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European Green Bonds: Council adopts new regulation to promote sustainable finance

The European Council adopted a regulation creating a European green bond standard. 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.

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. It establishes a registration system and supervisory framework for external reviewers of European green bonds.

To **prevent greenwashing** in the green bonds market in general, the regulation also provides for some voluntary disclosure requirements for other environmentally sustainable bonds and sustainability-linked bonds issued in the EU.

All proceeds of European green bonds will need to be invested in economic activities that are **aligned with the EU taxonomy for sustainable activities**, 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%**. This is to ensure the usability of the European green bond standard from the start of its existence.

The use and the need for this **flexibility pocket will be re-evaluated** as Europe's transition towards climate neutrality progresses and with the increasing number of attractive and green investment opportunities that are expected to become available in the coming years.

More details be found [here](#).

Source: Council of the EU, press release 24 October 2023.

Schlagwörter

EU SF Green Bonds Standard