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COMMISSION NOTICE
on the interpretation and implementation of certain legal provisions of the European Green Bond Regulation

(Text with EEA relevance)

(C/2025/5885)

This Frequently Asked Questions (FAQs) document aims to provide clarifications on certain requirements of Regulation (EU) 2023/2631 ⁽¹⁾. The objective of this Notice is to support stakeholders implementing the voluntary new European Green Bond standard and contribute to the European Commission's efforts to make the EU's sustainable finance framework more user-friendly.

The FAQs contained in this document clarify certain existing provisions in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation, nor do they introduce any additional requirements for the concerned operators and competent authorities. The FAQs are intended to assist undertakings in interpreting and implementing certain legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret EU law. The views expressed in this Notice cannot prejudice the position that the European Commission might take before the EU and national courts.

⁽¹⁾ Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (OJ L, 2023/2631, 30.11.2023, ELI: <http://data.europa.eu/eli/reg/2023/2631/oj>).

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Applicable legislation

Regulation (EU) 2023/2631 on European green bonds ('EuGB Regulation')

Regulation (EU) 2017/1129 ('Prospectus Regulation') ⁽²⁾

Commission Delegated Regulation (EU) 2019/980 ('Prospectus Delegated Act') ⁽³⁾

Regulation (EU) 2017/2402 ('Securitisation Regulation') ⁽⁴⁾

Regulation (EU) 2020/852 ('Taxonomy Regulation') ⁽⁵⁾

Commission Delegated Regulation (EU) 2021/2139 ('Delegated Act on the Technical Screening Criteria') ⁽⁶⁾

Directive 2013/34/EU ('Accounting Directive') ⁽⁷⁾

Directive 2014/65/EU ('Markets in Financial Instruments Directive') ⁽⁸⁾

⁽²⁾ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12, ELI: <http://data.europa.eu/eli/reg/2017/1129/oj>).

⁽³⁾ Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (OJ L 166, 21.6.2019, p. 26, ELI: http://data.europa.eu/eli/reg_del/2019/980/oj).

⁽⁴⁾ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35, ELI: <http://data.europa.eu/eli/reg/2017/2402/oj>).

⁽⁵⁾ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13, ELI: <http://data.europa.eu/eli/reg/2020/852/oj>).

⁽⁶⁾ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1, ELI: http://data.europa.eu/eli/reg_del/2021/2139/oj).

⁽⁷⁾ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19, ELI: <http://data.europa.eu/eli/dir/2013/34/oj>).

⁽⁸⁾ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (OJ L 173, 12.6.2014, p. 349, ELI: <http://data.europa.eu/eli/dir/2014/65/oj>).

SECTION 1

Use of the designation 'European Green Bond'**1. Can an existing 'green bond' that is fully aligned with the EU Taxonomy be converted into a European Green Bond (EuGB), for example by retroactively labelling it an EuGB? What about refinancing?**

Yes, it is possible in principle to convert an existing 'green bond' that is fully aligned with the EU Taxonomy into an EuGB, provided that strict requirements are met.

Article 3 of the EuGB Regulation provides that the designation 'European Green Bond' or 'EuGB' shall be used only for bonds that comply with the requirements set out in Title II of that Regulation. These requirements include provisions on bond-related requirements, including the use of proceeds, transparency and external reviews.

Article 10(1) of the EuGB Regulation provides that issuers of European Green Bonds shall complete an EuGB factsheet, as set out in Annex I of that Regulation, and obtain a positive opinion from an external reviewer for it before issuance of the EuGB. Moreover, Article 14(1) requires the issuer to publish a prospectus, pursuant to the Prospectus Regulation (in cases where a prospectus is required), and sets out certain conditions including that the bonds are designated as 'European Green Bond' or 'EuGB' throughout the prospectus.

For an existing 'green bond' that is fully aligned with the EU Taxonomy to be converted into an EuGB, the requirements of the EuGB Regulation, including those mentioned above, will need to be met before such a conversion can take effect. Before any re-labelling, the issuer must *inter alia*: (i) complete the factsheet and obtain a positive external review of that document; (ii) update the existing prospectus issued pursuant to the Prospectus Regulation; and (iii) ensure that investors are informed about the conversion in a manner that is timely, clear and accurate. The issuer must also ensure that investors are aware of, and have access to, all information regarding the status of the bond and the new and updated documentation linked to it. This is essential to avoid confusion and prevent investors from being misled.

As stated by the European Commission in an answer to a Q&A submitted by the European Securities and Markets Authority (ESMA) ^(*), it is possible for issuers to communicate and advertise their planned use of the designation of 'European Green Bond' or 'EuGB' pursuant to the relevant provisions of the Prospectus Regulation before issuance of such a bond. It follows that it would also be possible to do so before a conversion, as long as issuers do not mislead investors regarding the possible outcome of the external review and the examination of the update of the prospectus by competent authorities.

Regarding refinancing, it is possible for an issuer to issue a European Green Bond to replace an existing other type of 'green bond', provided this is done in accordance with Article 3 of the EuGB Regulation.

2. If the issuer complies with the EuGB Regulation at issuance of an EuGB, but is found to be in breach at a later point during the lifetime of the bond, what are the consequences? For instance, what would happen if a post-issuance review concluded that the allocation of proceeds is not adhering to Articles 4 to 8 of the EuGB Regulation?

Pursuant to Article 3 of the EuGB Regulation, if an issuer is found to be in breach of a provision under Title II, they would lose the right to use the designation 'European Green Bond' or 'EuGB' and might also face a penalty. The powers of competent authorities in this regard are laid down in Articles 45 and 49 of the EuGB Regulation.

Article 3 of the EuGB Regulation states that the designation 'European Green Bond' or 'EuGB' shall be used only for bonds that comply with the requirements set out in Title II of that Regulation. This applies throughout the lifetime of the bond. Consequently, if an issuer fails to comply with the requirements set out therein, the bond in question can no longer be designated as a 'European Green Bond' or 'EuGB'. This would for instance be the case if a post-issuance review found that the allocation of proceeds does not adhere to the requirements set out in Articles 4 to 8.

^(*) ESMA Q&A on the interaction between the EU Green Bond Regulation (EuGBR) and the Prospectus Regulation, dated 6 June 2025 (ESMA_QA_2254).

Moreover, the EuGB Regulation empowers the competent authority of the home Member State, designated pursuant to Article 31 of the Prospectus Regulation, to impose administrative penalties and other administrative measures on issuers of European Green Bonds for, *inter alia*, infringements of their obligations under Title II, Chapter 2, and Articles 18 and 19 of the EuGB Regulation (except in cases where the issuer is covered by Article 1(2), points (b) and (d) of the Prospectus Regulation). In cases of securitisation bonds, competent authorities designated in accordance with Article 29(5) of the Securitisation Regulation shall supervise the compliance of originators with their obligations under Title II, Chapter 2, and Articles 18 and 19 of the EuGB Regulation.

SECTION 2

Use of proceeds

3. **Can EuGB proceeds under the ‘gradual approach’ be allocated to loan disbursements (financial assets) made before the issuance of the EuGB?**

The ‘gradual approach’ under Article 4(1)(d) of the EuGB Regulation allows EuGB issuers to allocate proceeds to financial assets that were created no more than five years after the issuance of the European Green Bond, on the condition that they are allocated in accordance with the Taxonomy requirements. The provision does not prevent issuers from allocating proceeds to financial assets that were created before issuance of the European Green Bond, so long as these assets meet the Taxonomy requirements.

4. **Can an EuGB be used to back the issuer's existing financial assets under the ‘portfolio approach’?**

The ‘portfolio approach’ under Article 4(2) of the EuGB Regulation enables EuGB issuers to allocate proceeds from one or more outstanding European Green Bonds to a portfolio of fixed assets or financial assets in accordance with the Taxonomy requirements. The provision does not prevent those issuers from allocating proceeds to assets that were created before issuance of the European Green Bond, so long as these assets meet the Taxonomy requirements.

5. **In the context of Article 4 of the EuGB Regulation, does the EuGB Regulation permit the same issuer to adopt a ‘gradual approach’ for certain EuGB issuances and a ‘portfolio approach’ for other EuGB issuances? Can an issuer combine the two approaches in a single issuance?**

The EuGB Regulation does not prevent an EuGB issuer from choosing the ‘gradual approach’ for some EuGB issuances and the ‘portfolio approach’ for other issuances. However, it is not possible to combine both approaches in a single issuance. Article 4(1) of the EuGB Regulation sets out how an issuer of a European Green Bond shall allocate the proceeds of such a bond under the ‘gradual approach’. According to Article 4(2), and recitals 12 and 16, the ‘portfolio approach’ can be used for one or more (but not necessarily all) European Green Bonds issued by the same issuer. This means that issuers may also choose to allocate the proceeds from one or more outstanding European Green Bonds to a portfolio of fixed assets or financial assets under the ‘portfolio approach’.

The ‘portfolio approach’ is to be understood as an alternative to the ‘gradual approach’, given the fundamental differences between the two: under the ‘gradual approach’, proceeds are allocated gradually until the full amount raised by the bond has been allocated to eligible assets and/or expenditure. Each annual allocation report must describe all proceeds allocated so far for each EuGB, so if an issuer issues several EuGBs under the ‘gradual approach’, they will each be allocated to their respective assets and expenditure. Conversely, the ‘portfolio approach’ is based on balancing the total stock of eligible assets with the value of outstanding European Green Bonds, rather than allocating specific bond proceeds to specific assets. The templates for the EuGB factsheet and for the annual allocation reports, set out in Annex I and II to the EuGB Regulation, respectively, hence require issuers to state which approach they have chosen for a particular issuance.

6. **Under the ‘portfolio approach’, does the total value of fixed assets or financial assets in the portfolio need to exceed the total value of the EuGBs at all times over the life of the bond, or may EuGB issuers use the period until the first allocation report, or periods between allocation reports, to top up their assets and meet the allocation requirements?**

In accordance with Article 4(2) of the EuGB Regulation, when issuers allocate the proceeds of an EuGB in accordance with the ‘portfolio approach’, they must demonstrate in the allocation report drawn up for every 12-month period pursuant to Article 11 that the total value of assets exceeds the total value of EuGBs. This provides issuers with flexibility, where they are required to update investors only once per year. Therefore, it would seem possible for the value of the portfolio of assets to fall below that of the outstanding EuGBs temporarily during the reporting period. At the same time, significant fluctuations might indicate issues, for instance with the choice and management of eligible assets or a lack of commitment on the part of the issuer.

Allocation reports shall be published for every 12-month period until the date of full allocation of the proceeds of the European Green Bond. In the case of bonds using the ‘portfolio approach’, the entire bond portfolio is considered to be ‘re-allocated’ every year, reflecting the dynamic nature such a portfolio may have. At any point in time, new assets may be added, while older ones can be repaid (in the case of loans) or be removed from the portfolio (for example, because they are no longer considered Taxonomy-aligned). For this reason, each allocation report published under the ‘portfolio approach’ requires an external review, except in cases where no change in allocation is made in the portfolio of assets. In accordance with Article 11(6), the external reviewer shall pay particular attention to those assets that were not included in any previously published allocation report.

7. **Is a post-issuance review required if the portfolio has not changed, but the value of the portfolio of assets has diminished because of repayments?**

No, if there has been no change in the portfolio, but the value of the portfolio of assets has diminished because of repayments, no external review of the allocation report would be required. Article 11(6) of the EuGB Regulation provides that the external review of allocation reports of EuGBs issued under the ‘portfolio approach’, shall not be required where, during the period covered by the allocation report, no change in allocation was made to the portfolio of assets and no asset in the portfolio was changed or was itself subject to a change in allocation, compared to the period covered by the previous allocation report.

Pursuant to Article 11(6), second subparagraph, of the EuGB Regulation, in such a case the issuer shall include a statement in their allocation report specifying that there is no post-issuance review due to the absence of changes to the portfolio. The repayments must not lead to a situation where the allocation report displays an aggregate value of assets that is lower than the aggregate value of outstanding EuGBs, as required by Article 4(2), second subparagraph.

SECTION 3

Use of proceeds/EU Taxonomy

8. **Under the ‘gradual approach’, there is no look back period for capital expenditure (CapEx). Does this mean that only new CapEx incurred after the issuance of an EuGB is eligible?**

Article 4(1)(b) of the EuGB Regulation does not provide for a look back period for CapEx. This means that only new CapEx incurred after the issuance of the EuGB is eligible. In each of the years after the issuance of the EuGB and until its maturity, the issuer may allocate proceeds raised by that EuGB to finance capital expenditure.

9. **What can be covered by the 15 % flexibility pocket?**

Under Article 5 of the EuGB Regulation, issuers of European Green Bonds may allocate up to 15 % of the proceeds to economic activities for which no Taxonomy technical screening criteria have entered into force by the date of issuance of the European Green Bond, or to activities in the context of international support including climate finance and official development assistance. Those economic activities must comply with the requirements of the Taxonomy Regulation. In particular, those activities must make a substantial contribution to one of the 6 environmental objectives as specified in Articles 10 to 16 of the Taxonomy Regulation, do no significant harm to any of the remaining objectives as specified in Article 17 of the Taxonomy Regulation and be carried out in compliance with the minimum safeguards in accordance with Article 18 of the Taxonomy Regulation.

Pursuant to Article 5(3) of the EuGB Regulation, economic activities for which there are no technical screening criteria must also comply where applicable with the generic criteria for 'do no significant harm' set out in Appendices A, B, C and D of Annex I to the Delegated Act on the Technical Screening Criteria.

The economic activities for which no technical screening criteria have entered into force should be understood as activities not covered by the relevant existing Delegated Acts supplementing the Taxonomy Regulation, i.e. activities that are not Taxonomy eligible at the time of issuance of the EuGB. International climate finance includes, but is not limited to, the activities referred to in Article 5(1)(b) of the EuGB Regulation.

10. Economic activities included under the flexibility pocket should demonstrate that they contribute substantially to one or more of the environmental objectives and that they do not significantly harm any of those environmental objectives. In the absence of Technical Screening Criteria, how should external reviewers undertake this assessment?

The templates for disclosures related to EuGBs, set out in Annexes 1 to 3 to the EuGB Regulation, provide that where an issuer allocates proceeds in accordance with Article 5 of the Regulation, they shall describe such non-alignment, the activities concerned and, where available, the estimated percentage of the proceeds intended to finance such activities as a total and on a per-activity basis, including a breakdown describing which point(s) of Article 5(1) of the EuGB Regulation is/are being used. Furthermore, issuers shall explain why the technical screening criteria cannot be applied and the manner in which they intend to ensure that those activities comply with Article 5(3) and (4) of the EuGB Regulation and Article 3, points (a), (b) and (c), of the Taxonomy Regulation.

Issuers and external reviewers should therefore assess the activities concerned against the requirements with respect to substantial contribution and significant harm to different environmental objectives, set out respectively in Articles 10 to 16 and in Article 17 of the Taxonomy Regulation. For the purpose of this assessment, issuers and external reviewers may wish to refer to technical guidance published by the European Commission for the application of the 'do no significant harm' principle under specific EU funding programmes ⁽¹⁰⁾.

In addition, issuers and external reviewers may wish to take into account unofficial technical guidance and tools that are publicly available. For example, the European Commission's Joint Research Centre has published two reports outlining the different ways in which it is possible to make a substantial contribution to the different Taxonomy objectives ⁽¹¹⁾. The Commission followed the approach set out here in the Taxonomy Delegated Acts.

Finally, issuers and external reviewers may take into account the assessment recommendations issued by the relevant independent advisory Commission expert groups, such as the Technical Expert Group on sustainable finance and the Platform on Sustainable Finance.

11. How should sovereigns align with minimum safeguards?

The requirements of the EU Taxonomy apply without distinguishing the type of operator of the activity. Sovereign issuers are therefore required to apply the minimum safeguards. The Platform on Sustainable Finance has issued unofficial technical recommendations on the application of minimum safeguards in its Final Report on Minimum Safeguards ⁽¹²⁾, including specific guidance for sovereigns, as well as municipalities and regional authorities.

⁽¹⁰⁾ In this regard, see technical guidance on applying the 'do no significant harm' principle under the Social Climate Fund Regulation available here: C_202501596EN.000101.fmx.xml.

⁽¹¹⁾ In this regard, see JRC Publications Repository - Substantial contribution to climate change mitigation – a framework to define technical screening criteria for the EU taxonomy, and JRC Publications Repository - Development of the EU Sustainable Finance Taxonomy - A framework for defining substantial contribution for environmental objectives 3-6.

⁽¹²⁾ In this regard, see Final Report on Minimum Safeguards.

- 12. Expenditures for sovereigns can include subsidies. How should a sovereign demonstrate alignment with the 'do no significant harm' principle on subsidies as the investment itself is held by third party?**

Article 4(3) of the EuGB Regulation provides that a sovereign may allocate the proceeds of European Green Bonds it has issued to specific types of public expenditure, such as subsidies, provided that the proceeds are allocated in accordance with the Taxonomy requirements, i.e. subsidies would have to be clearly dedicated to Taxonomy-aligned purposes. For example, this could concern subsidies earmarked for households installing solar panels or heat pumps. The sovereign would need to assess compliance of the beneficiary of the subsidy with the minimum safeguards when granting that subsidy. The sovereign would need to ensure that the subsidies in question are only used for those purposes and demonstrate this accordingly in its disclosures related to the relevant European Green Bond(s). Therefore, the derogation in Article 4(3) of the EuGB Regulation does not apply to general subsidies.

- 13. How should a sovereign interpret transition plans in the factsheet? Is the plan voluntary for a sovereign? Would a National Climate Plan be within scope?**

Sovereigns are not subject to the Accounting Directive. Since Member States' National Climate Plans are functional equivalents to corporates' transition plans within the meaning of Articles 19a and 29a of the Accounting Directive, they could qualify as transition plans published voluntarily, as referred to in the respective 'Link to the transition plans' information component of the EuGB factsheet.

- 14. In the context of Article 8(2) EuGB Regulation, under the 'portfolio approach', would grandfathering apply even if one or more bonds were issued after the date the relevant Technical Screening Criteria were modified?**

Grandfathering would apply under the 'portfolio approach' even if one or more bonds were issued after the date the relevant technical screening criteria were modified, because the date of issuance of the bond is irrelevant under this approach.

Article 4(2) of the EuGB Regulation provides that issuers may allocate proceeds from one or more outstanding European Green Bonds following the 'portfolio approach', i.e. to a portfolio of fixed assets or financial assets. These assets have to meet Taxonomy requirements, including the applicable technical screening criteria set out in the Delegated Acts adopted pursuant to Article 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of the Taxonomy Regulation.

Taking account of the fact that the applicable technical screening criteria might be amended, Article 8 of the EuGB Regulation introduces a degree of flexibility. For issuers using the portfolio approach, Article 8(2) provides that issuers shall include in their portfolio only those assets whose underlying economic activity is aligned with any technical screening criteria which were applicable at any point during the seven years prior to the date of publication of the allocation report. Consequently, as set out in recital 18 of the EuGB Regulation, if any asset financed by a European Green Bond is not aligned with the amended technical screening criteria, it should be able to continue to be part of the pool of financed assets for up to seven years.

This means that the issuer would have seven years to remove from the portfolio of EuGB eligible assets all those assets that are not aligned with the amended technical screening criteria. If the issuer is already fully exploiting their portfolio of green assets to issue EuGBs, that issuer may need to issue fewer EuGBs or create new green assets aligned with the revised criteria over the seven years to ensure that they meet the requirements set out in Article 4(2), second subparagraph, of the EuGB Regulation.

SECTION 4

Factsheets and other disclosures/Prospectus/Listing

15. **The EuGB Regulation provides that issuers of European Green Bonds shall use the templates in Annexes I, II and III for their EuGB factsheet, allocation reports and impact reports, respectively. Conversely, external reviews of these documents are required only to contain ‘the elements’ of Annex IV. Considering these different requirements, how strictly must the templates of Annexes I, II, III and IV be followed? For example, should the published document follow the exact sequence and headings of each relevant Annex or is it enough to contain the required elements, regardless of sequence or formatting?**

Articles 10 (1)(a), 11(1) and 12(1) of the EuGB Regulation require issuers of European Green Bonds to use the templates set out in Annex I, II, and III for the various pre-issuance and post-issuance disclosures related to these bonds. As recital 21 of the EuGB Regulation highlights, the templates were included in the legal framework to ensure that investors can access all information that is necessary to evaluate the intended and actual use of proceeds of European Green Bonds and to compare such bonds with each other. Issuers are therefore encouraged to follow the structure of the templates with the same headings and sequence. Changes to the sequence can be possible, but if an issuer chooses to deviate from the sequence, all the individual headings and elements must still be included in the respective disclosure document, and the information must be presented in a way that is coherent, clear and not misleading.

Regarding external reviews, Articles 10(3)(b), 11(8)(c) and 12(3)(c) of the EuGB Regulation requires external reviews of the factsheet, allocation report and impact report, respectively, to contain the ‘elements set out in Annex IV’. The heading of Annex IV refers to ‘contents’ of pre-issuance, post-issuance or impact report reviews. It follows that so long as external reviewers include the elements set out in Annex IV in their reviews, they are free to present them in the way they choose.

16. **According to Article 10 of the EuGB Regulation, the external reviewer should (contrary to the allocation and impact report) also assess whether the factsheet is completed in accordance with Annex I, but Annex IV does not prescribe a statement in that respect. Is an external reviewer nevertheless allowed to include a statement regarding the compliance of the factsheet with Annex I?**

Given that the compliance of the EuGB factsheet with Annex I is part of the external reviewer’s assessment, it follows that the external reviewer may include a statement on it in its review. Article 10(3)(a) and (b) of the EuGB Regulation provides that the pre-issuance review of an EuGB factsheet shall contain an assessment of whether the issuer has completed that factsheet in accordance with Articles 4 to 8 and Annex I as well as the elements set out in Annex IV of that Regulation.

17. **Is there a limitation on the length of the planned issuance period to be included in the factsheet? If there is no issuance, how long is the lifetime of the factsheet?**

There is no requirement in the EuGB Regulation for a EuGB factsheet to have an expiration date.

According to Article 10(1)(a) of the EuGB Regulation, an entity seeking to issue an EuGB shall, prior to issuance, complete the EuGB factsheet as set out in the template in Annex I of the Regulation. This template provides for the issuer to indicate, where available, the planned issuance date or period. The EuGB Regulation does not specify any limitations to the length of an issuance period, nor to the length of time that the factsheet remains valid. Article 15(1)(a) of the EuGB Regulation does, however, require the issuer to publish the completed factsheet before issuance, alongside the pre-issuance review of that factsheet and a hyperlink to the website where the prospectus can be consulted (in cases where a prospectus is published pursuant to the Prospectus Regulation).

Once the EuGB factsheet is published and/or used for advertising purposes, it is the responsibility of the issuer to ensure that the information in the factsheet is clear, accurate and up to date, including any possible information on the planned issuance date or period, as well as the status of the bond and the documentation required for issuance.

Any documents published before the issuance of the bonds shall not mislead investors on aspects such as the timing of issuance, the possible outcome of the external review of the factsheet and the examination of the draft prospectus by competent authorities (in cases where a prospectus is required). It is the responsibility of the issuer to ensure that investors can make their investment decision based on the documentation related to the EuGB, including the EuGB factsheet.

18. How long is the pre-issuance-review valid? Will it be valid for the entire issuance period included in the factsheet? In cases where a factsheet covers multiple issuances, will a separate or updated review be needed?

The pre-issuance review shall contain an assessment of whether the issuer has completed the EuGB factsheet, and the elements set out in Annex IV to the EuGB Regulation. Notwithstanding the pre-issuance review of a factsheet, issuers must continue to comply with its obligations, including those involving Taxonomy-alignment.

Article 10(1)(b) of the EuGB Regulation requires issuers to ensure, prior to issuance, that the completed EuGB factsheet has been subject to a pre-issuance review with a positive opinion by an external reviewer. According to Article 15(1)(b), the issuer must publish this pre-issuance review before the bond is issued, alongside other documentation. Article 38(1)(a) provides for external reviewers to publish the pre-issuance review they have issued, within a reasonable time before the issuance of the bond concerned.

The EuGB Regulation does not specify a length of time that the pre-issuance review remains valid. It can therefore be assumed to cover the entire issuance period indicated in the EuGB factsheet, where an issuance period has been indicated. However, should material information change between the completion of the pre-issuance review and issuance, both the EuGB factsheet and the pre-issuance review should reflect this in a way that is clear and understandable for investors. The template for the contents of pre-issuance reviews in Annex IV to the EuGB Regulation specifically provides for external reviewers to disclose, where relevant, the date on which a review was last updated and an explanation detailing the reason for the update.

Similarly, where an EuGB factsheet covers multiple issuances in accordance with Article 10(2) of the EuGB Regulation, both the factsheet and the pre-issuance review shall provide investors with up-to-date, clear and accurate information for each issuance. If this cannot be reliably achieved with the initial documentation, both the factsheet and the pre-issuance review should be revised and any changes communicated to investors in a way that is clear and not misleading.

19. Sovereigns tend to use tap issues for bonds. How can the EuGB factsheet cater for tap issues of EuGBs? Can an issuer use the same factsheet when tapping an existing EuGB?

Yes, an issuer may use the same EuGB factsheet when tapping an existing EuGB so long as each tap respects the information set out in the factsheet (and the EuGB Regulation). A factsheet may cover one or several bond issuances.

Tap issues enable sovereigns to sell more bonds from an existing issue. They can be assumed to be covered by Article 10(2) of the EuGB Regulation, which would mean that an issuer tapping an existing bond can use the same factsheet as for the existing issue of an EuGB. However, should material information change between the completion of the pre-issuance review and issuance, both the factsheet and the pre-issuance review should reflect this in a way that is clear and understandable for investors. This might require an update or revision of the factsheet and pre-issuance review.

20. To what extent can an issuer combine specific EuGB disclosures, for example the EuGB factsheet, with other disclosures, such as a broader green bond framework? Can an issuer report on a number of outstanding green bonds which include bonds that are not EuGBs in one allocation report?

EuGB disclosures may be complemented by other disclosures, so long as investors are able to clearly identify the information related to the EuGB Regulation and that the information respects all the requirements of the EuGB Regulation. Any information not required by the EuGB Regulation should not obscure the mandatory EuGB disclosures, should not be prepared on a basis that contradicts the requirements set out in the EuGB Regulation and should not be displayed in a more prominent manner than the disclosures that are mandatory for and specific to EuGBs.

Green bond frameworks are a tool widely used by issuers of 'green bonds' to create transparency. These frameworks serve to inform investors on how the proceeds of a green bond or a green bond programme are used, and tend to include information about reporting and the role that the bonds or bond programme play in the issuer's overall sustainability strategy. Often, these frameworks are subject to independent review. However, such frameworks have generally not been developed in accordance with a regulated framework and do therefore not constitute regulated documents.

The EuGB factsheet, while similar to such frameworks in some respects, is a separate document that is required for an issuance of a European Green Bond, as set out in Article 10(1) of the EuGB Regulation. By providing for a common template for EuGB factsheets in Annex I to the Regulation, the EuGB framework seeks to standardise the information provided for such bonds. The objective is to ensure that investors have ready access to easily comparable information. Section 8 of the template offers issuers the opportunity to add other relevant information to the EuGB factsheet. This could include references to other kinds of documentation, such as a green bond framework, an issuer's overall sustainability strategy or sustainability reports. Providing access to such additional information can be useful for investors when making investment decisions. It also reflects the fact that the EuGBS will co-exist with market standards and issuers' other green or sustainable bonds.

However, it is issuers' responsibility to make sure that all information provided to investors is clear and allows them to make informed decisions. Information linked specifically to an EuGB or a series of EuGB issuances should therefore not be combined with other disclosures, such as a green bond framework, in a way that might mislead investors. For example, this applies to the publication and presentation of the various documents on issuers' websites, where it should be clearly and easily understandable for investors what each piece of documentation relates to. Simply including EuGB factsheets, external reviews or other documents specifically linked to one or multiple European Green Bond issuances in a green bond framework related to other types of green bonds without sufficient explanation raises a risk of confusing investors. Issuers should therefore refrain from it. They should also refrain from combining the name 'European Green Bond' or 'EuGB' with names of other types of green bonds.

Furthermore, EuGB factsheets, allocation and impact reports as required by the EuGB Regulation are intended to provide disclosures specifically for EuGBs, using the templates in Annexes I to III. This is clear from the respective titles of these templates ('European Green Bond Factsheet', 'European Green Bond Annual Allocation Report', 'European Green Bond Impact Report'). This means that issuers must not use the templates in Annex I, II, and III to the EuGB Regulation for corresponding pre- or post-issuance disclosures on bonds that are not EuGBs.

21. Is it possible to list an EuGB on a multilateral trading facility (MTF) or can EuGBs only be listed on regulated markets?

Issuers can list an EuGB on an MTF so long as certain conditions are met.

Article 14(1) of the EuGB Regulation provides that to use the designation 'European Green Bond' or 'EuGB', an issuer shall publish a prospectus pursuant to the Prospectus Regulation (Article 14(2) exempts bonds covered by Article 1(2), points (b) and (d), of the Prospectus Regulation from this requirement).

Article 3(1) and (3) of the Prospectus Regulation provides that a prospectus is required when the issuer intends to offer securities to the public or seeks admission to trading on a regulated market in the EU. Article 1(4) of the Prospectus Regulation provides for exemptions from this requirement, notably when an issuer offers securities only to qualified investors or when they offer non-equity securities with a minimum denomination of EUR 100 000 per unit. These exemptions, in particular the EUR 100 000 minimum denomination, are the typical exemptions used in debt capital markets to ensure that bonds are not offered to retail investors. Green bonds are typically sold only to professional investors.

The Prospectus Regulation defines regulated market by reference to Article 4(1)(21) of the Markets in Financial Instruments Directive and 'multilateral trading facility' or 'MTF' by referring to Article 4(1)(22) of that Directive.

Regarding MTFs, recital 14 of the Prospectus Regulation sets out that the mere admission of securities to trading on an MTF or the publication of bid and offer prices is not to be regarded in itself as an offer of securities to the public and is therefore not subject to the obligation to draw up a prospectus under that Regulation. Article 4 of the Prospectus Regulation provides that an issuer can be entitled to draw up a prospectus on a voluntary basis in the event of an exemption. In particular, Article 4 clarifies that when an offer of securities to the public is exempted from the obligation to publish a prospectus in accordance with Article 1(4), an issuer shall be entitled to publish a prospectus on a voluntary basis.

Since issuers of EuGBs shall issue a prospectus pursuant to the Prospectus Regulation (in cases where a prospectus is required), it follows that they must either make a public offer of these EuGBs or seek admission to trading on a regulated market of those EuGBs or be in a situation where they are exempted under the Prospectus Regulation from publishing a prospectus but decide nonetheless to publish one voluntarily. This would mean that an EuGB can be listed on an MTF if the issuer only offers it to qualified investors or introduces a minimum denomination of EUR 100 000 per unit. In such a case the issuer would draw up a prospectus on a voluntary basis, according to Article 4 of the Prospectus Regulation. Moreover, if the issuer chooses the option of the minimum denomination of EUR 100 000, that issuer can also benefit from the alleviated prospectus format for wholesale non-equity securities in accordance with Articles 8 and 16 of the Prospectus Delegated Act.

In accordance with Article 4(2) of the Prospectus Regulation and taking into account Article 14(1) of the EuGB Regulation, if an issuer of an EuGB were to draw up a prospectus voluntarily, that prospectus would be subject to all the provisions of the Prospectus Regulation, including that the prospectus is subject to approval by the competent authority of the home Member State as determined in accordance with point (m) of Article 2 of the Prospectus Regulation, and shall be under the supervision of that competent authority.

SECTION 5

External review

22. **In accordance with the EuGB factsheet template, as contained in Annex I to the EuGB Regulation, the issuer should provide information ‘where available’. Where such information is not available, how should this be treated by the issuer and/or external reviewer, for instance, where one factsheet covers multiple issuances? Regarding the issue date, this shall be included by the issuer ‘where available’, but Annex IV requires the concrete ‘date of issuance’ to be included in the review report relating to each factsheet. What information must be included in the review report in case the issue date is not available? Furthermore, if information is not available at time of issuance, but is available at time of reporting: would it be correct to assume that reference to information being available in the allocation report to be sufficient?**

The template for the EuGB factsheet in Annex I to the EuGB Regulation provides the possibility to omit some data points when they are not available at the time when the bond is issued. This might be the case for example when one factsheet covers multiple issuances and certain information relating to later issuances is not yet known.

Since the EuGB factsheet is an important disclosure document intended to enable investors to make informed choices, it is critical that issuers do their utmost to provide as much information as possible. This can include stating that missing information will be disclosed in the post-issuance disclosures, i.e. allocation and impact reports.

External reviewers have a responsibility to assess whether issuers have made best efforts to provide as much information as possible when performing the pre-issuance review referred to in Article 10(1) and (3) of the EuGB Regulation. They should also make clear in sufficient detail how they arrived at the conclusion that certain information was not available at the time of review and publication of the EuGB factsheet. This can include a statement that information on the issuance date was not available at the time the external review was completed.

23. **What type of opinions can be provided on EuGB disclosures? Is there an expected level of assurance?**

It is common practice for issuers of green and other types of sustainable bonds to obtain a second-party opinion or verification of their disclosures linked to such bonds. Various types of providers offer different kinds of opinions, while some specific players provide limited or reasonable assurance. A lack of harmonised rules or standards regarding the governance, organisation and work of such entities can make it difficult for investors to compare bonds with a sustainability claim.

To enhance certainty, trust and comparability, the EuGB Regulation therefore establishes EU-level requirements and supervision for such independent opinions for European Green Bonds. The aim is to ensure that the businesses offering independent reviews are soundly organised and capable of producing quality work. In this context, external reviewers are companies performing specific services for EuGBs, i.e. reviewing the disclosures which issuers of these bonds must make pursuant to the EuGB Regulation. While setting requirements for external reviewers' organisation and conduct, the EuGB Regulation does not provide or require a specific level of assurance, or indeed any assurance. All external reviews produced under the EuGB framework therefore have the same value.

Moreover, section 2 of the template on the contents of pre-issuance, post-issuance or impact report reviews in Annex IV to the EuGB Regulation provides for the inclusion of 'a statement that this review represents an independent opinion of the external reviewer, and is to be relied upon only to a limited degree'.

24. **To what extent can an auditor's opinion on EU Taxonomy alignment (under the Taxonomy Regulation) be considered for the pre-issuance review or the review of post-issuance disclosures? Would the external reviewer still need to provide a full, separate assessment? Will the external reviewer providing the review(s) of post-issuance disclosures be able to rely on the initial assessment of expected alignment by the external reviewer of the factsheet or must it make a new 'post-assessment' of alignment of the expenditures?**

Articles 10 to 12 of the EuGB Regulation set out the requirements for issuers to prepare key disclosures on EuGBs – the factsheet, allocation and impact reports – as well as the obligation to obtain an external review of the first two (positive in the case of the factsheet). These requirements also provide the key points that respective external reviews shall contain, together with the contents for external reviews set out in Annex IV to the EuGB Regulation. The external reviewer must therefore provide a full assessment of each disclosure document prepared by the issuer.

When carrying out the reviews, the external reviewer is free to consult and take into account a range of information, which could include, for example, an auditor's opinion on the issuer's alignment with the EU Taxonomy. However, the specific disclosures required by the EuGB Regulation must be provided in accordance with the relevant provisions in the Regulation and each disclosure must be assessed on its own merits.

This also means that the external review of an allocation or an impact report cannot simply rely on the external review of the factsheet. A separate assessment is needed for each disclosure (except for cases covered by Article 11(6), second subparagraph, of the EuGB Regulation). According to Article 11(8)(b) of that Regulation, the external review of an allocation report shall include an assessment of whether the issuer has allocated the bond proceeds as set out in the EuGB factsheet referred to in Article 10, which clearly shows that it would not be possible for an external reviewer to simply rely on the external review of that factsheet that was prepared before issuance and hence before allocation.
