and as % Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Improvements in water quality indicators (e.g. temperature, pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), total nitrogen, total phosphorous, total suspended solids (TSS), or other potential pollutants) Increase in area under wetland management³⁶ in km² Other indicators: Annual catchment of water (m³/year) that complies with quantity (m³/year) and quality (e.g. turbidity) requirements by utilities Reduction in number of operating days lost to floods Reduction in flood damage costs Absolute or % reduction in local pollutants Capacity of the nature-based structure (in m³ and % of total capacity if combined with grey infrastructure; increase in %) Stormwater and/or wastewater captured and/or prevented; reduction in peak flow and/or inundation following a storm (e.g. through increased infiltration, efficient drainage) in m³/s or mm Social indicators (social co-benefits): Number of people with access to improved sanitation facilities under the project Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
		Climate change adaptation
Climate adaptation and resilience for biodiversity and ecosystems Projects that implement measures to improve environment and species resilience to the changing climate (e.g. regenerative and climate-smart agricultural practices to improve water retention in soil and reduce water use, cultivation of more climate and disease resilient crop varieties to reduce agricultural frontier expansion, climate-smart management of fish stocks, fire management/ fire risk reduction programs).	Т1, Т4, Т8, Т10, Т11 Т7, Т20	 Core indicators: Reduction in the number of wildfires, and/or in the area damaged by wildfires in km² Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m³ Additional water availability and/or increased water catchment in m³/year Increase in agricultural land using more drought resistant crops in hectares Water savings from improved irrigation, stormwater and rainwater capture, groundwater recharge and/ or the reuse of highly treated wastewater (e.g. m³/year) Farmland covered by new, efficient drainage (ha) Other indicators: Area cultivated by precision in agriculture in km² Area covered by sustainable land and water resources management practices Farmland covered by new, or rehabilitated efficient irrigation, water efficient crops and/or resource conserving crop rotation (ha or km²) Farmland under soil conservation/regenerative agricultural practices, including increased cover crop coverage, complex crop rotation, crop diversity practices, maintaining living roots/permanent soil coverage, minimum or no tillage farming and/or crop and livestock integration (ha and % of acreage farmed) Maintenance/increase of provisions of ecosystems services: erosion control and improved soil health, quantity and quality of water (% of managed forestland) Social indicators (social co-benefits): Number of workers trained in biodiversity conservation

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Nature-based solutions for resilient infrastructure Projects that conserve, restore and/or engineer habitats to increase resilience to storms, droughts, floods, urban heat effect and provide infrastructure-type services (to reduce soil erosion, increase coastal resilience (e.g. tracing and vegetation on slopes for road stabilisation and flood prevention, green roofs and facades, rain gardens, bioswales, canals, ponds, establishment of ecological retention, restoration of riparian wetlands).	T8, T11, T12 T2, T3, T7, T10	 Core indicators: Additional water availability and/or increased water catchment in m³/year Increase in area under wetland management in km² Reduction in land-loss from inundation and/or coastal erosion in km² Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Other indicators: Capacity of the nature-based structure (in m³/second or m³ and % of total capacity if combined with grey infrastructure; increase in %) Increase in the biotope area factor (in number and %) Social indicators (social co-benefits): Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
	Circular	economy adapted products, production technologies and processes
Circular approaches to reduce resource use and pollution Projects that reduce, reuse, recycle organic and non-organic materials and replace polluting materials with sustainably produced renewable bio materials and contribute to reducing natural resource use, waste, pollution (e.g. increasing proportion of recycled materials in manufacturing of products, reprocessing waste for productive use, using wood pulp to substitute synthetics and plastic packaging, circular practices in product design, production, and recycling to reduce virgin material use and waste).	T7, T16 T10	 Core indicators: The % increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes p.a. Other indicators: The % and/or absolute amount in tonnes p.a. of virgin raw materials that are substituted by secondary raw materials and by-products from manufacturing processes New materials derived from secondary raw materials, by-products and/or waste in % compared to total production capacity, and/or in absolute amount in tonnes p.a. Annual absolute (gross) amount of secondary raw materials, by-products and/or waste that is recovered in tonnes p.a. and/or in % of total waste that will be used to develop new materials Annual absolute (gross) amount of biodegradable waste, digestate and compost that is recovered in tonnes p.a. and/or in % of total waste Annual absolute (gross) amount of biodegradable waste, digestate and compost that is recovered in tonnes p.a. and/or in % of total waste Annual absolute (gross) amount of biodegradable waste, digestate and compost that is recovered in tonnes p.a. and/or in % of total waste Annual absolute amount of biodegradable waste, digestate and compost that is recovered in tonnes p.a. or in valorised amount Annual absolute amount of secondary raw materials and chemicals recovered in tonnes p.a. % of new products that meet virgin material quality (e.g. eligible food grade packaging) Waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes p.a. Products changed to increase waste reduction Tonnes of secondary raw materials or compost produced

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
		Green buildings
Construction Projects that reduce natural resources (e.g. water) and materials (water, cement, steel, plastics) used in construction and/ or operation, reuse construction waste, and substitute traditional construction materials with sustainably produced renewable bio alternatives (e.g. replacing cement with wood and recycled materials in construction, technologies that reduce the use of cement in product/project design, green building certifications requiring at least 20% reduction in water consumption for building where water consumption is material to its operation).	T8, T16 T7	 Core indicators: Number of buildings, % of portfolio, and/or floor space (in m² GBA) covered by internationally and/or nationally recognised standards for green buildings requiring at least 20% reduction in water consumption Annual absolute (gross) water use before and after the project in m⁹/a (for retrofitted buildings) and/or % of water reduced/ avoided vs local baseline/baseline certification level / IGCC / International Plumbing Code Other indicators: Amount of rainwater harvested and reused in m³/a Recharge to groundwater in mm/d, mm/a Amount p.a. of waste minimised, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes p.a. Increase in components, products or assets with circular design as a result of the project in valorised amount, in % of the total product portfolio, and/or absolute amount in tonnes p.a. The % and/or absolute amount in tonnes p.a. of virgin raw materials that are substituted by secondary raw materials and by-products from manufacturing processes Annual absolute (gross) amount of secondary raw materials, by-products and/or waste that is recovered in tonnes p.a. and/or in % of total waste that will be used to develop new materials Volume of sustainably sourced goods procured (m³, tonnes) Social indicators (social co-benefits): Number of employees or % of workforce trained or dedicated to eco-design in circular economy and/or eco-design

Green Bond Principles (GBP) Category Indicative nature-related projects ²⁸	GBF targets ²⁹	Impact Reporting Indicators
Nature-based solutions for buildings Projects that integrate natural infrastructure to materially improve resource efficiency, resilience and provide additional biodiversity benefits (e.g. green roofs and facades, permeable surfaces, rain gardens, bioswales, canals, ponds, pollinator-friendly natural features).	T8, T12 T7, T16	 Core indicators: Annual absolute (gross) water use before and after the project in m³/a, reduction in water use in % Area covered by nature-based solution (in ha and % of total area under land management practices and/or infrastructure area; increase in %) Other indicators: % of unadulterated green spaces before and after the project Recharge to groundwater in mm/d, mm/a Annual catchment of water (m³/year) that complies with quantity (m³/year) and quality (e.g. turbidity) requirements by utilities Capacity of the nature-based structure (in m³/second or m³ and % of total capacity if combined with grey infrastructure; increase in %) Increase in the biotope area factor (in number and %) Social indicators (social co-benefits): Number of employees or % of workforce trained or dedicated to eco-design in circular economy and/or eco-design

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