

**PRESS RELEASE****BETTER FINANCE fully supports the Goals of the European Commission's New Sustainable Finance Strategy and makes Suggestions to Maximize its Effectiveness**

7 July 2021 – The European Commission (EC) has adopted a new ‘Strategy for Financing the Transition to a Sustainable Economy’. BETTER FINANCE commends the EC for this important step and fully supports its stated goals, especially the move towards ensuring more and better access for consumers to “transition finance”.

- It is crucial that, as long-term and pension savers, EU citizens be allowed to engage directly or indirectly via their collective products (pension plans, mutual funds, etc.) with investee companies. This way they can pressure them to accelerate their green transition – in particular energy transition – to ensure that the huge free cashflow capacities of these companies are increasingly used for “transition finance”. To this end, let us, at last, remove the barriers to individual investor engagement.
- Besides “transition finance”, individual investors should also enjoy easier access to the new improved anti-greenwashing green bonds. In this ongoing climate of ultra-low interest rates and negative real returns on many bank savings and retail fixed income packaged products, it is worrying that individual savers and investors have also been further crowded out of bond markets, as recently evidenced by the dramatic drop of the share of direct bond investments in their financial savings. It is high time to make green bond markets more transparent and fully and directly accessible to people.
- BETTER FINANCE welcomes the “clear and comparable sustainability information to prevent greenwashing”, but stresses that this should in no way excuse policymakers from addressing the “negative externalities” driving climate change and pollution. Whereas clear and comparable reporting will be more than welcomed by European individual investors and savers, the sole responsibility of EU policymakers is to act on “negative externalities” and will be far more effective to save the Planet. It cannot be stressed enough that an international carbon tax and regulatory standards for greener materials and products are overdue!
- Finally, BETTER FINANCE is pleased to note that the EC did not overlook the Governance part of ESG and that a review of the Shareholder Rights Directive 2 (SRD 2) may be on the table. As ever, it is crucial to empower EU individual investors so they can finally meaningfully engage with their long-term and pension assets.

*“Let’s indeed walk the talk and give people access to transition finance”* reacted Guillaume Prache, Managing Director of BETTER FINANCE.

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