

One week to go until HM Treasury's UK Green Taxonomy Consultation closes

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HM Treasury [published](#) the UK Green Taxonomy Consultation (the “**Consultation**”) on 14 November 2024, and there is one week to go until the consultation window closes on 6 February 2025. The Consultation seeks views on the value of the UK government implementing a UK green taxonomy (the “**Green Taxonomy**”) into its wider sustainable finance framework.

The Green Taxonomy — if introduced — is envisaged by the UK government to serve as a tool for financial market participants as a reference book for which economic activities are deemed to support climate, environmental or wider sustainability objectives and, in turn, increase sustainable investments and reduce greenwashing. The UK government's proposed implementation of the Green Taxonomy forms part of its wider ambitions for the UK to be a leader in sustainable finance. Please see our alert here for further information: [UK Doubles-Down on Sustainable Finance - Insights - Proskauer Rose LLP](#).

Notwithstanding the potential benefits of the Green Taxonomy on the UK investment industry, the UK government has noted that introducing a Green Taxonomy can be complex and that feedback the UK government has received on its value is “mixed”.

The Consultation therefore seeks feedback on any market and regulatory use cases for the Green Taxonomy, as well as potential design features and characteristics which would maximise its usability and efficiency for investors and those seeking investment.

The UK government is also looking to understand whether the Green Taxonomy would complement existing sustainable finance policies and how best to facilitate its implementation. In particular, the Consultation focuses on whether and how the Green Taxonomy could achieve the following objectives:

- mitigate greenwashing;
- channel capital towards increased sustainable investments;

- complement the UK's existing sustainable finance framework; and
- include design features to ensure maximum usability and efficiency, including:
 - interoperability with existing international taxonomies;
 - addressing the scope of the Green Taxonomy in terms of environmental objectives and sectors to be covered;
 - incorporation of the "Do no significant harm" principle, which states that progress towards one environmental objective should not cause significant harm to other environmental objectives; and
 - governance of the Green Taxonomy along with regular updates to it.

Stakeholders have until 6 February 2025 to provide their responses, which is now imminent.

For more information, please contact us at UKReg@proskauer.com.

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