

European Commission

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Norwegian position on the establishment of an EU Green Bond Standard

We refer to the European Commission's targeted consultation on the establishment of an EU Green Bond Standard (EU GBS) and welcome the opportunity to contribute our perspective.

The Norwegian Government support the development of the EU GBS as proposed by the Technical Expert Group on Sustainable Finance (TEG). The EU GBS could contribute to reduce the uncertainty regarding what constitutes environmentally sustainable investments, and to making the market for green bonds in Europe deeper. Provision and verification of relevant information about investment projects and activities is important in order to ensure investor and consumer protection, and is a prerequisite for well-functioning markets. Developing the EU GBS is a complex exercise, and we support the overall approach chosen by the TEG.

In our view, it is key that the Commission work to ensure that the potential burden implied by the EU GBS requirements does not exceed the benefits from establishing the standard. For example, costs related to verification should be kept as low as possible. With regard to the principle of proportionality, the Commission should consider whether third-party verifiers of green bonds should be subject to national accreditation, rather than authorisation and supervision by national financial supervisory authorities or ESMA.

In a European context, the market for green bonds in Norway is fairly developed. Since 2015, the volume on the green list on the national stock exchange has grown to NOK 43

billion, distributed over 26 issuers and 54 bond issues. Banks have issued more than half of the listed green bonds, comprising covered bonds for financing residential mortgages (which include requirements for energy labelling), and loans for financing renewable energy projects.

When established, the EU GBS may not fully correspond to established practices in Norwegian and other European markets. We would like to stress the importance of adequate transitional arrangements for existing bonds classified as green in line with current market standards. In our view, any future green bond regulatory regime should allow for existing bonds to be classified as green under the EU GBS, if the bonds are eligible under the technical screening criteria of the Taxonomy, or if such criteria are yet to be developed. However, it is important to ensure that any transitional arrangements for existing bonds do not put excessive re-verification costs or administrative burdens on issuers or borrowers. Due to the evolutionary nature of the Taxonomy, transitional arrangements for existing bonds could also be relevant when technical screening criteria are changed in the future.

Yours sincerely,

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This document has been signed electronically and it is therefore not signed by hand.