L20 Inputs to the G20 SUSTAINABLE FINANCE WORKING GROUP
Workshop 23 July 2021

The **L20 calls on SFWG members to continue looking into enhancing the development impact of sustainable finance instruments, through a social taxonomy based on corporate due diligence, transparency, and disclosure.**

The market of green and social securities is increasing. However, the market is not transparent. Common principles and criteria should be adopted when it comes to impact reporting.

There is no consensus on what green and social means. International private standards are insufficient, and the EU taxonomy is at embryonic stage. A mix of social and green should lead to more advanced generation of just transition finance that better respect the SDGs targets, SDG 8 in particular.

The L20 calls on SFWG members to increase their efforts in delivering specific criteria and principles when it comes to sustainable finance, such as:

➔ Adopting a common language and working definitions. We urge a broader SDGs perspective – namely on social effects such as effects on decent job creation, income equality and efforts to promote a Just Transition.
➔ The social taxonomy should provide a framework that requires (sine qua non) investors and investee to demonstrate full respect and corporate due diligence in ensuring abidance by internationally recognised standards.
➔ Structured and permanent consultation of social partners in the shaping and regulating the sustainable finance market should be prioritised.

At this particular point in time, where resources must be channeled to key priorities such as public services and goods, in a context of the high level of debt, the cost-effectiveness of these financial instruments should be carefully analyzed, and we encourage SFWG members to produce a stock taking analysis in this respect.

Finally, complementarity should be granted with other processes beyond the G20 such as the UN FFD, OECD and the EU when looking at comprehensive global frameworks to improve transparency, disclosure and reporting. Within the G20 more cooperation with the DWG is also desirable.

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