

# Maintaining momentum for green finance

---

THE EU TAXONOMY



# Outline

---

What the EU Taxonomy is

Why the EU Taxonomy matters

What is needed to make EU Taxonomy successful



# What is the EU Taxonomy?

---



# The EU Taxonomy

---

- EU Regulation 2020/852 establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of financial market participants.
- The **list of environmentally sustainable activities** is referred to as the “EU Taxonomy”.
- Qualifying activities must comply with technical criteria set by the European Commission.
- To advise the Commission, the Regulation required that a multi-stakeholder Platform on Sustainable Finance be established (“the Platform”).

```
graph LR; A[1st set of Climate Change criteria for hard-to-abate GHG-emitting sectors adopted in April 2021] --> B[Complementary criteria for transitional energy sectors due in September 2021]; B --> C[2nd set of criteria for Climate, Biodiversity, Circularity, Pollution & Water due in December 2021];
```

1st set of **Climate Change** criteria for hard-to-abate GHG-emitting sectors adopted in April 2021

Complementary criteria for **transitional energy sectors** due in September 2021

2nd set of criteria for **Climate, Biodiversity, Circularity, Pollution & Water** due in December 2021



# Why does it matter?

---



# Why EU Taxonomy matters today

---



## Financial market participants

Must disclose Taxonomy-alignment, as a percentage of the green investment, fund or portfolio



## The EU and Member States

Any “Green” finance rules or measures shall be Taxonomy-aligned



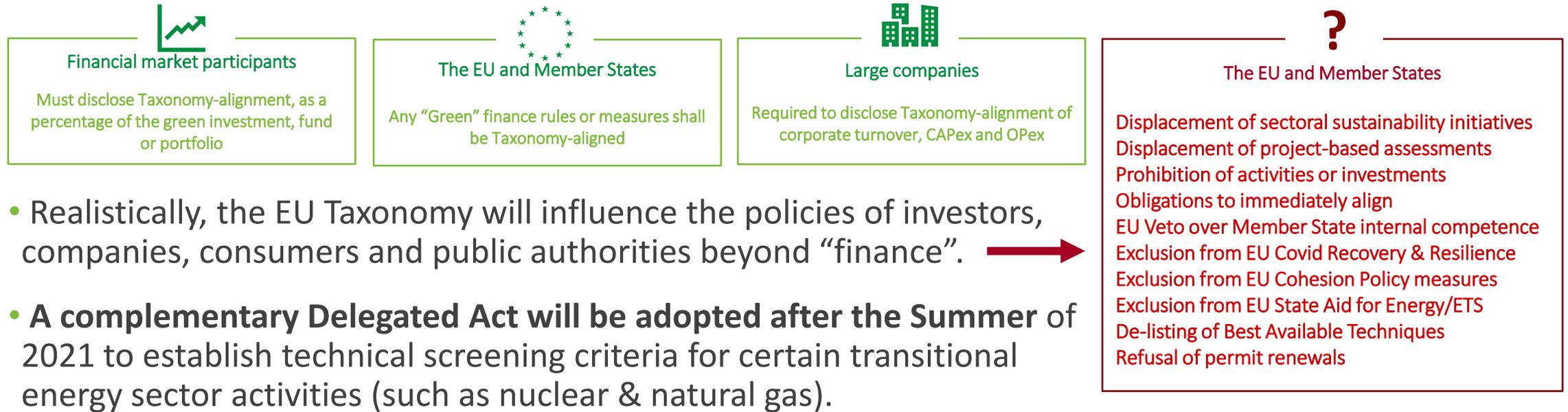
## Large companies

Required to disclose Taxonomy-alignment of corporate turnover, CAPex and OPex

- It’s causing confusion about the role of bio-fuel, hydrogen, gas & nuclear:
  - Risks creating an investment gap between ‘brown’ grid today and ‘green’ grid tomorrow.
  - Creates a new valley of death for EU energy intensive industries (2020s & 2030s).
  - Risks inadvertently delaying reductions in Greenhouse Gas emissions across the EU.



# Why EU Taxonomy matters tomorrow



# Will it work?

---



# Some EU Taxonomy challenges

---

- Governance
  - The EU Platform for Sustainable Finance lacks real-economy expertise.
- Value-chains and industrial ecosystems
  - EU Taxonomy does not successfully account for reliance of goods & services on supply-chains.
- Will “green financiers” take themselves out of the game?
  - EU Taxonomy may stop “greenwashing” - but delay financing of the EU Green Deal as well.



# Conclusion

---

EU Taxonomy simplifies what can be “environmentally” sustainable.

The future of energy & energy-intensive sectors is discussed now.

The EU needs your expertise to make its Taxonomy a success.

[https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en)

Complementary criteria for  
**transitional energy sectors**  
due in September 2021

2nd set of criteria for  
**Climate, Biodiversity,  
Circularity, Pollution & Water**  
due in December 2021

