

SGI Europe feedback on the EU Taxonomy Delegated Acts

TYPE OF RESPONDENT: Other European association representing employers of public services and services of general interest	TRANSPARENCY REGISTER NUMBER: ID Nr 59513031434-92
COUNTRY: Belgium	SECTOR OF ACTIVITY: Water supply, sewerage, waste management and remediation
ORGANISATION: SGI Europe	ORGANISATION SIZE: Micro (< 10 employees)
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With SGI Europe having a seat at the Platform on Sustainable Finance 2.0 contributing its recommendation to the Platform report, we wish to add additional comments to the Platform's work.

SGI Europe is very supportive of the continuation of the progress with the development of the EU Taxonomy that aims to finance the transition to climate-neutrality by 2050. Realising these challenges will require setting the right framework to redirect capital flows towards an environmentally friendly and socially sustainable economic activities. We strongly believe that the concept of the sustainable finance mechanism and the Taxonomy Regulations can act as an enabling tool to realise the objectives set in the EU Green Deal. To start with, SGI Europe likes to highlight its appreciation that financial undertakings will only have to include the new economic activities on Environmental Goals 3-6 and the complementary economic activities on Environmental Goals 1 and 2 in the key performance indicators from January 1, 2026. This is appropriate as this information builds on the reporting obligations of non-financial undertakings. We therefore note that the wording in Article 5 (7) should read "From January 1, 2024 until December 31, 2025, financial undertakings shall only disclose [...]"

Overall, as the classification of economic activities via the technical screening criteria (TSC) will have a significant impact on their financing options on the financial markets, the criteria must be thoroughly assessed and should reflect the general EU principles of efficiency, proportionality, and subsidiarity. Furthermore, to ensure planning security, the criteria should be based on existing regulatory requirements wherever possible and should not establish thresholds or parameters that have not yet been defined in existing European water legislation, for example the Water Framework Directive (2000/60/EC), the Drinking

Water Directive (2020/2184/EU) or the Urban Waste Water Treatment Directive (91/271/EEC).

Furthermore, we regret to see this continuous approach to simply exclude recovery operations that involve incineration of hazardous or non-hazardous waste from the scope of Annex II, neither in the case of dedicated hazardous waste incineration plants nor in the case of municipal waste incineration plants.

It was already unjustified not to acknowledge the substantial contribution to climate change mitigation of MSW-to-energy operations, which complement separate collection schemes. Now, the labelling of waste incineration as by nature against CE objectives is very disappointing. MSW as well as hazardous waste incineration plants need to be positively included in the scope of Annex II, if they comply with certain requirements. MSW and Hazardous Waste incineration is an important activity that must be done, and which will become even more sustainable with the introduction of CCS/CCU. It should be regarded as a sustainable activity.

Finally, SGI Europe supports the mentioned delivery activities under some of the activities in the annex on circular economy. SGI Europe, representing services of general interest positively reviews this approach, which shows that delivery is considered as an integral part of the circular economy processes and value chain. In a larger sense, the postal sector has been a key enabler of the development of second-hand products' sales by providing economically efficient logistics models, given the difference in value of second-hand objects, while ensuring the control of their environmental impact thanks to its capillarity all over the territory. In order to better take into account, the role of the postal industry, it believes that all part of this activity should be taken into consideration: pick-up, transport, delivery as an integrated process and therefore that the NACE Code H53 "Postal and courier activities" should be included as an enabling activity with the related adaptation of the Climate change mitigation DNSH.

1. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.3 Collection and transport of non-hazardous and hazardous waste

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION: It is a problem that the criteria do not acknowledge the existence of residual waste as such. While it is correct that non hazardous waste shall be collected in different fractions – in line with their recyclability – there is necessarily an amount of waste that is by nature residual waste (e.g. Corona waste, used hygienic paper, handkerchiefs, dirty waste, sorting residues, etc.). It is not appropriate that the taxonomy does not provide any sustainability criteria for the handling of residual waste, which needs to be collected and treated in order to provide reliable public waste

management. Provided that there is a separate collection system, sustainability criteria need to be developed for residual waste.

The activity should avoid utilising a one-size-fits-all approach and provide countries with flexibility to choose local solutions. That is, for example, the case in countries with difficult geographies, climatic conditions, and long distances. In these conditions, collecting waste is quite different from that of a large urban centre. In some countries – collection routes can stretch over two days to collect waste from a small number of households.

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: Transition to a circular economy. The three criteria for municipal waste streams exclude systems relying on advanced waste sorting technologies. A fourth criteria should be added that includes the use advanced sorting technologies where equal or stronger environmental performance is achieved.

Furthermore, the criterium does not mention metal (i.e., metal packaging of steel, aluminium etc.) and plastics (i.e. packaging) segregated at source which is the practice in many European countries.

These materials are important to collect and utilise for new recycled metals, as well as plastics. They should be included in the technical screening criteria.

Moreover, we point out that the destination of the waste is chosen by the producers of the waste; for this reason, those who transport waste not intended for recycling (an activity that is in any case necessary in the waste management system) are penalized even if they do so in a more than sustainable way as they will not be never able to identify the activity as eco-sustainable.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: it seems exaggerated that companies need to undertake an assessment according to Annex A and B for an activity as standardised as waste collection. This is too bureaucratic, the requirements should therefore be dropped.

Additionally, Pollution prevention and control: “The activity utilises waste collection vehicles which conform to at least EURO V standards”: Euro 6 has been the standard for trucks since 2015. This or any forthcoming improved standard should be the minimum requirement, at least regarding the purchase of new/used equipment that runs on diesel/fossil fuels. Moreover, vehicles used for the collection/transport of waste should strive to go beyond fossil fuels and utilise biogas, electric, hydrogen or other low emission solutions.

2. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.4 Treatment of hazardous waste

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: We do not agree with the approach to simply exclude recovery operations that involve incineration of hazardous or non-hazardous waste from the scope of Annex II, neither in the case of dedicated hazardous waste incineration plants nor in the case of municipal waste incineration plants.

A) Recovery operations of hazardous wastes also aim at concentrating hazardous substances and separating them from recycling materials. That may cause the necessity to incinerate or landfill these non-recyclable waste fractions. The recovery operations itself may even be meaningful only because of this separation process.

B) It then may be sustainable to co-incinerate certain hazardous wastes in MSW (Municipal Solid Waste) incineration plants. As an example, we want to point to the experiences with the management of HBCD containing expanded polystyrene insulating materials in Germany in 2017/2018. It quickly turned out that the incineration of these wastes, which had to be separated from non-hazardous insulating materials prior to recovering expanded polystyrene, was most sustainable in MSW incineration plants.

C) The same applies to the incineration of MSW if effective and efficient separate collection schemes for recyclables have been established. The separation of residual waste from recyclables is the core activity of separate collection, as important as the separation of different recyclables from each other. Sustainable MSW management therefore necessarily includes the incineration with energy recovery of mixed non-recyclables of high calorific value. In addition, incineration of non-recyclable composite materials/wastes may be a sustainable pre-treatment for metal recovery.

It was already unjustified not to acknowledge the substantial contribution to climate change mitigation of MSW-to-energy operations, which complement separate collection schemes. Now, the labelling of waste incineration as by nature against CE objectives is deeply wrong. MSW as well as hazardous waste incineration plants need to be positively included in the scope of Annex II, if they comply with certain requirements. From our point of view waste incineration plants that comply with the R1 criteria or have even higher energy recovery levels have to be positively included in the scope of Annex II.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

3. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.7 Sorting and material recovery of non-hazardous waste

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION: The current description of the activity is very unclear.

When reading the criteria, it is difficult to distinguish whether it is describing a sorting, material recovery or a recycling facility. In practice, these facilities are often separate and

at different locations. The sorting and recovery of non-hazardous waste streams into high quality secondary raw materials is possible thanks to several types of facilities belonging to the chain of material recovery from waste for which the actual production of secondary raw material is the final output. The current description of the activities allows for the inclusion in the Taxonomy of facilities belonging solely to the final step of such chain, leaving out waste treatment plants without which the production of secondary raw materials would not be possible. Examples of such plants are selection, compacting, pre-treatment, sanitation plants, etc.

All plants of the chain of material recovery from waste significantly contribute to the circular economy objective.

The following is needed: Clarify what sorting, material recovery and recycling entails; the inclusion of the activity of recovery of combustible fractions from mixed residual waste for the production of refuse derived fuel could benefit new emerging technologies allowing the reuse of such materials instead of their disposal in landfill or by incineration (for example waste-to-chemical plants)

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: Transition to a circular economy

The criteria should have incentives to use the latest technology for sorting and recycling. Regarding plastics, [some reports](#) suggest that more advanced technologies within mechanical recycling and more, are needed to generate larger volumes of secondary materials needed for a circular economy.

Moreover, these requirements should also consider that product design and development is critical to ensure that materials can be recycled. Without greater volumes of recyclable products, sorting and material recovery of non-hazardous waste will contribute less to the transition to a circular economy than its potential. In addition, facilities for sorting, material recovery and recycling will deliver even better results.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: A) DNSH (4)

Transition to a circular economy: objective and concrete criteria for the term “recyclable” must be given. Otherwise, the sentence “Recyclable waste is not disposed of, incinerated or co-incinerated” may be interpreted in a way that any theoretically recyclable material must not be incinerated or landfilled even if it is not recyclable in practice or if recycling would not be sustainable.

4. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex III to Environmental Delegated Act (PPC)

ACTIVITY: 2.2 Treatment of hazardous waste

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: It may be sustainable to co-incinerate certain hazardous wastes in MSW incineration plants. As an example, we want to point to the experiences with the management of HBCD containing expanded polystyrene insulating materials in Germany in 2017/2018. It quickly turned out that the incineration of these wastes, which had to be separated from non-hazardous insulating materials prior to recovering expanded polystyrene, was most sustainable in MSW incineration plants. Therefore, MSW incineration plants – as well as landfills – need to be positively included in the scope of Annex III if the facility complements separate collection and recycling, and sustainability criteria have to be established for incineration and landfilling.

5. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex III to Environmental Delegated Act (PPC)

ACTIVITY : 2.3 Remediation of legally non-conforming landfills and abandoned or illegal waste dumps

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: DNSH (1) climate change mitigation: objective and concrete criteria for the term “significant” (amounts of biodegradable waste) must be given. Otherwise, the uniform implementation of EU legislation would be hampered.

6. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.1 Phosphorus recovery from waste water

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION: The draft delegated act states that only facilities and processes that make phosphorous recovery possible but not previous steps are included in the scope of the activity. While this is a reasonable assumption for the construction of co-incineration processes, it should not exclude the construction of mono-incinerators. When mono-incineration is chosen for the disposal of sewage sludge, the respective facilities are set up for the direct purpose of recovering phosphorous. They should hence also be included under the scope of this activity as they directly facilitate the phosphorous recovery.

Additionally, for the process integrated at the WWTP, covering mainly phosphorus salts such as struvite–magnesium ammonium phosphate (NH₄MgPO₄·6H₂O), SGI Europe suggest to also add vivianite.

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: The obligation to recover at least 15 % of the incoming Phosphorus load according to section 1 should only be triggered once a certain threshold of incoming Phosphorus load is reached and cannot be universally applied. Moreover, it must be ensured that the recovered phosphorus can be utilised. To this end, market access must be facilitated, e. g. through EU-wide authorisation and the dismantling and avoidance of competitive barriers. It is therefore crucial that the taxonomy also allows for uses other than the production of fertilisers of the recovered phosphorous. It would greatly hinder the successful uptake of further phosphorous recovery to limit its application to this field. As also established in the legislative proposal of the Critical Raw Materials Act (COM (2023) 160 final), phosphorous constitutes a critical raw material for the European Union. Its recovery should therefore be facilitated also through the taxonomy.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

7. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex I to Environmental Delegated Act (WTR)

ACTIVITY : CCM 2.1. Water supply

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA: Substantial contribution to the sustainable use and protection of water and marine resources:

According to the Drinking Water Directive (2020/2184/EU), the Member States are required to submit to the European Commission an assessment of their water leakage levels based on the ILI by 2026. In turn, the Commission will adopt a delegated act by 2028, setting an ILI threshold value above which Member States need to present an action plan for the reduction of water leakage. The taxonomy should not pre-empt this process by setting separate ILI thresholds. It is therefore crucial to also allow for measuring leakage levels based on the QVR method and the corresponding thresholds. In the case of the renewal of an existing water supply system (point 3), it should be clarified that the requirement to close the gap between the current leakage level averaged over three years and an ILI of 1.5 or between the current leakage level averaged over three years and the threshold value established under art. 4 of the Drinking Water Directive by at least 20% only applies in case these values are being so far exceeded. Should the existing water supply system already conform to these limit values, no further reduction target should be established.

On TSC 1.c) (but the same goes for 2.c)) the sentence *“the water supply systems include metering at consumer level, where water is delivered to a contractual delivery point of the*

consumers' own drinking water distribution system" is not clear. What does "includes metering at consumer level" mean? Is it enough for some users to be equipped with meters or must they all be? If all users are to have a counter, the Commission has clearly not considered that some consumption cannot be measured. Estimated consumption is present among the items useful for defining water losses, in line with the most recognised models for calculating water losses.

We acknowledge the vital importance of ensuring the goals of the Water Framework Directive (2000/60/EC) are reached and of contributing to the good status of our water bodies also in terms of quantity. With regard to technical screening criterion 4, we note that the core of drinking water supply is to extract water from water bodies in order to make drinking water for social and welfare objectives, in particular public health. At our production sites we obtain permits from the competent authority, which determines how much water we can abstract. In our opinion, if a permit has been issued for this abstraction by the competent authority, this is in accordance with all relevant and applicable EU and national legislation and therefore cannot be regarded as not in accordance with the technical screening and DNSH criteria. Also, it has to be acknowledged that while the abstraction of water for human consumption is closely monitored and regulated according to permits and limits, other sectors do not have to adhere to the same stringent requirements. To ensure an appropriate quantity of water according to the Water Framework Directive can therefore not be ensured by drinking water companies. It would hence be disproportionate to implement further requirements on the drinking water sector through the technical screening criteria under section 4, if the sector cannot control water extraction from other sectors and should instead enjoy priority over any other use of water resources. SGI Europe proposes to delete the corresponding paragraphs.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

8. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II Climate Delegated Act (CCA)

ACTIVITY : 2.2 Production of alternative water resources for purposes other than human consumption

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION: The economic activity only includes the facilities and processes that make it possible for the water to be reused, such as facilities for recharging aquifers or surface water storages or tertiary treatments in the waste water treatment plants (i.e. filtration or disinfection), and does not include the previous steps, such as primary and secondary steps in the waste water treatment plant or the subsequent steps, necessary for the final reuse of these alternative water resources, such as irrigation systems.

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

As pertaining to section 1 a) in case of uses other than agricultural irrigation, water reuse should only be considered in alignment with the technical screening criteria when national legislation and standards have been established in the absence of European ones. If this is not the case, the activity should not fall under the scope of the taxonomy. Regarding

section 2 b) it should be clarified that in cases of harvesting rain and storm water, no treatment is required when it is used for infiltration into the ground.

The TSC 2.a) is reasonable when new system must be build, but where the urban context is already in place and is a mixed system such a provision does not allow to put in place investments that could improve the pollution release and could recover water resources. Therefore, the criterion allow investments only where the urban context is already virtuous (with water separation systems in place) and impede the improvement in the more complicated and less sustainable systems. The same criticality emerges when considering the following point 3 *“For facilities for collection and treatment of grey waters, the activity complies with the following criteria:”* which requires that:

“(a) the resource (grey water) is segregated at source”

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: (Climate change mitigation) should be N/A. Focusing on the activity described, no direct GHG emission are expected.

9. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex I to Environmental Delegated Act (WTR)

ACTIVITY: 2.2. Urban Waste Water Treatment

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

SGI Europe and its members from the wastewater treatment plants are fully committed to the goals of the Water Framework Directive and the protection of the aquatic environment. With the current revision of the lists of pollutants in surface waters and groundwater (COM (2022) 540 final) and the stricter thresholds proposed therein, reaching the goals of the Water Framework Directive will, however, become more difficult. Paragraph 1 of section 1 of the substantial contribution criteria requires no deterioration of the status of the receiving water body. As the treatment of wastewater is inherently contributing to a better status of water bodies, activities falling under this category should also be able to qualify for making a substantial contribution in case they do not lead to an improvement in the status of a water body. Ultimately, any treatment of wastewater has to be seen as preferable to no treatment. Therefore, if the activity leads to a deterioration of the status of the water body but nevertheless constitutes an improvement compared to no action, the substantial contribution criteria should be fulfilled.

The TSC 2 requires that *“The waste water treatment system has a collecting system and the provision of secondary treatment”*. Such criteria is more stringent than the current European sector legislation.

In the criterion 3 there is an explicit request to treat sewage sludge anaerobically, whilst the current legislation is technologically neutral; nothing is said regarding the use of sewage sludge according to the waste hierarchy or to the provision of the pertinent legislation. Furthermore, it is unclear which other technologies have less and equal energy demand; would this include aerobic digestion?

In general, the criterion seems irrelevant for quantifying the substantial contribution to water resource protection but is more in line with a technical screening criterion for climate change mitigation. Technical criteria related to the physico-chemical parameters of the leaving water quality could be included, since even modern and efficient installations in terms of water quality risk being excluded from the criteria of the climate change delegated act, due to of their energy consumption.

With regard to the sentence *“The information related to the status of water bodies, to the activities potentially impacting the status and to the measures taken to avoid or minimize such impacts, is included in a river basin management plan, or, for activities in third countries, in an equivalent water use and protection management plan”* we would like to point out that water basin management plans/ protection management plan are the responsibility of the institutions and not of the companies carrying out the activity 2.2. Urban Waste Water Treatment. That is why we suggest eliminating this prediction

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

In point 1, Climate Change Mitigation the methodology for calculating climate-changing emissions suggested (IPCC guidelines for national GHG inventories for waste water treatment) does not contain indications on the assessment of GHG emissions from sewage, nor are we aware of the existence of methodological guidelines in the literature.

Therefore, it is suggested to change it as follows: *“An assessment of the direct GHG emissions from the centralised waste water system, has been performed. The results are disclosed to investors and clients on demand. For anaerobic digestion of sewage sludge, a monitoring plan is in place for methane leakage at the facility.”*

Regarding the implementation of appropriate measures to avoid and mitigate harmful stormwater overflows in section 5, it has to be noted that such measures are currently under discussion as part of the revision of the Urban Waste Water Treatment Directive (COM (2022) 541 final). As this section already makes a reference to the directive, it is not necessary to require extra measures to deal with stormwater overflows.

In the section 5 is also required that: *“Sewage sludge is used in accordance with Council Directive 86/278/EEC9 or as required by national law relating to the spreading of sludge on the soil or any other application of sludge on and in the soil”*. The spreading of sewage sludge on soil should not only rely on the provisions of directive 86/278 and not to the national provisions otherwise the criteria would not be harmonised anymore and what is considered sustainable in a country could not be sustainable in another country with evident market distortions. Only the use of sludge for the preparation of fertilizers and the establishment of end of waste criteria for sewage sludge should be allowed to follow different national legislation.

10.COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

ACTIVITY: 2.5 Recovery of bio-waste by anaerobic digestion o composting

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

The TSC1 for **Activity 2.5. Recovery of bio-waste by anaerobic digestion or composting** is neutral when it comes to how the bio-waste is collected. This should remain as is – so as not to exclude projects resulting in equal quality and equal environmental outcome in the end products. The technical screening criteria for this activity on the whole should remain as technologically neutral as possible to allow for local variance in production methods and innovation.

The TSC 3, is totally blind on the fact that after biorefineries, the large part of biomass is still left behind as a residue. In a sustainable approach (the ones the Taxonomy aims at promoting), mustn't neglect the importance to have the residual biomass recovered through "organic recycling" (composting, anaerobic digestion). It should be noted that in the point 3(b), production of chemicals, unlike the point 3 (a), production of compost or digestate (which must expressly comply with EU or national reference standards), there are no parameters of efficiency and productivity of the process and quality of the resulting product. Furthermore, the process is described too broadly and it is not clarified what is done with the outflows, which could also lead to the production of non-recyclable or biodegradable materials.

For this, we believe that the TSC 3 should be changed as follows:

“The activity produces compost or digestate complying with Regulation (EU) 2019/1009, in particular with requirements of Annex II on the Component Material Categories (CMC), referring specifically to CMC 3 (Compost) and CMC 5 (Digestate other than fresh crop digestate) or with national rules on fertilisers or soil improvers, with equal or stricter requirements compared to those of Regulation 2019/1009. The activity may also produce, as additional products, chemicals through the conversion of organic waste to carboxylates, carboxylic acids or polymers by fermentation with mixed cultures.”

The second part of TSC 4 risks introducing an unnecessary interpretative complexity, as well as a usability issue. Where it refers to the word "preferably", without specifying which processes other than composting are eligible and which performance standards must be achieved, it leaves the assessment of process compliance to the pure discretion of the operators and auditors. For this reason, the point in question should either be eliminated or modified to better specify the eligible activities other than composting.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

11.COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY : CE 5.5 Product-as-a-service and other circular use- and result-oriented service models

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Delivery activities are mentioned under some of the activities in the annex on circular economy. SGI Europe representing services of general interest can support this reference which shows that delivery is considered as an integral part of the circular economy processes and value chain.

In a larger sense, the postal sector has been a key enabler of the development of second-hand products' sales by providing economically efficient logistics models, given the difference in value of second-hand objects, while ensuring the control of their environmental impact thanks to its capillarity all over the territory. Indeed first mile pick-up and delivery (reverse logistics) is crucial (i) to collect flows of diffuse objects emitted by citizens to citizens (C2C) scattered in the territories, (ii) to extract the resources from the multiple places where they have been used in order to transport and concentrate them at the repair and recycling locations. While last mile delivery is essential for the return of repaired objects or the delivery of second-hand products (C2B, B2C, B2B). In order therefore to better take into account the role of the postal industry, it believes that all part of this activity should be taken into consideration: pick-up, transport, delivery as an integrated process and therefore that the NACE Code H53 "Postal and courier activities" should be included as an enabling activity with the related adaptation of the Climate change mitigation DNSH.

COMMENT ON THE ACTIVITY DESCRIPTION:

Modify the text at the end as follows :

"The economic activity relates to products that are manufactured by economic activities classified under the NACE codes C13 Manufacture of textiles, [...], C17.2.1 - Manufacture of corrugated paper and paperboard and of containers of paper and paperboard, [...] C30.9.2 Manufacture of bicycles and invalid carriages, C31 Manufacture of furniture and C32 Other manufacturing.

The economic activities in this category could be associated with NACE codes N.77 and H53 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006."

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

Modify the (b) point at 2nd paragraph of « (1) Climate change mitigation » section as follows:

The activity develops a strategy [...] including:

[..] (b) Pickup, transport and last mile delivery along the value chain, including shipping and returns.

12.COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: CE 5.4 Sale of second-hand goods

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): Delivery activities are mentioned under some of the activities in the annex on circular economy. SGI Europe, representing services of general interest supports this reference which shows that delivery is considered as an integral part of the circular economy processes and value chain. In a larger sense, the postal sector has been a key enabler of the development of second-hand products' sales by providing economically efficient logistics models, given the difference in value of second-hand objects, while ensuring the control of their environmental impact thanks to its capillarity all over the territory. Indeed first mile pick-up and delivery (reverse logistics) is crucial (i) to collect flows of diffuse objects emitted by citizens to citizens (C2C) scattered in the territories, (ii) to extract the resources from the multiple places where they have been used in order to transport and concentrate them at the repair and recycling locations. While last mile delivery is essential for the return of repaired objects or the delivery of second-hand products (C2B, B2C, B2B). In order therefore to better take into account the role of the postal industry, it believes that all part of this activity should be taken into consideration: pick-up, transport, delivery as an integrated process and therefore that the NACE Code H53 "Postal and courier activities" should be included as an enabling activity with the related adaptation of the Climate change mitigation DNSH.

COMMENT ON THE ACTIVITY DESCRIPTION: Modify the text at the end as follows:

"The economic activity relates to products that are manufactured by economic activities classified under the NACE codes C13 Manufacture of textiles, [...], C17.2.1 - Manufacture of corrugated paper and paperboard and of containers of paper and paperboard, [...] C30.9.2 Manufacture of bicycles and invalid carriages, C31 Manufacture of furniture and C32 Other manufacturing.

The economic activities in this category could be associated with several NACE codes, in particular G46, G47 and H53 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006."

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: Modify the 2nd paragraph at end of « (1) Climate change mitigation » section as follows :

"The activity develops a strategy to account for and reduce the GHG emissions arising from pickup, transport and last mile delivery along the value chain, including shipping and returns, to the extent these are traceable."

13.COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY (e.g. CCM 3.19 Manufacture of rail constituents):

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): See Comment 11

COMMENT ON THE ACTIVITY DESCRIPTION: See Comment 11

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: See Comment 11

14.COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: CE 5.1. Repair, refurbishment and remanufacturing

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): See Comment 11

COMMENT ON THE ACTIVITY DESCRIPTION: See Comment 11

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: See Comment 11

15.COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: CE 5.2. Sale of spare parts.

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act): See Comment 11

COMMENT ON THE ACTIVITY DESCRIPTION: See Comment 11

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: See Comment 11

16. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex V-VII to Environmental Delegated Act (Art 8)

ACTIVITY (e.g. CCM 3.19 Manufacture of rail constituents):

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

The activities described in Annexes I, II, III and IV, in some cases, have a scope of application that overlaps with other activities already described in the delegated act (EU) 2139/2021. In our opinion, this situation of potential overlap between economic activities makes reporting considerably complex, both in cases of perfect overlap (same description of the activity and same reference NACE category) and in cases of similar activities but with different perimeters and in fact involves :

- the choice between environmental objectives for which to report the activity, however making the reporting of eligibility for individual objectives effectively overestimated;
- the reporting of an activity for all the environmental objectives to which it can contribute, but avoiding double counting, thus generating a calculation complexity and a difficulty of interpretation for the reader.

The changes to the models for representing economic activities, also aimed at incorporating the new environmental objectives, do not seem sufficient to prevent these risks. If it's true that the same activity may align with one or more objectives and that such alignment should be quantified in terms of 'Proportion of turnover/CapEx/OpEx', it seems impossible to avoid double counting of KPIs for such activities, making the calculation of the overall numerator of the KPIs prone to error. Especially considering that there is no perfect alignment between Delegated Acts in the scope and description of those activities which are common to more than one objective. An example of this situation relates to the activity of waste collection:

- CCM&CCA 5.5 Collection and transport of non-hazardous waste in source segregated fractions
- CE 2.3 Collection and transport of non-hazardous and hazardous waste
- PPC 2.1 Collection and transport of hazardous waste

Another example is provided by water activities. For example, activity 2.1. water supply contained in Annex I of the draft delegated act in consultation, overlaps with activity 5.1.

Construction, extension and operation of water collection, treatment, and supply systems contained in the delegated act (EU) 2139/2021.

In the FAQ published in December 2022 (Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8), the issue of double counting was addressed (FAQ8) in reference to the climate objectives, while also stating the following in reference to the Taxo4: *“Treatment of an activity making substantial contribution to multiple environmental objectives (other than only to CCM and CCA)”*. Despite this, we believe that the Commission, in view of the official publication of the new delegated act on the four environmental objectives, should clarify how to report on these cases of overlapping of economic activities, without waiting for a subsequent publication of FAQs.

Additional to the risk of double counting and incorrectly attributing activities to the various objectives, there is the risk of an excessive burden and effort in terms of internal accounting activities and systems.

Furthermore, concerning the templates provided, two aspects of the disclosure are unclear:

- Columns ‘Substantial Contribution Criteria’: it is not clear if an activity contributing substantially to more than one objective should be listed only once or several times, with one entry for each objective.

Is it confirmed that the columns are not for reporting the % of alignment to each objective (as is currently in the Delegated Act)? The possible options provided for such columns are confusing and possibly redundant since in case of a Yes for multiple objectives you’d have the same information in additional entries of the ‘Taxonomy-aligned’ section of the table and in case of a No you’d report that activity in the ‘not Taxonomy-aligned’ section of the table.

- Columns ‘DNSH criteria’: it is established that, in order for an activity to be Taxonomy-aligned, all DNSH criteria have to be met and therefore all columns must be completed with ‘Y’ for Yes. At the moment it is unclear when the N for No would be used, making this disclosure redundant and not providing any further useful information.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

17. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex V-VII to Environmental Delegated Act (Art 8)

ACTIVITY:

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Art. 5 Taxonomy Environmental Delegated Act (TEDA)

According to Art. 5 Par. 7 financial entities should disclose eligibility from 01.12.2024 until 31.12.2024 and alignment starting with 01.01.2026. There seems to be a gap period from 01.01.2025 until 31.12.2025.

Following the logic of the Art. 8 DDA, we think this gap needs to be considered and Art. 5 Par. 7 adapted accordingly, reading: 31 December 2025 instead of 2024, to ensure consistent EU-wide implementation. This correction would also confirm the phase-in for the taxonomy alignment disclosure of financial entities (one year after non-financial entities similar to the Art. 10 Par. 4 and 5 current DDA).

Please confirm that the following understanding of the disclosure requirements (amended Climate draft DA and Taxo 4 draft DA) is correct:

- 1) Non-financial entities have to report taxonomy eligibility for the financial year beginning on or after January 1, 2023, and thus for the reference date of December 31, 2023, at the earliest. The use of templates is not obligatory.
- 2) Non-financial entities have to report taxonomy alignment for the financial years beginning on or after January 1, 2024, and thus for the reference date of December 31, 2024, at the earliest. The use of KPI templates is obligatory.
- 3) Financial entities have to report taxonomy eligibility for the financial years beginning on or after January 1, 2023, and thus for the reference date of December 31, 2023, at the earliest, and also for the following year. The use of templates is not obligatory.
- 4) Financial entities have to report taxonomy alignment for the financial years beginning on or after January 1, 2025, and thus for the reference date of December 31, 2025, at the earliest. The use of KPI templates (annex VI or Annex VIII) is obligatory.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: See Comment 11

18. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex V-VII to Environmental Delegated Act (Art 8)

ACTIVITY:

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Art. 6 Taxonomy Environmental Delegated Act (TEDA)

The DA should apply from 1 January 2024 as stated in the proposal. The activities corresponding with the four new environmental objectives and adjustments to the

first two objectives are supposed to be considered for the eligibility check for the first reference date of December 31, 2023. But the 2021 Disclosures Delegated Act notably includes a provision stating that companies would only have to report to what extent their activities are sustainable from a water/circular economy/pollution/biodiversity perspective from 12 months after the date of application date of the Environmental Delegated Act setting out technical screening criteria for these objectives. However, the draft Environmental Delegated Act would notably delete this paragraph, which would allow for an immediate application date as set out in the previous point. Deleting of Art. 8 Par. 5 and the requirement to apply new rules starting with the reference date December 31, 2023, would limit the time to implement these new rules. Non-financial and financial stakeholders would be

overburdened with providing meaningful information and correctly applying the new standards without an appropriate implementation period. All users rely on a transition period of 12 months. A period of less than one year is not sufficient for the implementation of new regulatory reporting requirements for capacity reasons and against the background of the complexity of the matter for the banks. Any new reporting obligation should be introduced with sufficient implementation time, cf. recitals 37. Commissioner McGuinness has told “EU sustainability reporting standards will be challenging for companies”. Therefore, we suggest considering a postponement of all the new reporting requirements for financial and non-financial entities by one year. This would give time for the implementation and support harmonisation with the first reference date for ESRS on the Taxonomy objectives 3-6 as well.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: See Comment 11

19. COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex V-VII to Environmental Delegated Act (Art 8)

ACTIVITY:

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Annex VI for credit institutions: Numerator of the GAR / row 2-19 Financial Corporations: Contrary to NFC, it is not specified for financial entities that the row FC should only include

NFRD counterparties. The non-NFRD FC exposures are however excluded from eligibility and alignment considerations. In which row are the non-NFRD FC exposures expected to be reported? Rows 2-19 or 47 (other assets)?

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA: See Comment 11
