



EUROPEAN COMMISSION

Brussels, 5.2.2019
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Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the proposal for a Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment {COM(2018) 353 final} (hereinafter ‘the Taxonomy proposal’).

The Taxonomy proposal is the cornerstone of the Commission’s initiative on sustainable finance, which lays the foundation for European framework that takes Environmental, Social and Governance considerations into account. In this way, the Commission’s initiative supports the transformation of Europe’s economy into a greener, more resilient and circular system. The proposal sets out a process involving a multi-stakeholder platform to establish a unified European classification system based on a set of specific criteria (to be adopted through delegated acts), in order to determine which economic activities are considered environmentally sustainable.

The Commission is pleased with the Camera Deputaților’s general support for the aims of the proposal and notes its considerations, reservations, and recommendations.

The Commission welcomes the Camera Deputaților’s recommendations, specifically those regarding the gradual classification and implementation of the Taxonomy proposal. The Commission has proposed to implement technical screening criteria using delegated acts, to guarantee that the taxonomy will be flexible and takes into account the latest scientific developments. Currently the Sustainable Finance Technical Expert Group is developing technical screening criteria for the first two environmental objectives, climate change mitigation and adaptation, listed in Article 5 of the Taxonomy proposal. Criteria for the other four environmental objectives would be gradually developed and implemented once the Taxonomy proposal has been adopted. The

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application of the Taxonomy proposal would be reviewed regularly in order to assess and update the technical screening criteria.

The Commission takes note of the Camera Deputaților's concerns regarding the effects of the Taxonomy proposal on competitiveness and the possible creation of burdens on businesses. The Taxonomy proposal, once developed, will identify environmentally sustainable economic activities, rather than presenting a list of environmentally sustainable companies or assets. In conformity with the Better Regulation guidelines {SWD(2017) 350 final}, the Commission will perform an impact assessment of the Delegated Acts, assessing inter alia the effect on competition and possible costs and burdens for all relevant stakeholders. The Camera Deputaților's reservation regarding the Platform on Sustainable Finance's ability to monitor and report on capital flows towards sustainable investments has been noted as well.

The Commission welcomes the opportunity to clarify the verification process of the disclosure obligation. The Taxonomy proposal does not foresee additional mechanisms or requirements for verifying whether an environmentally sustainable economic activity performed by a given company actually meets the technical screening criteria of the Taxonomy. This is to ensure that investing in green economic activities does not become unnecessarily burdensome compared to regular investments. Instead, requirements on verification of compliance would be part of the initiatives or policies making use of the Taxonomy. The competent authorities designated by Member States for the supervision of disclosure obligations (contained in other sectoral legislation) are also responsible for ensuring compliance with the disclosure obligation in the Taxonomy proposal.

The Commission would also like to inform the Camera Deputaților about the possibility to raise specific national concerns in the Member State Expert Group on Sustainable Finance that has been set up by the Commission in parallel with the Technical Expert Group.

The Camera Deputaților's Opinion has been made available to the Commission's representatives in the ongoing negotiations with the co-legislators and will inform these discussions.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera Deputaților and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Valdis Dombrovskis
Vice-President*