

Thursday 24 June 2021, 10.30-12.00

ONLINE POLICY DIALOGUE

Sustainable financing 101 - State of play and next steps

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The European Union's efforts to create a comprehensive framework for sustainable finance, as part of the European Green Deal, are proving to be a complex exercise. The EU's aim of providing private investors with tools and incentives to invest in a sustainable, climate-neutral economy has been well received. However, how this ambition will be achieved in practice remains to be fully defined. This online Policy Dialogue considered the state of play on the EU's sustainable finance agenda, progress so far, as well as future prospects.

Marcel Haag provided an overview of the European Commission's work on the taxonomy rules - defining what economic activities can be considered sustainable - the rules on corporate sustainability reporting and the development of an EU green bond standard. The upcoming renewed sustainable finance strategy will provide a new roadmap to help enable private investment in sustainable projects while doing more to support and include the financial sector and the real economy in the green transition. **Sirpa Pietikäinen** agreed with Marcel Haag on the importance of international collaboration and highlighted the need to create a global framework for better management of data that is relevant for sustainable finance. Inclusion of sustainability considerations in the credit ratings and risk assessments would incentivise private investments towards sustainable (less risky) economic activities. **Olivier Boutellis-Taft** noted that while a lot has been done in developing the EU's sustainable finance agenda, much more is needed to achieve the ambitious climate and environmental objectives. Overcoming the complexity of the sustainable financing agenda (e.g. adoption of additional guidelines) and ensuring quality and consistency of data is of particular importance to insure successful implementation of the sustainable finance legislation. **Mathilde Crêpy** highlighted the importance of preserving the integrity of the EU taxonomy, as well as defining activities which are environmentally harmful or without major relevance to sustainability. Better accounting of risks and minimum standards on labelling of retail investments as sustainable should also be considered in the future development of the EU's sustainable financing framework.

*This event was held under the auspices of the EPC Sustainable Prosperity for Europe programme
with the kind support of Accountancy Europe*

In strategic partnership with the King Baudouin Foundation