

Webinar of 2021-04-20

Connecting European Sustainable Finance to standardization.

Questions & Answers

*\*Note: the replies provided here below cannot be considered as formal positions of the European Commission or CEN-CENELEC.*

1	<p>What do you expect from industries (such as intensive GHG emission companies, steel, glass, chemical, cement etc), not from investors/financiers, when it comes to sustainable finance standardization</p>	<p>EU Taxonomy defines the metrics and threshold to classify sustainable investment in some of the mentioned economic sectors</p>
2	<p>Do any of the actions require procurement activities to change?</p>	<p>The taxonomy does <b>not</b> put any obligation related to procurement. This would be a voluntary application of the taxonomy.</p> <p>At EU level, there is a workstrand on green <u>public</u> procurement:  <a href="https://ec.europa.eu/environment/gpp/index_en.htm">https://ec.europa.eu/environment/gpp/index_en.htm</a>. When developing criteria under the taxonomy, GPP criteria are part of the existing tools EC looks at to draw from, where relevant.</p> <p>Standardizers think that the procurement department should consider requiring the supplier to meet the applicable metrics and threshold values of the Taxonomy.</p> <p>In addition, when referring to the purchasing of energy efficiency services they could refer to the minimum requirements of EN 15900 or prEN 17669 Energy Performance Contracting (still in the development phase).</p>
3	<p>Scope of use: it is shocking to see that the effects on SMEs are not even mentioned!!!Trickledown effect, requests from the financial sector to SMEs?</p> <p>It is shocking that the Commission is not mentioning it!</p>	<p><i>We'll address the tools available for SMEs later in the presentations. Please come back again if the issue is not addressed completely.</i></p> <p>There are specific standards being developed for SMEs such as ISO 50005, ISO 50009 to support capacity building at this specific market segment.</p> <p>As best practices we can suggest to refer to Energy Efficiency network specifically designed</p>

		<p>for SMEs.</p> <p>The Commission has studied closely the implications on the new proposal for a Corporate Sustainability Reporting Directive published on 21 April 2021 on SMEs, see for example Annex 4 on SME Test in the accompanying impact assessment (available at: <a href="https://ec.europa.eu/finance/docs/law/210421-impact-assessment_en.pdf">https://ec.europa.eu/finance/docs/law/210421-impact-assessment_en.pdf</a>).</p>
4	<p>For external verification and accreditation are you considering the use of existing ISO standards?</p>	<p>The first delegated act adopted under the Taxonomy Regulation refers in some cases to ISO standards as a way of showing compliance. There is also a strong link to existing EU laws and tools, where available, in line with a requirement in Art.19.1.d of the Taxonomy Regulation. The upcoming transparency and disclosure requirements for Non-Financial Reporting and Sustainable Finance Reporting may also make existing and developing ISO Standards for ESG topics relevant.</p>
5	<p>Could you please explain links/differences between the intended Green Bond standard and existing Climate Bonds Initiative and ICMA Green Bonds Principles?</p>	<p>The work on an EU Green Bond Standard takes into account the recommendations from a group of experts, the Technical Expert Group on Sustainable Finance (TEG), and both CBI and ICMA have been active members (they are also members of the current Platform on Sustainable Finance).</p> <p>Further information and the TEG report can be found here: <a href="https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-green-bond-standard_en">https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-green-bond-standard_en</a></p>
6	<p>Considering the Vienna agreement: How will the European Green Bond standards relate to the ISO standards under development in the same field (the ISO 14030 series)?</p>	<p>This aspect is still under consideration, as these standards will be finalized during 2021.</p>
7	<p>What is the Commission intending to do with the data which are reported under NFRD?</p>	<p>There are different key audiences for such data, which include foremost investors, but also consumers/citizens, NGOs, academics</p>

8	<p>The Taxonomy regulation makes use of LCA reports however we found out that there are a lot of gaps in LCA like circularity is not captured, littering, toxicity, health impacts. LCA standards are set at global level i.e. ISO, can CEN work to update the ISO LCA standards to make them more robust?</p>	<p>Thank you for your input. These are part of the “missing dots” that we were referring to and that we need to address and provide solutions.</p> <p>The new ISO/TC 323 ‘Circular Economy’ is developing at time a set of standards. These and similar other points are already identified there as well and will stir the development from a practical user and industry perspective.</p>
9	<p>The work of EFRAG in the field of standardisation of NFR is also not mentioned....</p>	<p>The recent report from EFRAG TG suggests the development of standards according to a three levels architecture and made several recommendations focussing on the financial side of the materiality.</p> <p>It is one of the ambitions of the standardizers to match these recommendations with technical and performance standards. This will respond to these needs helping financial institutions to turn variation of energy and environmental indicators into cash flow. The economic value is captured when the energy efficiency measure or any efficiency measures deliver the expected improvement.</p>
10	<p>What is the USA position vs. the International platform on sustainable finance?</p>	<p>US as CAN are members of ISO/TC 322. For this information we suggest you contact ISO directly.</p>
11	<p>Is the DG Env. aware of the CEN/CWA 17675 document on “Mapping of the mandatory and voluntary carbon management framework in the EU”? I believe it is an interesting document to facilitate the matching between EU tools and ISO standards.</p>	<p>Thank you for this information, noted.</p>
12	<p>Coming soon by ISO/CEN you can add Biodiversity</p>	<p><i>It is indicated in the slides.</i></p>
13	<p>the problem that voluntary standards such as ISO/CEN is that not all standards are always "used" by industries. on this perspectives, it is important to consider how voluntary standards are cited in the regulation. Please let us know the future plan how current ISO/CEN standards on sustainable finance (such as ISO TC322) will</p>	<p>This aspect is still under consideration.</p>

	be incorporated into regulation side?	
14	Is Blockchain sustainable? I thought it uses a lot (really a lot!) of electricity to keep the servers running. Is that solved?	This question is outside the scope of the webinar.
15	I hope on a future direct participation of DG ENV in the new CEN/TC 467 "Climate change"	This aspect is still under consideration.
16	Between the performance standards is missing EN ISO 14067, useful to calculate the carbon content of produced kWh	Indeed, the speakers could not present all performance standards. The idea was to stimulate the thinking process.  One of the objectives of an Enabler Working Group will be to map the performance standards and connect them with the intended use. CEN-CENELEC welcomes everyone to participate in such a multidisciplinary Group.
17	I still miss the reference to the recommendations of the EFRAG Lab on SMEs... (=99.8% of all EU enterprises)	Please have a look at the work of ISO working group for a new standard 14100 which aims at preparing borrowers to address the E (ev. S&G) when looking for being financed. TC 207/SC4 Joint workgroup with ISO/TC 322.
18	Regarding transparency, do you see that ISO 22095 can be useful also in this context?	Supply chain aspects are key to any understanding of sustainable dev. supporting. You are right that this standard is relevant and can be integrated in the different new standardization projects, e.g. at ISO/TC 322. It is work in progress!