



Sustainable finance

EU Strategy on Sustainable Finance

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The Case for Sustainable Finance

The EU committed to **three ambitious climate and energy targets for 2030** in line with the Paris Agreement:



Minimum **40%** cut in greenhouse gas emissions compared to 1990 levels



At least a **27%** share of renewables in final energy consumption



At least **30%** energy savings compared with the business-as-usual scenario

Public money 

The EU spends already 40% of its total budget on sustainability, 20% on climate (25% are foreseen in the new InvestEU Plan).

€180bn of yearly investment is needed to reach these targets

Private money 

With €100tn in assets, financial markets provide a huge potential to invest.

Private and public sector need to make a common effort to reach the EU's energy and climate targets.

Action Plan on Financing Sustainable Growth

One comprehensive strategy | Three main objectives | Ten Actions

1  **Reorienting capital flows**
towards sustainable
investment

2  **Mainstreaming
Sustainability into risk
Management**

3  **Fostering
transparency and
Long-termism**

Actions

1  Establish EU Sustainable Taxonomy	COM is progressively developing the EU taxonomy. The details are being developed by the Technical Expert Group (TEG) that assists the Commission since Q2 2018.
2  Create Standards and Labels	COM explores the use of the EU Eco-Label framework for green financial products. By Q2 2019, the TEG will prepare a report on an EU green bond standard building on current best practices.
3  Foster Investment in Sustainable Projects	COM will take further measures that will improve the efficiency and impact of instruments aiming at investment support.
4  Incorporate Sustainability in Investment Advice	COM will ensure that advisors will take into account the sustainable preference of clients.
5  Develop Sustainability Benchmarks	COM will increase the transparency of sustainability benchmarks. The TEG is currently assisting the Commission in developing minimum standards for low-carbon benchmarks and minimum disclosure requirements for ESG benchmarks.

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6  **Integrate ESG in Ratings
and Market Research**

COM will explore how to integrate sustainability factors in the credit rating assessment and analyze how the sustainability ratings and research market could be enhanced.

7  **Clarify institutional investors
and asset managers duties**

COM is working on how to clarify the duties of asset managers, pension funds and insurance companies to ensure they consider ESG factors in their investment decision process and are more transparent towards end-clients.

8  **Incorporate sustainability
in prudential requirements**

COM will explore the feasibility of a supporting factor when it is justified from a risk perspective to safeguard financial stability.

9  **Strengthen Sustainability
Disclosure & Accounting**

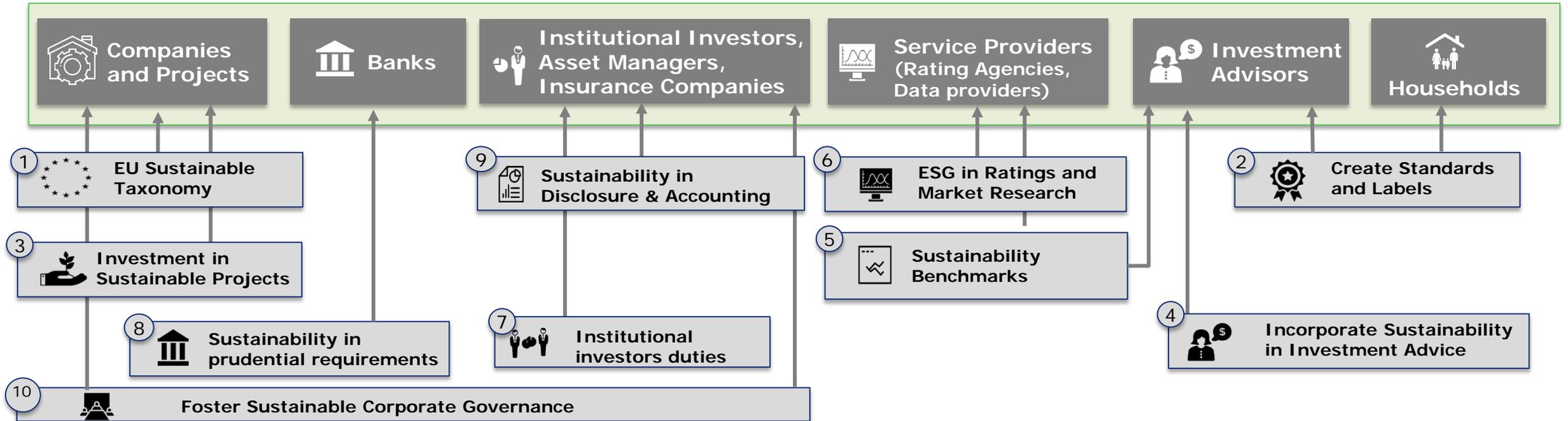
COM evaluates the current reporting requirements for companies. COM will update guidelines on climate disclosures, and establish new laboratory on corporate reporting. COM will analyze impact of accounting rules (IFRS standards) on sustainable and long-term investments.

10  **Foster Sustainable
Corporate Governance**

COM is exploring how to improved corporate governance can enhance sustainability and is collecting evidence from the ESAs on short term market pressure arising from capital markets.

Action Plan on Financing Sustainable Growth

Mapping and links of the 10 actions along the investment chain



1  **Reorienting capital flows**
towards sustainable
investment

2  **Mainstreaming**
Sustainability into risk
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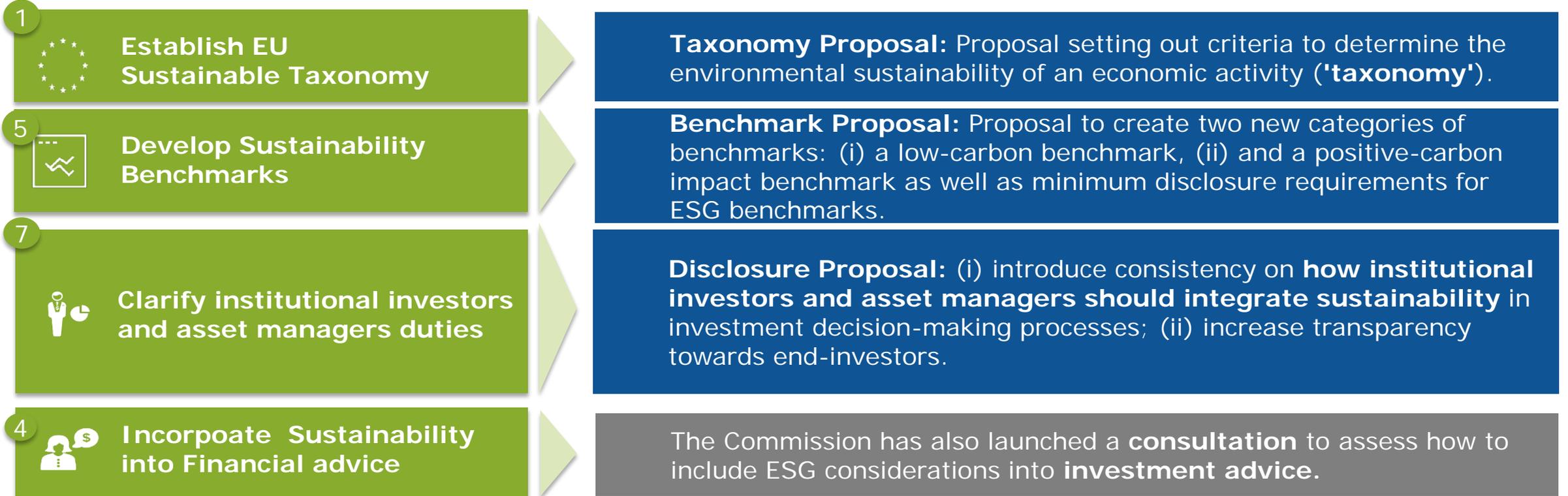
3  **Fostering**
transparency and
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EU Timeline Sustainable Finance



The Legislative Proposals

The most urgent actions from the AP were taken forward as legislative Proposals in May 2018.



1  **Reorienting capital flows towards sustainable investment**

2  **Mainstreaming Sustainability into risk Management**

3  **Fostering transparency and Long-termism**