

Priorities - Sustainable Finance

Action Plan on Financing Sustainable Growth



ISSUE

AmCham EU supports the European Commission's initiative to better leverage private capital in order to meet EU climate and sustainability goals. We believe that all proposals linked to the Commission's Sustainable Finance Action Plan should remain suitably flexible and clear to allow for the effective mobilisation of private capital in practice. The best way to engage the private sector on these goals is to empower investors by ensuring they have options that are in line with their environmental, social and governance (ESG) objectives and risk appetite, as well as the tools they need to pursue these goals. By contrast, constructing inflexible and complex regulatory frameworks around sustainable finance which limit investors' choice and remove their tools will limit the reorientation of investment towards more sustainable solutions. In addition, we stress that legislative initiatives in this field must be complemented by government action in the form of investments and policies which support industry efforts.



RECOMMENDATION

Given the importance of its objectives, the sustainable finance agenda is likely to be a key focus of policy-makers in the next Commission. We believe there are three guiding principles which will be crucial for ensuring lasting success as policy-makers continue implementing the Sustainable Finance Action Plan:

- **Regulatory certainty and economic stability:** It is essential that the EU ensure a coherent, holistic and long-term framework to promote sustainable growth, including clear and objective definitions of 'sustainable', without which investors would lack regulatory certainty. In the interest of financial and economic stability, complex default or market risk must be taken into account as a pre-requisite for sound action;
- **Evidence-based policy:** Businesses are uniquely placed to provide expertise on real-world challenges associated with climate change and on the impact of transition-orientated policy initiatives. Policy-makers should ensure evidence drives decision-making and all stakeholders are able to provide meaningful and substantive input throughout the legislative process; and
- **International openness:** The EU's leadership is critical to building international momentum on sustainable finance. However, the ambitious energy transition targeted in the Paris Agreement will require the mobilisation of global financial markets. In line with the principles of the Capital Markets Union (CMU), we recommend that EU initiatives take an open, flexible and outward-looking approach to ensure equal and non-discriminatory access for third-country financial institutions, businesses and investors to help support and grow the European economy. We encourage the Commission to promote discussions in international fora. International standardisation will both prevent fragmented jurisdictional approaches and promote harmonisation.