



# CSRD and EU Taxonomy for sustainable chemicals transition

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# Why do we need EU sustainable finance?

- The EU has set very **ambitious objectives**, such as achieving **climate neutrality by 2050** and transitioning to a **circular, zero-pollution, nature-positive economy**.
- **Investment requirements** span **all sectors**.
- The Sustainable Finance strategy is crucial to help **fill the investment gap**.



Increase private capital flows to the green transition

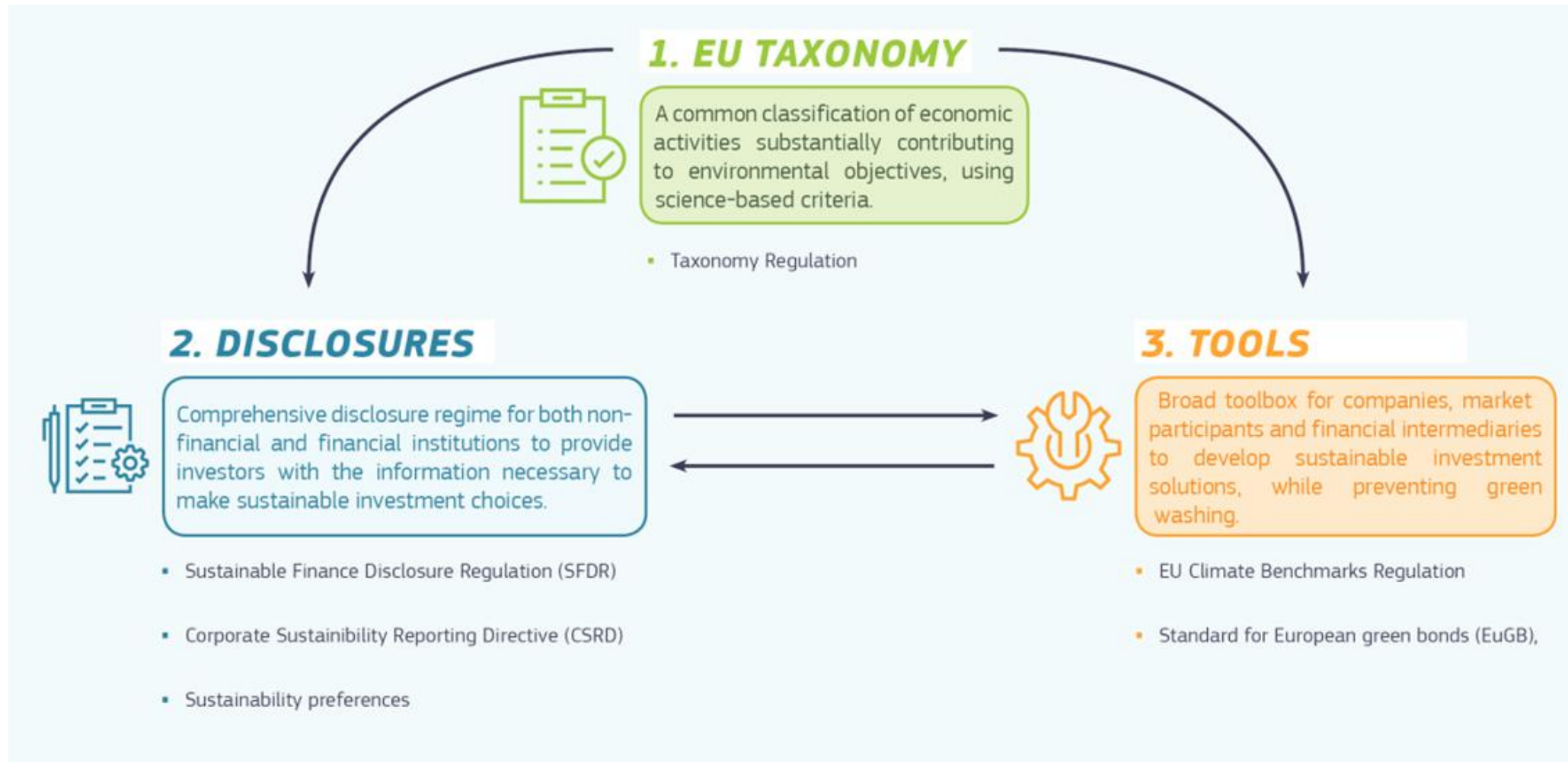


Fight greenwashing and help investors make informed choices



Better understand the financial sector's risk exposure

# The EU sustainable finance framework





***Chemicals are everywhere in our daily life and play a fundamental role in most of our activities***

***Chemicals with hazardous properties can cause harm to human health and the environment***

***Consumers and investors are increasingly favoring companies with sustainable practices***

***Companies involved in the production or use of hazardous chemicals might face legal, financial and reputational risks due to accidents or environmental damage***

# EU Taxonomy – defining sustainable

The **EU Taxonomy** is a key tool for promoting sustainable finance and supporting the EU's climate and environmental goals.

- It provides a framework for investors to identify **environmentally sustainable economic activities**.
- It is a **classification** and **disclosure** system, requiring companies to disclose how and to what extent their activities align with the Taxonomy criteria.
- It is not mandatory for companies to comply with the Taxonomy itself, but they **must report the percentage of their business activities** that align with it.



# DNSH criteria for pollution regarding use and presence of chemicals

The activity does not lead to the manufacture, placing on the market or use of:

- a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant; (**POP Regulation**)
- b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council; (**Mercury regulation**)
- c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council; (**Ozone depleting substances**)
- d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive; (**ROHS Directive**)
- e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council, except where there is full compliance with the conditions specified in that Annex; (**Restrictions under REACH**)
- f) substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1 % weight by weight (w/w), and meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 and that were identified in accordance with Article 59(1) of that Regulation for a period of at least 18 months, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions; (**Identified SVHCs – candidate list**)

In addition, the activity does not lead to the manufacture, presence in the final product or output, or placing on the market, of other substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1 % weight by weight (w/w), that meet the criteria of Regulation (EC) No 1272/2008 for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) No 1907/2006, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions (**all substances meeting the SVHC criteria**)

# TSCs example: renovation of existing buildings

<b>Description</b>	Construction and civil engineering works or preparation thereof. The economic activities in this category could be associated with several <a href="#">NACE</a> codes, in particular F41 and F43 in accordance with the statistical classification of economic activities established by <a href="#">Regulation (EC) No 1893/2006</a> .
<b>Substantial contribution criteria (CE)</b>	<b>DNSH criteria</b>
<ul style="list-style-type: none"><li>• Preparing for reuse or recycling of <b>70%</b> of CDW<sup>1</sup> (excluding backfilling)</li><li>• <b>GWP</b><sup>2</sup> calculated and disclosed</li><li>• Building is designed for <b>adaptability</b> and <b>deconstruction</b></li><li>• <b>50%</b> of the original building is <b>retained</b></li><li>• Maximum thresholds for <b>7 primary raw materials</b></li><li>• <b>Electronic storage</b> of building information</li></ul>	<ul style="list-style-type: none"><li><b>CCM</b> Not linked to fossil fuels, nearly zero energy, uses EPC<sup>3</sup></li><li><b>CCA</b> Generic criteria (Appendix A)</li><li><b>Wat</b> Thresholds for appliances, generic criteria (Appendix B)</li><li><b>PPC</b> Appendix C, chemicals thresholds, assessments</li><li><b>Bio</b> Restrictions for certain lands, generic criteria (Appendix D)</li></ul>

15 1. CDW = Construction and Demolition Waste; 2. GWP = Global Warming Potential; 3. EPC = Energy Performance Certificate

# The Taxonomy sets obligations for financial market actors, large companies, the EU & MSs\*



## Financial market participants

- Use of Taxonomy to assess sustainability of investments
- Environmental objective(s) contributed to
- Proportion of investments that are Taxonomy-aligned



## Large companies

- The proportion of turnover aligned with the Taxonomy
- CAPEX and OPEX aligned with the Taxonomy
- Non-financial AND financial companies covered



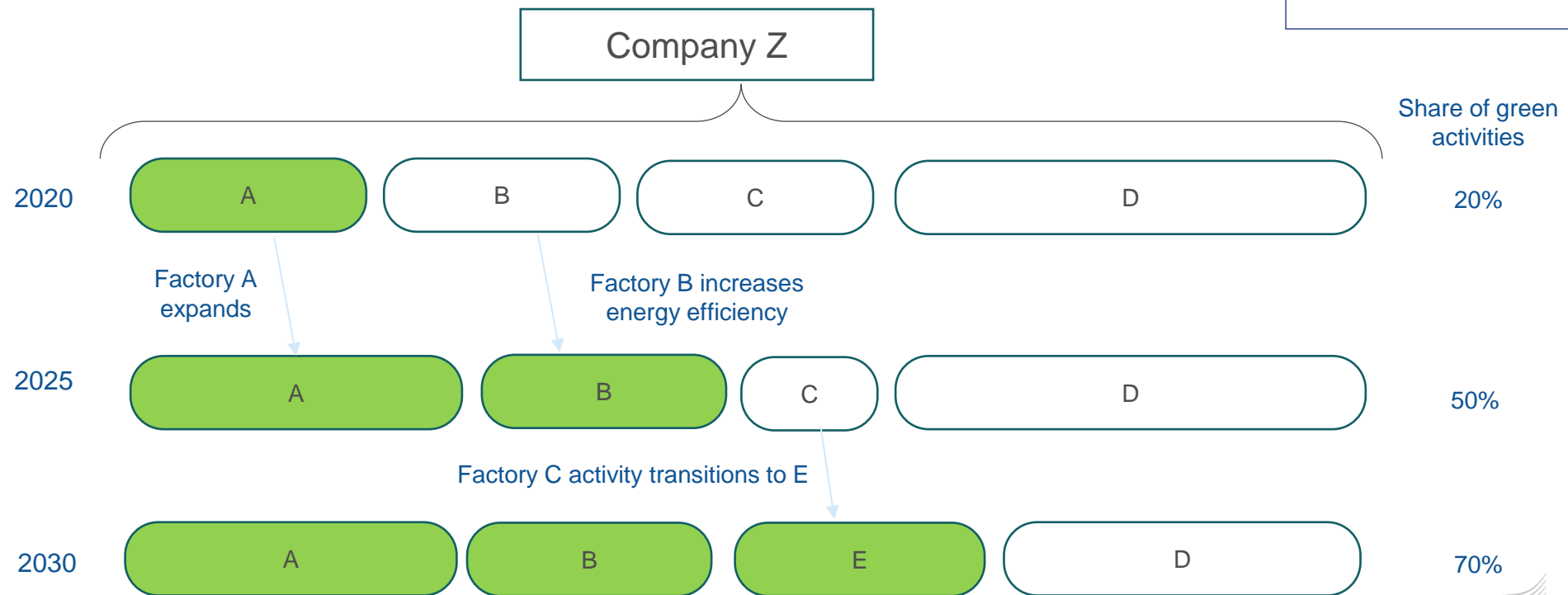
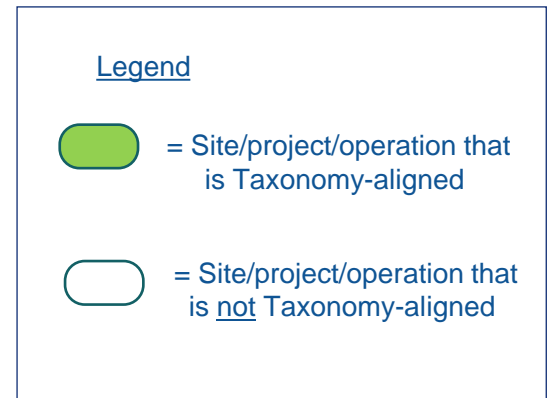
## The EU and Member States

- When setting out measures on standards or labels for green financial products or green (corporate) bonds



# Transition tool - how does it help companies to transition?

- By defining green economic activities, not companies
- The Taxonomy enables companies to transition by gradually increasing their share of green activities

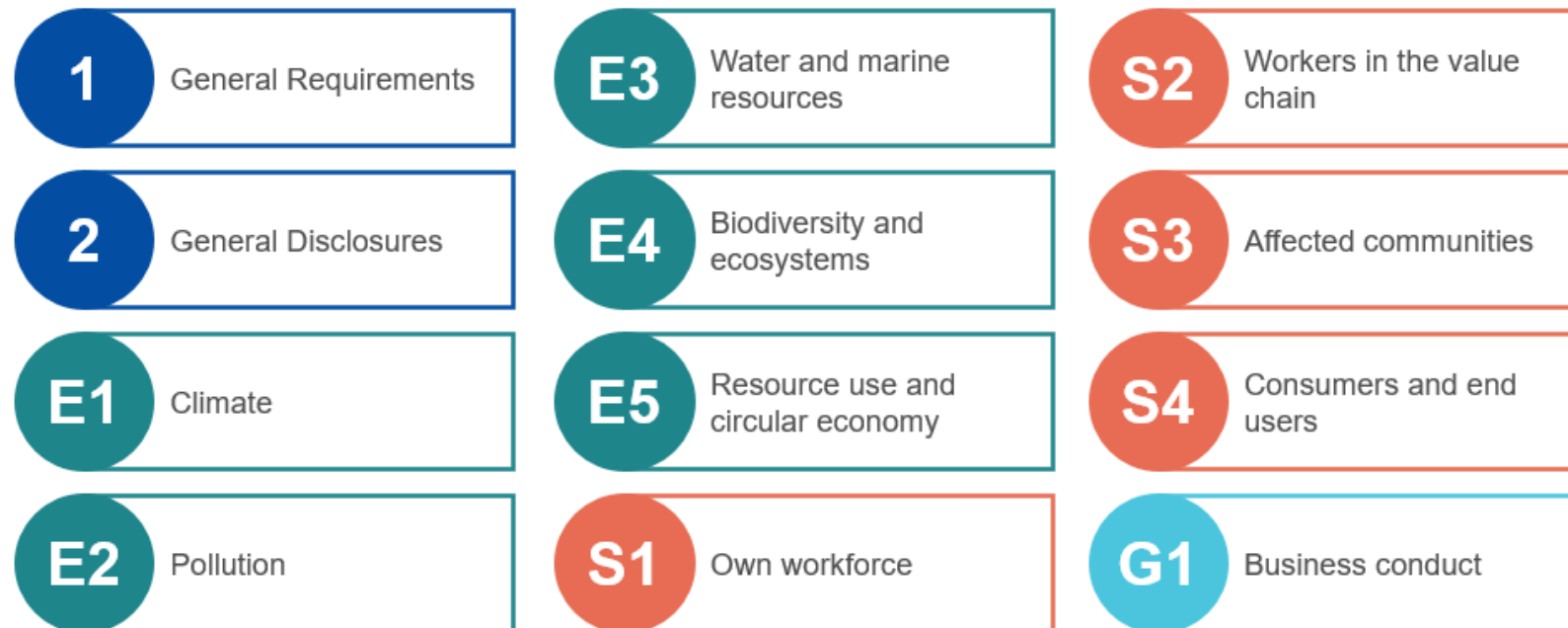


# A comprehensive disclosures regime

EU sustainability disclosure regime for financial and non-financial companies			
Instrument	Corporate Sustainability Reporting Directive (CSRD) proposal	Sustainable Finance Disclosure Regulation (SFDR)	Taxonomy Regulation
Scope	All <b>EU large companies</b> and all listed companies (except listed micro enterprises)	Financial market participants offering investment <b>products</b> , and financial <b>advisers</b>	Financial market participants ( <b>entities</b> ); all companies subject to NFRD/CSRD
Disclosure	Report on the basis of formal reporting standards and subject to external audit	Entity and product level disclosure on sustainability risks and principal adverse impacts	Turnover, capital and operating expenditures in the reporting year from products or activities associated with Taxonomy
Status	Adopted in late 2022, first disclosures in 2025	Applies from 10 March 2021 RTS do apply from 1 January 2023	Applies from January 2022

# Corporate Sustainability Reporting Directive (CSRD) – key elements

- ✓ **Scope extended** to all large and all listed companies, plus some non-EU.
- ✓ Mandatory, **European Sustainability Reporting Standards** (developed by EFRAG and adopted by COM as delegated acts)
- ✓ **Assurance** requirement, starting with limited, later reasonable.



# European Sustainability Reporting Standard on pollution (ESRS 2)

## Policies

Whether and how undertakings policies address substituting and minimising the use of SoC, and phasing out SVHC, in particular for non-essential societal use and in consumer products

## Targets

Whether and how undertaking's targets relate to the prevention and control of SoC and SVHCs

## Substances of (very high) concern

The undertaking shall disclose information on the production, use, distribution, commercialisation and import/export of SoC and SVHC, on their own, in mixtures or in articles.

The disclosure shall include **the total amounts of SoCs that are generated or used during the production or that are procured, and the total amounts of SoC that leave its facilities as emissions, as products, or as part of products or services split into main hazard classes of SoCs.**

**The undertaking shall present separately the information for SVHC**

## Anticipated financial effect

**The share of net revenue made with products and services that are or that contain SoC, and the share of net revenue made with products and services that are or that contain SVHC**

# Other approaches to incentivise sustainable chemistry investment in the EU

- REACH authorisation requirements for substances of very high concern
- Biocidal product and plant protection products regulations
- The EU Ecolabel
- Safe and sustainable by design



# Thank you



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