



WEBINAR ON EU TAXONOMY

Hva betyr EU Taksonomi for norsk skogbruk og trenæring ?

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Agenda

EU GREEN DEAL AND FORESTS

EU TAXONOMY: OVERVIEW

**FOREST CERTIFICATION IN THE
EU TAXONOMY**



EUROPEAN GREEN DEAL AND FORESTS



The EU's current top political agenda



EUROPEAN GREEN DEAL

- Green EU policies
- Climate-neutral EU by 2050
- EU leadership on biodiversity, sustainable supply chains and green technologies



STRATEGIC AUTONOMY

- Independent and unified EU
- Access to key supply chains and resources within the EU



TWIN GREEN & DIGITAL TRANSITION

- Digital sovereignty for critical technologies and infrastructures
- More data to enhance circularity of materials in Europe

What is the European Green Deal?



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



Help companies
become world leaders
in clean products and
technologies



Help ensure a
just and inclusive
transition

- Key supportive areas: energy, buildings, industry, mobility
- Integral part of EU's commitment to implement the United Nation's 2030 Agenda and the sustainable development goals



Biodiversity Strategy for 2030

A new Circular Economy Action Plan

- Strategy on the sustainable use of chemicals
- Clean Air and Water Action Plans

Preserving Europe's natural capital

Transition to a Circular Economy

A zero pollution Europe

- TBD with the commissioner-designate

Sustainable Transport

Farm to Fork

Farm to Fork Strategy

- Revising 2030 Climate targets
- Extending ETS
- Climate Pact
- Climate Law
- Carbon Border Tax

Achieving Climate Neutrality

The transformation of agriculture and rural areas

- Vision for Inclusive Rural Areas
- Africa Europe agenda

- Review Energy Legislation
- European Framework for gas
- Review Energy Taxation directive

Clean, Reliable and Affordable energy

Towards a modernised and simplified CAP

CAP reform proposal

Financing the transition

Leave no one behind (Just Transition)

- European Investment Bank as European Climate Bank
- Sustainable Europe Investment Plan
- Green Financing Strategy
- Mainstreaming climate transition and sustainability in the MFF

- Just Transition Instrument, including the Just Transition Fund
- Mainstreaming the Just Transition in the MFF

Key concepts related to forests

Forests and forestry not a focus area, but comes with a list of actions

Identified more challenges than solutions/ opportunities

New interpretation of SFM

New regulation on deforestation free supply chains

Forest biodiversity restoration and protection

Forests mainly seen as carbon sinks

Future demand and use of wood – under public pressure (i.e. bioenergy)

Bioeconomy - a missing link

Circularity in supply chains will require more sustainability and more data

'One-size-fits-all policies' requires further attention

EU timeline for key proposed actions

Actions

December 2019

Adoption of the European Green Deal

Actions

- EU Biodiversity Strategy for 2030
- EU Circular Economy Action Plan

- EU Forest Strategy
- **Guidelines** on biodiversity-friendly afforestation and reforestation and closer-to-nature-forestry practices
- Legally binding **nature-restoration targets**
- Regulation on **Deforestation and forest degradation**
- **Sustainable corporate governance**
- Fitness check study on EUTR/FLEGT
- Proposal for amending **Renewable Energy Directive (recast – RED II)**
- Operating guidance on RED II
- Proposal for revising the Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF)
- Delegated regulation on **EU sustainable finance**
- **EU Green Bond Standard**
- Legislation on **Substantiating green claims**
- EU strategy for **sustainable textiles**
- Horizon Europe

Foreseen Actions

- Regulatory framework for the **certification of carbon removals**

2020

2021

2023



EU TAXONOMY: OVERVIEW

Why a taxonomy?

CLIMATE CHANGE AND EU'S GOALS

- European Green Deal
- 55% target (2030)
- Net zero target (2050)

AVAILABLE SOLUTIONS AND MARKETS

A NEED FOR TOOLS

- To identify opportunities
- Create sustainable assets and activities
- Guide capital

What

- Classification system, establishing a list of economic activities that are considered environmentally sustainable for investment purposes.



Aims to provide clarity to the market and the public on what is an environmentally sustainable activity material for a sustainable future.



Aims to enable measuring of the degree of environmental future fitness of an investment product and the share of environmentally future fit activities in a company.



Aims to help investors and companies to plan and report on the transition and sets the objectives and the direction of travel for different economic activities.

How is it structured?

6 ENVIRONMENTAL INTERLINKED OBJECTIVES

CLIMATE CHANGE

MITIGATION

ADAPTATION

Technical Screening Criteria in the draft
Delegated Act (dec 2020)

OTHER OBJECTIVES

TRANSITION TO A CIRCULAR
ECONOMY

POLLUTION PREVENTION AND
CONTROL

SUSTAINABLE USE AND
PROTECTION OF WATER AND
MARINE RESOURCES

PROTECTION & RESTORATION
OF BIODIVERSITY &
ECOSYSTEMS

Technical Screening Criteria under development

How is it structured?

DNSH

Ensure that the technical screening criteria and the Taxonomy itself do not include **economic activities undermining any of the environmental objectives**



MINIMUM SAFEGUARDS

Alignment with the **OECD Guidelines for Multinational Enterprises & UN Guiding Principles on Business and Human Rights**, including ILO declaration on Fundamental Rights and Principles at Work and the International Bill of Human Rights



How is it structured?

SECTORS COVERED



Agriculture, Forestry and Fishing



Mining and Processing Sectors



Manufacturing
(chemicals, rubber and plastics,
pharmaceutical products and preparations)



Manufacturing
(metals, electronics, machinery)



Manufacturing
(textiles, wood products, food products and
beverages)



Energy



**Construction and buildings,
ICT, Emergency Services**



Transport



**Restoration and Remediation,
Tourism**

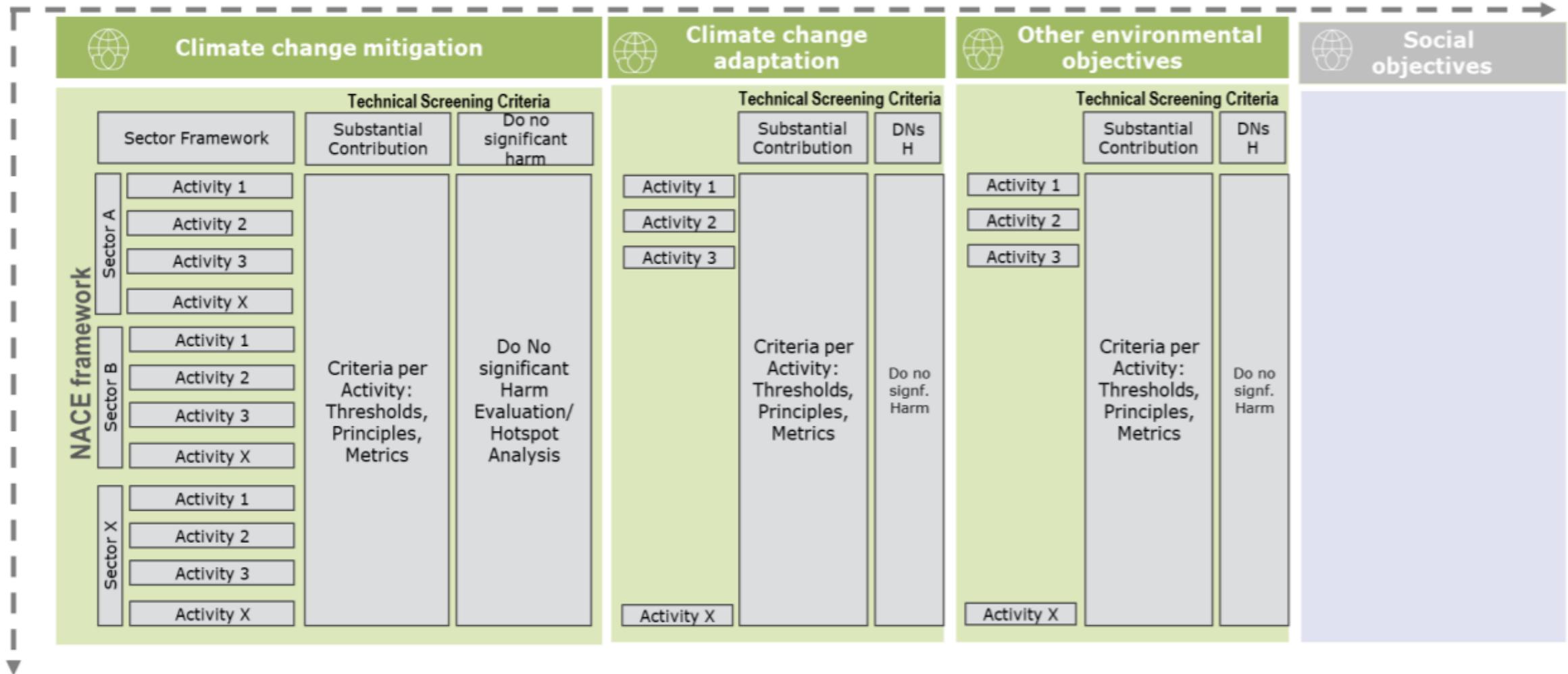


**Water Supply, Sewerage, and
Waste Management**

How is it structured?

Progressive development of activities per environmental (and potentially social) objectives

Progressive development of activities



How is it structured?

1 Activities that in and of themselves contribute substantially to one of the six environmental objectives.

2 Transitional activities where there are no technologically and economically feasible low-carbon alternatives, but that support the transition to a climate-neutral economy



3 Enabling activities that enable other activities to make a substantial contribution to one or more of the objectives within that activity:

- does not lead to a lock-in in assets undermining long-term environmental objectives, considering the economic lifetime of those assets;
- has a substantial positive environmental impact on the basis of lifecycle considerations.

User obligations



FINANCIAL MARKET PARTICIPANTS

Offering financial products in the EU, including occupational pension providers



LARGE COMPANIES

Who are already required to provide a non-financial statement under the Non-financial reporting directive



THE EU AND MEMBER STATES

GLOBAL REACH

For EU financial operators EU taxonomy looks at all their financial products they label as green

Policy context



Forestry: Technical screening criteria

FORESTRY

- Afforestation
- Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event
- Forest management
- Conservation forestry

Determine that activities:

- help tackle **climate change**
- cause **no significant harm**

Trends as communicated by the European Commission:

- relying on existing legislation
- drawing on existing processes
- voluntary

NEXT STEPS



Delegated act on the climate objectives

STATUS

- Officially adopted on 4 June
- Co-legislators have 4 months (+2) for adoption
- 12 months for market participants to implement the requirements
- Application from around October 2022
- Highly political dossier with various views and interests

STAKEHOLDER'S VIEWS

- Forestry sector: Arguing that the criteria do not consider today's best practices in sustainable forests
- Environmental groups: Suggestion to suspend the judgement of the co-legislators on the Act

Delegated act on other environmental objectives

STATUS

- The EU Platform on Sustainable Finance working on the recommendations to the Commission (by summer)
- Proposal for a draft delegated act to be published by the end of the year



THE ROLE OF FOREST CERTIFICATION

Forest certification and the European Green Deal

- Considered as one of the tools to demonstrate sustainable practices – *however, many ‘unknowns’*
- Some calling for limited role of certification systems – *role of voluntary certification in the future?*
- Subject to EU assessment: Preferred by Nature study on “Certification and Verification Schemes in the Forest Sector and for Wood-based Products” – *what impact of the study?*
- Continuous work to ensure that existing certification can be used to demonstrate compliance with sustainability requirements

Changing role in EU taxonomy

- PEFC participated as expert in a preparatory work on forestry criteria to include certification as a way to verify the criteria

- Technical Expert Group (TEG) on Sustainable Finance final report:

Direct reference to PEFC (and FSC): *“Forestry operations that are FSC and PEFC certified are likely to meet the SFM and Do No Significant Harm criteria of the forest Taxonomy, with the exception of the Conversion criteria that varies across jurisdictions and forestry activities.”*

- Delegated act on the climate taxonomy:

- **Forest certification mentioned but with no clear role:**

“The compliance of the activity with the substantial contribution to climate change mitigation criteria and the DNSH criteria are verified by either of the following: (a) the relevant national competent authorities; (b) an independent third-party certifier, at the request of national authorities or the operator of the activity.

*In order to reduce costs, audits may be performed together with any **forest certification**, climate certification or other audit.”*

Changing role in EU taxonomy

- Construction sector:
 - Technical Expert Group (TEG) :

	sourced from sustainably managed forests as certified by third-party certification audits performed by accredited certification bodies, e.g. FSC/PEFC standards or equivalent. ⁵⁹⁰
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- Delegated act on the climate taxonomy:
 - No mention.

Mapping PEFC vs technical screening criteria

- DNSH (do not significant harm) criteria relevant to forest management.
 - Protection and restoration of biodiversity and ecosystems
 - Pollution prevention and control
 - Sustainable use and protection of water and marine resources
 - Climate change adaptation
- Climate benefit analysis
 - net positive GHG balance after 30 years
 - long term climate benefits

The climate benefit analysis covers all carbon pools impacted by the activity, including

- above-ground biomass
- belowground biomass
- Deadwood
- litter and soil

includes appropriate considerations about risks of non-permanence and

- reversals of carbon sequestration
- risk saturation and
- risk of leakage



Thank you.

**Further information:
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