

Comparison of EU Green Bond Proposal with the ICMA Green Bond Principles



EUGBS vs ICMA GBP

	TEG's recommendation	EU Green Bond Proposal	ICMA GBP
Framework document	Mandatory publication <u>before or at</u> the issuance	Proven Terminology „Green Bond Framework“ changed to a “factsheet” which should be published <u>before</u> the issuance → The structure of the proposed Factsheet is structurally different than the Green Bond Frameworks currently used by issuers in the market	The creation of such a document is a key recommendation of the GBP 2021 for heightened transparency
Use of proceeds – Taxonomy Alignment	Mandatory Taxonomy-alignment with exceptions	Mandatory alignment is maintained; but the recommendation on the exceptions is not included Specific provisions on the Taxonomy-alignment of the use of proceeds	The recommendation on voluntary disclosure Taxonomy-alignment has been introduced in the 2021 version of the GBP under the Pillar on the Process for Project Evaluation and Selection
Eligible use of proceeds	i. Physical assets and financial assets ii. CapEx and selected OpEx (with a 3 - year lookback period) iii. Relevant public investments, expenditure, and subsidies (for sovereigns)	i. Fixed assets ii. CapEx iii. OpEx – with a 3-year lookback limitation iv. Financial assets (i.e., debt and equity) which can only finance (i); (ii); and (iii) above, but not other financial assets except where such financial assets are financing other financial assets with the proceeds allocated to fixed assets, CapEx and eligible OpEx	Assets, investments and other related and supporting expenditures such as R&D that may relate to more than one category or environmental objective
Reporting (Allocation)	At least annual reporting until the full allocation	Annual allocation report requirement is maintained and will be based on a template under Annex II of the EU Proposal Art. 9(6) limits the period when the final allocation report should be submitted	The GBP's Pillar on reporting is consistent with the annual allocation reporting under the EU Proposal (except the timing limitation under Art.9(6))

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Reporting (Impact)	At least once during the bond's lifetime and after the full allocation of proceeds	TEG's recommendation is maintained; Annex III of the EU Proposal will provide a template for reporting	Both the recommendation and the EU Proposal require less than the GBP that recommends annual impact reporting
External reviews (Pre-issuance)	Mandatory (<u>pre- or at issuance</u>) external review on the GBF	Requirement maintained as <u>pre-issuance</u> external review of the "Factsheet" while the elements of the review are set out in Annex IV of the EU Proposal	Pre-issuance review of the Green Bond Framework is a "key recommendation" for heightened transparency
External reviews (Post-issuance)	Mandatory post-issuance review of the final allocation report	TEG's recommendation is maintained Also, Art. 9(6) limits the period when post-issuance report on the final allocation should be submitted and made public	The post-issuance review of issuers' management of proceeds (e.g., internal tracking) and allocation of funds to eligible projects is a key recommendation

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