



**MINISTRY OF INDUSTRY, BUSINESS  
AND FINANCIAL AFFAIRS**

*Valdis Dombrovskis  
Executive Vice-President for An Economy that Works for People and Com-  
missioner for Financial Services, Financial Stability and Capital Markets  
Union  
European Commission*

**MINISTER FOR INDUSTRY,  
BUSINESS AND FINANCIAL  
AFFAIRS**

**Dear Executive Vice-President Valdis Dombrovskis**

Thank you for the opportunity to respond to the European Commission's targeted public consultation on the establishment of an EU Green Bond Standard (GBS).

Enabling a green and sustainable transition of the economy is a top priority for the Danish government. Creating a viable market for sustainable finance is elementary for financing the substantial investment in green infrastructure, energy systems, transportation, food production and so forth that need to be realised in order to reach our common goals of significantly reducing CO<sub>2</sub>-levels in 2030.

The Danish Government is initiating investments and considers green bonds as a critical part of creating a viable and strong market for sustainable finance. We believe EU GBS is a part of the financial structures that will enable us to fulfilling our obligations under the Paris agreement as well as our own ambitions of reducing CO<sub>2</sub>-levels by 70 percent in 2030. For these reasons this consultation is particularly welcome.

Overall, introducing a green bond standard will further assist in reducing detrimental uncertainty as to what constitutes a green investment, ensure that minimum standards apply, and foster the credibility and integrity of green bonds towards investors. Denmark is therefore supportive of efforts to further develop this area of sustainable finance.

While strong supporter of this initiative, we do find that certain themes should be the object of careful consideration in order to assure the creation of a both balanced and useful EU Green Bond Standard. We have a strong focus on making the EU Green Bond Standard work in practice across different financial systems in Europe.

First, Denmark is – along with all other member countries – a potential issuer of green bonds. We are committed to investigate the possibilities for Denmark to add a green element to the Danish government bond programme. In small countries with low sovereign debt, like Denmark, it is of utmost importance to maintain a certain level of liquidity and therefore a

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certain volume in the different bond series in both the green and the non-green bond market. 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 all green requirements of the EU GBS are complied with, i.e. a certificate-model where both the liquidity in the bonds and the green commitment is upheld.

Secondly, we believe it is important for the development of the green bond market that both institutional and retail investors can have confidence in the proceeds from EU Green Bonds being used for green expenditures. In relation to this, we have identified potential technical and legal issues in relation to the Danish mortgage credit system regarding the use-of-proceeds, which are potentially also relevant for financial systems in other European countries.

Thirdly, we believe it is important that investors have strong confidence that green bonds will maintain their status as green, even though the definition of green expenses can change over time. If investors cannot have certainty that green bonds will maintain their status as green for the entire maturity, it can have a negative effect on the market.

Fourthly, we appreciate that there can be a potential for COVID or social bonds. In order to avoid “social washing”, we believe it is important for a potential social bond to have a solid foundation for defining social expenses in a similar way that the taxonomy defines expenditure for the EU GBS.

In conclusion, Denmark continues to support a strong framework for an EU Green Bond Standard as a key element in creating a viable market for sustainable finance and look forward to the future work.

Attached please find our specific replies to the consultation document. As always, I am at your disposal should you or your team have any questions or comments.

Yours sincerely,

Simon Kollerup