Draft Act

OF THE EU TAXONOMY CLIMATE DELEGATED ACT

VCI, the German Chemical Industry Association, supports the European Commission's efforts to reduce burdens and simplify processes and welcomes the European Commission’s draft of the EU Taxonomy Climate and Environmental Delegated Acts technical screening criteria (TSC). Further, it is necessary to evaluate the effectiveness of the overall EU Taxonomy framework by analysing its positive uptake in certain economic sectors and its underperformance in others to make it a fit-for-purpose framework and **should therefore be voluntary**.

Overall, companies anticipate a significant increase in the workload associated with the TSC review, as new criteria have been introduced and existing processes must be adjusted accordingly.

Further, the proposed timeline foresees the application of the amendments as of 1 January 2027, which in practice would require companies to reflect them in their 2027 reporting for financial years starting from 1 January 2026. Given the limited preparation time and the resulting uncertainty, this creates challenges for companies. It would therefore be more practical to provide an option allowing companies to apply the amendments either to the 2026 or the 2027 financial year. Delegated Regulation (EU) 2026/73 included such an option, which we would welcome also in the new delegated acts.

Delegated Act/ Activity Code/ Appendix	General feedback	Rationale
Delegated Regulation (EU) 2021/2139	Delegated Regulation (EU) 2021/2139 requires a critical review for every LCA, which can be conducted by a qualified internal or external expert. A third-party review by a panel of interested parties is only mandatory when LCA results are intended for public comparative claims, such as in marketing. Additionally, many activities or products covered by EU Taxonomy legislation already reference an EU-approved verified methodology. Some companies use LCA software that is often third-party verified. ISO allows LCAs to be calculated using such software and verified externally. In these cases, requiring individual third-party verification for each product is unnecessary. Verification of the entire system or software by a third party is sufficient and fully compliant with ISO.	The Taxonomy Regulation requires quantified life-cycle GHG emissions to be verified by an independent third party. Under the current interpretation, both the LCA assessment and third-party verification must be performed at the product level on an annual basis. For a chemical company producing thousands of Taxonomy-aligned products, this means conducting and verifying an LCA for each individual product—an approach that is highly costly and extremely time-consuming.

Delegated Regulation (EU) 2021/2139	The draft Delegated Act suggests replacing current life-cycle GHG emissions calculation methodologies with the Product Environmental Footprint (PEF) for the substantial contribution criteria of various manufacturing activities. To ensure consistency and practicality, the EU Taxonomy should explicitly maintain the possibility to apply ISO methodologies, which are well-recognised and consistently used by companies for life-cycle GHG emissions assessments.	We understand that due to legal concerns, the Commission has had to remove all references to ISO standards. However, it is equally important to keep allowing companies use the relevant ISO standards. Relying solely on PEF risks limiting flexibility and overlooking internationally recognized methodologies already adopted by many companies. PEF and ISO standards are not mutually exclusive, they can coexist and even reinforce each other, offering both detailed EU guidance and broader international consistency. Keeping both helps EU companies operating globally avoid duplicative methodologies and reduces compliance burdens without penalising them. It is important to note that most companies have already invested in implementing ISO standards or are in the process of doing so, also for Taxonomy-alignment purposes. More specifically, the recognition of other widely recognized LCA methodologies beyond PEF is crucial, since i) PEF Category Rules are not available for all products at this stage (e.g. plastics), resulting in a lack of specific guidance for calculations; ii) the current Environmental Footprint database requires updating and is, at present, outdated with a level of completeness inferior to other available datasets; and iii) some methodologies enable the definition of structured procedures for calculating product carbon footprints including a simplified certification pathway

		(e.g. ISO 14067 systematic approach), which simplifies implementation for companies, while PEF methods do not include this possibility at the moment.

Delegated Regulation (EU) 2021/2139	A practical way to address this usability challenge would be for the Commission to clarify through an FAQ or similar guidance that activities with Technical Screening Criteria referencing the EU ETS are considered Taxonomy-eligible when the relevant plant falls within the defined ETS system boundaries. This clarification would enable more precise and consistent reporting, improving comparability across companies and sectors. It would also align with the underlying rationale of prioritizing high-emission processes, namely those covered by the EU ETS. Furthermore, introducing a generally applicable materiality principle is essential to enhance comparability, as this is not yet consistently implemented across all companies.	The EU Taxonomy faces several usability challenges related to references to the EU Emissions Trading System (ETS). One key issue is the unequal treatment of economic activities that are Taxonomy-eligible but cannot achieve alignment because the Technical Screening Criteria (TSC) set by the regulation do not apply to those activities.For many activities, the TSC refer to EU ETS benchmarks via footnotes, such as “Reflecting the average value of the 10% most efficient installations…” or “Calculated in accordance with Regulation (EU) 2019/331.” However, not all plants or processes linked to these activities fall under the EU ETS. The ETS only covers specific high-emission processes, as detailed in Guidance Document No. 9 on the harmonized free allocation methodology for the post-2020 EU ETS. Given the complexity of the chemical industry, certain eligible activitie, such as chemicals produced as by-products are outside the scope of the TSC and ETS boundaries. As a result, these activities cannot be assessed and must generally be reported as not Taxonomy-aligned.For example, soda ash production within a caprolactam network (activity 3.12) is excluded from the EU ETS (see Guidance Document No. 9, exemption on p. 178). Under current rules, this makes screening and alignment impossible, even though

		the activity remains eligible. This inconsistency stems from a misalignment of the TSC rather than environmental reasoning, essentially due to missing data. Similar issues affect other activities, such as 3.7 Manufacture of cement, 3.12 Manufacture of soda ash, 3.14 Manufacture of basic organic chemicals, and 3.16 Manufacture of nitric acid. Aligning the TSC more consistently with ETS benchmarks would improve the accuracy and comparability of Taxonomy reporting while reducing administrative burden.

Delegated Regulation (EU) 2021/2139	The overall reporting table should not require a specific figure for non-material activities. Eligibility assessments should be permissible on the basis of historical values, with reassessment only triggered by a material change to the business model, in line with the simplified ESRS proposals. The current EU Taxonomy framework allows companies to forgo an eligibility assessment for non-material activities. However, the reporting table requires a specific figure for the sum of non-material activities (which must not exceed 10% of the KPI), making it impossible in practice to omit the eligibility assessment – since the determination of whether an activity is non-material can only be made after completing the assessment itself. This creates a circular obligation that undermines the intended simplification.	We propose removing the requirement to report a specific figure for non-material activities from the reporting table. Companies should be allowed to base their eligibility assessment on historical values, with a reassessment only required in the event of a material change to the business model. This is consistent with the principles underlying the simplified ESRS proposals and would meaningfully reduce the reporting burden without compromising the integrity of the framework.

General	All economic activities that make a substantial contribution (SC) to the Climate Change Mitigation (CCM) objective are subject to a GHG emissions threshold as part of the SC criteria. This threshold reflects the average GHG emissions intensity of the 10% most efficient installations in the years 2016–2017. For the Climate Change Adaptation (CCA) objective, these activities are subject to a corresponding DNSH criterion with respect to the CCM objective. In this case, the threshold is based on the median GHG emissions intensity of all installations in 2016–2017. This approach applies to the following economic activities relevant to the chemical sector: • 3.11 Manufacture of carbon black • 3.12 Manufacture of soda ash • 3.14 Manufacture of organic basic chemicals • 3.16 Manufacture of nitric acid • 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids The draft Delegated Act maintains the existing GHG emissions thresholds, as updated EU ETS values are not yet available, an approach that is supported by VCI.	Maintaining the existing GHG emissions thresholds provides regulatory stability and avoids premature adjustments based on incomplete data. In the absence of updated EU ETS benchmark values, retaining the current thresholds ensures continuity, legal certainty, and comparability, while preventing unnecessary recalibration of compliance and reporting processes.

CCM 3.17	The proposed subdivision into plastics and compounds multiplies rather than simplifies requirements, as the criteria for plastics are already covered by those for compounds. In addition, we note how this activity fails to recognise low-carbon monomers manufactured in alignment with the TSC of economic activity 3.14 “manufacture of organic basic chemicals”. As a result, there is no incentive to decarbonise upstream crackers even when low carbon monomers are used, therefore breaking value chain consistency within the EU Taxonomy. A fourth category should be added under paragraph 1 recognising sustainable plastics in primary-form using low-carbon monomers defined in economic activity 3.14.	The proposed subdivision into plastics and compounds does not represent a simplification but rather a multiplication of requirements. The requirements for plastics would already be covered by the criteria for compounds. We recommend revising and streamlining the criteria, focusing on the origin of the recycled content (i.e., which recycling technology and which waste source) rather than on the distinction between plastic and compound.

CCM 3.17 - Criterion (a) – Mechanical recycling	The current wording implies that 100% mechanically recycled content is required. We consider this threshold not sustainable in practice and request clarification or revision of the wording to reflect a more workable threshold. Furthermore, we propose replacing the words "plastic waste" in "by other recycling technologies from plastic waste" with simply "waste". Limiting the scope to plastic waste excludes recyclates from other materials, such as rubber or mixed waste streams, which should equally qualify.	A theoretical full manufacture with recyclates (100%) does not reflect the reality. Mechanically recycled products (part of the physically recycled products) and production lines are already implemented, but many times the products exhibit recycled shares below 100% not only because of market expectations but also to steer the performance of the products towards the application-specific requirements via addition of virgin material. A binary alignment approach (100% or nothing) is inconsistent with other EU legislation such as the Plastic Packaging Regulation, which recognises proportional recycled content. A progressive threshold would better support the transition to a circular economy and enable CapEx investments with partial recycled content to qualify as Taxonomy-aligned.

CCM 3.17 - Criterion (b) – Other recycling technologies	**1. Removal of the exclusion of fuel production credits:** The phrase "excluding any calculated credits from the production of fuels" means that by-products such as methane generated during the recycling process cannot be credited. This contradicts the logic of the globally recognized guideline for carbon footprint calculations in the chemical sector (Together for Sustainability (TfS) PCF Guideline) and effectively makes it impossible for chemical recycling to demonstrate a meaningful GHG benefit over primary production. This exclusion should be removed. **2. Clarification of the reference baseline:** The comparison against "the equivalent plastic in primary form manufactured from fossil fuel feedstock" is not universal. It depends on the producer, region, and production process and is thus not applicable. Additionally, we request clarification on how to handle cases where no comparable conventional product exists, or where only the more sustainable variant is available on the market. Finally, the word "fuel" in "fossil fuel feedstock" should be deleted, as it is misleading in this context – the term refers to the fossil raw material (feedstock) itself, not to an energy carrier. **3. PEF methodology:** The exclusive reference to the Product Environmental Footprint (PEF) methodology (Commission Recommendation 2021/2279/EU) is not appropriate for the following reasons: • PEF covers approximately 16 impact categories and therefore goes beyond GHG emissions alone. If the objective is solely to assess GHG emissions, PEF exceeds the stated goal and imposes extra administrative burden on the chemical industry.	Accepting ISO-compliant methodologies as equivalent alternatives to PEF would create a level playing field with competing countries and regions and reduce administrative burden. Allowing for several recycling technologies and waste sources would demonstrate the true GHG emission and sustainability benefit of plastics.

	• PEF treats biogenic carbon differently from current industry practice – it does not allow biogenic uptake. • PEF requires the use of the circular footprint formula, which probably results in a worse footprint compared to the cut-off methodology. The exemption for the calculation of life-cycle GHG emissions in cases where the plastic is to be used for contact-sensitive applications and the main constituting polymer is different from PET is positive, but risks providing additional complexity in some cases. We note that some plastic manufacturers sell to distributors without knowing the final application of the plastic. Since it would be excessively burdensome to find out **the end-use, this exemption should be voluntary.**	

CCM 3.17 - Criterion c)	We support the inclusion of bio-based polymers and request the following adjustments: **1. Expansion of "industrial" to "industrial/commercial":** Meat processing residues qualify as industrial waste and should be explicitly included as an eligible feedstock source. Residues from local butchers, however, would not qualify. The current wording should be expanded to "industrial/commercial" to reflect this. **2. Deletion of "fuel" in "fossil fuel feedstock":** As noted under criterion (b), the word "fuel" should be deleted. The reference is to fossil feedstock itself, not to an energy carrier. **3. PEF methodology:** The same concerns raised under criterion (b) apply here. ISO-compliant methodologies should be accepted as equivalent alternatives.	These changes would ensure consistency between the criteria for plastics and compounds, align with practical production realities, and support a broader range of circular economy pathways.

CCM 3.17 - Criterion 2 for compound -ding activities	**Acceptance of all recycling technologies:** The current draft limits compounding activities to mechanically recycled plastics. This is inconsistent with the opening under criterion 1(b) and excludes chemical, biological, and physical recycling. In practice, this means that during compounding only mechanically recycled content can result in a sustainable outcome, even in cases where the compound contains renewable or circular feedstocks from chemical recycling that are sustainable under paragraph 1. This creates a technology-biased outcome and an internal inconsistency within the criteria. The wording should follow a more technology-neutral approach: ‘*2. For plastic compounding activities, mixtures of virgin and recycled plastics are accepted when compliant with the following requirements:* *a) The recycled feedstock is obtained from points a), b) or c) above.* *b) It contains recycled plastic*. We request that all recycling technologies be permitted for compounds, consistent with the approach for plastics. 2. Replacement of the term "recycled plastic": The term should be replaced by “recyclate” with a broader meaning to include other materials such as rubber. 3. Mass balance approach: We welcome the general acceptance of the mass balance approach. However, we request that other variants than rolling average – in particular the credit method – also be permitted to ensure practical applicability and accelerate transition. 4. Treatment of production more input than output: In practice, compounding processes can have more input than output (due to chemical processes). The calculation of the output recycling share must be treated proportionally to the input. The input can therefore	These changes would ensure consistency between the criteria for plastics and compounds, align with practical production realities, and support a broader range of circular economy pathways.

	exceed 100% of the output. This should be reflected in the text and the example calculation.	

CCM 3.17.	Currently, renewable feedstock is defined narrowly as biomass, industrial biowaste, or municipal biological waste. This excludes inorganic raw materials that do not disturb natural cycles or are reintegrated into them, such as air, water, or sodium chloride. To ensure a more comprehensive approach, footnote 158 of Commission Delegated Regulation (EU) 2021/2139 should explicitly include inorganic raw materials whose extraction does not alter ecological balance and which can return to the biological cycle. Examples include air, water, and sodium chloride.	Activity CCM 3.17 covers the manufacture of resins, plastics, non-vulcanisable thermoplastic elastomers, as well as the custom mixing and blending of resins and the production of non-customised synthetic resins. These activities broadly correspond to NACE code 20.16 under Regulation (EC) No 1893/2006. When they meet the Technical Screening Criteria (TSC) outlined in this section, they qualify as transitional activities under Article 10(2) of Regulation (EU) 2020/852. Currently, inorganic raw materials that do not disrupt ecological balance or can re-enter natural cycles, such as air, water, or sodium chloride, are excluded from the definition of renewable feedstock. This omission means such materials cannot contribute to CO_2 reduction targets, creating uncertainty for projects and discouraging investment. Recognizing these materials as renewable would strengthen climate protection efforts and provide clearer incentives for sustainable innovation.We note that the EU ETS product benchmark for steam cracking (high-value chemicals, or HVCs) includes both benzene and hydrogen. However, these two substances are not covered under the HVC category in the EU Taxonomy, which may lead to confusion. Therefore, the Commission should clarify that while companies are only required

		to report on the four substances listed under the HVC category, emissions calculations can follow the EU ETS scope and include benzene and hydrogen. This approach is consistent with the recommendations issued by the EU Platform on Sustainable Finance (PSF) in March 2025 for the review of the Climate Delegated Act.

Appendix C Paragraph f)	Paragraph f) should be amended as follows: “substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1 % weight by weight (w/w), and meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 and that were identified in accordance with Article 59(1) of that Regulation for a period of at least 18 months, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market and that they are used under controlled conditions *provided procedural and controlled technologies are used to minimise emission and any resulting exposure*”.	The REACH Regulation provides a very specific definition of “strictly controlled conditions” for intermediates (Articles 17 and 18). In contrast, the term “controlled conditions” in Appendix C lacks clarity and risks leading to divergent and overly stringent interpretations, ultimately undermining data comparability. The proposed wording—aligned with REACH—maintains the importance of implementing adequate measures for proper substance management while offering greater certainty and clarity for reporting entities.Recent clarifications in the European Commission’s EU Taxonomy FAQs further increase the compliance burden due to the extensive evidence required. For example, Question 136 states that companies must demonstrate that risk assessments have been conducted and risk management measures implemented for each substance (both locally and globally) to minimize exposure and emissions that pose serious risks to human health and the environment during the use phase.

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- **Identification no. in the EU Transparency Register: 15423437054-40**
- **The VCI is registered with registration no. R000476 in the Lobbying Register for the Representation of Special Interests vis-à-vis the German Bundestag and the Federal Government.**

The VCI and its sector associations represent the interests of around 2,000 companies from the chemical-pharmaceutical industry and areas related to chemistry vis-à-vis politicians, public authorities, other industries, science and media. In 2024, the VCI member companies realised sales of ca. 240 billion euros and employed over 560,000 staff.