

ESG

Framework
Regulation Tracker

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12 June 2019

Background

In May 2018, as part of its [Action Plan on Financing Sustainable Growth](#), (the Action Plan), the European Commission (Commission) adopted a proposal (the Proposal) for a [Regulation on the establishment of a framework to facilitate sustainable investment](#) (the Framework Regulation).

In June 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 Framework Regulation.

For details regarding two other initiatives under the Action Plan, see our [ESG Disclosures Regulation Tracker](#) and our [Delegated Regulations Incorporating ESG Preferences into Suitability Assessments Regulatory Tracker](#).

Summary

The purpose of the Framework Regulation is to establish a harmonised European Union (EU) classification system (or taxonomy) to establish market clarity on what economic activities should be considered “sustainable”.

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

Standardising the concept of environmentally sustainable investment across the EU is, therefore, expected to both

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

Where are we in the process?

Following its adoption by the Commission, the Proposal was submitted to the European Parliament (EP) and to the Council of the EU (Council) for each to consider what amendments they would wish to see.

Once both institutions have agreed their respective opening position, they will meet with the Commission in trilogue negotiations to reach political agreement on a Level 1 text.

European Parliament:

- 16 November 2018 The co-rapporteurs of the EP's committees on Economic and Monetary Affairs Committee (ECON) and Environment, Public Health and Food Safety (ENVI) published a **draft report** on the Commission's Proposal for a Framework Regulation.
- 17 December 2018 Amendments proposed by other members of ECON and ENVI were published - see [here](#) and [here](#).
- 13 March 2019 The ECON and ENVI **Final Report** was published, setting out the amendments which the Committees had voted to adopt.
- 28 March 2019 After further amendments, the EP approved the **Final Report** at a plenary session. The Final Report stands as the EP's starting position for trilogue negotiations.

Council of the EU:

The Council's working group is yet to agree its position on the Commission's Proposal for a Framework Regulation.

When it does so, it will submit this to the Committee of Permanent representatives (COREPER) to endorse as the Council's General Approach.

The General Approach will stand as the Council's starting position for trilogues.

The TEG Final Report on the EU taxonomy is due to be published on 18 June 2019. The TEG will invite feedback over the summer and, based on responses received, will subsequently submit advice to the Commission on the next steps to be taken.

A stakeholder dialogue on sustainable finance is planned for 24 June 2019 to accompany the Final Report.

Key stages in development of Level 1 text

European Commission Documents

24 May 2018 Commission Proposal

European Parliament Documents

16 November 2018 ECON / ENVI Draft Report

17 December 2018 Draft Report - Amendments 124-385

17 December 2018 Draft Report - Amendments 386 - 662

Council of the EU Documents

None available at present

Other documents

08 March 2019 European Economic and Social Committee Opinion

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