

15 April 2021

Dear President von der Leyen,
Dear Commissioner McGuinness,

Following up on letter to Commissioner McGuinness dated 16 February 2021, I am writing to you with regard to the draft Delegated Regulation under the Taxonomy Regulation.

The Institutional Investors Group on Climate Change (IIGCC) is the leading European membership body enabling the European investment community in driving significant and real progress by 2030 towards a net zero and resilient future. IIGCC's 300 members representing €37 trillion AUM are in a position to catalyse real world change through their capital allocation decisions, stewardship and engagement with companies and the wider market as well as through their policy advocacy.

The EU taxonomy provides a key foundation stone for Europe's sustainable finance agenda, not only from a regulatory perspective, but also because investors are using the taxonomy to assess alignment of their portfolios and investments with net zero.

IIGCC strongly recommends the draft Delegated Regulation upholds, as a minimum, the level of climate ambition and screening criteria recommended by the Technical expert group on sustainable finance (TEG). To ensure the taxonomy is aligned with net zero emissions, it is of key importance that the technical screening criteria do not diverge from a science-based approach.

In particular, we strongly discourage any inclusion of natural gas without abatement (e.g. without carbon capture) within the scope of the taxonomy. If natural gas without abatement was to become consistent with the taxonomy, this would mean many energy companies would demonstrate alignment with the taxonomy - even though their activities would not be aligned with net zero emissions and without having enacted climate transition plans in line with achieving economy-wide net zero emissions.

From an investor perspective, IIGCC and its members are proactively engaging with corporates to encourage a shift in business model away from fossil fuels, and towards scaled up investments in renewables and other zero emission technologies. Any inclusion of natural gas without abatement within the taxonomy would frustrate the efforts of investors seeking to drive the decarbonisation of emissions intensive sectors and align investors' portfolios with net zero emissions. Investors will be closely examining the lobbying undertaken by companies on the taxonomy and any misalignment with corporate's commitments to good governance on Paris-aligning lobbying.

We welcome your consideration of these concerns, and look forward to continuing to support the Commission to reorient capital flows towards net zero investment.

Yours sincerely,

Stephanie Pfeifer



IIGCC CEO
Contact: spfeifer@iigcc.org