

Draft ID: 80b65392-d900-4ba8-b987-2150a3818e01

Date: 29/09/2020 10:21:35

# 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.

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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

- |   |  |   |
|---|--|---|
| <input type="radio"/> Academic/research institution | <input type="radio"/> EU citizen                 | <input checked="" type="radio"/> Public authority |
| <input type="radio"/> Business association          | <input type="radio"/> Environmental organisation | <input type="radio"/> Trade union                 |
| <input type="radio"/> Company/business organisation | <input type="radio"/> Non-EU citizen             | <input type="radio"/> Other                       |

Consumer organisation

Non-governmental organisation (NGO)

\* First name

Jeppe

\* Surname

Sunddal Conradsen

\* Email (this won't be published)

jesu@ftnet.dk

\* Scope

International

Local

National

Regional

\* Organisation name

*255 character(s) maximum*

Danish Ministry of Industry, Business and Financial Affairs

\* 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.

## \* Country of origin

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

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Djibouti
- 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
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Saint Martin
- 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

- Belarus
- Belgium
- Belize
- 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
  
- Georgia
- Germany
- Ghana
- 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
  
- Mongolia
- Montenegro
- Montserrat
- 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
  
- South Sudan
- Spain
- Sri Lanka
- 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

- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

\* 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
- Other

## 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 checked="" 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 type="radio"/>	<input checked="" 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 checked="" 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 checked="" type="radio"/>
Costly and burdensome reporting processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 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 checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>
Costly and burdensome reporting processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 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 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 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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.

a) The Danish government finds that it is of great importance to align the EU GBS with the EU Taxonomy in order to create transparency to the benefit of both issuers and investors.

b) A Green Bond Framework will hopefully ensure harmonisation and standardisation of the information and make it easier for issuers to show alignment with the taxonomy.

c)/d)/e) The Danish government supports the suggestions on requirements to publish allocation reports and impact reports. Such reports should be verified in order to secure the integrity of the green bond markets.

### 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

**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 believe it is important for the development of the green bond market that both institutional and retail investors can have strong confidence that the proceeds from EU Green Bonds are being used for green expenditures. Even though the taxonomy is not fully developed, we believe it is important to set the bar high.

We have however identified potential issues that can be relevant for the usability of the EU GBS in the Danish financial system as well as the financial systems across Europe more widely.

As you may be aware, the Danish mortgage credit systems offer solid financing to private real estate and businesses. One of the central features of the Danish mortgages credit system is a close link between the covered bond and the loan given by the credit institution to the borrower: a mortgage credit institution may only provide loans secured by mortgages on real estate, and the loans may only be financed through bond issuance.

This necessitates a need for the use of credit institution exposures in the form of guarantees or other financial instruments to be used. This can e.g. be after the granting of the loan and the issue of covered bonds, but while finalizing the registration of the mortgage. Other examples are for loans for buildings under construction until the final value of the building can be determined, and in relation to derivatives hedging risks in the cover pool. Further, the need to provide for additional security in case of a decrease in the real estate market requires a need for additional collateral, which in a specialized mortgage credit institution can only be other covered bonds or sovereign bonds. If there is no flexibility, we believe it will be difficult to obtain sufficient green bonds or green credit institutions exposures to meet those needs.

As we understand it, at this point, if there is no flexibility in the use of proceeds from EU GBS issued bonds, this would in practice entail a limited use of EU GBS. This could lead to a situation where only loans from businesses and real estate that are 100 pct. compliant with the taxonomy can be included in a covered pool of EU GBS issued bonds in the Danish mortgage credit system.

In relation to this, there is a need in Denmark – and we suspect across Europe – to have a better understanding on how collateral – and specifically mortgages – work together with the EU GBS. At this point, we do not have a full overview of the scope of the issues, but we believe it will affect the usability of the EU GBS in the Danish credit mortgage system. We are working on getting a better understanding of the issue.

If unresolved, this issue could imply that the EU GBS in practice will not be used as much as we aspire to.

## **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.

The Danish government supports the suggestion to make it possible to assess projects that have not yet been covered by the technical screening criteria. We do furthermore support that this assessment has to rely on the fundamentals of the Taxonomy.

### **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.

The Danish government generally supports the suggestion and shares the view of the user guide as to how this alignment should be illustrated. However, we understand that making a such demonstration requires a high level of expertise which might be burdensome to most issuers.

**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.

## 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.

**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.

It is important for the development of the green bond market, including green bonds with long maturities, that both institutional and retail investors have confidence in that green bond will maintain its status as green. If the bonds do not maintain their status as green for the entire maturity, it can have a negative effect on the market. Also a lot of the green projects that will need finance are assets with long lifespans, i.e. windmill parks, which often need finance with maturities of 15-20 years. We therefore see a need for certainty among investors that the green bond maintains its status as green for the entire maturity - i.e. 20-30 years. If there in the future develops a market with issuance of bonds with very long maturities. i.e. 40-50 years, there might be a need to limit on how long bond can keep their status as 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Reporting	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	
More internal planning and preparation	<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"/>	

**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.

As a public authority with no in-house issuance this is our best estimate of the cost in the market.

**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.

As a public authority with no in-house issuance this is our best estimate of the cost in the market.

**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:**

	<b>1</b> (very low impact)	<b>2</b> (rather low impact)	<b>3</b> (a certain impact)	<b>4</b> (rather high impact)	<b>5</b> (very high impact)	Don't know - No opinion - Not applicable
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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 checked="" type="radio"/>
Alleviations from prudential requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" 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 checked="" 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.

On the issue of financial incentives, we understand the intention but also believe that we should develop the right instruments to incentivize investors as well as issuers. Capital and liquidity requirements should generally reflect the actual risks, and ideally data should substantiate that green investments have a lower risk if there is to be a change in capital and liquidity requirements for green investments.

**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.

A liquid government bond market is essential, as a high degree of tradability means that investors are willing to pay a higher price for the bonds, implying reduced funding costs for the issuer. All else being equal, issuing a sovereign green bond will reduce the outstanding amount in the conventional bond lines by the issuance volume of the green bond. This implies a loss of liquidity and consequently an increase in the funding costs. Therefore, it is important that the EU GBS in its technical implementation embraces the needs of smaller member states with low sovereign debt, and that EU GBS technically can be structured in other ways than standard bonds issuance as long as the requirement of the EU GBS are complied with.

### 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.

It is difficult to say whether green bonds will increase the overall funding available or improve the cost of financing for green projects or assets. Probably not in the short run, and experiences from international financial institutions such as EIB and NIB have not shown hugely improved cost. But the interest in the green market seems to be growing and investors – institutional and retail – seem to focus increasingly on green projects which could create a price difference over time.

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

**Please specify what other Commission action(s) is needed:**

*5000 character(s) maximum*

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

There has, to the best of our knowledge, not been any issuance of social/COVID-related bonds in Denmark. For now we will therefore concentrate our efforts on creating a viable and strong market for green bonds, where we see a potential for further market development. We do appreciate that there can be a potential for COVID or social bonds. In order to avoid “social washing”, we believe it is important for the development of a social/COVID bond to have a solid foundation for defining social expenses in a similar way that the taxonomy defines expenditure for the EU GBS.

**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.

**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.

There needs to be a more specific description of potential financial incentives in order to evaluate its potential effect.

## 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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