

Highlights of 3Q2024

- **ICMA's new guidelines on Green, Social and Sustainability-linked Bonds Principles**

By the end of June '24, ICMA released new materials and further guidelines to support the referred Bond Principles. The new developments would create both a new financing opportunity in the debt capital markets while also aiming to support the integrity of sustainability-linked financing. The novelties refer essentially to 3 differentiated areas:

- i. Guidance for Green Enabling Projects: a great number of green enabling projects, vital to the value chain of green projects, are not themselves explicitly considered green but remain critical to these eligible green projects. A Green Enabling Project must meet specific criteria (including being a crucial part of a Green Project's value chain without causing carbon lock-in) and adhere to certain transparency necessities in order to be effectively considered as linked with environmental benefits;
- ii. Guidelines for Sustainability-Linked Loans financing Bonds (SLLBs): These guidelines have been developed in collaboration with the Loan Market Association (LMA) and aim to improve the transparency and credibility of the SLLB market. They define a dedicated bond instrument designed for issuers wishing to finance or refinance a portfolio of eligible sustainability-linked loans (SLLs) aligned with the LMA's Sustainability-Linked Loan Principles (SLLP). SLLBs should serve as a driver to enhance the robustness of sustainability-linked loan structures in the market over the longer-term; and
- iii. The Principles have also released further roadmaps on the following topics:
 - o An update of the Sustainability-Linked Bond Principles with clarifications to support KPI selection and a new SLB disclosure data checklist.
 - o An expansion of the SLB KPIs Registry related to environmental themes (biodiversity, circular economy/raw materials and water) as well as additional KPIs for sovereign issuers.
 - o A new annex of the Impact Reporting Handbook covering potential environmental and/or social risks associated with eligible project categories for green bonds.