

## Session 9: Panel discussion

Thematic instrument: can they lower costs and bring more investors?

# The role of Green Bonds in the Italian Public Debt: the experience of the BTP Green programme

Francesco Ingino, Italian Treasury

**15<sup>th</sup> Debt Management Facility (DMF) Stakeholders' Forum**

Scaling up Solutions for Resilient Debt Management

Paris, 27th June 2025



# THE GREEN BOND IN THE PUBLIC DEBT MANAGEMENT (PDM): EUROPE



The **green bond market** in Europe began in 2007 with the **first issuance by the European Investment Bank (EIB)**.

The involvement of **sovereign issuers only emerged at the end of 2016**, when **Poland** launched the first sovereign green bond. This was followed by a significant boost in 2017 with the launch of **France's much larger-scale program**.

Since then, a **growing number of countries have progressively introduced their green bond programmes**, each adopting **organizational solutions** suited to their institutional framework and specific challenges.

In chronological order, these country include **Belgium, Ireland, the Netherlands, Germany, Italy, Slovenia, Spain, and Austria**.

Other European countries – both within and outside the EU – have also joined the market: **Hungary** (2020), the **United Kingdom** (2021), and **Denmark** (2022).

The **European Commission** has also played a key role, financing a significant share of its **NextGenerationEU programme** through green bond issuances.

**A gradual integration of sovereign green bond program into public debt management frameworks has been observed**, driven by the specific features and structural requirements of these issuances.



Dipartimento  
del Tesoro

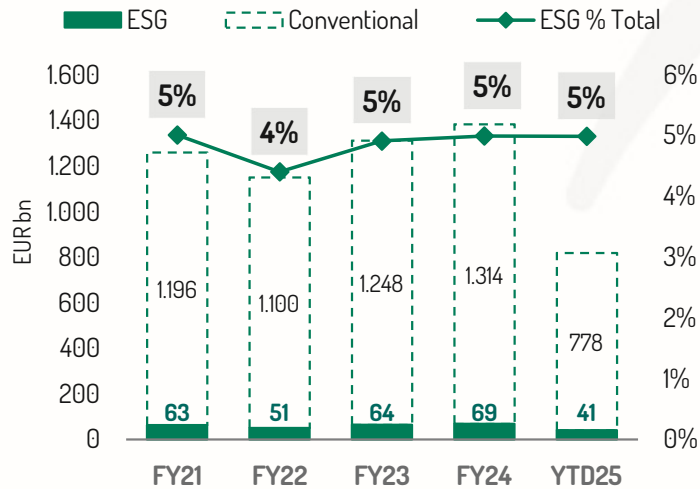


BTP  
Green

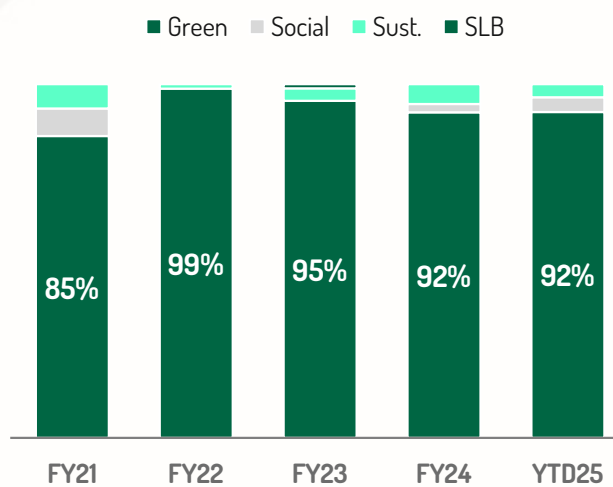


# THE GREEN BOND DRIVING THE ESG BOND MARKET

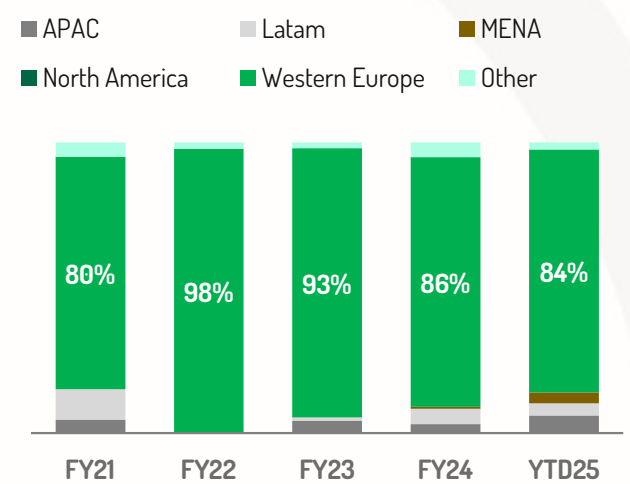
## ESG ISSUANCE VS CONVENTIONAL



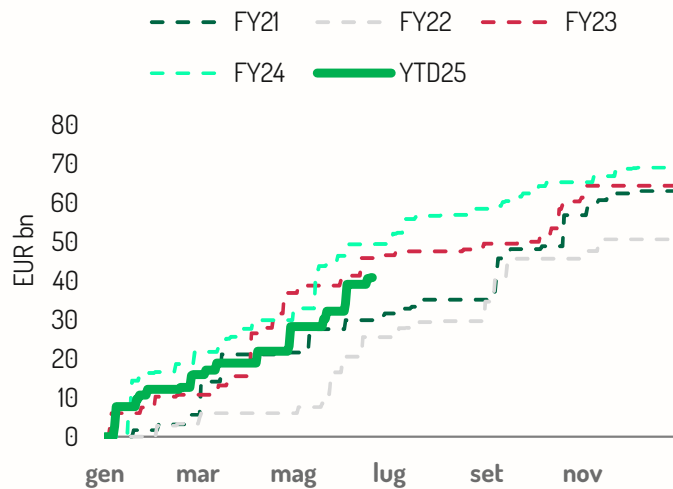
## ESG ISSUANCE BY FORMAT



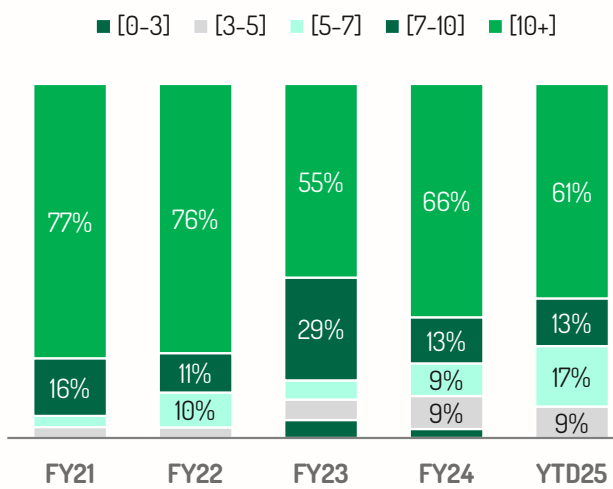
## ESG ISSUANCE BY GEOGRAPHY



## CUMULATIVE ESG ISSUANCE PER YEAR



## ESG ISSUANCE BY MATURITY



## TOP 10 ESG ISSUERS (EUR mil)

| Issuers        | YTD25  | Issuers       | FY24   |
|----------------|--------|---------------|--------|
| 1 Italy        | 11,776 | 1 Germany     | 17,500 |
| 2 Germany      | 10,000 | 2 France      | 14,113 |
| 3 France       | 6,416  | 3 Italy       | 11,380 |
| 4 Austria      | 2,613  | 4 Netherlands | 4,271  |
| 5 Spain        | 1,999  | 5 Spain       | 3,756  |
| 6 Chile        | 1,700  | 6 Austria     | 3,720  |
| 7 Saudi Arabia | 1,500  | 7 Belgium     | 2,961  |
| 8 Belgium      | 1,329  | 8 Mexico      | 2,000  |
| 9 Hong Kong    | 1,000  | 9 Romania     | 2,000  |
| 10 Hungary     | 1,000  | 10 Chile      | 1,600  |

**NOTES:** Scope includes all government bond issuance including auction bonds.  
**SOURCE:** Source: Crédit Agricole CIB, Bond Radar, Bloomberg (as of 20/06/2025)



# ITALY LAUNCHES THE SOVEREIGN GREEN BOND PROGRAM: BTP GREEN

In 2021, Italy launched its programme of green government bonds (BTP Green) as part of the Italian's contribution to the **European Green Deal Strategy**.

The issuance of **BTP Green** is based on a legal provision introduced by the **2020 Budget Law**, which formally initiated the inclusion of green bonds within Italy's public debt management (PDM) framework.

The budget law also provides for the **establishment of an INTERMINISTERIAL COMMITTEE for Sovereign Green Bonds (CIGB)** to support the Department of the Treasury in the selection, monitoring and reporting of green expenditure. The entire institutional setting governing these bonds is based on laws and ministerial decrees.

To manage the green bond issuance program, a **dedicated TASK FORCE has been set up within the Public Debt Directorate of the Department of the Treasury** – Ministry of Economy and Finance (MEF). **This task force is responsible for all activities before and after the placement of BTP Green.**

These bonds finance public expenditures that support the **United National Social Development Goals** (SDGs), as well as the environmental **objectives outlined in the EU Sustainable Finance Taxonomy**.

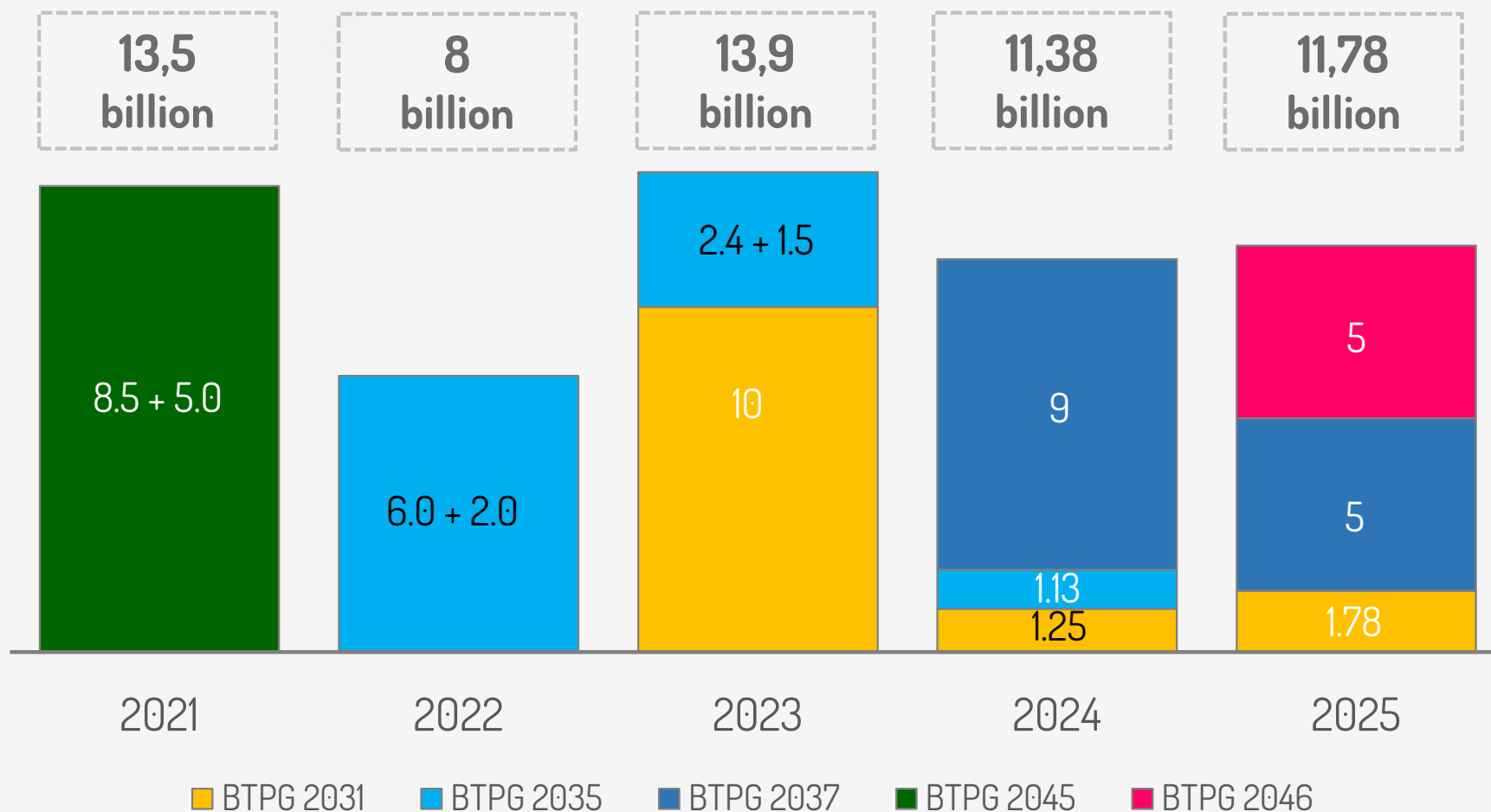


# BTP GREEN ISSUANCE ACTIVITY SO FAR (JUNE 2025)

From 2021 to the present, the amount of **BTP Green** issued is equal to **58.56 billion euros**

## Amount issued per year

(nominal values of BTP Green tranches issued in the period 2021-2025; values in billions of euros)



# THE ROLE OF BTP GREEN WITHIN THE OVERALL DEBT MANAGEMENT STRATEGY

The **green bond market represents** several benefits from a Public Debt Management perspective.

- **DIVERSIFYING THE INVESTOR BASE.** Green bonds help to **diversify the investor base**, attracting primarily **long-term “buy and hold” investors** — a key aspect for a large issuer like Italy.
- **GROWING PARTECIPATION OF ESG INVESTORS.** Close to **80% of participants** in the most recent **BTP Green** issuance (October 2037) were **ESG-focused investors**.
- **STRONG PRESENCE OF INSTITUTIONAL INVESTORS AND FOREIGN DEMAND.** Fund managers and banks accounted for 39% and 27% of the last issuance respectively, while foreign investors represented about 82% of total allocations. Strong participation from European investors: Around 70% of demand came from European countries, especially the United Kingdom and Spain.
- **IMPROVED OVERALL DEBT SUSTAINABILITY**, thanks to a positive spill-over effect on the rest of the debt instruments.
- **INVESTOR FEEDBACK.** Investors appreciate the transparency and clear annual reporting provided by the Italian DMO, which include comprehensive data on the use of proceeds and environmental impact. There are increasing demand for more detailed impact data and alignment with international standards such as the ICMA Green Bond Principles and the EU Taxonomy.



# THE GOVERNANCE OF BTP GREEN:

## THE INTERMINISTERIAL COMMITTEE AND THE GREEN TASK FORCE OVERSEEING THE PROCESS

Since its early stages, the **BTP Green** issuance program has been supported by a **dedicated GREEN BOND TASK FORCE**, which established a **solid, MULTI-LAYERED FRAMEWORK for the evaluation and oversight of expenditures financed by BTP Green proceeds**. This ensures alignment with market standards on the use, management, and reporting of proceeds.

### Interministerial Committee for Sovereign Green Bonds (CIGB)

Established by decree of the Presidency of the Council of Ministers, it ensures oversight of the selection, allocation, and reporting process.

|                                             |                                                                       |                                           |                                     |                          |                                                 |                                          |                     |                                                        |
|---------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|-------------------------------------|--------------------------|-------------------------------------------------|------------------------------------------|---------------------|--------------------------------------------------------|
| Ministry of Economy and Finance (President) | Representatives of the Presidency of the Italian Council of Ministers | Ministry of Enterprises and Made in Italy | Ministry of University and Research | Ministry of the Interior | Ministry of the Environment and Energy Security | Ministry of Infrastructure and Transport | Ministry of Defence | Ministry of Agriculture, Food Sovereignty and Forestry |
|---------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|-------------------------------------|--------------------------|-------------------------------------------------|------------------------------------------|---------------------|--------------------------------------------------------|

### Task force on green government bonds

Department of Treasury

- Management of Net Proceeds from the Issuance of Green Government Bonds
- Selection of Eligible Green Expenditures,
- Collection and Management of Information Required for Monitoring and Reporting Activities



**1st BTP  
Green  
Issuance:**  
March 2021.

#### KEY FEATURES

- Currency: Euro
- Maturity: Medium to long-term, typically over 10 years
- Interest: Fixed semi-annual coupons
- Issuance: Through syndication or auction, based on market conditions
- Minimum Subscription: €1,000 or multiples thereof





# THE GOVERNANCE OF BTP GREEN: FROM A CENTRAL TASK FORCE TO A BROAD INSTITUTIONAL NETWORK

The budget law also provides for the establishment of an **Interministerial Committee** for Green Government Bonds to support the Treasury Department in the selection, monitoring and reporting of green spending

Constant exchange with the representatives of the Ministries within the **Interministerial Committee**, as well as with other stakeholders (e.g. **RFI, other Bodies and Administrations**) for a constantly improving reporting and monitoring of the expenses financed with BTP Green

Maximum transparency towards the market also through **stable discussions with both ESG and non-ESG investors** (presentations and roadshows)

Collaboration with the Sectoral Strategies and Impact Directorate of **Cassa Depositi e Prestiti S.p.A.** for the preparation of the BTP Green Allocation and Impact Report

With the **2020 Budget Law**, the issuance of Green Government bonds is part of the Italian strategy of the green new deal

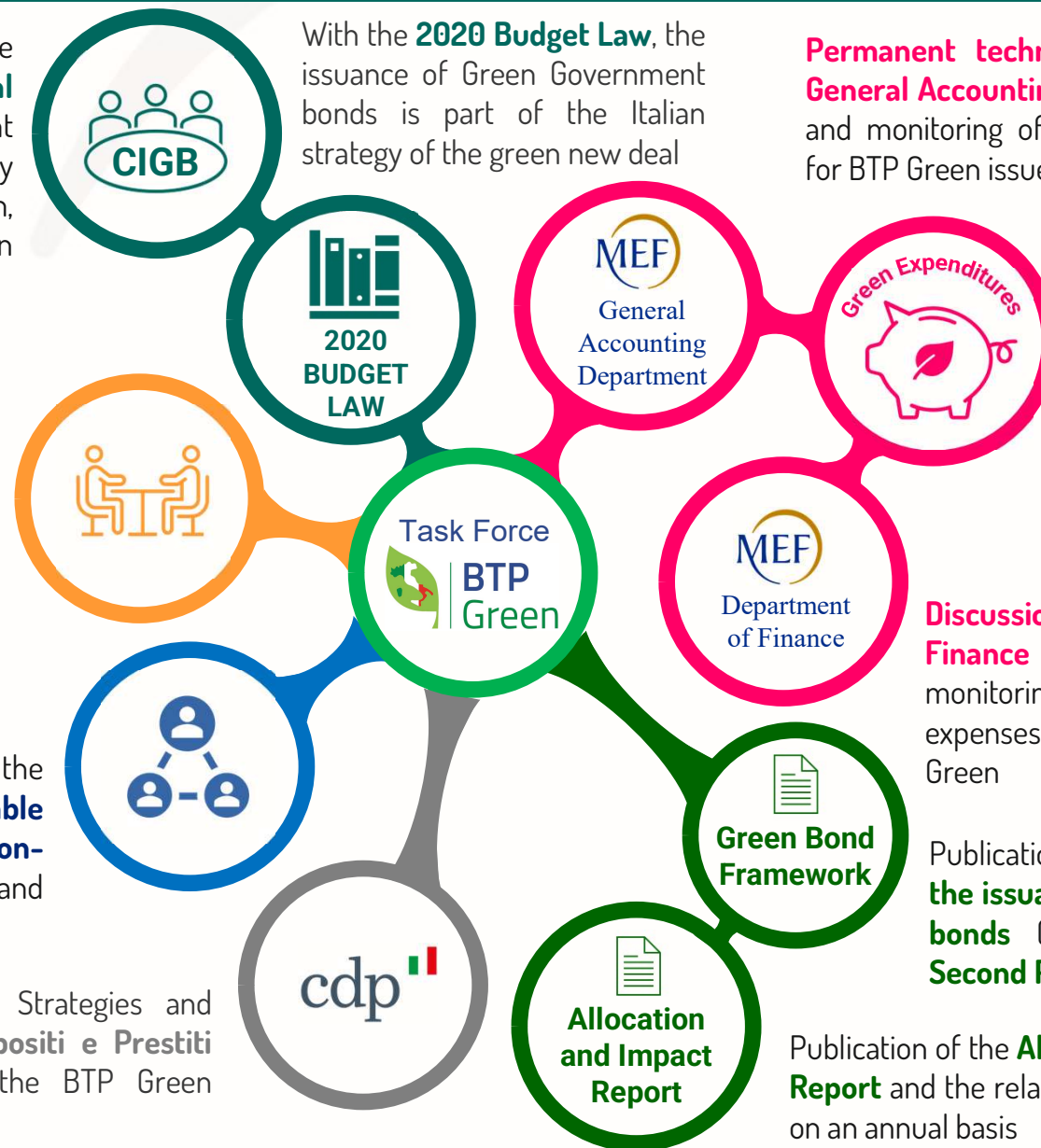
**Permanent technical table with the State General Accounting Office** for the identification and monitoring of potentially eligible expenses for BTP Green issues within the State budget

Estimation and monitoring of the portfolio of potentially eligible expenses underlying the **annual green government bond issuance program** (with any periodic communications to the market)

**Discussions with the Department of Finance** for the identification and monitoring of potentially eligible tax expenses for the issuance of BTP Green

Publication of the **Framework for the issuance of green government bonds** (February 2021) and the **Second Party Opinion**

Publication of the **Allocation and Impact Report** and the related **External Review** on an annual basis





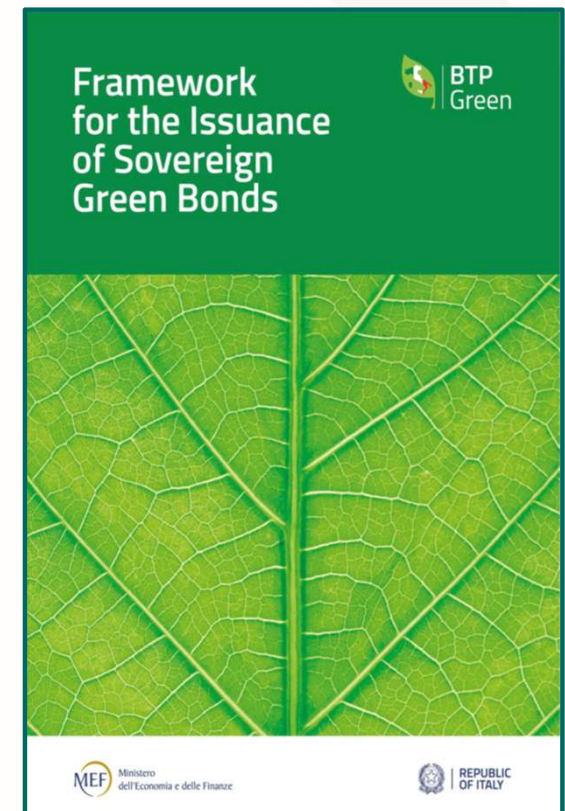
# THE GOVERNANCE OF BTP GREEN: THE ITALIAN GREEN BOND FRAMEWORK

The first key step in the entire process was the **drafting of the GREEN BOND FRAMEWORK (GBF)**, published in February 2021, which defines the **criteria** for selecting the expenditures to be financed through **BTP Green** issuances.

The Italian Green Bond Framework was drafted **in line with the ICMA GREEN BOND PRINCIPLES**, ensuring alignment with global market standards on the use, management, and reporting of proceeds, structured around **4 CORE PILLARS**.

The drafting of the Green Bond Framework involved close **collaboration between the Treasury Department's task force and various stakeholders**, as well as technical support provided by the European Commission under the EU's **Technical Support Instrument (TSI)** program.

The GBF was also subject to a **Second Party Opinion**, which confirmed its alignment with the market standards.



## NEXT STEP

In the coming months, the Italian Treasury will **update its GBF** with the aim of enhancing the current document's structure, maintaining **strong alignment with the latest version of the ICMA Green Bond Principles**, and continuing to **support the achievement of the United Nations 2030 SDGs**.

The update also **aims to further contribute to the environmental objectives of the EU Green Taxonomy**, including — **on a best effort basis** — a verification of the alignment of financed activities and projects with the **Technical Screening Criteria**.



# THE GOVERNANCE OF BTP GREEN: THE 4 PILLARS OF ICMA GREEN BOND PRINCIPLES

The selection of expenditure financed by BTP Green issues is made in accordance with the criteria set out in the **Green Bond Framework**, published in February 2021, in line with the **ICMA Green Bond Principles**, which ensure alignment with market standards on the use, management and reporting of proceeds developed on **four main pillars**.

The proceeds of **BTP Green** are used to finance government expenditures that can be classified into **six categories** of eligible interventions, in accordance with the criteria outlined in the Italian **Green Bond Framework**. The selected expenditures contribute to pursuing one or more environmental objectives outlined in the **European Taxonomy of Sustainable Activities**, as well as to supporting the **2030 Sustainable Development Goals**.

The proceeds of the **BTP Green** are transferred to the General Treasury's Cash account (Conto disponibilità) at the Bank of Italy. The amount of **the net proceeds is at least equal to the allocated eligible expenditures**.



The selection of eligible expenditures is part of the activities of the **Interministerial Committee** for the monitoring and publication of information necessary for the issuance of sovereign green bonds. In the selection of eligible expenditures, those that could be covered by the Recovery and Resilience Facility or by other sources are excluded, in order to avoid double counting.

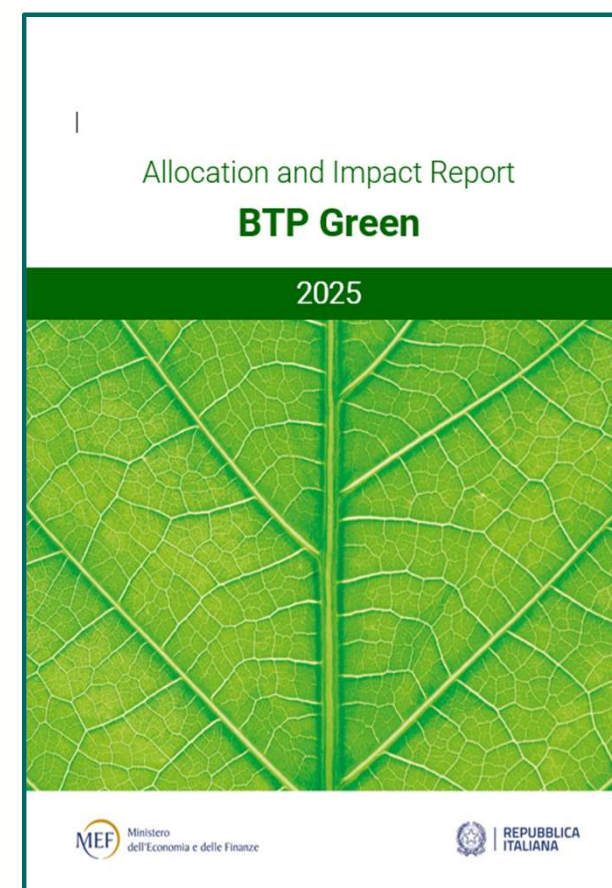
In line with European best practice, Italy is committed to providing investors and stakeholders with transparent reporting on the allocation of proceeds and the impact of interventions financed by **BTP Green**. This information is published annually in the **BTP Green Allocation and Impact Report**.

# THE GOVERNANCE OF BTP GREEN:

## THE 4th PILLARS OF ICMA GREEN BOND PRINCIPLES – REPORTING

In line with the 4th pillar of the ICMA Green Bond Principles, the **Italian Sovereign Green Bond Allocation and Impact Report** is **published annually**. The report details the allocation of proceeds from the sovereign green bond issued in the previous year [T], covering expenditures of State budget recorded **in the year of issuance [T] as well as in the three preceding years: [T-1], [T-2], and [T-3]**.

- In June 2025, the Ministry of Economy and Finance published the **2025 BTP Green Allocation and Impact Report**, which outlines the allocation of proceeds from the **BTP Green** issuances carried out in 2024, in accordance with the criteria set out in the Green Bond Framework. The proceeds have been fully allocated to finance the **six categories of eligible green expenditures** identified in the State Budget over the **four-year period 2021–2024**.
- The Allocation and Impact Report provides information on the **social, economic, and environmental impacts of the financed interventions**, in line with the **United Nations Sustainable Development Goals** (SDGs), as established by the ICMA Green Bond Principles, and with the **environmental objectives of EU Regulation No. 852/2020** (the EU Taxonomy).
- The Report is subject to **external review**, which assessed its **alignment with the Green Bond Framework, ICMA's Harmonised Framework for Impact Reporting (HFIR)**, as well as the level of detail provided regarding the allocation of proceeds and the robustness of the proposed impact indicators.





# ELIGIBLE EXPENDITURES FOR GREEN GOVERNMENT BOND ISSUES: THE 6 ENVIRONMENTAL CATEGORIES



**RENEWABLE SOURCES FOR THE PRODUCTION OF  
ELECTRICITY AND THERMAL ENERGY**



**ENERGY EFFICIENCY**



**TRANSPORTATION**



**POLLUTION PREVENTION AND CONTROL AND  
CIRCULAR ECONOMY**



**PROTECTION OF THE ENVIRONMENT AND  
BIOLOGICAL DIVERSITY**



**RESEARCH**

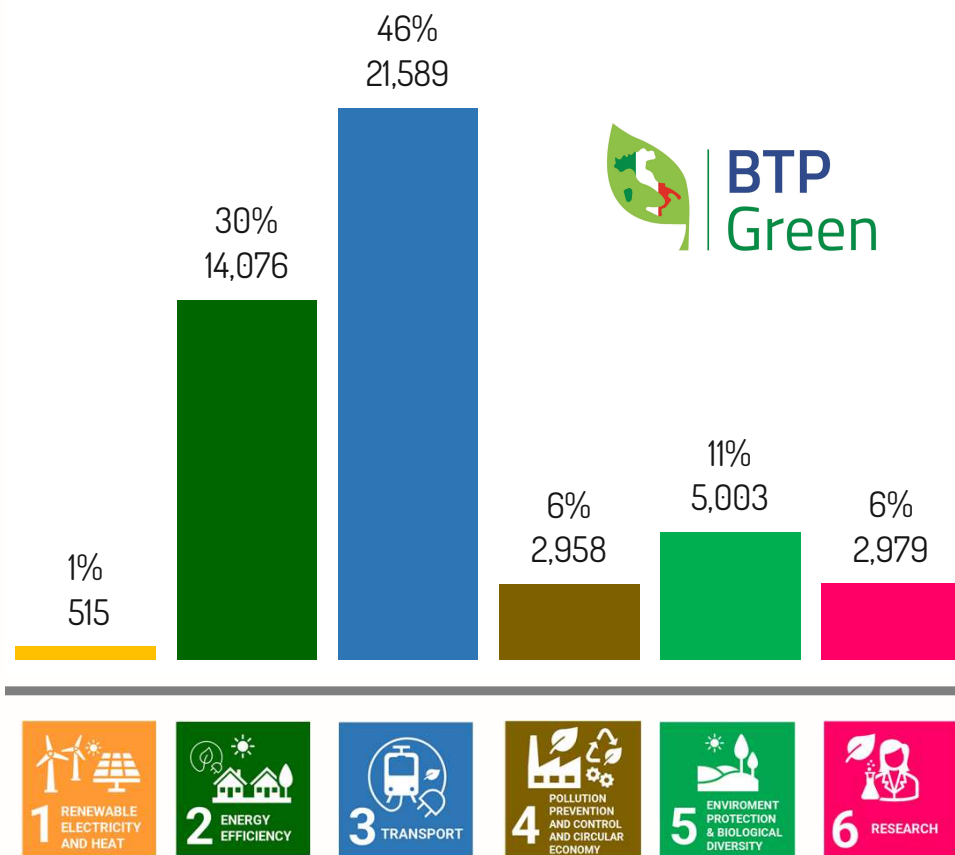




# BREAKING DOWN THE EXPENDITURES FINANCED WITH PROCEEDS COMING FROM BTP GREEN ISSUED FROM 2021 TO 2024 (1)

## Breakdown of expenditures by category

Expenditures financed with the **2021-2024** issuances of BTP Green = **47,120 billion**



(values expressed in EUR million)

The **CATEGORY 3 (Transport)** is the largest expenditure item (with **46% of the total allocated**). Large part of this category include both **capital investments**, such as the construction of **railway infrastructure**, electrification of lines, and the development of **new high-speed/high-capacity (HS/HC)** lines, as well as **operating expenditures** related to the maintenance of the electrified railway infrastructure across the national territory.

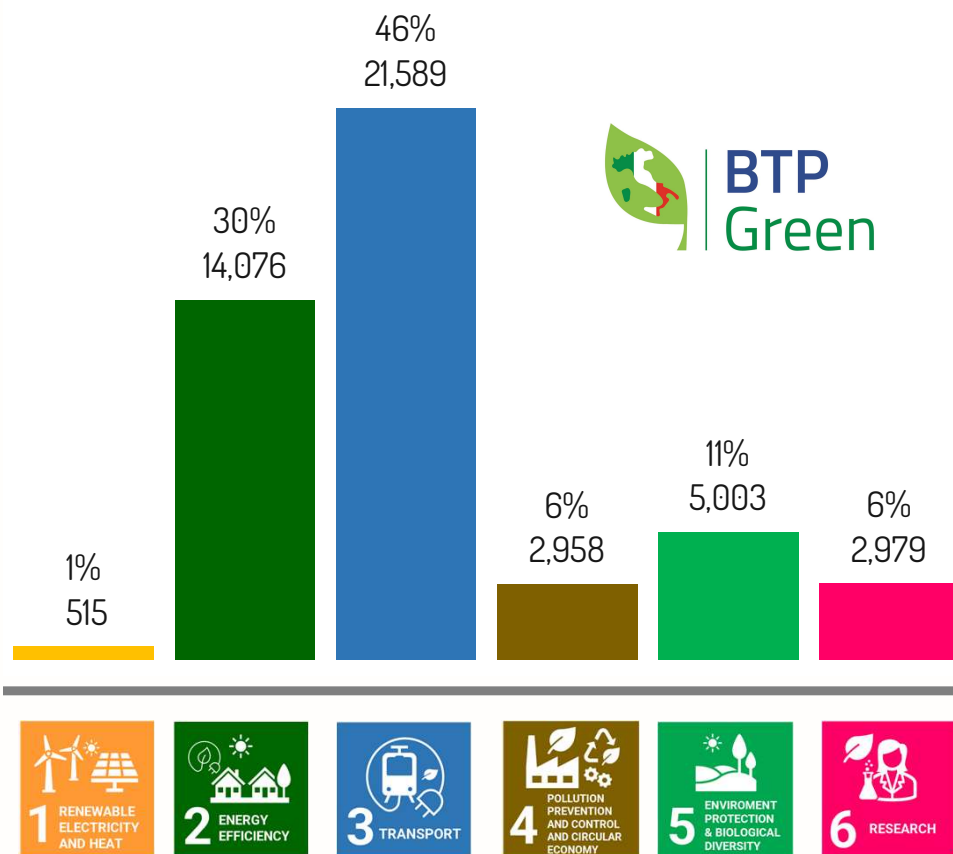
The **CATEGORY 2**, concerning the intervention for **Energy efficiency** (for residential buildings, and to a lesser extent, public buildings), represents the second largest measure financed (with **30% of the total expenditures**).

The **CATEGORY 5 (Protection of the Environment and Biological Diversity)** is the third largest category of expenditure with **11%** of the total. In this category, a significant portion of the funds was allocated to **soil protection and hydrogeological risk mitigation interventions**. Additionally, funding was provided for the ordinary and extraordinary maintenance and operational activities in **National Parks, State Nature Reserves, and Marine Protected Areas**.

# BREAKING DOWN THE EXPENDITURES FINANCED WITH PROCEEDS COMING FROM BTP GREEN ISSUED FROM 2021 TO 2024 (2)

## Breakdown of expenditures by category

Expenditures financed with the **2021-2024** issuances of BTP Green = **47,120 billion**



(values expressed in EUR million)

The **CATEGORY 4**, related to the measures for **Pollution prevention and control and circular economy**, represents the **6% of the total expenditures**. Most of the funds were allocated to **wildfire prevention and response activities** carried out by the National Fire and Rescue Service and the National Forestry Unit of the Carabinieri, in recognition of their contribution to reducing air pollution. The remaining resources were used to finance **water monitoring and purification projects, environmental remediation initiatives, and integrated waste management efforts**.

The **CATEGORY 6**, related to **Research**, represents **6%** of the total expenditures. In the light of the strategic role of scientific research in environmental protection, biodiversity promotion, and the development of advanced solutions for a sustainable transition and climate change mitigation, the resources were primarily allocated to the **Italian Institute for Environmental Protection and Research (ISPRA)**, the **Council for Agricultural Research and Economics (CREA)**, and the **National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA)**.

Finally, **CATEGORY 1**, which refers to **Incentives for the production of energy from renewable sources**, represents **1% of the total green expenditures** reported in the period considered.

# BTP GREEN: A STRUCTURED AND COMPLEX PROCESS

The issuance of sovereign green bonds requires **more additional planning and compliance efforts** than to conventional bonds, both **BEFORE** and **AFTER** the placement of the bond on the market. The process must always be transparent and aligned with international standards to **maintain investor trust and ensure the program's success**.

## CORE TASK PRIOR TO BTP GREEN ISSUANCE

- **Drafting and regularly updating the Green Bond Framework** to stay aligned with market standards and regulations.
- **Defining and reviewing the pool of eligible green expenditures by selecting budget items that meet the Framework's criteria**, to plan annual BTP Green issuances.
- **Deciding the structure of the bond** (maturity, interest rate) and the issuance method (syndication or auction-based).

## CORE ACTIVITIES FOLLOWING THE ISSUANCE OF BTP GREEN

- **Finalize the portfolio of expenditures financed by BTP Green issuances during the year**. This requires the collection of project and spending data to support reporting activities and impact analysis (e.g., KPIs, cost-benefit assessments, and other relevant assessments).
- **Development of specific economic, social, and environmental impact analyses** related to the projects and expenditures financed by BTP Green.
- **Assessment of the alignment of allocated expenditures** with the United Nations SDGs and the environmental objectives defined by the EU Taxonomy.



The experience gained during these four years of **BTP Green** issuances has revealed **CHALLENGES** specific for a sovereign issuers across several key areas.



# SOVEREIGN GREEN ISSUANCE: KEY CHALLENGES (1)

## MANAGING AND REPORTING ELIGIBLE GREEN EXPENDITURE

- **Heterogeneity of eligible expenditure.** Unlike companies or local authorities, the State finance a wide range of activities — including investments, maintenance, and operating costs — across multiple sectors. This heterogeneity makes applying standards like the EU Taxonomy and EuGBS more difficult. However, the diversity is also highly appreciated by international investors.
- **Need for Strong Coordination.** Significant effort is needed for program implementation, including interministerial coordination. Accurate expenditure tracking over time requires structured processes, timely data collection, and clear responsibilities across government bodies — which can be hard to ensure given the nature of public budgets.
- **Scale Mismatch.** Many green expenditures consist of small-scale projects, for which collecting complete and detailed information is often difficult — unlike large-scale investments, where more comprehensive data is usually available.
- **Avoiding Double Counting.** It's crucial to ensure that the same expenditure isn't reported under multiple funding sources (e.g., EU Recovery Funds), which adds complexity to the reporting process.
- **Evolving Reporting Standards.** There is a shift toward reporting based on measurable social and environmental outcomes (KPIs). Given the wide range of activities covered by sovereign budgets, identifying precise KPIs is challenging. Proxy indicators can help simplify this task.
- **Operational effort.** The use of external and independent verifiers, both in the preparation phase of the framework and in the reporting phase, constitutes an additional cost for DMOs not so much in terms of financial charges, but above all procedural.

# SOVEREIGN GREEN ISSUANCE: KEY CHALLENGES (2)

## REGULATORY DEVELOPMENT & EVOLVING STANDARD

- **Gradual Alignment Process.** We are progressively assessing the expenditures financed by BTP Green to verify their eligibility under the EU Taxonomy Technical Screening Criteria (TSC), according to a **best-effort approach**. Where needed, the Italian Treasury will refine the process also with recommendations (i.e. guidelines on the DNSH principle for Italian Sovereign Green Bonds) to the stakeholder.
- **Information Gap.** Full verification of alignment with the EU Taxonomy is complex and depends heavily on data availability. Currently, most Italian public entities benefiting from BTP Green funds — like many of their European counterparts — are not subject to mandatory sustainability reporting. As a result, providing the required information remains largely voluntary or dependent on specific legal obligations.
- **European Green Bond Standard (EuGBS).** Implementing the EuGBS creates additional challenges and operational complexity for sovereign issuers. The Italian Treasury is monitoring how both European and non-European sovereign issuers apply the new standard.

## POLITICAL CHALLENGES

- **Changes in government priorities and political orientation.** This may affect consistency of green bond projects and the continuity of the issuance program.
- **Holistic approach.** The market increasingly demands more detailed information and clear explanation of how BTP Green contributes to achieving the National Environmental Strategy.

## MARKET ENGAGEMENT

- There is a strong demand for green bond and high (growing) standards of transparency and impact reporting: sovereign issuers must balance these expectations with the practicalities of implementing large-scale green projects.
- Recent issuances have seen a slight decline in the “greenium”. This trend may reflect a market adjustment as green bonds become more mainstream. Sovereign issuers must monitor trend and work to maintain investor interest by improving transparency and addressing investor feedback.



# CONCLUSION (1)

The effort of the task force for green bonds — in terms of selecting, reporting, and impact analysis — aims primarily to **enhance the Italian Republic's capacity to meet the growing demand for green investments in the coming years** by securing dedicated resources from the market.

The regular presence of Italy in the green bond market has **reinforced investor confidence** in the country's reliability thanks to **several key factors**:

- High standards of transparency in communication and accurate reporting, in place since the very first edition of the Allocation and Impact Report
- Ability to coordinate a multiplicity of public sector partners, with increasing tangible results in terms of active and efficient collaboration
- Continuous improvements in the collection of detailed and qualitative information, supporting a more accurate assessment of alignment with international standards (ICMA and EU Taxonomy) and the development of social and environmental impact metrics (KPIs) for financed projects

To maximise these benefits, the **Italian Treasury is committed to maintaining and further strengthening its presence in this market** with large-scale issuances (which may further expand with the conclusion of the NRRP).

This includes ensuring **adequate liquidity for BTP Green instruments in the secondary market**, in line with the treatment of other government securities.

New issuances are carried out through a combination of reopening existing bonds and introducing new securities, depending on market conditions.





## CONCLUSION (2)

The **choice of the type of THEMATIC BOND** (Green Bond, Social Bond, Sustainability-Linked Bond, Transition Bond, etc.) should be based on **two fundamental pillars**:

### 1. STRATEGIC AND FINANCIAL EVALUATION

- **Rigorous assessment of national policies and strategies** (adopted or under development) relevant to the thematic scope of the instrument (environmental, social, etc.).
- An assessment of the **public and private financial resources required to achieve the established targets**.

### 2. STRONG INSTITUTIONAL, MANAGEMENT, AND REPORTING CAPACITY

- **Assessment of the institutional system's capacity** (including ministries, public authorities, and technical agencies) to manage the issuance, monitoring, and reporting processes related to the thematic bond.
- It is **essential to assess the effort required to produce information consistent with international standards** applicable to each type of thematic bond.

### GREAT ATTENTION TO OPERATIONAL AND REPUTATIONAL RISK!

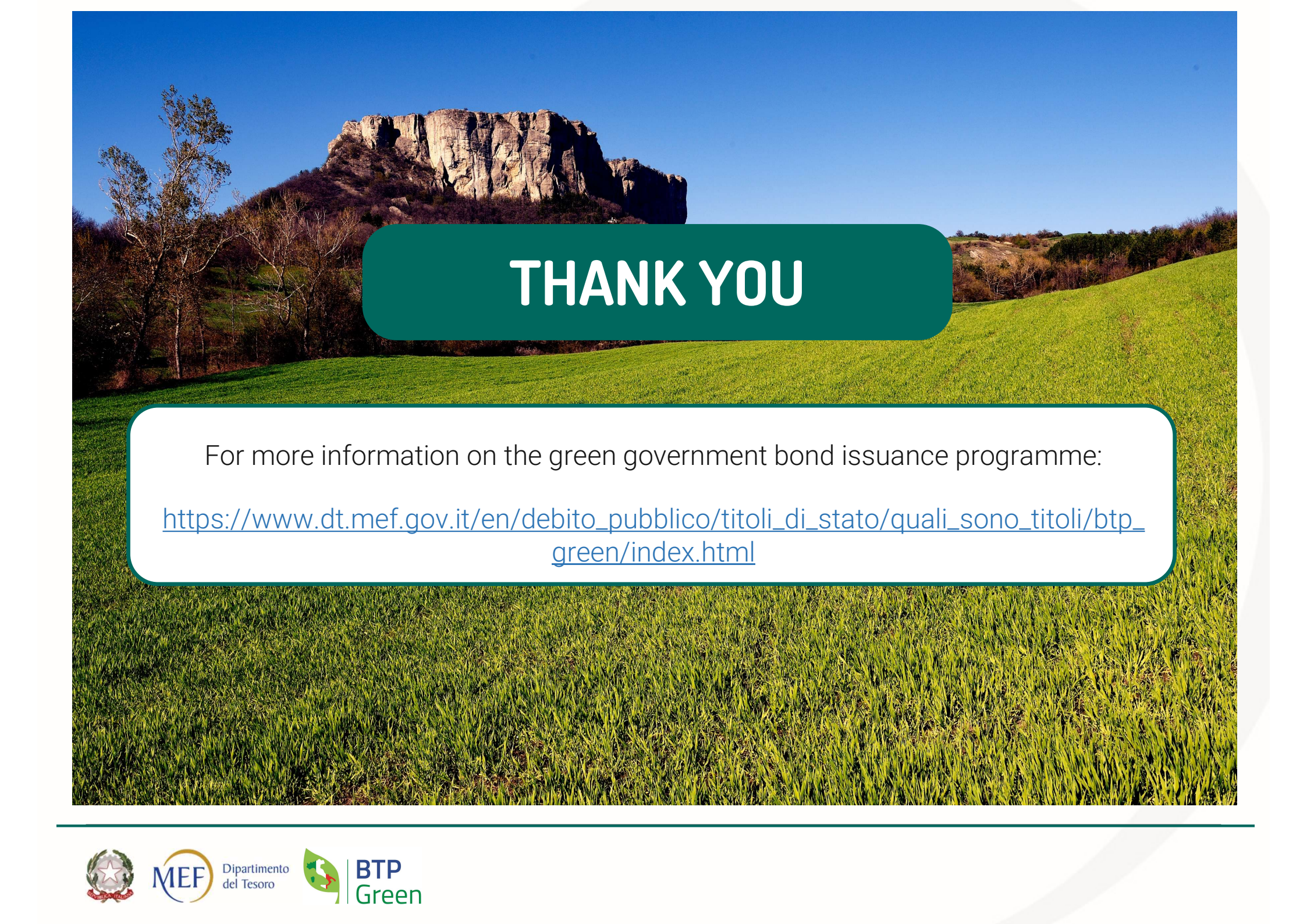
Issuance programs not supported by an adequate governance framework, reliable data, and thorough analysis risk **undermining the issuer's credibility**.

Insufficiently transparent reporting can **weaken investor confidence, particularly among ESG-oriented investors**.

A lack of information may lead to diminished market interest, **potentially impacting the sovereign's entire debt profile**.







# THANK YOU

For more information on the green government bond issuance programme:

[https://www.dt.mef.gov.it/en/debito\\_pubblico/titoli\\_di\\_stato/quali\\_sono\\_titoli/btp\\_green/index.html](https://www.dt.mef.gov.it/en/debito_pubblico/titoli_di_stato/quali_sono_titoli/btp_green/index.html)



Dipartimento  
del Tesoro



**BTP**  
**Green**



## APPENDIX: THE MILESTONES OF THE BTP GREEN



Dipartimento  
del Tesoro



**BTP**  
Green

# THE MILESTONES OF THE BTP GREEN

|      |                                                                                       |     |                                                                                                                                                                                                                                                                                                             |
|------|---------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2019 |      | DEC | The issuance of Green government bonds is part of the Italian strategy of the green new deal (2020 Budget Law). The budget law also provides for the establishment of an Interministerial Committee to support the Department of the Treasury in the selection, monitoring and reporting of green expenses. |
|      |      | NOV | Establishment of the <b>Interministerial Committee for Green Government Bonds (CIGB)</b> established by the Prime Ministerial Decree of 9 October 2020                                                                                                                                                      |
| 2020 |      | FEB | Publication of the <b>Italian Sovereign Green Bond Framework</b> and of the <b>Second Party Opinion</b>                                                                                                                                                                                                     |
|      |      | MAR | First issue of <b>BTP Green April 2045</b> (8,5 bln euro)                                                                                                                                                                                                                                                   |
|      |      | SEP | Identification and communication to the market of <b>eligible expenses for the issuance of green government bonds for the period 2018-2021</b>                                                                                                                                                              |
|      |      | OCT | Reopening of <b>BTP Green April 2045</b> (5 bln euro)                                                                                                                                                                                                                                                       |
| 2021 |     | MAY | Publication of first <b>Allocation and Impact Report I 2022</b>                                                                                                                                                                                                                                             |
|      |    | SEP | Identification and communication to the market of <b>eligible expenses for the issuance of green government bonds for the period 2019-2022</b>                                                                                                                                                              |
|      |    | SEP | Issuance of the new <b>BTP Green April 2035</b> (6 bln euro)                                                                                                                                                                                                                                                |
|      |    | SEP | First reopening <b>BTP Green April 2035</b> (2 bln euro)                                                                                                                                                                                                                                                    |
| 2022 |    | MAR | Reopening <b>BTP Green April 2035</b> (2,4 bln euro)                                                                                                                                                                                                                                                        |
|      |    | APR | Issuance of the new <b>BTP Green October 2031</b> (10 bln euro)                                                                                                                                                                                                                                             |
|      |    | JUN | Publication of the second <b>Allocation and Impact Report I 2023</b>                                                                                                                                                                                                                                        |
|      |    | OCT | Reopening <b>BTP Green April 2035</b> (1,5 bln euro)                                                                                                                                                                                                                                                        |
| 2023 |    | NOV | Enlargement of the CIGB to the Ministry of Defense and to the Ministry of Interior (DPCM 7 November 2023, modifying DPMC 9 October 2020)                                                                                                                                                                    |
|      |    | MAR | Reopening <b>BTP Green October 2031</b> (1,25 bln euro)                                                                                                                                                                                                                                                     |
|      |    | MAY | Issuance of ne <b>BTP Green April 2034</b> (9 bln euro)                                                                                                                                                                                                                                                     |
|      |    | JUN | Publication of the third <b>Allocation and Impact Report I 2024</b>                                                                                                                                                                                                                                         |
| 2024 |   | SEP | Reopening <b>BTP Green April 2035</b> (1,13 bln euro)                                                                                                                                                                                                                                                       |
|      |  | JAN | Issuance of the new <b>BTP Green April 2046</b> (5 bln euro)                                                                                                                                                                                                                                                |
|      |  | MAR | Reopening <b>BTP Green October 2031</b> (1,78 bln euro)                                                                                                                                                                                                                                                     |
|      |  | JUN | Issuance of the new <b>BTP Green October 2037</b> (5 bln euro)                                                                                                                                                                                                                                              |
| 2025 |  | JUN | Publication of the fourth <b>Allocation and Impact Report I 2025</b>                                                                                                                                                                                                                                        |





## APPENDIX: THE COMPLIANCE WITH THE EU TAXONOMY OF FINANCED EXPENDITURE



Dipartimento  
del Tesoro



**BTP**  
Green

# THE COMPLIANCE WITH THE EU TAXONOMY OF EXPENDITURES RELATED TO BTP GREEN ISSUED IN 2024 (1)

In continuity with the approach adopted in the previous Allocation and Impact Report (2023 and 2024), the 2025 Report **assesses the precise correspondence between the interventions financed by BTP Green and the EU Taxonomy**, Regulation (EU) 2020/852, highlighting their strong orientation towards an economic growth path with no net negative environmental impact and their contribution to the six environmental objectives.

## The six objectives of EU Taxonomy Regulation



This application aimed to **assess the «relevance» of expenses allocated to the economic activities classified as potentially environmentally sustainable** under the scope of the EU Taxonomy.

The assessment of the «relevance», carried out for each expenditure, is based on a multi-level approach which uses both the **detailed information available from public accounting documents and data flows** (by General Account Office) and the **qualitative and quantitative information provided by the Ministries** responsible for the expenditures (in specific fact-sheets), developed within the **Interministerial Committee on Green Government Bonds**.

Detailed analysis of **each individual item of public expenditure** (State Budget chapter), allocated based on the corresponding mission, programme, management plan and its association with the **international Classification of the Functions of Government (COFOG)**



Association of each budget chapter, based on its purpose, with more International **Standard Industrial Classifications (ISIC)**, using the correspondence table with COFOG defined by the United Nations.



Association and calibration of each expenditure item classified through ISIC with the codes used in the **European Classification of Economic Activities (NACE)**



Assessing of each expenditure item included in the portfolio with the **EU Taxonomy classification, as mapped by the Taxonomy Compass**



Share of expenditure allocated to the **economic activities environmentally sustainable under the scope of the EU Taxonomy**

# THE COMPLIANCE WITH THE EU TAXONOMY OF EXPENDITURES RELATED TO BTP GREEN ISSUED IN 2024 (2)

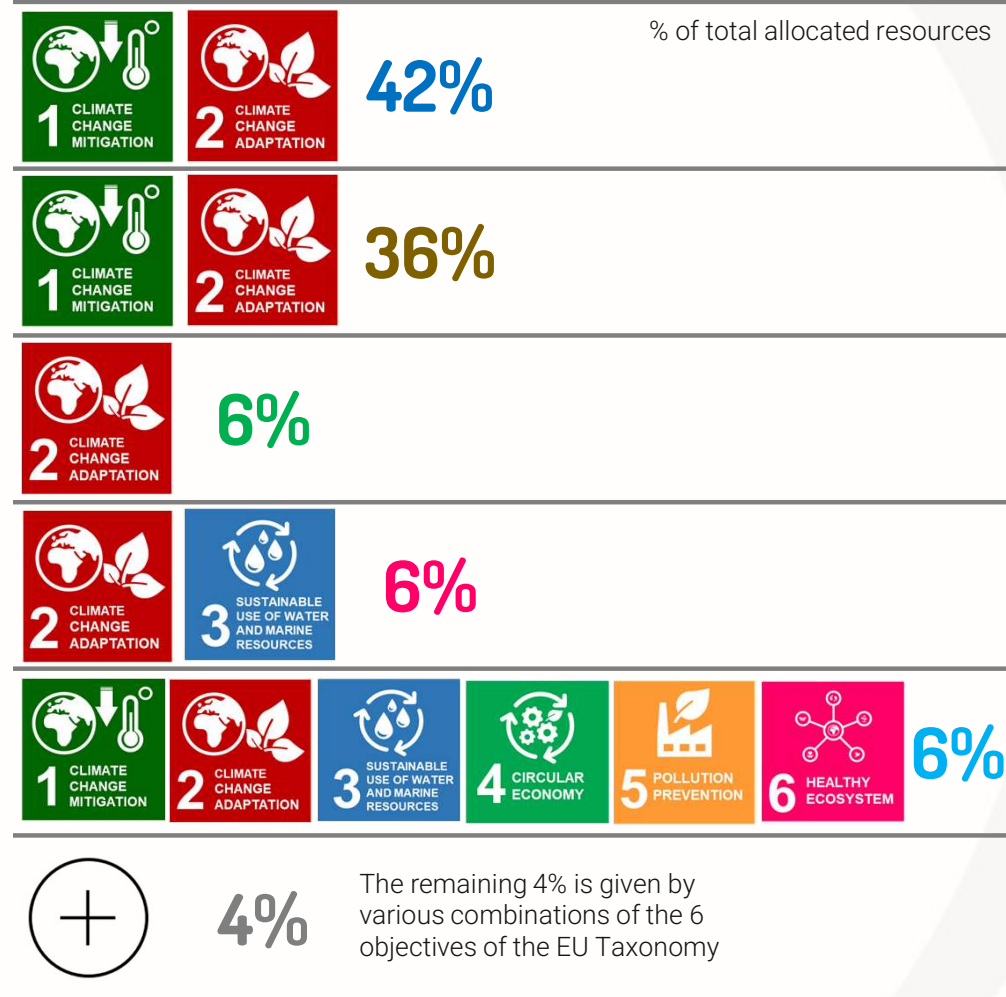
Based on the «relevance» assessment, all (100%) resources from the 2024 BTP Green issuances have been directed toward potentially environmentally sustainable sectors, in line with the objectives of the EU Taxonomy.

This shows how the asset allocation process has been particularly oriented toward supporting European climate policy.

Many of the interventions financed by BTP Green contribute simultaneously to two or more environmental objectives of the EU Taxonomy.

The 42% of the funded interventions are primarily oriented toward the objective of climate change mitigation; 36% of the resources are allocated to initiatives that integrate both mitigation and adaptation objectives; and 6% are attributable solely to the climate change adaptation objective. The remaining 16% of allocated resources are relevant to the purposes of the Green Taxonomy, according to various combinations of environmental objectives

## Contribution of BTP Green to the objectives of the EU Taxonomy

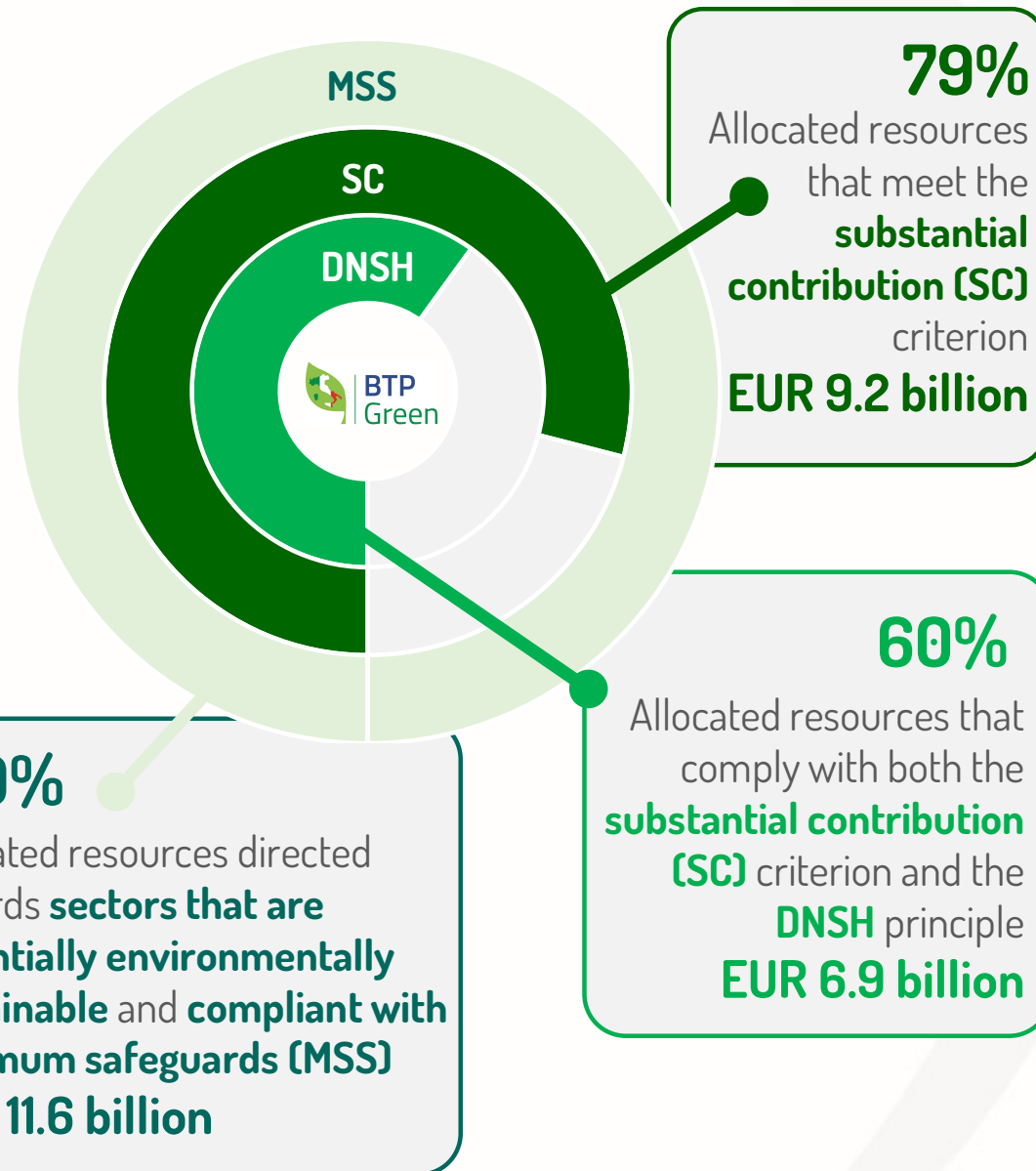




# THE COMPLIANCE WITH THE EU TAXONOMY OF EXPENDITURES RELATED TO BTP GREEN ISSUED IN 2024 (3)

A sustainable economic activity to be **fully aligned with the EU Taxonomy** must satisfy the following four cumulative conditions:

1. It must provide a **substantial contribution to one of the six environmental objectives (SC)**, meaning it must have a significant positive impact for achieving the environmental objective, pursuant to Article 9 and in accordance with Articles 10 to 16;
2. It must **not significantly harm any of the other five environmental objectives**, as outlined in Article 9 and in compliance with Article 17 (**Do No Significant Harm principle – DNSH**);
3. It must comply with the **minimum social safeguards (MSS)** as set out in Article 18;
4. It must meet the **Technical Screening Criteria (TSC)** defined by the delegated acts of the EU Taxonomy pursuant to Articles 10 to 15.



## APPENDIX: ENVIRONMENTAL, ECONOMIC AND SOCIAL IMPACT



Dipartimento  
del Tesoro



**BTP**  
Green

# THE ENVIRONMENTAL, ECONOMIC AND SOCIAL IMPACT ASSESSMENT OF EXPENDITURES RELATED TO BTP GREEN ISSUED FROM 2021 TO 2024

This analysis allows for an appreciation of the **positive outcomes that the BTP Green issuance program has generated within the national system**, both in terms of reduction of greenhouse gas emissions (avoided CO<sub>2</sub>) and in socioeconomic aspects, such as the increase in GDP and work units.

| The Impacts of Expenditure Financed with BTP Green <sup>(a)</sup>                                                                                                                                                                                                                                               |                                                                    |                                      |                                      |                                      |                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                                                                                                                                                                                                                | Year of issue                                                      | 2021                                 | 2022                                 | 2023                                 | 2024                                 |
|                                                                                                                                                                                                                                | Reference period of allocated expenditure                          | 2018-2021                            | 2019-2022                            | 2020-2023                            | 2021-2024                            |
|                                                                                                                                                                                                                                | Total green expenditure allocated in the period                    | <b>13.5</b><br>billions euro         | <b>8.1</b><br>billions euro          | <b>13.9</b><br>billions euro         | <b>11.6</b><br>billions euro         |
|                                                                                                                                                                                                                                | Total CO <sub>2</sub> reduction for categories 1 to 5 <sup>b</sup> | <b>49,000</b><br>ktonCO <sub>2</sub> | <b>44,989</b><br>ktonCO <sub>2</sub> | <b>67,999</b><br>ktonCO <sub>2</sub> | <b>36,547</b><br>ktonCO <sub>2</sub> |
|                                                                                                                                                                                                                                                                                                                 | Total CO <sub>2</sub> reduction for the category 6 <sup>b</sup>    | <b>4,654</b><br>ktonCO <sub>2</sub>  | <b>1,724</b><br>ktonCO <sub>2</sub>  | <b>3,387</b><br>ktonCO <sub>2</sub>  | <b>3,206</b><br>ktonCO <sub>2</sub>  |
|                                                                                                                                                                                                                              | Gross domestic product induced                                     | <b>20</b><br>billions euro           | <b>12</b><br>billions euro           | <b>20</b><br>billions euro           | <b>17</b><br>billions euro           |
|                                                                                                                                                                                                                              | Workers needed to meet induced GDP                                 | <b>307,000</b><br>work units         | <b>190,000</b><br>work units         | <b>320,000</b><br>work units         | <b>262,000</b><br>work units         |
| <b>Notes:</b> (a) Rounded amounts; (b) Cumulative reduction over the lifetime of the financed interventions. For categories 1 to 5, the environmental impact estimate is based on the CO <sub>2</sub> mpare Evolution model. For environmental category 6, the Oxford Economics Global Economic Model was used. |                                                                    |                                      |                                      |                                      |                                      |



## APPENDIX: THE 4 PILLARS OF GREEN BOND PRINCIPLES OF ICMA



Dipartimento  
del Tesoro



**BTP**  
Green

# FOCUS ON THE 1<sup>st</sup> PILLAR: USE OF PROCEEDS

Through the issue of **Sovereign Green Bonds** (SGBs), Italy finances public expenditures intended to pursue one or more of the environmental objectives of the **EU Taxonomy Regulation**.

| EU Environmental Objectives                                                                                                      |                                                              | Environmental Categories of Italian Green Bond Framework |                      |              |                                                          |                                                           |             |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|----------------------|--------------|----------------------------------------------------------|-----------------------------------------------------------|-------------|
|                                                                                                                                  |                                                              | 1. Renewable electricity and heat                        | 2. Energy efficiency | 3. Transport | 4. Pollution prevention and control and circular economy | 5. Protection of the environment and biological diversity | 6. Research |
|  1 CLIMATE CHANGE MITIGATION                     | Climate change mitigation                                    | ✓                                                        | ✓                    | ✓            | ✓                                                        | ✓                                                         | ✓           |
|  2 CLIMATE CHANGE ADAPTATION                     | Climate change adaptation                                    | ✓                                                        | ✓                    | ✓            | ✓                                                        | ✓                                                         | ✓           |
|  3 SUSTAINABLE USE OF WATER AND MARINE RESOURCES | Sustainable use and protection of water and marine resources |                                                          |                      |              | ✓                                                        | ✓                                                         |             |
|  4 CIRCULAR ECONOMY                            | Transition to a circular economy                             |                                                          |                      |              | ✓                                                        | ✓                                                         | ✓           |
|  5 POLLUTION PREVENTION                        | Pollution prevention and control                             |                                                          |                      |              | ✓                                                        |                                                           | ✓           |
|  6 HEALTHY ECOSYSTEM                           | Protection and restoration of biodiversity and ecosystem     |                                                          |                      |              | ✓                                                        | ✓                                                         | ✓           |

# FOCUS ON THE 2<sup>nd</sup> PILLAR: ASSET EVALUATION AND SELECTION



## Inter-ministerial Committee

For the purpose of the Sovereign Green Bonds, an **Inter-ministerial Committee** has been set up, governed by the *Decree of the President of the Council of Ministers* issued on the 9<sup>th</sup> of October 2020 (amended by DPCM of 7<sup>th</sup> of November 2023). It is responsible for setting out the information concerning expenses that will be eligible in relation to the issuance of SGBs. The Committee includes (\*):

- Representatives of the Presidency of the Italian Council of Ministers
- Italian Ministry of the Environment and Energy
- Italian Ministry of Economy and Finance
- Italian Ministry of Infrastructure and Transport
- Italian Ministry of Enterprise and Made in Italy
- Italian Ministry of Agriculture and Food Sovereignty and Forestry
- Italian Ministry of University and Research
- Italian Ministry of Culture
- Ministry of Defense
- Ministry of the Interior

(\*) The Ministries participating in the Committee are listed under the names currently in force, reflecting the changes in their respective competences.



## Selection process

The **Department of the Treasury** (MEF) identifies the set of potential expenses based on an initial screening of budget data received from the General Accounting Department (MEF); then bilateral interactions with the relevant Ministries are carried out to verify the eligibility of individual expenses. A portfolio of eligible expenditures is then shared with the Committee for information and review.



## Eligibility of expenses

The eligibility of expenditures are assessed on the basis of:

- the **criteria** set out in the **Green Bond Framework** and
- the **list of activities** potentially **eco-sustainable** according to the **objectives of the Green Taxonomy Regulation**.

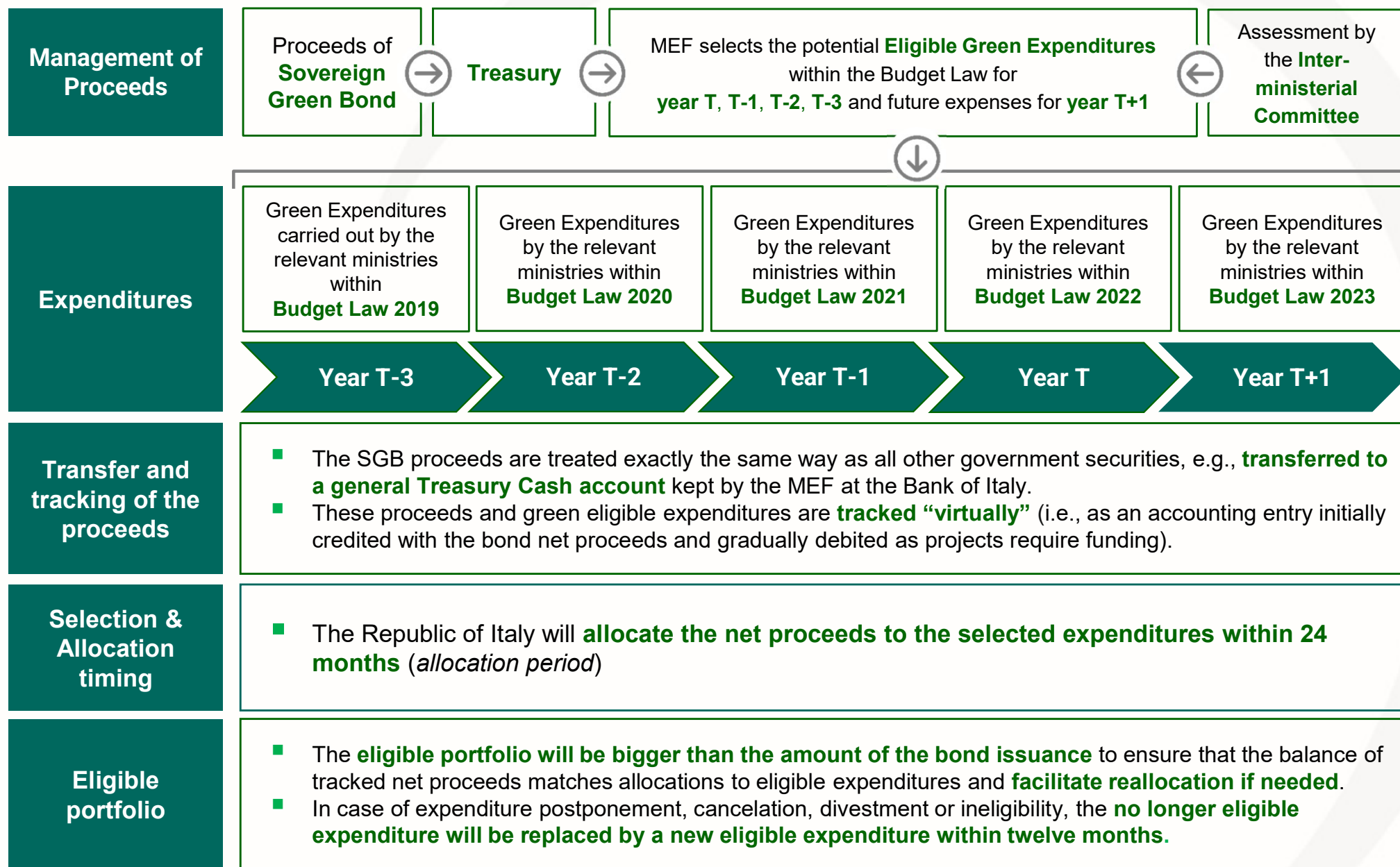


## Traceability and verification

The traceability and verification of the selection and evaluation of the expenditures is ensured throughout the following process:

- the Committee is responsible for ensuring a correct monitoring of the effective use of the funds **annually** and **throughout the lifetime of the bond**;
- in case an expense is no longer compliant, the Committee will take action **to replace that expense with another** eligible expense;
- in case a **legal controversy** associated to an eligible expense is identified, the MEF would start a specific analysis in cooperation with the relevant Ministry aiming at establishing whether that expense should be maintained or removed.

# FOCUS ON THE 3<sup>rd</sup> PILLAR: MANAGEMENT OF PROCEEDS





# FOCUS ON THE 4<sup>th</sup> PILLAR: REPORTING

In line with the 4th pillar of the ICMA Green Bond Principles, the **Italian Sovereign Green Bond Allocation and Impact Report** is **published annually**. The report details the allocation of proceeds from the sovereign green bond issued in the previous year [T], covering expenditures of State budget recorded **in the year of issuance [T] as well as in the three preceding years: [T-1], [T-2], and [T-3]**.

- In June 2025, the Ministry of Economy and Finance published the **2025 BTP Green Allocation and Impact Report**, which outlines the allocation of proceeds from the **BTP Green** issuances carried out in 2024, in accordance with the criteria set out in the Green Bond Framework. The proceeds have been fully allocated to finance the **six categories of eligible green expenditures** identified in the State Budget over the **four-year period 2021–2024**.
- The Allocation and Impact Report provides information on the **social, economic, and environmental impacts of the financed interventions**, in line with the **United Nations Sustainable Development Goals** (SDGs), as established by the ICMA Green Bond Principles, and with the **environmental objectives of EU Regulation No. 852/2020** (the EU Taxonomy).
- The Report is subject to **external review**, which assessed its **alignment with the Green Bond Framework, ICMA's Harmonised Framework for Impact Reporting (HFIR)**, as well as the level of detail provided regarding the allocation of proceeds and the robustness of the proposed impact indicators.

