

# Targeted consultation on the establishment of an EU Green Bond Standard

Fields marked with \* are mandatory.

## Introduction

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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.

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**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](mailto: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

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\* 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      |
| <input checked="" type="radio"/> Company/business organisation | <input type="radio"/> Non-EU citizen             | <input type="radio"/> Other            |

- Consumer organisation       Non-governmental organisation (NGO)

\* First name

Ramesh

\* Surname

Shanbhogue

\* Email (this won't be published)

ramesh.shanbhogue@msci.com

\* Organisation name

*255 character(s) maximum*

MSCI Limited. MSCI Ltd is an authorised benchmark administrator. Within the same corporate group is MSCI ESG Research LLC, ESG ratings and research provider. The responses are provided here by MSCI ESG Research.

\* 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.

012146830944-03

\* Country of origin

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

- Afghanistan       Djibouti       Libya       Saint Martin

- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Dominica
- 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
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Saint Pierre and Miquelon
- 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

- Benin
- Bermuda
- 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
- Gibraltar
- Greece
- 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
- Morocco
- Mozambique
- 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
- Sudan
- Suriname
- 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

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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

\* Please specify your activity field(s) or sector(s):

Authorized Benchmark Administrator

\* 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

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

- Issuer
- Investor
- Verifier / external reviewer / 3<sup>rd</sup> 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.

MSCI ESG Research LLC products and services are designed to provide in-depth research, ratings and analysis of environmental, social and governance-related business practices to companies worldwide.

## I. Questions on the EU Green Bond Standard

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### 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 checked="" type="radio"/>	<input 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 checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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.

Alignment with the EU Taxonomy helps establish common definitions and impact measurements. However, the EU Taxonomy is not yet finalized and does not provide the full scope of definitions, particularly in the area of green capex. Verification of allocations may be a useful provision as it simplifies due diligence process for investors.

### 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

### Please explain why you disagree with the proposed content of the Green Bond Allocation Report:

5000 character(s) maximum

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

We see some limitations in the proposed content of the Allocation Report. Alignment with the EU Taxonomy helps establish common definitions and impact measurements in assessing use of Proceeds. However, the EU Taxonomy is not yet finalized and does not provide the full scope of definitions, particularly in the area of green capex.

### 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.

Requiring 100% of allocations to meet EU Taxonomy criteria does not appear feasible due to limitations of the EU Taxonomy, which currently (and likely in the next few years) does not cover all environmental objectives, all business activities, and lacks clarity on defining green capex especially for transitional activities. In addition, even if the full EU Taxonomy definition existed, limiting eligibility for EU GBS to 100% allocation may suppress the investable universe of bonds that may be essential for market transition to sustainable economy. Hence, we propose a threshold of 90% allocation to activities defined by the EU Taxonomy, leaving room of 10% for non-eligible activities.

Based on our experience in reviewing allocations, approximately 6% of green bonds in the Bloomberg Barclays MSCI Green Bond Index allocate less than 100% (but more than 90%) of proceeds to eligible projects, as defined by MSCI Green Bond Assessment Methodology, as of 25th July 2020.

## 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.

## 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.

Limitations of the EU Taxonomy technical screening criteria. Limitations of disclosure among non-EU issuers not subject to EU regulations.

**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.

1. The EU Taxonomy DNSH and Minimum Safeguards criteria are not yet defined for all environmental objectives and business activities. 2. Potential barriers for non-EU issuers that are not subject to EU Taxonomy regulation. 3. Innovative nature of the bonds that may limit ability to fully scope out alignment with specific DNSH technical screening criteria.

**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 If you do think the EU GBS should provide further guidance on these types of activities, please identity the relevant issues or incentives:**

*5000 character(s) maximum*

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

R&D does not have a defined outcome, which makes it difficult to qualify an R&D investment as green. Further guidelines to qualify R&D as an eligible investment may be useful.

### 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 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.

To clarify, the answer is "Yes, but based on some grandfathering rules". We believe that some bonds can retain their status as "green" and align with EU Green Bond Standards if they meet specific grandfathering criteria that meet minimum environmental improvements over a defined time frame.

### Question 11.2 If you think there should be some grandfathering, what should the maximum amount of years for it?

- 3 years
- 5 years
- 10 years
- 20 years
- Different approach all together
- Don't know / no opinion / not relevant

### Question 11.3 Please explain different approach all together you would suggest:

*5000 character(s) maximum*

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

In our view some bonds can retain their status as "green" and align with EU Green Bond Standards if they meet specific grandfathering criteria that meet minimum environmental improvements over a defined time frame. Grandfathering criteria is to be based on a combination of the duration of the project and the extent of projected environmental improvements, e.g., % energy reduction to be achieved upon completion of the 3-year project

## 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 type="radio"/>	
Reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
More internal planning and preparation	<input type="radio"/>	<input 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 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.

**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.

**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:**

	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 type="radio"/>	<input type="radio"/>
Alleviations from prudential requirements	<input 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 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 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.

## **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.

Please refer responses to Question 7 and 8 above.

**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.

Green bond issuance has been on the rise, and we use the Bloomberg Barclays MSCI Green Bond Index, an investment grade index for green bonds that adhere to MSCI ESG Research Green Bond Methodology, as a proxy to indicate growth of this market. This Index grew from a market value of approximately USD 50 million in December 2014 at Index launch to over USD 510 billion in June 2020. Consequently, funding to green projects like renewable energy, energy efficiency, sustainable transport, green buildings, pollution prevention, sustainable water, climate adaptation and sustainable forestry increased by over 10 times since Index launch. Sectors like renewable energy, energy efficiency, sustainable transport and green buildings in particular have received over USD 100 billion each in funding by bonds on the Index. Sovereign issuers like France, Indonesia, Chile, Hong Kong, Belgium and the Netherlands, among others, have cumulatively injected billions of dollars into green projects via their green bonds. These instruments help issuers identify, select and channelize funding to green projects and consequently assist in increasing funding to green sectors.

## II. Questions on Social Bonds and COVID19

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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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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.

While there is no pressing need for the EU to develop Social Bond standards, other market participants, such as ICMA, are already defining social bonds principles. The development an official EU Social Bond Standard to supplement the similar framework for green bonds and existing principles on social bonds assessment would, require extensive work on defining social objectives and technical criteria for measuring contribution of products and activities towards meeting such objectives.

**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.

## Additional information

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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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