



**European Commissioner Mairead McGuinness's
speech at Sustainable Finance Research Forum**
*“Connecting green research, development and
innovation with the financial sector”*

27 October 2022

Introduction

Good evening everyone.

I'm delighted to speak with you as today's event comes to a close.

We are facing many challenges and all at the same time: a climate crisis, high energy prices and energy security concerns, and a biodiversity crisis too.

Our immediate focus is on finding solutions for the current energy supply crisis.

But my very clear message to you is that we need to accelerate our transition efforts rather than putting them on hold.

We need more renewable energy,

We need to use the energy we have more efficiently.

And we need to diversify our sources of supply.

Sustainable finance can make a real difference by enabling private investment in the transition, as a complement to public money.

And science and research are crucial for sustainable finance.

So I welcome the establishment of this new Sustainable Finance Research Forum.

I want to thank colleagues from the Joint Research Centre for their work and their support.

We are meeting one of our commitments under last year's Strategy for financing the transition to a sustainable economy.

The Sustainable Finance Research Forum offers an opportunity for the financial sector and the research and innovation community to come together.

And in my remarks today, I want to talk about why these links are so important.

Research is essential for sustainable finance – and at the same time, sustainable finance is essential to support the research and innovation we need to make the transition, ultimately reaching net-zero.

Research and development for sustainable finance

Most of the technologies that will allow us to reach net zero by 2050 are not there yet – like advanced batteries or large-scale green hydrogen.

Science, research and innovation are absolutely essential to developing the new solutions we need.

And the latest research should also inform where both short and longer-term investment is directed.

The financial system has to contribute towards the transition by directing finance towards sustainability and innovative solutions.

And for this they need data and methodologies that are science- and research-based.

Research can also shed light on the risks financial institutions may face with new circumstances, and the magnitude of such risks.

If an insurance company is asked to insure against risks like flooding, for example, they need to be able to assess how climate change might affect future risks compared to the past.

And the ability of banks and insurers to manage risks and absorb losses is vital for financial stability and the resilience of the wider economy.

The financial sector must be resilient towards climate risks – as well as the risks from large-scale environmental degradation and the loss of biodiversity.

Knowledge coming from research will help build that resilience.

And only a resilient financial sector can finance the transition to sustainability.

So we need to make sure that financial sector benefits from the latest research on sustainable finance and how climate change is impacting the financial system.

The EU has been at the forefront in building up knowledge around this topic, first with the Technical Expert Group, then the High Level Expert Group, and now with the Platform on Sustainable Finance.

That work has helped to build the EU Taxonomy, for example.

The Taxonomy underpins the EU's sustainable finance agenda, and provides clear definitions for economic activities that are considered environmentally sustainable.

Now the Sustainable Finance Research Forum is another step forward in our work.

It will strengthen the role of science and allow knowledge to be shared between the financial sector and the research community.

Sustainable finance for research and development

Just as research and innovation are vital for sustainable finance, sustainable finance is vital for research and innovation.

We already have a strong European research community, supported by EU policy.

With Horizon Europe, and in particular the European partnerships with industry and the European Innovation Council, we are developing game-changing innovations.

We have tools – like the industrial technology roadmaps developed under the New European Research Area –

These enable collaboration between industry and academia, helping innovative companies and entrepreneurs bring scientific results to market.

Our New European Innovation Agenda emphasises deep-tech innovations and access to finance for the next generation of researchers, founders and innovators, to start-up but also scale-up in Europe, including for green technology.

All of these tools can help us work out where more investment is needed.

Research and innovation outcomes need support to be taken forward into the economy and turned into products and services for a net zero world.

Private investment is key, and this is where sustainable finance steps in.

Even when innovative projects are close to market, taking them forward can seem risky for businesses, especially when the ideas are really new.

But such projects are essential if we want green technologies to become a reality of everyday life.

Sustainable finance can help close that financing gap.

The Taxonomy supports research and innovation projects, helping to enable sustainable transition.

It points investors towards these projects, at the same time helping broaden the investor base.

That's key to driving innovation forward – but also to helping innovation develop and grow on the market.

We need this to happen across a range of areas:

Climate mitigation in energy-intensive industries; circular business models; renewable energy sources – to name just a few.

And getting this done will also help Europe continue its global leadership in green technology.

Closing

The vital relationship between sustainable finance and research and innovation is clear, and today marks an important milestone.

So let me once again welcome the establishment of the new Sustainable Finance Research Forum.

You will bring together the financial sector and the research community, and both sides will benefit.

I look forward to working with you as we build a sustainable future together.

Thank you.