



Sustainable Finance: Commission takes further steps to boost investment for a sustainable future

Brussels, 13 June 2023

The Commission has today put forward a new package of measures to build on and strengthen the foundations of the EU sustainable finance framework.

The transition to a climate-neutral and sustainable economy by 2050 offers new opportunities for companies and citizens across the EU. Many companies and investors have already embarked on their sustainability journey, as the growing size of sustainable investment testifies. However, companies and investors are also facing challenges in this transition, especially when it comes to complying with new disclosure and reporting requirements.

The aim of today's package therefore is to ensure that the EU sustainable finance framework continues to support companies and the financial sector, while encouraging the private funding of transition projects and technologies. Specifically, the Commission is today adding additional activities to the EU Taxonomy and proposing new rules for Environmental, Social and Governance (ESG) rating providers, which will increase transparency on the market for sustainable investments. The package aims to ensure that the sustainable finance framework works for companies that want to invest in their transition to sustainability. It aims also to make the sustainable finance framework easier to use, thereby continuing to contribute effectively to the European Green Deal objectives.

The package in detail:

EU Taxonomy Delegated Acts

The EU Taxonomy is a cornerstone of the EU's sustainable finance framework and an important market transparency tool that helps direct investments to the economic activities most needed for a green transition.

The Commission has today approved in principle a new set of EU Taxonomy criteria for economic activities making a substantial contribution to one or more of the non-climate environmental objectives, namely:

- 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.

To complement this, the Commission has adopted targeted amendments to the EU Taxonomy Climate Delegated Act, which expand on economic activities contributing to climate change mitigation and adaptation not included so far – in particular in the manufacturing and transport sectors. The inclusion of more economic activities covering all six environmental objectives, and consequently more economic sectors and companies, will increase the usability and the potential of the EU Taxonomy in scaling up sustainable investments in the EU.

The criteria are informed to a very large extent by the recommendations of the Platform on Sustainable Finance, published in March and November 2022. The Commission has also adopted amendments to the EU Taxonomy Disclosures Delegated Act, to clarify the disclosure obligations for the additional activities.

Proposal for a regulation of ESG (Environmental, Social and Governance) ratings providers

ESG ratings play an important role in the EU sustainable finance market as they provide information to investors and financial institutions regarding, for example, investment strategies and risk management on ESG factors.

Today, the ESG ratings market currently suffers from a lack of transparency and the Commission is proposing a Regulation to improve the reliability and transparency of ESG ratings activities. New

organisational principles and clear rules on the prevention of conflicts of interest will increase the integrity of the operations of ESG rating providers.

These new rules will enable investors to make better informed decisions regarding sustainable investments. Moreover, the proposal will require that ESG rating providers offering services to investors and companies in the EU be authorised and supervised by the European Securities and Markets Authority (ESMA). This will also ensure the quality and reliability of their services to protect investors and ensure market integrity.

Enhancing usability

In addition, the Commission is presenting today an overview of the recent measures and tools put forward to address key implementation issues and questions raised by stakeholders. Early reporting trends show that companies across all key economic sectors are using the EU Taxonomy more and more as part of their transition efforts. For instance, this year's initial corporate taxonomy reporting shows encouraging trends among large non-financial companies, with many reporting increasing values of taxonomy alignment, in particular in their capital expenditure.

As a first step, the Commission has recently developed a series of targeted measures and initiatives to enhance the usability of the rules and support stakeholders in their implementation. The Commission is also publishing the EU Taxonomy User Guide, a guidance document on the Taxonomy for non-experts. Supporting companies and the financial sector in the implementation of the EU Taxonomy and sustainable finance framework will be a key priority for the Commission in the future.

Transition finance

Today's package also demonstrates how the EU legal framework can be used effectively to facilitate **transition finance**. Today's recommendations on transition finance aim to provide guidance as well as practical examples for companies and the financial sector. These aim to show how companies can use the various tools of the EU sustainable finance framework on a voluntary basis to channel the investments into the transition and manage their risks stemming from climate change and environmental degradation. The objective is to facilitate transition finance, not only for companies that have strong sustainability records already, but also for those that are at different starting points, with credible plans or targets to improve their sustainability performance. It also acknowledges that small and medium-sized enterprises face specific challenges that need to be addressed.

Background and next steps

The EU Taxonomy Delegated Acts are approved in principle and once all EU official languages will be made available, they will be adopted and transmitted to the European Parliament and the Council for their scrutiny (four-month period, extendable once by two additional months). They are expected to apply as of January 2024.

Regarding the proposal for a regulation of ESG ratings providers, the Commission will now engage in discussions with the European Parliament and Council.

Today's package follows the launching on Friday 9 June of a four-week feedback period on a first set of sustainability reporting standards for companies. Mandatory reporting standards will ensure transparent and comparable sustainability information. The Commission will consider the feedback received before finalising the standards as delegated acts and submitting them to the European Parliament and Council for scrutiny. Once adopted, these reporting standards will be used by companies subject to the Corporate Sustainability Reporting Directive ([CSRD](#)). This will mark another step forward in the transition to a sustainable EU economy.

For more information

[Questions and answers](#)

[Factsheet](#)

[Legal texts](#)

IP/23/3192

Quotes:

The EU has achieved a great deal to promote sustainable finance over the years. Today we are going even further in completing the regulatory landscape to help generate much-needed investments for sustainable growth. It is essential that the rules and instruments in place are coherent, user-friendly and work effectively on the ground. At the same time, we want to ensure that all companies can get finance to invest in their transition to sustainability. This is also important to increase the long-term competitiveness of Europe's companies and economy and to fight climate change.
Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People - 13/06/2023

We have the foundations of the sustainable finance framework in place. Now is time to build on them. Today we are taking steps to further develop the EU Taxonomy. And we are bringing more transparency and integrity to the market by introducing rules on the operations of ESG rating agencies. Enhancing the usability and coherence of the sustainable finance framework will be our key priority. We also need to reap the full potential of transition finance to ensure that all companies irrespective of their starting points can have adequate tools and support for their transition efforts towards sustainability.
Mairead McGuinness, Commissioner for Financial Services, Financial Stability and Capital Markets Union - 13/06/2023

Press contacts:

[Daniel FERRIE](#) (+32 2 298 65 00)

[Aikaterini APOSTOLA](#) (+32 2 298 76 24)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)

Related media

 [Soil health](#)