

El paquete regulatorio de Finanzas Sostenibles y la Plataforma Europea



PLATFORM ON
SUSTAINABLE FINANCE

Colaboran:



Barcelona
Finance School
Created by IEF



Col·legi d'Economistes
de Catalunya
Al servei dels professionals
de l'economia i de l'empresa



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Europea sobre Finanzas Sostenibles**



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“El paquete regulatorio de Finanzas Sostenibles y la Plataforma Europea”

- Helena Viñes

EU Taxonomy

Regulation: mandatory disclosures

The Taxonomy Regulation mandates three user obligations:



Financial market participants

Offering financial products in the EU, including occupational pension providers

Article 5 – Article 7

- How and to what extent the Taxonomy was used in determining the sustainability of the underlying investments;
- To what environmental objective(s) the investments contribute; and
- The proportion of underlying investments that are Taxonomy-aligned, as a percentage of the investment, fund or portfolio.



Large companies

Who are already required to provide a non-financial statement under the NFRD/CSRD

Article 8

- **The proportion of turnover aligned with the EU taxonomy;**
- **CAPEX and OPEX aligned with the EU taxonomy.**

→ *KPIs will be established in a separate delegated act*



The EU and Member States

Article 4

When setting out measures on standards or labels for green financial products or green (corporate) bonds

Helps companies access better finance

Company A

The importance of capex



Based on
share of
turnover



20%

2020



Share of
green
activities

80% of Company EUREKA's investments are made to make factory B taxonomy aligned, expand A and upgrade factory D

80%

Taxonomy aligned investment (CAPEX)

2025



Based on
share of
turnover



50%

Company has plans to:

1. Manufacture only EVs in plant B
2. Increase energy efficiency of building D and make it flood resilient
3. Invest in R&D to improve electric batteries performance

By 2025.



Site/project/operation
that is **Taxonomy-aligned**

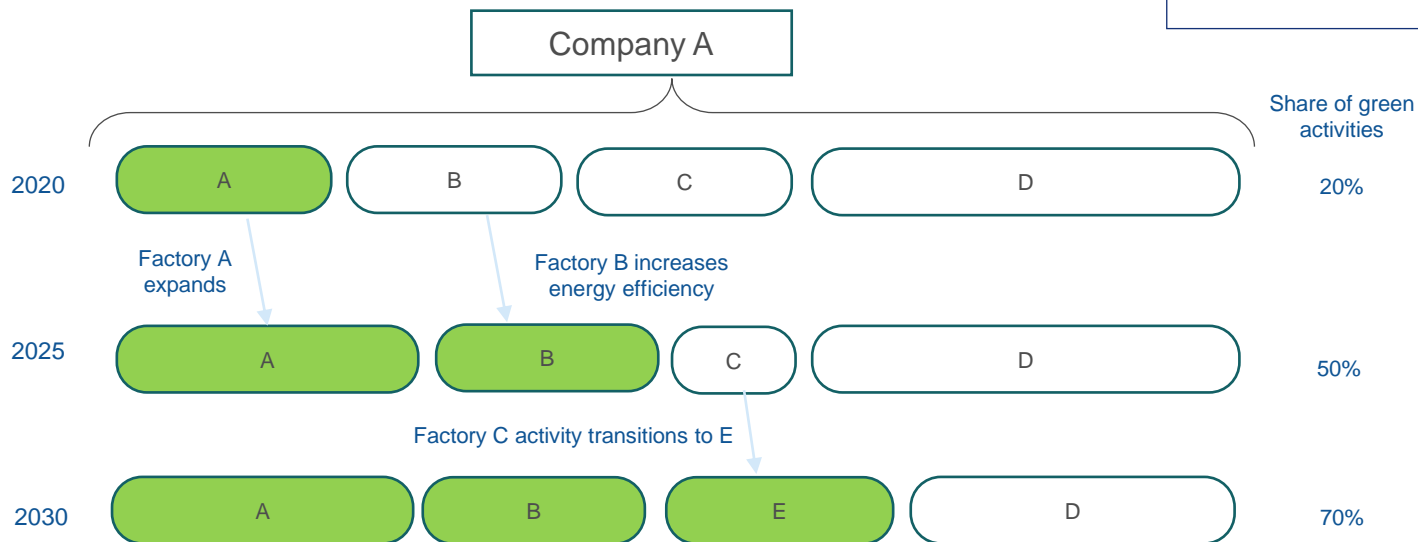
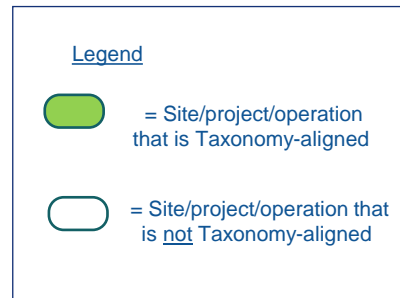


Site/project/operation that
is not Taxonomy-aligned

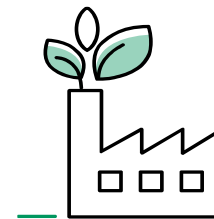
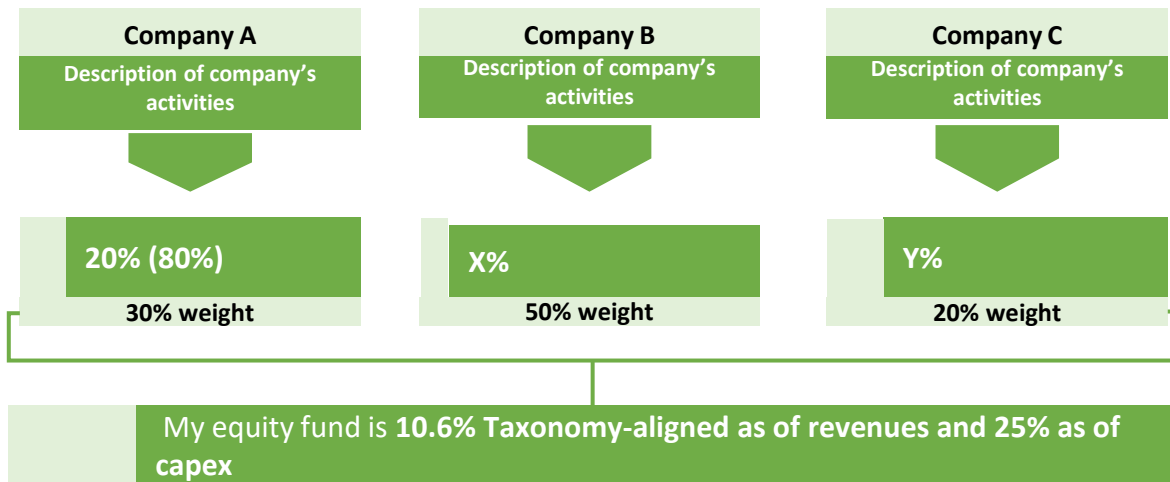


Transition tool - how can taxonomy help?

- By defining green economic activities, not companies
- The Taxonomy enables companies to transition by gradually increasing their share of green activities



The Taxonomy as a measurement tool



All shares and general purpose bonds of Company A
20% turnover-aligned
80% capex-aligned

Expected Growth
of Taxonomy-
alignment
Demand in the EU

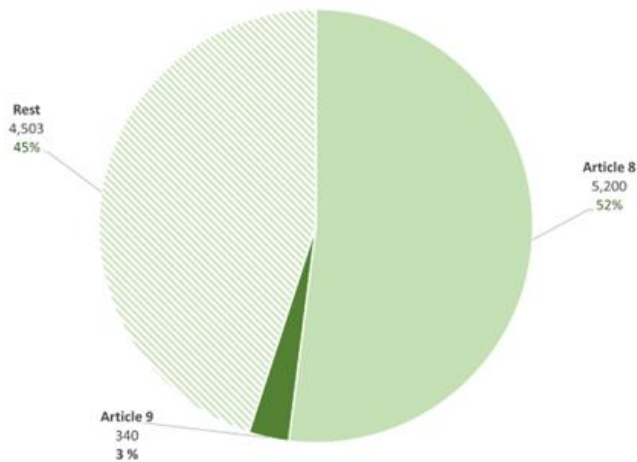
- Financial Institutions Taxonomy-related Disclosures (GAR/GIR) including credit institutions
- EU Green Bonds Standard and pressure for Taxonomy-alignment disclosures and performance for all use-of-proceeds instruments
- ESG preferences (as part of funds or as a stand-alone investment for the retail market)



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The rise of ESG funds

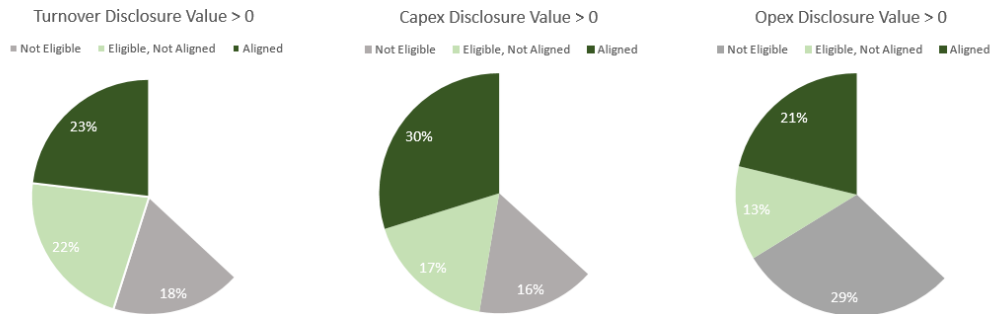
UCITS fund assets managed by Article 8 and 9 funds SFDR Articles 8 and 9 account for 55% of assets.



Source: ESMA (2023)

European Regulatory Reporting – STOXX 600

STOXX 600 Index



Source: Bloomberg as at 17th May 2023

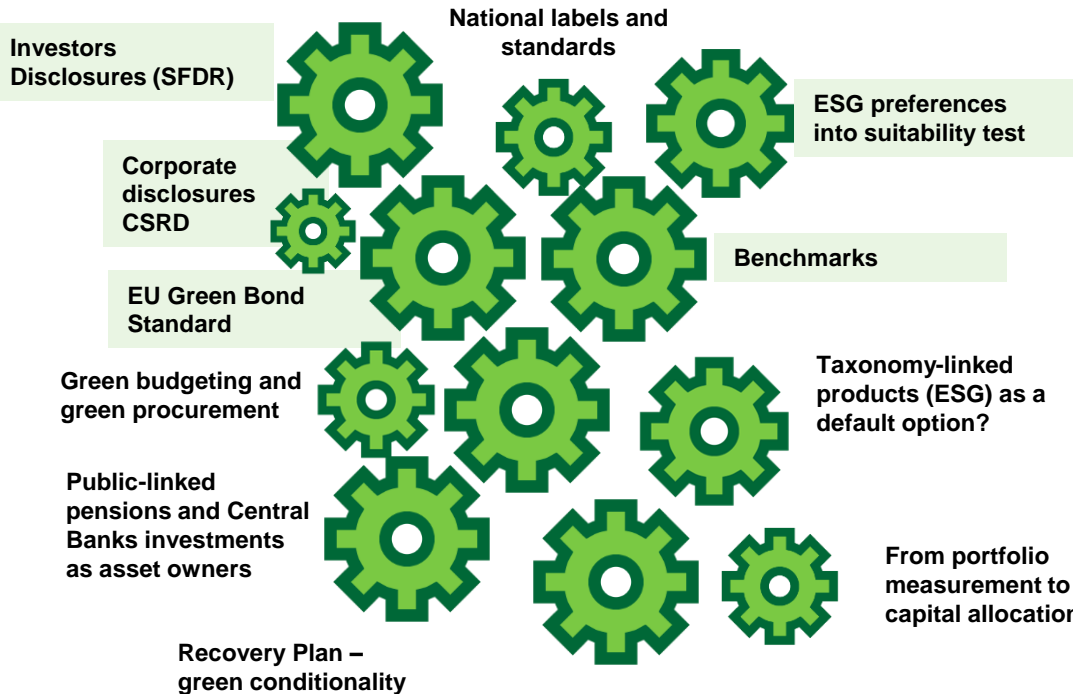
Note: Values in below table are based on non-zero disclosure in STOXX 600 for FY 2022

BICS Level 2 Sector	Average Taxonomy Capex %
Renewable Energy	94.55
Utilities	72.13
Real Estate	32.03
Oil & Gas	28.72
Tech Hardware & Semiconductors	25.15
Materials	18.57
Industrial Services	17.91
Software & Tech Services	12.92
Consumer Discretionary Products	12.38
Industrial Products	10.57
Financial Services	10.21
Retail & Wholesale - Staples	9.07
Retail & Whsle - Discretionary	7.80
Consumer Staple Products	3.62
Health Care	2.71
Media	2.35
Telecommunications	1.62
Consumer Discretionary Services	0.30

The taxonomy is one piece of a much bigger jigsaw

The Taxonomy is becoming THE reference

Today



Tomorrow



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Sustainable Investment of SFDR

Company A



Taxonomy Turnover

Not Aligned



Taxonomy Capex

Not Aligned



Aligned 10%

Aligned 30%

Aligned 30%

Example Steel Manufacturer, Company A



FMP B is an asset manager. FMP B has a Climate fund with a committed objective of 10% Taxonomy-alignment based on turnover according to its pre-contractual disclosures.

	Company A	FMP B rules
Share of non-renewable energy consumption and production	33.2% of electricity consumption from non-renewable source	Less than 50%, with targets to further reduce by 2030
GHG intensity of investee companies	Carbon intensity (ton CO ₂ / ton of product) 23tCO ₂ /t	In line with Taxonomy DNSH thresholds when existing; otherwise follow EU ETS when applicable or IEA SDS thresholds
Gender pay gap	2.5 %	Maximum of 5%



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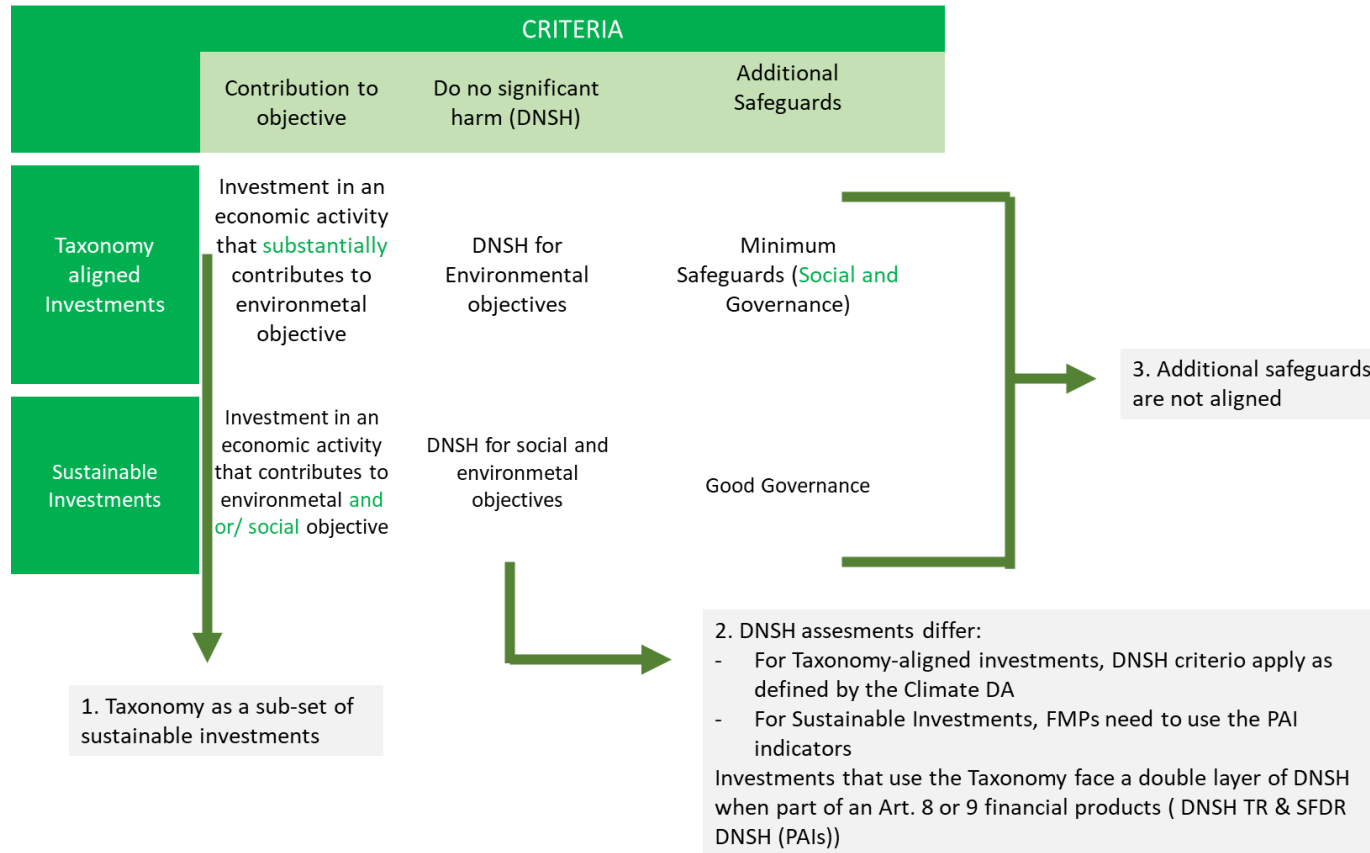
SFDR Sustainable investments & Taxonomy-aligned investments

	CRITERIA			OBJECTIVES IN FOCUS		
	Contribution to objective	Do no significant harm (DNSH)	Additional Safeguards	Climate	Further Env objectives	Social
Taxonomy-aligned Investments	Investment in an economic activity that substantially contributes to environmental objective	DNSH for environmental objectives (activity level)	Minimum Safeguards (Social and Governance)	Yes Adaptation and mitigation	Only as of 1 January 2023 (might be postponed)	Maybe in the future / to be decided
Sustainable Investments	Investment in an economic activity that contributes to environmental and/or social objective	DNSH for social and environmental objectives (entity level)	Good governance	Yes	Yes	Yes

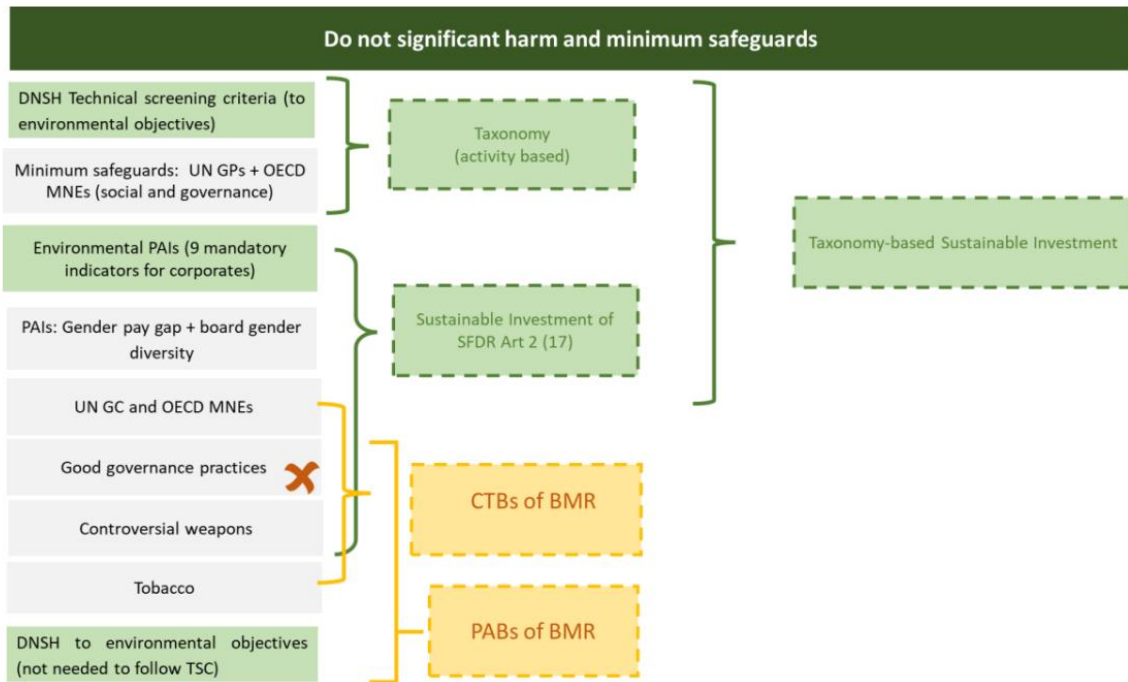
*“Sustainable investment” means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy; or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities; **provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;** (Art. 2 (17) SFDR



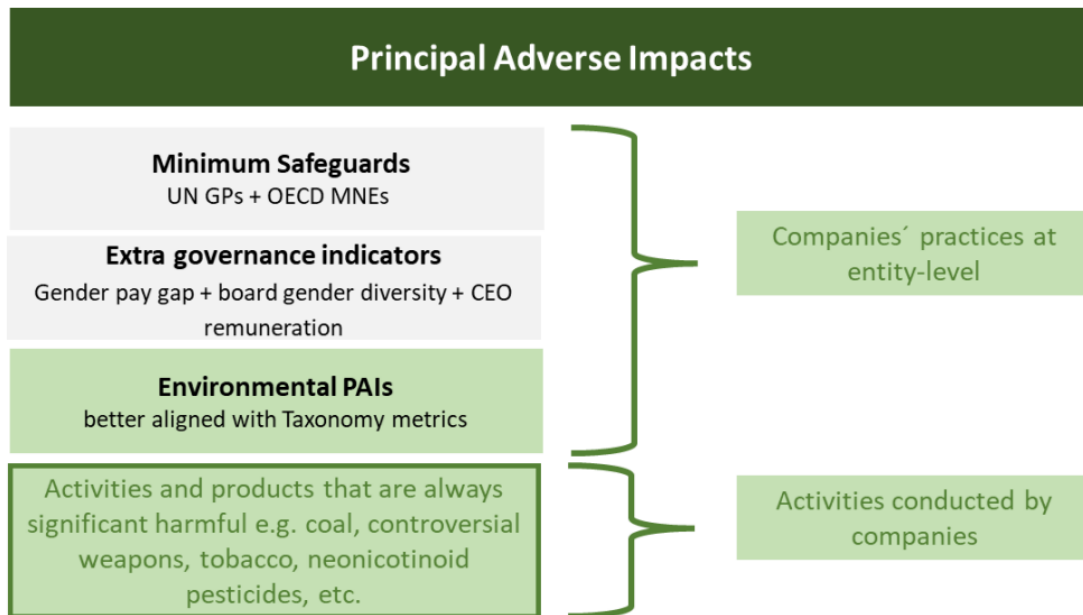
Taxonomy-aligned investments



Crossover on Do No Significant Harm across the Sustainable Regulatory Framework



Towards better alignment

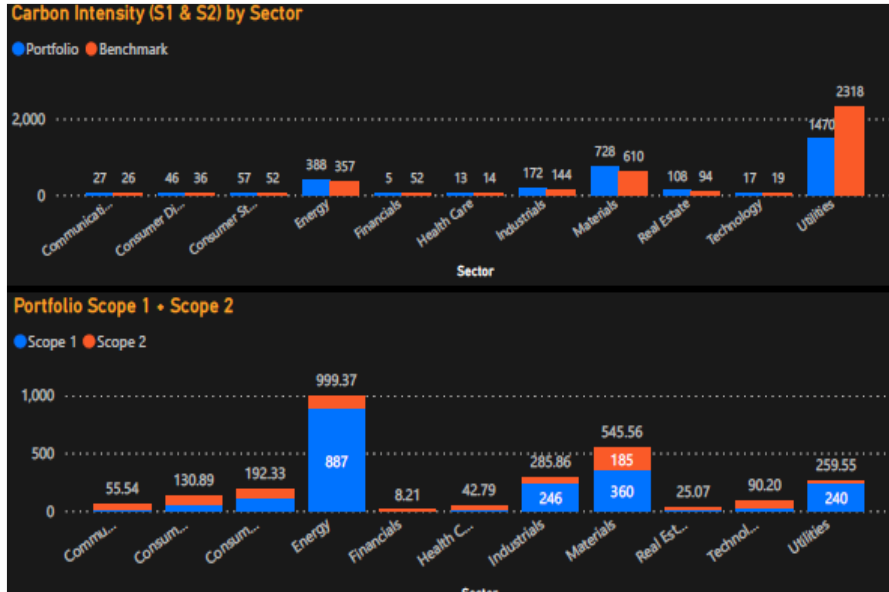


The Platform recommends the progressive inclusion of a short list of always significant harmful social and environmental activities as “always principally adverse” in the absence of a Taxonomy addressing always significant harmful and social activities (or until such Taxonomy exists).



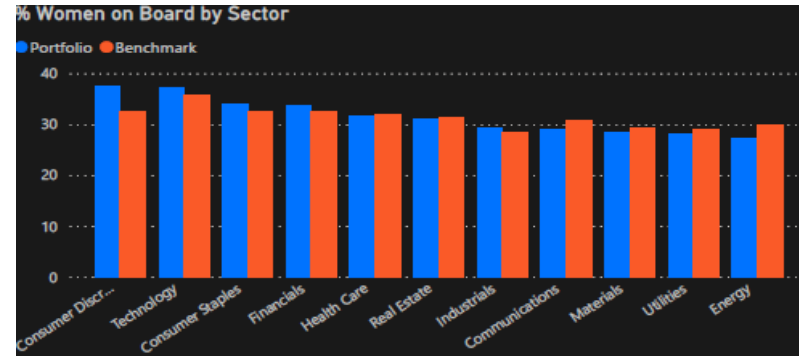


The power of PAIs



Source: Bloomberg 2022

The Platform believes that for products disclosing under Article 8 SFDR, the PAIs (or families of PAIs in line with ESG promoted characteristics) should be disclosed for the entire product – for all consistent investments. PAI disclosure should not be optional for such products, nor should it be possible to consider PAIs under Article 7 SFDR for only part of the product.



Two types of environmental “Sustainable Investments” in the long run

1. Sustainable Investment (SI) Activity-based:

An investment in an economic activity that contributes to an environmental objective, as defined by the Taxonomy Regulation, provided that the rest of the activities being conducted by the economic actor or undertaking do not significantly harm any of the other objectives as defined by Article 3 of the Taxonomy Regulation and respect Article 18 of the Taxonomy Regulation with regard to minimum safeguards.

2. Sustainable Investments (SI) Entity-based

An investment in an investee company that contributes to an environmental objective, as defined by the Taxonomy Regulation, as measured, through improvement of indicators, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to minimum safeguards of the Taxonomy Regulation.

Two types of environmental “Sustainable Investments” in the long run

1. Sustainable Investments

An investment in an economic activity that is aligned with the Taxonomy Regulation and does not significantly harm any of the environmental objectives of the Taxonomy Regulation.

The Platform believes that in the future the Taxonomy should be embedded into the narrative of any financial product – to show how much existing (turnover) or future (capex) investment is aligned.

defined by the Taxonomy Regulation and does not significantly harm any of the environmental objectives of the Taxonomy Regulation.

2. Sustainable Investments

An investment in an economic activity that is aligned with the Taxonomy Regulation and does not significantly harm any of the environmental objectives of the Taxonomy Regulation.

The Platform believes that minimum ESG reporting requirements – being GHG emissions and the Taxonomy alignment – should be mandated in the longer term across all financial products, including those that are not classified as Sustainable Investments (Article 8 or 9 (often referred to as Article 6 under SFDR)).

defined by the Taxonomy Regulation and does not significantly harm any of the environmental objectives of the Taxonomy Regulation.

economy, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to minimum safeguards of the Taxonomy Regulation.



Sustainability preferences

Taxonomy (% of alignment as of revenues, capex or opex);

Sustainable Investment (proportion of SI but as defined by the FMP)

The different PAIs (and performance levels or ranges of performance or as screening criteria)

- Explain, explain and explain
- Simplify and clarify
- What investors do not want to invest in
- Guidance on thresholds
- Training

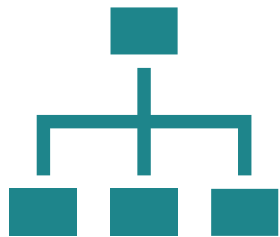
- Different elements of a, b and c
- Differences between a and b
- Differences between these products and products without such sustainability features in a clear manner, avoiding technical language.
- What are the maximum and average figures that can be expected and, in a simple manner, why that is the case. Further, that despite the low numbers, those products that use the Taxonomy have the highest potential to make a positive environmental impact.
- Importance of CapEx, and difference between revenues-based vs. capex-led



At a crossroads



Platform's goals (1/3)



The number one goal is to make the taxonomy the regulatory ecosystem that surrounds it work.



Our aim is to both simplify and maximise its use

Platform's goals (2/3)



SMES



INVESTMENTS IN
DEVELOPING
COUNTRIES AND
DEVELOPMENT FINANCE



USE-OF-PROCEEDS
INSTRUMENTS

Focus on usability, implementation and simplification

TAXONOMY - EU Taxonomy Navigator – A simple and practical guide for users

[EU Taxonomy Navigator \(europa.eu\)](https://europa.eu/eu_taxonomy/eu_taxonomy_navigator)

- **EU Taxonomy Compass** - a visual representation of sectors, activities and criteria included in EU Taxonomy
- **EU Taxonomy Calculator** – a step-by-step guide on reporting obligations
- **FAQ repository** – an overview of questions and answers on EU Taxonomy and its delegated acts



Platform's goals (3/3)

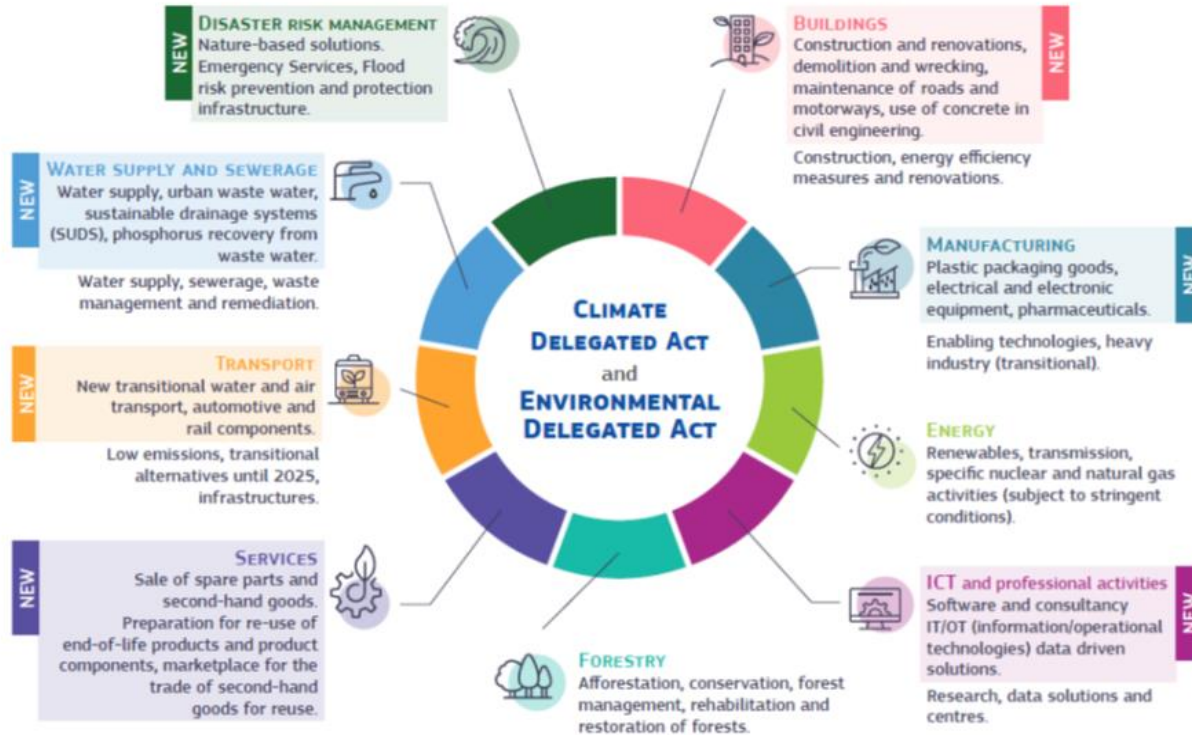
Non
completed
activities

Enabling
activities

Stakeholder
Response
Mechanism

Adaptation
taxonomy

The EU Taxonomy already covers more than 100 activities

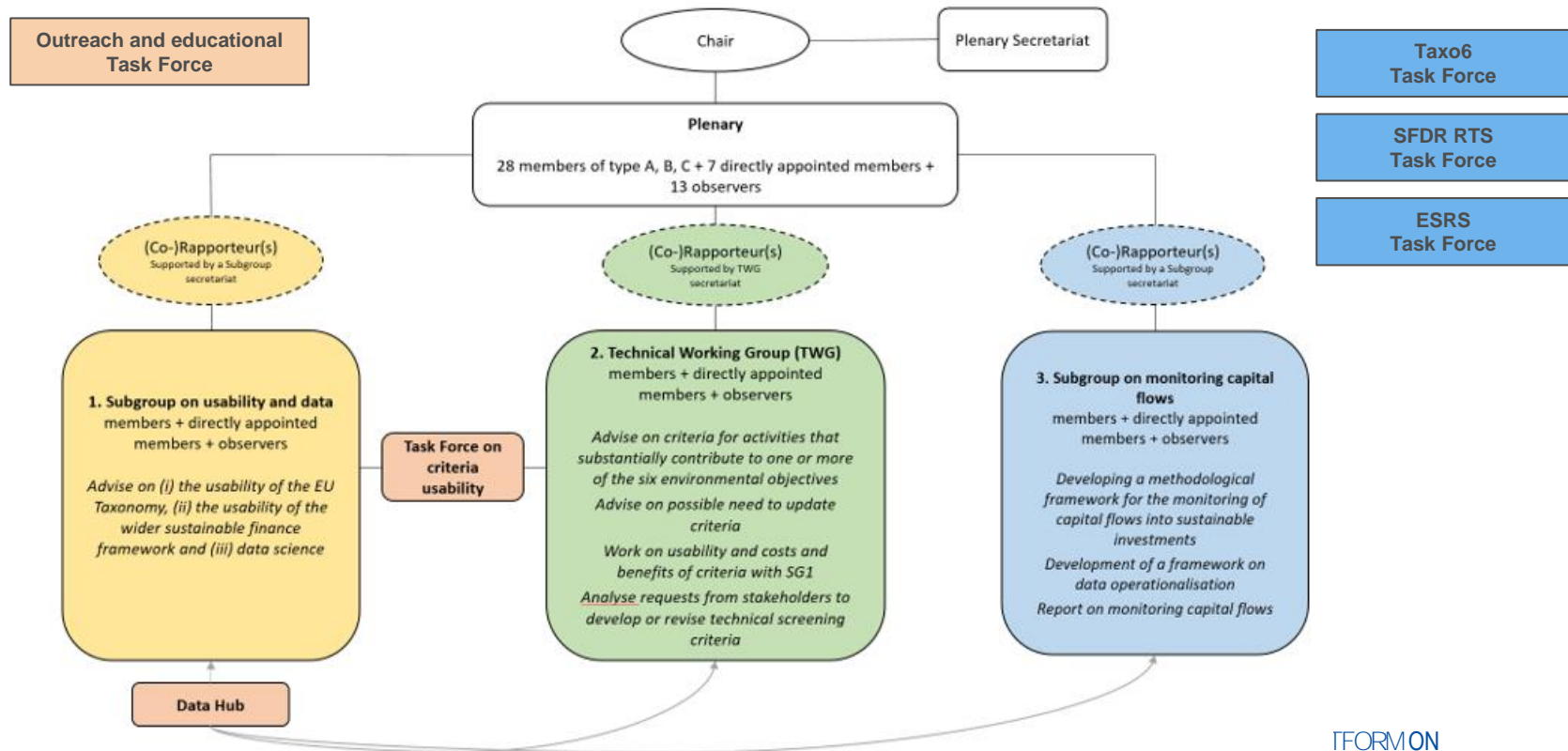


PSF members

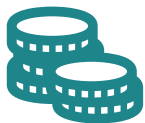
- Platform Chair : Helena Viñes Fiestas
- Platform group : List of members
 - 28 Members (e.g. – Axa, CBI, 2DI, Business Europe, and number of academics)
 - 7 directly appointed members (EBA, ESMA, EIOPA, EEA, EIB, EIF etc.)
 - 14 Observers (PRI, UNEP-Fi, OECD, ETUC etc.)



Governance of the Platform



What will success look like



Benefit from lower cost of capital (the importance of Capex)



Use the taxonomy via capex or via revenues (or both) to build their portfolios, and the financial products based on the taxonomy enjoy **high demand.**



Green debt offering from mortgages to green loans to **SMEs based on the taxonomy; and the expansion of their credit portfolios is tinted green.**



The benefits and the gains, while forgetting or forgoing the short-term pains.



Thank you !!



Turno

Preguntas y Respuestas

¡Muchas gracias!



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