

SEBI Framework for ESG Debt Securities Issuance

The Securities and Exchange Board of India (SEBI), through its **Circular No. SEBI/HO/DDHS/DDHS-POD-1/P/CIR/2025/84 dated June 5, 2025**, has issued a framework for the issuance and listing of Environment, Social, and Governance (ESG) debt securities, excluding green debt securities. This includes social bonds, sustainability bonds, and sustainability-linked bonds.

The framework follows SEBI's approval in its board meeting held on September 30, 2024, and incorporates feedback from the Industry Standards Forum (ISF). Applicable to listed or proposed-to-be-listed ESG debt instruments, the circular sets out conditions for such securities to be labelled accordingly.

The framework mandates that funds raised be used for projects aligned with internationally recognized standards such as the ICMA Principles, Climate Bonds Standard, ASEAN Standards, or EU Standards. Issuers must also comply with SEBI's NCS and LODR Regulations.

For sustainability-linked bonds, target setting must rely on a combination of benchmarking approaches, including historical issuer performance (with a recommended minimum of 3 years of data), comparison with industry peers or sectoral standards, and alignment with science-based targets like the Paris Agreement or Sustainable Development Goals.

This initiative aims to support the development of credible ESG-labelled financial instruments and promote transparency in the ESG bond market.

Link - <https://www.sebi.gov.in/legal/circulars/jun-2025/framework-for-environment-social-and-governance-esg-debt-securities-other-than-green-debt-securities-94424.html>