

EU TEG On Sustainable Finance Publishes Proposal For EU Green Bond Standard

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In June 2019, the European Commission (EC) Technical Expert Group (TEG) on Sustainable Finance, published its [Report on EU Green Bond Standard](#). The report proposes the creation of a European Union (EU) Green Bond Standard (EU-GBS) to address barriers to market development of green financial products. Also proposing the establishment of a framework to facilitate sustainable investment -- "Taxonomy Regulation" -- TEG makes ten recommendations in its GBS Report to:

1. Create a voluntary EU-GBS;
2. EU-GBS should have four core components -- (1) alignment of Green Projects with the EU Taxonomy, (2) Green Bond Framework, (3) reporting, and (4) verification by accredited verifiers;
3. Encourage set-up of a voluntary interim registration process for verifiers of EU Green Bonds for an estimated transition period of up to three years;
4. Encourage investors to use EU-GBS requirements in their green fixed-income investment strategies and communicate their preference actively to green bond issuers and underwriters;
5. Welcome political compromise on the sustainability-related disclosure regulation;
6. Consider promoting greening the financial system;
7. Consider development of financial incentives supporting the EU Green Bond market;
8. Encourage bond issuers to issue their green bonds in accordance with EU-GBS requirements;
9. Promote adoption of EU-GBS through the EU Ecolabel for financial products; and
10. Monitor impact on the alignment of financial flows with the EU Taxonomy's Environmental Objectives, considering further supporting action.

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