

Targeted consultation on the establishment of an EU Green Bond Standard

Fields marked with * are mandatory.

Introduction

This consultation is also available in [German](#) and [French](#).

Diese Konsultation ist auch auf [Englisch](#) und [Französisch](#) verfügbar.

Cette consultation est également disponible en [allemand](#) et en [anglais](#).

In March 2018, the European Commission published its Action Plan on Financing Sustainable Growth with the goal of embedding sustainability considerations at the heart of the financial sector. Specifically, it aims to:

1. reorient capital flows towards sustainable investment to achieve more sustainable and inclusive growth;
2. manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues; and
3. foster greater transparency and long-termism in financial and economic activity.

As part of the Action Plan, the Commission committed to developing standards and labels for green financial products and instruments, including an EU Green Bond Standard (EU GBS).

As a first step, the Commission's Technical Expert Group on sustainable finance (TEG) was tasked with preparing a report on an EU GBS.

The TEG published its first report in June 2019 with 10 recommendations for the establishment of an EU GBS based on current best market practices and feedback received from stakeholders. The TEG also recommended the creation of an official voluntary EU GBS building on the new EU Taxonomy, which provides a classification system for sustainable economic activities. The TEG provided further usability guidance in March 2020, which includes an updated proposed standard (see the annexes).

The Commission is now considering how to take the recommendations of the TEG forward, including in a possible legislative manner. This consultation is designed to gather further input of a technical nature from relevant stakeholders in the green bond market, in particular issuers, investors and related service providers.

The questions assume that the reader has read the reports by the TEG on the EU GBS and is familiar with the proposed content of the EU GBS, including its link to the EU Taxonomy. If this is not the case, the [report on the EU GBS](#) , the [TEG usability guide on the EU GBS](#) and the [final report on the EU Taxonomy](#) should be read first. A brief summary of the EU GBS as proposed by the TEG is provided at the beginning of the consultation.

The European Green Deal

This consultation builds upon the [European Green Deal](#), which significantly increases the EU's climate action and environmental policy ambitions. To complement the Green Deal, the Commission also presented the [European Green Deal Investment Plan](#), which seeks to mobilise at least €1 trillion in sustainable investments over the next decade. As part of the Green Deal and its investment plan, the Commission reaffirmed its commitment to establish an EU GBS. The Commission also committed to developing a [renewed sustainable finance strategy, which is the subject of a separate public consultation](#) currently open for submissions until 15 July 2020. That consultation contains several questions on green bonds and respondents are requested to also participate in it.

COVID19 & Social Bonds

Social bonds have emerged as a key instrument for mobilising private capital for social objectives. Social bonds are similar to green bonds, except that the proceeds are used exclusively for social causes, instead of energy transition and environmental goals.

The ongoing COVID-19 outbreak shows the critical need to strengthen the sustainability and resilience of our societies and the importance of integrating social issues and objectives into the broader functioning of our economies. Financial markets have so far responded to the challenge with increased issuance of social bonds responding to the impact of COVID-19.

These social bonds often follow established market-based Social Bond Principles. The Commission is seeking the input of stakeholders on the lessons learned from this new development, including whether the Commission can play an even greater supportive role in building resilience to address future potential crises.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-eu-green-bond-standard@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the consultation document](#)
- [on the inception impact assessment](#)
- [on EU Green Bonds Standard](#)
- [on the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- Gaelic
- German
- Greek
- Hungarian
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

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| <input type="radio"/> Academic/research institution | <input type="radio"/> EU citizen | <input type="radio"/> Public authority |
| <input type="radio"/> Business association | <input type="radio"/> Environmental organisation | <input type="radio"/> Trade union |
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- Consumer organisation Non-governmental organisation (NGO)

* First name

Catherine

* Surname

ROYERE

* Email (this won't be published)

catherine.royere@bnpparibas.com

* Organisation name

255 character(s) maximum

BNP PARIBAS GROUP

* Organisation size

- Micro (1 to 9 employees)
 Small (10 to 49 employees)
 Medium (50 to 249 employees)
 Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

78787381113-69

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan Djibouti Libya Saint Martin
 Åland Islands Dominica Liechtenstein Saint Pierre and Miquelon

- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname

- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Myanmar /Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine

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| <input type="radio"/> Democratic Republic of the Congo | <input type="radio"/> Lesotho | <input type="radio"/> Saint Kitts and Nevis | <input type="radio"/> Zimbabwe |
| <input type="radio"/> Denmark | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia | |

* Field of activity or sector (if applicable):

at least 1 choice(s)

- Accounting
- Auditing
- Banking

- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

* Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

Public

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the [personal data protection provisions](#)

Your role in the green bond market

* What type of organisation are you, in relation to the green bond market?

- Issuer
- Investor
- Verifier / external reviewer / 3rd party opinion provider
- Intermediary
- Market-infrastructure
- NGO
- Public Authority
- Trade or Industry Association

- Other

Please specify what type of organisation you are, in relation to the green bond market:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are a financial group including issuer, investor and intermediary activities.

I. Questions on the EU Green Bond Standard

About the TEG proposed EU GBS

The EU GBS aims to address several barriers identified in the current market. Firstly, by reducing uncertainty about what constitutes green investment by linking it to the EU Taxonomy. Secondly, by standardising costly and complex verification and reporting processes, and thirdly, by establishing an official standard to which potential incentives could be linked.

The EU GBS as proposed by the TEG is intended to finance both physical and financial assets and includes the use of the latter as security (i.e. as a covered bonds or asset-backed securities).

The key components of such a standard – as recommended by the TEG and building on best market practices such as the Green Bond Principles and the Climate Bonds Initiative labelling scheme – should be:

1. alignment of the use of the proceeds from the bond with the EU Taxonomy;
2. the publication of a Green Bond Framework;
3. mandatory reporting on the use of proceeds (allocation reports) and on environmental impact (impact report);
and
4. verification of compliance with the Green Bond Framework and the final allocation report by an external registered/authorised verifier.

Questions on the potential need for an official / formalised EU GBS

Question 1. In your view, which of the problems mentioned below is negatively affecting the EU green bond market today? How important are they?

	1 (no impact at all)	2 (almost no impact)	3 (some impact)	4 (strong impact)	5 (very strong impact)	Don't know - No opinion - Not applicable
Absence of economic benefits associated with the issuance of green bonds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of available green projects and assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainty regarding green definitions	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Complexity of external review procedures	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of the external review procedure(s)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costly and burdensome reporting processes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainty with regards to the eligibility of certain types of assets (physical and financial) and expenditure (capital and operating expenditure)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of clarity concerning the practice for the tracking of proceeds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of transparency and comparability in the market for green bonds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doubts about the green quality of green bonds and risk of green washing	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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Please specify what you referred to as 'other' in question 1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We support the creation of a voluntary EU Green Bond Standard and, grossly speaking, the proposed framework. We believe it will help provide the necessary assurance to investors, about the use of proceeds and their greenness as well as the impact of the funds. The framework includes all necessary conditions to reassure end and intermediary investors.

Even if we welcome the great job done by ICMA, some issues in terms of comparability remain, especially for retail and small investors. The Green Bond Standard provides a “best practice” framework that will guide issuance and help companies in their issuance of green or sustainable use-of-proceeds bonds and, should therefore remain voluntary.

Question 2. To what extent do you agree that an EU GBS as proposed by the TEG would address the problems and barriers mentioned above in question 1?

	1 (very negative impact)	2 (rather negative impact)	3 (no impact)	4 (rather positive impact)	5 (very positive impact)	Don't know - No opinion - Not applicable
Absence of economic benefits associated with the issuance of green bonds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of available green projects and assets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainty regarding green definitions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Complexity of external review procedures	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of the external review procedure(s)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costly and burdensome reporting processes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainty with regards to the eligibility of certain types of assets (physical and financial) and expenditure (capital and operating expenditure)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of clarity concerning the practice for the tracking of proceeds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of transparency and comparability in the market for green bonds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Doubts about the green quality of green bonds and risk of green washing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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Please specify what you referred to as 'other' in question 2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While immediate economic benefits will depend on what financial incentives, if any, are implemented to increase the issuance/investments in green bonds as part of the EU sustainable finance strategy, we hope EU GBS will benefit from a higher investor demand. EU and non-EU investors that commercialise the green or ESG fixed income and hybrid funds as EU GBS will be considered taxonomy-aligned and will classify automatically for the ECOLABEL and other retail market labels.

The EU GBS will improve comparability and facilitate understanding by investors and about investors' ESG processes.

The cost will depend on the extent to which, the issuer has already implemented a reporting mechanism and the extent to which it follows best market principles for green bonds (e.g. CBI or ICMA Green Bond Principles).

Question 3. To what extent do you agree with the proposed core components of the EU GBS as recommended by the TEG?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Alignment of eligible green projects with the EU Taxonomy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requirement to publish a Green Bond Framework before issuance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requirement to publish an annual allocation report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requirement to publish an environmental impact report at least once before final allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requirement to have the (final) allocation report and the Green Bond framework verified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 3.1 Please specify the reasons for your answer to question 3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We agree with the core proposed components as they will provide clarity, consistency and would allow for comparison – apples to apples.

While we support alignment with the EU Taxonomy as part of the core requirements for the EU GBS, we stress the need for the standard to be voluntary. A standardised reporting framework particularly around funds allocation together with external verification will place the EU GBS as best practice in the market.

Nevertheless, we believe that:

- a) Support in the form of advice and guidance should be provided to issuers to help identify green assets in line with the EU taxonomy
- b) A phase-in approach or transitional period until the completion of the EU Taxonomy could be granted to those green bonds that wish to apply for the standard.
- c) A public European data base centralizing all the climate and environment related data from corporates.

Question 4. Do you agree with the proposed content of the following documents as recommended by the T E G ?

Please note that these reporting requirements refer only to the requirements in relation to the issued green bond (it is common in the green bond market to have reporting on the bond). These reporting requirements are not related to disclosure requirements for companies or funds, which arise from the EU Taxonomy Regulation or the Sustainability –related Disclosures Regulation.

a) The Green Bond Framework:

- Yes, I do agree with the proposed content of the Green Bond Framework
- No, I disagree with the proposed content of the Green Bond Framework
- Don't know / no opinion / not relevant

b) The Green Bond Allocation Report:

- Yes, I do agree with the proposed content of the Green Bond Allocation Report
- No, I disagree with the proposed content of the Green Bond Allocation Report
- Don't know / no opinion / not relevant

c) The Green Bond Impact Report:

- Yes, I do agree with the proposed content of the Green Bond Impact Report
- No, I disagree with the proposed content of the Green Bond Impact Report
- Don't know / no opinion / not relevant

Question 5. Do you expect that the requirement to have the Green Bond Framework and the Final Allocation report verified (instead of alternatives such as a second-party opinion) will create a disproportionate market barrier for third party opinion providers that currently assess the alignment of EU green bonds with current market standards or other evaluation criteria?

- Yes
- No
- Don't know / no opinion / not relevant

Questions on the use of proceeds and the link to the EU Taxonomy

The [EU Taxonomy Regulation](#) specifies that the Union shall apply the EU Taxonomy when setting out the requirements for the marketing of corporate bonds that are categorised as environmentally sustainable. Given that the EU Green Bonds initiative will pursue, as its core objective, the aim of delineating the boundaries of what shall constitute an 'environmentally sustainable' bond, the Taxonomy will need to be applied to determine the eligibility of the proceeds of the bond issuance. However, there may be reasons to provide a degree of flexibility with regard to its application, or its application in specific cases.

Building on market practice, the proposed EU GBS by the TEG recommends a use-of- proceeds approach, where 100% of the proceeds of an EU Green Bond should be aligned with the EU Taxonomy (with some limited flexibility).

The below questions aim to gather stakeholder input on the application of the taxonomy in the context of EU Green Bonds.

Question 6. Do you agree that 100% of the use of proceeds of green bonds should be used to finance or refinance physical or financial assets or green expenditures that are green as defined by the Taxonomy?

- Yes, with no flexibility
- Yes, but with some flexibility (i.e. <100% alignment)
- No
- Don't know / no opinion / not relevant

Please indicate what thresholds you would suggest:

Only values between 1 and 99 are allowed

 %

Please explain why you would suggest that thresholds:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not propose any threshold

Question 6.1 Please specify the reasons for your answer to question 6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We agree with the TEG proposal, that some level of flexibility should be given.

Exceptions should be granted for the following cases:

1. Activities not yet covered – both for climate non-yet covered activities and for the rest of four environmental objectives. However, they need to contribute significantly to one or more of the environmental objectives in line with the principles of the Taxonomy and evidenced by an independent verifier. This should be operational for the interim period until the taxonomy is fully completed.
2. A small margin should be left to the discretion of the issuer (and for the verifier to approve) for R&D and innovation expenses –including some “not yet looked at technologies or activities which might appear before being examined for inclusion in the taxonomy.
3. Some flexibility (as well as guidance) should also be considered for non-EU projects or particularly complex ones, at least, during a transitional period, given the complexities surrounding the collection of such detailed information at project-level.

We encourage the setting of some minimum transparency standards, on a best effort basis, across all “use-of-proceeds” loans and bonds, including the % of taxonomy alignment. These would help:

- a) Investors make informed investment decisions
- b) Investors comply with their Taxonomy and Disclosure Regulations requirements
- c) Ensuring level playing field
- d) Boost the demand for such products.

Question 7.

The TEG proposes that in cases where

1. the technical screening criteria have not yet been developed for a specific sector or a specific environmental objective or
2. where the developed technical screening criteria are considered not directly applicable due to the innovative nature, complexity, and/or the location of the green projects, the issuer should be allowed to rely on the fundamentals of the Taxonomy to verify the alignment of their green projects with the Taxonomy.

This would mean that the verifier confirms that the green projects would nevertheless

- i. substantially contribute to one of the six environmental objectives as set out in the Taxonomy Regulation,
- ii. do no significant harm to any of these objectives, and
- iii. meet the minimum safeguards of the Taxonomy Regulation.

Do you agree with this approach?

- Yes, both 1. and 2.
- Yes, but only for 1.
- Yes, but only for 2.
- No
- Don't know / no opinion / not relevant

Question 7.1 Please specify the reasons for your answer to question 7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 7.2 Do you see any other reasons to deviate from the technical screening criteria when devising the conditions that Green Bond eligible projects or assets need to meet?

- Yes
- No
- Don't know / no opinion / not relevant

Question 7.3 If you do see any other reasons, please clearly specify the reason for your answer and, where applicable, the respective area or (taxonomy-defined) activity:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Cf. our response in question 6.

Question 8. As part of the alignment with the EU Taxonomy, issuers of EU Green Bonds would need to demonstrate that the investments funded by the bond meet the requirements on do-no-significant-harm (DNSH) and minimum safeguards. The TEG has provided guidance in both its Taxonomy Final Report and the EU GBS user guide on how issuers could show this alignment.

Do you foresee any problems in the practical application of the DNSH and minimum safeguards for the purpose of issuing EU Green bonds?

- Yes
- No
- Don't know / no opinion / not relevant

Question 8.1 Please specify the reasons for your answer to question 8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Given the complexities and potential non-yet considered cases that issuers and investors might encounter, we recommend:

- a) For the Platform on sustainable finance to develop an equivalence table between DNSH based on qualitative criteria – particularly when referring to EU regulation – and international standards to facilitate its use for non-EU projects and activities.
- b) For the EU authorities to clarify the expectations on investor (and verifiers') assessment of taxonomy-alignment particularly in relation to qualitative criteria and DNSH. We favour the approach taken by the TEG in the EU Taxonomy report that recommends to conduct due diligence based on good faith and the principle of proportionality. Particularly for verifiers, detailed guidance is needed.
- c) Either the Platform on Sustainable Finance or a special “ (interim) initiative” (following the recommendations of the TEG) to provide guidance and assessment to both issuers and investors on the scheme and alignment with the EU taxonomy. We also recommend specific guidance to assess DNSH compliance (and conducting due diligence) – a special focus should be given to the role of verifiers. The development of specific tools (internet user-friendly tools) to help collect and assess the information for evaluating taxonomy-alignment.

Question 9. Research and Development (R&D) plays a crucial role in the transition to a more sustainable economy, and the proposed EU GBS by the

TEG explicitly includes such expenditure as eligible use of proceeds.

Do you think the EU GBS should provide further guidance on these types of activities, to either solve specific issues with green R&D or further boost investment in green R&D?

- Yes, as there are specific issues related to R&D that should be clarified
- Yes, the proposed EU GBS by the TEG should be changed to boost R&D
- No, the proposed EU GBS by the TEG is sufficiently clear on this point
- Don't know / no opinion / not relevant

Question 9.1 Please specify the reasons for your answer to question 9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We expect the examination of R&D (and innovation in general) activities by the future Platform on Sustainable Finance, and some of those activities to be formally included. However, given their very special nature, some level of flexibility should remain. Yet, transparency on the exact use of proceeds and the nature of such R&D investments should be provided.

Questions on grandfathering and new investments

Question 10. Should specific changes be made to the TEG's proposed standard to ensure that green bonds lead to more new green investments?

- Yes
- No
- Don't know / no opinion / not relevant

Question 10.1 Please specify the reasons for your answer to question 10:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The only area where we believe further work might be desirable is on the particular case of sovereign green bonds when the use-of-proceeds is linked to public expenditures. See our response to question 15. Other than that, we do not consider that the TEG's proposal needs to be modified. Maybe over time, once there Standard becomes live and experience is gathered, small adaptations might be needed.

Question 11. The EU Taxonomy technical screening criteria will be periodically reviewed. This may cause a change in the status of issued green bonds if the projects or assets that they finance are no longer eligible under the recalibrated taxonomy.

In your opinion, should an EU Green Bond maintain its status for the entire term to maturity regardless of newly adapted taxonomy criteria?

- Yes, green at issuance should be green for the entire term to maturity of the bond
- No, but there should be some grandfathering
- No, there should be no grandfathering at all. If you no longer meet the updated criteria, the bond can no longer be considered green
- Don't know / no opinion / not relevant

Question 11.1 Please specify the reasons for your answer to question 11:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

During the life of a green bond, it is likely that some thresholds of TSC in the EU Taxonomy become lower, especially for the activities in transition. This would lead to the immediate loss of the EU Green Bond Standard status for that bond. There is a serious need to reconcile the practicalities, and realities of the bond with the Taxonomy reporting requirements, the demand on investors with respect to their green or ESG portfolios (including, in particular, disclosure obligations), and requirements set by green labels such as the future ECOLABEL.

From an issuer and intermediary perspective, we think that maintaining the “EU Green Bond” status (grandfathering) gives more financial certainty and stability to the issuers (e.g corporates/banks), particularly those with medium or long-term bond tenors.

Firstly, eligible assets at issuance should remain eligible until maturity of the bond in order to facilitate the management of proceeds.

Secondly, while we consider the periodic review of the Taxonomy as positive, the possibility that a Green Bond loses its Green Bond Standard label during its life would discourage many issuers from issuing Green Bonds. It would most likely also cause investors to be much more reluctant to invest in those invested in transitioning activities, as they would then face the risk of having to exit the investment prematurely.

A bond which complies with the EU Green Bond Standard at issuance should be green for the entire term to maturity of the bond for orderly market functioning. Both issuers and investors need legal certainty.

Investors should also benefit from equivalent legal certainty deriving from any legislation applicable to them, via mirror grandfathering provisions. If a green bond in their portfolio received an EU Green Bond Standard label at issuance, it should be eligible until maturity. This would give further guarantee to those investors that have invested in this bond partially or fully because of its Taxonomy credentials – e.g. to integrate it in an “ECOLABEL led” fund.

As a practical matter (separate to legal considerations), issuers could inform investors when all or a part of the underlying assets would no longer be eligible under the EU Taxonomy because the thresholds have been revised downwards post-issuance. However, this would increase burdens on Issuers and potentially lead to a disorderly market if it caused investors to sell their bonds even if there was no legal change to status.

Issuers could also provide investors with options to manage the change of “situation” of the underlying assets. This is normal practice to replace the non-compliant assets by other compliant assets for instance.

Question on incentives

Question 12. Stakeholders have noted that the issuance process for a green bond is often more costly than for a corresponding plain vanilla bond.

Which elements of issuing green bonds do you believe lead to extra costs, if any?

	1 (no additional costs)	2 (low extra cost)	3 (extra cost)	4 (high extra cost)	5 (very high extra cost)	Don't No c app
Verification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
More internal planning and preparation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Question 12.1 Please specify the reasons for your answer to question 12, and if possible, provide the estimated percentage and monetary increase in costs from issuing using the EU GBS, or – ideally – the costs (or cost ranges) for issuing green bonds under the current market regimes and the estimated costs (or cost range) for issuing under the EU GBS:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For a corporate issuer the highest extra costs are linked to the verification and reporting requirements, especially for smaller issuers. For a bank issuer, internal planning and preparation may create higher extra costs, although verification and reporting also have a cost.

If the combination of higher verification and reporting costs together with a higher level of complexity (mapping of the assets against the EU Taxonomy criteria) translates into more priced bonds, investors might be discouraged. We anticipate that the emission spreads would not cover the higher costs. By setting incentives for investors that would compensate for such a higher cost, might be the best option moving forward.

It is likely that the external verification will be more costly than the current Second Party Opinions, as more work will be required to assess compliance with the Taxonomy Thresholds and the DNSH criteria at least until the market gets used to the Taxonomy and until better information regarding its criteria is made available.

In addition, verifiers will probably charge additional costs given that they need to be accredited verifiers.

Question 13. In your view, how would the costs of an official standard as proposed by the TEG compare to existing market standards?

- 1 - Substantially smaller
- 2 - Somehow smaller
- 3 - Approximately the same
- 4 - Somehow higher
- 5 - Substantially higher

Question 13.1 Please specify the reasons for your answer to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see our response to question 12.

A Green Bond Standard inevitably carries out higher costs compared to existing market standards because of extra verification and reporting demands together with the requirement to comply with the EU Taxonomy criteria, including DNSH. Costs are dissuasive for issuers, except if incentives were set up to compensate for the additional effort.

As highlighted above, it is likely that external verification will be the main driver of cost, being more costly than the current Second Party Opinions.

Question 14. Do you believe that specific financial or alternative incentives are necessary to support the uptake of EU green bonds (green bonds following the EU GBS), and at which level should such incentives be applied (issuer and / or investor) ?

Please express your view on the potential impact:

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	1 (very low impact)	2 (rather low impact)	3 (a certain impact)	4 (rather high impact)	5 (very high impact)	Don't know - No opinion - Not applicable
Public guarantee schemes provided at EU level, as e.g. InvestEU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Alleviations from prudential requirements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other financial incentives or alternative incentives for investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other incentives or alternative incentives for issuers?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 14.1 Please specify the reasons for your answer to question 14, in particular if you indicated an important impact of “other incentives or alternative incentives”:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- We consider necessary for issuers, to introduce public guarantee schemes at EU level (e.g. EIB or Invest EU) in order to enhance the credit risk profile for the investors.
- For issuers we also consider necessary to introduce some grants to cover some costs of the issuance.
- We also consider necessary to introduce some tax incentives aimed to attract medium/long term investors as investment funds (equity and fixed income)

Other questions related to the EU GBS

The EU GBS as recommended by the TEG is intended to apply to any type of issuer: listed or non-listed, public or private, European or international.

Question 15. Do you foresee any issues for public sector issuers in following the Standard as proposed by the TEG?

- Yes
- No
- Don't know / no opinion / not relevant

Question 15.1 Please explain your answer to question 15:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that further work needs to be done in order to take into account the special nature of public expenditures with regards the taxonomy and the eligibility of public expenditures for green bonds issued by public sectors. At the very least to verify that the NACE codes classification used by the EU Taxonomy can actually be applied to the way public expenditures are then broke down in terms of how they are deployed and the identification of the underlying activities.

However, those bonds issued by public entities not subject to public expenditures – which are the result of a political process and are subject to budgets approvals – should follow the Standard as proposed by the TEG.

Question 16. Do you consider that green bonds considerably increase the overall funding available to or improve the cost of financing for green projects or assets?

- Yes
- No
- Don't know / no opinion / not relevant

Question 16.1 Please explain your answer to question 16.

If possible, please provide estimates as to additional funds raised or current preferential funding conditions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

At this stage it is hard to forecast the impact of GBS on funding availability and cost of financing. We have not observed an improvement in cost funding. Quite the opposite, internal and external costs are much higher for Green Bonds compared to standard bonds.

Green bonds in current markets are priced only marginally lower for issuers compared to regular bonds and the EU taxonomy and GBS would not significantly change this unless investors would decouple the green

element from the credit element and accept a significant different pricing which would only happen if there is a real incentive set for these investors.

II. Questions on Social Bonds and COVID19

During the ongoing COVID-19, financial markets have so far responded with significantly increased issuance of social bonds responding to the impact of COVID19. These social bonds often follow established market-based Social Bond Principles. The Commission is seeking the input of stakeholders on the lessons learned from this new development, including whether the Commission can play an even greater supportive role in building resilience to address future potential crises.

Question 17. To what extent do you agree with the following statements?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Social bonds are an important instrument for financial markets to achieve social objectives.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Social bonds targeting COVID19 are an important instrument for financial markets in particular to help fund public and private response to the socio-economic impacts of the pandemic.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social bonds targeting COVID19 are mostly a marketing tool with limited impact on funding public and private responses to the socio-economic impact of the pandemic.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social bonds in general are mostly a marketing tool with limited impact on social objectives.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social bonds in general require greater transparency and market integrity if the market is to grow.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 18. The Commission is keen on supporting financial markets in meeting social investment needs.

Please select one option below and explain your choice:

- The Commission should develop separate non-binding social bond guidance, drawing on the lessons from the ongoing COVID19, to ensure adequate transparency and integrity.
- The Commission should develop an official EU Social Bond Standard, targeting social objectives.
- The Commission should develop an official “Sustainability Bond Standard”, covering both environmental and social objectives.
- Other Commission action is needed.
- No Commission action is needed in terms of social bonds and COVID19.

Question 18.1 Please explain your answer to question 18:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is an increasing interest and need to invest in socially contributing activities. We encourage the EC to develop a social taxonomy, and to bring forward its development. We also recommend the development of a voluntary EU Social Bond standard, mirroring the EU GBS, which will complement the current offer of existing bonds. Further, future EU standards should allow for hybrid bonds that have both social and environmental goals. That said, and in the meanwhile, given the emergency and degree of social needs, we fully support the use of the social principles defined by ICMA as a valuable interim solution.

Question 19. In your view, to what extent would financial incentives for issuing a social bond help increase the issuance of such bonds?

- 1 - Very strong increase
- 2 - Rather strong increase
- 3 - Rather low increase
- 4 - Very low increase
- 5 - No increase at all

Question 19.1 Please explain what kind of financial incentives would be needed:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see the answer to question 14

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

[More on this consultation \(https://ec.europa.eu/info/publications/finance-consultations-2020-eu-green-bond-standard_en\)](https://ec.europa.eu/info/publications/finance-consultations-2020-eu-green-bond-standard_en)

[Consultation document \(https://ec.europa.eu/info/files/2020-eu-green-bond-standard-consultation-document_en\)](https://ec.europa.eu/info/files/2020-eu-green-bond-standard-consultation-document_en)

[Inception impact assessment \(https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12447-EU-Standard-for-Green-Bond-#publication-details\)](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12447-EU-Standard-for-Green-Bond-#publication-details)

[More on EU Green Bonds Standard \(https://ec.europa.eu/info/publications/sustainable-finance-teg-green-bond-standard_en\)](https://ec.europa.eu/info/publications/sustainable-finance-teg-green-bond-standard_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2020-eu-green-bond-standard-specific-privacy-statement_en\)](https://ec.europa.eu/info/files/2020-eu-green-bond-standard-specific-privacy-statement_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

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