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Response to the Consultation on the Renewed Sustainable Finance Strategy

A Eurelectric response paper

July 2020

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Markets & Investments Committee
Electrification & Sustainability Committee

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Consultation on the renewed sustainable finance strategy

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Introduction

This consultation is also available in German and French.

On 11 December 2019, the European Commission adopted its Communication on a European Green Deal, which significantly increases the EU's climate action and environmental policy ambitions.

A number of levers will need to be pulled in order to build this growth strategy, starting with enshrining the climate-neutrality target in law. On 4 March 2020, the European Commission proposed a European Climate Law to turn the political commitment of climate-neutrality by 2050 into a legal obligation. This follows the European Parliament's declaration of a climate emergency on 28 November 2019 and the European Council conclusions of 12 December 2019, endorsing the objective of achieving a climate-neutral EU by 2050.

The ongoing COVID-19 outbreak in particular shows the critical need to strengthen the sustainability and resilience of our societies and the ways in which our economies function. This is necessary to, above all, minimise the risk of similar health emergencies in the future, which are more likely to occur as climate and environmental impacts escalate. In parallel, it will be paramount to ensure the resilience and capacity of our societies and economies to resist and recover from such emergencies. The COVID-19 outbreak underscores some of the subtle links and risks associated with human activity and biodiversity loss. Many of the recent outbreaks (e.g. SARs, MERS, and avian flu) can be linked to the illegal trade in, and consumption of, often endangered wild animal species. Furthermore, experts suggest that degraded habitats coupled with a warming climate may encourage higher risks of disease transmission, as pathogens spread more easily to livestock and humans. Therefore, it is important – now more than ever – to address the multiple and often interacting threats to ecosystems and wildlife to buffer against the risk of future pandemics, as well as preserve and enhance their role as carbon sinks and in climate adaptation.

Financing the European Green Deal and increasing the financial resilience of the economy, companies and citizens

Above all, the transition to a sustainable economy will entail significant investment efforts across all sectors, meaning that financing frameworks, both public and private, must support this overall policy direction: reaching the current 2030 climate and energy targets alone would already require additional investments of approximately €260 billion a year by 2030. And as the EU raises its ambition to cut emissions, the need for investment

will be even larger than the current estimate. In addition, significant investments in the upskilling and reskilling of the labour force will be necessary to enable a just transition for all. Hence, the scale of the investment needs goes well beyond the capacity of the public sector. Furthermore, if the climate and biodiversity crises are to be successfully addressed and reversed before potentially dangerous tipping points are reached, much of the investment needs to happen in the next 5-10 years. In this context, a more sustainable financial system should also contribute to mitigate existing and future risks to wildlife habitats and biodiversity in general, as well as support the prevention of pandemics - such as the COVID-19 outbreak.

In this context, the European Green Deal Investment Plan – the Sustainable Europe Investment Plan – announced on 14 January 2020 aims to mobilise public investment and help to unlock private funds through the **EU budget** and associated instruments, notably through the InvestEU programme. Combined, the objective is to mobilise at least €1 trillion of sustainability-related investments over the next decade. In addition, for the next financial cycle (2021-2027) the **External Investment Plan (EIP) and the European Fund for Sustainable Development Plus (EFSD+)** will be available for all partner countries with a new External Action Guarantee of up to €60 billion. It is expected to leverage half a trillion Euros worth of sustainable investments. Lastly, the **European Investment Bank (EIB)** published on 14 November 2019 its new climate strategy and Energy Lending Policy, which notably sets out that the EIB Group will align all their financing activities with the goals of the Paris Agreement from the end of 2020. This includes, among other measures, a stop to the financing of fossil fuel energy projects from the end of 2021.

However, the financial system as a whole is not yet transitioning fast enough. Substantial progress still needs to be made to ensure that the financial sector genuinely supports businesses on their transition path towards sustainability, as well as further supporting businesses that are already sustainable. It will also mean putting in place the buffers that are necessary to support de-carbonisation pathways across all European Member States, industries that will need greater support, as well as SMEs.

For all of these reasons, the European Green Deal announced a Renewed Sustainable Finance Strategy. The renewed strategy will build on the 10 actions put forward in the European Commission's initial 2018 Action Plan on Financing Sustainable Growth, which laid down the foundations for channelling private capital towards sustainable investments.

As the EU moves towards climate-neutrality and steps up the fight against environmental degradation, the financial and industrial sectors will have to undergo a large-scale transformation, requiring massive investment . Progress has already been made, but efforts need to be stepped up. Building on the achievements of the Action Plan on Financing Sustainable Growth, the current context requires a more comprehensive and ambitious strategy. **The Renewed Sustainable Finance Strategy will predominantly focus on three areas:**:

1. **Strengthening the foundations for sustainable investment by creating an enabling framework, with appropriate tools and structures**. Many financial and non-financial companies still focus excessively on short-term financial performance instead of their long-term development and sustainability-related challenges and opportunities.

2. **Increased opportunities to have a positive impact on sustainability for citizens, financial institutions and corporates**. This second pillar aims at maximising the impact of the frameworks and tools in our arsenal in order to "finance green".

3. **Climate and environmental risks will need to be fully managed and integrated into financial institutions and the financial system as a whole**, while ensuring social risks are duly taken into account where relevant. Reducing the exposure to climate and environmental risks will further contribute to "greening finance".

Objectives of this consultation and links with other consultation activities

The aim of this consultation, available for 14 weeks (until 15 July), is to collect the views and opinions of interested parties in order to inform the development of the renewed strategy. All citizens, public authorities,

including Member States, and private organisations are invited to contribute. Given the diversity of topics under consultation, stakeholders may choose to provide replies to some questions only. Section I (covering questions 1-5) is addressed to all stakeholders, including citizens, while Section II (covering questions 6-102) requires a certain degree of financial and sustainability-related knowledge and is primarily addressed at experts.

This consultation builds on a number of previous initiatives and reports, as well as complementing other consultation activities of the Commission, in particular:

- The final report of the High-Level Expert Group on Sustainable Finance (2018);
- The EU Action Plan on Financing Sustainable Growth (2018);
- The communication of the Commission on 'The European Green Deal' (2019);
- The communication of the Commission on 'The European Green Deal Investment Plan' (2020);
- The reports published by the Technical Expert Group on sustainable finance (TEG) with regard to an EU taxonomy of sustainable activities, an EU Green Bond Standard, methodologies for EU climate benchmarks and disclosures for benchmarks and guidance to improve corporate disclosure of climate-related information.

This consultation also makes references to past, ongoing and future consultations, such as the public consultation and inception impact assessment on the possible revision of the non-financial reporting directive (NFRD), the inception impact assessment on the review of the Solvency II Directive or the future consultation on investment protection.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-sf-consultation@ec.europa.eu.

More information:

- on this consultation
- on the consultation document
- on sustainable finance
- on the protection of personal data regime for this consultation

About you

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* Language of my contribution

- Bulgarian
- Croatian
- Czech

- ○ Danish
- ○ Dutch
- ◉ English
- ○ Estonian
- ○ Finnish
- ○ French
- ○ Gaelic
- ○ German
- ○ Greek
- ○ Hungarian
- ○ Italian
- ○ Latvian
- ○ Lithuanian
- ○ Maltese
- ○ Polish
- ○ Portuguese
- ○ Romanian
- ○ Slovak
- ○ Slovenian
- ○ Spanish
- ○ Swedish

* I am giving my contribution as

- ○ Academic/research institution
- ○ Business association
- ◉ Company/business organisation
- ○ Consumer organisation
- ○ EU citizen
- ○ Environmental organisation
- ○ Non-EU citizen
- ○ Non-governmental organisation (NGO)
- ○ Public authority
- ○ Trade union
- ○ Other

* First name

Ronan

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Surname

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rhaas@eurelectric.org

* Organisation name

255 character(s) maximum

Eurelectric

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

4271427696-87

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino

- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
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- Grenada
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- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar /Burma
- Namibia
- Nauru
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland

- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
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- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States

- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Philippines
- Pitcairn Islands
- Poland
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- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* Field of activity or sector (if applicable):

at least 1 choice(s)

- [ ] Accounting
- [ ] Auditing
- [ ] Banking
- [ ] Credit rating agencies
- [ ] Insurance
- [ ] Pension provision
- [ ] Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)

- [ ] Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- [ ] Social entrepreneurship
- [ ] Other
- [x] Not applicable

* Publication privacy settings

The Commission will publish the responses to this consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ( ) **Anonymous**
  Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.
- (•) **Public**
  Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

- [x] I agree with the personal data protection provisions

Section I. Questions addressed to all stakeholders on how the financial sector and the economy can become more sustainable

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Question 1. With the increased ambition of the European Green Deal and the urgency with which we need to act to tackle the climate-related and environmental challenges, do you think that:

- ( ) major additional policy actions are needed to accelerate the systematic sustainability transition of the EU financial sector.
- (•) incremental additional actions may be needed in targeted areas, but existing actions implemented under the Action Plan on Financing Sustainable Growth are largely sufficient.
- ( ) no further policy action is needed for the time being.
- ( ) Don’t know / no opinion / not relevant

Question 2. Do you know with sufficient confidence if some of your pension, life insurance premium or any other personal savings are invested in sustainable financial assets?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

Question 3. When looking for investment opportunities, would you like to be systematically offered sustainable investment products as a default option by your financial adviser, provided the product suits your other needs?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 4. Would you consider it useful if corporates and financial institutions were required to communicate if and explain how their business strategies and targets contribute to reaching the goals of the Paris Agreement?

- ○ Yes, corporates
- ○ Yes, financial institutions
- ○ Yes, both
- ◉ No
- ○ Don’t know / no opinion / not relevant

Question 4.1 If no, what other steps should be taken instead to accelerate the adoption by corporates and financial sector firms of business targets, strategies and practices that aim to align their emissions and activities with the goals of the Paris Agreement?:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While respecting the principles of technology-neutrality and non-biased access to the market, the financial sector should support the rapid deployment of the best available solutions for the decarbonisation, electrification and digitalisation of the economy.

Since 2008, we saw improvements in the coherence of the financial and non-financial reporting frameworks, reasonably ensuring that investee companies report the information that financial sector companies will need

to meet their new disclosure requirements. Looking at non-financial reporting requirements, they should be complemented with a sense of proportion and in relation to (company) relevant non-financial information. It could also include more guidance in order to specify what concrete sustainability information should be disclosed in terms of reporting the risks in different ESG areas.

In addition to the commitments publicly made, companies of a certain size should already disclose non-financial information about environment, social and employee issues, human rights, bribery and corruption. In the context of the NFRD revision, we think companies would also need to communicate on climate change, value chain and innovation, research & development - with the possibility for companies to not disclose sensitive business information as long as the disclosure still reflects non-financial risks relevant to the market/investors. Disclosing all (also the non-necessary) non-financial information would lead an excessive burden for companies in the drafting process of the management report.

It is key to develop a system where companies‘ efforts are appropriately assessed by financial institutions and finance is properly mobilised. Further, it is important that the chosen setup does not impose unjustified burdens and administrative costs.

Question 5. One of the objectives of the European Commission's 2018 Action Plan on Financing Sustainable Growth is to encourage investors to finance sustainable activities and projects.

Do you believe the EU should also take further action to:

	1 (strongly disagree)	2 (disagree)	3 (neutral)	4 (agree)	5 (strongly agree)	Don't know / No opinion
Encourage investors to engage, including making use of their voting rights, with companies conducting environmentally harmful activities that are not in line with environmental objectives and the EU-wide trajectory for greenhouse gas emission reductions, as part of the European Climate Law, with a view to encouraging these companies to adopt more sustainable business models	○	○	○	◉	○	○
Discourage investors from financing environmentally harmful activities that are not in line with environmental objectives and the EU-wide trajectory for greenhouse gas emission reductions, as part of the European Climate Law	○	○	○	◉	○	○

Question 5.1 In case you agree or strongly agree with one or both options, what should the EU do to reach this objective?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Finance should work to catalyze long-term innovation and enable the rapid deployment of the best available solutions. Putting in place a well-calibrated Sustainable Finance legislation at European level should be a first step towards raising awareness within the capital market on the wealth of investment needed to comply with an EU-wide trajectory. To this end:

- Investors needs clarity about long-term objectives for the European economy. Therefore, the EU should adopt clear decarbonisation goals for 2030 and 2050 to drive joint efforts towards fighting climate change and will re-direct companies investments into assets contributing to this common goals.

- Provide clear signals for investors - e.g. robust ETS and effective carbon pricing

- In light of the EU recovery package, public and private investments should be aimed towards climate-neutral investments in a zero-carbon infrastructure and innovative solutions. They are the best and most cost-effective route to economic recovery on a national and supranational level while at the same time preparing the grounds for a secure and sustainable energy system.

- The EU should also finalise and implement the Taxonomy Regulation while ensuring that technical screening criteria give a realistic picture to private investors about activities that will enable cost-efficient GHG emissions reduction. While remaining technology-open, the taxonomy should drive investments into carbon-neutral and low-carbon energy sources.

Section II. Questions targeted at experts

The following section asks further technical and strategic questions on the future of sustainable finance, for which a certain degree of financial or sustainability-related expertise may be useful. This section is therefore primarily addressed at experts.

Question 6. What do you see as the three main challenges and three main opportunities for mainstreaming sustainability in the financial sector over the coming 10 years?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Challenges:
- Translate the Green Deal and Covid recovery objectives into a clear and coherent investment framework. In addition to the actions promoting a more sustainable finance, coherence with the post-Covid MFF as well as the cohesion, regional and structural funds must be ensured.
- The regulatory framework should be more conducive to capital-intensive investments to support the electrification as well as renewable and low-carbon generation, in particular with the inclusion of LT

arrangements. If not, there is a risk of missing the carbon neutrality goal by 2050.
- Avoid short term investments that will lock the energy system in stranded assets. Reaching carbon neutrality requires drastic changes in the way we generate, transport, distribute and consume energy. This ongoing shift is based on the massive deployment of renewable energy sources and the phasing-out of fossil fuels while ensuring system balancing and flexibility provided by multiple sources (inside & outside the power system).

Opportunities:
- Catalyse long-term innovation and the deployment of the best available solutions. The Covid-crisis shows the relevance of further investments in the electricity sector in order to contribute to the economic recovery in the short term and to reach ambitious decarbonisation targets in the long term.
- The EU holds a unique role to facilitate and promote more equal access to climate-related financial risk management mechanisms for businesses and citizens. Clear rules regarding disclosure, access and transparency of ESG-factors related information will be key to support the redirection of investment in future-proof assets.
- In addition to better integrate all sectors, the EU should put in place specific incentives that are aimed at facilitating access to investments and financing for SMEs. This also require more transparency and information about and access to climate-related financial risk management mechanisms for businesses

Question 7. Overall, can you identify specific obstacles in current EU policies and regulations that hinder the development of sustainable finance and the integration and management of climate, environmental and social risks into financial decision-making?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1. The lack of consistent calculation methodologies and reporting standards. It causes mixed evidence of companies' performances and make it challenging for investors to base their investments' decision on sustainability issues. Consistency in the standard regime to apply will be key in order to avoid the fragmentation of global reporting standards and take into account stakeholder expectations that may vary depending on company, industry, country and region.

2. Absence of a clear policy measures incentivizing the development of sustainable business models for the real economy. The best way to promote a sustainable capital allocation and an increase of sustainable investments is to ensure a stable regulatory framework but relying on price signals for sustainability.

3. Limited coordination between the different initiatives within the financial system. For instance, we would welcome a harmonised definition of sustainability activities (EU Taxonomy; Climate Bond Initiative (CBI) Taxonomy; International Capital Market Association (ICMA) Taxonomy).

Question 8. The transition towards a climate neutral economy might have socio-economic impacts, arising either from economic restructuring related to industrial decarbonisation, because of increased climate change-related effects, or a combination thereof. For instance, persons in vulnerable

situations or at risk of social exclusion and in need of access to essential services including water, sanitation, energy or transport, may be particularly affected, as well as workers in sectors that are particularly affected by the decarbonisation agenda.

How could the EU ensure that the financial tools developed to increase sustainable investment flows and manage climate and environmental risks have, to the extent possible, no or limited negative socio-economic impacts?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The energy and climate policies necessary to enable the transition could affect people in different ways across EU countries. In particular, depending on how they are designed, some policies could have a disproportionate negative effect on lower income households. It is important that this policy making phase considers how to minimise the regressive effects of the measures and takes into account their distributional effects across society and European regions. The Just Transition Fund (JTF) is a key pillar of the Green Deal to address the disproportionate effects that the energy transition may have on some regions, jobs and economic activities in the EU. To be an instrument of solidarity, the Fund must accelerate the deployment of clean solutions that deliver decarbonisation, are cost-effective and create the jobs and skills of the future in coal regions and across the EU. Moreover, the ETS Directive should put in place an obligatory share of carbon revenues to be dedicated to the energy transformation in eligible Member States benefiting from the Modernisation Fund and solidarity pool.

Policymakers should, on one hand, identify and address the potential distributional effects to avoid increasing societal inequality and improve the awareness of citizens on the benefits of decarbonisation. On the other hand, legislation needs to ensure that climate action costs are not disproportionately placed on the electricity bill, by lowering or removing the non-energy costs such as taxes and levies in the electricity price, so as not to hamper electrification, which is itself a key levier for decarbonisation.

The overall objective remains to positively incentivize companies to engage or continue their transition to carbon-neutrality. Moreover, developing mitigating strategies (subsidies, re-training, micro-credit, interest-free loans…) can also be used to make the access to electricity more affordable and facilitate equitable access to new energy saving technologies.

Question 9. As a corporate or a financial institution, how important is it for you that policy-makers create a predictable and well-communicated policy framework that provides a clear EU-wide trajectory on greenhouse gas emission reductions, based on the climate objectives set out in the European Green Deal, including policy signals on the appropriate pace of phasing out certain assets that are likely to be stranded in the future?

- 1 - Not important at all
- 2 - Rather not important

- 3 - Neutral
- 4 - Rather important
- 5 - Very important
- Don’t know / no opinion / not relevant

Question 9.1 What are, in your view, the mechanisms necessary to be put in place by policy-makers to best give the right signals to you as a corporate or a financial institution?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- To enshrine in Law clear decarbonisation goals for 2030 and 2050. Companies need signals that the policy framework will stay stable and predictable, and no carbon-neutral technology will be excluded from the framework.

- Stemming from its existing commitment to climate neutrality, Eurelectric supports an EU ETS geared to reaching net zero in Europe by 2050 and an ambitious target for 2030. The Linear Reduction Factor (LRF) should be appropriately adjusted in the EU ETS Directive as soon as feasible after the adoption of a 2050 climate neutrality target. The adjustment of LRF should take into account both expected changes to the EU 2030 targets as well as consequences for the time after 2030 to reach carbon neutrality by 2050.

- All sectors of the economy need to contribute to making the EU a climate-neutral economy by 2050. Therefore, the EC needs to consider adjusting the burden-sharing between ETS and non-ETS sectors or the mitigation speed in the non-ETS sectors.

- To develop a regulatory framework and mechanisms driving investments in the energy system modernisation, by focusing on energy efficiency and RES deployment. Predictable, stable and market-based frameworks are needed to ensure the necessary investments for a clean and cost-efficient transition.

- Investments in electricity grid infrastructure should be clearly considered to support the energy transition. Investments in electricity grids (transmission and distribution) include infrastructural reinforcement, innovation and digitalisation to sustain the transition.

- The development and implementation of the EU Taxonomy is needed to better channel the sustainable investments. The success of the implementation of the different EU sustainable finance tools (taxonomy, green bonds, etc) should be complemented in parallel with incentives to minimise the additional costs faced by companies.

- Review the State Aid Guidelines

Question 10. Should institutional investors and credit institutions be required to estimate and disclose which temperature scenario their portfolios are financing (e.g. 2°C, 3°C, 4°C), in comparison with the goals of the Paris Agreement, and on the basis of a common EU-wide methodology?

- Yes, institutional investors
- Yes, credit institutions
- Yes, both
- No
- Don't know / no opinion / not relevant

Question 11 Corporates, investors, and financial institutions are becoming increasingly aware of the correlation between biodiversity loss and climate change and the negative impacts of biodiversity loss in particular on corporates who are dependent on ecosystem services, such as in sectors like agriculture, extractives, fisheries, forestry and construction. The importance of biodiversity and ecosystem services is already acknowledged in the EU Taxonomy.

However, in light of the growing negative impact of biodiversity loss on companies' profitability and long-term prospects (see for instance The Nature of Risk - A Framework for Understanding Nature-Related Risk to Business, WWF, 2019), as well as its strong connection with climate change, do you think the EU's sustainable finance agenda should better reflect growing importance of biodiversity loss?

- Yes
- No
- Don't know / no opinion / not relevant

Question 11.1 If yes, please specify potential actions the EU could take:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The solutions to mitigate climate issues go well in hand with underpinning biodiversity. With the example of the 2018 Action Plan on Sustainable Finance, a global strategy for biodiversity can be launched at EU level in order to develop common European definitions and frameworks to track and assess biodiversity.

In the EU Taxonomy, biodiversity loss is taken well into account, and it already reflects well the growing importance of biodiversity loss. Moreover, there are several market-based, cost-efficient and flexible solutions to take biodiversity into account. The EU could steer companies to use these.

Question 12. In your opinion, how can the Commission best ensure that the sustainable finance agenda is appropriately governed over the long term at

the EU level in order to cover the private and public funding side, measure financial flows towards sustainable investments and gauge the EU's progress towards its commitments under the European Green Deal and Green Deal Investment Plan?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The governance of the sustainable finance agenda should be dynamic. On the one hand, it means ensuring the right balance between setting a forward-looking financial framework while at the same time acknowledging the business and technological evolutions and market conditions. On the other hand, it's about developing transparent and broad dialogue tools among the variety of stakeholders.

To this end, Eurelectric warmly welcomes the establishment of the Platform on sustainable finance which should play a major role in governing the sustainable finance agenda. The future Platform must include a wide range of industries to support the institutional work in an informed and transparent way. In particular, representatives of non-financial sectors (especially energy) and should be given the possibility to provide expert-based contributions to the work of the Platform for the development of the sustainable finance framework, and especially the EU taxonomy. Industrial non-financial experts could represent at least one third of the members of the Platform. An additional task for the Platform could be to track and report on capital flows towards sustainable investments in articulation with the monitoring system of ESAs mandate to assess ESG risks.

Question 13. In your opinion, which, if any, further actions would you like to see at international, EU, or Member State level to enable the financing of the sustainability transition? Please identify actions aside from the areas for future work identified in the targeted questions below (remainder of Section II), as well as the existing actions implemented as part of the European Commission's 2018 Action Plan on Financing Sustainable Growth.

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is important to strengthen the existing and future EU's sustainable finance initiatives to deal with:
1. significant inequalities across Member States and across regions in the same country;
2. lack of alignment with the international organisms;
3. lack of awareness about the most important EU sustainable finance initiatives (for example, Taxonomy; EU Green Bond Standard; EU Regulation on Sustainability- Related Disclosures).

In order to avoid more fragmentation some key initiatives should be enhanced and strengthened:
1. The initiative of developing the International Platform for Sustainable Finance (IPSF) should be a priority for implementing commons tools outside EU: without an effective platform for dialogue and coordination, we will have more fragmentation. The public authorities of different jurisdictions need to cooperate and, in a way, coordinated.
2. The future Platform on sustainable finance will constitute an effective tool of governance if it could work as

a system – capture all the actors (for example European Commission, EIB, national financial institutions, private sector, public sector) in a coherent and coordinate way.
3. The integration of the previous tools with the existing and future regulation on sustainable finance.
4. Building awareness through training courses and guidance

1. Strengthening the foundations for sustainable finance

In order to enable the scale-up of sustainable investments, it is crucial to have sufficient and reliable information from financial and non-financial companies on their climate, environmental and social risks and impacts. To this end, companies also need to consider long-term horizons. Similarly, investors and companies need access to reliable climate-related and environmental data and information on social risks, in order to make sound business and investment decisions. Labelling tools, among other measures, can provide clarity and confidence to investors and issuers, which contributes to increasing sustainable investments. In this context, the full deployment of innovative digital solutions requires data to be available in open access and in standardised formats.

1.1 Company reporting and transparency

In its Communication on the European Green Deal, the Commission recognised the need to improve the disclosure of non-financial information by corporates and financial institutions. To that end, the Commission committed to reviewing the **non-financial reporting directive (NFRD)** in 2020, as part of its strategy to strengthen the foundations for sustainable investment. A public consultation is ongoing for that purpose.

The political agreement on the Regulation on establishing a framework to facilitate sustainable investment ('Taxonomy Regulation') places **complementary reporting requirements on the companies that fall under the scope of the NFRD**.

In addition to the production of relevant and comparable data, it may be useful to ensure open and centralised access not only to company reporting under the NFRD, but also to relevant company information on other available ESG metrics and data points (please also see the dedicated section on sustainability research and ratings 1.3). To this end, a **common database** would ease transparency and comparability, while avoiding duplication of data collection efforts. The Commission is developing a common European data space in order to create a single market for data by connecting existing databases through digital means. Since 2017, Commission Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) has been assessing the prospects of using Distributed Ledger Technologies (including blockchain) to federate and provide a single point of access to information relevant to investors in European listed companies (European Financial Transparency Gateway - EFTG).

Question 14. In your opinion, should the EU take action to support the development of a common, publicly accessible, free-of-cost environmental data space for companies' ESG information, including data reported under the NFRD and other relevant ESG data?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 14.1 If yes, please explain how it should be structured and what type of ESG information should feature therein:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please note that Eurelectric provided detailed answers to the EC public consultation on the NFRD review.

Most of the large corporates tend to publish a wide set of ESG indicators. Despite that, companies get frequent requests from ESG consultants, investors, and other stakeholders to provide already published information, or to review databases or surveys. Despite strong commitments to provide these data, it requires efforts and resources that do not provide too much value for companies.

The advantages of organising a free of cost sustainability data (not only environmental) that includes a common set of environmental, health and safety, diversity and social KPIs are evident for us:
- It would simplify access to data and it would lower the cost of ESG reporting and ESG analysis;
- It would commit the EU to, previously, define a set of minimum disclosures;
- It would improve the quality of ESG data that some companies publish.

We would like to provide some recommendations:
- The content of the database could be increasingly enforceable. A medium term plan should be designed to deploy the full dataset in a period of 3 to 5 years.
- First datasets should be mainly quantitative.
- Quantitative KPI should have a clear and common definition and algebraic description.
- Datasets could be organized in three buckets. There could be compulsory KPIs, recommended KPIs and voluntary KPIs.
- Such a platform should substitute companies (data issuers) reporting to other similar platforms.
- The flexibility should be maintained and the specific matters that a company reports on should remain based on its assessment of what is material to their business and stakeholders.
- The use of data base should only be mandatory for companies currently reporting under the NFRD. Also, the database should be accessible to market actors in general.
- It should be recommended and underpinned that such data base is utilised by the investors and finance sec

Question 15. According to your own understanding and assessment, does your company currently carry out economic activities that could substantially contribute to the environmental objectives defined in the Taxonomy Regulation[1]?

[1] The six environmental objectives are climate change mitigation and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 15.1 If yes, once the EU Taxonomy is established (end-2020 for climate change mitigation and adaptation – Assuming that for climate change mitigation and adaptation, it would be based on the recommendations of the TEG for the EU Taxonomy), how likely is it that you would use the taxonomy for your business decisions (such as adapting the scope and focus of your activities in order to be aligned with the EU Taxonomy)?

- 1 - Not likely at all
- 2 - Not likely
- 3 - Neutral
- 4 - Likely
- 5 - Very likely
- Don’t know / no opinion / not relevant

Question 15.2 If necessary, please explain your response to question 15.1:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The electricity industry is committed to deliver a carbon-neutral power supply for Europe well before 2050 and is transforming the energy system to make it more and more responsive, resilient and efficient. Carbon-free electrification as well as the resulting energy efficiency gains will make the key contributions to the decarbonisation of transport, buildings and industry.

The industry is adapting its power production towards a climate-neutral mix and looking at further investment mainly on renewable sources (wind, solar, hydropower). In most of the EU countries, solid fossil fuels facilities are being decommissioned and gas will temporarily be used as a backup technology and flexibility provider.

Our transmission and distribution networks will remain the spine of the energy sector. They are a well-established infrastructure in Europe, but nevertheless they keep on improving their presence, resilience, quality and degree of digitalisation.Smart grids are the most relevant infrastructure for decarbonising our economies. Other than in quality of service improvement and grid losses reduction, smart grids are effective in peak load demand reduction, congestion management, accuracy of the load forecast, increase renewable energy hosting capacity, grid balancing, curtailment reduction and to enable demand-side flexibility.

Today, the business strategies of many electricity companies are dedicated to the achievement of a carbon-neutral generation, transportation, distribution and supply of power, in line with the objectives of the EU taxonomy Regulation. Creating such a common language for investors, assets manager, corporates and public authorities is crucial to support the transition towards a decarbonised economy. However, the alignment between the EU taxonomy and companies priorities can still be improved while the legislation still need to be implemented and business models can still be refined to improve minor non-strategic issues.

1.2 Accounting standards and rules

Financial accounting standards and rules can have a direct impact on the way in which investment decisions are made since they form the basis of assessments that are carried out to evaluate the financial position and performance of real economy and financial sector companies. In this context, there is an ongoing debate around whether existing financial accounting standards might prove challenging for sustainable and long-term investments. In particular, some experts question whether existing impairment and depreciation rules fully price in the potential future loss in value of companies that today extract, distribute, or rely heavily on fossil fuels, due to a potential future stranding of their assets.

Recognising the importance of ensuring that accounting standards do not discourage sustainable and long-term investments, as part of the 2018 Action Plan on Financing Sustainable Growth, the Commission already requested the European Financial Reporting Advisory Group (EFRAG) to explore potential alternative accounting treatments to fair value measurement for long-term investment portfolios of equity and equity-type instruments. EFRAG issued its advice to the Commission on 30 January 2020. Following this advice, the Commission has requested the IASB to consider the re-introduction of re-cycling through the profit or loss statement of profits or losses realised upon the disposal of equity instruments measured at fair value through other comprehensive income (FVOCI).

Question 16. Do you see any further areas in existing financial accounting rules (based on the IFRS framework) which may hamper the adequate and timely recognition and consistent measurement of climate and environmental risks?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 16.1 What is in your view the most important area(s)?

Please select as many options as you like.

- [x] Impairment and depreciation rules
- [x] Provision rules
- [x] Contingent liabilities
- [x] Other

Please explain why you think amending the impairment and depreciation rules is important:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In comparison with the current IFRS standards, climate risks are not fully reflected in depreciation rules - e.g. if a power plant is located where the sea level raises due to climate factors and, thereby, will have a shorter lifetime unless proper measures were to be taken (e.g. building a dam).

Please explain why you think provision rules is an important area:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See comment to ‘Impairment and depreciation rules’

Please explain why you think contingent liabilities is an important area:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See comment to ‘Impairment and depreciation rules’

Please specify which other area(s):

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The IFRS standard does not (yet) require reporting on, for instance, green revenue and green CAPEX. Hence, it is appropriate to add such information in order to observe key points of the EU Taxonomy.

1.3 Sustainability research and ratings

A variety of sustainability-related assessment tools (ratings, research, scenario analysis, screening lists, carbon data, ESG benchmarks, etc.) are offered by specialised agencies that analyse individual risks and by traditional providers, such as rating agencies and data providers. In the autumn of 2019, the Commission launched a study on the market structure, providers and their role as intermediaries between companies and investors. The study will also explore possible measures to manage conflicts of interest and enhance transparency in the market for sustainability assessment tools. The results are due in the autumn of 2020. To complement this work, the Commission would like to gather further evidence through this consultation.

Question 17. Do you have concerns on the level of concentration in the market for ESG ratings and data?

- 1 - Not concerned at all

- 2 - Rather not concerned
- 3 - Neutral
- 4 - Rather concerned
- 5 - Very concerned
- Don’t know / no opinion / not relevant

Question 17.1 If necessary, please explain your answer to question 17:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the last decade, the ESG rating industry has grown considerably and has already undergone a phase of consolidation, not only with merger and acquisition processes among the existing ESG rating agencies but also through the new entrance of financial rating and information provider agencies. This concentration process has allowed ESG rating agencies to develop wider and integral assessments of corporate sustainability, considering that sustainability is a multidimensional concept.

Nevertheless, the rising concentration may bring concern on the potential conflicts of interest and limited transparency in the market for sustainability assessment tools. ESG rating agencies do not offer complete and public information about the criteria and the assessment process developed by them to evaluate the corporate sustainability performance. This makes understanding what ESG rating agencies are measuring and making comparisons between them difficult. Introduction of the comparable measurement scale (like Moodys and S&P) is advisable.

Question 18. How would you rate the comparability, quality and reliability of ESG *data* from sustainability providers currently available in the market?

- 1 - Very poor
- 2 - Poor
- 3 - Neutral
- 4 - Good
- 5 - Very good
- Don’t know / no opinion / not relevant

Question 18.1 If necessary, please explain your answer to question 18:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our view, current ESG rating agencies have integrated specialised actors in corporate governance, data management, risk or communication into their systems. In addition, this market change has led to the emergence of more professional, multidisciplinary and multicultural work teams and the extension of the geographic and sectorial reach.

ESG rating agencies may measure the same concept in different ways. Therefore, if the assessments of ESG ratings are not consistent, which involves evidence of low commensurability, the hypothesised benefits of Sustainability and Corporate Social Responsibility cannot occur. Moreover, ESG ratings methodologies may compensate higher scores in one domain with very low scores in another domain.

Also, as a company (data provider), you spend significant resources engaging with each rating agency in order to ensure that the rating agencies use and interpret company data and information correctly. Even more, it is often necessary to engage with the rating agencies to resolve issues. However, in our view, the ESG rating agencies do not address the different stakeholders' expectations in their evaluation processes, which influences their acceptance and usefulness, for example some of them do not provide an overall score of the corporate sustainability performance.

Question 19. How would you rate the quality and relevance of ESG *research* material currently available in the market?

- ○ 1 - Very poor
- ○ 2 - Poor
- ◉ 3 - Neutral
- ○ 4 - Good
- ○ 5 - Very good
- ○ Don't know / no opinion / not relevant

Question 19.1 If necessary, please explain your answer to question 19:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ESG research material currently available in the market are based on a large amount of information obtained from the companies themselves through questionnaires that involve a laborious process and the analysis of public information (reports, news, etc.) examined by interdisciplinary work teams in different geographical areas. We assess them as relevant with a good quality.

Question 20. How would you assess the quality and relevance of ESG *ratings* for your investment decisions, both ratings of individual Environmental, Social or Governance factors and aggregated ones?

	1 (very poor quality and relevance)	2 (poor quality and relevance)	3 (neutral)	4 (good quality) and relevance)	5 (very good) and relevance)	Don't know / No opinion
Individual	○	○	◉	○	○	○
Aggregated	○	○	◉	○	○	○

Question 20.1 If necessary, please explain your answer to question 20:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We deem that this question is mostly directed towards investors. Nevertheless, the efforts made by large listed companies in terms of sustainability management and reporting during the last years confirm the existence of an active strategy for being well-positioned in ESG ratings.

On the other hand, most of the ESG rating agencies provide environmental, social and governance rates to each domain, but they do not provide an overall score of the corporate sustainability performance. In our view the ESG rating agencies do not address the different stakeholders' expectations in their evaluation processes, which influences their acceptance and usefulness.

Question 21. In your opinion, should the EU take action in any of these areas?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 21.1 If yes, please explain why and what kind of action you consider would address the identified problems.

In particular, do you think the EU should consider regulatory intervention?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, with a view to decrease the administrative burden for companies (data providers). The EU should limit further concentration and support competitiveness in the market for ESG ratings and data. Furthermore, the EU should set rules for transparency for ESG ratings agencies such as requiring to disclose more details on their methodologies.

1.4 Definitions, standards and labels for sustainable financial assets and financial products

The market for sustainable financial assets (loans, bonds, funds, etc.) is composed of a wide variety of products, offered under various denominations like 'green', 'SDG', 'transition', 'ESG', 'ethical', 'impact', 'sustainability-linked', etc. While a variety of products allows for different approaches that can meet the specific needs and wishes of those investing or lending, it can be difficult for clients, in particular retail investors, to understand the different degrees of climate, environmental and social ambition and compare the specificities of each product. Clarity on these definitions through standards and labels can help to protect the integrity of and trust in the market for sustainable financial products, enabling easier access for investors, **companies**, and savers.

As set out in the 2018 Action Plan on Financing Sustainable Growth, the Commission services started working on:

1. developing possible technical criteria for the EU Ecolabel scheme to retail funds, savings and deposits, and
2. establishing an EU Green Bond Standard (EU GBS).

The Commission also committed to specifying the content of the **prospectus** for green bond issuances to provide potential investors with additional information, within the framework of the Prospectus Regulation.

EU Green Bond Standard

The Technical Expert Group on Sustainable Finance (TEG) put forward a report in June 2019 with 10 recommendations for how to create an EU Green Bond Standard (EU GBS). This was completed with a usability guide in March 2020, as well as with an updated proposal for the standard (see Annex 1).

The TEG recommends the creation of an official voluntary EU GBS building on the EU Taxonomy. Such an EU Green Bond Standard could finance both physical assets and financial assets (including through covered bonds and asset-backed securities), capital expenditure and selected operating expenditure, as well as specific expenditure for sovereigns and sub-sovereigns. The standard should in the TEG's view exist alongside existing market standards.

The overall aim of the EU GBS is to address several barriers in the current market, including reducing uncertainty on what is green by linking it with the EU Taxonomy, standardising costly and complex verification and reporting processes, and having an official standard to which certain (financial) incentives may be attached. The TEG has recommended that oversight and regulatory supervision of external review providers eventually be conducted via a centralised system organised by ESMA. However, as such a potential ESMA-led supervision would require legislation and therefore take time, the TEG suggests the set-up of a market-based, voluntary interim registration process for verifiers (the Scheme) of EU Green Bonds for a transition period of up to three years.

Below you will find four questions in relation to the EU GBS. **A separate dedicated consultation with regards to a Commission initiative for an EU Green Bond Standard will be carried out in the future**. Please note that questions relating to green bond issuances by public authorities are covered in section 2.7 and questions on additional incentives can be found in section 2.6.

Question 22. The TEG has recommended that verifiers of EU Green Bonds (green bonds using the EU GBS) should be subject to an accreditation or authorisation and supervision regime. Do you agree that verifiers of EU Green Bonds should be subject to some form of accreditation or authorisation and supervision?

- (●) Yes, at European level
- ( ) Yes, at a national level
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 22.1 If necessary, please explain your answer to question 22:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It will benefit the purpose to have aligned minimum requirements for authorisation and supervision of verifiers in EU (if possible, even globally). Hence, any national difference in this regard would add complexity and not underpin a leveled playing field. Today, there seems to be some variety among the 'products' you get from these verifiers.
Furthermore, an authorisation and supervision regime would improve the integrity, credibility and harmonisation of the green bonds market and would increase investors' confidence and protection.

The authorisation process should be based on global standards and ensure that the professional competence and ethical behavior and independence, working procedures and experience and qualifications of the staff be proved so as to guarantee the verification process performed is reliable.

Question 23. Should any action the Commission takes on verifiers of EU Green Bonds be linked to any potential future action to regulate the market for third-party service providers on sustainability data, ratings and research?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 23.1 If necessary, please explain your answer to question 23:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A linkage between regulatory actions on verifiers and third-party providers on sustainability data, ratings and research would be good as long as it does not slow down authorisation/supervision processes or any need for adjustment of the framework. Hence, it is important that an agility on such regulatory actions/adjustment is kept.

Question 24. The EU GBS as recommended by the TEG is intended for any type of issuer: listed or non-listed, public or private, European or international. Do you envisage any issues for non-European issuers to follow the proposed standard by the TEG?

- ( ) Yes
- (●) No
- ( ) Don't know / no opinion / not relevant

Question 24.1 If necessary, please explain your answer to question 24:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are not aware of any such issues (barriers) and generally prefer alignment globally if such issues are identified.

Moreover, in order to guarantee the integrity, credibility, and harmonisation of the green bonds market and to increase investor confidence and protection, the requirements for both European and non-European issuers must be the same ones.

Finally, we believe that EU GBS should be the basis for the international standardisation.

Prospectus and green bonds

Question 25. In those cases where a prospectus has to be published, do you believe that requiring the disclosure of specific information on green bonds in the prospectus, which is a single binding document, would improve the consistency and comparability of information for such instruments and help fight greenwashing?

- 1 - Strongly disagree
- 2 - Disagree
- (•) 3 - Neutral
- 4 - Agree
- 5 - Strongly agree
- Don’t know / no opinion / not relevant

Question 25.1 If necessary, please explain your answer to question 25:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We generally agree that the information of the prospectus should be specific and wide extent aligned with the requirements to be qualified the issuance as green to prevent the risk of “greenwashing” (use of proceeds; allocation and impact reporting). We also agree that some specific information could be made mandatory when issuing green bond information as long it is up to the issuer to decide the scope and terms of the green bonds in question. Hence, it may have a negative impact on the green bonds market if requirements are too comprehensive and rigid, e.g. with regard to information being superfluous for the particular green bonds. In this context, it could be considered to differentiate between offerings to professionals and to the retail segment.

Question 26. In those cases where a prospectus has to be published, to what extent do you agree with the following statement: “Issuers that adopt the EU

GBS should include a link to that standard in the prospectus instead of being subject to specific disclosure requirements on green bonds in the prospectus"?

- ○ 1 - Strongly disagree
- ○ 2 - Disagree
- ◉ 3 - Neutral
- ○ 4 - Agree
- ○ 5 - Strongly agree
- ○ Don't know / no opinion / not relevant

Question 26.1 If necessary, please explain your answer to question 26:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We refer to the answer for the previous question (Q25).

Other standards and labels

Already now, the Disclosure Regulation defines two categories of sustainable investment products: those promoting environmental or social characteristics and those with environmental or social objectives, the latter being defined as 'sustainable investments'. Both types of products have to disclose their use of the EU Taxonomy, for the environmental portion of the product.

Question 27. Do you currently market financial products that promote environmental characteristics or have environmental objectives?

- ◉ Yes
- ○ No
- ○ Don't know / no opinion / not relevant

Question 27.1 If yes, once the EU Taxonomy is established (assuming that for climate change mitigation and adaptation, it would be based on the recommendations of the TEG for the EU taxonomy), how likely is it that you would use the EU Taxonomy in your investment decisions (i.e. invest more in underlying assets that are partially or fully aligned with the EU Taxonomy)?

- 1 - Not likely at all
- 2 - Not likely
- 3 - Neutral
- 4 - Likely
- (●) 5 - Very likely
- Don’t know / no opinion / not relevant

Question 27.1 If necessary, please explain your answer to question 27:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to keep complexity low, issuers of green bonds are likely to adhere to the EU Taxonomy. In this context, we recommend that EU is working for the Taxonomy standards to be global standards as it would be challenging in case ‘competing’ (not-aligned) standards appear globally.
In our view, the Platform on sustainable finance should oversee the developments of the new green bonds market. This is a market in development and the EU should be able to react quickly on developments in these markets and be able to adopt amendments to the framework if necessary, while still ensuring regulatory stability.

Question 28. In its final report, the High-Level Expert Group on Sustainable Finance recommended to establish a minimum standard for sustainably denominated investment funds (commonly referred to as ESG or SRI funds, despite having diverse methodologies), aimed at retail investors.

What actions would you consider necessary to standardise investment funds that have broader sustainability denominations?

- No regulatory intervention is needed
- The Commission or the ESAs should issue guidance on minimum standards
- Regulatory intervention is needed to enshrine minimum standards in law
- Regulatory intervention is needed to create a label
- (●) Don’t know / no opinion / not relevant

Question 29. Should the EU establish a label for investment funds (e.g. ESG funds or green funds aimed at professional investors)?

- (●) Yes
- No
- Don’t know / no opinion / not relevant

Question 29.1 If yes, regarding green funds aimed at professional investors, should this be in the context of the EU Ecolabel?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 29.2 If necessary, please explain your answer to question 29.1:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If done in an appropriate way, a green label for investment funds could be a way to lower transaction costs in this market. However, there shall still be room for competition among the investment funds.

As for green funds aimed at professional investors there will not be the same potential for lowering transaction costs by introducing a green label. Hence, the costs associated with labeling these funds may be too high compared with (any) benefits achieved.

Question 30. The market has recently seen the development of sustainability-linked bonds and loans, whose interest rates or returns are dependent on the company meeting pre-determined sustainability targets. This approach is different from regular green bonds, which have a green use-of-proceeds approach.

Should the EU develop standards for these types of sustainability-linked bonds or loans?

- ( ) 1 - Strongly disagree
- ( ) 2 - Disagree
- (●) 3 - Neutral
- ( ) 4 - Agree
- ( ) 5 - Strongly agree
- ( ) Don’t know / no opinion / not relevant

Question 30.1 If necessary, please explain your answer to question 30:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Before we can agree to this, there is a need for a functional standards. We may use an EU Taxonomy for the development of the environmental standards. For the provisions on social and governance, further work on

standards needs to be done

In the framework of GBP such work has already been established which we suggest to follow.

Question 31: Should such a potential standard for target-setting sustainability-linked bonds make use of the EU Taxonomy as one of the key performance indicators?

- 1 - Strongly disagree
- 2 - Disagree
- 3 - Neutral
- 4 - Agree
- 5 - Strongly agree
- Don’t know / no opinion / not relevant

Question 31.1 If necessary, please explain your answer to question 31:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is a need to elaborate the current EU taxonomy in order to foster the development of social and governance definitions before targets-setting sustainability-linked bonds or loans can be implemented. So far, we have only seen KPIs related to the environmental part, but we are still lacking KPIs related to social and governance. This means that the level of agreement and disagreement to these questions is related to which kind of sustainability-linked bonds or loans you are referring to. Moreover it is important to underline that sustainability-linked transactions (both at loans and bonds level) were born as “general-purpose” instruments, a feature that we recognise key and complementary in respect to green bonds and use-of-proceeds kind of transactions more in general, in order to scale sustainable finance and, therefore, sustainable investments.

In other words, KPI linked bonds related to Environment should be leveraged on the EU environmental Taxonomy to encourage issuers to comply with it. KPI linked bonds related to social or governance issues should be leveraged on EU social/governance taxonomies that already don’t exist that is more urgent than designing a financial product standard (as EU GBS).

Though, it is important that it still makes room for other corporate KPIs such as Science Based Targets. Among others, a good metric for sustainability linked bonds could be based on CO2 emission reduction targets. This is a very clear metric both for the creditor and the debtor.

Question 32. Several initiatives are currently ongoing in relation to energy-efficient mortgages (see for instance the work of the EEFIG (Energy Efficiency Financial Institutions Group set by the EC and the United Nations Environment Program Finance Initiative or UNEP FI) on the financial performance of energy efficiency loans or the energy efficient mortgages

initiatives) and green loans more broadly. Should the EU develop standards or labels for these types of products?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

Question 33. The Climate Benchmarks Regulation creates two types of EU climate benchmarks - ‘EU Climate Transition’ and ‘EU Paris-aligned’ - aimed at investors with climate-conscious investment strategies. The regulation also requires the Commission to assess the feasibility of a broader ‘ESG b e n c h m a r k ’ .

Should the EU take action to create an ESG benchmark?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 33.1 If yes, please explain what the key elements of such a benchmark should be:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Financial benchmarks reflecting environmental, social & governance (ESG) factors are strategic to directing financial and capital flows to green investments, by reflecting the contributions of single technologies to the climate target (providers of flexibility, integration of other RES, climate adaptation and mitigation, etc.).

The EU electricity industry supports the EC draft delegated regulation on financial benchmarking and the objective to streamlining the framework of sustainable benchmarks. Indeed, many companies are currently facing an increasing number of green benchmarks based on different data and standards.

The multiplication of available benchmarks and their substantial differences in the methodology and considered criteria make the comparability of ESG standards very difficult. It also conveys a challenging situation when it comes to managing these benchmarks. Thus, streamlining the framework on sustainable benchmarks and disclosure would contribute to aligning, to the extent possible, the existing market practices and indicators. However, it should take into account the following elements:

- Consistency within the existing financial framework and reuse of data.
- Only disclosure of generic ESG information should be mandatory.
- Unnecessary administrative burden should be avoided.

Having said that, we see it as premature to create an ESG benchmark before the foundations have been set. In this regard, the ESG ratings should be regulated and its functioning checked in reasonable period.

Question 34. Beyond the possible standards and labels mentioned above (for bonds, retail investment products, investment funds for professional investors, loans and mortgages, benchmarks), do you see the need for any other kinds of standards or labels for sustainable finance?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

1.5 Capital markets infrastructure

The recent growth in the market for sustainable financial instruments has raised questions as to whether the current capital markets infrastructure is fit for purpose. Having an infrastructure in place that caters to those types of financial instruments could support and further enhance sustainable finance in Europe.

Question 35. Do you think the existing capital market infrastructure sufficiently supports the issuance and liquidity of sustainable securities?

- ○ 1 - Strongly disagree
- ○ 2 - Disagree
- ○ 3 - Neutral
- ◉ 4 - Agree
- ○ 5 - Strongly agree
- ○ Don’t know / no opinion / not relevant

Question 36. In your opinion, should the EU foster the development of a sustainable finance-oriented exchange or trading segments that caters specifically to trading in sustainable finance securities and is better aligned with the needs of issuers?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

Question 36.1 If necessary, please explain your answer to question 36:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Comment for question 35: We do think the existing capital market already has a well performed and tested infrastructure for sustainable finance; in our experience does not disrupt or prevent issuance of such

securities. This has been proven by many issuers that have adopted and issued under Standards as the Green Bond Principles (GBP), Climate Bond Initiative (CBI) Taxonomy or International Capital Market Association (ICMA) Taxonomy.

We find the bottleneck, not in the market infrastructure, but in the lack of sustainability standards to be applied. The European Green Bond Standard, when in force, will be a significant improvement because it will provide a solid framework.

Standardisation is paramount in order to increase the size of the markets while protecting their integrity and reliability. In this context, transparency, reporting and the focus on the Use-of-Proceeds concept provide to investors the comfort they need.

Comment for question 36: No, as it might hinder liquidity if you create a separate sustainable finance market 'silo' exchange. Further, we are confident that existing exchanges and trading segments will make the evolution within their framework in order to have a 'reason for being' while the green transition happens. Thus, regulatory action in this regard may just disrupt market forces to work appropriately.

Question 37. In your opinion, what core features should a sustainable finance–oriented exchange have in order to encourage capital flows to ESG projects and listing of companies with strong ESG characteristics, in particular SMEs?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Currently, we do not see a particularly need for a regulatory based push for creating sustainable finance-oriented exchanges. Regulation generally comes with costs, and we are confident that 'market forces' will incentivise exchanges to adapt to the green transformation. See also answer to previous question (Q36).

1.6 Corporate governance, long-termism and investor engagement

To reflect long-term opportunities and risks, such as those connected to climate change and environmental degradation, **companies and investors need to integrate long-term horizons** and sustainability in their decision-making processes. However, this is often difficult in a context where market pressure and prevailing corporate culture prompt corporate managers and financial market participants to focus on near-term financial performance at the expense of mid- to long-term objectives. Focusing on short-term returns without accounting for long-term implications may lead to underperformance of the corporation and investors in the long-term, and, by extension, of the economy as a whole. In this context, investors should be driving long-termism, where this is relevant, and not pressure companies to deliver short-term returns by default.

The ongoing COVID-19 outbreak in particular underscores that companies should prioritise the long term interests of their stakeholders. Many companies in the EU have decided to prioritise the interests of key stakeholders, in particular

employees, customers and suppliers, over short-term shareholder interest (The European Central Bank also recommended on 27 March 2020 that significant credit institution refrain from distributing dividend so that "they can continue to fulfil their role to fund households, small and medium businesses and corporations" during the COVID-19 economic shock). These factors contribute to driving long-term returns as they are crucial in order to maintain companies' ability to operate. Therefore, institutional investors have an important role to play in this context. As part of action 10 of the Action Plan on Financing Sustainable Growth, in December 2019 the European Supervisory Authorities delivered reports, the European Supervisory Authorities delivered reports in December 2019 (ESMA report, EBA report and EIOPA report) that had the objective of assessing evidence of undue short-term pressure from the financial sector on corporations. They identified areas within their remit where they found some degree of short-termism and issued policy recommendations accordingly. For instance, they advise the adoption of longer-term perspectives among financial institutions through more explicit legal provisions on sustainability.

Question 38. In your view, which recommendation(s) made in the ESAs' reports have the highest potential to effectively tackle short-termism?

Please select among the following options:

- (●) Adopt more explicit legal provisions on sustainability for credit institutions, in particular related to governance and risk management
- ( ) Define clear objectives on portfolio turn-over ratios and holdings periods for institutional investors
- ( ) Require Member States to have an independent monitoring framework to ensure the quality of information disclosed in remuneration reports published by listed companies and funds (UCITS management companies and AIFMs)
- ( ) Other

Question 39. Beyond the recommendations issued by the ESAs, do you see any barriers in the EU regulatory framework that prevent long-termism and/or do you see scope for further actions that could foster long-termism in financial markets and the way corporates operate?

- ( ) Yes
- ( ) No
- (●) Don't know / no opinion / not relevant

The Shareholder Rights Directive II states that directors' variable remuneration should be based on both financial and non-financial performance, where applicable. However, there is currently no requirement regarding what the fraction of variable remuneration should be linked to, when it comes to non-financial performance.

Question 40. In your view, should there be a mandatory share of variable remuneration linked to non-financial performance for corporates and financial institutions?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

Question 41. Do you think that a defined set of EU companies should be required to include carbon emission reductions, where applicable, in their lists of ESG factors affecting directors’ variable remuneration?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

The Shareholder Rights Directive II introduces transparency requirements to better align long-term interests between institutional investors and their asset managers.

Question 42. Beyond the Shareholder Rights Directive II, do you think that EU action would be necessary to further enhance long-term engagement between investors and their investee companies?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

Question 43. Do you think voting frameworks across the EU should be further harmonised at EU level to facilitate shareholder engagement and votes on ESG issues?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 44. Do you think that EU action is necessary to allow investors to vote on a company’s environmental and social strategies or performance?

- ○ Yes
- ◉ No
- ○ Don’t know / no opinion / not relevant

Questions have been raised about whether passive index investing could lower the incentives to participate in corporate governance matters or engage with companies regarding their long term strategies.

Question 45: Do you think that passive index investing, if it does not take into account ESG factors, could have an impact on the interests of long-term shareholders?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 45.1 If yes, in your view, what do you think this impact is, do you think that the EU should address it and how?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Long-term shareholders often tend to be active with regard to the development of the company/their investment. However, I-index investing is becoming increasingly common and is expected to further increase its share, also in consideration of lower management costs. Integrating ESG risks and opportunities into index components enhances investors' long-termism by extending the investment view beyond short term, In order to avoid short-termism in indexes that are in turn replicated by passive investors, the EU should provide for index providers to disclose ESG KPIs not only for ESG indices, but also for mainstream indices. The lack of such a disclosure may entice index providers to favor financial instruments that allows for higher returns in the short term, at the detriment of the long term interests of investors.

To foster more sustainable corporate governance, as part of action 10 of the 2018 action plan Plan on Financing Sustainable Growth the Commission launched a study on due diligence (i.e. identification and mitigation of adverse social and environmental impact in a company's own operations and supply chain), which was published in February 2020. This study indicated the need for policy intervention, a conclusion which was supported by both multinational companies and NGOs. Another study on directors' duties and possible sustainability targets will be finalised in Q2 2020.

Question 46. Due regard for a range of 'stakeholder interests', such as the interests of employees, customers, etc., has long been a social expectation vis-a-vis companies. In recent years, the number of such interests have expanded to include issues such as human rights violations, environmental pollution and climate change.

Do you think companies and their directors should take account of these interests in corporate decisions alongside financial interests of shareholders, beyond what is currently required by EU law?

- (●)

Yes, a more holistic approach should favour the maximisation of social, environmental, as well as economic/financial performance.

- Yes, as these issues are relevant to the financial performance of the company in the long term.
- No, companies and their directors should not take account of these sorts of interests.
- Don’t know / no opinion / not relevant

Question 47. Do you think that an EU framework for supply chain due diligence related to human rights and environmental issues should be developed to ensure a harmonised level-playing field, given the uneven development of national due diligence initiatives?

- Yes
- No
- Don’t know / no opinion / not relevant

Question 48. Do you think that such a supply chain due diligence requirement should apply to all companies, including small and medium sized companies?

- Yes
- No
- Don’t know / no opinion / not relevant

Question 48.1 If yes, please select your preferred option:

- All companies, including SMEs
- All companies, but with lighter minimum requirements for SMEs
- Only large companies in general, and SMEs in the most risky economic sectors sustainability-wise
- Only large companies

Question 48.2 If necessary, please explain your answer to question 48.1:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We generally agree that some minimum requirements for supply chain due diligence could be beneficial depending on the characteristics and scope of such requirements. Nevertheless, lighter minimum requirements are appropriate for SMEs.

2. Increasing opportunities for citizens, financial institutions and corporates to enhance sustainability

Increased opportunities need to be provided to citizens, financial institutions and corporates in order to enable them to have a positive impact on sustainability. Citizens can be mobilised by providing them with opportunities to invest their pensions and savings sustainably or by using digital tools to empower them to make their communities, their homes and their businesses more resilient. Financial institutions and corporates can increase their contribution to sustainability if the right policy signals and incentives are in place. Furthermore, international cooperation and the use of sustainable finance tools and frameworks in developing countries can help build a truly global response to the climate and environmental crisis.

As part of the European Green Deal, the Commission has launched a European Climate Pact to bring together regions, local communities, civil society, businesses and schools in the fight against climate change, incentivising behavioural change from the level of the individual to the largest multinational, and to launch a new wave of actions. A consultation on the European Climate Pact is open until 27 May 2020 in order to better identify the areas where the Commission could support and highlight pledges as well as set up fora to work together on climate action (including possibly on sustainable finance).

2.1 Mobilising retail investors and citizens

Although retail investors today are increasingly aware that their own investments and deposits can play a role in achieving Europe's climate and environmental targets, they are not always offered sustainable financial products that match their expectations. In order to ensure that the sustainability preferences of retail investors are truly integrated in the financial system, it is crucial to help them to better identify which financial products best correspond to these preferences, providing them with user-friendly information and metrics they can easily understand. To that end, the European Commission will soon publish the amended delegated acts of MIFID II and IDD, which will require investment advisors to ask retail investors about their sustainability preferences.

Question 49. In order to ensure that retail investors are asked about their sustainability preferences in a simple, adequate and sufficiently granular way, would detailed guidance for financial advisers be useful when they ask questions to retail investors seeking financial advice?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Question 49.1 If necessary, please explain your answer to question 49:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We don’t see a need for the EU to set out detailed guidance. Indeed, market actors are often well-placed and have proven in the past their ability to develop good market practices and self-regulate on many topics. If market practices would not be developed and adopted by the sector, competent EU supervisory bodies (ESMA/other) could issue harmonised, high-level guidance in a second phase addressed to national regulatory authorities for the harmonised supervision of financial advisors.

Question 50. Do you think that retail investors should be systematically offered sustainable investment products as one of the default options, when the provider has them available, at a comparable cost and if those products meet the suitability test?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

Question 51. Should the EU support the development of more structured actions in the area of financial literacy and sustainability, in order to raise awareness and knowledge of sustainable finance among citizens and finance professionals?

- ○ 1 - Strongly disagree
- ○ 2 - Disagree
- ○ 3 - Neutral
- ◉ 4 - Agree
- ○ 5 - Strongly agree
- ○ Don’t know / no opinion / not relevant

Question 51.1 If you agree, please choose what particular action should be prioritised:

	1 (strongly disagree)	2 (disagree)	3 (neutral)	4 (agree)	5 (strongly agree)	Don't know / No opinion
Integrate sustainable finance literacy in the training requirements of finance professionals.	○	○	○	◉	○	○
Stimulate cooperation between Member States to integrate sustainable finance as part of existing subjects in citizens' education at school, possibly in the context of a wider effort to raise awareness about climate action and sustainability.[1-5]	○	○	○	◉	○	○
Beyond school education, stimulate cooperation between Member States to ensure that there are sufficient initiatives to educate citizens to reduce their environmental footprint also through their investment decisions.	○	○	○	◉	○	○
Directly, through targeted campaigns.	○	○	○	◉	○	○
As part of a wider effort to raise the financial literacy of EU citizens.	○	○	○	◉	○	○
As part of a wider effort to raise the knowledge citizens have of their rights as consumers, investors, and active members of their communities.	○	○	○	◉	○	○
Promote the inclusion of sustainability and sustainable finance in the curricula of students, in particular future finance professionals.	○	○	○	◉	○	○
Other	○	○	○	○	○	○

2.2 Better understanding the impact of sustainable finance on sustainability factors

While sustainable finance is growing, there are questions on how to measure and assess the positive impact of sustainable finance on the real economy. Recently, tools have been developed that can be used to approximate an understanding of the climate and environmental impact of economic activities that are being financed. Examples of such tools include the EU Taxonomy, which identifies under which conditions economic activities can be considered environmentally sustainable, use-of-proceeds reporting as part of green bond issuances, or the Disclosure Regulation, which requires the reporting of specific adverse impact indicators.

Yet, an improved understanding of how different sustainable financial products impact the economy may further increase their positive impact on sustainability factors and accelerate the transition.

Question 52. In your view, is it important to better measure the impact of financial products on sustainability factors?

- ○ 1 - Not important at all
- ○ 2 - Rather not important
- ○ 3 - Neutral
- ○ 4 - Rather important
- ◉ 5 - Very important
- ○ Don’t know / no opinion / not relevant

Question 52.1 What actions should the EU take in your view?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is becoming increasingly evident that actions to limit global warming to 1.5°C are no longer a choice. While the European Commission will set up an increased emission reduction target by 2030, companies are therefore expected to serve as an example of worldwide best practices, while being aware that that it is in their own interest to adopt sustainable corporate strategies.

Sustainability means, indeed, value creation. Sustainable investments create positive externalities impacting on the real economy by stimulating demand and supply through direct, indirect (related to the value chain) and induced effects (income related) and determining an additive contribution (.e.g to GDP, production, tax revenue, income for businesses and families and for employment). Investments linked to ESG/SDGs factors accelerate the transition to a global sustainable growth model and contribute to the achievement of the national and global objectives related to the Sustainable Development Goals.

However, resource decisions for a sustainable portfolio are driven by purpose and profits. In such respect, companies and financial markets should reflect the proper value and price of sustainability on the basis of a robust, standardised and globally recognised methodology that, together with a proper reporting, makes their sustainable performances fully comparable by raters and investors.

As mentioned in question 11, the current the lack of consistent calculation methodologies and reporting

standards can cause mixed evidence of companies performances and making it challenging for investors to base their investments' decision on sustainability issues. Measuring the sustainable impact of financial product is a key issue in order to ensure resources are allocated to long lasting business models and to secure a prosperous economic growth.

Question 53: Do you think that all financial products / instruments (e.g. shares, bonds, ETFs, money market funds) have the same ability to allocate capital to sustainable projects and activities?

- ○ Yes
- ◉ No
- ○ Don't know / no opinion / not relevant

Question 53.1 If no, please explain what you would consider to be the most impactful products/instruments to reallocate capital in this way:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Even if investors are better placed to provide a suitable response, Eurelectric believes that equity and fixed income instruments, though being inherently different products, should both aim at guiding corporates and market participants towards sustainability. In this sense, for instance, the EU Taxonomy, through the identification of the percentage of Taxonomy-eligible revenues or capex of the portfolios invested, would greatly help investors understand how much their investments are contributing to sustainability goals.

In the fixed income space, though, we believe that use-of-proceeds bonds, such as green bonds (as mentioned previously) that allows investment in specific green eligible projects or activities, could be complemented with general purpose type of bonds that specifically and transparently identify sustainability targets, within the overall strategy of a certain company. This way investors would have a further instrument to push companies to implement strategies towards sustainability, as a green bond may be well directed to a sustainable activity though leaving unaffected the overall strategy of the issuer, and therefore the achievement of sustainability goals.

In the equity space, investors can directly influence a company's (sustainability) strategy and to this end the taxonomy will be a fundamental basis to compare different tools and sustainability impact. In our view, ETFs or money market funds that invest in short term debt instruments have lesser potential to impact investment strategies and hence the reorienting of capital to sustainable projects and activities.

2.3 Green securitisation

Securitisation is a technique that converts illiquid assets, such as bank loans or trade receivables, into tradeable securities. As a result, banks can raise fresh money as well as move credit risk out of their balance sheets, thereby freeing up capital for new lending. Securitisation also facilitates access to a greater range of investors, who can benefit from the banks' expertise in loan origination and servicing, thereby diversifying risk exposure. Green securitisations and collaboration between banks and investors could play an important role in financing the transition as banks' balance

sheet space might be too limited to overcome the green finance gap. The EU's new securitisation framework creates a specific framework for high-quality Simple, Transparent and Standardised (STS) securitisations, together with a more risk-sensitive prudential treatment for banks and insurers.

Question 54. Do you think that green securitisation has a role to play to increase the capital allocated to sustainable projects and activities?

- ○ 1 - Not important at all
- ○ 2 - Rather not important
- ○ 3 - Neutral
- ◉ 4 - Rather important
- ○ 5 - Very important
- ○ Don't know / no opinion / not relevant

Question 54.1 If necessary, please explain your answer to question 54:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 55: Do the existing EU securitisation market and regulatory frameworks, including prudential treatment, create any barriers for securitising 'green assets' and increasing growth in their secondary market?

- ○ Yes
- ○ No
- ◉ Don't know / no opinion / not relevant

Question 56. Do you see the need for a dedicated regulatory and prudential framework for 'green securitisation'?

- ○ Yes
- ○ No
- ◉ Don't know / no opinion / not relevant

2.4 Digital sustainable finance

The ongoing COVID-19 outbreak is highlighting the key role of digitalisation for the daily personal and professional lives of many Europeans. However, it has also revealed how digital exclusion can exacerbate financial exclusion – a risk that needs to be mitigated.

Digitalisation is transforming the provision of financial services to Europe's businesses and citizens As shown in the Progress Report of the UN Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals (SDGs), digital finance brings a wide array of opportunities for citizens worldwide by making it easier to make payments, save money, invest, or get insured. However, digital finance also brings new risks, such as deepening the digital divide. It is therefore paramount to ensure that the potential of digitalisation for sustainable finance is fully reaped, while mitigating associated challenges appropriately. In this context, the Commission has launched a consultation dedicated to digital finance.

In the area of sustainable finance, technological innovation such as Artificial intelligence (AI) and machine learning can help to better identify and assess to what extent a company's activities, a large equity portfolio, or a bank's assets are sustainable. The application of Blockchain and the Internet of Things (IoT) may allow for increased transparency and accountability in sustainable finance, for instance with automated reporting and traceability of use of proceeds for green bonds.

Question 57. Do you think EU policy action is needed to help maximise the potential of digital tools for integrating sustainability into the financial sector?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 57.1 If yes, what kind of action should the EU take and are there any existing initiatives that you would like the European Commission to consider?

Please list a maximum of 3 actions and a maximum of three existing initiatives:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the context of the Data strategy, the EU should invest in - or facilitate the emergence of - effective European mass data storing services, especially in strategic sectors. This would grant European companies (which are today reliant on foreign services) legal and operational sovereignty.

The Commission should build on the potential of digital tools to reduce costs linked with green financing instruments, such as cost of certification, costs related to monitoring and reporting, etc. which would reduce barriers for SMEs to enter the green financing market. Digital tools should also be used to harmonise and easily compare company report across geographies.

Moreover, the European Commission should consider the regulatory measures to maximise the potential of digital tools in the energy sector, which is still lagging the development in this area. On the other hand, these measures should be aimed at mitigating the risk stemming from digitalisation. The policy action in especially needed in data-heavy sectors such as energy industry.

The regulation would be essential in the following areas:

(1) Cybersecurity and data protection e.g. blockchain technology (i.a. Green Assets Wallet) and the requirements of the GDPR will increase the difficulties of compliance with GDPR when the transaction information contains personal data,

(2) Enhancing the usage of financial instruments – conventional debt and equity are currently the most prominent financing instruments. The digitalisation of bonds market may enhance the investment in RES and sustainability – e.g. the predictive analytics catalyzed the green bonds market quadrupled in size since 2015.

(3) Supporting the digital infrastructure – e-trading using mobile wallets for energy credit e.g. Brooklyn Microgrids that allows buying and selling power by owners using blockchain technology. In the above mentioned case the investment from the private sector was followed by domestic public funds

In particular, digitalisation has the potential to empower citizens and retail investors to participate in local efforts to build climate resilience. For instance, M-Akiba is a Government of Kenya-issued retail bond that seeks to enhance financial inclusion for economic development. Money raised from issuance of M-Akiba is dedicated to infrastructural development projects, both new and ongoing.

Question 58. Do you consider that public authorities, including the EU and Member States should support the development of digital finance solutions that can help consumers and retail investors to better channel their money to finance the transition?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 58.1 If yes, please explain what actions would be relevant from your perspective and which public authority would be best-positioned to deliver it?

Please list a maximum of 3 actions:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that public authorities should, in first instance, take actions to support fintech incubators to engage citizens in sustainable finance, including the setting up of a regulatory sandbox that supports the development of innovative solutions whilst ensuring sufficient oversight to protect retail investors.

The public authorities should also support the digitalisation in financial sector to better channel the cash flows of investors to finance the energy transition:
- Firstly, the European Commission would elaborate the new regulations to maximise the potential of digital tools and mitigate the risk stemming from digitalisation.
- Secondly, the Member States' governments would in charge to implement the UE Law as well as elect local regulations for more efficient development of digital finance solutions. Governments should strive to

provide technology-neutral and delivery-route-neutral policies and platforms for digital energy (for example in relation to the role of smart meters or other energy management systems), to allow a variety of companies to compete to find new business models and to serve consumers better. Considerations of security, privacy, economic disruption and other concerns will also need to be taken into account.

- Thirdly, the energy market regulator would be also included in the development of digital finance solutions in order to ensure that requirements of the energy markets are met since the transition to smart energy systems may require significant changes in market design.
- Finally and eventually, the national competent authorities (NCAs) would set the rules of smooth digitalisation and protect the consumers and investors.

Question 59. In your opinion, should the EU, Member States, or local authorities use digital tools to involve EU citizens in co-financing local sustainable projects?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 59.1 If yes, please detail, in particular if you see a role for EU intervention, including financial support:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The upcoming Data strategy should increase data literacy, establish a data culture and ensure data availability across the EU. People, companies, institutions/authorities should be empowered to use existing data effectively and responsibly.

We see a role for EU intervention, including financial support, because it’s a relevant way to facilitate and accelerate the development of green projects. The financial support should cover the investments in digital infrastructure, education and qualification increase of employees and entrepreneurs related to digitalisation, research and development of applied digital finance, development of tools for digital security risk mitigation, start-up and pilot projects (e.g. California's programme of pilot projects in electricity demand response and smart grids, digital "sandboxes" along the lines of fintech test zones developed in Australia, Indonesia and Singapore).

2.5. Project Pipeline

The existing project pipeline (availability of bankable and investable sustainable projects) is generally considered to be insufficient to meet current investor demand for sustainable projects. Profitability of existing business models plays a role, with some projects (e.g. renewable energy), being more bankable than others (e.g. residential energy efficiency). Identifying the key regulatory and market obstacles that exist at European and national level will be key in order to fix the pipeline problem. Please note that questions relating to incentives are covered in section 2.6.

Question 60. What do you consider to be the key market and key regulatory obstacles that prevent an increase in the pipeline of sustainable projects?

Please list a maximum of 3 for each:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Within the framework of sustainable finance rules there is still significant uncertainty on what is to be deemed sustainable or not. When the Taxonomy Regulation, including secondary legislation and guidance, comes into force it should generally reduce this problem. However, based on the recommendations from the TEG there are still uncertainty as regards some activities (technologies). As an example, the standard for sustainable biomass-based energy production recommended by the TEG is not reality-proofed, i.e. not workable but even not possible. Thus, e.g. conversion of coal-fired energy production into sustainable biomass-based production is burdened by this regulatory uncertainty.

Outside the framework of financial rules, there are huge regulatory challenges in terms of getting permits for establishing new sustainable energy production and infrastructure. This goes for nearly all technologies, incl. wind and solar parks and the transmission grid connecting these facilities to the power grid.

Moreover, the energy industry has experienced some regulatory obstacles with regard to MiFID requirements on position limits also for emerging (illiquid) products mainly used hedging new green technologies. The industry understands that there is some momentum in reducing the scope for position limits in this regard which we support changed as soon as possible.

Finally, an important barrier linked to green financing relate however to the lack of clear economic benefits. As an example, issuing a green bond implies relatively limited additional external costs compared with a standard bond, however internal costs to manage the green bond process and related reporting requirements can be substantial. Pricing advantage is relatively small to date. In order to scale-up green financing, a clear price signal should be given for sustainable finance tools, including green bonds.

Question 61. Do you see a role for Member States to address these obstacles through their NECPs (National Energy and Climate Plans)?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 61.1 If necessary, please explain your answer to question 60 and provide details:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

NECPs could indeed allow Member States to identify potential problems and provide actions to solve them, towards 2030 objectives, as those obstacles could be hindering an increase in the offer of bankable and

investable sustainable projects. As for other problems mentioned in response to Question 60, other regulatory channels have to be activated.

Question 62. In your view, how can the EU facilitate the uptake of sustainable finance tools and frameworks by SMEs and smaller professional investors?

Please list a maximum of 3 actions you would like to see at EU-level:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 63. The transition towards a sustainable economy will require significant investment in research and innovation (R&I) to enable rapid commercialisation of promising and transformational R&I solutions, including possible disruptive and breakthrough inventions or business models.

How could the EU ensure that the financial tools developed to increase sustainable investment flows turn R&I into investable (bankable) opportunities?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Those tools should support the tools in climate policy (for example Innovation Fund in the EU ETS). The EU has already created the rules for Innovation Fund and sustainable funds can utilize those. EU and other public financing should be mainly for purposes of scaling up technology necessary for decarbonisation, not a permanent solution. The long-term GHG reduction target should be the main driver in the creation of business opportunities, this should be supported with the R&D funding.

Question 64. In particular, would you consider it useful to have a category for R&I in the EU Taxonomy?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

Question 65. In your view, do you consider that the EU should take further action in:

	Yes	No	Don't know / No opinion
Bringing more financial engineering to sustainable R&I projects?	○	◉	○
Assisting the development of R&I projects to reach investment-ready stages, with volumes, scales, and risk-return profiles that interest investors (i.e. ready and bankable projects that private investors can easily identify)?	◉	○	○
Better identifying areas in R&I where public intervention is critical to crowd in private funding?	◉	○	○
Ensuring alignment and synergies between Horizon Europe and other EU programmes/funds?	◉	○	○
Conducting more research to address the high risks associated with sustainable R&I investment (e.g. policy frameworks and market conditions)?	○	◉	○
Identifying and coordinating R&I efforts taking place at EU, national and international levels to maximise value and avoid duplication?	◉	○	○
Facilitating sharing of information and experience regarding successful low-carbon business models, research gaps and innovative solutions?	◉	○	○
Increasing the capacity of EU entrepreneurs and SMEs to innovate and take risks?	◉	○	○

Question 65.1 If necessary, please explain your answers to question 65:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.6 Incentives to scale up sustainable investments

While markets for sustainable financial assets and green lending practices are growing steadily, they remain insufficient to finance the scale of additional investments needed to reach the EU's environmental and climate action objectives, including climate-neutrality by 2050. For instance, companies' issuances of sustainable financial assets (bonds, equity) and sustainable loans currently do not meet investors' increasing interest. The objective of the European Green Deal Investment Plan, published on 14 January 2020, is to mobilise through the EU budget and the associated instruments at least EUR 1 trillion of private and public sustainable investments over the coming decade. The purpose of this section is to identify whether there are market failures or barriers that would prevent the scaling up of sustainable finance, and if yes what kinds of public financial incentives could help rectify this.

Question 66. In your view, does the EU financial system face market barriers and inefficiencies that prevent the uptake of sustainable investments?

- ○ 1 - Not functioning well at all
- ○ 2 - Not functioning so well
- ◉ 3 - Neutral
- ○ 4 - Functioning rather well
- ○ 5 - Functioning very well
- ○ Don't know / no opinion / not relevant

Question 66.1 If necessary, please explain your answers to question 66:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The most important novelty to be pursued is to follow a sustainability value framework. This would generate value by means of superior financial performance though higher cash generation, more predictable results and lower risk. Such a framework is the strategy that every company should follow to address the challenges we face and generate more value. At the same time, investors should weigh ESG factors in their investment decisions, while Credit Rating Agencies should incorporate sustainability in a transparent way when assessing the credit profile of companies, resulting in a lower cost of debt for the best performing ones.

At a more systemic level, the global and the EU financial systems are facing some key issues that, if tackled correctly, could unlock the potential and uptake of sustainable investments:
-Stronger capital reallocation of public and private resources towards sustainable investments (e.g. budget allocations, mandates, fiscal and monetary policies, capital markets tools, taxonomies, etc.)
-Higher integration of sustainability (SDGs/ESG factors) into risk management procedures
-Enhanced responsibility on governance, purpose and values (e.g. performance measurement, incentives and remunerations)
-A paradigm shift in reporting, disclosure and transparency including corporates, financial institutions and agencies

More generally speaking, market for sustainable investment is functioning reasonably well and is supported by strong (non retail) investors' appetite for sustainable investment products (e.g. green bonds). On the other hand the supply of such products appears to be constrained and nor able to cope with demand. In spite of

this unbalanced demand / supply, and although green feature certainly help the execution of transactions (debt capital market), a clear pricing advantage has so far failed to materialised consistently. Such pricing advantage should be ensured in order to cover additional costs for all SF investments.

Question 67. In your view, to what extent would potential public incentives for issuers and lenders boost the market for sustainable investments?

- 1 - Not effective at all
- 2 - Rather not effective
- 3 - Neutral
- 4 - Rather effective
- 5 - Very effective
- Don’t know / no opinion / not relevant

Question 67.1 Since you see a strong need for public incentives, which specific incentive(s) would support the issuance of which sustainable financial assets, in your view?

Please rate the effectiveness of each type of asset for each type of incentive:

a) Revenue-neutral subsidies for issuers:

	1 (not effective at all)	2 (not effective)	3 (neutral)	4 (effective)	5 (very effective)	Don't know / No opinion
Bonds	○	○	○	○	◉	○
Loans	○	○	○	○	◉	○
Equity	○	○	○	○	◉	○
Other	○	○	○	○	○	○

Please specify the reasons for your answers to question 65.1 a) (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) De-risking mechanisms such as guarantees and blended financing instruments at EU-level:

	1 (not effective at all)	2 (not effective)	3 (neutral)	4 (effective)	5 (very effective)	Don't know / No opinion
Bonds	○	○	○	◉	○	○
Loans	○	○	○	◉	○	○
Equity	○	○	○	◉	○	○
Other	○	○	○	○	○	○

Please specify the reasons for your answers to question 65.1 b) (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) Technical assistance:

	1 (not effective at all)	2 (not effective)	3 (neutral)	4 (effective)	5 (very effective)	Don't know / No opinion
Bonds	○	○	◉	○	○	○

Loans	○	○	◉	○	○	○
Equity	○	○	◉	○	○	○
Other	○	○	○	○	○	○

Please specify the reasons for your answers to question 65.1 c) (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

d) Any other public sector incentives:

	1 (not effective at all)	2 (not effective)	3 (neutral)	4 (effective)	5 (very effective)	Don't know / No opinion
Bonds	○	○	○	○	○	○
Loans	○	○	○	○	○	○
Equity	○	○	○	○	○	○
Other	○	○	○	○	○	○

Please specify the reasons for your answers (provide if possible quantitative evidence) and other incentives you would like the Commission to consider:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ANSWER FOR ALL TYPES OF INCENTIVES
- Embrace SDG-linked bonds to be issued by the private and public sectors (in complement to existing use of proceeds instruments such as green bonds): historically most green/sustainable bonds have been “Use of

Proceeds" bonds, linking the funds to specific uses/projects; the same approach has been recently taken by the EU with the recent legislation on sustainable finance. Introducing Sustainability Linked Bonds as an alternative approach to the Use of Proceeds bonds would accommodate a far more diverse and large range sustainable investments, expanding exponentially the mobilisation of SF to the service of both the recovery and the energy transition.

- Develop the MFF, Sustainable Europe Investment Plan(SEIP) and the Next Generation EU in partnership with 'climate leaders', i.e. infrastructure-oriented players with high impact on SDGs. We suggest to rethink and prioritise the initiatives of the SEIP with a pool of SDGs minded large infrastructure players, i.e. the "climate leaders", that could support the rapid and effective deployment of the resources thanks to a large pipeline of shovel-ready projects and the ability to mobilise a vast network of suppliers.

- An innovative combined loans and grants approach - The recovery fund could trigger the scale up of sustainable investments through: (i) interest subsidies to reduce cost of debt, (ii) regulation and standardisation to improve corporate's access to sustainable debt, and (iii) temporary equity partnership to reduce corporate's needed capital. Improved Corporates' capital returns pave the way to boost sustainable investments in Europe.

- Renew EIB's role providing both short- and long-run financing. We suggest that EIB should also support supply-chain finance with a focus on working capital (short-term financing). Furthermore, for both short- or in long-term financing we deem essential a shift from Use of Proceeds to General Purpose instruments as explained above.

Question 68. In your view, for *investors* (including retail investors), to what extent would potential financial incentives help to create a viable market for sustainable investments?

- ○ 1 - Not effective at all
- ○ 2 - Rather not effective
- ○ 3 - Neutral
- ○ 4 - Rather effective
- ◉ 5 - Very effective
- ○ Don't know / no opinion / not relevant

Question 68.1 Since you see a strong need for incentives for investors, which specific incentive(s) would best support an increase in sustainable investments?

Please select as many options as you like.

- ☐ Revenue-neutral public sector incentives
- ☑ Adjusted prudential treatment
- ☑ Public guarantee or co-financing
- ☑ Other

Question 68.2 Please specify what other specific incentive(s) would support best increasing sustainable investments:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please specify the reasons for your answer (provide if possible links to quantitative evidence) and the category of investor to whom it should be addressed (retail, professional, institutional, other):

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Recently the OECD (https://www.oecd-ilibrary.org/docserver/c50f186f-en.pdf?expires=1594735961&id=id&accname=guest&checksum=C8382E743821BBCE9F8171944270F10F) has demonstrated that the implementation of sufficiently large, timely and properly designed green stimulus measures, which are well-embedded into domestic policy settings, can deliver economic and environmental benefits. Moreover, this has been proved to be particularly true in a crisis period. Policy measures that incentivise and support the development of sustainable business models for the real economy are a fundamental component for the financial systems and investors as well.

As far as the investors are concerned, the best way to incentivise a sustainable capital allocation and an increase of sustainable investment is to ensure a stable regulatory framework but relying on price signals for sustainability. The formers could be ensured by various type of tools being market oriented (differentiated sustainability offering and pricing) or more public oriented (as grants, subsidised loans, preferential fiscal treatments).

Finally, as shown in the IMF 2019 Global Financial Stability Report, infrastructure/facilities investments – understood in a broad sense incl. wind/solar parks, power plants, power grid, etc. – generally have a lower risk of default compared to many other investments in non-infrastructure related bonds or shares. Hence, this should be reflected/adjusted in the prudential treatment.

Question 69. In your view, should the EU consider putting in place specific incentives that are aimed at facilitating access to finance for SMEs carrying out sustainable activities or those SMEs that wish to transition?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

Question 69.1 If yes, what would be your main three suggestions for actions the EU should prioritise to address this issue?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As mentioned in question 6, the EU aims at expanding access to financial resources for SMEs mainly through several actions within the broader package to reform the EU financial system. The strong push towards sustainable finance tools and mechanism will definitely contribute to overcome some of the barriers and difficulties that SMEs have in getting access to finance also due to administrative burdens. However, addressing the banking structure and the underlying characteristic might be a more promising way to pursue in order to ensure what is the most critical issue for SMEs, meant bank credit.

2.7 The use of sustainable finance tools and frameworks by public authorities

Even though the potential scope of sustainable finance is broad, it is often viewed as being only confined to the ambit of private financial flows within capital markets. Nevertheless, the boundary between public and private finance is not always strict and some concepts that are generally applied to private finance could also be considered for the public sector, such as the EU Taxonomy. This is recognised in the European Green Deal Investment Plan and the Climate Law, where the Commission committed to exploring how the EU Taxonomy can be used in the context of the European Green Deal by the public sector, beyond InvestEU. The InvestEU programme, proposed as part of the EU's Multiannual Financial Framework 2021 – 2027, combines public and private funding and once the taxonomy is in place (from end-2020 onwards) will serve as a test case for its application in public sector-related spending.

Question 70. In your view, is the EU Taxonomy, as currently set out in the report of the Technical Expert Group on Sustainable Finance, suitable for use by the public sector, for example in order to classify and report on green expenditures?

- ○ Yes
- ○ Yes, but only partially
- ◉ No
- ○ Don't know / no opinion / not relevant

Question 70.1 Please explain why you consider that it is not suitable for use by public authorities, and how those reasons could be best addressed in your view:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No, NOT YET. The final EU Taxonomy framework is still to be adopted, including the relevant delegated acts setting out the technical screening criteria of the various economic activities. Whereas the TEG report has

made few improvements compared to its draft of summer 2019, many shortcomings remain in the current non-binding recommendations of the TEG that should be addressed first in the upcoming delegated acts prior to assessing which use it can have for the public sector.

In its upcoming work to develop the Taxonomy Regulation implementing rules, Eurelectric calls on the European Commission to ensure that TSC give a realistic picture to private investors about activities that will enable cost-efficient GHG emissions reduction. While remaining technology-open, the taxonomy should drive investments into carbon-neutral and low-carbon energy sources. It is key to ensure that the implementing rules go beyond the technology-specific screening criteria and recognise the necessity of a system approach: the possibility to evaluate technologies based on their ability to support a system with high shares of variable RES and therefore contribute to security of supply should be included. With this in mind, Eurelectric welcomes the introduction of the “transition” and “enabling” activities as part of the Taxonomy Regulation

The Taxonomy should not be used by the private or public sector in a way that it would disincentive investments in transitional activities that may contribute significantly to GHG reductions in the shorter and medium term, or in new and emerging technologies that need financial support to deploy and scale-up.

Moreover, the strong impact of public funds on innovation justifies that a more consolidated approach of the use of the EU Taxonomy be defined before applying it.

The global design of these provisions should be robust and finalized before determining the use it can have for public sectors.

Question 71. In particular, is the EU Taxonomy, as currently set out in the report of the Technical Expert Group on Sustainable Finance, suitable for use by the public sector in the area of green public procurement?

- ○ Yes
- ◉ Yes, but only partially
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 71.1 If "no" or "yes, but only partially", please explain why and how those reasons could be best addressed in your view:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We agree that the proposed EU Taxonomy might be used by the public sector in the area of green public procurement (GPP), but only partially as a complementary tool to the voluntary EU GPP criteria published by the European Commission for environmentally sustainable activities.

Specifically, the GPP should require the inclusion of clear and verifiable environmental criteria for products and services in the public procurement process. The challenge is to elaborate a unified GPP that will be applied in every Member State. Each Member State has its own pace towards reaching a climate neutral economy. Therefore the GPP should make sure that “no one is left behind” in the green transition. That is

why we recommend to allow the Member States to develop its own guidance in this area, in the form of national GPP criteria and not to create a unified GPP. The national GPP criteria should be consistent with the EU Taxonomy and EU GPP criteria.
Finally, as underlined before, it should be kept in mind that the final EU Taxonomy framework is still to be adopted.

Question 72. In particular, should the EU Taxonomy[2] play a role in the context of public spending frameworks at EU level, i.e. EU spending programmes such as EU funds, Structural and Cohesion Funds and EU state aid rules, where appropriate?

[2] The six environmental objectives set out in the Taxonomy Regulation are the following: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, (6) protection and restoration of biodiversity and ecosystems.

- ○ Yes, the taxonomy with climate and environmental objectives set out in the Taxonomy Regulation
- ◉ Yes, but only if social objectives are incorporated in the EU Taxonomy, as recommended by the TEG, and depending on the outcome of the report that the Commission must publish by 31 December 2021 in line with the review clause of the political agreement on the Taxonomy Regulation
- ○ No
- ○ Don't know / no opinion / not relevant

Question 72.1 If yes, but only if social objectives are included; what role do you see for a social, climate and environmental taxonomy?

- ☑ In the context of some EU spending programmes
- ☐ In the context of EU state aid rules
- ☐ Other

Please explain what role you see for a social, climate and environmental taxonomy in the context of some EU spending programmes:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The taxonomy may provide some help in this regard. However, it should be taken into account that the final EU Taxonomy framework is still to be adopted, including the relevant delegated acts setting out the technical screening criteria of the various economic activities. Once the framework has been fully defined, further

reflections on the relevance to extend its scope should be made, taking into account the EU acquis on this domain.

Question 73. Should public issuers, including Member States, be expected to make use of a future EU Green Bond Standard for their green bond issuances, including the issuance of sovereign green bonds in case they decide to issue this kind of debt?

- (●) Yes
- ( ) No
- ( ) Don’t know / no opinion / not relevant

2.8 Promoting intra-EU cross-border sustainable investments

In order to attract and encourage cross-border investments, a range of investment promotion services have been put in place by public authorities. Investment promotion services include for instance information on the legal framework, advice on the project, such as on financing, partner and location search, support in completing authorisations and problem-solving mechanisms relating to issues of individual or general relevance. In some cases specific support is provided for strategic projects or priority sectors.

Question 74. Do you consider that targeted investment promotion services could support the scaling up of cross-border sustainable investments?

- ( ) Yes
- ( ) No
- (●) Don’t know / no opinion / not relevant

2.9 EU Investment Protection Framework

To encourage long-term sustainable investments in the EU, it is essential that investors are confident that their investments will be effectively protected throughout their life-cycle in relation to the state where they are located. The EU investment protection framework includes the single market fundamental freedoms, property protection from expropriation, the principles of legal certainty, legitimate expectations and good administration which ensure a stable and predictable environment, including remedies and enforcement in national courts. These elements can have an impact on cross-border investment decisions, especially for long-term investments. While a separate consultation on investment protection will take place soon, the purpose of this section is to investigate whether the above-mentioned factors have an impact on sustainable projects in particular, such as for instance for long-term infrastructure and innovation projects necessary for the EU's industrial transition towards a sustainable economy.

Question 75. Do you consider that the investment protection framework has an impact on decisions to engage in cross-border sustainable investment?

Please choose one of the following:

- ( )

Investment protection has **no impact**

- Investment protection has **a small impact** (one of many factors to consider)
- Investment protection has **medium impact** (e.g. it can lead to an increase in costs)
- Investment protection has **a significant impact** (e.g. influence on scale or type of investment)
- Investment protection is a factor that can have **a decisive impact** on cross-border investments decisions and can result in cancellation of planned or withdrawal of existing investments
- Don't know / no opinion / not relevant

2.10 Promoting sustainable finance globally

The global financial challenge posed by climate change and environmental degradation requires an **internationally coordinated**. To complement the work done by the Network of Central Banks and Supervisors for Greening the Financial system (NGFS) on climate-related risks and the Coalition of Finance Ministers for Climate Action mainly on public budgetary matters and fiscal policies, **the EU has launched together with the relevant public authorities from like-minded countries the International Platform on Sustainable Finance (IPSF)**. The purpose of the IPSF is to promote integrated markets for environmentally sustainable investment at a global level. It will deepen international coordination on approaches and initiatives that are fundamental for private investors to identify and seize environmentally sustainable investment opportunities globally, in particular in the areas of taxonomy, disclosures, standards and labels.

Question 76. Do you think the current level of global coordination between public actors for sustainable finance is sufficient to promote sustainable finance globally as well as to ensure coherent frameworks and action to deliver on the Paris Agreement and/or the UN Sustainable Development Goals (SDGs)?

- 1 - Highly insufficient
- 2 - Rather insufficient
- 3 - Neutral
- 4 - Rather sufficient
- 5 - Fully sufficient
- Don't know / no opinion / not relevant

Question 76.1 What are the main missing factors at international level to further promote sustainable finance globally and to ensure coherent frameworks and actions?

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is an outspoken need for global standards. Hence, much more coordination should take place, especially between the European Commission's Action Plan on financing sustainable finance with other relevant international initiatives, such as Network of Central Banks and Supervisors for Greening the Financial System (NGFS) and international best market practices, such as GBP; CBI

Question 77. What can the Commission do to facilitate global coordination of the private sector (financial and non-financial) in order to deliver on the goals of the Paris Agreement and/or SDGs?

Please list a maximum of 3 proposals:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Eurelectric would find appropriate if EU bodies, in particular the Commission, are working for global standards to be created, preferably inspired by the EU work currently being prepared. It could in this context be considered to build on the IFRS platform in this regard.

Question 78. In your view, what are the main barriers private investors face when financing sustainable projects and activities in emerging markets and developing economies?

Please select all that apply:

Please select as many options as you like.

- [x] Lack of internationally comparable sustainable finance frameworks (standards, taxonomies, disclosure, etc.)
- [ ] Lack of clearly identifiable sustainable projects on the ground
- [x] Excessive (perceived or real) investment risk
- [ ] Difficulties to measure sustainable project achievements over time
- [ ] Other

Question 79. In your opinion, in the context of European international cooperation and development policy, how can the EU best support the mobilisation of international and domestic private investors to finance sustainable projects and activities in emerging markets and developing

countries, whilst avoiding market distortions?

Please provide a maximum of 3 proposals:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

EU should promote sustainable finance in articulation with other leading international initiatives such as United Nations Sustainable Development Goals (SDGs), as a way:
- To support the mobilisation of international and domestic private investors to finance sustainable projects and activities in emerging markets and developing countries.
- To raise funds to projects and activities falling in the SDGs defined as an area of priority in the emerging market
- To work to have a list of projects and activities at a broad level

Question 80. How can EU sustainable finance tools (e.g. taxonomy, benchmarks, disclosure requirements) be used to help scale up the financing of sustainable projects and activities in emerging markets and/or developing economies?

Which tools are best-suited to help increase financial flows towards and within these countries and what challenges can you identify when implementing them?

Please select among the following options:

- ○ All EU sustainable finance tools are already suitable and can be applied to emerging markets and/or developing economies without any change
- ○ Some tools can be applied, but not all of them
- ◉ These tools need to be adapted to local specificities in emerging markets and /or developing economies
- ○ Don't know / no opinion / not relevant

Question 80.1 Please explain how you think these tools could be adapted:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The EU Taxonomy is very EU-centric, considering the EU progress status of technological development, energy mix and availability of energy sources; whilst not considering local specificities of emerging markets and/or local national climate ambitions. It would most likely be contra productive to export an EU framework to emerging and developing countries of which needs, resources and climate priorities might be substantially different. EU tools can contribute to the development of sustainable markets in a global way based on a

recognised disclosures requirement and taking in account the evolution of Taxonomy to strengthen/ to reinforce the consideration of the social factors beyond the minimum standards for sustainability.
The sustainable finance and the taxonomy should be flexible and allow countries to choose their own decarbonisation pathway so that the cost of decarbonisation will not hamper reaching the climate goals. This may be accomplished only if all low-carbon tools are recognised by the Taxonomy. This applies to EU as well as emerging markets and/or developing economies.

Question 81. In particular, do you think that the EU Taxonomy is suitable for use by development banks, when crowding in private finance, either through guarantees or blended finance for sustainable projects and activities in emerging markets and/or developing economies?

- ○ Yes
- ○ Yes, but only partially
- ○ No
- ◉ Don't know / no opinion / not relevant

3. Reducing and managing climate and environmental risks

Climate and environmental risks, including relevant transition risks, and their possible negative social impacts, can have a disruptive impact on our economies and financial system, if not managed appropriately. Against this background, the three European supervisory authorities (ESAs) have each developed work plans on sustainable finance[3]. Building, among others, on the ESAs' activities further actions are envisaged to improve the management of climate and environmental risks by all actors in the financial system. In particular, the political agreement on the Taxonomy Regulation tasks the Commission with publishing a report on the provisions required for extending its requirements to activities that do significantly harm environmental sustainability (the so-called "brown taxonomy").

[3] More information on the ESAs' activities on sustainable finance is available on the authorities' websites. See in particular ESMA's strategy, EBA Action Plan, and EIOPA's dedicated webpage.

3.1 Identifying exposures to harmful activities and assets and disincentivising environmentally harmful investments

Question 82. In particular, do you think that existing actions need to be complemented by the development of a taxonomy for economic activities that are most exposed to the transition due to their current negative environmental impacts (the so-called "brown taxonomy") at EU level, in line with the review clause of the political agreement on the Taxonomy Regulation?

- ○

Yes

- (●) No
- ( ) Don’t know / no opinion / not relevant

Question 82.1 If no, please explain why you disagree:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The purpose of the Taxonomy – at this stage – should not be to penalise activities but to assist those activities that do not comply with sustainable criteria to transition towards a low carbon future.

There is no need to extend the existing technical screening criteria to a brown taxonomy. It is premature to consider punishing ‘brown’ activities that may play a role in the transition towards a green economy. For instance, natural gas can be a way to get significant lower emissions by exchanging coal-based energy production together with CCS or CCU. This has been recognised in the Taxonomy as a transition activity. Defining the environmentally harmful activities beyond was is already in the Taxonomy might prove detrimental to firms engaged in “brown” activities but who show willingness to transition.

Closer to 2050 it might be necessary to consider a harder setup for harmful activities if the current and future initiatives to support green activities have not been fruitful, after they are duly assessed. A brown listing approach risks penalising those actors who are transitioning away from not decarbonised assets, making it more difficult to attract the necessary investments to get there, in particular investments related to coal phase-out. On this background, introducing a “brown taxonomy” needs further assessment e.g. with regard to the risk of stranded assets as activities which would fall under the “brown taxonomy”.

Moreover, there are other business activities - less impactful in terms of emission reductions - that are not explicitly covered by the Taxonomy, creating a lack of clarity for companies and investors. It is the case of trading activities in the wholesale electricity market or of commercial activities on the retail side. Other non-harmful activities currently not included are the rehabilitation and development of post-mining and post-industrial areas by i.a. restoring the natural and landscape values.

Question 83: Beyond a sustainable and a brown taxonomy, do you see the need for a taxonomy which would cover all other economic activities that lie in between the two ends of the spectrum, and which may have a more limited negative or positive impact, in line with the review clause of the political agreement on the Taxonomy Regulation?

- ( ) Yes
- (●) No
- ( ) Don’t know / no opinion / not relevant

3.2 Financial stability risk

The analysis and understanding of the impact of climate-related and environmental risks on financial stability is improving, thanks in particular to the work done by supervisors and central banks (see for instance the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)), regulators and research centres. However, significant progress still needs to be made in order to properly understand and manage the impact of these risks.

Question 84. Climate change will impact financial stability through two main channels: physical risks, related to damages from climate-related events, and transition risks, related to the effect of mitigation strategies, especially if these are adopted late and abruptly. In addition, second-order effects (for instance the impact of climate change on real estate prices) can further weaken the whole financial system.

What are in your view the most important channels through which climate change will affect your industry?

Please select all that apply:

Please select as many options as you like.

- [x] Physical risks
- [x] Transition risks
- [x] Second-order effects
- [ ] Other

Please specify, if necessary, what are these physical risks:

Please provide links to quantitative analysis when available:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Within the Utilities perspective, most physical impacts are expected to emerge between 2030 and 2050. Risks that can affect the industry would be reflected e.g. in the following variables:
- Operations: extreme events that can damage assets and interrupt operations, which can also increase supply volatility;
- Energy transmission and distribution – more extreme weather conditions that may damage the network;
- Electricity demand: variation in the average temperature level with a potential increase or reduction in electricity demand.
- Thermal generation: variation in the level and average temperatures of the rivers and water reservoirs that can affect water availability and therefore its use for thermal generation. This fact is more evident in water stressed areas and in case of case of increased water scarcity period. Moreover, the increase in average outdoor temperatures may eliminate generation volume in highly efficient cogeneration mode;
- Hydroelectric generation: variation in the average level of rainfall and snowfall and temperatures with a potential increase or reduction in hydro generation;

- Solar generation: variation in the average level of solar radiation, temperature and rainfall with a potential increase or reduction in solar generation;
- Wind generation: variation in the average wind level with a potential increase or reduction in wind generation.

Please specify, if necessary, what are these transition risks:

Please provide links to quantitative analysis when available:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Utilities would be most impacted by transition risks arising from normative/regulatory, political, legal, technological and market changes associated with the fight against climate change, for example:
- Policies concerning the energy transition and resilience can impact the volume of and returns on investments
- Trends in the proportion of renewable sources in the energy mix, electrification and the penetration of EVs
- Trends in the electrification of transportation and residential consumption
- Policies regarding CO2 prices and the impact it may have on companies' margin
- In the case of especially severe extreme events with a greater-than-expected impact, there is a risk that recovery could be slower than planned, with an associated reputational risk
- Financial measures for the energy transition are not sufficient to provide incentives consistent with an overall positioning, generating uncertainty or slowdown in the introduction of new instruments and rules due to the deterioration in the public finances
- Stranded assets due technological changes and too high OPEX/CAPEX;
- Changes in consumer behavior.

Please specify, if necessary, what are these second-order effects:

Please provide links to quantitative analysis when available:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Impact of climate change on costs of logistics of raw materials, fuels as well as construction parts supply and services.

end of question 85
Some energy companies are making investments in the climate risk management mostly by adaptations strategies e.g.:
1) Burying power lines underground in cost-effective areas.
2) Environmental management can provide utilities and other infrastructure owners with protection against extreme weather such as droughts.
3) Look for third-parties to develop and finance resiliency strategies i.a. insurers to assess climate risk and adaptation strategies.

Question 85. What key actions taken in your industry do you consider to be relevant and impactful to enhance the management of climate and environment related risks?

Please identify a maximum of 3 actions taken in your industry

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Power Generation
- Improving cooling water management systems for certain plants
- Installing fogging systems to improve the flow of inlet air and offset the reduction in power output caused by the increase in ambient temperature in CCGTs;
- Installing drainage pumps, raising embankments, periodic cleaning of canals and interventions to consolidate land adjacent to plants to prevent landslides in order to mitigate flood risks.
- Weather forecasting both to monitor renewable resource availability and detect extreme events, with warning systems to ensure the protection of people and assets;
- Insurance policies, to cover damage to assets and the negative externalities caused, for example, by lost electricity generation;
- Real-time remote monitoring of electricity power plants;
- Safe rooms in areas exposed to tornadoes and hurricanes
- Establish specific emergency management procedures

Infrastructure & Networks
Technology and/or deployment options applied to networks, including changes in design, planning (minimise any redundancy in the network), maintenance routines, inspection procedures and recovery practices can significantly reduce the impacts from extreme events and reduce the costs to society from these types of events.
- Measures to enhance the robustness of grid infrastructure with change in design of poles and lines configuration, installation of distribution lines underground, hydrophobic coatings of critical bare conductors in overhead cables
- Use of innovative technologies such as remote monitoring & control and dynamic reconfiguration.
- Measures to improve the timeliness with which potentially risky events are identified
- Definition of agreements for the mobilisation of designated extraordinary resources to respond to an emergency (both internal resources and the resources of contracting companies operating in the area);

end of the answer for question 85 is contained in the answer in the box just above

Question 86. Following the financial crisis, the EU has developed several new macro-prudential instruments, in particular for the banking sector (CRR /CRDIV), which aim to address systemic risk in the financial system.

Do you consider the current macro-prudential policy toolbox for the EU financial sector sufficient to identify and address potential systemic financial stability risks related to climate change?

- 1 - Highly insufficient
- 2 - Rather insufficient
- 3 - Neutral
- 4 - Rather sufficient
- 5 - Fully sufficient
- Don’t know / no opinion / not relevant

Insurance prudential framework

Insurers manage large volumes of assets on behalf of policyholders and they can therefore play an important role in the transition to a sustainable economy. At the same time, insurance companies have underwriting liabilities exposed to sustainability risks. In addition, the (re)insurance sector plays a key role in managing risks arising from natural catastrophes though risk-pooling and influencing risk mitigating behaviour. The Solvency II Directive sets out the prudential framework for insurance companies. The Commission requested technical advice from the European Insurance and Occupation Pensions Authority (EIOPA) on the integration of sustainability risks and sustainability factors in Solvency II. The Commission also mandated EIOPA to investigate whether there is undue volatility of liabilities in the balance sheet or undue impediments to long-term investments, as part of the 2020 Review of Solvency II. The Commission also mandated EIOPA to investigate whether there is undue volatility of their solvency position that may impede to long-term investments, as part of the 2020 Review of Solvency II. EIOPA is expected to submit its final advice in June 2020.

In September 2019, EIOPA already provided an opinion on sustainability within Solvency II. EIOPA identified additional practices that should be adopted by insurance companies to ensure that sustainability risks are duly taken into account in companies’ risk management.

On that basis, the Commission could consider clarifications of insurers’ obligations as part of the review of the Solvency II Directive. Stakeholders will soon be invited to comment on the Commission’s inception impact assessment as regards the review. The Commission will also launch a public consultation as part of the review.

Question 87. Beyond prudential regulation, do you consider that the EU should take further action to mobilise insurance companies to finance the transition and manage climate and environmental risks?

- Yes
- No
- Don’t know / no opinion / not relevant

Banking prudential framework

In the context of the last CRR/D review, co-legislators agreed on three actions aiming at integrating ESG considerations into EU banking regulation:

- a mandate for the EBA to assess and possibly issue guidelines regarding the inclusion of ESG risks in the supervisory review and evaluation process (SREP) (Article 98(8) CRD);
- a requirement for large, listed institutions to disclose ESG risks (Article 449a CRR) (note that some banks are also in the scope of the NFRD;

- a mandate for the EBA to assess whether a dedicated prudential treatment of exposures related to assets or activities associated substantially with sustainability objectives would be justified (Article 501c CRR).

Because the work on ESG risks was at its initial stages, co-legislators agreed on a gradual approach to tackling those risks. However, given the new objectives under the European Green Deal, it can be argued that the efforts in this area need to be scaled up in order to support a faster transition to a sustainable economy and increase the resilience of physical assets to climate and environmental risks. Integrating sustainability considerations in banks' business models requires a change in culture which their governance structure needs to effectively reflect and support.

Question 88. Do you consider that there is a need to incorporate ESG risks into prudential regulation in a more effective and faster manner, while ensuring a level-playing field?

- ○ Yes
- ○ No
- ◉ Don't know / no opinion / not relevant

Question 89. Beyond prudential regulation, do you consider that the EU should:

1. **take further action to mobilise banks to finance the transition?**
2. **manage climate-related and environmental risks?**

- ◉ Yes, option 1. or option 2. or both options
- ○ No
- ○ Don't know / no opinion / not relevant

Question 89.1 If yes, please specify which action(s) would be relevant:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In line with initiatives already taken and that are currently being elaborated on sustainable finance by the European Commission, by the EIB and by multilateral banks (MDBs).

Question 90. Beyond the possible general measures referred to in section 1.6, would more specific actions related to banks' governance foster the integration, the measurement and mitigation of sustainability risks and impacts into banks' activities?

- ○ Yes
- ○ No
- ◉ Don’t know / no opinion / not relevant

Asset managers

Traditionally, the integration of material sustainability factors in portfolios, with respect to both their selection and management, has considered only their impact on the financial position and future earning capacity of a portfolio's holdings (i.e., the 'outside-in' or 'financial materiality' perspective). However, asset managers should take into account also the impact of a portfolio on society and the environment (i.e., the 'inside-out' or 'environmental/social materiality' perspective). This so-called “double materiality” perspective lies at the heart of the Disclosure Regulation, which makes it clear that a significant part of the financial services market must consider also their adverse impacts on sustainability (i.e. negative externalities).

Question 91. Do you see merits in adapting rules on fiduciary duties, best interests of investors/the prudent person rule, risk management and internal structures and processes in sectorial rules to directly require them to consider and integrate adverse impacts of investment decisions on sustainability (negative externalities)?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not relevant

Question 91.1 If yes, what solution would you propose?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Sustainable development is aimed at reducing negative externalities. At the same time, there is a significant and important role of the financial systems to contribute to reduce such negative externalities, so initiatives and actions aimed at accelerating such contribution should be relevant for the EU.

Consequently, the EU should continue to promote the increase of transparency with regards to the ESG disclosures that asset managers have to provide at portfolio/fund level. Furthermore, specific criteria to determine to what extent a portfolio pursue the existing international commitments on sustainable development (such as the UN SDGs or the Paris Agreement) could help investors to better align their investment decisions to sustainable purposes. As an example, some of the information required by the EU Climate Benchmarks, which today are relevant for passive investment strategies, could also be disclosed for portfolios or funds that are managed with active investment strategies. Furthermore, the information to be disclosed could be extended in order to cover other sustainability topics in addition to climate change (such as the other EU environmental objectives set out in the EU Taxonomy regulation).

Pension providers

Pension providers' long-term liabilities make them an important source of sustainable finance. They have an inherently long-term approach, as the beneficiaries of retirement schemes expect income streams over several decades. Compared with other institutions, pension providers' long-term investment policies also make their assets potentially more exposed to long-term risks. Thus far, the issues of sustainability reporting and ESG integration by EU pension providers have been taken up in the areas of institutions for occupational retirement provision (IORPs) ("Pillar II" - covered at EU level by the IORP II Directive) and private voluntary plans for personal pensions ("Pillar III" – covered at EU level by the PEPP Regulation) already in 2016 and 2017 respectively. The Commission will review the IORP II Directive by January 2023 and report on its implementation and effectiveness.

However, according to a stress test on IORPs run by EIOPA in 2019 and assessing for the first time the integration of ESG factors in IORPs' risk management and investment allocation, only about 30% of IORPs in the EU have a strategy in place to manage ESG-related risks to their investments. Moreover, while most IORPs claimed to have taken appropriate steps to identify ESG risks to their investments, only 19% assess the impact of ESG factors on investments' risks and returns[3]. Lastly, the study provided a preliminary quantitative analysis of the investment portfolio (with almost 4 trillion Euros of assets under management, the EEA's Institutions for Occupational Retirement Provision (IORPs) sector is an important actor on financial markets.) which would indicate significant exposures of the IORPs in the sample to business sectors prone to high greenhouse gas emissions.

In 2017, the Commission established a High level group of experts on pensions to provide policy advice on matters related to supplementary pensions. In its report, the group recommended that the EU, its Member States and the social partners further clarify how pension providers can take into account the impact of ESG factors on investment decisions and develop cost-effective tools and methodologies to assess the vulnerability of EU pension providers to long-term environmental and social sustainability risks. The group also pointed out that, in the case of IORPs which are collective schemes, it might be challenging to make investment decisions reconciling possibly diverging views of individual members and beneficiaries on ESG investment. Moreover, in 2019, EIOPA issued an opinion on the supervision of the management of ESG risks faced by IORPs.

[3] The analysis shows that the preparedness of pension schemes to integrate sustainability factors is widely dispersed and seems correlated to how advanced national frameworks were. IORP II directive sets minimum harmonisation and was expected to be transposed in national law by January 2019 (and hence could not necessarily be expected to be implemented by end-2018 for the EIOPA survey for the 2019 stress test).

Question 92. Should the EU explore options to improve ESG integration and reporting above and beyond what is currently required by the regulatory framework for pension providers?

- ○ Yes
- ○ No
- ◉ Don't know / no opinion / not relevant

Question 93. More generally, how can pension providers contribute to the achievement of the EU's climate and environmental goals in a more proactive way, also in the interest of their own sustained long-term performance? How can the EU facilitate the participation of pension providers to such transition?

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 94. In view of the planned review of the IORP II Directive in 2023, should the EU further improve the integration of members' and beneficiaries' ESG preferences in the investment strategies and the management and governance of IORPs?

- ○ Yes
- ○ No
- ◉ Don't know / no opinion / not relevant

3.3 Credit rating agencies

Regulation 1060/2009 requires credit rating agencies (CRAs) to take into account all factors that are 'material' for the probability of default of the issuer or financial instrument when issuing or changing a credit rating or rating outlook. This covers also ESG factors. According to ESMA's advice on credit rating sustainability issues and disclosure requirements, the extent to which ESG factors are being considered can vary significantly across asset classes, based on each CRA's methodology.

Following the 2018 Action Plan on Financing Sustainable Growth, in response to concerns about the extent to which ESG factors were considered by CRAs, ESMA adopted guidelines on disclosure requirements for credit ratings and rating outlooks. ESMA's Guidelines on these disclosure requirements will become applicable as of April 2020. Pursuant to the guidelines, CRAs should report in which cases ESG factors are key drivers behind the change to the credit rating or rating outlook. Consequently, the current landscape will change in the coming months. The Commission services intend to report on the progress regarding disclosure of ESG considerations by CRAs in 2021.

Question 95. How would you assess the transparency of the integration of ESG factors into credit ratings by CRAs?

- ○ 1 - Not transparent at all
- ◉ 2 - Rather not transparent
- ○ 3 - Neutral
- ○ 4 - Rather transparent
- ○ 5 - Very transparent
- ○ Don't know / no opinion / not relevant

Question 95.1 If necessary, please explain your answer to question 95:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Concerning ESG related issues, the ESMA guidelines are currently requesting CRAs to report on ESG factors only “Where ESG factors were a key driver behind a change to a credit rating or rating outlook”. Nevertheless, transparency requirements could significantly be enhanced to foster a higher and more transparent integration of ESG factors into credit rating processes. In order to make sure that Credit Ratings embed relevant ESG risks (and opportunities), ESMA should encourage CRAs to review their respective Rating Methodologies in order to explicitly and transparently incorporate ESG in credit assessments. If not, the impact of ESG risks on credit assessments will be left in the hands of analysts’ subjective sensitivity, at detriment of transparency and at the disadvantage of investors and market participants. In addition, CRAs could be requested to clearly state, first, whether any ESG factor have been considered in the credit rating and, second, which ESG factors were taken into consideration, by following the principle of “comply or explain”. In order to facilitate benchmark among business players and CRA methodologies, ESMA could further develop guidance on the ESG topics to be considered and reported, as it has been done with the new EU Benchmark Regulation that request benchmark providers to communicate specific ESG topics in their benchmark statement.

Question 96. How would you assess the effectiveness of the integration of ESG factors into credit ratings by CRAs?

- ○ 1 - Not effective at all
- ◉ 2 - Rather not effective
- ○ 3 - Neutral
- ○ 4 - Rather effective
- ○ 5 - Very effective
- ○ Don’t know / no opinion / not relevant

Question 96.1 If necessary, please explain your answer to question 96:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The integration of ESG factors into credit ratings by CRAs is still very limited. Some major CRAs are conducting ESG evaluations that are not yet integrated in the credit ratings while others have a limited approach based on assessing few ESG indicators aimed at identifying potential risks that may have a negative impact on the credit ratings.
Actually, most of the CRA that have started to integrate ESG factors into the credit rating do it so by considering them as risk factors only and not as drivers of business opportunities that could ultimately contribute to improve the financial performance and reduce the debt risk.
A concrete example of how ESG factors could be considered as business opportunity drivers is the fight against climate change in the electricity sector, which brings enormous business opportunities in terms of renewable or carbon neutral development or sustainable market solutions aimed at promoting the electrification of energy demand and reducing carbon footprint from other industries.
Consequently, CRAs need to improve their effectiveness on integrating ESG factors into credit ratings by following a more standardised approach that allows them to assess business and financial profile of issuers while also considering ESG risks.

Question 97. Beyond the guidelines, in your opinion, should the EU take further actions in this area?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 97.1 If yes, please specify what kind of action you consider would address the identified problems. In particular should the EU consider regulatory intervention?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Greater transparency on detailing how ESG factors are considered into the credit rating processes could be an incentive for CRAs to accelerate the integration of sustainability performance assessment into the credit ratings. The integration of ESG factors into credit assessments by CRAs, however, needs to be transparently and explicitly provided for in rating methodologies. This would ultimately contribute to help markets perform more efficiently while also engage businesses to tackle global challenges, as they are an essential partner to drive progress towards sustainable development goals.

3.4. Natural capital accounting or "environmental footprint"

Internal tools, such as the practice of natural capital accounting, can help inform companies' decision-making based on the impact of their activities on sustainability factors. **Natural capital accounting or "environmental footprinting"** has the potential to feed into business performance management and decision-making by explicitly mapping out impacts (i.e. the company's environmental footprint across its value chain) and dependencies on natural capital resources and by placing a monetary value on them. In order to ensure appropriate management of environmental risks and mitigation opportunities, and reduce related transaction costs, the Commission will support businesses and other stakeholders in developing standardised **natural capital accounting** practices within the EU and internationally.

Question 100. Are there any specific existing initiatives (e.g. private, public or other) you suggest the Commission should consider when supporting more businesses and other stakeholders in implementing standardised natural capital accounting/environmental footprinting practices within the EU and internationally?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 98.1 If yes, please list a maximum of 3 initiatives:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Today there are several standards in the market to support companies on calculating the environmental footprint. For instance, in term of GHG emissions, there is the GHG Protocol of the WBCSD and the ISO Standard ISO 4064-3. These standards provide guidance on how companies have to track CO2 emissions throughout the whole value chain, considering both direct and indirect emissions. Therefore, these standards are aimed at helping companies to be aware of their environmental impact, but they have to be complemented with other standards and guidance that allow the financial impact calculation of such environmental footprint.
Nevertheless, natural capital accounting is currently a recent practice that is not widespread in the business sectors, existing very few standards available in the market, such as:
- In the public sector, the System of Environmental and Economic Accounts (SEEA) endorsed by the United Nations and have been applied by many countries around the world e.g. Germany, France. Some other countries applies their own system based on the SEEA such as e.g. Russian SEEA, Korean KORSEEA.
- In the private sector, the Natural Capital Protocol developed by the Natural Capital Coalition in 2016.
Consequently, the development of new standards tailored to the business context and aimed at providing guidance to companies on how to monetise the environmental footprint and report accordingly, would be relevant to foster a greater and valued integration of sustainability across corporate decisions, investment portfolios and sustainable finance mechanisms. It would also allow some comparability and common baselines among sectors and business. These Standards should, however, be designed upon what already exists in the market

3.5. Improving resilience to adverse climate and environmental impacts

(Please note that the Commission is also preparing an upgraded EU Adaptation Strategy. A dedicated public consultation will be launched soon).

Climate-related loss and physical risk data

Investors and asset owners, be they businesses, citizens or public authorities, can better navigate and manage the increased adverse impacts of a changing climate when given access to decision-relevant data. Although many non-life insurance undertakings have built up significant knowledge, most other financial institutions and economic actors have a limited understanding of (increasing) climate-related physical risks.

A wider-spread and more precise understanding of current losses arising from climate- and weather-related events is hence crucial to assess macro-economic impacts, which determine investment environments. It could also be helpful to better calibrate and customise climate-related physical risk models needed to inform investment decisions going forward, to unlock public and private adaptation and resilience investments and to enhance the resilience of the EU's economy and society to the unavoidable impacts of climate change.

Question 99. In your opinion, should the European Commission take action to enhance the availability, usability and comparability of climate-related loss and physical risk data across the EU?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 99.1 If yes, for which of the following type of data should the European Commission take action to enhance its availability, usability and comparability across the EU?

Please select as many options as you like.

- [x] Loss data
- [x] Physical risk data

Please specify why you think the European Commission should take action to enhance the availability, usability and comparability of climate-related loss data across the EU?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Many companies fail to disclose information about their climate-related risks and opportunities or have significant shortcomings in their disclosures due to lack of transparency when quantitative outputs are disclosed and incomplete scope regarding strategy resilience.
Presentations often lack important information needed to interpret the resulting analysis. This hampers clarity and makes it difficult, if not impossible, to interpret the analysis.
Many climate-related disclosures provide only half of the story with regard to strategy resilience: either an analysis of vulnerability without a corresponding evaluation of preparedness, or a description of preparedness without any evaluation of the vulnerabilities for which the business is prepared. Such disclosures fail to fully present the many interconnected factors related to strategy resilience that could potentially affect the value of a company.
The availability, usability and comparability of climate-related loss and physical risk data across the EU would be crucial to help companies in their internal investment decision-making process when it comes to environmental impact climate-risk assessment. This could also encourage local initiatives for climate-related data providers, as an alternative to a more centralised approach as it exists for the rating agencies.

Please specify why you think the European Commission should take action to enhance the availability, usability and comparability of climate-related physical risk data across the EU?

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Physical risk data would improve result interpretation and output comparability analysis as mentioned above.

Financial management of physical risk

According to a report by the European Environmental Agency, during the period of 1980-2017, 65% of direct economic losses from climate disasters were not covered by insurance in EU and EFTA countries, with wide discrepancies between Member States, hazards and types of policyholders. The availability and affordability of natural catastrophe financial risk management tools differs widely across the EU, also due to different choices and cultural preferences with regards to ex-ante and ex-post financial management in case of disasters. While the financial industry (and in particular the insurance sector) can play a leading role in managing the financial risk arising from adverse climate impacts by absorbing losses and promoting resilience, EIOPA has warned that insurability is likely to become an increasing concern. Measures to maintain and broaden risk transfer mechanisms might hence require (potentially temporary) public policy solutions.

Furthermore, the ongoing COVID-19 outbreak is highlighting the growing risk arising from pandemics in particular, which will become more frequent with the reduction of biodiversity and wildlife habitat. UNEP's Frontiers 2016 Report on Emerging Issues of Environment Concern shows that such diseases can threaten economic development.

In this context, social and catastrophe bonds could play a crucial role: the former to orient use of proceeds towards the health system (e.g. IFFIM first vaccine bond issued in 2006), and the latter to broaden the financing options that are available to insurers when it comes to catastrophe reinsurance. Such instruments would help mobilise the broadest possible range of private finance alongside public budgets to contribute to the resilience of the EU's health and economic systems, via prevention and reinsurance.

Question 100. Is there a role for the EU to promote more equal access to climate-related financial risk management mechanisms for businesses and citizens across the EU?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 100.1 If yes, please indicate the degree to which you believe the following actions could be helpful:

	1 (not at all helpful)	2 (rather not helpful)	3 (neutral)	4 (rather helpful)	5 (very helpful)	N. A.
Financial support to the development of more accurate climate physical risk models	( )	( )	( )	(●)	( )	( )
Raise awareness about climate physical risk.	( )	( )	( )	( )	(●)	( )
Promote ex-ante "build back better" requirements to improve future resilience of the affected regions and or /sectors after a natural catastrophe.	( )	( )	(●)	( )	( )	( )

Facilitate public-private partnerships to expand affordable and comprehensive related insurance coverage.	○	○	○	◉	○	○
Reform EU post disaster financial support.	○	○	○	◉	○	○
Support the development of alternative financial products (e.g. catastrophe bonds) offering protection/hedging against financial losses stemming from climate- or environment-related events.	○	○	○	◉	○	○
Advise Member States on their national natural disaster insurance and post disaster compensation and reconstruction frameworks.	○	○	○	○	◉	○
Regulate by setting minimum performance features for national climate-related disaster financial management schemes.	○	○	○	○	○	◉
Create a European climate-related disaster risk transfer mechanism.	○	○	○	○	○	◉
Other	○	○	○	○	○	○

Please explain why you think it would be useful for the EU to provide financial support to the development of more accurate climate physical risk models:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Organizations in the early stages of implementing scenario analysis often turn to IPCC physical scenarios and models but the development of more local models would be helpful to deepen the analysis and achieve more specific perspectives and action targets.
The level of uncertainty from downscale climate modelling is still very high and, in several regions, this level of uncertainty is not sufficient to support investment decision making processes to mitigate future climate-physical risks, for example. The improvement of down-scale models is crucial to increase resilience proof of company's assets EU wide.

Please explain why you think it would be useful for the EU to raise awareness about climate physical risk:

2000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Assessing climate physical risks contributes to strategy resilience and how organisations prepare under different climate scenarios. Scenario analysis, and therefore climate physical risk mapping, can improve the range of effective strategy options under different climate circumstances; it can reduce the likelihood of surprises; and it can broaden strategic thinking about plausible futures.
The best way of raising awareness is investing in better mapping climate change conditions at local level, improving the level of uncertainty that companies have to deal with today.

Please explain why you think it would be useful for the EU to facilitate public-private partnerships to expand affordable and comprehensive related insurance coverage:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A role of facilitation for the EU to promote more equal access to climate-related financial risk management mechanisms for businesses and citizens across the EU could be, when Insurance business is concerned, the creation of a Consortium such as the example of the existing one implemented in Spain namely "Consorcio de Compensación de Seguros" that is a public entity covering extraordinary losses to insureds that contracted a private property insurance. Therefore if you do not have a Property policy you are not covered by Consorcio. The total property premium includes Consorcio surcharge. All property policies in Spain must pay this surcharge. The above mentioned Consorcio de Compensación de Seguros covers losses, according to its regulation, caused by terrorism, earthquakes, extraordinary floods, volcanic eruptions, tropical winds, tornados, cold storms, extraordinary winds over a certain speed (120 km/h), etc. Consorcio covers the loss after analyzing meteorological reports from "Instituto Nacional de Meteorología" and other public agencies and the EU could detect similar Institutions with the same role.
Limits would be the same as in the private policy. If you do not have BI coverage Consorcio will not cover any BI claim. Main exclusion from Consorcio are temporary repairs, constructions projects and, snow storms etc. Most of these exclusions are covered by the Property policy (Difference in conditions).

Please explain why you think it would be useful for the EU to reform EU post disaster financial support:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- The example of the COVID crisis - The COVID-19 emergency has confronted Europe with an unprecedented crisis. Shortly before the European Commission launched its European Green Deal which provides an excellent framework for the reconstruction plan. However, priority should be given to the most impactful initiatives and their enablers.
- As for key initiatives, in line with the increased 2030 GHGs ambition, the stimulus should call for an accelerated RES and low-carbon technologies deployment based on 3 pillars: (i) new capacity with short time to market (e.g. PV & Wind); (ii) repowering/refurbishment of existing capacity and (iii) replacement of coal with carbon neutral technologies that preserve adequacy and flexibility while taking into account at the same time the issue of security of supply.
- Regarding the enablers, simplification and harmonisation at EU level of permitting procedures for RES

plants, coal-to-gas/to-RES/to-storage and modernisation of hydro plants would be fundamental. Furthermore, state aid rules and new financing instruments (e.g. enhanced TLTROs, SDG-linked bonds, Sustainable Europe Investment Plan and recovery fund) should be driven by sustainability and long-termism while boosting the deployment of ready-to-build projects.
- As for Sustainable Finance, we do see it as a combination of all those form of capital that accelerate the achievements of SDGs. It can contributes to the generation of environmental, social and financial value. The recovery fund could trigger the scale up of sustainable investments through: (i) interest subsidies to reduce cost of debt, (ii) regulation and standardisation to improve corporate's access to sustainable debt, and (iii) temporary equity partnership to reduce corporate's needed capital. Improved Corporates' capital returns pave the way to boost sustainable investments in Europe.

Please explain why you think it would be useful for the EU to support the development of alternative financial products (e.g. catastrophe bonds) offering protection/hedging against financial losses stemming from climate- or environment-related events:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

SDG-linked Bonds issued by EU Institutions
We believe that the use of SDG-linked financing instruments might further support Europe in its ambitions and response to financial losses due to exceptional/climate related events.
For instance, the SDG-linked bonds issued by Enel in 2019 departs from the traditional approach of sustainable finance products (e.g. green bonds) by allowing the company to finance its overall green strategy, linked to identified SDG-linked KPIs, compared to specific projects, which generally employs use-of-proceeds bonds/funding. The advantages of this approach are twofold:
- For the issuing entity, such instrument allows the financing of a sustainable strategy not linked to specific projects;
- For the investor, such tools provide a clear and measurable link between the return and the successful execution of the SDG-linked strategy of the issuer, including a step-up of the interest rate in case the SDG-Linked KPIs are not reached.

Please explain why you think it would be useful for the EU to advise Member States on their national natural disaster insurance and post disaster compensation and reconstruction frameworks:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As for one of the previous boxes/answers considering the practical existing example of the Spanish "Consorcio de Compensación de Seguros".
Adding that for some events evaluated and considered by the Governments/EU such as "Catastrophic areas", EU, in addition to local impacted Governments, might offer small subsidies to cover partially extraordinary losses suffered by victims not insured by private insurance.

Question 101. Specifically with regards to the insurability of climate-related risks, do you see a role for the EU in this area?

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 101.1 If yes, which actions you would consider to be useful?

In particular, is there scope for EU action to improve the offer of products and services for climate-related disaster risk reduction, enhance insurers' potential to promote increased resilience of their policyholders beyond a mere compensatory role?

For instance, EIOPA in its opinion on sustainability on Solvency II talks about "impact underwriting which includes the development of new insurance products, adjustments in the design and pricing of the products and the engagement with public authorities without disregard for actuarial risk-based principles of risk selection and pricing".

- (●) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 101.2 If yes, please explain which actions and the expected impact (high, medium, low):

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1) Insurance premium linked to natural catastrophes where there could be a different taxation from the insurance premiums. If a company before insuring its assets puts in place programs (such as a Loss Prevention program) that can be considered as "measure of resilience" and risk mitigation as well, the taxation and therefore the final insurance premium could reflect a difference avoiding the flattening (same level and treatment) of the insurance premiums on the market. Thus creating a mechanism aiming to reduce costs and at the same time improving the resilience related to natural catastrophes.
2) Deduct the financial income deriving from the income from reserves when these reserves are faced with climate change risks.
3) That the Reserves deriving from climate change risks could have a different weight in the calculation of the SCR in a Solvency 2 framework

Question 102. In your view, should investors and / or credit institutions, when they provide financing, be required to carry out an assessment of the potential long-term environmental and climate risks on the project, economic activity, or other assets?

- (•) Yes
- ( ) No
- ( ) Don't know / no opinion / not relevant

Question 102.1 what action should the EU take?

Please list a maximum of 3 actions:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The EU could request investors to assess potential long-term environment and climate risks by requesting them to report on specific information, including:
- The contribution of the investment to a carbon neutral economy, by estimating the impact in terms of carbon emissions reduction.
- Analysing to which climate scenario the investment is aligned to, considering both transitional and physical risks and variables

This assessment should not impose additional administrative burden for companies.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here.

Please be aware that such additional information will not be considered if the questionnaire is left completely empty.

The maximum file size is 1 MB.
You can upload several files.
Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

61eeec32-4204-432c-8572-ea3a9bff97d3/20200515_wg_hydro_teg_report_with_tc_ms-2020-030-0356-01-e-h-7113C0D5.pdf

Useful links

More on this consultation (https://ec.europa.eu/info/publications/finance-consultations-2020-sustainable-finance-strategy_en)

Consultation document (https://ec.europa.eu/info/files/2020-sustainable-finance-strategy-consultation-document_

More on sustainable finance (https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en)

Specific privacy statement (https://ec.europa.eu/info/files/2020-sustainable-finance-strategy-specific-privacy-statement_en)

More on the Transparency register (http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

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Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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