



Extended Green Loan Principles Published Today

December 11, 2018 - 2018 has brought the first green loans to the Americas. Today, the LSTA, together with the Loan Market Association and Asia Pacific Loan Market Association, published extended Green Loan Principles (GLP). The LSTA, LMA and APLMA and their dedicated working group of leading financial institutions seek to produce a globally acceptable approach to the granting of green loans to better facilitate and support environmentally sustainable economic activity. This iteration provides a more in-depth explanation as to how the GLP can be applied to revolving credit facilities and also captures the July 2018 updates to the Green Bond Principles maintained by ICMA.

The GLP provide a high-level framework of market standards and guidelines allowing for consistent methodology to be applied to the green loan product - now on a global basis. These voluntary guidelines, to be applied by market participants on a deal-by-deal basis depending on the underlying characteristics of the transaction, seek to promote integrity in the development of the green loan product by clarifying the instances in which a loan may be categorised as "green". A green loan is any type of loan instrument made available exclusively to finance or re-finance eligible Green Projects (as set forth in the GLP) that aligns with the four core components of the GLP: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. In addition, the GLP recommend an external review where appropriate. The LSTA hopes that green loans, as well as other types of sustainable loans, continue to find a place in the global loan markets.

Looking to 2019, the working group will be seeking to produce a set of principles that apply to sustainability improvement loans (also known as sustainability-linked loans), which are loans structured to incentivize a borrower to achieve predetermined sustainability performance targets.

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