



CAPITAL MARKETS UNION

#CMU

Roundtable on Sustainable Finance

Milan, 25 January 2018

Anna Grochowska
European Commission

Directorate General for Financial Stability, Financial Services and
Capital Markets Union (FISMA)

Policy context, challenges & opportunities

- EU and international policy frameworks fix ambitious environmental/climate change objectives (G20 Green Finance Study Group, FSB TCFD, UN 2030 Agenda for Sustainable Development, EU 2030 climate and energy framework; 7th Environmental Action Programme; Energy Union; Paris Climate Agreement on 5 October 2016)
- Enormous investment needs in energy, transport, infrastructure, renovation of housing stock (€180 billion per annum estimated for the next 2-3 decades only in the field of energy), beyond the capacity of the public sector
- Need to mobilise the private sector via adequate incentives
- Growing activity in some EU Member States and the need for a coordinated response

Early recommendations (July 2017) by the High Level Expert Group on Sustainable Finance

- Develop a classification system for sustainable assets
- Establish a European standard and label for green bonds and other sustainable assets
- Clarify that fiduciary duty encompasses sustainability
- Strengthen ESG reporting requirements
- Introduce a 'sustainability test' for EU financial legislation
- Create 'Sustainable Infrastructure Europe' to channel finance into sustainable projects
- Enhance the role of the ESAs in assessing ESG-related risks
- Unlock investments in energy efficiency through relevant accounting rules

Policy areas for further reflection:

- Long-term policy signals to the private sector
- Governance of firms and financial institutions
- Integrating sustainability in ratings
- Frequency of financial reporting
- Accounting frameworks
- Benchmarks
- Banking and insurance companies
- Stock exchanges and green financial centres
- A strong pipeline of sustainable projects for investment
- Involvement of society in sustainable finance issues
- Social dimension of sustainability

Next steps

- Work on-going in three main areas:
 - **EU classification system for 'green' and sustainable activities and investments**
 - **The integration of sustainability factors into investment mandates**
 - **The incorporation of sustainability factors into prudential regulation**
- Final Report by HLEG is expected on 31 January 2018.
- The EU strategy on sustainable finance will be presented in early March, in line with the timeline set out in the CMU Mid-Term Review.
- High-level stakeholder conference is foreseen for 22 March 2018.