**Additional comments to questions 46, 67, 82 and 83**

**re EC Consultation on “The renewed sustainable finance strategy”**

**Question 46:** Due regard for a range of ’stakeholder interests’, such as the interests of employees, customers, etc., has long been a social expectation vis-a-vis companies. In recent years, the number of such interests have expanded to include issues such as human rights violations, environmental pollution and climate change. Do you think companies and their directors should take account of these interests in corporate decisions alongside financial interests of shareholders, beyond what is currently required by EU law?

* Yes, a more holistic approach should favour the maximisation of social, environmental, as well as economic/financial performance.
* Yes, as these issues are relevant to the financial performance of the company in the long term.
* No, companies and their directors should not take account of these sorts of interests.
* I do not know.

EU policy makers should refrain from posing restrictions on corporate decisions. Besides, the shipping companies do not have control over the entire supply chain whilst at the same time they dependent on and/or interlinked with the environmental performance of other sectors.

As an example, if a vessel enters a port where no infrastructure or supply of alternative fuel is available (e.g. in less developed countries outside Europe), the vessel has no other option than running on the traditional fuel at least temporarily. Another indicative example of the reliance of shipping on other stakeholders is the considerable impact that port call optimisation can have on ship CO2 emissions. Recent trials show that substantial CO2 reductions can be achieved by optimising the access of ships to ports in a planned schedule. However, for such decisions of other companies within the supply chain, the given shipping company cannot be responsible.

**Question 67** (P25): In your view, to what extent would potential public incentives for issuers and lenders boost the market for sustainable investments?

* Please express your view on the importance of financial incentives by using a scale of 1 (not effective at all) to 5 (very effective).
* In case you see a strong need for public incentives (scores of 4 to 5), which specific incentive(s) would support the issuance of which sustainable financial assets, in your view? Please rank their effectiveness using a scale of 1 (not effective at all) to 5 (very effective).
* Please specify the reasons for your answer (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider. [BOX max. 2000 characters]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Types of incentives | Bonds | Loans | Equity | Other |
| Revenue-neutral subsidies for issuers | Not relevant | Not relevant | Not relevant | Not relevant |
| De-risking mechanisms such as guarantees and blended financing instruments at EU-level | Not relevant | Not relevant | Not relevant | Not relevant |
| Technical Assistance | Not relevant | Not relevant | Not relevant | Not relevant |
| Any other public sector incentives - Please specify in the box below. | Not relevant | Not relevant | Not relevant | Not relevant |

The shipping industry might have difficulties to tap into the full scale of instruments, even though based on the actual economic situation a funding/financing mix is necessary to overcome the COVID-19 crisis and managing financial restructuring on the one hand and transition the industry on the one hand. In this light, revenue neutral subsidies should play a more significant role in the short term and a combination of de-risking mechanisms and revenue neutral subsidies could be foreseen in the medium term.

It should however highlighted that any regime put in place should not distort competition.

Furthermore, if policy measures incentives that financing is also available for early investment projects, i.e. ideas are scaled up to be eligible for financing, it would help the industry to go further on the path of sustainability.

**Question 82** (P30): In particular, do you think that existing actions need to be complemented by the development of a taxonomy for economic activities that are most exposed to the transition due to their current negative environmental impacts (the so-called “brown taxonomy”) at EU level, in line with the review clause of the political agreement on the Taxonomy Regulation?

* Yes/No/Do not know.
* If no, please explain why you disagree [BOX max. 2000 characters]
* If yes, what would be the purpose of such a brown taxonomy? (select all that apply)

o Help supervisors to identify and manage climate and environmental risks.

o Create new prudential tools, such as for exposures to carbon-intensive industries.

o Make it easier for investors and financial institutions to voluntarily lower their exposure to these activities.

o Identify and stop environmentally harmful subsidies.

o Other, please specify. [box max. 2000 characters]

**Recognising transitional efforts encourages and supports the industry’s efforts to climate neutrality.**Continuous efforts to lower emissions are showing positive results. However, these efforts, will require the active contribution of all actors in the maritime value chain, especially shipyards, engine manufacturers, but also classification societies, ports, energy companies and the fuel supply chain. It is crucial that the taxonomy is designed to ensure that the global fleet moves in the same direction. This means that projects, which bring the shipping industry in the right direction, should be classified as sustainable. It is equally essential that the taxonomy provides the incentives to facilitate the transition of both new and existing vessels on a global level, taking account of their remaining service life. Today, the fuels or propulsion methods that will make international shipping climate neutral in the future have yet to be developed. Several competing technologies are in development (with some already proven to work in practice and reducing emissions) and the industry continues to deliver cleaner vessels every year. Investing on the one hand in new technologies for building new vessels and on the other hand investing in equipment, retrofitting and optimisation of the existing fleet to gradually lower emissions is capital intensive and requires access to competitive financing, taking account of their remaining service life. The taxonomy must consider what is currently possible, both technologically and commercially, building on a life-cycle approach, and recognize that transitional measures – both technical and operational – are essential to reach the ambitions for the taxonomy.

Furthermore, these efforts are capital intensive and require access to competitive financing. Accordingly, if these transitional efforts are recognised by the taxonomy definition, meaning that the necessary financing will remain accessible, it will encourage and support the industry’s initiatives towards climate neutrality.

In this light, a regulatory incentive in stepping and advance on the path towards sustainability is more efficient than penalising policy measures, such as the brown taxonomy.

**Question 83** (P31): Beyond a sustainable and a brown taxonomy, do you see the need for a taxonomy which would cover all other economic activities that lie in between the two ends of the spectrum, and which may have a more limited negative or positive impact, in line with the review clause of the political agreement on the Taxonomy Regulation?

* Yes/No/Do not know.
* If yes, what should be the purpose of such a taxonomy? Please specify. [BOX max. 2000 characters]

In our view it is important that an integrated regulatory framework is providing transparent and stable regulatory background. In our view an additional taxonomy does not only create additional regulatory costs, but it has the risk to become punitive (already in advance by market sentiment) instead of providing incentives.

**Recognising transitional efforts encourages and supports the industry’s efforts to climate neutrality.**Continuous efforts to lower emissions are showing positive results. However, these efforts, will require the active contribution of all actors in the maritime value chain, especially shipyards, engine manufacturers, but also classification societies, ports, energy companies and the fuel supply chain. It is crucial that the taxonomy is designed to ensure that the global fleet moves in the same direction. This means that projects, which bring the shipping industry in the right direction, should be classified as sustainable. It is equally essential that the taxonomy provides the incentives to facilitate the transition of both new and existing vessels on a global level, taking account of their remaining service life. Today, the fuels or propulsion methods that will make international shipping climate neutral in the future have yet to be developed. Several competing technologies are in development (with some already proven to work in practice and reducing emissions) and the industry continues to deliver cleaner vessels every year. Investing on the one hand in new technologies for building new vessels and on the other hand investing in equipment, retrofitting and optimisation of the existing fleet to gradually lower emissions is capital intensive and requires access to competitive financing, taking account of their remaining service life. The taxonomy must consider what is currently possible, both technologically and commercially, building on a life-cycle approach, and recognize that transitional measures – both technical and operational – are essential to reach the ambitions for the taxonomy.

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