

## Topic : Sustainable Finance/ EU Taxonomy

### Brief description and main aims:

In order to honour the EU's commitments within the Paris Agreement from 2015, the European Commission set up an Action Plan on Sustainable Financing in March 2018. The latter comprises amongst others a *Regulation on the establishment of a framework to facilitate sustainable investment* which was adopted in 2020.

The core of this Regulation is the so-called EU Taxonomy. The EU Taxonomy is a classification which defines under which conditions an economic activity can be considered as environmentally sustainable for the purpose of investments. This classification is set out in delegated acts. The EU Taxonomy applies with regard to the labelling of financial products and the disclosure requirement for companies which fall under the scope of the Non-Financial Reporting Directive. The overarching aim is to create a common for sustainable investments and to direct capital flows to sustainable activities.

The EU Taxonomy is drafted by the Platform on Sustainable Finance. FIEC is the only organisation from the construction industry that has been accepted as a member of the Platform on Sustainable Finance. FIEC's representative in the Platform is Pekka Vuorinen from the the Finnish Construction Federation.

### Why FIEC is dealing with this topic :

1. Construction activities (e.g. buildings construction, renovation, infrastructure construction) are among the activities which are covered by the EU Taxonomy. In other words, the EU Taxonomy **defines under which conditions, for instance, the construction of buildings can be considered as environmentally sustainable.**
2. The EU Taxonomy will have a **significant impact on the financing/funding of construction activities.**
  - Companies which are listed on the financial market will have to disclose about their Taxonomy alignment
  - Commercial banks will have to disclose about the Taxonomy alignment of their lending activities which will trickle down to the banks' clients
  - The European Investment Bank will use the EU Taxonomy for its financing activities
  - We expect that Green Sovereigns Bonds and Green Public Procurement will progressively make use of the EU Taxonomy

### Actions and key dates :

- 05/2018** – European Commission issues its proposal
- 07/2020** – Taxonomy Regulation is adopted by the EU Institutions
- 10/2020** – FIEC is appointed as Member of the [Platform on Sustainable Finance](#)
- 08/2021** – Platform on Sustainable Finance publishes draft criteria
- 12/2021** – EU institutions adopt first delegated acts
- 01/2022** – First Delegated Acts and reporting obligations enter into force
- 04/2022** – European Commission adopts second delegated acts