

## SFB Statement

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On April 17 this year, the Sustainable Finance Committee (SFB) published a statement on the sustainable and future-oriented design of the economic stimulus programmes established in the context of COVID-19.

The SFB would like to thank the Science Platform for Sustainable Finance for its latest publication on the same topic, and to take the opportunity to underline and further specify the recommendations.

As explained in the paper published by the Science Platform, the resulting medium to long-term macroeconomic effects and their compatibility with set political goals must be taken into account when stimulating rapid growth and employment effects. With the signing of the Paris Climate Agreement and the alignment of the national sustainable strategy with the UN Sustainable Development Goals, the Federal Government has committed to the implementation of a national and international economic system that takes into account the limits of the planet and is compliant with recognized social standards. These must now be reflected in the soon to be adopted economic programmes. The proposal of the European Commission of May 27th for a new recovery instrument - Next Generation EU - linked to the European Green Deal could provide practical guidance for designing these programmes.

The Sustainable Finance Committee supports the proposal of the Science Platform to link the economic stimulus package with sustainable finance through three integrated measures:

First: Evaluation of measures in the economic stimulus package with respect to how they contribute to the realization of Sustainable Development Goals (SDGs). The Committee understands this measure to be an important step to increasing the transparency on the sustainability of public expenditures. From the SFB's point of view, however, this does not result in any directly relevant political steering.

Second: Evaluate investment projects against climate-relevant screening criteria. It is necessary to complement the evaluation measures with a "climate flash-test", which tests all climate-relevant investment projects against minimum standards. The classification of the Technical Expert Group on Sustainable Finance (TEG) should be used to identify climate-relevant activities. Corresponding minimum standards have already been established, for example, in the KfW funding programme "*Klimaschutzoffensive für den Mittelstand*".

Third: Expansion of non-financial company reporting. Non-financial reporting at company level should be expanded for beneficiaries of stimulus programmes, depending on the size of the company. In the long term, this creates transparency about the role of decarbonization at the company level, without creating further hurdles in the short term.

Taken together, these measures would increase transparency in the design and gradual implementation of an economic stimulus package, and would help anchor the sustainability goals at company level.