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By PwC Deutschland | 26. Oktober 2023

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.

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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