**Speech by Christa Schweng,**

**President of the European Economic and Social Committee**

**Improving the framework for sustainable finance**

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Dear colleagues, ladies and gentlemen,

It is now my pleasure, as president of this assembly, which brings together representatives of employers, workers and other civil society organisations, to welcome you to this virtual conference.

As Stefano Palmieri, the ECO section president, has already pointed out, I am deeply convinced that the topic of this conference, improving the framework for sustainable finance, deserves prime attention in the EU.

At the end of last year, I met with the president of the European Parliament, Mr Sassoli, and with the president of the European Council, Mr Michel. Among other policy matters we discussed, in both meetings my interlocutors emphasized the importance of sustainable finance. So at highest level there is the conviction that we have to move ahead.

And of course as president of this institution, I want that the concerns of civil society are taken good account of in this process.

We know since last year from the Commission Work Programme that a Revised Sustainable Finance Strategy is in the pipeline for 2021. Therefore, we thought that it would be very timely to organise a high profile event that brings together European policymakers, international institutions, academics, researchers, civil society organisations and other stakeholders in good time ahead, so that our voices can be heard.

I am very thankful that the Section for Economic and Monetary Union and Economic and Social Cohesion that is presided by Stefano Palmieri has taken ownership of this. It was the ECO section that prepared three opinions that the EESC adopted in 2018, one on the Commission action plan on financing sustainable growth, and two on legislative initiatives stemming from it. So there is a lot of expertise to build on.

One of today's speakers is one of the rapporteurs for these opinions, Mr Carlos Trias Pintó. He will tell us about details of the key findings and the policy recommendations of the EESC later during the conference.

But I would first like point out the following already now:

A sound system of financing sustainable growth, with a long-term approach, is the most important driver for restoring trust in the markets and connecting savings to sustainable investments. It will help to provide complementary sources of funding for SMEs and strengthen green and social infrastructure projects.

The challenges should be addressed harmoniously, through a joint effort by all. We have to include in this process all actors in the financial sector: companies, citizens and authorities.

It is also of utmost importance that in this field, the whole EU speaks with one voice and follows the same approach.

In the discussion today, we will take stock of where we stand in Europe in the field of sustainable finance, what has been proposed in the 2018 Action Plan, and what has been achieved in the meantime.

On this basis, we want to discuss the policy recommendations from civil society that we represent. This way we give policy orientation that the Commission can build on in the initiatives on the revised sustainable finance strategy that they will present later in spring.

According to the latest information, this revised strategy will be presented towards the end of the second quarter of 2021. I´m sure Alain Deckers from the Commission, who will speak after me, can tell us more about what can be expected.

As Alain is currently heading a team in DG FISMA that is responsible for corporate reporting, including both financial and non-financial reporting, I suppose he will also be able to tell us a bit what we can expect from the review of the non-financial reporting directive, a legislative initiative that is central to sustainable finance, but that is announced to be presented separately in April.

Colleagues, ladies and gentlemen,

As you know, when I put together the programme for my presidency, it was important for me to give "A vision for a stronger and more resilient post-COVID Europe". Because The European Union should prosper economically, and be socially inclusive and environmentally sustainable.

We need a transition to an economy that is greener and more digital after the pandemic. In this context, the topic of sustainable finance will make an important contribution.

We have to re-orient our investments towards more sustainable activities. For example, away from an economic model that is very much carbon-based, to more renewable sources of energy. For that transition to happen faster, we need the support of an appropriate regulatory framework. Environmental, social and governance risks are currently not taken into account to the extent they should be by most financial market participants, nor by the supervisory authorities.

The green transformation, together with digitalisation, will be the driving forces of the recovery plan for Europe. In the current context of economic downturn, it is essential to provide the best possible support to achieve recovery, and at the same time enabling innovation and investment in climate and environmental protection.

That is the objective of the European Green Deal, and the renewed sustainable finance strategy aims to support it.

One big success already achieved in the EU was certainly the swift agreement on the EU classification system of sustainable activities, what is referred to here in Brussels commonly as the "EU taxonomy".

The taxonomy is a centrepiece of legislation, because this will open the door for further actions in the field of sustainable finance. With the EU taxonomy we have a list that defines what are environmentally sustainable economic activities by providing appropriate definitions to companies, investors and policymakers on which economic activities can be considered environmentally sustainable.

This classification will help to scale up sustainable investment and thereby to implement the European Green Deal.

In this context the EESC has pointed out that it is of the utmost importance for the whole of the EU to take the same approach. The European taxonomy has to replace the existing individual and scattered approaches in the Member States. Where possible, an alignment with existing international frameworks has to be pursued.

In addition, the taxonomy should be seen as an evolving tool that needs regular review and adjustment, and I understand that this is also what the Commission has in mind.

As a last policy recommendation of the EESC, I would like to point out that from a practical point of view, the taxonomy has to take account of how it will be implemented by businesses, as they will be largely responsible for the "real" transition to a sustainable economy. Generally speaking, businesses have to be seen as part of the solution when it comes to greening the economy. They must be encouraged and supported to take an active part in this transition.

I know that sustainable finance goes further than just the green aspect. But for the time being, the most progress here in the EU on the regulatory side has been made in the ecologic sphere.

When I look through the list of speakers that follow, I expect that we will get input from very different angles and also hear also about the importance of including the social and the governance element in the sustainability considerations. This was by the way also one of the conclusions and policy recommendations of our EESC opinion back in 2018, that sustainable finance must not stop with the green element. There is more to it.

I now give the floor back to Stefano Palmieri, who will chair today´s conference. I hope that at the end of this morning, there will be plenty of food for thought and policy orientation, so that we can successfully move forward with the sustainable finance agenda.

Thank you for your attention, I am looking forward to hearing the presentations and discussions.