



# Sustainable Finance Taxonomy: updates

CDG arable crops -cereals, oleo-protein & seeds

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# EU Taxonomy Overview – What is it and what is it not

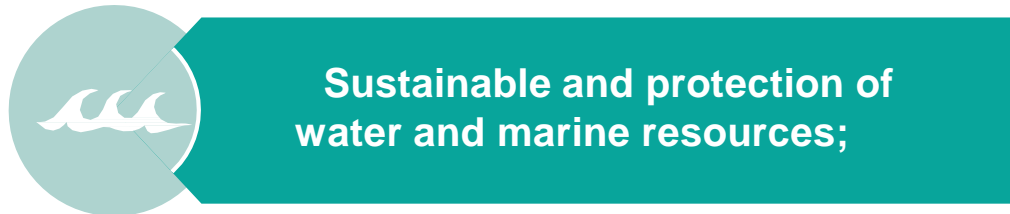
## Objective – what is the Taxonomy

- ✓ A classification system to establish clear definitions of what is an environmentally sustainable economic activity
- ✓ Tool to help investors and companies to make informed investment decisions on environmentally sustainable activities for the purpose of determining the degree of sustainability of an investment
- ✓ Reflecting technological and policy developments: The Taxonomy will be updated regularly
- ✓ **Facilitating transition of polluting sectors**
- ✓ Technology neutral
- ✓ Fostering Transparency by disclosures for financial market participants and large companies related to the Taxonomy

## What is the Taxonomy not?

- ✗ It's not a mandatory list to invest in
- ✗ It's not a rating of the “greenness” of companies
- ✗ It does not make any judgement on the financial performance of an investment
- ✗ What's not green is not necessarily brown. Activities that are not on the list, are not necessarily polluting activities. The focus is simply on activities that contribute substantially to environmental objectives.

# Taxonomy Regulation – 6 environmental objectives



# The Taxonomy Regulation – Mandatory disclosures

The Taxonomy Regulation mandates three user obligations



**Financial market participants** offering financial products in the EU, including occupational pension providers  
**Article 5 – Article 7**

- How and to what extent the Taxonomy was used in determining the sustainability of the underlying investments;
- To what environmental objective(s) the investments contribute; and
- The proportion of underlying investments that are Taxonomy-aligned, as a percentage of the investment, fund or portfolio.



**Large companies** who are already required to provide a non-financial statement under the Non-Financial Reporting Directive  
**Article 8**

The proportion of turnover aligned with the EU taxonomy;  
CAPEX and, if relevant, OPEX aligned with the EU taxonomy.

→ KPIs for financial companies will be established in a separate delegated act



**The EU and Member States**  
**Article 4**

When setting out measures on standards or labels for green financial products or green (corporate) bonds

# Taxonomy Regulation – four basic conditions

**(a) Substantially contribute**  
to at least one of the six  
environmental objectives as defined  
in the Taxonomy Regulation

+

**(b) Do no significant harm** to any  
of the other five environmental  
objectives as defined in the  
Taxonomy Regulation

+

(c) Comply with  
**minimum  
safeguards**

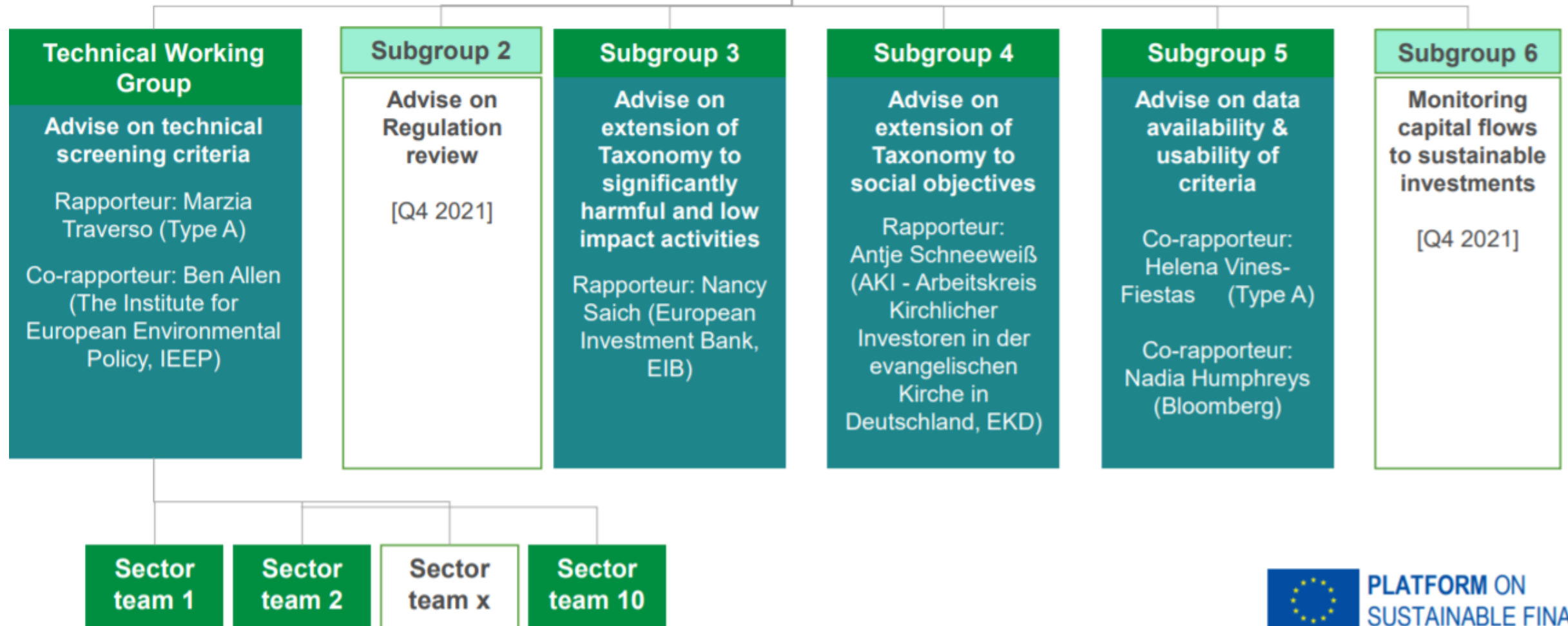
(d) Comply with quantitative or qualitative  
**Technical Screening Criteria**

# Platform on Sustainable Finance

Chair: Nathan Fabian (PRI)

**57 members & 11 observers**

Appointed members from a range of sectors, including industry, academia & civil society



# State of Play

- A first delegated act on sustainable activities for climate change adaptation and mitigation objectives formally adopted on 4 June 2021 for scrutiny by the co-legislators.
  - It includes forestry sector but not agriculture.
  - Finalisation of agriculture criteria was delayed to wait for adoption of CAP post 2020.
- A second delegated act for the remaining objectives will be published in 2022.
  - The Platform on Sustainable Finance to publish recommendation to Commission on the technical screening criteria.
  - [Draft report](#) - [call for feedback](#) period runs from 3 August until 24 September 2021.
  - Final report – November 2020.

# Thank you

**For more information:**

**Sustainable Finance Taxonomy:** [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_en#development](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en#development)

**Platform on Sustainable Finance:** [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en#activities](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en#activities)

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