



Joint comments on the taxonomy proposal (2018/0178(COD))

SMEUnited, AECM and EUROCHAMBRES appreciate the efforts undertaken at EU level to develop a common understanding of what can be defined and advertised as a sustainable investment. It is crucial to set up a comprehensive and simple-to-use framework that ensures common standards and comparability. That is why we welcome the Commission's endeavour to facilitate sustainable investment in order to achieve sustainable growth, create jobs and enhance prosperity. However, the taxonomy should not jeopardize investment and innovation, deteriorate the financing conditions of any sector or lead to excessive bureaucracy.

Ensure proportionality in scope and disclosure

It is of utmost importance that the design and the scope of the taxonomy continue to **respect the principle of proportionality**. Expanding the scope to include every financial product and all financial market participants (including financial institutions and investee companies) would ultimately create substantial administrative burden on multiple levels in the form of additional reporting requirements. The ensuing bureaucracy would contradict the strategy of *better regulation* and the added value of these very costly disclosures is too small to justify such an extension in scope.

Micro, small and medium-sized enterprises, as well as small financial institutions would be most affected, since they often lack the resources to comply with additional reporting obligations. A **loss of competitiveness** of these actors would be the consequence, as well as a **deterioration of access to finance** through a rise in the cost of debt.

New disclosure requirements should thus remain limited to those financial products that are advertised as sustainable and should only apply to large, institutional investors, as envisaged by the European Commission.

Pursue an incentive-based approach instead of brown-listing

The taxonomy should focus on providing clarity over what can be considered as a sustainable investment and on mobilising additional capital to finance environmental and sustainability objectives of the EU. This goal can best be achieved through a positive incentive structure. Provisions such as a "brown list" aim at penalising investments that do not fulfil the defined sustainability criteria. **This negative approach would have considerable detrimental effects on the financing conditions of the real economy, especially sectors in transition.** It might also have unintended consequences and slow down the transition towards a more sustainable economy. This is therefore in sharp contradiction with the Commission's proposal for a long-term climate strategy, which indicates unprecedented investment needs in all sectors of the economy. Against this backdrop, we urge you to keep the respective provisions excluding "brown-listing" as voted in the ECON/ENVI report on 11 March 2019.

About SMEunited, AECM and EUROCHAMBRES:

SMEunited (formerly UEAPME) is the association of Crafts and SMEs in Europe with around 70 member organisations from over 30 European countries. SMEunited reassembles national cross-sectoral Craft and SME federations, European SME branch organisations and other associate members, which support the SME family. Combined, SMEunited represents more than 12 million enterprises with around 55 million employees across Europe. SMEunited is also a recognised employers' organisation and European Social Partner. We are a not-for-profit and non-partisan organisation.

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The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 29 countries in Europe. They are either private sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. AECM's members operate with counter-guarantees from regional, national and European level. At the end of 2017 AECM's members had over EUR 126 billion of guarantee volume in portfolio, thereby granting guarantees to more than EUR 3 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU guarantees from the very beginning in 1998.

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Established in 1958 as a direct response to the creation of the European Economic Community, **EUROCHAMBRES** acts as the eyes, ears and voice of the business community at EU level. EUROCHAMBRES represents over 20 million businesses in Europe through 45 members (43 national associations of chambers of commerce and industry and two transnational chamber organisations) and a European network of 1700 regional and local chambers. More than 93% of these businesses are small and medium sized enterprises (SMEs). Chambers' member businesses employ over 120 million.

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