



BSI Standards Publication

Environmental performance evaluation — Green debt instruments

Part 1: Process for green bonds

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National foreword

This British Standard is the UK implementation of ISO 14030-1:2021.

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A list of organizations represented on this committee can be obtained on request to its committee manager.

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Environmental performance evaluation — Green debt instruments —

Part 1: Process for green bonds

*Évaluation de la performance environnementale — Titres de
créance verts —*

Partie 1: Processus pour les obligations vertes



Reference number
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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 207, *Environmental management*, Subcommittee SC 4, *Environmental performance evaluation*.

A list of all parts in the ISO 14030 series can be found on the ISO website.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

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Introduction

Industrialization, population growth and other global trends have resulted in environmental impacts with negative societal and economic consequences. Significant financial resources are required to confront these growing challenges. One approach to enhance and promote the financing of environmental improvements has been the development of green debt instruments such as, but not limited to, green bonds. For responsible investors and other interested parties, bonds designated as “green” are used to allocate funds exclusively towards projects, assets and supporting expenditures that can result in environmental benefits such as aligning with global climate goals and conserving natural resources. Such bonds may also support investors in reducing their exposure to financial risks associated with poor environmental management. For issuers and underwriters, green bonds are an attractive financial product with growing market appeal. However, issuers’ and market participants’ definitions as to what is “green” can vary greatly and are likely to change over time, presenting challenges to the credibility and growth of the market.

This document expands on the Green Bond Principles (GBP)^[13] to provide specific requirements and guidance for the designation and verification of green bonds. The objective is to provide market participants and other interested parties with a common framework for designating a bond as “green”. The intended result is to provide clarity in the marketplace and improve the credibility of bonds designated as “green”. This is achieved by setting requirements for the allocation of funds to projects, assets and supporting expenditures and reporting requirements on the results of expected impacts. Examples of environmental objectives that may be associated with financing of bonds issued in conformity with this document can be found in [5.2](#).

The following process for issuing and managing a green bond has been defined within the GBP^[13]:

- a) use of proceeds;
- b) process for project evaluation and selection;
- c) management of proceeds;
- d) reporting;
- e) external review.

The objective of designating a bond as “green” is to promote investments that increase positive and reduce negative environmental impacts. Monitored environmental impacts should be specific, measurable, achievable, relevant, transparent and theoretically sound.

Robust information about the environmental impact or performance of projects, assets and supporting expenditures is important to investors and other interested parties. At the pre-issuance stage, investors want to know that an issuer has followed an appropriate process that justifies designating a bond as “green” and that the eligible projects, assets and supporting expenditures have the potential to deliver positive environmental outcomes. After green bonds have been issued, investors seek confirmation that the amount equivalent to the net proceeds has been allocated to eligible green projects, assets and supporting expenditures and, later, that project performance meets the eligibility criteria. Therefore, the role of the verification programme owners is important as they will verify the provisions of [Clauses 5](#) and [6](#).

This document defines green bonds and specifies process steps for designating a bond as “green”, including requirements for the identification of appropriate performance indicators. The requirements of this document address:

- eligibility criteria for the use of proceeds (see [Clause 5](#));
- the management of proceeds (see [Clause 6](#));
- environmental performance (see [Clause 7](#));
- reporting (see [Clause 8](#)).

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[Figure 1](#) outlines the relationship between the four parts of the ISO 14030 series.

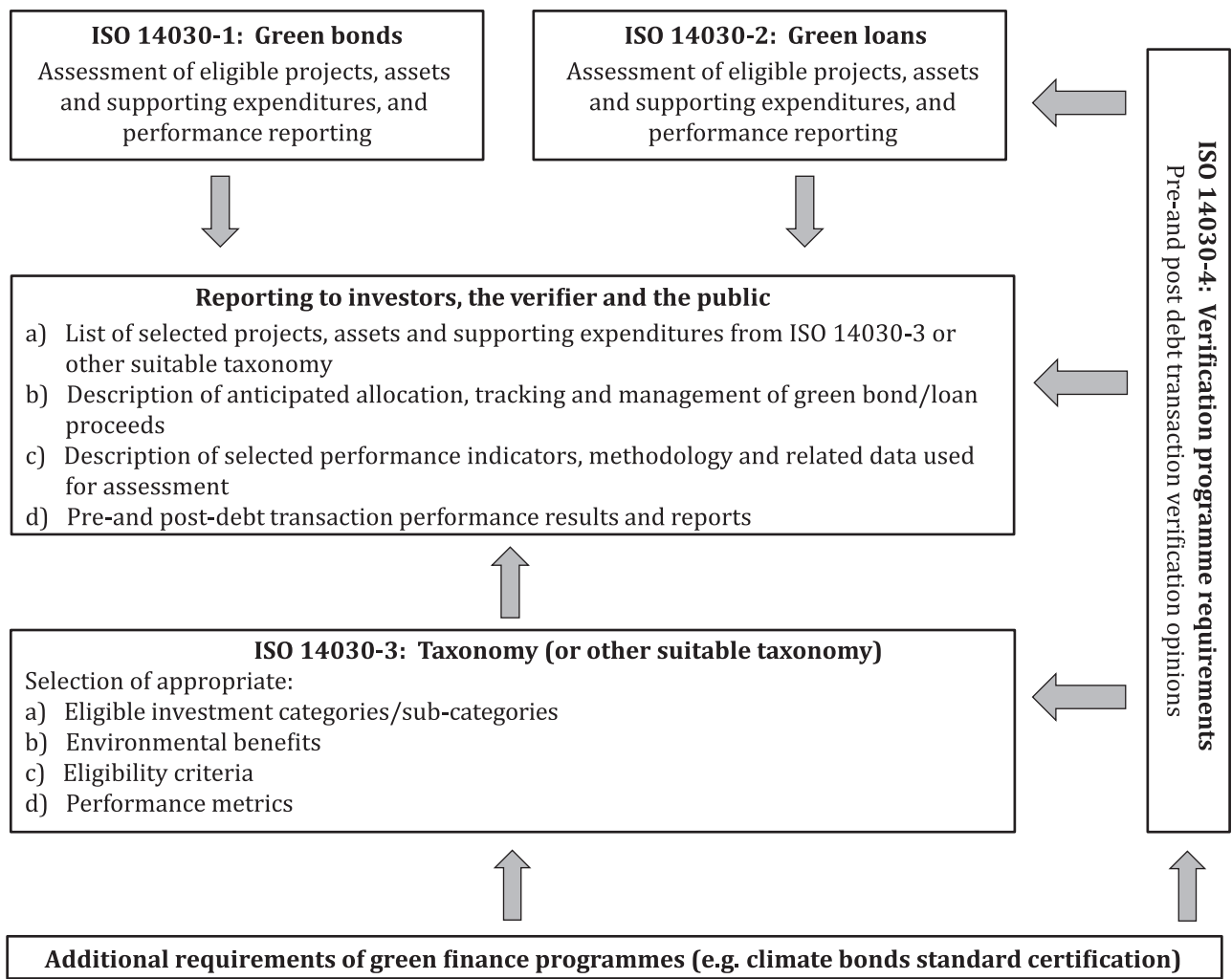


Figure 1 — Relationship between the parts of the ISO 14030 series

In this document:

- “shall” indicates a requirement;
- “should” indicates a recommendation;
- “may” indicates a permission;
- “can” indicates a possibility or a capability.

Information marked “NOTE” is for guidance in understanding or clarifying the associated requirement.

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Environmental performance evaluation — Green debt instruments —

Part 1: Process for green bonds

1 Scope

This document establishes principles, specifies requirements and gives guidelines:

- for designating bonds which finance eligible projects, assets and supporting expenditures as “green”;
- for managing and reporting on the use of proceeds;
- for defining, monitoring and reporting on their environmental impacts;
- for reporting to interested parties;
- for validation and verification.

This document is applicable to any issuer of bonds.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1 Terms related to debt instruments

3.1.1 bond

type of *debt instrument* (3.1.3) that serves as legally enforceable evidence of a debt and the promise of its repayment within a specified term

Note 1 to entry: In this document, the term “bond” should be understood and read to include the intermediated debt instruments listed in [Annex A](#).

3.1.2 green bond

bond (3.1.1) whose *net proceeds* (3.1.6) or an amount equivalent to the net proceeds will be exclusively applied to finance or refinance in part or in full new or existing *eligible projects, assets and supporting expenditures* (3.2.10)