









# The Guidelines for Issuing Green, Social, Sustainability, and Sustainability-Linked Debt Instruments

Approved by the Capital Market Authority  
Board under its decision 1-32-2025 dated  
17/09/1446H, corresponding to 17/03/2025G

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# 1. Introduction:

Since the launch of Vision 2030, the Kingdom of Saudi Arabia has taken significant steps to build a more sustainable future. Since joining the Paris Agreement on Climate in 2016, the Kingdom has launched several initiatives, most notably the Saudi Green Initiative in 2021. This initiative aims to enhance efforts to protect the environment, accelerate the transition to sustainable energy, and implement sustainability programs to achieve its goals of reducing carbon emissions, increasing reforestation and land reclamation efforts, and protecting terrestrial and marine areas in the Kingdom. The Saudi Green Initiative also oversees the implementation of a sustainable, long-term plan for climate action.

With a national commitment to build a more sustainable future and the growing global awareness of the need to address environmental and social challenges, along with the rapid increase in sustainable investment globally in debt instruments, the Capital Market Authority aims to support local issuances and deepen the debt capital market while enhancing transparency and aligning disclosure levels. This guide has been published to clarify the core principles and frameworks for green, social, sustainability, and sustainability-linked debt instruments, promoting the effective allocation of funds toward projects that contribute to a sustainable future.

Green, social and sustainability debt instruments are a type of fixed-income instrument, with their proceeds specifically allocated to projects that have a positive impact on the environment and society. Sustainability-Linked debt instruments are a type of fixed-income instrument for which the proceeds are intended to be used for general purposes, hence the use of proceeds is not a determinant in its categorization. By investing in these instruments, investors can contribute to sustainable development.

This guide seeks to consider the priorities of the local economy and the Saudi financial market while promoting the development of the local debt instruments market, in a manner that does not conflict with relevant local regulations and laws. It is also guided by the principles and guidelines issued by the International Capital Market Association (ICMA).

## 2. Scope and Application:

- a) The provisions of this guide are for guidance purposes. However, issuers of green, social, sustainable, or sustainability-linked debt instruments denominated in Saudi Riyals and offered through private or public placement in the Kingdom must disclose any instances of non-compliance with its provisions. Such disclosure must be included in the debt instruments issuance framework document or the prospectus.
- b) This guide does not preclude the provisions outlined in the Capital Market Law, its executive regulations, and other related regulations.

## 3. Definitions:

Subject to the definitions of terms and expressions set forth in the glossary of the Capital Market Authority's regulations and rules, the words and phrases used in this guide shall bear the meanings assigned to them therein, unless the context expressly provides otherwise:

**International Capital Market Association (ICMA):** A non-profit organization dedicated to developing and enhancing the efficiency and transparency of global capital markets. ICMA provides principles and guidelines for best practices in the debt market, including the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, and Sustainability-Linked Bond Principles, helping to guide the issuance of debt instruments and strengthen investor confidence.

**Green Debt Instruments:** Debt instruments where the proceeds from issuance are used exclusively to finance or re-finance, in part or in full, new and/or existing eligible Green Projects that generate a positive environmental impact.

**Social Debt Instruments:** Debt instruments where the proceeds from issuance are used exclusively finance or re-finance, in part or in full, new and/or existing eligible Social Projects that are aimed at achieving positive social outcomes.

**Sustainability Debt Instruments:** Debt instruments where the proceeds from issuance are used exclusively to finance or re-finance, in part or in full, new and/or existing eligible projects that are aimed at achieving a positive impact on the environment and/or society.

**Sustainability-Linked Debt Instruments:** Debt instruments whose financial or structural characteristics can vary depending on the issuer's achievement of sustainability targets.

**Green Bond Principles:** Voluntary standard issued by the International Capital Market Association (ICMA) that encourage transparency, disclosure, and integrity to facilitate the development of the green bond market.

**Social Bond Principles:** Voluntary standard issued by the International Capital Market Association (ICMA) that encourage transparency, disclosure, and integrity to facilitate the development of the social bond market.

**Sustainability Bond Guidelines:** Voluntary Guidelines issued by the International Capital Market Association (ICMA) that encourage transparency, disclosure, and integrity to facilitate the development of the sustainability bond market.

**Sustainability-Linked Bond Principles:** Voluntary standard issued by the International Capital Market Association (ICMA) that encourage transparency, disclosure, and integrity to facilitate the development of the sustainability-linked bond market.

**Sustainable Development Goals (SDGs):** They are a set of seventeen goals launched by the United Nations and adopted by all United Nations Member States in 2015 as part of the Sustainable Development Plan. They represent a global call to achieve a better and more sustainable future for all.

# 01

Part 1  
**Green, Social, and  
Sustainability Debt Instruments**

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## 1. Use of Proceeds of Green, Social, and Sustainability Debt Instruments:

- a) The issuer shall ensure that the use of issuance proceeds is clearly described in the debt instrument offering documents.
- b) The issuer shall ensure that projects financed by green debt instruments provide clear environmental benefits<sup>1</sup>, which should be assessed, and where feasible, quantified by the issuer.
- c) The issuer shall ensure that social projects financed by social debt instruments provide clear social benefits<sup>2</sup>, which should be assessed, and where feasible, quantified by the issuer.
- d) The issuer shall ensure that all sustainable debt instruments provide clear environmental and social benefits, which should be assessed, and where feasible, quantified by the issuer.
- e) The issuer shall ensure appropriate monitoring of the issuance net proceeds, which may include depositing the issuance net proceeds in a separate account with a licensed bank in the Kingdom.

## 2. Framework of Green, Social, and Sustainability Debt Instruments:

a) The issuer shall prepare a framework document for green, social, and/ or Sustainability debt instruments that includes the following information:

- 1. The eligible categories of projects to which the issuance proceeds will be allocated; and/or; If specific eligible projects are identified, provide information about these projects to which the issuance proceeds will be allocated.
- 2. Identify and describe the objectives of all relevant environmental and/or social projects and ensure that they align with the relevant Sustainable Development Goals (SDGs).
- 3. The mechanism used by the issuer to determine the eligibility of projects within the categories of eligible green and/or social projects.
- 4. The relevant criteria applied to identify and manage the material and potential social and environmental risks associated with eligible projects;
- 5. The mechanism for managing the issuance net proceeds.
- 6. The method of using the remaining balance of the net proceeds from the issuance that have not been allocated.
- 7. Complementary information on processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s).

b) In the case of a public offering of green, social, and sustainability debt instruments, the issuer shall ensure the publication of the green, social, and sustainability debt instruments framework for investors, and that it is made available before or simultaneously with the publication of the prospectus, and that it must remain publicly available throughout the term of the issuance via Tadawul's website.

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1- For more details, please refer to Question No. (1) in the FAQs section.

2- For more details, please refer to Question No. (2) in the FAQs section.

### 3. External Review of Green, Social, and Sustainability Debt Instruments:

- a) The issuer shall appoint an independent external reviewer (Second-Party Opinion Provider), who is listed on International Capital Market Association (ICMA) website that have confirmed that they will voluntarily align with the Guidelines for external reviews, and must be licensed to conduct business in the Kingdom.
- b) The external reviewer should have sufficient expertise in the field of green, social, and sustainability debt instruments and shall provide a statement on independence and conflict-of-interest policy within the external reviewer's report.
- c) The scope of the external review for green, social, and sustainability debt instruments includes the entire framework of green, social, and sustainability debt instruments, the eligible green and/or social or sustainability projects related to green and/or social or sustainability debt instruments, and the issuer's procedures for alignment with the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines (as applicable).
- d) In the case of a public offering of green, social, and sustainability debt instruments, the issuer shall ensure the publication of external reviewer's report for investors, and that it is made available before or simultaneously with the publication of the prospectus, and that it must remain publicly available throughout the term of the issuance via Tadawul's website.

### 4. Post-Issuance Reports of Green, Social, and Sustainability Debt Instruments:

- a) The issuer shall provide a post-issuance reports for green, social, and sustainability debt instruments to investors at least annually throughout the term of the issuance, until the proceeds have been fully allocated which should include:
  - 1. The use of proceeds from the offering.
  - 2. A list of eligible projects to which the proceeds from the offering have been allocated, including a summary of these projects, the amounts allocated to them from the proceeds, and their historic, current and expected impact.
- b) In the case of a public offering of green, social, and sustainability debt instruments, the issuer shall ensure to publish the post-issuance reports on Tadawul's website.



# 02

## Part 2 Sustainability-Linked Debt Instruments

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## 1. Identification of Key Performance Indicators (KPI) for Sustainability-Linked Debt Instruments:

The issuer shall ensure KPIs for sustainability-linked instruments:

- a) Relevant, core and material to the corporate issuer's overall business, and of high strategic significance to the issuer's current and/or future operations.
- b) Consistent with the overall issuer's sustainability strategy or policies but also reflecting the most material strategic dimensions for the issuer.
- c) Measurable or quantifiable on a consistent methodological basis.
- d) Externally verifiable; and able to be benchmarked.

## 2. Calibration of Sustainability Performance Targets (SPTs) for Sustainability-Linked Debt Instruments:

a) The issuer shall ensure when setting sustainability targets for sustainability-linked debt instruments that:

- 1. They are ambitious in the context of the KPIs and go beyond the issuer's 'business as usual' trajectory.
- 2. They are aligned with the issuer's sustainability strategy.
- 3. They are determined on a predefined timeline, such timeline to be set prior to or at the time of the debt instrument issuance.

b) The issuer shall consider, when setting sustainability performance targets for sustainability-linked debt instruments are based on a combination of benchmarking approaches:

- 1. The issuer's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible.
- 2. Forward-looking guidance on the KPI.
- 3. Comparisons to other companies in the same sector in which the issuer operates (if applicable).
- 4. Compared to a benchmark or an external reference (local, regional, global) where possible.

### 3. Prospectus of Sustainability-Linked Debt Instruments:

The issuer shall disclose the following information:

- a) Definition of KPIs and Sustainability Performance Targets.
- b) Characteristics of the sustainability-linked debt instrument; and any potential event(s) affecting such characteristics.
- c) A description of the mechanisms in place in case of inability to effectively measure or monitor the sustainability performance targets.

### 4. Framework of Sustainability-Linked Debt Instruments:

a) The issuer shall ensure that the framework for sustainability-linked debt instruments includes the following information:

- 1. The mechanism through which the issuer determines how KPIs are identified and their alignment with the issuer's sustainability strategy and ensure that they align with the relevant Sustainable Development Goals (SDGs).
  - 2. A clear definition of the KPIs, including their scope, application, and the method of calculating the selected KPIs.
  - 3. Goals related to the KPIs and the extent of commitment to them.
  - 4. Disclosure of information that may affect or limit the achievement of sustainability performance targets.
  - 5. Definition and details of sustainability performance targets, including the issuer's ambition to achieve these targets, the data referred to in sub-article (1) of article (b) of section (2) of this part, the timeframe for achieving the sustainability performance targets, verification of the established baseline for developing KPIs, and justifications for setting this baseline (including the date and duration). It should also cover the circumstances under which the calculation of sustainability performance targets may be reviewed, how the sustainability targets will be achieved while considering competition and confidentiality, and any potential factors beyond the issuer's control that may affect the achievement of the sustainability targets.
- b) In the case of a public offering of a sustainability-linked debt instruments, the issuer must ensure the publication of a sustainability-linked debt instruments framework for investors and that it is made available before or simultaneously with the publication of the prospectus, and that it must remain publicly available throughout the term of the issuance via Tadawul's website.

## 5. External Review of Sustainability-Linked Debt Instruments:

- a) The issuer shall appoint an independent external reviewer, who is listed on International Capital Market Association (ICMA) website that have confirmed that they will voluntarily align with the Guidelines for external reviews, and must be licensed to conduct business in the Kingdom.
- b) The external reviewer should have sufficient expertise in the field of sustainability-linked debt instruments.
- c) The scope of the external review includes the entire framework for sustainability-linked debt instruments, including the issuer's procedures for alignment with the guidelines of the sustainability-linked bond principles. The external reviewer is encouraged to assess:
  - 1. The relevance, materiality, and reliability of the selected KPIs.
  - 2. The rationale of the issuer's sustainability performance targets.
  - 3. The quality of the strategy outlined to achieve the sustainability performance targets.
- d) In the case of a public offering of Sustainability-Linked Debt Instruments, the issuer shall ensure the publication of external reviewer's report for investors, and that it is made available before or simultaneously with the publication of the prospectus, and that it must remain publicly available throughout the term of the issuance via Tadawul's website.

## 6. Post-Issuance Reports for Sustainability-Linked Debt Instruments:

- a) The issuer shall ensure to provide a post-issuance report for sustainability-linked debt instruments to investors at least annually throughout the term of the issuance until the time when the proceeds from the offering of the sustainability-linked debt instruments have been fully allocated, and it should include:
  - 1. Updated information on the selected KPIs, including the baseline for the KPIs.
  - 2. A Post-Issuance Verification Assurance Report issued by an external reviewer, which includes an assessment of the issuer's performance in achieving the sustainability performance targets (SPTs) related to the sustainability-linked debt instruments and the achievement or non-achievement of the SPTs on the financial and/or structural characteristics of the issued debt instruments.
  - 3. Any information that enables investors to monitor the level of ambition of the SPTs.
- b) In the case of a public offering of sustainability-linked debt instruments, the issuer must ensure to publish the post-issuance reports on Tadawul's website.

# 03

## Part 3 FAQ's

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## 1. What are eligible green projects?

These are projects that contribute to achieving national and global environmental goals, including but not limited to: Renewable energy, Energy efficiency, Pollution prevention and control, environmentally sustainable management of living natural resources and land use, Clean transportation, Sustainable water and wastewater management, Climate change adaptation, Circular economy adapted products, production technologies and processes, Green buildings; Considering that green projects should demonstrate one or more of the following characteristics:

- 1) Alignment with the Kingdom's economic, green, and investment ambitions, including aligning green investment efforts with the Kingdom's sustainability aspirations as outlined in Vision 2030, the Saudi Green Initiative, the goal of achieving net-zero emissions by 2060, and Nationally Determined Contributions (NDCs).
- 2) Consideration of national priorities, including prioritizing the mitigation of greenhouse gas emissions over addressing their sources, while also considering emerging green sectors and investment opportunities.
- 3) Consistency with the international environmental commitments ratified by the Kingdom, such as the objectives and principles of the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement, the United Nations Convention to Combat Desertification (UNCCD), and other relevant international environmental agreements.
- 4) Promotion of the Circular Carbon Economy (CCE) approach, along with other pathways adopted by the Kingdom of Saudi Arabia to ensure the sustainable management and preservation of natural resources.

## 2. What are eligible social projects?

These are projects that contribute to achieving the Kingdom's social goals and align with the align with the relevant Sustainable Development Goals (SDGs), including but not limited to: Affordable basic infrastructure (e.g. clean drinking water, sanitation, transport, energy), Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services), Affordable housing, Employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, SME financing and microfinance programs, 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).

### 3. What are eligible sustainability projects?

These are projects that contribute to achieving both environmental and social goals.

### 4. What is the difference between sustainability debt instruments and sustainability-linked debt instruments?

Sustainability debt instruments are debt instruments where the proceeds from their issuance are applied to finance or refinance projects that combine eligible green and social which are either identified or their eligibility criteria is defined, prior to the time of issuance. In contrast, sustainability-linked debt instruments are debt instruments where the use of proceeds is not specified and can also be used for general corporate purposes. Instead, the financial characteristics of a sustainability-linked debt instrument, such as the "return rate," and the structural characteristics, such as "early redemption," changes based on the issuer's achievement of the predefined key performance indicators (KPIs) and sustainability performance targets (SPTs) prior to the issuance of the debt instrument.

### 5. Are the disclosures required by these guidelines mandatory?

The disclosures required by these guidelines are not mandatory for issuers of green, social, sustainability, and sustainability-linked debt instruments denominated in Saudi Riyals. However, in the event that an issuer does not comply with any specific disclosure guideline, it must provide a clear [statement/explanation] to investors in the instrument offering documents informing the investors or the relevant provision it was unable to comply with.

**For any inquiries or feedback, please contact us  
via email at: [info@cma.org.sa](mailto:info@cma.org.sa)**



# Thank you