

Questionnaire by the High Level Expert Group (HLEG) on sustainable finance interim report

Question 1. From your constituency's point of view, what is the most important issue that needs to be addressed to move towards sustainable finance? (sustainable finance being understood as improving the contribution of finance to long-term sustainable and inclusive growth, as well as strengthening financial stability by considering material environmental, social and governance factors)

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We welcome the establishment of the HLEG on sustainable finance, and its first published conclusions. But it needs to be complemented with the social dimension as it has not taken union and employee factors enough into account. Vital for the imperatives of sustainable finance – sustainable and inclusive growth, and financial stability.

- The European classification system solely focuses on environmental goals. Labor rights must be included in the future EU classification systems, as undermining them is contradicting sustainability.
- To improve disclosure on sustainability there is inspiration to draw from the Workforce Disclosure Initiative by ShareAction. Indicators for workers well-being and labor rights should be included in a European disclosure initiative.
- Making ESG a key requirement in impact assessments, in new legislation and policy, is something that NFU repeatedly asks for in our contacts with the COM, and it is essential for developing a more social EU.
- By experience, ESA's awareness of social impact has been worryingly limited. E.g. it has questioned collective bargaining despite its legal foundation and key role for national wage formation. Besides developing disclosure on social impact of regulations and business models, ESA should improve their ESG competence.
- EU's efforts should reflect the connection between labor rights, collective bargaining, and sustainability. EU must continue to methodically include unions in all parts of the sustainability process.

The following questions cover selected areas that are addressed in the [recommendations \(chapter VI\) of the interim report](#), which the expert group considers to be crucial and would appreciate your feedback on:

The report also touches upon areas for further analysis. The following questions focus on a selection of these, which the group would appreciate your feedback on:

Social dimensions

Question 11. What do you think should be the priority when mobilizing private capital for social dimensions of sustainable development?

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To begin with, the report and its recommendations present a too narrow definition of “social dimension” by mainly focusing on “social enterprises”. The two imperatives of sustainability - sustainable and inclusive growth, and financial stability – are dependent on an employee perspective and union organization. Which in turn are fundamental for trust in the sector, customer safety and sector prosperity. Without these aspects of the social dimension the HLEG risks continuous or increased risk for instability in the financial sector. Something that results in short-term horizons and hinders the mobilizing of private capital for green dimensions. The HLEG needs to rewind and redefine the “social dimension” from a broader point of view.

Secondly, reading the report it is clear that HLEG prioritizes green finance first and social dimensions second. NFU understands the necessity of prioritizing the climate and the Paris Agreement, however, the two are not competing values and should not outbalance each other. NFU believes that when mobilizing private capital for green dimensions there still must be minimum social standards, such as respect for labor rights and collective bargaining. The EU and national states must assess the social impact of all investments before tendering them to the private sector.

Other

Question 12. Do you have any comments on the policy recommendations or policy areas mentioned in the Interim Report but not mentioned in this survey?

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NFU asks for the HLEG to consider the role of employees, as they to a large extent will be the ones implementing the recommendations and policies.

A sound, trusting and sustainable relationship between employees and customers in the financial sectors is vital to the well-functioning of the financial market. Conflicts of interest must be avoided and employees must have enough time to convey proper and unbiased advice to consumers. Employees in charge of selling the certified products must be free of sales pressure, as “brown products” might short-term be more profitable.

The sustainability development will continue to reshape the landscape of the financial sectors, and products that employees sell and give advice about are changing and increasing in complexity. Employees must be given the opportunity to develop their competence to contribute to the promotion of sustainability.

This also means that social sustainability need to include aspects of good management, employee representation in governance as well as union representation in developing and reviewing indicators and classification systems. A diverse stakeholder representation in EU bodies going forward is an important democratic function. Employees must be given seats in relevant stakeholder groups to ensure that the employee perspective is considered.

Additionally, by providing safe conditions for whistle-blowing, it is more likely that employees will blow the whistle when they suspect green-washing and misuse.

Question 13. In your view, is there any other area that the expert group should cover in their work?

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As written in previous answers, there are many reasons for including employee perspectives in the transformation to sustainable finance. NFU sincerely hopes that the final recommendations from the HLEG, therefore, will include the explicit mentioning of employee conditions and labor rights.