

IOGP Europe

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COUNTRY: Belgium	SECTOR OF ACTIVITY: Other
ORGANISATION: IOGP Europe	ORGANISATION SIZE: Small (< 50 employees)
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The International Association of Oil and Gas Producers Europe (IOGP Europe), whose member companies account for approximately 90% of oil and gas produced in Europe, supports the goals of the Paris Agreement and the EU’s ambition to reach climate neutrality by 2050. We are committed to providing input and expert advice to the EU institutions, member state governments, and the wider community, to contribute in a constructive and pro-active way to the development and implementation of EU policies and regulations.

We welcome the EU's efforts to set out a direction for economic activities that can be sustainable until 2050. We strongly believe and see the rationale for activities complying with the existing legislative framework to contribute to the environmental objectives.

IOGP Europe congratulates the European Commission for the progress made in establishing a taxonomy for sustainable investments and appreciates the opportunity to provide this input to the Taxonomy Package on Delegated Regulation. We would like to share a general comments, followed by more detailed examples listed in the Annexes.

As general comments to the entire Taxonomy framework, we would like highlight that:

1. Some of the criteria for various activities require actions in accordance with EU legislation specifically, but do not reference any equivalent third country national or international standards that companies could comply with when carrying out activity outside of the EU. It would be important that any criteria which refers to EU legislation should be expanded to include “*or any applicable equivalent international or third country legislation*”. This comment is applicable to all Delegated Acts. Please find some examples for the activities where this change is required in Annex II of this paper.
2. We appreciate the delay for the disclosure of the taxonomy-aligned ratios in light of the challenge posed by the analysis of the final delegated acts and the preparation of the KPI for the year-end. However, IOGP Europe underlines the need for some application guidance, with some key questions such as:
 - How should be calculated the alignment of the modified Climate-related activities for the financial year 2023? Should previous years KPI also be amended?
 - Could you please confirm that any voluntary disclosures of alignment on new activities should be included in the same template for the financial year 2023?

3. Identify opportunities to reduce complexity. The root cause of many of the taxonomy’s usability challenges is complexity. Confusion about how to apply the rules for eligibility and alignment results in inconsistent interpretations by companies and auditors, leading to a lack of comparability across companies and sectors. For a minority of companies, complexity creates opportunities for aggressive interpretations. We encourage the Commission to consider opportunities to simplify the taxonomy without compromising its overall ambition.

Please find our more detailed comments and proposal for modifications of the Taxonomy Delegated Acts in Annex I.

ANNEX I

COMMENT 1

Delegated Act: Amendment to Taxonomy Climate Delegated Act

Annex: Annex II Climate Delegated Act (CCA)

ACTIVITY: 9.3 Consultancy for climate risk management

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

It is not clear what type of costs/investments could be accounted/associated with this category. Traditional oil and gas-linked activities related climate risk management services should be accounted as well.

Furthermore, we propose the extension of the screening criteria beyond the removal of information or capacity barriers to also the reduction of these barriers, considering that the availability of information is not black and white, and the activity should be focusing on the reduction of information and capacity barriers to the level that can already inform decisions. (“The activity reduces or removes information or capacity barriers to adaptation.”)

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 2

Delegated Act: Amendment to Taxonomy Climate Delegated Act

Annex: Annex II Climate Delegated Act (CCA)

ACTIVITY: 14.2 Flood risk prevention

GENERAL COMMENT:

Taking into account water related risks, not only flood, but also extreme precipitation should be covered under this point (as heavier rainfalls are expected based as the result of climate change in the future).

COMMENT ON THE ACTIVITY DESCRIPTION: To include in 1/e: *“measures to control floods or extreme precipitation by increasing the retention capacity of catchment areas, such as implementing distributed buffer basins”*.

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 3

Delegated Act: Amendment to Taxonomy Climate Delegated Act

Annex: Annex II Climate Delegated Act (CCA)

ACTIVITY: APPENDIX A

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

During the DNSH assessment of activities covered under the EU Taxonomy regulation, in case of Climate Change Mitigation delegated act, a robust climate risk and vulnerability assessment should be performed in order to comply with alignment criteria.

Regulation does not define a materiality threshold, therefore independently from the size of activity, thorough physical climate risk assessment should be done case by case. Based on approach widely applied in case of risk management, risks having a material implication on the operation should be closely followed and mitigated. Therefore, in risk management practices materiality thresholds are defined, based on financial indicators (e.g. X% of the company revenue/CapEx). We would highly appreciate if this approach would be considered during the finalization of the EU Taxonomy framework, and climate risk assessment would be needed only in case of activities exceeding a given materiality threshold.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 4

Delegated Act: Amendment to Taxonomy Climate Delegated Act

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

ACTIVITY:

GENERAL COMMENT:

The template for non-financial undertakings includes lines for the % of taxonomy-aligned KPI and the % of enabling/transitional Taxonomy-aligned per environmental objectives. Should these % be calculated using (i) for the denominator, total eligible and non-eligible KPI [sum of 6 objective equals the total Taxonomy-aligned KPI], or (ii) as a proportion the Taxonomy-aligned KPI [sum of 6 objective equals 100%]?

In the 2nd line, "N" is never intended to be used.

In the 2nd column, why should multiple objectives codes be concatenated if it is required to split the contribution in different lines?

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 5

Delegated Act: Amendment to Taxonomy Climate 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):

§1.2.3.1 and §1.2.3.2 of the Article 8 Disclosures delegated act require non-financial undertakings that have issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities to disclose adjusted turnover and CapEx KPI. How should this adjustment be calculated? If an activity is partially financed by a green bond, should the turnover be adjusted on a pro rata basis?

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

Environmental Delegated Acts

COMMENT 6

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.1. Collection and transport of non-hazardous and hazardous waste

GENERAL COMMENT: The criteria state that the activity should focus on the separate collection and transport of non-hazardous and hazardous waste aimed at preparing for reuse or recycling, and it looks like it does not intend to include mixed collection of waste. However, many waste fractions are prepared for reuse or recycled also following their collection in mixed systems. Furthermore, NACE codes which are mentioned (E38.11, E38.12) do not differentiate between selective and mixed collection of waste. Therefore, we believe that mixed collection leading to recycling should also be covered.

We believe that DRS systems should be aligned with the criteria in cases both if those are inside or outside of publicly organised waste management systems. A requirement to only be outside public

systems does not make sense economically in the context of stimulating investments for the development of such large central systems, as well as their safe, long-term sustainable and responsible operation. A mandatory separation from public waste management would not serve the system and its long-term development, thus would not serve consumer needs and the fulfilment of waste management and environmental protection objectives. There are several advantages to a DRS operator having other roles in public waste management, as this can help establish the necessary efficiency and continuously improve the overall performance, while maintaining transparency in the system. It should be left to the Member State how they organize DRS systems, and they may choose to do that inside the publicly organized system if they consider that the most efficient.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 7

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: The requirement for the activity to convert at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of primary raw materials in production processes cannot work for all separately collected fractions. Some fractions have higher weight of pollution than that (especially in plastic film waste streams). Such strict criteria would not incentivize the recycling of difficult waste streams by mechanical processes. Furthermore, we believe the criteria are too general, should be defined more clearly. E.g. the word “suitable” is too generic: it should clarify that it can be used as raw material for the same or other applications, preferably with % included.

Furthermore, it is not clear why the activity only refers to a mechanical transformation process and excludes other recycling technologies, such as biological or chemicals solutions. For instance , chemical recycling of plastic waste has an enormous potential to contribute to the circular economy transition by recycling non-hazardous waste that today is difficult to recycle or does not get recycled at all and ends up incinerated or disposed in landfills. In addition, it produces virgin like quality secondary raw materials, in line with the activity’s description. In terms of feedstock, the activity’s scope could therefore also be amended, as chemical recycling processes provide a solution for mixed plastic waste, rejects from mechanical recycling, and fractions of municipal solid waste that remain after the sorting process.

The activity should also include metal recovery taking place in mechanical-biological treatment plants, as this is not sorting but it is material recovery indeed.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 8

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex III to Environmental Delegated Act (PPC)

ACTIVITY: 2.2. Treatment of hazardous waste

GENERAL COMMENT:

In terms of the activities excluded from the scope, point a) “Disposal operations of hazardous waste such as landfilling or permanent storage” should not include disposal that is needed for the by-products generated during the hazardous waste incineration process, such as slag and furnace ash.

In terms of point b) the exclusion from the scope of incineration of ‘recyclable’ hazardous waste, it should be better defined what is meant under ‘recyclable’. Moreover, the incineration of non-hazardous waste should not be excluded in cases where for the treatment of highly flammable hazardous waste some non-hazardous fractions need to be added for safety reasons and machinery operational considerations. Finally, countries where landfilling is significantly above the EU average, the energy recovery of non-recyclable non-hazardous waste should also be included in the scope.

Regarding the criteria in point 1.3.: in point a) it should be allowed for operations to use third party accredited laboratories to analyse samples, and these should not be necessarily located at the reception facility on site, as long as the standard operating procedures ensure its involvement. Regarding point c) it is not realistic to expect all arriving waste to be sampled, and it is also not requested in BAT documents. For those wastes where the waste producer has BAT obligations to classify its waste, it should be the responsibility of that waste producer to document the parameters for the treatment, rather than the receiving facility.

It should be better defined what is requested under ‘profession or experience’ of the personnel dealing with the pre-acceptance and acceptance procedures.

It should be better defined under point 6, on the treatment of mercury-containing waste, what is meant under 'effective safe fate'.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

For the treatment of waste containing Persistent Organic Pollutants (POP), all waste containing POP substances listed in Annex IV to Regulation (EU) 2019/1021 are controlled and traced as hazardous waste in accordance with Article 17 of Directive 2008/98/EC. Specific requirements of Articles 7(4), 17, 18 and 19 of Directive 2008/98/EC apply.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 9

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex III to Environmental Delegated Act (PPC)

ACTIVITY: 2.4. Remediation of contaminated sites and areas

GENERAL COMMENT :

While we fully support the 'polluter-pays' principle, also those remediation activities should be included that are carried out by the operator that caused the pollution or a person acting on behalf of that operator, as long as this remediation has not been mandated by national authorities and is being carried out proactively and voluntarily. Otherwise, only the remediation of sites not related to one's activities would be incentivized, and operators might start spending their resources on other operators' sites, rather than doing remediation for their own sites.

Regarding point 3. a), it is not always realistic to require for activities that cause the contamination to completely stop, rather the requirement should be that the source of contamination was handled ('the original activity that led to the contamination ~~has stopped and~~ is no longer a source of potential further contamination before any assessment or remediation activity is undertaken').

Regarding point 3.f), the number of years to carry out control, monitoring or maintenance activities in the after-care phase should not be defined in the delegated act, and every time this should be based on the risk and the agreed risk-control measures (which might be shorter or longer than 10 years).

Regarding point 4., in some Member States, competent authorities do not have procedures for approving remediation and monitoring plans or setting limit values for such activities. In such cases it should be allowed that the remediation and monitoring plans are approved by third party experts.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 10

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex IV to Environmental Delegated Act (BIO)

ACTIVITY: 1.1. Conservation, including restoration, of habitats, ecosystems and species

GENERAL COMMENT:

The considerations are a suggestion to help incentive businesses to be investing in nature conservation.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

AMENDMENT

3. Management plan or equivalent instrument

3.1. The area is covered by a management plan or by an equivalent instrument, such as a restoration plan⁷, which is regularly updated and in any case *at least every ten years*, and contains the following information:

4.2. At the end of the duration of the management plan or equivalent instrument and *at least every ten years*, the achievement of the objectives set at the start of the management plan and the respect of the DNSH criteria are verified.

JUSTIFICATION

First of all, the activities of the organisation undertaking the restoration may only occur for a few years before being passed on to another third party. Secondly, there is no guarantee that the third party will adhere to the management plan.

COMMENT ON SECTION 4. Audit

The requirements for the plan and activities to be audited by an independent third party certifier introduced significant additional costs and resource implications for restoration projects being undertaken by conservation organisation or businesses, when these resources should be used directly for conservation purposes. Similarly, national competent authorities do not have the resources, procedures or policies to provide such a third party verification. Instead, the organisations should disclose details regarding the restoration activities and management plan within, for example, annual reports or as part of its disclosures under the CSRD or TNFD frameworks: this would allow for public scrutiny and review.

COMMENT ON SECTION 6.2 (invasive alien species)

AMENDMENT

6.2. ~~The introduction of invasive alien species is prevented or their spread is managed in accordance with Regulation (EU) No 1143/2014 Mechanism should be put in place to avoid or minimize the risk of introducing invasive alien species, and if necessary, rehabilitate areas impacted by invasive alien species.~~

JUSTIFICATION

The introduction of invasive species cannot always be prevented, particularly regarding species being introduced by third party activities in the area.

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

COMMENT 11

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.6 Depollution and dismantling of end-of-life products

GENERAL COMMENT:

COMMENT ON THE ACTIVITY DESCRIPTION:

It is not clear if the activity description includes decommissioning of the oil&gas production platforms. There is a reference to ships, whereas some floating oil&gas drilling rigs are considered or registered as “watercraft (ships)”. No indication for fixed platforms.

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

ANNEX II – Activities for which it is important that any criteria which refer to EU legislation are also taking into consideration the activities outside of the EU

COMMENT 12

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex II to Environmental Delegated Act (CE)

ACTIVITY: 2.4. Treatment of hazardous waste

GENERAL COMMENT: It would be important that any criteria which refers to EU legislation should be expanded to include *“or any applicable equivalent international or third country legislation”*.

COMMENT ON THE ACTIVITY DESCRIPTION:

This economic activity covers both in-situ and ex-situ material recovery operations of waste classified as hazardous waste in accordance with the European List of Waste established by Commission Decision 2000/532/EC51 and in accordance with Annex III to Directive 2008/98/EC

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT 13

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex III to Environmental Delegated Act (PPC)

ACTIVITY: 2.2. Treatment of hazardous waste

GENERAL COMMENT: It would be important that any criteria which refers to EU legislation should be expanded to include *“or any applicable equivalent international or third country legislation”*.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

For the treatment of waste containing Persistent Organic Pollutants (POP), all waste containing POP substances listed in Annex IV to Regulation (EU) 2019/1021 are controlled and traced as hazardous waste in accordance with Article 17 of Directive 2008/98/EC. Specific requirements of Articles 7(4), 17, 18 and 19 of Directive 2008/98/EC apply.

COMMENT 14

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex I to Climate Delegated Act (CCM)

ACTIVITY: 5.12. Underground permanent geological storage of CO2

GENERAL COMMENT: It would be important that any criteria which refers to EU legislation should be expanded to include *“or any applicable equivalent international or third country legislation”*.

COMMENT ON THE ACTIVITY DESCRIPTION:

COMMENT ON THE ACTIVITY SUBSTANTIAL CONTRIBUTION CRITERIA:

COMMENT ON THE ACTIVITY DO NO SIGNIFICANT HARM CRITERIA:

For Pollution prevention and control DNSH: The activity complies with Directive 2009/31/EC, which is not possible to be determine for activities outside of the EU.
