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European Parliament approval paves way for sustainable investments

Taxonomy

The European Parliament has approved a law on sustainable investments known as 'taxonomy', designed to make the financial sector more sustainable. All financial products that make the claim that they contribute to environmental sustainability will have to prove this by disclosing the share of their investments into activities that are considered sustainable. This is the first time that there will be a uniform EU criteria for determining whether an economic activity is environmentally sustainable.

Bas Eickhout MEP, Greens/EFA MEP and rapporteur on the file for the European Parliament, comments:

"The new rules on taxonomy will help drive sustainable investments and green the financial sector. It will help push investors and companies towards a sustainable economy and prevent greenwashing in the world of sustainable investment."

"While this legislation will have a major impact on the providers of financial products, it will also be vital for the public sector. Governments are going to invest billions to counteract the economic effects of the Corona crisis and these new rules will set out in detail the parts of the economy we need to invest in to ensure that the recovery is truly sustainable.

"Now the Commission will need set out what investments are environmentally damaging and which investments that currently support them. The financial sector must play its role in the green transition and taxonomy will help push them towards sustainable investments."

More:

- Financial products without any sustainability claims will have to include a disclaimer in order to clarify that their investments are not screened for sustainability effects.
- A strengthened 'no-harm' test also will help avoid nuclear energy from being considered an environmentally sustainable investment.
- Parliament resisted the attempts from national governments to politicise the environmental criteria in order to include their own national industries in EU sustainability definitions.

- The screening criteria and thresholds prepared for environmentally sustainable economic activities will be prepared by a balanced platform of experts.
- Apart from economic activities already fully sustainable, economic activities which support the transition or enable other economic activities to become sustainable are identified and have to be disclosed separately
- As part of the review of the law, the Commission will develop a taxonomy of economic activities that significantly harm the environment by the end of 2021.

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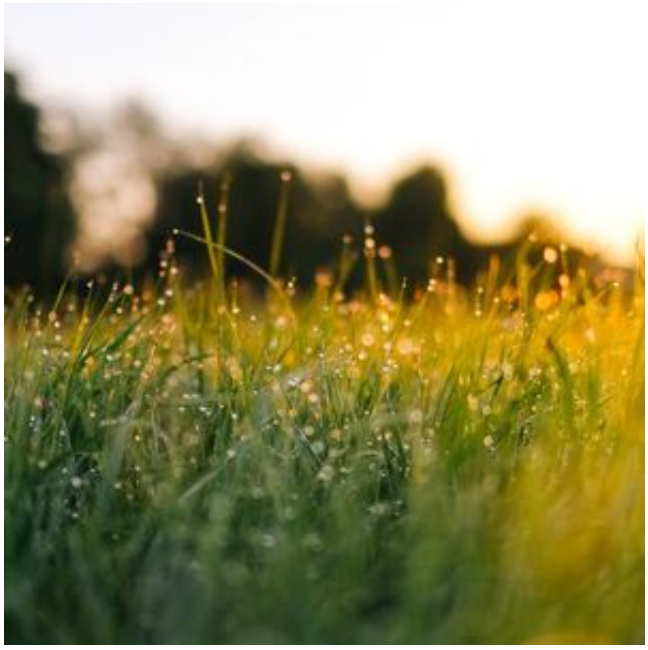
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