



EUROPEAN COMMISSION

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Dear President,

The European Commission would like to thank the Senát for its Opinion on the Communication for Financing the Transition to a Sustainable Economy {COM (2021) 390 final} and on the proposal for a Regulation on European Green Bonds {COM (2021) 391 final}.

The Commission appreciates that the Senát decided to analyse these initiatives.

Sustainable finance is an essential element to fund and ensure the success and economic viability of the green transition, and the EU Taxonomy has an important role to play in this respect. For this reason, the Commission is currently working on the completion of the EU Taxonomy framework and on the implementation of the Sustainable Finance Strategy, as well as on the disclosure framework. The Commission is also prioritising measures to strengthen the resilience of the financial system to climate and environmental risks, and how to improve the capacity of financial institutions to identify and manage these risks. Monitoring sustainability risks by supervisors and ensuring an adequate level of enforcement across the EU represents one of the other main Commission priorities.

As regards the EU Taxonomy and its role in supporting the transition, it is necessary to boost transparency and mobilise finance for activities that are on a credible pathway towards sustainability. The Commission has presented a complementary Climate Taxonomy Delegated Act covering those activities not yet covered in the first EU Taxonomy Climate Delegated Act, notably certain energy sectors, in line with the requirements of the Taxonomy Regulation. This complementary Delegated Act covers natural gas and nuclear as transitional activities as far as they fall within the limits of Article 10(2) of the EU Taxonomy Regulation. These are activities that cannot yet be replaced by technologically and economically feasible low-carbon alternatives, but contribute to climate change mitigation and have the potential to play a major role in the transition to a climate-neutral economy. Their inclusion is in line with EU climate goals and commitments, and subject to strict conditions, without crowding out investment in renewables. These activities are subject to clear limits and phase-out

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periods. This classification does not determine whether a certain technology will or will not be part of Member State energy mixes.

With respect to the legislative proposal on European green bonds, the Commission welcomes the Senát's conclusion that action at European level is necessary to achieve the aims of the initiative, and that it therefor complies with the principle of subsidiarity.

The Commission shares the ambition of the Senát for a voluntary standard to be practically usable. The Commission has therefore tailored its proposal to ensure that it is both aligned with existing market standards and best practices, and that equally issuers of European green bonds are able to apply the EU Taxonomy.

By standardising and clarifying the issuance of high quality green bonds, the standard aims to support issuers in their transition towards climate neutrality. The strong link to the EU Taxonomy will give issuers a reliable way to demonstrate that their bonds meet the environmental and climate-related goals.

The Commission also takes note of the suggestion to monitor the future uptake of European green bonds as well as developments on the green bonds market.

The Commission believes that the political dialogue with national Parliaments is essential for bringing the European institutions and the citizens of the European Union closer together, and looks forward to continuing it with the Senát in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Mairead McGuinness
Member of the Commission*