



SUSTAINABLE FINANCE UPDATE

2/6/2019-

HIGHLIGHTS

- Sustainable finance: what's it got to do with accountants?
- Measure, Disclose, Certify: delivering on sustainable finance
- Sustainability: Commission presents a reflection paper on a more sustainable Europe by 2030
- Technical Expert Group on Sustainable Finance: report on climate-related disclosures
- EU legislative proposals
- Dates to note

ACCOUNTANCY EUROPE INITIATIVES

SUSTAINABLE FINANCE: WHAT'S IT GOT TO DO WITH ACCOUNTANTS?

Accountants provide transparency that is essential for the stability of Europe's financial system and for moving from short-term investments to sustainable economic growth. What gets measured gets done, so accounting is a natural starting point. Measuring pollution, resource depletion and global warming will correct market failures, and this will drive a truly sustainable economy and should deter 'greenwashing'. Businesses also perform better when they report on sustainability matters; they are more likely to identify long-term risks and build resilience into their business models. [Read more.](#)

MEASURE, DISCLOSE, CERTIFY: DELIVERING ON SUSTAINABLE FINANCE

Together with Greens/EFA MEP Molly Scott Cato, Accountancy Europe hosted a breakfast briefing for the Members of European Parliament on sustainable finance. The debate surrounded how integrated corporate reporting can provide tools to achieve the latest EU sustainability objectives for the financial system. [Read more](#)

ALSO SEE

[ACCOUNTANCY PROFESSION'S CONTRIBUTIONS TO THE EU SUSTAINABLE FINANCE STRATEGY](#)

[LOOKING BACK, MOVING FORWARD: OUR SUSTAINABLE FUTURE STARTS TODAY](#)

[QED CONFERENCE ON SUSTAINABLE FINANCE](#)

EUROPEAN COMMISSION

SUSTAINABILITY: COMMISSION PRESENTS A REFLECTION PAPER ON A MORE SUSTAINABLE EUROPE BY 2030

The Reflection Paper focuses on the key policy foundations for the sustainability transition, which include moving from linear to circular economy, correcting the imbalances in our food system, future-proofing our energy, buildings and mobility, and making sure that this transition is fair, leaving no one and no place behind. The Paper also concentrates on the horizontal enablers, which need to underpin the sustainability transition, including education, science, technology, research, innovation and digitisation; finance, pricing, taxation and competition; responsible business conduct, corporate social responsibility and new business models; open and rules-based trade; governance and policy coherence at all levels. The Paper ends by emphasising the importance of blazing the trail for the sustainability transition globally as our policies will only have a limited impact on the planet if others pursue opposing policies. [Read more](#).

TECHNICAL EXPERT GROUP ON SUSTAINABLE FINANCE: REPORT ON CLIMATE-RELATED DISCLOSURES

On 10 January the Technical Expert Group (TEG) published its report on climate-related disclosures. This report corresponds to task 4 of the TEG's mandate, which is to "Develop climate-related metrics in the context of its work on an EU taxonomy allowing improving disclosure on climate-related information and publish the outcome in a report." Accountancy Europe contributed to the consultation. As next steps, the European Commission will launch a public consultation on the draft revised non-binding guidelines on non-financial disclosures, this is planned for the end of Feb/ beg of March. The Commission will take into account TEG's report when drafting the non-binding guidelines. [Read more](#). Also see [Accountancy Europe's response](#).

EU LEGISLATIVE PROPOSALS

The European Commission has created a hub for its activities on sustainable finance. Below, are the legislative initiatives in the pipeline. [Read more](#).

- a [proposal for a regulation to establish a framework to facilitate sustainable investment](#). This regulation establishes the conditions and the framework to gradually create a unified classification system ('taxonomy') on what can be considered an environmentally sustainable economic activity. This is a first and essential step in the efforts to channel investments into sustainable activities. Negotiations between the European Parliament and the Council are expected to continue after the EU elections.
- a [proposal for a regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive \(EU\)2016/2341](#). This regulation will introduce disclosure obligations on how institutional investors and asset managers integrate environmental, social and governance (ESG) factors in their risk processes. Requirements to integrate ESG factors in investment decision-making processes, as part of their duties towards investors and beneficiaries, will be further specified through delegated acts. Agreement between the European Parliament and the Council is expected to be reached by end of March 2019.
- a [proposal for a regulation amending the benchmark regulation](#). The proposed amendment will create a new category of benchmarks comprising low-carbon and positive carbon impact benchmarks, which will provide investors with better information on the carbon footprint of their investments. Agreement between the European Parliament and the Council is expected to be reached by end of March 2019.

DATES TO NOTE

- 21 March – second high-level conference on Sustainable Finance