



Topic 1.3

Sustainable finance



Sustainable finance

Presented by

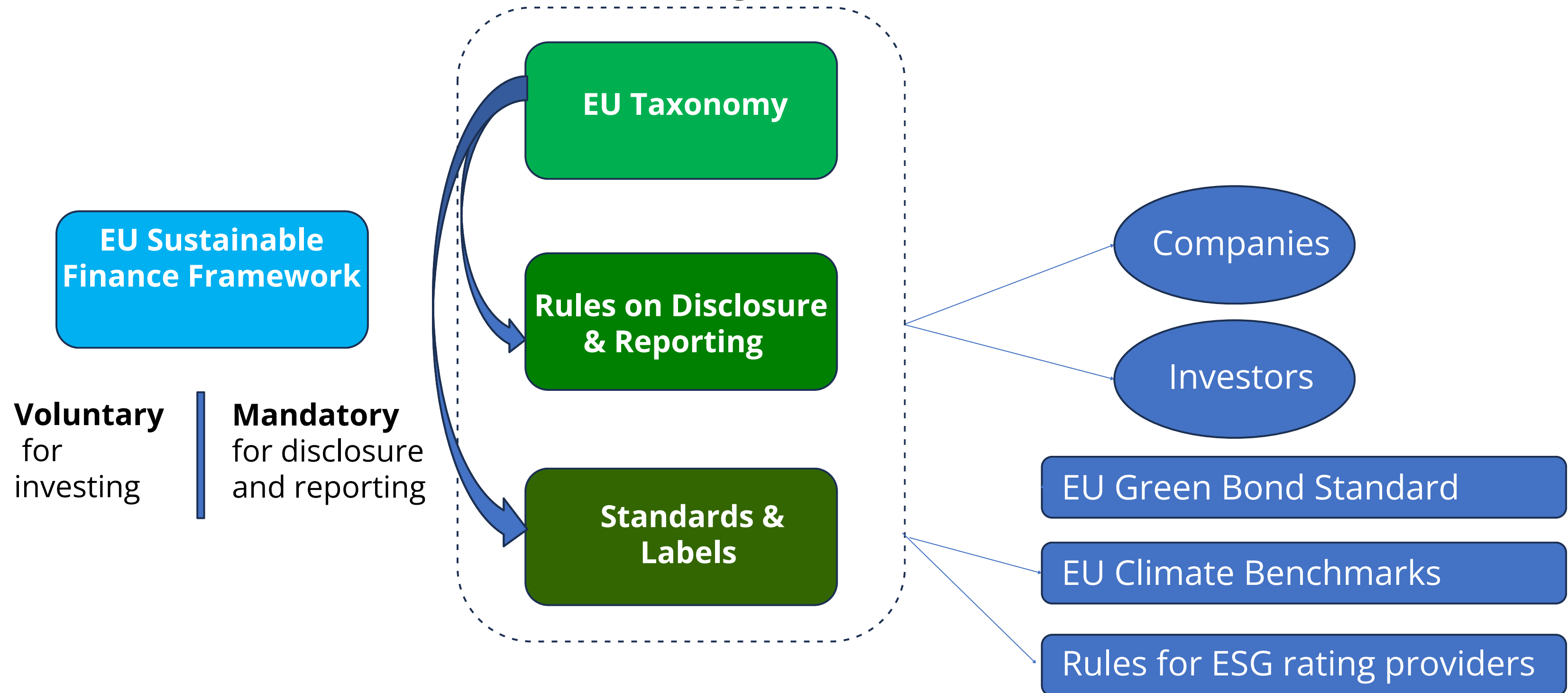


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THE SUSTAINABLE FINANCE FRAMEWORK

Sustainable finance refers to the **incorporation of environmental, social and governance considerations in investment and financing decisions.**






EU TAXONOMY

A classification framework for environmentally sustainable economic activities.

Dynamic

Six environmental
objectives

Environmentally
sustainable economic
activity

- 
- 1 **Climate** change mitigation
 - 2 **Climate** change adaptation
 - 3 Sustainable use and protection of **water & marine resources**
 - 4 Transition to **circular economy**
 - 5 **Pollution** prevention & control
 - 6 Protection & restoration of **biodiversity and ecosystems**

- **Substantial contribution** to at least one objective
- **Do not significantly harm** any other objective
- **Minimum** (social) **safeguards**
- Comply with relevant **technical requirements**

Eligible

Aligned



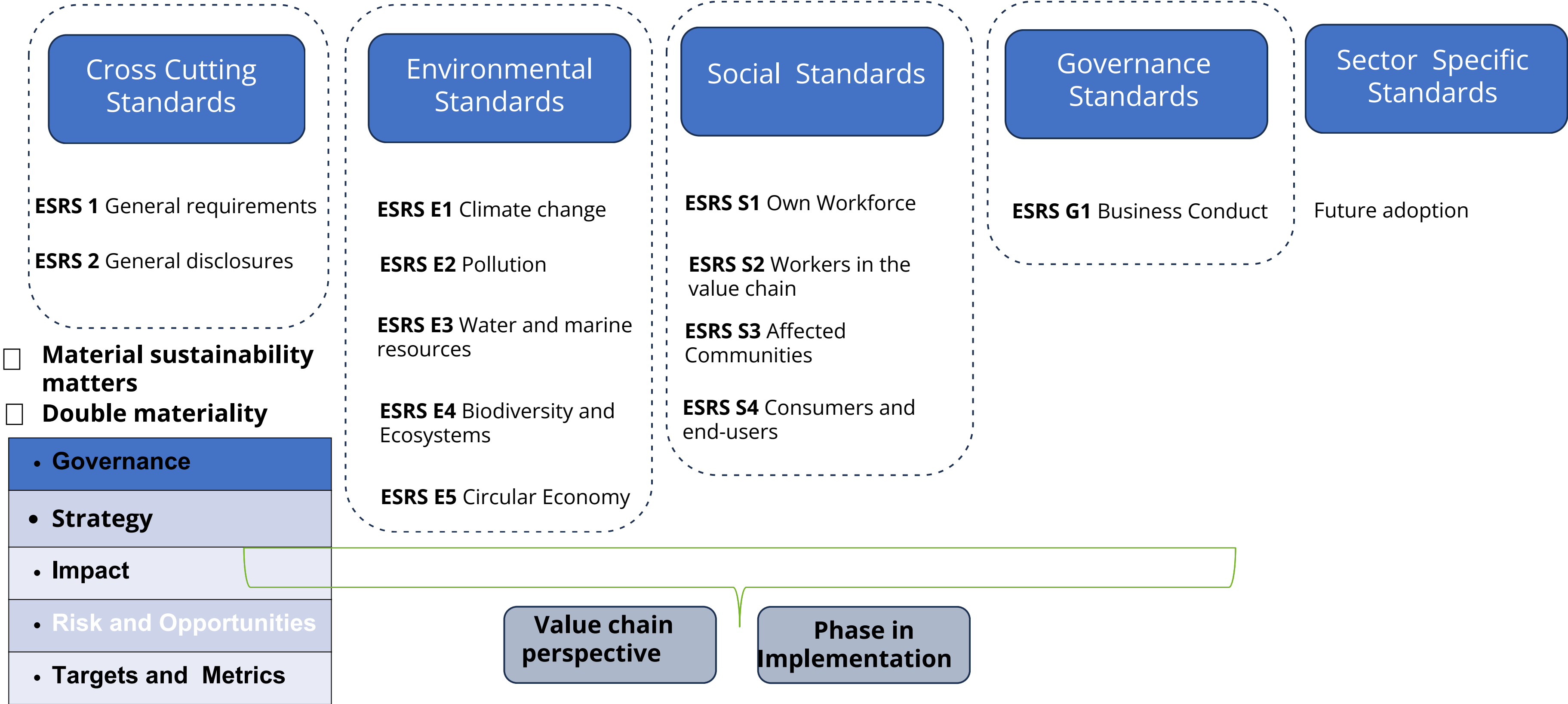
SUSTAINABILITY REPORTING



ESRS – European Sustainability Reporting Standards



High level alignment with ISSB + GRI





SFRD – 3 Level Classification for Investment Products

Labeling of investment funds sold in EU

Article 6: Funds, that do not integrate any kind of sustainability into investment process

Article 8: Funds, that promote environmental or social characteristics among other characteristics (**light green**)

Article 9: Funds that have sustainable investment as their target (**dark green**)

ESG PRINCIPLES



Core elements of the sustainability imprint or ESG rating

ENVIRONMENTAL

SOCIAL

GOVERNANCE

CLIMATE

WATER

RESOURCE USE

BIODIVERSITY

POLLUTION

☐ GHG emissions

- Scope 1,2,3 (gross)
- Emission intensity
- GHG removals & carbon credits

☐ Energy

- Energy consumption mix (energy sources, exposure to coal, oil, gas)
- Renewable energy deployment
- Energy intensity (per revenue)
- Energy efficiency (buildings)

☐ Water consumption, water management

- Water consumption , water sourcing, water discharges
- Water intensity
- Activities in areas of high-water stress or water risk
- Water recycling
- Water pollution

☐ Resources and circular economy

- Resources inflow (renewable, non-renewable)
- Resources outflow
- Waste & waste management
- Resource efficiency, particularly with critical raw materials and rare earth
- Usage of secondary raw materials (recyclates)
- Packaging
- Application of circular design
- Application of circular business practices (value retention)

☐ Biodiversity & Ecosystems

- Effects on biodiversity and ecosystems (loss, degradation)
- Respecting of planet boundaries
- Impact on the biodiversity risk areas
- Impact on threatened species
- Introduction of alien species

☐ Actual and potential pollution

- Air pollutants
- Emissions to water,
- Pollution to soil
- Substances of concern

ENVIRONMENTAL

WORKFORCE
(own & value chain)

☐ Working conditions

• Secure environment
• Social dialogue
• Adequate wages
• Health & Safety...

☐ Equal treatment & opportunities

• Gender equality, equal pay
• Training & skills
• Inclusion of persons with disabilities
• Preventing harassment & violence

☐ Other work-related rights

• Child labour, forced labour
• Adequate housing
• Privacy

SOCIAL

COMMUNITIES

☐ Communities' social and economic rights

• Adequate food & housing
• Clean water & sanitation
• Land & security related impacts

☐ Communities' civil and political rights

• Freedom of expression & assembly
• Impacts on human rights defenders

☐ Rights of indigenous peoples

• Free, prior and inform consent
• Self determination
• Cultural rights

GOVERNANCE



CONSUMERS & END-USERS

☐ Information & privacy

• Privacy
• Freedom of expression
• Access to quality information

☐ Personal safety

• Health & Safety
• Security
• Protection of children

☐ Social inclusion

• Non-discrimination
• Responsible market practices
• Access to product & services



ESG PRINCIPLES

Core elements of the sustainability imprint or ESG rating

ENVIRONMENTAL

SOCIAL

GOVERNANCE

BUSINESS
CONDUCT

A lot of **analytical data** is /will be needed to satisfy relevant stakeholders: shareholders, banks, investors, buyers, consumers, communities, regulators,...



☐ Business Conduct Matters

- | |
|--|
| • Corporate culture & business ethics |
| • Protection of whistle-blowers |
| • Animal welfare |
| • Political engagement and lobbying activities |
| • Relationships with suppliers including payment practices |
| • Corruption and bribery |



KEY TERMINOLOGY

ESG – Environmental, Social and Governance

CSRD – Corporate Social Reporting Directive

SFRD – Sustainable Finance Disclosure Directive

ESRS – European Sustainability Reporting Standards

GHG emissions

- Scope 1 – direct emissions from sources under the control of the company (e.g. company vehicles,...)
- Scope 2 – indirect emissions from the purchased electricity, heat, cooling, steam
- Scope 3 – emissions from the value chain (purchased goods and services, waste disposal, business travel,...)



Appendix – Links to Additional Material

EU Sustainable Finance Package

https://finance.ec.europa.eu/publications/sustainable-finance-package-2023_en

European Sustainability Reporting Standards explained

<https://www.efrag.org/lab6?AspxAutoDetectCookieSupport=1>

ESRS published by the EU Commission

https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/corporate-sustainability-reporting-directive_en