EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2021) 2374 final

- English translation of the French version which is authentic -

Brussels, 2 June 2021

TEXTE EN

MINUTES

of the 2374th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 21 and Thursday 22 April 2021

(morning)

PV(2021) 2374 final

- English translation of the French version which is authentic -

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The 2374th meeting of the Commission was held in two parts:

– on Wednesday 21 April 2021, from 9.11 to 11.53

– on Thursday 22 April 2021, from 9.10 to 12.05

First sitting: Wednesday 21 April 2021 (morning)

The sitting opened at 9.11 with Ms von der LEYEN, President, in the chair.

Present:

Ms von der LEYEN	President	
Mr TIMMERMANS	Executive Vice-President	
Ms VESTAGER	Executive Vice-President	
Mr DOMBROVSKIS	Executive Vice-President	
Mr BORRELL i FONTELLES	High Representative/ Vice-President	Items 1 to 13
Mr ŠEFČOVIČ	Vice-President	Items 1 to 13
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Mr HAHN	Member	
Ms GABRIEL	Member	
Mr SCHMIT	Member	
Mr GENTILONI	Member	
Mr WOJCIECHOWSKI	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	
Ms KYRIAKIDES	Member	
Mr REYNDERS	Member	
Ms DALLI	Member	
Ms JOHANSSON	Member	
Ms VĂLEAN	Member	
Mr VÁRHELYI	Member	

Ms URPILAINEN	Member
Ms SIMSON	Member
Mr SINKEVIČIUS	Member
Ms McGUINNESS	Member

Absent:

Mr LENARČIČ	Member

The following sat in to represent an absent Member of the Commission:

Ms SIMKIĆ	Chef de cabinet to Mr LENARČIČ

The following also sat in:

Mr SEIBERT	Chef de cabinet to the PRESIDENT	
Mr CALLEJA CRESPO	Director-General, Legal Service	
Ms AHRENKILDE HANSEN	Director-General, DG Communication	
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's Office	
Mr FLOSDORFF	Executive Adviser in the PRESIDENT's Office	
Mr VANDENBERGHE	Adviser in the PRESIDENT's Office	Items 11 to 13
Mr WHELAN	Adviser in the PRESIDENT's Office	Items 8 to 10
Ms SCHULTZ	Policy Coordinator in the PRESIDENT's Office	
Ms MICELI	Policy Coordinator in the PRESIDENT's Office	Items 11 to 13
Ms SPINANT	Deputy Chief Spokesperson of the Commission	

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms ALLOUIS-LE LOSTEC, Head of Unit in the Secretariat-General.

1. AGENDAS
(OJ(2021) 2374/FINAL; SEC(2021) 2374/FINAL)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2021) 2374)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 19 and Tuesday 20 April 2021.

3. APPROVAL OF THE 2372ND AND 2373RD MEETINGS OF THE COMMISSION (24 MARCH AND 14 APRIL 2021)
(PV(2021) 2372; PV(2021) 2372, 2ND PART)

The Commission approved the minutes of its 2372nd meeting and decided to hold over approval of the minutes of its 2373rd meeting for a later meeting.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2021) 94)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held by videoconference on Friday 16 April 2021 (RCC(2021) 94).

The Commission approved the lines proposed for the following points:

– **Establishment of the framework for achieving climate neutrality and amendment of Regulation (EU) 2018/1999 (Regulation) – GUTELAND report – 2020/0036 (COD)**

Line set out in SI(2021) 109/2.

– **Credit servicers, credit purchasers and the recovery of collateral (Directive) – DE LANGE & TINAGLI report – 2018/0063A (COD)**

Line set out in SI(2021) 106/2.

– **Amendment of Regulation (EU) 2019/833 of the European Parliament and of the Council of 20 May 2019 laying down conservation and enforcement measures applicable in the Regulatory Area of the Northwest Atlantic Fisheries Organisation (Regulation) – CARVALHAIS report – 2020/0095 (COD)**

Line set out in SI(2021) 111.

– **Establishment of the European High Performance Computing Joint Undertaking (Council Regulation) – CARVALHO report – 2020/0260 (NLE)**

Line set out in SI(2021) 112/2.

– **Amendment of Directive 2014/41/EU, as regards its alignment with EU rules on the protection of personal data (Directive) – KALJURAND report – 2021/0009 (COD)**

– **Council Framework Decision 2002/465/JHA, as regards its alignment with EU rules on the protection of personal data (Directive) – LENAERS report – 2021/0008 (COD)**

Line set out in SI(2021) 114.

– **Article 241 of the Treaty on the Functioning of the European Union – Council Decision (EU) 2019/1905 of 8 November 2019, requesting the Commission to submit a study on the Union's options to update the existing legislation on the production and marketing of plant reproductive material, and submit a proposal, if appropriate in view of the outcomes of the study**

Line set out in SI(2021) 110.

– **Article 241 of the Treaty on the Functioning of the European Union – Council Decision (EU) 2019/1904 of 8 November 2019 requesting the Commission to submit a study in light of the Court of Justice's judgment in Case C-528/16 regarding the status of novel genomic techniques under Union law, and submit a proposal, if appropriate in view of the outcomes of the study**

Line set out in SI(2021) 108/2.

– **Soil protection – Oral question O-000023/2021**

Line set out in SP(2021) 249/2.

The Commission approved the line set out for the following point, for transmission to Parliament:

– **Commission replies to the non-legislative resolutions adopted by Parliament at its part-session of February 2021**

Line set out in SP(2021) 247/3.

The Commission took note of the following points:

– **European Defence Fund (Regulation) – KRASNODĘBSKI report – 2018/0254 (COD)**

Compromise text in SP(2021) 225, further to note COM(2021) 143, which the

Commission had already approved on 19 March 2021.

– **Establishment of the space programme of the Union and the European Union Agency for the Space Programme and repeal of (EU) No 912/2010, (EU) No 1285/2013, (EU) No 377/2014 and Decision N° 541/2014/EU (Regulation) – SALINI report – 2018/0236 (COD)**

Compromise text in SP(2021) 239, further to note COM(2021) 208, which the Commission had already approved on 21 April 2021.

– **Digital Europe programme for the period 2021-2027 (Regulation) – FLEGO report – 2018/0227 (COD)**

Compromise text in SP(2021) 226, further to note COM(2021) 146, which the Commission had already approved on 19 March 2021.

– **Programme for the Environment and Climate Action (LIFE) and repeal of Regulation (EU) No 1293/2013 (Regulation) – TORVALDS report – 2018/0209 (COD)**

Compromise text in SP(2021) 227, further to note COM(2021) 128, which the Commission had already approved on 17 March 2021.

– **EU Anti-Fraud Programme (Regulation)– HOHLMEIER report – 2018/0211 (COD)**

Compromise text in SP(2021) 206, further to note COM(2021) 149, which the Commission had already approved on 22 March 2021.

– **Rights and Values programme (Regulation) – KUHNKE report – 2018/0207 (COD)**

Compromise text in SP(2021) 224, further to note COM(2021) 216, which the Commission had already approved on 23 April 2021.

– **Justice programme (Regulation) – BARLEY & HAUTALA report – 2018/0208 (COD)**

Compromise text in SP(2021) 230, further to note COM(2021) 214, which the Commission had already approved on 23 April 2021.

– **European Globalisation Adjustment Fund (EGF) (Regulation) – BLINKEVIČIŪTĖ report – 2018/0202 (COD)**

Compromise text in SP(2021) 229, further to note COM(2021) 196, which the Commission had already approved on 20 April 2021.

– **Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826 (Regulation) – BENIFEI report – 2018/0231 (COD)**

Compromise text in SP(2021) 231, further to note COM(2021) 218, which the Commission had already approved on 23 April 2021.

– **Amendment of Decision No 1313/2013/EU on a Union Civil Protection Mechanism (Decision) – ANDROULAKIS report – 2020/0097 (COD)**

Compromise text in SP(2021) 240, further to note SI(2021) 46, which the Commission had already approved on 17 February 2021.

– **Establishment of Horizon Europe – the Framework Programme for Research and Innovation, and laying down of its rules for participation and dissemination (Regulation) – NICA report – 2018/0224 (COD)**

Compromise text in SP(2021) 236, further to note COM(2021) 133, which the Commission had already approved on 17 March 2021.

- **European Institute of Innovation and Technology (recast) (Regulation) – MATIAS report – 2019/0151 (COD)**

- **Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021-2027: Boosting the Innovation Talent and Capacity of Europe (Decision) – CARVALHO report – 2019/0152 (COD)**

  Compromise texts in SP(2021) 237 and SP(2021) 238, further to note SI(2021) 39/2 already approved by the Commission on 9 February 2021.

- **Rail passengers' rights and obligations (Regulation – recast) – LIBERADZKI report – 2017/0237 (COD)**

  Compromise text in SP(2021) 241, further to note COM(2021) 40, which the Commission had already approved on 2 February 2021.

- **Prevention of the dissemination of terrorist content online – A contribution from the European Commission to the Leaders' meeting in Salzburg on 19 and 20 September 2018 (Regulation) – JAKI report – 2018/0331 (COD)**

  Compromise text in SP(2021) 242, further to note COM(2021) 123, which the Commission had already approved on 17 March 2021.

- **Amendment of Regulation (EC) No 715/2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information (Regulation) – DE LANGE report – 2019/0101 (COD)**

  Information set out in SI(2021) 113.

5. COORDINATION OF EXTERNAL ACTION (RCC(2021) 23)

The Commission took note of the operational conclusions in RCC(2021) 23 of the meeting of the Group for External Coordination (EXCO) held by videoconference on Wednesday 14 April 2021.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2021) 150 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 April 2021.

6.2. EMPOWERMENT (SEC(2021) 151 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 18 April 2021.

6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2021) 152 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 12 and 16 April 2021 archived in Decide.

6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2021) 153 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 19 and 23 April 2021.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2021) 154)

ADMINISTRATIVE MATTERS
(PERS(2021) 39)

7.1. DG ENVIRONMENT – SECONDMENT OF AN AD14 OFFICIAL IN THE INTERESTS OF THE SERVICE UNDER ARTICLES 37 AND 38 OF THE STAFF REGULATIONS

On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Mr SINKEVIČIUS, the Commission decided to second in the interests of the service, under Articles 37 and 38 of the Staff Regulations, Mr Thomas VERHEYE, an AD14 official and currently Principal Adviser in charge of ‘Green Finance and Investments’ in DG Environment, to the European Investment Fund (EIF) in Luxembourg for an initial period of two years, which could be renewed.

This decision would take effect on 16 June 2021.

7.2. DG HUMAN RESOURCES AND SECURITY – AMENDMENT OF THE ORGANISATION CHART, TRANSFER OF AN AD15 OFFICIAL UNDER ARTICLE 7 OF THE STAFF REGULATIONS AND PLACING OF THIS OFFICIAL AT THE DISPOSAL OF THE EUROPEAN PERSONNEL SELECTION OFFICE (EPSO)

On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Ms GABRIEL, the Commission decided:

– to create a temporary post of Principal Adviser in DG Human Resources and Security;

– to transfer, in the interest of the service, under Article 7 of the Staff Regulations, Mr Michel MAGNIER, an AD15 official and currently Principal Adviser for Cross-sectoral Cooperation ET2020/FP9 in DG Education, Youth, Sport and Culture, to this newly created post;

– to place Mr Michel MAGNIER at the disposal of the European Personnel Selection Office.

These decisions would take effect on 1 May 2021.

7.3. DG HUMAN RESOURCES AND SECURITY – AMENDMENT OF THE ORGANISATION CHART AND TRANSFER OF AN AD14 OFFICIAL UNDER ARTICLE 7 OF THE STAFF REGULATIONS

On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Mr BRETON, the Commission decided:

– to create a temporary post of Principal Adviser in DG Human Resources and Security, reporting directly to the Director-General and based in Brussels;

– to transfer, in the interest of the service, under Article 7 of the Staff Regulations, Ms Marzena ROGALSKA, an AD14 official and currently Director of the 'Single market enforcement' Directorate in DG Internal Market, Industry, Entrepreneurship and SMEs, to this newly created post.

This decision would take effect on a date to be determined.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – FOSTERING A EUROPEAN APPROACH TO ARTIFICIAL INTELLIGENCE
(COM(2021) 205 TO /3; RCC(2021) 100)

9. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL LAYING DOWN HARMONISED RULES ON ARTIFICIAL INTELLIGENCE (ARTIFICIAL INTELLIGENCE ACT) AND AMENDING CERTAIN UNION LEGISLATIVE ACTS
(COM(2021) 206 TO /3; SWD(2021) 84 TO /3; SWD(2021) 85; SEC(2021) 167; RCC(2021) 100)

10. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON MACHINERY PRODUCTS
(COM(2021) 202 AND /2; SWD(2021) 82 AND /2; SWD(2021) 83 AND /2; SEC(2021) 165; RCC(2021) 100)

The PRESIDENT introduced the presentation of a very important framework of new rules that sought to make Europe the global hub for excellent and trustworthy artificial intelligence. The package comprised a Communication entitled ‘Fostering a European approach to artificial intelligence’, a proposal for a Regulation laying down harmonised rules on artificial intelligence, a new Coordinated Plan and a proposal for a Regulation on machinery products.

This was the first-ever comprehensive framework on artificial intelligence and was the result of time-consuming work, for which she thanked Ms VESTAGER and Mr BRETON and their departments.

Ms VESTAGER confirmed that the package of initiatives presented that day was the concrete manifestation of the European Strategy on Artificial Intelligence proposed by the Commission in 2018 and continued the work of the High-Level

Expert Group on Artificial Intelligence, which had drawn up Guidelines for Trustworthy Artificial Intelligence in 2019. The Commission's White Paper, presented together with the Data Strategy in 2020, had made it possible to set out a clear vision for artificial intelligence in Europe.

The Commission's aim was to foster the development of artificial intelligence, equip the EU with the means to play a pioneering role by laying down rules in the field of artificial intelligence, and to address the issue of the risks that this technology could pose to fundamental rights. By adopting these landmark rules, the EU was spearheading the development of new global standards that would pave the way for ethical technology worldwide, while ensuring that the EU remained competitive.

She explained that the proposal for a Regulation laying down harmonised rules on artificial intelligence used a risk-based approach. The bottom level of the pyramid encompassed the very many artificial intelligence applications already in existence that did not present any risk. The next level related to activities that presented a limited risk and thus required transparency from suppliers. The third level concerned uses of artificial intelligence that were high risk in terms of the threat they posed to fundamental rights, for example if there was a risk of discrimination. In the case of high-risk applications, a series of requirements were introduced relating to data quality, documentation, user information, the level of human oversight, and lastly, high standards in terms of cybersecurity and accuracy of information. Lastly, the fourth level related to applications that were banned on the grounds that they were contrary to EU values and were therefore unacceptable, save in exceptional circumstances. She made particular reference to remote biometric identification in public spaces used for law-enforcement purposes, for example during missing person investigations or when terrorist acts were committed, something which was in principle prohibited, save in certain duly justified circumstances, subject to safeguards and guarantees, such as oversight by a judicial authority.

The Commission had chosen a dynamic approach for this Regulation, meaning that applications that posed a risk could be re-evaluated as technology evolved.

She concluded her presentation by stressing the need to encourage investment in artificial intelligence research and roll-out in the EU. She welcomed the significant package of measures presented that day, which would allow artificial intelligence to be used in a way that would benefit European society as well as the economy.

Mr BRETON stressed that artificial intelligence was a means to an end, and not an end in itself. It had existed for decades, but its capabilities had developed considerably as computing power increased. Artificial intelligence could have significant benefits and help foster development in a wide range of sectors, such as health, transport, energy, agriculture, tourism and cybersecurity. It also presented a number of risks.

The aim of that day's proposals was to strengthen the EU's position as a global hub of excellence in artificial intelligence – from the lab to the market –, ensure that artificial intelligence in Europe respected EU values and rules, and harness the potential of artificial intelligence for industrial use. He referred to the challenges and risks posed by the technology, such as the risk of discrimination in recruitment procedures and product safety risks.

The legal framework proposed by the Commission was the outcome of a long process of reflection that had evolved over time, and he welcomed the fact that the EU was the first jurisdiction in the world to take this step, in a field – artificial intelligence – that was, and would continue to be, the subject of a great deal of debate.

He confirmed the philosophy behind the Commission's approach, which was to establish a set of proportionate and flexible rules that would address the specific risks linked to artificial intelligence systems. These rules banned applications that were unacceptable, laid down strict conditions when applications posed a high risk, and ensured the transparency of systems that represented a minimal risk, i.e. the vast majority of those systems. In other words, the Commission had chosen to apply the precautionary principle.

He highlighted the issue of representative datasets, which was key to ensuring the accurate, trustworthy, safe and non-discriminatory development of artificial intelligence, in line with EU values. The Commission had made high-quality datasets a pre-requisite for high-risk artificial intelligence systems, regardless of their origin.

He said that major investment was needed to ensure that Europe excelled in artificial intelligence in order to realise the EU's ambitions. He highlighted the aim of reaching a total of EUR 20 billion in public-private investment each year for the rest of the decade. In addition, some EUR 150 billion would be used to finance digital investment under the EU's recovery and resilience plan, *NextGenerationEU*. Alongside this, a range of EU programmes would also contribute to the effort, particularly Digital Europe and Horizon Europe.

He gave some concrete examples of what this investment could be used to finance, such as digital innovation hubs specialising in artificial intelligence in each Member State or testing and experimentation facilities that would allow SMEs to test their artificial intelligence systems free of charge.

He stressed the need for European industry to take full advantage of artificial intelligence. In order to be a pioneer, the EU needed to have appropriate infrastructure to store, use and create data-based applications and artificial intelligence services. That was why that day's proposals needed to be considered in conjunction with the Commission's actions aimed at increasing investment in data, computer infrastructure and cloud computing. Combining a good regulatory framework and well-placed investment would shape the European industry of the future.

He also briefly described the proposal to update the rules on machinery products, the aim of which was to adapt the Regulation in line with developments in artificial intelligence and to further improve safety for users and consumers of machines and robots, while ensuring that the industry, including SMEs, could prosper and that innovation could flourish.

By way of conclusion, Mr BRETON noted that the new **Coordinated Plan**, also presented that day, identified the key areas of action for investment, encouraging synergies and cooperation between Member States to strengthen the EU's leading position in the development of human-centric, sustainable, secure, inclusive and trustworthy artificial intelligence.

In the course of the discussion that followed, the Commission raised the following main points:

– the importance of the artificial intelligence framework proposed that day, which made it one of the current Commission's key proposals and which would influence the development of Europe's economy and society in the coming decades;

– the confident vision of artificial intelligence put forward in this package of proposals, and satisfaction with the fact that humans were at the centre of the European vision, with guarantees put in place to prevent abuses of the technology;

– the huge opportunities offered by artificial intelligence and the need for the EU to do everything it could to make the most of those opportunities and become the world leader in the field, while adhering to a proportionate set of rules; the scale of the investments to be mobilised to that end;

– the long process already gone through to transform ethical rules into legally binding rules on artificial intelligence;

– the pioneering role that the EU would play in terms of standardisation at global level in this field, as it had done with the General Data Protection Regulation;

– the balance struck by the proposal for a Regulation, which took a risk-based approach from the perspective of fundamental rights, while restricting intervention only to what was strictly necessary and allowing innovation to flourish;

– the added value of the EU rules in terms of transparency and liability;

– the need to ensure safeguards were in place to manage the risks associated with certain applications of artificial intelligence, but a call not to view artificial intelligence as dangerous in itself;

– the importance of having a healthy democratic debate on the legislative approach presented that day and of the Commission actively taking part in that debate;

– the need to explain and demystify artificial intelligence, which had long been used in many aspects of daily life, and to fully explore the subject;

– the need to invest heavily in skills and replacement jobs to address the consequences of artificial intelligence on employment;

– reference to the risks that certain artificial intelligence applications could pose to the world of work, hence the importance of laying down ethical rules in this field;

– the balanced and robust solution chosen for remote biometric identification in public spaces when used for law-enforcement purposes;

– the need to place greater emphasis on research and make better use of research findings in the field of artificial intelligence through EU programmes, partnerships and enhanced cooperation between digital innovation hubs;

– the impact of artificial intelligence on education, hence the need to correctly identify high-risk applications;

– similarly, the impact of artificial intelligence on democracy and the European way of life, for example through the digital platform for the Conference on the Future of Europe;

– the importance of continuing to develop certain artificial intelligence applications at the Commission, such as those used for automated translation, in order to respect the balance of the appropriations allocated under heading 7 of the EU budget (Administration);

– the need to showcase the benefits of artificial intelligence and to have high-quality and future-oriented data, as demonstrated by foresight work;

– the global competition around data;

– the relevance of artificial intelligence in the field of health, and the announcement of a proposal to create a data space in this field by the end of 2021.

The PRESIDENT wound up the discussion by thanking Ms VESTAGER and Mr BRETON for their excellent work.

Following these presentations, the Commission:

– approved the Communication in COM(2021) 205/3 for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Data Protection Supervisor and, for information, to the national parliaments;

– adopted the proposal for a Regulation in COM(2021) 206/3 for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Data Protection Supervisor, the European Data Protection Board and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory

Scrutiny Board in SWD(2021) 84/3, SWD(2021) 85 and SEC(2021) 167, the contents of which were noted;

– adopted the proposal for a Regulation in COM(2021) 202/2 for transmission to Parliament, the Council, the European Economic and Social Committee and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2021) 82/2, SWD(2021) 83/2 and SEC(2021) 165, the contents of which were noted.

11. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, AND THE COMMITTEE OF THE REGIONS – EU TAXONOMY, CORPORATE SUSTAINABILITY REPORTING, SUSTAINABILITY PREFERENCES AND FIDUCIARY DUTIES: DIRECTING FINANCE TOWARDS THE EUROPEAN GREEN DEAL (COM(2021) 188 TO /3; RCC(2021) 101)

12. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 2013/34/EU, DIRECTIVE 2004/109/EC, DIRECTIVE 2006/43/EC AND REGULATION (EU) No 537/2014, AS REGARDS CORPORATE SUSTAINABILITY REPORTING (COM(2021) 189 AND /2; SWD(2021) 150; SWD(2021) 151; SEC(2021) 164)

13. COMMISSION DELEGATED REGULATION (EU) SUPPLEMENTING REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL BY ESTABLISHING THE TECHNICAL SCREENING CRITERIA FOR DETERMINING THE CONDITIONS UNDER WHICH AN ECONOMIC ACTIVITY QUALIFIES AS CONTRIBUTING SUBSTANTIALLY TO CLIMATE CHANGE MITIGATION OR CLIMATE CHANGE ADAPTATION AND FOR DETERMINING WHETHER THAT ECONOMIC ACTIVITY CAUSES NO SIGNIFICANT HARM TO ANY OF

THE OTHER ENVIRONMENTAL OBJECTIVES
(C(2021) 2800 TO /3; SWD(2021) 152; SWD(2021) 153; SEC(2021) 166)

The PRESIDENT introduced the presentation of the taxonomy package, which consisted of (i) a general Communication, (ii) a Delegated Regulation determining the conditions under which an economic activity qualified as contributing substantially to climate change mitigation, and (iii) a proposal for a Directive on corporate sustainability reporting by certain undertakings.

She noted the innovative nature of this package in general and the Taxonomy Delegated Act in particular. This was the first time that a technical tool could be used to identify sustainable investments. The Union was the first player to put forward a taxonomy for sustainable finance. Its decisions were being closely watched by the rest of the world. The task now was to define the framework for the taxonomy.

She invited Mr DOMBROVSKIS and Ms McGUINNESS to present these initiatives in greater detail.

Mr DOMBROVSKIS said that with today's proposals, the Union was leading the way globally by adopting an important package to finance the European Green Deal and by designing the first classification system of sustainable economic activities: the taxonomy.

This was a common language to help companies and investors identify green economic activities. That was why today the Commission was adopting the first list of economic activities that made a substantial contribution to climate change mitigation and adaptation.

It had not been an easy task. The Commission had been working on it for the past three years, drawing on tens of thousands of stakeholders' contributions from businesses and civil society to produce a balanced and ambitious proposal. He was confident that the objective had been achieved.

The Delegated Regulation on the taxonomy covered the economic activities of roughly 40% of listed companies in sectors responsible for almost 80% of direct greenhouse gas emissions in Europe. Other activities would be added at a later stage.

He knew that some parties thought that natural gas should be included in the Delegated Regulation on the taxonomy as a green transition activity. Work would be done to include natural gas in a complementary delegated act and a separate legislative proposal to support the financing of gas activities, so that a broader space could be given to natural gas in the transition to climate neutrality, beyond the strict limits of what was allowed by the taxonomy Regulation.

With regard to nuclear energy, he knew that there were many different views on this issue. There was a political agreement between co-legislators that nuclear energy activities should be subject to a specific assessment, which was still ongoing. Subject to that assessment, the College would decide on the inclusion of nuclear energy in the complementary delegated act mentioned above.

Mr DOMBROVSKIS briefly mentioned the proposal for a Directive with regard to corporate sustainability reporting by certain undertakings, which envisaged improving the rules to ensure that companies reported on the lasting impact of their business on the environment and society. In his view, the proposal struck the right balance between ambition and cost.

Ms McGUINNESS said that the taxonomy should be seen not as a deterrent but rather as a list of sectors regarded as sustainable within the meaning of the environmental objectives of the EU Taxonomy Regulation. The system created a common language that investors could use when investing in projects and economic activities that had a substantial positive impact on the climate and the environment. Financial investors were not obliged to apply the criteria identifying sustainable activities. However, this was the first time that the EU had provided precise guidance to different sectors of the economy on how to ensure the necessary sustainability.

Moreover, under the proposal for a Directive on corporate sustainability reporting by certain undertakings, those undertakings were required to provide information on the sustainability of their activities and relevant financial information.

In the course of the discussion that followed, the Commission raised the following main points:

– the considerable importance that the EU Taxonomy Regulation and the Taxonomy Climate Delegated Act would have in improving the flow of public and private capital towards sustainable activities throughout the European Union;

– the need to establish a regulatory framework which was clear, transparent and predictable and could be adapted to technological progress in order to promote the investments needed for the green transition among economic stakeholders and financial markets;

– the 'green label' which the EU taxonomy would provide by identifying sustainable investments sector by sector;

– the significant contribution which the EU taxonomy could be expected to make to the EU's environmental objectives with a view to achieving climate neutrality by 2050;

– the need for such a mechanism to encourage the green and digital transition, particularly in industry, even though in practice some activities could be penalised;

– the need to channel investments towards activities which contributed to the long-term decarbonisation of the energy system and provided access to decarbonised electricity;

- in that context, it would be a good thing for some parties to promote the deployment of decarbonised electricity sources including nuclear energy or new nuclear fusion technologies in the event of the future adoption of a delegated act on the treatment of activities linked to that energy source within the framework of the EU taxonomy;

- for others, the need to take into account the multiple disadvantages of nuclear energy generation in terms of safety and waste management as well as the geopolitical considerations it raised;

- hence the value of considering the role of nuclear energy in the green transition in accordance with the procedures laid down and a science-based approach, without prejudging the outcome at this stage;

- the continuation of nuclear energy generation beyond the 2050 deadline irrespective of the choices made, taking into account the nature of the sector and the fact that it could only be phased out over the long term;

- the importance, for some, of taking account of the usefulness and effectiveness of the role played by natural gas in the transition to renewable energy sources, particularly in Member States and partner countries which were in the process of phasing out their coal-fired power stations. This explained the anticipated increase in the use of natural gas until 2030;

- the need to ensure energy supply security for the Member States, which in certain cases was based on the use of natural gas;

- the importance of indicating that the use of natural gas should nonetheless be seen as provisional and part of the process of transitioning to the exclusive use of green energy;

- the need, consequently, to progressively eliminate investment in carbon-intensive projects, despite no less than EUR 3.8 trillion having been invested in oil and gas production since the signature of the Paris Agreement in 2016;

- the contribution of agriculture, also important, to the transition to a sustainable economy, on which subsequent decisions would be made with reference to an assessment of the common agricultural policy, which was a prerequisite for its reform on the basis of facts and scientific evidence;

- the value, in that context, of also developing nature-based solutions, particularly in the framework of the new EU Forest Strategy, while taking into account other key priorities linked to the fight against climate change, such as the protection of biodiversity;

- the importance of establishing a clear process based on tightly defined principles in order to ensure transparency and predictability for all sectors in respect of which specific treatment had to be defined and where a measure of uncertainty remained;

- the substantial investment needed to implement the European Green Deal, namely EUR 350 billion per year in additional investment, which would require the mobilisation of public and private capital through measures encouraging financial markets and investors to channel their investments towards clean and innovative energy technologies and environmental projects supporting the transition;

- the need to ensure the credibility of the EU taxonomy, which had to be technologically neutral and science-based, while also promoting innovation;

- the importance of sustainable investment frameworks being established and defined by the authorities rather than industry in order to reduce the risk of greenwashing;

- the value, consequently, of amending the Non-Financial Reporting Directive to ensure that companies were required to report not just on the impact sustainability issues had on their business but also on their own impact on society and the environment;

- public support for urgent action to combat climate change and the legal obligation to adopt the Taxonomy Climate Delegated Act;

- the imminent entry into force on 1 January 2022 of the first Climate Delegated Act under the EU Taxonomy Regulation, which required that the whole system be implemented as soon as possible;

- the need to actively engage with the general public and the media about the consequences of implementing the EU Taxonomy Climate Delegated Act and its contribution to the massive shift of public and private investment towards sustainable activities;

- the importance of ensuring that the debates sparked by the adoption of these initiatives, which were essential to the green transition, were not overshadowed by discussions on the treatment of sectors that were not at present covered by the Taxonomy Climate Delegated Act;

- the potential of the EU taxonomy to encourage the implementation at international level of ambitious sustainable investment standards;

- the importance, therefore, of considering the external dimension of the taxonomy to also take into account the different situations of the EU's partners in their transition to a sustainable economy;

- for many members of the College, the need to support the sectors that would be the most affected by the EU taxonomy, such as transport, particularly as regards access to private capital;

– the value of mobilising or developing the tools necessary for the transition to clean energy, which ultimately would also benefit the sectors initially penalised by the implementation of the EU taxonomy;

– more generally, the importance that no sector of the economy or society should be left behind during this transformational change, to ensure that it benefited everyone and mobilised all stakeholders.

Mr DOMBROVSKIS thanked the College for the excellent discussion, which underscored the importance of the decisions to be taken. It was essential in his view to adopt all of today's initiatives, and the Delegated Act in particular.

The sectors covered by the taxonomy were now clearly defined by the Delegated Act on the basis of the work of technical expert groups. Other activities, such as forestry or the use of biomass, could have their technical criteria reviewed at a later stage, depending on the results of scientific assessments and in order to take into account the concerns of those involved. Compromises would sometimes be necessary but should not undermine the science-based process. These activities would be addressed in the light of future technological and scientific developments, bearing in mind that today's proposals were only the beginning of a process.

A genuine debate on natural gas and nuclear energy would also be needed. At the same time, he was wary of attempts to classify nuclear energy as green.

Ms McGUINNESS also said that the discussion had been fruitful.

Ever-greater amounts were being pumped into fossil fuels, a trend that should be reversed by encouraging the financial sector to invest in sustainable activities. It was important to take not just financial information into account but also data that went beyond that restrictive framework and enabled investments to be identified that would help to combat climate change. The COVID-19 pandemic meant that citizens were more worried about the future of the planet. The shift from fossil fuels to climate-neutral activities was more than just a transition, it was a transformation.

The Commission had set itself greenhouse gas emissions reduction targets for 2030 and 2050 which now had to be achieved.

She concluded that the issue of forestry and bioenergy would be reviewed. Agriculture had been excluded at this stage from the taxonomy in view of the reform of the common agricultural policy that was currently under way.

The PRESIDENT wound up the debate by focusing on the complex process that had given rise to the package presented that day.

She asked the Members of the College to explain, particularly to the European Parliament and the Member States, the content of the set of initiatives taken. Once the taxonomy had been implemented, the public would understand what it was designed to achieve.

The Member States required some guidance on the term ‘close to nature’ in her view. It had been agreed that guidelines would be drawn up within the framework of the Biodiversity Strategy. The first measures had been adopted in the Taxonomy Delegated Act, which had now paved the way for future work.

An extensive debate was expected on natural gas, nuclear energy and agriculture. This should be based on scientific evidence.

Following these presentations, the Commission:

– approved the Communication in COM(2021) 188/3 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments;

– adopted the proposal for a Directive in COM(2021) 189/2 for transmission to Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the national parliaments, together with the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny

Board in SWD(2021) 150, SWD(2021) 151 and SEC(2021) 164, the contents of which were noted;

– approved in principle the Delegated Regulation in C(2021) 2800/3 and, pursuant to Article 13 of the Rules of Procedure, empowered Ms McGUINNESS as the responsible Member of the Commission to formally adopt it, in agreement with the PRESIDENT, in all the official languages of the Union as soon as the texts became available; the Delegated Regulation thus adopted, accompanied by the impact assessment, the summary thereof and the opinion of the Regulatory Scrutiny Board in SWD(2021) 152, SWD(2021) 153 and SEC(2021) 166, of which the Commission had taken note, would be transmitted to the European Parliament and the Council who would thus be able, pursuant to the provisions of Regulation (EU) 2020/852, to exercise the right of objection laid down in Article 290 of the Treaty on the Functioning of the European Union, prior to publication in the *Official Journal of the European Union*.

14. OTHER BUSINESS

14.1. COMMISSION IMPLEMENTING DECISION ON THE REQUEST FOR REGISTRATION OF THE EUROPEAN CITIZENS' INITIATIVE ENTITLED 'CIVIL SERVANT EXCHANGE PROGRAM (CSEP)' (C(2021) 2784)

14.2. COMMISSION IMPLEMENTING DECISION ON THE REQUEST FOR REGISTRATION OF THE EUROPEAN CITIZENS' INITIATIVE ENTITLED 'GREEN GARDEN ROOF TOPS' (C(2021) 2750)

Ms JOUROVÁ presented two draft decisions submitted to the College for approval concerning the registration of two European citizens' initiatives entitled respectively 'Civil Servant Exchange Program' and 'Green Garden

Roof Tops'.

The 'Civil Servant Exchange Program' initiative essentially called on the Commission to propose the creation of an exchange and training programme for civil servants of the Member States of the European Union with the aim of providing them with two to twelve months' professional experience in a similar service in another Member State.

The 'Green Garden Roof Tops' initiative called on the Commission to facilitate the creation of green spaces on company roofs and to transform unused roofs into means of containing the environmental crisis.

Ms JOUROVÁ pointed out that the College's task that day was to decide only on the registration of the initiatives and not at this stage to analyse their substance or political expediency.

She explained that the conditions for registering European citizens' initiatives were set out in Article 6(3) of Regulation (EU) 2019/788 of 17 April 2019 on the European citizens' initiative, which had repealed and replaced Regulation (EU) No 211/2011 with effect from 1 January 2020. One of those conditions was the requirement that no part of the citizens' initiative should manifestly fall outside the framework of the Commission's powers to submit a proposal for an EU legal act for the purpose of implementing the Treaties.

She noted that the request made by the promoters of the European citizens' initiative 'Civil Servant Exchange Program' fell within the Commission's powers to propose legal acts for the purpose of implementing the Treaties under Article 149 of the Treaty on the Functioning of the European Union.

Similarly, she noted that the request made by the promoters of the 'Green Garden Roof Tops' initiative fell within the Commission's powers to propose legal acts for the purpose of implementing the Treaties under Article 192 of the Treaty on the Functioning of the European Union.

Ms JOUROVÁ underlined that if, within a period of twelve months, the proposals gathered the minimum support required, in other words at least one million signatures from citizens of at least a quarter of the Member States, the Commission would then analyse the substance of the proposals.

In accordance with the new Regulation (EU) 2019/788, proposed initiatives registered now benefited from more user-friendly arrangements for organisers to gather support and easier access for European citizens. The Commission would have a period of six months to submit its reasoned decision whether or not to take any action.

The Commission confirmed that the citizens' initiatives 'Civil Servant Exchange Program' and 'Green Garden Roof Tops' met the conditions necessary for registration. It therefore decided, in accordance with documents C(2021) 2784 and C(2021) 2750, to notify the groups of organisers and authorised Ms JOUROVÁ to sign the replies on behalf of the College in the authentic language (English) and send them to the organisers of the initiatives.

14.3. PREPARATION OF IMPLEMENTATION OF THE RECOVERY AND RESILIENCE FACILITY – STATE OF PLAY

Mr DOMBROVSKIS informed the College of the state of play of implementation of the Recovery and Resilience Facility and in particular the progress made by the Member States in preparing their national plans.

Work was now entering a decisive phase, so the final discussions of the Steering Board of the Recovery and Resilience Facility focused on the expected pace of submissions and on next steps.

He noted that the progress made meant that it was now possible to have a clear view of what 26 of the 27 Member States intended to include in their national plans.

However, the situation remained very diverse: some Member States were ready to submit their plan to the Commission in the next two weeks, before the end of April, while others would need more time.

He stressed that even if 30 April was a provisional deadline, there was no time to lose. That was why the Commission was continuing to urge the Member States to put the finishing touches to their work. He said that priority must be given to drawing up sound plans in order to avoid difficulties later, during the approval process.

He added that once a plan considered to be complete had been received, the Commission would have only two months to assess it, which was extremely tight.

The Steering Board of the Recovery and Resilience Facility was very keen to ensure the collegiality of the assessment process, which was why meetings would be held to brief members of Commissioners' offices on the national plans received.

Mr DOMBROVSKIS explained that the Commission would draw up two main documents: first, the proposals for Council implementing decisions approving the Commission's assessment of each national plan – an assessment that would be submitted to the College for approval – and secondly the Staff Working Documents to accompany these proposals. Once the national plans had been approved, the documents making it possible to disburse pre-financing of 13% to each Member State under the Facility would be finalised.

He also told the meeting that the Steering Board had recently examined the remaining gaps to be addressed in the national plans of Italy, Romania, Lithuania, Austria and Denmark.

He concluded his presentation by stressing the importance of prioritising above all the quality of the national plans rather than compliance with the formal deadline of 30 April for their submission.

The Commission took note of this information.

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The first sitting closed at 11.53.

<u>Second sitting</u>: Thursday 22 April 2021 (morning)

The second sitting opened at 9.10 with Ms von der LEYEN, President, in the chair.

<u>Present</u>:

Ms von der LEYEN	President	
Mr TIMMERMANS	Executive Vice-President	
Ms VESTAGER	Executive Vice-President	
Mr DOMBROVSKIS	Executive Vice-President	
Mr ŠEFČOVIČ	Vice-President	Item 15 (in part)
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Mr HAHN	Member	
Ms GABRIEL	Member	
Mr SCHMIT	Member	
Mr GENTILONI	Member	
Mr WOJCIECHOWSKI	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	Item 15 (in part)
Ms KYRIAKIDES	Member	Item 15 (in part)
Mr REYNDERS	Member	
Ms DALLI	Member	
Ms VĂLEAN	Member	
Mr VÁRHELYI	Member	
Ms URPILAINEN	Member	
Ms SIMSON	Member	Item 15 (in part)
Mr SINKEVIČIUS	Member	
Ms McGUINNESS	Member	

Absent:

Mr BORRELL i FONTELLES	High Representative / Vice-President
Ms JOHANSSON	Member
Mr LENARČIČ	Member

The following sat in to represent an absent Member of the Commission:

Ms BERGENFELT	Senior Expert in Mr BORRELL's Cabinet
Ms WEBBER	Chef de Cabinet to Ms JOHANSSON
Ms SIMKIĆ	Chef de Cabinet to Mr LENARČIČ

The following also sat in:

Mr SEIBERT	Chef de Cabinet to the PRESIDENT	
Mr CALLEJA CRESPO	Director-General, Legal Service	
Ms AHRENKILDE HANSEN	Director-General, DG Communication	
Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms REICHSTEIN	IDEA – Inspire, Debate, Engage and Accelerate Action	
Ms WERNER	Deputy Secretary-General	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's Office	
Mr FLOSDORFF	Executive Adviser in the PRESIDENT's Office	Item 15 (in part)
Mr VANDENBERGHE	Adviser in the PRESIDENT's Office	
Ms SCHULTZ	Policy Coordinator in the PRESIDENT's Office	
Mr SAMSOM	Chef de Cabinet to Mr TIMMERMANS	
Mr ROSSIDES	Chef de Cabinet to Ms KYRIAKIDES	Item 15 (in part)
Mr GRASSI	Chef de Cabinet to Ms SIMSON	Item 15 (in part)
Mr MÜLLER	Spokesperson's Service	
Mr VALERO	Secretariat-General	

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms ALLOUIS-LE LOSTEC, Head of Unit in the Secretariat-General.

15. ORIENTATION DEBATE ON THE FIT FOR 55 CLIMATE AND ENERGY PACKAGE (SEC(2021) 169)

The Commission held an orientation debate aimed at providing guidance for preparation of the twelve legislative initiatives to be presented by it in June under Fit for 55 package, which would enable the EU to achieve its target of reducing its greenhouse gas emissions by at least 55% by 2030 with a view to becoming the first continent to achieve climate neutrality in 2050.

The Commission took note of the contributions to the debate and of the discussion paper distributed as SEC(2021) 169.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 12.05.