

Mairead McGuinness
Commissioner
Financial services, Financial Stability and Capital Markets Union
European Commission
200 Rue de la Loi
1049 Brussels

Re: Draft Delegated Regulation under the Taxonomy Regulation

CC:
Ms Katie Power, Policy Coordinator

Dear Commissioner McGuinness

Following up on our meeting with Ms Power in December 2020, I am writing to you with regard to the draft Delegated Regulation under the Taxonomy Regulation.

The Institutional Investors Group on Climate Change (IIGCC) has more than 275 members, mainly pension funds and asset managers, across 16 countries and representing over £35 trillion in assets under management. As the leading investor group on climate change in Europe, our mission is to mobilise capital for the net zero transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and fellow investors.

To support the alignment of Europe's economy with net zero emissions, IIGCC recommends the draft Delegated Regulation under the Taxonomy Regulation upholds, as a minimum, the level of climate ambition and associated criteria recommended by the Technical expert group on sustainable finance (TEG).

With regards to fossil fuels, IIGCC's engagement with corporates is seeking to encourage a shift in business model away from fossil fuels, and towards scaled up investments in renewables and other zero emission technologies. In particular, we would discourage any changes to the current climate change mitigation criteria for electricity generation within the draft Delegated Regulation (100g CO₂/kWh) which would see natural gas without abatement (e.g. without carbon capture) entering the scope of the sustainable taxonomy.

For example, with respect to section 4.7 of Annex 1, if natural gas without abatement (e.g. without carbon capture) was to become consistent with the taxonomy, this would mean many energy companies would presently demonstrate alignment with the taxonomy, but without enacting climate transition plans in line with achieving economy-wide net zero emissions by 2050. This would frustrate the efforts of investors seeking to drive the decarbonisation of emissions intensive sectors, and would be inconsistent with the recommendations of the TEG.

We welcome your consideration of these concerns, and we and our members look forward to continuing to engage with you to support the Commission to reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth.

On behalf of IIGCC,

Stephanie Pfeifer



IIGCC CEO

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