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From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Sustainable Finance)
Subject:	European Green Bond Regulation - Presidency compromise proposal on Titles I and II = Consolidation of comments - ddl 12.11.2021 (18 MS)

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Presidency compromise proposal	Drafting Suggestions Comments
<u>PRESIDENCY PARTIAL COMPROMISE</u> <u>PROPOSAL ON TITLES I AND II OF</u> 2021/0191 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European green bonds (Text with EEA relevance)	SE: (Comments): Please find a selection of comments and questions to the compromise proposal in the table below. As for the question of grandfathering, SE is of the opinion that COM's proposal with a five-year grace period is reasonable and has the clear advantage of providing an instrument for those market participants that want to adhere to the most ambitious sustainability standards. Keeping account of the eligibility of financed assets versus the taxonomy might be regarded as administratively burdensome but is something we understand will be required to a certain extent through article 8 of the taxonomy regulation regardless of the EUGBS. Furthermore, we are concerned that unlimited grandfathering might lead to a mismatch over time between the label EuGB and the taxonomy definitions, potentially undermining the trust in the EU notions of "green" and "sustainable". As for sovereign flexibility, the SE position is that clear standards and comparability are important to create efficient and liquid markets for sustainable investments. In SE opinion, requesting sovereign EuGB to be fully in line with the taxonomy is an expression of a standardisation which will create more liquid markets. It is also a matter of legitimacy for the EUGBS that sovereigns live up to the same requirements as the private sector. The taxonomy has perhaps downsides from a sovereign perspective, but the same goes for many private companies who would have wished for a different assessment of certain economic activities. Therefore, SE would be interested to take part of argumentation as to why sovereigns should be given flexibility through a "flexibility pocket", but not other actors. Finally, SE would like to reiterate our reservations about the delegated act to the Taxonomy Regulation regarding the two climate objectives, considering the interlinkages to this regulation. DE: (Comments):

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	The partial Presidency compromise already addresses many of the key technical issues, thereby improving the draft legislative text significantly. For further improvement, please see our suggestions below. Of particular importance are from our perspective: - Programme-level assessment of sovereign expenditures (Art. 9(8)) - Expenditure types relevant for sovereigns (related to Art. 4 and Art. 6) - On-lending model of promotional banks (Art. 5(3)) Regarding Art. 6, DE favors a transitional taxonomy compliance threshold below 100% that applies to all issuers, subject to a review clause. In order to move to a fully taxonomy-aligned standard that can be adopted more widely by the market, it will be crucial to work during the transitional period on the taxonomy's scope and usability, including some of the following aspects: - Extend and enhance the taxonomy by activities that are not yet or perhaps not adequately covered. In particular, it should be assessed how to include criteria appropriate for fundamental research and innovation, and how to deal with international activities. - Facilitate the adoption and usability of the taxonomy by providing more guidance and tools on its practical implementation. - Consider the proportionality of requirements for SMEs and smaller public issuers. CZ: (Comments): CZ: We consider it essential that it is made clear who will be supervising bonds without a prospectus. The option that no one will be supervising, is in our view not appropriate (this we can accept only in relation to sovereigns). Possible solution is to make prospectus obligatory (with the exemption of sovereigns as defined in prospectus regulation). Less preferred option is that there will be rules for supervision of EuGB without prospectus (again - sovereigns cannot and will not be supervised). PT: (Comments): General comment on proportionality for SMEs:

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	We are concerned with the ability of SME (as defined in MIFID, with market cap below 200 mio) to issue green bonds and consider important to ensure that the framework is attractive to them. As annexes are very high level at the current stage, we do not have proposals to adapt them to SMEs (as in the EU Growth prospectus), but we consider important to: i) give the COM a mandate to assess the use of the EUGBS by SMEs to identify potential obstacles; and ii) to include proportionality in the RTS foreseen, in the compromise proposal, in Art 6. In addition, proportionality for SME's can also be achieved through the regime applicable to reviewers (as it will be reflected in the costs to be borne by issuers, for instance by (i) setting up a cap for fixed elements of ESMA supervisory fees for such reviewers and (ii) including references to proportionality also in the delegations in Articles 15 and 18-25. DK: (Comments): <u>General comments:</u> In light of the explanations provided by the Commission and the discussions in the WP during the past months, we have revisited our comments again. Several technical issues have been clarified, but we still wish to see a clearer legal text with regards to a number of our previous comments. After the meeting we ask the PCY and COM to examine a number of issues further with the purpose of creating a standard with a high degree of usability and ambition, and balance we have underlined must be struck in previous meetings. A number of MS have suggested and inquired about flexibility for especially sovereign issuers founded in two main arguments; firstly, research and basic research have yet to be included in the taxonomy, and second a generally underdeveloped taxonomy, which significantly limits taxonomy eligible activities and subsequently taxonomy aligned activities.

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	We do recognise that the scope of taxonomy is limited, but ask the PCY and COM put forward a timeline for the delegated acts under the taxonomy which will extend the use of the taxonomy considerably. We believe that the practical usability of the EU GBS is an important element in creating the standard. The PCY has on numerous occasions kindly shared experience with already issued green bonds under the ICMA standard, but this standard does not build on the taxonomy regulation. Therefore, we ask the PCY and COM to reach out to relevant issuers (e.g. EIB) and get feedback on the COM's original proposal not containing any flexibility. We believe this would help determine the actual need for flexibility and give insights on whether a temporary flexibility with regards to TSC will make a difference with regard to the usability of the taxonomy in regard to bonds, and hence the usability of the EUGB. Denmark stands ready to assist the negotiations in a constructive manner, but we must underline, that the EUGB should be ambitious and should not be a dual system between private and public issuers.
THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	DE: (Comments): Following up on our discussion on Friday, please find below a short line of arguments regarding the application of Article 1(2) (a) Taxonomy Regulation concerning corporate bonds under the EU GBS: 1) The legislator of the Taxonomy Regulation cannot bind a future legislator of another legal act at the same level to apply the Taxonomy Regulation at all circumstances. This follows out of

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	the lex posterior principle, which is a basic principle of the rule of law. That means, the legislator of the EU GBS can decide, whether and how it applies the Taxonomy Regulation. 2) Also, Art. 1(2) (a) Taxonomy Regulation does not specify how “requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable” must be set out. 3) Moreover, the Sustainable Finance Disclosure Regulation (SFDR), which is not lex posterior, does not even require full taxonomy compliance for Article 9 SFDR products (i.e., products with an environmentally or socially sustainable investment objective). The SFDR was changed by the Taxonomy Regulation, and the legislator could have used this to change the SFDR accordingly, but did not (also compare recital 19 Taxonomy Regulation). This shows that for every legal act an own assessment with regard to the taxonomy compliance is necessary and possible. 4) The proposed adjustment in the EU GBS is not intended to rule out the application of the Taxonomy Regulation within the EU GBS; it is only intended to create a transitional period.
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	
Having regard to the proposal from the European Commission,	
After transmission of the draft legislative act to the national parliaments,	

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Having regard to the opinion of the European Central Bank,	
Having regard to the opinion of the European Economic and Social Committee ¹ ,	
Acting in accordance with the ordinary legislative procedure,	
Whereas:	
(1) The transition to a low-carbon, more sustainable, resource-efficient, circular and fair economy is key to ensuring the long-term competitiveness of the economy of the Union and the well-being of its peoples. In 2016, the	

¹ OJ C , , p .

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Union concluded the Paris Agreement². Article 2(1), point (c), of the Paris Agreement sets out the objective of strengthening the response to climate change by, among other means, making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.	
(2) The European Green Deal Investment Plan of 14 January 2020³ envisages the establishment of a standard for environmentally sustainable bonds to further increase investment opportunities and facilitate the identification of environmentally sustainable investments through a clear label. In its December 2020 conclusions, the European Council invited the	

² Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (OJ L 282, 19.10.2016, p. 4).

³ COM(2020) 21 final.

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Commission to put forward a legislative proposal for a green bond standard ⁴ .	
(3) Environmentally sustainable bonds are one of the main instruments for financing investments related to low-carbon technologies, energy and resource efficiency as well as sustainable transport infrastructure and research infrastructure. Financial or non-financial undertakings or sovereigns can issue such bonds. Various existing initiatives for environmentally sustainable bonds do not ensure common definitions of environmentally sustainable economic activities. This prevents investors from easily identifying bonds the proceeds of which are aligned with, or are contributing to environmental objectives as laid down in the Paris Agreement.	DE: (Drafting): (3) Environmentally sustainable bonds are one of the main instruments for financing investments related to low-carbon technologies, energy and resource efficiency as well as sustainable transport infrastructure and research infrastructure. Financial or non-financial undertakings or sovereigns can issue such bonds. Various existing initiatives for environmentally sustainable bonds do not ensure common definitions of environmentally sustainable economic activities. This prevents investors from easily identifying bonds the proceeds of which are aligned with, or are contributing to environmental objectives such as those laid down in the Paris Agreement. DE: (Comments): Environmental objectives go beyond climate, (i.e., the Paris Agreement), extending for example to those under the UN Convention on Biological Diversity (CBD) (with the post-2020 Global Biodiversity Framework under development).

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(4) Diverging rules on the disclosure of information, on the transparency and accountability of external reviewers reviewing environmentally sustainable bonds, and on the eligibility criteria for eligible environmentally sustainable projects, could impede the ability of investors to identify, trust, and compare environmentally sustainable bonds, and the ability of issuers to use environmentally sustainable bonds to transition their activities towards more environmentally sustainable business models.	
(5) In ensuring alignment with the objectives of the Paris agreement, and given the existing divergences and absence of common rules, it is likely that Member States will adopt diverging measures and approaches, which will have a direct negative impact on, and create obstacles to, the proper functioning of the	FI: (Drafting): (5) In ensuring alignment with the objectives of the Paris agreement, and given the existing divergences and absence of common rules, it is likely that Member States will adopt diverging measures and approaches, which will have a direct negative impact on, and create obstacles to, the proper functioning of the internal market, and be detrimental to issuers of environmentally sustainable bonds. The parallel development of market practices based on commercially driven priorities that produce divergent results may cause causes market fragmentation and risks further exacerbating inefficiencies in the functioning of the internal market. Divergent standards and

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internal market, and be detrimental to issuers of environmentally sustainable bonds. The parallel development of market practices based on commercially driven priorities that produce divergent results may cause causes market fragmentation and risks further exacerbating inefficiencies in the functioning of the internal market. Divergent standards and market practices make it difficult to compare different bonds, create uneven market conditions for issuers, cause additional barriers within the internal market, and risk distorting investment decisions.	market practices make it difficult to compare different bonds, create uneven market conditions for issuers, cause additional barriers within the internal market, and risk distorting investment decisions. FI: (Comments): We support the Commission proposal.
(6) The lack of harmonised rules for the procedures used by external reviewers to review environmentally sustainable bonds and the diverging definitions of environmentally sustainable activities make it increasingly difficult for investors to effectively compare	FI: (Comments): We support this recital.

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bonds across the internal market with respect to their environmental objectives. The market for environmentally sustainable bonds is inherently international, with market participants trading bonds and making use of external review services from third party providers across borders. Action at Union level could reduce the risk of fragmentation of the internal market for environmentally sustainable bonds and bond-related external review services, and ensure the application of Regulation (EU) 2020/852 of the European Parliament and of the Council⁵ in the market for such bonds.	
(7) A uniform set of specific requirements should therefore be laid down for bonds issued by financial or non-financial undertakings or sovereigns that voluntarily wish to use the	AT: (Drafting): A uniform set of specific requirements should therefore be laid down for bonds issued by <u>European and third-country</u> financial or non-financial undertakings or sovereigns that voluntarily wish to use the designation ‘European green bond’ or ‘EuGB’ for such bonds.

⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

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designation ‘European green bond’ or ‘EuGB’ for such bonds. Specifying quality requirements for European green bonds in the form of a Regulation should ensure that there are uniform conditions for the issuance of such bonds by preventing diverging national requirements that could result from a transposition of a Directive, and should also ensure that those conditions are directly applicable to issuers of such bonds. Issuers that voluntarily use the designation ‘European green bond’ or ‘EuGB’ should follow the same rules across the Union, to increase market efficiency by reducing discrepancies and thereby also reducing the costs of assessing those bonds for investors.	AT: (Comments): The recitals should also clarify that the EuGB Standard is also open to third country issuers and third country sovereigns. FI: (Comments): We support this recital.
(8) In accordance with Article 4 of Regulation (EU) 2020/852, and in order to provide investors with clear, quantitative, detailed and common definitions, the	

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requirements set out in Article 3 of that Regulation should be used to determine whether an economic activity qualifies as environmentally sustainable. Proceeds of bonds that use the designation ‘European green bond’ or ‘EuGB’ should exclusively be used to fund economic activities that either are environmentally sustainable and are thus aligned with the environmental objectives set out in Article 9 of Regulation (EU) 2020/852, or contribute to the transformation of activities to become environmentally sustainable. Those bonds can however be used both to finance such environmentally sustainable activities directly through the financing of assets and expenditures that relate to economic activities that meet the requirements set out in Article 3 of Regulation (EU) 2020/852, or indirectly through financial assets that finance economic activities that meet those requirements. It is therefore necessary to	

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specify the categories of expenditures and assets that can be financed with the proceeds of bonds that use the designation 'European green bond' or 'EuGB'.	
	DE: (Drafting): <u>During a transitional period, an issuer may allocate up to 20% of the proceeds of European green bonds to activities that comply with the taxonomy principles as referred to in Article 3, points (a), (b) and (c), of Regulation (EU) 2020/852, but that must not meet the requirements set out in Article 3, point (d). This transitional provision shall enable the application of the standard where the technical screening criteria referred to in Article 3, point (d) of Regulation (EU) 2020/852 are not yet fully available or considered not directly applicable by the issuer because of the innovative nature, the complexity, and/or the location of the activity.</u> DE: (Comments): DE favors a transitional taxonomy compliance threshold below 100% that applies to all issuers, subject to a review clause. Please also refer to Art. 6(1b) and Art. 61(1a). The proposed content ("where the TSC are not yet fully available or considered not directly applicable by the issuer because of the innovative nature, the complexity, and/or the location of the activity") is based on the TEG recommendation (Final TEG Report on the EU GBS, 2019). We are open to discuss other criteria.
(9) The proceeds of European green bonds should be used to finance economic activities	ES: (Drafting):

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that have a lasting positive impact on the environment. Such lasting positive impact can be attained in several ways. Since fixed assets are long-term assets, a first way is to use the proceeds of such European green bonds to finance fixed tangible or fixed intangible assets that are not financial assets, provided that those fixed assets relate to economic activities that meet the requirements for environmentally sustainable economic activities set out in Article 3 of Regulation (EU) 2020/852 ('taxonomy requirements'). Since financial assets can be used to finance economic activities with a lasting positive impact on the environment, a second way is to use those proceeds to finance financial assets, provided that the proceeds from those financial assets are allocated to economic activities that meet the taxonomy requirements. Since the assets of households can also have a long-term positive impact on the environment,	(9) The proceeds of European green bonds should be used to finance economic activities that have a lasting positive impact on the environment. Such lasting positive impact can be attained in several ways. Since fixed assets are long-term assets, a first way is to use the proceeds of such European green bonds to finance fixed tangible or fixed intangible assets that are not financial assets, provided that those fixed assets relate to economic activities that meet the requirements for environmentally sustainable economic activities set out in Article 3 of Regulation (EU) 2020/852 ('taxonomy requirements'). Since financial assets can be used to finance economic activities with a lasting positive impact on the environment, a second way is to use those proceeds to finance financial assets, provided that the proceeds from those financial assets are allocated to economic activities that meet the taxonomy requirements. This includes the possibility of issuing new EU Green Bonds that refinance green bonds that have not been issued according to the new standard, if the proceeds from these assets are allocated to economic activities that meet the taxonomy requirements. Since the assets of households can also have a long-term positive impact on the environment, those financial assets should also include the assets of households. Since capital expenditure and selected operating expenditure can be used to acquire, upgrade, or maintain fixed assets, a third way is to use the proceeds of such bonds to finance capital and operating expenditures that relate to economic activities that meet the taxonomy requirements or that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. For the reasons outlined above, the capital and operating expenditures should also include the expenditures of households. ES: (Comments): ES: We recommend clarifying in a recital that it is possible to refinance green bonds with the new Eu Green Bond standard. This clarifies a possible solution for those issuers that issued green bonds before the EuGBS was approved and don't want their bonds to lag behind this new standard. DE:

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those financial assets should also include the assets of households. Since capital expenditure and selected operating expenditure can be used to acquire, upgrade, or maintain fixed assets, a third way is to use the proceeds of such bonds to finance capital and operating expenditures that relate to economic activities that meet the taxonomy requirements or that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. For the reasons outlined above, the capital and operating expenditures should also include the expenditures of households.	(Drafting): (9) The proceeds of European green bonds should be used to finance economic activities that have a lasting positive impact on the environment. Such lasting positive impact can be attained in several ways. Since fixed assets are long-term assets, a first way is to use the proceeds of such European green bonds to finance fixed tangible or fixed intangible assets that are not financial assets, provided that those fixed assets relate to economic activities that meet the requirements for environmentally sustainable economic activities set out in Article 3 of Regulation (EU) 2020/852 ('taxonomy requirements'). Since financial assets can be used to finance economic activities with a lasting positive impact on the environment, a second way is to use those proceeds to finance financial assets, provided that the proceeds from those or subsequent financial assets are allocated to economic activities that meet the taxonomy requirements. Since the assets of households can also have a long-term positive impact on the environment, those financial assets should also include the assets of households. Since capital expenditure and selected operating expenditure can be used to acquire, upgrade, or maintain fixed assets, a third way is to use the proceeds of such bonds to finance capital and operating expenditures that relate to economic activities that meet the taxonomy requirements or that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. For the reasons outlined above, the capital and operating expenditures should also include the expenditures of households. DE: (Comments): Please refer to Art. 5(3).
(10) Sovereigns are frequent issuers of environmentally sustainable bonds and should therefore also be allowed to issue 'European green bonds', provided that	SE: (Comments):

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the proceeds of such bonds are used to finance either assets or expenditure that meet the taxonomy, or assets or expenditure that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. <u>However, as certain sovereigns' activities comply with the taxonomy requirements, with the exception of the taxonomy technical screening criteria, a reasonable degree of flexibility for sovereign issuers should be provided.</u>	SE would like to understand as regards the 10th recital how it is possible to know that the requirements of the taxonomy are fulfilled if the technical screening criteria are not. FI: (Drafting): Sovereigns are frequent issuers of environmentally sustainable bonds and should therefore also be allowed to issue 'European green bonds', provided that the proceeds of such bonds are used to finance either assets or expenditure that meet the taxonomy, or assets or expenditure that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. <u>However, as certain sovereigns' activities comply with the taxonomy requirements, with the exception of the taxonomy technical screening criteria, a reasonable degree of flexibility for sovereign issuers should be provided.</u> FI: (Comments): Sovereigns should have the same requirements as any other issuer (see recital 7). There are no justifications to make exceptions with this on the sovereigns. Allowing the sovereigns to diverge from the requirements would severely diminish the credibility of the standard. Furthermore, we do not support language that implicates that something could comply with taxonomy requirements, if it do not fulfil technical screening criteria. DE: (Drafting): (10) Sovereigns are frequent issuers of environmentally sustainable bonds and should therefore also be allowed to issue 'European green bonds', provided that the proceeds of such bonds are used to finance either assets or expenditure that meet the taxonomy, or assets or expenditure that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the

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	specific features of the economic activities and investments concerned. <u>However, as certain sovereigns' activities comply with the taxonomy requirements, with the exception of the taxonomy technical screening criteria, a reasonable degree of flexibility for sovereign issuers should be provided.</u> DE: (Comments): DE favors a transitional taxonomy compliance threshold below 100% that applies to all issuers, subject to a review clause. Please also refer to recital 8, Art. 6(1b) and Art. 61(1a). Nevertheless, an equal treatment of sovereigns requires considering the inclusion of relevant sovereign expenditure types in the taxonomy that are not yet or not adequately covered by it (e.g. fundamental research, innovation, international cooperation). LU: (Drafting): (10) Sovereigns are frequent issuers of environmentally sustainable bonds and should therefore also be allowed to issue 'European green bonds', provided that the proceeds of such bonds are used to finance either assets or expenditure that meet the taxonomy, or assets or expenditure that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. <u>However, as certain sovereigns' activities comply with the taxonomy requirements, with the exception of the taxonomy technical screening criteria, a reasonable degree of flexibility for sovereign issuers should be provided, without however compromising the credibility and high ambition of the green bond standard.</u> LU: (Comments):

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	Cf. our comments to Article 6(1b). MT: (Drafting): (10) Sovereigns are frequent issuers of environmentally sustainable bonds and should therefore also be allowed to issue ‘European green bonds’, provided that the proceeds of such bonds are used to finance either assets or expenditure that meet the taxonomy, or assets or expenditure that will meet those requirements within a reasonably short period from the issuance of the bond concerned, which can be extended however where duly justified by the specific features of the economic activities and investments concerned. <u>However, in view of the ongoing development of the taxonomy framework, as certain sovereigns’ activities comply with the taxonomy requirements, with the exception of the taxonomy technical screening criteria, a reasonable degree of flexibility, which is subject to proportionate safeguards, for sovereign issuers should be provided.</u> MT: (Comments): MT sees merit for such flexibility to be made available for both sovereigns and corporates, as long as Taxonomy principles are adhered to. We consider the participation of corporates and sovereigns in the green bond market using the EU GBS is imperative for the “golden standard” objective to be reached. We should work on facilitate adoption and usability of taxonomy. We should aim for full taxonomy alignment, but this would require a more mature taxonomy, Therefore, the flexibility pocket composition and size should be one that aims for this same objective. Furthermore, given the flexibility pocket, safeguards, especially those safeguarding against greenwashing, are welcome as long as these do not impede in the issuers ability to use the EuGBS. In establishing such safeguards, a certain degree of proportionality should be maintained.

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	MT believes that this flexibility pocket should be temporary, subject to a future review clause which takes into consideration the success of the EU GB standard and the further maturation of the EU Taxonomy. So far, our drafting suggestions are limited to the recital, but these need to be reflected in respective articles.
[(11) Article 4 of Regulation (EU) 2020/852 requires Member States and the Union to apply the criteria set out in Article 3 of that Regulation to determine whether an economic activity qualifies as environmentally sustainable for the purposes of any measure setting out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable. It is therefore logical that the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852 should determine which fixed assets, expenditures and financial assets can be financed by the proceeds of European green bonds. In view of the expected technological progress in the field of environmental sustainability, the delegated acts adopted pursuant to	ES: (Drafting): [(11) Article 4 of Regulation (EU) 2020/852 requires Member States and the Union to apply the criteria set out in Article 3 of that Regulation to determine whether an economic activity qualifies as environmentally sustainable for the purposes of any measure setting out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable. It is therefore logical that the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852 should determine which fixed assets, expenditures and financial assets can be financed by the proceeds of European green bonds. In view of the expected technological progress in the field of environmental sustainability, the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are likely to be reviewed and amended over time. Regardless of such changes, in order to provide legal certainty to issuers and investors and prevent amendments to the technical screening criteria from having a negative impact on the price of European green bonds that have already been issued, issuers should be able to apply the technical screening criteria applicable at the moment the European green bond was issued when allocating the proceeds of such bonds to eligible fixed assets or expenditures, until maturity of the bond. To ensure legal certainty for European green bonds whose proceeds are allocated to financial assets, it is necessary to clarify that the underlying economic activities funded by those financial assets should comply with the technical screening criteria applicable at the moment the financial assets were created.

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Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are likely to be reviewed and amended over time. Regardless of such changes, in order to provide legal certainty to issuers and investors and prevent amendments to the technical screening criteria from having a negative impact on the price of European green bonds that have already been issued, issuers should be able to apply the technical screening criteria applicable at the moment the European green bond was issued when allocating the proceeds of such bonds to eligible fixed assets or expenditures, until maturity of the bond. To ensure legal certainty for European green bonds whose proceeds are allocated to financial assets, it is necessary to clarify that the underlying economic activities funded by those financial assets should comply with the technical screening criteria applicable at the moment the financial assets were created. Where the relevant delegated acts are amended, the issuer should allocate proceeds by applying the amended delegated acts within five years.	If proceeds have not been allocated and the relevant delegated acts are amended, the issuer should allocate those proceeds by applying the delegated acts applicable at the moment the financial assets were created or the amended delegated acts after five years of their adoption. ES: (Comments): ES: We suggest coming back to the initial COM proposal. The Taxonomy is dynamic by nature and therefore the amendments to the technical screening criteria are relevant to achieve the goals of the Taxonomy. Nevertheless we clarify the drafting to avoid confusion on the original intention of the COM as explained during the meetings. We risk creating an incentive to issue green bonds with proceeds that will be allocated in the future to avoid being subject to more stringent technical screening criteria. A five year period for unallocated proceeds should be enough. SE: (Comments): SE does not support the changes to the 11th recital having to do with grandfathering. DK: (Comments): The recital should be aligned with art. 7, which do not correspond currently. MT: (Comments): MT welcomes the changes

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(12) The time needed to transform an asset to align the economic activity to which it relates with the taxonomy requirements should reasonably not exceed five years, except in certain circumstances where it may take up to ten years. For that reason, eligible capital expenditure should relate to economic activities that meet or will meet the taxonomy requirements within five years from the issuance of the bond, unless a longer period of up to ten years is justified by the specific features <u>in terms of budget resources required, business impact and complexity</u> of the economic activities and investments concerned.	FI: (Drafting): 12) The time needed to transform an asset to align the economic activity to which it relates with the taxonomy requirements should reasonably not exceed five years, except in certain circumstances where it may take up to ten years. For that reason, eligible capital expenditure should relate to economic activities that meet or will meet the taxonomy requirements within five years from the issuance of the bond, unless a longer period of up to ten years is justified by the specific features <u>in terms of budget resources required, business impact and complexity</u> of the economic activities and investments concerned. FI: (Comments): We support the Commission proposal. We understand this Recital concerns the taxonomy-alignment plan. DE: (Comments): Please explain the amendment made concerning the specific features of the activities and investments concerned that would justify a longer period i.e. of “budget resources required” and “business impact”. FR: (Drafting): FR (12) The time needed to transform an asset to align the economic activity to which it relates with the taxonomy requirements should reasonably not exceed five years, except in certain circumstances where it may take up to ten years. For that reason, eligible capital expenditure should relate to economic activities that meet or will meet the taxonomy requirements within five

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	years from the issuance of the bond, unless a longer period of up to ten years is justified by the specific features in terms of budget resources required, business impact and complexity of the economic activities and investments concerned. <u>ESMA will be in charge of drafting Regulatory Technical Standards specifying the content and the form of such taxonomy-alignment plans. In doing so, ESMA should refer extensively to definitions and content that are already approved in the EU sustainable finance regulatory framework in order to ensure a high level of consistency.</u> FR: (Comments): FR We very much believe that it is of the highest importance to ensure overall consistency and harmony on taxonomy-alignment plans within the sustainable finance framework. For example, alignment plans are in part already the subject of initial definitions within the Delegated Act Article 8 of the taxonomy. We therefore propose the addition of a recital that would underline the need to develop RTS that can refer extensively to definitions already stabilised in the rest of the regulatory corpus in order to ensure a high level of consistency and harmony.
(13) Investors should be provided with all information necessary to evaluate the <u>use of proceeds</u> environmental impact of European green bonds, and to compare such bonds with each other. For that purpose, specific and	SE: (Comments): SE would welcome a clarification to the changes to the 13th recital. FI: (Drafting):

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standardised disclosure requirements need to be set out which provide transparency about how the issuer intends to allocate the bond proceeds to eligible fixed assets, expenditures and financial assets and how those proceeds have actually been allocated. Such transparency can best be achieved by means of European green bond factsheets and annual allocation reports. To strengthen the comparability of European green bonds and to facilitate the localisation of relevant information, it is necessary to lay down templates for the disclosure of such information.	(13) Investors should be provided with all information necessary to evaluate the use of proceeds environmental impact environmental impact of European green bonds, and to compare such bonds with each other. For that purpose, specific and standardised disclosure requirements need to be set out which provide transparency about how the issuer intends to allocate the bond proceeds to eligible fixed assets, expenditures and financial assets and how those proceeds have actually been allocated. Such transparency can best be achieved by means of European green bond factsheets and annual allocation reports. To strengthen the comparability of European green bonds and to facilitate the localisation of relevant information, it is necessary to lay down templates for the disclosure of such information. FI: (Comments): Regulation (EU) 2019/2088 requires financial institutions to assess and report on the environmental impact of their investments. Allocation report (i.e. use of proceeds) alone does not allow this. Since the investors are anyway going to ask for this reporting from the issuers of the GB, it would be beneficial for all involved to have these requirements written in this legislation (and be standardized instead of every investor requiring slightly different reporting from the issuer)
(14) Investors should benefit from cost-effective access to reliable information about the European green bonds. <u>All</u> issuers of European Green Bonds, <u>including issuers who are not required to publish a prospectus in accordance with the Regulation (EU) 2017/1129</u>, should therefore contract external	ES: (Drafting): (14) Investors should benefit from cost-effective access to reliable information about the European green bonds. <u>All</u> issuers of European Green Bonds, <u>including issuers who are not required to publish a prospectus in accordance with the Regulation (EU) 2017/1129</u>, should therefore contract external reviewers to provide a pre-issuance review of the European green bond factsheet, and <u>a</u> post-issuance review of the European green bond annual allocation reports. Member States of the European Union Sovereigns <u>should have a possibility to obtain pre-</u>

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reviewers to provide a pre-issuance review of the European green bond factsheet, and <u>a</u> post-issuance review of the European green bond annual allocation reports. <u>Sovereigns should have a possibility to obtain pre-issuance and post-issuance reviews also from a state auditor or any other public entity that is mandated by the sovereign.</u>	<u>issuance and post-issuance reviews also from a state auditor or any other public entity that is mandated by the sovereign.</u> ES: (Comments): ES: We suggest that this should only be allowed to sovereigns of Member States of the EU in order to guarantee a certain standard of state auditors. FI: (Drafting): (14) Investors should benefit from cost-effective access to reliable information about the European green bonds. <u>All</u> issuers of European Green Bonds, <u>including issuers who are not required to publish a prospectus in accordance with the Regulation (EU) 2017/1129,</u> should therefore contract external reviewers to provide a pre-issuance review of the European green bond factsheet, and <u>a</u> post-issuance review of the European green bond annual allocation reports. <u>Sovereigns should have a possibility to obtain pre-issuance and post-issuance reviews also from a state auditor or any other public entity that is mandated by the sovereign.</u> FI: (Comments): In order not to diminish the credibility of the standard, and in order to maintain it as a standard (instead of standards), sovereigns should be treated the same with this regard. There are no reasons why a sovereign cannot follow this requirement so it should be mandated. After all, we do not allow state auditors to give credit ratings to sovereigns, thus we should not allow them to assess the environmental “ratings” either. DE: (Comments): The first amendment seems unnecessary (but no objection, in principle).

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	The second amendment on state auditors seems to be sufficiently covered under recital 19 (but no objection, in principle). PT: (Comments): In order to ensure the credibility of the EU GBS and the alignment with current market practices (particularly, the ICMA GB Principles), we believe that the pre-issuance and post-issuance reviews for sovereign issuances should also be obtained from independent third parties. Indeed, we believe that there is the risk of investors fearing some bias in the reviews, particularly from “any other public entity that is mandated by the sovereign to assess compliance with this Regulation.”, which could (especially in situations where the analysis is not properly done) hinder the credibility of the standard. Moreover, this is already the most common practice for EU sovereigns.
(15) Issuers of European green bonds should abide by their commitments to investors and allocate the proceeds of their bonds within a reasonably short time after issuance. At the same time, issuers should not be penalised for allocating bond proceeds to economic activities that do not yet meet the taxonomy requirements, but will do so within the five year period (or extended ten year period). Issuers should in any	

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case allocate all proceeds of their European green bonds before the maturity of each bond.	
(16) Unlike issuers that are financial or non-financial undertakings, issuers that are sovereigns can use the proceeds of European green bonds to indirectly finance economic activities that are aligned with the taxonomy requirements through the use of programmes of tax expenditures or programmes of transfers, including subsidies. In such cases, sovereigns ensure that economic activities funded by such programmes comply with the terms and conditions of those programmes. For that reason, when providing pre- and post-issuance reviews of European green bonds issued by sovereigns and the proceeds of which are allocated to tax expenditures or subsidies in accordance with terms and conditions that are aligned with taxonomy requirements, external	DE: (Drafting): (16) Unlike issuers that are financial or non-financial undertakings, issuers that are sovereigns can use the proceeds of European green bonds to indirectly finance economic activities that are aligned with the taxonomy requirements through the use of programmes of tax expenditures or programmes of transfers, including subsidies. In such cases <u>Where justified by the complexity and scale of programmes and the homogeneity of underlying activities</u>, sovereigns <u>shall</u> ensure that economic activities funded by such-programmes comply with the terms and conditions of those programmes. For that reason, when providing pre- and post-issuance reviews of European green bonds issued by sovereigns and the proceeds of which are allocated to tax expenditures or subsidies in accordance with terms and conditions that are aligned with taxonomy requirements, external reviewers should not be required to assess the taxonomy-alignment of each economic activity funded by such programmes, <u>where justified by the complexity, scale and the homogeneity of underlying activities</u>. Where that is the case, it should be sufficient for external reviewers to assess the alignment of the terms and conditions of the funding programmes concerned with the taxonomy requirements. DE: (Comments): The same logic of complexity and scale that applies to subsidies and tax relief programmes may also apply to other types of sovereign expenditures as defined in Art. 4(2), as was also pointed out in the ESDM Paper. An example from Germany's green bond portfolio (under Art. 4(2) e) – capital expenditures) is a programme to purchase roughly 50 e-buses for municipalities (compliant with the relevant SC criteria of the climate delegated act); a review of each grant approval may in

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reviewers should not be required to assess the taxonomy-alignment of each economic activity funded by such programmes. Where that is the case, it should be sufficient for external reviewers to assess the alignment of the terms and conditions of the funding programmes concerned with the taxonomy requirements.	this case still be viable but may also be sufficient at the level of the terms and conditions of that programme. Another example (under the new Art. 4(2) f), intermediate consumption) is a programme under the national climate protection initiative for the purchase of 12.395 cooling appliances for households (compliant with the TSC number 3.6 climate delegated act) to exchange highly energy-intensive appliances. In this case, it would not be feasible to review each individual grant approval. Hence, where justified by the complexity, scale and homogeneity of underlying activities, it should be possible to demonstrate taxonomy compliance at the programme-level. Please also refer to Art. 9(8).
(17) Certain financial undertakings that have a portfolio of European green bonds <u>on the liability side of a balance sheet</u> may not be able to identify, for each European green bond, the distinct financial assets <u>on the asset side of a balance sheet</u> to which the proceeds of said bond have been allocated. This is due to a mismatch between, on the one hand, the time to maturity and the volume of funding of those bonds, and on the other hand the time to maturity and volume of the financial assets on	

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the balance sheet of the financial undertaking. Financial undertakings should in such cases be required to disclose the allocation of the aggregate proceeds of their portfolio of European green bonds to a portfolio of environmentally sustainable financial assets on the undertaking's balance sheet. Those financial undertakings should then demonstrate in annual allocation reports that the related environmentally sustainable financial assets complied with the taxonomy requirements at the time they were created. In order to ensure that all proceeds of European green bonds are allocated to environmentally sustainable economic activities, the financial undertakings should also demonstrate that the amount of those environmentally sustainable financial assets exceeds or equals the amount of European green bonds that have not yet matured. To ensure that the information	

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provided remains complete and up to date, an external reviewer should review the annual allocation reports each year. That external reviewer should in particular focus on those financial assets that were not on the issuer's balance sheet in the previous year's allocation report.	
(18) To improve transparency, issuers should also disclose the environmental impact of their bonds by means of the publication of impact reports, which should be published at least once during the lifetime of the bond. In order to provide investors with all information relevant to assess the environmental impact of European green bonds, impact reports should clearly specify the metrics, methodologies and assumptions applied in the assessment of the environmental impacts. To strengthen the comparability of European green bonds and to	AT: (Comments): With regard to transparency we do miss an explanation why the impact reports do not have to be audited. This could be included in Rec 18. FI: (Drafting): (18) To improve transparency, issuers should also disclose the environmental impact of their bonds by means of the publication of impact reports, which should be published at least every three years once during the lifetime of the bond. In order to provide investors with all information relevant to assess the environmental impact of European green bonds, impact reports should clearly specify the metrics, methodologies and assumptions applied in the assessment of the environmental impacts. To strengthen the comparability of European green bonds and to facilitate the localisation of relevant information, it is necessary to lay down templates for the disclosure of such information.

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facilitate the localisation of relevant information, it is necessary to lay down templates for the disclosure of such information.	FI: (Comments): Once is not enough for the investors of the EUGBs to do their own reporting. Every three years is a good balance taking into account not to overburden the small issuers. It could be considered whether for larger issuers should have more frequent (annual) reporting
	DE: (Drafting): <u>Issuers of European green bonds are encouraged to obtain a review by an external reviewer of the impact report drawn up after the full allocation of the proceeds of the European green bond in accordance with Articles 4 to 7.</u> DE: (Comments): Suggest the amendment to encourage the obtainment of a review of the impact report.
(19) State auditors, or any other public entity that is mandated by a sovereign to assess whether the proceeds of the European green bonds are indeed allocated to eligible fixed assets, expenditures, and financial assets, are statutory entities with responsibility for and expertise in the oversight over public spending, and typically have legally guaranteed independence. Sovereigns that issue European	ES: (Drafting): (19) State auditors, or any other public entity that is mandated by a EU sovereign to assess whether the proceeds of the European green bonds are indeed allocated to eligible fixed assets, expenditures, and financial assets, are statutory entities with responsibility for and expertise in the oversight over public spending, and typically have legally guaranteed independence. EU sSovereigns that issue European green bonds should therefore be allowed to make use of such state auditors or entities for the purposes of the external review of bonds issued by such sovereigns. Such state auditors or entities should not be registered or supervised according to this Regulation. ES: (Comments):

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green bonds should therefore be allowed to make use of such state auditors or entities for the purposes of the external review of bonds issued by such sovereigns. Such state auditors or entities should not be registered or supervised according to this Regulation.	ES: To clarify that this privilege should be limited to EU sovereigns in order to avoid that third countries use their state auditors when there is not an adequate standard for those public auditors. FI: (Drafting): (19) State auditors, or any other public entity that is mandated by a sovereign to assess whether the proceeds of the European green bonds are indeed allocated to eligible fixed assets, expenditures, and financial assets, are statutory entities with responsibility for and expertise in the oversight over public spending, and typically have legally guaranteed independence. Sovereigns that issue European green bonds should therefore be allowed to make use of such state auditors or entities for the purposes of the external review of bonds issued by such sovereigns. Such state auditors or entities should not be registered or supervised according to this Regulation. FI: (Comments): There are no reasons to think that an external entity could not assess sovereign issuers, therefore such a leeway is not justified. It would only create unnecessary issues with the credibility of the standard.
(20) To ensure the efficiency of the market for European green bonds, issuers should publish on their websites details about the European green bonds they issue. To ensure the reliability of information and investor confidence, they shall also publish the pre-	DE: (Drafting): (20) To ensure the efficiency of the market for European green bonds, issuers should shall publish on their websites details about the European green bonds they issue. To ensure the reliability of information and investor confidence, they shall also publish the pre-issuance review as well as any post-issuance reviews. DE: (Comments):

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issuance review as well as any post-issuance reviews.	Given this is a mandatory requirement.
Title I Subject matter and definitions	
Article 1 Subject matter	
This Regulation lays down uniform requirements for issuers of bonds that wish to use the designation ‘European green bond’ or ‘EuGB’ for their environmentally sustainable bonds made available to investors in the Union, and establishes a registration system and supervisory framework for external reviewers of European green bonds.	
Article 2 Definitions	SE: (Comments):

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	We are currently analyzing the changes made to this article. CZ: (Comments): CZ: We welcome the deletion of private law participants from the definition of sovereigns, and welcome the addition of new definitions, but as to the relationship to the Prospectus Regulation this is not clarified. In addition, we are uncertain of the appropriateness of replacing the regulated market with a trading system.
For the purposes of this Regulation, the following definitions apply:	PT: (Comments): A definition of bond in line with MiFID should be included.
(1) 'issuer' means any legal entity that issues bonds;	AT: (Drafting): 'issuer' means any legal entity incorporated within or outside the Union that issues bonds" AT: (Comments): The definition of issuer could benefit from a clarification by supplementing the wording "incorporated within or outside the Union" after "legal entity" to make it clear that the EuGB Standard is also open to third country private and sovereign issuers.
(2) 'financial undertaking' means an AIFM as defined in Article 4(1), point (b), of Directive	BG: (Comments):

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2011/61/EU of the European Parliament and of the Council⁶, a UCITS management company as defined in Article 2, point (10), of Regulation (EU) 2019/2088 of the European Parliament and of the Council⁷, a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council⁸, an investment firm as defined in Article 4(1), point (2) of Regulation (EU) No 575/2013, an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council⁹ or a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;	BG: The term “financial undertaking” is used only in Article 9, par. 5. In the Commission’s presentation of the proposal it has been stated that “issuers could make use of portfolio approach = matching a portfolio of green bonds with portfolio of green loans”. If the objective is the derogation provided in Article 9 (5) to be applied only by credit institutions, it should be amended accordingly and we see no need to define the term “financial undertaking”.

⁶ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).

⁷ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

⁸ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

⁹ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

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(3) 'sovereign' means any of the following:	FI: (Comments): We are still supportive of the idea that the definition of sovereign should be aligned with Article 1 paragraph 2 of the Prospectus Regulation. CZ: (Comments): CZ: The definition for sovereign should be as close to the Prospectus Regulation as possible. PT: (Comments): We support that the definition of sovereign should not include public companies that are in competition with private companies. We would however favour that private law companies that are 100% owned by sovereigns are classified as a sovereign to the extent that they exercise public utility services in accordance with the applicable law. We are broadly in agreement with the other amendments made to the definition of sovereign. DK: (Comments): We are still scrutinising over the full scope of entities included under art. 2 (3), and see a possible unintentional omission of a number of companies and entities established by sovereigns other than state or federal level. In particular, these entities are underpinning the movement of capital to sustainable projects and activities on the more local level, see comments to letter d. Not including these entities could be counterproductive to especially public finance of the sustainable transition as many initiatives and projects related to sustainable transformation is happening at the local level, i.e watersupply, central heating etc.

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	As for the legal clarity we believe it would be helpful if the definition (to the extent possible) cross-reference to other EU-regulation in defining sovereign or public entities, for instance CRRII definition of “public development credit institution”.
(a) Euratom, the Union and any of their agencies;	
(b) any State, including a government department, an agency, <u>another legal entity of public law</u> or a special purpose vehicle of such State;	BE: (Comments): The concept of “special purpose vehicle” should be defined. DK: (Comments): It is in the text unclear what the definition of SPV's is. It could be considered to include entities established specifically by law that are fully owned by states. This would include national promotional banks etc.
(c) in the case of a federal State, a member of the federation <u>including a government department, an agency, another legal entity</u>	BE: (Comments): The concept of “special purpose vehicle” should be defined.

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<u>of public law or a special purpose vehicle of such member;</u>	
(d) a regional or municipal entity;	DE: (Drafting): (d) a regional or municipal entity, <u>including a government department, an agency, another legal entity of public law or a special purpose vehicle of such entity;</u> DE: (Comments): Suggest making the same amendment that was made at the state and sub-federal level (letters (b) and (c)) at the regional and local level (letter (d)) DK: (Drafting): (d) a regional or municipal entity, another legal entity of public law or a special purpose vehicle of such entity; DK: (Comments): We are still scrutinising the full scope of entities included under art. 2 (3), and see a possible unintentional omission of a number of companies and entities established by sovereigns other than state or federal level. In particular these entities are underpinning the movement of capital to sustainable projects and activities on the more local level. Not including these entities could be counterproductive to especially public finance of the sustainable transitioning.

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	This could for example be credit institution established by all or some municipalities and regions to provide credit for investments etc. in municipalities and regions. As a minimum we propose to include “another legal entity of public law or a special purpose vehicle of such entity” As for the legal clarity we believe it would be helpful if the definition (to the extent possible) cross-reference to other EU-regulation in defining sovereign or public entities, for instance CRR II definition of “public development credit institution”.
(e) a collective undertaking of several States in the form of an organisation or a special purpose vehicle;	DK: (Drafting): (e) a collective undertaking of several States in the form of an organization, another legal entity of public law or a special purpose vehicle of such entity; DK: (Comments): Following comments to letter b. As a minimum we propose to include “another legal entity of public law or a special purpose vehicle of such entity”
(f) a company of private law fully owned by one or more of the entities referred to in points (a) to (e);	AT: (Comments): We fully support the deletion of this provision.

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	DK: (Drafting): NEW(f) Member States may include an entity mentioned under article 2(5(4-22)) of Regulation 2013/736/EU under the definition of “sovereign”; DK: (Comments): A number of public entities are not covered by the definitions proposed by the PCY. We suggest including these entities to ensure the proper scope of the sovereign definition and underpin financing of the sustainable transition.
(4) ‘taxonomy requirements’ means the requirements set out in Article 3 of Regulation (EU) 2020/852;	
(5) ‘trading venue regulated market’ means a trading venue regulated market as defined in point 24 of Article 4(1) Article 4(1), point (21), of Directive 2014/65/EU of the European Parliament and of the Council ¹⁰	AT: (Comments): <i>We have doubts that this definition is broad enough with regard to EuGB issuances.</i> BG: (Comments): BG: We should revert to the definition of “regulated market” as trading venue is a more broad term and in Prospectus regulation on which supervisory architecture we rely in the EU GBS the prospectus

¹⁰ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

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	is required only for the regulated market. In Article 13 where this term is used the word “regulated” should be inserted. CZ: (Comments): CZ: We prefer to keep definition of “regulated market”. LU: (Comments): LU: The term trading venue is only used in Article 13 of the compromise proposal with respect to the supervision. This Article 13 makes a reference to Article 36. However, in Article 36 the scope of supervision is defined through the reference to Article 31 of Regulation (EU) 2017/1129 and applies only to regulated market. Therefore, the term trading venue cannot be used in relation to Article 36.
(6) ‘offer to the public’ means an offer of securities to the public as defined in point (d) of Article 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council¹¹;	

¹¹ REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (OJ L 168 30.6.2017, p. 12).

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(7) ‘home Member State’ means a home Member State as defined in point (i) of Article 2(1) of Directive 2004/109/EC¹²;	BE: (Comments): This definition is not useful, as it refers exclusively to issuers that are admitted on a regulated market. As such, this definition is not usable in the context of bonds that are not admitted on such a market. We would propose to refer rather to the definition of home and host Member State included in the Prospectus Regulation. BG: (Drafting): ‘home Member State’ as defined in point (m) of Article 2 of Regulation (EU) 2017/1129; BG: (Comments): BG: The definition of home and host Member State should refer to those definitions in Prospectus regulation as we rely on the supervisory architecture laid down in Prospectus regulation. RO: (Comments): <u>RO comments</u> Taking into account that: - <i>Article 36 of the EuGB proposal states that the competent authorities designated in accordance with Article 31 of Regulation (EU) 2017/1129 shall ensure that Articles 8 to 13 of the EUGB proposal are applied; and</i> - <i>Article 13 point 3 of the EuGB proposal (as modified by this compromise text) states that an issuer of European green bonds shall, where a prospectus for European green bonds is required to be</i>

¹² DIRECTIVE 2004/109/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ L 390 31.12.2004, p. 38).

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	<i>published pursuant to Regulation (EU) 2017/1129, notify the National Competent authority referred to in Article 36 of its home Member State of the publication of all the documents referred to in paragraph 1 without undue delay,</i> we are of the opinion that the definition of "home Member State" under EuGB should refer to the definition of <i>home Member State as mentioned in Article 2 letter m) of Regulation (UE) 2017/1129</i>. Nevertheless, if the proposed definition of home Member State under EuGB remains unchanged (e.g. - <i>the reference to the definition of home Member State under the Directive 2004/109/EC is still kept</i>), we would like a clarification in this respect in order to understand the rationale behind this approach. IE: (Comments): While we appreciate the Presidency's efforts to clarify this, unfortunately some more tweaking is needed. The Transparency Directive only applies to issuers with securities admitted to trading on a regulated market. The EU GB Regulation is not limited to such issuers/issuances, and we still have the question about whether it is limited to those issuing a prospectus or not. We believe that these points should be added to the bracketed provisions awaiting clarity on the prospectus link. DE: (Drafting): (7) 'home Member State' means a home Member State as defined in <u>letter m) of Article 2 of Regulation (EU) 2017/1129</u> point (i) of Article 2(1) of Directive 2004/109/EC¹³; DE: (Comments):

13 DIRECTIVE 2004/109/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ L 390 31.12.2004, p. 38).

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	Suggest replacing the reference to the Transparency Regulation with a reference to the Prospectus Regulation – a) for larger consistency, and b) to clarify the designation in case of public offers that are not part of regulated markets. CZ: (Comments): CZ: The ‘home Member State’ definition should be aligned with the Prospectus Regulation and not the Transparency Directive. PT: (Comments): Scrutiny reservation LU: (Drafting): (7) ‘home Member State’ means a home Member State as defined in point (i) of Article 2(1) of Directive 2004/109/EC¹⁴ in point (m) of Article 2 of Regulation 2017/1129; LU: (Comments): LU: As competent authorities are designated by reference to the Prospectus Regulation (cf. article 36), home and host Member State should also be defined by reference to the Prospectus Regulation (cf. also our previous comments on article 40).

¹⁴ DIRECTIVE 2004/109/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ L 390 31.12.2004, p. 38).

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(8) 'host Member State' means a host Member State as defined in point (j) of Article 2(1) of Directive 2004/109/EC;	BE: (Comments): This definition is not useful, as it refers exclusively to issuers that are admitted on a regulated market. As such, this definition is not usable in the context of bonds that are not admitted on such a market. We would propose to refer rather to the definition of home and host Member State included in the Prospectus Regulation. BG: (Drafting): 'host Member State' means a host Member State as defined in point (n) of Article 2 of Regulation (EU) 2017/1129; BG: (Comments): BG: The definition of home and host Member State should refer to those definitions in Prospectus regulation as we rely on the supervisory architecture laid down in Prospectus regulation. IE: (Comments): While we appreciate the Presidency's efforts to clarify this, unfortunately some more tweaking is needed. The Transparency Directive only applies to issuers with securities admitted to trading on a regulated market. The EU GB Regulation is not limited to such issuers/issuances, and we still have the question about whether it is limited to those issuing a prospectus or not. We believe that these points should be added to the bracketed provisions awaiting clarity on the prospectus link. DE: (Drafting):

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	(8) ‘host Member State’ means a host Member State as defined in <u>letter n) of Article 2 of Regulation (EU) 2017/1129 point (j) of Article 2(1) of Directive 2004/109/EC;</u> DE: (Comments): Suggest replacing the reference to the Transparency Regulation with a reference to the Prospectus Regulation – a) for larger consistency, and b) to clarify the designation in case of public offers that are not part of regulated markets. CZ: (Comments): CZ: The ‘host Member State’ definition should be aligned with the Prospectus Regulation and not the Transparency Directive. PT: (Comments): Scrutiny reservation. LU: (Drafting): (8) ‘host Member State’ means a host Member State as defined in point (j) of Article 2(1) of Directive 2004/109/EC <u>in point (n) of Article 2 of Regulation 2017/1129;</u> LU: (Comments): LU: see comment on point 7 of article 2.
	ES: (Drafting):

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	(9) ‘bond’ means a debt instrument within the scope of transferable securities as defined in point (44) of article 4(1) of Directive 2014/65/EU, excluding money-market instruments as defined in point (17) of article 4(1) of Directive 2014/65/EU. ES: (Comments): ES: For legal certainty we suggest including a definition of bond within this Regulation. Mifid II should serve as a guidance for establishing this definition.
Title II Conditions for the use of the designation ‘European green bond’ or ‘EuGB’	CZ: (Comments): CZ: We believe that the compromise proposal, as a whole, likely goes in the right direction. We are supportive of Title II as a whole, but believe that additional clarification is needed. In fact, we are especially interested in Articles 11,12, and 13 where some sections are in brackets.
Chapter I Bond-related requirements	
Article 3 Designation	
The designation ‘European green bond’ or ‘EuGB’ shall only be used for bonds that	FR: (Drafting):

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comply with the requirements set out in this Title until their maturity.	FR The <u>Issuers who choose to use the</u> designation ‘European green bond’ or ‘EuGB’ shall only be used for bonds <u>shall ensure</u> that <u>those bonds</u> comply with the requirements set out in this Title until their maturity <u>or until the fulfilment of all disclosure obligations under this Title, whichever is the latter.</u> FR: (Comments): FR It should be made clear that issuers that voluntarily choose to use the EuGB designation must apply the provisions of this Regulation. Existing wording has two undesirable consequences: - That the EuGB is a label and that this label can be lost if the issuer doesn’t comply with the obligations in the Regulation. - That, once the EuGB is lost and since bonds are no longer “EuGB”, it follows that issuers no longer have to comply with the obligations of the Regulation. The proposal seeks to clarify that, although the standard is voluntary, it nonetheless triggers, if used, the mandatory application of certain legal provisions. Automatically, the question of losing the EuGB designation is no longer relevant. If an issuer fails to comply with the Regulation, the bonds would be considered in default with respect to the obligations under the Regulation (not to be confused with a payment default). The proposed wording no longer gives rise to the question of keeping or losing a label. Furthermore, the proposal also seeks to clarify that these obligations apply not only until the maturity of the bonds, but until the fulfilment of all disclosure obligations which may occur after the maturity, ie the final allocation report and the environmental impact.

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Article 4 Use of the proceeds of European green bonds	
1. Before maturity of the bond, the proceeds of European green bonds, after deducting commissions and costs related to their issuance and offering, shall be exclusively and fully allocated, without deducting costs, to the following, or a combination thereof:	BE: (Comments): We believe that it would be important to define what is meant by commissions and costs. In any case also, (i) only commissions and costs strictly related to the issuance could possibly be considered and (ii) full transparency towards investors should be ensured. In this context, we also believe that it should be specified if costs include taxes? We think that if commissions and costs can be deducted, taxes should benefit from the same treatment. We propose to include a definition of proceeds. In this context, it is important to keep in mind that in the sovereign market different approaches are followed: some sovereigns allocate nominal amounts (which is aligned with the logic of registration of public debt), while some work on the basis of actual proceeds. Both approaches seem to be accepted by investors/market participants. AT: (Comments): The possibility of deducting costs related to the issuance of the EuGB can be supported. We understand the amendment in such a way that only costs directly related to the issuance can be deducted. Guidance on deductible costs should be provided at least in a recital. HU: (Comments): We agree with the amendment, making the costs related to the issuance and offering deductible, but we think there is a need for clarification what cost can be regarded as cost related to the issuance and offering (e.g: bank fees, lawyers' fees, etc)

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	SE: (Comments): SE can support the proposal to allow for net use of proceeds. FI: (Comments): We can support the change regarding net proceeds. However, there should be increased transparency regarding the deducted commissions and costs. IE: (Comments): We recognise why it may be helpful to smaller entities that they can deduct costs from use of proceeds. However, can Presidency/Council Legal Service confirm that this provision is optional, and costs don't need to be deducted? Currently, for Ireland's sovereign green bond, we do not deduct costs from use of proceeds. DE: (Comments): Support introducing the possibility to deduct issuance-related costs, which may be re-phrased more narrowly, as suggested by some MS. CZ: (Comments): CZ: We consider this to be a beneficial feature. However, in relations to SMEs, we believe that a possible solution could be that the verification could be completed by an independent entity such

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	as an auditor. The possibility to cover the costs for issuing a green bond is beneficial, but costs should be more limited, for example covering external reviewers but not marketing. DK: (Comments): We ask the PCY to provide a non-paper or a written draft of how the commissions and costs should be deducted. We are open to consider this change, but at the time there should be limits on these expenses. Further, we are somewhat worried that this information could be burdensome for issuers to provide and difficult for investors to understand. MT: (Drafting): 1. Before maturity of the bond, the proceeds of European green bonds, after deducting commissions and costs related to their issuance, including verification costs, and offering, shall be exclusively and fully allocated, without deducting costs, to the following, or a combination thereof: MT: (Comments): We welcome the inclusion costs of the issuance of green bonds in the amount to be deducted. Can the Presidency clarify whether verification costs to the framework and published reports are to be counted as part of the issuance costs? To the fact that some Member States indicated that deductible costs should go over and above those of conventional, we believe this will create an additional complexity as one would first need to calculate and establish the costs to issue a conventional bond, which might be different at different Member State. In this regard, we maintain that all EUGBS related costs should be deducted so as to incentivize the use of the EUGBS.

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(a) fixed assets, including those of households, that are not financial assets;	
(b) capital expenditures, including those of households;	
(c) operating expenditures that were incurred more recently than three years prior to the issuance of the European green bond;	
(d) financial assets as referred to in Article 5.	
For the purposes of this paragraph, capital expenditures shall mean either additions to fixed tangible and fixed intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including the additions resulting from revaluations and impairments for the financial	

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year concerned, and excluding fair value or any additions to fixed tangible and fixed intangible assets resulting from business combinations.	
For the purposes of this paragraph, operating expenditures shall mean direct non-capitalised costs which relate to research and development, education and training, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of fixed tangible or fixed intangible assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets.	DE: (Comments): Please explain why fixed tangible/intangible assets was deleted.
2. By way of derogation from paragraph 1, a sovereign may also allocate the proceeds of European green bonds it has issued to the following, or any combination thereof:	BE: (Comments): It makes sense to broaden the scope to all kinds of government spending that can be used to support environmental goals.

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	On top of this, we reiterate our earlier remark on Art 9.8, that only refers to Art 4(2)c and (d). Governments should be able to work on the basis of programs (general terms and conditions) rather than on the basis of individual verification for a broader scope of expenditures than just tax credits and subsidies. CZ: (Comments): CZ: We do not object to the flexibility pocket and the extension of the cost range in Art 4(1). In fact, if we have a flexibility pocket for sovereigns why is this not permitted for corporate issuers?
(a) fixed assets referred to in point 7.22 of Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council¹⁵;	SK: (Drafting): (SK) produced non-financial assets referred to in point 7.22 of Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council ; SK: (Comments): (SK) Technical comment
(b) non-produced non-financial assets referred to in point 7.24 of Annex A to Regulation (EU) No 549/2013;	

¹⁵ Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1).

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(c) tax relief referred to in point 20.167 of Annex A to Regulation (EU) No 549/2013 that was granted more recently than three years prior to the issuance of the European green bond;	
(d) subsidies referred to in point 4.30 of Annex A to Regulation (EU) No 549/2013 that were transferred more recently than three years prior to the issuance of the European green bond;	
(e) capital expenditures referred to in point 20.104 of Annex A to Regulation (EU) No 549/2013.	
(f) operating expenditures or intermediate consumption referred to in point 3.88 of Annex A to Regulation (EU) No 549/2013 that were incurred more recently	SE: (Comments): SE would like to understand the reason for the additions on operating expenditures or intermediate consumption. FI:

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than three years prior to the issuance of the European green bond.	(Comments): We would like to hear more reasoning behind this amendment. DE: (Comments): Explicitly support this amendment since it is an important type of sovereign expenditure for allocating proceeds to green assets. See example provided under recital 16. MT: (Comments): MT would like to thank the Presidency for considering our earlier feedback and welcome the inclusion of points (f) and (g); we consider that these ensure that all ESA 2010 expenditure categories under which taxonomy aligned NACE sectors can be classified have been covered. We reiterate that this addition was needed in view of for example, expenditure related to sovereign green bonds which will be allocating proceeds for the conservation and landscaping of natural habitats including the enhancement of their corresponding biodiversity habitat (as aligned with the environmental delegated act TSC) as a public good in the form of direct expenditure related to the employees engaged on the ground on a regular basis.
(g) transfers to sovereigns provided that the proceeds from those transfers are allocated according to points (a) to (d) of paragraph 1, or points (a) to (f) of this paragraph.	SE: (Comments): SE would like to understand the reason for the additions on transfers. FI: (Comments): We would like to hear more reasoning behind this amendment.

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	DE: (Comments): Explicitly support this amendment since it is important that sovereigns can channel proceeds to green assets through other sovereign entities, e.g. from the federal to the sub-federal level. LU: (Comments): LU: In the explanation note, the terms ‘transfers within general government’ are used, where in the compromised text the terms ‘transfer to sovereigns’ are used. Is there an explanation for using a different terminology? MT: (Comments): See comments to (f) above.
	ES: (Drafting): 3. Deductible commissions and costs related to the issuance and offering referred to in paragraph 1 may be revised by national competent authorities following ESMA guidelines issued according to article 16 of Regulation (EU) No 1095/2010. ES: (Comments): ES: We suggest either eliminating deductible commissions and costs, specifying its content, or establishing an amendment as suggested. National competent authorities may correct what commissions and costs have been deducted following ESMA guidelines as a way of harmonization within the EU. DE:

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	(Drafting): <u>(h) transfers to governments or international organisations referred to in point 4.121 of Annex A to Regulation (EU) No 549/2013 that were incurred more recently than three years prior to the issuance of the European green bond.</u> DE: (Comments): To allow for transfers directed, for instance, to multilateral development banks or funds such as the Green Climate Fund related to the Paris Agreement and other relevant international treaties that make a substantial contribution to the EU's climate and environmental objectives from a global perspective (as also pointed out in the ESDM Paper). We acknowledge that this requires a broader discussion of whether and how to recognize activities outside of the EU within the logic of the EU Taxonomy. We would appreciate a dialogue on this, possibly in a separate process.
3. — A European green bond may be refinanced by issuing a new European green bond.	PT: (Drafting): PT: (Comments): We would like to know the rationale behind this deletion. If the purpose is to ensure that only issuances which are taxonomy-compliant at the moment of the refinancing can be refinanced, wouldn't it suffice to clarify that? The possibility of refinancing may be useful for projects which take longer than initially foreseen. Please note that flexibility in the allocation of proceeds could also cater for this, as one can allocate a certain asset to both the original bond and a refinancing bond for a limited period of time up to maturity of the initial bond.

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Article 5 Financial assets	
1. Financial assets as referred to in Article 4(1), point (d), shall mean any of the following assets, or any combination thereof:	
(a) debt (including leases);	BE: (Comments): A leasing is not a debt. Leasings should be mentionned as a separate item, given the implications this qualification has.
(b) equity.	ES: (Comments): ES: We still think that this provision on equity needs further clarification. It is not clear what cases are envisaged with this provision. Is it intended to only encompass capital increases when the proceeds are used to invest in green projects? If this is envisaged it is probably difficult to articulate a combination of debt and equity.

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2. The proceeds of the financial assets referred to in paragraph 1 shall only be allocated to fixed assets that are not financial assets as referred to in Article 4(1), point (a), capital expenditures as referred to in Article 4(1), point (b), or operating expenditures as referred to in Article 4(1), point (c).	
3. By way of derogation from paragraph 2, the proceeds of the financial asset referred to in paragraph 1 may be allocated to other financial assets provided that the proceeds from those financial assets are allocated according to paragraph 2.	DE: (Drafting): 3. By way of derogation from paragraph 2, the proceeds of the financial asset referred to in paragraph 1 may be allocated to other one or more subsequent financial assets provided that the proceeds from those financial assets are allocated according to paragraph 2 <u>at its final allocation</u>. DE: (Comments): To ensure that the number of successive financial assets, through which the proceeds are allocated, is not limited to only two financial assets in order to cater for the on-lending model of promotional banks, which may in some cases include more than one intermediary. Please also refer to recital 9.
Article 6 Taxonomy-alignment of use of proceeds	CZ: (Comments):

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	CZ: We take into account that there is no plan for a Taxonomy for sovereigns (i.e., specifically tailored for sovereigns) in the pipeline.
1. The use of proceeds referred to in Article 4 shall relate to economic activities that meet the taxonomy requirements; or that will meet the taxonomy requirements within a defined period of time as set out in a taxonomy-alignment plan.	
The taxonomy-alignment plan referred to in the first subparagraph shall describe the actions and expenditures that are necessary for an economic activity to meet the taxonomy requirements within the specified period of time.	
The period referred to in the first and second subparagraph shall not exceed five years from bond issuance, unless a longer period of up to ten years is justified by the specific features of	DK: (Comments): We remain slightly sceptical on the extensive period allowed for taxonomy alignment. We do recognise that EuGB-issuers should be able to finance the ongoing costs (capex) of a multi-year construction project whose taxonomy-alignment can only be assessed once the construction of the

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the economic activities concerned as documented in a taxonomy-alignment plan.	asset is complete, but permitting too long a period involves a risk that issuers rely on uncertain future developments and assessments. Nonetheless, we agree that there is regulatory merits in harmonising with the concept adopted in the delegated act to article 8 of the taxonomy regulation and can therefore accept the proposed timeframe. We maintain that the period should not be extended any further. 10 years is already a long period and it is unlikely that many projects will last longer.
1a. <u>ESMA shall develop draft regulatory technical standards specifying the content and the form of taxonomy-alignment plan.</u>	AT: (Comments): We also think that technical guidance on what the taxonomy alignment plan should include is required. However, with regard to the time-sensitive nature it has to be ensured that ESMA has the resources to provide the draft RTS in due time. FI: (Comments): As we stated in the council working party, we support the idea that the ESMA would give a RTS. However, it should be acknowledge that there is the taxonomy article 8 delegated act. However, we would like to discuss more, would we need more text in the level 1. For example, specify the boundary conditions for taxonomy aligned plan. Background, there is no idea of the taxonomy alignment plan in article 8 of the Taxonomy Regulation, only in its delegated act. This is why, we think, we should specify clearly, what we mean by “taxonomy alignment plan” IE:

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	(Comments): We note the need to further clarify how Taxonomy alignment plans would be defined. We question why ESMA are proposed to lead on this process – why is this? It seems that Commission, as policy experts, would be best-placed to develop such standards internally. We are interested in discussing different process options. Most importantly, the process and outcome must ensure consistency with relevant legislation and standards in place, and allow for sufficient scrutiny by Member States and others issuing European green bonds. DE: (Comments): While we generally welcome greater clarity on the taxonomy-alignment plan, we should be cautious not to create inconsistencies with respect to the taxonomy regulation. This issue should hence possibly be addressed within the taxonomy regulation, Art. 8 delegated act. CZ: (Comments): CZ: We do not object to ESMA’s authorization to issue an RTS on the taxonomy-alignment plan. Nonetheless, we are concerned that the RTS (i.e., the preferred version for the Czech Republic as opposed to delegated acts) may not be sufficient as the only definition of content is in par. 1 second subparagraph of this Article. PT: (Comments): A reference to proportionality for SMEs, as per the definition in MiFID, should be included. In addition, a review clause could be included in the Regulation in order to assess the use of the EU GBS by SMEs and identify obstacles, if any.

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	DK: (Comments): We agree with the objective behind the provision that ESMA should provide RTSs in order to secure transparency of taxonomy alignment plans. However, we should make sure that we utilize already existing standards, as also mentioned in the meeting by MS and the Commission. We should avoid unnecessary duplication and overlap in these standards. LU: (Comments): LU: Should ESMA be mandated to develop the taxonomy-alignment plan, inconsistencies and overlaps with other disclosure obligations must be avoided. MT: (Comments): MT believes that in level 1 text we should specify the content and form of how the taxonomy alignment plan should look like for ESMA's guidance in developing the RTSs.
<u>ESMA shall submit those draft regulatory technical standards to the Commission by [PO: Please insert date 12 months after the date of entry into force].</u>	
<u>Power is delegated to the Commission to supplement this Regulation by adopting the</u>	

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<u>regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.</u>	
<u>1b. A sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 10% of the proceeds of European green bonds to activities that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852.</u>	BE: (Comments): A flexibility pocket for sovereigns could only be foreseen in the proposal of EU GBS Regulation on the basis of strong arguments demonstrating its added value. Such a pocket should be usable exclusively for certain sectors and subject to strict conditions, including the respect of the DNSH and minimum safeguards. It is also crucial to maintain comparable benchmarks across all financial instruments of the sustainable finance plan as underlined by ECA and confirmed by the proposed Council recommendations to the Commission (Proposal for Council conclusions on the ECA report on sustainable finance - FSC). It is therefore recommended to allow only a maximum deviation of 10% in order to be consistent with the deviation criteria of the EU ecolabel for financial products. This flexibility for sovereigns is to be distinguished from the question of flexibility for SMEs. AT: (Drafting): A sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 10% of the proceeds of European green bonds to activities <u>for which no technical criteria have been established but</u> that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852. AT:

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	(Comments): Subjective scope of the provision is unclear: what does the insertion of the reference to Art. 1, para 2 TR actually mean? Does this mean that Member States as issuers are excluded from the possibility to use the flexibility pocket? Regarding the definition of the flexibility pocket, it should be ensured that only activities not (yet) covered by the Taxonomy (this means no TSC have been defined) can be financed within the pocket. We agree with the approach that the requirements according to Level 1 (in Art. 3 TR) must be respected, however, the question arises whether the reference to these requirements - as foreseen in the compromise text - is sufficiently determinate for a legal text. The transparency requirements foreseen in the Annex should also be included in the legal provisions on the flexibility pocket. It is necessary that investors have sufficient information on the use of proceeds within the pocket. In the long run, the flex. pocket should be revisited in the context of a revision of this Regulation. ES: (Comments): ES: We welcome the inclusion of a provision that recognizes the difficulty of the public sector to finance certain activities with the EU GBS, like fundamental research or complex projects without having a harmonized green budget methodology. We understand that research will be more extensively covered by future delegated acts and that the flexibility pocket is difficult to articulate or even justify, since a transition until all Taxonomy delegated acts are applied is also valid for the private sector. We are therefore open for discussions on this point. It is nevertheless more important for us to try to grant flexibility on reporting for sovereigns throughout the legislative text. SE: (Comments):

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	SE does not support the introduction of a "flexibility pocket". SE would welcome a motivation behind the proposed provision and why sovereigns should be given special treatment. Please see also our general comment above. BG: (Comments): BG: In our opinion, flexibility „pockets” are needed for those activities financed by Sovereign Green Bonds that are not covered by the taxonomy. Bulgaria could support the introduction of additional safeguards. The „pockets” could be targeted to a set of explicitly defined activities, for instance in the national framework for green bonds. Bulgaria supports permanent flexibility, as it is thus preserved field of action for sovereigns to take into account their national specifics in the green transition. For sovereign issuers, aligning green issuance proceeds with the EU Taxonomy will probably in many cases require modifying laws and budgetary procedures. It will be necessary for sovereigns to adapt green budgetary programs to the technical screening criteria defined by the delegated acts, which are still under development, and produce the information required to prove the alignment with the former. Following adoption of the Regulations it will take time, perhaps several years, to change the reporting mechanism and metrics within Government Departments and Government systems, given the complexity and scale of that change process. We therefore believe there will be a protracted transition period, during which Sovereigns would increasingly align with the standard, or take a decision about adopting the new Green Bond Standard for their issuance. FI: (Drafting): <u>1b. — A sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 10% of the proceeds of European green bonds to activities that comply</u>

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	with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852. FI: (Comments): We do not support the flexibility pocket. There should be one standard with the same requirements. There is no reason why sovereigns should be given such leeway. It could be asked for the commission to introduce additional technical screening criteria if there is some sovereign-specific activities that do not yet have the technical screening criteria. Furthermore, we do not support that something could comply with taxonomy requirements without fulfilling technical screening criteria. IE: (Comments): We welcome the Presidency's definition of the scope of the flexibility pocket. Still, we consider it necessary for usability purposes that the 20% pocket continues beyond 2025, given the likely entry into force of the regulation, and is subject to review thereafter, after an appropriate period of time. DE: (Drafting): 1b. A sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 10% of the proceeds of European green bonds to activities that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852.By way of derogation from paragraph 1, where the technical screening criteria referred to in Article 3, point (d), of

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	<u>Regulation (EU) 2020/852 are not yet fully available or considered not directly applicable by the issuer because of the innovative nature, the complexity, and/or the location of the activity, an issuer may allocate up to 20% of the proceeds of European green bonds to activities that comply with the taxonomy principles as referred to in Article 3, points (a), (b) and (c), of Regulation (EU) 2020/852 but that must not meet the requirements set out in Article 3, point (d).</u> DE: (Comments): DE favors a transitional taxonomy compliance threshold below 100% (e.g. 20% as proposed by the Presidency) that applies to all issuers, subject to a review clause. Please also refer to recital 8 and Art. 61(1a) (alternatively, point 1b may be deleted here and fully covered under Art. 61). The proposed content (“where the TSC are not yet fully available or considered not directly applicable by the issuer because of of the innovative nature, the complexity, and/or the location of the activity”) is based on the final TEG recommendations (Final TEG Report on EU GBS, 2019). We are open to discuss other criteria. CZ: (Comments): CZ: For example, if the technical screening criteria (TSC) is missing does this mean that this is so because it is not green or rather, does it mean the TSC is under development? PT: (Comments): - If there is a flexibility pocket (FP), it should be equal for all issuers, not only for sovereigns. - We believe that the FP provision should be temporary, if the current environmental taxonomy evolves over time as regards transitional activities – we thus agree with the deadline set in the new Article 61a. We believe however that the provision in Article 6(1b) is not necessary, as a FP should only be in place temporarily to cover transitional activities that are not yet covered by the technical screening criteria, up to the point where they comply with the taxonomy requirements.

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	We could therefore accept the extension of the transitional provision in Article 61a, but we deem that a permanent FP should not be in place. - In case a FP is foreseen, we look positively at introducing specific disclosure requirements as regards its size and composition for each concrete issuance. DK: (Comments): Following the discussion, we are still scrutinizing the proposal. It is crucial that the wording is clear with regards to how alignment with the taxonomy is required in the flexibility pocket. Regarding the proposed flexibility pocket, we still believe that it should be the ambition of the regulation to create <i>one</i> standard and a level playing field between public and private issuers as fast as possible. A key component of such ambition is that the standard should bring clarity as to what can be defined as green. We do understand that a temporary flexibility can be justified for activities not yet covered by the taxonomy. This is particularly regarding research which is a part of the solution to the climate crisis. A temporary flexibility pocket could also be justified with respect to financing past public expenditures (an integral part of issuing and refinancing sovereign bonds) for which documenting alignment with DNSH and social minimum standards is difficult. By giving sovereigns permanent exemptions to proceeds' alignment with the taxonomy, as proposed in the compromise, we would create a de facto double regime. In our view, this jeopardizes the central purpose of the regulation and risks creating new uncertainty for investors. As such, we are not supportive of inserting a permanent flexibility provision with regards to taxonomy alignment, as proposed. Lastly we ask the Presidency and other Member States to consider the ongoing evolvement of the taxonomy, both the climate delegated acts as well the environmental ones. Before this regulation

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	will enter into force, the taxonomy will be considerably further along the way, thereby making more activities eligible for EU green bond financing. LU: (Comments): LU: As stated in previous comments, in principle the EuGB should aim at being fully aligned with the Taxonomy Regulation, which should also apply to sovereign issuers. We recognize that for the time being, it might be difficult to achieve the full alignment with the Taxonomy. For that reason, we suggested in previous comments a temporary flexibility pocket of 10%. We could not agree with a 20% flexibility pocket even if it is only transitional (as foreseen in article 61a). Furthermore, we highlighted in our previous comments that it is essential that the added flexibility granted does not become a way to include investments in activities that harm one of the environmental objectives of the Taxonomy. In this respect, the current wording proposed by the Presidency is in our view not clear enough to avoid greenwashing. EE: (Drafting): ...up to 40% 20% of the proceeds... EE: (Comments): We support the flexibility for sovereign issuers to allocate up to 10% of the proceeds to activities not yet covered by technical screening criteria as suggested in the revised document. We have previously supported a 20% allocation, and thus we also welcome the transitional provisions in art 61a that could be made a permanent solution. However if the compromise would be found around smaller %, we could in this spirit also accept 10%.

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	We agree with some member countries' comments that we need to clarify the terms of this exemption (1) by defining the type of activities allowed under this exemption (e.g., fundamental research); and (2) by defining the expiry of this exemption (e.g., when we expect that the technical screening criteria will be established for all relevant activities). This will need further discussions. In our view, ESDM, consolidating DMOs' practical experiences in issuing green bonds, brought out good reasons in their letter as regards the need for some flexibility for eligible activities not yet covered by the taxonomy, but included in sovereign budgets (e.g., research, innovation). MT: (Comments): MT supports the Presidency on the provision of a taxonomy pocket and welcome the proposed flexibility being suggested by the Presidency, however, we request the opinion of the Council Legal Services on the practical applicability of this flexibility. In our opinion, in view that the Taxonomy Regulation (Article 1.2.a) applies to: "measures adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable", the proposed compromise might be rendered as null. We see merit for such an allowance to be made available for both sovereigns and corporates. We consider the participation of both corporates and sovereigns in the green bond market as long as Taxonomy principles are adhered to. We consider the participation of corporates and sovereigns in the green bond market using the EU GBS is imperative for the "golden standard" objective to be reached. We should work on facilitating adoption and usability of taxonomy. We should aim for full taxonomy alignment, but this would require a more mature taxonomy, therefore, the flexibility pocket composition and size should be one that aims for this same objective. FR: (Drafting):

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	FR 1b. A sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 10 20% of the proceeds of European green bonds to activities for which technical screening criteria have not yet been established by the Commission in accordance with Article 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 as listed below: i) <u>Basic research in climate science: M72.19 Other research and experimental development on natural sciences and engineering (M72 activities in the delegated act are restricted to close to market research, corresponding to at least Technology Readiness Level 6)</u> ii) <u>Spatial information activities: M71.12 Engineering activities and related technical consultancy, which includes cartographic and spatial information (M71.12 activities in the delegated act refer to close to market research or consultancy activities, and do not cover spatial information as such)</u> iii) <u>Meteorological forecasting activities: M74.90 Other professional, scientific and technical activities n.e.c. (not mentioned in the delegated act)</u> <u>that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852.</u> <u>Using transparent and agreed methodologies, the issuer should assess the environmental performance of the activities it financed.</u> <u>These activities are eligible to proceeds' allocation until the Commission establish technical screening criteria in accordance with Article 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852.</u> <u>The Commission could extend the list of the above-mentioned activities by way of delegated act.</u> FR: (Comments): FR

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	France believes that the flexibility should be better framed in particular by listing the activities that can be financed, by adding a new time limit and by requiring from the issuer to assess the environmental performance of the activities it financed. Indeed, we believe that the EU Taxonomy should remain the back-bone of the European green bonds standard preventing greenwashing and thus allowing for a high degree of ambition. However, as the work on the EU Taxonomy is not yet fully completed, we believe that activities not yet covered by the EU Taxonomy, and until they are, should be eligible.
2. Where proceeds from a European green bond are allocated by means of financial assets either to capital expenditures as referred to in Article 4(1), point (b), or to operating expenditures as referred to in Article 4(1), point (c), the defined period of time referred to in paragraph 1, first subparagraph, shall start from the moment of the creation of the financial asset.	BE: (Comments): To be clarified what is meant by “the creation of the financial asset”. The issuance? The offer period?
Article 7 Application of the taxonomy requirements	BE: (Comments): In order to ensure the credibility of the EU GB standard, it is important to keep up with the latest developments in taxonomy and to avoid greenwashing. The compromise text proposed here does

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	not seem to ensure these two objectives, nor does it address the issue of the treatment of unallocated assets at the start of the bond issue. It is not conceivable to ensure compliance over a period of, for example, 15 years without ensuring alignment with developments in the taxonomy. In conclusion, we would propose to revert to the text proposed initially by the European Commission. HU: (Comments): We agree with the amendments allowing full grandfathering. BG: (Comments): BG: we support the proposed amendments. IE: (Comments): We welcome and support the Presidency's proposal for full grandfathering. CZ: (Comments): CZ: We may support the compromise proposal in this regard. DK: (Comments): We agree that taxonomy-alignment should be based on when the bond was issued. However, it is also important for the integrity of the standard that issuers commit vis-a-vis investors to complying with the taxonomy criteria that find application.

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	Bond proceeds that have already been allocated to a project should not be subject to a reassessment of their taxonomy-alignment in case of amendments to the delegated acts. It should thus be made explicit that a change in TSC only affects proceeds that have not been allocated until that point. By extension, it should be clarified that the five year grandfathering period only applies to un-allocated proceeds, and that full grandfathering applies to allocated proceeds only. New issuances, including those that refinance existing bonds, should always comply with the most recent DA to ensure that the environmental knowledge embedded in the taxonomy framework is also reflected in the use of proceeds of new issuances. We believe that the initial proposal of five years grandfathering for unallocated proceeds strikes the right balance between certainty for issuers and ensuring the integrity of the standard. By providing full grandfathering, the proposal contains a significant loophole and undermines trust in the quality of the standard. We understand that issuers can allocate proceeds, after holding them for a number of years, to activities that no longer fulfil the requirements in the taxonomy. This could be a threat to the standard.
1. Issuers shall allocate bond proceeds to the uses set out in Article 4(1) points (a), (b) and (c), Article 4(2), or the equity referred to in Article 5(1), point (b) by applying the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 applicable at the point in time when the bond was issued.	CZ: (Comments): CZ: We support grandfathering in Article 7. We are in favor of grandfathering for the entire period (i.e., the preferred approach approach for the Czech Republic) of the bond because if the aforementioned provision is only for five years this will likely lead to bonds being issued with a five-year maturity period.

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[Where the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are amended following the issuance of the bond, the issuer shall allocate bond proceeds to the uses referred to in the first subparagraph by applying the amended delegated acts within five years after their entry into application.]	SE: (Comments): SE supports the five-year grandfathering provisions. Five-year grandfathering will create a credible and relatively strict EU standard for green bonds for those market participants that want to signal to the market that they are up to date with the taxonomy. Please see also our general comments above. FI: (Comments): We support this change. DK: (Drafting): Where the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are amended following the issuance of the bond, the issuer shall allocate bond proceeds not yet allocated to the uses referred to in the first subparagraph by applying the amended delegated acts within five years after their entry into application. DK: (Comments): We do not agree on the proposal to delete the five-year grandfathering provision. We believe it is important for the integrity of the standard that it closely linked to the taxonomy. This implies that EuGB-issuers commit to allocating proceeds according to the taxonomy, including a potential update of the technical screening criteria. If the TSCs are updated, only outstanding proceeds should be allocated according to the new criteria. We do acknowledge that a period of grandfathering, where issuers can allocate outstanding proceeds according to the outdated taxonomy criteria that found application at the point of

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	issuance, can provide greater certainty for issuers. Five years (as originally proposed by the Commission) seems reasonable. Allowing full grandfathering as proposed in the compromise text conversely undermines trust in the standard. Furthermore, full grandfathering would most likely not have any positive effect for issuers, given that most issuers use their proceeds within the first years. As such, this para. should not be deleted but specify that changes to the delegated act only affects proceeds that have not yet been allocated. We iterate our previous drafting suggestions. LU: (Comments): LU: As outlined in previous comments, we agreed with the Commission's proposal of a five year grandfathering provided that the obligation for the issuer to apply a new or amended delegated act only applies for the proceeds that have not been used up to that moment. However, we can agree with the Presidency's proposal foreseeing a full grandfathering. MT: (Comments): MT welcomes the deletion
2. When allocating bond proceeds to the debt referred to in Article 5(1), point (a), issuers shall apply the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or	DK: (Drafting): 2. When allocating bond proceeds to the debt referred to in Article 5(1), point (a), issuers shall apply the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 applicable at the point in time when the debt was created and until maturity of the bond.

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15(2) of Regulation (EU) 2020/852 applicable at the point in time when the debt was created.	
Where, at the time of the creation of the debt referred to in the first subparagraph, no delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 were in force, issuers shall apply the first delegated acts that were adopted after the creation of the debt pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852.	BE: (Comments): It should be specified what is meant by ‘creation of debt’ in the context of bonds that are being tapped (reissued). DE: (Comments): Is this actually a practical case? That is, how could the issued debt (e.g. a loan) adopt the criteria of the delegated act after its creation (i.e. after the loan has already been given to the borrower)?
[Where the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are amended following the creation of the debt referred to in the first subparagraph, the issuer shall allocate bond proceeds to the debt referred to in the first subparagraph by applying the amended	SE: (Comments): SE supports the five-year grandfathering provisions. Five-year grandfathering will create a credible and relatively strict EU standard for green bonds for those market participants that want to signal to the market that they are up to date with the taxonomy. Please see also our general comments above. FI: (Comments):

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delegated acts within five years after their entry into application.]	We support this change. DK: (Drafting): Where the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are amended following the creation of the debt referred to in the first subparagraph, the issuer shall allocate bond proceeds not yet allocated to the debt referred to in the first subparagraph by applying the amended delegated acts within five years after their entry into application. DK: (Comments): This para. should specify that changes to the delegated act only affects proceeds that have not yet been allocated. MT: (Comments): MT welcomes the deletion.
	DK: (Drafting): “3. Where a European green bond refinances a previously issued European green bond as referred to in Article 4(3), the following shall apply: (a) the delegated acts referred to in paragraph 1 shall be those applicable at the point in time when the refinancing bond is issued, (b) the delegated acts referred to in paragraph 2 shall be those applicable at the point in time when the refinanced bond was issued.”

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	DK: (Comments): As noted above, it is our view that new issuances, including those that refinance existing bonds, should always comply with the most recent DA to ensure that the environmental knowledge embedded in the taxonomy framework is also reflected in the use of proceeds of new issuances.
Chapter II Transparency and external review requirements	MT: (Comments): MT considers it important that SMEs are given the opportunity to participate in this market using the EU GBS. A standard which by design excludes SMEs is not desirable.
Article 8 European green bond factsheet and pre-issuance review of the European green bond factsheet	
1. Prior to issuing a European green bond issuers shall:	
(a) complete the European green bond factsheet laid down in Annex I;	
(b) ensure that the completed European green bond factsheet has been subject to a pre-	

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issuance review with a positive opinion by an external reviewer.	
2. A European green bond factsheet may relate to one or several European green bond issuances.	DK: (Comments): We consider this provision somewhat unclear in regards “several” EUGB’s. A factsheet should only be used for the one issuance to be valid. We, however, recognise that there is no need to publish a separate factsheet in the case of a tap issuance where an additional share is made available for investors but nothing changes in terms of conditions for the use-of-proceeds. The article should clarify this. In general, the factsheet should be a concise and meaningful document giving investors and consumers the right information without putting unnecessary burdens on issuers. A document can be “reused” in regards to refinance, as long as these are up to date and not misleading.
3. The pre-issuance review of the factsheet referred to in paragraph 1, point (b) shall contain all of the following:	
(a) an assessment of whether the completed green bond factsheet complies with Articles 4 to	

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7 of this Regulation and Annex I to this Regulation;	
(b) the elements set out in Annex IV.	
Article 9 Allocation reports and post-issuance review of allocation reports	HU: (Comments): We agree with the proposed PRES amendments. However, the deadline for the allocation report needs to be in line with the market practice. In case of sovereign issuers we suggest to take into account that the adoption of the law on execution of the budget is necessary for the allocation report. Therefore, we suggest to extend the deadline for sovereign issuers to 12 month. DK: (Comments): As mentioned in previous WPs, the reporting requirements vary both between private and public entities, and from MS to MS especially considering fiscal policy and state budgeting.
	DK: (Comments): As we understand the 90 days do not provide sufficient time for issuers to actually ensure proceeds have been allocated, and then to verify the allocation. This period should be significantly longer and we would support 9 months (270 days). We also understood the Presidency concluded a need for a longer deadline.
1. <u>For</u> Every year <u>and</u> until <u>(and</u> <u>including)</u> the <u>year of</u> full allocation of the	DE: (Drafting):

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proceeds of the European green bond concerned, issuers of European green bonds shall draw up a European green bond allocation report by using the template laid down in Annex II, demonstrating that the proceeds of any European green bonds concerned from their issuance date and until the end of the year the report refers to have been allocated in accordance with Articles 4 to 7.	1. For Every year <u>following the year of issuance and</u> and until <u>(and including)</u> the year of full allocation of the proceeds of the European green bond concerned, issuers of European green bonds shall draw up a European green bond allocation report by using the template laid down in Annex II, demonstrating that the proceeds of any European green bonds concerned from their issuance date and until the end of the year the report refers to have been allocated in accordance with Articles 4 to 7. DE: (Comments): Suggest re-phrasing so that allocation reporting starts the year following the issuance of the bond. Also to be consistent with the requirements set out in paragraph 6. CZ: (Comments): CZ: We support adjustment of the deadline. DK: (Comments): We should consider different accounting methods or fiscal years, and Denmark is still scrutinising over a balanced text which welcomes various account and reporting approaches FR: (Drafting): FR 1. For EE every <u>12 months after the issuance date and every</u> year <u>thereafter</u> and until <u>the latter between (and including)</u> the year of full allocation of the proceeds of the European green bond concerned <u>or the completion of the taxonomy-alignment plan</u>, issuers of European green bonds shall draw up a European green bond allocation report by using the template laid down in Annex II, demonstrating that the proceeds of any European green bonds concerned from their

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	issuance date and until the end of the year the report refers to have been allocated in accordance with Articles 4 to 7. FR: (Comments): FR It would otherwise be unclear if « every year » refers to the anniversary of the bond issuance, the calendar year or the issuer's financial year. The anniversary date of the bond seems could be retained.
2. A European green bond allocation report may relate to one or several issuances of European green bonds.	DK: (Comments): Same comment as art. 8(2)
3. Issuers of European green bonds shall obtain a post-issuance review by an external reviewer of the allocation report drawn up after the full allocation of the proceeds of the European green bond in accordance with Articles 4 to 7.	FR: (Drafting): FR 3. Issuers of European green bonds shall obtain a post-issuance review by an external reviewer of the allocation report drawn up after the full allocation of the proceeds of the European green bond in accordance with Articles 4 to 7. <u>Issuers using a taxonomy alignment plan in accordance with Article 6 shall, in addition, obtain a post-issuance review by an external reviewer of the allocation report drawn up after the date on which the taxonomy alignment plan was completed, in which the external reviewer shall specifically evaluate the completion</u>

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	<u>status of said taxonomy-alignment plan and confirm its implementation complies with the requirements in Article 7.</u> FR: (Comments): FR The taxonomy-alignment plan should be subject to both yearly reporting (already provided for in the annex relating to the annual reports) and a review by an external reviewer upon completion.
4. Where, following the publication of the allocation report in accordance with Article 13(1), point (c), the allocation of proceeds is corrected, issuers of the European green bonds concerned shall, <u>without undue delay</u>, amend the allocation report and obtain a post-issuance review by an external reviewer of that amended allocation report.	HU: (Comments): We agree with the proposed PRES amendments ES: (Drafting): 4. Where, following the publication of the allocation report in accordance with Article 13(1), point (c), the allocation of proceeds is corrected, issuers of the European green bonds concerned shall, <u>without undue delay</u>, amend the allocation report and obtain a post-issuance review by an external reviewer of that amended allocation report if the full allocation of the proceeds of the European green bond in accordance with Articles 4 to 7 has already been completed. ES: (Comments): ES: To avoid inconsistencies we suggest clarifying that the post-issuance review is only mandatory once the full allocation of proceeds has been completed. Otherwise there are inconsistencies with previous paragraphs, since the post-issuance review has to be obtained once there is full allocation and every year an allocation report is mandatory. The current Presidency

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	proposal establishes that post-issuance reviews are needed for interim allocation reports if the allocation is corrected (even before full allocation). CZ: (Comments): CZ: We support adjustment of the deadline.
5. By way of derogation from paragraph 3, every allocation report from issuers that are financial undertakings that allocate proceeds from a portfolio of several European green bonds to a portfolio of financial assets as referred to in Article 5 shall be subject to a post-issuance review by an external reviewer. The external reviewer shall pay particular attention to those financial assets that were not included in any previously published allocation report.	AT: (Comments): The correlation between paragraphs 3 and 5 gives rise to discussions and different interpretations. To achieve legal certainty, it should be clarified that timing or deadline provisions for the review of allocation reports are the same for all issuer (including financial undertakings), while this provision only foresees specific guidelines for the review of the allocation report on portfolio allocation of financial undertakings. DE: (Drafting): 5. By way of derogation from paragraph 3, every allocation report from issuers that are financial undertakings that allocate proceeds from a portfolio of several European green bonds to a portfolio of financial assets as referred to in Article 5 <u>or to a portfolio of non-financial assets as referred to in Article 4</u> shall be subject to a post-issuance review by an external reviewer. The external reviewer shall pay particular attention to those financial assets that were not included in any previously published allocation report. DE: (Comments): To account for non-financial corporates that issue EuGB using a portfolio approach.

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6. Issuers of European green bonds shall provide the allocation reports referred to in paragraph 3 ,4, and 5 to an external reviewer within 3090 days following the end of the year to which the allocation reports refer. The post-issuance review must be made public within 90 days following the receipt of the allocation report.	BE: (Comments): The 90 days that are suggested to submit data to an external reviewer are too short when expenditures include transfers to other government entities who themselves need internal validation processes to be completed in order report. We can support the ESDM views on this. Furthermore, in Article 13(1)(c), the deadline mentioned is 6 months (and not 90 days). AT: (Comments): We support the prolongation of the period for the provision of the report to an external reviewer from 30 to 90 days. We think that also the period for the publication of the post issuance report requires a prolongation. With regard to sovereign issuers further flexibility seems necessary to respect budgetary law mechanism and metrics within governments. In that sense longer periods than 90 days seem necessary (e.g. 270 days). HU: (Comments): We suggest longer deadline in case of sovereign issuers. It is impossible to provide allocation report is such sort deadline because of the aforementioned reason (For allocation report the adoption of the law on execution of the budget is indispensable). ES: (Drafting): 6. Issuers of European green bonds shall provide the allocation reports referred to in paragraph 3 ,4, and 5 to an external reviewer within 3090 days following the end of the year to which the allocation reports refer, or within one year in the case of sovereigns. The post-issuance review must be made public within 90 days following the receipt of the allocation report. ES:

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	(Comments): ES: We welcome the amendment of granting more flexibility to provide the allocations reports. Nevertheless, it is important to grant sovereigns more flexibility within its administrative calendar, since a report of the national Court of Auditors may also be needed before issuing this report. Each sovereign has a different timing regarding its administrative process and there is no harm providing the allocation report within the next year. BG: (Comments): BG: The present proposal to provide the allocation report to an external reviewer within 90 days of year end and reviewed within 90 days is impossible for most sovereign issuers and potentially market distorting, discouraging issuance in the second half of the year and concentrating the activity of the sector in the first quarter of the year. This could unnecessarily lead to the appearance of bottlenecks and interfere with other reporting procedures. In addition, in the particular case of sovereign issuers, information on the previous year budget execution might not yet be available by this date. It is therefore important to make this more flexible, while ensuring reporting on a regular basis. We recommend that an initial allocation report and the post-issuance review should be issued within 12 months of the year-end of initial issuance of a green bond for both sovereign and corporate issuers with an annual sequence to follow until full allocation and that the reviewer opinion be issued at the same time. We are of the view that the deadlines provided should be the same for sovereign and for corporate issuers and should allow for the use of financial data that were already audited. IE: (Comments):

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	On the deadline for allocation reports, unfortunately 90 days after year-end is still too short. Ireland requires the State's accounts to have been audited before we can provide the allocation reports, and this will not be done in sufficient time. It must be 180 days or preferably longer. DE: (Comments): DE supports this adjustment. Several MS however requested a further extension, which DE can agree to, as long as the deadline remains within a reasonable range. CZ: (Drafting): 6. Issuers of European green bonds shall provide the allocation reports referred to in paragraph 3, 4, and 5 to an external reviewer within 30-90 270 days following the end of the year to which the allocation reports refer. The post-issuance review must be made public within 90 days following the receipt of the allocation report. CZ: (Comments): CZ: We agree with most Member States that 90 days is too short and it should be at least 180 days (but preferably 270 days). DK: (Comments): To further elaborate on our comment on art. 9, 30 days following the end of the reference year is not be sufficient, neither for states nor for corporates. In case of private companies and some types of sovereign-owned companies we assume that the allocation report will rely on data in the annual report. These are due 4 or 5 months after the end of the financial years depending on the type of company.

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	In the case of state issuances, the allocation report will rely on the realised expenses, which are only known once the national financial annual report of the year of issuance has been published. This usually happens by April. Given this reliance on the annual financial annual report, we would support the longest possible timeframe for the provision of the allocation report. This would also enable issuers to combine the allocation report with an impact report. LU: (Drafting): 6. Issuers of European green bonds shall provide the allocation reports referred to in paragraph 3 ,4, and 5 to an external reviewer within 30-90 days 9 months following the end of the year to which the allocation reports refer. The post-issuance review must be made public within 90 days following the receipt of the allocation report. LU: (Comments): LU: We welcome the extension of the deadlines of the allocation reports. However, we consider that the proposed timeframe of 90 days to provide the report is still too short, especially if audited figures for the compilation of the allocation report are required. Standard market practice is one year for the publication of allocation report together with post-issuance review. For that reason, we suggested a 9 months period for issuers to provide the allocation report followed by a 90 days period for the publication of the post-issuance review. MT: (Comments): MT welcomes the extension by another 60 days to the timeframe for the allocation reports.

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<u>Issuers of European green bonds shall provide the amended allocation report, referred to in paragraph 4, without undue delay to an external reviewer. The amended allocation report and the post-issuance review shall be made public without undue delay.</u>	CZ: (Comments): CZ: We support adjustment of the deadline. PT: (Comments): This is still not clear. It might be misunderstood as requiring reporting after the civil year end.
7. The post-issuance review referred to in paragraphs 3, 4, and 5 shall contain all of the following:	
(a) an assessment of whether the issuer has allocated the proceeds of the bond in compliance with Articles 4 to 7 based on the information provided to the external reviewer;	
(b) an assessment of whether the issuer has complied with the intended use of proceeds set	

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out in the green bond factsheet based on the information provided to the external reviewer;	
(c) the elements set out in Annex IV.	
8. Where bond proceeds are allocated to tax relief as referred to in Article 4(2), point (c) or subsidies as referred to in Article 4(2), point (d), the post-issuance review shall only assess compliance with Articles 4 to 7 of the terms and conditions under which those expenditures or transfers have been disbursed.	DE: (Drafting): 8. Where bond proceeds are allocated to tax relief expenditures as referred to in Article 4(2), point (c) or subsidies as referred to in Article 4(2), point (d), the post-issuance review shall may only assess compliance with Articles 4 to 7 of the terms and conditions under which those expenditures or transfers have been disbursed, <u>where justified by the complexity, scale and homogeneity of underlying activities</u>. DE: (Comments): The same logic of complexity and scale that applies to subsidies and tax relief programmes may also apply to other types of sovereign expenditures as defined in Art. 4(2), as was also pointed out in the ESDM Paper. Please also see the examples from Germany's green bond portfolio (see recital 16). Hence, where justified by the complexity, scale and homogeneity of underlying activities, it should be possible to demonstrate taxonomy compliance at the level of the programme (or its terms and conditions).
<u>9. Where bond proceeds are allocated in accordance with Article 5(3) to financial</u>	BE: (Comments):

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<u>assets in the context of promotional banking activities that are consistent with applicable Union state aid rules, the post-issuance review shall only assess compliance with Articles 4 to 7 of the terms and conditions governing the use of proceeds of these financial assets.</u>	Does the added point refer to the national promotional banks? If so, could it be clarified which articles do not apply to NPBS (national promotional banks) and for what reasons (by a presidency paper)? FI: (Comments): As we asked, in the council working party, we would like to hear some reasoning behind this. DE: (Comments): DE explicitly supports this amendment. In the context of lending activities of promotional banks under the Union state aid law, taxonomy-aligned promotional or concessional loans may be given to a very large number of final borrowers through one or more intermediary institution. Under loan programmes that target retail borrowers or households, this may each year amount to several thousand or even ten thousands of small-sized loans. It would be barely feasible and very costly for an external reviewer to assess the taxonomy compliance of each individual underlying asset, i.e. of each individual loan. It would be appropriate to allow for an assessment of the taxonomy compliance of the terms and conditions of the loan programme. In order to establish a robust review process in such cases, the RTS (that are to be developed by ESMA) could, for example, require a sample-wise assessment at the asset-level. If the same issue applied to commercial banks, we would be open to discuss an extension of this provision to commercial banks (subject to robust governance rules via RTS). However, none of the many commercial banks from across Europe, which we have talked to, flagged this as an issue concerning their lending model. CZ: (Comments): CZ: We are uncertain on the meaning of the words “promotional banking activities.” This should be explained and specifically defined. In general we are not sure about the need for this exemption.

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Article 10 European green bond impact report	
1. Issuers of European green bonds shall, after the full allocation of the proceeds of such bonds and at least once during the lifetime of the bond, draw up a European green bond impact report on the environmental impact of the use of the bond proceeds by using the template laid down in Annex III.	FI: (Drafting): 1. Issuers of European green bonds shall, after the full allocation of the proceeds of such bonds and at least once every three years during the lifetime of the bond, draw up a European green bond impact report on the environmental impact of the use of the bond proceeds by using the template laid down in Annex III. FI: (Comments): Once is not enough for the investors to do their own analysis on the impact of their investments. Annually would be best, but if it is too burdensome for the smaller issuers, then once every three years could be a compromise. Alternatively, more frequent reporting for larger issuers. DE: (Drafting): Issuers of European green bonds shall, after the full allocation of the proceeds of such bonds and at least once during the lifetime at the latest 5 years after issuance of the bond, unless a longer period of up to ten years is justified by the specific features of the economic activities concerned, draw up a European green bond impact report on the environmental impact of the use of the bond proceeds by using the template laid down in Annex III. DE: (Comments):

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	In case of a bond with a long tenure, the impact report might only be published in a very distant future. We hence suggest setting a specific deadline (e.g. 5 years after issuance), until when a first impact report should be published, additionally to another impact report after the full allocation of proceeds. Perhaps also add (possibly in Annex III): <u>Should the impact of a bond not be fully measurable at that point in time because of longer investment horizons, the expected impact should be estimated on a best effort basis.</u>
	FI: (Drafting): 1a. Prior to issuing an EU GB, the issuer shall draw up a European green bond expected impact report on the expected environmental impact of the use of the bond proceeds. The following impact reports should, among others, contain information on how well these expected impacts have been reached, how well they are still to be expected to be reached, and reasons for deviating from the initial expectations. FI: (Comments): Since many of the investors make their investment decision based on the initial information, it is relevant for them to see whether the information on which their decision was made was accurate. This will also make it less likely that the bond issuer pivots significantly from the original.
2. A single impact report may cover several issuances of European green bonds.	
Article 11 Sovereigns as issuer	BE: (Comments):

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	In order to ensure a level playing field between sovereign operators at the level of the European market and consistency in the system of disclosure of information between sovereigns and private actors, in order to guarantee the quality and reliability of the information as well as consistency with the political objectives of the use of the European budget, it is essential to establish a list of the characteristics of the bodies in charge of the audit of sovereign issues. AT: (Comments): We would like to point to the discussion in the latest FSC on 10 Nov on the calculation of the KPIs regard to the Taxonomy (Art. 8) and the DA defining KPIs. To provide for a level playing field it would be necessary to include sovereign GB as well as sovereign EuGB in all KPIs as taxonomy-aligned activity.
1. An issuer that is a sovereign may obtain pre-issuance and post-issuance reviews from an external reviewer, or from a state auditor, or any other public entity that is mandated by the sovereign to assess compliance with this Regulation. <u>Such public entity shall have the ability and capacity to perform pre-issuance and post-issuance reviews in accordance with requirements set out in this Regulation and shall comply with Articles 18 to 24, paragraphs 1 and 2 of Article 26, Articles 27</u>	AT: (Comments): In general, additional formal requirements for other public entities along the lines of the external reviewer provisions is an improvement of the text promoting credibility with investors. Nevertheless, the applicability of the individual provisions to a public entity should be re-examined. Also the clarification on material requirements for state auditors and other public entities with regard to pre- and post-issuance reviews are welcomed. ES: (Drafting): 1. An issuer that is a sovereign may obtain pre-issuance and post-issuance reviews from an external reviewer, or, in case the sovereign is a member of the European Union, from a state auditor, or any other public entity that is mandated by the sovereign to assess compliance with this

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<u>and Article 28, except for the requirements to notify ESMA pursuant to paragraph 1 of Article 24 and availability of records and documents to ESMA in paragraph 2 of Article 26.</u>	Regulation. <u>Such public entity shall have the ability and capacity to perform pre-issuance and post-issuance reviews in accordance with requirements set out in this Regulation and shall comply with Articles 18 to 24, paragraphs 1 and 2 of Article 26, Articles 27 and Article 28, except for the requirements to notify ESMA pursuant to paragraph 1 of Article 24 and availability of records and documents to ESMA in paragraph 2 of Article 26.</u> ES: (Comments): ES: We suggest clarifying that only sovereigns from the European Union have the possibility to use their state auditors to guarantee a minimum standard for these auditors. Otherwise we risk that auditors outside the European Union perform these tasks for their sovereigns with less stringent standards. SE: (Comments): SE supported the original text proposed by COM and does not support the additions made here. BG: (Drafting): <u>Such public entity shall have the ability and capacity to perform pre-issuance and post-issuance reviews in accordance with requirements set out in this Regulation. and shall comply with Articles 18 to 24, paragraphs 1 and 2 of Article 26, Articles 27 and Article 28, except for the requirements to notify ESMA pursuant to paragraph 1 of Article 24 and availability of records and documents to ESMA in paragraph 2 of Article 26.</u> BG: (Comments): BG:

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	State auditors are subject to national legislation requirements which aim at ensuring their independence. In this regard, we could support a general requirement for independence to be included for “the other public entities”. It would be not possible to comply with all of the requirements proposed for external reviewers exactly as they are stated in this regulation taken into account that these are public bodies and different rules and procedures apply to their internal organization and also to ensure their independence. FI: (Drafting): 1. — An issuer that is a sovereign may obtain pre-issuance and post-issuance reviews from an external reviewer, or from a state auditor, or any other public entity that is mandated by the sovereign to assess compliance with this Regulation. <u>Such public entity shall have the ability and capacity to perform pre-issuance and post-issuance reviews in accordance with requirements set out in this Regulation and shall comply with Articles 18 to 24, paragraphs 1 and 2 of Article 26, Articles 27 and Article 28, except for the requirements to notify ESMA pursuant to paragraph 1 of Article 24 and availability of records and documents to ESMA in paragraph 2 of Article 26.</u> FI: (Comments): There is no reason to allow different treatment for sovereigns. Conflict of interest issue becomes too large increasing risk of greenwashing and therefore diminishing the credibility of the EUGB standard. CZ: (Comments): CZ: We consider it apropos that a portion of the requirements for external reviewers has been added to state auditors and other public entities. Do we understand correctly that this does not apply to state auditors? We may accept this. What’s more, given that most Member States insist

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	on maintaining the exemption, we will no longer insist on the deletion of the exemption, and we consider the compromise proposal acceptable. DK: (Drafting): An issuer that is a sovereign may shall obtain pre-issuance reviews from an external reviewer and post-issuance reviews from an external reviewer, or from a state auditor or any other public entity that is mandated by the sovereign to assess compliance with this Regulation. DK: (Comments): In line with other member states, we support that sovereign issuers should face stricter demands in this regard and hence be brought in line with the requirements for private issuers. However, a state auditor or similar should be able to carry out the post-issuance review for sovereigns, which we see could work in extension to other tasks performed by a state auditor. LU: (Comments): LU: Article 36 states that the competent authorities designated in accordance with Article 31 of Regulation (EU) 2017/1129 shall ensure the application of Article 8 to 13 of this regulation. The reference to Article 11 in Article 36 should be deleted. For further details, please refer to section ‘Parts not covered by Partial Presidency Compromise proposal’. MT: (Comments): This is not a specific red line for MT. Taking into consideration that: - sovereign issuers may already obtain reviews from state auditors under the current market standards,

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	- we want the EUGBS to be a gold standard; - this is a European Union standard; the Presidency might want to consider the Council Legal Services' opinion on whether it is possible to offer the derogation related to ESMA related requirements only to EU sovereigns. This would require only third countries' state auditors to comply with ESMA certification.
2. <u>Paragraphs 3 of Article 8 and paragraph 7 of Article 9 shall apply to the state auditors and other public entities that were mandated by the sovereign to assess compliance with this Regulation when performing pre-issuance reviews and post-issuance reviews of allocation reports.</u>	SE: (Comments): SE supported the original text proposed by COM and does not support the additions made here. FI: (Drafting): 2. <u>Paragraphs 3 of Article 8 and paragraph 7 of Article 9 shall apply to the state auditors and other public entities that were mandated by the sovereign to assess compliance with this Regulation when performing pre-issuance reviews and post-issuance reviews of allocation reports.</u> FI: (Comments): Please, look our previous comment.
	CZ: (Drafting): <u>Article 11a</u> <u>Exemptions for EU Growth Prospectus</u>

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	<u>If EU Growth Prospectus is published in relation to European green bonds, the issuer of these bonds may obtain pre-issuance and post-issuance reviews from an external reviewer or from an auditor.</u> CZ: (Comments): CZ: Possible exemption for SMEs to lower costs for second party opinion.
[Article 12 Prospectus for European green bonds	ES: (Comments): ES: This article is subject to a scrutiny reservation. We will try to send you an official position before next meeting. DK: (Comments): There has been some confusion regarding the Commission's intention and the implications of making a link to the Prospectus regulation. At a previous WP, we understood that the Commission has changed its explanation of this link, now making it aligned with our own initial reading of the proposal. We thus understand that the requirements of the proposal shall apply to all issuers of EuGB no matter whether the prospectus regulation applies to the issuance or not. Thus, all EuGB issuances will be supervised by the NCA. Please see art. 36, for further comments on this. The intention of the specific provision of art. 12 is merely to add an obligation for EuGB-issuers within the scope of the Prospectus Regulation to also include the information mentioned in para. 1 and 2 in the prospectus. This entails that NCA's in their PR-supervision ensure that these particular issuers have made an incorporation by reference, according to article 19 of the prospectus regulation. We agree with this intention. Following the discussion in the WP on the 5th of November, we believe the Commission presented a good rationale as to why the reference to

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	the fact sheet should remain voluntary. Whether an EU GB issuer decides to include more details from the fact sheet in the prospectus should also remain voluntary. A mandatory reference to the fact sheet could deter use of the standard and result in a smaller uptake. As such, in light of the Commissions most recent explanation of the proposal, we believe that article 12 is sufficiently clear and do not see a need for more drafting. MT: (Comments): MT supports the changes introduced by the Presidency. MT would like to stress that the role of NCAs' supervision should be limited to the same scope as that of the Prospectus Regulation. MT agrees on disclosing specific information on green bonds in the prospectuses, including information on the actual definition of the green bond and how much the bond, which is subject to the prospectus, would meet the criteria to be defined as such. In this instance, MT believes that the disclosure of such specific information is essential, both in ensuring consistency and comparability of information across the board, as well as helping to combat greenwashing.
1. Where a prospectus is to be published pursuant to Regulation (EU) 2017/1129 <u>in relation to the European green bond</u>, that prospectus shall clearly state, where required to provide information on the use of proceeds, in	BE: (Comments): We are of the opinion that the content of this provision should be inserted in the Prospectus Regulation. This provision implicitly amends the Prospectus Regulation. If the Prospectus Regulation is not amended, we think that this would create a very unclear legal situation (especially in the case the Prospectus Regulation is itself modified or replaced later on).

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<u>the section describing the use of proceeds,</u> that the European green bond is issued in accordance with this Regulation.	AT: (Comments): As the description of the use of proceeds is a category C component, this requirement would mean that this information would only be included in the final terms base prospectuses. We think that this information should be directly included in the body of the prospectus. SE: (Comments): SE would welcome a clarification to the reasons behind the proposed changes in brackets. FI: (Comments): 12 article needs to be clarified. It should be transparent and clear issuers, what they are required. IE: (Comments): See position on page 91 DE: (Drafting): 1. Where a prospectus is to be published pursuant to Regulation (EU) 2017/1129 <u>in relation to the European green bond</u>, that prospectus shall clearly state, where required to provide information on the use of proceeds, <u>in the section describing the use of proceeds, where applicable, or in another prominent place, such as the cover page,</u> that the European green bond is issued in accordance with this Regulation. DE: (Comments):

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	The adjustment appears insufficient since the section on the use of proceeds is not existent in prospectuses that relate only to an admission to trading on a regulated market but not to a public offer. Therefore, we still suggest that such information is stated in a prominent place of the prospectus (e.g. on the cover page). CZ: (Comments): CZ: We still consider that a prospectus does not contain any specific section on the “use of proceeds” procured from bonds. Therefore, it is not clear in which section of the prospectus a reference to the draft regulation should be mentioned. COM promised to specify this in writing. LU: (Comments): LU: We consider that this statement should be required in all cases where a prospectus for European Green Bonds is produced in order to promote investment in European green bonds and because such information is useful for investors. Moreover, we support the mandatory inclusion of reference to the factsheet into the prospectus. MT: (Comments): The changes proposed in Article 12 para 1 can be supported. It is important that when it comes to determining whether an issuer is obliged to draft and ultimately publish a prospectus, conditions are set by the Prospectus Regulation (Regulation (EU) 2017/1129) and that the EU Green Bond Regulation does not create anything that goes above and beyond the Prospectus Regulation.

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2. For the purposes of Article 19(1), point (c), of Regulation (EU) 2017/1129, ‘regulated information’ shall include the information contained in the European green bond factsheet referred to in Article 8(1), point (a) of this Regulation.]	BE: (Comments): We are concerned by this approach, which we believe is not appropriate. The concept of regulated information has been created in the context of Directive 2004/109 (Transparency Directive). We think that such an extension creates a risk of unintended legal consequences for the application of the Transparency Directive. For example, does the regime of the Transparency Directive applies on the information contained in the EU GBS fact sheet? FI: (Comments): We support that issuer should be able to decide, whether it would include or refer the factsheet in the prospectus. IE: (Comments): In Article 12(2), we believe that where the factsheet is to be included in the prospectus, so should the external review report of the factsheet, given that it is required for the issuance of the bond. CZ: (Drafting): 2. For the purposes of Article 19(1), point (c), of Regulation (EU) 2017/1129, ‘regulated information’ shall the issuer may include the information contained in the European green bond factsheet referred to in Article 8(1), point (a) of this Regulation by reference in the prospectus.] CZ: (Comments): CZ: We also believe that the reference to the factsheet can be integrated differently and there is no need to alter the definition of ‘regulated information.’

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Article 13 Publication on the issuer's website and notification to ESMA and national competent authorities	SE: (Comments): We are currently analyzing this article. MT: (Comments): The proposed amendments can be supported.
1. Issuers of European green bonds shall publish on their website, in a distinct section titled 'European green bonds' and make available, free of charge until at least, <u>and otherwise as provided for in paragraphs 3 and 4 of Article 21 of Regulation (EU) 2017/1129, at the latest 12 months after</u> the maturity of the bonds concerned, all of the following:	BE: (Comments): Does this mean that this information can be published after maturity (i.e. when it is no longer useful)? This seems to be a drafting error (inconsistency with point c)). Also, all information and documents should be made available to the public in our opinion. We propose to add : "Access to the documents shall not be subject to the completion of a registration process, the acceptance of a disclaimer limiting legal liability or the payment of a fee." AT: (Comments): <i>It is not clear how the deadline fits with the deadline in lit. c)</i> BG: (Comments): BG: In our view the idea of this provision is those documents to be available until at least the maturity of the bond and the specific deadlines for publication should be included in the respective letters. We would like to note that in some of the letters there is no deadline provided.

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	RO: (Comments): <u>RO comments</u> We are of the opinion that the text should clarify the period of time in which the documents mentioned in Article 13 should be kept available on the issuer website. In this respect we would like to better understand the rule envisaged in paragraph 1 of Article 13 of the compromise text (e.g. - <i>the period of time envisaged by the rule ".... make available free of charge ... <u>at the latest 12 months after the maturity of the bonds concerned</u></i>). IE: (Comments): While we support the intention behind the redrafting, we think that some clarity is required. In Art 13(1), it states all the below documents from a-g must be made available at the latest 12 months after bond maturity. However, most of these have different timelines specified elsewhere. If this 12 months post-maturity deadline refers only to points e and f, the impact report and its review, perhaps the deadline should be in those points and not the first paragraph. Further, it is not clear from this article when these documents no longer need to be available. Can this be clarified? DE: (Drafting): 1. Issuers of European green bonds shall publish on their website, in a distinct section titled 'European green bonds' and make available, free of charge <u>until at least, and otherwise as provided for in paragraphs 3 and 4 of Article 21 of Regulation (EU) 2017/1129, at the latest 12 months after</u> the maturity of the bonds concerned, all of the following: DE:

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	(Comments): Referring to the duration or end date of the availability of published documents, not their latest publication. CZ: (Comments): CZ: We support adjustment of the deadline. PT: (Drafting): 1. Issuers of European green bonds shall publish on their website, in a distinct section titled ‘European green bonds’ and make available, free of charge until at least, and otherwise as provided for in paragraphs 3 and 4 of Article 21 of Regulation (EU) 2017/1129, at the latest 12 months after the maturity of the bonds concerned, all of the following: PT: (Comments): The proposed wording seems unclear. LU: (Drafting): 1. Issuers of European green bonds shall publish on their website, in a distinct section titled ‘European green bonds’ and make available without undue delay, free of charge until at least, and otherwise as provided for in paragraphs 3 and 4 of Article 21 of Regulation (EU) 2017/1129, at the latest until at least 12 months after the maturity of the bonds concerned, all of the following: LU: (Comments):

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	LU: The words ‘at the latest’ should be replaced by ‘until at least’. We propose to state in paragraph 1 that all of reports listed in letter (a) to (g) shall be published on the website of the issuer without undue delay once available.
(a) the completed European green bond factsheet referred to in Article 8, before the issuance of the bond;	BE: (Drafting): (a) the completed European green bond factsheet referred to in Article 8, before the issuance offer period of the bond; LU: (Drafting): (a) the completed European green bond factsheet referred to in Article 8, before the issuance of the bond offer period; LU: (Comments): LU: In line with our comments on paragraph 1 of this article, we propose to delete the deadlines as all items listed from (a) to (g) should be published without undue delay.
(b) the pre-issuance review related to the European green bond factsheet referred to in Article 8, before the issuance of the bond;	BE: (Drafting): (b) the pre-issuance review related to the European green bond factsheet referred to in Article 8, before the issuance offer period of the bond;

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	LU: (Drafting): (b) the pre-issuance review related to the European green bond factsheet referred to in Article 8, before the issuance of the bond ;
(c) the European green bond annual allocation reports referred to in Article 9, for every year until <u>(and including) the year of</u> the full allocation of the proceeds of the European green bond concerned, no later than three six months following the end of the year it refers to;	BE: (Comments): See our comment regarding Article 9(6). HU: (Drafting): (c) the European green bond annual allocation reports referred to in Article 9, for every year until <u>(and including) the year of</u> the full allocation of the proceeds of the European green bond concerned, no later than three twelve months following the end of the year it refers to; HU: (Comments): See comments on Art. 9 SE: (Comments): This time period does not seem to correspond to the 12 months proposed above under 13.1. DE: (Drafting): (c) the European green bond annual allocation reports referred to in Article 9, for every year <u>following issuance and</u> until <u>(and including) the year of</u> the full allocation of the proceeds of the

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	European green bond concerned, no later than three <u>six</u> months following the end of the year it refers to; DE: (Comments): Please see Art. 9(1). CZ: (Comments): CZ: We support adjustment of the deadline. LU: (Drafting): (c) the European green bond annual allocation reports referred to in Article 9, for every year until (and including) the year of the full allocation of the proceeds of the European green bond concerned, no later than three <u>six</u> months following the end of the year it refers to;
(d) the post-issuance reviews of the European green bond allocation reports referred to in Article 9;	
(e) the European green bond impact report referred to in Article 10;	PT: (Drafting): (e) the European green bond impact report referred to in Article 10, <u>after the full allocation of the proceeds of such bonds and at least once during the lifetime of the bond;</u>

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	PT: (Comments): In line with Article 10(1). LU: (Comments):
	PT: (Drafting): Additional point in Article 13(1): <u>(ea) the errors referred to in Article 24, together with, where relevant, a revised pre-issuance or post-issuance review.</u> PT: (Comments): We believe that it is important that the issuer publishes this information as well, as the investors are directly in contact with the issuer, but not (necessarily) with the reviewer.
<u>(f) the post-issuance review of the impact report if obtained;</u>	

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<u>(g) if a prospectus is published, a link to the website where the prospectus is published.</u>	DE: (Drafting): <u>(g) if a prospectus is published pursuant to Regulation (EU) 2017/1129, a link to the website where the prospectus is published.</u> DE: (Comments): For clarification. CZ: (Drafting): <u>(g) if a prospectus is published, a link to the website where the prospectus is published, with the exemption of sovereign issuers.</u> CZ: (Comments): CZ: We are concerned about the phrase “if a prospectus is published.” In our opinion the prospectus should be mandatory (with the exemption of sovereigns) to solve the issue with no supervision in some cases. Therefore prospectus should always be published.
2. The information contained in the documents referred to in paragraph 1, points (a), (c) and (e), shall be provided in the following language or languages:	CZ: (Comments): CZ: In our opinion reports by external reviewers should be only in English (on a voluntary basis the may provide other languages). PT: (Comments):

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	Suggest keeping the COM proposal, in order to avoid translation costs for SMEs (as defined in MiFID).
(a) where the European green bonds are offered to the public <u>in only one Member State and are not admitted to trading</u> or are listed on a market <u>trading venue in any other</u> in only one Member State, in a language accepted by the competent authority, as referred to in Article 36 of this Regulation, of that Member State;	BE: (Comments): This should be amended to cover the case where the bonds are not admitted to trading. BG: (Drafting): (a) where the European green bonds are offered to the public <u>in only one Member State and are not admitted to trading</u> or are listed on a <u>regulated</u> market <u>trading venue in any other</u> in only one Member State, in a language accepted by the competent authority, as referred to in Article 36 of this Regulation, of that Member State; BG: (Comments): BG: Please refer to our comment on the definitions. CZ: (Drafting): (a) where the European green bonds are offered to the public <u>in only one Member State and are not admitted to trading</u> or are listed on a <u>regulated</u> market <u>trading venue in any other</u> in only one Member State, in a language accepted by the competent authority, as referred to in Article 36 of this Regulation, of that Member State; CZ: (Comments):

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	CZ: Please note the prospectus relates only to admission to trading on a regulated market and not on any trading system. Do we really need the term 'trading venue' or should we only refer to the 'regulated market'? PT: (Drafting): (a) where the European green bonds are offered to the public made available to investors in only one Member State and are not admitted to trading or are listed on a market trading venue in any other in only one Member State, in a language accepted by the competent authority, as referred to in Article 36 of this Regulation, of that Member State; PT: (Comments): Alignment with Article 1.
(b) where the European green bonds are offered to the public <u>in more than one Member State</u> or are listed <u>admitted to trading</u> on a market <u>trading venue in a Member State different from the Member State in which they are offered to the public</u> in two or more Member States, either in a language accepted by the competent authority, as referred to in Article 36 of this Regulation,	BG: (Drafting): (b) where the European green bonds are offered to the public <u>in more than one Member State</u> or are listed <u>admitted to trading</u> on a <u>regulated</u> market market <u>trading venue in a Member State different from the Member State in which they are offered to the public</u> in two or more Member States, either in a language accepted by the competent authority, as referred to in Article 36 of this Regulation, of each <u>such</u> Member State, or in a language customary in the sphere of international finance, at the choice of the issuer. BG: (Comments): BG: Please refer to our comment on the definitions.

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of each such Member State, or in a language customary in the sphere of international finance, at the choice of the issuer.	FI: (Comments): We support that a language customary in the sphere of international finance can be choosed. So, we support the Commission proposal on this particular issue. CZ: (Drafting): (b) where the European green bonds are offered to the public in more than one Member State or are listed admitted to trading on a regulated market trading venue in a Member State different from the Member State in which they are offered to the public in two or more Member States, either in a language accepted by the competent authority, as referred to in Article 367 of this Regulation, of each such Member State, or in a language customary in the sphere of international finance, at the choice of the issuer. CZ: (Comments): CZ: Same as above. PT: (Drafting): –where the European green bonds are offered to the public made available to investors in more than one Member State or are listed admitted to trading on a market trading venue in a Member State different from the Member State in which they are offered to the public in two or more Member States, either in a language accepted by the competent authority, as referred to in Article 367 of this Regulation, of each such Member State, or in a language customary in the sphere of international finance, at the choice of the issuer. PT: (Comments):

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	Alignment with Article 1.
3. By way of derogation from paragraph 2, where a prospectus for the European green bond is to be published in accordance with Regulation (EU) 2017/1129, the information contained in the documents referred to in paragraph 1 4, points (a), (c) and (e), shall be provided in the language or languages of that prospectus.	FI: (Drafting): 3. By way of derogation from paragraph 2, where a prospectus for the European green bond is to be published in accordance with Regulation (EU) 2017/1129, the information contained in the documents referred to in paragraph 1 points (a), (c) and (e), shall be provided in the language or languages of that prospectus. FI: (Comments): We support the Commission proposal, because with the removal, reviews should be translate in some cases in the language of the prospectus. From our point of view, it should be allowed that reviews could be in a language that is commonly used in financial markets. CZ: (Comments): CZ: If the prospectus would be mandatory (with the exemption of sovereign) this exemption would basically become rule. Again we expect external reviewers to prepare reports only in English (otherwise costs for external reviews will increase and more time is necessary to obtain translations).
[4. <u>An issuers</u> of European green bonds shall, <u>where a prospectus for European green bonds is required to be published pursuant to Regulation (EU) 2017/1129</u>, notify the	FI: (Drafting): [4. <u>An issuers</u> of European green bonds shall, <u>where a prospectus for European green bonds is required to be published pursuant to Regulation (EU) 2017/1129</u>, notify the National Competent authority referred to in Article 36 <u>of its home Member State</u> of the <u>issuance of the</u>

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National Competent authority referred to in Article 36 <u>of its home Member State</u> of the publication of all the documents referred to in paragraph 1 without undue delay.]	<u>European green bond and</u> publication of all the documents referred to in paragraph 1 without undue delay.] FI: (Comments): From our point of view the issuer, whether it is inside the scope of prospectus or not, should notify ESMA also about the issuance. This way the NCA would get the information on the bond, which disclosure it should be supervise, and could start the supervision. RO: (Comments): <u>RO comments</u> The text of the EUGB proposal should clarify the area of NCA supervision under EuGB Proposal both <i>in the cases where an issuer is exempted from the obligation to publish a prospectus under Regulation (EU) 2017/1129</i> and <i>in the cases where the Regulation (EU) 2017/1129 does not apply at all</i>. In the case the NCA supervision under EuGB proposal covers one or both of the situations stated above, paragraph 4 of Article 13 should also contain rules regarding the issuer obligation to notify the relevant NCA of the publication of the documents referred to in paragraph 1 of Article 13. Nevertheless, in this case, the text of the EuGB proposal should also clarify who is the relevant NCA that supervises Article 8-13 and to which the notification under Article 13 paragraph 4 should be sent (e.g. – if the home NCA rule of the Regulation (EU) 2017/1129 is also applicable/extended in these cases or if another rule applies). DE: (Drafting): [4. <u>An issuers of European green bonds shall, where article 36 applies a prospectus for European green bonds is required to be published pursuant to Regulation (EU) 2017/1129,</u>

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	notify the National Competent authority referred to in Article 36 of its home Member State of the publication of all the documents referred to in paragraph 1 without undue delay.] DE: (Comments): In consistency with article 36 (to apply within the scope of the prospectus regulation, also in the case of exemptions to publish a prospectus). CZ: (Comments): CZ: If the prospectus would be mandatory (with the exemption of sovereign), some redrafting would be necessary. We take into account that sovereigns will not inform NCAs. However we are open to further discussions if most Member State would support explanation by COM that with no prospectus there is no supervision (for small and large issues exempted under PR). As the notification for EuGB without prospectus is missing (in the current draft) we will never know what is the total volume of EuGB - therefor maybe notification to ESMA may be considered for EuGB without prospectus (sovereigns, small issues, large issues, third countries). LU: (Comments): LU: We welcome the inclusion that competent authorities are only in charge of supervision where a prospectus is required to be published. MT: (Comments): MTwelcomes the compromise text. Current drafting is welcome as MT consider that the obligation to draft and publish a prospectus should be set by the Prospectus Regulation. We consider it important for this EU GBS proposal not to go above and beyond the Prospectus Regulation.

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5. The competent authority referred to in paragraph 4 Issuers of European green bonds shall notify ESMA of each notification received pursuant to that paragraph 4 of the publication of all the documents referred to in paragraph 1 within 60 30 days after the receipt thereof.	FI: (Comments): We can support this proposal, if article 13 paragraph 4 is going to be changed, as we are proposing. DE: (Comments): Please explain the extension of the deadline to 60 days (which appears quite long). DK: (Drafting): 5. Issuers of European green bonds shall notify ESMA of the publication of all the documents referred to in paragraph 1 within 30 days. DK: (Comments): We disagree on the need for issuers to notify ESMA directly of their issuance given that the proposal establishes national competent authorities as supervisors of the application of article 8-13 and suggest removing the provision. In our view, the notification of ESMA, which would be primarily for the purposes of monitoring and evaluating the impact of the legislative initiative, should therefore be carried out by NCAs. This would be similar to the notification procedure of the prospectus regulation article 20. The competent authority shall notify ESMA of the approval of the prospectus and any supplement thereto as soon as possible and in any event by no later than the end of the first working day after that approval is notified to the issuer, the offeror or the person asking for admission to trading on a regulated market.

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	LU: (Comments): LU: We consider that the proposed timeframe of 60 days is too long and suggest keeping 30 days as initially foreseen. MT: (Comments): MTwelcomes the compromise text.
	DK: (Drafting): “The National Competent Authority shall notify ESMA of the publication of all the documents referred to in paragraph 1 as soon as possible after the NCA has been notified of the publication by the issuer of European green bonds.” DK: (Comments): We suggest amending paragraph five to stipulate that the national competent authority shall carry out the notification of ESMA.
<u>New Article to be inserted in Title VI (Final provisions)</u>	

Presidency compromise proposal	Drafting Suggestions Comments
<u>Article 61a</u> <u>Transitional provision on Taxonomy-alignment of use of proceeds</u>	FI: (Drafting): <u>Article 61a</u> <u>Transitional provision on Taxonomy-alignment of use of proceeds</u> FI: (Comments): We do not support any flexibility for sovereigns regarding taxonomy alignment. PT: (Comments): We are open to discuss this possibility for all issuers, to cover transitional activities that are not yet covered by the technical screening criteria, provided that they comply with the taxonomy requirements, and see positively the PCY proposal. In the Transition finance report - (March 2021) –, the EU Platform on Sustainable Finance recommended to extend the taxonomy to “no significant impact” and “significantly harmful” activities. Including activities that enable companies to stop performing significantly harmful activities would be an adequate manner of catering for transition – we would like to hear the COM on whether waiving the technical screening criteria referred to in Article 3(d) of Regulation (EU) 2020/852, as proposed by the PCY, is enough to ensure this end. On the other hand, we would welcome clarification on whether this provision ensures that, where technical screening criteria are in place for a given activity, they are effectively met and this will not allow for a derogation on such criteria. DK: (Comments): <i>See comments to article 6(1b).</i>

Presidency compromise proposal	Drafting Suggestions Comments
<u>By way of derogation from paragraph 1b of Article 6, a sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 20% of the proceeds of European green bonds issued on or before 30 December 2025 to activities that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852.</u>	AT: (Comments): See comments regarding Art. 6. SE: (Comments): SE does not support the introduction of a "flexibility pocket". SE sees a risk of a diluted standard and less liquid markets. Please see also our general comments above. FI: (Drafting): <u>By way of derogation from paragraph 1b of Article 6, a sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 20% of the proceeds of European green bonds issued on or before 30 December 2025 to activities that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852</u> FI: (Comments): We do not support any flexibility for sovereigns regarding taxonomy alignment. IE: (Comments): We welcome the Presidency's definition of the scope of the flexibility pocket. Still, we consider it necessary for usability purposes that the 20% pocket continues beyond 2025, given the likely entry into force of the regulation, and is subject to review thereafter, after an appropriate period of time.

Presidency compromise proposal	Drafting Suggestions Comments
	DE: (Drafting): By way of derogation from paragraph 1b of Article 6, an issuer sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 20% of the proceeds of European green bonds issued on or before 30 December 2025 to activities that comply with the taxonomy requirements <u>principles as referred to in Article 3, points (a), (b) and (c), of Regulation (EU) 2020/852 but that must not meet the requirements set out in Article 3, point (d), where the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852 are not yet fully available or considered not directly applicable by the issuer because of the innovative nature, the complexity of the activity, and/or the location of the activity,</u> with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852. <u>This transitional provision shall be reviewed 36 months after this regulation enters into force.</u> DE: (Comments): DE favors a transitional taxonomy compliance threshold below 100% that applies to all issuers, subject to a review clause. Please also refer to Art. 6 (1b). The proposed content (“where the TSC are not yet fully available or considered not directly applicable by the issuer because of..”) is based on the final TEG recommendations (Final TEG Report on EU GBS, 2019). We are open to discuss other criteria. CZ: (Comments): CZ: We are neutral regarding the flexibility pocket. PT: (Comments):

Presidency compromise proposal	Drafting Suggestions Comments
	Please refer to our comment in Article 6(1b). DK: (Comments): Following the discussion, we are still scrutinizing the proposal. It is crucial that the wording is clear with regards to how alignment with the taxonomy is required in the flexibility pocket. Regarding the proposed flexibility pocket, we still believe that it should be the ambition of the regulation to create <i>one</i> standard and a level playing field between public and private issuers as fast as possible. A key component of such ambition is that the standard should bring clarity as to what can be defined as green. We do understand that a temporary flexibility can be justified for activities not yet covered by the taxonomy. This is particularly regarding research which is a part of the solution to the climate crisis. By giving sovereigns permanent exemptions to proceeds' alignment with the taxonomy, as proposed in the compromise, we would create a de facto double regime. In our view, this jeopardizes the central purpose of the regulation and risks creating new uncertainty for investors. As such, we are not supportive of inserting a permanent flexibility provision with regards to taxonomy alignment, as proposed. Lastly, we ask the Presidency and other Member States to consider the ongoing evolvement of the taxonomy, both the climate delegated acts as well the environmental ones. Before this regulation will enter into force, the taxonomy will be considerably further along the way, thereby making more activities eligible for EU green bond financing. LU: (Comments): LU: Please refer to our comments on article 6(1b).

Presidency compromise proposal	Drafting Suggestions Comments
	MT: (Comments): MT supports the Presidency on the provision of a taxonomy pocket and welcome the proposed flexibility being suggested by the Presidency, however, we request the opinion of the Council Legal Services on the practical applicability of this flexibility. In our opinion, in view that the Taxonomy Regulation (Article 1.2.a) applies to: measures adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable. We see merit for such flexibility to be made available for both sovereigns and corporates, as long as the Taxonomy principles are adhered to. We consider the participation of corporates and sovereigns in the green bond market using the EU GBS is imperative for the “golden standard” objective to be reached. We should work on facilitating adoption and usability of taxonomy. We should aim for full taxonomy alignment, but this would require a more mature taxonomy. Therefore, the flexibility pocket composition and size should be one that aims for this same objective. FR: (Drafting): FR <u>By way of derogation from paragraph 1b of Article 6, a sovereign, insofar as it is not subject to Article 1(2) of Regulation (EU) 2020/852, may allocate up to 20% of the proceeds of European green bonds issued on or before 30 December 2025 to activities that comply with the taxonomy requirements, with the exception of the technical screening criteria referred to in Article 3, point (d), of Regulation (EU) 2020/852.</u> FR: (Comments): FR

Presidency compromise proposal	Drafting Suggestions Comments
	The paragraph is not necessary anymore (<i>cf.</i> amendment on article 6).
ANNEX I	
EUROPEAN GREEN BOND FACTSHEET	IE: (Comments): We welcome some of the efforts towards simplifying these documents, and note they are largely bracketed. We are still about doubtful about the ability to comply with certain elements, such as the estimated period for allocation of proceeds, and estimation of volume of revenue loss associated with eligible tax relief. Look forward to returning to these when we have a more stable regulation text
1. General Information	
– [Date of the publication of the European green bond factsheet]	
– [The legal name of the issuer] [where available, legal entity identifier (LEI)] [website]	

Presidency compromise proposal	Drafting Suggestions Comments
address providing investors with information on how to get in contact, and a telephone number]	
— [Name of the bond assigned by the issuer] [where available, international securities identification numbers (ISIN)]	BE: (Drafting): – [Name of the bond assigned by the issuer] [where available, international securities identification numbers (ISIN)] or the name of the offering programme if the European green bond factsheet relates to several European green bond issuances. BE: (Comments): We would propose to reintroduce the requirement to mention the name of the bond and ISIN, except in case of programmes. In case of a programme, it would be the name of the offering programme that should then be mentioned. IE: (Comments): Under general information, the ISIN and name should be included, we see no reason why multiple ISINs and names could not be listed if required. The ISIN helps investors to identify the bonds to which the factsheet refers – even if this is multiple bonds. LU: (Comments): LU: The envisaged removal of the name of the securities and ISIN code in Annex I (European Green Bond Factsheet) leads to the question of how national competent authorities can identify the bond for supervision purposes and also ensure compliance with Article 8.2. This change would

Presidency compromise proposal	Drafting Suggestions Comments
	imply that, in case a prospectus is submitted for approval, national competent authorities would not be able to definitely link the prospectus to the publication of the relevant green bond factsheet if the latter is not incorporated by reference into the prospectus. In addition, such change would make it more difficult for national competent authorities to exercise powers, as set out in Article 37.1 (e) and (f), which relate to specific offers and in Article 37.1 (b) to the extent national competent authorities would not be able to link the request of an omitted initial annual allocation report to the specific securities offered or admitted.
– [The identity and contact details of the external reviewer, including website address providing investors with information on how to get in contact, and a telephone number]	
	DE: (Drafting): – [Where article 36 applies, the name of the designated competent authority of the home Member State] DE: (Comments): See comment under Art. 36.
2. Adhesion to the requirements of the European Green Bonds Regulation	

Presidency compromise proposal	Drafting Suggestions Comments
[A statement showing that the issuer of the given bonds , to which this factsheet applies , voluntarily adheres to the requirements of this Regulation]	
3. Environmental strategy and rationale	
– [Information on how the allocation of bond proceeds aligns with the broader environmental strategy of the issuer]	
– [The environmental objectives referred to in Article 9 of Regulation 2020/852 pursued by the bond]	DE: (Drafting): – [The environmental objectives referred to in Article 9 of Regulation 2020/852 pursued by the bond or bonds] DE: (Comments): To cater for several bond issuances.
4. Intended allocation of bond proceeds	

Presidency compromise proposal	Drafting Suggestions Comments
4.1 Estimated Time until full allocation of proceeds	
– [The period within which the proceeds are expected to be allocated <u>after the issuance of each bond</u>]	
— [The date by which proceeds are expected to be fully allocated]	
– [If the date end of the above period is more than five years after the date of the issuance of the bond: a justification for the longer period, based on the specific features of the economic activities concerned, accompanied by relevant documentation in an annex]	
4.2 Process for selecting green projects <u>and activities</u> and estimated environmental impact	

Presidency compromise proposal	Drafting Suggestions Comments
– [A description of the processes by which the issuer will determine how <u>projects and activities</u> align with the taxonomy requirements]	
– [A description of the relevant technical screening criteria referred to in Articles 10 to 15 of Regulation (EU) 2020/852, and a specification of which delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 are taken into account <u>(having regard to the sovereign flexibility referred to in Article 6(1c))</u>]	DE: (Drafting): – [A description of the relevant technical screening criteria referred to in Articles 10 to 15 of Regulation (EU) 2020/852, and a specification of which delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 are taken into account (having regard to the transitional compliance threshold referred to in Article 6(1b) and Article 61(1a)).] DE: (Comments): See amendment below. CZ: (Drafting): – [A description of the relevant technical screening criteria referred to in Articles 10 to 15 of Regulation (EU) 2020/852, and a specification of which delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 are taken into account <u>(having regard to the sovereign flexibility referred to in Article 6(1eb))</u>] CZ:

Presidency compromise proposal	Drafting Suggestions Comments
	(Comments): CZ: Typo. PT: (Drafting): – [A description of the relevant technical screening criteria referred to in Articles 10 to 15 of Regulation (EU) 2020/852, and a specification of which delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 are taken into account <u>(having regard to the sovereign flexibility referred to in Article 6(1^{eb})</u>]
	DE: (Drafting): – <u>Where bond proceeds are intended to be allocated in accordance with paragraph 1b of Article 6, an explanation for including these types of projects and activities in the use of proceeds and how the issuer intends to ensure that the proceeds comply with Article 3, points (a), (b) and (c) of Regulation (EU) 2020/852.</u> DE: (Comments): Moved up from below (and adjusted the text).
– [Where available: information on the methodology and assumptions to be used for the calculation of key impact metrics in accordance with delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, and for any	AT: (Comments): In our opinion the deletion of the justification requirement is detrimental, or at least not understandable. PT: (Comments): Why is the last sentence deleted? It's a standard comply or explain provision.

Presidency compromise proposal	Drafting Suggestions Comments
additional impact metrics. Where this information is not available, this must be justified.	
– [Where applicable, information on any related standardisation or certification process in project or activity selection]	
– [Where available, an estimation of expected positive and adverse environmental impacts in aggregated form. Where this information is not available, this must be justified.]	FI: (Drafting): [Where available, an estimation of expected positive and adverse environmental impacts in aggregated form. Where this information is not available, this must be justified.] FI: (Comments): We support the idea that possible adverse impact should be also stated, if there would be some. PT: (Comments): Why delete adverse? There may be adverse effects of a project which is environmentally positive. If adverse effects are not reported, how to assess the “do no significant harm” requirement?

Presidency compromise proposal	Drafting Suggestions Comments
4.3 Intended qualifying green projects and activities	SE: (Comments): SE would want to understand the reasons that the word “qualifying” has been changed to “intended” in 4.3. DE: (Comments): Do we need to delete <i>qualifying</i> here?
<u>[The issuer shall provide the following information at the project/activity type level.</u> Where available to the issuer, the following information shall be provided at project/activity level.unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available, in which case the information shall be provided at least at aggregate level, with an explanation of why project level information is not given:	ES: (Drafting): <u>[The issuer shall provide the following information at the project/activity type level.</u> Where available to the issuer, the following information shall be provided at project/activity level. Where bond proceeds are allocated by sovereigns to expenditures as referred to in Article 4(2), information may be provided at program level.unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects limit the amount of detail that can be made available, in which case the information shall be provided at least at aggregate level, with an explanation of why project level information is not given: ES: (Comments): ES: We suggest clarifying that sovereigns can provide the information at program level. This would make it easier to use the same factsheet for several issuances as intended by this EUGB proposal. PT: (Comments):

Presidency compromise proposal	Drafting Suggestions Comments
	Don't understand the deletion, again it should be comply or explain, and in this case it clearly states which justifications are acceptable.
For intended qualifying types of projects and activities:	DE: (Comments): Do we need to delete <i>qualifying</i> here?
– Their environmental objectives referred to in Article 9 of Regulation 2020/852	
– Their types , sectors, and where applicable the respective NACE codes in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006 ¹⁶	
– Their countries	

¹⁶ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

Presidency compromise proposal	Drafting Suggestions Comments
– <u>Where available</u>, The respective amount to be allocated from bond proceeds, and the indicative or intended percentage of proceeds to be allocated respectively to projects and activities financed after bond issuance and projects before bond issuance	DE: (Drafting): – <u>Whether proceeds will be allocated to re-finance projects and activities and, where available, The respective amount to be allocated from bond proceeds, and the indicative or intended</u> percentage of proceeds to be allocated respectively to re-finance projects <u>and activities</u> financed after bond issuance and projects before bond issuance DE: (Comments): A meaningful indicative information of which percentage of the proceeds shall be used to refinance qualifying green activities might not be available at the time of the factsheet publication, if the factsheet is used for several bond issuances. But it should be stated <i>whether</i> a share of the proceeds will be used for refinancing. PT: (Comments): Proposed wording means less transparency than original wording. Would also need a comply or explain provision (if not available, why not).
– Where the issuer is a sovereign, and bond proceeds are planned to be allocated to the tax relief referred to in Article 4(2), point (c), an estimation of the expected volume of revenue loss associated with eligible tax relief	

Presidency compromise proposal	Drafting Suggestions Comments
— Where a bond co-finances intended qualifying projects, an indication of the proportion financed by the bond	
<u>– Where the issuer is a sovereign, and bond proceeds are planned to be allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Screening Criteria, an assessment of the proportion and the reasons for including these activities and projects in the use of proceeds</u>	FI: (Drafting): <u>Where the issuer is a sovereign, and bond proceeds are planned to be allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Screening Criteria, an assessment of the proportion and the reasons for including these activities and projects in the use of proceeds</u> FI: (Comments): We do not support this kind of flexibility for sovereigns. However, if there were some flexibility, then there should be much more disclosure on the reasoning and justification, and precise separate disclosure of different projects/programmes. DE: (Drafting): <u>Where the issuer is a sovereign, and bond proceeds are planned to be allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Screening Criteria, an assessment of the proportion and the reasons for including these activities and projects in the use of proceeds</u> DE: (Comments):

Presidency compromise proposal	Drafting Suggestions Comments
	Suggest adjusting and inserting above. CZ: (Drafting): – <u>Where the issuer is a sovereign, and bond proceeds are planned to be allocated in accordance with paragraph 1^{eb} of Article 6 to activities and projects that do not meet the Technical Screening Criteria, an assessment of the proportion and the reasons for including these activities and projects in the use of proceeds</u> CZ: (Comments): CZ: Typo. PT: (Drafting): – <u>Where the issuer is a sovereign, and bond proceeds are planned to be allocated in accordance with paragraph 1^{eb} of Article 6 to activities and projects that do not meet the Ttechnical Sscreening Ecriteria, an assessment of the proportion and the reasons for including these activities and projects in the use of proceeds</u>
– Where available, links to websites with relevant information	
– Where available, links to relevant public documents with more detailed information]	

Presidency compromise proposal	Drafting Suggestions Comments
4.4 Unallocated proceeds	
[Information on how the temporary use of unallocated proceeds will not affect the delivery of the environmental objectives]	
5. Information on reporting	
– [A link to the <u>issuer's</u> website where allocation reports and impact reports will be published referred to in Article 13(1)]	ES: (Drafting): – [A link to the <u>issuer's</u> website where allocation reports and impact reports will be published referred referred to in Article 13(1)] ES: (Comments): ES: Suggestion to correct typo. DE: (Comments): Typo in <i>referred</i>.

Presidency compromise proposal	Drafting Suggestions Comments
– [An indication of whether allocation reports will include project-by-project information on amounts disbursed allocated and the expected positive and negative environmental impacts]	SE: (Comments): SE would want to understand why the word “negative” is removed under 5. PT: (Comments): Suggest not to delete negative (see above).
6. Other relevant information	
ANNEX II	
EUROPEAN GREEN BOND ANNUAL ALLOCATION REPORT	
[where the allocation report is revised, the title shall reflect this]	AT: (Drafting): [where the allocation report is amended according to Article 9, para 4, the title shall reflect this] AT: (Comments): Proposed wording to avoid misunderstandings to the effect that an allocation report is not always reviewed by an external auditor.

Presidency compromise proposal	Drafting Suggestions Comments
1. General Information	
– [Date of the publication of the allocation report] [where applicable, date of the publication of the final allocation report or date of the publication of the revised allocation report]]	
– [The legal name of the issuer] [where available, LEI], [website address providing investors with information on how to get in contact, and a telephone number]	
– [Name of the bonds assigned by the issuer] [where available, ISIN]	
– [where the allocation report has been subject to post-issuance review, the identity and contact details of the external reviewer,	

Presidency compromise proposal	Drafting Suggestions Comments
including a website address providing investors with information on how to get in contact, and a telephone number]	
2. Adhesion to the requirements of the European Green Bonds Regulation	
[A statement showing that proceeds have been allocated according to the requirements of this Regulation]	
3. Allocation of bond proceeds	
A. For issuers except those referred to in point <u>A1 and B</u> below:	
[The following information shall be provided at project <u>or activity</u> level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects	

Presidency compromise proposal	Drafting Suggestions Comments
limit the amount of detail that can be made available, in which case the information shall be provided at least at aggregate level, with an explanation of why project <u>or activity</u> -level information is not given:	
– The environmental objectives referred to in Article 9 of Regulation 2020/852	
– The types and sectors of projects <u>and activities</u> , and <u>where applicable</u> the respective NACE codes in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006 ¹⁷	
– The countries where bond proceeds have been allocated	

¹⁷ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

Presidency compromise proposal	Drafting Suggestions Comments
– The respective amount allocated from bond proceeds, and the percentage of proceeds allocated respectively to projects <u>and activities</u> financed after bond issuances and projects <u>and activities</u> financed before bond issuances	
– Where the issuer is a sovereign, and bond proceeds are allocated to tax relief referred to in Article 4(2), point (c), an estimation of the volume of revenue loss associated with eligible tax relief	PT: (Drafting): – <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1eb of Article 6 to activities and projects that do not meet the Ttechnical Sscreening Ccriteria, an indication of the proportion of these activities and projects in the use of proceeds</u>
– <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Sreening Criteria, an indication of the</u>	FI: (Drafting): <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Sreening Criteria, an indication of the proportion of these activities and projects in the use of proceeds</u> FI: (Comments):

Presidency compromise proposal	Drafting Suggestions Comments
<u>proportion of these activities and projects in the use of proceeds</u>	We do not support this kind of flexibility for sovereigns. However, if there were some flexibility, then there should be much more disclosure on the reasoning and justification, and precise separate disclosure of different projects/programmes. DE: (Drafting): Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1e of Article 6 to activities and projects that do not meet the Technical Screening Criteria, an indication of the proportion of these activities and projects in the use of proceeds DE: (Comments): Suggest adjusting and inserting below. CZ: (Drafting): – <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1eb of Article 6 to activities and projects that do not meet the Technical Screening Criteria, an indication of the proportion of these activities and projects in the use of proceeds</u> CZ: (Comments): CZ: Typo.

Presidency compromise proposal	Drafting Suggestions Comments
– Where a bond co-finances qualifying projects, an indication of the proportion financed by the bond	
– For assets that are concerned by a taxonomy alignment plan: the progress in the implementation of the plan during the reporting period, and the estimated date of completion;	
– Confirmation of compliance with Point (c) of Article 3 of Regulation (EU) 2020/852 (minimum safeguards)	
– An indication of which delegated acts adopted in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 were used to determine the taxonomy technical screening criteria, and their application dates]	

Presidency compromise proposal	Drafting Suggestions Comments
	DE: (Drafting): <u>Where bond proceeds are allocated in accordance with paragraph 1b of Article 6, the percentage of these projects and activities in the use of proceeds, a list of the specific projects/activities or programmes, and an explanation of how these projects and activities comply with Article 3, points (a) and (b) of Regulation (EU) 2020/852.</u> DE: (Comments): Inserted here from above (and adjusted).
<u>A1. For sovereign issuers:</u>	
<u>[Where bond proceeds are allocated to expenditures as referred to in Article 4(2), information may be provided at program level.]</u>	
B. For issuers that are financial undertakings that allocate proceeds from a portfolio of several European green bonds to a portfolio of financial assets as referred to in Article 5:	DE: (Comments): See comment on Art. 9(5) referring to non-financial issuers that apply the portfolio approach for non-financial assets.

Presidency compromise proposal	Drafting Suggestions Comments
[The section “Allocation of bond proceeds” shall contain the following information:	
– An overview over all outstanding European green bonds <u>of the issuer</u> , indicating their individual and combined value <u>and their date of maturity</u> .	
– An overview over the eligible financial assets as referred to in Article 5 on the issuer’s balance sheet, indicating:	
a) their total amortised value,	
b) the environmental objectives referred to in Article 9 of Regulation (EU) 2020/852,	
c) their types, sectors and countries,	

Presidency compromise proposal	Drafting Suggestions Comments
d) where a bonds co-finances qualifying projects, an indication of the proportion financed by the bonds, where available,	PT: (Drafting): d) where a bonds s co-finances qualifying projects, an indication of the proportion financed by the bonds, where available,
e) an indication of which delegated acts adopted in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 were used to determine the taxonomy technical screening criteria, at least at sector and country level, and where applicable, at individual asset level,	
	DE: (Drafting): <u>Where proceeds of the financial assets are allocated in accordance with paragraph 1b of Article 6, the percentage of these projects and activities in the use of proceeds, a list of the specific projects and activities, and an explanation of how these projects and activities comply with Article 3, points (a) and (b) of Regulation (EU) 2020/852.</u> DE: (Comments): See above.

Presidency compromise proposal	Drafting Suggestions Comments
f) where relevant, the value of each asset, or group of assets	
– A comparison of the total value of outstanding European green bonds <u>issued by the issuer</u> and the total amortised value of eligible financial assets as referred to in Article 5. The comparison shall show that the latter is either equal to or higher than the former.	
– For the purposes of the above comparison, the total outstanding value of European green bonds shall be based on the yearly average of quarter-end values of such bonds issued by that issuer, and the total amortised value of the financial assets shall be based on the yearly average of quarter-end values of such assets on the issuer's balance sheet.]	

Presidency compromise proposal	Drafting Suggestions Comments
4. Environmental impact of bond proceeds	
[No information is required under this heading for this report]	
5. Other relevant information	
ANNEX III	
EUROPEAN GREEN BOND IMPACT REPORT	
[Where the impact report is revised, the title shall reflect this.]	
1. General Information	

Presidency compromise proposal	Drafting Suggestions Comments
– [Date of the publication of the impact report] [where applicable, Date of the publication of the revised impact report]	
– [The legal name of the issuer] [where available, LEI], [website address providing investors with information on how to get in contact, and a telephone number]	
– [Name of the bonds assigned by the issuer] [where available, ISIN]	
– [where the impact report was assessed by an external reviewer, the identity and contact details of the external reviewer, including website address providing investors with information on how to get in contact, and a telephone number]	
2. Environmental strategy and rationale	

Presidency compromise proposal	Drafting Suggestions Comments
– [Information on how the bonds align with the broader environmental strategy of the issuer as set out in the factsheet]	
– [Where applicable, an explanation of any changes to broader environmental strategy of the issuer since the publication of the factsheet]	
– [The environmental objectives referred to in Article 9 of Regulation 2020/852 pursued by the bonds]	
3. Allocation of bond proceeds	
[The following information shall be provided at project or activity level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects and activities limit the amount of detail that can	ES: (Drafting): [The following information shall be provided at project or activity level, unless confidentiality agreements, competitive considerations, or a large number of underlying qualifying projects and activities limit the amount of detail that can be made available, in which case the information shall be provided at least at aggregate level, with an explanation of why project or activity -level

Presidency compromise proposal	Drafting Suggestions Comments
be made available, in which case the information shall be provided at least at aggregate level, with an explanation of why project or activity-level information is not given provided. The provision of detailed content under this section can be replaced by a reference to the respective allocation report, provided that all information requested in this section are available in that allocation report:	information is not given provided. Sovereigns may provide the information at program level where bond proceeds are allocated to expenditures as referred to in Article 4(2). <u>The provision of detailed content under this section can be replaced by a reference to the respective allocation report, provided that all information requested in this section are available in that allocation report:</u> ES: (Comments): ES: We suggest simplifying the reporting process for sovereigns, so that they can report at program level. The draft proposal recognizes the possibility to provide the information at an aggregate level if an explanation is provided. It should be explicitly recognized that sovereigns always have this option.
– The environmental objectives referred to in Article 9 of Regulation 2020/852,	
– The types and sectors of projects and activities, and countries where bond proceeds have been allocated	
– The respective amount to allocated from bond proceeds, and the percentage of proceeds	

Presidency compromise proposal	Drafting Suggestions Comments
to allocated respectively to projects <u>and activities</u> financed after bond issuances and projects <u>or activities</u> financed before bond issuances	
– Where the issuer is a sovereign, and bond proceeds are allocated to the tax relief referred to in Article 4(2), point (c), an estimation of the volume of revenue loss associated with eligible tax relief	
– <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Sreening Criteria, the proportion of these activities and projects in the use of proceeds</u>	FI: (Drafting): <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1c of Article 6 to activities and projects that do not meet the Technical Sreening Criteria, the proportion of these activities and projects in the use of proceeds</u> FI: (Comments): We do not support this kind of flexibility for sovereigns. However, if there were some flexibility, then there should be much more disclosure on the reasoning and justification, and precise separate disclosure of different projects/programmes

Presidency compromise proposal	Drafting Suggestions Comments
	DE: (Drafting): Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1be of Article 6 to activities and projects that do not meet the Technical Sreening Criteria, the proportion of these activities and projects in the use of proceeds DE: (Comments): Suggest adjusting and inserting below. CZ: (Drafting): – <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1be^{eb} of Article 6 to activities and projects that do not meet the Technical Sreening Criteria, the proportion of these activities and projects in the use of proceeds</u> CZ: (Comments): CZ: Typo. PT: (Drafting): – <u>Where the issuer is a sovereign, and bond proceeds are allocated in accordance with paragraph 1be^{eb} of Article 6 to activities and projects that do not meet the Ttechnical Sscreening Ccriteria, the proportion of these activities and projects in the use of proceeds</u>

Presidency compromise proposal	Drafting Suggestions Comments
– Where a bond co-finances qualifying projects, an indication of the proportion financed by the bond	DE: (Drafting): – Where a bond co-finances qualifying projects and activities, an indication of the proportion financed by the bond PT: (Comments): The word qualifying is deleted in previous items, why not here?
– Where applicable, an indication of those assets that were concerned by a taxonomy alignment plan, the duration of each plan, and the date of completion of each asset	
– An indication of which delegated acts adopted in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 were used to determine the taxonomy technical screening criteria, and their application date]	
	DE: (Drafting):

Presidency compromise proposal	Drafting Suggestions Comments
	<u>Where bond proceeds are allocated in accordance with paragraph 1b of Article 6, the percentage of these projects and activities in the use of proceeds, a list of the specific projects/activities or programmes, and an explanation of how these projects and activities comply with Article 3, points (a) and (b) of Regulation (EU) 2020/852.</u> DE: (Comments): Inserted from above (and adjusted).
4. Environmental impact of bond proceeds	
– [An estimation of positive and adverse environmental impacts in aggregated form]	SE: (Comments): SE would want to understand why the word “adverse” has been removed under section 4. FI: (Drafting): [An estimation of positive and adverse environmental impacts in aggregated form] FI: (Comments): If there is adverse impacts, they should be stated. Especially, if there would be some flexibility from the Taxonomy requirements, which we are not supportive. PT: (Comments): Suggest not to delete adverse (see above).

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– [Information on the methodology and assumptions used to evaluate the impacts of projects and activities, where the European green bond factsheet of the bond did not include this information]	PT: (Comments): Why delete the last sentence? If the information is already included in the fact sheet, it could say just that.
– [Information about the projects' and activities' positive and negative environmental impacts and, where available, related metrics. Where this information is not available at project or activity level, this must be justified]	FI: (Drafting): [Information about the projects' and activities' positive and negative environmental impacts and, where available, related metrics. Where this information is not available at project or activity level, this must be justified] FI: (Comments): If there is adverse impacts, they should be stated. Especially, if there would be some flexibility from the Taxonomy requirements, which we are not supportive. DE: (Drafting): – [Information about the projects' and activities' positive and negative environmental impacts and, where available, related metrics. Where this information is not available at project or activity level, this must be justified. <u>Where bond proceeds are allocated in accordance with paragraph 1b of Article 6, the issuer shall report this information separately for those projects and activities.</u>]

Presidency compromise proposal	Drafting Suggestions Comments
	DE: (Comments): Suggest this amendment for transparency on the impact of such proceeds that have been allocated in accordance with Art. 6(1a). PT: (Comments): Suggest not to delete negative (see above).
5. Other relevant information	
ANNEX IV:	PT: (Drafting): ANNEX IV:
CONTENTS OF PRE-ISSUANCE AND POST-ISSUANCE REVIEWS	
The title 'Pre-issuance review' or 'Post-issuance review' shall appear prominently at the top of the first page of the document.	

Presidency compromise proposal	Drafting Suggestions Comments
1. General Information	
– [Date of the publication of the pre-issuance review or post-issuance review]	
– [The legal name of the issuer]	
	DE: (Drafting): [For post-issuance reviews:
— [Name of the bond assigned by the issuer] [where available, ISIN]	IE: (Comments): The ISIN and name should be included, we see no reason why multiple ISINs and names could not be listed if required. The ISIN helps investors to identify the bonds to which the factsheet refers – even if this is multiple bonds. DE: (Drafting): – Name of the bonds assigned by the issuer [where available, ISIN]] DE: (Comments): Agree to delete this information in the pre-issuance review. It should, however, be included in the post-issuance review.

Presidency compromise proposal	Drafting Suggestions Comments
– [The identity and contact details of the external reviewer, including website address providing investors with information on how to get in contact, and a telephone number]	
– [The name and job title of the lead analyst in a given assessment activity]	
– [The name and position of the person primarily responsible for approving the pre-issuance review or post-issuance review]	
– [The date on which the pre-issuance review or the post-issuance review was first released for distribution and, where relevant, when it was last updated]	
– <u>[Other services provided by the external reviewer for the assessed entity or any related third party]</u>	PT: (Comments): This makes sense, as applicable to financial external auditors.

Presidency compromise proposal	Drafting Suggestions Comments
2. Introductory statements	
[For pre-issuance reviews:	
– A statement that an external reviewer has assessed the completed European green bond factsheet laid down in Annex I in accordance with this Regulation;	
– A statement that this pre-issuance review represents an independent opinion of the external reviewer;	
– A statement that the independent opinion of the external review is to be relied upon only to a limited degree;]	
[For post-issuance reviews:	

Presidency compromise proposal	Drafting Suggestions Comments
– A statement that an external reviewer has assessed the completed allocation report laid down in Annex II in accordance with this Regulation;	
– A statement that this post-issuance review represents an independent opinion of the external reviewer;	
– A statement that the independent opinion of the external review is to be relied upon only to a limited degree;]	
3. Statements on the compliance with the European green bonds Regulation	
[a statement regarding the compliance of the European green bonds with this Regulation, and in particular:	

Presidency compromise proposal	Drafting Suggestions Comments
(a) where the opinion expressed by the independent reviewer is positive, a statement that the bonds meet the requirements of this Regulation and that the designation 'European green bond' can be applied to that <u>those</u> bonds;	
(b) where the opinion expressed by the independent reviewer is negative, a statement that the bonds do not meet the requirements of this Regulation and that the designation 'European green bond' cannot be applied to that <u>those</u> bonds;	
(c) — where the opinion expressed by the independent reviewer indicates that the issuer does not intend to comply with Articles 3 to 7, or will not be able to do so, a statement that the designation 'European green bond' can only be used for the bond in question if the necessary steps have been taken to ensure that the bond	SE: (Comments): SE would want to understand why the item (c) has been removed under section 3. BG: (Comments): BG: We support the deletion.

Presidency compromise proposal	Drafting Suggestions Comments
complies with the requirements of this Regulation]	DE: (Comments): We can agree to deleting this provision. However, issuers should be able to take the necessary steps in order to comply and subsequently obtain a new review. An alternative phrasing might hence be: (c) where the opinion expressed by the independent reviewer indicates that the issuer does not intend to comply with Articles 3 to 7, or will not be able to do so, a statement that the designation ‘European green bond’ can only be used for the bond in question if the necessary steps have been <u>will be</u> taken to ensure that the bond complies with the requirements of this Regulation. <u>In such cases, the issuer may take the necessary steps and obtain a new pre- or post-issuance review, that expresses a positive opinion by the independent reviewer, before the issuer can apply the designation ‘European green bond’ to those bonds]</u>
4. Sources, assessment methodologies, and key assumptions	
– [Information about the sources relied upon to prepare the pre-issuance review or the post-issuance review, including links to measurement data and the methodology applied, when available]	

Presidency compromise proposal	Drafting Suggestions Comments
– [An explanation of the assessment methodologies and key assumptions]	
– [An explanation of the assumptions and taxonomy requirements used, of the limits and uncertainties surrounding the methodologies used and a clear statement that the external reviewer considers the quality of information provided by the issuer a or related third party is sufficient to perform the pre-issuance review or the post-issuance review and the extent to which, if any, the external reviewer has attempted to verify the information so provided]	
5. Assessment and opinion	
[For pre-issuance reviews:	

Presidency compromise proposal	Drafting Suggestions Comments
– An detailed assessment of whether the completed green bond factsheet complies with Articles 4 to 7 of this Regulation	
– The opinion of the external reviewer on the assessment mentioned above]	
[For post-issuance reviews:	
– An detailed assessment of whether the issuer has allocated the proceeds of the bonds in compliance with Articles 4 to 7 of this Regulation, based on the information provided to the external reviewer	FI: (Drafting): A n detailed assessment of whether the issuer has allocated the proceeds of the bonds in compliance with Articles 4 to 7 of this Regulation, based on the information provided to the external reviewer FI: (Comments): We support keeping the word, detailed.
– An assessment of whether the issuer has complied with the intended use of proceeds set	

Presidency compromise proposal	Drafting Suggestions Comments
out in the green bond factsheet, based on the information provided to the external reviewer	
– The opinion of the external reviewer on the two assessments referred to directly above]	
6. Any other information	
[Any other information that the reviewer may deem relevant to its pre or post-issuance review]	
<u>Parts not covered by Partial Presidency Compromise proposal (link to Prospectus and Titles IV-VI)</u>	
Voluntary or mandatory reference to factsheet in Art 12	BE: (Comments): We are in favour of having a consistent control regime of EU GBS documents and of prospectus documentation. Therefore, we would prefer not to offer to issuers the choice of including, or not, a factsheet by reference in prospectus documentation. In other words, we believe that it is important to ensure the same treatment (i) of all issuers (whether they are subject to the requirement to publish a prospectus or not) and (ii) of all EuGB factsheets. We would thus prefer to delete the possibility to incorporate the factsheet by reference in the prospectus. If there is no agreement for this solution,

Presidency compromise proposal	Drafting Suggestions Comments
	then we think that the incorporation of the factsheet by reference in the prospectus should be mandatory and not left to the discretion of the issuer. AT: (Comments): In our opinion liability in respect of GB disclosures should not depend on whether there is a prospectus or whether there is a reference in the prospectus. In the course of discussing and clarifying the link between EuGB and PR, the question of liability still requires closer examination. SK: (Comments): (SK) We prefer mandatory reference to factsheet. ES: (Comments): ES: This article is subject to a scrutiny reservation. We will try to send you an official position before next meeting. BG: (Comments): BG: In our view the issuer should have the following choice: - to include the information from the factsheet in the prospectus, not just to mention that bonds are issued in accordance with the EU GBS. - to include the information by reference as there could be the case where the prospectus is used for the listing on a regulated market and not for the public offering and the prospectus would be drawn after the issuance of the bonds, respectively after the factsheet has been already published. In this case it would be more practical to include it by reference.

Presidency compromise proposal	Drafting Suggestions Comments
	FI: (Comments): We support the voluntary option, because the possible legal and liability implications that may rise, if the factsheet should be mandatory to disclose in the prospectus. IE: (Comments): Our initial view was that we would prefer that it is mandatory to include a reference to the factsheet in the prospectus – this is helpful for clarity for NCAs. However, following the most recent meeting and the further information supplied we are still internally consulting and will return with a more determined position. DE: (Comments): The question whether the reference to the factsheet shall be mandatory would require an adjustment of the prospectus regulation and its delegated acts which specify the content and the minimum information to be included in a prospectus. Such changes should be addressed separately when the minimum information requirements regarding green bonds are included in the prospectus regime as it is envisaged by the Commission. For now, the inclusion by reference should hence remain voluntary. CZ: (Comments): Answer CZ: We can accept mandatory reference, but also voluntary reference is possible (as explained by the COM), even if this will create double standard. We do not consider mandatory reference necessary. PT: (Comments):

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	We support the mandatory incorporation of the factsheet in the prospectus (by reference or directly), which will ensure a higher accountability of the issuers for the information provided and an increase in the confidence on such information, as well as stronger investor protection. LU: (Comments): LU: As mentionned in article 12, we are in favor of mandatory reference to the factsheet in Article 12. MT: (Comments): MT believes that the disclosure of such specific information is essential, both in ensuring consistency and comparability of information across the board, as well as helping to combat greenwashing. In this regard, a mandatory reference is welcome.
Inclusion of a liability clause (Art 11 of the Prospectus Regulation)	BE: (Comments): We believe that a liability clause should be included in the EuGB regulation. Although including in the EuGB regulation a clause such as Article 11 of the prospectus regulation could offer some elements of solution when a factsheet is incorporated by reference in the prospectus, this would only be a partial solution, as a prospectus will not always be required, a factsheet will not always be incorporated in a prospectus and a factsheet is not the only document to be prepared by issuers. Furthermore, we are unsure that a liability clause equivalent to Article 11 of the prospectus regulation would be sufficient in this case.

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	Regarding this last remark, our reasoning is the following one: the Commission Services non-paper on supervision and enforcement of EuGB issuers and external reviewers (WK 12059/2021), hereafter “the Commission non-paper”, states that (p. 3): <i>“Today, the reputation of the issuer is the primary tool with which investors (and other actors, such as NGOs) may exert pressure on green bonds issued under current market standards. Stronger types of action - such as a claim before a court- have little chance of success, as the additional issuer documents drawn up under current market standards (such as the existing green bond frameworks) are not commonly considered as being part of the contractual documents. Furthermore, there is no mandatory requirement to include information on the intended green use of proceeds of the bond in the prospectus or other legal documentation.</i> <i>The EuGB proposal addresses this issue in Article 12.1, which states that the “prospectus of an EuGB issuer shall clearly state, where required to provide information on the use of proceeds, that the bond is issued in accordance with the EuGB Regulation”. This material link with the EuGB regulation in the prospectus of the issuer creates a basis for potentially holding the issuer liable for infringements related to the use of proceeds. Based on the civil liability provisions, investors are able to hold issuers accountable for damages resulting from an incorrect prospectus. This could therefore potentially include the damages arising from a prospectus that included a material link to the EuGB regulation where an issuer subsequently fails to comply with the use of proceeds requirements of that Regulation. See box 1 for an indicative explanation of prospectus-related liability in the EEA.”.</i> According to this passage of the non-paper, in cases where the proceeds of a EU Green Bond are not allocated in line with the requirements of the regulation the legal regime applicable to the provision of incorrect or misleading information in a prospectus will apply. We are not sure this approach is entirely waterproof from a legal perspective: - article 12(1) of the draft regulation leaves the cases where there is no prospectus unaddressed. How is this justified in respect of the non-discrimination principle?

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	- a prospectus gives a picture of an existing situation, at the time of the issuance. In the case the picture given by the prospectus is incorrect or misleading, investors that consequently suffer financial losses can be indemnized pursuant to the national civil liability provisions and article 11 of the prospectus regulation. Strictly speaking, the obligation for the issuer to compensate the damage arises because of the provision of incorrect information, and not because of a failure to respect contractual commitments. New factual developments occurring after the end of the offer (such as a failure for the issuer to comply with its obligation) will in principle not impact the prospectus liability of the issuer if it cannot be proved that the information provided in the prospectus was (already) not correct at the time of the offer. The same applies for administrative sanctions and criminal liability (see box 1 of the non-paper). - hence, a prospectus does not purport to describe a future situation. The prospectus will only create a binding contractual obligation, enforceable on the issuer, if it contains explicit language in that respect. In the case the issuer does not comply with its obligations, the investors will only be allowed to ask for the reimbursement of the bonds if the breach constitutes an event of default. Damages can also be obtained if the investor can demonstrate that the issuer is in breach of contractual commitments and that the breach has caused a damage to occur. This should not be confused with the liability arising from the provision of misleading information (as referred to article 11 of the prospectus regulation). - failure by the issuer to comply with its commitments regarding the use of proceeds does not necessarily mean that the information (on the use of proceeds) was incorrect or misleading when the bonds were issued. The issuer will be liable if the existence of a contract breach can be established, and not for having included misleading or incorrect information in the prospectus. Our question is therefore whether it would not be opportune to insert additional language in the draft EuGB regulation to ensure that the issuer contracts an enforceable contractual commitment to

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	abide by the requirements of the draft regulation. This provision should apply even if there is no prospectus. The following language (or any similar formulation) could be used: <u>“Issuers shall undertake towards the investors to comply in all material respects with the requirements set out in this Title until the maturity of the bonds.”</u> AT: (Comments): See above. SK: (Comments): (SK) We prefer inclusion of a liability clause. ES: (Comments): ES: This article is subject to a scrutiny reservation. We will try to send you an official position before next meeting. SE: (Comments): SE does not preliminarily see a need for a liability clause. The reference to the prospectus regulation should be sufficient. BG: (Comments): BG: In our opinion it should be clarified that the issuer is liable for the information presented in the fact sheet. The voluntary nature of the standard is not an argument for not attaching responsibility for the information given in the factsheet, as once the issuer has claimed that it complies with the requirements of the EU GBS regulation, it should be held responsible for the information given to

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	the potential investors. We are of the view that if the suggested above approached is adopted – clarity will be achieved as for the responsibility of the issuer and there is no need for inclusion of further provisions in this regulation. FI: (Comments): We do not support including a liability clause. Please, look our previous response. IE: (Comments): We wish to better understand the liabilities and consequences for issuers not complying with the EUGB regulation after issuing a European green bond. DE: (Comments): From a supervisory perspective, DE generally supports the inclusion of a liability clause to strengthen investor protection and effectively address or reduce greenwashing risks. CZ: (Comments): Answer CZ: If some parts of EuGB will be part of prospectus, Art. 11 of PR will apply (no need for further reference). PT: (Comments): We are supportive of the introduction of a clause on the liability attaching to the factsheet, for the cases where there is no prospectus (where there is a prospectus, the mandatory inclusion in the prospectus is enough to ensure the liability regime). Additionally, we consider that it would be important to, as much as possible, ensure a harmonized regime (differently from Article 11 in the Prospectus Regulation). However, even if such harmonization proves not to be possible, we

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	support the inclusion of the clause, which will ensure that there is a liability regime (protecting investors) for non-prospectus issuances also. MT: (Comments): As long as this is tied to the Prospectus Regulation, MT welcomes such inclusion.
Scope of supervision to be defined in Art 36 and recitals	BE: (Comments): Regarding supervision as well as competences and powers of national competent authorities, we support the interpretation of Articles 36 and 37 made by the Commission in its non-paper (WK 12059/2021). In our opinion, this interpretation tackles the main questions remaining open on the supervision and on the deepness of the control. We believe that this interpretation should be better reflected in the EuGB proposal of regulation. AT: (Comments): In our opinion, it must be ensured that - with the exception of sovereigns - issuers to which the prospectus exemption applies are subject to supervision under this Regulation in case they use the EuGB label. Therefore, Article 36 should also clarify the NCA for private issuers not falling under the obligation to provide a prospectus. ES: (Comments): ES: This article is subject to a scrutiny reservation. We will try to send you an official position before next meeting. SE:

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	(Comments): Please refer to the table submitted on October 27 for detailed comments. BG: (Drafting): <u>Where a prospectus is to be published pursuant to Regulation (EU) 2017/1129</u> Competent authorities designated in accordance with Article 31 of Regulation (EU) 2017/1129 shall ensure that Articles 8 <u>(1), Article 9 (1), (3), (4) and (6), Article 10 (1) , Article 12 and Article 13 (1), (2), (3) and (4)</u> to 13 of this Regulation are applied. BG: (Comments): BG: As regards the COM non-paper and the change of COM position as regards the role of NCAs Bulgaria would like to reaffirm its strong position, that the NCAs designated in accordance with Regulation (EU) 2017/1129 should only supervise those issuers of EU GBS which issue bonds falling within the scope of the Prospectus regulation. We should bear in mind that such a radical change of the philosophy of the regulation would require extensive discussions as regards the designation of a national competent authority for issuances for which a prospectus is not required. The role of NCA under Prospectus regulation is to ensure investor protection and exemptions from the regulation have been designed in order to encourage issuers to issue bonds without undermining investor protection. NCA will supervise the publication of all the documents required under EU GBS. The avoidance of “greenwashing” will mainly be guaranteed by the external reviewers who will check the substance of the documents and the allocation of proceeds. The external reviewer itself will be subject to supervision. In this regard we see no added value to insist on additional supervision by the NCA for issuances for which it has been already decided by the co-legislators that they do not raise investor protection issues.

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	In addition, we are of the view that it is illogical sovereigns to be supervised by NCAs and thus Article 11 should not be included. As regards the supervision of external reviewers by ESMA, the references to supervision for compliance with Articles 8, 9, 10 and 13 should be further specified. FI: (Comments): We support that all non-sovereign EUGB issuers should be supervised by NCA. The NCA would get the information on the issuance by notification from the issuer, please check our proposal for Article 13 paragraph 4. RO: (Comments): <u>RO comments</u> Please see the comments made at Article 13 paragraph 4 IE: (Comments): We believe that sovereigns should be exempted from supervision by NCAs. We recognise that there could be some justification to exempting small issuances as well, and having consistency with the Prospectus Regulation in that regard. Now that the link between the EU GB regulation and the Prospectus Regulation is not what we understood it to be earlier in the process, we believe that any final outcome needs to be clear as to the home and host Member States for third country issuers, to ensure they are appropriately supervised. DE: (Drafting): Title IV

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	Supervision by competent authorities and ESMA <u>Title IV of this Regulation shall only apply to issuances that are within the scope of Regulation (EU) 2017/1129, i.e. excluding issuances pursuant to Article 1(2) of that regulation.</u> Chapter 1 Competent authorities Article 36 Supervision by competent authorities <u>1. Where Regulation (EU) 2017/1129 applies, competent authorities of the home Member State</u> designated in accordance with Article 31 of Regulation (EU) 2017/1129 shall ensure that Articles 8 to 13 of this Regulation are applied. <u>2. By way of derogation from paragraph 1, competent authorities shall not be responsible for ensuring material compliance with the requirements of Article 8 (3), Article 9 (5) (last sentence) and Article 9 (7).</u> DE: (Comments): 1) With reference to the COM's verbal clarification in the fourth CWP meeting (10 Oct), we understand that the supervision regime for issuers (i.e., Title IV, Chapter 1) shall apply to all issuances within the scope of the prospectus regulation, including those that are exempt from publishing a prospectus. DE support this interpretation and its clarification in the legal text, in order to strengthen the integrity of the market. The amendmend "of the home Member State" is required for clarification, which NCA is responsible in case no prospectus is to be published. This designated authority should also be named in the factsheet. This is necessary so that investors and each NCAs that does not receive a notification as per Art. 13(4) knows which NCA is responsible and whether the lack of a notification according to Art. 13(4) means an infringement. 2) The respective responsibilities of NCAs and ESMA may need some further clarification. From our understanding, ESMA shall be responsible for supervising the (material) compliance with the

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	taxonomy criteria, while the NCAs should ensure that orderly reviewed disclosure documents are used and published by issuers. Given the separate supervision regime, NCAs do not have the knowledge of whether the review was carried out in accordance with the requirements of articles 8 (3), 9 (5) (last sentence) and 9 (7). Those requirements should hence be removed from the supervisory responsibility of the NCAs. CZ: (Comments): Answer CZ: If there is supervision only if prospectus exists, we should make prospectus mandatory (with the exemption of sovereigns). This would also solve many issues in relation to third countries. PT: (Comments): Scrutiny reservation LU: (Comments): LU: We are of the opinion that the intervention of NCAs should be limited to cases in which a prospectus is issued. Indeed, in the current proposal there is generally a lack of clarity around supervision of issuances of European green bonds where a prospectus is not required. It is currently unclear how the Home Member State for these issuances should be defined. The expansion of the supervision to non-prospectus issuances would also have an impact on powers granted to NCAs, please refer to our comment on article 37 with this respect. In order to effectively fulfill their supervisory duties, national competent authorities would need to have access to information on the securities, i.e. the identification of the securities, the issue date (Articles 8.1 and 13.1 (a) and (b)), the maturity date (Article 13.1), the offer of the securities concerned (Articles 13.2, 37.1 (e) and (f)) or the admission (Article 13.2). However, European legislation does not require documentation in relation to non-prospectus issuances to be drawn up and filed with national competent authorities. This also implies a lack of visibility for supervising

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	these issuances which introduces complexity in terms of supervision when these issuers would not comply with Articles 8.1 and 13.4. Therefore, we are convinced that the proposed Regulation should clarify in Article 36 that the supervision of national competent authorities, as regards Articles 8-13, is limited to cases where a prospectus is to be published pursuant to Prospectus Regulation (EU) 2017/1129. Furthermore, the inclusion in Article 36 of a reference to Article 11, which deals with sovereigns, (“shall ensure that Articles 8 to 13 of this Regulation are applied”) creates confusion since it may imply that sovereigns are subject to supervision of national competent authorities. EE: (Comments): We could support the solution where the NCAs designated in accordance with Regulation (EU) 2017/1129 should only supervise those issuers of EU GBS which issue bonds falling within the scope of the Prospectus regulation. Namely the issuers that are falling under the supervision of FSA regardless of greenness of the bonds that they issue. In our opinion this would be quite principal change in the logic of financial supervision if non-financial entities will start to become under the supervision of FSA merely due to greening their activities. MT: (Comments): MT continues to show its support for the role of ESMA in respect to the supervision and enforcement vis-à-vis the external verifiers as proposed by the Commission.
Competences and powers of competent authorities regarding factsheet and pre- and post-issuance reports in Art 37 and recitals	BE: (Comments): See our comment above. AT:

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	(Comments): It is that all responsibilities and competences of the authorities are clearly and unambiguously defined and harmonised at the European level. This is also relevant for future resource and liability issues that could arise for the competent authority. Therefore, we fully support the clarification by the EC in the previous CWG that NCAs do not check alignment with the Taxonomy Regulation. Furthermore, it is important to us that the role of the external auditors is also clearly and unambiguously defined. (Potential) investors should quickly be aware of which published information has been reviewed by which institution. Against this background, we also think that the changes proposed for Recital 14 are an improvement of the text. SE: (Comments): Please refer to the table submitted on October 27 for detailed comments. BG: (Comments): As regards Article 37 and its link with Article 36, we are of the view that letter e) should be amended as follows: (e) to suspend an offer <u>of securities to the public or admission to trading on a regulated market</u> of European green bonds for a maximum of 10 consecutive working days on any single occasion where there are reasonable grounds for suspecting that Articles 8 <u>(1), Article 9 (1), (3), (4) and (6), Article 10 (1) , Article 12 to and Article 13 (1), (2), (3) and (4)</u> of this Regulation have been infringed; Letters f) and g) should be amended in accordance with the amendment of Article 36. FI: (Comments): The NCA should supervise that the reports have been disclosed and notified.

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	IE: (Comments): We continue to believe that NCAs are better placed to supervise external reviewers providing pre and post issuance reports. DE: (Comments): See amended paragraph 2 in Article 36, above. CZ: (Comments): Answer CZ: External reviewers should be supervised by ESMA, only issuers should be supervised by NCAs. NCAs should also supervise improper use of EuGB label. NCAs should only check existence of the documents and if they have been checked by external reviewer, they should not check their content. LU: (Drafting): 1. In order to fulfil their duties under this Regulation, competent authorities shall have, in accordance with national law, at least the following supervisory and investigatory powers: LU: (Comments): LU: We believe that it should be made clear that this provision includes a list of minimum set of powers of competent authorities as Member States shall ensure that appropriate measures are in place pursuant to Article 37.3 of the proposal. This would be consistent with the Prospectus Regulation (EU) 2017/1129 (Article 32.1) and the Benchmark Regulation (EU) 2016/1011 (Article 41). In case the scope is expanded to non-prospectus issuances, there would be a need to review whether the set of powers of national competent authorities, as laid down in Article 37, is still fit

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	for purpose. Moreover, the said expansion would have implications on resources of competent authorities but the proposal does not contain a provision on fees they can charge for their supervisory tasks (contrary to Article 58). MT: (Comments): MT continues to show its support for the role of ESMA in respect to the supervision and enforcement vis-à-vis the external verifiers as proposed by the Commission.
Presidency proposal to provide for application date 18 months after the entry into force	AT: (Comments): The decision on the application date depends a lot on the final design of the supervisory regime, especially with regard to issuers not falling under the PR, and necessary accompanying national legal measures. As this is not clear yet we have a scrutiny reservation. In general we tend towards the least possible delay in applicability, as it is a voluntary standard. With regard to the transitional provision in Article 62, para 1 a minimum level of supervisory activity must also be ensured during this transitional period. Although harsh sanctions/fines might not be appropriate during the transition period lacking the required Delegated Acts, this period of time should already be used to ensure compliance at the earliest possible stage and to promote understanding and cooperation between ESMA and external reviewers. ES: (Comments): ES: We suggest establishing a shorter application date. This could enable its fast uptake by the private sector. Nevertheless we suggest establishing 24 months for sovereigns. This would give response to the statement of the ESDM that the EUGB is not easy to uptake for sovereigns and a significant time

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	is needed to put the necessary national regulation and contracts in place to adapt to the standard. It would reduce political pressure for a fast, but inadequate uptake by sovereigns, and reduce reputation costs for sovereigns to not have an EUGB in place as fast as the private sector. SE: (Comments): SE would suggest an applicability date 24 months after the entry into force date to allow for adaptation of our national legal framework. BG: (Comments): BG: We would like to express our gratitude to the Presidency for taking on board our request to provide for a sufficient period for the application of the Regulation in order to be able to introduce measures at national level. We support the Presidency proposal. FI: (Comments): We would like to first understand, how much time ESMA would need with the RTS. However, we support that the Regulation would be applicable soon as possible, being conscious that we also have to implement our national law. From our point of view, 12 months would be best choice, if the time is enough for the ESMA. RO: (Comments): <u>RO comments</u> We are of the opinion that the EuGB should apply 18 months after the entry into force IE: (Comments):

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	It will be essential to have sufficient time between agreement on this Regulation and the application date, to make put the necessary national requirements in place to allow our NCA to implement it. DE: (Comments): 18-24 months sound reasonable to allow for sufficient time for transposing the regulation including the sanction regime (Art. 41) and NCA competencies (Art. 37) into national law, for ESMA to submit the draft RTS/ITS (Title III), and for COM to adopt the delegated acts (Art. 55, 58, 60). The transitional provisions for external review services (Art. 62, 63) could be removed, or at least shortened. CZ: (Comments): Answer CZ: We welcome 18 months as compromise (our preference would be 24 months). We cannot accept less than 18 months. LU: (Comments): LU: We fully support this inclusion as it will allow Member States to implement the Regulation into their national legislation. EE: (Comments): We could agree to that. It is important that the RTS (art 6(1a)) would be already adopted with sufficient transition time for the market participants to study and apply those RTS, before this Regulation starts to apply. We would like to avoid the repetition of unfortunate scenario of adopting the RTS-s under the SFDR, where the unrealistic application deadline has been in practice postponed through the postponement of application date of the RTS-s.

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	MT: (Comments): MT have a preference for a 24-month period but 18 months period for implementation as a minimum is something MT can consider as compromise.
	End