

## UNESID'S FEEDBACK ON THE INITIATIVE TO ESTABLISH AN EU GREEN BOND STANDARD

The Spanish Steel Association, UNESID, in representation of the Spanish Steel Industry welcomes the opportunity to give feedback on the initiative which aims to assess the suitability to define a European Green Bond Standard.

The European Green Deal has defined ambitious aspirations that will entail a converging point in the European economic system. We agree that for that, great effort shall be made both at public and private levels in terms of investment, innovation and, in essence, evolution.

Although, during the last years, the use of green bonds as the main tool to finance sectors related to energy and resources efficiency has significantly increased, there is room for improvement in terms of accessibility and coverage of green investment by other economic sectors.

We believe that the European 2050 goals will be hardly achieved if no effort is made in the development and application of innovative technology designed considering the environmental challenges Europe will shortly face (climate change, lack of resources, water stress, pollution, etc.).

For that, it is paramount that public and private investment is properly oriented towards the objectives Europe has committed to achieve in the medium (2030) and long term (2050).

Additionally, investment need to flow now; the time period allowed to achieve the 2030 and 2050 goals is quite challenging, so there is no option to delay the work that need to be made any longer.

Nevertheless, it is important consider the financial market are international by definition ISO has already developed a draft standard the ISO/DIS 14 030 Environmental performance evaluation — Green debt instruments — Part 1: Process for green bonds. It is important to define what is green, and at what extend, in an international basis. The sustainable finance taxonomy exercise in Europe, so far lacks such an international coherence. Otherwise, it could diverge “green” financial support from Europe to third countries with lower green thresholds. The Spanish steel sector prefer that the exercise were developed at international level, instead of an EU one.

But SFT also lack clarity and can affect the issuing of green bonds. It seems to refer to sectors/activities. But, in order to foster an Industrial Green Transition it is worthy to get green support at a much more detailed granularity. The objective is to enable that an investor could support “investment in green assets”, e.g. supporting the installation of new “H<sub>2</sub> based furnace” which substitute a business as usual one, even if the entire company and/or plant is no so green. Otherwise it only generates few niches of those companies which could issue Green Bonds, but the support would not influence to those

which really need financing for a green improvement, at the first stage, and a green transition in the end.

It is also important to define all the relevant 6 aspect to consider at the same time, in a transparent and interactive way with the relevant sectors. Otherwise it will not get its objectives. For example within the steel sector Water, Circular Economy, Pollution avoidance are of utmost importance together with the Climate Change mitigation.

In order to achieve all the aspects introduced hereabove, and to overcome the barriers identified, we advocate for common, solid and well-defined regulatory criteria agreed at European level as long as it is also used in an International Standard, otherwise we would trigger a kind of financial leakage. The requirements cannot be arbitrary or voluntary if we want a real sustainable Europe.

In conclusion, we believe that the main aspects defined above shall be considered in order to guarantee that the European Green Bond Standard promotes an early, innovative and efficient way of aligning investment criteria towards a new sustainable economic system.