

Press Release

ZIA welcomes Renewed Sustainable Finance Strategy and Green Bonds proposal - Implementation in practice is now essential

Berlin, 06.07.21 - ZIA supports the Renewed Sustainable Finance Strategy and the proposal for a Green Bonds Regulation but calls for a stronger integration of financial markets with the real economy.

Today's strategy presented by the Commission firms up the path already taken years ago towards a significant expansion of sustainable financing. It accompanies the well-known, highly ambitious climate goals of the European Union by introducing further standards and labels. In particular, it once again focusses more clearly on the transformation of the economy.

"The real estate industry is facing up to its responsibility and ZIA members will make a major contribution to a more sustainable financial market," says Jochen Schenk, Vice President of the ZIA. However, the feasibility of the comprehensive detailed regulations will only succeed if everyone acts in concert. The current requirements of the taxonomy and the Disclosure Regulation already pose great challenges for capital market participants in acquiring data. "In practice, we can only achieve our common goal of rechanneling cash flows towards sustainability if we get the necessary data on building stocks. Only then can we set up sustainable financial products whose sustainability criteria have also been collected in a uniform manner. As the umbrella association, we are ready to jointly develop further solutions for standardization at the interface between the financial and real economy," Schenk concluded.

Regarding the announced new regulations for banks, Sabine Barthauer, Deputy Chair of the ZIA Committee on Finance, notes: "The indented new requirements for

banks' risk management should result in an intelligent mix of standard setting and tailoring. After all, not all climate risks are the same - they can already be very different within different EU member states. The supervisory authorities must therefore be given sufficient leeway for their guidelines." With regard to the review of the capital requirements, Ms Barthauer urges: "An ever-increasing upswing in capital requirements will ultimately lead to a shortage of supply. Here, the effects of the Basel III finalization must be considered carefully."

In principle, Ms Barthauer considers the proposal for a Green Bond Regulation quite positively as a further step towards more standardization and legal certainty. "Nevertheless, we will have to take a close look at the details," Barthauer concluded.

Background:

1. Strategy for Financing the Transition to a Sustainable Economy

The European Commission proposes that in future the taxonomy should take greater account of social aspects in addition to the other environmental objectives and that it should be expanded in the direction of transition activities. An expansion of the Disclosure Regulation is also planned, especially for Principal Adverse Impacts (PAIs). Further product labels for transitional or sustainability-linked bonds are also proposed. In addition, the measures to strengthen the market for ESG ratings are to be investigated. Of particular importance is also the further consideration of ESG factors in the risk management of banks.

2. Proposal for a Green Bonds Regulation

With the proposal for a European Green Bonds Regulation, the Commission proposes a binding set of rules for the issuance of green bonds. They are seen as an important building block to advance the financing of environmental and climate protection measures. With this, the Commission is now elevating its previous green bond standards to the status of law. This is also intended to counteract green washing. No one is forced to issue European Green Bonds (EuGB), but those who do must observe the rules.

The ZIA

The Zentrale Immobilien Ausschuss e.V. (ZIA) is the umbrella organisation of the real estate industry. Through its members, including 28 associations, it speaks for around 37,000 companies in the sector along the entire value chain. The ZIA gives the real estate industry in all its diversity a comprehensive and uniform representation of interests that corresponds to its importance for the national economy.

As an association of companies and associations, it gives the entire real estate industry a voice at national and European level - and in the Federation of German Industries (BDI). The president of the association is Dr. Andreas Mattner.

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