Spainsif SRI Colloquium– EthiFinance: “The Spanish Sustainable Issuers Market in the Face of the Green Bond Standard”

The holding of this colloquium comes at a particularly relevant time for the Spanish market, not only due to European regulatory developments, but also because of the growing mobilisation of the national ecosystem around the new standard. From the **first public issuances under the EU Green Bond Standard (EU GBS)** —such as that of the **Community of Madrid**, the first European region to apply this framework— to the **increasing interest from corporate and public issuers**, the strengthening of the European supervisory framework, and the development of market infrastructures such as **the listing on BME** of bonds with this label, the conditions are ideal for a technical and strategic debate. In addition, it was emphasised that the standard acts as a catalyst to reinforce regulatory and operational convergence around sustainable finance, establishing stricter criteria that promote financial practices aligned with European environmental objectives. This convergence is transforming eligibility criteria, aiming to reduce regulatory fragmentation and prepare issuers for increasing demands regarding transparency and impact.

In this context, **Spainsif**, in collaboration with **EthiFinance**, organised a new **SRI** Colloquium focused on analysing the current situation of the Spanish market in light of the European Green Bond Standard.

The meeting took place following several recent key milestones that reinforced the timeliness of this event: **the publication by ESMA of the first official list of external reviewers** under the EU GBS regulation; the announcement that **the Bank of Spain** has reached **8.1% investment in green bonds** within its portfolio; and the growing preparedness of financial institutions and issuers to adapt to a standard that, although voluntary in adoption, will set a new level of requirement and credibility in the market.

Under the title “**The Spanish Sustainable Issuers Market in Light of the Green Bond Standard**,” the colloquium brought together a **wide range of representatives from the Spanish market**: sector associations, institutional investors, public sector entities, corporate issuers, structuring banks, trading platforms, and other stakeholders directly involved in the evolution of the green bond market.

During the session, various key aspects regarding the implementation and use of the EU GBS were addressed:

- **Challenges in the issuance, structuring, and investment process** under the new European standard, especially regarding technical requirements, documentary criteria, and the new external verification procedures.
  During the colloquium, it was highlighted that despite its voluntary nature, the EU GBS could become an essential reference for those organizations seeking to position themselves as sustainability leaders. It was emphasized that the strengthening of the supervisory framework should not lead to overregulation that discourages participation, making institutional support crucial in this initial phase. In this regard, it was suggested that national and European authorities play an

active role by providing interpretative guidelines, technical training, and support tools so that the practical implementation of the EU GBS does not create unnecessary barriers to sustainable issuance. It was reiterated that the true value of the standard lies not only in its regulatory design but also in its operational applicability for all types of market participants.
It was emphasized that for mid-sized issuers or those with limited technical capacity, the issuance process under the EU GBS framework can pose significant barriers if adequate support is not available. Coordination between finance and sustainability departments within issuing organizations is essential, given that the application of the standard requires cross-functional collaboration. The development of internal capabilities, the availability of reliable environmental data, and technological integration were identified as key pillars for an effective implementation of the EU GBS.
Participants agreed that the EU GBS not only enhances the transparency and traceability of green financial instruments but also introduces a technical discipline that is raising the overall quality standards of the market. It was also highlighted that this new regulatory architecture is beginning to generate synergies between public and private issuers, facilitating interoperability and a consistent interpretation of sustainability frameworks.

- The implications of the **"Do No Significant Harm" (DNSH)** principle for both issuers and investors, and how to integrate it coherently into internal sustainable finance frameworks.
  It was noted that its proper traceability represents one of the standard's greatest strengths, as it enhances the environmental consistency of the entire financed project and builds investor confidence, although its verification could pose a challenge, especially for issuers with a greater diversity of business lines. However, the Omnibus proposes a simplification of the DNSH, which would reduce complexity for European green bond issuers, and this could provide a boost to the market, as long as the quality of the assets financed by the EUGB is preserved.
  In particular, the need to accurately demonstrate alignment with the European Taxonomy was highlighted, which requires issuers to have rigorous document management, robust internal verification systems, and, in many cases, specialized external advisory, especially for those issuers who have not yet undertaken a taxonomy exercise. It was also emphasized the importance of strengthening dialogue channels between public and private entities to exchange best practices and ensure a harmonious adoption of the standard.
  The need to incorporate into the EU Taxonomy those sectors that are currently not covered was also highlighted, as well as to design transition strategies for sectors that still face difficulties in achieving full alignment with the Taxonomy, so that they are not excluded from the green finance market via the EUGB.
  It was emphasized that the focus of the EUGB should remain on the taxonomy alignment of the specific projects to which the European green bond funds are allocated. This alignment should fall on the projects financed by the EUGB rather than on the alignment of the issuer's overall economic activities, whose income from their activities or projects may not yet fully align with the Taxonomy. In fact, the European Taxonomy was originally designed to focus on the asset at the

project or specific activity level, rather than on the issuer at the entity level with all of its activities, thus potentially being a good tool for companies in transition. However, the market and supervisors are evaluating, in addition to the alignment of the assets included in the bond, the issuer itself with all its activities. For example, when including a green bond in a "sustainable" fund, ESMA's rules on the use of sustainability-related terms in fund names must be considered. These rules condition the use of certain terms related to "environment," "impact," and "sustainability" on the companies (bond issuers) meeting the exclusion criteria of Paris-aligned benchmarks (PAB). These exclusions apply to the origin of the issuer's revenues from its activities, which may be inconsistent with the "use of proceeds" criterion at the project level rather than at the issuer level used by the EUGB to determine whether a project can be part of the bond's underlying assets. Addressing this regulatory inconsistency by both the regulator and the supervisor would bring greater clarity to the market.

- **Regulatory perspectives** and their possible evolution, including the debate on the **"Omnibus" legislative package** aimed at simplifying disclosure obligations regarding Taxonomy alignment.
  It was suggested that while regulatory clarity is positive, it is also necessary to avoid regulatory duplications that could create uncertainty. Participants highlighted that the uncertainty generated by the Omnibus and its future effects on Taxonomy regulation could lead to delays in some green bond issuances under the European standard.

- A block of particular interest was the **comparison between the EU GBS and existing voluntary frameworks**, such as the **ICMA Green Bond Principles** or the **Climate Bonds Initiative (CBI) standards**. The discussion focused on the **incentives, benefits, and limitations** of the new European standard, as well as its **recognition and acceptance by the international market**.
  It was highlighted that the EU GBS sets a higher technical and governance threshold than other international green bond frameworks, which can translate into greater investor confidence and reduced greenwashing risk. However, it was also acknowledged that these other internationally recognized frameworks will continue to be useful for certain issuer profiles or projects that do not yet achieve full alignment with the Taxonomy.
  In this regard, although the EU GBS can add value for certain issuers and investors depending on the activities and projects financed, ICMA remains the industry standard today, widely recognized and valued by markets and issuers. Therefore, it was emphasized that EU Green Bonds should also align with other standards such as ICMA or the *Climate Bonds Initiative*.
  It was noted that the existence of more flexible voluntary frameworks has historically contributed to the expansion of the market, and therefore the coexistence of both approaches was advocated as a lever to ensure a greater diversity of issuers and projects.

- Another key point was the analysis of the **interoperability of the EU GBS outside the EU**. There was reflection on the potential of the standard to become a global benchmark —due to its rigor, traceability, and public supervision— or whether its

application will remain mostly limited to the European context. The implications for investments in non-EU jurisdictions were also discussed, from the perspective of eligibility criteria and European financial supervision.
Most of the interventions indicated that the EU GBS could become a lever for competitiveness if it achieves international recognition. It was mentioned that the framework helps attract a more diverse and sophisticated investor base, which could have a stimulating effect on the European green bond market as a whole. The standard was highlighted for providing clarity in the definition of fund use, as well as in the traceability of impacts, factors that are particularly attractive to investment funds and international insurers with specific sustainability mandates. This visibility can become a competitive advantage for Spanish issuers seeking to position themselves as global leaders.
The implications for investments in non-EU jurisdictions were also discussed from the perspective of eligibility criteria and European financial supervision. In this regard, the publication of the **official list of external verifiers by ESMA** was considered a key step towards providing greater legal certainty to the ecosystem.
Finally, it was emphasized that the success of the EU GBS will depend on the ability of European institutions to swiftly adjust its implementation and avoid unnecessary administrative burdens. It was highlighted that it will be essential for regulatory bodies to maintain an open and continuous dialogue with market participants to ensure effective and scalable adoption of the standard.

It was stressed that it will be essential to build an efficient operational ecosystem around the standard, encompassing everything from adapted trading platforms to dynamic reporting systems. Authorities were encouraged to maintain constant dialogue with the sector to adjust technical aspects in line with the real needs of market participants.

Coloquio ISR "El mercado de emisores sostenibles españoles ante el Green Bond Standard"

Con la colaboración de :

The Colloquium featured the participation of María Cristina Romero, Head of Sustainable Finance Spain and Portugal at EthiFinance; Antonio Madera del Pozo, Chief Economist & CRO SF, FIGs and Sovereign at EthiFinance; Pablo Esteban, Deputy Director General of Spainsif; Julián Romero, President of the Spanish Observatory for Sustainable Finance (OFISO); Bertrand Rocher, Head of Fixed Income at Mirova; Ana Guardia, Head of Capital Markets at ICO; Gonzalo Gómez, General Director of Fixed Income at BME; Antonio Ortiz, Deputy Director of Sustainable and Digital Finance at the Directorate-General of the Treasury and Financial Policy; Jose Luis Blasco, Global Sustainability Director at ACCIONA; Ana Otalvaro, Co-Head of Inflation, Portfolio Manager at AXA Investment Managers; Laura Fernández, Head of Sustainable Finance at Telefónica; Rodrigo Robledo, Director General of Financial Policy and Treasury at the Community of Madrid; Daniel Peña, Sustainable Finance & ESG Risk Management at Cajamar; Ana Heredia, Sustainability & Low Carbon Advisory at BBVA; and Gabriel Déniz, Head of Utilities - Sustainability & Low Carbon Advisory at BBVA.