Brussels, 30 November 2018

Statement from the Alliance of Energy Intensive Industries on the Sustainable Finance Proposal

We, representing sectors that are part of the backbone of the EU economy, **welcome the sustainable finance package** and its intent to promote investments for a sustainable future. Our industries are committed to continuous improvements in the carbon footprint from production processes. At the same time, these production processes are a key enablers for the transition to a low-carbon economy and the material production is vital to acheive increased sustainability performance in other sectors. For instance, windmills, batteries and solar panels necessary for the energy transition, as well as "green products" in general, are made of indispensable raw materials like minerals, wood, metals or chemicals. Despite their energy and emissions-intensive production processes, **the life cycle analysis** shows the net positive climate impact of such materials. However, the current taxonomy proposal might establish substantial obstacles to the processing and availability of such materials – hence underestimating their substantial contribution to the low carbon economy.

Our companies are ideally positioned to facilitate the potential development of key solutions for significant GHG emission reductions, while remaining competitive and innovative, provided the necessary framework conditions are in place. In contributing to the transition, investment-intensive R&D activities will be fundamental to allow the low-carbon transition of European industry and further develop industrial products. However, to deliver the required financing, investors need regulatory certainty that is mindful of not a-priori excluding whole sectors or activities from the Sustainable Finance classification system. Furthermore, it will be of the utmost importance that the planned regular revisions of the sustainable finance package do not undermine **legal certainty and predictability** and are consistent with existing regulation.

Technologies reducing the impact on the environment, providing cross-sectoral contributions for increased sustainability, or decreasing CO_2 emissions or/and improving the efficiency of the industry itself, should be supported by a **neutral, cost-effective and inclusive approach**. New activities with the potential of CO2-emission reductions, such as CCUS for instance, should also **compete on a level-playing field.** The criteria of the respective classification system should be set along a dynamic approach, flexible enough to adapt to the scalability of the technologies, to scientific, environmental and market developments, and their possible cross-sectorial evolution.

Given the complexity of these issues, clearly, **one size does not fit all**. Hence, the EU should consider the existence of varying transition stages and lengths, and take into account the different characteristics and needs of Member States. The Sustainable Finance Package should aim at preserving the competitive playing-field: it needs to also consider the international regulatory environment and the taxonomies existing in EU neighbourhood countries. Investors should be encouraged to focus on Europe to further support an environmentally - sustainable economic system.

Considering that several key sectors (such as the manufacturing one) are not represented in the technical working group on Taxonomy created by the Commission, the involvement of sectorial experts will be of crucial importance. Energy intensive industries would be able to raise awareness on the potential barriers in the internal market or the capital union, being deeply involved in the "real economy". To ensure the success of the Sustainable Finance proposal, we will be happy to contribute and to provide our expertise whenever needed.