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Renewed Sustainable Finance Strategy falls short of the ambitions of the Green Deal

Today, the Commission has put forward a new proposal for a regulation on a EU green bond standard together with a communication on the Renewed Sustainable Finance Strategy. The Renewed Strategy builds on the Action Plan 2018 on Sustainable Finance and covers several areas, from continuing the work on Taxonomy, to climate and sustainability risks in the financial sector, and sustainability standards and labels. The initiative of a new strategy on a more integrated vision of sustainability is strongly welcome. However, despite the urgency of the climate crisis, the new strategy lacks ambition as it does not commit to undertake concrete and timely action in key areas. A clear timeline for the legislative proposals we urgently need to meet the EU climate and sustainability objectives is missing.

Bas Eickhout MEP, Greens/EFA Vice President of the Environment Committee and co-rapporteur of the EU Taxonomy Regulation, comments;

"This strategy takes some steps forward but falls short of what is needed to ensure a bold EU sustainable finance agenda in line with the Green Deal objectives. The Strategy does not commit to expand the EU Taxonomy Regulation to activities that are environmentally harmful and at the same time develop criteria for a Social Taxonomy, which is crucial. It is not enough to expand green investments, if we do nothing to stop activities that significantly harm the environment and if we do not consider the social dimension, which cannot be separated from the environment."

"The only legislative proposal presented today for a EU Green Bond Standard is important but it's only a voluntary instrument. If we want to be serious against greenwashing we need mandatory standards. We welcome there is a commitment to develop a legal framework for environmental, social and governance ratings.

"The Commission does not commit to setting clear climate targets for the financial sector, instead the Commission is insisting again that transparency and mandatory disclosure of ESG risks and decarbonisation action is sufficient. This is not enough, if we are to reach our climate goals we need to set mandatory greenhouse gas reduction targets for the financial sector investments by 2030."

Sven Giegold MEP, Finance & Economic Affairs spokesperson for the Greens/EFA Group comments:

"We welcome that the Commission kept its commitment to integrate climate and environmental, social and governance risk in the risk management of banks and insurances. These risks will finally be part of the supervisory review and evaluation process. Banks will be required to conduct climate change stress tests.

"What we need is to mainstream proportionally ESG risks in the prudential framework for all the financial sector. It is crucial that all financial actors put aside sufficient capital to cover losses linked to climate change and adapt their methodologies. We regret to see no proposal for credit rating agencies to ensure ESG risks are taken into account.

"It is good that the Commission finally recognises the environmental footprint and huge energy consumption of certain crypto-assets is a threat. Excessive energy consumption of crypto assets is not compatible with EU commitments under the Paris Agreement. But a digital sustainable finance roadmap cannot wait until 2023. We urge the Commission to put forward concrete and timely actions to reduce the impact of unsustainable crypto-mining and bring blockchain and digital finance on a sustainable path."

More:
Read the Commission Strategy for financing the transition to a sustainable economy.

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