

**EU Financial Services Commissioner Mairead McGuinness' key note at ZIA German Property Federation's Real Estate Day TDI 2021, 24 June 2021**

Ladies and gentlemen,

It is a pleasure to address you today.

My thanks to Andreas Mattner and Gero Gosslar for the invitation to join you.

The EU is on a path towards climate neutrality by 2050.

This is an ambitious target.

In less than nine years - by 2030 - the ambition is to have a 55 percent reduction in emissions compared with 1990.

To achieve that goal, we have the European Green Deal.

Addressing the climate and biodiversity challenge is now urgent and all parts of our economy and society must play a part in achieving our targets.

The world is emerging from the grips of the COVID-19 pandemic. It is not over and we remain vigilant.

Yet we are beginning to plan for the recovery from the crisis as we see a gradual and welcome removal of restrictions.

The temptation might be to go back to the way we were before the pandemic hit. This would be a mistake.

Instead we have to use the recovery to build a more sustainable, resilient and fairer economy and society. And that means we have to step up on the necessary action to achieve our climate and biodiversity targets.

We have to use the opportunity of the recovery to invest in a green and sustainable future.

Putting our economies and businesses on a more sustainable path requires a lot of money.

The EU is investing €750 billion euros via Next Generation EU - its recovery fund.

37 percent of the investments under Next Generation EU will be targeted towards meeting our climate ambitions.

But we know that public money alone will not be enough to get where we want to go.

We need private finance to ensure that we reach our green goals. And it is in the interest of our business and financial sectors to make sure that we get to our climate targets to avoid catastrophic climate impacts on our economy.

So money spent on meeting our ambitious targets is money well spent.

We estimate that we will need €350 billion euros additional investment per year just to reach our 2030 climate target.

Finance is at the heart of the transformation already underway in our economy and our society. But we need to work faster and harder and we need the financial sector to step up to the challenge.

We also need all sectors of the economy to plan how they will contribute to the climate effort - this includes the buildings and construction sectors.

We are counting on your contribution.

Buildings are responsible for about 40 percent of energy consumption and 36 percent of carbon dioxide emissions in the EU.

So we need the commitment and expertise of the real estate sector to reduce emissions and meet our goals.

### *[Taxonomy]*

The EU is already helping the private sector re-orientate towards sustainable investment.

The cornerstone of the EU's work on sustainable finance is the Taxonomy.

The EU Taxonomy is the world's first green list. It translates our ambitious green goals into concrete criteria for economic activities.

The taxonomy identifies what is already green - in very granular detail on a sector by sector basis.

It also provides a signpost - a pathway - for sectors to plan their transition towards being more sustainable.

Two months ago, the Commission agreed the first list of activities that make a substantial contribution to our climate goals.

These criteria cover the activities of roughly 40 percent of listed companies, in sectors responsible for almost 80 percent of direct greenhouse gas emissions in Europe.

It includes the sectors with the highest greenhouse gas emissions, including construction and buildings.

And it includes activities that will enable their transformation. So that includes things like renovation, installing energy efficiency equipment or installing renewable energy technologies.

Alongside the Taxonomy we have initiatives to improve the transparency in the economic and financial system.

The key to delivering our targets is to measure what is being done. This will also allow us see what is not being done and how to overcome blockages.

### *[SFDR]*

First let me mention the **Sustainable Finance Disclosure Regulation**. This Regulation is designed to improve the quality of information available about the Environment, Social and Governance (ESG) impact of investment products.

This information is essential to allow investors make better informed decisions and to mitigate the risk of greenwashing in the market.

It is very relevant for your sector.

The Disclosure Regulation covers financial products that invest in real estate which are covered by EU rules on investment funds.

Investment funds and financial products subject to provisions of this Regulation will need to screen their investment portfolios and report accordingly.

This means that there will be more transparency and comparable information among financial market participants about sustainability performance.

*[CSRD]*

Secondly, we have recently announced a new Corporate Sustainability Reporting Directive. This will give another boost to the transparency of European markets.

The CSRD is about company reporting on sustainability: both the impact that companies have on the environment and their exposure to climate change and other risks.

The directive will result in clearer and more reliable information from companies.

This will give investors clear information and it will also give financial market participants the information they need for their sustainability reporting under the Disclosures Regulation.

*[Renewed strategy]*

The Commission is now working on a **Renewed Sustainable Finance Strategy**.

This will step up our ambition in sustainable finance and provide a roadmap for the future.

It will look at how to empower companies to move towards sustainable activities.

And it will seek to make climate and environmental risks mainstream in the financial system.

It will also look at how we can further incentivise improving the energy efficiency of our housing stock through encouraging green loans and green mortgages.

*[Concluding remarks]*

To conclude, let me once again highlight the importance of the real estate sector for the transition to a sustainable economy.

Buildings are a big source of emissions – but the real estate sector also offers vital solutions like renovation and energy efficiency.

Achieving the EU's climate targets is a huge challenge but it is a challenge we cannot delay any further.

We'll need to work together to make it happen.

So I very much welcome the dialogue with ZIA on these topics and I looking forward to continuing our work together.