

Banks' role in fostering green economy in Europe

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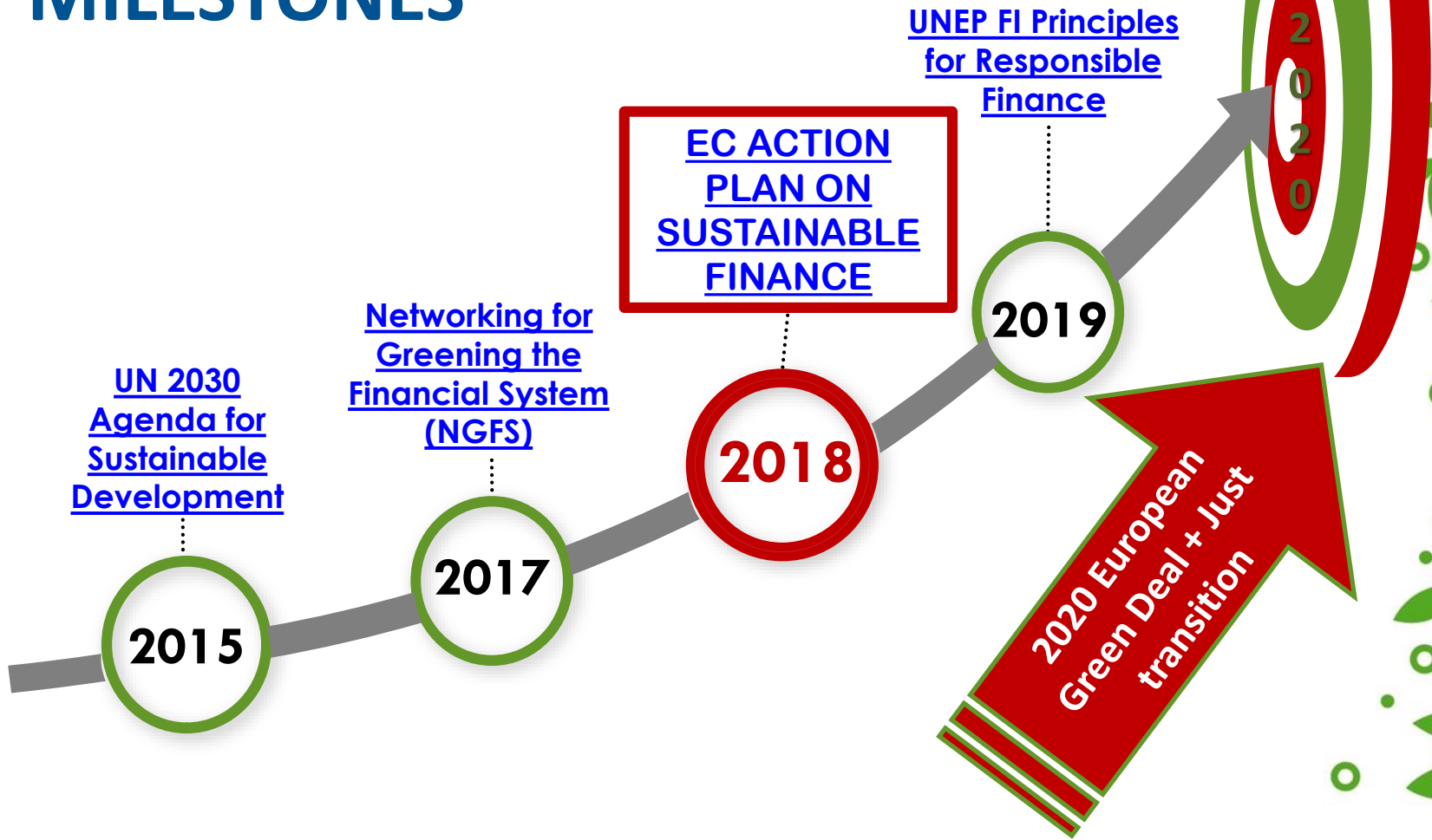
JUST TRANSITION

*supporting trade unions in taking steps towards a
sustainable future at company/sectoral level through
social dialogue*



Banks' role in fostering green economy

MILESTONES



Banks' role in fostering green economy



In March 2018, the European Commission adopted

THE ACTION PLAN ON SUSTAINABLE FINANCE

which consists of **10 KEY ACTIONS** divided into **3 categories**:

1) Redirecting capital flows towards a more sustainable economy

- establishing a **TAXONOMY** classification for EU sustainable activities, a standard for EU Green Bonds, a EU Ecolabel for green financial products
- promoting investments in sustainable projects
- Incorporating sustainability into financial advice
- Developing sustainability benchmarks

2) Integrating sustainability into CREDIT MANAGEMENT

- ### **3) Promoting transparency and long-termism** by strengthening sustainability disclosure and accounting regulation

The Just Transition financial resources

- The [Just Transition Mechanism \(JTM\)](#) is a key tool to ensure that the transition towards a climate-neutral economy happens in a fair way, leaving no one behind.
- It provides targeted support to help **mobilize around €55 billion over the period 2021-2027** in the most affected regions, to alleviate the socio-economic impact of the transition.



The Just Transition financial resources

A NEW JUST TRANSITION FUND



INVESTEU "JUST TRANSITION" SCHEME



A NEW PUBLIC SECTOR LOAN FACILITY



FIRST CISL PROPOSALS

THE JUST TRANSITION

will focus on the most CO2-intensive regions and those with the highest number of fossil fuel jobs. Member States can access it by drawing up **TERRITORIAL PLANS** identifying the territories to which the most support should be given

In FIRST CISL opinion:

- these territorial plans should not only focus on creating new jobs in the green economy, **but also support employment in general**
- In this view, **the role of trade unions and collective bargaining will be essential**. In addition to territorial plans, it will be necessary to develop company negotiated plans at national level or better at European level, in the EWCs, where they exist, and through European negotiation protocols and collective agreements



FIRST CISL PROPOSALS

NON-FINANCIAL REPORTING DIRECTIVE

(2014/95/EU) lays down the rules on disclosure of non-financial and diversity information by large companies (>500 employees) to be included in their annual reports on environmental protection, social responsibility and treatment of employees, respect for human rights.

In FIRST CISL opinion:

- the revision of the above directive is necessary, **extending the contents of the mandatory annual declaration to specific areas of social dialogue**, such as safeguarding jobs in the green transformation of companies.
- In addition, it would be important to **ask finance companies to report, in the documents attached to the budget, the number and amount funded for "green" projects.**



FIRST CISL PROPOSALS

BANK CREDIT TO ENTERPRISES

A European definition is needed to certify that a loan is consistent with what is set out in the green taxonomy. Talking about a green loan or green sustainability loan means financing a company that declares it wants to achieve a goal and will have to demonstrate that it has done so.

In FIRST CISL opinion:

- **it is essential for the banks to work with certifying bodies that can assess the actual achievement of the goals.**
- there should be **a system for monitoring** progress in financing sustainable enterprises, so as to assess the banking system's contribution, highlighting the amount of loans granted and disseminating the data on the number of companies financed.



FIRST CISL PROPOSALS

A SOCIAL TASSONOMY

A proper extension of the green taxonomy to social objectives is essential, requiring companies carrying out environmentally sustainable economic activities to respect international labor standards and human rights. The European Pillar of Social Rights and its Action Plan, the European Social Charter, the EU Charter of Fundamental Rights and the European Convention on Human Rights provide a solid basis for a social taxonomy

In FIRST CISL opinion:

- **the social taxonomy must take into account green companies' contribution to society** and its social impact on job creation, productivity growth and investment in human resources.
- The taxonomy should also and above all reflect **an explicit premium recognition of collective bargaining.**
- **the banking system must be socially resilient also towards its own employees:** i.e. not sending them home early or not making an adequate turnover (*inclusive solidarity*)

