Sustainable finance? A critical look at new EU legislation on climate investment

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To encourage the financing of activities that mitigate climate change, the EU has launched a policy to involve the private financial sector. The EU wants private capital to contribute to the commitments made at the Paris Climate Summit and to a certain extent, the UN Sustainability Goals. SOMO researcher Myriam Vander Stichtele has written a paper which explores recent EU-legislation that should support this policy.

On the 24th of May 2018, the European Commission has proposed a package of three laws that should encourage the financing of activities that tackle climate change, and to a lesser degree the financing of activities that should boost a sustainable economy. It stipulates measures to avoid greenwashing, i.e. abusive claims to be 'green' investments, and to integrate environmental, social and governance (ESG) risks in investment decisions. While this is a first step towards sustainable finance, these measures will not compel a massive shift in financial flows, nor comprehensively integrate sustainability in the financial sector.

Read the full report: "Sustainable finance in new EU legislation: focus on climate investment". https://www.somo.nl/wp-content/uploads/2018/06/Sustainable-finance-in-new-EU-legislation.pdf

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