



EU Green Bond Standard

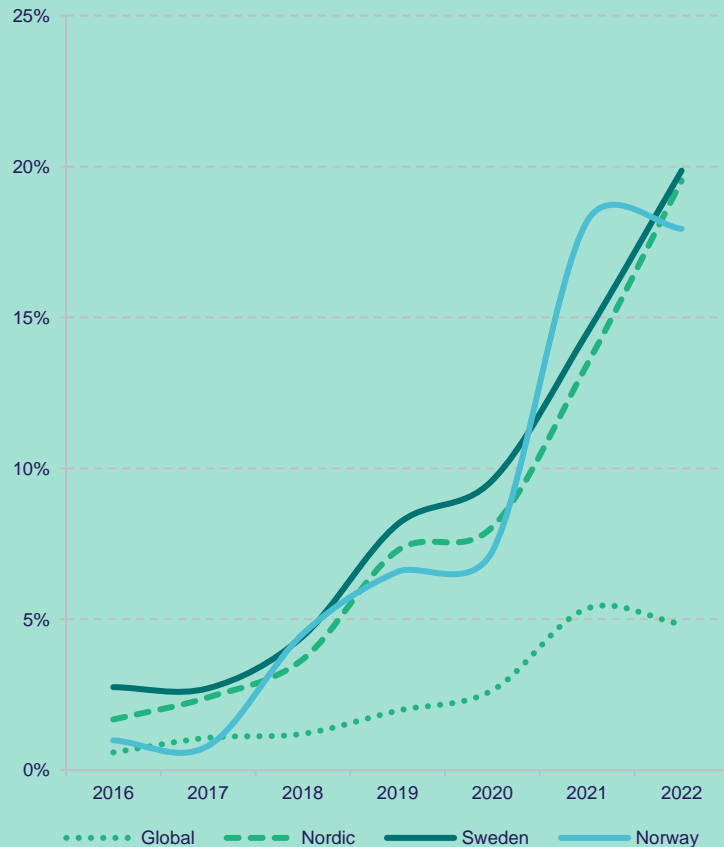
Thomas W. Hemmestad  
Sustainable Finance  
DNB Markets

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# 20%

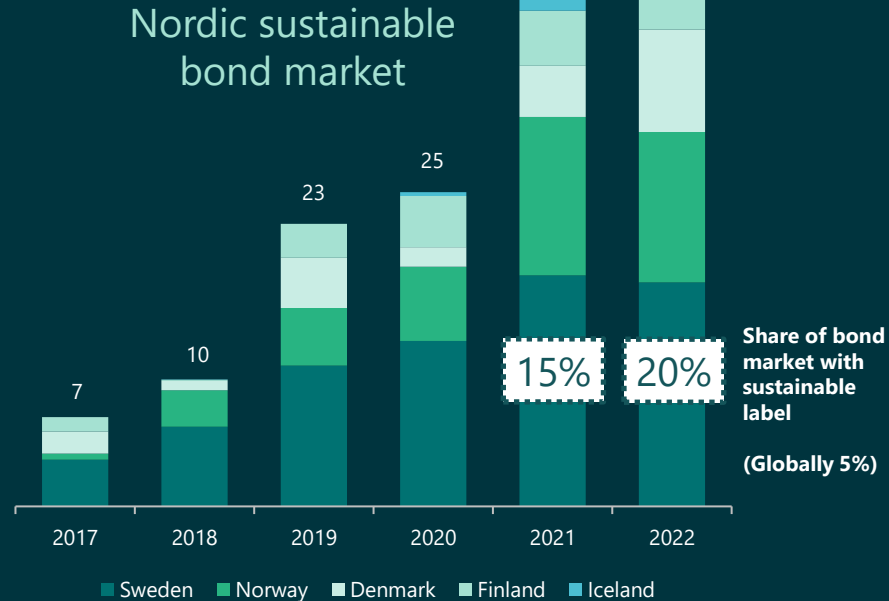
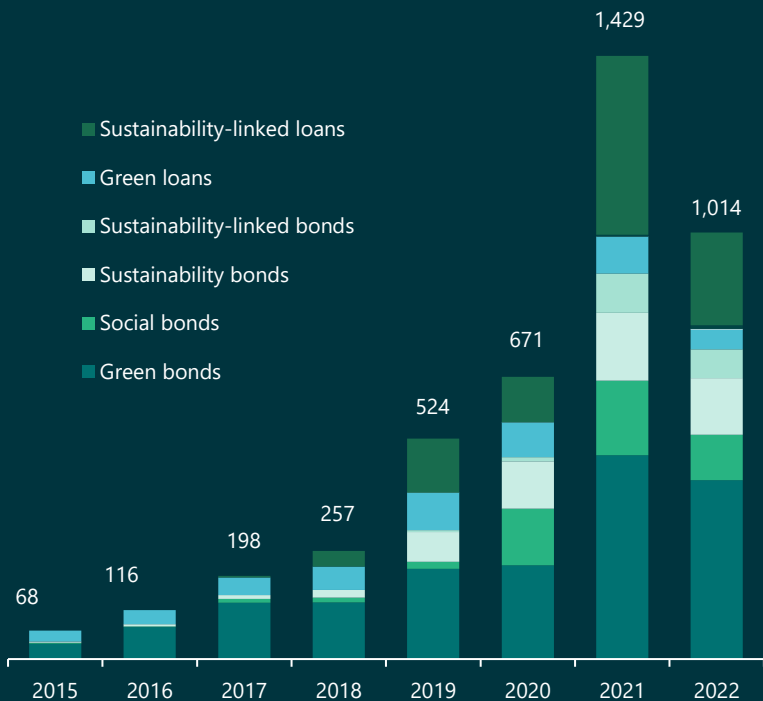
of the Nordic bond market has a sustainable label

## Sustainable share of bond market



# Annual issuance of sustainable bonds and loans

(EUR billion)



# The global market standards for ESG bonds and loans

## Proceeds earmarked for specific investments

### Green, Social and Sustainability Bonds



### Green and Social Loans



## Proceeds for general corporate purposes

### Sustainability-Linked Bonds



### Sustainability-Linked Loans



# ICMA Green Bond Principles

## 1 Use of proceeds

*Renewable energy*

*Climate change adaptation*

*Clean transportation*

## 2 Project selection

- The internal selection process describes how you evaluate and approve Green Projects

## 3 Mgmt of proceeds

- Describes how you manage the proceeds from Green bond to ensure it is earmarked green projects

## 4 Reporting

- Allocation of proceeds
- Environmental impact of projects being financed



## Second Party Opinion

- ✓ Confirm alignment of the framework with the Green Bond Principles
- ✓ Evaluate the Green credentials of the use of proceeds and the governance structure

# Key elements in the initial EU GBS proposal

	ICMA	EU GBS
<b>Nature</b>	Voluntary standard	Voluntary standard
<b>Bond types</b>	Use of Proceeds	Use of Proceeds
<b>Applicability</b>	Global	Regional (EU)
<b>Components</b>	Four core components: <ol style="list-style-type: none"> <li>1. Use of Proceeds</li> <li>2. Process for Project Evaluation and Selection</li> <li>3. Management of Proceeds</li> <li>4. Reporting</li> </ol>	Builds on ICMA GBP's and adds: <ul style="list-style-type: none"> <li>• Taxonomy alignment of UoP</li> <li>• Formalized Green Bond Framework</li> <li>• More granular reporting</li> </ul>
<b>External review</b>	Recommended	<b>Verification required by a registered external reviewer:</b> <ul style="list-style-type: none"> <li>• Mandatory Green Bond Framework (factsheet), Allocation Reporting and Impact Reporting</li> </ul>

## Four key requirements



1. Taxonomy alignment



2. Transparency



3. External review



4. Supervision by ESMA of external reviewers

# The devil is in the details...

## Key pressure points leading to the collapse of the negotiations

1	<b>Voluntary vs Mandatory</b>	Making the standard mandatory could significantly reduce the volume
2	<b>Grandfathering</b>	Technical screening criteria for transitional activities in the EU Taxonomy will be reviewed regularly (i.e. every 3 years) potentially forcing reallocation (or misalignment)
3	<b>Increased liability</b>	Binding provisions of compliance leading to unforeseen risks for issuers
4	<b>Flexibility on Taxonomy alignment</b>	Some flexibility might be needed mainly due to data inconsistencies (regional differences, estimates and immature taxonomy reporting)
5	<b>Disclosures for “all” sustainable bonds</b>	Extending reporting requirements to all green bonds and SLBs with an Environmental KPI (i.e. EU taxonomy alignment of UoP and intended contribution to future entity-level taxonomy alignment / transition plans for SLBs).

An aerial photograph of a boat's wake in turquoise water, with white foam from the wake visible. The image is split vertically, with the left side showing the water and the right side being a dark, textured background.

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Thank you