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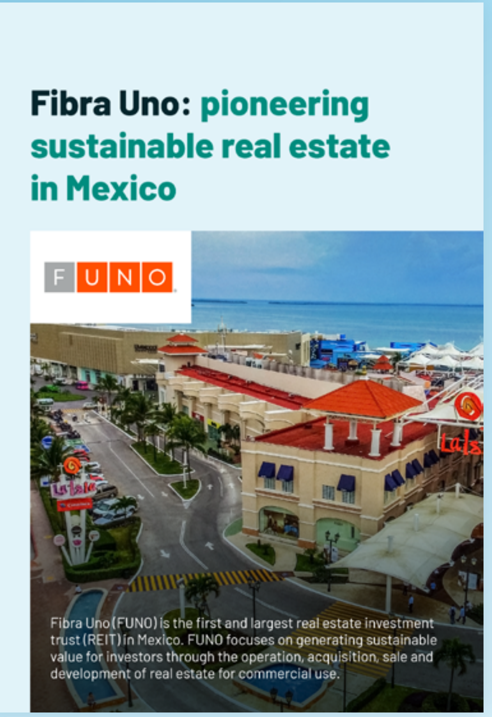
Euronext ESG Bond Barometer

Mid-year 2025

The ESG Bond Barometer brings you fresh green finance news, with a specific focus on the sustainable bond market. It features a long and exclusive interview with an ESG leading company, which shares its views on the market and explains its sustainable strategy.

In this edition, **Fibra Uno** takes the stage.


Fibra Uno: pioneering sustainable real estate in Mexico

Fibra Uno (FUNO) is the first and largest real estate investment trust (REIT) in Mexico. FUNO focuses on generating sustainable value for investors through the operation, acquisition, sale and development of real estate for commercial use.


Interview with Fibra Uno 2

What are the key pillars of Fibra Uno's sustainable strategy?

- Energy efficiency: Increasing renewable energy use to 20% and reducing energy intensity across assets.
- Water management: Treating and reusing 30% of wastewater.
- Waste reduction: Achieving zero landfill waste by 2030.
- Climate action: Reducing Scope 1 and 2 emissions by 54.6% and Scope 3 by 32.5%.
- Social investment: Allocating MXN 160 million to benefit at least 300 communities.
- Certifications: Certifying 4.4 million m² under LEED, BOMA or EDGE.
- Governance & training: Providing continuous ESG training to all committee members and promoting diversity and inclusion within governance structures.

Does FUNO's strong ESG dedication help attract new business?

Yes. We are sure that FUNO's ESG commitment is a competitive advantage. It has been a differentiator in attracting investments, but it has also allowed us to have specific tenants, who care about the environmental performance of the properties they are in. This is particular in the case of pharmaceuticals who have even audited us in terms of energy and water performance and has been key in their choosing whether to rent spaces with us or with our competitors.


Interview with Fibra Uno 3

What is the state of the professional real estate sector in Mexico? How does FUNO contribute to improving environmental performance in this field?

How can FUNO work with tenants on environmental aspects? Is the legislation in Mexico supporting the transition?

Read the case study →

1 We need to reuse the EU sustainability funding schemes to strengthen defence investments

Same story, different colour: the European defence sector needs massive investments to upgrade and extend its arsenal. Public spending cannot support this effort alone; therefore, private investments are required. All in all, very similar to our sustainability problem.

There is no debate that defence spending cannot be considered sustainable. That is a misconception that we should all forget. However, the mechanisms, rules, standards and knowledge that EU actors have built over the past decade to support sustainable investments can now be assigned to this additional priority.

Banks are on the frontline for this challenge, given their capacity to support defence-sector suppliers and technology-oriented SMEs. We can see that the bankers in charge of this new objective are often those who were in charge of structuring ESG investments. They are actually reusing sustainable projects' and activities' identification and transparency mechanisms, and are starting to apply them to the defence sector.

But contrary to ESG performance, defence and security activities represent an entire economic sector. Therefore, market participants should ensure that their actions spur investments in new technologies and real infrastructure, rather than creating a financial bubble in large-cap equities.

This is why the bond market seems like a promising tool: reusing the use-of-proceeds system would help direct financial flows toward concrete projects and expenditures. For this reason, Euronext launched the European Defence Bond Label, helping investors identify assets that will effectively reinforce European security and stability. The first European Defence bonds are expected to be available from September.

2 ESG reporting rules and collective initiatives are losing ground: is this actually bad news for sustainable finance?

The English pragmatism prevailed again on 15 July. After five years of discussion and a final consultation, the UK decided to discontinue their taxonomy initiative, stating that *"a UK Taxonomy would not be the most effective tool to deliver the green transition"*. The majority of the consultation's respondents indeed expressed concerns about the real-world application and impact of this tool, citing the current problems faced by existing taxonomies. They claim that accelerating green investments would be better achieved using transition plans as well as real economic incentives and policies.

The EU legislators have focused on ESG transparency for almost a decade now, ultimately leading to the creation of the Omnibus package. This might be an indication that sustainability reporting is not the most effective tool to channel investments toward green technologies and transition efforts.

Financial institutions are certainly realising this, with many withdrawing from Net Zero Initiatives and climate coalitions. Munich Re justified its drawback, saying that *"climate-related disclosures and other related administrative requirements have become very complex, and are disproportionate to the impact achieved in terms of climate protection"*. But again, this does not mean that Munich Re will stop financing climate action.

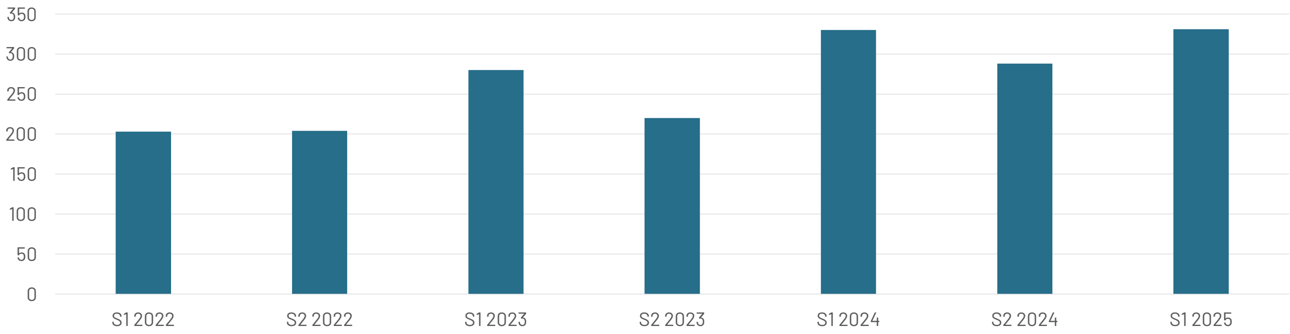
The resources absorbed by an excess of reporting burden may be better allocated to serving sectoral analysis, company engagement and technology understanding. Transparency was supposed to be a tool driving investment decisions, but the weight of reporting requirements grew so enormous that the means became the end: the notorious *"tick-the-box exercise"*. Reporting for the sake of it. Transparency with no meaning.

The trend we are witnessing now could be a powerful backflow for ESG disclosures, but it might also be the beginning of environmental action.

3 Stabilisation of the sustainable bond market

The ESG bond segment is now a mature and robust market, with large recurring issuers and a steady flow of new players that need to finance their transition plans.

ESG bond listings on Euronext



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