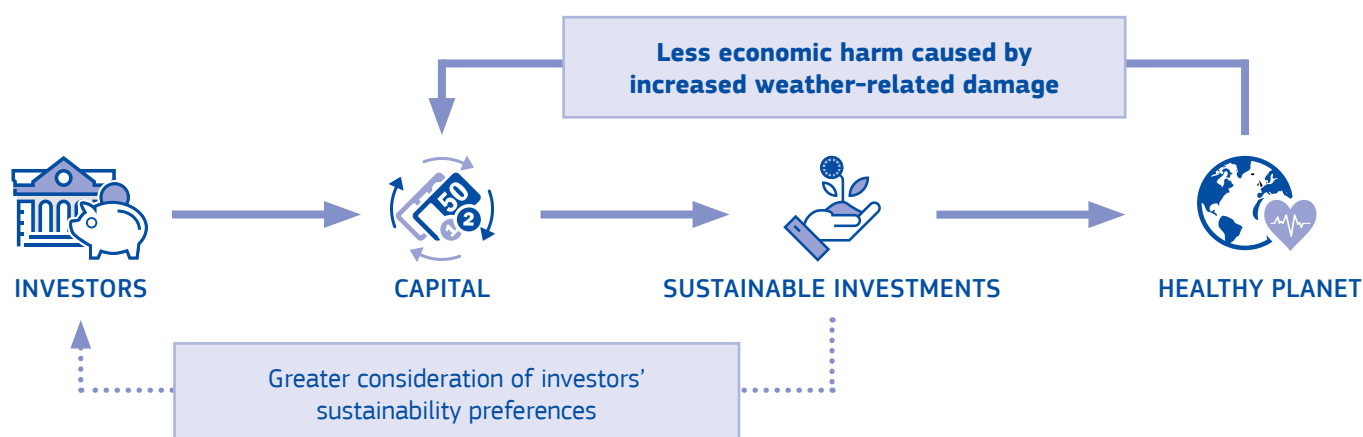


FINANCING SUSTAINABLE GROWTH

#SustainableFinanceEU

SUSTAINABLE FINANCE

	Major private and public investments are needed to transform the EU economy to deliver on climate, environmental and social sustainability goals, including the Paris Agreement and the UN Sustainable Development Goals (SDGs). Sustainable Finance is an important component of the European Green Deal.
	Sustainable finance makes sustainability considerations part of financial decision-making. This means more climate neutral, energy- and resource-efficient and circular projects. Sustainable finance is needed to implement the Commission's strategy towards achieving the SDGs.
	Integrating sustainability considerations will mitigate the impact of natural disasters as well as environmental and social sustainability issues that can affect the economy and financial markets.



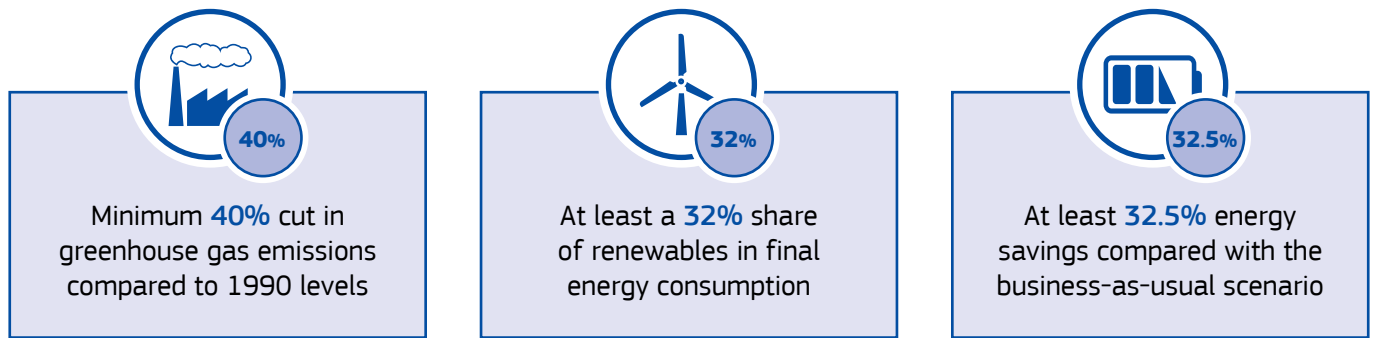
"To meet our Paris targets, Europe needs between €175 to €290 billion in additional yearly investment in the next decades. We want a quarter of the EU budget to contribute to climate action as of 2021. Yet, public money will not be enough. This is why the EU has proposed hard law to incentivise private capital to flow to green projects. We hope that Europe's leadership will inspire others to walk next to us. We are at two minutes to midnight. It is our last chance to join forces."

VALDIS DOMBROVSKIS

Vice-President in charge of Financial Stability,
Financial Services and Capital Markets Union

FINANCE CAN MAKE THE DIFFERENCE

The EU has committed to three ambitious climate and energy targets by 2030:



To make the EU climate-neutral by 2050, Europe needs between **€175** to **€290** billion in additional yearly investment in the next decades.

WHY DO WE NEED TO ACT TOGETHER?

Transitioning to a climate-neutral economy requires global solutions. It is therefore time to align these various initiatives across jurisdictions to:

- scale up sustainable finance to plug the current investment gap
- ensure compatible markets for sustainable financial assets across borders and avoid fragmentation
- achieve economies of scale by exploring synergies
- maximise the impact of EU investment to support our industry and help us deliver on our core priorities



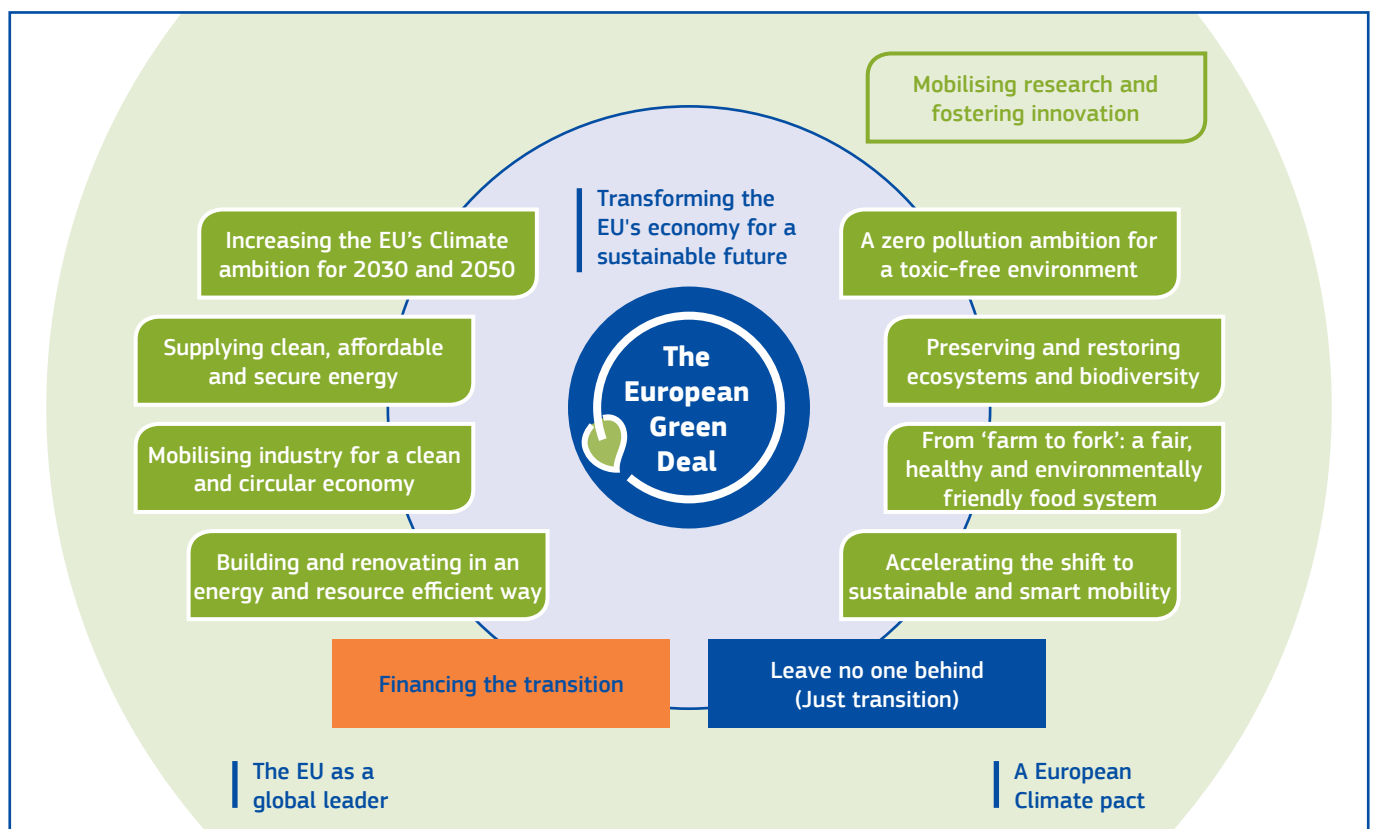
BENEFITS FOR INVESTORS

greater choice of projects and green finance products to satisfy the fast growing demand



BENEFITS FOR BUSINESSES

new sources of funding through global capital markets and the financial sector worldwide



WHAT HAS THE EU ACHIEVED?



The EU is acting: 3 key pieces of legislation will incentivise and channel private sector investment into green and sustainable development. This follows from the 10-point Action Plan for sustainable finance from March 2018.

1

A UNIFIED EU GREEN CLASSIFICATION SYSTEM - 'TAXONOMY'

to determine if an economic activity is environmentally sustainable based on harmonised EU criteria. The European Parliament and the Council reached a political agreement in December 2019. The Taxonomy Regulation provides for a general framework that will allow for the progressive development of an EU-wide classification system for environmentally sustainable economic activities. This aims to provide guidance for policy makers, industry and investors on how best to support and invest in economic activities that contribute to achieving a climate neutral economy.

To qualify as green, an investment would need to contribute to at least one of these **six objectives**:



CLIMATE CHANGE
MITIGATION



CLIMATE CHANGE
ADAPTATION



SUSTAINABLE USE OF WATER AND
MARINE RESOURCES



CIRCULAR
ECONOMY



POLLUTION
PREVENTION



HEALTHY
ECOSYSTEM

2

SUSTAINABILITY-RELATED DISCLOSURES

Enhanced disclosures by manufacturers and distributors of financial products to end-investors. Financial market participants will have to disclose to their clients the impact of sustainability on financial returns and the impact of their investment decision on sustainability. These obligations will apply from March 2021.

3

CLIMATE BENCHMARKS AND BENCHMARKS' ESG DISCLOSURES

Two new categories of climate benchmarks to orient the choice of investors who wish to adopt a climate-conscious investment strategy. All mainstream benchmarks have to disclose their alignment with the Paris Agreement. Delegated acts, based on work of the Technical Expert Group on Sustainable Finance, forthcoming beginning of 2020.

OTHER ONGOING INITIATIVES



INTERNATIONAL PLATFORM ON SUSTAINABLE FINANCE

Platform to exchange and disseminate information to promote best practices in environmentally sustainable finance.



ARGENTINA



CANADA



CHILE



CHINA



EUROPEAN UNION



INDIA



KENYA



MOROCCO



45%

OF GLOBAL GHG EMISSIONS



40%

OF GLOBAL GDP



40%

OF WORLD POPULATION



EU STANDARDS AND LABELS

The Technical Expert Group on sustainable finance is working on recommendations on an EU Green Bond Standard. Work ongoing on extending the EU Ecolabel to retail investment products.



PREFERENCES ON SUSTAINABILITY

Requiring financial firms to take into account their clients' preferences on sustainability when giving investment advice or managing their assets.



ENHANCED TRANSPARENCY IN CORPORATE REPORTING

In June 2019 the European Commission adopted new guidelines for companies on how to report climate-related information, consistent with the Non-Financial Reporting Directive and integrating the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure.

WHAT IS NEXT?



RENEWED SUSTAINABLE FINANCE STRATEGY

The Commission will present a renewed sustainable finance strategy in September 2020.