



ShareAction»

26 June 2023

Do not lose momentum on the Social Taxonomy

Dear Commissioner McGuinness,
Dear Commissioner Schmit,

We are writing to you as a coalition of 13 platforms, associations, foundations, and social enterprises. While operating in different sectors of the economy, we are united in promoting the rights and inclusion of vulnerable groups in all aspects of our society.

The groups we represent embrace a global concept of 'sustainability', which firmly includes a social and human rights dimension alongside the environmental one. In this sense, it is encouraging to see steps towards the inclusion of strong social and human rights dimensions enshrined in flagship sustainability initiatives, such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

Building on such progress, we urge you not to lose sight of the work to extend the current EU Taxonomy framework to include a social and human rights dimension.

The [technical Report](#) from the Commission's advisory group on Sustainable Finance (Platform on Sustainable Finance, hereafter 'PSF'), published on 28 February 2022, already highlighted several merits of a social dimension for the EU Taxonomy, notably:

- filling an important gap for investors, bringing clarity on the definition of social sustainability for investments;
- directing capital flows to activities that operate with respect for human rights; and
- supporting capital flows to investments that improve living and working conditions, especially for the disadvantaged.

To cite a few examples from the Report, social-economic activities making a ‘substantial contribution’ towards social objectives could be those aimed at reducing negative impacts for workers (e.g., upskilling / life-long learning programmes for workers in situation of vulnerability or workplace adaptation to make workplaces more inclusive), or those enhancing the inherent positive impacts of an economic activity (e.g., improving accessibility to healthcare or housing for certain groups of people).

Furthermore, the EU Taxonomy Regulation itself mandated the European Commission to publish a report by 31 December 2021 describing the provisions that would be required to extend the scope of the Regulation beyond environmentally sustainable economic activities. To date, the European Commission has not published such a report.

As the EU’s economy accelerates its ‘green’ transition, support for these activities is critical to ensure that this same transition is also fair and socially inclusive. A social taxonomy would also reinforce existing EU policy such as the European Pillar of Social Rights, the Equality Strategies, the initiative to eradicate child labour or forced labour. It would contribute to attaining the Sustainable Development Goals just as the Environmental Taxonomy contributes to the implementation of the Paris Agreement on Climate.

Almost a year after the PSF technical Report, it is due time for the Commission to publish its own report, describing the provisions that would be needed to cover other sustainability objectives, such as social ones.

Our hope is the publication of this report - legally required by the EU Taxonomy Regulation - will also lay the groundwork for the timely adoption of a legislative proposal expanding the EU Taxonomy framework to all aspects of sustainability.

The signatories:

AGE Platform

CSR Europe

European Roma Grassroots Organisations (ERGO) Network

Eurochild

European Anti-Poverty Network (EAPN)

European Disability Forum

EVPA

Finance Watch

Green Economy Coalition

ONCE Social Group

Philea – Philanthropy Europe Association

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Social Platform