

INTRODUCTION OF THE FORM – Common Ground Taxonomy activities’ table

Call for feedback on the result of the technical comparison of some features of the EU and China taxonomies

Disclaimer:

This call for feedback is part of a first comparison exercise of some features of the EU and China taxonomies performed by technical experts in the context of the work of the International Platform on Sustainable Finance (IPSF). The result of this comparison exercise does not create neither a ‘common’ or ‘single’ taxonomy nor a standard and is not formally or legally endorsed by any IPSF member jurisdictions. It takes due note of the fact that the EU Taxonomy Climate Delegated Act is still subject to scrutiny at EU co-legislator level, and does not pre-empt any discussion or decision that could be made in this context.

Call for feedback

The IPSF is inviting stakeholders to provide feedback on the draft CGT activities’ table through this online questionnaire.

In July 2020, the EU and China initiated a Working Group on taxonomies with the objectives to undertake a comprehensive assessment of the existing taxonomies for environmentally sustainable investments, including identifying the commonalities and differences in their respective approaches and outcomes.

The Common Ground Taxonomy (CGT) is a milestone work resulting from an in-depth comparison exercise that puts forward areas of commonality and differences between the EU and China’s green taxonomies. This first publication covers the initial phase of work which will be expanded over time.

The scope covers substantial contribution criteria for climate change mitigation, whilst other environmental objectives are not covered at this stage. Considering the difference of the environmental legislation system by different jurisdictions, other eligibility features such as Do No Significant Harm were not covered within scope of the first phase.

| The Common Ground Taxonomy is... | The Common Ground Taxonomy is not... |
|--|--|
| ✓ An analysis on approaches of the EU taxonomy and China taxonomy, and the methodology for comparing and identifying commonalities and differences between some features of the two taxonomies | - A legal documentation by the EU and China which entails requirement/obligation for either jurisdiction to change their taxonomy. |
| ✓ An evolving tool that may help different actors to understand the types of activities that could be covered under the respective taxonomies within the scope of the comparison exercise | - A single taxonomy or exclusive definition of environmentally sustainable economic activities covering all environmental objectives, such as biodiversity, pollution prevention, etc. |

| | |
|--|--|
| ✓ A technical document for voluntary reference by interested parties within the limits of the scope of the comparison exercise | - Covering all eligibility features or all activities in the EU and China taxonomies as explained in the instruction report. |
| ✓ An analytical tool or reference for other jurisdictions to consider when developing their own taxonomies | - A proposal for international standards or legal document that imposes any global standard on other jurisdictions. |

The CGT can be used to improve the comparability and future interoperability of taxonomies around the world. Hence, it intends to provide more clarity and transparency about the commonalities and differences between approaches and eventually lower the trans-boundary cost of green investments and scale up the mobilization of green capital internationally. It also provides a solid methodology on the basis of which other taxonomies can be compared in the future.

The methodology underpinning the CGT is a key part of the value of this work. The first stage involved (1) extract climate change mitigation activities from the China Taxonomy, (2) mapping of all activities in both taxonomies to a neutral code so that they could be more easily compared. The International Standard Industrial Classification of All Economic Activities (ISIC) was used as the international reference classification. (3) selection of priority sectors which would significantly contribute to carbon emission reduction or sequestration.

The second stage involved evaluating the detailed description and technical screening criteria for each line to ascribe each line with a scenario based on their overlap as follows:

- **Scenario 1: Areas with clear overlaps** covers activities which have overlaps and can be considered comparable within the scope/for the purpose of the CGT report.
- **Scenario 2: EU criteria are more stringent and/or detailed** was assigned to activities where the EU screening criteria were either narrower in scope or more stringent and/or detailed than Chinese criteria. In this case, the EU criteria were described in the CGT in greater detail.
- **Scenario 3: China criteria are more stringent and/or detailed** was assigned to activities where the China criteria were either narrower in scope or more stringent and/or detailed than EU criteria. In this case, the China criteria were described in the CGT in greater detail.
- **Scenario 4: Identifiable overlap** was assigned to activities that have some alignment in scope of activities, and could be defined by utilising both sets of eligibility criteria.
- **Scenario 5/6: Unclear overlap or obvious differentiation:** Scenario 5 was assigned to activities that were very difficult to map in the other taxonomy. Scenario 6 was assigned to activities where there was obvious differentiation.

The Common Ground Taxonomy analysed 80 activities across six sectors in the International Standard Industrial Classification of All Economic Activities (ISIC), Rev. 4:

- Agriculture, forestry and fishing
- Manufacturing
- Electricity, gas, steam and air conditioning supply
- Water supply; sewage, waste management and remediation activities
- Construction
- Transportation and Storage

The deadline for providing feedback is 4 January 2022 close of business.

Next steps

The CGT is a dynamic and evolving work, which may evolve in the future by including other considerations such as:

- **Additional sectors such as** like services and ICT
- **Additional environmental objectives** as they are agreed within the EU process.
- **Transition considerations** as the EU and China taxonomies and taxonomies from other jurisdictions evolve to include more transition considerations.
- **New areas of alignment in existing activities** where mapping alignment was challenging, there is potential to do more research work to understand possible commonalities.
- **Other eligibility features such as** DNSH and minimum safeguards could be brought in to strengthen the comparison and interoperability between jurisdictions.
- **Other jurisdictions** will be brought in as their taxonomies are finalised

The feedback received through this consultation will be instrumental to the future work of the IPSF Technical Expert Group on Taxonomy. All responses will be attentively valued and considered to improve the design, content and any other useful considerations for the update of the CGT work.

Please note: In order to ensure a fair and transparent feedback process, **only responses received through our online questionnaire will be taken into account** and included in the report summarizing the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma.ipsf@ec.europa.eu.

QUESTIONNAIRE

Important notice on the publication of responses

*Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

- Yes, I agree to my response being published under the name I indicate (name of your organization/company/public authority or your name if your reply as an individual)
- No, I do not want my response to be published

IDENTIFICATION FORM:

- **I am giving my contribution as**
 1. Academic/research institution
 2. Business association
 3. Company/business organisation
 4. Consumer organisation
 5. EU citizen
 6. Environmental organisation

7. Non-EU citizen
8. Non-governmental organisation (NGO)
9. Public authority
 - a. 1. International or European organisation
 - b. 2. National or Local Government or Ministry
 - c. 3. Regulatory authority, Supervisory authority or Central bank
 - d. 4. Other public authority
10. Trade union
11. Other

→ **For everyone who answers 2 or 3 : Organisation size**

1. Micro (1 to 9 employees)
2. Small (10 to 49 employees)
3. Medium (50 to 249 employees)
4. Large (250 or more)

- **First name and last name**
- **Name of your organisation**
- **Email (this won't be published)**
- **Is your organisation included in the Transparency Register?**

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this feedback process. [Why a transparency register?](#))

Yes/No

If so, please indicate your Register ID number:

- **Where are you based and/or where do you carry out your activity?**

- Please specify your country:

- **Field of your activity?**

- **Financial Activity**

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges) Social entrepreneurship
- Other

- **Non-Financial Activity (NACE)**

- Agriculture, forestry and fishing

- Mining and quarrying
- Manufacturing
- Electricity, gas, steam and air conditioning supply
- Water supply; sewerage, waste management and remediation activities
- Construction
- Transportation and storage
- Accommodation and food service activities
- Information and communication
- Real estate activities
- Professional, scientific and technical activities
- Administrative and support service activities
- Public administration and defence; compulsory social security
- Education
- Human health and social work activities
- Other – please specify

Additional question for companies / business organisations (For everyone who answers 2 or 3 in the 1st question)

Does your company / business organisation have any activities covered by the Taxonomy Climate Delegated Act or the *Green Bond Endorsed Projects Catalogue* (2021 Edition) ?

- Yes
- No
- Don't know
- Rather not say

If yes: do those activities of your company / business organisation that the Taxonomy Climate Delegated Act or the *Green Bond Endorsed Projects Catalogue* (2021 Edition) covers reach the level of:

- Substantial contribution to climate change mitigation
- Doing no significant harm to climate change mitigation
- None of the above thresholds
- Don't know
- Rather not say

Open questions on the draft CGT activities' table:

1. Does the current CGT provide a useful reference for you/your organisation? *Please explain and detail your answer.*
2. How can the CGT be taken forward to enhance comparability and interoperability of sustainable finance taxonomies globally? *Please explain and detail your answer.*
3. What could be other pathways/methods to identify additional globally eligible activities? *Please explain and detail your answer.*
4. What other eligible activities would be useful to you/your organisation if included? *Please explain and detail your answer.*

5. What is your expectation for future developments of the CGT e.g. inclusion of: other taxonomy features, other environmental objectives, other jurisdictions' taxonomies etc.? *Please explain and detail your answer.*
6. How could the presentation of CGT be improved to meet your expectations? *Please explain and detail your answer.*