

Sustainable Bonds in the Netherlands



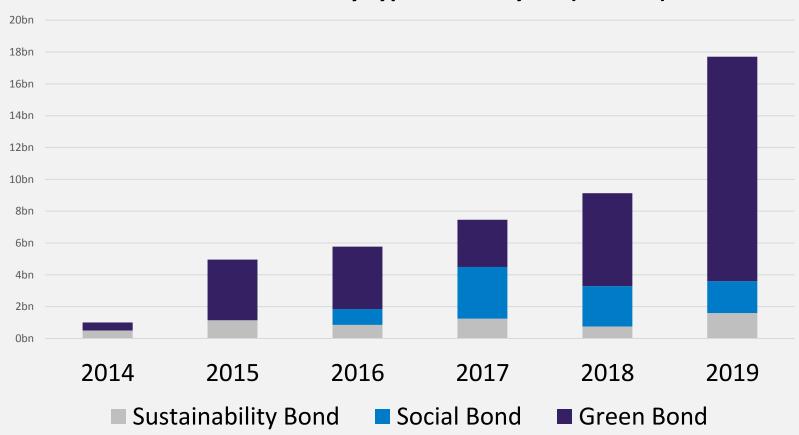
Presentation for VBA/CFA – Dutch Commission on Bonds Jurgen Veenker, AFM 25 September 2020

Exploration Dutch Sustainable Bond Market

- Desk research
- Data analysis
- Interviews with market participants
- Output
 - External report*
 - Position paper with AMF**
 - Feedback on EU proposals
 - Internal recommendations
- *https://www.afm.nl/en/professionals/nieuws/2020/april/groei-obligatiemarkt
- ** https://www.afm.nl/en/nieuws/2019/apr/transparantie-prospectus-groene-obligaties

High growth market

Nominal amount by type of issue year (€billion)



Growth expected to continue

> Transition into a sustainable economy

> Large investments needed

> Increasing demand from investors

Issuers transition into a more sustainable business model

More transparency would benefit this market

- > No clear and mandatory standard yet
- Objective criteria would limit risk of greenwashing
- > EU Green bond standard would reduce risk and fuel growth
- > Transparency on ESG ratings will become even more relevant
- > Standardised verification programme/accreditation (see EU GBS)
- > Reporting on non-financial information could be more specific

Draft EU Green Bond Standard

Before or at issuance

Gradual allocation full allocation

Publication of Green bond framework

Issuer's Green bond strategy and alignment with the

EU taxonomy

- Description of types of Green project categories to be financed
- Description of methodology and processes regarding allocation and impact reporting

Annual allocation reports

Confirmation of alignment with EU GBS

Breakdown of allocated amounts per project of portfolio

Geographical distribution of Projects

Final allocation report

Impact report

Accreditation of external verifiers

Document verified by accredited external verifiers

Impact reporting at least once at full allocation, or annually

Implications for AFM supervision

- Prospectus: more transparency concerning Use of Proceeds, allocation and impact reporting
- Non-financial information as part of supervision of financial reporting
- > Timely disclosure of inside information
- Monitor new regulatory developments and contribute to ESMA, IOSCO,...

Questions

