

EU Taxonomy Regulation Tracker

Last updated: **10 March 2022**

CONTENTS

This **Tracker** provides you with:

- a **high level background** to the EU Taxonomy Regulation and
- some of the key provisions it contains.

The **Annex** sets out:

- a **table of the key dates** in relation to the Level 1 text (with links to the relevant documents)
- a **table of the Level 2 and Level 3 measures**, setting out
 - what measures ESMA must develop
 - the timing of this work (where known) and
 - links to the relevant documents.

1. The Taxonomy Regulation

The EU's [**Regulation on the establishment of a framework to facilitate sustainable investment**](#) (the **Taxonomy Regulation**) was published in the Official Journal of the EU on **22 June 2020**.

Its key provisions apply

- from **1 January 2022** in respect of:
 - climate change mitigation and
 - climate change adaptation and
- from **1 January 2023** in respect of:
 - the sustainable use and protection of water and marine resources
 - the transition to a circular economy
 - pollution prevention and control and
 - the protection and restoration of biodiversity and ecosystems.

2. What does the Taxonomy Regulation cover?

The Taxonomy Regulation establishes a **classification system (or taxonomy)** to provide businesses with a common language to identify whether a given economic activity should be considered to be “**environmentally sustainable**”. This, then, allows a determination as to how far a given investment is environmentally sustainable, or ‘green’.

The Commission considers this necessary because of the range of interpretations by Member States as to what counts as a sustainable investment.

Standardising the concept of environmentally sustainable investment across the EU should, then, both

- facilitate investment in environmentally sustainable economic activities, and
- enable economic operators to attract investment from abroad more easily.

Environmentally sustainable

In overview, an economic activity will be considered “environmentally sustainable” where it

- contributes substantially to any of a series of defined environmental objectives
- does not significantly harm any of the environmental objectives
- complies with a series of minimum social safeguards and
- complies with performance thresholds (known as “**technical screening criteria**”) - these will be developed as Level 2 measures in due course.

Environmental objectives

The environmental objectives referred to in the first two bullets above are:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems.

The Taxonomy Regulation also amends the **Sustainable Finance Disclosure Regulation (SFDR)** by, among other things, inserting a number of further Level 2 measures giving greater clarity and granularity as to what information firms must disclose and how.

3. Level 2 measures under the Taxonomy Regulation

The Taxonomy Regulation was published in the Official Journal on **22 June 2020**.

The Commission was mandated to develop various Level 2 measures to supplement it. (See the Level 2 table in the Annex below.)

These included measures on:

- **the application of requirements in relation to the transparency of undertakings in non-financial statements**
 - on **26 February 2021** ESMA published a [Final Report](#), containing its advice to the Commission
 - on **7 May 2021**, the Commission consulted on proposals for a [Delegated Regulation](#)
 - on **6 July 2021**, the Commission adopted a proposed [Delegated Regulation](#) together with [Annexes 1 - 5](#), [Annex 6](#), [Annex 7](#), [Annex 8](#) and [Annexes 9 -11](#)
 - on **10 December 2021**, the final [Commission Delegated Regulation](#) was published in the Official Journal
 - the measures applied from **1 January 2022**
- **establishing technical screening criteria (TSC) for determining under what conditions a given economic activity is to be considered as contributing substantially to an environmental objective**
 - on **9 March 2020**, the Technical Expert group on Sustainable Finance (TEG) published its [Technical Report](#)
 - on **20 November 2020**, the Commission consulted on proposals for a [Delegated Regulation](#)
 - on **4 June 2021** The Commission adopted a [Delegated Regulation](#), [Annex 1](#) and [Annex 2](#)
 - on **9 December 2021**, the final [Commission Delegated Regulation](#) (the **Climate Delegated Regulation**) was published in the Official Journal.
 - the measures applied from **1 January 2022**.
- **Natural gas and nuclear activities**

The Climate Delegated Regulation published on **9 December 2021** did not cover gas and nuclear activities.

Instead, the Commission decided to adopt a Complementary Delegated Act (**CDA**), amending the Climate Delegated Regulation to specify the criteria to be used to determine:

- which specific economic activities qualify as 'contributing substantially' to the environmental objectives of climate change adaptation and mitigation; and
- whether those economic activities cause significant harm to any of the other relevant environmental objectives.

The CDA would also amend Commission Delegated Regulation published on **10 December 2021** and made under Article 8 of the Taxonomy Regulation to require large listed non-financial and financial companies to disclose the proportion of their activities linked to natural gas and nuclear energy.

On **31 December 2021**, the Commission submitted a [draft proposal](#) to the Platform for Sustainable Finance (**PSF**) for comment.

On **24 January 2022**, the PSF submitted its [response](#) to the Commission. In it, the PSF noted that

- it did not consider the nuclear and gas activities included in the draft CDA to be in line with the Taxonomy Regulation
- most of its members believed that there would be a serious risk of undermining the Taxonomy Regulation's framework
- it had concerns as to the operation of the draft TSCs and
- that many of its members were 'deeply concerned' about the environmental impacts that may result.

On **10 March 2022**, the Commission adopted a CDA, under which the conditions for inclusion of natural gas and nuclear activities include:

- that they contribute to the transition to climate neutrality;
- for nuclear, that it fulfils nuclear and environmental safety requirements; and
- for natural gas, that it contributes to the transition from coal to renewables.

The Council of the EU and the European Parliament now have until **11 July 2022** to scrutinise the Commission's proposals – either institution is able to extend this by a further two months, to 11 September 2022, if they object to its contents as they stand

The intention is for the provisions of the CDA to apply from **1 January 2023**.

4. Related Developments:

In **July 2018**, the Commission set up a [Technical expert group on sustainable finance](#) (**TEG**) to assist it in determining, among other things, whether an economic activity is environmentally sustainable under the Taxonomy Regulation.

The TEG's [Technical Report](#) on the EU taxonomy of **18 June 2019** was superseded by its [Final Report](#), published on **9 March 2020**, which set out the TEG's final recommendations to the Commission. This work has fed in to the Commission's proposals for TSC referred to above.

On **10 June 2020**, the Commission published a [FAQ](#) document on the work it and the TEG have been undertaking on the taxonomy and EU green bond standard.

ANNEX

(a) Level 1

Key stages in the development of the Level 1 text

Date	Publication
24 May 2018	The European Commission adopts a Proposal for a Regulation
13 March 2019	The EP's ECON and ENVI Committees publish their Final Report
23 September 2019	The Council of the EU publishes its General Approach
17 December 2019	The EP and Council of the EU reach political agreement on a Level 1 text
24 January 2020	The ECON and ENVI Committees approve the agreed text
15 April 2020	The Council of the EU adopts the agreed text
18 June 2020	The European Parliament adopts the agreed text in plenary session
22 June 2020	The Taxonomy Regulation is published in the Official Journal of the EU

(b) Level 2

Technical standards to be developed under the Taxonomy Regulation

Article	Topic covered	Measure to be developed	Current status	Dates to watch
8(4)	Transparency of undertakings in non-financial statements	<p>Commission Delegated Act, supplementing Articles 8(1) and 8(2) and specifying</p> <ul style="list-style-type: none"> the content and presentation of the information to be disclosed pursuant to those paragraphs the methodology to be used in order to comply with them 	<p>Consultation opened 5 November 2020 closed 4 December 2020</p> <p>Final Report published 26 February 2021</p> <p>Consultation Opened 7 May 2021 closed 2 June 2021</p> <p>Delegated Regulation and Annexes adopted 6 July 2021</p> <p>Delegated Regulation published in the OJ 10 December 2021</p>	Delegated act to apply from 1 January 2022

Level 2 (cont'd)

Article	Topic covered	Measure to be developed	Current status	Dates to watch
8(4) (cont.)	Transparency of undertakings in non-financial statements	Complementary Delegated Act (CDA) amending Delegated Regulation published on 10 December 2021	Draft CDA submitted to PSF 31 December 2021 PSF response published 24 January 2022	
10(3)	Substantial contribution to climate change mitigation	<p>Commission Delegated Act, supplementing</p> <ul style="list-style-type: none"> Articles 10(1) and 10(2) by establishing technical screening criteria (TSC) for determining the conditions under which a specific economic activity qualifies as contributing substantially to climate change mitigation and Article 17 by establishing, for each relevant environmental objective, TSC for determining whether an economic activity in respect of which TSC have been established pursuant to the bullet point above causes significant harm to one or more of those objectives <p>Complementary Delegated Act (CDA) amending Delegated Regulation published on 9 December 2021</p>	<p>Delegated Regulation, Annex 1 and Annex 2 adopted 4 June 2021</p> <p>Delegated Regulation published in the OJ 9 December 2021</p> <p>Draft CDA submitted to PSF 31 December 2021 PSF response published 24 January 2022</p>	Delegated act to apply from 1 January 2022
11(3)	Substantial contribution to climate change adaptation	<p>Commission Delegated Act, supplementing</p> <ul style="list-style-type: none"> Articles 11(1) and 11(2) by establishing TSC for determining the conditions under which a specific economic activity qualifies as contributing substantially to climate change adaptation and Article 17 by establishing, for each relevant environmental objective, TSC for determining whether an economic activity in respect of which TSC have been established pursuant to the bullet point above causes significant harm to one or more of those objectives <p>Complementary Delegated Act (CDA) amending Delegated Regulation published on 9 December 2021</p>	<p>Delegated Regulation, Annex 1 and Annex 2 adopted 4 June 2021</p> <p>Delegated Regulation published in the OJ 9 December 2021</p> <p>Draft CDA submitted to PSF 31 December 2021 PSF response published 24 January 2022</p>	

Level 2 (cont'd)

Article	Topic covered	Measure to be developed	Current status	Dates to watch
12(2)	Substantial contribution to the sustainable use and protection of water and marine resources	<p>Commission Delegated Act, supplementing</p> <ul style="list-style-type: none"> • Article 12(1) by establishing TSC for determining the conditions under which a specific economic activity qualifies as contributing substantially to sustainable use and protection of water and marine resources and • Article 17 by establishing, for each relevant environmental objective, TSC for determining whether an economic activity in respect of which TSC have been established pursuant to the bullet point above causes significant harm to one or more of those objectives 	Awaiting public consultation	<p>31 December 2021</p> <p>date by which Commission must adopt the delegated act</p> <p>1 January 2023</p> <p>date from which the delegated act must apply</p>
13(2)	Substantial contribution to the transition to a circular economy	<p>Commission Delegated Act, supplementing</p> <ul style="list-style-type: none"> • Article 13(1) by establishing TSC for determining the conditions under which a specific economic activity qualifies as contributing substantially to the transition to a circular economy and • Article 17 by establishing, for each relevant environmental objective, TSC for determining whether an economic activity in respect of which TSC have been established pursuant to the bullet point above causes significant harm to one or more of those objectives 	Awaiting public consultation	<p>31 December 2021</p> <p>date by which Commission must adopt the delegated act</p> <p>1 January 2023</p> <p>date from which the delegated act must apply</p>
14(2)	Substantial contribution to pollution prevention and control	<p>Commission Delegated Act, supplementing</p> <ul style="list-style-type: none"> • Article 14(1) by establishing TSC determining the conditions under which a specific economic activity qualifies as contributing substantially to pollution prevention and control and • Article 17 by establishing, for each relevant environmental objective, TSC for determining whether an economic activity in respect of which TSC have been established pursuant to the bullet point above causes significant harm to one or more of those objectives 	Awaiting public consultation	<p>31 December 2021</p> <p>date by which Commission must adopt the delegated act</p> <p>1 January 2023</p> <p>date from which the delegated act must apply</p>
15(2)	Substantial contribution to the protection and restoration of biodiversity and ecosystems	<p>Commission Delegated Act, supplementing</p> <ul style="list-style-type: none"> • Article 15(1) by establishing TSC determining the conditions under which a specific economic activity qualifies as contributing substantially to the protection and restoration of biodiversity and ecosystems and • Article 17 by establishing, for each relevant environmental objective, TSC for determining whether an economic activity in respect of which TSC have been established pursuant to the bullet point above causes significant harm to one or more of those objectives 	Awaiting public consultation	<p>31 December 2021</p> <p>date by which Commission must adopt the delegated act</p> <p>1 January 2023</p> <p>date from which the delegated act must apply</p>

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