General comments

- **The industry welcomes an EU Green Bond Standard.**
- **The industry agrees with the proposed components of the EU Green Bond Standard** (EU GBS) **and welcomes the fact that it is built on market best practices.** When establishing an EU GBS, all its core components should remain standardised at EU level to safeguard transparency, uniformity and comparability.
- **Investors need to be able to invest in EU green bonds with confidence**. The EU GBS should facilitate investors' trust in the green bond market by ensuring that:
  - covered projects are aligned with the EU Taxonomy through to the maturity; and,
  - investors are provided with sufficient transparency and access to reliable/usable information.
- As Europe's largest institutional investor, the insurance industry supports measures to stimulate the **development of the green bond market as a means of financing the sustainability transition**. The proposed incentives are therefore welcome. However, the industry does not support arbitrary, non-risk-based, supporting or penalising factors in the prudential framework to support the uptake of green bonds. From an insurance perspective, adequate policy actions would be needed to correct existing flaws in Solvency II to ensure that the right incentives are in place.
- The EU GBS has the potential to become a **global standard for green bonds**, putting the EU in a leadership position on sustainability and creating a level playing field for European investors. As capital markets and insurers' investments are global, the industry encourages the EC to collaborate internationally with other jurisdictions to also create a green bond standard for non-European bonds.
- **EU member states should lead by example**, making use of the standard in their issuance of government bonds to support the EU's transition to a zero-carbon economy and to implicitly enhance the availability of sustainable assets.

Comments on Q5

The sector welcomes the TEG's recommendation to investigate a legislative proposal to introduce a centralised accreditation regime for external green bond verifiers. Insurance Europe sees benefit in requiring the Green Bond Framework and the Final Allocation report to be verified by accredited verifiers. This will ensure respect of the commitments within the EU GBS, in line with the EU Taxonomy. From an investor's perspective, verification of the alignment of the green bonds with the GBS, together with adequate supervision of verifiers, will remove uncertainty and facilitate sustainable investments. In addition, it removes any room for diverging interpretations of the rules of the EU GBS. This will also lead to greater coherency in verification practices.

Given this, it is difficult to assess the consequences of the accreditation scheme recommended by the TEG, assuming that current providers of second-party opinion and/or third-party opinion succeed in becoming accredited. Generally, any negative consequences of such verification requirements should be carefully assessed and, if necessary, solutions to address such barriers should be investigated. In particular, the insurance sector highlights that the criteria for the accreditation of EU GBS verifiers should prevent the creation of monopolistic market structures, which, by increasing issuance costs, could act as barriers to issuing green bonds. It is important to avoid situations in which ESG agencies hold market- and price-setting powers, as in some cases in the credit rating agency market.

In addition, it is important to note that if a voluntary interim registration process is introduced, as set out in TEG's recommendation #03, there is a risk of complicating the take-up of the EU GBS by making the issuance process more complex, especially given that its use is envisaged only for such a limited period of time.