

Contact: Andrew Canning: press@beuc.eu
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EU sustainable finance plans overshadowed by labelling of gas as a 'green investment'

Today, the European Commission proposed its [Renewed Sustainable Finance Strategy](#), setting out how it intends to make the bloc's financial system more sustainable. Despite some welcome initiatives, the Commission's green investment labelling plans are heading dangerously in the wrong direction.

Building upon the Sustainable Finance Action Plan from 2018, the Renewed Strategy provides welcome measures to support the consumer take-up of green mortgages (to buy an energy-efficient home or to pay for retrofit works - for which there is a [real demand from consumers](#)) and a commitment to improve the sustainability expertise and qualifications of financial advisers.

However, these positive initiatives are overshadowed by confirmation that the Commission intends to push ahead with plans to label certain types of gas investments as 'sustainable' under the EU Taxonomy (the Strategy's labelling system for green investments).

This will actively undermine a key ambition of the EU's Taxonomy Regulation, which is the protection of consumers - retail investors, including pension savers - against greenwashing. BEUC and others have [already expressed concern](#) that fossil fuels like gas and nuclear power cannot be considered sustainable and should therefore be excluded from the Taxonomy rules.

BEUC Director General, Monique Goyens commented: "The Commission has made some welcome steps today to help increase the take-up of green mortgages and to better train financial professionals advising consumers on these products. Concrete and urgent steps are needed in these areas to support consumers who are increasingly interested in taking out green financial products.

"However, this is overshadowed by news that the Commission still plans to label fossil gas as green. Banning gas is not at stake in this strategy. What is at stake though is the misrepresentation of gas as being sustainable. This undermines the Commission's efforts to make European finance sustainable. It's misleading for consumers and investors and deviates much-needed capital away from truly sustainable energy solutions. Training financial advisers to recommend more 'green' finance products to consumers is pointless if those products include climate-harming activities like gas or nuclear energy".

With today's Renewed Sustainable Finance Strategy, the Commission proposes to:

- Explore ways to **support the uptake of green mortgages** during the upcoming review of the Mortgage Credit Directive. [Investigations](#) by our members, like

Altroconsumo in Italy, show that banks often do not propose green loans with attractive interest rates to consumers. Further [steps](#) are needed to ensure that consumers have access to attractive green loan conditions to make their homes more energy efficient.

- **Improve the sustainability expertise and qualifications** of financial advisers. Financial advisers currently often do not have the requisite training to judge or advise on sustainability criteria. The Commission has already committed in its Capital Markets Union Action Plan to improving the level of professional qualifications for advisers in the EU, and sustainability training should be mandatory for financial advisers giving consumers advice on retail investment products.
- **Strengthen the reliability and comparability of Environmental, Social & Governance (ESG) ratings** that help investors to understand and compare the environmental credentials of companies. This initiative will present the opportunity to start working towards standardised, neutral and reliable ESG ratings to further counter greenwashing in financial markets.
- Propose **minimum sustainability requirements** for financial products under the Sustainable Finance Disclosure Regulation that promote social and/or environmental characteristics, to guarantee a minimum sustainability performance of such products. BEUC welcomes this step, which should tackle potentially misleading practices by investment funds that only take nominal action on sustainability and then claim to.

ENDS

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