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## Sustainable Finance

*State Secretaries' Committee for Sustainable Development  
Resolution adopted on 25 February 2019*

The State Secretaries' Committee for Sustainable Development

- considers the term “sustainable finance” to mean that sustainability-related issues are taken into account in the decisions made by financial market participants;
- finds that sustainable finance can help the German government achieve its objectives in the areas of financial market stability, energy, climate and development, along with other sustainability-related objectives; is aware that environmental changes, and the changes to the real economy associated with them, can pose major risks for certain financial market participants and for the financial market as a whole; sustainable finance can help stakeholders deal effectively with these changes, challenges and risks at the national, European and international level;
- makes reference to the 2018 international peer review's statement that sustainable finance is a key enabler of change and of the implementation of the 2030 Agenda;
- points out that sustainable finance will facilitate the achievement of the 17 Sustainable Development Goals, the objectives of the Addis Ababa Action Agenda on financing for development, and the objectives of the Paris Agreement (which calls in Article 2(1)(c) for making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development) and will simultaneously enhance the stability and efficiency of financial markets;
- underscores therefore that options for action in the area of sustainable finance must not stand in conflict with the objective of financial market stability; this would argue against reducing capital and solvency requirements for banks and insurance companies for the purpose of making politically desired investments, because risks would not be adequately taken into account (green supporting factor);
- emphasises the central role of sustainable fiscal policy alongside sustainable finance. In this respect, the German government has an important responsibility to incorporate sustainability interests more firmly into its financial decisions and, in this connection, makes reference to the resolution adopted by the State Secretaries' Committee for Sustainable Development on 4 January 2016 regarding sustainable public finances;
- is aware that unsustainable developments that pose risks to humankind, the environment and the real economy can have adverse financial impacts on investments and financial market participants; emphasises that financial market participants must take these investment risks adequately into account, for their own

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interest and for the interest of clients, investors and consumers; encourages financial market participants not only to take sustainability-related issues into account in order to optimise the balance between returns, risks and liquidity but also to adequately consider – in accordance with their business model – the local and global effects on people and the environment;

- finds that there are still knowledge gaps and open research questions in connection with these matters;
- is aware of the global and European responsibility to pursue sustainable development, is aware of the potential consequences of unsustainable investments, and is committed to identifying suitable, effective and practical options for advancing sustainable finance; this applies, for example, to the United Nations (Paris Agreement, Sustainable Development Goals, guiding principles on economic reforms and human rights), the G20, the G7, the Financial Stability Board, international development cooperation, and the in-depth dialogue taking place as part of the cooperation between Germany and France; attaches particular importance to developments at the European level (for example, the EU Action Plan on Financing Sustainable Growth);
- is pleased that a large number of private and public financial market participants now actively support sustainable finance and are increasingly incorporating sustainability-related issues into their investment decisions;
- requests that the Federal Ministry of Finance and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety formulate – as part of Germany's Sustainability Strategy – a Sustainable Finance Strategy in collaboration with the Federal Ministry for Economic Affairs and Energy and in consultation with all other ministries. This Sustainable Finance Strategy will aim to make Germany a leading sustainable finance centre, will facilitate dialogue and implementation at the national, European and global level, and will contribute to a concerted, structured stakeholder dialogue;
- endorses the following next steps that will be taken by the lead ministries to build and implement the Sustainable Finance Strategy:
  - set up a Sustainable Finance Advisory Committee comprised of representatives from interested ministries, the financial sector, the real economy, civil society and academia. The committee will advise the German government, monitor discussions at the European level, enhance the knowledge base, and advance sustainable finance in Germany by building momentum and by pooling stakeholders;

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Die  
Bundesregierung



Nachhaltigkeits-  
strategie  
für Deutschland

- continue the exchange of experience within the German government in order to improve federal investment risk management by integrating sustainability-related issues and in order to guide the process of selling shares in nuclear power plant operators. It is also important to discuss how – in addition to taking investment risks into account – impacts on humankind and the environment can be better incorporated into this process without calling into question who holds the respective legal responsibilities for investment policy. Given the heterogeneity of investments in terms of volume, objectives, legal requirements and management, it is essential to ensure flexibility in the choice of methods;
- develop a communication strategy to explain sustainable finance to consumers and the finance industry and to enhance their awareness of it, using such instruments as informational materials, information campaigns and training programmes;
- review whether it is economically feasible to issue green or sustainable bunds (government bonds) in Germany as part of the debt refinancing process.