

Euronext Sustainable Finance Position

1. Euronext operates financial market infrastructures across Europe, offering trading, settlement and related corporate services. As a pan-European exchange, **Euronext plays a central role in supporting the transition to a sustainable European economy.**
2. We offer tailored programs to issuers to increase their Environmental, Social and Governance (ESG) knowledge, enabling them to connect with relevant stakeholders and advocate for their own ESG objectives. In addition, Euronext markets provide a wide range of Sustainable Indices, ETFs, Derivatives, and Bonds for market participants and we provide support to investors in identifying listed products that meet ESG criteria.
3. The recent EU legislative proposals for the financial sector are an essential component of the measures required to transition to a sustainable economy. On July 15, Euronext submitted its response to the Commission's consultation on its Renewed Sustainable Finance Strategy, emphasising the elements we see as essential to foster sustainable finance and, ultimately, incentivise sustainable growth.

Implementation of a sustainable regulatory framework

4. The recently adopted¹ EU regulations, providing a framework to incentivise further sustainable financing options for investors, will come into force in the short-term. Ensuring their consistent application will be key as this will underpin the basis for investment comparability and transparency supporting ESG financing choices. Securing an efficient implementation of these requirements should be the Commission's priority, ahead of consideration of any further measures.
5. In addition, a review of companies' non-financial disclosure framework is underway². It is important to ensure that different legislative proposals are aligned in the sense that disclosure requirements for companies underpin the sustainable disclosure goals. Fundamentally, it is critical that these requirements apply to both large listed and non-listed companies, while allowing SMEs to benefit from a more proportional approach in order to allow their financing to remain attractive and affordable.
6. As an example, a **voluntary ESG non-financial disclosure standard for SMEs** could be developed, that would limit additional administrative burdens or costs and incentivise SMEs to disclose their ESG-related activities.

Developing an EU ESG database

7. Financing choices are supported by access to ESG information. The development of an ESG Database, financed by the EU, would support and strengthen such access and, by extension, the EU's sustainability goals. An EU ESG Database has the potential to be an essential tool providing a full range of transparent and comparable information for investors and financial market participants to use, provided attention is paid to the quality and comparability of the input provided.

¹ Regulation on Sustainable, dDisclosure, tTaxonomy and on an EU Climate Benchmark and Paris-aligned Benchmark.

² Review of the [Non-Financial Reporting Directive](#)

8. Euronext supports the Recommendations of the [CMU HLF](#) suggesting the creation of a single access point connecting existing national and EU registers, and databases, of company data. We note that the type of data covered can expand progressively and gradually over time.
9. The development of an ESG Database composed of comparable standardized raw data based on the scope defined by the Taxonomy Regulation, open to all users, would significantly limit the divergence observed in the interpretation of ESG metrics and therefore in ESG ratings. It would also maintain room for academic research, innovation and qualitative assessments of data.
10. The platform should be open to all users. Existing research providers and analysts that already provide useful information should continue to be able to add value to the investor community. The ESG database should contribute to, but not replace this. It is essential the platform remains neutral on content and access to information.

Green Bonds

11. Green Bonds play an important role in supporting sustainable growth. Euronext supports the proposed voluntary EU Green Bond Standard (GBS) and we agree this should be to the benefit of both EU and non-EU issuers. As the corporate bond market is very much a global one, non-EU entities should not be locked out from EU markets. An accreditation and supervision regime at EU level for verifiers of EU Green Bonds to ensure consistency of standards should be developed to support this.
12. However, a balanced approach needs to be taken with respect to reporting requirements in order to avoid disincentivising issuers. The EU GBS creates a framework, where once the issuer demonstrates its compliance with the relevant criteria and this has been verified, it should be clear to investors that they are investing in a green bond that meets the required standards. For issuers that adopt the EU GBS, we believe it should be sufficient to include a reference to this in the prospectus, rather than them being subject to more obligations in this document. This would avoid the necessity of including it as a specific disclosure requirement in the prospectus and the additional issues this would create with respect to additional risk factors and potential increased liability, which could disincentivise issuers from using the EU GBS. We believe our suggested approach would enhance the attractiveness of the regime for green bond issuances.

Support SME financing

13. Companies seeking to raise capital for sustainable investments may be faced with higher compliance costs for the issuance of equity or bonds. For example, costs for the issuance of green bonds are higher than the issuance of 'standard' bonds due to the additional disclosures and independent party verification requirements. The Commission can facilitate these transitions as part of their InvestEU programmes promoting CMU and sustainable finance which could support SME issuers with ESG services or financial incentives.
14. In addition, the EU could encourage the flow of capital to sustainable assets and / or projects by incentivising Member States to provide **tax subsidies and / or lower the capital requirements** for institutional investors holding sustainable assets with a lower financial risk.