The Federation of Norwegian Industries' comments to the 2nd draft delegated act supplementing the EU Taxonomy Regulation

About the Federation of Norwegian Industries

The Federation of Norwegian Industries represents Norwegian industry branches such as oil and gas contractors, onshore petroleum activities, aluminium, biotechnology, cement, chemical industries, electro and energy equipment, furniture, glass and ceramics, machine and hardware industry, maritime industry, aquaculture and aquaculture suppliers, graphic arts and communication, metals, mining, paints and coatings, paper and pulp, pharmaceuticals, plastics, recycling, facility services, textiles and hotels. Hence, our input to the taxonomy legislation reflects common positions of a wide range of industry branches. We represent 2,600 member companies with approx. 130,000 employees, with a total yearly turnover of 60 billion Euros.

Introduction

The Federation of Norwegian Industries welcomes the effort in shaping the EU taxonomy legislation to increase investments in the green transition of the EU economy. We believe that the taxonomy should include screening criteria for as many economic activities as possible. The development of the taxonomy must build on lifecycle assessments, where the whole value chain, from sourcing, production, use and waste management (e.g. recycling), are considered. The delegated acts to the taxonomy regulation must be based on realistic criteria, awarding industry companies and other economic activities, which are environmental frontrunners within their branches.

Agriculture, Forestry and Fishing

Chapter 1.4 – Fishing

We welcome the taxonomy criteria for marine and freshwater fishing.

With regard to the requirement for use of selective methods/gear (criterium 1.2.3), we support that there should be a requirement for an evidence-based approach to selectivity. However, it should be taken into account that research on the environmental performance of fishing methods and gear is normally preceded by development and use of new types of methods and gear. Hence, an absolute and strict requirement for published research may delay the process of financing and taking into use new and more environmentally friendly selective methods and gear.

Further, we are sceptical to an unconditional requirement for no take zones (criterium 2.1.1), and especially that there should be a percentage target. No take zones are not well established as a fisheries management tool. In addition, many species are migratory and dynamic and stocks more/flux into catchment areas. We believe that requirements as seasonal closures to protect spawning grounds, vital recruitment - and nesting areas is a better approach, as this will be a better way to target the protection and restoration of individual fish populations and ecosystems.

Finally, as also suggested by the Platform, we would like to support that the development of taxonomy criteria for aquaculture should be addressed and prioritised in the next revision round.

Proposals for chapter 1.4:

- In criterium 1.2.3, require that that the use of truly selective methods and gear and low impact on ecosystems is evidence based, instead of the proposed absolute requirement to published research.
- In criterium 2.1.1 replace the requirement for establishment and maintenance of 10 % no take zones, with requirements to respect seasonal closures to spawning grounds, vital recruitment - and nesting areas.

Manufacturing

Chapter 2.5 – Manufacture of plastic packaging goods

The Federation of Norwegian Industries welcomes taxonomy criteria which contributes to the increase in demand for recycled or biobased plastics. However, a requirement of 95 % of the feedstock originating from mechanically/chemically recycled or biobased feedstock seems too ambitious, when taking into account the current supply of recycled high-quality plastic materials in Europe. We are uncertain if there are enough recycled plastic materials with the necessary qualities within the EU, in order for such a criterion to be meaningful for producers of plastic packaging goods. Therefore, we suggest a slightly lower ambition level at this stage, for instance that 75 % of the input plastic materials should origin from recycled, biobased or CCU feedstock.

Proposal for chapter 2.5:

- Require that 75 % of the input plastic materials should origin from recycled, biobased or CCU feedstock, instead of the suggested level of 95 %.

Chapter 2.17 – Design, manufacture, remanufacture and reselling of furniture

The proposed taxonomy criteria have considered many of the important drivers for the circular furniture industry. However, we would like to see an emphasis on all kinds of environmental labels and environmental information. In particular, chapter 2.17, B.1 only mentions internationally recognized type 1 ecolabels. This is deficient. Environmental Product Declarations (EPDs) – internationally recognized type 3 and number based environmental documentations such as Life-Cycle-Assessments (LCAs) are not mentioned. Regarding the proposed criteria for disassembly & reassembly (page 263) the Federation of Norwegian Industries supports the mentioning of proof of compliance with circular design requirements. The most internationally recognized body for this type of work is The Ellen MacArthur Foundation's Circular Design Guide[1].

Proposals for chapter 2.17:

- Include Environmental Product Declarations and other environmental 3 type information
- Include the emphasis of Life-Cycle-Assessments and other number-based environmental declarations.
- Modify the requirement on page 263 from: **"***Proof of compliance with circular design requirements, for example such as those described in the Nordic Swan Ecolabelling O15, or a similar relevant internationally recognized type 1 ecolabel*" to "*Proof of compliance with circular design requirements, for example such as described by the The Ellen MacArthur Foundation's Circular Design Guide, or similar internationally recognized types of ecolabels*".

[1] https://www.circulardesignguide.com/

- Modify the requirement on page 264 from "*VOC emissions: The furniture item is compliant with all relevant VOC requirements mentioned in one of the following internationally recognized type 1 ecolabels: o EU Ecolabel for furniture or the EU Ecolabel for bed mattresses o Nordic Swan Ecolabel for furniture and fitments o Blue Angel for Mattresses or for Low-Emission Furniture and Slatted Frames made of Wood and Wood-Based Materials*" to "*VOC emissions: The furniture item is compliant with all relevant VOC requirements mentioned in recognized types of ecolabels, such as the EU Ecolabel, Nordic Swan Ecolabel, Blue Angel or Environmental Product Declarations or other number-based environmental assessments*"

Transport

Chapter 8.1 – Sea and coastal freight water transport

The taxonomy should incentivize investments in vessels with low environmental impact, while still taking into account the current capacity and demand for zero pollution vessels. The proposed criteria for air pollution (1a) requires that the activity must comply with a requirement for zero direct emissions of SOx, NOx and PM. This means that the vessel must use other energy carriers than fossil fuels (in practice battery technology). Although we support the ambition of zero emission vessels, it seems too soon to set an absolute requirement to use of battery technology in freight transport. An alternative is offered in criteria 1b, linking the taxonomy to the MARPOL Annex VI plus the requirements for Emission Control Areas for SOx, NOx and PM. However, the criteria in 1b, requiring vessels to have zero direct emission technology at berth depends on the available infrastructure at harbours and not on the vessel itself. It seems unreasonable that vessels with a low environmental impact shall be unable to fulfil the taxonomy criteria, just because they operate in harbours without infrastructure for onshore power supply.

Regarding requirements for oil pollution, the proposal for an absolute requirement to eliminate stern tub/propeller shaft oil leakage (criterium 2a) will be difficult to document and comply with in practice. Although, eliminating oil leakage is a clear ambition, we believe that a better approach to the taxonomy would be to require the implementation of systems to minimize oil leakage.

Furthermore, it should be noted that modern freight vessels normally have higher average speed than 10 knots. We do not believe that average speed is an appropriate operational requirement with respect to the pollution prevention and control. In addition, there is a need to clarify the criterium in 5e), which requires the operator to commit to Zero discharge in Marine Protected Areas. We assume that the criterium concerns zero discharge to water and not discharges to air.

Finally, we believe that the taxonomy should also allow for investments in green technology in branches that may be perceived as pollutant, as of today. One example is investments in sustainable transportation and transport infrastructure, regardless of which fuels or goods that are transported. The proposed criteria excluding vessels transporting e.g. fossil fuels and hazardous waste intended for final disposal would entail that investments that will contribute significantly to pollution prevention and control in the transportation sector may be excluded. Furthermore, if this logic was to be applied generally, the taxonomy should exclude investments in vessels (and other means of transport) transporting goods with a high GHG impact. Surely, this is not applicable and would exclude a large part of the transportation sector from the taxonomy.

Proposals for chapter 8.1:

- Modify criteria for air pollution (1a and 1b) in the following manner:
    - Until 31st December 2025, vessels compliant with the general requirements of MARPOL Annex VI plus the requirements for Emission Control Areas (ECA) for SOx, NOx and PM, regardless of the area of operation.
    - After 1st January 2026, zero direct emissions vessels SOx, NOx, PM.
- In criteria 2a and 2b, require that proper systems are in place to minimize stern tube/propeller shaft oil leakage, instead of requiring the elimination of such oil leakages.
- Delete criterium 5a and allow for modern vessels with a higher average speed than 10 knots.
- Modify criterium 5e to clarify that the requirement of zero discharge in Marine Protected Areas only apply to discharges to water.
- Delete criterium 6 and allow for investments in sustainable sea and costal freight transport, which contribute significantly to pollution prevention and control, regardless of their cargo.

Waste management

Chapter 13.1 - Collection and transport of non-hazardous and hazardous waste

Separate collection and segregation at source should be the main rule for the collection and transport of waste. In many cases, source segregation and separate collection is a pre-condition to achieve high-quality recycling of waste, for instance for fractions such as paper and cardboard, biowaste, textiles, etc. In certain cases, however, commingled collection may be used without compromising with quality standards for the secondary raw materials. For instance, comingled collection of glass and metal packaging has been the norm in the Nordic countries for many years, streamlining the waste collection without compromising on the quality of the recycled materials.

Proposal for chapter 13.1:

- Remove "glass" from the waste materials that shall always require separate collection (i.e. in single fractions), in cases where glass packaging is collected together with metal packaging.

Chapter 13.3 – Treatment of hazardous waste as a means for pollution prevention and control

The waste hierarchy, described in the European waste framework directive article 4, applies as a priority order in waste prevention and management legislation and policy. The waste hierarchy applies to also to hazardous waste, meaning that disposal is the least desirable treatment option. However, in certain cases, safe disposal the options that deliver the best overall environmental outcome, when taking into account the goal for a toxic free environment. For instance, safe disposal options may prevent leaking of hazardous substances to the environment and the recycling of legacy substances. Hence, the Federation of Norwegian Industries believes that disposal operations for hazardous waste should not be excluded from the scope of treatment of hazardous waste as a means for pollution prevention and control, provided that it can be demonstrated that disposal is the treatment option delivering the best overall environmental outcome.

Furthermore, we welcome criteria for pre-acceptance and acceptance procedures for hazardous waste. However, very few reception facilities for hazardous waste have their own laboratories on

site. In most cases, certified external laboratories are used to analyze samples of the hazardous waste received. This does not compromise with the need for strict routines and acceptance procedures. On the contrary, the use of external laboratories is normally seen as necessary to ensure safe treatment of hazardous waste, as a means for pollution prevention and control.

Proposals for chapter 13.3:

- Include disposal activities in the scope, when demonstrated that disposal is the treatment option that delivers the best overall environmental outcome for the hazardous waste.
- Remove the proposed criteria for acceptance procedures requiring reception facilities for hazardous waste to be equipped with a laboratory to analyze samples on site.

Chapter 13.4 – Treatment of hazardous waste as a means for material recovery

The criteria in chapter 13.4 are suggested for activities specifically designed for the material recovery of secondary raw materials from source segregated hazardous waste, as its primary aim. The Federation of Norwegian Industries believes that these criteria should apply for the material recovery of all types of hazardous waste, including inorganic materials from incineration processes (e.g. ashes, dust, slags). Material recovery, instead of incineration and disposal, will take Europe in the direction of a more circular economy. Several companies are currently investing in facilities, recycling salts and minerals from fly ash. Such investments in recycling capacity will reduce waste volumes to landfilling and are necessary to achieve a circular society.

Proposal for chapter 13.4:

- Include material recovery of inorganic materials from incineration processes in the scope of the activity.

Chapter 13.8 – Sorting and material recovery of non-hazardous waste

We welcome taxonomy criteria for sorting and material recovery of waste. We believe that one of the success criteria for the taxonomy is the framework may be practiced in a harmonized manner within the EEA and award environmental frontrunners. The suggested criteria for material recovery in chapter 13.8 are however linked to material recovery rates set in local waste management plans, permits or contracts. In our opinion, such an approach may lead to situations where facilities may benefit from low ambitions for material recovery rates set by competent authorities, local authorises or even in commercial contracts. Surely, this does not represent a harmonized approach to the taxonomy. The Federation of Norwegian Industries suggest that criteria for recovery rates are instead linked to European waste legislation. In addition, we suggest criteria for the quality of secondary raw materials require that the majority of waste (> 50 %) received is processed into secondary raw materials suitable for the substitution of virgin materials.

Proposals for chapter 13.8:

- Link criteria for material recovery to targets in European waste legislation.
- Criteria for the quality of secondary raw materials should require that the activity converts or enables the conversion of the majority of waste received (at least > 50 %) into secondary raw materials, which are suitable for the substitution of virgin materials in production processes.