

## Sustainable Finance: short overview

### WHAT ABOUT?

“Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects. Environmental considerations might include climate change mitigation and adaptation, as well as the environment more broadly, for instance the preservation of biodiversity, pollution prevention and the circular economy. Social considerations could refer to issues of inequality, inclusiveness, labour relations, investment in human capital and communities, as well as human rights issues. The governance of public and private institutions – including management structures, employee relations and executive remuneration – plays a fundamental role in ensuring the inclusion of social and environmental considerations in the decision-making process.

In the EU's policy context, sustainable finance is understood as finance to support economic growth while reducing pressures on the environment and taking into account social and governance aspects. Sustainable finance also encompasses transparency when it comes to risks related to ESG factors that may have an impact on the financial system, and the mitigation of such risks through the appropriate governance of financial and corporate actors.”

Source: [https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance\\_en](https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en)

“We have a once in a generation opportunity to show the way with speed, ambition and a sense of purpose to secure the EU's industrial lead in the fast-growing net-zero technology sector. Europe is determined to lead the clean tech revolution. For our companies and people, it means turning skills into quality jobs and innovation into mass production, thanks to a simpler and faster framework. Better access to finance will allow our key clean tech industries to scale up quickly.”

*Quote by Ursula von der Leyen, President of the European Commission*

Source: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/green-deal-industrial-plan\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/green-deal-industrial-plan_en)

“Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of greenhouse gases by 2050
- economic growth decoupled from resource use
- no person and no place left behind

The European Green Deal is also our lifeline out of the COVID-19 pandemic. One third of the €1.8 trillion investments from the NextGenerationEU Recovery Plan, and the EU's seven-year budget will finance the European Green Deal.

The European Commission has adopted a set of proposals to make the EU's climate, energy, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.”

Source: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

“The European Commission proposes more ambitious targets for reducing the CO2 emissions of new cars and vans: 55% reduction of emissions from cars by 2030, 50% reduction of emissions from vans by 2030, 0 emissions from new cars by 2035.

The Commission also promotes the growth of the market for zero- and low- emissions vehicles. In particular, it seeks to ensure that citizens have the infrastructure they need to charge these vehicles, for short and long journeys.

In addition, from 2026, road transport will be covered by emissions trading, putting a price on pollution, stimulating cleaner fuel use, and re-investing in clean technologies.

The Commission is also proposing carbon pricing for the aviation sector, which benefited from an exception until now. It is also proposing to promote sustainable aviation fuels – with an obligation for planes to take on sustainable blended fuels for all departures from EU airports.

To ensure a fair contribution from the maritime sector to the effort to decarbonise our economy, the Commission proposes to extend carbon pricing to this sector. The Commission will also set targets for major ports to serve vessels with onshore power, reducing the use of polluting fuels that also harm local air quality.”

Source: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en)

“Dialogue and close cooperation among a wide range of stakeholders from the public and private sector will be crucial to deliver on the aims of the EU Taxonomy Regulation and ultimately of the European green deal and the EU climate targets for 2030 and 2050.

The Platform on Sustainable Finance plays a key role in enabling such cooperation by bringing together the best expertise on sustainability from the corporate and public sector, from industry as well as academia, civil society and the financial industry.

The Platform was first established in October 2020, for a two-year mandate that ended in October 2022. A call for applications for the selection of members for the new mandate of the Platform was launched in October 2022 and the new composition of the Platform was announced on 8 February 2023. The first meeting will be held on 7 March 2023.”

Source: [https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en](https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en)

## EU Regulatory framework

“As a global issue, climate change requires countries worldwide to work collaboratively. In 2015, world leaders agreed on ambitious new goals in the fight against climate change.

The Paris Agreement presents an action plan to limit global warming. Its main elements are:

- **a long-term goal** – governments agreed to keep the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C
- **contributions** – before and during the Paris conference, countries submitted comprehensive national climate action plans (called NDCs – nationally determined contributions) to reduce their emissions
- **ambition** – governments agreed to communicate their action plans every five years, with each plan setting more ambitious targets
- **transparency** – countries agreed to report to each other and the public on how well they are doing in reaching their targets, to ensure transparency and oversight
- **solidarity** – EU member states and other developed countries will continue to provide climate finance to help developing countries to both reduce emissions and build resilience to deal with the effects of climate change

The Paris Agreement entered into force on 4 November 2016, when the condition of ratification by at least 55 countries accounting for at least 55% of global greenhouse gas emissions was met. All EU countries ratified the agreement.”

Source: <https://www.consilium.europa.eu/it/policies/climate-change/paris-agreement/>

2016 (Regulation\_2016/1011 and Paris Agreement)

- REGULATION (EU) 2016/1011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Text with EEA relevance)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1011&from=EN>

- Paris Agreement

[https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

2018 (Communication on Financing sustainable growth, proposals for a regulation and resolution on sustainable investments)

- 8/3/2018 COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Action Plan: Financing Sustainable Growth COM/2018/097 final

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0097&from=EN>

- Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the establishment of a framework to facilitate sustainable investment. Brussels, 24.5.2018 COM(2018) 353 final 2018/0178(COD).

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018PC0353&from=IT>

- Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341 (Text with EEA relevance). Brussels, 24.5.2018 COM(2018) 354 final 2018/0179 (COD)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018PC0354&from=IT>

- Sustainable finance. European Parliament resolution of 29 May 2018 on sustainable finance (2018/2007(INI)) (2020/C 76/03). 9.3.2020 EN Official Journal of the European Union C 76/23 Tuesday 29 May 2018

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018IP0215&from=IT>

2019 (Regulation 2019/2088, Regulation 2019/2089 and the European Green Deal)

- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Text with EEA relevance)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN>

- Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (Text with EEA relevance)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2089&from=EN>

- COMMUNICATION FROM THE COMMISSION The European Green Deal, Brussels, 11.12.2019 COM(2019) 640 final

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52019DC0640&from=IT>

2020 (Regulation 2020/852 on establishment of the framework, Regulation 2020/1816, Regulation 2020/1817, Regulation 2020/1818, Stepping up Europe's 2030 climate ambition, An EU-wide assessment of National Energy and Climate Plans)

- Regulation (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

- Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (Text with EEA relevance)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1816&from=EN>

- COMMISSION DELEGATED REGULATION (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (Text with EEA relevance).

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1817&from=IT>

- COMMISSION DELEGATED REGULATION (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R1818&from=IT>

- Brussels, 17.9.2020 COM(2020) 562 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS. Stepping up Europe's 2030 climate ambition. Investing in a climate-neutral future for the benefit of our people.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0562&from=EN>

- 17.9.2020 COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS An EU-wide assessment of National Energy and Climate Plans Driving forward the green transition and promoting economic recovery through integrated energy and climate planning COM/2020/564 final

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0564&from=EN>

2021 (Implementing Regulation 2021/637 technical standards, Regulation 2021/1255 on sustainable risks, Proposal for a directive on sustainable reporting, Regulation 2021/2139, Regulation 2021/2178)

- COMMISSION IMPLEMENTING REGULATION (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (Text with EEA relevance)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0637&from=en>

- COMMISSION DELEGATED REGULATION (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers (Text with EEA relevance)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1255&from=EN>

- Brussels, 21.4.2021 COM(2021) 189 final 2021/0104 (COD) Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive

2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021PC0189&from=EN>

- COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (Text with EEA relevance). (Non-legislative acts)

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=IT>

- COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Text with EEA relevance)

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178&from=IT>

2022 (Regulation 2022/1214 for specific economic activities, Regulation 2022/1288 [supplementing regulation 2019/2088], Regulation 2023/263 [amending and correcting regulation 2022/1288], Implementing Regulation 2022/2453 [correcting Implementing Regulation 2021/637 technical standards], Directive 2022/2464)

- COMMISSION DELEGATED REGULATION (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (Text with EEA relevance). (Non-legislative acts)

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1214&from=IT>

- COMMISSION DELEGATED REGULATION (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (Text with EEA relevance).

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1288&from=EN>

- COMMISSION DELEGATED REGULATION (EU) 2023/363 of 31 October 2022 amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in pre-contractual documents and periodic reports for financial products investing in environmentally sustainable economic activities (Text with EEA relevance).

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R0363&from=IT>

- COMMISSION IMPLEMENTING REGULATION (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (Text with EEA relevance). (Non-legislative acts)

- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R2453&from=IT>

- DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022 amending Regulation (EU) No 537/2014, Directive

2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Text with EEA relevance).

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2464&from=EN>

## **Other sources**

“The EBA has an important role in supporting the European banking sector towards the objectives of transitioning to a more sustainable economy and mitigating risks stemming from climate change and broader environmental, social and governance factors.

The EBA implements the Eco-Management and Audit Scheme (EMAS) as part of its commitment to reduce its environmental impact and carbon footprint. The EBA annual environmental statement reflects the Authority's progress on these commitments.

The scope of EMAS is applicable to all the EBA's activities and products. Its scope covers operational activities in Paris as well as core business activities and products carried out with a view to maintaining financial stability in the EU and safeguarding the integrity, efficiency and orderly functioning of the European banking sector.

The EBA is the 98th organisation registered with EMAS in France. In line with the Regulation (EC) No 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community Eco-Management and Audit Scheme (EMAS), the EBA premises in Courbevoie are registered for 3 years (until 1 June 2025).”

Source: <https://www.eba.europa.eu/about-us/sustainable-eba>

“The shift of investor preferences towards financial products which incorporate ESG factors and the increasing impact of such factors on the risks, returns and value of investments have implications for ESMA's mission to enhance investor protection and promote stable and orderly markets.

To this end, ESMA is actively contributing to the development of the sustainable finance rulebook and to its consistent application and effective supervision by making use of its regulatory and convergence toolkit as necessary. ESMA also engages in risk assessment and market monitoring activities focusing on potential financial stability and investor protection risks stemming from ESG factors.

In February 2020, ESMA adopted its first Strategy on Sustainable Finance to take account of sustainable business models and integrate ESG related factors across its four main activity areas of single rulebook, supervisory convergence, direct supervision and risk assessment.”

Source: <https://www.esma.europa.eu/esmas-activities/sustainable-finance>

“Climate change, environmental and social risks can have an important impact on human, social and economic life. If not managed properly, they can pose material risks to the assets and liabilities of insurers and pension providers.

At the same time, the insurance and pensions sector can play an important role in the mitigation and adaptation to climate change or sustainability risks, through their investments, products and services. Given their role as society's risk managers and important long-term investors, insurers and pension funds have a unique opportunity and responsibility to address sustainability-related challenges and facilitate the transition to a more sustainable and resilient economy.”

Source: [https://www.eiopa.europa.eu/browse/sustainable-finance\\_en](https://www.eiopa.europa.eu/browse/sustainable-finance_en)

“In April 2021, the Commission put forward a proposal for a Corporate Sustainability Reporting Directive (CSRD), which would significantly broaden the reporting requirements of the NFRD. Importantly, the CSRD proposal extends the scope of disclosure obligations to all large companies and all companies publicly listed on EU financial markets, it requires the audit of reported

information by external assurers and introduces more granular and detailed disclosures on the ESG performance and impact of companies.”

Source: <https://www.eurosif.org/policies/sustainable-reporting/>

- 18 July 2019 | ESMA33-9-320. Final Report Guidelines on Disclosure Requirements Applicable to Credit Ratings.  
[https://www.esma.europa.eu/sites/default/files/library/esma33-9-320\\_final\\_report\\_guidelines\\_on\\_disclosure\\_requirements\\_applicable\\_to\\_credit\\_rating\\_agencies.pdf](https://www.esma.europa.eu/sites/default/files/library/esma33-9-320_final_report_guidelines_on_disclosure_requirements_applicable_to_credit_rating_agencies.pdf)
- National energy and climate plans. EU countries’ 10-year national energy and climate plans for 2021-2030.  
[https://commission.europa.eu/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-energy-and-climate-plans\\_en#final-necps](https://commission.europa.eu/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-energy-and-climate-plans_en#final-necps)
- 6 February 2020 | ESMA22-105-1052 Strategy on Sustainable Finance  
[https://www.esma.europa.eu/sites/default/files/library/esma22-105-1052\\_sustainable\\_finance\\_strategy.pdf](https://www.esma.europa.eu/sites/default/files/library/esma22-105-1052_sustainable_finance_strategy.pdf)
- COMMISSION STAFF WORKING DOCUMENT Assessment of the final national energy and climate plan of Italy EUROPEAN COMMISSION Brussels, 14.10.2020 SWD(2020) 911 final  
[https://energy.ec.europa.eu/system/files/2021-01/staff\\_working\\_document\\_assessment\\_necp\\_italy\\_en\\_0.pdf](https://energy.ec.europa.eu/system/files/2021-01/staff_working_document_assessment_necp_italy_en_0.pdf)
- 8.07.2021 Annex: Detailed roadmap of climate change-related actions  
[https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708\\_1\\_annex~f84ab35968.en.pdf?63dcca7fb03eb388e400f9957815c4e6](https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708_1_annex~f84ab35968.en.pdf?63dcca7fb03eb388e400f9957815c4e6)
- 29/10/2021 ESMA32-63-1186 Public Statement European common enforcement priorities for 2021 annual financial reports
- [https://www.esma.europa.eu/sites/default/files/library/esma32-63-1186\\_public\\_statement\\_on\\_the\\_european\\_common\\_enforcement\\_priorities\\_2021.pdf](https://www.esma.europa.eu/sites/default/files/library/esma32-63-1186_public_statement_on_the_european_common_enforcement_priorities_2021.pdf)
- 10 February 2022 | ESMA30-379-1051 Sustainable Finance Roadmap 2022-2024  
[https://www.esma.europa.eu/sites/default/files/library/esma30-379-1051\\_sustainable\\_finance\\_roadmap.pdf](https://www.esma.europa.eu/sites/default/files/library/esma30-379-1051_sustainable_finance_roadmap.pdf)
- Financial Stability Review, November 2022  
<https://www.ecb.europa.eu/pub/financial-stability/fsr/html/ecb.fsr202211~6383d08c21.en.html>
  - Annual report on sustainable investments and climate-related risks year 2022  
<https://www.bancaditalia.it/pubblicazioni/rapporto-investimenti-sostenibili/2023/index.html?com.dotmarketing.htmlpage.language=1>
- January 2023. Towards climate-related statistical indicators Statistics Committee of the European System of Central Banks  
[https://www.ecb.europa.eu/pub/pdf/other/ecb.climate\\_change\\_indicators202301~47c4bbbc92.en.pdf](https://www.ecb.europa.eu/pub/pdf/other/ecb.climate_change_indicators202301~47c4bbbc92.en.pdf)