

From: [REDACTED]@eurosif.org>
Sent: 08 March 2021 11:50
To: [REDACTED] (CLIMA)
Cc: [REDACTED]
Subject: Eurosif - Investors concerned about poor quality of discourse on Taxonomy - Negative impact of Taxonomy on many economic sectors probably exaggerated
Attachments: 2021_03_01 The EU Taxonomy-Eurosif (2).pdf
Categories: Green Category

Dear [REDACTED],

I am contacting you on behalf of the **European Sustainable Investment Forum (Eurosif)** to share our short paper on the Taxonomy [\[Link\]](#) which aims at dispelling myths around the Taxonomy as we are concerned by the poor quality of discussions many stakeholders display when speaking about the Taxonomy. Taking the perspective of investors:

- The Taxonomy is a system for identifying/classifying 'sustainable economic activities' aligning with the Paris Agreement/EU Climate Law objective of carbon neutrality by 2050.
- It is a transparency/reporting framework. It does not contain any minimum investing/lending requirements for financial institutions.
- It will increase transparency through a harmonised nomenclature, helping to address greenwashing.
- It may gradually steer private capital to more sustainable economic activities. At this stage however, we have seen no evidence to support claims that it will materially cut off certain companies or entire industries from access to financial markets.
- It helps to identify 'sustainable investments'. It does not determine whether these investments are financially sound. And investors/asset managers will still need to generate sufficient investment returns to meet the financial goals of clients, pensioners, savers.
- The real problem is that 50% of the investments in Europe required to meet net-zero by 2050 are not profitable in the current policy environment of carbon price, taxation and subsidies, according to estimates by McKinsey. Private capital cannot (yet) be leveraged for these investments.
- Investors (and companies) will not (yet) shift their capital to these investments until they are convinced they can generate sufficient investment returns. The Taxonomy may contribute, but the real change will come from a higher carbon price.

We would be delighted to have a brief call in the next couple of days with your or your colleagues to discuss this and how we can be of help in ensuring the EU adopts a robust Taxonomy that maintains a strong link with scientific evidence.

About us

Eurosif works as a partnership of Europe-based national Sustainable Investment Forums (SIFs), including SIF Ireland. SIF members include institutional investors, asset managers, index providers and ESG research and analysis firms totalling over €8 trillion of assets under management, as well as other stakeholders such as NGOs, trade unions, think-tanks and philanthropic foundations. Our Mission is to "Promote sustainable development through investments that make a measurable contribution to the sustainable development goals set by the United Nations, the European Union and other European countries."

Best regards,

[REDACTED] Eurosif, the European Sustainable Investment Forum

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