

## **OVERVIEW OF OUTREACH PLANS**

### **Commission Technical Expert Group on Sustainable Finance (TEG)**

The TEG has been asked to assist the Commission in the development of:

1. technical screening criteria for environmentally sustainable economic activities under the EU taxonomy;
2. an EU Green Bond Standard;
3. minimum standards for the methodology of "EU Climate Transition" and "EU Paris-aligned" benchmarks, and improving the transparency of benchmarks on ESG factors and Paris alignment, and
4. metrics allowing improving disclosure on climate-related information.

The Commission and the TEG aim to foster a transparent and meaningful outreach process as well as communication with experts, other relevant stakeholders, and the media. This document provides an overview of current outreach plans. The document will be updated regularly to include additional dates and details once they are known.

Each of the four sub-groups of the TEG identified areas where additional expertise and technical input is needed for the successful conclusion of their tasks. Where possible, the TEG has also issued a call for feedback on its interim deliverables.

Below please find an overview of current outreach plans as well as further details of the plans per task. The Annex provides a table with further details per event.

October 2018	November	December	January 2019	February	March 2019	April 2019	May 2019	June 2019
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**1. Taxonomy** →

*Open Feedback*

**Open Feedback** on first round mitigation activities until 22<sup>nd</sup> February (interim results of the group).

**Open Feedback** on the usability of the taxonomy in practice (“fit for purpose test”) until 22<sup>nd</sup> February

*Call for additional expertise*

**Commission workshops to gather additional expertise** for technical screening criteria for second round mitigation activities and adaptation activities as well as for do no significant harm.

**2. Green Bond Standard** →

*Targeted Input*

Consult Green Bond issuers (experienced and newly entered), external reviewers, investors and relevant expert professionals active in the green bond market.

*Open Feedback*

**Open Feedback** on interim report until April 3<sup>rd</sup>

**3. Benchmarks** →

*Targeted Input*

Discussions with the following **three groups** of stakeholders:

Roundtable with **Asset Owners** on

Questionnaire sent to **Data Providers** in

Roundtable with **Asset Managers & index Providers: 18<sup>th</sup> December**

Roundtable with **Data Providers: 20<sup>th</sup> – 21<sup>st</sup>**

*Open Feedback*

**Open Feedback** starting in June (TBC)

**4. Disclosures** →

*Targeted Input*

Various targeted input through stakeholder meetings.

**Open Feedback** on final report until 1 February

*Open Feedback*

Open stakeholder meeting on 18<sup>th</sup>

## PLANS PER TASK

### 1. *Taxonomy*

On May 24<sup>th</sup>, the Commission proposed to create **a framework for establishing a unified EU classification system of sustainable economic activities, also known as the Taxonomy proposal**. Under this proposal, whether an economic activity qualifies as being environmentally sustainable depends on four requirements:

- the activity must contribute substantially to one of the six EU environmental objectives;
- the activity must not do significant harm to any of the other five EU environmental objectives;
- the activity must comply with minimum social safeguards;
- the activity must comply with technical screening criteria.

These technical screening criteria will determine whether an activity can be considered to substantially contribute to one of the environmental objectives and not significantly harm the other environmental objectives.

The **taxonomy working group (TWG) has been tasked with developing these technical screening criteria for the EU taxonomy** or classification system of environmentally sustainable economic activities, starting with the environmental objectives of **climate change mitigation** and **climate change adaptation**.

The **outreach strategy of the TWG** includes three main elements:

1. **Call for feedback** on “high confidence” / round 1 climate change mitigation sectors. The TWG has identified activities in sectors where technical screening criteria, such as standards and thresholds have already been established by industry. Based on these existing approaches, the TEG developed it’s a first draft of applicable thresholds. The TWG reached out for technical feedback through an open process on the proposed technical screening criteria.
2. **Call for additional expertise** seeking technical input on round 2 mitigation sectors (remaining sectors with a high impact on climate change mitigation) and adaptation sectors, as well as “do no significant harm” criteria. The Commission has therefore decided to host workshops to gather this expertise. Experts were invited to register their interest to attend dedicated workshops and thereby provide technical input. Workshops are being organised in March and the experts are actively involved in discussions of the relevant issues.
3. **Call for feedback** on usability of the taxonomy. The TWG will invite comment on the fitness for purpose of the taxonomy format for practical implementation.

**Between December 2018 and February 2019, the TWG held a call for feedback**, seeking stakeholder input on the proposed 1st round climate mitigation activities and on the usability of the taxonomy. In addition, the TEG selected experts from relevant sectors among those who expressed an interest to participate in the second round of stakeholder outreach.

**The call for feedback closed on 22 February. Responses are now being carefully assessed by the TEG.** Below are details about the responses received. A more detailed statement about the feedback received and the implications for design of the Taxonomy, within the framework of the mandate provided to the TEG by the European Commission, will be published once all responses have been

evaluated. The TEG members wish to thank everyone who responded for their contribution to the development of the Taxonomy.

**On the usability of the Taxonomy, 205 respondents answered the questions.** The six usability questions asked if the Taxonomy would clearly indicate what economic activities should be considered environmentally sustainable; about potential challenges in implementing the Taxonomy; compliance with future disclosure obligations; suitability of the Taxonomy for investment decision making; the resources required to use the Taxonomy; and suggested improvements to the Taxonomy. Please refer to the [Taxonomy pack for feedback and workshops invitations December 2019](#) for full details on the questions asked.

Various stakeholders provided their responses on the usability of the Taxonomy. Among them, 38% were from individual businesses or investors, 36% were from industry associations, 6% from non-governmental organisations and academic institutions, 10% from public authorities; 2% from trade unions and 8% were from other groups or unspecified. A full 94% of respondents were based in Europe.

**On the 1st round climate change mitigation activities, 244 individual respondents made together almost 1200 sets of technical comments.** For each of the twenty-four 1<sup>st</sup> round climate change mitigation activities, there were seven questions. These questions asked about the proposed mitigation principles, metrics and thresholds, the initial “do no significant harm” content and whether additional areas of potential harm should be considered; the risk of potential negative consequences arising from activity screening criteria; and use of the Taxonomy criteria outside the EU. Refer to the [Taxonomy pack for feedback and workshops invitations December 2019](#) for full details of the questions asked.

Various stakeholder groups were represented among the respondents - 22% were from individual businesses or investors, 34% from industry associations; 10% from Non-governmental organisations and academic institutions, 3% from Consultancies or law firms, 13% from public authorities and 17% were from other groups or unspecified. In total, 95% of respondents were based in Europe.

**The Taxonomy subgroup of the TEG is currently developing** new criteria for the 2nd round climate change mitigation activities, climate change adaptation activities and “do no significant harm” assessment. As part of this process, the **TEG sought additional technical expertise** and the Commission has invited close to 160 experts to provide technical input in various sector and activity discussions focused on detailed metrics, thresholds or other criteria. A workshop with the selected experts will take place on the 26<sup>th</sup> and 27<sup>th</sup> of March and the process is due to be completed in April 2019. The TEG will submit its final report to the European Commission in June 2019.

## ***2. EU Green Bond Standard***

The task of the group on the EU Green Bond Standard (GBS) is to prepare a report on an EU GBS by Q2 2019. This report shall include guidance or options on the key components of such a standard, concerning all relevant sectors, steps and actors, as well as assess the impact of such a standard on the development of the green bond market. The EU GBS will be linked to the new sustainability taxonomy, as it becomes available.

The group has identified the following subjects on which it would like to acquire additional expertise and/or market feedback:

- potential impact of an EU GBS;

- scope and content of the standard;
- verification and accreditation of verifiers;
- related incentives surrounding the EU GBS
- the recommendations put forward in the interim report.

The group has published its interim report on 6<sup>th</sup> March 2019 and launched a **call for feedback**, which is **open until 3<sup>rd</sup> April 2019**. The call for feedback provides for a questionnaire with specific questions on the envisaged EU GBS. In addition, the EU GBS group will also consider relevant feedback received through the outreach activities of the other groups and input received through targeted stakeholder meetings.

### ***3. Low-Carbon Benchmarks***

On 25 February 2019, the European Parliament and the Council reached a **political agreement on the creation of two new categories of benchmarks**, the ‘EU climate transition benchmark’ and the ‘EU Paris-aligned benchmark’.

In line with the compromise text as agreed between co-legislators, the **objective of the group** is to contribute in light of the Commission's empowerment by:

- Defining minimum standards for the methodologies of EU Climate Transition and EU Paris-aligned benchmarks addressing the risk of greenwashing
- Improving the transparency of benchmarks on ESG factors and Paris alignment

This report will be subject to a public call for feedback and used as a basis for delegated acts to be adopted by the Commission.

The sub-group on benchmarks would like to acquire additional expertise and market feedback on its work by facilitating targeted discussions with major asset owners (e.g. pension funds, (re-)insurance companies), asset managers and retail investors, as well as index providers and carbon data experts.

The first workshop to gather **targeted input** was held in Brussels on 17 October with asset owners. The sub-group gained insights into whether they already have a carbon strategy in place and what motivated them to allocate a significant part of capital to mandates with low-carbon and positive carbon impact benchmarks. The participants of the workshop were identified as a knowledgeable and advanced asset owner on sustainable finance topics. Workshops for index providers and asset managers will be organised for December 18. Data providers' views were collected through questionnaires sent in November.

In addition, the sub-group plans to finish its report by June 2019. It envisages to organise a four weeks call for feedback over the month of July 2019. The Benchmark sub-group considers using the EU Survey tool and ask a series of closed questions to the participants, as well as a non-targeted public feedback on the interim report.

### ***4. Climate-related Disclosures***

The sub-group on Climate-related Disclosures has **made recommendations** for the update of the Commission's non-binding guidelines on non-financial disclosure. The existing version of the

guidelines was adopted by the Commission in 2017. The guidelines were required by the Non-Financial Reporting Directive. The update of the guidelines will address climate-related disclosures only.

Because the Commission expects to adopt an updated version of the guidelines in Q2 2019, the disclosures sub-group has worked with a different timetable than the other TEG sub-groups and has already finalised their [report](#) in January 2019.

The group has gathered **input** from stakeholders with specific areas of expertise/experience at different stages between Q4 2018 and the beginning of Q1 2019. The first targeted input took place in Brussels on **18 October 2018** and was convened and moderated by the Commission.

The subgroup organised a [call for feedback on the final report on Climate-related Disclosures](#) between 10<sup>th</sup> January and 1<sup>st</sup> February. After the call for feedback ended, the group analysed the feedback received and submitted it to the Commission.

Building on the report, the **Commission published draft guidelines [for consultation](#)**, open until 20 March, and expects to publish the final version of the guidelines on climate-related reporting in June. The guidelines will integrate the work of the Task Force on Climate-related Financial Disclosures (TCFD) and take it to the next level by addressing not only the impact of climate change on the company but also the impact of the company on the climate.