



Sustainable Switch

In Conversation

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“Establishing a gold standard for financing environmentally sustainable objectives through the bond markets is no easy feat.

“If the rules are too relaxed, then effectively no gold standard is created. If the rules are too strict, then it may hinder the very market it is seeking to develop, which may be where the European green bond standard (EUGBS) is headed following some of the recent proposals made by the European Parliament.

“Widely used voluntary standards for green bonds already exist, such as the standards administered by the International Capital Market Association (ICMA) and the Climate Bonds Initiative (CBI).

“Whilst the negotiations on the EUGBS continue, the market standards keep improving: ICMA recently released its latest version of ‘The Principles’ where it not only updated guidance and templates relating to the existing green bond principles, but also made progress on a securitization framework by introducing new definitions relevant to ESG securitization.

“As for the EUGBS, whether negotiations can strike a good balance to establish a robust standard that market participants are not overly burdened by may determine its successor or failure as a gold. There is a great opportunity here to get it right.”