

MEMO# 32114

December 19, 2019

European Commission Issues Communication on European Green Deal

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December 19, 2019 TO: ICI Global Members

ESG Task Force

ICI Global Regulated Funds Committee SUBJECTS: International/Global RE: European
Commission Issues Communication on European Green Deal

On December 11, the European Commission presented to the European Parliament its European Green Deal Communication, an ambitious work program of policy initiatives covering a broad range of topics.[\[1\]](#) The Communication resets the Commission's commitment to tackling climate and environmental-related challenges and sets forth an initial roadmap of the key policies and measures that are needed to achieve the European Green Deal. The Communication states that the European Green Deal is an integral part of the Commission's strategy to implement the United Nation's 2030 Agenda and the sustainable development goals, as well as the other priorities announced in President von der Leyen's political guidelines.

At a high level, the Communication underscores the internationalization and politicization of the sustainability agenda, and the desire of EU policymakers for the world's largest single market to play a standard-setting role in this area. Highlighted below are the areas of the European Green Deal that are expected to have the greatest impact on the financial services industry.

Sustainable Europe Investment Plan

The Commission has estimated the funding needs of the European Green Deal at EUR260 billion and is developing a sustainable Europe investment plan to help meet these funding needs. The plan, which will combine dedicated financing to support sustainable investments with regulatory incentives for green investments, is expected to be presented in January 2020.

InvestEU Fund

At least 30% of the InvestEU Fund will contribute to fighting climate change. InvestEU Fund projects will be screened for the contribution they make to climate, environmental, and social objectives.

Just Transition Mechanism

The Commission will propose a Just Transition Mechanism, including a Just Transition Fund, to ensure that the transition is conducted in a fair and inclusive way. The Just Transition Mechanism, which will focus on the regions and sectors that are most affected by the transition, will draw on sources of funding from the EU budget and the European Investment Bank (EIB) group to leverage the necessary private and public resources. Support will be linked to promoting a transition towards low-carbon and climate-resilient activities.

Sustainable Finance Strategy

Recognizing that the private sector will be key to financing the green transition, the Commission will present a renewed sustainable finance strategy that builds on the 2018 Sustainable Finance Action Plan in the third quarter of 2020. First, the strategy will strengthen the foundations for sustainable investment, such as through the adoption of the taxonomy, the embedding of sustainability into the corporate governance framework, and increased disclosure on climate and environmental data (including a review of the Non-Financial Reporting Directive). Second, increased opportunities will be provided for investors and companies by making it easier for them to identify sustainable investments and ensuring that they are credible. Third, climate and environmental risks will be managed and integrated into the financial system, such as by assessing the suitability of the existing capital requirements for green assets.

Climate Adaptation Strategy

The Commission will adopt a new, more ambitious EU strategy on adaptation to climate change. The new strategy will seek to ensure that investors, businesses, cities and citizens are able to access data and develop instruments to integrate climate change into their risk management processes.

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[Attachment No. 1](#)

[Attachment No. 2](#)

endnotes

[1] The documents, which are attached, include the Communication and an Appendix (Roadmap – Key Actions).