

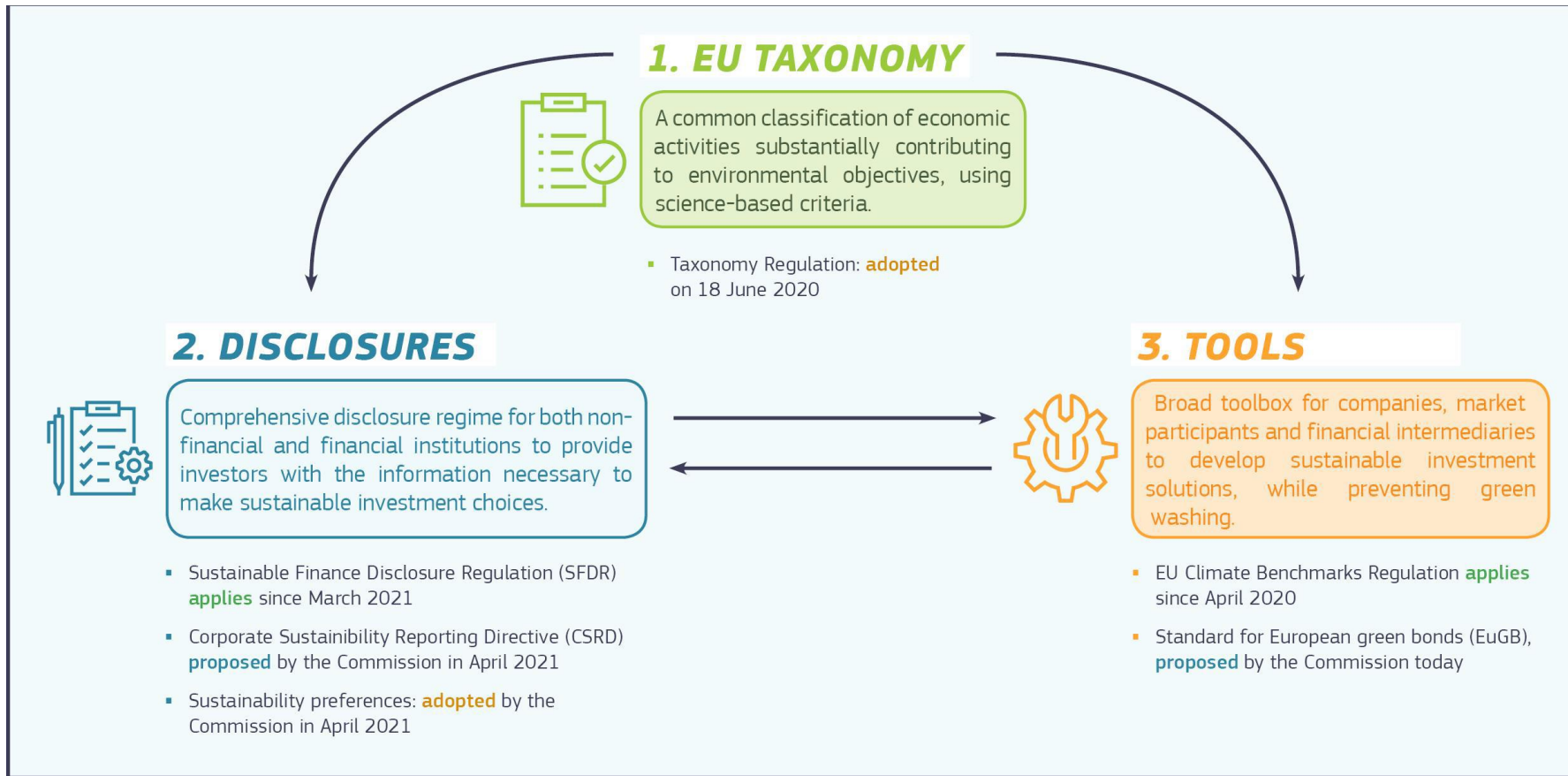
What is the EU taxonomy?

- Taxonomy overview -

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EU Sustainable Finance Framework

EU Sustainable Finance Strategy – adopted on 6 July 2021



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
- ✓ 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 unsustainable. Activities that are not on the list, are not necessarily polluting activities. The focus is simply on activities that contribute substantially to environmental objectives.

EU Taxonomy Article 8: Transparency of undertakings in non-financial statements

Aim: to increase transparency in the market and help prevent greenwashing by providing information to investors about the environmental performance of assets and economic activities of financial and non-financial undertakings

- Article 8(1): large undertakings that are required to publish non-financial information pursuant to the Non-Financial Reporting Directive (NFRD) shall disclose information to the public on how and to what extent their activities are associated with environmentally sustainable economic activities

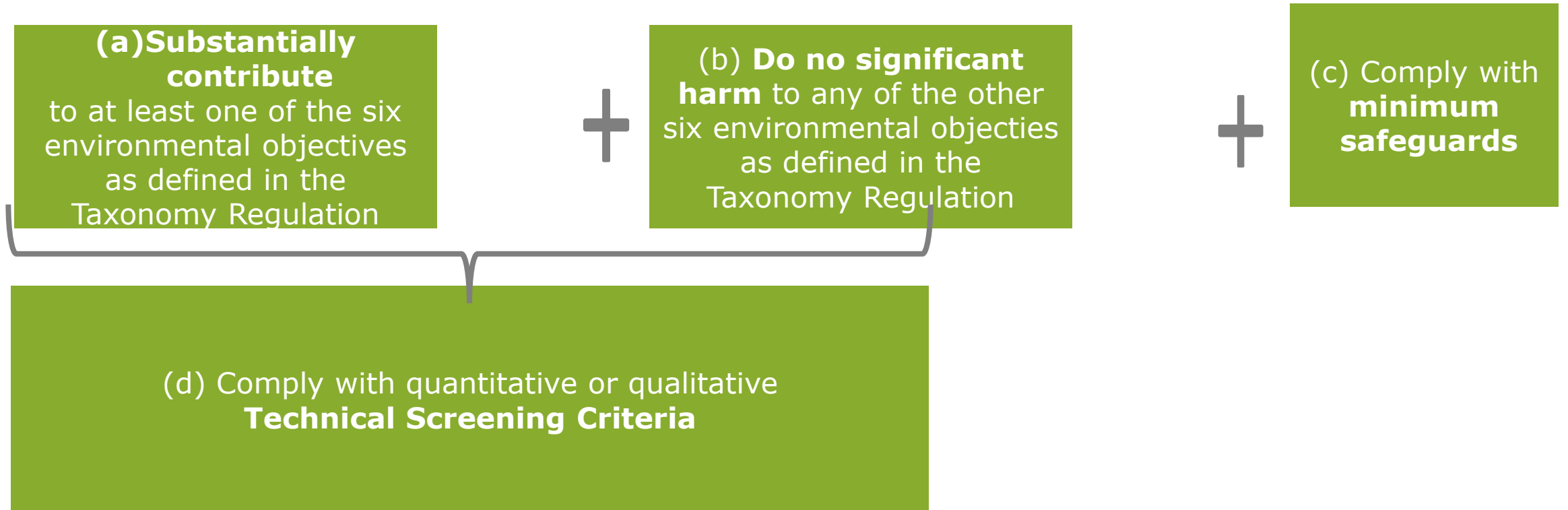
Other companies (e.g. SMEs, non-EU companies) may decide to disclose this information on a voluntary basis (e.g. for getting access to sustainable financing or for other business-related reasons)

- Article 8(2): key performance indicators (KPIs) related to turnover, capital expenditure (CapEx) and operational expenditure (OpEx) that non-financial undertakings must disclose

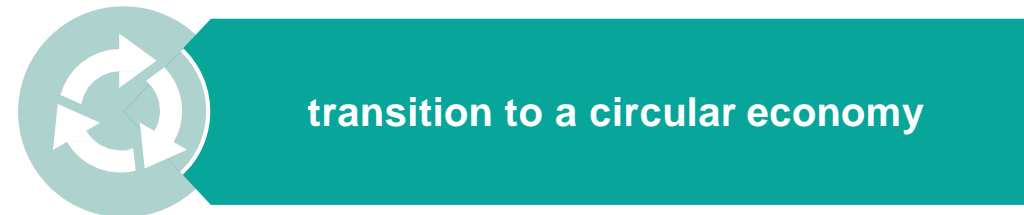
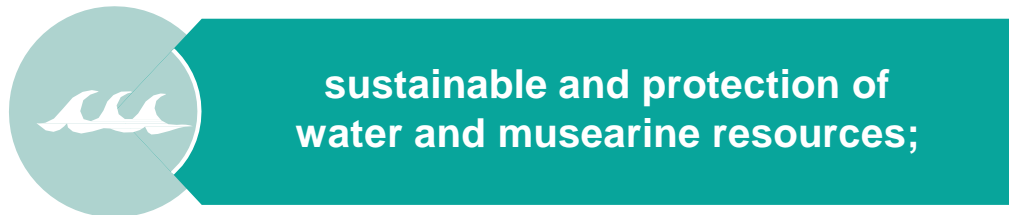
No equivalent indicators for financial undertakings – for them the main KPIs relate to the proportion of taxonomy-aligned economic activities in their financial activities, such as lending, investment and insurance

Delegated act to specify the content, methodology, and presentation of information to be disclosed by both non-financial and financial undertakings (adopted in July 2021)

Taxonomy Regulation – four basic conditions

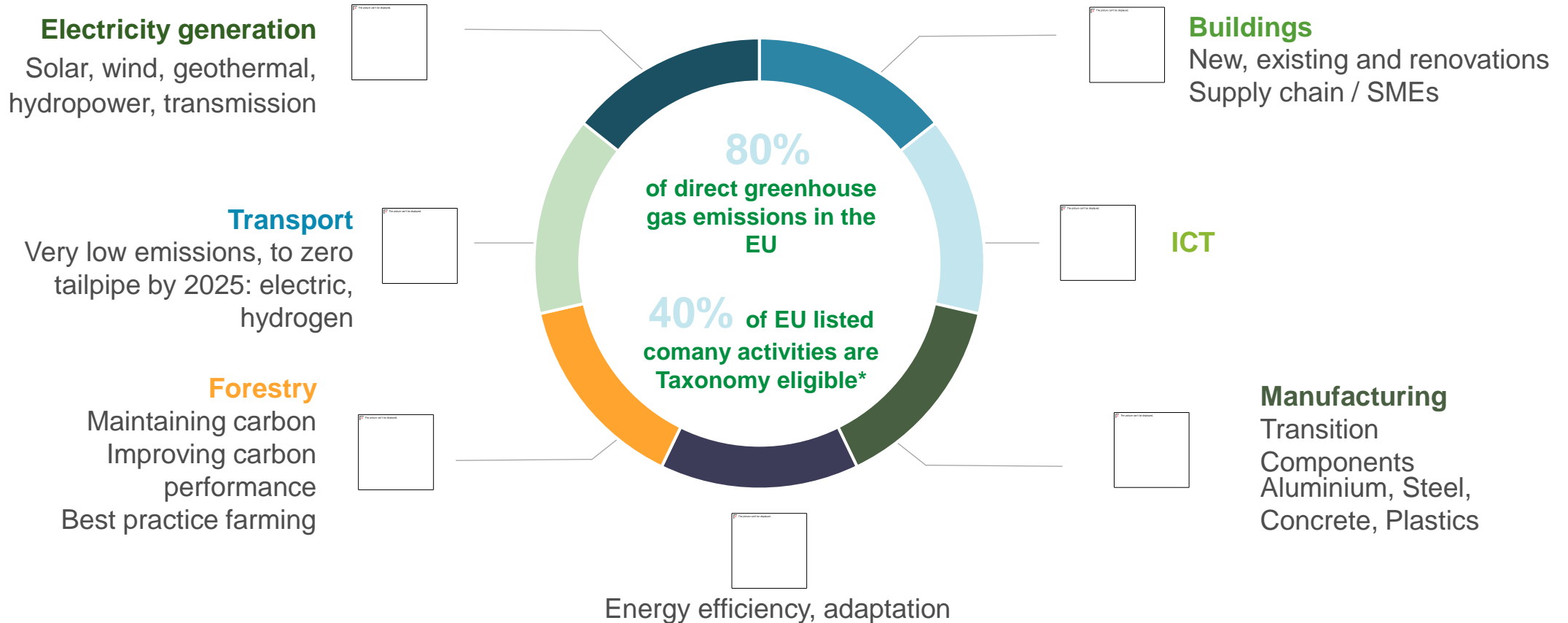


Taxonomy Regulation – 6 environmental objectives



Taxonomy climate DA - wide emissions and company coverage

First set of activities (draft Delegated act that covers climate change mitigation and adaptation objectives)



EU Taxonomy : activities covered for manufacturing

- **Manufacture of:**

- renewable energy technologies
- equipment for the production and use of hydrogen
- low carbon technologies for transport
- batteries
- energy efficiency equipment for buildings
- other low carbon technologies
- cement
- aluminium
- iron and steel
- hydrogen
- carbon black
- soda ash
- chlorine
- organic basic chemicals
- anhydrous ammonia
- nitric acid
- plastics in primary form

EU Taxonomy : activities covered for energy

- Electricity generation:
 - using solar photovoltaic technology
 - using concentrated solar power (CSP) technology
 - from wind power
 - from ocean energy technologies
 - from hydropower
 - from geothermal energy
 - from renewable non-fossil gaseous and liquid fuels
 - from bioenergy
 - Transmission and distribution of electricity
 - Storage of
 - electricity // thermal energy // hydrogen
 - Manufacture of biogas and biofuels for use in transport and of bioliquids
- Transmission and distribution networks for renewable and low-carbon gases
 - District heating/cooling distribution
 - Installation and operation of electric heat pumps
 - Cogeneration of heat/cool and power from
 - solar energy // geothermal energy
 - renewable non-fossil gaseous and liquid fuels
 - bioenergy
 - Production of heat/cool from
 - solar thermal heating // geothermal energy
 - renewable non-fossil gaseous and liquid fuels
 - bioenergy // waste heat

EU Taxonomy : activities covered for buildings

Construction on new buildings (10% better than NZEB)

Renovation of existing buildings

- major renovation or
- min. 30% energy savings

Individual measures and professional services

Acquisition and ownership of buildings:

- Constructed as of 1 January 2021 (as for new buildings)
- Constructed before 1 January 2021 (within op 15%; e.g. *EPC class A*)

Chapeau Communication (21 April 2021)

- Provides **the context for the April package** and delivers key messages on how the sustainable finance toolbox (incl. CSRD) facilitates access to finance for the transition
- Explains how **stakeholder feedback** was considered and **modifications** made
- Clarifies what the taxonomy is and what it is not and dispels **common misconceptions** about it (together with a new FAQ);
- Explains how the EU taxonomy can already be **used for transition and attracting transition finance** – referring to the Platform's Report on Transition finance;
- Outlines the next steps in the **further development of the EU taxonomy** that will facilitate **transition finance**.

Preparation for the second Delegated Act

ST3 Manufacturing 1							
Economic Activities	NACE codes	Mitigation	Adaptation	Water	Circular economy	Pollution	Biodiversity
Manufacture of chemicals and chemical products	C20			X	X	X	
Manufacture of rubber and plastic products	C22.1, C22.2			X	X		
Manufacture of basic pharmaceutical products and pharmaceutical preparations	C21					X	
ST4 Manufacturing 2							
Economic Activities	NACE codes	Mitigation	Adaptation	Water	Circular economy	Pollution	Biodiversity
Manufacture of fabricated metal products, except machinery and equipment	C25			X		X	
Manufacture of machinery and equipment n.e.c	C28			X			
Manufacture of electrical equipment	C27			X	X	X	
Manufacture of computer, electronic and optical products	C26				X	X	
Manufacture of motor vehicles, trailers and semi-trailers	C29					X	
Manufacture of other transport equipment	C30					X	
Repair of fabricated metal products, machinery and equipment	C33.1				X		
Maintenance and repair of motor vehicles	G45.20				X		
(Sale), maintenance and repair of motorcycles and related parts and accessories	G45.40				X		
Repair of computers and personal and household goods	S95				X		
ST5 Manufacturing 3							
Economic Activities	NACE codes	Mitigation	Adaptation	Water	Circular economy	Pollution	Biodiversity
Manufacture of textiles	C13				X	X	
Manufacture of wearing apparel	C14				X	X	
Manufacture of leather and related products	C15			X	X		
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	C16				X		
Manufacture of food products	C10				X		X
Manufacture of beverages	C11						X

Preparation for the second Delegated Act

ST6 Energy							
Economic Activities	NACE codes	Mitigation	Adaptation	Water	Circular economy	Pollution	Biodiversity
Electric power generation, transmission and	D35.1					X	
Hydropower (dams, weirs, run-off-the-river)	D35.1						X
Wind, wave and tidal power	D35.1						X
ST7 Construction and buildings + ICT + Emergency Services							
Economic Activities	NACE codes	Mitigation	Adaptation	Water	Circular economy	Pollution	Biodiversity
Construction	F						X
Construction of buildings	F41				X		
Civil engineering	F42		X		X		
Implementation of nature based solutions for flood risk prevention and protection for both inland and coastal waters	F42.91			X			
Construction of flood risk prevention and protection infrastructure for inland and coastal floods	F42.91			X			
Telecommunications infrastructure and solutions, and Information service activities	61-63		X				
Emergency Services	84,25		X				

Future developments of the taxonomy

- Social taxonomy
- Possible expansion of the taxonomy to cover other types of activities
- Additional Delegated Acts (additional activities)
- Adjustment of technical screening criteria
- Amendment of the taxonomy regulation
- **Financing the transition of the real economy towards sustainability**
 - Support financing certain economic activities contributing to reducing greenhouse gas emissions.
 - Possible extension of the EU Taxonomy framework to recognise transition efforts.
 - Include additional sustainable activities in the EU Taxonomy.
 - Extend sustainable finance standards and labels that support financing the transition to sustainability and phased transition efforts.



*Thank you
for your attention !*