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EU taxonomy for sustainable activities

Works in view of the establishment of an EU classification system for sustainable activities, i.e. an EU taxonomy

Why a EU taxonomy

In order to meet the EU's climate and energy targets for 2030 and reach the objectives of the [European Green Deal](#), it is fundamental to direct investments towards sustainable projects and activities. The current COVID-19 pandemic has reinforced the need to redirect capital flows towards sustainable projects in order to make our economies, businesses and societies, in particular health systems, more resilient against climate and environmental shocks and risks with clear co-benefits for health.

To achieve this, a common language and a clear definition of what is 'sustainable' is needed. This is why the [action plan on financing sustainable growth](#) called for the creation of a common classification system for sustainable economic activities, or an "EU taxonomy".

What is the EU taxonomy

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The EU taxonomy is an important enabler to scale up sustainable investment and to implement the European Green Deal. Notably, by providing appropriate definitions to companies, investors and policymakers on which economic activities can be considered environmentally sustainable, it is expected to create security for investors, protect private investors from greenwashing, help companies to plan the transition, mitigate market fragmentation and eventually help shift investments where they are most needed.

The Commission is currently preparing an IT tool that will facilitate the use of the taxonomy by

allowing users to navigate easily through the taxonomy. The tool will be available from the beginning of 2021.

Taxonomy Regulation and delegated acts

The [Taxonomy Regulation](#) was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It establishes the framework for the EU taxonomy by setting out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable.

The Taxonomy Regulation establishes six environmental objectives

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Different means can be required for an activity to make a substantial contribution to each objective.

[More information on the Taxonomy Regulation](#)

The Taxonomy Regulation tasks the Commission with establishing the actual list of environmentally sustainable activities by defining technical screening criteria for each environmental objective through delegated acts.

[More information on the delegated acts](#)

Further development: the Platform on sustainable finance

The development of the EU taxonomy relies on extensive input from experts from across the

economy and civil society. This is why the new [Platform on sustainable finance](#) is tasked with advising the European Commission on further developing the EU taxonomy, improving its usability and exploring its extension to social objectives, activities that significantly harm the environment or activities that are neutral towards the environment.

The Platform on sustainable finance is a permanent Commission expert group that has been established under the Taxonomy Regulation. More information about the platform, its objectives, tasks, subgroups and deliverables can be found [here](#).

[More information on the Platform on sustainable finance](#)

Preparatory work: Final report of the TEG

In order to inform its work on the action plan, including on the EU taxonomy, the European Commission established a [Technical Expert Group \(TEG\) on sustainable finance](#) in July 2018.

Within the framework of the Taxonomy Regulation, the TEG was asked to develop recommendations for technical screening criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation, while avoiding significant harm to the four other environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention control, and protection and restoration of biodiversity and ecosystems.

On 9 March 2020, the TEG published its [final report on EU taxonomy](#). The report contains recommendations relating to the overarching design of the EU taxonomy, as well as extensive implementation guidance on how companies and financial institutions can use and disclose against the taxonomy. The report is [supplemented by a technical annex](#) containing

- Updated technical screening criteria for 70 climate change mitigation and 68 climate change adaptation activities, including criteria for do no significant harm to other environmental objectives
- An updated methodology section to support the recommendations on the technical screening criteria

The TEG has also prepared [excel tools to help users of the Taxonomy to implement it in their own activities](#).

This report builds on the [work that the TEG published in June 2019](#) and the [early feedback report published in December 2018](#). Both reports were subject to an open call for feedback to gather views from stakeholders. The responses authorised for publication can be found below:

- [responses on the first call for feedback](#)
- [responses to the second round of feedback on the June 2019 report](#)

In order to respond to the most frequently asked questions by stakeholders about the TEG's final report and the Commission's next steps, a [joint document with frequently asked questions](#) has been published by the Commission and the TEG.

During its mandate, the TEG also engaged with over 200 additional experts to develop their recommendations for the technical screening criteria.

Documents

- [Taxonomy Regulation](#)
- [Final report on EU taxonomy](#)
- [Technical annex to the final report on EU taxonomy](#)
- [Factsheet: Financing sustainable growth](#)
- [Excel tool - TEG report on EU taxonomy](#)

Related links

Technical expert group on sustainable finance (TEG)
