



## Summary of the Survey of GBP/SBP Members – Investors

Evaluation of the benefits of the Green, Social or Sustainability (GSS) Bond Market

Organisation and strategies pursued by the issuers, the investors and the underwriters in relation to the GSS market

July– August 2019

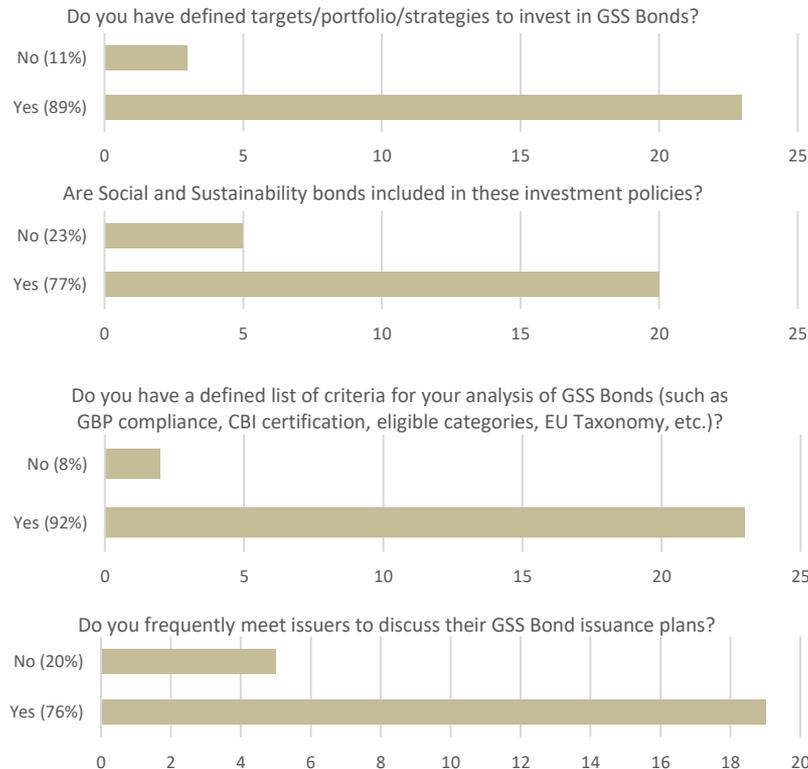
# Survey Highlights

**The vast majority of respondents indicate that they have defined targets / portfolio / strategies to invest in Green Social and/or Sustainability (“GSS”) bonds:**

More than 88% of the respondents have specific GSS bonds investment targets/strategies or dedicated green bond funds in place while 77% of the respondents also underlined that their policies include investing in social and sustainability bonds.

## Analysis for GSS bonds investments:

The vast majority of respondents (92%) have a defined list of criteria for analysing GSS bonds (e.g. GBP compliance, CBI certification, eligible categories, share of financing vs. refinancing). There is however no common approach among the respondents on which team(s) within the organisation is (are) to carry out such analysis: ESG teams or portfolio managers or adopt a joint approach where ESG teams work together with portfolio managers and credit analysts. Also, 76% of the respondents indicate that they meet issuers frequently to discuss their GSS bond issuance plans. Most respondents said that ESG teams and portfolio managers/credit analysts engage collaboratively in roadshow meetings.



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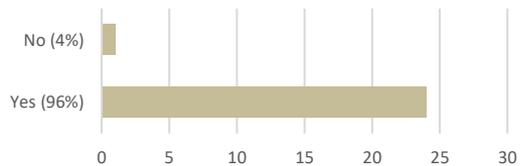
## Reporting on GSS bonds holdings:

Almost all the respondents report internally on the volume of their GSS bonds holdings (i.e. 96%) while a clear majority (65%) also report on such information externally. Reporting on the impact appears to be less common with 58% of the respondents doing so internally and only 46% externally. The main obstacles include difficulty in aggregating impact data due to diverging methodologies and assumptions used by issuers; absence of automation in data sourcing, etc. However, as a few pointed out, there is general appetite to report more on the impact and that the creation of a centralised data centre for impact may prove to be useful.

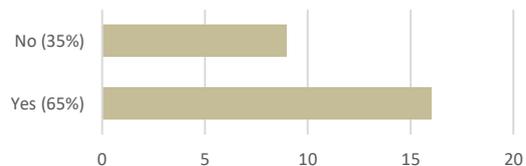
## Motivations for investing in GSS bonds:

While the ultimate motivation for most GSS investors is the environmental and social impact and economic transition with a focus on climate change mitigation, other drivers emerged, such as higher transparency on the use of proceeds and encouraging issuers towards the sustainability route. A few organisations also referred to the risk management perspective, fiduciary duty and additional data availability from GSS products.

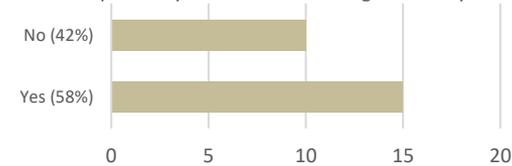
Are you reporting the volume of your GSS Bond holdings internally?



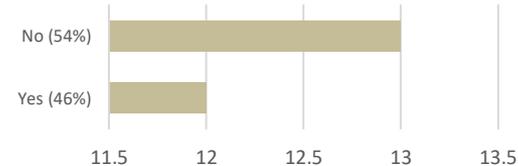
Are you reporting the volume of your GSS Bond holdings externally?



Are you reporting on the outputs and/or impacts of your GSS Bond holdings internally?



Are you reporting on the outputs and/or impacts of your GSS Bond holdings externally?



# Survey Highlights

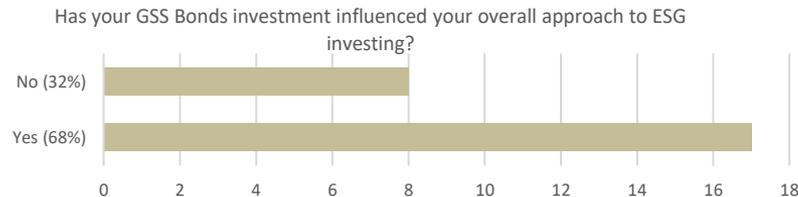
## Alignment between earmarked proceeds with issuers' overall strategy footprint:

The vast majority of the respondents (84%) assess the coherence and consistency between earmarked proceeds and the overall strategy and footprint of issuers, which points to the materiality of such assessment to the investment decision.



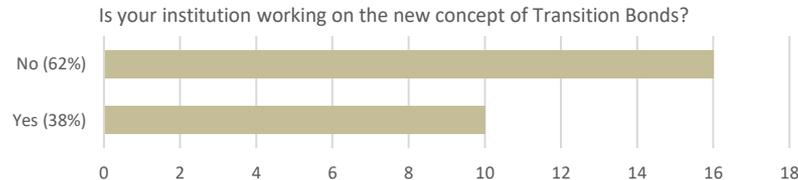
## Impact of GSS bonds investment on overall approach to ESG investing:

The majority of respondents (68%) indicate that GSS bond investments impact their overall approach to ESG investing, while the respondents' feedback was not conclusive on whether their engagement in GSS bond strategies/portfolios has a substantial influence on bringing additional business/clients.



## Transition Bonds:

Most respondents indicated that they are in early discussion on transition bonds for the moment. A few indicated that this new label is not needed based on the argument that GBP SBP already covers transition projects. As far as the majority are concerned, they are supportive of the establishment of a new label if effective environmental benefits are proven.



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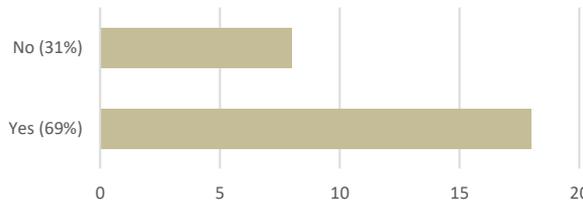
## Interaction with GSS bond issuers:

A clear majority of the respondents (69%) note improvement on issuers' ESG performance once they start issuing GSS bonds while 60% of the respondents also observe changes in the issuers' business models/organisations.

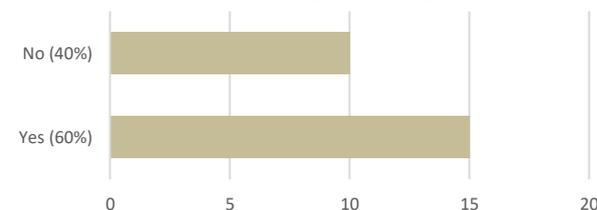
More specifically, most respondents underline that GSS bond issuance leads to increased transparency on sustainability related information. This comes together with changes in the internal processes and development of/alignment with broader sustainability objectives beyond GSS issuance as a result of investor engagement.

Also, almost all respondents find repeat issuers more transparent regarding their green / social strategy and investments, vs. non GSS bond issuers by noting also that those issuers seek respondents' views on their frameworks and reporting.

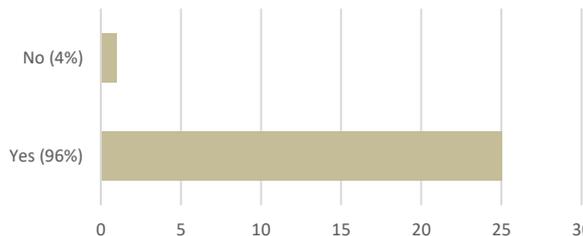
Have you noted any improvement in issuers' ESG performance once they start issuing GSS Bonds?



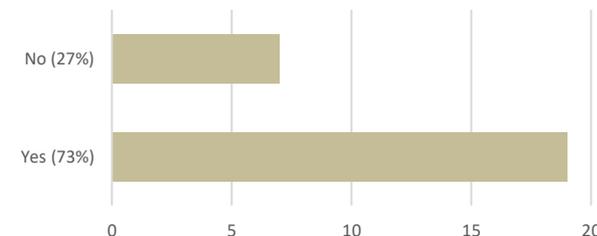
Have you noticed changes to issuers' business models/organisation as they issue GSS Bonds? How are you assessing these changes?



Are repeat GSS Bond issuers more transparent regarding their green / social strategy and investments, vs non GSS Bond issuers?



Are repeat issuers seeking your views on their Green Bonds framework and reporting?



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