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By Electronic Submission

MOODY'S ESG SOLUTIONS GROUP RESPONSE TO EUROPEAN COMMISSION CONSULTATION ON THE EU GREEN BOND STANDARD

Moody's ESG Solutions Group and Moody's majority-owned affiliate Vigeo Eiris appreciate the opportunity to provide comments to the European Commission in response to its Consultation on the EU Green Bond Standard (EU GBS).

Moody's ESG Solutions Group is a business unit of Moody's Corporation. In conjunction with its affiliates, Moody's ESG Solutions Group provides ESG and climate risk solutions including ESG scores, analytics and Sustainable Finance Reviewer/certifier services. Vigeo Eiris is a global leader in ESG assessments, data, research, benchmarks and analytics.

The sustainable bond market has been on a remarkable growth trajectory since the early part of the decade and is vital for connecting capital to sustainability objectives. Sustainable bonds are also expected to play a central role in the recovery from COVID-19, achieving the Sustainable Development Goals (SDGs), and in accelerating the energy transition. However, while green bonds have exponentially grown in the last years, they still represent only around 2% of global bonds market. We believe that the green bond market would benefit from the establishment of a European standard.

We would like to make the following overarching observations regarding the EU Green Bond Standard:

- **An EU GBS would significantly contribute to the development of the market towards becoming mainstream.** The key requirements proposed by the EU GBS would contribute to the regulation and standardisation of the green bond market. An EU GBS would facilitate the labelling, promote the integrity, transparency and credibility of the market and eventually increase the liquidity of the market. These elements are essential to foster the market development towards becoming mainstream. In particular, the eligibility of projects and reporting (impact and allocation) promote investment in activities that contribute to the transition to a sustainable economy.
- **We would welcome more clarity regarding the flexibility of external reviewers when verifying the alignment with the EU GBS.** More clarity would be appreciated in terms of the procedure, scope and flexibility when conducting the alignment verification. In particular, in terms of the flexibility when demonstrating the substantial contribution of sectors not included

in the EU Taxonomy and the elements needed to demonstrate the adequate management of the DNSH principle (yes/no or flexible approach).

- We look forward to having more guidance on environmental objectives beyond climate mitigation and adaptation, as well as for transition sectors, once the work on the EU Taxonomy is completed. We appreciate the guidance provided by the EU Taxonomy in terms of what is to be considered green and what is not, in order to reduce greenwashing. The challenge remains with regards to the other sectors, beyond climate change mitigation and adaptation. The transition towards a sustainable and low-carbon economy requires the paradigm shift for all sectors. We are looking forward to the completion of the EU work focusing on all the environmental objectives and the transition sectors, under the guidance of the Platform for Sustainable Finance.

We thank you for your consideration and would appreciate the opportunity of a follow up discussion.

Yours sincerely,



Andrea Blackman

Managing Director – Global Head of Environmental, Social, Governance and Climate