

FEEDBACK STATEMENT: EU TAXONOMY ARTICLE 8 DELEGATED ACT

We support the EC in requiring enterprises to provide targeted information as per the EU Taxonomy Regulation and its delegated acts. To ensure consistent application of the rules, there is a strong need to clarify the definitions and the specific requirements. Implementation and interpretation guidance is also required immediately. We call on the EC to create a formal mechanism in addition to the EU Platform on Sustainable Finance to deal with such interpretation issues.

In particular, it is unclear:

- whether an activity must always be revenue-generating in itself to be considered as eligible or also whether an activity within the company, such as certain investments or expenditures (e.g. for solar energy), could count as eligible (for the determination of the CapEx and OpEx KPIs) even if it is not a revenue-generating activity (as an ‘economic activity’ is not defined for the purpose of the taxonomy)
- whether all CapEx associated with a revenue-generating activity that is Taxonomy-aligned is necessarily considered as Taxonomy-aligned, regardless of the nature of the CapEx incurred
- whether only the principal revenue-generating activities of a given company shall or can be considered as eligible activities or whether entities can identify other eligible activities within customer contracts in line with IFRS 15
- which disclosures are specifically needed in Year 1 and how to address comparative data in Year 1 and subsequent years
- whether the ‘share of Taxonomy eligible and non-eligible activities’ regards all 3 KPIs for both eligible and non-eligible activities, whether further breakdowns are required
- how to treat the allocation of shared revenue and/or assets such as for the economic activities of joint ventures
- whether ‘expenditure’ refers to cost or cash flow and how to treat direct costs

Financial undertakings will face important issues due to the unclarity of the text and the set timeline. Requirements for banks are closely related to the EBA open consultation on prudential disclosures on ESG risks. As feedback would also apply for the delegated act, it is important to liaise with EBA. Also, it is unclear whether information required could be presented together with Pillar 3 disclosures.

Additionally:

- Disclosures will be based on the prudential reporting. This is consistent with Pillar 3 disclosures, but the information may not reconcile between the accounting perimeter and the prudential perimeter
- Financial undertakings need information from corporates to prepare the required KPIs. Companies’ reporting time schedule for providing information will not enable meeting that for financial undertakings. The whole process will be problematic for the flow of information resulting in financial undertakings having to base their reporting on estimations and not yet reported data. We welcome the phased approach granting undertakings a gradual application of the reporting obligations but if estimates will have to be used, the data quality will be a major issue

- Paragraph 1.2.1.4 of Annex V seems particularly flawed

We welcome the EC's plans to assess exposures and impacts for SMEs in the taxonomy context. SMEs need clear guidance and tools to help them build their "sustainability maturity", to standardise their processes and be able to deal with data demands from financial institutions, larger supply chain partners etc. (see attached [our SMEs sustainability checklist](#)). The EC should also clarify the limits for the information that can reasonably be required from SMEs.

Finally, subjective and variable interpretations of reporting obligations do not provide suitable criteria for assurance engagements. A robust reporting framework is necessary to serve as a basis for assurance. Assurance over sustainability information is currently required in 3 Member States, obtained on a voluntary basis in others and will soon be required more broadly.

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