

# Sustainable Investment and the EU Bioeconomy



EuropaBio supports the European Commission's efforts to make sustainable finance a pillar of the European Green Deal. Sustainable financing is an important tool which can help achieve the EU's sustainability objectives and facilitate Europe's green and digital transitions.

To fully implement sustainable financing in a systematic manner, the Delegated Acts of the Taxonomy Regulation, along with their annexes outlining Technical Screening Criteria, should be clear and objective as well as science- and risk-based. Sustainable solutions and sectors should not be excluded from sustainable financing by terminology that no longer reflects changing industrial processes behind European products.

Industrial biotechnology, recognized as a Key Enabling Technology by the European Commission, provides living microorganisms and fermentation products like enzymes that are used in sectors such as food and feed, agriculture, detergents, paper and pulp, textiles, bioenergy, and specialty chemicals. Already today, industrial biotechnology is an important pillar of innovation and economic performance in Europe, and it contributes to a more resource-efficient and knowledge-based economy that improves the health and well-being of people and the planet.

Alternatives to fossil-based products, improved resource efficiency of industrial processes, innovative food and feed are all areas where industrial biotechnology and bioeconomy innovation can deliver. As Europe moves towards a more circular economy it is important to support future innovation and investment that allows the bioeconomy and bio-based products to be part of the solution. We therefore consider it important for the EU sustainable financing framework to be further refined and developed in view of supporting transitional and innovative efforts.



### **Cohesive policymaking**

The Taxonomy Regulation outlines requirements for conclusive scientific evidence and the assessment of the potential market impacts of the green transition. These should be considered when developing technical screening criteria. In addition, the Taxonomy Regulation and its Delegated Acts need to be in line with other keystones of EU sustainability policies, including amongst others the Commission's long-term strategy for decarbonisation, the new Circular Economy Action Plan and the Bioeconomy Strategy.

### **Considering all three pillars of sustainability**

In addition to the environmental pillar, the social and economic pillars of sustainability should also be considered when developing the Taxonomy. The use of food and feed crops for biomass contributes to the sustainability of farms by ensuring farmers' income and the continued production of food crops. All outlets of the bioeconomy are instrumental in preserving the competitiveness of its industries and their suppliers. Restricting the use of renewable raw materials puts the entire value chain at stake.

### **Circularity encompasses biodegradability**

The circularity of our economies depends heavily on our ability to recycle materials efficiently. However, there are limits to how many times certain materials can be recycled. In the context of the bioeconomy, bio-based products produced from renewable biomass eventually biodegrade. Biodegradability and compostability both fall under the definition of 'recyclability', i.e. organic recycling is defined in EU legislation as a recycling technology. Consistency is needed across different EU Do no significant harm (DNSH) legislations such as the Packaging and Packaging Waste Directive and Waste Framework Directive. Synergies between the circular economy and the bioeconomy, including all types of recycling, need to be recognized.

### **Sustainable sourcing of biomass**

EuropaBio fully supports the sustainable sourcing of biomass, taking food security, land use and biodiversity loss into account. Biomass is a valuable resource, and many parameters need to be considered when assessing its use. In many cases, food and non-food uses of biomass are complementary. Restricting the use of feedstocks usable in the bioeconomy would drastically limit the availability of biologically accessible materials, preventing the synthesis of value-added products.

### **Economic classifications**

As the Taxonomy is structured around EU NACE codes, a shortcoming is its inability to substantially distinguish industrial biotechnological from chemical economic activities. The biological alternatives are significantly different in process to fossil-derived products and may have substantial sustainability benefits, even though the end product may be identical to a product resulting from chemical processes.

### **Enzymes**

Enzymes are important enablers: by making certain processes more efficient, they can contribute to the EU Green Deal's sustainability goals. Enzymes are already widely used in several sectors, notably in detergents. Moreover, there are no available alternatives to achieve the effects produced by enzymes. As a result, their sustainability contribution needs to be taken into account.