

EU Taxonomy for sustainable activities & Sustainability Reporting

Brief description and main aims:

At the heart of the *European Green Deal* lies the *EU Taxonomy for Sustainable Activities* and the *Corporate Sustainability Reporting Directive* (CSRD). They play their role in achieving the *EU Green Deal's* ambitious sustainable environmental objectives while preventing greenwashing. As part of the European Commission *Action Plan on Financing Sustainable Growth*, the *EU Taxonomy* has already been proposed in 2018. It is a classification system that provides all economic and financial actors with a common understanding of what should be considered as sustainable economic activity in the EU. By creating this harmonised classification system, the European Commission aims to help investors, companies, issuers, etc. to channel investments into “sustainable” activities. As part of the *Taxonomy Regulation*, a dedicated *Platform on Sustainable Finance* (PSF) had been established as an advisory body to the European Commission for drafting and reviewing technical screening and *Do-No-Significant-Harm* (DNSH) criteria.

Over the years, it became clear that the *EU Taxonomy* and *Sustainability Reporting Framework* pose bureaucratic and overly complex administrative burdens on companies, incl. on *Small and Medium-sized Enterprises* (SMEs). After the 2024 European elections, Commission President Ursula von der Leyen therefore committed herself and the whole College of Commissioners to ensure that existing rules are fit for purpose, to focus on reducing administrative burdens, and to simplify legislation.

Why FIEC is dealing with this topic:

Given the EU's ambitious environmental and sustainability policies, such as the *EU Taxonomy* and the CSRD, and clients' attitudes towards sustainability, construction companies cannot continue with “business as usual”. Sustainability considerations will be more strongly connected to the resilience and risk management activities of contractors, especially with regard to whole life-cycle assessments.

However, while improved transparency through sustainability reporting is an important first step, it is crucial to recognise that it is not enough on its own. Support for embedding sustainable business behaviour into the core practices of construction companies is key, not just the reporting as a separate activity. To effectively drive the sustainable transition, the entire reporting task must therefore be integrated in a broader sustainable finance framework. This framework would allow contractors (that are leading the way in sustainable business practices) to access better finance options. Financial incentives, such as low-interest loans or preferential terms for sustainable projects, could encourage more companies to step up their commitment to sustainability. If implemented effectively, this could be a significant push towards achieving Europe's ambitious sustainability targets.

The CSRD not only requires huge companies, including listed SMEs, to disclose detailed sustainability information, but also has an immense trickle-down effect on SMEs. FIEC repeatedly warned about this, and huge bureaucratic burden, as well as access to finance, have been identified as the main issues for businesses and key contributing factors for the competitiveness crisis in Europe. The European construction industry therefore welcomes the *Omnibus Simplification Package* (OSP) on Sustainability Reporting that has been presented by the European Commission in February 2025. Streamlining the *EU Taxonomy*, the CSRD with *European Sustainability Reporting Standards* (ESRS) and the *Corporate Sustainability Due Diligence Directive* (CS3D) with the goal of integrating them into one harmonised framework is a promising approach. Balancing incentives for companies to invest in sustainable and climate-friendly activities with an appropriate level of detail when it comes to reporting is key. This is the only way to ensure a successful long-term approach to sustainability for companies and the European economy.

In its *Working Group on Sustainability*, FIEC is coordinating activities, e.g. to ensure that technical criteria for construction activities are realistic and usable. A summary and “deep dive” into the *EU Taxonomy* and CSRD is available on the FIEC Intranet. An overview of the exposure of the construction sector in terms of reporting and access to finance has been prepared to support lawmakers in putting forward a pragmatic *Omnibus Simplification Package* that maintains the EU at the forefront of corporate sustainability while ensuring the competitiveness of businesses. It provides examples and insights from a company perspective and defines specific simplification opportunities.

Actions and key dates:

- 22/06/2020** → Publication in the *EU Official Journal: EU Taxonomy for Sustainable Activities*
– [Regulation \(EU\) 2020/852](#) enters into force on 12 July 2020
- 12/10/2020** → *Platform on Sustainable Finance* (PSF) 1st mandate, first meeting
- 21/04/2021** → European Commission publishes proposal for Climate Delegated Act (environmental objectives 1-2)
→ European Commission publishes proposal for *Corporate Sustainability Reporting Directive* (CSRD)
→ April Sustainable Finance package
- 18/01/2022** → *Climate Delegated Act* enters into force, *Reporting on Taxonomy eligibility* for companies within the scope of *Non-Financial Reporting Directive* (NFRD)
- 30/03/2022** → PSF publishes recommendations for Environmental Delegated Act on technical screening criteria (environmental objectives 3-6)
- 23/06/2022** → [FIEC Reaction](#) to PSF recommendations for environmental objectives 3-6
- OCT 2022** → PSF 1st mandate, end of mandate
- DEC 2022** → [FIEC Reaction](#) to PSF *TWG Supplementary Report* on technical screening criteria (circular economy)
- 18/12/2022** → Publication in the *EU Official Journal: CSRD* – [Directive \(EU\) 2022/2464](#) enters into force on 5 January 2023 (reporting on taxonomy alignment with environmental objectives 1-2)
- FEB 2023** → *Platform on Sustainable Finance* - 2nd mandate, first meeting
- JUN 2023** → *New Sustainable Finance* package
→ adoption of *Environmental Delegated Act*
→ publication of first set of *European Sustainability Reporting Standards* (ESRS), Delegated Act to the CSRD
→ [FIEC Open Letter](#) on *Sustainable Finance Package* and *Environmental Delegated Act*
- 27/11/2023** → [FIEC Position Paper \(update\)](#) on *EU Taxonomy* and new Circular Economy Criteria
- JAN 2024** → *Environmental Delegated Act* enters into force
- 31/01/2025** → [FIEC Position Paper](#) on the first *Omnibus Simplification Package: “A pragmatic Omnibus Simplification Package to put the EU at the forefront of Corporate Sustainability while ensuring the Competitiveness of Businesses”*
- 06/02/2025** → FIEC President, Piero Petrucco, attends the *Simplification Roundtable* with EU Commissioner for Economy and Productivity & Implementation and Simplification, Valdis Dombrovskis (Brussels)
- 26/02/2025** → European Commission publishes proposal for first OSP to streamline *EU Taxonomy*, *CSRD/ESRS**, *Corporate Sustainability Due Diligence Directive* (CS3D) and the *Carbon Border Adjustment Mechanism* (CBAM)
- MAR 2025** → PSF 2nd mandate, end of mandate
- 10/07/2025** → FIEC attends in Brussels the [EU Taxonomy Implementation Dialogue](#) with EU Commissioner for Financial Services and the Savings and Investments Union, Maria Luís Albuquerque
- 29/09/2025** → FIEC’s contribution to public consultation on the European Financial Reporting Advisory Group (EFRAG) Exposure Drafts for the simplification of **European Sustainability Reporting Standards* (ESRS)
- Q1/2026** → PSF 3rd mandate scheduled to start