

# 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

Magdalena

\* Surname

Kuper

\* Email (this won't be published)

magdalena.kuper@bvi.de

\* Organisation name

*255 character(s) maximum*

BVI

\* 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.

96816064173-47

\* 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"/> Czechia                          | <input type="radio"/> Lebanon    | <input type="radio"/> Saint Helena Ascension and Tristan da Cunha | <input type="radio"/> Zambia                               |
| <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

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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

## 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 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 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 type="radio"/>	<input type="radio"/>
Complexity of external review procedures	<input type="radio"/>	<input 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 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 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 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 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 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 type="radio"/>	<input type="radio"/>

Other	<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 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 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 type="radio"/>	<input type="radio"/>
Complexity of external review procedures	<input type="radio"/>	<input 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 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 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 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 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 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 type="radio"/>	<input type="radio"/>

Other	<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.

We welcome the proposed EU GB standard which should introduce a transparent and reliable vehicle for “green” investing in line with the EU Taxonomy. From the viewpoint of institutional investors, it is important to ensure full transparency of both the GB Framework and the planned allocation of proceeds before issuance and effective regular reports on asset allocation. These disclosures should encompass specifications of project financing that are (1) fully aligned with the Taxonomy, (2) aligned in principle (absent the relevant technical criteria) or (3) less green than the Taxonomy, in case such financing should be permitted. Reporting on environmental impact based on standardised metrics is also key in order to facilitate investments in line with dedicated impact strategies.

We also support the development of clear and comprehensive criteria for the external review of EU GB documentation. In this context, the requirements for external verification should be extended to impact reports in order to ensure reliability of impact measurement for investors. In qualitative terms, we would welcome the introduction of common quality and due diligence standards for ESG rating agencies by either EU-measures or self-regulation in order to facilitate a coherent and comparable assessment process for the external review.

However, there is in our view no need to create yet another occupational profile of an “external verifier” that shall be subject to a separate accreditation regime. Already today, green bond issuances generally undergo external reviews by either auditors or ESG rating agencies who themselves are subject to authorisation and /or independent audit. We fear that the establishment of yet another occupation with mandatory accreditation and supervision by ESMA will further increase the costs of GB issuances without clear benefits 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

### 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.

At the current stage of the Taxonomy development, only a small subset of economic activities can be assessed against the technical criteria and evaluated only with regard to their contribution to two out of six environmental goals (climate change mitigation and adaptation). This limited spectrum will obviously not cover all relevant green projects that may be relevant when applying the core principles of the Taxonomy. In addition, in order to achieve sufficient market coverage and to mobilise the necessary capital to finance the transition, it might make sense to allow for an admixture of „less green“ projects in an EU GBS programme. Therefore, it is reasonable to grant some flexibility for the composition of EU GB. Nonetheless, investors must be able to distinguish the proportion of financing dedicated to Taxonomy-aligned projects in order to comply with their own reporting obligations under the Taxonomy or to adhere to potential commitments to invest in line with the Taxonomy. Consequently, the percentage of project financing that are (1) fully aligned with the Taxonomy, (2) aligned in principle (absent relevant technical criteria) or (3) less green than the Taxonomy needs to be disclosed at the issuance as part of the Green Bond Framework and regularly reported to investors.

## 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.

As explained above, we see the need to widen the scope of eligible projects beyond those that strictly qualify as environmentally sustainable according to the technical criteria at Level 2. The scope of those activities will be quite limited in the initial phase of Taxonomy application and will probably not generate a sufficiently large number of investable projects in order to further advance the transition.

At the same time, investors need full disclosure about the extent of financing that is attributable to respectively fully Taxonomy-aligned activities and those that are potentially aligned or even „lighter green“ in order to comply with their own reporting obligations and potential investment commitments relating to the Taxonomy. Therefore, the respective information needs to be part of the proposed GB Framework as well as of regular allocation reports.

**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 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.

**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 identify the relevant issues or incentives:**

*5000 character(s) maximum*

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

Indeed, green R&D will be key for boosting innovation and promoting green projects that will contribute to transition to a carbon-neutral economy. Therefore, criteria for green R&D should be developed under the Taxonomy framework in order to create an opportunity for investors to provide Taxonomy-aligned financing to green R&D activities.

## 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 If you are in favour of changes, please explain what changes should be made**

*5000 character(s) maximum*

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

In order to stimulate growth of the Green Bond market segment, the proposed standard should be complemented by additional tools to make impact investing projects more easily investable for asset managers. To this end, BVI has developed the concept of a new 'European Impact Fund' (EIF) scheme. It builds on the existing UCITS framework but requires EIFs to invest exclusively in transferable securities from non-financial EU issuers. At least 50 percent shall be held in European Impact Bonds, which are linked to social or environmental EU projects and designed according to the Green Bond Standard. In a first step, grants distributed in the EU's regional and cohesion policy shall be securitised: The European Commission issues a specific project bond tied to each EU project that fulfils the criteria set out in the Green Bond Standard. The advantage would be that EU projects could then be implemented far earlier than currently planned and the new Green Bond market could quickly grow to a meaningful size (i.e. by several hundred billion Euro). At a later stage, it could be expanded further by including private sector projects.

**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.

EU Green Bonds will be issued on the basis of the Green Bond Framework that will already describe green projects to be financed or refinanced by the bond proceeds, even though allocation of proceeds will take place at a later stage. Given that project development takes several years and can only be based upon the technological state-of-the-art at a certain point of time, it will generally not be possible to adapt already launched projects to newly recalibrated criteria of the Taxonomy.

Hence, in order to warrant legal certainty for all parties concerned (issuers, project developers and investors), we strongly believe that EU Green Bonds that qualify as green at issuance in accordance with the criteria of the final EU GBS must be entitled to retain this status for the entire term until maturity. This approach is key to establishing a reliable framework for EU Green Bonds. Any other solution, e.g. grandfathering for a certain period of time, entails significant risks for the issuing parties (who might come under pressure to revamp or replace the relevant projects regardless of their profitability), but also for investors (who will probably incur significant value losses on their GB investment once it would lose its green status). It could thus prove detrimental to the EU objective to promote green investments by increased issuance of green bonds.

For investment products, this should consequently mean that investments in EU Green Bonds that have been verified as green at the time of issuance should continue to qualify for green or Taxonomy quota that may be part of the investment strategy (e.g. for funds that apply for the EU Ecolabel) or need to be reported under the Taxonomy Regulation. Indeed, investors will buy EU Green Bonds precisely for that reason, i.e. as part of a Taxonomy-aligned investment strategy or to fulfil certain Taxonomy quota, and must be able to rely on their continuing green status until maturity.

In order to alleviate concerns about potential misuse of the grandfathering rules, some constructions like perpetual bonds might be exempted from such unlimited recognition. In more general terms, greater predictability in terms of further evolution of the Taxonomy criteria, e.g. by defining pathways for successive lowering of certain technical thresholds, would significantly help for ensuring continuous compliance during the financing period of a project and thus, reduce the need for grandfathering of the existing EU Green Bonds.

### 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"/>					
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**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.

**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.

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

Social Bonds are growing in importance as an asset class for responsible impact-oriented investing. Currently, social bonds are being launched in accordance with market standards, predominantly the ICMA Social Bond Principles, that already ensure utilisation of proceeds for the financing of social projects and provide for respective reporting to investors. According to the market experience of our members, the overall level of commitment and transparency is quite satisfactory.

Due to its premature state, the evolving market for social bonds should not be stifled by regulation. Therefore, non-binding guidance on social bonds drawing on the current market standards should be considered the maximum of reasonable market intervention at the current stage. In particular, a parallel initiative to EU GBS can only be envisaged in case of development of an EU Social Taxonomy that will define social objectives and principles of socially sustainable investing.

In this context, it must be clarified that the actual impact social bonds will have in terms of mitigating social issues or achieving positive social outcomes cannot be adequately assessed at this stage. Like green bonds, social bonds are a relatively new asset class and social projects financed by first social bonds have not yet been fully realised. Nonetheless, social bonds currently available in the market generally entail a commitment to contribute to one or several Sustainable Development Goals and communicate about their expected impact.

**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)

## **Contact**

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