

Comparisons of 2018 and 2021 versions of Green Bond Principles (GBP) by ICMA

Components	Descriptions
Use of Proceeds	<p>The eligible green project categories are largely the same across both versions, except:</p> <ul style="list-style-type: none"> • Additional guidance on financing of projects to support transition to net zero. Issuer who wishes to finance projects towards implementing a net zero emissions strategy aligned with Paris Agreement goals may seek guidance on issuer level disclosures and climate transition strategies from ICMA Climate Transition Finance Handbook • Additional example to climate change adaptation in 2021 version: “including efforts to make infrastructure more resilient to impacts of climate change” • “Eco-efficient and/or circular economy adapted products production technologies and processes (such as development and introduction of environmentally sustainable products, with an eco-label or environmental certification resource-efficient packaging and distribution)” In 2018 version is replaced with “circular economy adapted products, production technologies and processes (such as the design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services); and/or certified eco-efficient products”
Process for Project Evaluation and Selection	<ul style="list-style-type: none"> • The 2021 version further encourages issuer to provide complementary information on processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s) • The 2021 version also encourages the issuer to: <ul style="list-style-type: none"> • provide information on the alignment of projects with official or market-based taxonomies, if relevant and • have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s). Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful¹
Management of Proceeds	<p>The criteria are largely the same across both versions. The 2021 version indicates that green bond proceeds can be managed per bond or on an aggregated basis for multiple green bonds</p>
Reporting	<p>The requirements are the same across both versions</p>
Others	<p>On top of the four core components, the 2021 version also identifies key recommendations regarding green bond framework and external review</p> <ul style="list-style-type: none"> • Green bond framework: <ul style="list-style-type: none"> • Issuer should explain the alignment of its green bond with GBP’s four core components in a green bond framework or in its legal documentation. The framework should be available in a readily accessible format to investors. Issuer is recommended to summarize relevant information within the context of the issuer’s overarching sustainability strategy in the framework. Issuer is also encouraged to disclose any taxonomies, green standards or certifications referenced in project selection • In addition, issuer is encouraged to use guidance from Climate Transition Finance Handbook when communicating Paris-aligned transition strategies in the context of projects targeting climate change mitigation • External review: Both versions recommend issuer to appoint (an) external reviewer for its bond issuance. The 2021 version explicitly recommends issuer to engage external auditor or other third party to verify internal tracking and allocation of funds for the green bond, post issuance

¹The Guidance Handbook (section 1.15) provides an example of what is expected from issuer. The handbook can be found in <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/The-GBP-Guidance-Handbook-June-2021-140621.pdf>

Source: “Green Bond Principles”, ICMA, June 2021

Comparisons of 2020 and 2021 versions of Social Bond Principles (SBP) by ICMA

Components	Descriptions
Use of Proceeds	The eligible social project categories are the same across both versions
Process for Project Evaluation and Selection	<ul style="list-style-type: none"> The 2021 version further encourages issuer to provide complementary information on processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s) The 2021 version also encourages the issuer to have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s). Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful¹
Management of Proceeds	The criteria are largely the same across both versions. The 2021 version indicates that social bond proceeds can be managed per bond or on an aggregated basis for multiple social bonds
Reporting	The requirements are the same across both versions
Others	<p>On top of the four core components, the 2021 version also identifies key recommendations regarding social bond framework and external review</p> <ul style="list-style-type: none"> Social bond framework: Issuer should explain the alignment of its social bond with SBP's four core components in a social bond framework or in its legal documentation. The framework should be available in a readily accessible format to investors. Issuer is recommended to summarize relevant information within the context of the issuer's overarching sustainability strategy in the framework External review: Both versions recommend issuer to appoint (an) external reviewer for its bond issuance. The 2021 version explicitly recommends issuer to engage external auditor or other third party to verify internal tracking and allocation of funds for the social bond, post issuance

¹The Guidance Handbook (section 1.15) provides an example of what is expected from issuer. The handbook can be found in <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/The-GBP-Guidance-Handbook-June-2021-140621.pdf>

Source: "Social Bond Principles", ICMA, June 2021

Comparisons of 2018 and 2021 versions of Sustainability Bond Guidelines (SBG) by ICMA

Both versions are largely similar, with changes to the requirements of green and social projects being reflected in 2021 versions of GBP and SBP, respectively.