



The EU Taxonomy

About the EU Taxonomy

The EU Taxonomy is a common **classification of economic activities contributing significantly** to environmental objectives using science-based criteria. Created by the European Commission in 2020 as part of the implementation of the EU Green Deal, it is a way to showcase whether a company, asset, project, product or service is contributing substantially **to a sustainable economy**. The classification is done according to the six environmental objectives.

Why should small and medium-sized companies care?

Currently, only large and publicly listed companies as well as the financial market participants are required to report on the EU Taxonomy. Companies need to disclose how and to what extent their operations and investments are associated with environmentally sustainable economic activities.

For non-listed small and medium-sized companies (SMEs), reporting is still voluntary. However, knowing how the company's economic activities are related to the EU Taxonomy can:

- a) speed up access to finance
- b) create a competitive advantage when the company is looking to work as a supplier for a large and listed company
- c) assist in planning a transition to green and setting ambitious sustainability targets



Environmental objectives of the EU Taxonomy



Climate change mitigation



Transition to a circular economy



Climate change adaptation



Pollution prevention and control



Sustainable use of water and marine resources



Protection and restoration of biodiversity and ecosystems

