



Taxonomy

**Global Green Finance Leadership Program
Seminar on Policy Framework for Green Finance
Beijing
06/11/18**

What we are proposing:

- A harmonised classification system identifying economic activities that can be considered environmentally sustainable
- ***4 conditions for economic activities to qualify***
 - Contribute substantially to one of the 6 environmental objectives;
 - Not do significant harm to any of the other 5 environmental objectives;
 - The activity must be carried out in compliance with minimum safeguards
 - The activity must comply with several technical screening criteria.

6 EU environmental objectives:

- (1) climate change mitigation;
- (2) climate change adaptation;
- (3) sustainable use and protection of water and marine resources;
- (4) transition to a circular economy, waste prevention and recycling;
- (5) pollution prevention and control;
- (6) protection of healthy ecosystems.

Key features/principles

- Build on existing market practices
- Translation device (builds on EU acquis)
- Science-based; Dynamic; Granular yet easy to use
- Consider long term and short term environmental impact
- Technology-neutral
- Greening of polluting sectors

What we are not doing:

- What is not green is not necessarily brown!
- Harmonizing ESG-investing strategies
- No behavioural obligation on investors