

# Taskforce on Official Standards and the Green Bond Principles

## Phase 1: Comparison of the Green Bond Principles and the European Green Bond Standard

June 2026



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# Executive summary

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The Green Bond Principles (GBP)<sup>1</sup>, first published in January 2014, are voluntary guidelines that have underpinned the credibility and transparency of Green Bond issuance globally over more than a decade. They are estimated to be the reference for over 97 per cent of Green Bond issuance, which at year-end 2025 totalled in excess of USD 4 trillion.

Since the GBP's inception, several countries and regions have promulgated official standards for sustainable finance generally and Green Bond issuance in particular, that allow them to highlight specificities related to their respective jurisdictions for those undertaking and reporting on such issuance. Official standards may have legislative force and may require reference to a regional taxonomy for determination of the relevant use of proceeds. These are not a requirement of the globally focused and voluntary GBP approach. Nevertheless, as they have all developed some time after the GBP, their requirements are typically complementary to and congruent with the GBP, which they often explicitly reference.

It is acknowledged that Green Bond issuers and their eligible projects encompass a multiplicity of jurisdictions, and demand for their bonds will be similarly global. This is why the flexibility that the GBP provide has made them the de facto global standard. Nevertheless, as GBP issuers and investors may find value in understanding the non-taxonomy-related differences and complementarities between the GBP and official standards, which may serve to enhance their communication and understanding, a Taskforce was established in 2025 to clarify how different official standards relate to the GBP.

The Taskforce<sup>2</sup> started with a comparison with the European Green Bond Standard (EuGBS), which was established by EU Regulation in 2023<sup>3</sup> and has been referenced by nearly 40 issuers to date.<sup>4</sup>

While both the GBP and EuGBS promote standardisation around four key elements: use of proceeds, description of the key features of the bond, allocation and impact reporting, and external review, there are a few key differences that are explored by the Taskforce in this document

The synergy of GBP and EuGBS reflects the broader evolution of sustainable finance, with both frameworks supporting environmental activities across the sustainability spectrum – from transitional improvements to high-performance outcomes – while differing primarily in their level of prescriptiveness and alignment requirements. The two frameworks therefore serve largely overlapping objectives within the overarching goal of sustainable development, while offering complementary approaches in their implementation.

The GBP provides flexible, principle-based guidance suitable for diverse market contexts and transition stages, while the EuGBS establishes a prescriptive, taxonomy-aligned standard as part of a specific regulatory scheme. They offer coherence and continuity in efforts to enhance transparency for investors while accommodating different stages of the transition journey. Alignment with the EuGBS should however not be considered a substitute for GBP alignment, and the Principles recommend that issuers adopting the EuGBS demonstrate alignment with both standards to ensure global investor recognition.

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<sup>1</sup> [Green Bond Principles » ICMA](#)

<sup>2</sup> The terms of reference of the Taskforce on Official Standards and the GBP as well as the list of the TF members are available [on ICMA's website](#).

<sup>3</sup> [Regulation - EU - 2023/2631 - EN - EUR-Lex](#)

<sup>4</sup> In line with the agreed [Terms of Reference](#), in subsequent phases, the Executive Committee of the Principles aims to extend the results of Phase 1 to a comparison with the non-taxonomy requirements of official standards from outside the European Union, including in emerging economies.

# 1. Comparison of GBP recommendations with EuGBS requirements

The Green Bond Principles and the EuGBS Regulation are united by the advocacy of more comparable and reliable information to investors via growing standardisation. Given the different design of the two regimes (GBP guidelines: 4 core components, 2 key recommendations, supplemental guidance / EuGBS Regulation: 72 articles, templates), this guide focuses on the core themes addressed in 4 logical cornerstones: use of proceeds; description of the key features of the bonds; allocation and impact reports; and external review.

**Table 1. Synopsis of core GBP-recommendations and core EuGBS-requirements<sup>5</sup>**

Logical cornerstones	Green Bond Principles	European Green Bond Standard
Use of proceeds	Alignment with the indicative list of GBP objectives and broad project categories (GBP: core component)	Legally binding alignment with the EU Taxonomy as per EuGBS Regulation, Title II, Chapter 1
Description of the key features of the bonds	<u>Recommended</u> standard summary via: <b>“Green Bond/Green Bond Programme Information Template”</b> on ICMA’s website (GBP recommendation) within the broader context provided by a Green bond framework (GBP key recommendation) including description of the management of proceeds and the use of unallocated proceeds	<u>Legally binding</u> standard summary via <b>“European Green Bond Factsheet”</b> applicable to both individual and multiple issuance as per EuGBS Regulation, Art. 10 and the <u>template</u> <sup>6</sup>
Reporting	<b>Allocation of Proceeds</b> (GBP core component) Reporting to be renewed annually until full allocation <b>Impact</b> (GBP recommendation) <b>Templates</b> covering impact of allocations in Chapter V of the GBP Handbook Harmonised Framework for Impact Reporting	<u>Legally binding</u> standard reporting <b>“European Green Bond Annual Allocation Report”</b> (within 270 days from reporting period end) <b>“European Green Bond Impact Report”</b> (after full allocation & at least once during lifetime) as per EuGBS Regulation, Art. 11 and 12 and the <u>templates</u> <sup>7</sup>
External review	<u>Recommended</u> appointment of an external reviewer (GBP key recommendation) with standard summary of its role, scope and methodologies <b>“External Review Form” template</b> (GBP recommendation) on ICMA’s website with the possibility of <u>partial</u> review and without any deadlines	<u>Legally binding</u> appointment of a <u>supervised</u> external reviewer to provide <ul style="list-style-type: none"> <li>a pre-issuance review of the “EuGB<sup>8</sup> Factsheet”</li> <li>a post-issuance review of the “EuGB Annual Allocation Report” after full allocation (“gradual approach”) or annually (portfolio approach, in case of changes to the portfolio), within 270 days from end of reporting period</li> </ul> <u>Optional</u> appointment of a <u>supervised</u> external reviewer to provide a post-issuance review of the “EuGB Impact Report” As per EuGBS Regulation, Recital 23, Art. 10,11, 12 and with <u>legally binding</u> standard summary <b>“Contents of pre-issuance, post-issuance or impact report reviews”</b> as per the <u>template</u> <sup>9</sup>

<sup>5</sup> The guide only considers EuGBs and does not cover the optional disclosure templates for “bonds marketed as environmentally sustainable and for sustainability-linked bonds” (Art.20 and 21 of the EuGBS Regulation).

<sup>6</sup> See Annex I in [Regulation - EU - 2023/2631 - EN - EUR-Lex](#).

<sup>7</sup> See Annexes II and III in [Regulation - EU - 2023/2631 - EN - EUR-Lex](#).

<sup>8</sup> “EuGB” equals “European Green Bond”.

<sup>9</sup> See Annex IV in [Regulation - EU - 2023/2631 - EN - EUR-Lex](#).

The Taskforce focuses on the three non-use-of-proceeds<sup>10</sup> cornerstones of the GBP and the EuGBS, i.e. on the modalities of presentation of the relevant information (key features of the bonds, allocations and impact) as well as on the modalities of external review of such information.

The EuGBS and the GBP are voluntary frameworks of a different nature, with one being principles-based and supported by a growing body of guidance from the GBP and extensive market practice, and the other one being a legally binding standard<sup>11</sup>. Comparing the two is therefore not entirely straightforward.

With that caveat in mind, the Taskforce has compared the documents listed in Table 2 below and integrated references to other parts of the “EuGBS Regulation”<sup>12</sup> or to other key GBP documents<sup>13</sup> whenever appropriate to complete or clarify the analysis.

**Table 2: Comparison of relevant GBP-documents with EuGBS-templates**

Logical cornerstones	GBP templates & guidance	EuGBS Regulation templates <sup>14</sup>
Description of the key features of the bonds	<a href="#">Green Bond Information Template (Issuer)</a> <sup>15</sup>	“European Green Bond Factsheet” <sup>16</sup>
Allocation Report	<a href="#">Guidance on Allocation Reporting</a> <sup>17</sup>	“European Green Bond Allocation Report” <sup>18</sup>
Impact Report	<a href="#">Handbook - Harmonised Framework for Impact Reporting</a> <sup>19</sup>	“European Green Bond Impact Report” <sup>20</sup>
External review	<a href="#">Green, Social and Sustainability Bonds External Review Form</a> <sup>21</sup>	“Contents of Pre-issuance, Post-issuance or Impact Report Reviews” <sup>22</sup>

10 “non-use-of-proceeds” equals “non-taxonomy” in this document.

11 Unlike the GBP – a market-based framework – the EuGBS is developed through EU legislation and carries binding legal obligations for issuers who choose to adopt it. This regulatory foundation subjects EuGBS-compliant bonds to comprehensive oversight mechanisms including mandatory supervision by national competent authorities, ESMA registration and supervision of external reviewers, and requirements for EU Prospectus Regulation-compliant documentation. Consequently, while the decision to use the “European Green Bond” or “EuGB” designation remains voluntary, issuers adopting this standard enter a fully regulated framework with legal accountability—a critical distinction from the principles-based, self-regulatory approach of the GBP.

12 [Regulation \(EU\) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.](#)

13 E.g. [Pre-issuance-Check-List-for-Green-Bonds-Green-Bond-Programmes-June-2023-220623.pdf](#)

14 These templates are in principle not subject to any endorsement or approval from ESMA or any other competent authority.

15 [https://www.icmagroup.org/assets/Green-Bond-Information-Template\\_2023-07-06.docx](https://www.icmagroup.org/assets/Green-Bond-Information-Template_2023-07-06.docx)

16 Annex I in [Regulation - EU - 2023/2631 - EN - EUR-Lex.](#)

17 <https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Guidance-on-Allocation-Reporting-June-2025.pdf>

18 Annex II in [Regulation - EU - 2023/2631 - EN - EUR-Lex.](#)

19 [Handbook – Harmonised Framework for Impact Reporting \(for green bonds\)](#)

20 Annex III in [Regulation - EU - 2023/2631 - EN - EUR-Lex.](#)

21 [www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/External-Review-Form-Use-of-Proceeds-Bonds-2023-220623.docx](https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/External-Review-Form-Use-of-Proceeds-Bonds-2023-220623.docx)

22 Annex IV in [Regulation - EU - 2023/2631 - EN - EUR-Lex.](#)

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For the description of the key features of the bonds and the external review, GBP-templates are available and directly comparable with the EuGBS templates. For the allocation report, this is not the case<sup>23</sup> and for the impact report this is only partially the case<sup>24</sup>. The Taskforce has thus used proxies, bearing in mind that the core of the GBP is a set of voluntary guidelines and recommendations which are deliberately not overly prescriptive in terms of disclosure guidance.

For each of the logical cornerstones, the approach was:

- A. **a detailed comparison** of EuGBS requirements with GBP recommendations clarifying:
  - a. the EuGBS requirements that are not considered by the GBP recommendations;
  - b. and the GBP recommendations that are not considered by the EuGBS requirements.
- B. **categorisation of such differences** into four types:
  - a. taxonomy-related;
  - b. specifications of items addressed in both frameworks;
  - c. GBP-specific recommendations;
  - d. EuGBS-specific requirements.
- C. **a list of such GBP-specific recommendations and EuGBS-specific requirements**, which are summarised in Table 3 below.
- D. **the results of a quantitative analysis** of the comparison between the GBP and the EuGBS.

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<sup>23</sup> For the sake of precision: the GBP provides useful guidance on allocation reporting without a template.

<sup>24</sup> For the sake of precision: Chapter V of the GBP Handbook – Harmonised Framework for Impact Reporting includes detailed reporting templates for environmental impact which can meaningfully integrate the environmental section of the EuGB impact report template.

## 2. Conclusions on the relationship between alignment with the GBP and with the EuGBS

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A single EuGBS legal obligation, for example, may be split into many template rows, while one GBP principle may be broader and less granular. A quantitative analysis can therefore only be taken as an illustrative mapping for a first set of generic conclusions.

Based on the results of a quantitative analysis, three conclusions can be derived on the relationship between the non-use-of-proceeds components of the GBP and EuGBS:

1. There is **proximity**, as the items that are either matching or adding precision to items addressed by both GBP and EuGBS make up around 80% of the total items.
2. There is **synergy**, as of the remaining differences, around 80% add precision to items addressed by both EuGBS and GBP, again evenly distributed among EuGBS and GBP.
3. There is **complementarity**, as the truly supplemental differences are evenly distributed among EuGBS and GBP.

The detailed qualitative analysis of the truly supplemental differences in highlights that:

1. There are key additional GBP recommendations which it would be useful for issuers of EuGBS-aligned bonds to consider in order to enhance their issuance frameworks<sup>25</sup>.
2. Similarly, issuers of GBP-aligned bonds could deem useful to consider key additional EuGBS requirements in order to enhance their issuance frameworks and add value for investors.

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<sup>25</sup> See investor guidance of April 2026: "Issuers of bonds that adhere to the EU Green Bond Standard are encouraged to clarify in their bond documents – and demonstrate – that they also adhere to the ICMA Principles" in *PIMCO's Best Practice Guidance for Corporate Sustainable Bond Issuance*.

**Table 3: List of non-use-of-proceeds recommendations/requirements that are specific to either the GBP or the EuGBS (i.e. not addressed in both frameworks).**

	Recommendations that are specific to the ICMA Green Bond Principles and can enhance EuGBS practice	Requirements that are specific to the European Green Bond Standard and can enhance GBP practice
Description of the key features of the bonds	<ul style="list-style-type: none"> <li>• <b>Green Bond Framework<sup>26</sup> or Equivalent Documentation:</b> Issuers are recommended to describe and maintain a Green Bond Framework or equivalent documentation that articulates the structure, methodology, and criteria governing green bond issuance.</li> <li>• <b>Sustainable Strategy and Governance Disclosure:</b> Issuers are advised to provide a description of their sustainability strategy, including governance structures and decision-making processes that support sustainable finance initiatives.</li> <li>• <b>Proceeds Management and Tracking Methodology:</b> Description of the management of proceeds</li> <li>• <b>Temporary Placement of Unallocated Proceeds:</b> Issuers are advised to disclose how unallocated proceeds are temporarily invested, with transparency regarding the environmental characteristics and liquidity profile of such investments.</li> <li>• <b>Post-Issuance External Verification of Internal Tracking Methods.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Pre-Issuance Factsheet Publication:</b> Issuers must publish the “EuGB pre-issuance factsheet” as specified in Annex I of the EU Green Bond Standard Regulation, providing comprehensive information about the bond structure and eligible projects prior to issuance.</li> <li>• <b>Pre-Issuance External Review Requirement:</b> A pre-issuance external review with a positive opinion is mandatory and must contain all elements specified in Annex IV of the Regulation to validate alignment with EuGBS requirements.</li> <li>• <b>External Reviewer Registration and Compliance:</b> External reviewers must be registered with the European Securities and Markets Authority (ESMA) and demonstrate full compliance with all conditions and standards required for such registration.</li> <li>• <b>Disclosure of Taxonomy-Aligned Nuclear and Fossil Gas Activities as well as of enabling and transitional activities<sup>27</sup>:</b> Where applicable, issuers must disclose the amount and proportion of proceeds intended to be allocated to taxonomy-aligned activities related to these activities, ensuring transparency regarding these specific investment categories.</li> <li>• <b>Issuance Costs Estimation:</b> if deducted from the gross proceeds, issuers must provide an estimate of the cumulative issuance costs, enabling investors to understand the net amount available for allocation to eligible green projects.</li> </ul>

<sup>26</sup> Explicitly recommended by the GBPs, green bond frameworks are not excluded by the EuGBS. Vide Commission's answer to the FAQ 20 in the Notice of November 2025 C/2025/5885: "Section 8 of the template offers issuers the opportunity to add other relevant information to the EuGB factsheet. This could include references to other kinds of documentation, such as a green bond framework".

<sup>27</sup> The requirement related to enabling and transitional activities is a specification of existing GBP recommendations. This requirement is also considered here in light of its relevance for the market.

	Recommendations that are specific to the ICMA Green Bond Principles and can enhance EuGBS practice	Requirements that are specific to the European Green Bond Standard and can enhance GBP practice
Allocation Report	<ul style="list-style-type: none"> <li>• <b>Tracking:</b> 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, with periodic adjustments recommended to match allocations to eligible projects throughout the bond's life.</li> <li>• <b>Currency Management:</b> Issuers may use “an amount equal to net proceeds” to finance projects in different currencies and are encouraged to transparently report all cash flows in one currency when disclosing allocations.</li> <li>• <b>Temporary Placement Disclosure:</b> Issuers are encouraged to disclose how unallocated proceeds are temporarily invested.</li> <li>• <b>Reallocation Requirements:</b> When eligible assets mature, are prepaid, or no longer qualify, issuers are advised to disclose temporary use of proceeds pending reallocation to other eligible projects.</li> <li>• <b>External Verification:</b> Post-issuance external audits or third-party verification of internal tracking methods and fund allocation are recommended to ensure transparency and credibility.</li> </ul>	<p><i>In addition to the elements already covered in the description of the key features of the bonds:</i></p> <ul style="list-style-type: none"> <li>• <b>Allocation Report Template:</b> Issuers must publish the “EuGB Annual Allocation Report” as specified in Annex II of the EuGBS Regulation, providing detailed information on the allocation of proceeds to eligible green projects.</li> <li>• <b>Post-Issuance External Review Timing:</b> A post-issuance external review is required either after full allocation of proceeds (“gradual approach”) or on an annual basis (“portfolio approach”) and must contain all elements specified in Annex IV of the Regulation.</li> <li>• <b>Amended Allocation Report Review:</b> An external review is mandatory for any amended allocation report where, following the initial publication, the allocation of proceeds has been corrected or modified.</li> <li>• <b>Regulatory Review Deadline:</b> The post-issuance external review must be completed within 270 days after the end of the reporting period to ensure timely verification and transparency.</li> </ul>
Impact reporting	<ul style="list-style-type: none"> <li>• Chapter V of the GBP Handbook - Harmonised Framework for Impact Reporting provides extensive advice in reporting templates on <b>how to complete in a standardised manner the environmental impact section of the EuGBS impact report template</b>, which does not provide such details<sup>28</sup>.</li> </ul>	<p><i>In addition to the elements already covered in the description of the key features of the bonds:</i></p> <ul style="list-style-type: none"> <li>• <b>Responsibility of the issuer</b> to publish the “EuGB Impact Report” at least once during the lifetime of the bonds using the prescribed template.</li> </ul>

<sup>28</sup> This is a specification of the environmental impact section of the impact report requirement of the EuGBS, given its high added value for the EuGBS, the relevance of the GBP Handbook - Harmonised Framework for Impact Reporting is highlighted in this table.

	Recommendations that are specific to the ICMA Green Bond Principles and can enhance EuGBS practice	Requirements that are specific to the European Green Bond Standard and can enhance GBP practice
External review	<ol style="list-style-type: none"> <li><b>Review Scope Declaration:</b> External reviewers should specify whether they conducted a complete review of all four core components (Use of Proceeds, Project Selection, Proceeds Management, Reporting) or a partial review of selected components only.</li> <li><b>Reviewer Role Identification:</b> The review should clearly identify the reviewer’s role— whether providing a Second Party Opinion, Certification, Verification, Scoring/Rating, or other specialised assessment services.</li> <li><b>Sustainability Quality Assessment:</b> Reviews may include scoring of the issuer, qualitative assessment, project, framework, or other aspects to assess whether the bond meaningfully advances long-term sustainable development, though not all reviews include scoring.</li> <li><b>Proceeds Management Verification:</b> Reviewers should assess whether the issuer has appropriate policies for segregating or tracking proceeds and evaluate the intended temporary investment instruments for unallocated proceeds.</li> </ol>	<ul style="list-style-type: none"> <li><b>Conflict of Interest and Service Disclosure:</b> External reviewers must disclose any other services provided to the assessed entity and describe actual or potential conflicts of interest that may affect the independence and objectivity of the review process.</li> <li><b>Regulatory Document Confirmation:</b> Reviewers must confirm assessment of the appropriate regulatory document—the European Green Bond factsheet (pre-issuance), allocation report (post-issuance), or impact report (impact review)—as specified in Regulation (EU) 2023/2631 Annexes I-III.</li> <li><b>Independence Statement and Reliance Limitation:</b> Each review must include a statement affirming that it represents an independent opinion of the external reviewer and clarifying that stakeholders should rely upon the review findings only to a limited degree.</li> <li><b>Pre-Issuance Assessment Scope and Opinion:</b> For pre-issuance reviews, external reviewers must provide a detailed assessment of whether the completed factsheet aligns with Articles 4-8 of the Regulation, accompanied by their professional opinion on the degree of alignment achieved.</li> <li><b>Post-Issuance Assessment Scope and Dual Opinion:</b> For post-issuance reviews, external reviewers must assess both whether proceeds were allocated in alignment with Articles 4-8 and whether the issuer complied with the intended use of proceeds stated in the factsheet, providing separate opinions on both assessments.</li> </ul>

**It is important to note that:**

1. adoption of the GBP-recommendations above (notably management of proceeds) would logically result in the GBP-alignment of EuGBS-aligned bonds; and
2. alignment with the non-use-of-proceeds GBP-recommendations can enhance the practice of EuGBS-aligned bonds.

It appears therefore highly relevant for issuers of EuGBS-aligned bonds to also align with the GBP. This conclusion is already promoted by investor guidance<sup>29</sup> and reflected in observed practice of EuGBS-aligned bond issuers so far, which is typically the following:

1. the EuGB-Factsheet makes a clear statement on GBP-alignment in Section “8 Other relevant information”;
2. the GBP-aligned framework makes a clear statement that the EuGB are issued under this framework (i.e. GBP-alignment applies also to the EuGB and this is confirmed indirectly by reference in the external review, without the need for a cross-reference).

<sup>29</sup> See recent investor guidance of April 2026: “Issuers of bonds that adhere to the EU Green Bond Standard are encouraged to clarify in their bond documents – and demonstrate – that they also adhere to the ICMA Principles” in *PIMCO’s Best Practice Guidance for Corporate Sustainable Bond Issuance*.

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As the terms of many existing Green Bond funds and portfolios expressly reference the need for explicit alignment with the GBP, to maximise their placement, the Principles recommend that EuGBS-aligned issuers also align with the core components of the GBP.

Similarly, the flexibility of the GBP does not preclude GBP-aligned bonds to reflect some or all of the non-use-of-proceeds EuGBS requirements or formats. Where issuers of GBP-aligned bonds also look to align with some of the non-taxonomy EuGBS requirements,<sup>30</sup> they should publish disclosures that make clear that such a bond is aligned with the GBP and is not a European Green Bond.

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<sup>30</sup> Possibly taking as reference the "optional disclosures templates" foreseen by the EuGBS regulation for "bonds marketed as environmentally sustainable".

### 3. General conclusions on the relationship between the GBP and the EuGBS

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The detailed comparison of the GBP recommendations with the EuGBS requirements presented in this guide highlights that:

1. There is continuity between the GBP and the EuGBS – in fact, as illustrated by EuGBS market practice, GBP alignment can provide a highly relevant foundation for EuGB issuers.
2. Given the proximity, synergy and complementarity existing between the GBP and the EuGBS, bonds aligned with the EU standard continue to benefit from their alignment with the GBP, which should be maintained.
3. To support green bond issuers in working towards a meaningful use of EuGBS, it is helpful to clarify the additional requirements it introduces compared to the GBP, its potential value to investors, and any challenges arising for issuers.
4. This comparison is:
  - a. supported by investors, who recognise the value of higher comparability and reliability of information provided by increasingly standardised reports and external reviews; and
  - b. facilitated, for issuers already aligned with the GBP, by the large overlap existing between the recommendations of the GBP and the requirements of the EuGBS.
5. Where relevant, disclosures covering partial alignment with the EuGBS can be a pragmatic approach for issuers of GBP-aligned bonds, clearly distinguishing between taxonomy and non-taxonomy requirements.<sup>31</sup>

Furthermore, GBP-aligned bonds and bonds aligned with the EuGBS have a common purpose as tools financing the transition to a more sustainable economy regardless of the starting point and geography of the issuer. The monitorability of sustainability improvements of these bonds is important, and there are benefits in increasing the level of comparability of GBP-aligned bonds with the EuGBS, for example, where meeting all taxonomy criteria may not be feasible in the short term but additional capital is required to permit gradual taxonomy-related improvements over time<sup>32</sup>.

In this case, effective standardisation of reporting and external review modalities can enable a clearer analysis of the status, objectives and development of the issuer's transitioning efforts by target investors. This process can also build trust and facilitate cross-border capital flows even if the issuers' and investors' eligibility criteria are based on different taxonomies.

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<sup>31</sup> Such disclosures should also make it clear that the bonds are not European Green Bonds.

<sup>32</sup> E.g. vide recitals (14) and (22) in the [Commission Recommendation \(EU\) 2023/... of 27 June 2023 on facilitating finance for the transition to a sustainable economy](#).

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