



**Platform Response
to the Call for
Feedback on the
draft Taxonomy
Delegated Acts
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Response to the Call for feedback on the draft Taxonomy Delegated Acts

EU Platform on Sustainable Finance

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The considerations below are compiled under the aegis of the Platform on Sustainable Finance and cannot be construed as official guidance by the European Supervisory Authorities (ESAs). As a result, the views and recommendations do not purport to represent or anticipate any future official guidance and views issued by the ESAs which may differ from the contents of this report.

On 5th April, the European Commission published the draft **Taxonomy Environmental Delegated Act**, including seven annexes on: i) water, ii) circular economy, iii) pollution, iv) biodiversity, v), vi) and vii) **amendments to the Taxonomy Disclosures Delegated Act**; the draft **amendments to the Taxonomy Climate Delegated Act**, including two annexes on: i) climate change mitigation and ii) climate change adaptation.

This briefing provides feedback on both Delegated Acts and the seven annexes. The paper is divided into two sections and three appendices that encompass the Platform's opinion on:

1. the draft technical screening criteria in the Taxonomy Environmental Delegated Act;
2. the draft amendments to the Taxonomy Climate Delegated Act; and
3. the amendments to the Taxonomy Disclosures Delegated Act.

Summary of the Platform's key feedback points

The Platform has analysed the draft Taxonomy Delegated Act and the amendments to the Taxonomy Disclosures Delegated Act through the lenses of usability and consistency.

Our recommendations may be summarised as follows:

- The Platform has made a series of recommendations aimed at improving the **usability and applicability of criteria** of specific activities:
 - Some criteria are not described with sufficient clarity to allow their standardised application and verification.
 - Some criteria cannot be applied to the full scope of the activity.
 - For some activities, the scope is not clearly defined, or it overlaps, or is broader than recommended. The scope of some activities can be extended without jeopardizing the quality of the criteria, while at the same time increasing the coverage of the Taxonomy.
 - Not all criteria that reflect the same concept and are applied in the criteria of several activities are consistent across these activities.
- The Platform proposes to **simplify the criteria** by avoiding any conditions on criteria but clearly stating whether the criteria are cumulative ("all of the following criteria") or separate ("any of the following criteria"). If one of a list of separate criteria is the preferred option, regular revision of the criteria should be indicated.
- The Platform urges **not to leave at the discretion of a company**, economic actor, or the auditor the setting of the criteria or the interpretation of the level of ambition. It will make taxonomy-alignment comparability for these activities impossible and will undermine a fundamental principle of the Taxonomy which is the reliability of the criteria.
- The Platform has made some concrete proposals to **reduce the data required** to companies without compromising the environmental ambition level.
- The Platform urges the European Commission to allow one activity to be able to be categorised as low-carbon or as transitional depending on which set of criteria it complies with when given two options. The Platform suggests **clarifying whether the activity is low-carbon or transitional** and

adjust the criteria accordingly. “Overperformance” of companies is possible for all transitional activities without the activity changing its label.

- The Platform has also made recommendations to **ensure the consistency of the criteria** proposed with the ambition embedded in the Taxonomy Regulation and the broader EU policy framework:
 - The **ambition level of several activities is insufficient** to ensure a substantial contribution to the respective environmental objective.
 - Not all criteria that reflect the same concept are consistent across these activities.
 - For some activities, the legal basis was adjusted in between the publication of the Platform’s recommendations for criteria and the publication of the draft delegated act. In these cases, the draft DA must ensure that i) the criteria are still consistent with the legal basis and ii) they still constitute a substantial contribution over and beyond the minimum legal requirements.
 - The draft DA includes activities where the SC criteria apply to the use of the activity’s output, rather than the activity itself. This makes these activities “enabling” as defined by Art. 16 TR. However, not all these activities are labelled and structured as enabling activities. Since the Enabling Framework was published in the [supplementary report of the former Platform in November 2022](#), it was not available to support a consistent design of technical screening criteria for enabling activities when the Climate Delegated Act and most recommendations of the former Platform were developed. Consequently, some activities were not drafted based on the framework. As a result, certain inconsistencies arose.

Our advice on the amendments made to the Taxonomy Disclosures Delegated Act are underpinned by an overarching belief that reporting is the means towards an end. The end being to maximise the effectiveness of the Taxonomy in financing the transition of the real economy to a sustainable economy – carbon neutral, resilient, circular, and environmentally sustainable.

Our main recommendations are:

- The Platform recommends that non-financial disclosures are made against all environmental objectives to which a company is aligned. Non-financial corporate disclosures ought to reflect a company’s contribution to all six environmental objectives in % of revenues and capex/opex, and when doing so, ensure there is no double counting.
- The Platform has observed a disconnect between the data needed in Annex VI and VII and that supplied in Annex V. The Platform recommends that the European Commission considers either removing the requirement for financial companies to have to disclose eligibility by the environmental objective (in Annex VI and VII) or asking for clear disclosure by the reporting company (Annex V) on eligibility by environmental objective, that does not require interpretation of text-populated fields.
- The Platform recommends that the European Commission runs user tests with the new Annex V and provide the market with clear user-guides and worked examples to enable the new template to be populated correctly.

- The Platform requests that the European Commission creates a standardised naming and numbering convention across the Taxonomy for activities to allow the Taxonomy disclosures to operate in an efficient and effective manner.
- The Platform recommends that technical screening criteria are not included in the activity description to facilitate Taxonomy reporting and use.
- The Platform recommends that activities do not overlap between environmental objectives. This will help prevent double counting.
- The Platform notes that not requiring financial undertakings when reporting at entity-level to provide the breakdown for *all* business lines could help simplify the reporting ratios without undermining the incentives for non-financial corporates to align their activities to the Taxonomy and contribute to the achievement of the EU objectives and for financial undertakings to finance non-financial corporates in their efforts to do so. The Platform believes that there is significant value in knowing, for instance, the breakdown of a bank's corporate and specialised lending – including use-of-proceeds, mortgages and so forth. The effectiveness of reporting will increase if reporting focuses on those business lines that finance the achievement of the EU objectives embedded in the Green Deal.
- The Platform requests that the delegated act indicates that the transitional measures embedded in the CSRD (phase-in for the scope of application) also apply to the taxonomy reporting requirements.
- The Platform recommends that the European Commission develops generic DNSH criteria for the activities not included in the Taxonomy that neither harm nor contribute significantly to any environmental objective to allow for the Climate Change Adaptation substantial contribution tests to apply across sectors.

The Platform would like to take the opportunity to recall a handful of the most pressing recommendations it made in its [report on Data and Usability](#) in October 2022, with regards to Article 8, to facilitate reporting and ensure it is accurate, as well as to enhance consistency in reporting obligations amongst reporting entities, among which:

1. Updates are needed in the reporting Annex II, to remove the requirement to report enabling/transitional activities by environmental objective for financial companies. For simplicity, the Platform recommends that reporting by enabling or transitional activities (in the case of climate change mitigation) should be dropped from financial undertakings (entity-level only) disclosures.
2. The Platform recommends that the European Commission clarifies the context of disclosures in Annex VI using clear descriptions of the values required in each cell and how Annex VI relates to Annex XI. The Platform extends this recommendation to all new reporting Annexes proposed – such that the information required in each cell is clearly explained in a supplementary user guide and the new reporting format is updated in the European Commission's Compass and Navigator tools.

3. The Platform recommends the inclusion of all use-of-proceeds financial instruments (loans, bonds, issued by SMEs, large corporates and by SSAs) in all numerators and denominators throughout all legislative texts. Consequently, SMEs or SSAs will only be included in financial undertakings' ratios when voluntarily issuing a green bond or green loan and for that financial instrument with the aim to increase the attractiveness of such instruments.

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Section I. Platform Feedback on the Environmental Delegated Act and on amendments to the Climate Delegated Act

This briefing provides feedback on technical screening criteria determining taxonomy aligned environmental performance and assesses usability aspects of the draft technical criteria.

Given that the European Commission's draft is based on our predecessor's advice and the time available to respond, **the Platform has focused its feedback on three areas:**

1. **Usability issues:** clarity and applicability of the criteria, applying identical criteria to all companies, availability of data, labelling of the activities, labelling and structure of enabling activities and scope.
2. **Consistency** across the delegated acts when setting technical criteria and on the naming and scope of the economic activities.
3. **Cross-sectional issues:** adjustment of legal basis, ambition levels and generic criteria.

The Platform has identified areas for improving the usability and the consistency of the proposed criteria with the existing criteria, among all criteria and the legal texts.

The Platform has also identified a few limitations within the draft Environmental Delegated Act and the amendments proposed on the Climate Delegated Act but has not devised alternatives for these criteria. This is due to a combination of limited time and the fact that the Platform does not yet benefit from the extended expertise on the different activities that it will have in the near future because it has just been constituted.

The issues the Platform identified arise similarly across the Environmental Delegated Act and Amendments to the Climate Delegated Act. The Platform therefore treats them jointly below.

The Platform describes the key issues identified and the most relevant activities where these issues arise. Where applicable, the Platform outlines how these issues could be addressed. Detailed descriptions of the issues for the individual activities and the ways to address them are included in Appendix III.

1) Usability – Clarity of Criteria

Some criteria are not described with sufficient clarity to allow their standardised application and verification. Adding specifications where possible will improve the usability of these criteria.

The following are cases identified by the Platform, followed by proposed solutions:

- Appendix C, Generic criteria for DNSH, and activities referring to it or using the same criteria:
“no alternative substances [...] available on the market” and “used under controlled conditions” appear in the appendix without any reference to legal or commonly accepted definitions and would have to be interpreted by individual companies and assurance providers. In addition, the

concept of “no alternative substances” was proposed as alternative to non-essential uses, which implies a lowering of the ambition level.

The Platform proposes including references to the EU legal framework where available to specify the terms “alternative substance”, “available on the market” and “under controlled conditions”. Alternatively, include references that sufficiently specify the concept of “essential use” and refer to the expected specification of this concept in the criteria rather than a footnote. Where such references are not available or are not sufficiently specific, The Platform proposes to add specifications that clarify, e.g., that “availability on the market” is to be interpreted in a technical rather than economic sense.

The Platform also proposes the addition of a substitution methodology to be used in Appendix C, aligned with ECHAs Strategy to promote substitution to safer chemicals. This methodology would help to:

- clarify terms like "suitable alternative substances or technologies are available on the market"
 - and define an appropriate period for the assessment and documentation required between the Taxonomy reporting cycle and the candidate list to be used as a reference.
-
- Manufacturing of electrical and electronic equipment: the criteria contain requirements for components “rich in critical raw materials”, without specifying the minimum content or the included materials, or “demonstrated superior recyclability”, without specifying how to demonstrate this.

The Platform proposes specifying the minimum thresholds, list of materials and applicable methods for the components to which these requirements apply.

- Marketplaces for trade of second-hand goods: the criteria are not fully clear on whether trade in new products is included and how the share of trades in new products is to be assessed and dealt with in the reporting on the activity (exclusion of the marketplace or only of the share of trades in new products, and how the latter would affect the KPI).

The Platform proposes clarifying that trade in new products is excluded and how to treat the activity if both second-hand and new products are traded.

- Manufacture of plastic packaging: unclear phrasing of the criteria, e.g., “use of compostable material” where there is no definition of compostable materials available, terms 'reusable' and 'reuse system' are only vaguely specified.

The Platform proposes reference to a specific regulation for a definition of terms. If this is not available, the terms should be specified in the criteria to the extent possible.

- Manufacture of automotive and mobility components: the only specification of the automotive components that are included under this activity is that they be “essential for delivering and improving the environmental performance of the vehicle”. A list of the components for which this

criterion is fulfilled is only given in recital 9. However, since the recitals are not legally binding, placing the list there cannot give legal certainty.

The Platform suggests moving the list of components from the recitals to the description of the activity. To allow for innovations to be included, the description could include a functional specification like, e.g., “other components which fulfil functions as those listed and are not used in vehicles not listed under the substantial contribution criteria”.

- All adaptation activities: The wording on whether an activity is enabling adaptation can be misinterpreted as to mean that it is sufficient for the activity to “comply with the substantial contribution criterion specified in point 5”, while the intention is to comply with criteria in point 1-5. Further, the relevance of the activity having adaptation as its “primary objective” could be clarified.

The Platform proposes clarifying that compliance with criteria 1-5 is required and emphasis of the “primary objective” requirement in the wording.

- Desalination: The specification of the primary objective of the activity - “to produce water to be distributed in drinking water supply systems where the water resources are or will be impacted by the effects of climate change” – has been deleted, which reduces clarity as to whether an activity falls under the adaptation objective. Any desalination installation could be interpreted to be included.

The Platform recommends the re-introduction of the relevant wording suggested by the former Platform.

- Civil engineering: The scope of the activity is not fully clear as to which activities are enabling adaptation (of other activities) and which are only in need of adaptation themselves.

The Platform proposes the revision of some of the activities included in the scope to increase the clarity on activities “enabling adaptation”.

- Annex C: the hazard classes refer to Art. 57 REACH-Directive, while it might be clearer to refer to the CLP-Directive.

The Platform suggests considering whether it would provide additional clarity to list the hazard classes under point (g) according to CLP-Directive including CMR, PBT, vPvB, PMT, vPvM and ED substances.

- Manufacture of active pharmaceutical ingredients (API) or drug substances: the description of the activity is not fully clear.

The Platform proposes editing of the description in line with the recommendation of the former Platform.

- DNSH for Climate Change Mitigation (several activities): for life cycle GHG emissions ISO 14067:2018 and ISO 14064-1:2018 are required alternatively, both in the current draft and the Climate DA. Clarity is required as they represent different approaches.

The Platform proposes clearly specifying that ISO 14067:2018 is to be used, as ISO 14064-1 is a corporate inventory reporting standard and not appropriate for life cycle reporting.

- Low carbon airport infrastructure: the amendment refers to transshipment between modes, but the modes are not specified. This could be interpreted to include, e.g., conventional air – road transshipment. Similar issues arise for activity Air transport ground handling operations. In addition, the added activities are not reflected in the NACE codes.

The Platform proposes specifying that “transshipment between modes” and similar terms only include transshipment to low carbon modes of transport and include only the infrastructure supporting those low carbon modes, and to update the NACE codes.

- Infrastructure enabling low carbon water transport: terms such as modal shift, service facilities etc. are not well defined and not clearly related to low carbon modes of transport. The activity could be interpreted as to include any kind of port infrastructure.

The Platform proposes specifying that only modal shift to low carbon modes and the infrastructure supporting that shift to low carbon transport is included.

- Collection and transport of hazardous waste: The DNSH criteria for CE refer to “recyclable waste”, but there is no clear or legal definition of this term.

The Platform proposes specifying “recyclable waste” or providing a reference to a legal definition.

- Product as a service: the activity aiming at “customers” could be misunderstood to include B2C but not B2B.

The Platform proposes the clarification that B2B is also included in the activity and consider expansion to more activities in NACE codes C.28 and C. 29 that fulfil the TSC.

2) Usability – Applicability of Criteria

Some criteria cannot be applied to the full scope of the activity. As a result, these activities cannot achieve Taxonomy alignment.

- Manufacturing of electronic or electronic equipment: the criteria for long-life apply only to products that contain batteries or require regular software updates. For all other products the long-life criterion cannot be complied with.

The Platform proposes the addition of long-life criteria general enough to apply to all included products or clarify that the long-life criteria only apply to products that contain batteries or require regular software updates.

- Manufacture of Pharmaceuticals: the criteria include PEC/PNEC thresholds, which do not exist for all substances. Further, a classification as CMR 1A or 1B may not always exist.

The Platform proposes the inclusion of the alternative threshold proposed by the former Platform for substances without PEC/PNEC values and replace “classified as CMR 1A or 1B” by “classified as or fulfilling criteria for classification as CMR 1A or 1B”.

3) Usability – Identical Criteria for all Companies

The Platform proposes simplifying the criteria in the current draft – and through future reviews of the Climate DA in all activities – by avoiding any conditions on criteria but clearly stating whether the criteria are cumulative (“all of the following criteria”) or separate (“any of the following criteria”). If one of a list of separate criteria is the preferred option regular revision of the criteria should be indicated (e.g., option (a) for water-borne transport). For activity “Infrastructure enabling low carbon water transport” The Platform proposes to delete criterion (b) for the DNSH for water to uphold the ambition level.

In addition, the Platform urges not to leave at the discretion of a company, economic actor or the auditor the setting of the criteria or the interpretation of the level of ambition. It will make taxonomy-alignment comparability for these activities impossible and will undermine a fundamental principle of the Taxonomy, which is the reliability of the criteria.

To function as the intended standard, it is crucial for the Taxonomy to set identical criteria for all applying companies. Therefore, taxonomy alignment must not be achieved based on different criteria for the same activity. Conditions like “technological or economic feasibility” are assessed when the Taxonomy criteria are developed, they depend on market conditions rather than the individual company. The following are the cases identified:

- Water-borne transport activities: applicable criteria depend on “technological or economic feasibility”.
- Infrastructure enabling low carbon water transport: applicable criteria depend on assessment of an “overriding public interest”, which, in addition, is usually not for a company to provide evidence for.
- Infrastructure enabling low carbon water transport: applicable criteria depend on weighing benefits to climate change mitigation (CCM) against the deterioration of the affected water body. However, there is to date not broadly accepted or even legally prescribed method in the EU to perform such a comparison, which requires the valuation of impacts on climate change mitigation, climate change adaptation (CCA) and the status of water bodies in comparable units. This would render the results of any such comparison arbitrary and unverifiable against a regulatory standard as the Environmental DA.
- Infrastructure enabling low carbon water transport: applicable criteria depend on “disproportionate costs” of an alternative, where “disproportionate” is not defined and the

choice of alternatives can under normal circumstances not be expected to fall within the competence of the company.

The Platform acknowledges that in the Climate DA there are criteria which include the condition of technical or economic feasibility. For these criteria in the Climate DA a general provision is added to comply with “any of the criteria” or “one or more of the criteria” etc.

4) Usability – Availability of Data

The Platform makes 8 concrete proposals to reduce the data required from companies without compromising the environmental ambition level.

For some criteria the data requirements could be reduced without compromising the ambition level of the criteria. The following are the cases identified by the Platform followed by a tangible proposal:

- Conservation, including restoration, of habitats, ecosystems and species: If the requirements under point 2.1. are to stand alone they require a full habitat mapping for alignment. Investments in habitat mapping may then not be clear to count as Taxonomy aligned.

The Platform proposes including the requirements of point 2.1 under the management plan in point 3.1.

- Manufacturing of electrical and electronic equipment: not all substances included in the criteria are also included in the REACH/RoHS list. Accordingly, companies are not regularly collecting data on them, either for their own operations or for the supply chain.

The Platform proposes considering whether the level of ambition of the criteria can be upheld with an adjusted list of substances.

- High, medium, low voltage electrical equipment: Paragraph 3a) proposes technical screening criteria on “reverse traceability”, while this data may be hard to collect for some products.

The Platform proposes checking whether the requirement can be lifted for certain products where data is hard to collect and there is no risk of multi-use issues.

5) Usability – Labelling of Activities

The Platform urges the European Commission to allow an activity to be able to be categorised as low-carbon or as transitional depending on which set of criteria it complies with when given two options. The Platform suggests clarifying whether the activity is low-carbon or transitional and adjustment of the criteria accordingly. “Overperformance” of companies is possible for all transitional activities without the activity changing its label.

Depending on which set of criteria a company complies with as giving two options for the same activity (a or b), the activity is labelled as either low-carbon or transitional. Setting different criteria and labelling the same activity differently depending on with which criteria the reporting company complies is not foreseen in the Taxonomy Regulation and impairs clarity to investors and the market.

- Passenger and freight air transport: complying with criterion (a) of the SC criteria means the activity is low carbon, complying with criteria (b) to (e) means it is a transitional activity.

The Platform suggests clarifying whether the activity is low-carbon or transitional and adjustment of the criteria accordingly. “Overperformance” of companies is possible for all transitional activities without the activity changing its label.

- Manufacturing of Aircraft: similar points as for air transport. In addition, the criteria would render only a share of the activity Taxonomy aligned depending on the fleet replacement rate, another type of criteria or condition which is not foreseen in the Taxonomy Regulation.

6) Usability – Label and Structure of Enabling Activities

The draft DA includes activities where the SC criteria apply to the use of the activity’s output, rather than the activity itself. This makes these activities “enabling” as defined by Art. 16 of the Taxonomy Regulation. However, not all these activities are labelled and structured as enabling activities.

To support the operationalization of Art. 16 for the development of technical criteria, the former Platform – supported by the European Commission’s legal service – was tasked with developing an Enabling Framework. The framework was published in [the supplementary report of the Platform 1.0 in November 2022](#).

Since the Enabling Framework was only developed in Q3 2022, it was not available to support a consistent design of technical screening criteria for enabling activities when the Climate Delegated Act and most recommendations of the former Platform were developed. Consequently, some activities were not drafted based on the framework. As the result, certain inconsistencies arose.

The Platform has identified the following:

- Manufacture of aircraft

The Platform proposes labelling the activity as enabling according to Art. 16 and ensuring that the criteria comply with the requirements set out in the enabling framework. While criterion (a) can be expected to fulfil these requirements, criterion (b) may benefit from a revision to comply with, e.g., the lock-in test given the long lifetime of aircrafts.

- Leasing of aircraft

The Platform proposes labelling the activity as an enabling activity according to Art. 16 and ensuring that the criteria comply with the requirements set out in the enabling framework. The

criteria would have to be adjusted according to the adjustments to the activity “Manufacture of aircraft”, see above. In addition, to ensure a proper definition of the enabling activity’s target activity and not to incentivize unintended business models, specification (c) to point (c) relating to the time an aircraft remained in the fleet prior to its withdrawal should be extended to 3 years and refer to the plane being in service rather than just air-worthy, and the contract between the lessor and the lessee should require compliance with the criteria in 6.19 to ensure a substantial contribution of the target activity.

- Air transport ground handling operations

The Platform proposes labelling the activity as an enabling activity according to Art. 16 and ensuring that the criteria comply with the requirements set out in the enabling framework. In particular, the description and criteria would have to ensure that the activity only enables low carbon air transport.

- Civil engineering

The Platform proposes checking the included activities for their enabling nature, and structuring them as enabling activities where applicable, and otherwise as own performance.

7) Usability – Scope

The scope of some activities is not clearly defined, or it overlaps, or could be extended, or is broader than recommended.

For some activities, the scope can be extended without jeopardizing the quality of the criteria, while at the same time increasing the coverage of the Taxonomy.

- Manufacture of low, medium, and high voltage equipment: medium voltage is not fully included in the activity.

The Platform proposes including “and medium voltage” under point d) of the activity.

The scope of some activities overlaps, jeopardizing clarity and creating the risk of differences in the criteria and double counting. This particularly applies to adaptation activities, for example:

- Overlaps between the adaptation activities proposed in the draft: Civil engineering, Consultancy for climate risk management, Software enabling climate risk management, Flood risk prevention and protection infrastructure.
- Overlaps between adaptation activities proposed in the draft and already included in the Climate DA: Civil engineering, Consultancy for climate risk management, Software enabling climate risk management, Flood risk prevention and protection infrastructure.
- Overlaps between adaptation activities in the Climate DA: consultancy and close to market research (9.2), Civil engineering and engineering activities and related consultancy (9.1).

For some activities the scopes are delimited from one side but not from the other, i.e., activity A explicitly not covering activities covered under B, but activity B not excluding activities covered under A.

- Civil engineering: *The activity includes a very large scope which covers several activities already existing in the taxonomy (including under other objectives) and the intended application of this category is not entirely clear (enabling activities or adapted infrastructure, or possibly, adaptation of or by the construction industry). This has caused a number of immediate usability issues (see section 6 in the usability issues chapter of the report on avoiding crossover) but also requires reflection on the definition/purpose of this activity with clarifications in the definition where necessary, to avoid multiplication of the noted problems going forward.*
- Civil engineering: the overlap with other activities, including but not limited to other adaptation activities (e.g., Renovation of existing buildings, Infrastructure for Water transport), also leads to differences in the applicable DNSH (e.g., Flood risk prevention and protection infrastructure, Maintenance of roads and motorways). As the result, companies could choose activities with weaker DNSH criteria (“objective shopping”).
- Software enabling climate risk management and Consultancy for climate risk management: definitions are not sufficiently clear and imply overlaps; DNSH for CCM should be added.
- Collection and transport of non-hazardous and hazardous waste overlaps with CCM/CCA for Collection and transport of non-hazardous waste in source segregated fractions.

The Platform proposes carefully checking for overlaps between all adaptation activities, including delimiters and clarifying definitions. Adaptation activities also need to be checked for lacking DNSH criteria, and all activities with related scope for consistent DNSH criteria.

The scope of some activities is broader than seems consistent with the environmental objective to which they contribute substantially. This also poses an ambition level / consistency with the Taxonomy Regulation issue.

- Emergency services: under point 4 of the description assets could be included if they are used occasionally to assist emergency services of any kind, which does not constitute a significant contribution to CCA. It is also misaligned with how the enabling framework of enabling climate change adaptation.

The Platform proposes re-drafting point 4 to rule out interpretations not in line with the primary objective.

8) High level trends/points

The Platform have divided the issues identified and proposed solutions into three different types of usability issues:

- Fatal Flaw

The Platform defines “fatal flaw” as criteria which are untestable such that they do not describe a qualitative threshold with sufficient clarity to allow standardized application or verification, or they present significant inconsistency between similar sub-sectors or Annexes.

- Quick Fix

The Platform defines “quick fix” as changes which can easily be implemented, such as changing X to Y to improve usability, improving consistency across Annex’s and related or similar sub-sectors, removing certain words, rewording sentences, removing inconsistent references to Annexes and footnotes, and updated reference to unavailable/out-of-date links etc.

- Subjective language

Subjective language that is missing clear definitions for which readily available solutions such as referencing relevant EU legislation and best available practices or clarifying statements will address. Criteria language for qualitative criteria that is heavily subjective. For examples, the use of words like “if cost is too high” ... or "if feasible..." or "minimise" or “disposed of in a safe, timely, and sanitary manner”.

Examples of findings

In this section, the Platform provides an overview of what the Platform means by type of usability issues and examples of each.

Fatal Flaw:

The Platform has observed the following fatal flaws in the technical annexes concerning substantial contribution and do no significant harm criteria, summarised as follows:

Substantial Contribution

- i) Missing NACE codes aligned to the activity description.
- ii) Activities in the description but without an associated technical screening test.
- iii) Deviation from turnover or capex-based calculations to determine alignment (e.g., replacement ratios).
- iv) Inconsistency between a criterion for an activity eligible under both the Climate Delegated Act and Environmental Delegated Act.
- v) In consistency in the title of the activities eligible in the Climate Delegated Act and Environmental Delegated Act.
- vi) A number of clauses/amendments contained in Annex II of the Climate Delegated Act showed no actual amendment/change of wording compared to the Climate Delegated Regulation (EU) 2021/2139.

Do no significant harm

- vii) A disconnect and inconsistent application of DNSH criteria in the mitigation/adaptation objectives relative to similar activities for the remaining 4 environmental objectives.
- viii) Reference is erroneously made to DNSH to mitigation Annex I Climate Delegated Regulation (EU) 2021/2139.

Please look at Appendix III for a detailed list of examples and some proposed solutions.

9) Consistency with Taxonomy Regulation / Ambition level

The ambition level of several activities is insufficient to ensure a substantial contribution to the respective environmental objective and hence inconsistent with the Taxonomy Regulation.

- Conservation, including restoration, of habitats, ecosystems and species: the word ONLY was introduced to change the phrase “not for off-setting” into “not only for off-setting”. This opens the scope for activities which are almost entirely done for off-setting, which contradicts the very intention of the criteria.

The Platform proposes deleting the word “only”.

- Hotels, holiday, camping grounds and similar accommodation: the explicit requirement for an analysis of the carrying capacity of the area has been omitted, the carrying capacity is now merely mentioned.

The Platform proposes clarifying that the carrying capacity of the area has to be analysed to comply with the criteria.

- Nuclear power generation activities: the DNSH for water do not reflect short- and long-term water scarcity and the temperature of the cooling water that is withdrawn from or returned to the water body. Both issues are increasingly relevant for the status of water bodies.

The Platform recommends that DNSH for water reflect short- and long-term water scarcity that is increasing due to climate change and the temperature of the cooling water both when looking at water withdrawal for cooling reactors and physical return flows to the water body.

- Manufacture of plastic packaging goods: the minimum threshold for recycled feedstock in points 1(b) and (c) has been reduced to 65% from 85% in the PSF recommendation. 65% is the overall target for the entire market in 2040 set by the European Commission’ strategy. However, the Taxonomy Regulation requires activities to make a substantial contribution to the environmental objective, i.e., to be “at the top of the market”. This requirement is not achieved if the threshold is set as low as the targeted market average.

The Platform proposes setting the threshold back to 85%.

- Manufacture of plastic packaging goods: the plastic packaging material of the unit of packaging achieves the minimum recycling rate target for plastic packaging waste set by the Directive 94/62/EC.

The Platform proposes increasing the requested recycling rate in line with the recommendation of the former Platform.

- Manufacture of plastic packaging goods: the change in the reference for the recycling rate leads to a reduction of the ambition level.

The Platform proposes reverting to the recommendation of the former Platform.

- Passenger water transport, Freight water transport: The former Platform introduced 20% below the EEDI threshold for Manufacture of low carbon technologies for water transport, which the EC extended to Passenger and freight water transport. This criterion would be fulfilled by certain diesel-using ships simply if they switched to LNG, i.e., boats that have not been designed to be 20% more efficient could still do a fuel switch from diesel to LNG and be included. This is especially of concern because research has shown that methane leakage in the LNG supply chain can obviate most of the expected emission reductions from a switch from other fossil fuels (which could be prevented if the criteria were tied to life cycle emissions measurement). In addition, the current criteria say: “Transport substantially contributes to CCM if operator is using either a boat that is designed with 20% OR if it meets GHG intensity criteria.”

The Platform proposes i) increasing the operational threshold to 35% such that a simple switch to LNG is insufficient to comply with the criteria, and ii) changing the OR clause to AND, making sure that manufacturing criteria are complemented by GHG intensity criteria.

- Adaptation DNSH: Adaptation DNSH are not fully aligned with the maladaptation avoidance principles.

While this is mainly an issue for future work, it might be addressed in the adaptation DNSH of the current draft to the extent possible.

- Several activities in Annex II of Climate DA: There are relevant DNSH criteria not specified in Annex II. This also jeopardizes a level playing field between similar activities with and without the relevant DNSH criteria.

The Platform proposes adding the missing DNSH criteria to the activities in Annex II.

- Construction of new buildings, Renovation of existing buildings: new thresholds for recycled content are by material, which is appropriate, but they are also generally lowered compared to the former Platform recommendation, and insufficient to substantially contribute to the CE objective.

The Platform proposes keeping the split-up into materials if the required data can generally be obtained but use the ambition level of the PSF recommendation as a benchmark for all materials.

- Manufacture of aircraft: DNSH for CCM is not specified, as should be for an enabling activity (see, e.g., 3.3).

The Platform proposes specifying DNSH for CCM once the activity is restructured as an enabling activity.

- Manufacture of low carbon technologies for transport: not all zero-tailpipe engines are also low carbon, as this depends on the origin of the energy source.

The Platform proposes making sure that no lock-in can incur through the manufactured technologies into zero-tailpipe, but non-renewable or high carbon energy sources.

- Urban waste water treatment: A criterion that is based on EU minimum regulatory requirements is applied as an SC threshold in Annex I Environmental Delegated Act, and as a DNSH threshold for the same activity in Annex I Climate Delegated Act. TSC (1) is based on pre-existing minimum EU regulatory requirements and standards, which is not sufficiently ambitious to make a substantial contribution in accordance with the TR. The application of this criterion for SC in Annex I Environmental Delegated Act furthermore creates misalignment with the Annex I of the Climate Delegated Act whereby operators are credited for EU Taxonomy SC alignment under the Environmental Delegated Act and for DNSH under Annex I to the Climate Delegated Act for complying with the same or similar minimum environmental regulatory requirements.

The Platform proposes raising the ambition level of the SC criterion sufficiently to constitute a substantial contribution in line with the requirements of the TR.

10) Consistency across Activities

Not all criteria that reflect the same concept and are applied in the criteria of several activities are consistent across these activities.

- Passenger and freight air transport vs. Manufacturing/Leasing of aircraft:

The Platform proposes adjusting the criteria to be consistent, including any possible changes to the draft criteria in the final DA.

- Annex C and Manufacture of Plastic Packaging (and others): lists of excluded substances differ between activities.

The Platform proposes that these lists are made consistent unless differences are warranted by the nature of the activity.

- Software enabling Climate Risk Management: potential overlaps with “Data driven solutions” not clear, DNSH for the two activities differ

Clarification as to the difference with 8.2. Data driven solutions should be added and DNSH for CE brought into alignment to the extent applicable

- Urban waste water treatment: Inconsistency between the DNSH criteria of similar activities, e.g., Construction, extension and operation of waste water collection and treatment, DNSH 3.

The Platform proposes checking the consistency of DNSH to the same objective in a similar new activity or the same activity contained in the EDR.

11) Cross-sectional issues (adjustment of legal basis, generic criteria etc.)

For some activities the legal basis was adjusted in between the publication of the Platform's recommendations for criteria and the publication of the draft delegated act. In these cases, the draft DA must ensure that i) the criteria are still consistent with the legal basis and ii) they still constitute a substantial contribution over and beyond the minimum legal requirements.

- Passenger and freight air transport: since the development of the PSF recommendations the legal environment has changed substantially:
 - i) on 25 April, 2023, Parliament and Council reached agreement on the ReFuelEU Aviation proposal, which on its own is projected to reduce aircraft CO₂ emissions by around two-thirds by 2050 compared to a 'no action' scenario;
 - ii) on 6 December, 2022, Parliament and Council have amended the EU ETS' rules on aviation, including those covering the price differential between kerosene and sustainable aviation fuels (SAF) up to 2030;
 - iii) on 18 April, 2023 Parliament in its position on the implementation of the new ETS rules for aviation, asked the European Commission to submit a report on measures to promote a modal shift towards alternative, more sustainable modes of transport for flights spanning 1,000 kilometres and less;
 - iv) in July 2022 Sweden amended its SAF-related legislation such that SAF blend ratios in Sweden are required to increase from 1% by volume in 2021 to 27% in 2030.

The Platform proposes that the European Commission considers the following options:

- *Align the SC for SAF use thresholds for criteria c) in accordance with Sweden's SAF blending yearly thresholds having the 2027 baseline as provided in an additional document to this proposal i.e., 11%*
- *For aircraft already in operation in point (b) and (e), increase the starting point from 5% to 32% as they are planes already in operation and do not require scrapping of existing planes (threshold coincides with 2040 Refuel objective) and maintain the increment of 2% going forward.*
- *For point (d) – the Platform recommends revising the SC ambition level for 2030 to 38% which is the trajectory (increase 2% per annum) of the most ambitious SAF use given our proposal for points (b) and (e).*
- *As per the EU Parliament's EU ETS for aviation position on the 18 April, 2023, [EU](#) the Platform also advises the European Commission to consider separate / more ambitious thresholds for short-haul flights which compete with other means of transport.*

- DNSH for CCM: Reference to 2013/179/EU is outdated

The Platform recommends, as a minimum, replacing 2013/179/EU with European Commission Recommendation 2021/2279/EU throughout; further, The Platform recommends referring to the Product Environmental Footprint (PEF) methodology instead of generally referring to 2021/2279/EU as the latter refers to both PEF and OEF, reducing clarity of the criteria;

- Urban wastewater treatment: the Urban Wastewater Treatment Directive has been updated.
- Manufacture of plastic packaging: the criterion for the use of bio-waste refers to RED II, which has since been updated into RED III.

In both cases, The Platform proposes checking whether all relevant updates have been made to the criteria to provide consistency and uphold the Taxonomy's ambition level.

12) General comments

The Platform welcomes the publication of the draft Environmental Delegated Act and the amendments to the Climate and Complementary Delegated Acts. The activities included therein will make an important contribution to broadening the scope of the Taxonomy.

A number of equally relevant activities on which the former Platform worked and for which it recommended criteria have not been included in the draft e.g., chemistry. As substantial contributions from these sectors are critical for reaching the EU environmental objectives, the Platform urges the European Commission to include the respective activities in future DAs. Since almost all activities need to adapt to climate change, future work should include adaptation criteria for those.

In addition to relevant sectors for, e.g., the biodiversity and pollution objectives, still being outstanding, the Platform notes that within the circular economy (CE) objective the waste hierarchy of the EU Packaging and Packaging Waste Regulation (PPWR) (COM(2022) 677) is not fully reflected in the activities prioritized so far. In particular, the objectives of reduction and reuse should receive more attention in future work.

Section II. Platform Feedback on the amendments to Delegated Regulation (EU) 2021/2178 regarding disclosures under the Taxonomy (Art. 8)

Our advice on the amendments is guided by the following principles:

1. Data provided by non-financial companies in Annex V need to meet the financial company reporting requirements in Annex VI & VII (ideally easy and simple to extract – with no interpretation of the data provided).
2. Data provided in the non-financial and financial company reports cannot be misleading or confusing– addressing concerns with 'double counting' across objectives.
3. Data provided by non-financial companies in Annex V need to clearly show where an activity is eligible to all available environmental objectives.
4. Data provided by non-financial companies in Annex V ought to clearly show where an activity is aligned to all available environmental objectives (ideally with clarity on where this is additive or overlapping e.g., 5% and 5% sums to 10% in total or sums to 5% in total).
5. Data provided in the non-financial and financial company reports should meet the minimum legal requirements in the Taxonomy Regulation.
6. Reporting should not be an undue burden on the company; and should minimise interpretive and user errors in the template design.

The above principles are underpinned by an overarching belief that reporting is the means towards an end. The end being to maximise the potential of the Taxonomy to help financing companies' and other economic actors' transition to a sustainable economy – carbon neutral, resilient, circular, and environmentally sustainable.

The Platform recommends that Annex V is designed to satisfy the aforementioned set of principles.

Platform's recommendations

1) Contributions to Multiple Environmental Objectives

The Platform recommends that non-financial disclosures are made against all environmental objectives to which the company is aligned. It is important, in all cases, that the company is encouraged to explain all objectives and the extent to which it contributes to each one.

Non-financial corporate disclosures ought to reflect a company's contribution to all six environmental objectives in % of revenues and capex/opex, and when doing so, ensure there is no double counting.

The Platform understands that the proposal does require companies to disclose to which environmental objectives they contribute to for every activity. But in the current proposal they need to choose one of the environmental objectives when determining the proportion of revenues, capex and opex used in financial disclosures under Annex VI and VII. The proposal does not show to what extent the activity is eligible to or aligned with TSC for each objective.

If companies are to choose to which environmental objective their activities contribute in relation to the % of revenues, capex and opex, when eligible to more than one - and that will be the case at the very least for capex, as most activities ought to be adapted, - the holistic understanding of the environmental sustainability of activities and investments that the Taxonomy Regulation enshrines will be reduced especially when the % of revenues/capex/opex alignment to the TSC for the environmental objectives differs:

- Companies could have a lesser incentive to meet substantial contribution criteria of any other environmental objective once their activity(ies) is(are) aligned with the TSC for one objective, as the % of alignment will not vary whether they contribute to one or to several.
- Climate change mitigation is likely to be the preferable option, when having to choose, given capital markets' interest in decarbonisation. It is also feasible that companies opt for the one objective for which alignment, in their case, is easier to achieve or shows the larger figure.
- Companies' investments made in adaptation risk not being properly reflected in capex reporting if the company is simultaneously investing in the same activity with regards another environmental objective. Much needed investments in adaptation could be disincentivised.
- Financial market participants will lack the necessary information to build their environmental thematic funds (e.g., water or biodiversity fund). They will face a reduction of the investment universes for those funds, thus, undermining their ability to re-orientate capital flows towards them.

The Platform understands though that financial undertakings at entity-level will not necessarily be able to provide the environmental breakdown without incurring double counting (if the template shows accurately each environmental objective contribution, then it is important that the total value displayed is taking out of duplicated finance to prevent double counting). The Platform understands that the choice to prioritise one activity's "Y" indicator for use in financial reporting, was made to avoid double counting in the GAR/GIR.

The Platform stresses that with the current proposal, when non-financial corporates are to prioritise one environmental objective in their reporting, financial undertakings breakdown by environmental objective will not reflect the real contribution of their financing activities to each environmental objective, but only a portion that will be biased in part by companies' previous decision to choose one environmental objective.

The Platform understands that to fill its request it will require to:

- Review and test the non-financial companies' templates for different potential cases.
- Review the GAR and GIR templates and, potentially, revising the requirement to financial undertakings at entity-level to provide the breakdown by environmental objective for eligibility and alignment.

The Platform believes that a breakdown by environmental objectives is only meaningful in relation to a few business lines. There is significant value in knowing the breakdown of a bank's corporate and specialised lending – including use-of-proceeds, mortgages and so forth. The Platform therefore encourage that breakdown for those business lines (see section II.9).

The Platform notes that not requiring financial undertakings to provide the breakdown for all business lines could help simplify the reporting ratios without undermining the incentives for non-financial corporates to align their activities to the Taxonomy and contribute to the achievement of the EU objectives and for financial undertakings to finance non-financial corporates in their efforts to do so.

While FMPs have an obligation to provide the breakdown by environmental objective at financial product-level within the level 1 regulation, financial undertakings do not in their entity level reporting.

The effectiveness of reporting will increase if reporting focuses on those business lines that finance the achievement of the EU objectives embedded in the Green Deal.

Lastly, all the above will require time and thorough analysis and understands it might only be feasible at a later stage during the Taxonomy Disclosures Delegated Act review.

The Platform has however made an attempt and puts forward a first proposal for the European Commission for future consideration in which reporting is done for all environmental objectives without fears of double counting. The Platform acknowledges that the proposal should be amply tested and therefore recommends the European Commission to consider it for the Taxonomy Disclosures Delegated Act revision.

2) Request for Consistency in Abbreviated Objective codes

The Platform suggests using the codes in Annex V for all templates, as consistent abbreviations to the Environmental Objectives.

Annex V (revised Annex II) suggests using:

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

Annex VII (revised Annex VIII) and Annex VI suggest using:

- Climate Change Mitigation (CCM)
- Climate Change Adaptation (CCA)
- Water and marine resources (WMR)
- Circular economy (CE)
- Pollution (P)
- Biodiversity and Ecosystems (BE)

Explanation

The updates to the Taxonomy Disclosures Delegated Act reporting templates for non-financial and financial companies require disclosure against a shortened environmental objective code. In order to support consistent disclosure and ease of use, the Platform suggest that the same shortened code should be used in all disclosure templates. Thus, information received from non-financial disclosures can be easily applied to financial disclosure templates, without translation into a new code.

3) Formatting issues

The Platform proposes that the Annex V template is designed to minimise potential variance in reporting. A standardised number and naming convention would prevent human input error. The Platform suggests not to breakout the same activity in both sections A.1. and A.2.

For the Amendments to the original Annex II disclosures, the Platform would like to highlight content formatting that could be problematic from a data extraction point of view. The objective of the new Annex V should be to minimise the variance and cost associated to extracting information from Annex V for the purpose of Annex VI and VII reporting. The Platform notes that machine readability (structured formats such as XBRL) is required under Article 2(13) of Directive 2019/1024.

Machine readability of Article 8 templates will come with the transformation of the templates into XBRL format. This requirement is mandated by the CSRD Article 29d "and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation". The comments in this section therefore refer to the ability for a machine to extract the data points from Annex V needed for investment decision making and financial company reporting obligations.

Some potential issues with the data extraction in the current proposal are listed below with a full and detailed list of considerations in [Appendix II](#).

1. Contained within the reporting annex it would be advisable to display the financial reporting year; if these are not made available on the reporting template, then they need to be manually input or sourced from the associated non-financial disclosure.
2. A machine may not be able to accurately read and sum the respective contribution of an activity repeated multiple times in different contexts (across A.1. and A.2.) unless the user is able to observe the correct character delimitation (“,”) and apply the right alpha-numeric code (e.g., XXX X.X format). It is therefore important for the European Commission to provide clear training and user guides for corporates to enter the information in the exact format required and without replicating the activity across multiple sections.
3. Machines work better without merged table cells; with horizontal text alignment and clearly formatted grid lines.
4. When a machine cannot read a report correctly, it will typically deliver that report as “error-ed” to a human user to interpret the data. From the Platform’s observation with different reporting styles used for Annex II already, the more complex the reporting requirement, the higher the probability of an erroneous disclosure (wrong name, wrong syntax, etc) that would require human intervention to fix. This could be costly for data extraction.

Figure 1 – European Commission proposed reporting template Annex V (replacing Annex II)

Economic Activities	Code (a)	Turnover	Proportion of Turnover	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems					
Text		Currency	%	Y/N N/A (b) (c)	Y/N N/A (b) (c)	Y/N N/A (b) (c)	Y/N N/A (b) (c)	Y/N N/A (b) (c)	Y/N N/A (b) (c)	Y/N N/A (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Activity 1			%								Y	Y	Y	Y	Y	Y	Y	%		
Activity 1 (d)			%								Y	Y	Y	Y	Y	Y	Y	%	E	
Activity 2			%								Y	Y	Y	Y	Y	Y	Y	%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%		
Of which Enabling			%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which Transitional			%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Activity 1 (e)			%	EL, N/EL (f)	EL, N/EL (f)	EL, N/EL (f)	ES, N/ES (f)	EL, N/EL (f)	EL, N/EL (f)									%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			%	%	%	%	%	%	%									%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities			%																	
TOTAL			100%																	

Figure 1 shows an example of current disclosures, using the existing Annex II template. Note currency is provided in the Absolute Turnover header. The Platform welcomes the inclusion of CCY codes in the reporting annex, as provided by companies in the Figure 2 example. The Platform would also encourage the financial year of reporting to feature on the grid.

Figure 2 – Sample of Company Reporting with currency mentioned

Table Turnover	Codes	Absolute turnover	Proportion of turnover	Substantial contribution criteria	DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards	Taxonomy aligned proportion of turnover 2022	Category (enabling activity)	Category (transitional activity)
					Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution				
Economic activities		SEK,m	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Acquisition and ownership of buildings	7.7	105	0.2%	100%	0%	n/a	yes	n/a	n/a	n/a	n/a	yes	0.2%		
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1))		105	0.2%										0.2%		

The Platform proposes an Annex V template that allows for easy data extraction in Appendix III

Figure 10 – Proposal to make the existing template data .

4) Reporting Framework

The Platform proposes an alternative simplified reporting template in line with the current way companies are reporting against the Taxonomy (per guidance from the former Platform in our December 2021 FAQ¹) within Appendix II – Alternate Proposal for Annex V. The Platform includes a series of recommendations to ensure the effective implementation of the proposed template:

- The Platform has observed some interpretive issues with the proposed Annex V format and requests that the European Commission provide a detailed user-guide to support the smooth implementation of the reporting design.
- The Platform has observed a disconnect between the data needed in Annex VI and VII and that supplied in Annex V. The Platform therefore recommends that the European Commission considers either removing the requirement for financial companies to have to disclose eligibility by the environmental objective (in Annex VI and VII) or asking for clear disclosure by the reporting company (Annex V) on eligibility by environmental objective, that does not require interpretation of text-populated fields.
- The Platform notes that under the mandatory reporting obligation, DNSH as suggested in Annex V can only be “Y”. There would not be a case where a company reports DNSH = “N” in section A.2. as DNSH disclosure is not mandated. The Platform therefore queries the value in this disclosure.
- The Platform suggests the European Commission run user tests with the new Annex V and provide the market with clear user-guides and worked examples to enable the new template to be populated correctly.
- The Platform requests that the European Commission create a standardised naming and numbering convention across the Taxonomy for activities to allow the Taxonomy disclosures to operate in an efficient and effective manner.

The delegated acts do not have consistency in their naming and treatment of economic activities, therefore the amendments to the Taxonomy Disclosures Delegated Act have resolved this by asking for activities to be split out in the original Annex II template and assigned a dual-code of the objective & activity reference number.

(a) The Code constitutes the abbreviation of the relevant objective the activity makes a substantial contribution to, as well as the Section number of the activity in the relevant Annex of the objective, i.e.: - Climate Change Mitigation: CCM - Climate Change Adaptation: CCA - Water: WTR - Circular Economy: CE - Pollution Prevention and Control: PPC - Biodiversity and ecosystems: BIO For example, the Activity "Afforestation" would have the Code: CCM 1.1

Where activities make a substantial contribution to more than one objective, the codes for all objectives should be indicated. For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

If the Platform imagines Company A, which is involved in the transport and processing of waste (including hazardous waste) – they now need to understand how their activity aligns with the 6 technical annexes. Imagine they make 18% of their total revenue from these activities:

¹ https://finance.ec.europa.eu/document/download/bcdb59c0-06b4-45b9-a071-6e18736d6bfb_en?filename=sustainable-finance-taxonomy-eligibility-reporting-voluntary-information_en.pdf

- They make 10% of revenue from Hazardous and Non-Hazardous waste collection and transport, split in 5% each;
- The treatment of hazardous waste accounts for a further 5% of revenue;
- The revenue they make from material recovered and resold from non-hazardous waste is 3%.

Based on the way this now splits out across the Taxonomy Delegated Acts, a reader is unable to decipher where there is double counting. The source of the problem is the lack of standardised activity classification in the Taxonomy not the contribution to more than one environmental objective.

- 2.3 Collection and transport of non-hazardous and hazardous waste (CE) 10%
- 5.5. Collection and transport of non-hazardous waste in source segregated fractions (CCM) 5% for paper recycling
- 2.1 Collection and transport of hazardous waste 5% (PPC) for hazardous waste transportation
- 2.2 Treatment of hazardous waste 5% (PPC) for pollution prevention
- 2.4. Treatment of hazardous waste 5% (CE) for hazardous waste processing
- 5.9. Material recovery from non-hazardous waste (CCM) 3%

In this example, all sub-segments sit below the IFRS 10% minimum threshold², and thus would not be reconcilable back to the company’s financial statement.

Figure 3 Alignment of Environmental Objective Activity Naming

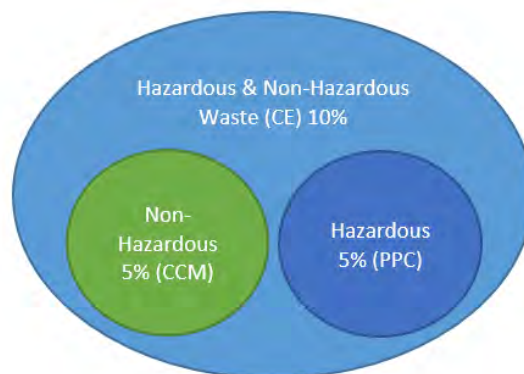


Figure 3 helps illustrate this point; where the Circular Economy objective includes the whole scope of both the Mitigation and Pollution criteria. Where one activity represents any overlap to existing criteria, then a user cannot apply the dual code. Therefore, Company A would not be able to report CCM; PPC; CE together as the activity represents a different share of revenue.

If we expand on Company A – (Figure 4) this is the full breakout of their revenue-generating activities under the Taxonomy six annexes, it becomes very complicated to translate into respective activities and objectives.

² Regulation (EC) No 1606/2002. This law requires all listed companies to prepare their consolidated financial statements in accordance with a single set of international standards. Under IFRS 8, Operating Segments requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Under IFRS, reportable segments are segments where reported revenue, from both external customers and inter-segment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments. If the total external revenue reported by operating segments constitutes less than 75 per cent of the entity’s revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75 per cent of the entity’s revenue is included in reportable segments.

Figure 4 – Company A illustrative report using Annex V

Activity A	2.3 Collection and transport of non-hazardous and hazardous waste (CE) 10%
Activity B	5.5. Collection and transport of non-hazardous waste in source segregated fractions (CCM) 5% for paper recycling
Activity C	2.1 Collection and transport of hazardous waste 5% (PPC) for hazardous waste transportation
Activity D	2.2 Treatment of hazardous waste 5% (PPC) for pollution prevention
Activity D	2.4. Treatment of hazardous waste 5% (CE) for hazardous waste processing
Activity E	5.9. Material recovery from non-hazardous waste (CCM) 3%

Economic Activities (1)	Code (b)	Turnover	Proportion of Turnover	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Standards	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of turnover, year N-1	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
Text		Currency	%	Y, N; N/A (b) (c)	Y, N; N/A (b) (c)	Y, N; N/A (b) (c)	Y, N; N/A (b) (c)	Y, N; N/A (b) (c)	Y, N; N/A (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity A	CE 2.3	10.00	10%	N	N/A	N/A	N	Y	N/A	Y	Y	Y	Y	Y	Y	Y	%		
Activity B	CCM 5.5	5.00	5%	Y	N	N/A	N/A	N	N/A	Y	Y	Y	Y	Y	Y	Y	%		
Activity C	PPC 2.1	5.00	5%	N/A	N/A	N/A	Y	N	N/A	Y	Y	Y	Y	Y	Y	Y	%		
Activity D	CE 2.4, PPC 2.2	5.00	5%	N/A	N/A	N/A	Y	Y	N/A	Y	Y	Y	Y	Y	Y	Y	%		
Activity E	CCM 5.9	2.00	2%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			27%	7%	0%	0%	10%	15%	0%	Y	Y	Y	Y	Y	Y	Y	%		
of which enabling			0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%	E	
of which transitional			0%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Activity E	CCM 5.9	1.00	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			1%	1%	8%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities			82%																
TOTAL			100%	110%	Sum of A1 + A2 + B														

When we look only at the activities that have substantial contribution, what is not clear is:

- The treatment of DNSH where criteria do not exist. In the sample provided in Annex V it suggests adding “Y” across all cells – but the Platform notes that we are applying “Y” where DNSH criteria do not exist.
 - As a company’s activities can only feature in section A.1. if it fully complies with DNSH and MSS; the Platform therefore suggests limited value in breaking out DNSH and MSS as alignment would already indicate compliance with all technical screening criteria.

The new reporting template (Annex V) **introduces double counting**. If we break out the revenue-generating activities into their respective objective by a|b|c|d|e we exceed the total 18% revenue for in-scope activities due to the problem in Figure 4.

- In Figure 4, the sum of 27% is wrong. This is calculated as the sum of the “Proportion of Turnover” where a “Y” features in a column for “Substantial Contribution”. The inaccuracy comes about because activities A, B and C are double counted due to the disconnect between the PPC, CE and CCM labelling of the same activities.

- To further reduce the risk of double counting the Platform suggest that the “+” sign is dropped from Annex VI and VII reporting; so that the total eligibility and alignment value provided by the company is reflected in the GAR/GIR value. If a bank sums up the contribution to each objective, then this risks double counting the total value.

w	x	y	z
TOTAL (CCM + CCA + W/MR + CE + P + BE)			
Of which assets covered by the EU Taxonomy (%) (Taxonomy-eligible)			
Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)			
		Of which transitional (%)	Of which enabling (%)

Suggest remove "+" signs and state this is as reported totals by the company

The Platform recommends that the Taxonomy is created with consistent numbers and naming conventions across all Delegated Acts to prevent situations where there is crossover or overlap between activity descriptions that could result in Annex V double counting.

Repeating Activities across A.1. and A.2.

For a capex-based report, the Platform notes that the person preparing the report needs to repeat Activity A across A.1. and A.2. in order to represent the proportion that meets Substantial Contribution tests and those that do not. Please see illustrative example in Figure 5.

- Company B has one activity that is eligible to capital expenditure reporting. Activity A sits in the climate change adaptation and climate change mitigation annex but is only partially substantially contributing to the climate change mitigation objective.

Company B	% Total Capex	Eligible to	SC to
Activity A	20%	CCM/CCA	CCM

6.5 Transport by motorbikes, passenger cars and light commercial vehicles; 5% of overall company capex is ZEV related

Figure 5 – Sample Company B Capex report of Annex V

Economic Activities (1)	Code (a)	Capex	Proportion of Capex	Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of capex, year N-1	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
Text		Currency	%	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Activity A	CCM 6.5, CCA 6.5	5.00	5%	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	%	-	T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			5%	5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%		
of which enabling			0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%	E	
of which transitional			5%	5%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Activity A	CCM 6.5, CCA 6.5	15.00	15%	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			15%	15%	15%	0%	0%	0%	0%								%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities			80%																
TOTAL			100%	100%	<i>Sum of A1 + A2 + B</i>														

In Figure 5, because the company’s capex is only partially contributing to the climate change mitigation objective – there is reporting in both section A.1. and A.2. This means that the same activity, which is eligible to CCA but not substantially contributing needs to be reported in section A.1. as a “N” against the 5% revenue and in section A.2. as “EL” for the remaining 15%. The Platform worries that this model of reporting is not intuitive and may result in input errors from reporting firms with split obligations.

Eligibility by Environmental Objective

Financial companies in their Annex VI and VII reports need to report eligibility per environmental objective. In the case of Company B (Figure 5), to calculate the eligibility to the climate change adaptation objective you would need to sum up if “Y” or “N” features in the Adaptation column in A.1. and also sum up to the value of “EL” reported in the Adaptation column in A.2. The Platform is concerned that this is not intuitive or usable and so suggests that eligibility per environmental objective is clearly delivered in the reporting template. See Example in Figure 6 (highlighted in yellow) to make data extraction easier.

Figure 6 – Sample Company B Capex report of Annex V

Economic Activities (1)	Code (a)	Capex	Proportion of Capex	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of capex, year N-1	Category (enabling activity) (20)	Category (transitional activity) (21)	
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
Text		Currency	%	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES				20%	20%	0%	0%	0%	0%											
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Activity A	CCM 6.5, CCA 6.5	5.00	5%	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	%	-	T	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)				5%	5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%		
of which enabling				0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%	E	
of which transitional				5%	5%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Activity A	CCM 6.5, CCA 6.5	15.00	15%	EL	EL	N/EL	N/EL	N/EL	N/EL								%			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				15%	15%	0%	0%	0%	0%									%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities				80%																
TOTAL				100%	100%	Sum of A1 + A2 + B														

Should the European Commission consider adding the % value back into the cells (as currently required in Annex II) instead of the “Y” and “N” indicators, then the Platform would request that the European Commission provides a summary column of Taxonomy aligned KPI % in order to remove any risk of double counting. Please note that the Total Taxonomy Aligned KPI % would not be a sum of the respective objectives but would indicate the total KPI (Turnover, capex, opex) of the company that is aligned as a portion of total KPI.

Economic Activities (1)	Code (a)	Turnover	Proportional Turnover	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Taxonomy aligned (A.1.) or eligible (A.2.) proportion of turnover, year N-1	Category (enabling activity) (20)	Category (transitional activity) (21)	
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
Text		Currency	%	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y; N; N/A (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES				60%	60%	0%	0%	60%	0%											
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Renovation of existing buildings	CCM 7.2	60.00	60%	20%	30%	0%	0%	10%	0%	Y	Y	Y	Y	Y	Y	Y	%			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)				60%	20%	30%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%		
of which enabling				0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%	E	
of which transitional				0%	0%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			0%	0%	0%	0%	0%	0%	0%								%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities				40%																
TOTAL				100%	100%	Sum of A1 + A2 + B														

Conclusion on Reporting Format

Based on the principles provided at the outset, the Platform observed the following issues with the proposed Annex V:

1. Data provided by non-financial companies in Annex V needs to meet the financial company reporting requirements in Annex VI & VII (ideally easy and simple to extract – with no interpretation of the data provided)

- ISSUE: Annex V does not clearly indicate eligibility by environmental objective
- 2. Data provided in the non-financial and financial company reports cannot be misleading or confusing – addressing concerns with 'double counting' across objectives
 - No issue identified, Annex V satisfies this requirement
- 3. Data provided by non-financial companies in Annex V needs to clearly show where an activity is eligible to all available Environmental Objectives
 - ISSUE: Annex V does not clearly indicate eligibility by environmental objective
- 4. Data provided by non-financial companies in Annex V needs to clearly show where an activity is aligned to all available Environmental Objectives (ideally with clarity on where this is additive or overlapping e.g., 5% and 5% sums to 10% in total or sums to 5% in total)
 - ISSUE: Annex V does not clearly show to what extent each objective is satisfied, preferring “Y/N” indicators over % KPI disclosures in the body of the report under Substantial Contribution.
- 5. Data provided in the non-financial and financial company reports should meet the minimum legal requirements in the Taxonomy Regulation
 - No issue identified, Annex V satisfies this requirement
- 6. Reporting should not be an undue burden on the company; and should minimise interpretive and user errors in the template design.
 - The Platform suggests the European Commission run user tests with the new Annex V, and provide the market with a clear user-guides and worked examples to enable the template to be populated correctly.

5) Consistency in Numbering and Naming of Activities

The Platform highlights the need for the Taxonomy to be built on a consistent list of activities that are referenced for all environmental objectives.

The Platform recommends that technical screening criteria are not included in the activity description to facilitate Taxonomy reporting and use.

The **following is an example** of the proposed recommendation:

- Consistently named activities e.g., “Manufacturing” all sit under number 3
- “Water supply, sewerage, waste management and remediation” all sit under number 5
- “Information and communication” all sit under number 8
- “Construction and real estate activities” all sit under number 7
 - “3.1. Construction of new buildings” amend to 7.1
 - “3.2. Renovation of existing buildings” amend to 7.2

For any new activities, not present in the CCM and CCA list of activities – start a new number (not duplicating any existing numbers), for example:

- “3.3. Demolition and wrecking of buildings and other structures” – start new numbering at 7.8
- “3.5. Use of concrete in civil engineering” – start new numbering at 7.9
- “4.1 Provision of IT/OT data-driven solutions for leakage reduction” – start new numbering at 8.5

- “3. Disaster risk management” and “3.1. Nature-based solutions for flood and drought risk prevention and protection” sit under new numbering 14

Full details are provided in the associated excel sheet titled “Annex Naming and Number Changes”

6) Avoid Crossover of Activities

The Platform recommends that activities do not overlap between environmental objectives. This will help prevent double counting.

The **following example** of the proposed recommendation shows how can the double counting witnessed in the above Company A examples can be avoided thanks to the Platform’s recommendation.

Breakout 2.3. Collection and transport of non-hazardous and hazardous waste into:

- 5.5. Collection and transport of non-hazardous waste in source segregated fractions (per CCM/CCA)
- 5.16 (new numbering) Collection and transport of hazardous waste (for CE and PPC)
- Duplicate the CE technical screening criteria across 5.5 and 5.16

Similarly, “2.7. Sorting and material recovery of non-hazardous waste” should be amended to match “5.9 Material recovery from non-hazardous waste” as featured in the CCM and CCA Delegated Act. Full details of these activities and proposed alternatives have been supplied to the European Commission in a supplementary excel table.

7) Timeline

The Platform supports the approach taken by the European Commission regarding the timeline. The Platform notes that, while financial institutions should not use estimates at this point and report only on information available to them at the point of reporting, if they wish they could report separately on their full investment or lending portfolios as part of their voluntary reporting following the [Platform considerations on voluntary information as part of Taxonomy eligibility reporting](#).

The Platform requests that the delegated act indicates that the transitional measures embedded in the CSRD (phase-in for the scope of application) also apply to the taxonomy reporting requirements.

The Platform also encourages the European Commission to provide detailed guidance to financial institutions on reporting alignment to the TSC for all six environmental objectives.

By deleting paragraph 5 of Article 5 - Amendments to Delegated Regulation (EU) 2021/2178 (1) in Article 8, the market is effectively required to implement and report on the remaining 4 environmental objectives in less than 12 months.

Non-Financial companies must report eligibility from January 2024, with alignment a year later in 2025. The Platform acknowledges that even if it provides them with 18 months before they must report alignment, eligibility disclosures are required within a short timeframe which can render the task more difficult. Financial institutions must also report on their exposure to eligibility for the remaining 4 environmental objectives and new mitigation and adaptation activities in their Taxonomy reporting from January 2024, before access to non-financial reporting is made available to them. Financial companies are required to report their alignment to the additional activities a year later than

non-financial companies, starting in January 2026. The Platform requests that the European Commission considers the same timeline for CSRD Taxonomy-based disclosures for financial organisations so that there are no inadvertent disconnects between the two regimes. It is also worth noting that financial companies will not have access to reporting from their financial counterparties, given that financial companies typically have a year's lag in the accuracy of their own reporting.

Whilst it states in Article 5(2) that only eligibility reporting is required from non-financial companies: *"From 1 January 2024 until 31 December 2024, non-financial undertakings shall only disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities pursuant to Regulation [Taxonomy Environmental Delegated Regulation]"* the problem is that financial undertakings need to disclose eligibility when they will not have access to actual values and are not yet permitted to use estimates. *"From 1 January 2024 until 31 December 2024, financial undertakings shall only disclose...the proportion in their covered assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities"*.

The Platform agrees with the European Commission that estimates should not yet be used for reporting eligibility in reference to 2024 FY. Even if the Platform supports the use of estimates within an established framework for Taxonomy-reporting and has made a concrete proposal for their use (see [Platform recommendations on Data and Usability as part of Taxonomy reporting](#)), it believes it is worth waiting for a common approach to be established by the European Commission on the use of estimates to avoid confusion and greenwashing.

The use of estimates for Taxonomy Reporting at financial entity-level is permitted under Article Delegated Act Article 7 (7) under certain circumstances **subject to the 2024 revision** of the Taxonomy Disclosures Delegated Act.

In a nutshell, eligibility reporting for the time being should only be based on reported data or own assessments where the financial company has control over the asset, and estimates are not allowed to calculate Taxonomy-eligibility ratios. Therefore, in financial reporting from January 2024 only information provided to them prior to their own disclosure can be reported – thus the Taxonomy disclosure will only be partially provided for that year from financial undertakings.

Nevertheless, the Platform acknowledges that financial institutions may wish to report the eligibility of their full investment profile or balance sheet. Financial institutions are encouraged to follow the Platform recommendations on voluntary reporting when doing so. Voluntary reporting under the Taxonomy Regulation should be considered as a useful first step in preparation for mandatory Taxonomy-alignment reporting and only until the full revision of the Taxonomy Disclosures Delegated Act is in place.

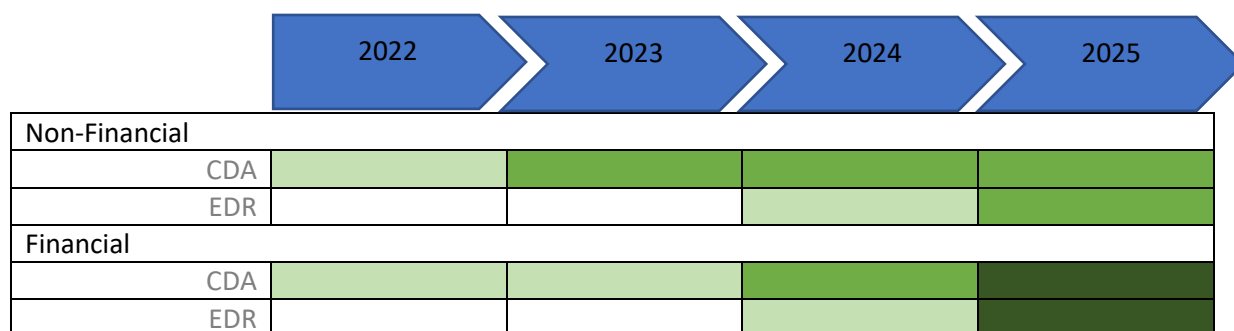
The Platform suggests to the European Commission that the delegated act explicitly indicates that the transitional measures of the CSRD (phase-in for the scope of application) also apply to the taxonomy reporting requirements. The Directive takes effect in four phases:

1. Companies already subject to the NFRD must begin reporting in 2025 on their 2024 financial year.
2. Large companies not currently subject to the NFRD must begin reporting in 2026 on their 2025 financial year.
3. Listed SMEs (except micro undertakings), small and non-complex credit institutions, and captive insurance undertakings must begin reporting in 2027 on their 2026 financial year.

- 4. International companies with net turnover above 150€ million in the EU who meet other CSRD requirements must begin reporting in 2029 on their 2028 financial year.

Lastly, the Platform encourages the European Commission to issue detailed guidance for financial institutions on reporting alignment on all 6 environmental objectives well ahead of 1st January, 2026.

Figure 7 Proposed Timeline



KEY

	Eligibility
	Alignment
	Use of Estimates for Third Countries

Note for the Climate Delegated Act new activities follow the same timeline at the EDR

- Sections 3.18., 3.19., 3.20. and 3.21. are added to the Climate Delegated Act
- Sections 6.18., 6.19., and 6.20. are also added to the Climate Delegated Act
- Section 5.13. is added to the Climate Delegated Act
- Section 7.8, 8.4, 9.3, 14.1 and 14.2 are all added to the Climate Delegated Act

8) Issues for Credit Institutions

The Platform strongly welcomes the clarifications and improvements made to Annex V for credit institutions and offers a couple of further suggestions and requests (see below).

The Platform restates the need for:

- Either removing the requirement for financial companies to have to disclose eligibility by the environmental objective (in Annex VI and VII) or asking for clear disclosure by the reporting company on eligibility by environmental objective.
- Understanding that the breakdown of KPIs disclosures by environmental objective brings real value only for some business lines such as corporate lending.

Reporting by credit institutions through the templates could be simplified accordingly and gain both readability and usability. The Platform understands that these requests might have to wait for the revision of the Taxonomy Disclosures Delegated Act scheduled for mid-2024.

9.1. Overall Annex V amendments and clarifications

The Platform highly welcomes the clarifications and improvements brought forward in the amendments to Annex V for credit institutions.

The clarifications on equity instruments vs equity holdings, as well as the correction in section 1.2.1.1 of the heading of point (i) are highly appreciated to truly differentiate between the core issues related to equity instruments vs lending, easing usability.

In addition, the clarification of the definition of specialised lending on the formula for the GAR calculation on loans and advances, focusing on the CRR definition and removing project finance considerations that were causing confusion is also highly welcomed as a usability improvement.

The clarification provided to credit institutions with respect the proportion of their derivative and non-NFRD bound exposures across the whole text in relation to the alignment between the Total GAR in point 1.2.1.6 and the fifth paragraph of Section 1.2.1 is also welcomed. On this specific point, further clarification on where this information should be reported across the templates and the connections with Annex XI for financial institutions and the similarities of the information related to paragraph 7 (3) with the BTAR as referenced in the Pillar 3 ITS ESG risk disclosures would be appreciated.

The updated section 1.2.1.6 of Annex V states that the GAR for commercial and residential repossessed real estate collateral held for sale must be reported for all the environmental objectives. However, section 1.2.1.5 of the same document states that credit institutions shall disclose the KPI of their commercial and residential repossessed real estate collaterals based on the compliance with the technical screening criteria in Section 7.7. of Annex I to Climate Delegated Act (which reports the TSC and DNSH for Climate Change Mitigation). The Platform requests clarity on whether this KPI is therefore only applicable to the Climate Change Mitigation objective.

- **Double counting on Covered Assets and Sector information**

Other than those raised in point 1 of this section, the following two concerns remain regarding double counting:

1. Regarding point 6 above for NFCs, where activities that have different NACE codes and descriptions would prompt corporates to report the same activity several times.
This issue will be then equally reflected in banks' reporting, either by duplicating the original unintended error (credit institutions counting multiple times an activity that has only been financed once), or attempting to correct the error by reflecting the "right" number, but showcasing a disconnect from the reported disclosures of their corporate clients, which could generate further confusion in the market.
2. Another concern related to mis-/multiple-counting derives from the "discretion" given to credit institutions to categorise their specialised lending and "known use of proceeds" transactions, and the divergences that could create between their reporting and those from the NFCs. Divergences might also be associated to the timeline differences between the reporting made by corporates of capex/turnover and that of credit institutions on the stock and flow of specialised lending.

Points 3 (f) and (g) of the Annex V of the Environmental Delegated Act maintain the discretion for banks in relation to avoiding double counting on their specialised lending exposures. Following the logic of the European Commission, this would not be possible under the new taxonomy accounting proposal, given that corporates would only be allowed to report ratios and % of contribution related to one of the possible multiple objectives an activity contributes.

However, in a specialised lending transaction, the current text seems to allow the bank to choose (based on information provided by the client as long as double counting is not allowed).

While in principle that could work, once the transaction starts to move within the reporting templates (stock, flow) it may very well have already been reported by the counterparty, and the counterparty may have chosen a different objective to report the activity under than that communicated to the bank, and which the bank has used for their reporting. The issue would be easily spotted once the report is published, but if repeated in many transactions this may generate a malleable GAR that changes once the reporting is matched.

- **Terminology**

The reporting template refers to the term ‘sovereigns’. This terminology deviates from the delegated act, where reference is made to exposures to ‘Central governments’ and ‘Supranational issuers’. The Platform proposes aligning the definition in the template with the Delegated Act and including exposures to ‘Central governments’ and to ‘Supranational issuers’ under separate line items.

Taxonomy Disclosures Delegated Act Annex V, 1.2.1. paragraph 5, there is no dedicated space in the templates in Annex VI for the disclosure of the percentage of total assets excluded from the numerator of the GAR in 7(2), 7(3) DDA or point 1.1.2. of Annex V. The Platform wonders whether this is intentional.

- **Multiple environmental objectives when reporting on mortgages and car loans**

The Platform welcomes the fact that now both loans to local governments for house financing and commercial and residential repossessed real estate collateral held for sale will be able to consider their contributions to all environmental objectives.

Nonetheless, the Platform believes residential real estate and retail car loans should also be allowed to reflect their contributions to other environmental objectives beyond climate change mitigation.

These exposures are currently marked as only contributing to climate change mitigation. They are however incorporated as activities contributing significantly to other environmental objectives – Real Estate to climate change adaptation and circular economy and, pollution for vehicles.

This point builds on the need to ensure that the breakdown by environmental objectives is particularly relevant for certain banking products and assets.

9) Other comments

The Platform would like to take the opportunity to recall a handful of the most pressing recommendations it made in its [report on Data and Usability](#) in October 2022 with regards to Article

8 to facilitate reporting and ensure it is accurate, as well as to enhance consistency in reporting obligations amongst reporting entities.

These are:

4. Updates are needed to reporting Annex II, to remove the requirement to report enabling/transitional activities by environmental objectives for financial firms. For simplicity, the Platform recommends that reporting by enabling or transitional activities (in the case of climate change mitigation) should be dropped from financial undertakings (entity-level) disclosures; these details add little value to the disclosures and are not used for financial decision making on Taxonomy-aligned investments.
5. The Platform recommends the European Commission clarify the context of disclosures in Annex VI using clear descriptions of the values required in each cell and how Annex VI relates to Annex XI. The Platform extends this recommendation to all new reporting Annexes proposed – such that the information required in each cell is clearly explained in a supplementary user guide and the new reporting format is updated on the European Commission’s Compass and Navigator tools.
6. The Platform recommends the European Commission adopts a common approach to defining numerators and denominators across the Taxonomy reporting obligations. The Platform requests a clear and common list of assets to be excluded from the Green Asset Ratio (GAR) and Green Investment Ratio (GIR). Financial institutions ratios should follow the same approach when determining the denominator and numerator.
7. The Platform recommends the inclusion of all use-of-proceeds financial instruments (loans, bonds, issued by SMEs, large corporates and by SSAs) in all numerators and denominators throughout all legislative texts. Consequently, SMEs or SSAs will only be included in financial undertakings’ ratios when voluntarily issuing a green bond or green loan and for that financial instrument with the aim to increase the attractiveness of such instruments.
8. Further implementation guidelines for Taxonomy-alignment reporting are needed, in the shape of:
 - Supplementary FAQ for Article 8 reporting; and/or
 - Level 3 implementation guidelines by the ESAs. In addition, the Platform would like to point out that adaptation investments (capex/opex) in adapted activities should be possible, and encouraged, to be reported for all activities using the standard SC and, once the technical criteria for generic DNSH are developed, for DNSH criteria.

For a full list of the Platform’s recommendations and the details, please see [Platform Report on Usability: recommendations on Data and Usability as part of Taxonomy reporting](#), October 22nd, 2022.

In addition, the Platform would like the European Commission to also consider the following recommendations ahead of the revision of the Taxonomy Disclosures Delegated Act scheduled for mid-2024.

1. Whether companies could report their climate total (CCM + CCA) investments (capex/opex) avoiding any double counting given the interest that FMPs and financial institutions have in measuring, monitoring, and facilitating climate finance as a whole, as long as it does not translate into an additional burden to companies. It could also consider exploring ways to enhance the reporting on key elements of non-alignment for eligible not aligned activities.

2. Whether a minimum threshold for capex and opex activity-level reporting of a 5% could be conceived when reviewing the Taxonomy Disclosures Delegated Act. The Platform duly notes the requirement in Annex I of the Disclosure Delegated Act, point 2(a) and acknowledges that the recommendation will require it to be updated. The Platform understands the constraints but wishes to translate the concern corporates have that providing such detailed information on capital expenditures – where exactly they are investing – may give the market indication of competitively sensitive investments. The request is to explore if reporting for the aggregation of activities that sit under a 5% capex/opex (KPI) minimum threshold could be feasible.
3. The Platform recommends the European Commission develop generic DNSH criteria for the activities not included in the Taxonomy that neither harm nor contribute significantly to any environmental objective to allow for the Climate Change Adaptation substantial contribution tests to apply across sectors.
4. The Platform urges the EC to review in detail the GAR with the aim to simplify it and enhance its readability and usability.

The Platform understands these merit thorough analysis and time and therefore are better fitted for a later date. The Platform remains at the European Commission's disposal to develop any of the below, or above, points.

Appendix I – Proposal on Multiple Objectives

The Platform wishes to acknowledge that non-financial companies should clearly explain where they are eligible to and substantially contributing to more than one environmental objective. In some cases, an activity’s contribution to multiple objectives can be additive, for example:

Company X constructs new buildings. The revenue it makes is eligible under mitigation “7.1. Construction of new buildings” and circular economy “3.1. Construction of new buildings”. Imagine 20% of the new buildings meet the 7.1 criteria and a different 30% of the new buildings meet the 3.1 activity. In this case Company B is 50% Taxonomy-aligned.

In other cases, an activity’s contribution to multiple objectives can overlap, for example:

Company Y constructs new buildings. Only 20% of its buildings comply with both activities CCM 7.1 and CE 3.1; there is a complete overlap. In this case an investor in a circular economy fund would still be interested to see that the company contributes to CE 3.1 and another investor with a mitigation objective would be interested to see that the company contributes to CCM 7.1. The overall taxonomy alignment of the company remains capped at 20% as the objective refers to the same projects.

Using the current Annex V templates proposed, a Financial Market Participant (FMP) cannot easily see the eligibility and substantial contribution ratio per activity. The Platform asks the European Commission to consider further clarity in company disclosures on this point.

If we consider a separate example with entity A or B in Figure 1 below, one company has higher overall alignment but the other has higher contribution to each objective. This is useful data on which to judge the environmental performance of a company.

Figure 8 Comparison on reporting of Entity A and Entity B for multiple objectives

Entity A (taxo aligned revenue or exposure in eur)							
	Total	CCM	CCA	CE	WTR	PPC	BIO
Activity/exposure 1	5	5					
Activity/exposure 2	10		10				
Activity/exposure 3	15			15			
Activity/exposure 4	20				20		
Activity/exposure 5	25					25	
Activity/exposure 6	30						30
Total	105	5	10	15	20	25	30

Entity B (taxo aligned revenue or exposure in eur)							
	Total	CCM	CCA	CE	WTR	PPC	BIO
Activity/exposure 1	5	5					
Activity/exposure 2	10		10				
Activity/exposure 3	15			15			
Activity/exposure 4	20		20		20		
Activity/exposure 5	25			25	25	25	
Activity/exposure 6	29	29				29	29
Total	104	34	30	40	45	54	29

Comparison of the two companies:

- Sum per objective of KPIs for Entity A is less than the sum per objective of KPIs for Entity B (105 < 232) and
- All of the per objective KPIs for Entity A are less than per objective KPIs for Entity B except one (5<34; 10<30; 15<40; 20<45; 25<54; **but 30> 29**)
- Total KPI of Entity A is greater than the Total KPI of Entity B (105>104)

FMPs may reach a differing opinion on which Entity (A or B) is the more sustainable company. Depending on the objective of the investment product, different companies may better satisfy the investor's needs.

Appendix II – Alternate Proposal for Annex V

The Platform proposes an alternative, simplified reporting template

The Platform's proposal is based on the following set of principles:

- Information reported should meet the minimum legal requirements in the Taxonomy Disclosures Delegated Act and the Taxonomy Regulation.
- Information reported should meet the requirements of financial companies in their own reporting under the Taxonomy Disclosures Delegated Act and the Taxonomy Regulation.
- Reporting should not be an undue burden on the company; and should minimise interpretive and user errors in the template design.
- Reporting should be easy to understand where a company has eligibility to an environmental objective(s) and whether it is aligned.
- Company's activities should not be repeated across the grid (to avoid double counting).

The Platform asks the European Commission to consider:

- removing the requirement for financial companies (Annex VI and VII) to have to disclose eligibility and alignment by each environmental objective.
- creating a standardised naming and numbering convention across the Taxonomy for activities. This would allow the Taxonomy disclosure to operate in an efficient and effective manner – where you can clearly identify which environmental objective the company is substantial contributing to.
 - This approach removes all double counting across activities/objectives.
 - This approach is much easier to navigate as a user. Trying to interpret the Company's activity to the naming conventions used in the Taxonomy should be a simple correlation between the Company's activity and the Taxonomy description. It should not require reviewing each reporting annex separately to understand how the activity translates into the Taxonomy.
- The Platform sees no value in separate disclosures for Substantial Contribution, DNSH and MSS – preferring to see the company reporting eligibility and alignment. Alignment (currently reported in section A.1.) will always comply with SC, DNSH and MSS.

In meeting these principles and requirements, the Platform has designed an alternate framework for Annex V in Figure 9, however the Platform acknowledges that this proposal should be fully road-tested with corporate disclosers to ensure that it satisfies the test of usability.

Company C	% Total Turnover	Eligible to	SC to	
Activity A	20%	CCM	CCM	6.5 Transport by motorbikes, passenger cars and light commercial vehicles; 5% of overall company revenue is repairing ZEVs
Activity B	11%	CCM	CCM	6.6 Freight transport services by road, 1% qualifying vehicles
Activity C	20%	WTR, CCM	WTR, CCM	2.1. Water supply (WTR) 5. Water supply, sewerage, waste management and remediation CCM
Activity D	18%	CCM, PPC, CE	CCM, PPC, CE	5.5. Collection and transport of non-hazardous waste in source segregated fractions (CCM) (CE) 5% for paper recycling create 5.13 Collection and transport of hazardous waste 5% (PPC) (CE) for hazardous waste transportation Create 5.14 Treatment of hazardous waste 5% (PPC) (CE) for hazardous waste processing 5.9. Material recovery from non-hazardous waste (CCM) 3%
Activity E	15%	CCM	None	5.3 Construction, extension and operation of waste water collection and treatment
Activity F	8%	CCM, CCA	None	9.2 Close to market research, development, and innovation

Figure 9 – Platform proposal for Annex V Reporting

Economic Activities	Code	Turnover	Eligible Total	Eligibility						Aligned Total	Taxonomy Aligned						Aligned N-1	
				CCM	CCA	WTR	PPC	CE	BIO		CCM	CCA	WTR	PPC	CE	BIO		
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	20.00	20%	20%	-	-	-	-	20%	-	10%	5%	-	-	-	5%	-	%
Freight transport services by road	6.6	11.00	11%	11%	11%	-	-	-	-	-	1%	1%	-	-	-	-	-	%
Water supply, sewerage, waste management and remediation	5	20.00	20%	20%	-	-	20%	-	-	-	20%	20%	-	20%	-	-	-	%
Collection and transport of non-hazardous waste in source segregated fractions	5.5	5.00	5%	5%	-	-	-	-	5%	-	5%	5%	-	-	-	5%	-	%
Collection and transport of hazardous waste	5.13	5.00	5%	5%	-	-	-	5%	5%	-	5%	-	-	-	5%	5%	-	%
Treatment of hazardous waste	5.14	5.00	3%	3%	-	-	-	3%	3%	-	3%	-	-	-	3%	3%	-	%
Material recovery from non-hazardous waste	5.9	5.00	3%	3%	-	-	-	-	-	-	2%	2%	-	-	-	-	-	%
Construction, extension and operation of waste water collection and treatment	5.3	15.00	15%	15%	-	-	-	-	-	-	0%	-	-	-	-	-	-	%
Close to market research, development and innovation	9.2	8.00	8%	8%	8%	-	-	-	-	-	0%	-	-	-	-	-	-	%
			92%	82.0%	8.0%	20.0%	10.0%	35.0%	0.0%		48.0%	33.0%	0.0%	20.0%	10.0%	20.0%	0.0%	%
of which enabling		10.00	10.0%	0.0%	0.0%	0.0%	5.0%	5.0%	0.0%		10.0%	0.0%	0.0%	0.0%	5.0%	5.0%	0.0%	%
of which transitional		11.00	11.0%	31.0%	31.0%						6.0%	6.0%						%
A.1. Turnover of environmentally sustainable activities (Taxonomy-aligned)																		
A.2. Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
TOTAL																		
Minimum Safeguards																		

In Figure 9 above, the company is 48% eligible under A.1.; 44% of revenue is not aligned but is eligible under A.2. and 8% is neither eligible nor aligned. The Platform suggests breaking this information out into a summary table for ease of use.

- An FMP can clearly see which activities are eligible to the Taxonomy and which are aligned. This gives an important ratio of Eligibility to Aligned, allowing for stewardship and engagement strategies.
- Contribution to each environmental objective is clearly broken out, for onward reporting.
- Enabling and transitional activities are broken out for climate change mitigation and enabling at an environmental objective level – as required in Annex VI and VII reporting templates.
- If an activity is contributing to more than one objective, the double counting is removed from the summary columns “Proportion of Eligible Turnover” and “Proportion of Turnover Taxonomy Aligned”. The summary column reflects either the maximum % contribution to any of the objectives or the sum of individual contributions e.g., properties in Germany contribute to CCM and properties in France contribute to CE – the total needs to be added. Whereas a company whose properties both contribute to CCM and CE would need to apply the maximum value to prevent double counting.
- An FMP with a strategy that focuses on water, or waste management or climate change mitigation can clearly see to what extent the company is aligned to those objectives. This data

point is critical to support the investor in calculating their share of 'sustainable investments' under SFDR in a fund that pursues any of these objectives. The Platform strongly discourages 'cherry-picking' objectives for the purpose of minimising double counting in disclosure.

For the purpose of financial market participants' reporting a financial product, a reader of the report clearly has access to:

- KPI breakout by A.1., A.2. and B sections
- KPI breakout by eligibility, by environmental objective
- KPI breakout by alignment, by environmental objective
- Enabling by environmental objective (transitional also for climate change mitigation)
- Prior year's alignment values by activity

Financial undertakings will also use the above information but will only use the overall eligibility and alignment figures for their disclosures.

There is no superfluous information requested from the company, that is not required by the user of the report.

Supplementary note on DNSH disclosures

DNSH = "N" is not a mandatory disclosure requirement under Annex V, but it could be a voluntary disclosure. The Platform consulted corporate members and concluded that it is highly unlikely for a company to voluntarily disclose that it does significant harm. When considering the transition pathway of a company and the future evolution of the Taxonomy to support companies that invest to move from DNSH = "N" to DNSH = "Y" even if not substantially contributing, the Platform believes there are other ways in which this disclosure can be made. The key data needed to evidence DNSH should be made available in the disclosures under ESRS. Similarly in the company's transition plan, the Platform welcomes companies explaining the steps taken to remedy any harmful processes. On this basis, the Platform concluded that Taxonomy eligibility and alignment is the only meaningful disclosure to users of the Annex V report at this stage in Taxonomy development. The Platform notes though that the European Commission could consider exploring ways to enhance the reporting on key elements of non-alignment for eligible not aligned activities in the future.

Appendix III – Data Extraction Considerations

1. Horizontal words: there is significant cost in reading Title Heading with sideways or wrapped text

- Ideally text should not be wrapped as it is very costly to read. A machine will read each line of wrapped text as separate values. Logic needs to be put in place for all wrapping variations.

E.g., three different logics needed for these wrapping variations:

Climate Change Mitigation	Climate Change Mitigation	Climate Change Mitigation
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- If the preference is to text wrap in order to reduce table size, it would be advisable to ensure consistency by making sure there is one word per line and that every company follows the exact format for headings. This will allow machine reading to combine words across different lines (i.e., then combined “Biodiversity” “and” “Ecosystems” then look for A1 % and return to this extracted field
- Please note this would not work if one company had Climate Change Mitigation on 3 lines and someone had Climate Change one line then Mitigation on the next.

Climate Change Mitigation	Climate Change Mitigation
------------------------------	---------------------------------

Example:

- Suggestion to require tables disclosed to have clear grid lines
 - Company adaptations of templates may remove grid lines for design purposes. Machines will not be able to flexibly interpret the lack of grid lines and it is costly to design machine reading that interprets inconsistency of tables.
 - This is especially important for different sections. Eligibility, Substantial Contribution or Alignment headings need to be clearly ended/started.
 - As example report style that satisfies these concerns:

Figure 10 – Proposal to make the existing template data extractable.

<<<<TABLE TITLE IDENTIFYING THE TABLE CONTENT WITH DATE/DURATION/PERIOD INFORMATION>>>>

Economic Activities (1)	Code (a)	Turnover	Portion of Turnover	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Aligned N-1	Enabling	Transitional	
				CCM	CCA	WTR	PPC	CE	BIO	CCM	CCA	WTR	PPC	CE	BIO					
YYYY		Currency	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES				%	%	%	%	%	%											
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Renovation of existing buildings	CCM 7.2	20.00	20%	Y	N	N/A	N/A	N	N/A	Y	Y	Y	Y	Y	Y	Y	Y	%	T	
Renovation of existing buildings	CCA 7.2	30.00	30%	N	Y	N/A	N/A	N	N/A	Y	Y	Y	Y	Y	Y	Y	Y	%		
Renovation of existing buildings	CE 7.2	10.00	10%	N	N	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	Y	%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)				60%	20%	30%	0%	0%	10%	0%	Y	Y	Y	Y	Y	Y	Y	Y	%	
of which enabling				30%	0%	30%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	%	E
of which transitional				20%	20%	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	Y	%	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL	EL/N/EL											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				0%	0%	0%	0%	0%	0%										%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities				40%																
TOTAL				100%																

Example company below

We would need to see a clear separation between these headings when companies report (if DNSH is not collapsed into one cell - as per the recommendation below)

ESG STATEMENTS
ENVIRONMENTAL

Turnover (Amounts in € million)

Economic activities (1)	Code(s) (2)	Currency	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Aligned N-1	Enabling	Transitional		
			CCM (3)	CCA (4)	WTR (5)	PPC (6)	CE (7)	BIO (8)	CCM (9)	CCA (10)	WTR (11)	PPC (12)	CE (13)	BIO (14)						
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Transportation: Operation of personal mobility devices, cycle logistics	6.4	€	0%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	T	
Transportation: Transport by mopibikes, passenger cars and light commercial vehicles	6.5	€	0%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	T	
Transportation: Freight transport services by road	6.6	€	0%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	T	
Construction and real estate activities: Installation, maintenance and repair of energy-efficiency equipment	7.3	€	0%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	E	
Construction and real estate activities: Acquisition and ownership of buildings	7.7	€	0%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	T	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)				0	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	

2. One cell for sum of all Enabling & one for Transitional

- o Machine cannot easily read and sum up %s for totals of Enabling and Transitional activity
- o Example company below where Enabling Capex Alignment = 11% (sum of all E activities)

Capital expenditure (Capex) KPI

Economic activities	Code(s)	Absolute CapEx MUSD	Proportion of CapEx %	Substantial contribution criteria		DNSH criteria						Taxonomy-aligned proportion of CapEx year N %	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES														
A.1. Environmentally sustainable activities (Taxonomy-aligned)														
3.1 Manufacture of renewable energy technologies	3.1	4	0%	100%	N/A	Y	Y	Y	Y	Y	Y	0%	E	
3.3 Manufacture of low-carbon technologies for transport	3.3	12	1%	100%	N/A	Y	Y	Y	Y	Y	Y	1%	E	
3.5 Manufacture of energy efficiency equipment for buildings	3.5	1	0%	100%	N/A	Y	Y	Y	Y	Y	Y	0%	E	
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	6.5	25	2%	100%	N/A	Y	Y	Y	Y	Y	Y	2%		T
6.15 Infrastructure enabling low-carbon road transport and public transport	6.15	137	10%	100%	N/A	Y	Y	Y	Y	Y	Y	10%	E	
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	1	0%	100%	N/A	Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmental sustainable activities (Taxonomy-aligned activities) (A.1)		180	14%	100%	N/A	Y	Y	Y	Y	Y	Y	14%		

3. Suggest requiring repeating headings if tables run across multiple pages

- Reporting shows multiple pages without always repeating headers of columns, rows etc., and a machine would not be able to understand that a heading of one page relates to a value of another
- Suggest having a summary table with key KPIs
- Due to aggregated issues above, the suggestion is to consider a high-level table without activities. These have already been observed in reporting and it is an opportunity to standardise them.

For example, this document is consistently extractable by Financial systems:

Key ratios

All amounts in SEK million, unless otherwise indicated	Q2 22/23	Q2 21/22	Q1-Q2 22/23	Q1-Q2 21/22	Rolling 12 months	Full-year 21/22
Income statement						
Organic sales growth (%)*	-2.4	10.6	3.0	9.4	-8.3	11.4
Gross margin (%)*	14.6	14.7	14.0	15.0	14.1	14.7
EBIT	156.9	220.1	294.4	471.2	581.2	758.0
Adjusted EBITDA	268.6	336.1	527.3	694.7	1,048.0	1,215.4
Adjusted EBITA	211.9	275.2	412.5	575.7	815.4	978.7
Adjusted EBITA margin (%)*	3.4	4.5	3.2	4.8	3.3	4.1
Return on equity	-	-	-	-	5.9	9.4

Appendix III – Usability Examples

In the following part, the Platform will walk through some examples, where the Platform have provided proposed solutions (i.e., exact wording which can be adapted).

Please find an example for each category of SC and DNSH fatal flaw outlined below:

a) Fatal Flaw – Substantial Contribution

i) Missing NACE codes aligned to the activity description

- Annex II to the **Environmental Delegated Act** (Circular Economy).pdf
Activity 5.2: Sale of spare parts

Proposed solution:

The activity description is "sale of spare parts" but the NACE codes applied are all manufacturing (the creation of those goods). NACE for retail activities under G46-7 are more applicable. The recovery of waste, i.e., the processing of waste into secondary raw materials is classified in group 38.3 (Materials recovery). Specialised maintenance and repair of industrial, commercial and similar machinery and equipment is, in general, classified in division 33 (Repair, maintenance and installation of machinery and equipment). If one wishes to include manufacturing nodes, the Platform suggests including "Manufacture and sale of spare parts" as activity name.

Further comments:

NACE codes are all C range (Manufacturing) but the activity refers to the sale (retail) of the products.

ii) Activities in the description but without an associated technical screening test

- Annex II to the **Environmental Delegated Act** (Circular Economy).pdf
Activity 5.2: Sale of spare parts

Proposed solution: *Testing criteria are not applicable to "sale" or "retail" services but to manufacture/recycled waste processes. Package design is more applicable to the manufacturer or the goods, not the retailer.*

Further comments: *"the possibility of reuse in closed-loop or open-loop system"
Open/Closed loop systems are generally applicable to recycling.*

iii. Deviation from turnover or capex-based calculations to determine alignment (e.g., replacement ratios)

- Annex I to the **Climate Delegated Regulation** (Mitigation)
Activity 3.21: Manufacturing of Aircraft

Proposed solution: *Suggestion to consider and thus reference the definition/calculation of replacement ratio, as this is a deviation from a turnover or capex-based calculation to determine alignment.*

Further comments: *"limited by the replacement ratio to ensure that the delivery does not*

increase the worldwide fleet number:". Would be worth considering replacement ratio reference.

(iv) Inconsistency between a criterion for an activity eligible under both the Climate Delegated Act and Environmental Delegated Act.

➤ **Annex I to the Environmental Delegated Act (Water)**
Activity 2.1 Water Supply

Issue: the SC to Water Objective ILI value of 2.0 of the EDR is less stringent compared to the same activity contained in Annex I of the Climate Delegated Act mitigation objective of 1.5.

Solution: An ILI of <1.0 is in a class with the top worldwide performers in leakage control. SC to water objective in EDR Activity 2.1 be tightened to an ILI value of 1.5 at least.

(iv) Inconsistency in the title of the activities eligible in the Climate Delegated Regulation and Environmental Delegated Act

➤ **Annex I to the Environmental Delegated Act (Water)**
Activity 2.1 Water Supply

Issue: the same activity eligible in the Climate Delegated Act has the title *5.1 Construction, extension and operation of water collection, treatment and supply systems*.

Solution: Change EDR Activity 2.1 'Water Supply' to 'Construction, extension and operation of water collection, treatment and supply systems'.

(v) A number of clauses/amendments contained in Annex II to Climate Delegated Act showed no actual amendment/change of wording to the Climate Delegated Regulation (EU) 2021/2139.

➤ **Annex II to the Climate Delegated Act (Adaptation)**

Activity 5.3 Construction, extension and operation of waste water collection and treatment

Issue: proposed Amendment (3) states: in Section 5.3., subsection 'Description of the activity', the second paragraph is replaced by the following':

'The economic activities in this category could be associated with several NACE codes, in particular E37.00 and F42.99 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006'.

The existing description, same paragraph, contained in Climate Delegated Regulation (EU) 2021/2139 states:

'The economic activities in this category could be associated with several NACE codes, in particular E37.00 and F42.99 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006'

It is noted the same or similar issue was identified for:

Activity 5.6 Anaerobic digestion of sewage sludge, activity description

Activity 7.1 Construction of new buildings, DNSH to objective (5), where all content and footnotes remain the same as the original

Solution: The solution to these errors is for the European Commission to identify whether this was an administrative error in transferring notes from the relevant technical expert group, or alternatively whether these amendments should be deleted from the amending text.

Fatal Flaw - DNSH

vi) A disconnect and inconsistent application of DNSH criteria in the mitigation/adaptation objectives relative to similar activities for the remaining 4 environmental objectives.

- Annex I to the **Environmental Delegated Act** (Water).pdf
Activity 2.2: Urban Waste Water Treatment
- Annex I to the Climate Delegated Act (Mitigation)
Activity 2.2 DNSH (3): Manufacture of automotive and mobility components

Issue: DNSH is activated in the Climate Delegated Regulation (EU) 2021/2139 in accordance with the Taxonomy Regulation; however DNSH to the same objective in a similar new activity or the same activity contained in the EDR is not activated (i.e., is assigned 'N/A'). This issue creates significant inconsistencies across the same or similar sectoral activities and across the Annexes, demonstrating different interpretation of the Taxonomy Regulation relevant DNSH articles.

Proposed solution:

In "5.3. Construction, extension and operation of waste water collection and treatment" (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN>), the following is outlined:

"DNSH 3: The activity complies with the criteria set out in Appendix B to this Annex. Where the waste water is treated to a level suitable for reuse in agricultural irrigation, the required risk management actions to avoid adverse environmental impacts have been defined and implemented"

- vii) Reference is erroneously made to DNSH to mitigation Annex I Climate Delegated Regulation (EU) 2021/2139
- Annex III to the **Environmental Delegated Act** (Pollution).pdf
Activity 1.1: Manufacture of active pharmaceutical ingredients (API) or drug substances
Activity 1.2: Manufacture of pharmaceutical products

Issue: DNSH (1) states: *'Where active [pharmaceutical ingredients (API) or drug substances and pharmaceuticals] are made from substances listed in Sections 3.10 to 3.16 of Annex I to Commission Delegated Regulation (EU) 2021/2139, the GHG emissions do not exceed the limit[e]s set out in their respective criteria for DNSH to climate change mitigation'*.

Annex I to Climate Delegated Regulation (EU) 2021/2139 does not contain DNSH thresholds for the CCM objective.

Reference also spelling error in the word 'limits'.

b) Quick Fix:

The Platform request that the European Commission consider adjusting the technical annexes for the following quick fixes:

- i) Rewording criteria to avoid misinterpretation of the technical test required
- ii) Breaking out activities and testing criteria to normalise the Taxonomy activities across all 6 environmental objectives
- iii) Ensuring a consistent approach to the structure of the technical screening criteria e.g., numbering

Please find an example per quick fix below:

i) Rewording criteria to avoid misinterpretation of the technical test required

- Annex II to the **Environmental Delegated Act** (Circular Economy).pdf
Activity 3.1: Construction of new buildings

Proposed solution: *Suggest providing detailed approaches or more specific guideline on "electronic tools", for example, using the electronic tools embedded in the company's maintenance system.*

Further comments: *Criteria indicates "electronic tools" describing the characteristics of building.*

Does not specify whether the reporting entity should take electronic means to track the characteristics of buildings or just need to publish the information or embedded in the information managing systems.

ii) Breaking out activities and testing criteria to normalise the Taxonomy activities across all 6 environmental objectives

- Annex I to the **Environmental Delegated Act** (Water).pdf
Activity 2.1: Water Supply

Proposed solution: *Suggestion to move this Technical Screening Criteria (TSC) "The activity does not involve construction of new supply systems or extensions of existing supply systems where they potentially affect one or more water bodies which are not in good status for reasons related to quantity"*

to be included under "For the construction and operation of a new water supply system, or an extension of an existing water supply system that provides water to new areas or improves that water supply to existing areas" where it is more relevant

instead of under "3. For renewal of existing water supply systems"

Further comments:

A TSC listed under criteria under "3. For renewal of existing water supply systems" when it should be under "For the construction and operation of a new water supply system, or an

extension of an existing water supply system that provides water to new areas or improves that water supply to existing areas"

iii) Ensuring a consistent approach to the structure of the technical screening criteria e.g., numbering

- Annex II to the **Environmental Delegated Act** (Circular Economy).pdf
Activity 2.4: Treatment of hazardous waste

Proposed solution: *Suggestion to put numbers to each TSC (consistency with other TSC in the annex).*

c) Subjective language:

The Platform requests that the European Commission consider adjusting the technical annexes for the following instances of subjective language:

- Lack of clarity of wording
- Missing clear definitions
- Missing specific thresholds

Please find an example of some of the subjective language used below:

i) Lack of clarity of wording

- Annex I to the **Climate Delegated Act** (mitigation).pdf
Activity 6.14: Infrastructure for rail transport

Proposed solution: *Suggestion to remove subjective language such as 'where feasible' that will lead to entities avoiding the criteria.*

Further comments: *Subjective language could lead to entities avoiding the criteria.*

ii) Missing clear definitions

- Annex II to the Environmental Delegated Act (Circular Economy).pdf
Activity 5.1, 5.4 - Repair, refurbishment and remanufacturing etc.

Proposed Solution: *Suggestion to make distinction whether all materials, or only all critical raw materials should follow this criterion and define critical raw materials.*

For example: 'the economic activity implements a waste management plan that ensures 100% of product's materials, including critical raw materials, and components that have not yet been reused.....'

Further comments: *Waste management plan that ensures that the product's materials, particularly critical raw materials'*

Critical raw materials should be defined - Currently this is subjective to the company to define what is considered a critical raw material.

iii) Missing specific thresholds

- Annex II to **the Environmental Delegated Act** (Circular Economy).pdf
Activity 3.4: Maintenance of roads and motorways

Proposed solution: *Suggest providing specific criteria to test the activity to determine the threshold of minimization (e.g., reduce certain % compared to previous years or certain numerical % thresholds), or suggest providing comparable KPIs for other primary materials (outside metals in barriers)*

Appendix IV - Contributors to this report

1. Members, Observers and Rapporteurs of the Platform on Sustainable Finance

a. Chair

Organisation	Name
Comisión Nacional del Mercado de Valores (CNMV)	Helena Viñes Fiestas

a. Rapporteur(s)

Organisation / Subgroup	Name
UNEP FI / SG 1	Elodie Feller
AXA / SG 1	Clémence Humeau
EPA Network / TWG	Astrid Matthey
Orgalim / TWG	Andreas Brunsgaard
Skandinaviska Enskilda Banken (SEB) AB (publ) / SG 3	Karl-Oskar Olming
European Investment Bank (EIB) / SG 3	Bertrand Magné

b. Members

Organisation	Name
Agent Green	Theodor F. Cojoianu
Allianz SE	Jörg Ladwein
Association 2 Degrees Investing Initiative	Hélène Lanier
AXA	Clémence Humeau
BusinessEurope	Erik Berggren
CDP Worldwide (Europe) gemeinnützige GmbH	Hélène Procoudine-Gorsky
Climate Bonds Initiative (CBI)	Sean Kidney
Crédit Agricole S.A.	Erwan Crehalet
EPIA SolarPower Europe	Nicole Della Vedova

Organisation	Name
Eurochambres	Jan Greitens
Eurometaux	Mukund Bhagwat
European Alliance for Sustainable Finance in waste management and recycling	Daniel Houska
European Banking Federation aisbl	Hans Biemans
International Sustainable Finance Centre z.	Linda Zeilina
Natural Resources Institute Finland	Esa-Jussi Viitala
Orgalim	Andreas Brunsgaard
Skandinaviska Enskilda Banken (SEB) AB (publ)	Karl-Oskar Olming
SMEunited	Gerhard Huemer
Sustainalytics	Hans-Ulrich Beck
Water Europe	Gonzalo Delacámara
Type A	Agnieszka Slomka-Golebiowska
Type A	Andreas Hoepner
Type A	Bernabé Alonso Farinas
Type A	Camille Leca
Type A	Linda Romanovska
Type A	Ottorino Morresi
Type B	Marie Baumgarts

c. Directly appointed members

Organisation	Name
European Banking Authority (EBA)	Ali Erbilgic
European Environment Agency (EEA)	Beate Hollweg
European Investment Bank (EIB)	Eila Kreivi
European Investment Fund (EIF)	Peter Coveliers
European Insurance and Occupational Pensions Authority (EIOPA)	Pamela Schuermans
European Securities and Markets Authority (ESMA)	Angeliki Vogiatzi

Organisation	Name
EU Agency for Fundamental Rights (FRA)	Adrianna Bochenek

d. Observers

Organisation	Name
European Bank for Reconstruction and Development (EBRD)	Maya Hennerkes
European Central Bank (ECB)	Fabio Tamburrini
European Financial Reporting Advisory Group (EFRAG)	Kerstin Lopatta
European Network of the Heads of Environment Protection Agencies (EPA Network)	Natalie Glas
European Stability Mechanism (ESM)	Carlos Martins
Organisation for Economic Co-operation and Development (OECD)	Raphael Jachnik
Principles for Responsible Investment (PRI)	Elise Attal
United Nations Environment Programme Finance Initiative (UNEP FI)	Elodie Feller
Bloomberg L.P.	Nadia Humphreys
Business and Science Poland	Dawid Bastiat-Jarosz
Cassa Depositi e Prestiti SpA	Gaia Ghirardi
CEFIC	Alison O’Riordan
European Trade Union Confederation (ETUC)	Marco Cilento
SGI Europe	Filippo Brandolini

2. Other contributors to this report

Organisation	Name
European Investment Bank (EIB)	Nancy Saich
UNEP FI	Daniel Bouzas Luis