Extension of the mandate of the Technical expert group on sustainable finance (TEG)

Following the adoption of the Action Plan on financing sustainable growth and of three legislative proposals on sustainable finance, the European Commission set up a Technical expert group on sustainable finance (TEG) in June 2018. The TEG began work in July 2018 and was set to operate until June 2019, with a possible extension until end-2019. The TEG has been asked to assist the Commission in the development of:

- an EU classification system – the so-called EU taxonomy – to determine whether an economic activity is environmentally sustainable;
- an EU Green Bond Standard (EU GBS);
- methodologies for EU climate benchmarks and benchmarks' ESG disclosures; and
- guidance to improve corporate disclosure of climate-related information.

To develop recommendations in these four areas, TEG experts are organised in four dedicated subgroups. The subgroups also involve relevant additional experts and stakeholders through workshops, roundtables, targeted interviews, open calls for feedback and other outreach activities. The webpage of the TEG is continuously updated to keep stakeholders informed.

On 18 June 2019, the TEG published three reports – a report on EU Taxonomy, a report on EU Green Bond Standard and an interim report on Climate benchmarks and benchmarks' ESG disclosures. The subgroup working on climate-related disclosures published its final report in January 2019 and the Commission launched guidelines for climate-related reporting on 18 June, which build on the proposals provided by the TEG.

To leverage on the great work of the TEG experts and provide greater continuity of the work on these important areas of sustainable finance, the Commission has officially extended the mandate of the TEG until the end of the year.

In terms of the Taxonomy, the extension of the mandate will allow for the TEG to conduct a call for feedback on its proposed climate change mitigation and adaption taxonomy, and advise the Commission on how take this feedback on board in the development of the delegated acts. The subgroup will also provide further guidance to the Commission on the usability and implementation of the taxonomy by market participants.

In terms of the EU Green Bond Standard, the extension of the TEG mandate will enable the subgroup to advise the Commission on the link between the EU GBS and the EU Taxonomy, should changes to this link be needed based on either the ongoing Taxonomy negotiations or the TEG call for feedback on the taxonomy. The TEG will also further reflect on accreditation of external verifiers, and advise on ensuring consistency between the proposed EU GBS and other initiatives, such as the EU Ecolabel.

In terms of the Benchmarks, the TEG mandate was significantly revised following the political agreement on climate benchmarks on 25 February 2019. Under the revised mandate, the TEG published an interim report on 18 June, providing recommendations on the methodologies for the two new types of climate benchmarks and on ESG disclosures by benchmarks, covering a broad range of asset classes. Together with the interim report, the TEG opened a dedicated call for feedback. This feedback will be incorporated in the final report which is expected to be delivered by the end of September.

Similarly, the extension will allow the TEG to further advise on the linkages and implications between the TEG's recommendations and corporate disclosures.

---

1 The call for feedback on EU Taxonomy will be launched in early July 2019.
2 EU Climate Transition Benchmark (EU CTB) and EU Paris-Aligned Benchmark (EU PAB).