

## Second extension of the mandate of the Technical expert group on sustainable finance (TEG)

**The mandate of the TEG has officially been extended until 30 September 2020<sup>1</sup>.**

The reason for the extension is two-fold. First, to allow the TEG sufficient time to resolve remaining technical issues for the publication of their final set of reports. In particular, the taxonomy subgroup – due to the high volume of feedback received on the call for feedback on the June report – needs until February to finalise their technical work. This also allows the taxonomy subgroup to reflect on the implications of the political agreement on the Taxonomy Regulation. The EU Green Bond Standard (EU GBS) subgroup, which is working on further user guidance and on an interim market-based registration scheme for verifiers of EU green bonds, will align the publication of their reports with that of the taxonomy subgroup. In this respect, the EU GBS subgroup will also reflect on the implications of the political agreement. The publication of their reports is scheduled for the end of February.

Second, the Commission would like to retain the breadth and depth of knowledge of the TEG in an advisory role until the new Platform on Sustainable Finance becomes operational. The advisory role from February onward would focus on various TEG-related sustainable finance topics, in particular on standards and labels, data and disclosures (including work done under the Disclosure Regulation), further considerations on ESG or Climate benchmarks, and on further taxonomy questions. On taxonomy in particular, the TEG would reflect on potential approaches for the other environmental objectives as well as on further usability questions, including digital tools.

The frequency of the meetings for the advisory role after February would be reduced to once in two months to clearly reflect the changed role of the TEG. The meetings are currently scheduled for April, June and September.

### Background

Following the adoption of the Action Plan on financing sustainable growth and of three legislative proposals on sustainable finance, the **European Commission set up a [Technical expert group on sustainable finance \(TEG\)](#) in June 2018**. The TEG began its work in July 2018 and was set to operate until June 2019. Its mandate was extended until December 2019. The TEG has been asked to assist the Commission in the development of:

- an EU classification system – the so-called EU taxonomy – to determine whether an economic activity is environmentally sustainable;
- an EU Green Bond Standard (EU GBS);
- methodologies for EU climate benchmarks and benchmarks' ESG disclosures; and
- guidance to improve corporate disclosure of climate-related information.

To develop recommendations in these four areas, TEG experts are organised in four dedicated subgroups. The subgroups also involve relevant additional experts and stakeholders through workshops, roundtables, targeted interviews, open calls for feedback and other outreach activities.

The text below presents a short summary of TEG's work to date. Further information can be found on the [TEG's webpage](#).

- For **EU Taxonomy**, the group produced an initial report in December 2018 together with a call for feedback. In June 2019, the subgroup published a [technical report](#) covering 67 climate change mitigation activities as well as climate change adaptation principles, with an accompanying call for feedback with a duration of almost 3 months. The call for feedback ended on 16 September 2019 and attracted large interest of stakeholders (close to 850 individuals and organisations provided comments). The group was originally asked to publish its updated report by year-end 2019, but due to the large number of comments, the subgroup will need more time to incorporate the feedback and deliver an updated report.

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<sup>1</sup> The mandate of the TEG may potentially end earlier, depending on when the Platform on Sustainable Finance can be set-up.

- For an **EU Green Bond Standard**, the subgroup published its interim-report together with a call for feedback in March 2019. The group published its [final report](#) in June 2019. The group is now working on the interim-market based registration scheme for verifiers of EU green bonds as well as on further usability guidance. These reports will be published at the end of February 2020. The group will also take into account the outcome of the negotiations on the EU Taxonomy Regulation.
- For **climate benchmarks**, the subgroup had to incorporate significant changes to its original mandate due to the political agreement on climate benchmarks from Spring 2019. The subgroup was nonetheless able to produce an interim report by June 2019 together with an accompanying call for feedback over the summer. The subgroup published its [final report](#) at the end of September 2019, which the Commission carefully considers in developing the draft delegated acts on climate benchmarks. The group is now working on a Handbook on Climate benchmarks for publication late December 2019. The aim of the Handbook is to clarify those recommendations put forward by the TEG and to respond to frequently asked questions from the market.
- The subgroup on **climate-related disclosures** delivered their [final report](#) in January 2019. The Commission took on board its recommendations in our [Guidelines on Climate-related Reporting](#).