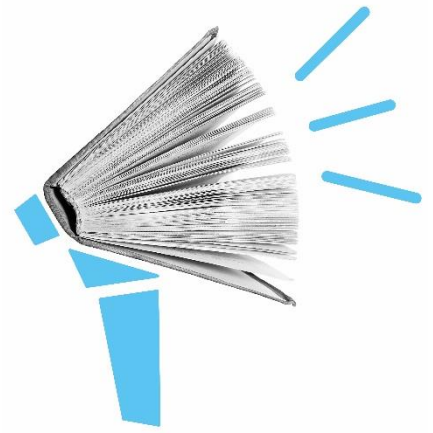


Green Bonds: an european initiative



20 October 2023

The so-called Green Bonds are considered one of the main instruments for financing investment in environmentally sustainable technologies.

The existing legislative initiatives on sustainable bonds are, however, insufficient, with a predominance of disharmony between the rules and procedures used in the European Union, which encourages fragmentation of the market and the risk of green-washing and distortion of investment decisions.

In this context, the **European Parliament's Legislative Resolution on the Proposal for a Regulation of the European Parliament and of the Council on European Green Bonds**, or "**EuGB Regulation**", was published on 5 October 2023.

The Regulation applies to issuers wishing to use the designation "European Green Bond" or "EuGB", establishing a uniform legislative framework for their issuance, encouraging:

1. Market efficiency and transparency by reducing regulatory discrepancies;
2. Investment opportunities in sustainable financing; and
3. Greater clarity in identifying them.

To this end, models are foreseen for the optional disclosure of information regarding bonds marketed as sustainable ("**Environmentally Sustainable Bonds**") and bonds linked to sustainability ("**Sustainability-linked Bonds**" or "**SLBs**").

Let's take a look at some of the obligations set out in this Regulation:

1. **Filling in an information sheet**

This legislation strives for transparency, which means that issuers of Green Bonds will have to fill in an information sheet, prior to the issue.

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2. **Hiring an External Verifier**

2.1. Pre-issue verification

Issuers will have to hire an independent External Verifier to draw up an opinion, so that investors benefit from duly credible and reliable information.

2.2. Post-issue verification

A post-issuance verification may also take place to determine whether the issuer has allocated the income from the bond in accordance with the information provided to the External Verifier.

If the issuer is a sovereign entity, it must obtain post-issuance verifications from an External Verifier or an External Verifier and a State Auditor.

3. **European Green Bond impact report**

Once the income has been fully allocated, issuers of European Green Bonds must draw up and publish (at least once during the term of the bonds) a European Green Bond impact report describing the environmental impact of the use of their income.

4. **Prospectus for European Green Bonds**

The issuer of "EuGB" must publish a prospectus in compliance with Regulation (EU) 2017/1129, in which (1) the bonds are labelled "European Green Bonds" or "EuGB", and (2) it is stated that the European Green Bond is issued in compliance with the Regulation.

It is a requirement of the issue that the prospectus be previously approved by the competent national authority and duly published.

In conclusion, this legislation establishes uniform obligations for issuers of European Green Bonds, making it possible to establish a uniform and harmonised regime, moving towards a sustainable, efficient, fair and climate-neutral economy, which is fundamental to guaranteeing the long-term competitiveness of the European Union's economy.

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