

The future of finance – IS NOW

How the EU sustainable finance agenda creates a new role
for the finance sector

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How can we make the finance industry
part of the solution rather than part of
the problem?

Inaction now will only lead to higher costs later

The longer we wait, the more expensive it becomes.

Top 10 Risks

“Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period”

2 years



10 years



Risk categories

■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological

Finance must change

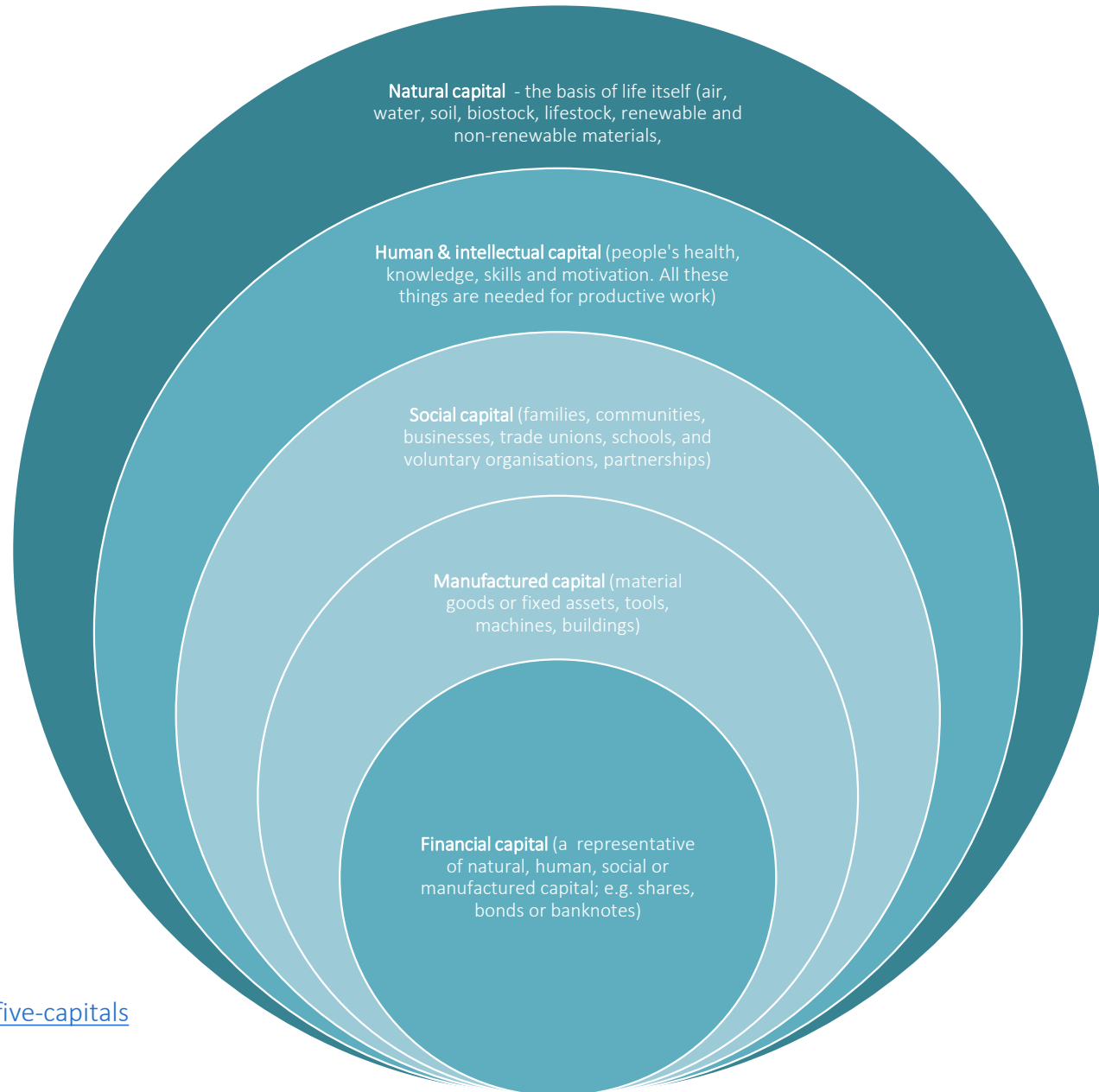
Our system has been too short-termist, for too long. It's time to shake things up. It's time to invest in our long-term health, not our short-term profits.

And let's be very clear – there are no profits to be had on a dying planet.

Frans Timmermans, Vice President EU Commission

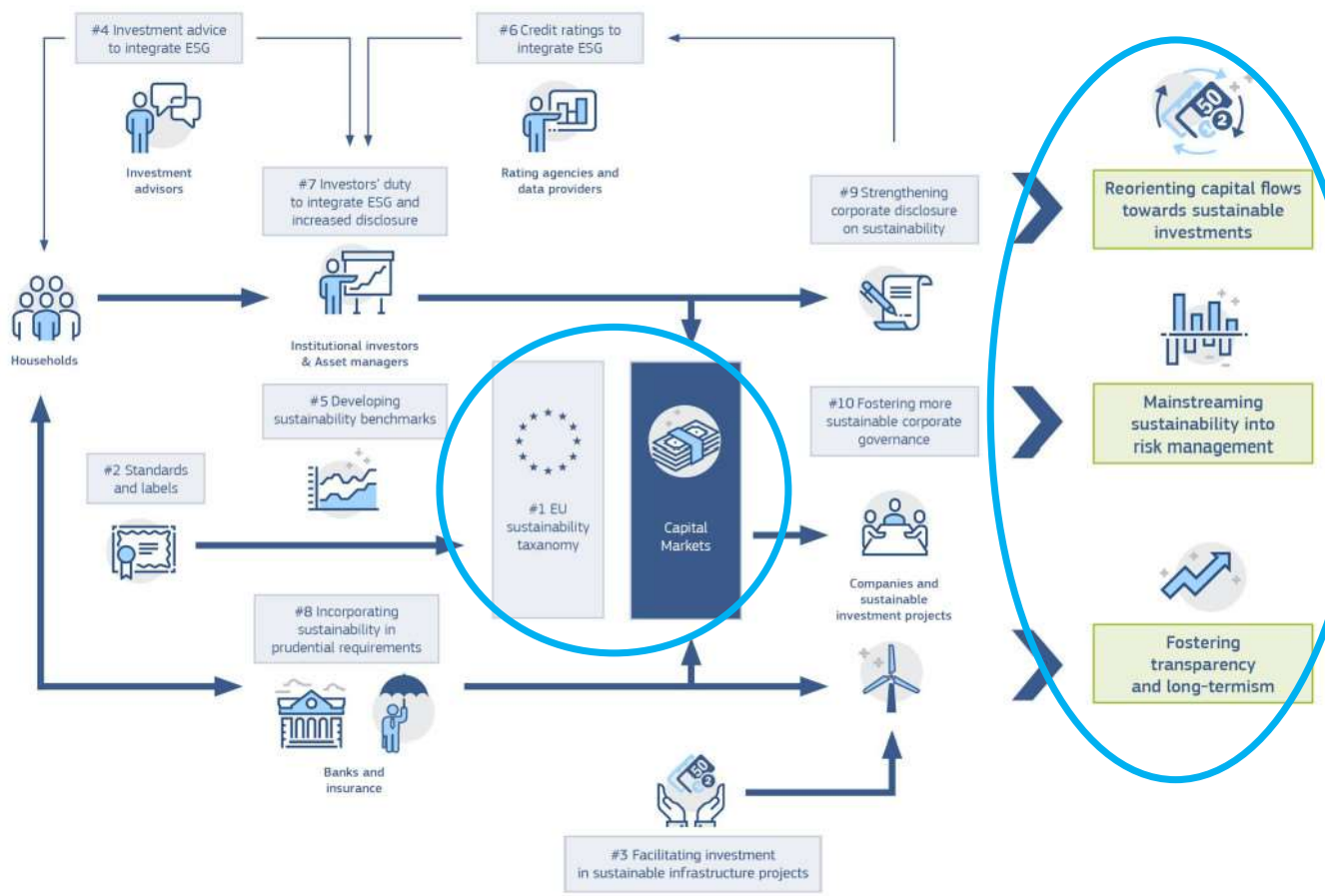
May 9, 2023 Future of Finance Forum

Five capitals



Source: <https://www.forumforthefuture.org/the-five-capitals>

EU Sustainable Finance Action Plan



EU Sustainable Finance Agenda

Reorienting capital flows towards a more sustainable economy

1	Taxonomy	Develop an EU classification system for environmentally sustainable economic activities	✓
2	Standards and labels	Develop EU standards (such as EU Green Bond Standard) and labels for sustainable financial products (via Ecolabel) to protect integrity and trust of sustainable finance market	✓
3	Fostering investment in sustainable projects	Exploring measures to improve the efficiency and impact of instruments aiming at investment support. Mapping on investment gaps and financing.	✓
4	Incorporating sustainability in financial advice	Amend MiFID II and IDD delegated acts to ensure that sustainability preferences are taken into account in the suitability assessment.	✓
5	Developing sustainability benchmarks	Develop climate benchmarks and ESG disclosures for benchmarks	✓

Mainstreaming sustainability into risk management

6	Sustainability in research and ratings	Explore how credit rating agencies could more explicitly integrate sustainability in to their assessments. Study on sustainability ratings and research and exploring possible measures to encourage their uptake.	✓
7	Disclosures by financial market participants	Enhance transparency to end-investors on how financial market participants consider sustainability	✓
8	Sustainability in prudential requirements	Explore the feasibility of reflecting sustainability in prudential rules (where justified from a risk perspective)	✓

Fostering transparency and long-termism

9	Strengthening sustainability disclosures by corporates	Enhance climate and sustainability-related information provided by corporations	✓
10	Fostering sustainable corporate governance & promoting long-termism	Collect evidence of undue short-term pressures from capital markets on corporations and consider steps for promoting corporate governance that is more conducive to sustainable investments.	✓

✓ Regulation adopted/ studies published

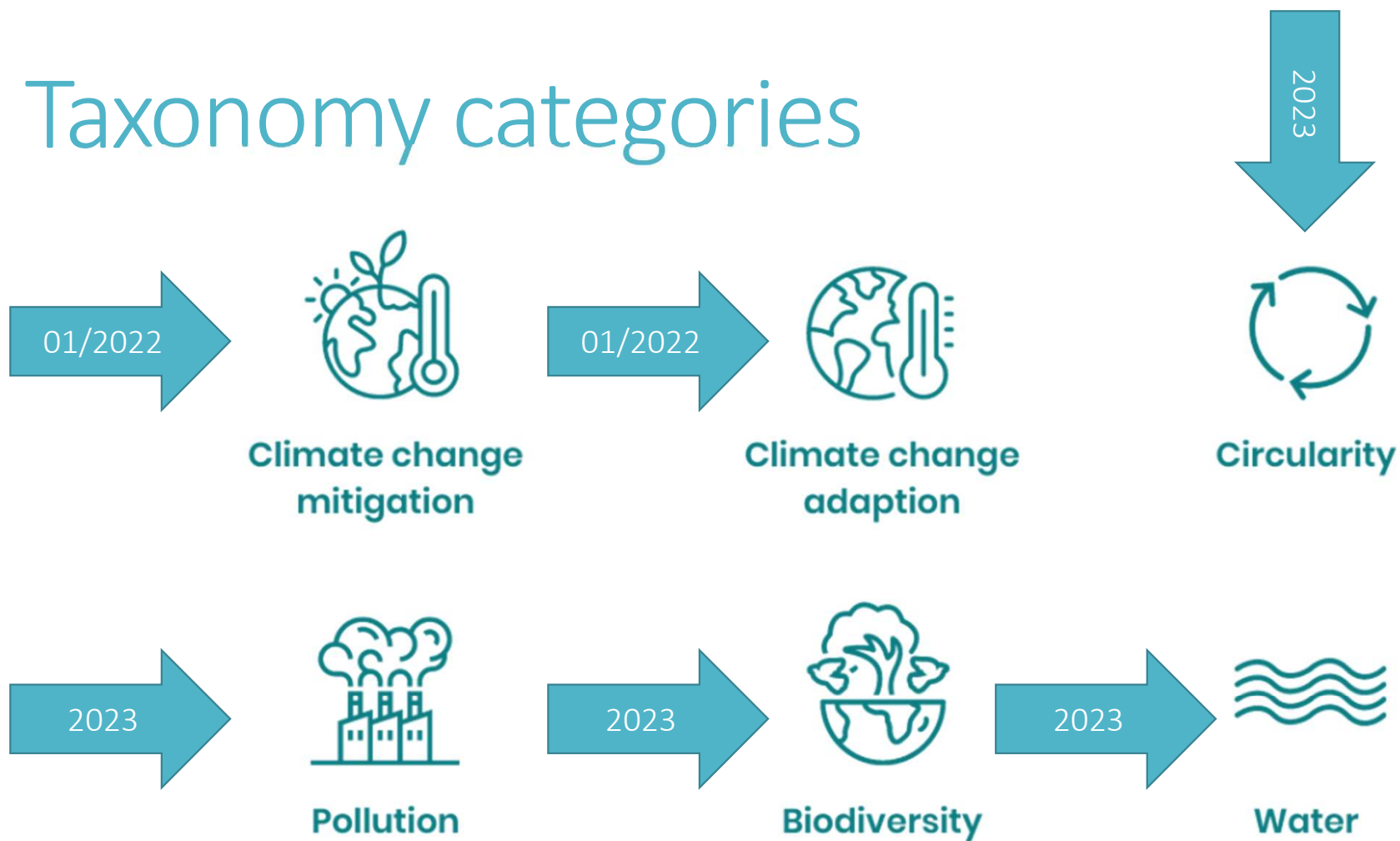
SFRD NFRD CSRD Taxonomy



What is their relationship?



Taxonomy categories



A close-up photograph of a fox's face, looking directly at the camera. The fox has orange-brown fur on its head and ears, with a white patch on its muzzle and chest. Its eyes are a striking amber color. The background is dark and filled with out-of-focus green leaves and branches, suggesting a natural, wooded environment. The lighting is soft, highlighting the texture of the fox's fur.

Let the fox guard the
henhouse

A large, vibrant blue balloon is suspended in the air, held up by a single red pushpin. The pushpin is stuck into a white surface, and its sharp point is embedded in the bottom of the balloon. The background is a plain, bright white, which makes the blue of the balloon and the red of the pushpin stand out sharply. The lighting is soft, creating a gentle shadow of the pushpin on the white surface.

Disruption of business Or....



.... a landscape of opportunities
for new business

Start by questioning and discussing your role Support your people and your clients in the transition

- Taxonomy categories support finance in the ,taxation‘ of (truly) sustainable actions
- Welcome it as support for informed decisions on investment allocation in sustainable business activities
- Nature is changing society – social needs will change your business
- Act proactively and strategic – or get stuck in re-acting when lagging behind

The background of the slide is a dark teal color with a complex, abstract pattern of glowing lines and shapes. It features a prominent orange line graph that trends upwards from the bottom left towards the right. There are also several blue and white lines, some of which are dotted, and various geometric shapes like squares and circles scattered throughout. The overall aesthetic is that of a modern, digital financial dashboard or data visualization.

ESG investments are attractive for
investors

providing enhanced transparency and
future oriented reporting

A dimly lit background image showing several business professionals in a meeting. They are gathered around a table, looking at documents and using mobile devices. The scene is professional and collaborative.

A new role

- Advisory for future-fit businesses
- Enhanced customer engagement
- Risk premium
- Higher credit rates for ,brown' investments

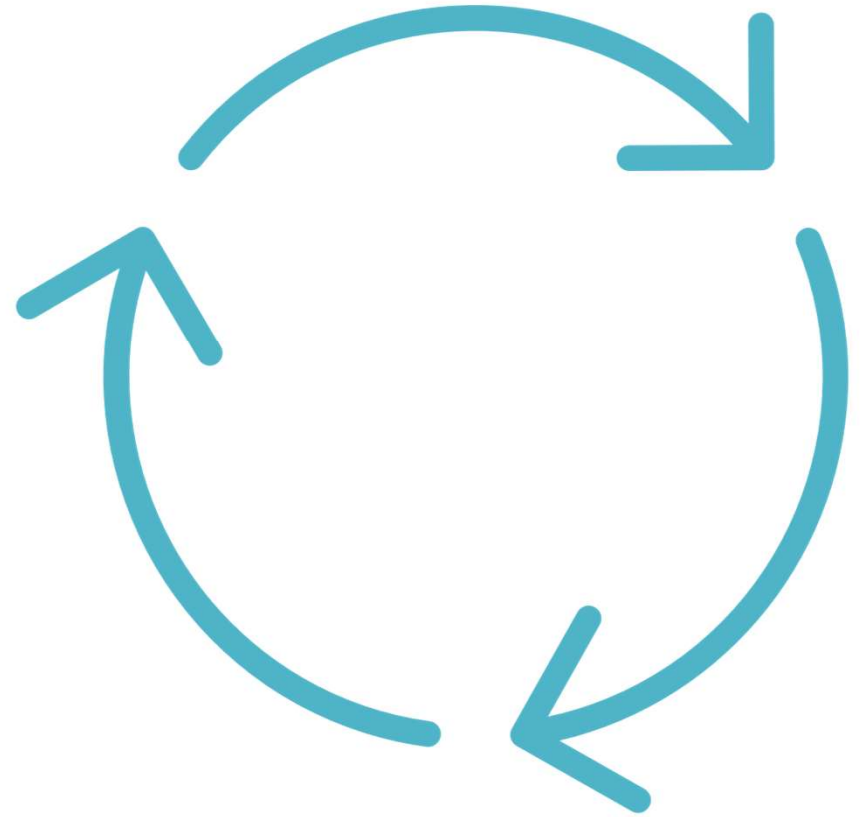
To Dos for being part of the solution

- Understand ,climate‘ to be able to assess financial business risks due to climate change (law & regulation, water, biodiversity, soil, human rights, human health, biophysical impacts like flooding, droughts, storms, heavy rainfall, etc.)
- Understand the monetary value of natural and social capital
- Understand innovation and new circular business models
- Improve the governance of businesses through esG advisory
- Stop thinking and acting in silos – within and outside the organisation
- Learn the new economic thinking the same way like you learned and adapted to digitisation – it’s a cross cutting matter concerning all departments top to bottom



Learn Circular Economy – it's the economy of the future

New business models for circularity of resources (water, energy, materials) are the tool for sustainable economy and go beyond waste management and recycling



Start investing in the green transition

We cannot buy our way to safety in the climate and biodiversity crisis.

We cannot adjust portfolios and claw back some of the losses.

With the European Green Deal European States are now under a legal obligation to reduce their emissions.

European legislation is now aligned with EU climate targets.

It is time we align our financial system to these targets as well.



Show us the money

We need to show private investors that it pays off to invest in the energy transition, that it pays off to invest in the circular economy.

We need the finance sector to contribute to the better for all...while doing their business.



Thank you for your attention

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