

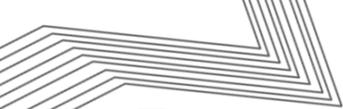


PLATFORM ON
SUSTAINABLE FINANCE

EU Taxonomy & Platform

Outreach event 24th Feb

Subgroup 3



Programme

Moderator: Sandrine Dixon-Declève, Co-President of Club of Rome
Member of the EU Platform on Sustainable Finance

1. Introduction – overview of subgroup 3 progress

Nancy Saich, Chief Climate Change Expert, EIB
Rapporteur of Subgroup 3, EU Platform on Sustainable Finance

2. Panel discussion

3. Moderated Q&A with audience

4. Closing remarks

Sandrine Dixon-Declève & Nancy Saich

Our Panel

Hans Biemans, Head Green and Social Bonds, ING and Chairman of the EBF Taxonomy Working Group

Ivan Faiella, Coordinator G20 Sustainable Finance, Banca d'Italia

Matthias Kopp, Director Sustainable Finance, WWF

Zuzana Krejcirikova, Director of Public Affairs, CEZ Group

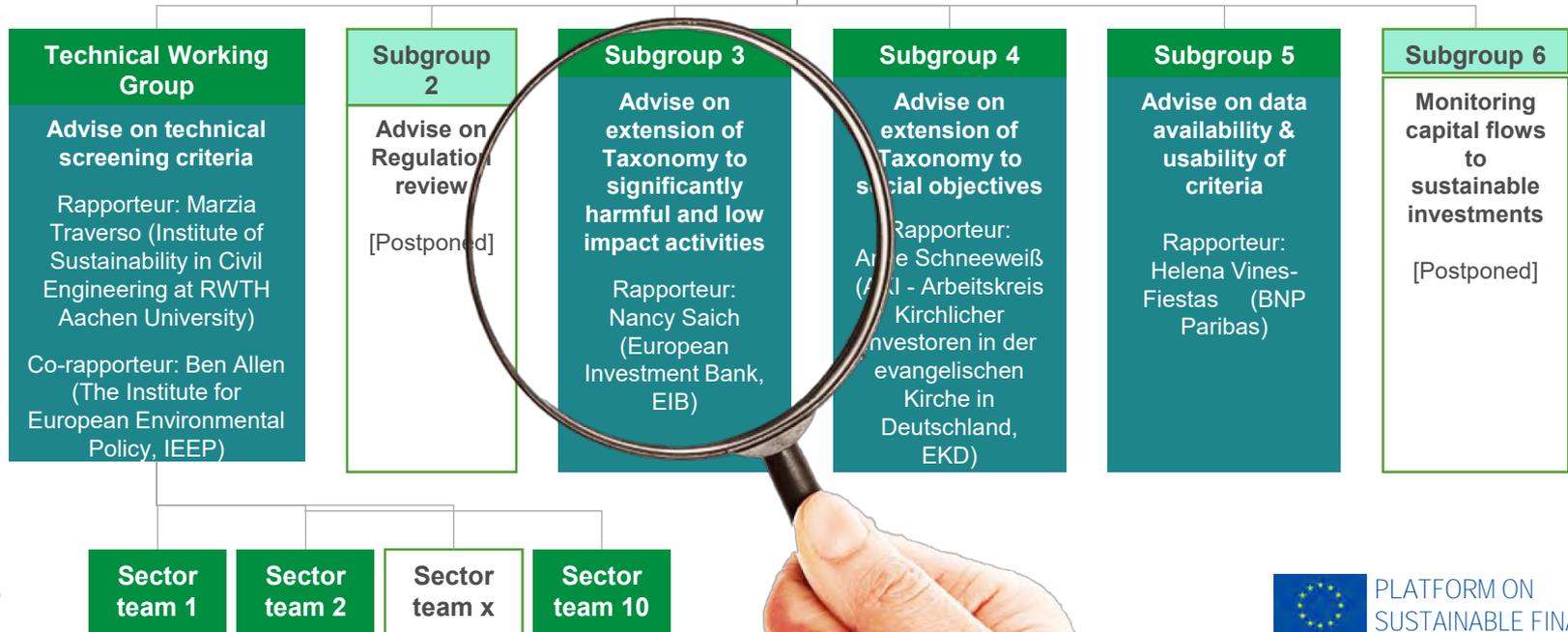
Magdalena Kuper, Vice-President legal, German Asset Management Association

Platform structure

Chair: Nathan Fabian (PRI)

57 members & 10 observers

Appointed members from a range of sectors, including industry, academia & civil society



Subgroup 3 – Extension of the Taxonomy

8 members + 4 observers

(broad based representation including financial sector regulators, financial market participants, non-financial companies, civil society representatives, think tanks, EU organisations*)

Deliverable: a report assessing possible **use cases** for developing a Taxonomy for economic activities that:

- **significantly harm (SH)** environmental sustainability, or
- have **no significant impact (NSI)** on environmental sustainability.

The group will look into use cases for a significantly harmful or low impact taxonomy and will recommend on whether and how the taxonomy framework can and should be extended to cover such activities.

Subgroup 3

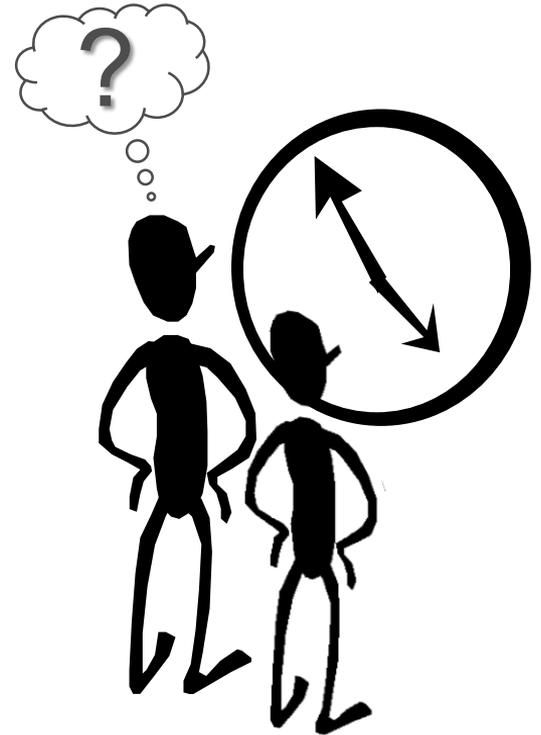
Advise on whether and how to extend the Taxonomy to significantly harmful and low impact activities

Rapporteur: Nancy Saich
(European Investment Bank, EIB)

Our activities to date

Tight timeline – Delivery of initial ideas by May 2021

- **Conceptual design** of an extended taxonomy to significantly harmful, no significant impact and a complete taxonomy, including implications of covering all 6 environmental objectives.
- **Literature review** of what others have said about an extended taxonomy
- Identification of **potential actors** who would make use of an extended taxonomy
- Development of **Use Cases** for different actor groups
- **Support to Transition Taskforce** by focusing on transition for companies and financial market actors





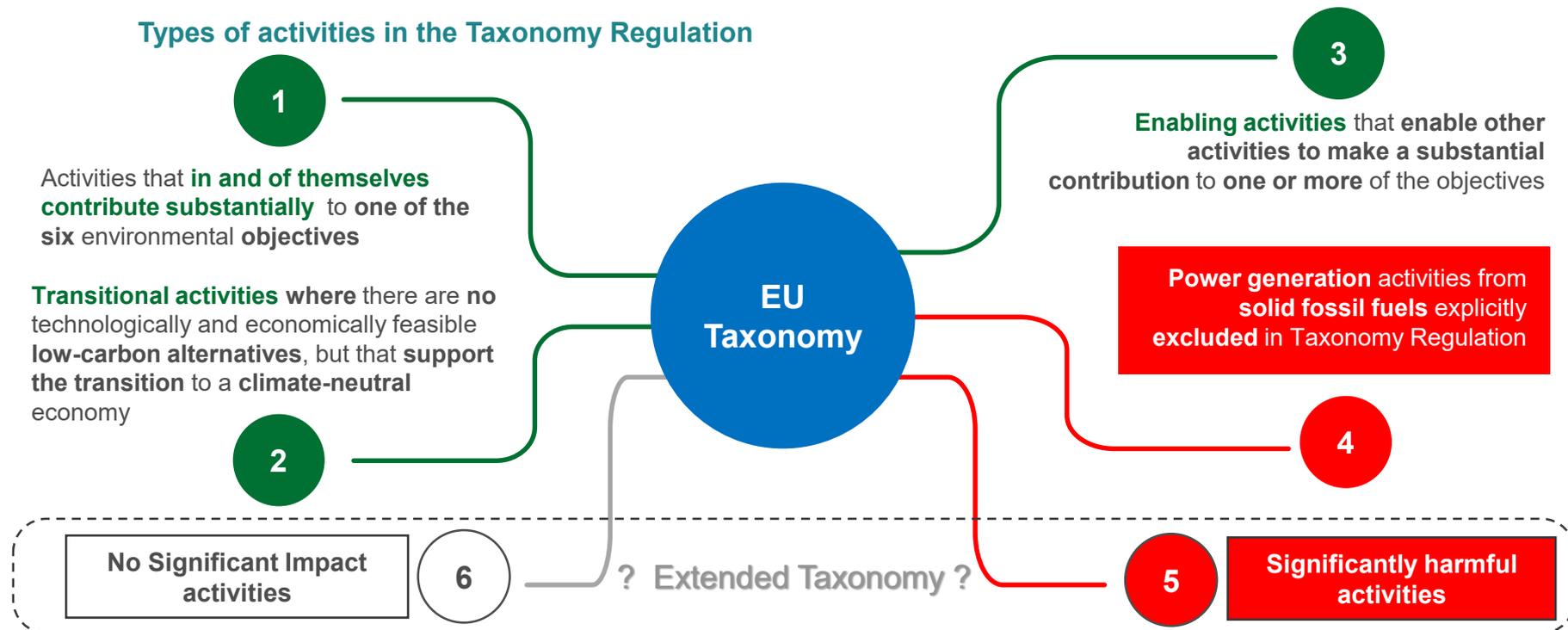
Literature on extended Taxonomy beyond green

Some key findings

- In literature there are **business cases for both SH and NSI taxonomy**
- Use of **colour palette metaphor** is common in literature, e.g. “brown” and “shades of green”
- Strong **case for an expanded taxonomy made by central banks** and regulators with a mandate of financial and price stability
- Claims that a definition of significantly harmful activities will be **needed to meet COP26 ambition** to put in place foundations for sustainable finance.
- Market trend data suggest that **SH investments are growing relatively rather than declining**, e.g. in project finance for fossil fuels, whilst global annual subsidies for fossil fuels are approximately double those for renewables
- Taxonomy seen as a **tool to identify market pricing failures and to identify potential risks** (environmental performance and financial) of economic activities
- Literature and our own research shows that all Taxonomy definitions need to **take account of the dynamic nature of transition**

Extending the EU Taxonomy

Types of activities in the Taxonomy Regulation



Visualising an extended Taxonomy

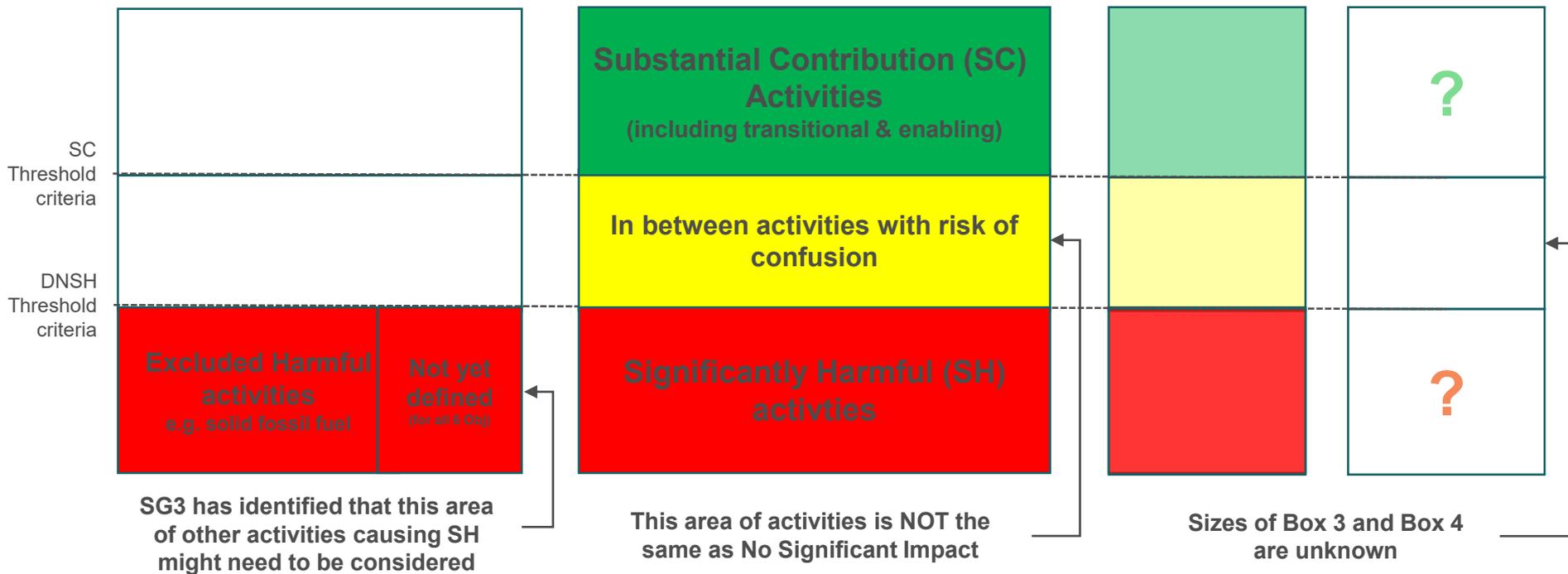
1. Economic activities not covered by Taxonomy as no Substantial Contribution possible and Significant Harm in all cases

2. Prioritised economic activities with potential significant impact

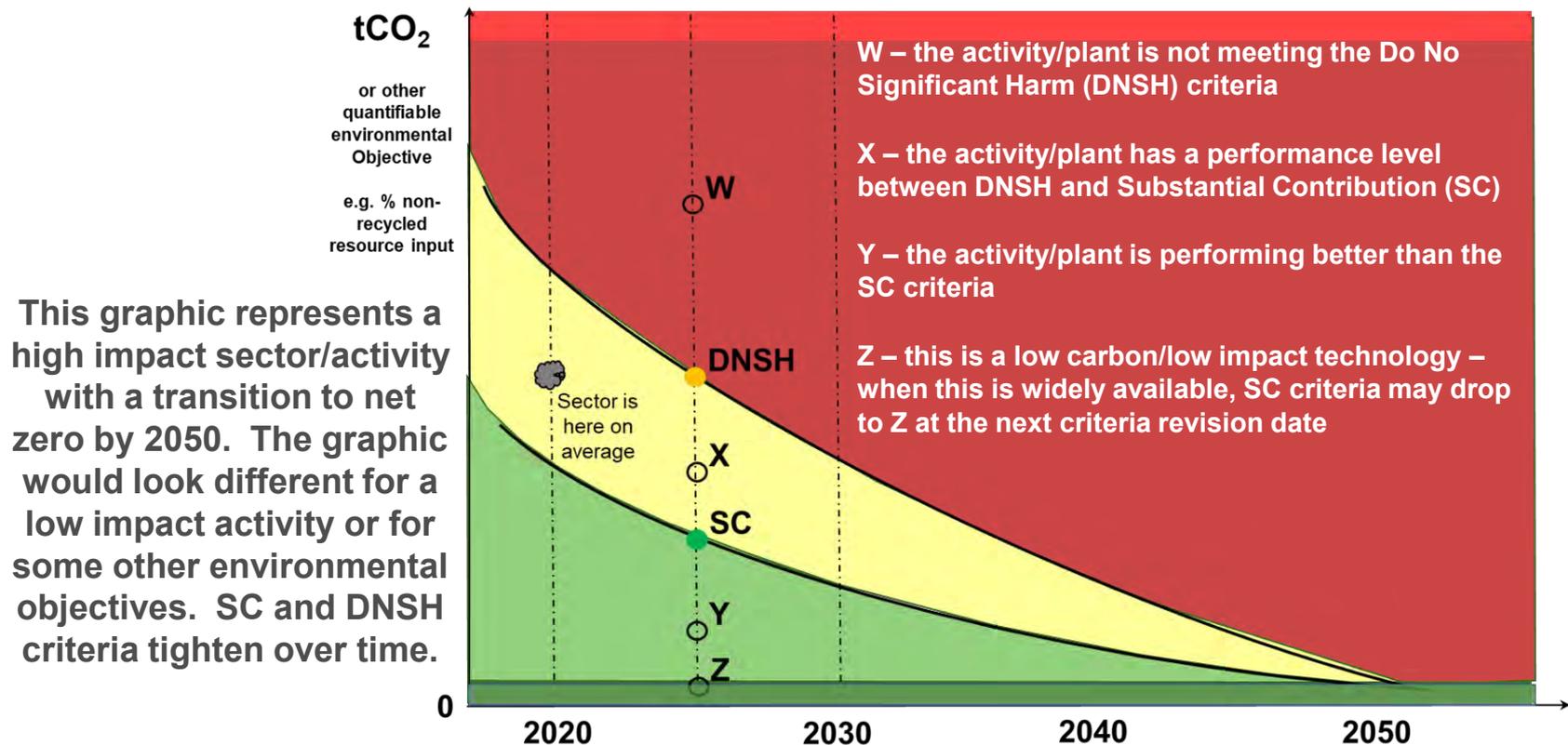
Activities NOT covered by Taxonomy by end 2021

3. Activities to be covered by Taxonomy Regulation in future

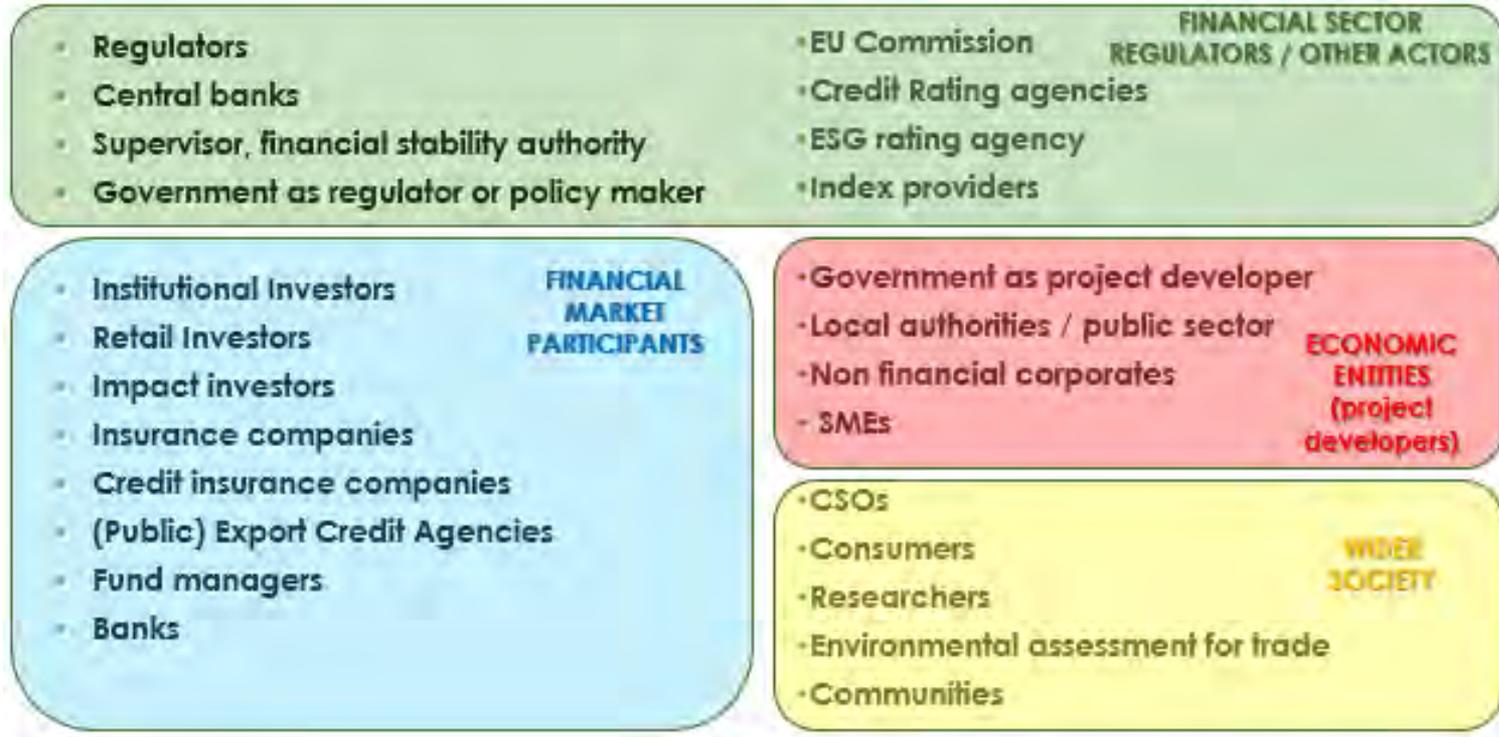
4. Activities that might be classified as No Significant Impact



The Taxonomy and its criteria are dynamic



Actor groups who might make use of an Extended Taxonomy



Panel Discussion

Moderator: **Sandrine Dixon-Declève**, Co-President of Club of Rome
Member of the EU Platform on Sustainable Finance

Panellists: **Hans Biemans**, Head Green and Social Bonds, ING
Chairman of the EBF Taxonomy Working Group

Ivan Faiella, Coordinator G20 Sustainable Finance, Banca d'Italia

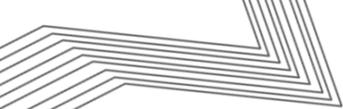
Matthias Kopp, Director Sustainable Finance, WWF

Zuzana Krejcirikova, Director of Public Affairs, CEZ Group

Magdalena Kuper, Vice-President Legal, German Asset Management Association

Participants are invited to submit their questions via Twitter using the hashtag

#SustainableFinanceEU



Concluding Remarks

Nancy Saich

Chief Climate Change Expert, EIB
Rapporteur of Subgroup 3, EU
Platform on Sustainable Finance

Sandrine Dixon-Declève

Co-President of Club of Rome
Member of the EU Platform on
Sustainable Finance