
European Commission Action Plan on Sustainable Finance

On 8 March, the European Commission (EC) published its [Action Plan on Sustainable Finance](#), setting out a roadmap for upcoming actions regarding sustainable finance. Future EC actions include the following:

- Establishing a **taxonomy** to define what is sustainable and identify areas where sustainable investment can make the biggest impact.
- Creating **EU labels** for green financial products on the basis of the taxonomy: this will allow investors to easily identify investments that comply with green or low-carbon criteria.
- A legislative proposal **to clarify institutional investors' and asset managers' duties** to take sustainability into account in the investment process and enhance disclosure requirements.
- A legislative proposal to require insurance and investment firms to advise clients on the basis of their preferences on sustainability.
- Incorporating **sustainability in prudential requirements**: the Commission will explore the feasibility of recalibrating capital requirements for banks (the so-called green supporting factor) for sustainable investments.
- Revising its guidelines on non-financial information reporting to further align them with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

The EC will assess by 2019 how and which **corporate governance strategies** would lead to more sustainable finance, such as the possibility of:

- requiring boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets, and
- clarifying the rules according to which directors are expected to act in the company's long-term interest.

More information can found [here](#).

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