

Brussels, 03/05/2023

**Subject: Greens/EFA reaction to draft Taxonomy technical screening criteria**

Dear Commissioner McGuinness,

Dear Executive Vice-President Timmermans,

Dear Commissioner Vălean,

Dear Commissioner Sinkevičius,

On 5 April 2023 the Commission has shared with the European Parliament the draft Delegated Regulation to establish additional technical screening criteria for the remaining four environmental objectives and amendments to the Climate Delegated Acts of the Taxonomy Regulation. With this letter we would like to express our concern regarding the proposed technical screening criteria for some of the economic activities and **ask you to bring these in line with the spirit and letter of Regulation (EU) 2020/852 before their final publication.**

The draft foresees technical screening criteria for the aviation sector which would classify a large portion of airline activities including fleet renewal as “substantially contributing to climate mitigation”. The draft criteria in chapter 3.21, 6.18 and 6.19 in amendments to Annex I of Delegated Regulation (EU) 2021/2139 are not consistent with the requirements of Article 10 (2) of Regulation (EU) 2020/852. The minimum SAF use in the criteria do not put the aviation sector on a credible pathway to limit temperature increase to 1,5 °C, but instead only require marginal emission intensity improvements which the industry has already committed to. The draft criteria hamper the development and deployment of low-carbon alternatives such as a shift to rail and zero-emission aircraft for the short- and medium-haul market and should therefore be removed or revised to respect the requirements for transitional activities. For the long-haul market where low-carbon alternatives do not yet exist, aircrafts should only qualify if engines can operate with 100% sustainable aviation fuels and increasingly strict CO2 standards that ensure a credible net-zero pathway. Given the long lifespan of aircrafts, the current draft criteria would allow aircrafts to operate with fossil fuels for decades to come, thereby infringing on the requirement to prevent a lock-in of carbon-intensive assets. Finally, the current approach for a replacement ratio would allow companies to classify the purchase of a new aircraft while selling used aircrafts to other companies as sustainable. This would completely undermine the goal of achieving substantial emission reductions. The criteria should ensure an effective mechanism to ensure that only when inefficient aircrafts are taken out of business, purchasing of new aircrafts could become taxonomy eligible.

We also voice our opposition to the draft amendments to the technical screening criteria for water transport (chapters 6.7, 6.8, 6.9, 6.10, 6.11). These would weaken the existing criteria and prolong incentives for investments in ships with combustion engines for years to come, thereby undermining the development and deployment of low-carbon alternatives. This would set a worrying precedent, as the EU Taxonomy has been designed as a living framework in which the stringency of the criteria would be revised upwards, not downwards to ensure consistency with the EU’s climate objectives. Moreover, the thresholds based on IMO’s EEDI standard fail to consider the gap between ship design standards and real-world performance. We call on the Commission to either remove the

amendments from the draft act, or ensure full consistency with Article 10 (2) of Regulation (EU) 2020/852.

Regarding the circular economy delegated act, we urge the Commission to remove the lower threshold for contact sensitive packaging and remove the exemptions allowing for chemical recycling in the draft criteria for the manufacturing of plastic packaging goods (chapter 1.1 of Annex II). The DNSH-criteria should ensure a numerical threshold which ensures that GHG emissions of plastic manufactured from sustainable bio-waste feedstock are substantially lower than equivalent plastics in primary form manufactured from fossil fuel feedstock.

For chapters 3.1, 3.2 and 3.3 (construction, renovation and demolishing of buildings), we regret the weakening of the draft technical screening criteria proposed by the Commission compared to the ambition levels advised by the Platform on Sustainable Finance. We call on the Commission to insert minimum criteria for reused materials, to increase the percentages for reused components and to increase the threshold for preparation for reuse and recycling in order to achieve a substantially better environmental performance than the EU's current average. The criteria based on weight fail to take into account the substantial contribution of recuperating certain precious lightweight materials. Moreover, the draft criteria fail to take into account a clear hierarchy to prioritise renovation over the demolition or wrecking of buildings. Also the criteria should ensure the exclusion of asbestos and substances of very high concern of materials used. Finally, the DNSH criteria should adequately reflect the ambition level of the upcoming conclusion of the EBPD revision.

We express our concern on the draft criteria in the biodiversity delegated act 1.1. Conservation, including restoration, of habitats, ecosystems and species where an activity can be considered taxonomy-aligned when “it does *not only* serve the purpose of offsetting the impact of another economic activity”. The practice of biodiversity offsetting by definition includes compensation for economic activity that is harmful to biodiversity and as such should be explicitly excluded from criteria to determine a *substantial contribution* to the protection and restoration of biodiversity as recommended by the Platform on Sustainable Finance. Moreover, implementing biodiversity offsetting is problematic due to the difficulties and potential failures to quantify and value biodiversity.

The controversial decision by the Commission to include fossil gas and nuclear power has severely compromised the credibility of the EU's taxonomy for sustainable investment. These technical screening criteria are now subject to legal challenges, creating uncertainty for financial market participants and jeopardising the EU's global leadership in sustainable finance. **The EU cannot afford any further compromising of the environmental integrity of the Taxonomy.** We therefore urge you to take the above comments into account and to revise the technical screening criteria before the final delegated act is published.

Yours sincerely,

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