

The European financial system must throw its weight behind the fight against climate change, say S&Ds

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The Socialists and Democrats led today a vote in the economic and monetary affairs committee to facilitate private investment in low-carbon technologies, such as renewable energies, across the EU and thereby meeting the Paris Agreement objectives. The new harmonised rules on benchmarks will help enhance transparency in sustainable financing by establishing clear criteria on sustainability and by fighting 'greenwashing'. Investments into sustainable projects and assets in Europe are expected to increase thanks to these new rules, according to the European Commission.

S&D MEP Neena Gill, Parliament's rapporteur on the low carbon benchmarks, said:

"Over the past years, measures on financing sustainable growth have been far from harmonised and without much concern for the sustainability of our planet. With this report, we want to ensure that this is no longer the case. By introducing harmonised criteria on environmental sustainability and by setting clear requirements for two new types of financial benchmarks, -climate transition and Paris aligned benchmarks-. We want to encourage the financial sector to reduce the carbon footprint and take away any ambiguity on the side of investors aiming to invest in sustainable projects.

"Finance cannot be operating disconnected from the needs of the economy and the EU's international commitments. It needs to be compatible with our decarbonisation objectives and the fight against climate change. I welcome that this new regulation requires benchmark administrators to disclose how environmental, social and governance factors are reflected in the benchmarks. As rapporteur, I believe it is critical that all benchmark administrators become Paris aligned. Unfortunately, many in this Parliament on the right still have a different opinion and put the interest of companies ahead of the interest of our planet & population. Nonetheless, I welcome the fact that by 2020 the Commission shall assess how it is possible for all benchmarks to publish in a statement how the target of carbon emission and/or attaining the goals of the Paris agreements are ensured."

S&D Group spokesperson on economic and monetary affairs, Pervenche Berès MEP, said:

"Today's vote is key to ensure the long-term sustainability, both economic and environmental, of the European financial system.

"EU governments cannot be the only ones working towards environmental sustainability. In order to reach the targets that we set in the Paris Agreement, Europe needs an additional €180 billion per year in investments until 2030. This is why the financial sector needs to throw its full weight on sustainability in areas such as renewable energies or energy efficiency.

“We Socialists and Democrats are convinced that the road to sustainable development cannot rely only on tax policies, there needs to be clear indication for the market where to invest. This was one of the major conclusions of the HLEG (high level expert group) that this proposal allows to become reality. We have been at the forefront of the battle for economic policies that take into account ESG risks. We will continue our fight to make sure that financial stability and environmental sustainability go hand in hand, for us the next step needs to be the adoption of a classification for sustainable economic activities.”