

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

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.

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.

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

* 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

Henrik

* Surname

Munck

* Email (this won't be published)

hmu@forsikringogpension.dk

* Organisation name

255 character(s) maximum

Insurance and Pension Denmark

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.

002584211848-89

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

* 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

* Does your company/business organisation have any activities covered by the [Taxonomy Climate Delegated Act](#)?

- Yes
- No
- Don't know / no opinion / not applicable
- Prefer not to say

* What level do those activities of your company/business organisation that the Taxonomy Climate Delegated Act covers reach?

- Substantial contribution to climate change mitigation
- Doing no significant harm to climate change mitigation
- Both above thresholds
- None of the above thresholds
- Don't know / no opinion / not applicable
- Prefer not to say

*** 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

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

Question 3.1 Please select the answer you agree with:

- voluntary disclosures and guidance are sufficient
- voluntary reporting is not effective, the mandatory solution is needed urgently
- agree with the staged approach in the report to first work with voluntary disclosures/ guidance and in a later stage introduce mandatory reporting
- 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.

It's important that investors and other stakeholders can easily identify economic activities that will bring about reduced emissions and support the transition. Investor behaviour is the most important driver (in the private sector) in this respect. Recognising that the movement from "significantly harmful" to "less harmful" can constitute significant reductions of emissions and is therefore environmentally sustainable - given current technology - will allow eg. pension providers and other institutional investors to invest pension savings sustainably and still obtain the very important diversification of the investments. It is extremely important that any extension of the taxonomy framework goes hand-in-hand with the scope of the forthcoming CSRD so that FMP's are able to report to customers and others about their portfolios. Finally, we'd like to point out that extending the taxonomy should only be done once the current taxonomy is up and running and has been thoroughly evaluated.

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.

It's very important that an SH extension of the Taxonomy takes into account that many companies are able to improve their environmental performance - eg. by improving on internal processes and technologies employed or by switching to up-stream or down-stream suppliers who emit less GHG, or otherwise. Therefore, the extended Taxonomy must allow for such forward looking measures to be properly reflected. It is therefore extremely important to assess the consequences of an SH taxonomy in terms of risks of stranded assets, green bubbles and other unfavourable effects.

If such risks are not taken properly account of, the costs of transiting to a sustainable economy - in terms of value destroyed, jobs lost and other negative impacts on the economy and on the general social wellbeing - may be severely underestimated.

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.

Strengthening the taxonomy framework by recognising that sub-SC environmental performance - if on the path to improving and perhaps reaching SC - can be beneficial for the environment would be extremely valuable. The current, binary model is not a good solution for the long term. We believe strongly that, over time, investment decisions can be a significant driver of the required change if it is made clear to investors how an investee company should be assessed based on the company's prospects of and projections to reduce its negative environmental impact.

If the taxonomy is extended, we believe it's important to take account of the way in which the SFDR is dependent on the taxonomy. Specifically, we suggest that investment products adhering to SFDR art. 9

criteria should not be allowed to include SH investments, even if the investments in question are aiming to move out of the SH category. However, intermediate performance investments should be allowed in SFDR art. 9 products.

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.

From an investor point of view, information such as this is extremely important - both in order to invest in companies with a prospect - and clear plans - to improve, and in order to be able to assess the environmental risks to the companies financial performance. If the importance of environmental issues for a companies different business lines is not known to investors, then it's not possible to project how environmental issues may or may not affect the companies ability to maintain or reach a desired level of profitability in an environmentally sustainable way.

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.

To us, it would seem appropriate to label intermediate capex in line with the significance in terms of moving a company towards the SC level for the particular activity in question. It would - in our view - be necessary that companies, on a mandatory basis, report on the achieved progress towards the SC-level for capex designated to reach such an improvement.

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)

You selected option b) in question 8.

The criteria for ensuring that the activity will improve to reach substantial contribution should include to:

Please select as many answers as you like

- have a transition plan in place
- set a deadline for the transition
- have the transition plan validated by the Board
- publish the transition plan
- audit the transition plan
- disclose how the intermediate transition fits within the entity level transition strategy
- other

Please specify to what else should the criteria include, in relation with option b) in question 8.:

1000 character(s) maximum

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

We find the question difficult to answer as option b) in Q8 refers to "the activity remaining in the intermediate performance level..." whereas the question here refers to "the criteria for ensuring that the activity will improve to reach SC" This wording in the question seems to point to option c) in Q8

However, we tend to think that the company should have a plan in place detailing what it intends to do to ensure that going forward the activity in question remains in the intermediate area, taking into account that criteria may be tightened, and also reflecting any improvements which may move the activity closer to (but not into) SC

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.

We would like to highlight the need for consistency across all EU initiatives concerning sustainable finance. The taxonomy extension should take into account - and be consistent with - the upcoming legislation regarding social taxonomy, CSRD and sustainable corporate governance. It's important to stress that this consideration pertains to both content and timing. New reporting requirements under the SFRD for instance must be put off until investee companies are required to make information available under the CSRD. If this is not observed then the costs of implementing the regulatory requirements will be extremely high and much higher than needed, and the quality of implementations will suffer to the detriment of investors, customers and society as a whole.

'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

Please elaborate on your answer on the advantages of a ‘no significant (environmental) impact’ 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 NSI statement will render many companies "in the clear" in terms of environmental performance, and this, we believe, will make investment decisions in relation to such companies easier.

On the other hand, we hesitate to endorse the NSI as a way forward, because even service companies and others with little or no environmental impact to improve may still be able to contribute through requirements to up-stream or down-streams suppliers and/or partners. Also, even though a company has very little scope for reducing GHG emissions, its environmental contributions may be directed at other environmental sustainability objectives. Therefore, in our opinion, the whole concept of no/low impact companies could be misleading.

For these reasons, we suggest that - although an NSI taxonomy may have merits, its development should await a) the completion and implementation of the current environmental taxonomy and b) the development of an SH taxonomy.

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.

please refer to our above answer to Q10 - Advantages

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.

We refer to our answer to Q10 - Advantages. We hesitate to point to activities which should be considered NSI. Going forward, at some point in the future, activities which are today thought of as NSI may obtain a potential to reduce environmental impact through one or more of the taxonomy environmental objectives.

For this reason, we believe it's important that - in general - the impact of activities should be described, regardless of whether specific activities are currently thought of as being of no importance.

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.

It is, obviously, desirable to keep certification/labelling as simple as possible. However, in order to ensure credibility and reliability, we believe it's difficult to envisage an NSI scheme that doesn't to some extent rest on common criteria and labelling/disclosure

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

Please explain your answer to question 13:

1000 character(s) maximum

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

on the contrary; we believe that non-binding guidelines tends to foster quite voluminous and yet non-comparable information, unless accompanied by good quality guidance. This, in fact, corresponds with the lessons learned from the existing non-binding guidelines on non-financial information. Only in some countries, where the non-binding guidelines have led to stricter, albeit non-legislative, requirements, have the non-binding guidelines resulted in - to some extent - comparable and to-the-point information

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.

Our answer to this is "yes". However this does not imply that we favour an NSI-approach, as explained

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.

Ref. answers above

Additional information

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

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)

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[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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