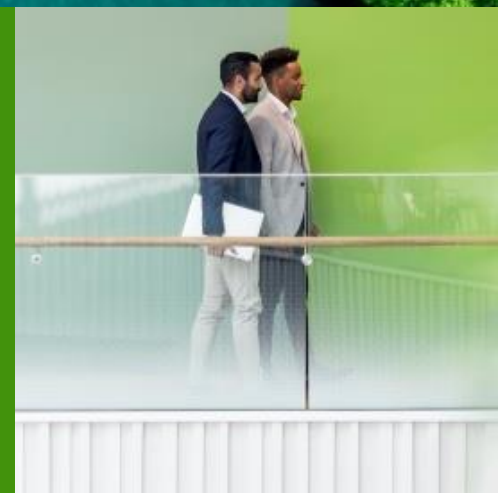


The EU Taxonomy

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Head of Sustainability Strategy, Policy and Governance
Member of EU Platform on Sustainable Finance



Content

- European Green Deal
- EU Sustainable Finance Action Plan
- EU Taxonomy

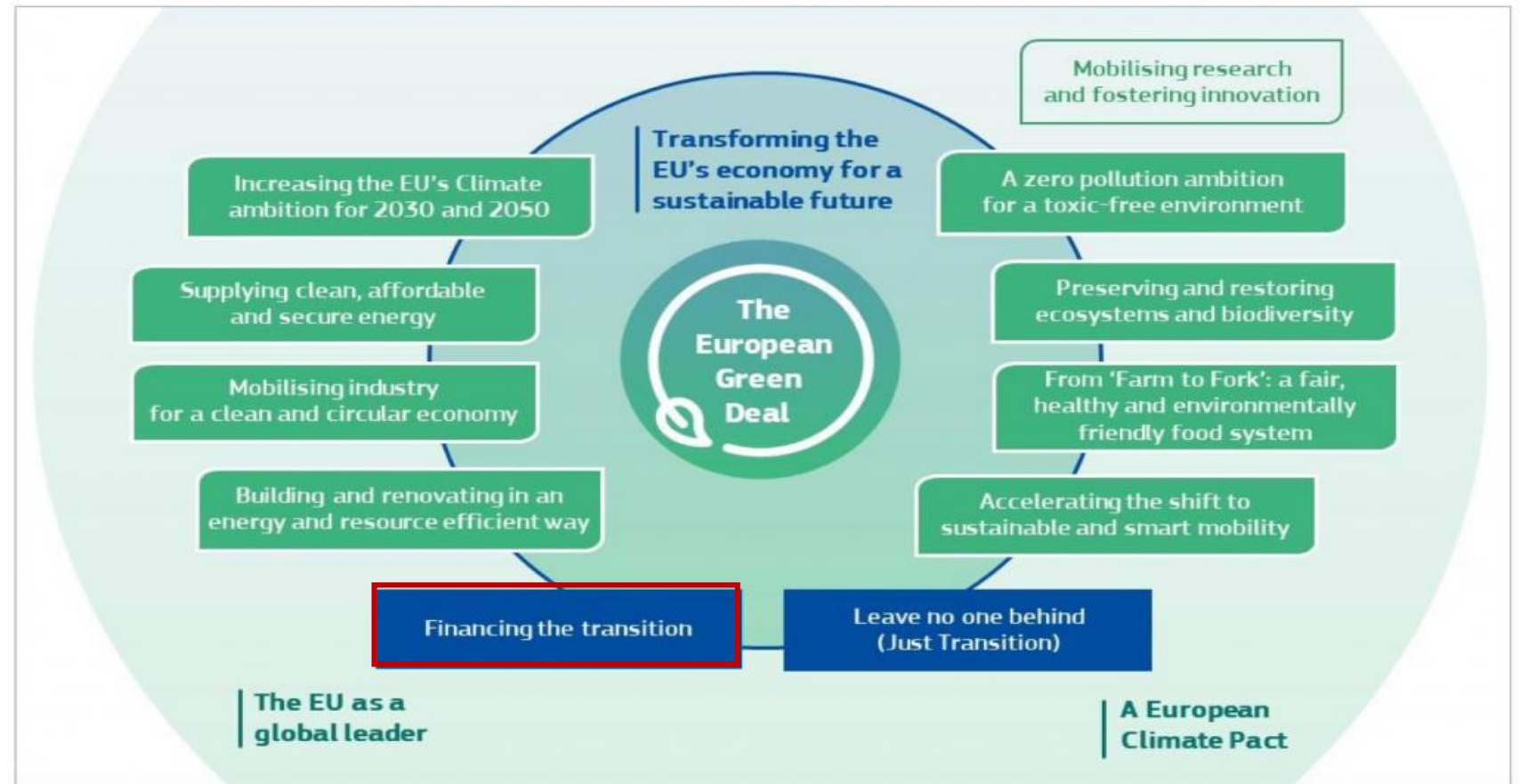
The European Green Deal defines the EU ambitions on sustainability

European Green Deal Components



EU climate law on climate neutrality by 2050 and cutting emissions 55% by 2030 sets the ambition moving forward.

- Fit for 55
- Renewed Sustainable Finance Strategy



EU Sustainable Finance Action Plan stretches across the financial value chain

1	Taxonomy ✓	Classification of environmentally and socially sustainable activities as well as harmful activities (2021-2024)	6	Sustainability in research and ratings ✓	Initiative to ensure relevant ESG risk are systematically captured in credit ratings and outlooks (2023).
2	Standards and labels ✓	EU Green Bond Standard (2022) and EU Ecolabel. Further bond labels, e.g. transition and SLB (2022)	7	Disclosures by financial market participants ✓	Sustainable Finance Disclosure Regulation (2021-2022)
3	Fostering investment in sustainable projects	Exploring measures to improve the efficiency and impact of EU instruments aiming at investment support. Mapping on investment gaps and financing.	8	Sustainability in prudential requirements ✓	Amendments to CRR/CRD, Solvency II (2023) EBA assessment of prudential requirements(2023) Support green retail loans and green mortgages (2022)
4	Incorporating sustainability in financial advice ✓	Amended MiFID II and IDD delegated acts (2021)	9	Strengthening sustainability disclosures and improving accounting ✓	Corporate Sustainability Reporting Directive (2021-2023)
5	Developing sustainability benchmarks ✓	EU Climate Benchmark Regulation (2020)	10	Fostering sustainable corporate governance ✓	Sustainable Corporate Governance proposal (2022)




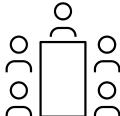

Legislation



Upcoming legislation 2021-2025

The renewed EU Sustainable Finance Strategy was needed to reinforce the existing Action Plan

Four pillars of the updated Sustainable Finance Strategy

	Financing the transition of the real economy	This strategy provides the tools and Policies to enable economic actors across the economy to finance their transition plans and to reach climate and broader environmental goals, whatever their starting point.
	Inclusiveness	This strategy caters for the needs of, and provides opportunities to individuals and small and medium-size companies to have greater access to sustainable finance.
	Financial Sector Resilience and Contribution	This strategy sets out how the financial sector itself can contribute to meet Green Deal targets, while also becoming more resilient and combatting greenwashing.
	Global Ambition	This strategy sets out how to promote international cooperation for an ambitious global sustainable finance agenda.

In the EU Sustainable Finance Action Plan, the Taxonomy enables consistency along the financial value chain

Regulations (extracts)

- **IDD/MIFID II**
- **Taxonomy**

- **Corp. Sust. Reporting**
- **Sust. Fin. Discl. Reg.**
- **CRR**
- **Taxonomy**

- **Corp. Sust. Reporting**
- **Taxonomy**
- **EU Green Bond**

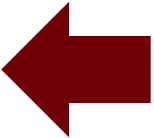
EU Objectives

- Transparency & long-termism
- Sustainability in risk management
- Reorient capital flow towards more sustainable investments

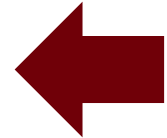
Information flow



Investment advice/
information



Periodic disclosure &
risk practices

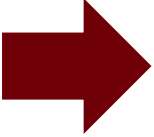


Annual Report


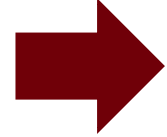
Capital flow



Private saver



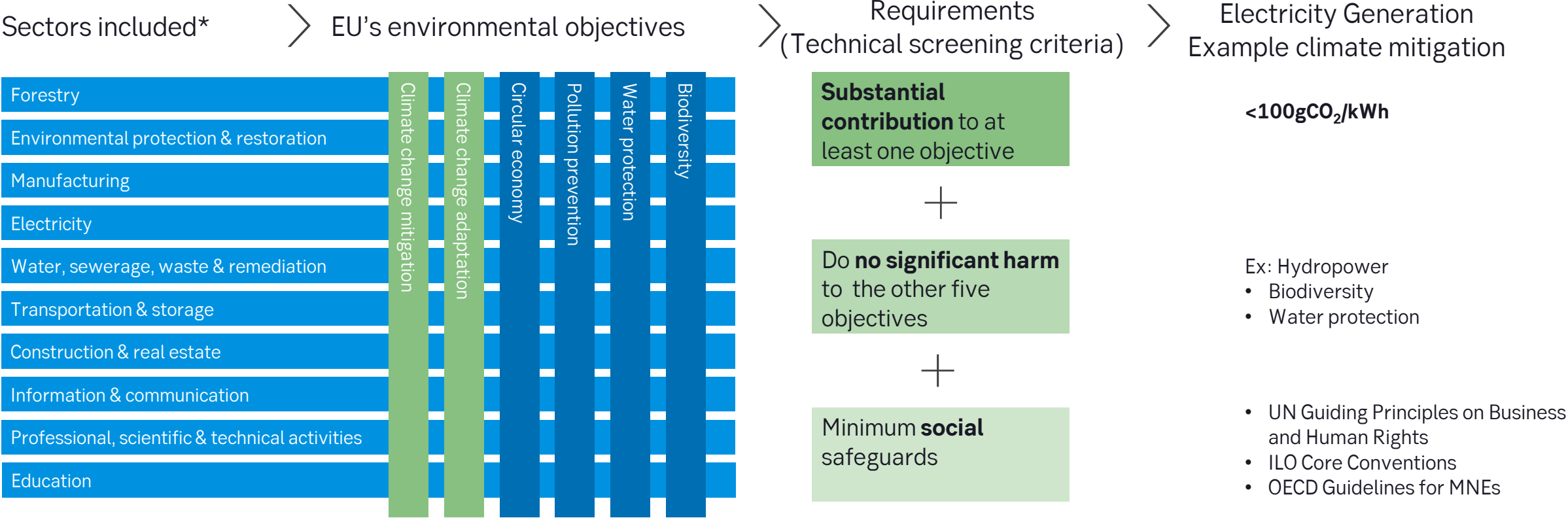
Financial Institution



Corporate

The EU Taxonomy: A common classification system for sustainable economic activities

- Two delegated acts in 2021: Climate mitigation and climate adaptation 2) Disclosure requirements for corporates and financial institutions.



*Not all economic activities are covered yet. Included sectors represent more than 80% of direct GHG emissions in the EU and roughly 40% of listed companies.

Taxonomy disclosure differ between corporates, banks and other types of investment and insurance firms

- Financial market participants and large companies with more than 500 employees will have to report on the Taxonomy

Corporates: Taxonomy Alignment Ratio

Taxonomy aligned turnover
(Additionally aligned capex and opex)

Total turnover
(Total capex/opex)

Banks: Green Asset Ratio (GAR)

Taxonomy aligned exposures
Loans and advances, debt securities, equities, repossessed collaterals.
Excl. sovereign exposures, derivatives, on-demand interbank loans, cash related assets

Credit portfolio
Excl. sovereign exposures, central bank exposures and trading book

Disclosure requirements starts through eligibility reporting in 2022 for FY 2021

Review 30 Dec 2024

	2022*	2023	2024	2025
Corporates (CSRD)				
Investment firms				
Asset managers			***	
Insurers	KPI Underwriting			
	KPI Assets		***	
Credit institutions	Main GAR			
	Additional KPIs**		***	

*Entry into force: 1 January 2022, reporting based on previous FY e.g. 2021 data for 2022 reporting

**Trading book and Fees and Commissions delayed to 2026

***Reporting for financial holdings may only account eligible data from previous FY, aligned in 2025

Eligibility
Mix according to holdings
Taxonomy aligned

Priority sectors for remaining environmental objectives

- Biodiversity, circular economy, pollution prevention, water and marine resources
- Delegated act expected in H1 2022



**Agriculture, Forestry
and Fishing**



Energy



**Mining and
Processing Sectors**



**Construction and buildings, ICT, Emergency
Services**



Manufacturing
(chemicals, rubber and plastics,
pharmaceutical products and preparations)



Transport



Manufacturing
(metals, electronics, machinery)



Restoration and Remediation, Tourism



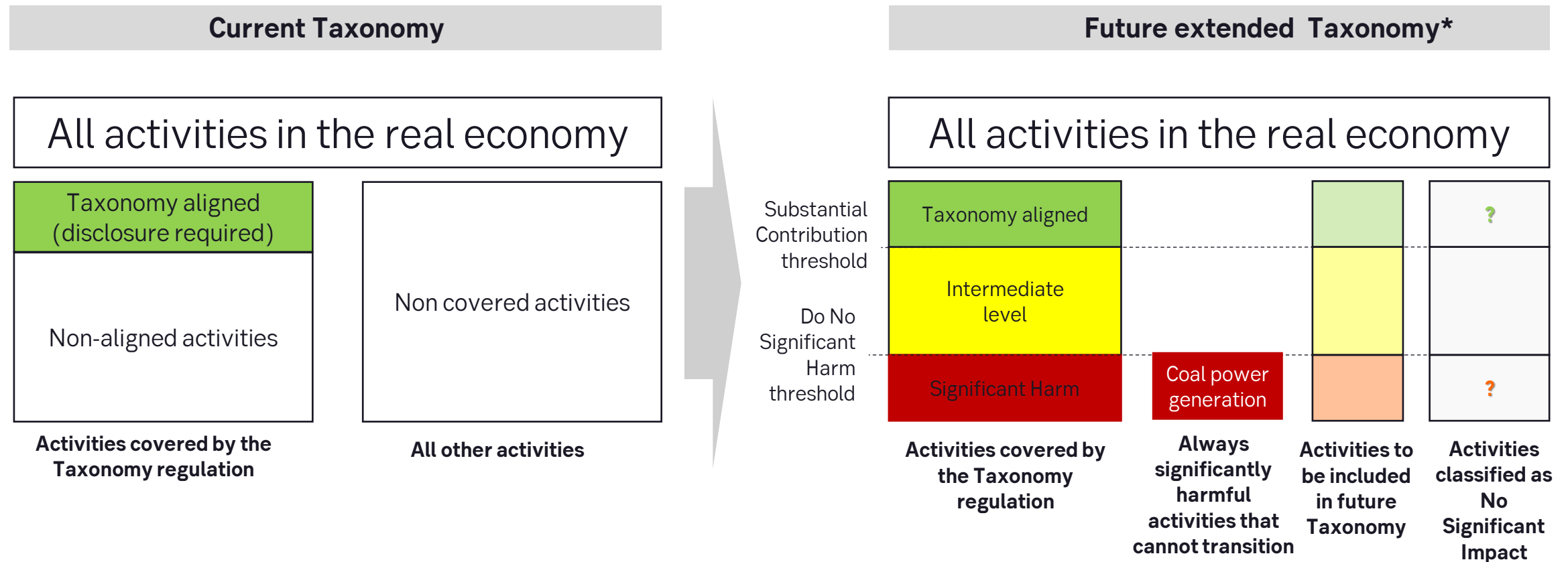
Manufacturing
(textiles, wood products, food products and beverages)



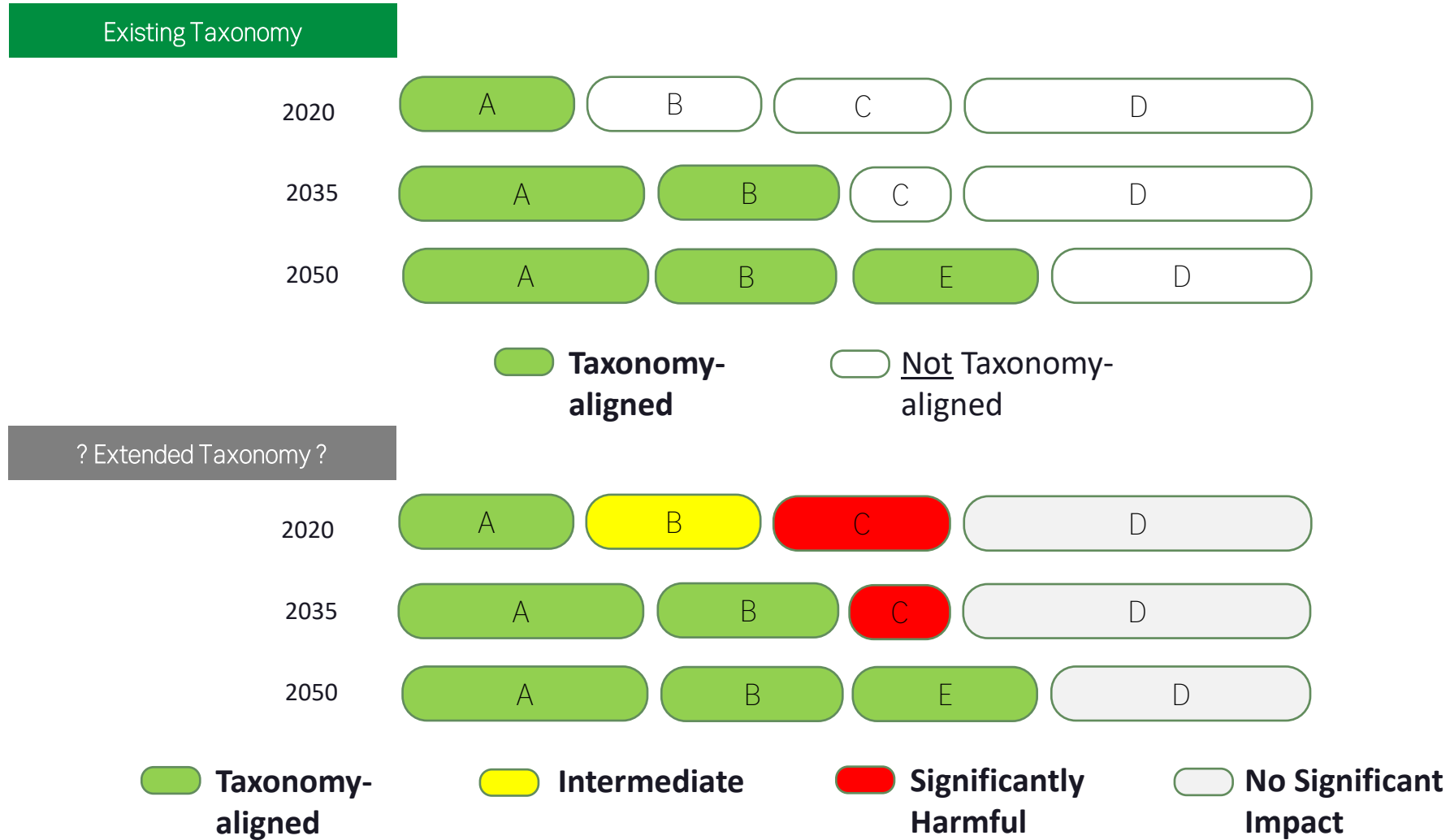
**Water Supply, Sewerage,
and Waste Management**

An extended Taxonomy will increase transparency of harmful activities...

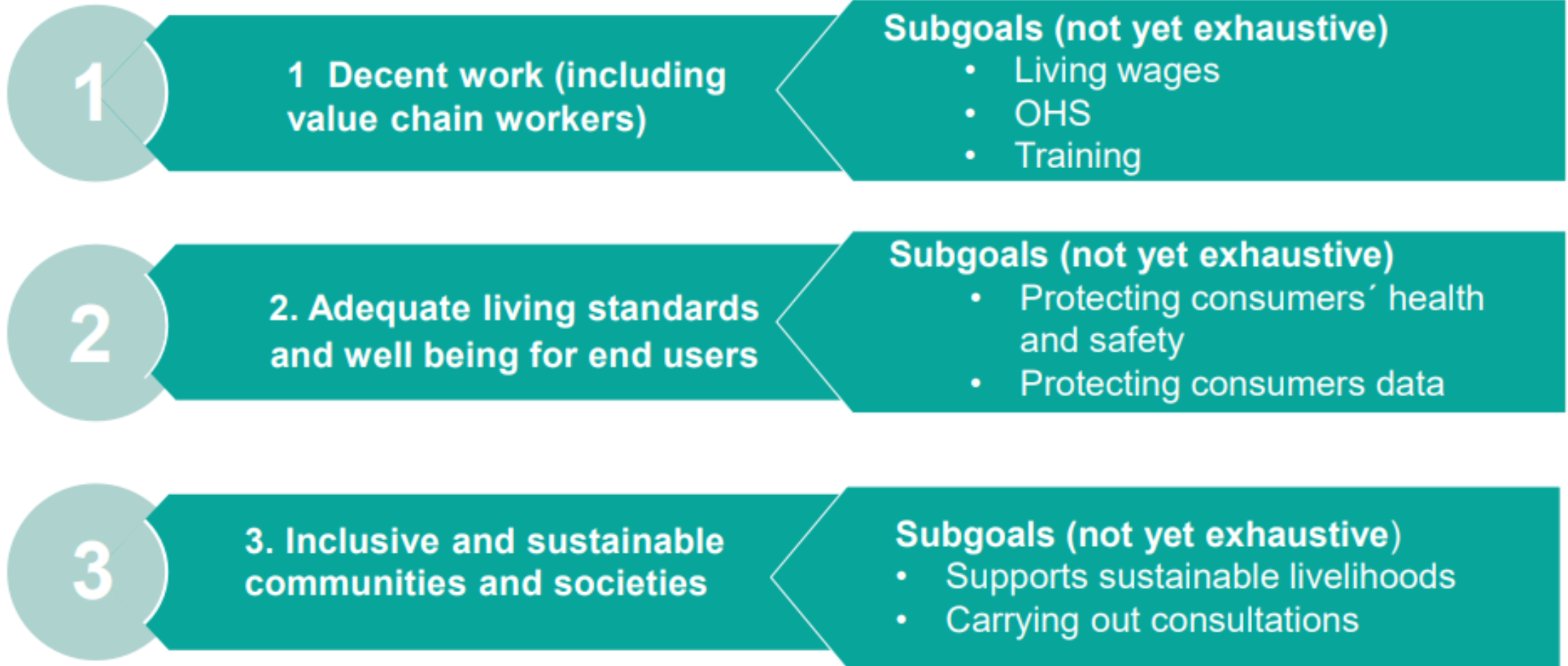
- The current draft proposal aims to classify activities that do not meet the "technical screening criteria"



...And provide a framework to disclose transition



A Social Taxonomy to minimize negative human rights impact in selected sectors and support positive impact from specific products



Thank you!

