

# Call for feedback on the Platform on Sustainable Finance's draft proposal for an extended taxonomy to support economic transition

Fields marked with \* are mandatory.

## Introduction

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### Disclaimer:

This call for feedback is part of ongoing work by the [Platform on Sustainable Finance](#), which was set up by the Commission to provide advice on the further development of the EU taxonomy framework.

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.

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 taxonomy. The Commission followed through on this action by proposing a regulation for such a taxonomy. The [Taxonomy Regulation](#) was adopted by the co-legislators in June 2020. It 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.

Development of the EU taxonomy relies on extensive input from experts from across the economy and civil society. The [Platform on Sustainable Finance](#) plays a key role in enabling such cooperation by bringing together the best expertise on sustainability from the corporate and public sector, from industry as well as academia, civil society and the financial industry join forces.

As a permanent expert group of the Commission that has been established under Article 20 of the Taxonomy Regulation, the Platform has been tasked to advise the Commission on further developing the EU taxonomy, improving its usability and exploring its expansion to social objectives, activities that significantly harm environmental sustainability or activities that have no significant impact on environmental sustainability.

In October 2020, the Commission established the Platform with five working groups, including the [subgroup on negative and low impact activities](#). The subgroup has been tasked to advise the Commission on the development of the taxonomy with regard to economic activities that do not have a significant impact on environmental sustainability and economic activities that significantly harm environmental sustainability.

The 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.

The EU taxonomy creates a common definition and gives recognition to economic activities that make a substantial contribution to an environmental objective, while not doing significant harm to any other environmental objective and meeting minimum social safeguards. In this setting, the taxonomy framework already defines levels of 'significant harm'. Co-legislators mandated the Commission to explore whether this framework could be extended to further categories of environmental performance: activities that do significant harm and activities with no significant impact.

There are many ways in which the taxonomy framework could be extended. Those that make a substantial contribution without undermining any of the goals and while ensuring they are socially sustainable, are already recognised, as the transition could not succeed without having a lot more of such green activities. But a successful transition also means that actors that do not make a substantial contribution can also start and continue their transition, including taking valid and robust interim steps towards sustainability. The objective of this analysis is to explore how an extended taxonomy could help economic actors on this urgent environmental transition pathway, irrespective of what level of environmental performance they start from.

**On 12 July 2021, the Platform published its [first draft proposal for an extended taxonomy to support economic transition](#).** The report explores the main considerations behind the questions of this consultation. You are kindly invited to read that report before filling in this questionnaire.

## Call for feedback

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

**The deadline for providing feedback has been extended to Monday 6 September 2021 at 12:00 CEST (midday).**

In the online questionnaire, you will be asked to comment on certain aspects of the report and make suggestions.

## Next steps

The Platform is still working on some important aspects of these questions and will proceed to develop its final report and final recommendations after considering the stakeholder input collected through this call for feedback.

The Platform will submit the final report with their advice to the Commission in autumn 2021. The Commission will analyse and consider the report in view of the continuous developing of the EU taxonomy, as anticipated in the new [sustainable finance strategy](#).

By the end of 2021, the Commission will publish a report on the provisions required for a social taxonomy, as required by the Taxonomy Regulation.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our 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](mailto:fisma-platform-sf@ec.europa.eu).

More information on

- [the call for feedback document](#)
- [the draft report on an extended taxonomy to support economic transition](#)
- [the publication of the 2 draft reports](#)
- [the Platform on Sustainable Finance](#)
- [sustainable finance](#)
- [the protection of personal data regime for this call for feedback](#)

## About you

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\* I am giving my contribution as

- ☐ Academic/research institution
- ☐ Business association
- ☐ Company/business organisation
- ☐ Consumer organisation
- ☐ EU citizen
- ☐ Environmental organisation
- ☐ Non-EU citizen
- ☐ Non-governmental organisation (NGO)
- ☐ Public authority
- ☐ Trade union
- ☒ Other

\* First name

Jan

\* Surname

BREMER

\* Email (this won't be published)

bremer@dai.de

\* Organisation name

*255 character(s) maximum*

Deutsches Aktieninstitut e.V.

Transparency register number

*255 character(s) maximum*

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

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\* Where are you based and/or where do you carry out your activity?

- ☐ Austria
- ☐ Belgium
- ☐ Bulgaria
- ☐ Croatia
- ☐ Cyprus
- ☐ Czech Republic
- ☐ Denmark
- ☐ Estonia
- ☐ Finland
- ☐ France
- ☒ Germany
- ☐ Greece
- ☐ Hungary
- ☐ Iceland
- ☐ Ireland
- ☐ Italy
- ☐ Latvia
- ☐ Liechtenstein
- ☐ Lithuania
- ☐ Luxembourg
- ☐ Malta
- ☐ Netherlands
- ☐ Norway
- ☐ Poland

- ☐ Portugal
- ☐ Romania
- ☐ Slovakia
- ☐ Slovenia
- ☐ Spain
- ☐ Sweden
- ☐ Switzerland
- ☐ United Kingdom
- ☐ Other country

**Field of activity**

**\* Financial activity**

Please select as many answers as you like

- ☐ 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
- ☒ Not applicable

**\* Non-financial activity (NACE)**

Please select as many answers as you like

- ☐ 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
- ☒ Not applicable

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

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ☒ **Yes, I agree to my responses being published under the name I indicate ( name of your organisation/company/public authority or your name if your reply as an individual – your email address will never be published)**
- ☐ **No, I do not want my response to be published**

☒ I agree with the [personal data protection provisions](#)

## Your opinion

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**Question 1. Which environmental performance levels should the taxonomy distinguish, with a view to help the environmental transition?**

**Please select all of those that you would prioritise:**

Please select as many answers as you like

- ☒ Substantial contribution
- ☐ Intermediate performance
- ☐ Significantly harmful - but can improve to sustainability
- ☐ Significantly harmful - but can improve not to do significant harm
- ☐ Significantly harmful - but cannot improve sufficiently to avoid doing no significant harm

- ☐ No significant impact

**Question 2. How could policies ensure that recognising the transition from significantly harmful to intermediate performance will not slow down the transition to green activities (that evidence shows we need to accelerate)?**

**Please select all that you agree with:**

Please select as many answers as you like

- ☐ Not relevant
- ☐ Distinguish different levels of environmental performance clearly throughout the taxonomy and in other instruments
- ☐ Recognise only improvements from and to a well-defined level of environmental performance, rather than recognising activities sitting in a given level of performance below substantial contribution
- ☐ Require continued improvement beyond the relevant investment plan
- ☐ Require associated entity level transition strategy to understand the credibility of the intermediate transition.
- ☒ Recognise multiple ways of transition depending on type of Technical Screening Criteria.
- ☐ Other safeguards would be needed

**Question 3. Do you consider that recognising/naming the significant harm performance level would be important?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

### **‘Significantly harmful’ taxonomy**

**Question 4. In your view what would be the advantages and disadvantages of a ‘significantly harmful’ taxonomy as designed by the Platform (i.e. accompanied by an assessment of the existing and needed EU policy and legislative initiatives aimed at incentivising finance for urgent transition away from significantly harmful activities, for building climate-resilience and to support greening of the whole economy)?**

**Advantages – a ‘significantly harmful’ taxonomy would:**

Please select as many answers as you like

- ☐ increase the transparency of environmental performance levels of activities

- ☐ improve the communication of transitions and transition plans on activity level
- ☐ help companies to develop strategies and investment plans for moving away from significantly harmful performance levels and meeting environmental objectives
- ☐ help markets define and develop instruments for financing the transition
- ☐ enhance risk management frameworks
- ☐ help policymakers to provide subsidies for decommissioning
- ☒ other

**Please elaborate on your answer on the **advantages** of a ‘significantly harmful’ taxonomy. Could advantages be further enhanced? If so how?**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The environmental taxonomy already entails the DNSH criteria. At this stage we consider it as premature to develop an extension to the existing taxonomy since the results of the first reporting period need to be awaited and assessed first.

However, an extension with regard to intermediate activities deserves to be duly considered.

**Disadvantages – a ‘significantly harmful’ taxonomy would:**

Please select as many answers as you like

- ☒ be a departure from the positive spirit of the green taxonomy
- ☒ negatively impact the ability of companies to raise finance for transition
- ☒ accelerate transition risks and risks creating “stranded asset by legislation”
- ☒ negatively impact banks with high shares of lending to certain companies both among retail customers and on the wholesale markets
- ☒ disadvantage EU companies vs non-EU jurisdiction
- ☒ increase complexity, reporting burden and affect usability of the taxonomy
- ☒ other

**Please elaborate on your answer on the **disadvantages** of a ‘significantly harmful’ taxonomy. How could they be addressed?**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



An extension of the Taxonomy to classify significant harmful activities would lead to major negative consequences for companies in transition and ultimately result in a green and brown classification system, which has been rejected in the legislative process on level 1. Rather than incentivizing, a significantly harmful taxonomy would have the opposite effect as it will simply hinder access to finance for transformation or trigger withdrawal of necessary investments for innovation. It will also lead to the shutdown or outsourcing of activities, thereby slowing down the overall transformation process. In addition, any changes to the Taxonomy framework would obstruct the implementation process, directed towards a positive, incentivizing transition.

## Two types of significantly harmful activities

The report distinguishes two types of significantly harmful activities

- those that are 'always significantly harmful' (no technical option to transition to an environmental performance not causing significant harm)
- and those that can transition out of causing significant harm

### Question 5. Do you agree with the following statements?

**Please check all boxes that you agree with:**

Please select as many answers as you like

- ☐ **Always significantly harmful activities should be distinguished** from those activities that have a potential to transition out of significant harm
- ☐ Criteria should be added under the green taxonomy to **recognise as green the closure / decommissioning** for such always significantly harmful activities
- ☐ **Mandatory reporting** on turnover from and capex/opex related to always significantly harmful activities should be introduced

### Question 6. Do you consider recognising/naming the intermediate performance level useful to encourage mitigating significant harm?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 6:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Instead of introducing a “significantly harmful” category and an intermediate performance level, the Platform should make use of Article 10 (2) in the Taxonomy Regulation to propose appropriate and realistic technical screening criteria for transitional activities in the framework of the positive Taxonomy for determining whether an economic activity qualifies as environmentally sustainable.

We also want to point out that companies already have to provide information on their performance level and environmental targets due to the sustainability reporting following the NFRD (future CSRD). As these reports are published and audited, the information is already public and visible to interested parties.

**Question 7. For activities that are in the intermediate performance space (in between significant harm and substantial contribution):**

**a) should all turnover from such activities be recognised as intermediate turnover, and all opex as intermediate opex?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 7. a):**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A simplified approach based on singular thresholds cannot cover the complexity of assessing sustainability. Recognizing all turnover and all opex as intermediate is too simplistic and will not incentivize investments towards “substantial contribution” but rather incentivizes maintaining the status quo. This category would be a drastic shift from the initial approach of the taxonomy.

**b) should all capex be recognised as ‘intermediate capex’ irrespective of whether or not it improves environmental performance of the activity and by how much?**

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 7. b):**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The explanation provided under question 7. a) also pertains to question 7. b).

## Intermediate transition

The report recommends to recognise 'intermediate transition', differentiated from green transition.

### **Question 8. What do you think are the essential conditions for recognising such intermediate transitions for activities that can make a substantial contribution to the given environmental objective:**

Please select as many answers as you like

- ☐ a) that the activity reaches the intermediate performance level, in other words does not do significant harm to that particular environmental objective
- ☐ b) in addition, that the activity continues to improve its environmental performance in order to stay in that intermediate performance level and not to do significant harm even if in the future the criteria are tightened.
- ☐ c) in addition, that the activity continues to improve its environmental performance in order to reach substantial contribution (green) in the future
- ☐ d) in addition, that the activity does no significant harm to other environmental objectives
- ☐ e) in addition, that the activity does no significant harm to any of the other environmental objectives, with the exception of adaptation (because failing to meet the do no significant harm criteria to adaptation means only a harm on the activity itself)

### **Question 9. Do you have other suggestions for extending the taxonomy framework for significantly harmful activities, intermediate performance, intermediate transition?**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Only a positive approach in the Taxonomy will support the transformation to a more sustainable real economy: steering investments in the right direction is a more promising approach than penalising companies for their decisions in the past. Instead of introducing a “significantly harmful” category and an intermediate performance level, the Platform should make use of Article 10 (2) in the Taxonomy Regulation to propose appropriate and realistic technical screening criteria for transitional activities in the framework of the positive Taxonomy for determining whether an economic activity qualifies as environmentally sustainable. Introducing an intermediate performance level instead of using Article 10 (2) would only bring limited added value, unnecessary complexity, and disproportionate additional reporting costs. Already today, the Taxonomy ensures that certain economic activities do not qualify as sustainable and its DNSH principle excludes harmful activities.

## ‘No significant (environmental) impact’ taxonomy

**Question 10. In your view what would be the advantages and disadvantages of a ‘no significant (environmental) impact’ taxonomy?**

**Check all that apply and add anything you think is missing:**

### **Advantages – a ‘no significant environmental impact’ taxonomy would:**

Please select as many answers as you like

- ☐ help the ESG analysis
- ☐ be beneficial for SME’s to access finance
- ☐ be beneficial for SME’s to access green finance (if it can allow for / incentivise greening even within the NSI space, where there is such possibility)
- ☐ ensure banks can report green lending to SMEs and continue to develop these markets
- ☐ allow easier access to finance for larger companies in these sectors
- ☐ other

### **Disadvantages – a ‘no significant environmental impact’ taxonomy would:**

Please select as many answers as you like

- ☒ be too complex to manage, as a framework
- ☒ imply burdensome reporting obligations
- ☐ risk disadvantaging ‘no significant impact activities’ vis-à-vis intermediate contribution activities that are likely to be more polluting
- ☒ other

**Please elaborate on your answer on the disadvantages of a ‘no significant (environmental) impact’ taxonomy. How could they be addressed?**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The implementation of the environmental Taxonomy requires legal certainty and enough time. Currently, not one delegated act has entered into force and technical screening criteria for only two out of six environmental objectives are adopted by the Commission. While still in the implementation phase until 2023, the focus should be on ensuring a proper application of the Taxonomy to provide reliable, timely and verifiable data. Considering the many challenges that the implementation currently poses, any changes to the Taxonomy framework would obstruct the ongoing process. Even without an extension of the Taxonomy, the implementation challenges for companies and industry at large remain significant and will only grow with the additional screening criteria for the remaining four environmental objectives.

In case of an extension of the taxonomy, significant harm criteria need to be aligned with the do no significant harm criteria in order to reduce complexity and reporting burdens.

**Question 11. Can you give examples of activities which you think would be considered as NSI?**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 12. If there was to be an extension of the taxonomy to address NSI activities, should it be a requirement for companies or investors wishing to report activities under the NSI taxonomy to first participate in an environmental labelling or certification scheme (such as [EMAS](#)) to validate minimum levels of environmental performance?**

- ☐ Yes, reporting of activities should stay voluntary but conditional upon such a certification/labelling
- ☐ No, reporting of activities should stay voluntary but there should not be any certification/labelling as a condition
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 12:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 13. Do you consider it would be helpful if the Platform prepared non-binding guidance on NSI activities which could be published by the Commission for voluntary use by taxonomy users?**

- ☐ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Question 14. Are you in favour of a phased approach where NSI could be recognised as a generic category (through guidance) without L1 change?**

- ☐ Yes, it is a priority
- ☐ Yes but it should be done in future only
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 14:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 15. Prior to any L1 change (if at all), do you consider that the Platform should recommend to include some NSI activities in the taxonomy by e.g. creating a generic category for 'green' service providers under the adaptation or other objectives?**

- ☐ Yes
- ☐ No
- ☐ Don't know / no opinion / not applicable

**Please explain your answer to question 15:**

*1000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Additional information

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Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

**0ae3b6ff-38e2-411f-8656-56bafb14dd68**

**/210906\_Response\_Deutsches\_Aktieninstitut\_taxonomy\_extension\_Additional\_information.pdf**

### Useful links

[Call for feedback document \(https://ec.europa.eu/info/files/2021-extended-taxonomy-report-call-for-feedback-document\\_en\)](https://ec.europa.eu/info/files/2021-extended-taxonomy-report-call-for-feedback-document_en)

[Draft report on a extended taxonomy \(https://ec.europa.eu/info/files/210712-sustainable-finance-platform-report-extended-taxonomy\\_en\)](https://ec.europa.eu/info/files/210712-sustainable-finance-platform-report-extended-taxonomy_en)

[More on the publication of the 2 draft reports \(https://ec.europa.eu/info/publications/210712-sustainable-finance-platform-draft-reports\\_en\)](https://ec.europa.eu/info/publications/210712-sustainable-finance-platform-draft-reports_en)

[More on sustainable finance \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance\\_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en)

[Platform on Sustainable Finance \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2021-extended-taxonomy-report-specific-privacy-statement\\_en\)](https://ec.europa.eu/info/files/2021-extended-taxonomy-report-specific-privacy-statement_en)

### Contact

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