Call for Feedback by the Platform on Sustainable Finance on the draft report on preliminary recommendations for technical screening criteria for the EU taxonomy

Introduction

Call for feedback on the draft report on preliminary recommendations for technical screening criteria (TSC) for the EU taxonomy developed by the Technical Working Group (TWG) of the Platform on Sustainable Finance

Disclaimer:

The draft report is a working document by the Platform on Sustainable Finance and contains preliminary technical screening criteria that do not represent a final view of the Platform.

This call for feedback is part of ongoing work by the Platform, which was set up by the Commission to provide advice on the further development of the EU taxonomy. The call for feedback represents an opportunity to gather feedback and evidence from a wider set of stakeholders, to improve the draft criteria and make them more robust and usable.

This feedback process is not an official Commission consultation. The draft report produced by the Platform is not an official Commission document. Nothing in this feedback process commits the Commission nor does it preclude any policy outcomes.

The climate and environmental challenges we face put an immense task ahead of us: to transition to a low carbon, climate-resilient, and environmentally sustainable economy. The aim of sustainable finance policies is to help all economic actors navigate that transition with the urgency needed to avoid risks and meet climate and environmental goals.

In March 2018, the Commission published its action plan: financing sustainable growth, based on the advice of the High Level Expert Group (HLEG). Action 1 of the Commission’s action plan calls for the establishment of an EU classification system for sustainable activities, or EU taxonomy. The Commission followed through on this action by proposing a regulation for such a taxonomy, which was adopted by the co-legislators in June 2020. The Taxonomy Regulation establishes the basis for the EU taxonomy by setting out 4 overarching conditions that an economic activity has to meet in order to qualify as making a substantial contribution to environmental objectives

   (i) it contributes substantially to one or more of the six environmental objectives set out in the Taxonomy Regulation¹

   (ii) it does not significantly harm any of the other environmental objectives

   (iii) it is carried out in compliance with minimum (social) safeguards set out in the Taxonomy Regulation²

¹ The environmental objectives as set out in Article 9 of the Taxonomy Regulation are: climate change mitigation, climate change adaptation, pollution prevention and control, water and protection of marine resources, a circular economy, resource efficiency and recycling, and protection of ecosystems.
(iv) and it complies with the “technical screening criteria” that are established by the European Commission through delegated acts. The technical screening criteria specify the conditions under which an economic activity meets criteria (i) and (ii)

The development of the EU taxonomy relies on extensive input from experts from across the economy and civil society. Building on the experience of the Technical Expert Group (TEG) on Sustainable Finance and in line with the Article 20 of the Taxonomy Regulation ((EU) 2020/8521), the European Commission set up a permanent expert group, the Platform on Sustainable Finance, which advises the Commission on issues related to its sustainable finance policy, notably the further development of the EU taxonomy. The Platform operates through a plenary in full composition of all 57 members and 11 observers, and is organised around 6 subgroups where the technical work on its opinions, reports or recommendations takes place. As one of the 6 subgroups, the Technical Working Group (TWG) has, as its core tasks, to

- advise the Commission on the technical screening criteria on environmental objectives in line with Article 19 of the Taxonomy Regulation
- advise on the possible need to update those criteria
- analyse the impact of the technical screening criteria in terms of potential costs and benefits
- and assist the Commission in analysing requests from stakeholders to develop or revise technical screening criteria for a given economic activity

The first of the above-mentioned tasks is the focus of the Platform’s TWG July 2021 draft report and accompanying annex document as well as this associated call for stakeholder feedback – specifically to gather further evidence and feedback on proposed draft technical screening criteria. The draft criteria presented in the report are working documents of the Platform and do not represent a final view of the Platform. They are presented to gather feedback so that the criteria can be further refined and developed before a final set of recommendations on the criteria are agreed by the Platform and presented to the European Commission in November 2021.

The TWG report focuses primarily on presenting a first set of priority economic activities and draft recommendations for associated substantial contribution and do no significant harm (DNSH) technical screening criteria in relation to the four non-climate environmental objects covering water, circular economy, pollution prevention, and biodiversity & ecosystems. However, a small number of economic activities and corresponding draft recommendations for technical screening criteria related to the climate mitigation and adaptation objectives have also been included.

Due to resources, workload and time available, the Platform TWG addressed a first set of economic activities per environmental objective in its first phase of the work. The proposed methodology for the selection and prioritisation of the activities is explained in detail in the TWG draft report. It is important to note that an activity that is not included in this first batch of activities for the remaining 4 environmental objectives, for which the Platform will develop recommendations for technical screening criteria, may still be addressed as part of a second batch (Platform work starting after submission of the current batch of criteria). It is likely that the recommendations for additional activities and criteria included in that second batch would be addressed in a later update of the delegated act by the European Commission. Thus, non-inclusion by the Platform in the first batch of

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2 Article 18 of the Taxonomy Regulation specifies those as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the declaration on fundamental principles and rights at work of the International Labour Organisation (ILO), the eight fundamental conventions of the ILO and the international bill of human rights.
priority activities does not imply that the activity will not be considered for inclusion in the taxonomy. As recalled above, nothing in this process commits the Commission or precludes any policy outcomes.

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.

Call for feedback

The Platform is inviting stakeholders to provide feedback on the draft report through this online questionnaire.

The deadline for providing feedback is Friday 24 September 2021 at 18:00 (Central European Summer Time).

Please note: in order to ensure a fair and transparent feedback process, only responses received through the online questionnaire will be taken into account and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-platform-sf@ec.europa.eu.
Questionnaire

Important notice on the publication of responses

*Contributions received are intended for publication on the Commission’s website dedicated to the Platform. Do you agree to your contribution being published?

- Yes, I agree to my response being published under the name I indicate (name of your organisation/company/public authority or your name if your reply as an individual)
- No, I do not want my response to be published

Section 1: Respondent’s identification

- I am giving my contribution as
  1. Academic/research institution
  2. Business association
  3. Company/business organisation
  4. Consumer organisation
  5. EU citizen
  6. Environmental organisation
  7. Non-EU citizen
  8. Non-governmental organisation (NGO)
  9. Public authority
     a. 1. International or European organisation
     b. 2. National or Local Government or Ministry
     c. 3. Regulatory authority, Supervisory authority or Central bank
     d. 4. Other public authority
  10. Trade union
  11. Other

→ For everyone who answered 2 or 3 : Organisation size
  a. Micro (1 to 9 employees)
  b. Small (10 to 49 employees)
  c. Medium (50 to 249 employees)
  d. Large (250 or more)

- First name and last name
- Name of your organisation
- Email (this won't be published)
- Is your organisation included in the Transparency Register?
  (If your organisation is not registered, we invite you to register here, although it is not compulsory to be registered to reply to this feedback process. Why a transparency register?)

  Yes/No

  If so, please indicate your Register ID number:

- Where are you based?
- Where does your organisation carry out its activities (select one or more of the following)?
  - Europe
  - Middle East
  - Africa
  - Asia
  - North America
  - South America
  - Global

- Field of your activity?
  - Financial Activity
    - Accounting
    - Auditing
    - Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges) Social entrepreneurship
- Other
  - Non-Financial Activity (NACE)
    - Agriculture, forestry and fishing
    - Mining and quarrying
    - Manufacturing
    - Electricity, gas, steam and air conditioning supply
    - Water supply; sewerage, waste management and remediation activities
    - Construction
    - Transportation and storage
    - Accommodation and food service activities
    - Information and communication
    - Real estate activities
    - Professional, scientific and technical activities
    - Administrative and support service activities
    - Public administration and defence; compulsory social security
    - Education
    - Human health and social work activities
    - Other – please specify

Section 2: Targeted feedback on the draft technical screening criteria (TSC)

2.1 Selection of activity and TSC for commenting

Please select the activity(ies) and the aspect(s) of the activity(ies) and its criteria that you would like to comment on

Sector 1: Agriculture, forestry and fishing
- Animal production 1.1
- Crop production 1.2
- Forestry logging 1.3
- Fishing 1.4

Sector 2: Manufacturing
- Manufacture of basic pharmaceutical products 2.1
- Manufacture of basic pharmaceutical preparations 2.2
- Manufacture of chemicals 2.3
- Manufacture of chemicals products 2.4
- Manufacture of plastic packing goods 2.5
- Manufacture of durable electrical and electronic equipment 2.6
- Manufacture of circular electrical and electronic equipment 2.7
- Resell and/or remanufacture of used electrical and electronic equipment 2.8
- Manufacture of equipment generating electricity and/or heat 2.9
- Manufacture of high, medium and low voltage electrical equipment that result in or enable substantial GHG emissions reductions 2.10
- Manufacture of machinery enabling closed-loop systems, and high-quality waste collection and waste management 2.11
- Manufacture of machinery, equipment and solutions enabling a substantial contribution to the circular economy 2.12
- Manufacture of machinery, equipment and solutions enabling a substantial contribution to pollution prevention and control 2.13
- Manufacture of machinery, equipment and solutions enabling a substantial contribution the sustainable use and protection of water and marine resources 2.14
- Manufacture of motor vehicles, trailers and semi-trailers 2.15
- Manufacture of other transport equipment 2.16
- Design, manufacture, remanufacture, and reselling of furniture 2.17
- Manufacture of food products and beverages (making a substantial contribution to biodiversity) 2.18
- Manufacture of food products and beverages (making a substantial contribution to the transition to a circular economy) 2.19
- Finishing of textiles 2.20
- Manufacture, repair, refurbishment and resale of wearing apparel 2.21
- Manufacture, remanufacture and reselling of footwear and leather goods 2.22
- Tanning of leather 2.23

**Sector 3: Energy**

- Environmental refurbishment of electricity generation facilities that produce electricity from hydropower 3.1
- Electricity generation from bioenergy for protection and restoration of biodiversity and ecosystems 3.2
- Electricity generation using solar photovoltaic technology 3.3
- Electricity generation using concentrated solar power (CSP) technology 3.4
- Electricity generation from wind power 3.5
- Electricity generation from ocean energy technologies 3.6
- Electricity generation from hydropower 3.7
- Electricity generation from geothermal energy 3.8
- Electricity generation from natural gas 3.9
- Electricity generation from renewable non-fossil gaseous fuels 3.10
- Electricity generation from biogas 3.11
- Power from cogeneration of heat/cool and power from solar energy 3.12
- Power from cogeneration of heat/cool and power from geothermal energy 3.13
- Power from cogeneration of heat/cool and power from natural gas 3.14
- Power from cogeneration of heat/cool and power from renewable non-fossil gaseous fuels 3.15
- Power from cogeneration of heat/cool and power from biogas 3.16

**Sector 4: Civil engineering**

- Construction of civil engineering objects 4.1
- Civil engineering for climate change adaptation 4.2
- Maintenance of roads and motorways 4.3
- Maintenance of bridges and tunnels (railway, road and cycling infrastructure) 4.4

**Sector 5: Buildings**

- Construction of new buildings and major renovations of buildings for the transition to a circular economy 5.1
- Construction of new buildings and major renovations of buildings for protection and restoration of biodiversity and ecosystems 5.2
- Acquisition and ownership of buildings 5.3
- Demolition or wrecking of buildings and other structures 5.4

**Sector 6: ICT**

- Digital solutions exploiting space-based earth observations enabling climate change mitigation 6.1
- Digital solutions exploiting space-based earth observations enabling climate change adaptation 6.2
- Digital solutions exploiting space-based earth observations enabling the protection and restoration of biodiversity and ecosystems 6.3
- Digital solutions exploiting space-based earth observations enabling pollution prevention and control 6.4
- Digital solutions exploiting space-based earth observations enabling sustainable use of waters and marine resources, and their protection 6.5
- Provision of data-driven solutions enabling to prolong asset’s lifetime, provide value chain material and product information, or enable product designers to make a substantial contribution to the circular economy 6.6
- Provision of data-driven solutions enabling map and monitor water quality and scarcity, and manufacture of equipment enabling the efficient use and treatment of water resources 6.7

**Sector 7: Disaster risk management**

- Emergency services – Emergency health services 7.1
- Emergency services – Disaster response coordination 7.2
- Emergency services – Disaster relief 7.3
- Emergency services – Search and rescue 7.4
- Emergency services – Hazardous materials response 7.5
- Emergency services – Firefighting 7.6
- Emergency services – Technical protection response and assistance 7.7
- Flood risk prevention and protection infrastructure for inland and coastal floods 7.8
- Nature based solutions (Nbs) for flood risk prevention and protection for both inland and coastal waters 7.9

**Sector 8: Transport**

- Sea and coastal freight water transport 8.1
- Sea and coastal passenger water transport 8.2
- Retrofit and upgrade of vessels for the transport of freight on vessels designed for operating on sea or coastal waters 8.3
- Retrofit and upgrade of vessels for the transport of passengers on vessels designed for operating on sea or coastal waters 8.4
- Inland freight water transport 8.5
- Inland passenger water transport 8.6
- Urban and suburban passenger land public transport 8.7
- Transport by motorbikes, passenger cars and light commercial vehicles 8.8
- Manufacturing of aircraft 8.9
- Passenger air transport 8.10
- Air transportation ground handling operations 8.11

**Sector 9: Restoration, remediation**

- Conservation of habitats/ecosystems 9.1
- Restoration of ecosystems for protection and restoration of biodiversity and ecosystems 9.2
- Restoration of ecosystems for climate change adaptation 9.3
- Remediation activities enabling restoration of waterbodies 9.4
- Remediation activities for the transition to a circular economy 9.5
- Remediation activities for pollution prevention and control 9.6
- Remediation activities enabling restoration of ecosystems 9.7

**Sector 10: Tourism**

- Hotels, holiday, camping grounds and similar accommodation 10.1

**Sector 11: Water supply**

- Water supply 11.1
- Desalination 11.2

**Sector 12: Sewerage**

- Urban wastewater treatment 12.1
- Phosphorus recovery 12.2
- Production of alternative water resources 12.3
- Sustainable urban drainage systems (SUDs) 12.4

**Sector 13: Waste management**

- Collection and transport of non-hazardous and hazardous waste 13.1
- Separate collection and transport of hazardous waste 13.2
- Treatment of hazardous waste as a means for pollution prevention and control 13.3
- Treatment of hazardous waste as a means for material recovery 13.4
- Recovery of bio-waste by anaerobic digestion and/or composting 13.5
- Remediation of legally non-conforming landfills and abandoned or illegal waste dumps 13.6
- Depollution and dismantling of end-of-life products for material recovery 13.7
- Sorting and material recovery of non-hazardous waste 13.8
- Preparation for re-use of end-of-life products and components they are made of having become waste 13.9

**Sector 14: Services**

- Provision of electrical and electronic equipment through circular business models 14.1
- Provision of repair and maintenance services and of directly related activities 14.2
Please respond to the following set of questions (from here to questions under 2.2.3 included) for each activity you selected above:

On which aspect(s) of this activity would you like to comment?

- The description/boundary of the activity
- The substantial contribution TSC (if more than one for the activity in question, then these would be listed for selection – single or multiple selections possible)
- The DNSH TSC (with a sub-question allowing the user to specify which particular DNSH TSC they would like to comment on – single or multiple selections possible).

2.2 Comments on draft TSC

2.2.1 Description/boundary of the economic activity

Q) Does your comment about the description/boundary of the activity concern:

- The granularity of the activity? Yes / No [Condition: if Yes, please specify]
- The boundary of the activity? Yes / No [Condition: if Yes, please specify]
- The clarity with which the activity has been defined? Yes / No [Condition: if Yes, please specify]

If yes, please provide a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your selection:

[open comment box] [max. 2000 characters]

2.2.2 Substantial contribution technical screening criteria (TSC)

Q) Do you consider the ambition level set by the proposed substantial contribution criteria to be appropriate? Y/N

If no, please provide an alternative suggestion with a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your suggestion:

[open comment box][max. 2000 characters]

Q) Are there any key factors which have been omitted from the draft proposed substantial contribution criteria or that need better defining that should be addressed? Y/N

If yes, please identify the missing aspects or the improved definitions together with a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your suggestion(s).
Q) Do you have any major concerns with respect to the ability to implement (e.g. technical feasibility) the proposed substantial contribution criteria? Y/N

If yes, please identify your concern(s) together with a brief explanation and rationale as well as supporting evidence (including links to published journals and articles) for your concern(s).

Q) Do you consider that the rationale and scientific evidence on which the proposed criteria are based is sufficient and robust? Y/N

If no, please identify your concern(s) together with a brief explanation and rationale as well as supporting evidence (including links to published journals and articles) for your concern(s).

Q) Do the criteria for the activity represent the state-of-the-art in technological and/or practice terms?

If no, please identify your concern(s) together with a brief explanation and rationale as well as supporting evidence (including links to published journals and articles) for your concern(s).

2.2.3 Do No Significant Harm (DNSH) technical screening criteria (TSC)

Q) Does the proposed DNSH criteria ensure no significant harm to the environmental objective? Y/N

If no, what should the performance limit level be in your view?

Please provide a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your suggestion:

Q) Are there any key factors which have been omitted from the draft proposed DNSH criteria or that need better defining? Y/N

If yes, please identify the missing aspects or the improved definitions together with a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your suggestion(s).

Q) Do you have any major concerns with respect to the ability to implement (e.g. technical feasibility) the proposed DNSH criteria? Y/N
If yes, please identify your concern(s) together with a brief explanation and rationale as well as supporting evidence (including links to published journals and articles) for your concern(s).

[open comment box] [max. 2000 characters]

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2.4 Horizontal considerations with respect to the proposed TSCs

2.4.1 Substantial contribution technical screening criteria (TSC)

Q) Where economic activities are linked (e.g. through the supply chain) or have similar characteristics, are the associated substantial contribution criteria for a particular environmental objective suitably aligned and consistent? Y/N

If no, please identify the specific instances (economic activities, substantial contribution criteria) where you consider there to be misalignments or inconsistencies together with a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your suggestion(s):

[open comment box][max. 2000 characters]

2.4.2 Do No Significant Harm (DNSH) technical screening criteria (TSC)

Q) For each environmental objective, is the proposed performance level of DNSH criteria generally consistent and aligned across the different economic activities? Y/N

If no, please identify the specific instances (environmental objective, economic activities, DNSH criteria) where you consider there to be misalignments or inconsistencies together with a brief scientific/technical explanation and rationale as well as supporting evidence (including links to published journals and articles) for your suggestion(s):

[open comment box] [max. 2000 characters]

Section 3: General feedback on the draft report

Q) Do you have any comments on the written report that you would like to make? Y/N

If yes, please provide brief comments in the comment box below:

[open comment box][max. 5000 characters]