

Social Bond Principles

Voluntary Process Guidelines for Issuing Social Bonds

June 2025



Introduction

The Social Bond Principles (SBP), together with the [Green Bond Principles](#) (GBP), the [Sustainability Bond Guidelines](#) (SBG) and the [Sustainability-Linked Bond Principles](#) (SLBP) are published under the governance of the Principles. The Principles are a collection of voluntary frameworks with the stated mission and vision of promoting the role that global debt capital markets can play in financing progress towards environmental and social sustainability.

The Principles outline best practices when issuing bonds serving social and/or environmental purposes through global guidelines and recommendations that promote transparency and disclosure, thereby underpinning the integrity of the market. The Principles also raise awareness of the importance of environmental and social impact among financial market participants, which ultimately aims to attract more capital to support sustainable development.

The SBP seek to support issuers in financing socially sound and sustainable projects that achieve greater social benefits. SBP-aligned issuance should provide transparent social credentials alongside an investment opportunity. By recommending that issuers report on the use of Social Bond proceeds, the SBP promote a step change in transparency that facilitates the tracking of funds to social projects, while simultaneously aiming to improve insight into their estimated impact.

The SBP provide high level categories for eligible Social Projects in recognition of the diversity of current views and of the ongoing development in understanding of social issues and consequences. The SBP encourage all participants in the market to use this foundation to develop their own robust practices, referencing a broad set of complementary criteria as relevant.

The SBP are collaborative and consultative in nature, based on the contributions of [Members and Observers](#) of the Principles, and of the wider community of stakeholders. They are updated as required in order to reflect the development and growth of the global Social Bond market. The SBP, and the Principles generally, are coordinated by the [Executive Committee](#) with the support of the Secretariat.

In addition to the SBP, the Principles offer approaches that reflect issuer level sustainability commitments, which can supplement or provide an alternative to a focus on use of proceeds. Such commitments can be expressed through Sustainability-Linked Bonds, as well as through dedicated issuer strategies and disclosures as recommended by the [Climate Transition Finance Handbook](#) when communicating Paris-aligned transition plans. An illustration of the products and related guidance covered by the Principles is depicted in Appendix 2.



The 2025 Edition of the SBP

To ensure consistency with the 2025 update of the GBP, the 2025 edition of the SBP includes “activities” in addition to assets, investments and other related and supporting expenditures, in the definition of Social Projects.

Social Bond Definition

Social Bonds are any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Social Projects (see Use of Proceeds section) and which are aligned with the four core components of the SBP.

Different types of Social Bonds exist in the market. These are described in Appendix 1.

It is understood that certain eligible Social Projects may also have environmental co-benefits, and that the classification of a use of proceeds bond as a Social Bond should be determined by the issuer based on its primary objectives for the underlying projects. Bonds that intentionally mix Green and Social Projects are referred to as Sustainability Bonds, and specific guidance for these is provided separately in the [Sustainability Bond Guidelines](#).

It is important to note that Social Bonds should not be considered fungible with bonds that are not aligned with the four core components of the SBP. Bonds issued under earlier Social Bond Guidance released prior to this version are deemed consistent with the SBP.

Social Bond Principles

The SBP are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social Bond market by clarifying the approach for issuance of a Social Bond. The SBP are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Social Bond; they aid investors by promoting availability of information necessary to evaluate the positive impact of their Social Bond investments; and they assist underwriters offering vital steps that will facilitate transactions and preserve integrity of the market.

The SBP recommend a clear process and disclosure for issuers, which investors, banks, underwriters, arrangers, placement agents and others may use to understand the characteristics of any given Social Bond. The SBP emphasise the required transparency, accuracy and integrity of the information that will be disclosed and reported by issuers to stakeholders through core components and key recommendations.

The four core components for alignment with the Social Bond Principles are:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The key recommendations for heightened transparency are:

- (i) Social Bond Frameworks
- (ii) External Reviews



1. Use of Proceeds

The cornerstone of a Social Bond is the utilisation of the proceeds of the bond for eligible Social Projects which should be appropriately described in the legal documentation of the security. All designated eligible Social Projects should provide clear social benefits, which will be assessed and, where feasible, quantified by the issuer.

In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced eligible Social Projects.

Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s). A social issue threatens, hinders, or damages the well-being of society or a specific target population. For the avoidance of doubt, issuers should identify the relevant target population(s) of the Social Projects, however, it is acknowledged that the definition of target population can vary depending on local contexts and that, in some cases, such target population(s) may also be served by addressing the general public. Please see below illustrative examples of Social Project categories.

The following list of project categories, while indicative, captures the most commonly used types of projects supported, or expected to be supported, by the Social Bond market. Social Projects include assets, investment and activities, as well as other related and supporting expenditures, such as research and development that may relate to more than one category.

Social Project categories include, but are not limited to, providing and/or promoting:

- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)
- Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)
- Affordable housing
- Employment generation and programmes designed

to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a “just transition” (such provision and/or promotion could include SME financing and microfinance)

- Food security and sustainable food systems (e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers)
- Socioeconomic advancement and empowerment (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)

Examples of target populations include, but are not limited to, those that are:

1. Living below the poverty line
2. Excluded and/or marginalised populations and/or communities
3. People with disabilities
4. Migrants and/or displaced persons
5. Undereducated
6. Underserved, owing to a lack of quality access to essential goods and services
7. Unemployed and/or workers affected by climate transition
8. Women and/or sexual and gender minorities
9. Aging populations and vulnerable youth
10. Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity

There are several categories and sets of criteria defining Social Projects already in existence in the market that can be used as complementary guidance. Issuers and other stakeholders can refer to examples that can be found in the [sustainable bond issuers database](#) available on ICMA's website. Definitions of Social Projects may also vary depending on sector and geography.

2. Process for Project Evaluation and Selection

The issuer of a Social Bond should clearly communicate to investors:

- The social objectives of the Social Projects;
- The process by which the issuer determines how the projects fit within the eligible Social Project categories and shows the intended benefit to the relevant target population(s) (examples are identified above); and
- Complementary information on processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant Project(s).

Issuers are also encouraged to

- Position the information communicated above within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability.
- Provide information on the related eligibility criteria, including if applicable, exclusion criteria, and also disclose any social standards or certifications referenced in project selection.
- 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 meaningful.

3. Management of Proceeds

The net proceeds of the Social Bond, or an amount equal to these 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 linked to the issuer's lending and investment operations for Social Projects.

So long as the Social Bond is outstanding, the balance of the tracked net proceeds should be periodically adjusted to match allocations to eligible Social Projects made during that period. The issuer should make known to investors the intended types of temporary placement for the balance of unallocated net proceeds.

The proceeds of Social Bonds can be managed per bond (bond-by-bond approach) or on an aggregated basis for multiple Social Bonds (portfolio approach).

The SBP encourage a high level of transparency and recommend that an issuer's management of proceeds be supplemented by the use of an external auditor or other third party to verify the internal tracking method and the allocation of funds from the Social Bond proceeds (see Key Recommendations section below).

4. Reporting

Issuers should make, and keep readily available, up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in the case of material developments. This annual report should include a list of the projects to which Social Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the SBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).

Transparency is of particular value in communicating the expected and/or achieved impact of projects. The SBP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures (e.g. number of beneficiaries, especially from target populations) and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Issuers should refer to and adopt, where possible, the guidance and impact reporting templates provided in the [Harmonised Framework for Impact Reporting for Social Bonds](#).

The use of a summary which reflects the main characteristics of a Social Bond or a Social Bond programme and illustrates its key features in alignment with the four core components of the SBP may help inform market participants. To that end, a template can be found in the [sustainable finance section](#) of ICMA's website, which once completed can be made available online for market information.

Key Recommendations

Social Bond Frameworks

Issuers should explain the alignment of their Social Bond or Social Bond programme with the four core components of the SBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) in a Social Bond Framework or in their legal documentation. Such Social Bond Framework and/or legal documentation should be available in a readily accessible format to investors.

It is recommended that issuers summarise in their Social Bond Framework relevant information within the context of the issuer's overarching sustainability strategy.

External Reviews

It is recommended that issuers appoint (an) external review provider(s) to assess through pre-issuance external review the alignment of their Social Bond or Social Bond programme with the four components of the SBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) as defined above.

Post issuance, it is recommended that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the Social Bond proceeds.

There are a variety of ways for issuers to obtain outside input to their Social Bond process and there are several types of review that can be provided to the market. Issuers should consult the [Guidelines for External Reviews](#) for recommendations and explanations on the different types of reviews. These Guidelines have been developed by the Principles to promote best practice. They are a market-based initiative to provide information and transparency on the external review processes for issuers, underwriters, investors, other stakeholders and external reviewers themselves.

The SBP encourage external review providers to disclose their credentials and relevant expertise and communicate clearly the scope of the review(s) conducted. Issuers should make external reviews publicly available on their website and/or through any other accessible communication channel as appropriate and if feasible, as well as use the template for external reviews available in the [sustainable finance section](#) of ICMA's website.

Disclaimer

The Social Bond Principles are voluntary process guidelines that neither constitute an offer to purchase or sell securities nor constitute specific advice of whatever form (tax, legal, environmental, accounting or regulatory) in respect of Social Bonds or any other securities. The Social Bond Principles do not create any rights in, or liability to, any person, public or private. Issuers adopt and implement the Social Bond Principles voluntarily and independently, without reliance on or recourse to the Social Bond Principles and are solely responsible for the decision to issue Social Bonds. Underwriters of Social Bonds are not responsible if issuers do not comply with their commitments to Social Bonds and the use of the resulting net proceeds. If there is a conflict between any applicable laws, statutes and regulations and the guidelines set forth in the Social Bond Principles, the relevant local laws, statutes and regulations shall prevail.



Appendix I

Types of Social Bonds

There are currently four types of Green Bonds (additional types may emerge as the market develops and these will be incorporated in GBP updates):

- 1. Standard Social Use of Proceeds Bond:** an unsecured debt obligation with full recourse-to-the-issuer only and aligned with the SBP.
- 2. Social Revenue Bond:** a non-recourse-to-the-issuer debt obligation aligned with the SBP in which the credit exposure in the bond is to the pledged cash flows of the revenue streams, fees, taxes etc., and whose use of proceeds go to related or unrelated Social Project(s).
- 3. Social Project Bond:** a project bond for a single or multiple Social Project(s) for which the investor has direct exposure to the risk of the project(s) with or without potential recourse to the issuer, and that is aligned with the SBP.
- 4. Secured Social Bond:** a secured bond where the net proceeds will be exclusively applied to finance or refinance either:
 - i. The Social Project(s) securing the specific bond only (a “Secured Social Collateral Bond”); or
 - ii. The Social Project(s) of the issuer, originator or sponsor, where such Social Projects may or may not be securing the specific bond in whole or in part (a “Secured Social Standard Bond”). A Secured Social Standard Bond may be a specific class or tranche of a larger transaction.

This Secured Social Bond category may include, but is not limited to, covered bonds, securitisations, asset-backed commercial paper, secured notes and other secured structures, where generally, the cash flows of assets are available as a source of repayment or assets serve as security for the bonds in priority to other claims.

For each Secured Social Bond, the issuer, originator or sponsor should clearly specify in its marketing materials, offering documentation or by other means which method defined in (i) or (ii) above is being applied, i.e. whether it is a Secured Social Collateral Bond or a Secured Social Standard Bond.

There should be no double counting of Social Projects under a Secured Social Bond with any other type of outstanding social financing and the issuer, originator or sponsor (as applicable) must ensure full alignment with all Core Components of the SBP.

Note 1

It is recognised that there is a market of bonds with sustainable themes, in some cases referred to as “pure play”, issued by organisations that are mainly or entirely involved in social or sustainable activities, but that do not follow the four core components of the SBP. In such cases, investors will need to be informed accordingly and care should be taken to not imply SBP features by a Social Bond reference. These organisations are encouraged to adopt where possible the relevant best practice of the SBP (e.g. for reporting) for such existing socially or otherwise themed bonds, and to align future issues with the SBP.

Note 2

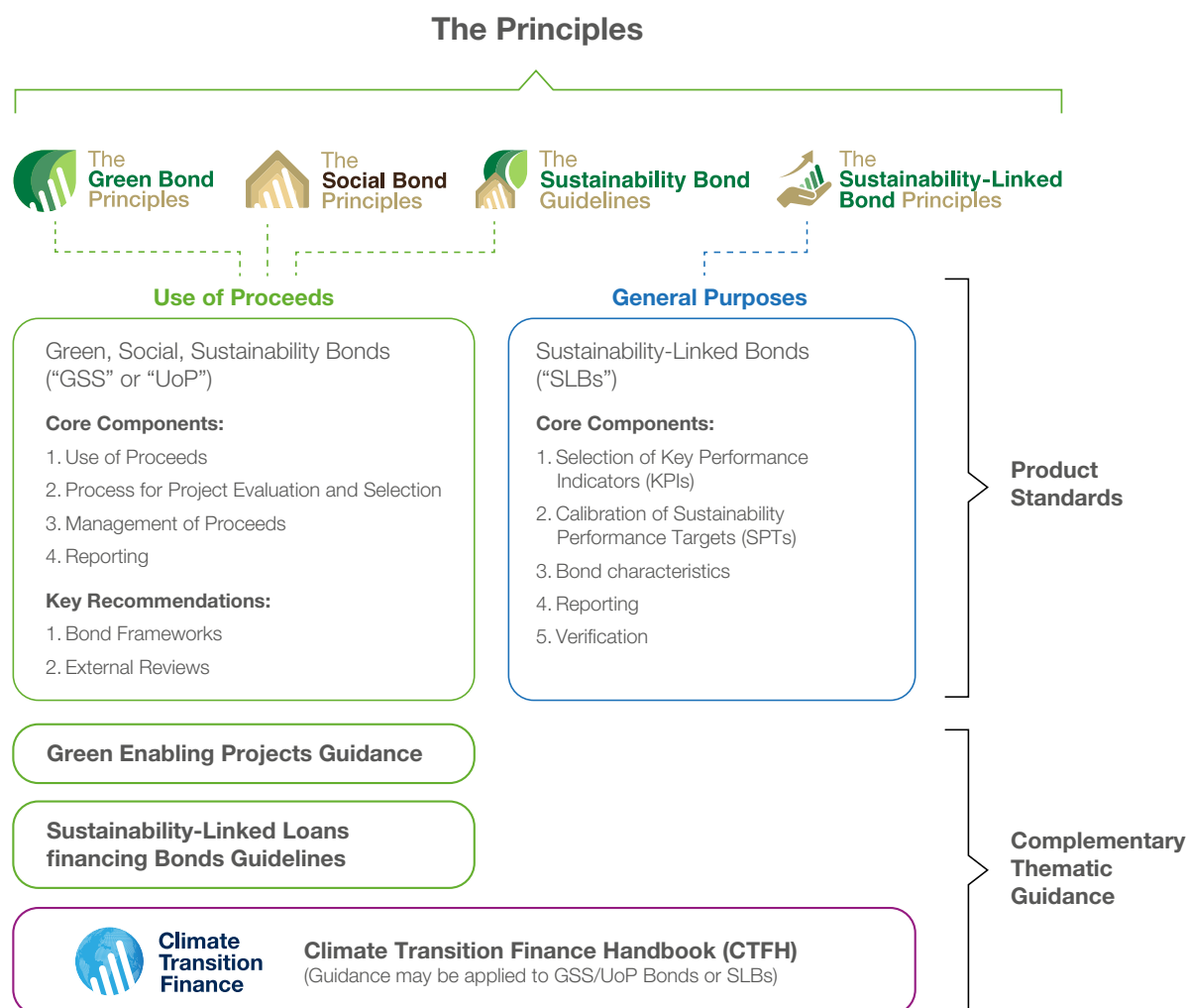
It is recognised that there is a market of bonds with sustainable themes which finance a combination of green and social projects, including those linked to the Sustainable Development Goals (SDGs). In some cases, such bonds may be issued by organisations that are mainly or entirely involved in sustainable activities, but their bonds may not align to the four core components of the SBP. In such cases, investors will need to be informed accordingly and care should be taken to not imply SBP (or GBP) features by a Sustainability Bond or SDG reference. These issuing entities are encouraged to adopt, where possible, the relevant best practice of the SBP (e.g. for reporting) for such existing sustainability, SDG or otherwise themed bonds, and to align future issues with the SBP and GBP.

A mapping of the GBP and SBP to the Sustainable Development Goals (SDGs) is available and aims to provide a broad frame of reference by which issuers, investors and market participants can evaluate the financing objectives of a given Green, Social or Sustainability Bond/Bond Programme against the SDGs. It can be found in the [sustainable finance section](#) of ICMA’s website.

Note 3

It is recognised that issuers may wish to align their Social Bonds with both the SBP and the SLBP. For the avoidance of doubt, such an approach remains at the discretion of issuers and is neither recommended nor discouraged.

Appendix II



* Under the GBP, SBP and SBG, an amount equal to the net bond proceeds is dedicated to financing eligible projects (Use of Proceeds Bonds) while under the SLBP, proceeds are primarily for the general purposes of an issuer in pursuit of identified KPIs and SPTs (Sustainability-Linked Bonds). A bond that combines SLB and Use of Proceeds features should apply guidance for both types of bonds.

