



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2023) 2460 final

- English translation of the French version which is authentic -

Brussels, 6 September 2023

TEXTE EN

MINUTES

of the 2460th meeting of the Commission

held in Strasbourg

(Winston Churchill)

on Tuesday 13 June 2023

(afternoon)

—

PV(2023) 2460 final

- English translation of the French version which is authentic -

EN

TABLE OF CONTENTS

Attendance list	4–5
1. AGENDAS (OJ(2023) 2460/FINAL; SEC(2023) 2460/FINAL)	6
2. PROPOSAL FOR A COUNCIL RECOMMENDATION ON DEVELOPING SOCIAL ECONOMY FRAMEWORK CONDITIONS (COM(2023) 316 AND /2; SWD(2023) 208; RCC(2023) 125)	6
3. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A SUSTAINABLE FINANCE FRAMEWORK THAT WORKS ON THE GROUND (COM(2023) 317 TO /3; SWD (2023) 209 AND /2; RCC(2023) 126)	9
4. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE TRANSPARENCY AND INTEGRITY OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATING ACTIVITIES (COM(2023) 314 AND /2; SWD(2023) 204; SWD(2023) 207; SEC(2023) 241; RCC(2023) 126).....	9
5. COMMISSION RECOMMENDATION ON FACILITATING FINANCE FOR THE TRANSITION TO A SUSTAINABLE ECONOMY (C(2023) 3844 TO /3; RCC(2023) 126).....	9
6. COMMISSION DELEGATED REGULATION AMENDING DELEGATED REGULATION (EU) 2021/2139 ESTABLISHING ADDITIONAL TECHNICAL SCREENING CRITERIA FOR DETERMINING THE CONDITIONS UNDER WHICH CERTAIN	

ECONOMIC ACTIVITIES QUALIFY AS CONTRIBUTING
SUBSTANTIALLY TO CLIMATE CHANGE MITIGATION OR
CLIMATE CHANGE ADAPTATION AND FOR DETERMINING
WHETHER THOSE ACTIVITIES CAUSE NO SIGNIFICANT HARM
TO ANY OF THE OTHER ENVIRONMENTAL OBJECTIVES
(C(2023) 3850 AND /2; RCC(2023) 126) 9

7. COMMISSION DELEGATED REGULATION SUPPLEMENTING
REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL BY ESTABLISHING THE TECHNICAL
SCREENING CRITERIA FOR DETERMINING THE CONDITIONS
UNDER WHICH AN ECONOMIC ACTIVITY QUALIFIES AS
CONTRIBUTING SUBSTANTIALLY TO THE SUSTAINABLE USE
AND PROTECTION OF WATER AND MARINE RESOURCES, TO
THE TRANSITION TO A CIRCULAR ECONOMY, TO POLLUTION
PREVENTION AND CONTROL, OR TO THE PROTECTION AND
RESTORATION OF BIODIVERSITY AND ECOSYSTEMS AND FOR
DETERMINING WHETHER THAT ECONOMIC ACTIVITY CAUSES
NO SIGNIFICANT HARM TO ANY OF THE OTHER
ENVIRONMENTAL OBJECTIVES AND AMENDING DELEGATED
REGULATION (EU) 2021/2178 AS REGARDS SPECIFIC PUBLIC
DISCLOSURES FOR THOSE ECONOMIC ACTIVITIES
(C(2023) 3851 AND /2; RCC(2023) 126) 10

Single sitting: Tuesday 13 June 2023 (afternoon)

The sitting opened at 13.09 with Mr DOMBROVSKIS in the chair.

Present:

Mr DOMBROVSKIS	Executive Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr HAHN	Member	
Mr SCHMIT	Member	
Mr GENTILONI	Member	
Mr BRETON	Member	Items 2 to 3/7
Ms FERREIRA	Member	
Mr REYNDERS	Member	
Ms JOHANSSON	Member	Items 3/7 (in part)
Mr LENARČIČ	Member	
Ms SIMSON	Member	
Mr SINKEVIČIUS	Member	
Ms McGUINNESS	Member	

Absent:

Ms von der LEYEN	President
Mr TIMMERMANS	Executive Vice-President
Ms VESTAGER	Executive Vice-President
Mr BORRELL i FONTELLES	High Representative / Vice-President
Mr SCHINAS	Vice-President
Mr WOJCIECHOWSKI	Member
Ms KYRIAKIDES	Member
Ms DALLI	Member
Ms VÁLEAN	Member

PV(2023) 2460 final

Mr VÁRHELYI	Member
Ms URPILAINEN	Member

The following sat in to represent absent Members of the Commission:

Mr SAMSOM	Head of Cabinet to Mr TIMMERMANS	
Ms DYRSKJØT	Policy Coordinator in Ms VESTAGER's cabinet	
Mr PINTO ANTUNES	Deputy Head of Cabinet to Mr WOJCIECHOWSKI	
Mr MOUTARLIER	Head of Cabinet to Mr BRETON	Items 1 and 2
Ms OJALA	Deputy Head of Cabinet to Ms KYRIAKIDES	
Mr KERR	Member of Ms DALLI's cabinet	
Ms WEBBER	Head of Cabinet to Ms JOHANSSON	Items 1 to 3/7 (in part)
Mr FÁBREGAS-MARTÍNEZ	Member of Ms VÁLEAN's cabinet	
Ms HAENICKE	Member of Mr VÁRHELYI's cabinet	
Mr SAVIGNAT	Member of Ms URPILAINEN's cabinet	

The following also sat in:

Mr CALLEJA CRESPO	Director-General, Legal Service
Ms AHRENKILDE HANSEN	Director-General, DG Communication
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission
Ms CABRAL	Adviser in the PRESIDENT's cabinet
Ms MICELI	Policy Coordinator in the PRESIDENT's cabinet
Mr CHARLES	Secretariat-General

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms DEPREZ, Director in the Secretariat-General.

1. AGENDAS**(OJ(2023) 2460/FINAL; SEC(2023) 2460/FINAL)**

At the opening of the meeting, Mr DOMBROVSKIS noted that the quorum required for the proceedings of the College to be valid, as defined in Article 7 of the Commission's Rules of Procedure, was not reached.

In these circumstances, Mr DOMBROVSKIS authorised the launch of an urgent written procedure (PE/2023/3990) in order to adopt as quickly as possible the decisions in items 3, 4, 5, 7 and 8 of the agenda of that day's meeting set out in OJ(2023) 2460 final, the adoption of which had been recommended by the Heads of Cabinet at their weekly meeting on Monday 12 June 2023, as set out in the record of that meeting in RCC(2023) 2460.

In accordance with Article 6 of the Rules of Procedure, Mr DOMBROVSKIS then adopted the final agenda for that day's meeting.

At 13.12, the Secretariat-General noted that the quorum was reached, allowing the College to continue the examination of the files on the agenda of the meeting and to proceed with their adoption by oral procedure.

2. PROPOSAL FOR A COUNCIL RECOMMENDATION ON DEVELOPING SOCIAL ECONOMY FRAMEWORK CONDITIONS**(COM(2023) 316 AND /2; SWD(2023) 208; RCC(2023) 125)**

Mr DOMBROVSKIS presented to the College the proposal for a Council Recommendation on supporting the social economy and exploiting its full potential for employment, innovation and social inclusion. He said that the proposal was the result of cooperation between many departments and cabinets, as it concerned several of the Union's priorities.

He explained that social economy entities put people and social and environmental

causes before profit. He noted that there were 2.8 million social economy entities in Europe, employing a total of 13.6 million people, or 6.3% of the workforce. They spanned a diverse range of sectors, from social and care services to housing, recreation and affordable energy, and included cooperatives, mutual societies, non-profit associations, foundations and social enterprises.

Mr DOMBROVSKIS explained that the proposed Recommendation called on the Member States to design and implement comprehensive strategies for creating the right conditions for the social economy to thrive. Among the recommended measures he highlighted the improvement of social economy entities' access to public and private funding and to markets and public procurement. Although public funding played a key role in financing social economy projects, the private sector should also support projects and enterprises with a social purpose.

He concluded by stressing the importance of ensuring that financial markets, in particular capital markets, adopted social objectives and developed specific financial instruments to achieve them.

Mr SCHMIT said that the proposed Recommendation had been announced in the action plan for the social economy adopted in December 2021, and that this was the first time that the Commission adopted a legislative act specifically dedicated to the social economy.

He highlighted the significant contribution of social economy entities to the Gross Domestic Product (GDP) of several Member States, and pointed out that the social economy was one of the 14 industrial ecosystems established under the Industrial Strategy for Europe. This reflected the recognition of the role of the social economy in achieving the twin green and digital transitions.

However, Mr SCHMIT pointed to the uneven development of the social economy across the EU, not least due to the diversity of entities and business models. While some Member States had advanced ecosystems, others were far from harnessing the full potential of this sector.

In this context, Mr SCHMIT said that the Recommendation proposed establishing a common framework, as requested by social economy actors. He considered that a holistic approach, which took account of the many specific characteristics of this sector, was necessary in order to create the right conditions for the social economy to thrive. With regard to taxation, for example, he pointed out that two Commission staff working documents had been prepared at the same time as the Recommendation, dealing respectively with the tax frameworks applicable to social economy entities and the non-discriminatory tax treatment of charities and their donors.

He then touched on the labour market aspects of the Recommendation, focusing on the integration of the most vulnerable and on skills development, particularly for certain population groups such as young people and people with disabilities. He reminded the College of the importance of this dimension in the context of the current European Year of Skills.

Finally, Mr SCHMIT considered that access to funding was one of the main challenges facing social economy entities. He therefore announced the launch of a European portal for the social economy, in parallel with the adoption of the proposal for a Recommendation. This website would serve as a one-stop-shop providing social economy actors with information on relevant EU initiatives in the field of the social economy, including funding opportunities. He also mentioned the access of social economy actors to public procurement, noting that many entities were dependent on it without being fully covered by EU state aid rules.

In conclusion, Mr SCHMIT considered that the Recommendation explicitly put people first and therefore was fully in line with the Commission's priority of building an economy that works for people.

Following these presentations, the Commission approved the Joint Communication in COM(2023) 316/2 for transmission to the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the

European Parliament and the national parliaments, together with the staff working document distributed as SWD(2023) 208, the contents of which were noted.

3. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A SUSTAINABLE FINANCE FRAMEWORK THAT WORKS ON THE GROUND

(COM(2023) 317 TO /3; SWD (2023) 209 AND /2; RCC(2023) 126)

4. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE TRANSPARENCY AND INTEGRITY OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATING ACTIVITIES

(COM(2023) 314 AND /2; SWD(2023) 204; SWD(2023) 207; SEC(2023) 241; RCC(2023) 126)

5. COMMISSION RECOMMENDATION ON FACILITATING FINANCE FOR THE TRANSITION TO A SUSTAINABLE ECONOMY

(C(2023) 3844 TO /3; RCC(2023) 126)

6. COMMISSION DELEGATED REGULATION AMENDING DELEGATED REGULATION (EU) 2021/2139 ESTABLISHING ADDITIONAL TECHNICAL SCREENING CRITERIA FOR DETERMINING THE CONDITIONS UNDER WHICH CERTAIN ECONOMIC ACTIVITIES QUALIFY AS CONTRIBUTING SUBSTANTIALLY TO CLIMATE CHANGE MITIGATION OR CLIMATE CHANGE ADAPTATION AND FOR DETERMINING WHETHER THOSE ACTIVITIES CAUSE NO SIGNIFICANT HARM TO ANY OF THE OTHER ENVIRONMENTAL OBJECTIVES

(C(2023) 3850 AND /2; RCC(2023) 126)

7. COMMISSION DELEGATED REGULATION SUPPLEMENTING REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL BY ESTABLISHING THE TECHNICAL SCREENING CRITERIA FOR DETERMINING THE CONDITIONS UNDER WHICH AN ECONOMIC ACTIVITY QUALIFIES AS CONTRIBUTING SUBSTANTIALLY TO THE SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES, TO THE TRANSITION TO A CIRCULAR ECONOMY, TO POLLUTION PREVENTION AND CONTROL, OR TO THE PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS AND FOR DETERMINING WHETHER THAT ECONOMIC ACTIVITY CAUSES NO SIGNIFICANT HARM TO ANY OF THE OTHER ENVIRONMENTAL OBJECTIVES AND AMENDING DELEGATED REGULATION (EU) 2021/2178 AS REGARDS SPECIFIC PUBLIC DISCLOSURES FOR THOSE ECONOMIC ACTIVITIES (C(2023) 3851 AND /2; RCC(2023) 126)

Mr DOMBROVSKIS introduced the College discussion on the package proposed that day to complete and consolidate the EU regulatory framework on sustainable finance and boost private investment in the transition to a sustainable and climate-neutral economy. While significant public finance had already been mobilised at EU and Member State level, private finance was essential to meet the challenge of achieving EU climate targets by 2050. Many companies and investors had already embarked on their sustainability journey, as the growing size of sustainable investment testified. However, companies and investors were also facing challenges in this transition, especially when it came to complying with new disclosure and reporting requirements.

He pointed out that the EU taxonomy system was a basis for the sustainable finance framework and an important market transparency tool, which helped to channel investment towards the economic activities that were most necessary for the green transition. It was proposed to improve the usability of the taxonomy, strengthen the

coherence of sustainable finance tools and clarify the interpretation of certain rules in order to minimise costs and the administrative burden. Specifically, the Commission was adding additional activities to the EU taxonomy and proposing new rules for environmental, social and governance (ESG) rating providers, which would increase transparency on the market for sustainable investments.

Mr DOMBROVSKIS also stressed the importance of responding to companies and economic sectors that were concerned about being shut out of sustainable finance, as well as of addressing concerns raised about the constraints that the EU taxonomy system would place on certain sectors. In this context, sustainable finance was not only for companies that were already ‘green’, but concerned all sectors and companies wishing to embark on the green transition.

He concluded his presentation by welcoming the balanced and solid nature of the proposed package, which would help channel investment towards the economic activities that were most critical for the green transition, while ensuring that the EU taxonomy system was workable for all companies and economic sectors.

Ms McGUINNESS pointed out that the main objective of that day’s proposals was to make sustainable finance more transparent and more easily usable for economic players in order to close the investment gap for the green transition and mobilise private investment enabling the EU to achieve its climate objectives.

Current data showed that financial markets had already started using the EU taxonomy and that the framework set by the basic Regulation was working well. However, the framework was still incomplete, and the proposed package sought precisely to introduce the missing pieces of the EU strategy. The aim was to improve the usability of the taxonomy to maximise its potential while minimising the costs of implementing it.

Ms McGUINNESS then presented in more detail the key elements of the package, with an overarching Communication setting out the overall coherence and common arguments and messages.

She began by referring to the proposal for a Regulation on the transparency and integrity of environmental, social and governance (ESG) rating activities. This Regulation was proposed for reasons of credibility and predictability in a sector that had not yet been regulated. It did not interfere with the various methodologies used by rating companies, but aimed to ensure that ratings were transparent, comparable and reliable. It was also proposed to introduce rules preventing conflicts of interest, and EU level supervision would be carried out by the European Securities and Markets Authority (ESMA).

Ms McGUINNESS then turned to the Commission Recommendation on financing the green transition, which provided non-binding practical guidance on how companies or the financial sector could use the sustainable finance framework tools to finance their transition. This initiative responded directly to a request from companies, which the Commission had very much welcomed.

Finally, she presented the two Delegated Regulations on the taxonomy, which constituted the third taxonomy package in this area following two initial delegated acts that had already covered the economic sectors relating to green and transition activities responsible for around two thirds of emissions.

The Commission was now proposing criteria for activities that made a substantial contribution to the four other environmental objectives, namely (i) the circular economy, (ii) pollution prevention and control, (iii) protecting water and marine resources and (iv) biodiversity. The criteria were informed to a very large extent by the recommendations of the Platform on Sustainable Finance, published in March and November 2022.

Ms McGUINNESS noted that these new delegated acts thus added 47 new activities, allowing economic operators in several sectors not covered so far to report their alignment with the taxonomy. New activities were also added to the Climate Delegated Act, in particular in the transport and manufacturing sectors, such as aviation and key components for electric cars.

The proposed delegated acts did not create any new reporting requirements for companies as they were already required to report on their alignment in this area under the basic Regulation and the Taxonomy Disclosure Delegated Act. Companies were eagerly awaiting these delegated acts and, in order to help them meet their reporting obligations, the Commission had worked on a set of documents containing detailed advice and practical guidance to be published shortly.

Ms McGUINNESS then pointed out that the inclusion of aviation in the Climate Delegated Act was based on a carefully balanced approach using sound data and deliverables. The text would benefit European industry while upping the ambition of the climate criteria. For example, sustainable aviation fuels (SAF) had been added to aircraft leasing activity and the ambition for SAF usage in air transport had been increased from 10% to 15% by 2030.

In the course of the discussion that followed, the Commission raised the following main points:

- the College’s support for a series of measures that will ensure that the EU sustainable finance framework continues to underpin companies and the financial sector, while encouraging the private funding of transition projects and technologies;
- the need to continue discussing the incorporation of social criteria into the taxonomy system in order to take into account the social dimension of the green transition, which would require radical changes on the labour market and the development of a wide range of new skills;
- questions by some about the criteria applied to the aviation sector, as one of the criteria chosen concerned aircraft usage rather than tonnage.

In response to the points raised, Ms McGUINNESS explained that the Commission had drawn on the advice of experts in sustainable finance to define the criteria

proposed for the aviation sector. She also confirmed the need to continue discussions on the development of social criteria as part of the EU taxonomy.

She concluded by thanking the Members of the College for their support. She welcomed the fact that the EU was once again at the forefront of sustainable finance, ensuring that all companies, regardless of their starting point, had the tools and support they needed for their sustainability transition efforts.

Following these presentations, the Commission:

- approved the Communication in COM(2023) 317/3 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments;
- adopted the proposal for a Regulation in COM(2023) 314/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2023) 204, SWD(2023) 207 and SEC(2023) 241, the contents of which were noted;
- adopted in principle the Commission Recommendation in C(2023) 3844/3 and, pursuant to Article 13 of the Rules of Procedure, empowered Ms McGUINNESS, the Member of the Commission responsible, to adopt it formally, in agreement with the PRESIDENT, in all language versions as soon as the texts became available;
- adopted in principle the Delegated Regulation in C(2023) 3850/2 and, pursuant to Article 13 of the Rules of Procedure, empowered Ms McGUINNESS, the Member of the Commission responsible, to adopt it formally, in agreement with the PRESIDENT, in all language versions as soon as the texts became available;

- adopted in principle the Delegated Regulation in C(2023) 3851/2 and, pursuant to Article 13 of the Rules of Procedure, empowered Ms McGUINNESS, the Member of the Commission responsible, to adopt it formally, in agreement with the PRESIDENT, in all language versions as soon as the texts became available.

*

* *

The Commission's other discussions on certain agenda items are recorded in the special minutes.

*

* *

The meeting closed at 13.56.