

GBP and SBP Overview

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Key Stages in Market Development

Total market outstanding above USD 730bn

2019: Discussions on emerging products

- Launch of Green Loan Principles (GLP) and Sustainability-Linked Loan Principles (SLLP) in 2018 and 2019, respectively.
- GBP WG on Climate Transition Finance

2015-2018: Market takes off

- Surge of Asian issuance – first China then ASEAN & Japan, Exchanges launch green segments: LGX, LSE., etc.
- Data providers tag green/social/sustainability bonds: Bloomberg, CBI, Dealogic, Environmental Finance etc.
- First sovereign issuers: Poland and France

**GBP launched in 2014
with ICMA**

2014: GBP Launch Spurs Ecosystem & Growth

- GBP launched in 2014 with ICMA support
- First GB Indices: BAML, MSCI Barclays, S&P, Solactive
- Green Bond volumes rise dramatically

2013: The Green Bond Market institutionalises

- Green Bonds had been mainly a product for select institutional and retail investors until 2013
- Larger deals start coming to market
- Institutional investor interest increases

2012: Launch of Climate Bond Standard galvanizes interest

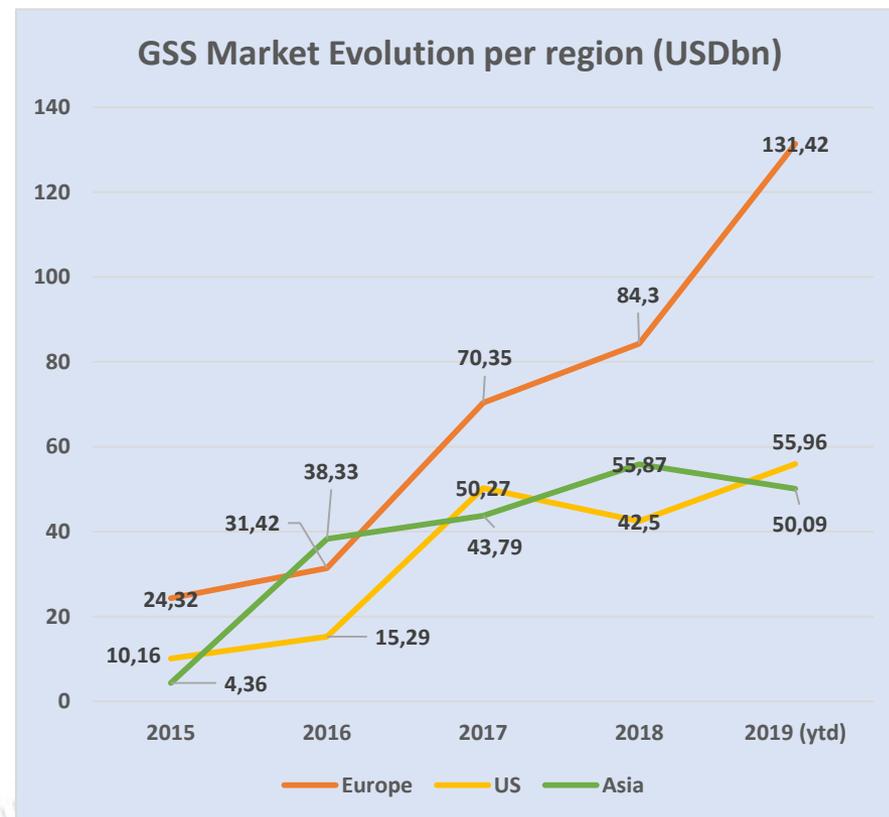
- Start to define green (selected sectors)
- Verification / external review promoted
- Clear labelling process

2007/8: EIB and IBRD issue first Green Bonds

Establish now familiar pillars

- Proceeds linked to green projects
- Reporting on use of proceeds

Evolution of GSS Bonds Market



Source: ICMA analysis based on Environmental Finance database (data cut-off: 05 December 2019)

ICMA & Sustainable Finance

Official Sector Dialogue

- Participation in **EU Technical Expert Group** especially Green Bond Standard and Taxonomy workstreams

- Support for **OSCG** meetings of the GBP

- Responses to Sustainability Consultations from Regulators

- Stakeholder status in Central Banks and Supervisors **NGFS**

- Participation in France's **Green OAT Evaluation Council**

ICMA Committees

- GBP Executive Committee** supported by ICMA

- Sustainable Finance Committee** (across ICMA constituencies)

- Global Green Finance Council - GGFC** (across the financial industry)

Industry Initiatives for Sustainability

- Dialogue with other major financial industry trade associations via the **GGFC** and directly

- Contribution to **ISO workstreams** on Green Bond Standard and Taxonomy

- Release of **Green Loan Principles & Sustainability Linked Loan Principles** with LMA, APLMA and LSTA

GBP SBP SBG (“the Principles”)

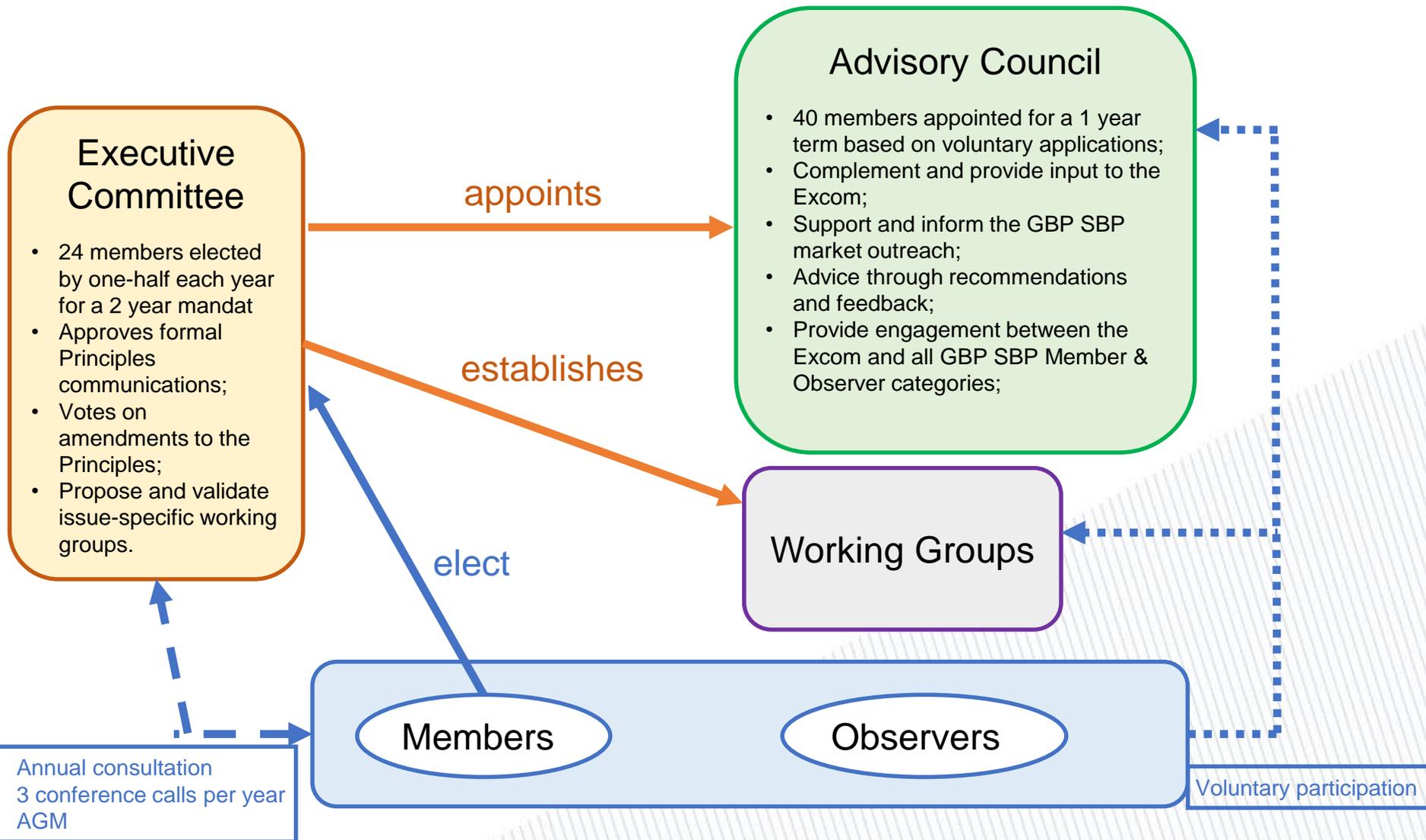
The common feature of GSS bonds is their voluntary alignment with **four core components** of the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). These are:

1. **Use of Proceeds**
 2. **Process for Project Evaluation and Selection**
 3. **Management of Proceeds**
 4. **Reporting**
- + **External Review recommendations**



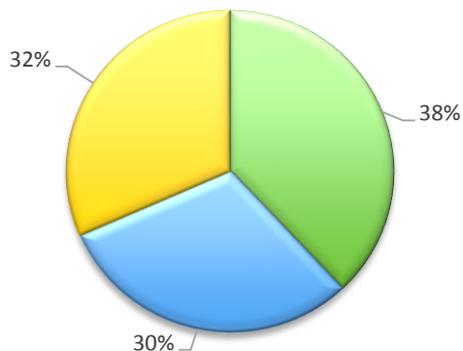
**GBP SBP
SBG 2018
remain
unchanged
and in force**

GBP SBP Governance -1-



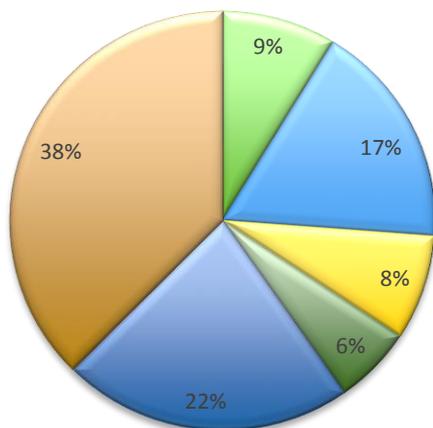
GBP SBP Governance -2-

Members (187)



■ Underwriters (71)
 ■ Investors (57)
 ■ Issuers (59)

Observers (149)



■ Financial Institutions (13)
■ Law/accounting firms (26)
■ Market infrastructure (12)
■ Public sector officials (9)
■ NGOs & others (33)
■ Service Providers/Rating agencies (56)

GBP SBP 2019/2020 Executive Committee

Investors

ACTIAM
 AMUNDI ASSET MANAGEMENT
 AXA INVESTMENT MANAGERS
 BLACKROCK, INC.
 KFW
 MIROVA
 PIMCO
 ZURICH INSURANCE GROUP

Issuers

AFRICAN DEVELOPMENT BANK
 EUROPEAN BANK OF RECONSTRUCTION AND DEVELOPMENT (EBRD)
 EUROPEAN INVESTMENT BANK (EIB)
 IBERDROLA
 INTERNATIONAL FINANCE CORPORATION (IFC)
 KOMMUNALBANKEN NORWAY (KBN)
 NORDIC INVESTMENT BANK (NIB)
 WORLD BANK

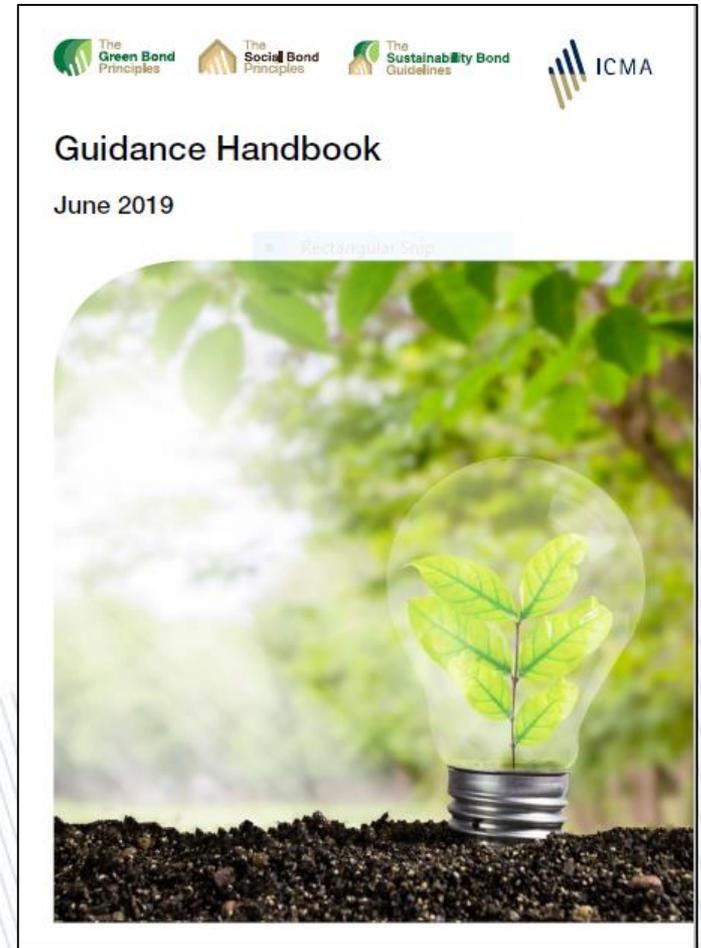
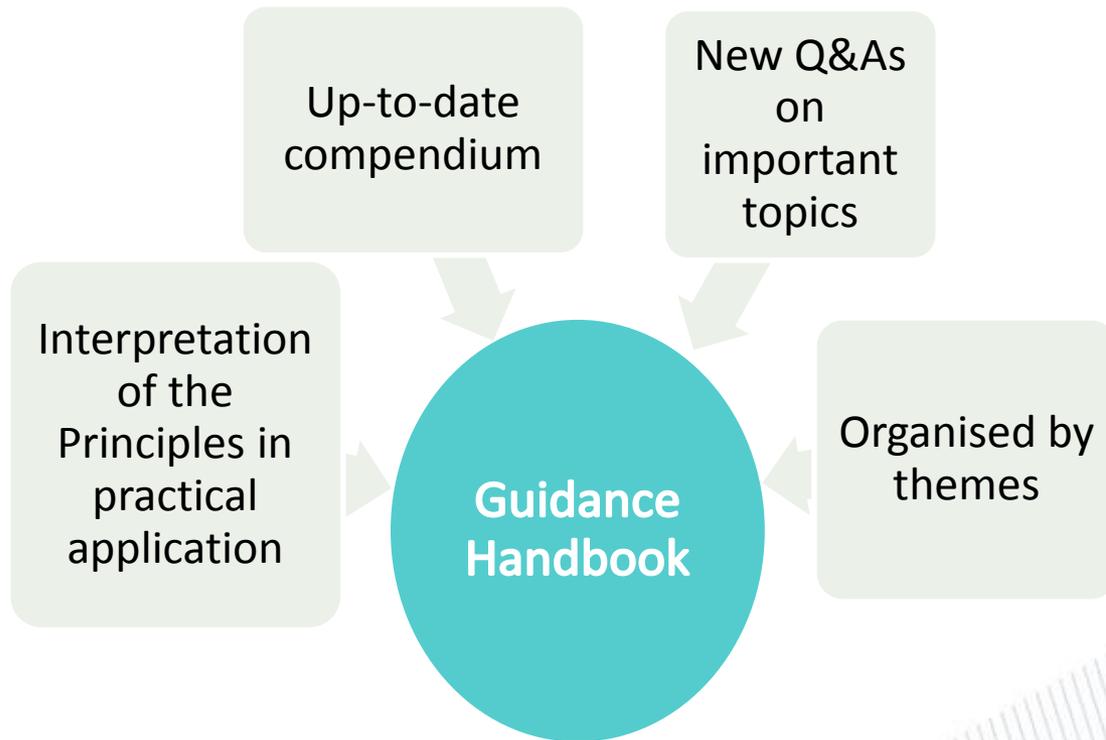
Underwriters

BANK OF AMERICA MERRILL LYNCH
 BNP PARIBAS
 CREDIT AGRICOLE CIB
 HSBC
 ING
 JPMORGAN CHASE & CO.
 NATIXIS
 SKANDINAVISKA ENSKILDA BANKEN AB (SEB)

GBP SBP Governance -3-

WGs	Coordinators	Priorities for 2019/2020
Green Projects Eligibility	<ul style="list-style-type: none"> ING BNP Paribas AM 	<p>Continue to map the categories against other taxonomies and classifications for sustainable economic activities including the EU Taxonomy.</p> <p>Detailed green eligibility guidance may be provided in a separate document or tool with concrete linkages of investments to specific economic activities and ultimately sectors, including manufacturing, referring to existing activity coding systems.</p>
Impact Reporting	<ul style="list-style-type: none"> EBRD KfW KBN 	<p>Work towards adding new chapters of the IR Handbook with metrics for selected additional GBP Green Bond project categories; starting with Biodiversity framework.</p> <p>The group will assess the feasibility and benefits of setting up a database for impact reports by the GBP.</p>
Research	<ul style="list-style-type: none"> BNP Paribas EBRD Natixis 	<p>Surveys and questionnaires. Notably this year, the research working group intends to focus on:</p> <ul style="list-style-type: none"> A review of investors' approach to controversial sectors (i.e. whose eligibility to issue in alignment with the GBP/SBP may be more likely to be questioned); exploring developments and approaches to ESG investor mapping. <p>Resource Centre - Collation of existing research</p>
Social Bonds	<ul style="list-style-type: none"> IFC Mirova Amundi 	<p>(i) conduct some market intelligence to establish the hurdles to growth of social bonds issuances</p> <p>(ii) review and refine the SBP as needed;</p> <p>(iii) develop the Social Bond market infrastructure; and</p> <p>(iv) promote Social Bonds with policymakers</p>
Climate Transition Finance	<ul style="list-style-type: none"> AXA IM HSBC JP Morgan 	<p>Industry diversification - Assess why issuers from across bond market segments have been largely absent from the green bond market despite their importance to the climate transition.</p> <p>Consider what a climate strategy from an issuer would mean and how the consistency between the strategy and the corporate expenditures could be assessed/evidenced.</p> <p>Consider providing guidance for potential future issuances.</p>

Guidance Handbook



Green Project Mapping

Mapping Green Projects to the five environmental objectives (i.e. climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control) in the Principles

Providing a basis for comparison to other green taxonomies and classification systems (China Green Bond Catalogue, CBI, MDB/IDFC - climate change mitigation).



Guidelines for GSS External Reviews

These Guidelines for External Reviewers provide **voluntary guidance** relating to professional and ethical standards for external reviewers, as well as to the organisation, content and disclosure for their reports.

They have been developed as a common undertaking between the Executive Committee of the Principles in consultation with a group of leading external reviewers, with the support of the ICMA Secretariat with the collective objective to promote **best practice** in the provision of external review services for green, social and sustainability bonds.



Guidelines for Green, Social and Sustainability Bonds External Reviews

June 2018



Harmonized Framework for Impact Reporting

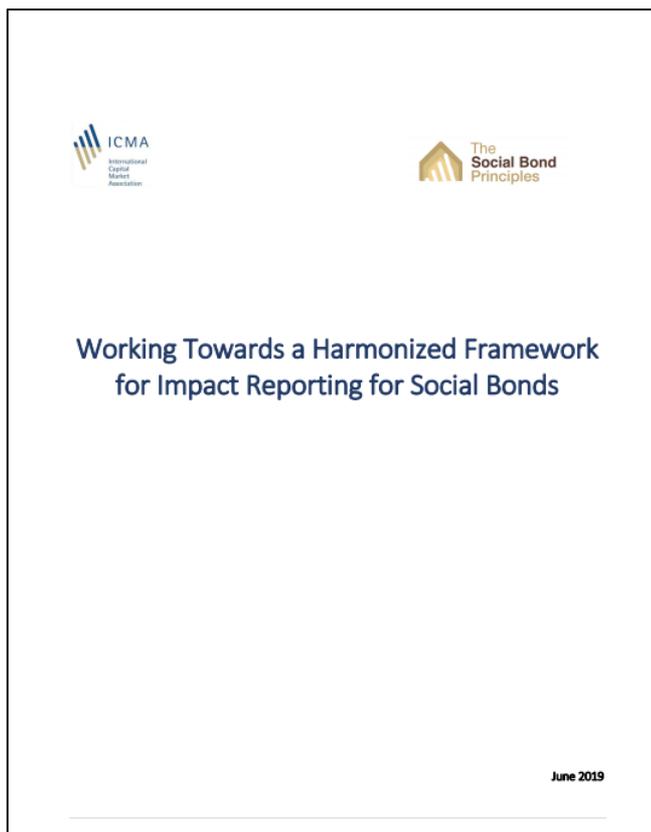


Brings together in one publication GBP SBP guidance on impact reporting

including a series of impact reporting frameworks for eligible green categories covering several sectors:

- Sustainable Water and Wastewater Management Projects (June 2017),
- Sustainable Waste Management and Resource-Efficiency Projects (February 2018),
- Clean Transportation Projects (June 2018), and
- Green Building Projects (February 2019).

Harmonized Framework for Impact Reporting for Social Bonds



This document summarizes the conclusions of the Social Bond Principles Sub-Working Group on impact reporting and aims to catalyse a broader discussion among issuers and investors.

It outlines a framework for reporting on projects to which Social Bond proceeds have been allocated, including core principles and recommendations for issuers as they develop their own reporting.

The document also provides a reporting template covering quantitative and qualitative information that issuers can adapt to their own circumstances

Mapping to the Sustainable Development Goals



GREEN, SOCIAL & SUSTAINABILITY BONDS:

A HIGH-LEVEL MAPPING TO THE SUSTAINABLE DEVELOPMENT GOALS



June 2019

This High-Level Mapping to the Sustainable Development Goals aims to provide a broad frame of reference by which issuers, investors and bond market participants can evaluate the financing objectives of a given Green, Social or Sustainability Bond/Bond Programme against the Sustainable Development Goals (SDGs).

Users of this document may benefit from the spreadsheet supplement which includes a more detailed listing of SDG targets mapped to the eligible categories of the Principles and is designed to be complementary to this guidance.

THANK YOU

