



FINANCING A  
**SUSTAINABLE**  
EUROPEAN ECONOMY

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## A dual imperative

For the financial system, sustainability has a dual imperative.

1. Improving the contribution of finance to sustainable and inclusive growth, notably by funding long-term needs such as innovation and infrastructure, and accelerating the shift to a low-carbon and resource efficient economy.
2. Strengthening financial stability by improving the management of long-term material risks and tangible value creation factors including those related to ESG issues.

## A dual objective

And sustainable finance has a dual objective.

1. 'Better development'
2. 'Better finance'

# Towards a sustainable financial system

A financial system that serves the sustainable development of the EU is one that:

1. Is **productive**, financing job creation, education, innovation, infrastructures and other real economic needs
2. Considers the **full value** of financial assets
3. Demonstrates **alignment** between the preferences of its users and the outcomes along the lending and investment chain
4. Takes a **long-term** perspective, overcoming the ‘tragedy of the horizon’.
5. Is **resilient** against a wide range of shocks

# Early recommendations and policy areas for further discussion

# Early recommendations

1. A classification system for sustainable assets
2. A European standard and label for green bonds and other sustainable assets, as well as labels for sustainable funds
3. Fiduciary duty that encompasses sustainability
4. Disclosures for sustainability
5. A sustainability test in financial legislation
6. Create 'Sustainable Infrastructure Europe'
7. Position the European supervisory agencies on sustainability
8. Accounting standards for energy efficiency

# Policy areas for further discussion

1. Long-term policy signals to the private sector
2. Governance of firms and financial institutions
3. Integrating sustainability in ratings
4. Frequency of financial reporting
5. Accounting frameworks
6. Benchmarks
7. Banking
8. Insurance companies
9. Stock exchanges and green financial centres
10. A strong pipeline of sustainable projects for investment
11. Involvement of society in sustainable finance issues
12. Social dimensions

# Next steps



