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Feedback on the EU Taxonomy Delegated Acts

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| TYPE OF RESPONDENT: Non-governmental organisation (NGO) | TRANSPARENCY REGISTER NUMBER: 07783117686-61 |
| COUNTRY: Belgium | SECTOR OF ACTIVITY: Other |
| ORGANISATION: E3G | ORGANISATION SIZE: Medium (< 250 employees) |
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The Delegated Acts presented in this call for feedback include several activities spanning over various economic sectors substantially contributing to all six environmental objectives of the Taxonomy Regulation, however only some of these activities may be of relevance to you. To facilitate your feedback process, find an overview of included activities per sector and environmental objective on the [EU Taxonomy website](#).

Stakeholders are asked to limit their feedback only to the content of the drafts Delegated Acts subject to this call for feedback. Any other comments, including suggestions to add new activities will not be considered. A specific mechanism to channel these requests will be made available on the Commission website in the future.

When replying to this call for feedback, please clearly signal which activities in the draft Delegated Regulation(s) your comments relate to. For example, if referring to activity 3.19 regarding the manufacture of rail constituents in the draft amending Delegated Regulation regarding the objective of climate change mitigation (CCM), please mention the activity reference number (3.19) and the objective (CCM) clearly in your submission. The objectives should be abbreviated as follows:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

If referring to the amendments to Delegated Regulation (EU) 2021/2178 regarding disclosures under the Taxonomy (Art. 8), please also clearly highlight the relevant Section or Annex your reply refers to.

In line with the taxonomy's guiding principle of establishing robust, science-based criteria, the call for feedback puts emphasis on providing a **clear scientific and technical explanation and rationale** as well as **supporting evidence** (including links to published journals and articles) for any comments made with respect to the proposed technical screening criteria.



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For more information on the EU Taxonomy and activities already covered in the Taxonomy Climate Delegated Act, please visit: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en.

E3G welcomes the proposed new criteria for the remaining four environmental objectives, as well as the updated criteria for climate change and adaptation. This is a positive step in developing a fully-fledged EU Taxonomy as the tool it was designed to be. It is particularly reassuring to see that, in light of extreme weather events in Europe, disaster risk criteria are taken forward and would facilitate the financing of such activities. However, certain sectors and activities are problematic and need to be strengthened as described in the comments below.

Notably, for circular economy of buildings and plastic packaging, criteria can be improved to incentivise the use of secondary raw materials and recycling. For aviation and shipping activities, the thresholds should not promote extending the life of fossil-fuel based technologies where cleaner alternatives are available and would require financing to decarbonise these industries. For biodiversity, and conservation activities in particular, significant contribution to the objective should be clearly differentiated from offsetting, which is used to compensate for significant harm and should therefore be used as last resort after companies have already achieved their climate and environmental targets.

COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: CE 3.1 Construction of new buildings

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Consistency with the recommendations of the Platform on Sustainable Finance is encouraged as the proposed criteria in the DA has been significantly weakened on several accounts. The Global Warming Potential (GWP) is required to be calculated but should also be publicly available for transparency and promotion of such considerations by investors and client, not only when specifically requested.



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Considerations of energy efficiency standards and lowering the energy demand of renovated buildings are currently missing and should be included as criteria in line with EU Fit for 55 strategy and energy performance objectives.

COMMENT ON THE ACTIVITY DESCRIPTION: N/A

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: The material specific breakdown is welcomed and useful. However, imposing a limit on the amounts of primary raw materials used goes against the nature of the taxonomy substantial contribution principle. Rather than limiting the amount of primary raw materials, a threshold with minimum amounts for secondary raw materials would be more appropriate and incentivise the usage of such materials.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: The exclusions of buildings on arable and crop land as a biodiversity DNSH criteria is welcomed.

COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: CE 3.2 Renovation of existing buildings

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): Consistency with the recommendations of the Platform on Sustainable Finance is encouraged as the proposed criteria in the DA has been significantly weakened on several accounts. The Global Warming Potential (GWP) is required to be calculated but should also be publicly available for transparency and promotion of such considerations by investors and client, not only when specifically requested.

Considerations of energy efficiency standards and lowering the energy demand of renovated buildings are currently missing and should be included as criteria in line with EU Fit for 55 strategy and energy performance objectives.

COMMENT ON THE ACTIVITY DESCRIPTION: N/A



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COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: The proposed criteria for a least 70% (by weight) of the non-hazardous construction and demolition waste generated on the construction site is prepared for re-use or recycling should be increased. The DNSH level for renovation in the substantial contribution criteria for mitigation is already 70% in this area rendering the threshold pointless in contributing substantially to the circular economy objective of the taxonomy. The substantial contribution criteria for circularity should not be equal to the DNSH criteria for mitigation.

To incentivise the use of recycled or reused materials, the maximum amount of primary raw materials should be aligned with the respective raw material categories limit as the criteria for construction of new buildings, rather than allowing for a higher percentage of primary raw materials.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: The DNSH criteria should be amended to include the consideration of energy saving in the context of the renovation activity. The criteria should also include provisions for any risks of building falling out of compliance with minimum performance standards in the context of the amended EPBD in the renovation process.

COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: CE 1.1 Manufacturing of plastic packaging goods

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): N/A

COMMENT ON THE ACTIVITY DESCRIPTION: The inclusion of criteria for plastic packaging goods for the circular economy objective of the taxonomy is important in tackling plastic pollution. While plastic produced from fossil fuels does the most harm, biobased feedstock plastic should not automatically be considered as an activity contributing substantially to circular economy. The use of natural resources, as well as the growing and cutting of crops and forests not being circular, should be considered and better reflected in the criteria.

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: For the use of circular feedstock, the proposed criteria are significantly weaker compared to the recommendation of the Platform on Sustainable Finance and should be increased to



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85% in line with the recommendations. For chemical recycling technologies, the material conversion rate should be at least the rate of existing mechanical recycling technologies for that material.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: The DNSH criteria for the climate change mitigation should be improved on the emissions requirements. The proposed emissions lifecycle threshold that is lower than emissions from virgin fossil feedstock plastic, does not safeguard against significant harm, as the lifecycle of single-use plastic packaging is highly intensive. Therefore, a concrete emissions threshold is needed.

Additionally, potential emissions from incineration processes need to be considered. The DNSH criteria should therefore include requirements for end-use and recycling.

COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex IV to Environmental Delegated Act (BIO)

ACTIVITY: BIO Conservation, including restoration, of habitats, ecosystems and species

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): The technical screening criteria should be actively contributing to conservation and restoration rather be used as a justification for offsetting the impact of other economic activities. Therefore, we welcome the inclusion of a specific distinction in the additional minimum criteria (6.1). However, the current language of the criteria still leaves space for them to be used for offsetting purposes. Offsetting is a substitute for caused significant harm by other activities and thus does not fit the taxonomy framework and objectives. Taxonomy-aligned biodiversity activities would risk being used for offsetting purposes, and this should be the last resort after companies which have achieved their climate targets and reduced their emissions as much as possible. Thus, the language of the criteria should be additionally strengthened to explicitly exclude offsets from the contribution to the biodiversity objective. This will also be consistent with the recommendations of the Platform on Sustainable finance for the biodiversity technical screening criteria.

COMMENT ON THE ACTIVITY DESCRIPTION: N/A

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: Offsets exclusion should be clearly indicated in the criteria for substantial contribution to the taxonomy biodiversity objective for the activity.



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COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: N/A

COMMENT

Delegated Act: Amendment to Taxonomy Climate Delegated Act

Annex: Annex I to Climate Delegated Act (CCM)

ACTIVITY: CCM 6.18 Leasing of aircraft ; 6.19 Passanger and freight air tarnsport

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): The criteria for the new activities for passenger and freight air transport (6.19), as well as for leasing of aircraft (6.18) are much welcomed as they address a highly carbon-intensive segment of the transportation sector. However, the proposed technical criteria currently fail to provide the necessary clarity and confuse current best-in-class energy-efficient technologies, which are fossil-based nonetheless, with the adequate technology to decarbonise aviation. The draft criteria do not put aviation on the path to achieving climate neutrality by 2050 and require substantial improvement. The taxonomy rules for passenger and freight air transport are therefore unsuitable and potentially susceptible to facing legal challenges.

COMMENT ON THE ACTIVITY DESCRIPTION: N/A

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: N/A

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: N/A

COMMENT

Delegated Act: Amendment to Taxonomy Climate Delegated Act

Annex: Annex I to Climate Delegated Act (CCM)

ACTIVITY: CCM 6.7 Inland passanger water transport ; 6.8 Inland freight water transport ; 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities ; 6.11 Sea and coastal passenger water transport

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): The proposed amended criteria for inland

water transportation (6.7 and 6.8) are significantly weaker and should be reverted to the previous technical requirements. The new proposed declining factor risks perpetuating the use of polluting internal combustion engines for water transport and would thus fail to incentivise investments in cleaner net-zero vessels.

Similarly, the amended criteria for sea and coastal water transport (6.10 and 6.11) risks providing equal 'green' label to fossil-fuel powered ships and vessels running on net zero emissions fuels. This could result in disincentivising investments in decarbonising the industry.

Given that shipping is one of the industries that can be fully decarbonised through existing technology, efforts and investments focus on truly sustainable alternatives to fossil fuels.

COMMENT ON THE ACTIVITY DESCRIPTION: N/A

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: N/A

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: N/A

ADDITIONAL COMMENTS

The proposed criteria for the other four environmental objectives are a positive step forward in further developing the EU taxonomy in addition to the climate change mitigation and adaptation criteria. We welcome the text consistencies with most of the Platform's technical recommendations and the further improvements for some activities.

The inclusions of sound Disaster Risk reduction criteria are both welcomed, timely and critical given the intensifying weather conditions in Europe. The proposed criteria for **Nature-based solutions for flood and drought risk prevention and protection** under the sustainable use of water and marine resources, as well as the new **climate adaptation criteria for disaster risk management**, are particularly good.

However, improvements for some sectors and activities are needed where the criteria are not ambitious enough or weakened from the technical recommendations of the Platform. Specifically, the criteria that correspond to current practices or legal minimum in polluting industries should not be considered as contributing significantly to the climate and environmental objectives.

Moreover, the criteria need to reflect the adverse climate and environmental impacts of economic activities throughout the whole value chain. A large share of the significant environmental harm could take place outside of the EU but should nonetheless be considered for both the DNSH and the substantial contribution to the EU taxonomy objectives.



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Last, but not least, some activities originally proposed by the Platform on Sustainable Finance have not been included in the Commission’s proposal. Science-based, ambitious criteria for high-impact sectors that are currently missing should be developed and included in the taxonomy. Namely, chemicals, textiles, apparel and footwear, agriculture, and fishing are high-impact and high-risk activities and sectors and should be included with criteria higher and more ambitious than “business as usual”. Similarly, improvements in already existing weak criteria such as the forestry sector, is a missed opportunity to amend and improve the technical screening criteria beyond polluting business as usual practices.



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About E3G

E3G is an independent climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

More information is available at www.e3g.org

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