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## Draft Delegated Acts on the Sustainable Finance-Taxonomy

Dear Mr. Haag,  
dear Ladies and Gentlemen,

Deutsches Aktieninstitut, the organization of listed companies in Germany and other entities committed to the development of European capital markets, follows the debate on the development and progression of sustainable finance with close interest. We would like to thank the European Commission for the occasion to comment on the draft Delegated Acts (DAs) for the first two environmental objectives of the Taxonomy. The Taxonomy is bound to largely affect the activities of issuers across all industries. From this perspective, Deutsches Aktieninstitut doubts that the draft DAs will contribute to turning the Taxonomy into a landmark for the transition to a sustainable low-carbon economy. We would like to point at the following aspects:

### **1. Target-orientation and practicability questionable**

Overall, we believe the Technical Screening Criteria (TSC) in the draft DAs to be too strict and too limited in terms of addressing economic activities as to substantially contribute to climate change mitigation and climate change adaptation. In addition, we would like to stress that no impact assessment with regard to the TSC has yet been planned or prepared by the Commission. An impact assessment should, however, be an essential prerequisite for the adoption of any binding rule. Regarding its immaturity and its inadequate consideration of transition, we consider it as premature to use the Taxonomy in any other EU legislation.

### **2. Comprehensive approach fitting into the present European legal framework required**

The taxonomy proposal as presented by the European Commission follows the concept of a “positive classification” subject to a limited number of economic activities. This approach should not tempt potential users of the taxonomy to suspect that economic activities outside of the taxonomy’s coordinates are automatically to be regarded as not sustainable. Any economic activity making a positive contribution to the protection of the climate or the environment - however ranging below an identified metric or threshold -

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should be regarded as sustainable, even if not entirely corresponding to the taxonomy. Legal certainty is essential for companies obliged to apply the taxonomy. In this context it has to be mentioned that at present, numerous TSC are inconsistent with existing European legislation (e.g. Energy production TSC and Renewable Energy Directive). Such shortcomings must be overcome.

Moreover, the degree of sustainability of a company or a group of companies should never be measured exclusively by a single economic activity. An indication on the degree of sustainability should only be derived from a comprehensive perspective taking into account the full range of economic activities performed by the respective company or group.

A more holistic or comprehensive approach is also needed as regards the sustainability of a product or manufacturing process. In order to come to a reliable judgment beyond an approximate evaluation here, it is essential not only to take the product's life cycle into account but the entire value chain as well as the interconnection of production steps, which the production process as a whole involves. Associated services (e.g. distribution, maintenance) should be taken into account here. Vice versa, technologies, which are listed for use and operation (e.g. EV charging stations, distribution transformers) should be respected also for the manufacturing process.

### **3. Focus on transition and mitigation technologies**

The goal of achieving a carbon-neutral economy by 2050 vastly depends on an immediate switch to transition technologies, which might itself not be carbon-neutral but provide for much lesser emissions than conservative fossil energy production sources, especially coal, which is still used at present in large parts of Europe. In this context, gas amounts to an indispensable transition technology as not only producing much lesser emissions than coal but also as guaranteeing reliable energy-supply until the alternative energy production has been progressed so far as being able to totally replace gas energy production. The best in class-approach, which the Commission pursues in terms of emission thresholds of transition technologies should be reconsidered as the timely achievement of climate neutrality requires a broad use of transition technologies.

Beyond the necessity of making use of the latter, it is not understandable why the TSC exclude some technologies that are mature and could deliver significant reduction of GHG emissions, such as Carbon Capture and Utilization.

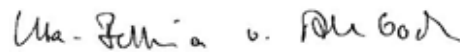
In order to make the taxonomy as basis for future sustainable finance-activities a success, it should follow a practicable approach and avoid unrealistic and disproportionate expectations. Companies must be involved into the debate as they are the true drivers of technical innovation making a positive contribution and capable of delivering a perspective solution to many environmental and climate problems that we are confronted with.

We kindly ask you to take our remarks into consideration.

Yours sincerely

Handwritten signature of Jan Bremer in cursive script.

Jan Bremer, LL.M.  
Head of Legal Department

Handwritten signature of Uta-Bettina von Altenbockum in cursive script.

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