



# SUSTAINABLE FINANCE: A DIVE INTO THE PLATFORM'S COMPENDIUM OF MARKET PRACTICES

The Platform on Sustainable Finance, an advisory body to the Commission, published the Compendium of Market Practices, which explores **how the EU Taxonomy and the wider sustainable finance framework are helping financial and non-financial actors transition to net zero.**

The objective of this report is to show how the EU sustainable finance framework can be used to support and inform the transition efforts of economic actors, including beyond regulatory compliance. **It presents a compendium of early market practices, that participants are employing to transition their business models and investments.**

The market practices focus on:



## **BUSINESS STRATEGY, TRANSITION PLANNING AND TARGET-SETTING:**

How the EU Taxonomy and the wider sustainable finance framework are used by financial and non-financial actors to structure entity-level transition plans and business strategies to achieve net zero by 2050.



## **FINANCE AND TRANSACTIONS:**

To which extent the EU sustainable finance tools are being adopted by financial and non-financial actors when structuring sustainable or transition finance solutions across a range of financial products and instruments, including green and sustainability-linked bonds, loans and investment funds.



## **REPORTING, MONITORING AND ASSURANCE:**

The state of reporting by financial and non-financial actors and the processes in place to conduct appropriate data collection and verification.

The market practices reflect the contributions of **7 stakeholder groups** and the early stages of adoption of the EU sustainable finance framework. They should not be interpreted as best practice or “market standard”. While some data and implementation challenges are recalled, overall, the following benefits are highlighted.

## Benefits of the EU sustainable finance framework:

### CORPORATES



- The EU Taxonomy KPIs are used for target setting, providing strategic guidance for transition planning.
- The EU Taxonomy and EU Green Bond Standard are used to back up claims of sustainability performance and improve comparability.
- The EU Taxonomy helps in accessing a broader and more diverse investor pool and deepen market engagement.

### CREDIT INSTITUTIONS



- Credit institutions incorporate the EU Taxonomy in lending strategies and use it in their assessment of CapEx plans to evaluate clients’ transition readiness.
- The EU Taxonomy is being integrated into ESG risk management and credit decision-making processes. Taxonomy alignment can be used to provide better pricing conditions or access to finance.

### INVESTORS



- Investors are using the EU sustainable finance tools to assess companies’ alignment with net-zero targets and support shareholder engagement.
- The EU sustainable finance framework is being used to complement voluntary industry guidance and structure and evaluate sustainability in investment products, driven by the Sustainable Finance Disclosure Regulation (SFDR).

### INSURERS



- The EU Taxonomy is being referenced in new green non-life insurance solutions. Its criteria provide incentives for insurers that progressively transform their activities to deal with climate change adaptation.
- The EU Taxonomy is seen as a useful tool to improve understanding among stakeholders and increase comparability of insurance solutions.

### CONSULTANTS AND AUDITORS



- Auditors observe that the EU Taxonomy has led to a shift in mindset for many companies, which are transitioning from general sustainability-related commitments and declarations to specific, measurable and financially defined KPIs.
- Auditing clients often engage auditors in assurance processes earlier than previously to align their approaches and understand how to prepare the data in an auditable manner.

### PUBLIC SECTOR



- The EU Taxonomy is seen as best practice for classification and reporting. It is increasingly expected and requested by investors. It can support the credibility, transparency and comparability of products, improving the identification and promotion of best-in-class practices.
- Public issuers are gradually aligning bond allocations with the EU Taxonomy on a voluntary basis.

### SMEs



- Taxonomy disclosures can contribute in increasing the management’s focus on sustainability and transition aspects of the business, raise awareness about green finance and improve companies’ access to private capital and lending opportunities.

**711**  
companies reported  
an average CapEx  
alignment of 18%\*  
(\*Morningstar)

**600**  
out of 1,700  
companies referenced  
Taxonomy KPIs in their  
financial planning and  
transition plans\*  
(\*CDP and Clarity AI)

**56%**  
of total EU assets  
disclose under SFDR  
Articles 8 or 9\*  
(\*Morningstar)

**US\$120bn**  
in investment funds  
track EU climate  
benchmarks\*  
(\*Morningstar)

**6.5%**  
of total corporate  
bond issuances in 2023  
were green\*  
(\*Bloomberg)

Public actors issued  
over **40%** of green  
bonds with assurance in  
the EU.  
**90%** of them referenced  
the EU Taxonomy\*  
(\*Bloomberg)

Around **10%**  
of SMEs (and 80% of  
listed SMEs) obtained a  
green/sustainability-linked  
loan from a bank\*  
(\*Oxford Research, Synthesia  
and Trinomics)

### NEXT STEPS:

The findings and recommendations in the report will inform the Commission’s work to further enhance the uptake of the EU sustainable finance framework.