

| Basic information   |                     |
|---|---------------------|
| 2021/0191(COD)  | Procedure completed |
| COD - Ordinary legislative procedure (ex-codecision procedure)<br>Regulation                                    |                     |
| European green bonds  |                     |
| <b>Subject</b>  |                     |
| 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments<br>3.70.20 Sustainable development |                     |
| <b>Legislative priorities</b>   |                     |
| Joint Declaration 2021<br>Joint Declaration 2022<br>Joint Declaration 2023-24                                   |                     |

| Key players                                     |  |                       |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
|---|--|-----------------------|--------------|-----------|------------------------------------|-----------------|------------|--|---|--|-----------------------|------------------------|-----------|--------------|-----------------------------|------------|---|----------------------------|------------|
| European Parliament                             | <table border="1"> <thead> <tr> <th>Committee responsible</th><th>Rapporteur</th><th>Appointed</th></tr> </thead> <tbody> <tr> <td>ECON Economic and Monetary Affairs</td><td>TANG Paul (S&amp;D)</td><td>01/09/2021</td></tr> <tr> <td></td><td>Shadow rapporteur<br/>HANSEN Christophe (EPP)<br/>BOYER Gilles (Renew)<br/>EICKHOUT Bas (Greens /EFA)<br/>MOŽDŽANOWSKA Andželika Anna (ECR)<br/>BECK Gunnar (ID)<br/>GUSMÃO José (The Left)</td><td></td></tr> </tbody> </table><br><table border="1"> <thead> <tr> <th>Committee for opinion</th><th>Rapporteur for opinion</th><th>Appointed</th></tr> </thead> <tbody> <tr> <td>BUDG Budgets</td><td>FERNANDES José Manuel (EPP)</td><td>16/11/2021</td></tr> <tr> <td>ENVI Environment, Public Health and Food Safety</td><td>EICKHOUT Bas (Greens /EFA)</td><td>21/09/2021</td></tr> </tbody> </table> | Committee responsible | Rapporteur   | Appointed | ECON Economic and Monetary Affairs | TANG Paul (S&D) | 01/09/2021 |  | Shadow rapporteur<br>HANSEN Christophe (EPP)<br>BOYER Gilles (Renew)<br>EICKHOUT Bas (Greens /EFA)<br>MOŽDŽANOWSKA Andželika Anna (ECR)<br>BECK Gunnar (ID)<br>GUSMÃO José (The Left) |  | Committee for opinion | Rapporteur for opinion | Appointed | BUDG Budgets | FERNANDES José Manuel (EPP) | 16/11/2021 | ENVI Environment, Public Health and Food Safety | EICKHOUT Bas (Greens /EFA) | 21/09/2021 |
| Committee responsible                           | Rapporteur   | Appointed             |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| ECON Economic and Monetary Affairs              | TANG Paul (S&D)  | 01/09/2021            |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
|   | Shadow rapporteur<br>HANSEN Christophe (EPP)<br>BOYER Gilles (Renew)<br>EICKHOUT Bas (Greens /EFA)<br>MOŽDŽANOWSKA Andželika Anna (ECR)<br>BECK Gunnar (ID)<br>GUSMÃO José (The Left)  |                       |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| Committee for opinion                           | Rapporteur for opinion   | Appointed             |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| BUDG Budgets                                    | FERNANDES José Manuel (EPP)  | 16/11/2021            |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| ENVI Environment, Public Health and Food Safety | EICKHOUT Bas (Greens /EFA)   | 21/09/2021            |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| Council of the European Union                   |  |                       |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| European  | <table border="1"> <thead> <tr> <th>Commission DG</th><th>Commissioner</th></tr> </thead> </table>   | Commission DG         | Commissioner |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |
| Commission DG                                   | Commissioner   |                       |              |           |                                    |                 |            |  |   |  |                       |                        |           |              |                             |            |   |                            |            |

|  |   |                    |
|--|---|--------------------|
| Commission                             | Financial Stability, Financial Services and Capital Markets Union | MCGUINNESS Mairead |
| European Economic and Social Committee |   |                    |

| Key events |   |   |   |
|------------|---|---|---|
| Date       | Event   | Reference   | Summary   |
| 06/07/2021 | Legislative proposal published  | COM(2021)0391   |  Summary   |
| 13/09/2021 | Committee referral announced in Parliament, 1st reading   |   |   |
| 16/05/2022 | Vote in committee, 1st reading  |   |   |
| 16/05/2022 | Committee decision to open interinstitutional negotiations with report adopted in committee     |   |   |
| 20/05/2022 | Committee report tabled for plenary, 1st reading  | A9-0156/2022  |  Summary   |
| 06/06/2022 | Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71) |   |   |
| 08/06/2022 | Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71) |   |   |
| 25/05/2023 | Approval in committee of the text agreed at 1st reading interinstitutional negotiations         | PE749.010<br>GEDA/A/(2023)003445  |   |
| 04/10/2023 | Debate in Parliament  |   |   |
| 05/10/2023 | Decision by Parliament, 1st reading   | T9-0352/2023  |  Summary |
| 05/10/2023 | Results of vote in Parliament   |  |   |
| 23/10/2023 | Act adopted by Council after Parliament's 1st reading   |   |   |
| 22/11/2023 | Final act signed  |   |   |
| 30/11/2023 | Final act published in Official Journal   |   |   |

| Technical information                        |  |
|--|--|
| Procedure reference                          | 2021/0191(COD)   |
| Procedure type                               | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype                            | Legislation  |
| Legislative instrument                       | Regulation   |
| Legal basis                                  | Treaty on the Functioning of the EU TFEU 114-p1                |
| Mandatory consultation of other institutions | European Economic and Social Committee                         |
| Stage reached in procedure                   | Procedure completed  |
| Committee dossier                            | ECON/9/06780   |

| Documentation gateway |
|-----------------------|
| European Parliament   |

| Document type   | Committee | Reference    | Date       | Summary |
|---|-----------|--------------|------------|---------|
| Committee draft report  |           | PE700.638    | 30/11/2021 |         |
| Amendments tabled in committee                                  |           | PE704.629    | 21/01/2022 |         |
| Committee opinion   | ENVI      | PE697.683    | 18/02/2022 |         |
| Committee opinion   | BUDG      | PE703.184    | 17/03/2022 |         |
| Committee report tabled for plenary, 1st reading/single reading |           | A9-0156/2022 | 20/05/2022 | Summary |
| Text agreed during interinstitutional negotiations              |           | PE749.010    | 10/05/2023 |         |
| Text adopted by Parliament, 1st reading/single reading          |           | T9-0352/2023 | 05/10/2023 | Summary |

#### Council of the EU

| Document type  | Reference           | Date       | Summary |
|--|---------------------|------------|---------|
| Coreper letter confirming interinstitutional agreement | GEDA/A/(2023)003445 | 10/05/2023 |         |
| Draft final act  | 00027/2023/LEX      | 22/11/2023 |         |

#### European Commission

| Document type                                  | Reference  | Date       | Summary |
|--|--|------------|---------|
| Legislative proposal                           | COM(2021)0391<br> | 06/07/2021 | Summary |
| Document attached to the procedure             | SEC(2021)0390<br> | 07/07/2021 |         |
| Document attached to the procedure             | SWD(2021)0181<br> | 07/07/2021 |         |
| Document attached to the procedure             | SWD(2021)0182<br> | 07/07/2021 |         |
| Commission response to text adopted in plenary | SP(2023)557  | 19/12/2023 |         |

#### National parliaments

| Document type | Parliament /Chamber | Reference     | Date       | Summary |
|---------------|---------------------|---------------|------------|---------|
| Contribution  | PT_PARLIAMENT       | COM(2021)0391 | 21/10/2021 |         |
| Contribution  | ES_PARLIAMENT       | COM(2021)0391 | 21/10/2021 |         |
| Contribution  | DE_BUNDES RAT       | COM(2021)0391 | 08/11/2021 |         |
| Contribution  | CZ_SENATE           | COM(2021)0391 | 15/11/2021 |         |

#### Other institutions and bodies

| Institution/body | Document type                   | Reference     | Date | Summary |
|------------------|---------------------------------|---------------|------|---------|
|                  | European Central Bank: opinion, | CON/2021/0030 |      |         |

|      |  |                              |            |  |
|------|--|------------------------------|------------|--|
| ECB  | guideline, report                              | OJ C 027 19.01.2022, p. 0004 | 05/11/2021 |  |
| EESC | Economic and Social Committee: opinion, report | CES3634/2021                 | 08/12/2021 |  |

| Additional information |          |            |  |
|------------------------|----------|------------|--|
| Source                 | Document | Date       |  |
| EP Research Service    | Briefing | 12/01/2022 |  |

## Meetings with interest representatives published in line with the Rules of Procedure

### Rapporteurs, Shadow Rapporteurs and Committee Chairs

| Transparency |                   |           |            |   |
|--------------|-------------------|-----------|------------|---|
| Name         | Role              | Committee | Date       | Interest representatives  |
| BOYER Gilles | Shadow rapporteur | ECON      | 25/05/2023 | Financial Conduct Authority   |
| BOYER Gilles | Shadow rapporteur | ECON      | 16/05/2023 | Crédit Agricole S.A.  |
| BOYER Gilles | Shadow rapporteur | ECON      | 26/04/2023 | Zurich Insurance Company Ltd  |
| BOYER Gilles | Shadow rapporteur | ECON      | 20/02/2023 | Forefront Advisers  |
| TANG Paul    | Rapporteur        | ECON      | 01/02/2023 | Climate Bonds Initiative Europe   |
| TANG Paul    | Rapporteur        | ECON      | 25/01/2023 | International Capital Market Association  |
| BOYER Gilles | Shadow rapporteur | ECON      | 09/12/2022 | Crédit Agricole S.A.  |
| BOYER Gilles | Shadow rapporteur | ECON      | 26/09/2022 | FRANCE INVEST   |
| BOYER Gilles | Shadow rapporteur | ECON      | 26/09/2022 | ENEL SpA  |
| BOYER Gilles | Shadow rapporteur | ECON      | 12/09/2022 | EURALIA   |
| BOYER Gilles | Shadow rapporteur | ECON      | 06/09/2022 | Banco Santander, S.A.   |
| BOYER Gilles | Shadow rapporteur | ECON      | 18/07/2022 | Fédération bancaire française   |
| BOYER Gilles | Shadow rapporteur | ECON      | 18/07/2022 | Deutsche Bank AG  |
| BOYER Gilles | Shadow rapporteur | ECON      | 21/06/2022 | Association Française des Entreprises Privées / French Association of Large Companies |
| BOYER Gilles | Shadow rapporteur | ECON      | 25/04/2022 | Fleishman-Hillard   |
| BOYER Gilles | Shadow rapporteur | ECON      | 04/04/2022 | Crédit Agricole S.A.  |

|              |                   |      |            |   |
|--------------|-------------------|------|------------|---|
| BOYER Gilles | Shadow rapporteur | ECON | 11/03/2022 | Crédit Agricole S.A.  |
| BOYER Gilles | Shadow rapporteur | ECON | 11/03/2022 | Fédération bancaire française   |
| BOYER Gilles | Shadow rapporteur | ECON | 09/03/2022 | European Banking Federation   |
| BOYER Gilles | Shadow rapporteur | ECON | 09/03/2022 | Association Française des Entreprises Privées / French Association of Large Companies |
| BOYER Gilles | Shadow rapporteur | ECON | 03/03/2022 | UniCredit   |
| BOYER Gilles | Shadow rapporteur | ECON | 03/03/2022 | Association for Financial Markets in Europe   |
| BOYER Gilles | Shadow rapporteur | ECON | 16/02/2022 | Crédit Agricole S.A.  |
| BOYER Gilles | Shadow rapporteur | ECON | 13/01/2022 | German Insurance Association - GDV  |
| BOYER Gilles | Shadow rapporteur | ECON | 12/01/2022 | ENGIE   |
| GUSMÃO José  | Shadow rapporteur | ECON | 11/01/2022 | Association for Financial Markets in Europe   |
| BOYER Gilles | Shadow rapporteur | ECON | 11/01/2022 | Deutsche Bank AG  |
| BOYER Gilles | Shadow rapporteur | ECON | 04/01/2022 | Fédération bancaire française   |

## Other Members

| Transparency |            |                           |
|--------------|------------|---------------------------|
| Name         | Date       | Interest representatives  |
| BOYER Gilles | 17/07/2023 | #SustainablePublicAffairs |

| Final act  |         |
|--|---------|
| Regulation 2023/2631<br>OJ L 000 30.11.2023, p. 0000 | Summary |

| Delegated acts |                              |
|----------------|------------------------------|
| Reference      | Subject                      |
| 2025/2677(DEA) | Examination of delegated act |
| 2025/2676(DEA) | Examination of delegated act |
| 2025/2674(DEA) | Examination of delegated act |
| 2025/2877(DEA) | Examination of delegated act |

# European green bonds

2021/0191(COD) - 06/07/2021 - Legislative proposal

**PURPOSE:** to put in place a common set of requirements for a harmonised standard for European green bonds, which will further simplify environmentally sustainable investments and support a coordinated way of improving the functioning of the single market.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** over the last number of years, the EU has become significantly more ambitious in tackling climate change. The Commission has already taken unprecedented steps to build the foundations for sustainable finance. Sustainability is the central feature of the EU's recovery from the COVID-19 pandemic and the financial sector will be key in helping to meet the targets of the European Green Deal.

The European Green Deal Investment Plan envisages the establishment of a standard for environmentally sustainable bonds to further increase investment opportunities and facilitate the identification of environmentally sustainable investments through a clear label. These environmentally sustainable bonds are one of the main instruments for financing investments related to low-carbon technologies, energy and resource efficiency as well as sustainable transport infrastructure and research infrastructure.

Given the existing divergences and absence of common rules, it is likely that Member States will adopt diverging measures and approaches, which will have a direct negative impact on, and create obstacles to, the proper functioning of the internal market, and be detrimental to issuers of environmentally sustainable bonds.

Thus, the need for a harmonised green bond standard to be applied across the Union by both public and private green bond issuers.

This proposal for a European Green Bond is anchored in the Taxonomy Regulation (EU) 2020/852. The Taxonomy Regulation establishes a classification of economic activities according to their environmental sustainability, with full compliance with minimum social safeguards as one of the determining criteria.

**CONTENT:** the proposal aims to (i) establish uniform requirements for bond issuers who voluntarily wish to use the 'European Green Bond' or 'EuGB' designation for their environmentally sustainable bonds in the Union, and (ii) establish a registration system and a framework for monitoring external examiners of European Green Bonds.

## ***Conditions for the use of the 'European Green Bond' designation***

The proposal:

- the limits the use of the 'European Green Bond' or 'EuGB' designation to issuers of bonds that meet specific requirements until the bond matures. This framework would be open to any bond issuer, including issuers of covered bonds and securitisations issued by a securitisation vehicle. In addition, the issuers concerned could be established both inside and outside the EU;

- requires that all use of bond proceeds shall relate to economic activities that meet the requirements for environmentally sustainable economic activities set out in Taxonomy Regulation, namely: making a substantial contribution to one or more of the environmental objectives and not significantly harming any of those environmental objectives.

## ***Transparency and external review requirements for European green bonds***

The issuance of a green bond should be fully transparent, with detailed reporting requirements.

The proposal clarifies that the bond may only be offered to the public in the Union after prior publication of the European green bond factsheet on the issuer's website together with the pre-issuance review of the European green bond factsheet by an external reviewer. It imposes an obligation upon the issuer to draw up European green bond annual allocation reports yearly.

## ***Conditions for taking up activities as external reviewers for European green bonds***

The proposal includes a requirement to be registered and to meet the conditions for registration on an ongoing basis. Once registered, an external reviewer may conduct its activities throughout the entire territory of the Union. An external reviewer has to apply for registration from the European Securities and Markets Authority (ESMA). These measures do not apply to state auditors and other public entities mandated by sovereign issuers to assess compliance with the Regulation.

## ***Rules on the provision of services by third-country external reviewers***

The proposal lays down the powers of national competent authorities to supervise bond issuers. It also includes several provisions that specify the administrative sanctions and other administrative measures that competent authorities may impose as well as rules on the publication and reporting to ESMA of those sanctions.

It also sets out ESMA's powers with regard to the supervision of external reviewers. These include the power to request information by simple request or by decision, the power to conduct general investigations as well as the power to conduct on-site inspections.

# European green bonds

2021/0191(COD) - 20/05/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Paul TANG (S&D, NL) on the proposal for a European Parliament and Council regulation on European green bonds.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should be amended as follows:

## **Objectives**

The proposal as amended would aim to better regulate the green bond market, strengthen its supervision and reduce greenwashing.

The Regulation would have three objectives:

- to ensure the comparability of bonds marketed as environmentally sustainable in the EU;
- to establish uniform requirements for the use of the name 'European Green Bond' or 'EuGB';
- to establish a simple registration system and supervisory framework for external reviewers by making a single supervisory authority responsible for the registration and supervision of external reviewers in the EU.

To facilitate comparison and prevent greenwashing, minimum sustainability disclosure requirements should apply to bonds marketed as environmentally sustainable and sustainability-related in the EU.

## **Alignment with the product use taxonomy**

Eligible capital expenditure should relate to economic activities that meet or will meet the taxonomy requirements within five years from the issuance of the bond, unless a longer period of up to ten years is duly justified by the specific features of the economic activities and investments concerned and documented in a CapEx plan.

## **New requirements on benefitting entities**

To avoid 'brown' companies (i.e. with highly polluting industries) using the EuGB label to pretend to be greener than they really are, the amended proposal requires that all EuGBs have **verified transition plans**. The text also ensures that all issuers of green bonds have processes in place to identify and limit the principal adverse impacts of their activity.

Issuers of bonds marketed as environmentally sustainable in the Union that do not use the designation 'European green bonds' or 'EuGB' should disclose in their pre-contractual disclosures: (i) a **clear and reasoned explanation** of how the bond takes account of principal adverse impacts on sustainability factors; (ii) **information** on how the environment characteristics of the bond are met. They should also indicate in the annual periodic reports the extent to which the environmental attributes are met.

## **Exclusion of non-cooperative countries and territories for tax purposes**

Issuers of European Green Bonds that are located in countries on the EU list of non-cooperative countries and territories for tax purposes or, in the case of sovereign issuers, that facilitate tax evasion through their legal system, would not be allowed to use the European Green Bond designation.

## **Taxonomy equivalence**

Where a third country has in place a taxonomy to facilitate sustainable investment which is substantially equivalent to the EU taxonomy, the Commission should, following a positive recommendation from the Platform on Sustainable Finance established under Regulation (EU) 2020/852, adopt delegated acts in order to supplement this Regulation by authorising that the use of proceeds of an EuGB can be allocated in accordance with that third-country taxonomy.

## **Civil liability**

Civil liability provisions should apply to issuers of European green bonds in relation to damages incurred by investors due to an infringement of the taxonomy-aligned allocation of proceeds.

## **Stronger supervision**

Supervision is strengthened in various ways. The potential for **conflicts of interest** for external reviewers assessing EuGBs should be reduced and provisions are included to ensure that authorities can prohibit companies from issuing EuGBs if they do not comply with the rules.

## **Increased transparency for gas and nuclear**

The adopted text imposes stricter transparency requirements, so that where the issuer of a green bond plans to use the proceeds of the issue for nuclear or fossil gas activities, a statement should be prominently displayed on the first page of the EuGB information sheet.

## **Review**

The application of the Regulation should be reviewed by the Commission five years after its entry into force and every three years thereafter, based on input from the Sustainable Finance Platform. Two years after the entry into force of the Regulation, the Commission should also produce an impact assessment to determine whether the European Green Bond standard should become mandatory.

## European green bonds

2021/0191(COD) - 30/11/2023 - Final act

**PURPOSE:** to regulate the use of the name 'European Green Bond' or 'EuGB' for their environmentally sustainable bonds.

**LEGISLATIVE ACT:** Regulation (EU) 2023/2631 of the European Parliament and of the Council on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.

**CONTENT:** the regulation lays down uniform requirements for issuers of bonds that wish to use the designation 'European green bond' or 'EuGB' for their environmentally sustainable bonds, aligned with the EU taxonomy for sustainable activities and made available to investors globally.

Environmentally sustainable bonds are one of the main instruments for financing investments related to green technologies, energy efficiency and resource efficiency as well as sustainable transport infrastructure and research infrastructure.

The regulation establishes a **registration system and supervisory framework** for external reviewers of European green bonds and provides for some voluntary **disclosure requirements** for other environmentally sustainable bonds and sustainability-linked bonds issued in the EU.

The regulation is a further step in implementing the EU's strategy on financing sustainable growth and the transition to a climate-neutral, resource-efficient economy. The new standard will foster consistency and comparability in the green bond market, benefitting both issuers and investors of green bonds.

### ***Transparency and external review requirements***

Before issuing European Green Bonds, issuers will complete the **EuGB factsheet** set out in Annex I of the Regulation and ensure that the completed EuGB factsheet has undergone a pre-issuance review by an external reviewer resulting in a positive opinion.

For every 12-month period until the date of full allocation of the proceeds of their European Green Bond and, where applicable, until the completion of the CapEx plan, issuers of European Green Bonds will draw up a European Green Bond allocation report using the template set out in Annex II of the Regulation. Issuers of European Green Bonds will be required to prepare, after the proceeds have been allocated in full and at least once during the life of the bonds, an EuGB impact report on the environmental impact of the use of the proceeds of these bonds.

To be able to use the designation 'European Green Bond' or 'EuGB', the issuer will have to publish a **prospectus**.

### ***External reviewers***

To improve the transparency of the methodology of external reviewers, to ensure that external reviewers have adequate qualifications, professional experience and independence, and to reduce the risk of potential conflicts of interest, and thus to ensure adequate investor protection, issuers of European Green Bonds will only make use of external reviewers, including from third countries, that have been **registered** and are subject to ongoing supervision by ESMA.

To ensure their independence and safeguard high standards of transparency and ethical conduct, external reviewers will comply with organisational requirements and rules of conduct to mitigate and **avoid situations of actual or potential conflict of interest** or manage those conflicts adequately when they are unavoidable.

### ***Flexibility in the use of the proceeds of European Green Bonds***

Under the regulation, all proceeds of EuGBs should be invested in economic activities that are **aligned with the EU taxonomy**, provided the sectors concerned are already covered by it. For those sectors not yet covered by the EU taxonomy and for certain very specific activities there will be a **flexibility pocket of 15%**.

Where an issuer allocates the proceeds of a European Green Bond, it should describe in the European Green Bond factsheet the activities concerned and the estimated percentage of the proceeds intended to finance such activities as a total and also per activity. It should also ensure that those activities meet **do not cause significant harm to any of the environmental objectives** and that they are carried out in compliance with the minimum safeguards. That demonstration should be included in the European Green Bond factsheet and should be validated by an external reviewer by means of a positive opinion in the pre-issuance review.

The use and the need for this flexibility pocket will be **re-evaluated** as Europe's transition towards climate neutrality progresses.

### ***Supervision***

With regard to supervision, the designated competent national authorities of the home Member State (in accordance with the Prospectus Regulation) will ensure that issuers comply with their obligations under the new standard.

### ***Review***

By 21 December 2028 and every three years thereafter, the Commission will, after consulting ESMA and the Platform on Sustainable Finance established by Regulation (EU) 2020/852, submit a report to the European Parliament and to the Council on the application of this Regulation. That report will evaluate, *inter alia*: the uptake of the European Green Bond standard and its market share, both in the Union and globally, in particular by small and medium-sized enterprises; as well as the impact of this Regulation on the transition to a sustainable economy, on the gap of investments needed to meet the Union climate targets and on redirecting private capital flows towards sustainable investments.

ENTRY INTO FORCE: 20.12.2023.

APPLICATION: from 21.12.2024.

## European green bonds

2021/0191(COD) - 05/10/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 418 votes to 79, with 72 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on European green bonds.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission proposal as follows:

### ***Subject matter***

This Regulation lays down uniform requirements for issuers of bonds who wish to use the designation '**European Green Bond**' or '**EuGB**' for their bonds that are made available to investors in the Union. The rules are aligned with the framework of the **European taxonomy**, which defines the economic activities that the EU considers to be environmentally sustainable.

### ***Transparency***

All companies choosing to adopt the standards and therefore also the EuGB label when marketing a green bond should be required to disclose considerable information about how the bond's proceeds should be used. They should also be obliged to show how these investments feed into the transition plans of the company as a whole. To be able to use the designation 'European Green Bond' or 'EuGB', the issuer will have to publish a **prospectus**.

In order to prevent greenwashing in the green bond market in general, the Regulation also provides for optional disclosure templates for bonds marketed as environmentally sustainable and for sustainability-linked bonds in the EU. No later than twelve months after the date of entry into force of the Regulation, the Commission should publish guidelines establishing templates for voluntary pre-issuance disclosures for issuers of bonds marketed as environmentally sustainable and sustainability-linked bonds.

### ***Securitised exposures***

Specific disclosure and exclusion requirements should apply to bonds resulting from **securitisation** that are designated as 'European Green Bond' or 'EuGB' in order to enhance the confidence of investors and ensure that they are fully informed about the environmental characteristics of the transaction.

For the purposes of this Regulation, securitised exposures should not comprise exposures financing the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, and trade of fossil fuels.

Exposures financing electricity generation from fossil fuels, co-generation of heat/cool and power from fossil fuels, or production of heat/cool from fossil fuels, where the activity meets the criteria for 'do no significant harm', may be included in the pool of securitised exposures for the purposes of this Regulation.

### ***External reviewers***

The regulation establishes a **registration system and supervisory framework** for external reviewers of European green bonds.

To ensure their independence and safeguard high standards of transparency and ethical conduct, external reviewers should comply with organisational requirements and rules of conduct to mitigate and avoid situations of actual or potential conflict of interest or manage those conflicts adequately when they are unavoidable.

External reviewers should not be entitled to conduct an external review in the case of a conflict of interest that cannot be properly addressed.

### ***Flexibility***

Under the new regulation, all proceeds of EuGBs should be invested in economic activities that are aligned with the EU taxonomy, provided the sectors concerned are already covered by it. For those sectors not yet covered by the EU taxonomy and for certain very specific activities there will be a **flexibility pocket of 15%**.

Where an issuer allocates the proceeds of a European Green Bond, it should describe in the European Green Bond factsheet the activities concerned and the estimated percentage of the proceeds intended to finance such activities as a total and also per activity. It should also ensure that those activities meet **do not cause significant harm to any of the environmental objectives** and that they are carried out in compliance with the minimum safeguards.

### ***Monitoring***

As regards supervision, the national competent authorities of the home Member State designated (in line with the Prospectus Regulation) should supervise that issuers comply with their obligations under the new standard. Competent authorities should be able to exercise their supervisory powers before and after the issuance of the European Green Bonds.