



The EU Green Bonds – state of play

What is in it for transition?

ERCST

Roundtable on
Climate Change and
Sustainable Transition

The EU sustainable finance: what is it?

ERCST

European Roundtable on
Climate Change and
Sustainable Transition

Set of policy measures to ensure the flow of capital towards sustainable investments to finance the European Green Deal objectives

The EU Taxonomy – the flagship of the EU Sustainable Finance package

The EU Green Bond Standard – the first European financial tool using the Taxonomy

The “sustainable” bonds market

High demand for “sustainable” bonds

Record issuance in 2021

- 1.1 trillion USD
- 57% increase from 2020
- 500% increase over the last 5 y

The EU – global leader

- more than 50% of global issuance in 2020 by EU companies and public bodies

“Sustainable” bonds
are a small part of the
EU bond market
(2,6%)

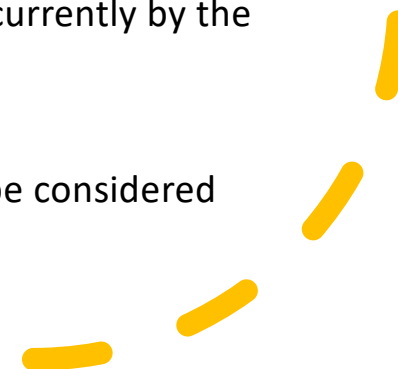
EU Green Bond Standard: objective and main features



- A gold standard for bonds to raise funds on capital markets to finance environmentally sustainable projects and the transition of economy
- Difference between “EU GBS” and other “sustainable” bonds?
 - EU GBS: market standard + Taxonomy alignment + additional reporting requirements + supervision of external auditors
- Main features
 - a voluntary standard
 - open to any issuer, including companies, public authorities, also located outside of the EU
 - long term projects - duration up to 10 y
 - the Taxonomy-alignment: the funds raised by the bond should be allocated fully to projects that are aligned with the EU taxonomy
 - grandfathering of the current Taxonomy criteria
 - detailed reporting requirements on how the proceeds are allocated
 - accredited external reviewer to ensure compliance

Position of co-legislators

- The EP position: “set the standard high”
 - Expand coverage of EU GBS to other types of “sustainable” bonds
 - Full Taxonomy-alignment (CapEx) of proceeds in 2 years (vs. 10 y)
 - Limited grandfathering
 - Additional disclosures based on SFDR
 - Transitional plans to net-zero based on CSRD (subject to audit)
 - Member States to ensure that the Taxonomy-alignment of the proceeds is subject to civil liability of the issuer
- The Council position – “make it usable”
 - The 20% exemption from the Taxonomy-alignment – the “flexibility pocket” for activities not covered currently by the Taxonomy
- Using the EuGBs for the green securitization – to be considered



Guiding questions



What financial instruments are fit for financing the environmental transition of businesses? What investors are looking for and what they need to know? Why bonds?



How to reconcile the market driven solutions with the protection against greenwashing?



How to make an Eu GBS an attractive standard - not unobtainable ideal – and to ensure it is environmentally legitimate?