

Template for providing your feedback on the EU Taxonomy Delegated Acts

TYPE OF RESPONDENT: Company/Business organisation	TRANSPARENCY REGISTER NUMBER: <u>6437280268-55</u>
COUNTRY: Germany	SECTOR OF ACTIVITY: Insurance/Reinsurance
ORGANISATION: German Insurance Association (GDV)	ORGANISATION SIZE: Large (> 250 employees)
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The Delegated Acts presented in this call for feedback include several activities spanning over various economic sectors substantially contributing to all six environmental objectives of the Taxonomy Regulation, however only some of these activities may be of relevance to you. To facilitate your feedback process, find an overview of included activities per sector and environmental objective on the [EU Taxonomy website](#).

Stakeholders are asked to limit their feedback only to the content of the drafts Delegated Acts subject to this call for feedback. Any other comments, including suggestions to add new activities will not be considered. A specific mechanism to channel these requests will be made available on the Commission website in the future.

When replying to this call for feedback, please clearly signal which activities in the draft Delegated Regulation(s) your comments relate to. For example, if referring to activity 3.19 regarding the manufacture of rail constituents in the draft amending Delegated Regulation regarding the objective of climate change mitigation (CCM), please mention the activity reference number (3.19) and the objective (CCM) clearly in your submission. The objectives should be abbreviated as follows:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

If referring to the amendments to Delegated Regulation (EU) 2021/2178 regarding disclosures under the Taxonomy (Art. 8), please also clearly highlight the relevant Section or Annex your reply refers to.

In line with the taxonomy's guiding principle of establishing robust, science-based criteria, the call for feedback puts emphasis on providing a **clear scientific and technical explanation and rationale** as well as **supporting evidence** (including links to published journals and articles) for any comments made with respect to the proposed technical screening criteria.

For more information on the EU Taxonomy and activities already covered in the Taxonomy Climate Delegated Act, please visit: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en.

Please copy/paste the below comment table for each activity that you would like to provide comments to. In addition, please name the file using your organisation's or first and last name: e.g. Company X or John_Smith.

COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Choose an item.

ACTIVITY (e.g. CCM 3.19 Manufacture of rail constituents): n/a

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Financial market participants need clear and unambiguous rules for their reporting obligations. In Article 5 para 1, Delegated Regulation (EU) 2021/2178 is amended by a deletion of Article 8 para 5. This deletes the one-year delay for reporting under Article 8 Taxonomy on new screening criteria. We want to point out, that this will create a data problem. Investees are not likely to report on their own economic activities with respect to the new screening criteria without sufficient time in advance. In turn, insurers who rely on this information cannot use it for their own reporting. Investees and investors have their reporting obligations timely close to each other and both have operational processes for their reporting. Therefore, we assume that the same principles should be in place as for the first reporting, namely:

- Reports from financial companies should consider information on eligibility for the four remaining environmental objectives only based on reported data or own assessments where the financial company has control over the asset.
- No estimates are allowed.

It is foreseeable that only a very small amount of data will be available for reporting. This will make the reports of little to no value in this regard. Furthermore, the comparability between financial companies would be reduced, as the available data basis would differ significantly. Although, data restraints could be highlighted in the disclosure e.g. with a footnote, the small value of the reporting remains.

Therefore, we propose to postpone the reporting obligation on taxonomy eligibility by one year, starting in 2025 followed by the reporting obligation on taxonomy alignment starting in 2026. Consequently, the proposed paragraph 7 should be amended as follows: *"7. From 1 January 2025 until 31 December 2025 financial undertakings shall only disclose (...)".*

If the Commission intends to maintain the proposed timelines, Article 5 para 2 needs to be amended, as it seems, that the year 2025 is not covered. The proposed paragraph 7 should be amended as follows: *"7. From 1 January 2024 until 31 December 2025 financial undertakings shall only disclose (...)".* But even in this case, the principles mentioned above should be applicable, also for the following alignment reporting.

Regarding the Disclosures Delegated Act Annex XII as introduced by the Delegated Regulation 2022/1214, Template 2 which requires the disclosure of a breakdown of taxonomy-aligned economic activities in the denominator should be deleted to simplify the disclosures given that this information is redundant. Template 3 is already requiring a breakdown of taxonomy-aligned economic activities in the numerator.

COMMENT

Delegated Act: Taxonomy Environmental Delegated Act

Annex: Annex V-VII to Environmental Delegated Act (Art 8)

ACTIVITY (e.g. CCM 3.19 Manufacture of rail constituents): CCA 10.1 Non-life insurance, 10.2 Reinsurance

GENERAL COMMENT (incl. comments on corrections of technical mistakes in Climate Delegated Act and Article 8 Delegated Act):

Taxonomy reporting must be clear, concise and should provide a meaningful inside. Therefore, GDV welcomes the proposed changes in the Disclosures Delegated Annex X. The following additional simplifications in the template regarding the underwriting KPI for non-life insurance and reinsurance undertakings would allow for an improved clarity, readability and thereby usability of the information provided by both, preparers and final users:

- Usability of the information for column 6 is questionable, as non-life underwriting can currently only contribute to a single objective (climate change adaptation). Hence the reporting in this column will be either 100% or 0%, depending on the line item. For the “Total” line, the cell should be removed (greyed out)- see screenshot below.
 - Columns 8 to 11 are not applicable as there is no DNSH defined for the insurance activity for these environmental goals. Therefore, they should be removed, or guidance should be given that these cells must be prefilled with “not applicable” (n.a.)
 - Column 7 and 12 for the lines A.2 and “Total” should be removed (greyed out). These criteria should have no need to be assessed for non-aligned revenues (A.2) and for the “Total” line no reasonable statement can be given- see screenshot below.
 - Insurance is classified as an enabling activity. Therefore, column 13 should be renamed as “enabling activity” and column 14 should be removed – see screenshot below.
 - To better understand the figures disclosed by (re)insurers (in particular the evolution over time) and increase comparability, a new line with the eligible premiums (“*Non-life insurance and reinsurance underwriting taxonomy-eligible activities*”) could be added, beyond the total premium.
 - Application guidance for line “A.1.1 Of which reinsured” should be developed and provided. What kind of reinsurance contracts should be covered in this line, e.g., how are proportional and non-proportional contracts considered? The current assumption is that this information cannot be broken down to a policy level. Hence the use of approximation methods or estimates should be allowed, at least for a transition period.
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Template: The underwriting KPI for non-life insurance and reinsurance undertakings

Economic activities (1)	Absolute premiums, year t (3)	Proportion of premiums, year t (4)	Proportion of premiums, year t-1 (5)	Climate change adaptation (6)	Climate change mitigation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)	Minimum safeguards (12)	Category (transitional activity (T)) (13)	Category (transitional activity (T)) (14)
												DNSS (DN No Significant Harm)
	Currency	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)											E	
A.1.1 Of which reinsured											E	
A.1.2 Of which stemming from reinsurance activity											E	
A.1.2.1 Of which reinsured (retrocession)											E	
A.2 Activities not included in A1											-	
Total (A.1 + A.2)											-	

Regarding the template “The proportion of the insurance or reinsurance undertaking’s investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments”, we would like to highlight the following key open points in relation to EU Taxonomy investments:

- Lack of market standard on fund look-through. Current options of using EET (European ESG template), and Tri-Party Template (TPT) suffer from lack of company coverage and EET does not collect eligibility information (required for the 2023 Taxonomy disclosure). Without market direction and standard for this process, collecting such information will continue to be tedious with low data coverage.
- Enforcing that Financial Institutions (FIs) collect nuclear/gas activities at the six stated activity levels as per Article 2, of the amendments to delegated Regulation (EU) 2021/2178. For FIs, the exposure is likely to be very small. Data collection at such a granular level would be difficult and costly. Given the lack of materiality, we propose that FIs collect the said activities at an aggregated level for eligibility and alignment. Besides the lack of materiality, the added value of separating these activities (which are not separated for any other activities where NACE codes are more than 1) is inconsistent with the current Taxonomy approach and adds unnecessary complexity to the reporting requirements.
- Compulsion to report eligibility for the remaining four environmental objectives for own assets in 2023 as per draft amendments to article 10 of the Taxonomy Delegated Regulation. While a similar reporting phasing was experienced with the CDA last year for nuclear/gas activities, the expected exposure for the remaining environmental objectives is expected to be considerably larger in scope and materiality. Therefore, the requirement could lead to poor data quality. In addition, it would lead to a difference in environmental objective scope between eligibility and aligned assessment in the same reporting template. We therefore propose that this requirement be postponed for FI’s until 2024. That way, the environmental scope of Taxonomy eligibility and alignment will be the same for 2023 and 2024.