Press release

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European Parliament

MEPs support Sustainable Finance across the European Union

- Rules to ensure a fair and timely transition to a sustainable EU economy
- Encouraging investments into sustainable assets
- Divestments from fossil fuels and unsustainable energies

MEPs from the Economic and Monetary Affairs Committee have backed a resolution to further harmonise EU capital markets with long-term sustainable objectives.

In pursuing the United Nation's Sustainable Development Goals as well as meeting the Paris Agreement target of keeping average global temperatures well below 2 degrees Celsius, MEPs recognize the need to channel capital investment into sustainable infrastructure.

Proposals include encouraging divestments from fossil fuels and unsustainable energies, reorienting economic policy towards supporting sustainable technologies and businesses, phasing out subsidies to fossil fuels, and pricing environmentally harmful assets according to their long-term risk profile.

Furthermore, MEPs in the ECON committee call on the Commission to establish a 'Green Finance Mark' by the end of 2019 that will recognise standards in sustainability that may help to guide investment decisions.

The resolution agreement follows the European Commission's action plan on sustainable finance, which includes strengthening the authority of asset managers and investors to consider sustainability metrics.

Quote

Rapporteur Molly Scott Cato (Greens, UK) was keen to emphasise the importance of the Sustainable Finance resolution:

"There is huge momentum on sustainable finance from the Commission and the European Parliament. If we are to meet the EU's commitment to the Paris Agreement and safeguard future generations from climate chaos it is absolutely essential that we move towards a system of sustainable financial investment."

Next steps

The draft report was adopted by 42 votes to 9, with 3 abstentions.

Background

- The Commission estimates that realising the Sustainable Development Goals will requires annual investments in sustainable infrastructure worth 4.6-6.7 trillion Euros.
- It is estimated that between 60 and 80 per cent of oil, gas and coal reserves belonging to publicly listed companies are unburnable should global warming be kept below 2 degrees Celsius.
- A significant challenge has been posed to financial sustainability by the threat of stranded assets. These are fossil fuel reserves that are deemed unburnable if compliance with energy limits are abided by, rendering them less attractive to investors.
- A number of member states have already put into place their own sustainable finance initiatives. Such include the French law of disclosure, commitments in Germany for substantial public investment into the energy transition, and the Swedish Financial Supervisory Authority's plans to incorporate sustainable practices into their work.

Further information:

High Level Expert Group Report: Financing a Sustainable European Economy

https://ec.europa.eu/info/sites/info/files/180131-sustainable-finance-final-report_en.pdf

European Political Strategy Centre, Financing Sustainability: Triggering Investments for A Clean Economy

https://ec.europa.eu/epsc/sites/epsc/files/strategic_note_issue_25.pdf

Procedure file

http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2018/2007%28INI%29&l=en#keyPlayers

Further information

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