



FOCUS

FRAMEWORK OR TAXONOMY REGULATION

Version 5 – Updated in December 2022

BUILDING TEAM SPIRIT TOGETHER

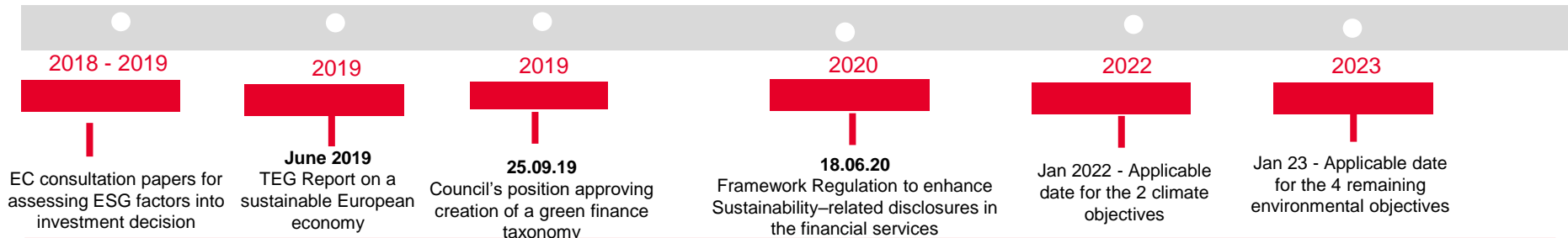


SOCIETE GENERALE
Corporate & Investment Banking

GREEN TAXONOMY

FOR THE SUSTAINABLE FINANCE, A LIST OF ECONOMIC ACTIVITIES ELIGIBLE TO THIS FRAMEWORK REGULATION

REGULATORY INITIATIVE	FOCAL POINTS
<p>This regulation (EU) 2020/852 of 18 June, 2020 (hereinafter Taxonomy) aims to encourage sustainable finance by establishing a legal and technical framework. This framework regulation also aims to help international investors to identify investments that genuinely meet the environmental goals of saving the planet.</p> <p>Six objectives are included in this green taxonomy:</p> <ol style="list-style-type: none"> 1. climate change mitigation 2. climate change adaptation 3. sustainable use and protection of water and marine resources 4. transition to a circular economy, including waste prevention and recycling 5. pollution prevention and control 6. and prevention and restoration of biodiversity and ecosystems 	<p>Sustainable investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.</p> <p>In practical terms, European Taxonomy defines a list of economic activities and performance thresholds that measure these activities' contribution to these 6 environmental objectives. It includes 7 macro-sectors and 72 sub-activities. Each economic activity must provide a substantial contribution to one of the six environmental objectives without significantly impairing any of the others.</p> <p>For example, an activity can be eligible for Taxonomy for these three reasons:</p> <ul style="list-style-type: none"> It is already a low carbon activity, It contributes to the transition towards a net zero emission economy by 2050, It enables other activities to reduce their CO₂ emissions.
<p>Delegated acts with objectives 1 and 2 are applicable since January 2022.</p> <p>Delegated acts with objectives 3 to 6 apply as from Jan 2023.</p> <p>31 May 2022 - ESMA published a supervisory briefing on sustainability risks and disclosures in investment management area.</p>	<p>Current issue:</p> <ul style="list-style-type: none"> ✓ Taxonomy should take care the S - social criteria included in SFDR. ✓ Proposition of the EC to include gas and nuclear as eligible economic activities to the Taxonomy Regulation.



Updated on 15 December 2022

STATEMENT

- ❑ 7 Feb. 2020 - EU Council published a legislative proposal on the establishment of a framework to facilitate sustainable investment ('Taxonomy or Framework Regulation'). 22 June 2020 - Publication of [Regulation \(EU\) 2020/852](#) (the taxonomy) in the OJ of the EU. Entry into force on 12 July 2020.
- ❑ 22 Oct. 2020- ESAs published new version of SFDR RTS of with alignment to the Taxonomy.
- ❑ 31 Dec. 2021 - After 2 years of negotiation EC proposed to integrate **gas** and **nuclear** in the list of 72 eligible economic activities.
- ❑ 2 Feb. 2022 - The European Commission (EC) proposed a green label text for some gas and nuclear investments. This text had to be submitted to the European Parliament and Council in order to be analyzed? They had four months to object.
- ❑ EC endorsed SFDR RTS with [taxonomy alignment](#) on 6 April 2022.
- ❑ **Sept. 2022 nuclear** and **gas** investment have been included as eligible economic activities under the scope of the Green Taxonomy.

FOR YOUR CONSIDERATION

- ❑ EU taxonomy is a complex system to classify which parts of the economy can be marketed as sustainable investments.
- ❑ Taxonomy does not ban investments in activities not labelled "green", but it limits which companies and investors can claim being climate-friendly.
- ❑ As of today, there is no common classification system in the EU in order to define precisely environmentally sustainable and/or green finance.
- ❑ Providers of financial products in the EU must disclose which investments comply with the criteria of the taxonomy's climate.
- ❑ Companies and listed firms must also disclose what share of their turnover and capital expenditure complies with green taxonomy.
- ❑ Feb 2020 - 2 interesting documents: one [published](#) by AFME "State of Play: Status of European Regulatory developments on Sustainable Finance", summarizing developments in ESG and one [published](#) by EFRAG on "How to improve climate-related reporting".
- ❑ 9 March 2020 - the Technical Expert Group (TEG) on financing a sustainable European economy published its final report.

Contact SGSS/CAO/REG:

Jean-Pierre Gomez & Marie-Claire de Saint-Exupéry



Jean-Pierre.Gomez@sgss.socgen.com

Marie-claire.de-saint-exupery@sgss.socgen.com

To know more please refer to:
Fiche ESG Climate action taxonomy
-To KnowMore

"This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Société Générale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail customers. All of the products and/or services described may not be available in all jurisdictions"