

FREQUENTLY ASKED QUESTIONS

Commission Platform on Sustainable Finance

This document contains answers to frequently asked questions regarding the setting-up and work of the Platform on Sustainable Finance (the Platform).

CONTEXT

As a follow-up to the 2018 [Action Plan on financing sustainable growth](#), the Regulation on the establishment of a framework to facilitate sustainable investments (the “[Taxonomy Regulation](#)”)¹ adopted in June 2020 sets out the legal provisions to define the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. It establishes an EU-wide classification system for sustainable economic activities (“EU Taxonomy”), with the purpose to facilitate sustainable investments.

The EU Taxonomy focuses on classifying economic activities that are environmentally sustainable, covering six objectives: (1) climate change mitigation; (2) climate change adaptation; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy; (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems. The [Taxonomy Regulation](#) contains a review clause to allow for the possibility to extend the Taxonomy to the social dimension of sustainability at a later stage.

Legal provisions in the [Taxonomy Regulation](#) determine, for those six environmental objectives, the principle that an environmentally sustainable economic activity must substantially contribute to at least one environmental objective and do no significant harm to any of the other objectives. The legal provisions also include the governance structure to develop and maintain the EU Taxonomy and the role of a “Platform on Sustainable Finance”, an EU expert group, as part of the governance structure.

The EU taxonomy is an important tool to facilitate sustainable investments and help the EU deliver on the European Green Deal. The European Green Deal aims to transform the EU into a modern, resource-efficient and competitive economy while reaching its 2030 climate and energy goals and becoming climate-neutral by 2050, as well as moving towards a zero pollution ambition to protect the EU’s natural capital and citizens’ health and well-being².

Since June 2018, the European Commission conducted extensive technical work to identify and classify, on the basis of scientific and evidence-based technical screening criteria, economic activities that (i) substantially contribute to the first two objectives – climate change mitigation and climate change adaptation – while (ii) not significantly harming any of the other environmental objectives as set out in the [Taxonomy Regulation](#). This technical work was carried out by a dedicated European

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13–43).

² European Commission Communication “The European Green Deal” of 11.12.2019, COM(2019) 640 final.

Commission “[Technical Expert Group](#)” (TEG)³ on sustainable finance whose mandate ended in September 2020. The TEG published its Technical Report summarizing its findings and recommendations on the EU taxonomy in June 2019 and its updated [Final Report](#), taking into account stakeholders’ feedback, on 9 March 2020.

Based on the preparatory work of the TEG and following the legal provision of Article 20 of the [Taxonomy Regulation](#), the European Commission will further develop and maintain the EU Taxonomy, with the support of a European Commission Platform on Sustainable Finance (“the Platform”). This Platform is subject to [Commission Decision C\(2016\)3301](#) establishing horizontal rules on the creation and operation of expert groups (“the horizontal rules”) and it is “another similar entity” in the sense of these horizontal rules. It will advise the European Commission on several tasks and topics related to the EU Taxonomy and support it in the technical preparation of delegated acts, in order to put into effect the EU Taxonomy. The Platform will, in principle, have an unlimited duration, taking into account the different tasks provided for in the [Taxonomy Regulation](#) and the need to amend the technical screening criteria of the EU Taxonomy over time, in order to reflect, for instance, changing EU environmental legislation or technological developments. The members of the Platform, however, will have a mandate limited in time to two years. After these two years, the Commission will have the possibility to extend that mandate when it expires or to appoint new members.

The establishment of the Platform is an important component to fully develop the EU Taxonomy for environmentally sustainable economic activities and potentially extend it to other dimensions of sustainability. It will therefore contribute significantly to the implementation of the renewed “Sustainable Finance strategy”⁴ currently being developed by the European Commission.

THE PLATFORM IN GENERAL

What are the tasks of the Platform on sustainable finance?

Article 20 of the [Taxonomy Regulation](#) lays down that the Platform on Sustainable Finance shall advise the European Commission on: (i) the development of technical screening criteria for the EU taxonomy, (ii) the review of the EU taxonomy, (iii) the observation of capital flows towards sustainable finance, and (iv) policy development.

In particular it entails:

- (a) advising the Commission on the technical screening criteria referred to in Article 19, as well as on the possible need to update those criteria;
- (b) analysing the impact of the technical screening criteria in terms of potential costs and benefits of their application;
- (c) assisting the Commission in analysing requests from stakeholders to develop or revise technical screening criteria for a given economic activity;

³ Technical Expert Group on Sustainable Finance: https://ec.europa.eu/info/publications/sustainable-finance-technical-expert-group_en

⁴ Consultation of the European Commission on the renewed “Sustainable Finance Strategy: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/2020sustainable-finance-strategy-consultation-document_en.pdf

- (d) advising the Commission, where appropriate, on the possible role of sustainability accounting and reporting standards in supporting the application of the technical screening criteria;
- (e) monitoring and regularly report to the Commission on trends at Union and Member State level regarding capital flows into sustainable investment;
- (f) advising the Commission on the possible need to develop further measures to improve data availability and quality;
- (g) advising the Commission on the usability of the technical screening criteria, taking into account the need to avoid undue administrative burdens;
- (h) advising the Commission on the possible need to amend this Regulation; (i) advise the Commission on the evaluation and development of sustainable finance policies, including with regard to policy coherence issues;
- (j) advising the Commission on addressing other sustainability objectives, including social objectives; and
- (k) advising the Commission on the application of Article 18 and the possible need to supplement the requirements thereof.

What are the rules for selecting or directly appointing the members of the Platform?

Through the [call for applications](#) published on 18 June 2020, the European Commission could select up to 50 members from those candidates who responded to the call, being either (1) organisations (associations, companies or other non-governmental entities) or (2) individuals. In addition, the European Commission had the right to appoint a limited number of institutions – notably European bodies or international organisations – directly as members or observers.

According to Article 20 of the [Taxonomy Regulation](#), the Platform shall be composed of, in a balanced manner:

- a) representatives from the European Environment Agency (EEA), EIB and EIF, the three ESAs (EBA, EIOPA and ESMA) and the EU Agency for Fundamental Rights (directly appointed);
- b) experts representing relevant private stakeholders, including financial and non-financial market participants and business sectors, representing relevant industries, and persons with accounting and reporting expertise;
- c) experts representing civil society, including persons with expertise in the field of environmental, social, labour and governance issues;
- d) experts appointed in a personal capacity, who have proven knowledge and experience in the areas covered by this Regulation;
- e) experts representing academia, including universities, research institutes and other scientific organisations, including persons with global expertise.

How many applications did the Commission receive?

The European Commission received 503 applications in total. Eligible for application to our call were (i) individuals applying in their personal capacity (type A), individuals applying to represent a shared

interest by stakeholders (type B), and organizations (type C). Out of these 503 applications, 322 were made by organisations, 157 by type A individuals and 24 by type B individuals.

As some of the organisations nominated more than one candidate to cover more than one of the 4 tasks of the Platform, the European Commission evaluated a total number of 709 applicants in the selection process.

How did the Commission choose the members of the Platform?

Each application was reviewed by at least three evaluators on the basis of the environmental, sustainable finance and, where relevant, social/human rights expertise of the candidates. Additionally, the following factors were further taken into account in the selection of members: the need for a balanced representation of relevant know-how and areas of expertise, geographical distribution, gender distribution, and whether a sufficiently wide variety of financial and real economic actors and sectors would be represented.

Who was selected as member of the Platform?

The European Commission selected 50 members for the Platform on Sustainable Finance, consisting of 41 organisations and 9 individuals. The full list of members can be found [here](#).

How does the Platform ensure geographical, gender and sectorial representativeness?

In order to ensure appropriate advice in the context of developing the technical screening criteria for the EU taxonomy, the European Commission aimed at ensuring a balanced representation of relevant know-how and areas of expertise, geographical distribution, gender distribution, and a sufficiently wide variety of financial and real economic actors and sectors when selecting the members of the Platform (see question “How did the Commission choose the members of the Platform?”).

Overall, the final outcome of the selection process reflects the best possible geographical representations.

Furthermore, given that the Platform could only be composed of 50 members, it was not possible to ensure that every sector and interest group could be represented. The work process of the Platform therefore foresees that it will consult industry experts on specific questions where the Platform does not have all the expertise needed. At the same time, the Commission included business organisations with a wider set of expertise in the Platform in order to cover as many sectors as possible.

Why does the Platform include representatives from non-EU countries (UK, CH)?

The [call for applications](#) for the Platform on Sustainable Finance did not specifically require citizenship of an EU Member State or establishment within the EU, neither did the [Taxonomy Regulation](#). Therefore, all applicants were treated equally irrespective of their nationality. Nonetheless, the balanced geographical distribution within the EU was an important aspect in the

selection of members (see question “How did the Commission choose the members of the Platform?”).

Why did the EC include representatives from industries with high environmental impacts in the Platform?

The EU taxonomy will include activities that make a substantial contribution to one of the six environmental objectives: such substantial contribution can be achieved also thanks to a ‘substantial’ reduction of the environmental impact of an economic activity. As the Platform will advise the Commission on the review and further development of the EU taxonomy, it is of utmost importance that expertise and strong scientific evidence from some of these industries is drawn into the work of the Platform.

How long will the mandate of the members of the Platform be?

The experts’ mandate will run for two years from Q3 2020 until Q3 2022. After the end of the mandate of the appointed members, a new call for applications can be launched in mid-2022 for a second mandate or the mandate of the existing members can be prolonged.

Will the Platform reach out to experts and industry?

Yes. The Platform will reach out directly to relevant experts, notably from science and technology, and stakeholders to gather additional technical expertise and broader stakeholder feedback on interim deliverables. The outreach activities will be agreed with the Platform and specified at a later stage. The deliverables and work progress of the Platform will be published on the European Commission’s dedicated [webpage on sustainable finance](#).

Why has the Commission decided to invite several international and EU organizations?

Article 16 of the horizontal rules⁵ lays down that the European Commission can grant observer status to certain types of organizations to contribute to the work of expert groups. Observers are expected to actively contribute to the work. In the case of the Platform, the European Commission invited the following observers: the European Bank for Reconstruction and Development, the European Stability Mechanism, the European Central Bank, the European Network of the Heads of Environment Protection Agencies (EPA Network) and the Cassa Depositi e Prestiti S.p.A. It further granted observer status to four international institutions or national institutions representing an international network: the OECD, the UNEP Finance Initiative, European Financial Reporting Advisory Group and the Network of Central Banks and Supervisors for Greening the Financial System.

How will the Platform function, what are its concrete deliverables and where can its work be followed?

The Platform will meet in various formations, plenary and sub-group meetings, depending on the topics discussed. The plenary sessions will be chaired by the Chair of the Platform who is appointed by the European Commission in line with the [Commission Decision C\(2016\)3301](#). In addition, each

⁵[Commission Decision C\(2016\)3301](#)

sub-group will be chaired by a rapporteur who will report to the plenary on the progress of the work of the sub-groups.

The concrete deliverables of the Platform will be specified in scoping notes that accompany the establishment of subgroups within the Platform, which will be published on the European Commission [webpage on expert groups](#). It is foreseen that the Platform will provide advice to the European Commission ahead of the Commission's deadline to: (i) adopt a delegated act on the four environmental objectives by the end of 2021 and (ii) publish reports for the review of the [Taxonomy regulation](#) by 31 December 2021 and 13 July 2022. This represents an important technical input for the Commission, which will consider it carefully when preparing future delegated acts and review reports.

The European Commission [webpage on expert groups](#) will be continuously updated with the latest developments on the work of the Platform. Information on the deliverables and progress of the Platform will also be published on the Commission's dedicated [webpage on sustainable finance](#). Lastly, where appropriate, the Commission will hold public consultations and publish impact assessments ahead of the publication of the delegated act following the principles of better regulation.

How can I engage with the work of the Platform?

The Platform will reach out to a wide range of stakeholders through both, calls for feedback and targeted outreach for specific expertise following its obligation laid down by Article 20 (3) of the [Taxonomy Regulation](#). The deliverables and work progress of the Platform will also be published on the European Commission's dedicated [webpage on sustainable finance](#).