

CONTENT

In the framework of the European Green Deal, the Commission announced the intention to put forward a renewed sustainable finance strategy. The goal of the renewed strategy would be to contribute to the objectives of the European green deal, in particular to creating an enabling framework for private investors and the public sector to facilitate sustainable investments.

The renewed sustainable finance strategy builds up on the work done by the High Level Expert Group (HLEG) on Sustainable Finance and the Technical Expert Group on Sustainable Finance (TEG), and on the results of a public consultation. The responses were summarised in a report published by the Commission on 10 February 2021.

The renewed sustainable finance strategy was adopted on 6 July 2021. It aims to support the financing of the transition to a sustainable economy by proposing action in four areas: transition finance, inclusiveness, resilience and contribution of the financial system and global ambition.

The strategy includes six sets of actions:

1. Extend the existing sustainable finance toolbox to facilitate access to transition finance
2. Improve the inclusiveness of small and medium-sized enterprises (SMEs), and consumers, by giving them the right tools and incentives to access transition finance.
3. Enhance the resilience of the economic and financial system to sustainability risks
4. Increase the contribution of the financial sector to sustainability
5. Ensure the integrity of the EU financial system and monitor its orderly transition to sustainability
6. Develop international sustainable finance initiatives and standards, and support EU partner countries

On 22 September 2021, the Commission proposed amendments in the Solvency II Directive in order to integrate sustainability risks in risk management of insurers, including climate change scenario analysis by insurers, and strengthen long-term financial stability through closer cooperation on financial stability risk assessment and regular stress tests.

On 27 October 2021, the Commission proposed amendments in the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) in order to ensure the consistent integration of sustainability risks in risk management systems of banks, including

climate change stress tests by banks.

On 23 February 2021, the Commission put forward a proposal on Sustainable Corporate Due Diligence.

The Commission will report on the Strategy's implementation by the end of 2023 and will support Member States in their efforts on sustainable finance.

On 8 December 2021, the European Economic and Social Committee (EESC) has adopted an opinion on the Renewed sustainable finance strategy. The EESC calls for the social partners and civil society to be brought on board in the design and implementation of sustainable finance. The EESC is generally critical of the practice of using delegated acts excessively to regulate important matters relating to the strategy. The EESC finds that the measures cited to support credible social investment fall far short of what is needed and should also be stepped up.

References:

- EP Legislative Observatory, [Procedure file on Strategy for Financing the Transition to a Sustainable Economy](#), COM(2021)390
- European Commission, [Strategy for Financing the Transition to a Sustainable Economy](#), COM(2021)390
- European Commission, [Consultation on the renewed sustainable finance strategy](#), website
- European Commission, [Overview of sustainable finance](#), website
 - European Economic and Social Committee, [Renewed sustainable finance strategy](#), opinion (ECO/559-EESC-2021-03471), 8 December 2021

Further reading:

- European Parliament, EPRS, [Green and sustainable finance](#), Briefing, February 2021

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