

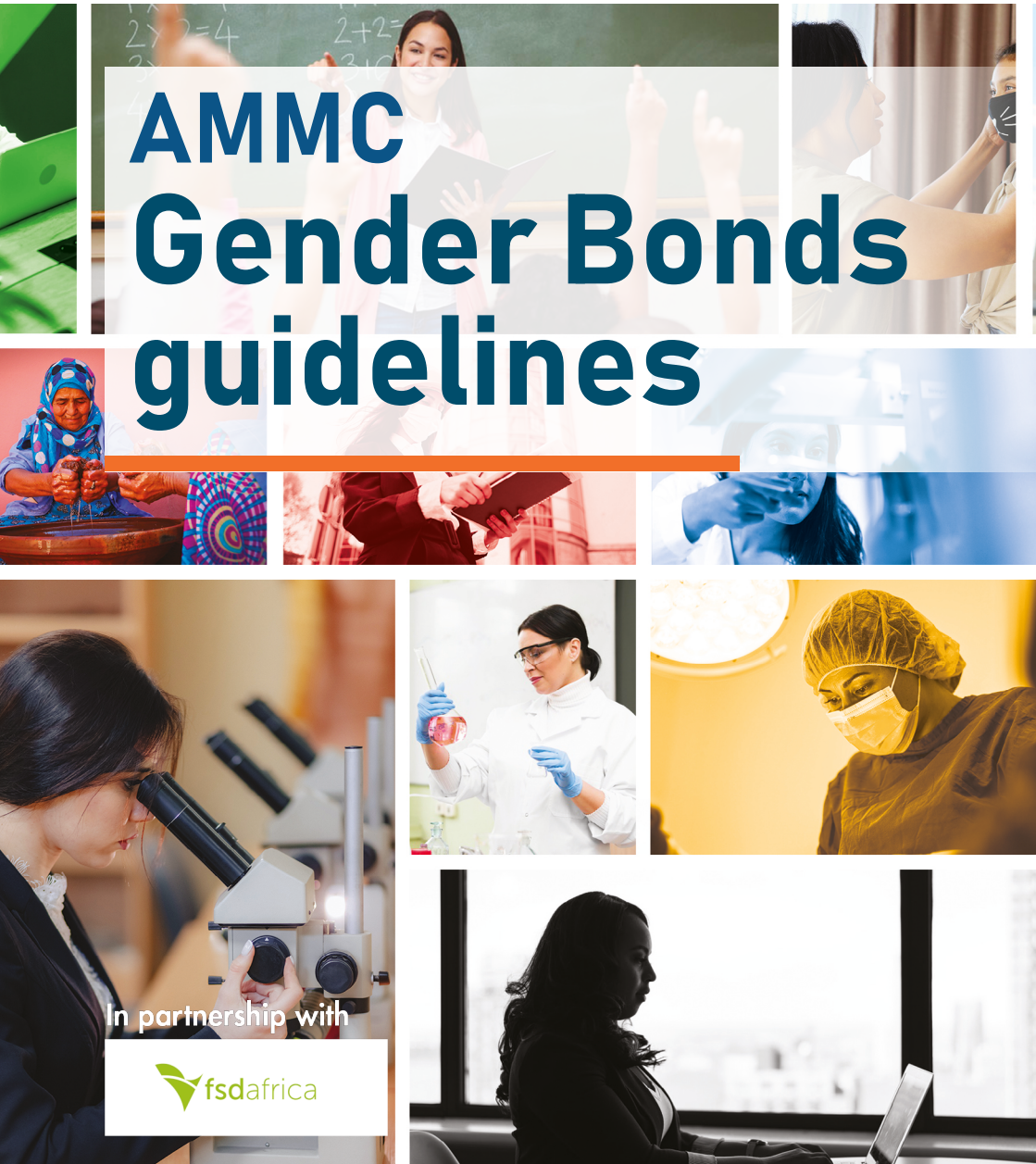


الهيئة المغربية لسوق الرساميل

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AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

AMMC Gender Bonds guidelines



In partnership with





FOREWORD

These guidelines were prepared by the Moroccan Capital Market Authority (AMMC), with the support of FSD Africa, in order to promote the development of financial instruments aimed at financing sustainable development and further expand opportunities for sustainable finance transactions.

As gender bonds are generally considered type of social bonds, the guidance provided in this document completes the previous guidelines published by AMMC. The present guidelines also introduce a new standard: the sustainability-linked bonds principles, that can be used to structure gender bond issuances as well as other types of sustainable bonds.

The present document provides useful information on mobilizing adequate financing for issuers interested in developing projects or activities aligned with gender equality and women's empowerment. In addition, investors and other market participants can also rely on the guidelines for a better understanding of gender bonds and their relevance for sustainable finance approaches.

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I. General information

1. What are Gender Bonds?
2. Why are they relevant to sustainable finance?

I. General information

1. What are Gender Bonds?

Gender bonds are a relatively recent development in the field of sustainable finance, and no official or universal definition of gender bonds exists. However, they can be broadly defined as bonds that support women empowerment and gender equality.

Like other labelled debt, such as green, social and sustainability bonds introduced in previous guidelines published by AMMC, a gender bond can have any type of financial structure as a general bond, a project bond or a securitization scheme.

Gender bonds can support women's empowerment and gender equality by financing activities that enable these objectives. Such activities can be varied and can impact different groups of women.



2. Why are they relevant to sustainable finance?

Sustainable finance aims at mobilizing capital flows towards activities that contribute to fulfilling the global Sustainable Development Goals (SDGs) and the transition to a sustainable global economy. Hence, sustainable development has been integrated into different financial activities, be it investment or fund raising. One of the results of this increased focus on sustainability has been the development of the labelled debt market: debt instruments which specifically target an aspect of sustainability, whether environmental or social – such as green bonds, social bonds and sustainability-linked bonds.

Also, different investment strategies emerged such as socially responsible investment, impact investing, etc. In addition, the market for labelled sustainable financial instruments such as green bonds or social bonds has been showing strong growth.

Gender equality is one of the SDGs: SDG n°5 is to “Achieve gender equality and empower all women and girls”. It is subdivided into the following targets:



- **Target 5.1 : End all forms of discrimination against all women and girls everywhere;**
- **Target 5.2 : Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation;**
- **Target 5.3 : Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation;**
- **Target 5.4 : Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate;**
- **Target 5.5 : Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life;**
- **Target 5.6 : Ensure universal access to sexual and reproductive health and reproductive rights;**
- **Target 5.a : Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws;**
- **Target 5.b : Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women;**
- **Target 5.c : Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.**



Women empowerment in all fields is the focus of the SDG n°5. The latter seeks to address gender inequalities in the human, economic and legal levels. However, gender equality and women empowerment have strong links with other SDGs, and can be seen as a cross-cutting theme across all the SDGs.

In its report titled “Turning promises into action : gender equality in the 2030 agenda for sustainable development”¹, UN Women² points out that gender equality is indispensable to the success of all the SDGs. Drawing on the review of more than 600 articles and publication since 2010, the report shows how progress on gender equality can support delivery of the transformative vision of 2030 SDGs agenda. On the other hand, UN Women report titled “Progress on the sustainable development goals : The gender snapshot 2020”³ also shows that gender inequalities persist in the achievement of each of the 17 SDGs.



¹Full report : <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2018/sdg-report-gender-equality-in-the-2030-agenda-for-sustainable-development-2018-en.pdf?la=en&vs=4332>

²UN Women is the United Nations entity dedicated to gender equality and the empowerment of women

³Full report : <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2020/progress-on-the-sustainable-development-goals-the-gender-snapshot-2020-en.pdf?la=en&vs=127>

	SDG Name	Why gender equality matters	Key findings of the gender snapshot 2020
1 NO POVERTY 	End extreme poverty in all forms by 2030.	Research shows that more cash in the hands of women contributes not only to eliminating poverty but also to better education, nutrition and health outcomes for children and other members of the household.	The COVID-19 pandemic is causing a resurgence in extreme poverty, affecting women the most.
2 ZERO HUNGER 	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Women play a critical role in food production, processing and distribution and are therefore essential to meeting the agricultural productivity and nutrition targets of Goal 2.	Severe levels of food insecurity are substantially higher for women than men, and are likely to get worse.
3 GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages.	Gender equality in health is one of the most direct and potent ways to reduce health inequities overall and to achieve Goal 3.	Women health-care workers are on the front lines of the COVID-19 pandemic, putting their lives at risk.
4 QUALITY EDUCATION 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Achieving equality in education will boost women's employment and empowerment, add to economic growth and contribute positively to child well-being and development.	School closures are likely to increase gender gaps in education and rates of child marriage.
5 GENDER EQUALITY 	Achieve gender equality and empower all women and girls.	Gender equality is central to the SDGs, and if it is not achieved, the implementation of all the goals will be compromised.	Progress interrupted: COVID-19 could erase many of the hard-won gains for the world's women.

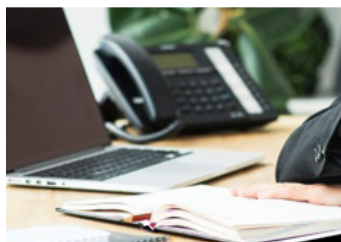
	SDG Name	Why gender equality matters	Key findings of the gender snapshot 2020
6 CLEAN WATER AND SANITATION 	Ensure availability and sustainable management of water and sanitation for all.	Women and girls play a central role in the provision, management and safeguarding of household water and sanitation. Addressing the water and sanitation needs of women benefits the health and well-being of entire communities.	The lack of adequate sanitation and handwashing facilities is another deterrent to girls returning to school.
7 AFFORDABLE AND CLEAN ENERGY 	Ensure access to affordable, reliable, sustainable and modern energy for all.	As primary energy managers in households, women can play a powerful role in the successful transition to sustainable energy for all.	The lack of clean cooking fuels and technologies is causing the premature death of nearly 2 million women a year.
8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Women's access to decent work is an essential measure of inclusive and sustainable growth.	Domestic workers and those employed in the informal economy have been especially hard hit by the crisis.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Increasing women's participation in technology, science and innovation is critical for meeting the global challenges ahead.	Manufacturing jobs held by women tend to offer little security and are now at risk of disappearing altogether.
10 REDUCED INEQUALITIES 	Reduce inequality within and among countries.	Gender equality is crucially linked with overall equality in society.	The pandemic is likely to further entrench existing patterns of discrimination and stigma.

	SDG Name	Why gender equality matters	Key findings of the gender snapshot 2020
11 SUSTAINABLE CITIES AND COMMUNITIES 	Make cities and human settlements inclusive, safe, resilient and sustainable.	Women have equal rights to the city, and their safety in public spaces is crucial for sustainable urbanization.	Safe and reliable public transportation can be a lifeline for poor urban women.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns.	Unsustainable production and consumption patterns are gendered, with women suffering disproportionately from resource scarcity and natural disasters resulting from climate change.	
13 CLIMATE ACTION 	Take urgent action to combat climate change and its impacts.	Gender equality is critical to mitigate climate impacts: Women's inclusion in climate discussions leads to improved outcomes of climate-related projects and policies	
14 LIFE BELOW WATER 	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	Empowering women in local fisheries decision-making leads to better resource governance and conservation.	
15 LIFE ON LAND 	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	Women's specific knowledge of and dependence on forests makes them key contributors to forest conservation and regeneration.	

	SDG Name	Why gender equality matters	Key findings of the gender snapshot 2020
16 PEACE AND JUSTICE STRONG INSTITUTIONS 	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	Women play a vital role in preventing conflict and forging and maintaining peace. By fully protecting women's rights, peaceful and inclusive societies will be within reach.	Women's full, equal and meaningful participation will be crucial as the world 'builds back better' from the pandemic.
17 PARTNERSHIPS FOR THE GOALS 	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	Mobilizing sufficient resources will be critical for meeting the gender equality commitments of the 2030 Agenda.	More men than women have access to the Internet, and that gap is widening in some regions.



Given the importance of gender equality across various dimensions of sustainable development, sustainable finance should be able to specifically support women empowerment initiatives. In addition, and beyond the moral dimension of women empowerment and gender equality, a number of research supports that investing by taking into account gender factors can lead to improved financial returns⁴.



⁴ Examples :

- Credit Suisse, Reward for Change;
- A. Perryman, G. Fernando, A. Tripathy, Do gender differences persist?;
- BCG, How diverse leadership boosts innovation;
- McKinsey, Our Insights: Delivering Through Diversity;
- Peterson Institute for International Economics, Is Gender Diversity Profitable? Evidence from a Global Survey, 2016.



II. Available standards and guidance

1. Standards for the issuance framework
2. Guidance on eligible activities



II. Available guidance and standards

The available guidance for structuring a gender bond issuance framework can be grouped into two categories:

- Standards for gender bond issuance framework
- Guidance for selecting activities that are eligible for a gender bond financing

1. Standards for the issuance framework

Although there is no single universal specific standard for issuing gender bonds, it is widely accepted that gender equality and women empowerment have a deep social dimension to them, and that they are central for sustainable development.

Accordingly, the most adapted widely recognized standards for issuing gender bonds are the ICMA Social Bonds Principles (SBP) and Sustainability-linked Bonds Principles (SLBP).

a) Social Bonds Principles (SBP)⁵

The guidelines⁶ on Green, Social and Sustainability bonds published in 2018 by AMMC provide detail about social bonds issuance preparation and approval, which are applicable to Gender bonds.

The social bonds principles published by the International Capital Market Association (ICMA) have four core components, that should be described in the bond documentation⁷:

⁵2020 edition : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>

⁶http://www.ammc.ma/sites/default/files/AMMC_%20Guide%20sur%20les%20Green%2C%20Social%20and%20Sustainability%20Bonds.pdf

⁷Excerpts from the ICMA Social bonds principles : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>

- Use of proceeds:

Which should be exclusively applied to finance or re-finance in part or in full new and/or existing eligible social projects, which 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). The Social Bonds Principles provide indicative lists of eligible project categories and target populations. While these categories do not specifically address gender, a gender approach can contribute to alleviate the social issues listed. In addition, women are explicitly included as a potential target populations of social bonds.



The SBP provide the following indicative list of eligible project categories:

- 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 programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of 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).

- Process for Project Evaluation and Selection:

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

- The social objectives;
- The process by which the issuer determines how the projects fit within the eligible Social Project categories identified above;
- The related eligibility criteria.

- 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.

- 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 and 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).

b) Sustainability-linked Bonds Principles (SLBP)⁸

Sustainability-Linked Bonds ("SLBs") are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ ESG objectives. In that sense, issuers are thereby committing explicitly (including in the bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline.

Those objectives are (i) measured through predefined Key Performance Indicators (KPIs) and (ii) assessed against predefined Sustainability Performance Targets (SPTs).

The proceeds of SLBs are intended to be used for general purposes, hence the use of proceeds is not a determinant in its categorization.

The Sustainability-Linked Bond Principles published by ICMA are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of a SLB.

⁸June edition : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

The SLBP have five core components⁹:

- Selection of Key Performance Indicators (KPIs)

The KPIs should be:

- Relevant, core and material to the issuer's overall business, and of high strategic significance to the issuer's current and/or future operations;
- Measurable or quantifiable on a consistent methodological basis;
- Externally verifiable; and
- Able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition.

- Calibration of Sustainability Performance Targets (SPTs)

The process for calibration of one or more SPT(s) per KPI is key to the structuring of SLBs since it will be the expression of the level of ambition the issuer is ready to commit to, and thus considers realistic. SPTs must be set in good faith and the issuer should disclose strategic information that may decisively impact the achievement of the SPT

- Bond characteristics

The cornerstone of a SLB is that the bond's financial and/or structural characteristics can vary depending on whether the selected KPI(s) reach (or not) the predefined SPT(s), i.e. the SLB will need to include a financial and/or structural impact involving trigger event(s). The potential variation of the coupon is the most common example, but it is also possible to consider the variation of other SLB's financial and/or structural characteristics. It is recommended the variation of the bond financial and/or structural characteristics should be commensurate and meaningful relative to the issuer's original bond financial characteristics

- Reporting

Issuers of SLBs should publish, and keep readily available and easily accessible:

- Up-to-date information on the performance of the selected KPI(s), including baselines where relevant;
- A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics; and

⁹Excerpts from ICMA SLBP : <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

-Any information enabling investors to monitor the level of ambition of the SPTs (e.g., any update in the issuers sustainability strategy or on the related KPI/ESG governance, and more generally any information relevant to the analysis of the KPIs and SPTs).

- Verification

Issuers should seek independent and external verification (for example limited or reasonable assurance) of their performance level against each SPT for each KPI by a qualified external reviewer with relevant expertise.

2. Guidance on eligible activities

In addition to the guidance provided by the Social Bonds Principles, various international initiatives, such as “UN Women empowerment principles” and the “2X challenge”, can help understand what activities can be considered as contributing to women empowerment and equality, and accordingly, the sorts of benefit and impact that a gender bonds should ultimately deliver.

a) UN Women empowerment principles¹⁰

The Women’s Empowerment Principles (WEPs) are a set of Principles offering guidance to business on how to promote gender equality and women’s empowerment in the workplace, marketplace and community. Established by UN Global Compact and UN Women, the WEPs are informed by international labour and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women’s empowerment. They have been signed by 455¹¹ Companies.

¹⁰ <https://www.weps.org/>

¹¹ As of march 2021

Principle	Suggested actions
Principle 1: Establish high-level corporate leadership for gender equality	• Establish company-wide goals and targets for gender equality and women's empowerment and measure progress through clear performance indicators. • Make managers at all levels accountable for results against these goals and targets through their performance reviews. • Engage and consult internal and external stakeholders in the development of company policies, programmes and implementation plans. • Ensure that existing policies are gender-sensitive – identifying factors that impact women and men differently – and that corporate culture advances equality and inclusion. • Review the requirements for board membership, and other governance bodies and committees, to remove any discrimination or bias against women.
Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination	• Pay equal remuneration, including benefits and bonuses, for work of equal value and ensure at a minimum a living wage for all women and men employees. • Foster an inclusive workplace culture and remove gender-based discrimination from all policies and practices. • Implement gender-sensitive recruitment and retention practices and proactively recruit and appoint women to managerial and executive positions and to the corporate board of directors. • Offer flexible working arrangements, leave and re-entry opportunities to positions of equal pay and status. • Support women and men's access to child and dependent care through services, resources and information.

Principle	Suggested actions
Principle 3: Ensure the health, safety and well-being of all women and men workers	• Establish internal policies and procedures preventing all forms of violence and sexual harassment at work. • Ensure all employees' equal access to health insurance, including part-time workers, and to support services for survivors of violence and harassment. • Respect women and men workers' rights to time off for medical care and counseling for themselves and their dependents. • Provide safe working conditions and protection from exposure to hazardous materials and disclose potential risks, including to reproductive health. • Address safety and security issues, including traveling to/ from work and business trips, and train security staff and managers to recognize signs of violence against women, human trafficking, labour and sexual exploitation.
Principle 4: Promote education, training and professional development for women	• Invest in workplace policies and programmes that open avenues for women's advancement at all levels and across all business areas. • Encourage women to enter non-traditional job fields and revenue generating roles. • Ensure equal access to and participation in all company-supported education and training programmes. • Provide equal opportunities for formal and informal networking and mentoring programmes. • Conduct sexual harassment and unconscious bias training and awareness raising on the corporate gender equality policy and action plan.

Principle	Suggested actions
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women	• Require business partners, contractors and suppliers to adopt the WEPS. • Establish supplier diversity programmes that actively seeks to expand business relationships with women-owned enterprises and support them in access. • Support gender-sensitive solutions to women's barriers to accessing financial products and services. • Ensure that company products, services and facilities are not used for human trafficking and/or labour or sexual exploitation. • Remove harmful gender-based stereotypes in all media and advertising and systematically depict women and men as empowered actors with progressive, intelligent and multi-dimensional personalities.
Principle 6: Promote equality through community initiatives and advocacy	• Lead by example by showcasing concrete actions to advance gender equality and women's empowerment. • Leverage influence, alone or in partnership, to advance gender equality and collaborate with business partners, suppliers and community leaders to achieve results. • Work with community stakeholders and officials to eliminate discrimination and exploitation and to open opportunities for women and girls. • Promote and recognize women's leadership in, and contributions to, their communities and ensure their active participation in community consultation. • Use philanthropy and grants programmes to support community initiatives.

Principle	Suggested actions
Principle 7: Measure and publicly report on progress to achieve gender equality	• Take the WEPs Gap Analysis Tool to establish a baseline for WEPs implementation. • Develop incentives and accountability mechanisms to accelerate WEPs implementation. • Collect, analyze and use gender statistics and sex-disaggregated data and benchmarks to measure and report results at all levels. • Report annually on progress in the implementation of the Women's Empowerment Principles. • Share lessons learned and good practices in the implementation of the WEPs and publish them on the WEPs website.

b) The "2X Challenge"¹²

The 2X Challenge was launched in June 2018 as a major new commitment of the development finance institutions (DFIs) from the G7 countries to unlock resources that will help advance women's economic empowerment and gender equality. It calls for the G7 and other DFIs to join together to collectively mobilize \$3 billion in commitments that provide women in developing countries markets with improved access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access.

These DFIs have since been supporting investments and initiatives that support these objectives, and have committed 4.5 billion USD for that purpose. The 2X challenge published a reference guide¹³ for investors and financial institutions wishing to align their investments with the 2X Criteria. The said criteria address investing in women in five key ways:



Women entrepreneurship

- Business where the share of women ownership is at least 51%
- Business founded by a woman

¹²<https://www.2xchallenge.org>

¹³https://static1.squarespace.com/static/5b180402c3c16a6fe0001e45/t/5ef8d17caa257013944d83bc/1593364865863/2XReferenceGuide_Designed_June+25_FINAL.pdf



Women leadership

- Business where the share of women in senior management positions exceeds a minimum threshold depending on the sector (ex. 20% in infrastructure, power or telecommunications, and 30% in healthcare or education)
- Business where the share of women on the Board or Investment Committee is above 30%



Women employment

- Business where women share in the workforce exceeds a minimum threshold depending on the sector (ex. 30% in infrastructure, and 50% in healthcare, education or light manufacturing)
- Business having one policy or program beyond those required by local law addressing barriers to women's quality employment, with evidence of implementation or a commitment to implement. Each relevant group that is assessed against this criteria must have a relevant quality



Women consumption

- Business with a product or service that specifically or disproportionately benefits women



Investments through Financial Intermediaries

- Financial intermediaries (lenders and investment funds) with at least 30% of their portfolio (loans or investments) targeting companies that meet one of the four direct criteria above

Whilst these criteria are not specific to bonds, they can be used to assess whether an investment or activity is eligible for financing through a gender bond.



III. Best practices

1. Defining target population
2. Defining eligible activities
3. Defining issuer commitments
4. Which standard for which issue?
5. Reporting
6. Verification

III. Best practices

The issuance of gender bonds should be carried out in accordance with the applicable international standards (SBP, SLBP or equivalent). The elements provided below are complementary guidance for the preparation of a gender bond issuance framework.

In addition, the practical aspects of the preparation and approval of a gender bond are significantly the same as those for other sustainable financial instruments. Issuers are encouraged to consult previous guidelines published by AMMC¹⁴.

1. Defining target population

The issuer should define the target population of women benefiting from the gender bond.

In a direct financing gender bond (where the bonds finances the activities or behaviours of the issuer), the target population is usually composed of the issuer women employees, managers, board members,... and can be extended to other relevant stakeholders such as suppliers and customers.

In an indirect financing, the issuing financial institution should define the population of women that will benefit from the loans backing the gender bond. The issuer should provide a clear description of the target population, and describe how this population is the subject of a gender inequality issue.

Access to credit is an area where gender gaps are significant. Hence, gender bonds have targeted this issue at the level of various women populations:

- **Low-income women** : through providing microfinance loans
- **Women employees** : through lending to companies that demonstrate gender equality aligned behavior
- **Women entrepreneurs and leaders** : through providing loans to women owned/led SMEs

When defining the target population, the issuer of a gender bond should :

- Provide a description of its main characteristics and criteria, using precise reference indicators when possible (unemployed women, women earning less than a certain amount, businesses where women hold a certain threshold of capital, board seats, management positions...);

¹⁴http://www.ammc.ma/sites/default/files/AMMC_%20Guide%20sur%20les%20Green%2C%20Social%20and%20Sustainability%20Bonds.pdf

- Provide an estimate of the population size (number of targeted women) that will benefit from the bond. The size of the target population should be adapted with regards to the bond's amount.

2. Defining eligible activities

Gender bonds seek to achieve gender equality and women's empowerment through financing projects and economic activities, as well as supporting or encouraging corporate behaviour and policies, that are aligned with this objective. Hence, capital is either allocated based on the impacts of specific projects or activities on women, or on the internal policies and practices (ie. Behaviour) of the borrower in terms of gender equality.

In practice, the majority of the outstanding gender bonds to date were issued by financial institutions (indirect financing).

These bonds focus on the two following main economic activities:



Women entrepreneurship :

Lending to self-employed women
women-owned SMEs



Women financial inclusion :

Lending to microfinance
institutions that have programs
for women empowerment

Gender bonds have also been issued to finance companies that show an aligned corporate behaviour such as different combinations of some of the following criteria:

- Companies that are signatories of a reference international commitment or principles such as UNWEP
- Companies that have received a widely recognized ranking or award demonstrating commitments and practices that promote gender equality

- Companies where women hold a significant proportion of senior positions and are represented in main governance bodies (board of directors and executive positions)

In addition to the uses of proceeds described above, a gender bond can target other activities and behaviours that are relevant to gender equality and women's empowerment.

3. Defining issuer commitments

The issuer of a gender bond should describe the expected impacts and targets of the bond from a gender perspective, and either commits to :

- **In the case of a Use of Proceeds Bond :** Allocate the gender bond proceed exclusively to finance eligible activities. In this case, the proceeds are ring-fenced for that particular purpose, and clear procedures should be put in place for their management throughout the bond's maturity;
- **In the case of KPI-linked Bonds :** Achieve some specific targets in implementing business strategies and policies fostering gender equality and women empowerment. In this case, the use of proceeds is not restricted and they can be used as a general financing. However, the issuer should commit to "compensate" investors, through a coupon step-up for example, if set targets are not achieved.

4. Which standard for which issue?

The relevant standard to use for structuring a gender bond issuance depends on the type of the issuer, the financed activities and the type of commitments to support gender equality and women empowerment.

The issuer can issue a gender bond to support its own activities and projects (direct financing) or, in the case of financial institutions, those of clients or investees (indirect financing). On the other hand, supported activities can be defined projects and investments, or corporate behaviour and policies that are aligned on gender equality.

The table below shows, for various combinations, the most adapted standard to use in the cases of direct and indirect financing :

	SBP	SLBP
Direct financing	Issuer commits to allocate the proceeds from the bonds exclusively to achieving specific eligible activities that are aligned with gender equality	Issuer commits to achieve specific targets in implementing business strategies and policies fostering gender equality and women empowerment
Indirect financing	Issuer commits to allocate the proceeds from the bonds exclusively to financing clients that : • Have specific eligible activities that are aligned with gender equality • Perform well on the gender policy and action, as per relevant indicators	Issuer commits to achieve specific targets in financing clients that : • Have specific eligible activities that are aligned with gender equality • Perform well on the gender policy and action, as per relevant indicators

An issuer can also propose an issuance framework that is aligned with both the SBP and the SLBP.

5. Reporting

Gender bonds, either issued under the SBP or SLBP, entail a transparency component, where the issuer commits to regular reporting on predefined indicators. These indicators should be defined and agreed before the issuance (disclosed in the issue documentation), and should allow monitoring of the achievement of the issuer's commitments.

The indicators should be :

- Relevant for measuring the achievement of the targets or expected impacts
- Verifiable by third parties
- Published at least yearly throughout the maturity of the bond

6. Verification

External reviews are required for the issuance of financial instruments that are labelled as sustainable (Green Bonds, Social Bonds and other similar instruments). External reviews must be delivered by independent and qualified third parties.

The first required review is the second party opinion at the moment of the issuance. The external reviewer would provide assurance on the alignment of the issuance framework with the relevant international standard (SBP, SLBP or other)

- The alignment of the issuer targets with the SDGs and the relevant international standards for eligibility criteria

In addition, external reviews provide assurance on target achievement progress throughout the maturity of the bond, mainly with regards to :

- The use of proceeds if the bond's proceeds are ringfenced for a specific purpose
- The verification of different indicators measuring progress toward issuer announced targets or expected returns;

Frequently asked questions

1. What is the main difference between gender bonds issued under the Social Bonds Principles (SBP) and under Sustainability-Linked Bonds Principles (SLBP)?

While the two gender bonds seek positive outcomes in terms of gender equality and women empowerment, they respond to different approaches. Gender bonds aligned with the SBP are use of proceeds bonds. In the case of a financing for new projects, the use of proceeds is restricted for exclusive allocation to the defined projects.

On the other hand, proceeds of a Gender Bonds aligned with SLBP can be used as a general financing for the issuer without particular restrictions. Instead, the issuer commits to achieve specific gender targets, or otherwise financially compensate bondholders (in the form of a coupon step up for example).

2. Who can issue gender bonds?

Gender bonds can be issued by any company meeting the criteria for market debt issuance, as long as :

- The bond framework is aligned with a widely accepted standard such as SBP or SLBP;
- A second party opinion by an independent and qualified third party provides reasonable assurance on this alignment;

3. In comparison with other sustainable debt instruments (Green bonds, Social Bonds, Sustainability bond...), what are the additional disclosure requirements that an issuer of a gender bond should meet?

Gender bonds have the same disclosure requirements as other sustainable instruments.

At the issuance, the issuer is required to disclose relevant information according to the issuance standard adopted (SBP, SLBP,...), and provide a second party opinion. The issuer also commits to disclose relevant information throughout the life of the bond (KPIs, use of proceeds,...).

4. Who can invest in a gender bond?

Gender bonds are suitable for any bond investor. They are particularly relevant for investors with responsible investment strategies (ESG integration, impact investing...).

However, the sustainability credentials of the bond do not replace (but completes) adequate credit analysis and screening based on financial criteria.

5. How to issue a gender bond?

The issuer of a gender bond should first prepare an issuance framework based on the relevant international standard (SBP, SLBP...). The present guidelines help determine the most relevant standards to be used, and outline some key aspects of the framework preparation.

After preparing the bond framework, the practical steps for the approval and issuance of the bond are detailed in the AMMC guidelines on Green, Social and Sustainability Bonds¹⁵.

¹⁵AMMC guidelines on Green, Social & sustainability bonds



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Gender Bonds guidelines

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