

MODEL CONTRIBUTION TO THE SUSTAINABLE FINANCE STRATEGY

I/ HOW TO RESPOND

Follow these steps to respond:

1. Go to [this address](#).
2. Click on “Register”.
3. Fill in the information required and click on create an account.
4. Now your account is set up and you can participate in the consultation.
5. Fill in your details (Section: About you).
6. Answer the 5 questions of Section I (Section I: Questions addressed to all stakeholders), you can use our model contribution.
7. Go directly to the end, without answering the rest of the questions, by clicking on “Additional information”.
8. Click on submit your answer.

II/ SUGGESTED ANSWERS

QUESTION 1: IS THE EU DOING ENOUGH ALREADY TO MAKE OUR ECONOMY MORE SUSTAINABLE?

Suggested answer: **Option 1: Major additional policy actions are needed.**

QUESTION 2: DO YOU KNOW IF YOUR PENSION FUND, LIFE INSURANCE OR BANK IS INVESTING IN A SUSTAINABLE FUTURE?

Suggested answers:

Question 2 – No

Question 2.1 – Yes

*If you want to **fill in the answer box**, we also have a few suggestions on what the EU might do to better regulate banks and pension funds. You are welcome to include them. If so, you can Copy, Paste & Adapt the following within 2,000 characters:*

Consumers are not offered sufficient information on how far sustainability criteria are incorporated in their investment products, pensions or bank savings. They don't know what their savings are financing and what their environmental and social impacts are. Today, the information provided to non specialist investors is often incomplete, rarely accessible, and incomprehensible to all but those with a technical background.

Even when some sustainability criteria are mentioned, often no details are available about the specific projects/companies that are being financed. There should be clear information on what basis non-sustainable activities and companies are excluded (or not) and what the positive environmental and social impacts are. For that purpose, in order to identify non-sustainable activities (socially and environmentally), a common and binding framework should be built at the European level, starting with fossil fuels and the most polluting activities.

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To avoid greenwashing, all green investment products should be legally obliged to adopt EU standards for sustainable products (no free riders). Beyond green finance, the banking sector as well as the investment industry should equally be transparent and regulated so that customers have a proper overview of the climate impacts of their savings.

Moreover, it is important that sustainability criteria are set high to have a real positive impact by preventing and halting climate change and socially abusive practices. We must set those in accordance to the target set in the Paris Agreement of a 1.5°C path.

Lastly, to encourage financial service users to choose sustainable investment products, the options for investment in environmental and social sustainable activities and divesting from non-sustainable activities should be upfront, as default options, and clearly spelled out to customers.

QUESTION 3: WHEN YOU CHOOSE A BANK, OR CHOOSE AN INVESTMENT, DO YOU WANT TO ALWAYS HAVE A SUSTAINABLE AND GREEN OPTION OFFERED?

Suggested answer: **Yes**

QUESTION 4: SHOULD CORPORATIONS AND FINANCIAL INSTITUTIONS BE REQUIRED TO REPORT ON HOW THEY CONTRIBUTE TO THE PARIS AGREEMENT?

Suggested answer: **Yes, both**

QUESTION 5: SHOULD THE EU ENCOURAGE INVESTORS, INCLUDING YOUR BANK AND PENSION FUND, TO MAKE MORE GREEN AND SUSTAINABLE INVESTMENTS, AND LESS UNSUSTAINABLE ONES? AND IF SO, HOW?

Suggested answers: **Strongly agree (5) to both statements**

*If you want to **fill in the answer box**, we also have a few suggestions on what the EU might do to achieve this goal. If so, you can Copy, Paste & Adapt the following within 2,000 characters:*

Systemic changes are needed to align finance with the Paris Agreement. The EU should create the necessary legal framework to identify the most harmful activities from which the financial sector has to progressively exit from: 1) The EU should make a list of activities fostering climate change and biodiversity losses by creating a brown taxonomy that defines what climate and environmentally harmful activities are. It will help investors and bank clients to know what harmful activities they don't want to finance. 2) Since investors' engagement, voting and discouragement will not be enough, the EU should phase in a law that prohibits investments and loans for new fossil fuel projects and once available activities in the brown taxonomy that are incompatible with a 1.5 degree trajectory. 3) It is critical that the EU better integrates in its strategy social objectives to its environmental ones. It should establish a social taxonomy, to identify socially abusive activities (e.g. breaching labour rights) that shouldn't be financed.

This must quickly lead to new financial regulations penalising the financing of environmentally and socially harmful activities. This framework should be applied in a binding way by all European financial institutions including when financing activities outside of the EU. It should also be used within other EU policies: 1) Laws to finance a COVID-19 recovery must bear social and environmental conditions so that investments and banking activities speed up the financing of the just transition. 2) Fiscal tools must penalize socially and environmentally harmful activities. For example, with a tax on aviation fuel or flights, or a targeted financial transaction tax on fossil fuel companies' share trading. 3) The monetary policy of the ECB must change so that its QE and COVID-19

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programme exclude the most polluting sectors (coal, oil and gas), the development of new fossil projects, and the development of agrochemicals and industrial agriculture.