

Ms. Ursula von der Leyen
President of the European Commission
Rue de la Loi 200
B-1049 Brussels

— Sent via Email; sent in copy to: Commissioners Mairead McGuinness, Nicolas Schmit, Valdis Dombrovskis

Brussels 12th of October 2023

Dear President of the European Commission Ms. Ursula von der Leyen,

Europe needs to mobilise capital for social investments¹

Sustainability has a social dimension, and consequently, Europe needs a framework to guide investments towards social housing, healthcare, education, and to ensure human rights in value chains.

“We can and must reverse the trend that has seen investment in human capital, especially in health, education and affordable housing, stall in many regions and countries.” Report of the High-Level Task Force on Investing in Social Infrastructure in Europe 2018.²

The EU sustainable finance (EU SF) framework fails to address the social dimension of sustainability. As it is, the EU SF framework focuses on avoiding negative social impacts without giving any guidance on how sustainable investments could positively contribute to social goals and thus among other things to ensure a fair and just transition towards climate neutrality. While it encourages investments in environmental activities, this situation exposes the EU Commission to the criticism that it misses the opportunity to tap into the transformative potential of socially minded investors.

The problems around implementing the EU SF framework and especially around the EU taxonomy should not be seen as a reason for abandoning the effort to offer a framework for socially sustainable investments decisions. Rather, they should be seen as an opportunity to learn and craft a more suitable framework that addresses the needs of investors and the financial sector.

The reasons for the need for a Social Investment Framework remain:

1. Capital is needed in social areas more than ever. The Report of the High-Level Task Force on Investing in Social Infrastructure in Europe (2018) already estimates a minimum gap in social infrastructure investment at EUR 100-150 bn p.a. and a total gap of over EUR 1.5 trillion in 2018- 2030.
2. The implementation of the due diligence directive (CSDDD) will require substantial expenditures by companies directly linked to respecting human rights especially in their value chain.

¹ This paper has been built upon stakeholder dialogues with a growing community of organisations interested in the development of a social investment framework.

² https://economy-finance.ec.europa.eu/system/files/2018-01/dp074_en.pdf

3. There is a growing number of institutional and retail investors who incorporate social aspects into their investment strategies. This was illustrated by the great demand for the EU bonds to “Support to mitigate Unemployment Risks in an Emergency (SURE)”.
4. Investors lack an orientation for what constitutes a “social investment”, as well as commonly accepted definitions. Without this orientation, social investments lack the impact they could have if specific activities would be officially and coherently defined as “social”.
5. Companies recognise a need to address social issues. On top of traditional social impacts on workers, communities and suppliers, companies recognise that they have to address f. ex. changes in skills needed for the green just transition and the inclusion of workers in situations of vulnerability, like migrants.

In order to smooth the implementation of such a social investment framework it should be built on already existing and upcoming EU legal frameworks, while avoiding the shortfalls of the EU taxonomy:

- The EU Treaties provide a definition of “services of general economic interest (SGEI)
- The European Voluntary Quality Framework for Social Services of General Interest (EVQF SSGI) defines quality criteria for these products and services
- The upcoming European due diligence directive (CSDDD) will define companies’ duties to respect human rights.
- The “Corporate Sustainable Reporting Directive” (CSRD) will provide the necessary data.
- The regulation establishing the InvestEU Programme defines social investments and skills
- The regulation establishing the European Social Fund Plus (ESF+) defines social innovation and social enterprises

Considering the compelling need for more and continuously high investments in social infrastructure, especially in the face of the green just transition and migration into the EU f. ex. caused by the war in Ukraine, we ask the EU-Commission to put a Social Investment Framework on its agenda. The issue has never been more pressing and the need for social investment never greater.

Sincerely yours,



