

# Call for feedback on the Platform on Sustainable Finance's draft report on social taxonomy

Fields marked with \* are mandatory.

## Introduction

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### Disclaimer:

This call for feedback is part of ongoing work by the [Platform on Sustainable Finance](#), which was set up by the Commission to provide advice on the further development of the EU taxonomy framework.

This feedback process is not an official Commission consultation. The draft report produced by the Platform is not an official Commission document. Nothing in this feedback process commits the Commission nor does it preclude any policy outcomes.

In March 2018 the Commission published its [action plan: financing sustainable growth](#), based on the advice of the [High Level Expert Group \(HLEG\)](#). Action 1 of the Commission's action plan calls for the establishment of an EU classification system for sustainable activities, or taxonomy. The Commission followed through on this action by proposing a regulation for such a taxonomy. The [Taxonomy Regulation](#) was adopted by the co-legislators in June 2020. It establishes the basis for the [EU taxonomy](#) by setting out 4 overarching conditions that an economic activity has to meet in order to qualify as making a substantial contribution to environmental objectives.

Development of the EU taxonomy relies on extensive input from experts from across the economy and civil society. The [Platform on Sustainable Finance](#) plays a key role in enabling such cooperation by bringing together the best expertise on sustainability from the corporate and public sector, from industry as well as academia, civil society and the financial industry join forces.

While the work started with classifying environmentally sustainable activities, the need to better understand socially sustainable investments was acknowledged from the onset, and featured among the recommendations of the HLEG in 2018.

In October 2020, the Commission established the Platform for Sustainable Finance, and created with five working groups, including the [Subgroup on social taxonomy](#), which was tasked to:

1. explore the extension of the taxonomy regulation to social topics
2. elaborate potential objectives of a social taxonomy
3. work out a structure of a social taxonomy
4. identify approaches to substantial contribution and 'do no significant harm' in the field of 'social'
5. reflect on governance, business ethics, anti-bribery and tax compliance
6. consider potentially harmful activities
7. suggest a relationship between a green and a social taxonomy

**On 12 July 2021, the Platform published its [first draft report on a proposal for a social taxonomy](#).**

The report assesses the merits of a social taxonomy in addition to the environmental taxonomy, and explores possible avenues to complement the existing taxonomy. The report also proposes various objectives and sub-objectives for a social taxonomy, as well as possible approaches for defining “substantial contribution” and “do no significant harm” criteria. Finally, it develops two alternative models for articulating the social taxonomy with the environmental taxonomy.

## Call for feedback

The Platform is inviting stakeholders to provide feedback on the draft report through this online questionnaire.

**The deadline for providing feedback is Friday 27 August close of business.**

In the online questionnaire, you will be asked to comment on certain aspects of the report and make suggestions.

## Next steps

The Platform is still working on some important aspects of these questions and will proceed to develop its final report and final recommendations after considering the stakeholder input collected through this call for feedback.

The Platform will submit the final report with their advice to the Commission in autumn 2021. The Commission will analyse and consider the report in view of the continuous developing of the EU taxonomy, as anticipated in the new [sustainable finance strategy](#).

By the end of 2021, the Commission will publish a report on the provisions required for a social taxonomy, as required by the Taxonomy Regulation.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-platform-sf@ec.europa.eu](mailto:fisma-platform-sf@ec.europa.eu).

More information on

- [the call for feedback document](#)
- [the draft report on a social taxonomy](#)

- [the publication of the 2 draft reports](#)
- [the Platform on Sustainable Finance](#)
- [sustainable finance](#)
- [the protection of personal data regime for this call for feedback](#)

## About you

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\* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

\* First name

Luciane

\* Surname

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lumoessa@hotmail.com

\* Organisation name

*255 character(s) maximum*

Soluções Inclusivas Sustentáveis / Sustainable Inclusive Solutions (SIS)

## Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

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

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia

- Spain
- Sweden
- Switzerland
- United Kingdom
- Other country

**Field of activity**

**\* Financial activity**

Please select as many answers as you like

- 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
- Not applicable

**\* Please specify your financial activity field(s)**

Training, research and advisory

**\* Non-financial activity (NACE)**

Please select as many answers as you like

- 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
- Not applicable

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

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- Yes, I agree to my responses being published under the name I indicate ( name of your organisation/company/public authority or your name if your reply as an individual – your email address will never be published)**
- No, I do not want my response to be published**

I agree with the [personal data protection provisions](#)

## Your opinion

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### Merits and concerns

The draft report describes the merits of a social taxonomy and potential concerns.

#### Question 1.1 Which in your view are the main merits of a social taxonomy?

Please select as many answers as you like

- supporting investment in social sustainability and a just transition
- responding to investors’ demand for socially orientated investments
- addressing social and human rights risks and opportunities for investors
- strengthening the definition and measurement of social investment
- other
- none

## Question 1.2 Which in your view are the main concerns about a social taxonomy?

Please select as many answers as you like

- interference with national regulations and social partners' autonomy
- increasing administrative burden for companies
- other
- none

### Structure of the social taxonomy

The draft report suggests a structure for a social taxonomy distinguishing between a vertical and a horizontal dimension. The vertical dimension would focus on directing investments to activities that make products and services for basic human needs and for basic economic infrastructure more accessible, while the horizontal dimension would focus on human rights processes.

The objective linked to the vertical dimension of the social taxonomy would be to promote adequate living standards. This includes improving the accessibility of products and services for basic human needs such as water, food, housing, healthcare, education (including vocational training) as well as basic economic infrastructure including transport, Internet, clean electricity, financial inclusion.

The objective linked to the horizontal dimension would be to promote positive impacts and avoid and address negative impacts on affected stakeholder groups, namely by ensuring decent work, promoting consumer interests and enabling the creation of inclusive and sustainable communities.

## Question 2. In your view, are there other objectives that should be considered in vertical or horizontal dimension?

- Yes
- No
- Don't know / no opinion / not applicable

### Please explain your answer to question 2:

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In both dimensions, diversity issues (gender and race) should be included. For example, in the vertical dimensions, if the accessibility is improved to women or to black people, this is as relevant as to improve the accessibility to low-income people. And diversity is relevant for the horizontal dimension as well - in such case, the LGBT issues must be added, to avoid discrimination.

By the way, I think the concept of increase the accessibility must be very, very clear and linked to the income (or other relevant factors) of the target-group. Otherwise, housing, education and health projects (for example) targeting wealthy people might be included in the taxonomy - what doesn't make sense.

Focus on SMEs is a relevant factor that I don't see in the list of activities. SMEs are responsible for the creation of a lot of jobs.

Finally, two vertical topics that are relevant: increase of lower wages (topic is mentioned in the draft report, but I don't see it on the list) and organic food

**Question 3. Which of the following activities should in your view be covered in the vertical dimension (social products and services)?**

Please select as many answers as you like

- A1 - Crop and animal production,
- A1.1 - Growing of non-perennial crops
- A1.2 - Growing of perennial crops
- A1.4 - Animal production
- A3 - Fishing and aquaculture
- C10 - Manufacture of food products
- C10.8.2 - Manufacture of cocoa, chocolate and sugar confectionery
- C10.8.3 - Processing of tea and coffee
- C10.8.6 - Manufacture of homogenised food preparations and dietetic food
- C13 - Manufacture of textiles
- C20.1.5 - Manufacture of fertilisers and nitrogen compounds
- C20.2 - Manufacture of pesticides and other agrochemical products
- C21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations
- C23.3 - Manufacture of clay building materials
- C23.5 - Manufacture of cement, lime and plaster
- C25.2.1 - Manufacture of central heating radiators and boilers
- C30.1 - Building of ships and boats
- C30.2 - Manufacture of railway locomotives and rolling stock
- C30.3 - Manufacture of air and spacecraft and related machinery
- C30.9.2 - Manufacture of bicycles and invalid carriages
- C31 - Manufacture of furniture
- C32.2 - Manufacture of musical instruments
- C32.3 - Manufacture of sports goods
- C32.5 - Manufacture of medical and dental instruments and supplies
- D35.1 - Electric power generation, transmission and distribution
- D35.3 - Steam and air conditioning supply
- E - Water supply; sewerage; waste management and remediation activities
- E36 - Water collection, treatment and supply
- E37 - Sewerage
- E38 - Waste collection, treatment and disposal activities; materials recovery

- E38.3 - Materials recovery
- E39 - Remediation activities and other waste management services
- F41 - Construction of buildings
- F42.1 - Construction of roads and railways
- F42.1.2 - Construction of railways and underground railways
- F42.2.2 - Construction of utility projects for electricity and telecommunications
- F43.3 - Building completion and finishing
- G45.2 - Maintenance and repair of motor vehicles
- G46.1.6 - Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
- G46.1.7 - Agents involved in the sale of food, beverages
- G47.5.1 - Retail sale of textiles in specialised stores
- H49.1 - Passenger rail transport, interurban
- H49.2 - Freight rail transport
- H49.3 - Other passenger land transport
- H49.3.1 - Urban and suburban passenger land transport
- H50.1 - Sea and coastal passenger water transport
- H50.3 - Inland passenger water transport
- H51.1 - Passenger air transport
- J58.1 - Publishing of books, periodicals and other publishing activities
- J59.1 - Motion picture, video and television programme activities
- J60 - Programming and broadcasting activities
- K - Financial and insurance activities
- L68.2 - Renting and operating of own or leased real estate
- M71 - Architectural and engineering activities; technical testing and analysis
- M72.1.1 - Research and experimental development on biotechnology
- N77.1.1 - Renting and leasing of cars and light motor vehicles
- N77.2 - Renting and leasing of personal and household goods
- N78.1 - Activities of employment placement agencies
- N78.2 - Temporary employment agency activities
- N78.3 - Other human resources provision
- O84.1.2 - Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security
- O84.2 - Provision of services to the community as a whole
- O84.2.4 - Public order and safety activities

- O84.2.5 - Fire service activities
- O84.3 - Compulsory social security activities
- P85.1 - Pre-primary education
- P85.2 - Primary education
- P85.2.0 - Primary education
- P85.3 - Secondary education
- P85.3.2 - Technical and vocational secondary education
- P85.4.2 - Tertiary education
- Q - Human health and social work activities
- Q86.1 - Hospital activities
- Q86.2 - Medical and dental practice activities
- Q87 - Residential care activities
- Q88 - Social work activities without accommodation
- Q88.9.1 - Child day-care activities
- Q88.9.9 - Other social work activities without accommodation n.e.c.
- R - Arts, entertainment and recreation
- R93.1.3 - Fitness facilities
- S95 - Repair of computers and personal and household goods
- S96.0.4 - Physical well-being activities
- Other

**Please specify to what other activity(ies) you refer in your answer to question 3:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Organic agriculture and commercialization of organic food. Local community welfare.  
 Almost ALL of these activities must fulfill requirements (not only quality, as mentioned in the report) to be deemed social. The target public must be low-income or other type of disadvantaged group (such as women or black people). Exceptions are water and sewage management, but even so there should be a priority when they are located in low income areas. Focus on SMEs is also needed. And the taxonomy should differentiate clearly, in certain types of services (such as medical and dental practice) between essential treatments and non-essential ones - disseminated diseases or rare diseases. All this has to do with the substantial contribution, of course.

**Question 4. Do you agree with the approach that the objectives in the horizontal dimension, which focusses on processes in companies such as**

**the due diligence process for respecting human rights, would likely necessitate inclusion of criteria targeting economic entities in addition to criteria targeting economic activities?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 4:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Sure! It's necessary to check with public agencies the compliance of the companies with social legislation (labor health and safety rules; consumer laws; non-involvement with modern slavery, child labour, conflicts with tribal people; discrimination based on gender, ethnicity, sexual orientation, religion or other arbitrary criteria; community health and safety). Beyond compliance, it's important to check if there is a minimal performance level in terms of social standards - for example, the company might not have an average rate of lethal accidents or labor diseases above the industry average; there must be a minimum gender balance in the workforce; there must be a minimum diligence level with regards to the supply-chain regarding most of these topics. This must be verified at company-level.

## **Harmful activities**

The report envisages harmful activities as those which are fundamentally and under all circumstances opposed to the objectives suggested in this proposal for a social taxonomy. There would be two sources on which this rationale can be build: internationally agreed conventions, e.g. on certain kinds of weapons & detrimental effects of certain activities, for example on health.

**Question 5. Based on these assumptions, would you consider certain of the following activities as 'socially harmful'?**

Please select as many answers as you like

- A1.1.5 - Growing of tobacco
- B5 - Mining of coal and lignite
- B7 - Mining of metal or iron ores
- B9 - Mining support service activities
- B9.1 - Support activities for petroleum and natural gas extraction
- C10.8.1 - Manufacture of sugar
- C10.8.2 - Manufacture of cocoa, chocolate and sugar confectionery
- C10.8.3 - Processing of tea and coffee
- C11.0.1 - Distilling, rectifying and blending of spirits
- C11.0.2 - Manufacture of wine from grape

- C11.0.5 - Manufacture of beer
- C11.0.7 - Manufacture of soft drinks;
- C12 - Manufacture of tobacco products
- C13 - Manufacture of textiles
- C15.2 - Manufacture of footwear
- C20.2 - Manufacture of pesticides and other agrochemical products
- C25.4 - Manufacture of weapons and ammunition
- C25.4.0 - Manufacture of weapons and ammunition
- C30.4 - Manufacture of military fighting vehicles
- G46.1.6 - Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
- G46.3.5 - Wholesale of tobacco products
- G46.3.6 - Wholesale of sugar and chocolate and sugar confectionery
- G46.4.2 - Wholesale of clothing and footwear
- G47.1.1 - Retail sale tobacco predominating
- N80.1 - Private security activities
- O84.2.2 - Defence activities
- Other

**Please specify to what other activity(ies) you refer in your answer to question 5:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Beyond the most obvious industries/activities (tobacco and weapons), what matters is not the industry, but the horizontal dimension, that must be checked at company-level, as described in the previous answer. Gambling probably might be added.

## **Governance objectives**

**Question 6. Sustainability linked remuneration is already widely applied in sustainable investment. In your view, would executive remuneration linked to environmental and social factors in line with companies' own targets, therefore also be a suitable criterion in a social classification tool such as the social taxonomy?**

- Yes

- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 6:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Sure. Only when sustainability KPIs are reflected (in a relevant proportion) in the executive remuneration (and attached to timely-bound targets) it is possible to consider that these issues are really incorporated in the business strategy. It might not be a requirement for inclusion in the social taxonomy, but certainly can be a relevant criterion, to be considered among others.

**Question 7. The report envisages governance objectives and analyses a certain number of governance topics. Please select the governance topics which in your view should be covered:**

Please select as many answers as you like

- Sustainability competencies in the highest governance body
- Diversity of the highest governance body (gender, skillset, experience, background), including employee participation.
- Transparent and non-aggressive tax planning
- Diversity in senior management (gender, skillset, experience, background)
- Executive remuneration linked to environmental and social factors in line with companies' own targets
- Anti-bribery and anti-corruption
- Responsible auditing
- Responsible lobbying and political engagement
- Other

**Please specify to what other governance topic(s) you refer in your answer to question 7:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Supply-chain management  
 Selection criteria for clients portfolio - for example, manufacturers of agricultural inputs should not sell to farmers involved with illegal deforestation or modern slavery. There's a lot of talk about the "value-chain", but this is what it means. Banks are required to manage environmental and social risks of their clients in an increasing number of countries. All the sectors/industries in which the main impacts might be caused by the clients must be required to do the same.

## Models for linking an environmental and a social taxonomy

The report suggests two models for linking an environmental and a social taxonomy

- **Model 1:** The social and an environmental taxonomy would only be related through social and environmental minimum safeguards with governance safeguards being valid for both. The [UN guiding principles](#) would serve as minimum safeguards for the environmental part, while the environmental part of the [OECD guidelines](#) would serve as environmental minimum safeguards for the social part. The downside would be thin social and environmental criteria in the respective other part of the taxonomy
- **Model 2:** There would be one taxonomy with a list of social and environmental objectives and DNSH criteria. It would essentially be one system with the same detailed 'do no significant harm' criteria for the social and environmental objectives. The downside would be that there would be fewer activities that would meet both social and environmental 'do no significant harm' criteria

### Question 8. Which model for extending the taxonomy to social objectives do you prefer?

- Model 1
- Model 2
- Don't know / no opinion / not applicable

### Please explain your answer to question 8:

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

I don't see any downside in the fact that more activities would be excluded. Of course the "do no harm" principle must be valid both for environmental and social objectives, otherwise it's not serious enough. There is no sense in a green activity being forbidden to do harm to other environmental objectives, but being allowed to do harm to any relevant social objectives... (and the other way around).

The taxonomy doesn't need to be long. We need to prioritize. Essential and much needed activities must be included. We need positive transformation - not a taxonomy where almost everything that already exists fits into. Investors need to be able to assess if an economic activity address (or not) more than one social and/or environmental objective, for example - this is relevant for an investment decision. Taxonomies must have an impact - either changing the way businesses are being developed or changing the flow of money from certain types of businesses to other types of businesses.

## General expectation from the social taxonomy

### Question 9. What do you expect from a social taxonomy?

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As humanity, we need that the financial market direct more money towards economic activities that generate also social and environmental profits.

We need strict "substantial contribution" (vertical dimension) and "do no harm" (horizontal) criteria.

The industry/sector is a relevant element, but it's far from being the only one. Location is relevant for community issues (especially with regards to tribal people - a topic that has also environmental implications and is significant across all continents but Europe). Also, the level of compliance with social legislation or international standards, as well as the level of performance (according to industry KPIs) are very relevant. Within this universe, special consideration must be taken to value-chain issues. Business are in a position to trace all their suppliers and clients, if they want to do so - and for many industries the really relevant impacts come from the value-chain. The horizontal dimension (do no harm) must be very specific to identify the issues and diligences that are relevant for each industry.

For the vertical dimension, it looks like the taxonomy should explore more the targets defined by the SDGs framework - and consider seriously the enormous inequalities in terms of access to housing, essential services and basic infrastructure. The focus put only on industry is not consistent either.

I hope your efforts proceed in a technical and dialogue-based way and would be happy to continue to contribute. All the best!

## Additional information

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Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

### Useful links

[Call for feedback document \(https://ec.europa.eu/info/files/2021-social-taxonomy-report-call-for-feedback-document\\_en\)](https://ec.europa.eu/info/files/2021-social-taxonomy-report-call-for-feedback-document_en)

[Draft report on a social taxonomy \(https://ec.europa.eu/info/files/210712-sustainable-finance-platform-report-social-taxonomy\\_en\)](https://ec.europa.eu/info/files/210712-sustainable-finance-platform-report-social-taxonomy_en)

[More on the publication of the 2 draft reports \(https://ec.europa.eu/info/publications/210712-sustainable-finance-platform-draft-reports\\_en\)](https://ec.europa.eu/info/publications/210712-sustainable-finance-platform-draft-reports_en)

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[Platform on Sustainable Finance \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2021-social-taxonomy-report-specific-privacy-statement\\_en\)](https://ec.europa.eu/info/files/2021-social-taxonomy-report-specific-privacy-statement_en)

## **Contact**

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