

**Federal Republic  
of Germany**

# **Green Bond Framework**



Federal Ministry  
of Finance

Second version  
15 January 2026



Federal Republic of Germany

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# 1. Introduction

The Federal Republic of Germany is committed to national climate change mitigation in line with the Paris Agreement. Germany supports the European Green Deal, the Clean Industrial Deal and the European Union's Biodiversity Strategy for 2030. Through international climate, environmental and nature protection policies, Germany works with its partners to shape and finance strategies and measures, thereby making a significant contribution to a sustainable transformation.

On 24 August 2020, the Federal Republic of Germany published the first version of its Green Bond Framework ("Framework 2020"). Under that Framework, Germany issued Green Federal Bonds and Green Federal Notes (together "Green German Federal Securities") from 2020 to 2025 (see section 1.1).

This second version of the Green Bond Framework, dated 15 January 2026 ("Framework 2026", or "Framework"), builds on and updates the first version (see section 1.2). The issuance of Green German Federal Securities following the publication of the second version will be carried out in accordance with this Framework. The core features of Green German Federal Securities established in the first version of the Framework remain unchanged.

## 1.1 Issuances

The Federal Republic of Germany – Finance Agency ("Finance Agency") issues Green German Federal Securities on behalf of the Federal Republic of Germany by auction or syndication. An "issuance" within the meaning of this Framework is:

- either the initial issuance of a new Green German Federal Security
- or an increase (tap) of an already issued Green German Federal Security.

The tap of a Green German Federal Security is immediately fungible with the previously issued outstanding Green German Federal Security. The Finance Agency issued nine new Green German Federal Securities under the first version of the Framework and has tapped them multiple times. From 2026 onwards, Green German Federal Securities will be issued under this new version of the Framework. In addition to new issuances and their taps, these may also include taps of Green German Federal Securities that were originally issued under the first version of the Framework (see overview below). Details and information on issuance activities can be found on the websites of the Finance Agency<sup>1</sup> and the Federal Ministry of Finance<sup>2</sup>. Press releases or notices regarding the announcement, invitation to bid and result of an issuance of Green German Federal Securities contain a reference to this Framework.

1 Finance Agency: <https://www.deutsche-finanzagentur.de/en/federal-securities/types-of-federal-securities/green-federal-securities>

2 Ministry of Finance: <https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Public-Finances/Sustainable-Development-Strategy/green-german-federal-securities-restricted/green-german-federal-securities.html>

## Overview of new issuances of Green German Federal Securities under the Framework 2020

Table 1

Date of first issuance	Type of Federal Security	ISIN	Maturity
02 Sep. 2020	10-year Green Bund	DE0001030708	15 Aug. 2030
04 Nov. 2020	Green Bobl	DE0001030716	10 Oct. 2025
11 May 2021	30-year Green Bund	DE0001030724	15 Aug. 2050
08 Sep. 2021	10-year Green Bund	DE0001030732	15 Aug. 2031
31 Aug. 2022	Green Bobl	DE0001030740	15 Oct. 2027
25 Apr. 2023	10-year Green Bund	DE000BU3Z005	15 Feb. 2033
13 June 2023	30-year Green Bund	DE0001030757	15 Aug. 2053
30 Apr. 2024	Green Bobl	DE000BU35025	12 Apr. 2029
08 Apr. 2025	10-year Green Bund	DE000BU3Z047	15 Feb. 2035

## 1.2 Update of the Framework

This version of the Framework is a revised version of the previous Framework from 2020. It was developed and published by the Federal Ministry of Finance in cooperation with the Core Green Bond Team (see section 3.2) and the Interministerial Working Group (“IMWG”, see section 3.1). This version updates the previous Framework to reflect current market standards and incorporates the insights gained by the Core Green Bond Team and the IMWG based on their experiences with Green German Federal Securities. The most important updates are:

- the inclusion and update of national and international climate, environmental and nature protection goals (see section 2.1), for example, a reduction of greenhouse gas emissions and energy consumption and an increase in the share of renewable energy;
- the implementation or update of features in alignment with various market standards, such as the Green Bond Principles (GBP)<sup>3</sup> published by the International Capital Markets Association (ICMA) in 2025;

- a description of eligible green expenditures, especially by mapping expenditure categories to economic activities in accordance with the regulation and delegated acts of the European Taxonomy for Sustainable Activities (Taxonomy Regulation<sup>4</sup>) and more precise definitions of the exclusion criteria (see section 4.1);
- increased transparency in the selection process, especially in managing possible environmental and social risks (see sections 4.2 and 5);
- early publication and reporting on eligible green expenditures (see section 4.4); and
- a switch from current retroactive third-party verifications to Second Party Opinions for annual confirmations of the environmental benefits of eligible green expenditures in the issuance year (see section 6).

<sup>3</sup> Green Bond Principles, 2025 version: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Green-Bond-Principles-GBP-June-2025.pdf>

<sup>4</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

## 2. Germany's goals in the areas of climate, environment, nature and sustainable finance

### 2.1 Promoting a sustainable economy and society

Germany and the European Union are transitioning to an economy that is sustainable, climate-neutral, resource-efficient and biodiversity-friendly. This is not only an ecological necessity but also a driver of innovation and competitiveness for the German and European economies. At the national level, the German Sustainability Strategy provides the political framework for this transition. The European Green Deal<sup>5</sup> and the Clean Industrial Deal, as key European strategies for sustainable growth, provide the foundation for competitiveness and the long-term transition towards becoming the first climate-neutral continent by 2050.

At the international level, Germany is committed to the Paris Agreement<sup>6</sup>, the Global Biodiversity Framework<sup>7</sup> and the achievement of the 17 United Nations Sustainable Development Goals (SDGs). To achieve climate, environmental and nature protection goals, the federal government provides substantial budgetary resources, for example for investments, operations, research, development and knowledge transfer in key areas, both nationally and through international cooperation. These efforts are also reflected in the allocation of Green German Federal Securities.

#### Climate change mitigation and the energy transition

At the EU level, the climate policy efforts of the member states are translated into a binding, EU-wide climate target for 2040. With the Federal Climate Action Act (*Bundes-Klimaschutzgesetz*), Germany has committed itself to becoming climate-neutral by 2045<sup>8</sup>. The aim is to reduce greenhouse gas emissions by at least 65% compared to 1990 levels by 2030. By 2040, the reduction target is at least 88%. In order to meet these targets, the Federal Climate Action Act stipulates that the federal government must adopt a climate action programme with effective measures in the first year of each legislative period. Additional reduction measures must be adopted if the independent Council of Experts on Climate Change determines in two consecutive years that the annual reduction targets for the period 2021–2030 are likely to be missed.

To achieve the climate targets, decarbonisation is being accelerated across the following six major emission-intensive areas: energy; buildings; industry; transport; agriculture; and land use, land use change and forestry (LULUCF).

In the transport sector, an attractive regulatory environment is aimed at promoting investments in climate-friendly mobility and supporting the ramp-up of sustainable solutions. The transformation of the transport sector needs to be technology-neutral and innovation-friendly across all modes of transport to ensure future-proof mobility. A central focus is on modernising infrastructure: Rail infrastructure is being upgraded to strengthen

<sup>5</sup> European Green Deal: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

<sup>6</sup> Paris Agreement: <https://unfccc.int/process-and-meetings/the-paris-agreement>

<sup>7</sup> Global Biodiversity Framework: <https://www.cbd.int/gbf>

<sup>8</sup> Section 3 of the Federal Climate Action Act





rail as a climate-friendly mode of transport. For individual mobility, a demand-oriented and user-friendly charging infrastructure is being created to accelerate the market penetration of electric mobility. Renewable fuels form an important component of the decarbonisation strategy. They complement electric mobility, particularly in “hard-to-abate” sectors such as aviation and shipping, but also in road transport, and contribute to the decarbonisation of the entire transport sector. Cycling and walking will also be further promoted, for example through the National Cycling Plan 3.0 and the pedestrian strategy.

Germany is transforming its energy supply and improving its energy efficiency. The phase-out of coal-fired power generation will be completed by 2038 at the latest – ideally by 2030. The aim is to increase the share of renewable energy in gross electricity consumption to at least 80%<sup>9</sup> by 2030. Not only is energy production in Germany becoming greener, but energy is also being used more efficiently. The aim is to reduce final energy consumption in Germany by 45% by 2045 compared to 2008.<sup>10</sup>

To make industry climate-neutral, Germany needs to fundamentally transform its industrial production processes. This transformation must be built on technical and digital solutions as well as on infrastructure investments in the areas of decarbonisation, electrification, hydrogen use, flexibilisation, energy, material and resource efficiency, the circular economy, lightweight construction and the replacement of fossil-based raw materials with bio-based

ones. This transformation poses an enormous challenge for the German economy, but at the same time creates incentives for innovation.

In July 2023, the federal government adopted its **Lightweighting Strategy**.<sup>11</sup> The aim of the strategy, which is being pursued across all ministries, is to activate the transformation, resilience and innovation potential of lightweight construction technologies and materials, thereby making a substantial contribution to achieving the European Green Deal targets, in particular. It also aims to reduce greenhouse gas emissions and resource use as well as strengthen Germany’s position as a hub for industry. Eight packages of measures have been developed to implement the Lightweighting Strategy.

The **Federal Action Plan on Nature-based Solutions for Climate and Biodiversity** aims to restore and protect ecosystems such as forests and moors, make them more resilient and thus protect our natural resources. Intact ecosystems are natural climate protectors and provide habitats for animals and plants. The Federal Action Plan is also being further developed to support the implementation of the EU’s Nature Restoration Regulation at the federal and *Länder* levels.

9 Renewable Energy Sources Act (*Erneuerbare-Energien-Gesetz*)

10 First legally binding framework for energy savings: Energy Efficiency Act (*Energieeffizienzgesetz*)

11 Lightweighting Strategy: [https://www.bundeswirtschaftsministerium.de/Redaktion/EN/Publikationen/Schluesselfeltechnologien/the-federal-governments-lightweighting-strategy.pdf?\\_\\_blob=publicationFile&v=3](https://www.bundeswirtschaftsministerium.de/Redaktion/EN/Publikationen/Schluesselfeltechnologien/the-federal-governments-lightweighting-strategy.pdf?__blob=publicationFile&v=3)

### Adaptation to climate change

Around the world, heatwaves, droughts, heavy rainfall, crop failures and forest fires are becoming more frequent and causing devastating damage to economies, infrastructure and buildings. Climate change also poses a threat to human health and, in extreme cases, human life.

Germany has adopted extensive measures to address the consequences of climate change. The objective is to reduce society's vulnerability to the effects of climate change by improving the adaptability of natural, social and economic systems.

With the first Federal Climate Adaptation Act (*Klimaanpassungsgesetz*)<sup>12</sup>, the federal government has established a legally binding framework for future climate adaptation measures in Germany. In addition, the federal government adopted a preemptive climate adaptation strategy in December 2024, which contains concrete measures to implement the Act.<sup>13</sup>

### Environmental protection

Environmental pollution has direct adverse effects on people and nature and needs to be reduced. This means reducing the emission of pollutants such as particulate matter and nitrogen oxides, lowering noise pollution and minimising land and resource consumption.

The National Air Pollution Control Programme sets out the measures with which the federal

government aims to achieve European targets and further improve air quality in Germany by 2030. The main goal is to significantly reduce particulate matter and its precursors such as ammonia, which contributes to the formation of particulate matter.<sup>14</sup>

### Biodiversity protection and nature conservation

Biodiversity is declining dramatically worldwide<sup>15</sup> despite numerous national and international countermeasures. The federal government is taking significant steps to effectively protect and restore biodiversity. This includes implementing the measures set out in the Kunming-Montreal Global Biodiversity Framework and contributing to the EU Biodiversity Strategy for 2030.

A significant milestone is the **National Biodiversity Strategy 2030**. The strategy was first adopted in 2007 and extensively updated in 2024.<sup>16</sup> As the federal government's central nature conservation strategy, the National Biodiversity Strategy 2030 pools other relevant strategies and programmes, for example in the area of nature-based climate action. In addition to addressing overarching biodiversity goals such as species protection and ecosystem restoration, the strategy also focuses on other key issues such as urban nature, climate protection and renewable energy.

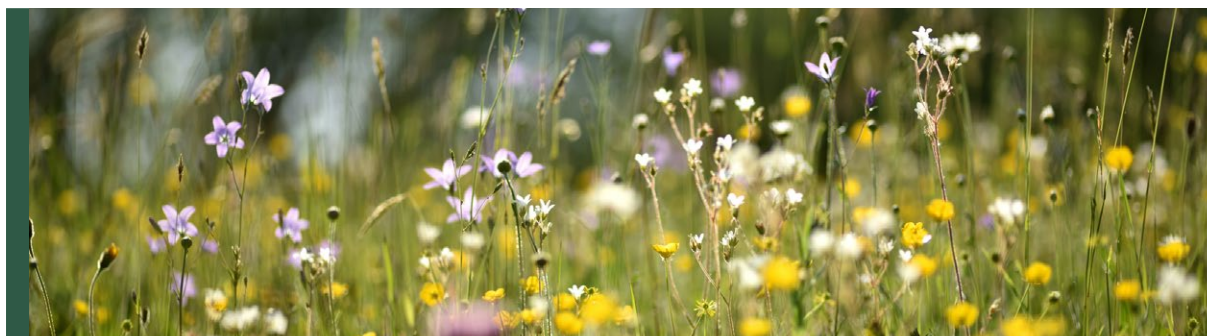
12 Federal Climate Adaptation Act: [https://www.bmuv.de/fileadmin/Daten\\_BMU/Download\\_PDF/Gesetze/kang\\_en\\_bf.pdf](https://www.bmuv.de/fileadmin/Daten_BMU/Download_PDF/Gesetze/kang_en_bf.pdf)

13 Climate Adaptation Strategy: [https://www.bmuv.de/fileadmin/Daten\\_BMU/Download\\_PDF/Klimaanpassung/das\\_infopapier\\_en\\_bf.pdf](https://www.bmuv.de/fileadmin/Daten_BMU/Download_PDF/Klimaanpassung/das_infopapier_en_bf.pdf)

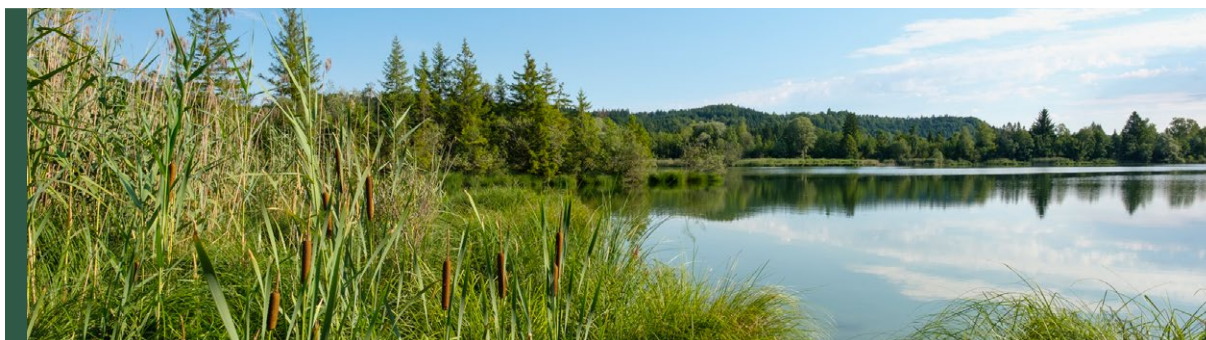
14 Pollution control in Germany is regulated mainly by the Federal Pollution Control Act (*Bundesimmissionsschutzgesetz*) and related legal ordinances and administrative regulations. There are also *Land*-level regulations on pollution control.

15 UN report: "Nature's Dangerous Decline 'Unprecedented'": <https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/>

16 National Biodiversity Strategy: <https://www.bundesumweltministerium.de/en/topics/nature-and-biological-diversity/translate-to-english-allgemeines/-strategien/national-strategy>







### **Sustainable water management, water protection and the circular economy**

Since the publication of the first Green Bond Framework, Germany has also further developed its strategies and regulations to support other European Green Deal goals. Notable measures include:

**National Water Strategy:** Water management and water protection face various challenges due to climate change, globalisation and demographic change. For the first time, the National Water Strategy<sup>17</sup> pools water-related measures in all sectors and aims to ensure the sustainable use of water resources by 2050 and beyond.

**National Circular Economy Strategy:** In addition to comprehensive legislation that provides guidelines for the transition to a circular economy, a new National Circular Economy Strategy was adopted in December 2024<sup>18</sup> that takes all stages of the product life cycle into account, namely: product design, materials selection, production, a long use phase, reuse and recycling.

## **2.2 Sustainable finance and green bonds as levers for the transformation**

A financial system in which environmental, social and governance aspects are taken into account in the decisions made by financial market participants (sustainable finance) helps to ensure that the financial opportunities

and risks stemming from climate change, dependencies on nature and transformation processes are correctly assessed. This mobilises sustainable public and private investments and strengthens the economy's competitiveness.

With the issuance of Green German Federal Securities, Germany has contributed significantly to the advancement of capital markets since 2020. This includes the establishment of a green yield curve as a benchmark and directing financial flows towards a sustainable transformation. These efforts reflect Germany's contribution to embedding sustainable finance permanently within the financial system.

With the Sustainable Finance Strategy 2021<sup>19</sup> and the continued development of the German Sustainability Strategy 2025<sup>20</sup>, Germany is reaffirming its commitment to sustainable finance and to the continuation of the successful green issuance programme.

<sup>17</sup> National Water Strategy: <https://www.bundesumweltministerium.de/en/national-water-strategy>

<sup>18</sup> National Circular Economy Strategy: <https://www.bundesumweltministerium.de/en/topics/circular-economy/circular-economy-strategy>

<sup>19</sup> German Sustainable Finance Strategy: [https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press\\_Room/Publications/Brochures/sustainable-finance-strategy.pdf?\\_\\_blob=publicationFile&v=7](https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/sustainable-finance-strategy.pdf?__blob=publicationFile&v=7)

<sup>20</sup> The continued development of the German Sustainability Strategy 2025: <https://www.bundesregierung.de/breg-de/service/archiv-bundesregierung/german-sustainability-strategy-2025-2354206>

# 3. Organisational structure for the management of Green German Federal Securities

The processes related to eligible green expenditures for Green German Federal Securities are managed and supervised by the Interministerial Working Group (IMWG) and the Core Green Bond Team.

## 3.1 Interministerial Working Group

The ministries represented in the IMWG make fundamental decisions regarding Green German Federal Securities. They validate the Framework and are responsible for the selection of eligible green expenditures.

Chaired by the Federal Ministry of Finance, the IMWG has the expertise required to carefully evaluate and select eligible green expenditures. The following federal ministries are currently represented in the IMWG<sup>21</sup>:

- Federal Ministry of Finance
- Federal Ministry for Economic Affairs and Energy
- Federal Ministry of Research, Technology and Space
- Federal Ministry for Digital Transformation and Government Modernisation
- Federal Ministry of Transport
- Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety
- Federal Ministry of Agriculture, Food and Regional Identity

- Federal Ministry for Economic Cooperation and Development
- Federal Ministry for Housing, Urban Development and Building

The composition of the IMWG is reviewed regularly, at least once a year. Changes in the composition are confirmed by the IMWG. A list of the ministries represented in the IMWG can be found on the Federal Ministry of Finance and Finance Agency websites.

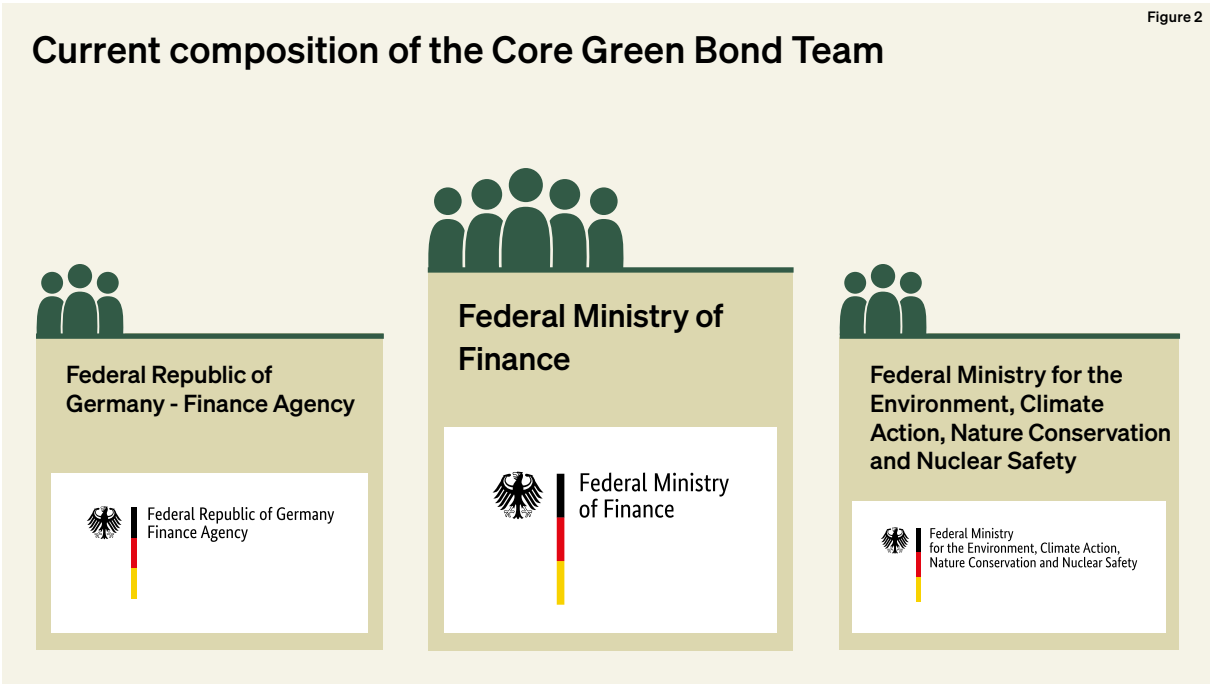
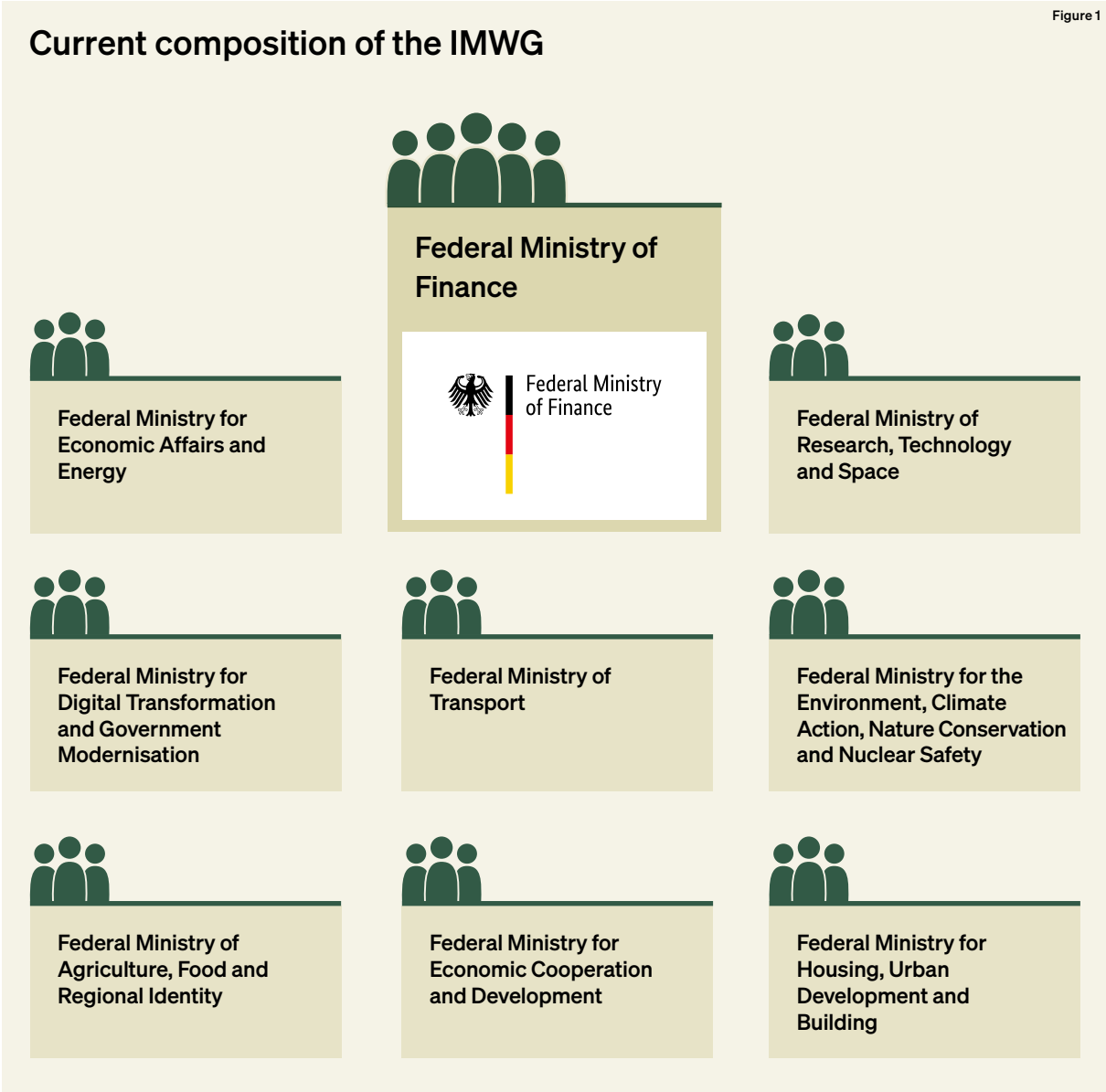
The IMWG meets regularly to carry out its assigned tasks.

## 3.2 Core Green Bond Team

The Core Green Bond Team is responsible for carrying out operational tasks related to Green German Federal Securities. The Core Green Bond Team, chaired by the Federal Ministry of Finance, also includes the ministries with core responsibilities for climate, environmental and nature protection, as well as the Finance Agency.

The composition of the Core Green Bond Team is reviewed regularly, at least once per legislative period. This ensures that the Core Green Bond Team has the relevant expertise and necessary capabilities to fulfil its assigned tasks. The current composition of the Core Green Bond Team can be found on the Federal Ministry of Finance and Finance Agency websites.

<sup>21</sup> Official order in accordance with Annex 2 of the announcement of the government formation on 6 May 2025 in the Federal Gazette of 9 May 2025 (source: Federal Gazette, official section, 12.05.2025 B2)



## 4. Framework for Green German Federal Securities

The Green Bond Framework has been developed in accordance with internationally recognised standards:

### ICMA Green Bond Principles (GBP)

Green German Federal Securities are aligned with the ICMA GBP and reflect the four core components for compliance with the GBP:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

The GBP recommendations on the Framework and regarding external review are taken into account.

### EU Taxonomy

The updated Framework takes into account, where possible, the criteria of the EU Taxonomy for environmentally sustainable economic activities. Taxonomy-eligible expenditure categories are mapped towards economic activities of the EU Taxonomy and examined to determine whether they:

- meet the minimum safeguards,
- make a substantial contribution to at least one of the six EU environmental objectives,
- and avoid significant harm to other environmental objectives.

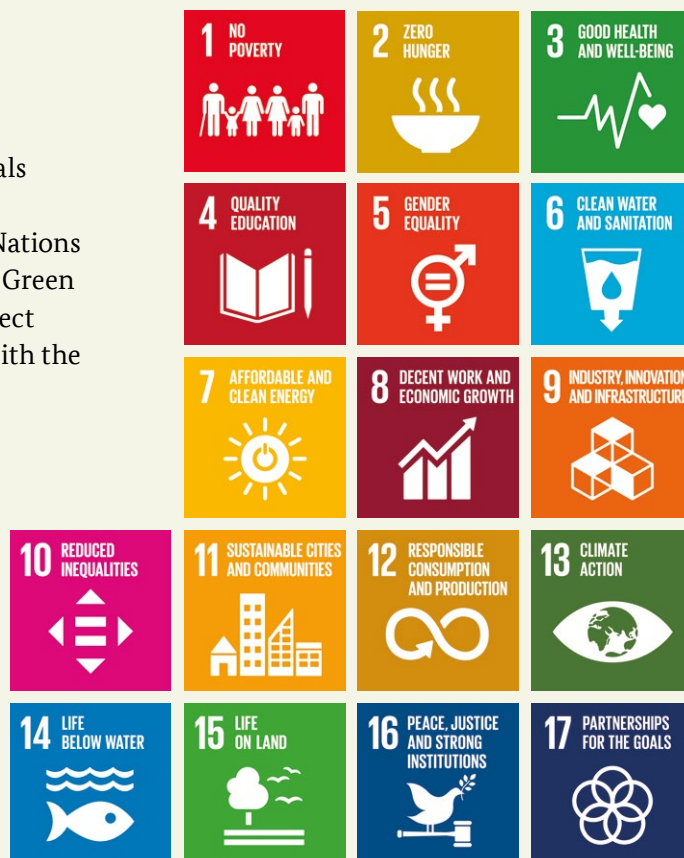




Figure 3

## UN Sustainable Development Goals (UN SDGs)

Germany is committed to the 17 goals of the 2030 Agenda for Sustainable Development (SDGs) of the United Nations (UN). The expenditure categories of Green German Federal Securities fully reflect this commitment and are aligned with the 17 SDGs.



## 4.1 Use of proceeds

### → Eligible green expenditures:

Expenditures that are eligible for Green German Federal Securities are expenditures of the federal government (federal budget and special funds) that contribute to the implementation of the climate, environmental and nature protection policies described above. Eligible green expenditures pursue at least one of the following environmental objectives corresponding to Article 9 of the EU Taxonomy:

- a. climate change mitigation,
- b. climate change adaptation,
- c. the sustainable use and protection of water and marine resources,
- d. the transition to a circular economy,
- e. pollution prevention and control, and
- f. the protection and restoration of biodiversity and ecosystems.

Eligible green expenditures can include:

- expenditures for investments, for example for tangible assets such as infrastructure, buildings, landscapes and forests,
- material administrative expenses, allocations, grants and personnel expenses (project-related) (for example for intangible assets such as individual and institutional competencies, research, innovation, scientific findings and knowledge transfer, and for landscape management and forestry), as well as expenditures to enable green activities,
- loans, subsidies or other monetary benefits to households, companies, institutions or regional or local authorities, and
- in addition to federal expenditures, federal revenue shortfalls from tax incentives.



## → Exclusions:

Expenditures that are materially related to the cultivation and production of tobacco or to gambling are not eligible for Green German Federal Securities.

In addition, expenditures that are materially related to nuclear energy and expenditures for activities directly related to the exploration, extraction, promotion, manufacturing, distribution, refining, transport and storage of fossil fuels are excluded.<sup>22</sup>

Expenditures are also excluded if they are directly or explicitly linked (*zweckgebunden*) to a specific source of revenue under German budget law, or if they are reported or accepted by the Federal Republic of Germany for allocation to green bonds issued by other entities such as the EU or KfW (avoidance of double counting).

Finally, expenditures for the manufacture and sale of weapons are also not eligible for Green German Federal Securities, regardless of the fundamentally important contribution of armaments and defence to security and growth in Germany.

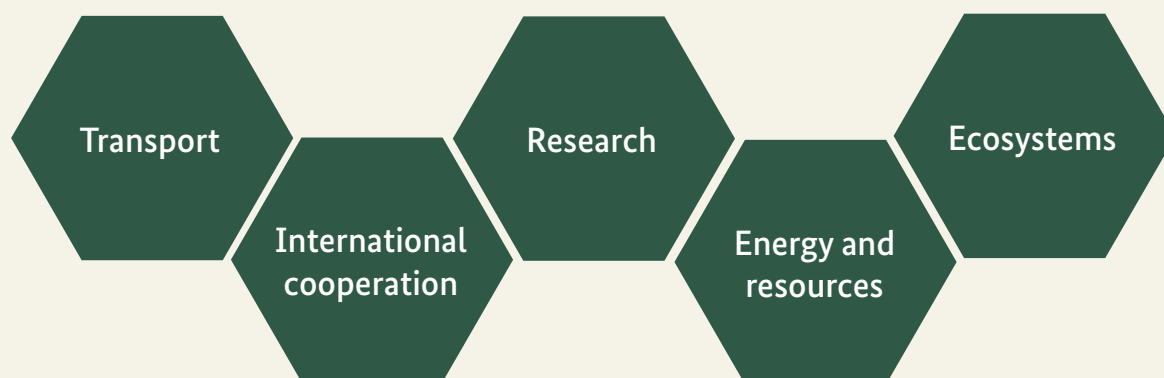
## → The green sectors of eligible green expenditures

Taking into account (a) the key areas of action of Germany's climate, environmental and nature protection policies, (b) the environmental objectives mentioned above and (c) eligibility and exclusion criteria, eligible green expenditures can be mapped to five overarching expenditure categories ("green sectors"; see Figure 4).

Table 2 assigns eligible green expenditures to the green sectors, and for each sector sets out the objectives and examples of eligible green expenditures, as well as the most strongly addressed UN SDGs, the EU environmental objectives being pursued, and exemplary economic activities mapped along the EU Taxonomy.

### The five green sectors of Green German Federal Securities are:










Figure 4



<sup>22</sup> In accordance with: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R1818>




## Breakdown by green sectors with mention of objectives, examples of eligible expenditures, and environmental objectives

Table 2

Green sector and main SDGs	Objectives	Examples of eligible green expenditures*	Environmental objectives and examples of economic activities according to the Taxonomy Regulation
<b>Transport</b>   	<p>Expansion and improvement of clean and environmentally friendly transport systems</p> <p>Development of clean mobility with alternative drive technologies</p> <p>Promotion of cycling and walking</p>	<ul style="list-style-type: none"> <li>Expansion and maintenance of infrastructure for electrified rail transport</li> <li>Promotion of climate-friendly transport including combined transport</li> <li>Promotion of public transport and rail transport</li> <li>Financing of emission-free vehicles</li> <li>Promotion and support of emission-free mobility development</li> <li>Installation of refuelling and charging infrastructure</li> <li>Expansion and maintenance of cycling and pedestrian infrastructure, and promotion of cycling and walking</li> </ul>	<p><b>Climate change mitigation</b></p> <p>6.3 Urban and suburban transport, road passenger transport</p> <p>6.14 Infrastructure for rail transport</p> <p>6.15 Infrastructure enabling low-carbon road transport and public transport</p> <p><b>Climate change mitigation</b></p> <p>3.3 Manufacture of low-carbon technologies for transport</p> <p>3.4 Manufacture of batteries</p> <p>6.5 Transport by motorbikes, passenger cars and light commercial vehicles</p> <p>6.6 Freight transport services by road</p> <p><b>Climate change mitigation</b></p> <p>6.13 Infrastructure for personal mobility, cycle logistics</p>
<b>International cooperation</b>   	<p>Support for emerging and developing countries in transitioning to a more environmentally friendly economy and promotion of international cooperation in this area</p>	<ul style="list-style-type: none"> <li>Expenditures for climate-, environment- or nature-related development projects (especially as part of bilateral technical and financial cooperation)</li> <li>Expenditures for international climate financing and financial instruments for global environmental protection</li> </ul>	<p><b>All environmental objectives</b></p>
<b>Research</b>   	<p>Support and promotion of education and innovation on climate and environmental issues</p>	<ul style="list-style-type: none"> <li>Expenditures for renewable energy research and all types of energy storage (e.g. green hydrogen), energy efficiency, integration of renewables into power grids, energy transition</li> <li>Expenditures for research on climate change, biodiversity, nature protection, the environment and resource use</li> <li>Expenditures for research on coastal, marine and polar regions</li> </ul>	<p><b>All environmental objectives</b></p>




## Breakdown by green sectors with mention of objectives, examples of eligible expenditures, and environmental objectives

Table 2

Green sector and main SDGs	Objectives	Examples of eligible green expenditures*	Environmental objectives and examples of economic activities according to the Taxonomy Regulation
<b>Energy and resources</b>   	Acceleration of the energy transition and expansion of renewable energy	<ul style="list-style-type: none"> <li>• Generation and use of renewable energy as well as expansion and development of relevant infrastructure for electricity and district heating/cooling distribution</li> <li>• Ramp-up of hydrogen use, including expansion of distribution and storage infrastructure, as well as production of green hydrogen</li> </ul>	<b>Climate change mitigation</b> Economic activities from Taxonomy Sector 4: Energy 3.4 Manufacture of batteries
	Increase of energy and resource efficiency in industry	<ul style="list-style-type: none"> <li>• Development of more energy- and resource-efficient processes, including in industry and green IT</li> <li>• Development and expansion of CO<sub>2</sub> capture, utilisation and storage technologies in sectors with unavoidable process emissions</li> </ul>	<b>Climate change mitigation</b> Economic activities from Taxonomy Sector 3: Manufacturing
	Infrastructure expansion to increase energy efficiency	<ul style="list-style-type: none"> <li>• Expansion of broadband infrastructure</li> </ul>	<b>Climate change mitigation</b>
	Contribution to climate change mitigation and greenhouse gas reduction in existing and new residential buildings	<ul style="list-style-type: none"> <li>• New construction and acquisition of climate-friendly residential buildings</li> <li>• Energy-efficient renovation of residential buildings to meet legal standards for new buildings under the Building Energy Act (<i>Gebäudeenergiegesetz 2020</i>)</li> <li>• Grants for conversions to climate-friendly heating systems</li> <li>• Individual measures to improve energy efficiency in residential buildings</li> <li>• Measures and consulting services to improve energy efficiency and innovative demonstration projects</li> </ul>	<b>Climate change mitigation</b> Economic activities from Taxonomy Sector 7: Construction and real estate activities
	Contribution to climate change mitigation and greenhouse gas reduction in existing and new public sector buildings and facilities	<ul style="list-style-type: none"> <li>• New construction and acquisition of climate-friendly public sector buildings</li> <li>• Energy-efficient renovation of public sector buildings and municipal facilities</li> </ul>	<b>Climate change mitigation</b> Economic activities from Taxonomy Sector 7: Construction and real estate activities

**Breakdown by green sectors with mention of objectives, examples of eligible expenditures, and environmental objectives**

Table 2

Green sector and main SDGs	Objectives	Examples of eligible green expenditures*	Environmental objectives and examples of economic activities according to the Taxonomy Regulation
<b>Ecosystems</b>   	Promotion of environmentally friendly agricultural and forestry practices	<ul style="list-style-type: none"> <li>Promotion of climate-friendly, resource-efficient and organic agriculture and forestry</li> </ul>	<b>Climate change mitigation; protection and restoration of biodiversity and ecosystems</b>
	Protection and preservation of natural landscapes, ecosystems and biodiversity	<ul style="list-style-type: none"> <li>Implementation of the National Biodiversity Strategy</li> <li>Expenditures for the expansion, preservation and restoration (including pollution control) of natural landscapes and protected areas</li> <li>Implementation of the Federal Action Plan on Nature-based Solutions for Climate and Biodiversity</li> <li>Development of soil biodiversity monitoring to improve data</li> <li>Promotion of projects in the field of environmentally friendly use of resources</li> <li>Grants for environmental protection associations and initiatives</li> </ul>	<b>Climate change mitigation; protection and restoration of biodiversity and ecosystems</b> Economic activities from Taxonomy Sector 1: Forestry (environmental objective: climate change mitigation) Economic activities from Taxonomy Sector 1: Environmental protection and restoration activities (environmental objective: protection and restoration of biodiversity and ecosystems)
	Climate-adapted urban and rural development	<ul style="list-style-type: none"> <li>Adaptation measures to address climate change (heat, drought, heavy rain, preservation and development of biodiversity) enabling the development and modernisation of green and open spaces</li> <li>Coastal protection and preventive flood protection measures</li> </ul>	<b>Climate change adaptation</b> Protection of water and marine resources 3.1. Nature-based solutions for flood and drought risk prevention and protection

\* The examples given for eligible green expenditures are not exhaustive. Other expenditures in the federal budget that contribute to the central areas of action of Germany's climate, environmental and nature protection policy, and that meet the inclusion and exclusion criteria defined in this framework, may also be identified as eligible green expenditures.



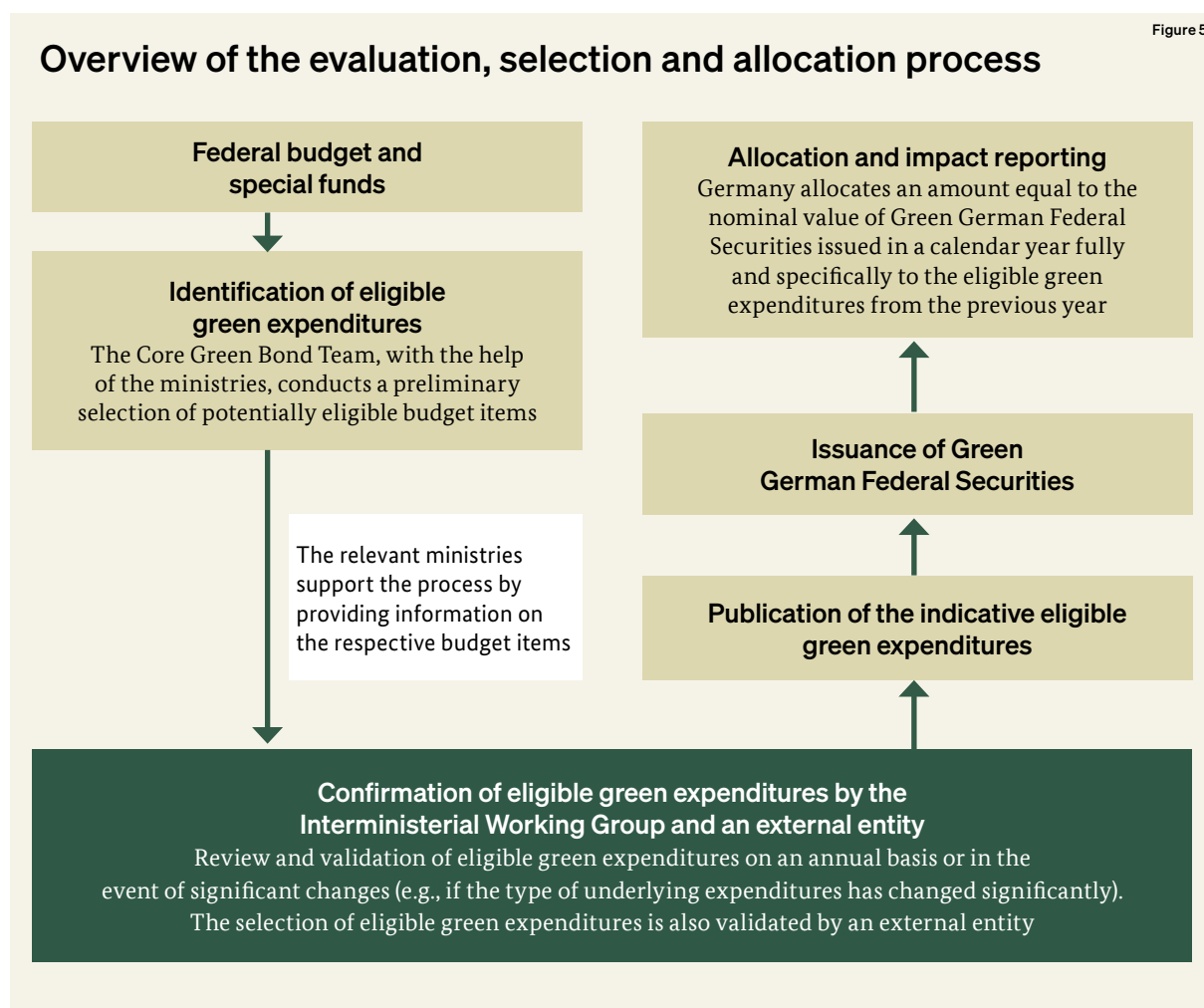
## 4.2 Process for project evaluation and selection

Germany has established a procedure for the selection of eligible green expenditures for this Framework, coordinated and implemented by the Core Green Bond Team and monitored by the IMWG. The ministries responsible for relevant expenditures are closely involved in this selection process.

The federal government selects eligible green expenditures for Green German Federal Securities from the budget items in the federal budget and special funds. This direct link provides transparency regarding the financing of sustainable projects. The preliminary selection of potentially eligible budget items is made by the Core Green Bond Team based on the budget for the respective fiscal year. Eligible green expenditures are selected on

the basis of the objectives of the respective expenditure programme, their contribution to climate, environmental and nature protection goals and the alignment of these objectives with the ICMA GBP. After the preliminary selection process, the Core Green Bond Team, in cooperation with the ministry managing the respective budget item, examines the eligibility of expenditures for Green German Federal Securities. The following aspects are taken into consideration:

- Amount or proportion of expenditure used to implement the climate, environmental and nature protection goals defined in this Framework
- Exclusion of expenditures that do not contribute to climate, environmental and nature protection goals or fall under the exclusion criteria set out in this Framework.





## One-year-lookback approach

**Green German Federal Securities issued in a calendar year (issuance year n)<sup>23</sup> are allocated to eligible green expenditures of the immediately preceding calendar year (fiscal year n-1).**

This exclusion can also be achieved through an appropriate “haircut” determined by the Core Green Bond Team in cooperation with the ministry managing the respective budget item.

- Risk management and social protection mechanisms (see section 5)

In coordination with the respective ministries, the Core Green Bond Team decides whether an expenditure is considered eligible. This decision is confirmed by the IMWG. The final composition and exact amount of the eligible green expenditures is determined by the Core Green Bond Team based on actual spending at the end of the fiscal year and is then confirmed by the IMWG.

Additionally, the Core Green Bond Team collects and evaluates information relevant to fulfilling the reporting obligations set out in this Framework.

### 4.3 Management of proceeds

Germany allocates an amount equal to the nominal value of Green German Federal Securities issued in a calendar year fully and specifically to the eligible green expenditures from the previous year.

This principle enhances the transparency and traceability of the allocation, particularly for a sovereign issuer that regularly issues green bonds. Furthermore, transparency and compliance are ensured by the selection of expenditures that are anchored in the annual budget, reporting and audits of the budget account and account of assets and liabilities by the Bundesrechnungshof (Germany’s supreme audit institution).

The principle of universality pursuant to section 8 of the Federal Budget Code (*Bundeshaushaltsordnung*) and the budgetary sovereignty of the Bundestag pursuant to Article 110 of the Basic Law (*Grundgesetz*) remain unaffected. Accordingly, proceeds from issuances are deployed within Germany’s unified debt management, with a virtual allocation of the nominal value to eligible green expenditures.

Germany generally issues fewer Green German Federal Securities (nominal value) than available eligible green expenditures. If an expenditure needs to be replaced (for example, if the criteria applicable at the time of allocation are not met) after the Core Green Bond Team has allocated the proceeds of the issuances (nominal value), Germany will replace this expenditure with other expenditures that meet the criteria defined under section 4.1 “Use of proceeds” (reallocation of proceeds to other eligible green expenditures). In such cases, expenditures can also be reallocated to eligible green expenditures from other fiscal years.

### 4.4 Reporting

For all issuances under this Framework, Germany commits itself to transparent reporting on both indicative and final allocations to eligible green expenditures and the impact of these expenditures on the climate, environment and nature. Where relevant, and subject to the availability of relevant data, Germany also aims to describe the social co-benefits of eligible green expenditures.

Reporting will be provided annually, until full allocation, and always covers all Green German Federal Securities issued in a calendar year and the allocated eligible green expenditures.

<sup>23</sup> As a new issue or tap

Since Green German Federal Securities are usually reopened and tapped over the course of several years after their initial issuance (potentially under different versions of the Framework), reporting on a security generally consists of several allocation and impact reports.

Reporting is coordinated and carried out by the Core Green Bond Team, monitored by the IMWG and published by the Finance Agency. Impacts on the climate, environment and nature can be independently assessed and confirmed by an external body.

Once published, the allocation and impact reports remain valid indefinitely. In the event of significant changes to allocations, Germany will update the respective reports.

#### **Indicative eligible green expenditures**

Every year, the Finance Agency publishes on its website an overview of the indicative eligible green expenditures available for the allocation of Green German Federal Securities issued in that year.

#### **Allocation of proceeds**

Every year, the Finance Agency provides details on the allocation of proceeds (nominal value) to eligible green expenditures after all issuances for the year are completed, including:

- an overview of new issuances and taps of Green German Federal Securities during the issuance year, and
- the allocated amount per expenditure/budget item broken down by green sector.

#### **Impact Report**

To offer the highest possible degree of transparency to investors, an Impact Report on the contribution made by the eligible green expenditures to climate, environmental and nature protection will be prepared by Germany or a third party appointed for this purpose once the annual issuances have been completed. The Impact Report will include relevant impact indicators (for example, avoided CO<sub>2</sub> emissions) and/or performance indicators (for example, total number of projects) and will describe the methodology used to calculate or evaluate the

impact indicators, including assumptions and limitations. The report will be published on the Finance Agency's website.

Germany intends to align its reporting with the recommendations of the ICMA Handbook "Harmonised Framework for Impact Reporting".<sup>24</sup>

Where possible, publicly available reports and existing evaluations on eligible green expenditures are used to report on performance and actual or anticipated impacts. The relevant information and data for impact reporting is provided by the responsible ministries. In principle, the Impact Report is published in the year following the issuance year.

#### **Reporting on the EU Taxonomy**

As a sovereign issuer, Germany is exempt from the reporting obligation under Article 8 of the Taxonomy Regulation. However, to further enhance transparency, Germany aims to publish information on EU Taxonomy eligibility and alignment and to update this information in case of significant changes. The determined degree of Taxonomy eligibility and alignment of the reviewed expenditures should be disclosed, along with the approaches used to review and determine the relevant metrics.

Compliance with the three core elements of the EU Taxonomy ("minimum safeguards" / "substantial contribution" / "do no significant harm") is supported by the following measures:

The Federal Republic of Germany has:

1. signed the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct,
2. implemented the UN Guiding Principles on Business and Human Rights,
3. committed to the core labour standards of the International Labour Organization,
4. and signed the International Human Rights Charter.

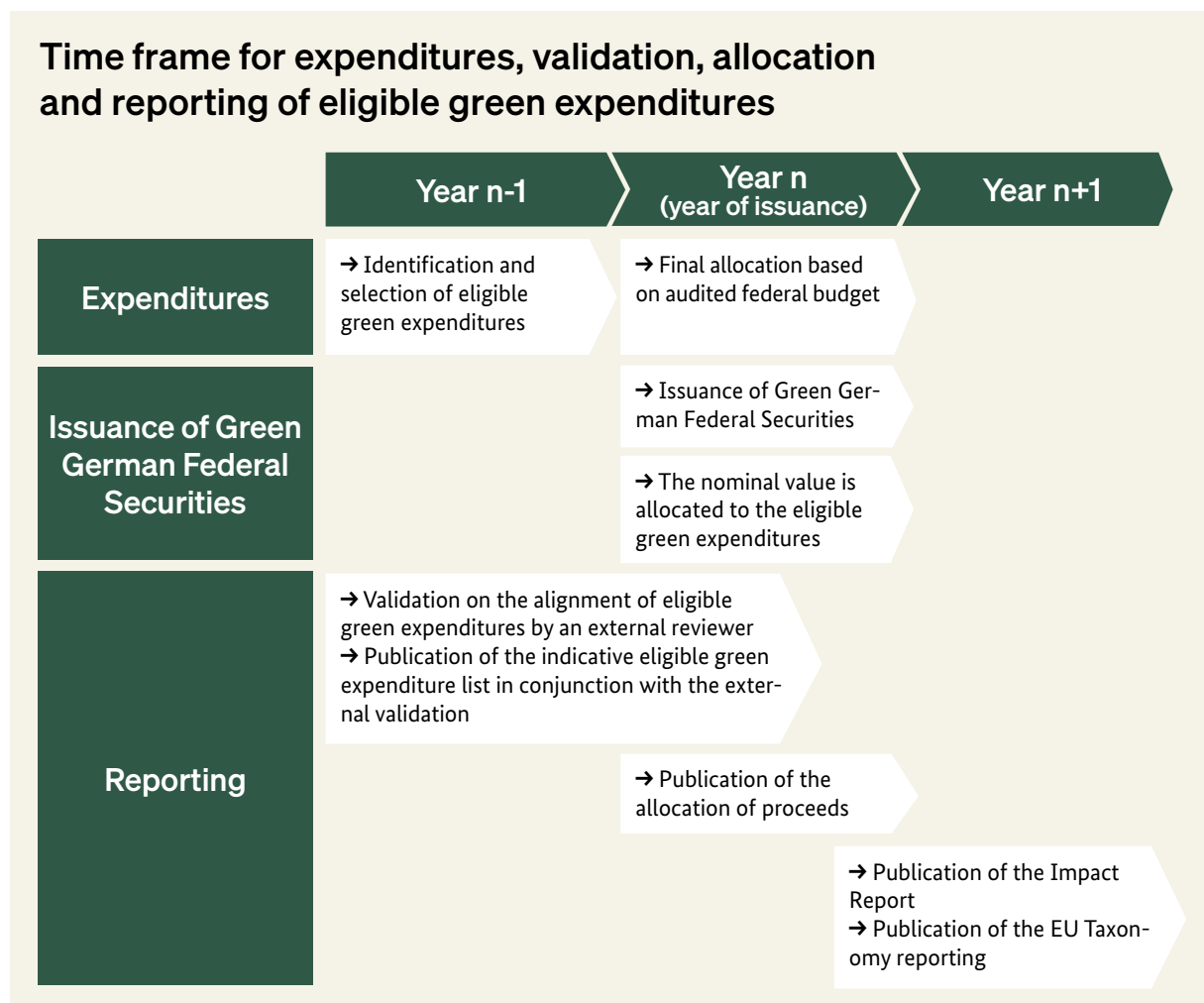
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<sup>24</sup> ICMA Harmonised Framework for Impact Reporting <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>

Compliance with minimum safeguards is therefore highly likely for all domestic projects. Certain projects are also highly likely to make a substantial contribution to an environmental objective without causing significant harm to any other environmental objectives and thus meet the technical screening criteria of the EU Taxonomy.

Section 5 (“Risk management and social protection mechanisms”) provides an overview of selective legislation that applies in Germany and that contributes to meeting the criteria of the EU Taxonomy. Section 5 also specifically addresses compliance with some “do no significant harm” (DNSH) criteria.

Figure 6



## 5. Risk management and social protection mechanisms

All expenditures in the federal budget are subject to regular review processes by the ministries, including with regard to their compliance with applicable legislation, regardless of the evaluation process described above. Adverse impacts on environmental and social objectives are prevented or minimised by applicable European and national legislation, standards for climate, environmental and nature protection and social safeguards. For example, the following international conventions ratified by Germany ensure minimum environmental protection and in part address the DNSH criteria of the EU Taxonomy:

1. Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES))
2. Convention on Biological Diversity (CBD)
3. Ramsar Convention on Wetlands of International Importance especially as Waterfowl Habitat
4. Montreal Protocol on Substances that Deplete the Ozone Layer

Furthermore, national legislation also aims to counteract adverse environmental impacts. The following legislation is currently particularly relevant in this regard:

1. Environmental Impact Assessment Act (*Gesetz über die Umweltverträglichkeitsprüfung*) and strategic environmental assessment (*Strategische Umweltprüfung*)
2. Federal Pollution Control Act (*Bundesimmissionsschutzgesetz*)
3. Federal Nature Conservation Act (*Bundesnaturschutzgesetz*)
4. Water Resources Act (*Wasserhaushaltsgesetz*)

### 5. Climate Adaptation Act (*Klimaanpassungsgesetz*)

Social safeguards apply to every type of expenditure in accordance with European and national legislation to ensure effective safeguarding against modern slavery and child labour and to uphold human rights. To strengthen human rights in development policy, programmes for bilateral financial and technical cooperation are designed with binding requirements.<sup>25</sup> Germany has implemented the UN Guiding Principles on Business and Human Rights. In addition, Germany's National Action Plan on Business and Human Rights (NAP) calls on German companies to ensure human rights due diligence along supply and value chains. On this basis, Germany adopted the Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*), which came into force in 2023. These measures aim to contribute to strengthening human rights and shaping globalisation in a socially responsible manner. Germany has ratified the following international agreements, among others:

1. the International Covenant on Civil and Political Rights
2. the International Covenant on Economic, Social and Cultural Rights
3. the International Convention on the Elimination of All Forms of Racial Discrimination
4. the Convention on the Elimination of All Forms of Discrimination against Women
5. the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

<sup>25</sup> Guidelines for bilateral Financial and Technical Cooperation: <https://www.bmz.de/resource/blob/92794/guidelines-for-bilateral-financial-and-technical-cooperation.pdf>

6. the Convention on the Rights of the Child
7. the International Convention for the Protection of All Persons from Enforced Disappearance
8. the Convention for the Protection of Human Rights and Fundamental Freedoms
9. the European Social Charter
10. the core labour standards of the International Labour Organization<sup>26</sup>

Control mechanisms and safeguards against corruption and money laundering have been set up for every category of expenditure in accordance with European and national legislation and standards, for example through the Federal Government Directive Concerning the Prevention of Corruption in the Federal Administration (*Richtlinie der Bundesregierung zur Korruptionsprävention in der Bundesverwaltung*).

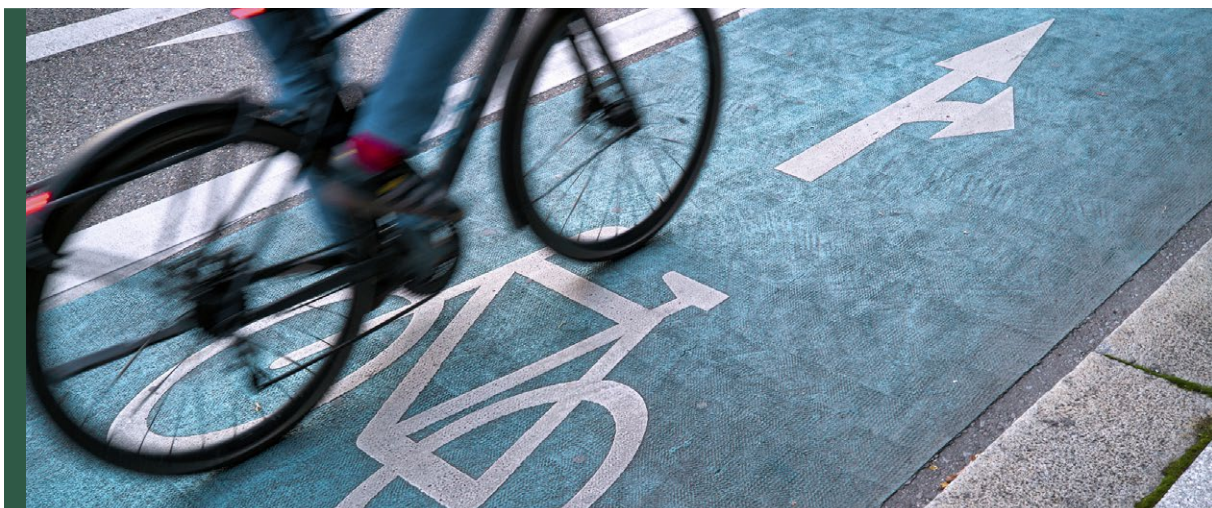
The ministries are responsible for ensuring compliance with legal requirements. Violations of funding guidelines result in the funds being reclaimed and are subject to prosecution. If significant adverse social or environmental impacts of eligible green expenditures become known, the responsible ministries will notify the Core Green Bond Team immediately; this may lead to a reallocation of eligible green expenditures through the IMWG.

In general, the retrospective allocation to expenditures already incurred ensures transparency at an early stage and certainty about the use of proceeds. The final allocation is only made after the Bundesrechnungshof has audited the accounts as well as the economic efficiency and regularity of the federal government's budgetary and economic management.

Due to ongoing adjustments to the legal framework, it should be noted that the above points apply at the time of publication of this Framework.

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<sup>26</sup> International Labour Organization: <https://www.bmas.de/EN/Europe-and-the-World/International/International-Organisations/international-labour-organization.html>





## 6. External review

### 6.1 Second Party Opinion on the Green Bond Framework

The Federal Republic of Germany appointed Sustainable Fitch to provide a Second Party Opinion (SPO) on this Framework. The SPO confirms that the updated Framework complies with the ICMA Green Bond Principles and the expenditure categories defined therein with regard to clear environmental benefits. This SPO is available on the Federal Ministry of Finance<sup>27</sup> and Finance Agency<sup>28</sup> websites.

<sup>27</sup> <https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Public-Finances/Sustainable-Development-Strategy/green-german-federal-securities-restricted/green-german-federal-securities.html>

<sup>28</sup> Finance Agency; <https://www.deutsche-finanzagentur.de/en/federal-securities/types-of-federal-securities/green-federal-securities/targets-framework>

### 6.2 Annual external review of eligible green expenditures

Germany appoints an external entity to conduct an annual review on the alignment of eligible green expenditures with the Green Bond Framework and their clear environmental benefits. The external review will be published alongside the indicative eligible green expenditures.

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**Published by**

Federal Ministry of Finance  
Division LB 3 | Public Relations  
Wilhelmstr. 97  
10117 Berlin  
Germany

**Edited by**

Federal Ministry of Finance  
Division VII C 2

**Publication date**

15 January 2026

**Image credits**

Getty Images

**Further information can be found online at:**

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