



The European Parliament,
Brussels
the 24th of March, 2021

Dear President von der Leyen, dear Vice-President Dombrovskis, dear Vice-President Timmermans, dear Commissioner McGuinness,

With great concern we have taken note of the updated draft delegated act for the Taxonomy Regulation. The proposals are severely weakening the previous draft act, which itself already deviated from the extensive science-based advice that the Commission has received by the Technical Expert Group. If the Commission continues to pursue the lowest common denominator of member states and private interests rather than what is needed to shift investment towards a climate neutral economy, the ambitions of the Commission in the field of sustainable finance will fail. We call on the Commission to substantially improve the technical screening criteria before adopting its final delegated act to avoid a rejection by the European Parliament and to avoid any further reputational damage to the taxonomy as a credible tool for sustainable investment.

In December 2020 we have sent detailed comments to the draft delegated acts of the Commission. <http://extranet.greens-efa-service.eu/public/media/file/1/6699>

After a first preliminary and non-exhaustive analysis of the updated proposal for the delegated act, it appears that our demands for bringing the technical screening criteria in line with the spirit of the Taxonomy Regulation, based on the TEG recommendations and in line with the EU's climate objectives for 2030 and 2050, have not been taken into account.

Most importantly, we deplore the introduction of new categories of fossil gas investments to be considered as substantially contributing to climate mitigation. This is a severe threat to the credibility of the EU's framework for sustainable investments and is incompatible with Article 10 of the taxonomy regulation which requires avoiding a lock-in of carbon intensive assets.

Throughout the delegated act "low-carbon gases" lack a legal definition. In the absence of a clear meaning, the concept risks opening loopholes for fossil gas investments to be unduly considered sustainable.

Also, our key demand to not consider the use of whole trees and food and feed crops for energy as a substantial contribution to climate mitigation, was not addressed in the updated proposal for the delegated act.

The distinction between transitional activities and already sustainable activities is blurred in several economic activities. This will make disclosure of taxonomy aligned activities more difficult and less clear. Moreover, for some activities like electricity generation from gas, bioenergy, biofuels in transport and cogeneration of heat/cool and power from gas, the Commission has classified these activities as fully sustainable instead of transitional.

For the generic criteria for DNSH to protection and restoration of biodiversity, although an impact assessment is required, it is insufficiently clear which criteria are used to determine whether an impact assessment gives sufficient guarantees that significant harm is avoided.

Finally we reiterate our previous concern that throughout the delegated act a general declining ceiling of greenhouse gas intensity towards net zero for economic activities is lacking from the proposal.

In the attachment you can find some more specific remarks to the updated draft Delegated Acts.

We look forward to exchange further on these matters.

Yours sincerely,

Bas Eickhout, MEP, co-rapporteur of the Taxonomy Regulation
Sven Giegold, MEP, ECON-coordinator Greens/EFA