

EU-taksonomian jalkautus

Rakennusteollisuus RT & RATEKO webinaari 26.5.2023

Pekka Vuorinen

- Ympäristö- ja energiajohtaja, dipl.ins.
- **Rakennusteollisuus RT ry**
 - Kestävä vähähiilinen rakentaminen ja kiertotalous; EU-taksonomia; horisontaalivastuu ja EU-edunvalvonta
 - FIEC/TEC ympäristöryhmät
 - Vähähiilisyys, ympäristövaikutukset, kiertotalous, vaaralliset aineet, taksonomia
 - FIEC:n edustajana komission taksonomiatyön Platform on Sustainable Finance -ryhmässä
- **Rakennustuoteteollisuus RTT ry**
 - Ympäristöstandardisointi, vaaralliset aineet
 - CEN/TC 350, CEN/TC 351 ja ISO/TC 59
 - CPE (Construction Products Europe)
 - Kiertotalous, ympäristövaikutukset, vaaralliset aineet



Agendalla vastuullisuus ja kestävä rahoitus

FIEC

The EU
Taxonomy for
sustainable
finance is
coming – and
Construction is
at the heart of
the issue

Question: Are you sustainable?

The EU Taxonomy for sustainable finance is coming and casts a shadow over large construction companies. From 2023, large European companies, including construction companies, will be obliged to disclose in detail to what extent their activities are sustainable. Banks will have to show how sustainable their lending policies are. Marketing of financial products as sustainable will be subject to strict rules.

The Regulation defining the EU Taxonomy is entering into force and with it a series of disclosure obligations and most importantly, the world's first green list of sustainable activities. The latter covers economic activities that can make the most relevant contribution to the reduction of greenhouse gas emissions and improve climate resilience. The Taxonomy covers sectors which together are responsible for almost 80% of direct greenhouse gas emissions, including construction.

In conjunction with these disclosure obligations, the

classification of economic activities is expected to enhance transparency for the purpose of sustainable investments. The objective is to direct financial flows towards truly green activities to drive the transition to sustainable economy and avoid greenwashing. In order to make life easier for investors, companies will have to screen their activities, indicate their alignment with the Taxonomy criteria and disclose this information in their non-financial statements.

BUILDING FOR SUSTAINABILITY

Unsurprisingly, the construction sector is at the heart of this sustainable finance initiative. Almost half the activities covered by the Taxonomy are construction activities. Be it the construction of wind power, the construction of railway infrastructure, the renewal of waste water infrastructure, housebuilding or renovation – the Taxonomy defines a seemingly endless amount of technical criteria. They define how, for example the construction of a new building, can make a substantial contribution to the mitigation of climate change while not doing significant harm to other environmental objectives. By way of illustration, building a highly energy efficient house is only environmentally sustainable when at least 70% of construction waste is recovered and efficient water appliances are used.

BIG OPPORTUNITIES
FIEC's take on the Taxonomy is mixed. We clearly see big opportunities coming along with this initiative. Undoubtedly, the Taxonomy illustrates the

construction sector's key role for achieving a climate friendly Europe. This is what we will see whether the Taxonomy has the potential to be a success story. As a Member of the Platform on Sustainable Finance, the European Commission's Expert Group charged with the further development of the Taxonomy, FIEC will monitor the practical functioning and follow-up on potential shortcomings.

SUSTAINABLE FINANCE MUST BE MAINSTREAM

In the meantime, FIEC is co-developing the second generation of criteria. Environmental sustainability has many faces. How can construction make a substantial contribution to a circular economy or to biodiversity? How much recycled material can we use in a new project? How much demolition waste can be recycled? The extension of the green list is in the making. Another set of criteria is in the pipeline. But that is not all. The Expert Group and the European Commission are also working on a social taxonomy and a negative list of activities which are causing significant harm to the environment. And soon, the institutions will explore how to extend the use of the Taxonomy.

Many might criticise this massive amount of initiatives. The Taxonomy is surely among the biggest, most complex and most disputed files on the table. But the transition to a carbon neutral continent has to be financed. And it requires massive amounts of investments. There is no alternative to sustainable finance becoming mainstream. Construction can only benefit from a solid sustainable finance framework.



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FIEC

Recognised "Sectoral Social Partner" (employers)

ESG topics are now a priority worldwide

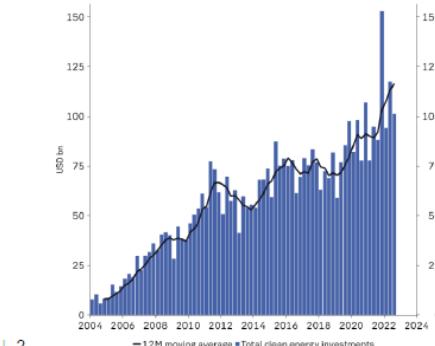
Regulators and big companies have ambitious ESG agendas

EU Taxonomy

- In June 2019, a report on EU taxonomy was published. It sets out the basis for a future EU taxonomy in legislation. The report contains:
 - Screening criteria for 67 activities across 8 sectors that can contribute to climate change mitigation
 - Methodology for evaluating substantial contributions to climate change action
 - Guidance and case studies for investors



Total green energy investments



2

Source: Company & organization websites: 1) KPMG European Responsible Investing Fund market 2019 report, 2) Harvard Business Review, June 2019

Climate impact on ECB's policy

- The ECB is exploring how they can effectively fight against climate change, and work to identify the risks that climate change can present to the economy and the financial system.

"Through our strategy review we will determine where and how the issue of climate change and the fight against climate change can actually have an impact on our policies." — Christine Lagarde, President of the ECB.



Biggest investors are committing

An interview of the world's three biggest asset managers describe meaningful steps their firms are taking to integrate sustainability issues into their investing criteria.²

"... awareness is rapidly changing, and I believe we are on the edge of a fundamental reshaping of finance... In the near future – sooner than most anticipate – there will be a significant reallocation of capital" - Larry Fink, CEO Blackrock

BlackRock

Vanguard

STATE STREET

The pace of sustainability transformation is increasing as regulators are taking action

Sustainability at the heart of EIB

- Sustainable Finance is at the heart of the European Investment Bank (EIB) Group and shapes our activities and investment decisions. The EIB will stop all lending to fossil fuel projects by 2021. The bank has said it will support €1 trillion of climate related investment in the coming years.



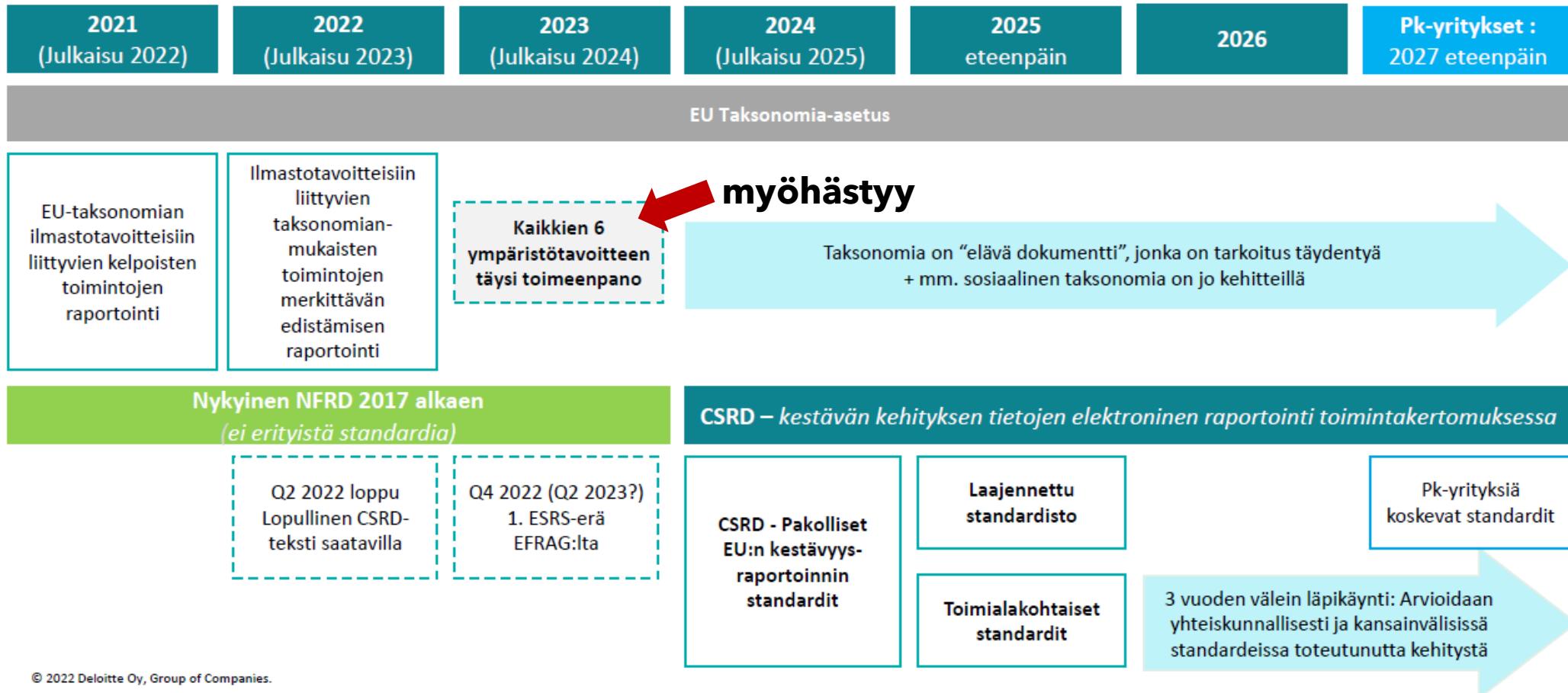
Business roundtable in the USA

- Since 1997 Principles of Corporate Governance has endorsed shareholder primacy – that corporations exist principally to serve shareholders.
- The new statement supersedes previous statements and outlines a modern standard for corporate responsibility – "fundamental commitment to all of our stakeholders".
- The new purpose is signed by 181 CEOs of the largest corporations in the USA

SIEB

EU:n kestävyysraportointivaatimukset tiukentumassa lähivuosina

Yritysten kestävyysraportoinnin direktiivi (CSRD) määrittelee raportointivaatimusten jalkautumisen 2020-luvulla



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Taksonomian tilannekatsaus

Pekka Vuorinen, Rakennusteollisuus RT

EU-taksonomia



- EU-taksonomia on luokitusjärjestelmä, joka määrittelee ympäristön kannalta kestävän taloudellisen toiminnan eli niin sanotut vihreät sijoituskohteet.
 - sen kehittämiseen on osallistunut laajasti asiantuntijoita niin kansantalouden eri osa-alueilta kuin kansalaisyhteiskunnasta.
 - **rakennustoimiala on käytännössä kokonaisuudessaan taksonomiakelpoista**
- Taksonomiaraportoinnissa kerrotaan yrityksen liiketoiminnan ja investointien yhdenmukaisudesta taksonomian kuuden ympäristötavoitteen kanssa.
 - 1. delegoitu asetus (jo voimassa)**
 - **Ilmastonmuutoksen hillintä**
 - **Ilmastonmuutokseen sopeutuminen**
 - 2. delegoitu asetus valmisteilla (voimaan arviolta 2024 alusta)**
 - **Vesivarojen ja merten luonnonvarojen kestävä käyttö ja suojeelu**
 - **Siirtyminen kiertotalouteen**
 - **Ympäristön pilaantumisen ehkäiseminen ja vähentäminen**
 - **Biologisen monimuotoisuuden ja ekosysteemien suojeelu ja ennallistaminen**

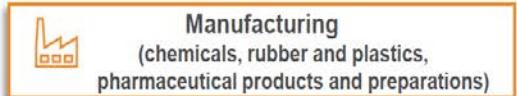
EU-taksonomia - sektorit/toimialat



Agriculture, Forestry and Fishing



Mining and Processing Sectors



Manufacturing
(chemicals, rubber and plastics,
pharmaceutical products and preparations)



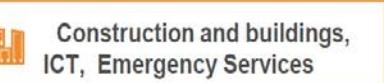
Manufacturing
(metals, electronics, machinery)



Manufacturing
(textiles, wood products, food products and
beverages)



Energy



Construction and buildings,
ICT, Emergency Services



Transport



Restoration and Remediation,
Tourism



Water Supply, Sewerage, and
Waste Management



**Taksonomiauudistuksen avulla valjastetaan
ensi kertaa yritysten liiketoiminnan muskeli
- rahoitus - vauhdittamaan
päästövähennystavoitteiden toteutumista**

Rakentaminen: keinot/kriteerit

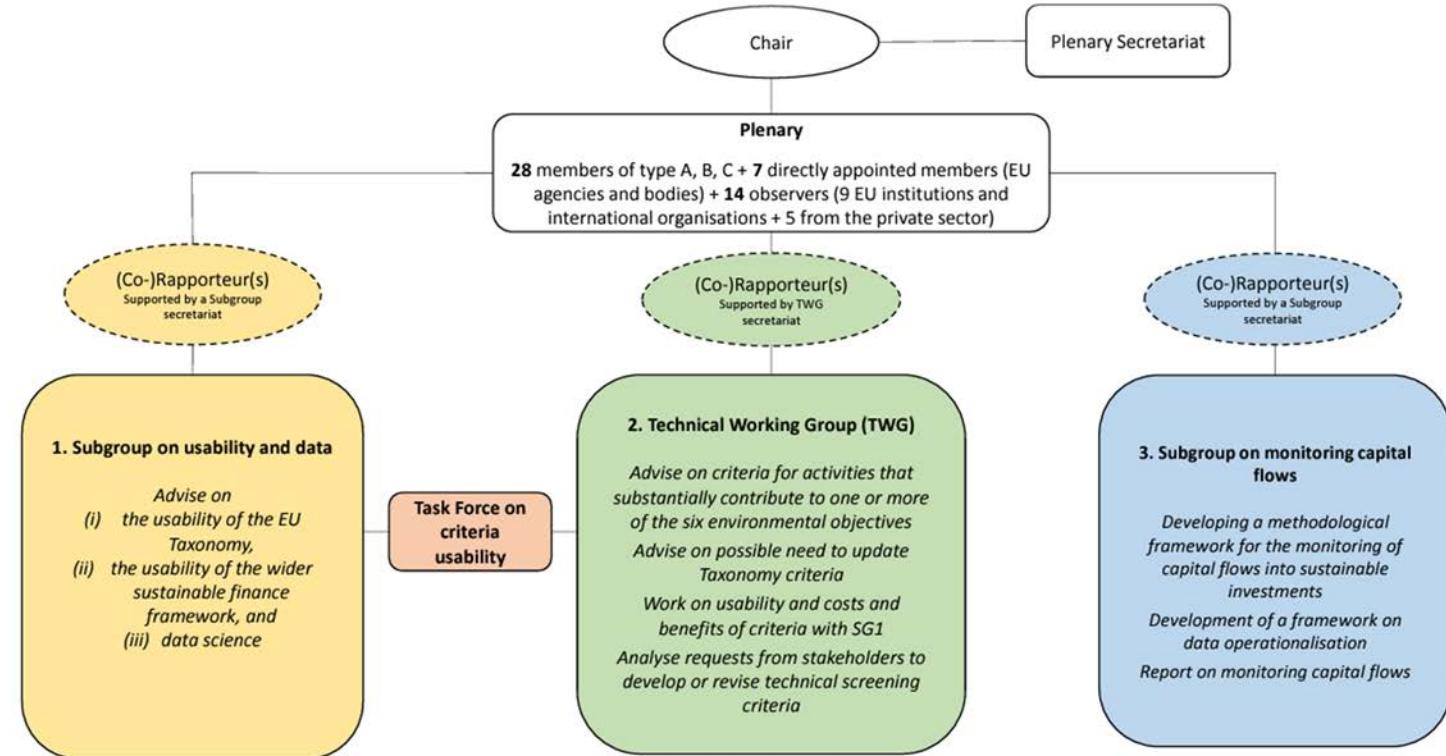
- "Energy first" - energiatehokkuuden parantaminen läpileikkaavasti
- Hiilijalanjäljen pienentäminen
- Kiertotalouden edistäminen
 - Raaka-aineiden kulutuksen vähentäminen
 - Jätteiden synnyn vähentäminen
 - Kierrätyksen/uudelleenkäytön lisääminen
 - Käyttöön pidentäminen ja pitkäaikaiskestävyyden parantaminen - elinkaaren jatkaminen
- Biodiversiteetin heikentymisen hidastaminen ja pysäytäminen???
- **KIRA-sektorin merkittävä potentiaali talonrakentamisessa sekä maa- ja vesirakentamisessa**

EU-taksonomia - tilanne

- Taksonomian mukaisuudesta raportointi **1. delegoidun asetuksen** vaatimusten (kriteerien) pohjalta tuli isoille yrityksille pakolliseksi vuoden 2023 alusta lähtien
- Komissio on valmistellut ehdotuksena **2. delegoiduksi asetukseksi** (Environmental Delegated Act) The Platform on Sustainable Finance - ryhmän raportin pohjalta; konsultaatiossa 5.4.-3.5.2023
 - Ehdotus ei kattanut kaikkia aiottuja sektoreita → taksonomia pirstaloituu
 - Konsultaatioon yli 500 vastausta!
 - Komission työ kaikkineen myöhässä; asetus astunee voimaan vasta 2023 lopulla ja soveltaminen 2024
 - Ensimmäisen Platform'in toimikausi päättyi 10/2022 (RT edustanut FIEC:ää)
 - Platform 2.0 käynnistänyt työnsä alkuvuodesta 2023
 - **Aktiivisen vaikuttamisen vuosi, myös 1. DA:n tarvittavan päivityksen näkökulmasta**
 - Komissio: Stakeholder Request Mechanism parantamaan "vuorovaikutusta"

1. Latest news on new Platform

- Started working in March
- Composition:



Draft Environmental Delegated Act – Transition to a circular economy

Building the change



- 5 construction-related activities:
 - (1) Construction of new buildings
 - (2) Renovation of existing buildings
 - (3) Demolition or wrecking of buildings & other structures
 - (4) Maintenance of roads and motorways
 - (5) Use of concrete in civil engineering



1. Construction of new buildings

The use of primary raw material in the construction of the building is **minimised through the use of secondary raw materials**. The operator of the activity ensures that the three heaviest material categories used to construct the building, measured by mass in kilogrammes, **comply with the following maximum total amounts of primary raw material used**:

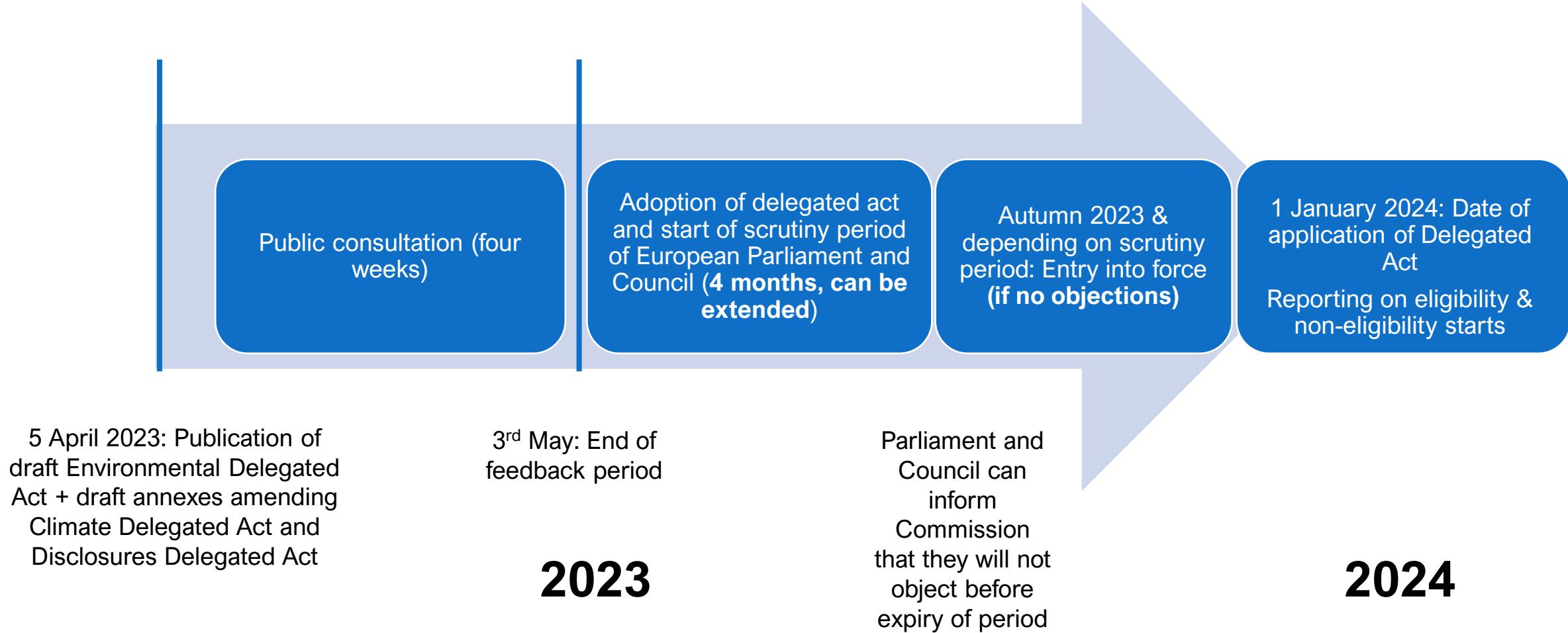
- (a) for the combined total of concrete, natural or agglomerated stone a maximum of 70% of the material come from primary raw material;
- (b) for the combined total of brick, tile, ceramic, a maximum of 70% of the material come from primary raw material;
- (c) for biobased products, a maximum of 80% of the total material come from primary raw material;
- (d) for the combined total of glass, mineral insulation, a maximum of 70% of the total material come from primary raw material;
- (e) for non-biobased plastic, a maximum of 50% of the total material come from primary raw material;
- (f) for metals, a maximum of 30% of the total material come from primary raw material;
- (g) for gypsum, a maximum of 65% of the material come from primary raw material.



The thresholds are calculated by subtracting the secondary material from the total amount of each material category used in the works measured by mass in kilogrammes. Where the information on the recycled content of a construction product is not available, it is to be counted as comprising 100% primary raw material. Where a construction product is re-used, it is to be counted as comprising zero primary raw material. Compliance with this criterion is demonstrated by reporting in accordance with the Level(s) common EU framework for indicator 2.1.

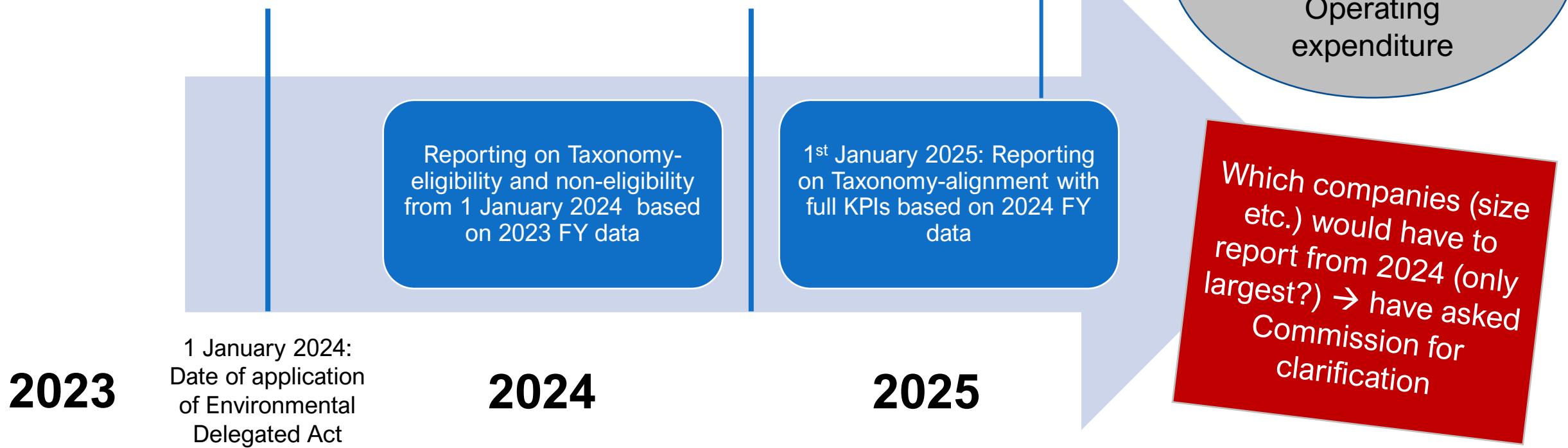


Timeline Environmental Delegated Act



What about reporting?

- “Old” gradual, two-step process:



Komission DG/Fisma FIEC:lle (5/2023)

- Your understanding of the legal draft pertaining to the reporting of economic activities covered by the draft Environmental Delegated Act is correct (new Article 10(6) of the Disclosures Delegated Act – Reg. (EU) 2021/2178 introduced in Article 5 of the draft Environmental Delegated Act).
- **In particular, for non-financial undertakings:**
 - **The reporting of Taxonomy-eligibility of their activities will start on 1st January 2024 and be based on data from 2023 (i.e. covering 2023 financial year);**
 - **The reporting of Taxonomy-alignment (full KPIs) will start on 1 January 2025 and be based on data from 2024 (i.e. covering 2024 financial year).**
- Please note that this gradual approach follows the one that was adopted at the time for the reporting of climate activities when the Disclosures Delegated Act was adopted (see existing Article 10(2) and (4) of the Disclosures Delegated Act – Reg. (EU) 2021/2178)

EU-komission ohjeistusta

- Linkki päivitettyyn EU Taxonomy Navigator'iin: *a new website to help users better understand the EU Taxonomy in a simple and practical manner, including supporting companies with implementing their taxonomy disclosures.*
 - <https://ec.europa.eu/sustainable-finance-taxonomy/>
- Navigator'ista löytyy uusi työkalu "Calculator" (yläpalkki):
 - <https://ec.europa.eu/sustainable-finance-taxonomy/wizard>

Kiitos mielenkiinnostanne!

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