ADDITIONAL COMMENTS ON QUESTIONS 1 AND 2

1. The European green bond market is negatively affected by the lack of clarity with regards to the environmental outcome, how this is measured and assessed and whether the estimated impact before issuance varies from the realised. In addition, there is no formal linkage between green projects or activities financed and the issuer’s long-term business plan and sustainability targets. The role of green bonds as an instrument developed to tackle climate change becomes weaker if it is not mandatory for the issuer to commit to a carbon reduction pathway or target to reduce carbon emissions.

2. The European standard will set the stage for qualitative and quantitative assessment of green projects. This is expected to encourage discussion over environmental outcomes among stakeholders and initiate engagement practices by fixed-income investors. Although, the EU GBS addresses the need to track the bond proceeds and encourages the allocation of proceeds after issuance, it is unclear what happens if a green bond is issued to finance projects yet to be launched. How can the European standard reduce the allocation timeframe after issuance? Lastly, the EU GBS will positively affect further development of the green bond market and enhance the variety of bond structures. EU sovereigns are expected to speed up the issuance of green bonds within the next 2 years.