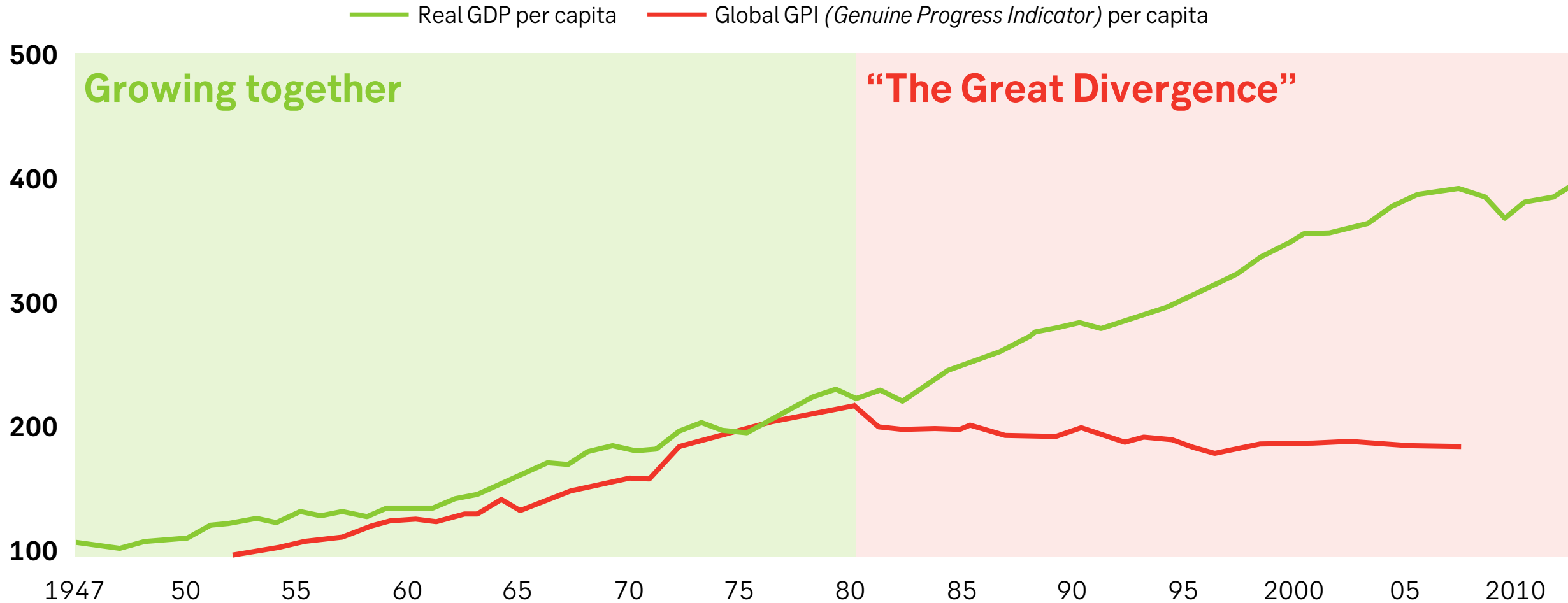


EU Taxonomy

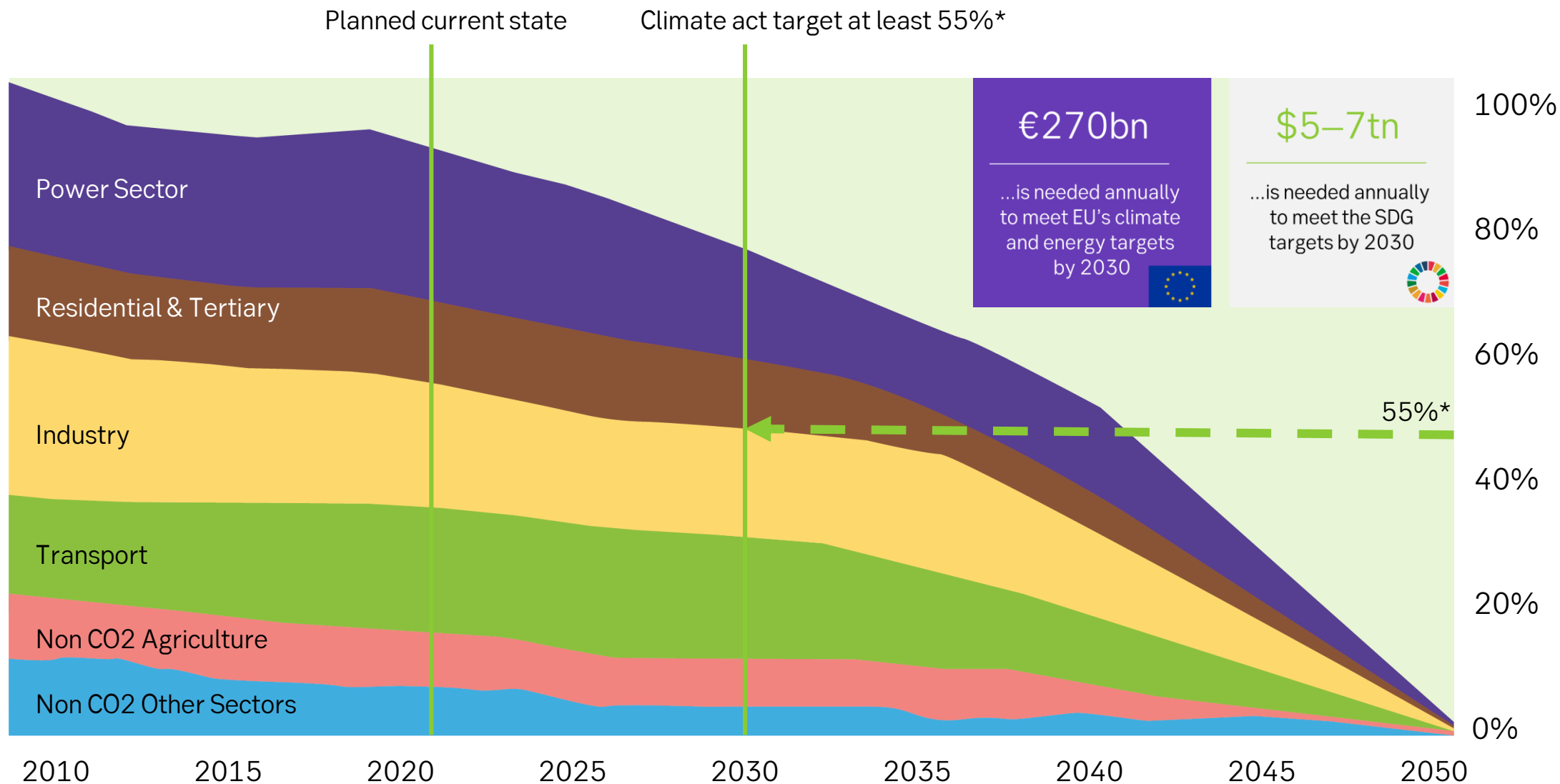
Marie Baumgarts, Head of Sustainability Regulatory
Affairs and Sustainability Office
Member of TEG
April 2021

The great divergence

No economic growth since 1980 if we include the cost of cleaning up the environment?



Neutrality by 2050

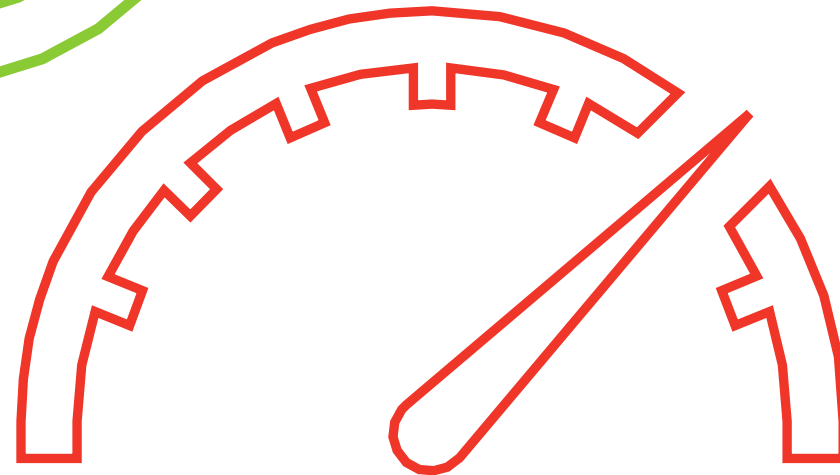


Sustainability regulations in a nutshell

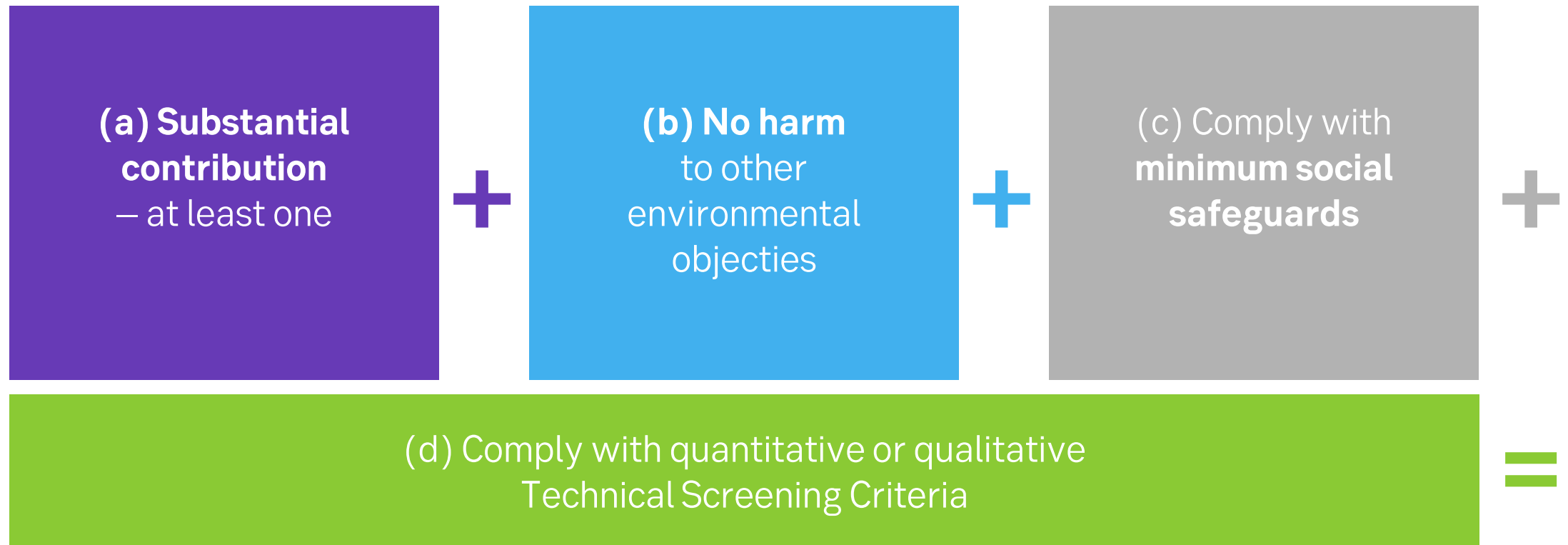
EC Action Plan, March 2018



Green new deal, Dec 2019



Taxonomy – Which economic activities will qualify?



Taxonomy Regulation (TR): who and what to disclose

What to measure

- a) % of turnover
- b) % capex
- c) % opex

Who to disclose



1. Financial market participantsⁱ offering financial productsⁱⁱ in the EU, including occupational pension providers;



2. Large companies who are already required to provide a non-financial statement under the Non-Financial Reporting Directive; and



3. The EU and Member States, when setting public measures, standards or labels for green financial products or green (corporate) bonds.²⁸

- By **1 June, 2021** EC will adopt a delegated act specifying how the corporate disclosure obligations should be applied in practice.

"The April Package" & the Climate Law



Brussels, 21.4.2021
COM(2021) 188 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS

EU Taxonomy, Corporate Sustainability Reporting, Sustainability Preferences and Fiduciary
Duties:
Directing finance towards the European Green Deal

EN

EN

The EU Taxonomy Climate Delegated Act with screening criteria for climate change mitigation and climate change adaptation

A proposal for a Corporate Sustainability Reporting Directive (i.e. revising the existing NFRD)

Six amending Delegated Acts on investment and insurance advice, fiduciary duties and product oversight

The European Climate Law with 55% reduction target by 2030 and neutrality by 2050

"The April package"

INITIATIVE	WHAT IS IT?	WHO SHOULD COMPLY?	TIMING?
New Corporate Sustainability Reporting Directive (CSRD)	<p>Revises and strengthens rules introduced by the Non- Financial Reporting Directive (NFRD).</p> <p>Aims to ensure that companies report reliable and comparable sustainability information that investors and other stakeholders need.</p>	<p>All large companies and all listed companies, except listed micro-enterprises. Nearly 50,000 companies in the EU will now need to follow detailed EU sustainability reporting standards, compared to 11,000 companies subject to the current requirements.</p>	<p>NFRD in place since 2018.</p> <p>CSRD proposal: adopted by the Commission on 21 April 2021.</p>

INITIATIVE	WHAT IS IT?	WHO SHOULD COMPLY?	TIMING?
EU Taxonomy Climate Delegated Act	<p>A tool to help companies and investors make sustainable investment decisions.</p> <p>Not a mandatory list of activities to invest in.</p>	<p>Disclosure obligations are defined in the Taxonomy Regulation. The Taxonomy Climate DA defines criteria to help actors determine what can be considered as Taxonomy - aligned for the purposes of these disclosures. The DA lists a number of economic activities in sectors covering the large majority of EU carbon emissions (e.g., manufacturing, buildings, etc.) and sets criteria to determine whether each activity can be considered to make a substantial contribution to climate change mitigation and climate change adaptation, and to do no significant harm to environmental objectives.</p>	<p>Taxonomy Regulation: adopted on 18 June 2020.</p> <p>Delegated Act adopted by the Commission on 21 April 2021.</p> <p>Taxonomy Climate Delegated Act applies from 1 January 2022.</p>

Taxonomy DA



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4-month period for EP and Council, can be extended to 6 month. To apply from 1 Jan 2022, so timeline remains.

The entire **agriculture** sector is excluded from the EU Taxonomy at this point

The same applies to **natural gas**

Several activities, that we commented on before, have not been amended since the leaked delegated act in March e.g. **electricity generation from hydropower** and **forestry**

Criteria for **bioenergy** also remain as previously leaked

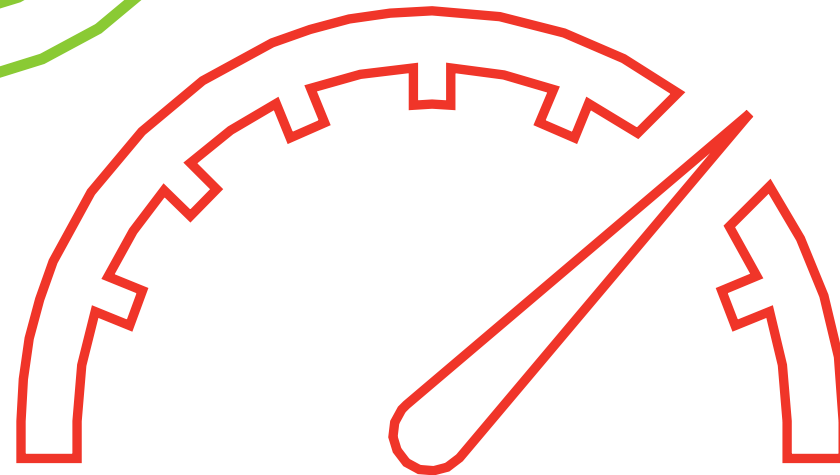
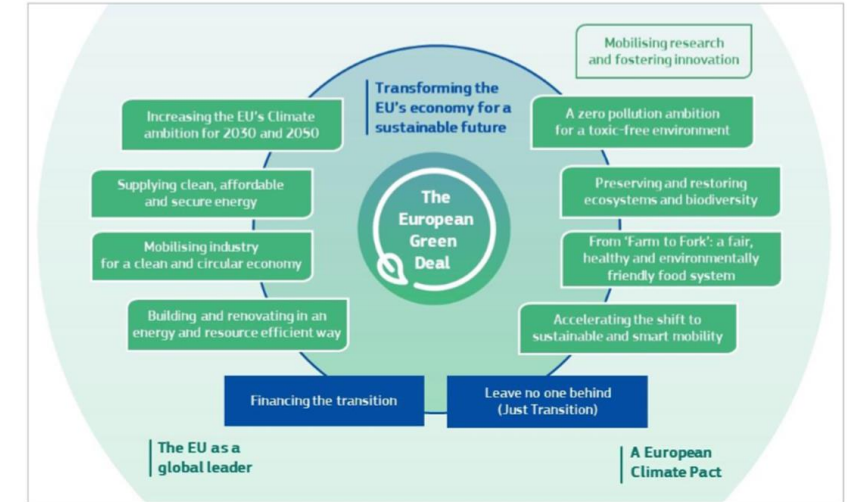
For **buildings**, the Commission merged their Energy Performance Certificate (EPC) criterion with the initial idea of the Technical Expert Group

Sustainability regulations in a nutshell

EC Action Plan, March 2018



Green new deal, Dec 2019



The Climate Act from the EGD, in addition to neutrality:

- an **ambitious 2030 climate target of at least 55% reduction** of net emissions as compared to 1990, with clarity on the contribution of emission reductions and removals;
- recognition of the need to **enhance the EU's carbon sink** through a more ambitious LULUCF regulation, for which the Commission will make proposals in June 2021;
- a **process for setting a 2040 climate target**, taking into account an indicative greenhouse gas budget for 2030-2050 to be published by the Commission;
- a commitment to negative emissions after 2050;
- the **establishment of European Scientific Advisory Board on Climate Change**, that will provide independent scientific advice;
- stronger provisions on adaptation to climate change;
- strong coherence across Union policies with the climate neutrality objective;
- a **commitment to engage with sectors to prepare sector-specific roadmaps** charting the path to climate neutrality in different areas of the economy

Thank you

