Question for written answer E-003805/2021
to the Commission
Rule 138
Gunnar Beck (ID)

Subject: The European Insurance and Occupational Pensions Authority's warning about the potential risks of green bonds

According to the European Insurance and Occupational Pensions Authority's Financial Stability Report of July 2021, green bonds bear potential risks for insurers and pension funds (box 1.1, pp. 20-21).

Firstly, high demand in combination with a lack of harmonised and binding standards may incentivise issuers to issue green bonds quickly without ensuring appropriate quality.

Secondly, should insurers become more active as issuers, they need to be aware that their commitments to reduce their own carbon footprint will be scrutinised and have a strong signalling effect. For example, performance-linked bonds link the coupon to the fulfilment of predefined key performance indicators. If these are not met, the coupon rate increases automatically as agreed beforehand. This mechanism is not, however, without dispute as some say it incentivises issuers to engage in 'greenwashing'.

1. How will the Commission prevent green bonds being issued quickly and ensure appropriate quality?

2. How does it intend to address the problem of scrutiny and the risks of greenwashing?