

EU Investor Presentation

NGEU Green Bonds and the first allocation and impact report

The European Green Deal

- The **European Green Deal is one of the 6 Commission priorities** for 2019-2024
- Under the European Green Deal, the EU aims to **reduce emissions to zero by 2050**, making EU the **first climate neutral continent in the world**.
- The EU set this target in stone in 2021 with the adoption of the **European Climate Law**, which **legally binds** the EU to achieve climate neutrality by 2050.
- To put the EU on the path towards this target, Member States have pledged to **reduce emissions by 55% by 2030**, compared to 1990 levels.
- These commitments have put **climate policy at the centre of the EU's legislative agenda**, as evidenced by the adoption of recent policies like the **Green Deal Industrial Plan** and the expansion of tools like the EU's **Emissions Trading System**.

NextGenerationEU: driving the EU's green transformation

- NextGenerationEU is an instrument under which the EU is expected to raise up to **€712 billion** to finance the EU's **green** and **digital** recovery from the COVID-19 pandemic.
- The centrepiece of NextGenerationEU is the **Recovery and Resilience Facility** – an instrument that offers grants and loans to support reforms and investments in the EU Member States.
- RRF funds are being provided to Member States in line with their national **Recovery and Resilience Plans** – roadmaps to reforms and investments aimed to make the EU greener, more digital and more resilient.
- By law, a minimum of **37%** of each Recovery and Resilience Plan must be devoted to **climate-related reforms and investments, with many Member States striving to do more.**
- Up to **30%** of NGEU will be funded through the issuance of **NextGenerationEU green bonds.**

NextGenerationEU: the importance of NGEU Green Bonds

- NextGenerationEU Green Bonds are generating **numerous advantages** for the EU and the market for sustainable finance in general.
- In particular, NextGenerationEU Green Bonds:
 - › Confirm the EU's **commitment to sustainable finance**
 - › Offer investors a **highly rated and liquid green asset**
 - › Give the EU access to a **wider range of investors**
 - › Offer new opportunities for **portfolio diversification**
 - › Boost the green bond market and help to accelerate a **virtuous cycle of sustainable investments**



The NGEU Green Bond Framework

The NGEU Green Bond Framework

- To govern NGEU Green Bond issuances, the Commission has established the **NGEU green bond framework**.
- The framework has been assessed by Vigeo Eiris, a second party opinion provider, who found that:
 - › The NGEU green bond framework is aligned with the **ICMA green bond principles** and coherent with the Commission's **overall ESG strategy**;
 - › NGEU Green Bonds provide a **robust contribution to sustainability**; and
 - › The Commission provides an **advanced level of ESG risk management**.
- On the basis of the framework, NGEU Green Bonds have also been added to **the MSCI Global Green Bond Index**.

The NGEU Green Bond Framework (2)

Nine eligible categories:

-  Research and innovation activities supporting the green transition
-  Digital technologies supporting the green transition
-  Energy efficiency
-  Clean energy & network
-  Climate change adaptation
-  Water & Waste management
-  Clean transport & Infrastructure
-  Nature protection, rehabilitation and biodiversity
- Other.

**USE OF
PROCEEDS**

**EXPENDITURE
EVALUATION
AND
SELECTION**

**MANAGEMENT
OF
PROCEEDS**

REPORTING

**Climate investments in the
Recovery and Resilience Facility**

Allocation reporting

- Showing how funds have been spent
- Subject to independent external audit

Impact reporting

- Showing what funds have achieved
- Subject to external expert advice

Tracking the funds spent on green projects

- Real-time green bond “dashboard” launched in March 2022 (Link [here](#))



NGEU Green Bonds: Current State of Play

NGEU Green Bonds issuances

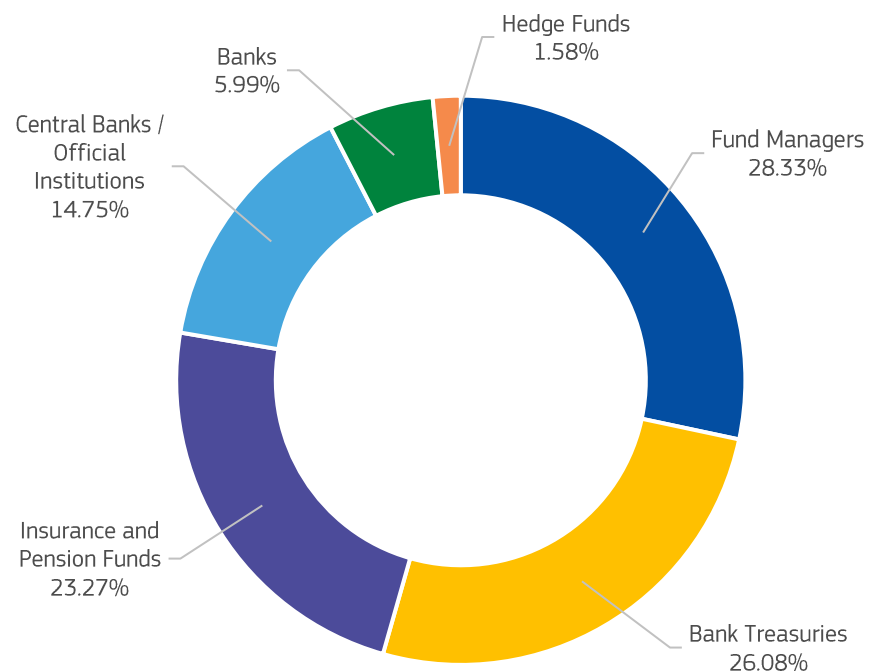
- The NGEU Green Bond programme got off to a strong start in October 2021, as the Commission issued its inaugural **€12 billion**, 15-year green bond – at the time, the **world's largest green bond transaction**.
- As of end March 2024, the Commission has completed seven green bond syndications and six green bond auctions, bringing the total amount of green bonds outstanding to **€55.91 billion**.
- Outstanding NGEU Green Bond maturities: **2033, 2037, 2043, 2048** and **2050**.
- All green bond transactions have received strong orderbooks in terms of **quality** and **size**.
- This reflects the value that investors are placing in the NGEU Green Bond programme, as well as the **sustainability credentials** of the EU.

The NGEU Green Bond programme is continuing to build momentum

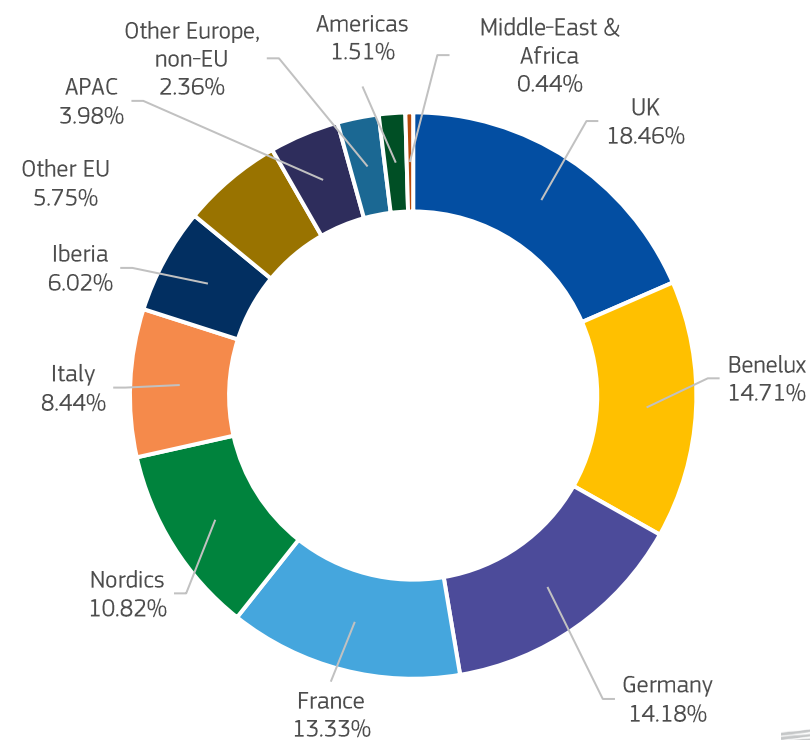
NGEU Green Bonds investor base

- NGEU Green Bonds have attracted around **800 investors** from around **45 different countries**

Investor distribution by investor type



Investor distribution by country / region



NGEU Green Bond Dashboard

- Launched in March 2022, the [green bond dashboard](#) **allows tracking of planned expenditure eligible to be financed by green bonds**

NextGenerationEU amount eligible for financing through green bonds 190 606 Expenditure in Member States' Recovery and Resilience Plans that is eligible for being included in the pool of NextGenerationEU Green Bonds financing.	NextGenerationEU Green Bonds issued to date 55 911 Funds raised from capital markets via NextGenerationEU Green Bonds. For an overview of the NextGenerationEU transactions data to date click here .
NextGenerationEU expected eligible expenditure 58 257 Expected expenditure, based on actual payments to Member States and the share of green bond eligible expenditure in their respective RRP.	NextGenerationEU Green Bonds expenditure 34 080 Reported eligible expenditures by Member States to which green bond proceeds have been allocated to date.

Figures in EUR million
Source: Green bond dashboard



NGEU Green Bonds: Impact and Allocation Report

NGEU Green Bonds Allocation and Impact Report

- On **1 December 2023**, the Commission published the first comprehensive NGEU Green Bonds allocation and impact report.
- The report provides investors with:
 - › Updated data on the **allocation of NGEU Green Bonds proceeds** as of the **1st August 2023** cut-off date.
 - › Information on the **climate impacts of investments financed by NGEU** (for the first time)
- In line with the commitments of the NGEU Green Bond Framework, the report will be updated annually.

Methodology and Metrics used

- In the report, climate impacts are measured by:
 - **Identifying relevant output indicators** (e.g. MWh of solar panel capacity installed, km of railway upgraded); and
 - Establishing methodologies to **translate** these output indicators into **GHG emissions avoided**.
- For ease of comparison, GHG emissions avoided are measured in **tonnes of CO2 equivalent avoided per year**.
- This methodology was developed with the help of an **external specialist consultant** (Carbone 4) and all information on realised impacts has been subject to a limited assurance report from an **independent auditor** (PWC).

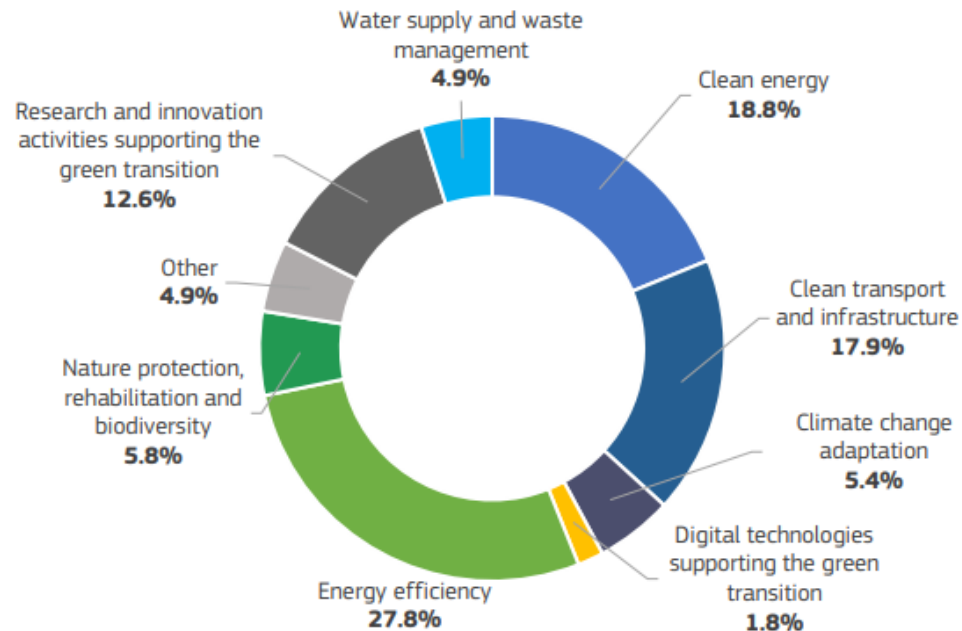
Key results

- The aggregate impact expected by the completion of the NGEU programme amounts to **44 million tonnes of CO2 emissions avoided per year**.
 - This is equivalent to approximately **1.2% of the EU's green house gas emissions for the year 2022**
- At the same time, currently realized impact only stands at **224 thousand tonnes of CO2e avoided per year** due to slow implementation and a 'milestones first' focus.

Current result	Total 2026	Unit
224,143	44,205,692	tCO2e/year

Key charts

Fulfilled milestones and targets per expenditure category (as of 1 August 2023)



Estimated impact per expenditure category*

Expenditure Category	GHG Emissions avoided (in tCO2e/year) - Total expected by 2026
Research and innovation activities supporting the green transition	3,499,281
Energy efficiency	7,407,791
Clean energy & network	18,648,956
Water supply & waste management	992,881
Clean transport & infrastructure	13,656,781
Grand Total	44,205,690

For more information:



Check out our EU as a borrower website: <https://europa.eu/!mq99rn>



Get an overview of the NGEU borrowing in its 1st year of operations:
<https://europa.eu/!3QB7Qv>



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