

MEMO# 31983

September 30, 2019

Status Update on EU Taxonomy Legislation

[31983]

September 30, 2019 TO: ICI Global Members

ESG Task Force SUBJECTS: Compliance

Disclosure

Distribution

International/Global

Investment Advisers

MiFID, EMIR, AIFMD, UCITS V RE: Status Update on EU Taxonomy Legislation

After months of negotiation, the European Council has come to an agreement on a common position on the EU Taxonomy Regulation.[\[1\]](#) The taxonomy is a piece of legislation that creates EU-wide standards for what constitutes an environmentally sustainable economic activity and, by extension, an environmentally sustainable investment.[\[2\]](#) Notably, Germany, Austria, Luxembourg, and Greece voted against the Council text on the grounds that it could leave the door open for nuclear energy to be classified as sustainable investment.

Now that a majority of national ambassadors have given the go-ahead for the Council to start negotiations on a final text with the European Parliament, which adopted its own version of the bill[\[3\]](#) in March, trilogue negotiations[\[4\]](#) can begin as soon as the end of October or beginning of November.

According to the Council position, the taxonomy should be established by the end of 2021, in order to ensure its full application by end of 2022.

We will circulate a more detailed summary later this week with an analysis of impacts on fund managers, as well as an updated version of the ICI Global ESG Policy Tracker Chart.

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endnotes

[1] Press Release, Council of the EU, *Sustainable finance: Council agrees position on a unified EU classification system*, available at <https://www.consilium.europa.eu/en/press/press-releases/2019/09/25/sustainable-finance-council-agrees-position-on-a-unified-eu-classification-system/>.

[2] The taxonomy is a key element of the EU's Sustainable Finance Action Plan. Further information is available at https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en#implementing.

[3] Parliament's version of the legislative text is available at http://www.europarl.europa.eu/doceo/document/TA-8-2019-0325_EN.html.

[4] Trilogue negotiations are where the Parliament, Council, and Commission negotiate a final legislative text. See European Parliament webpage on *Ordinary Legislative Procedure* at <http://www.europarl.europa.eu/ordinary-legislative-procedure/en/interinstitutional-negotiations.html>.