

## European Taxonomy Delegated Act

**Moderator:** *Lé Quang Tran Van, Co-Chair of Corporate Reporting Working Group, EuropeanIssuers*

**Speakers:**

- *Constance d'Aspremont, Chief Business Development Officer, Greenomy*
- *Julia Dieckmann, Head of Sustainable Finance Policy, Deutsche Bank*
- *Andrei Gurin, Policy Officer, DG FISMA, European Commission*
- *Jérôme de la Tousche, Corporate Public Affairs Officer, Michelin*

With the signing of the Taxonomy Regulation into European law, a new set of requirements has impacted companies and other market participants significantly, opening a new season for sustainable finance regulation. The Taxonomy Regulation, with its subsequent Delegated Acts, will channel investment towards sustainable companies and projects, and will thus represent a significant opportunity for companies across Europe, but will undoubtedly present several challenges. In a highly-anticipated move, the European Commission made public the draft Taxonomy Delegated Act covering the four remaining environmental objectives in April 2023, with the final adoption on 13 June 2023. Moderated by **Mr. Lé Quang Tran Van**, the webinar discussed the implementation and effectiveness of the Taxonomy Regulation in real life, taking into consideration various realities that will deal with the legislation, stemming from different practices.

The first panelist, **Mr Andrei Gurin**, started his intervention by reminding the audience of the European Commission's last steps that led to the adoption of the final delegated act, with which the Taxonomy has been completed. The most important aspect is the usability of the framework: as the Taxonomy is one component of the transition finance, it is essential that it is correctly and widely implemented, in order to be effective and used. Thus, the current Commission will focus on usability and implementation of the framework, possibly focusing on tools and aiding strategies.

Drawing from his experience on the ground, **Mr. Jérôme de la Tousche** fed into the discussion by reporting the experience of issuers. According to him, the implementation of the Taxonomy Regulation should follow the rules of auditability, operability, and comparability, to avoid misinterpretation and different outcomes of reporting. As the current framework is rather complex, more work should be done to smoothen the main problematic features, and adjust certain criteria, also against the background of the maturity of the information required, this would create the necessary momentum for this nascent regulation.

According to **Ms. Julia Dieckmann**, the Taxonomy Regulation presented two key challenges. The first pertains to the fact that it only covered 40% of activities, with many being left outside of the scope. The second relates to the global dimension, as the Taxonomy has set the bar high, while the EU remains one of the stricter jurisdictions with the most difficult requirements to comply with, thus possibly opening questions of competitiveness for companies. In order to be fully effective, the Taxonomy framework will need to gain experience, and focus also on activities that are not considered 'green'.

**Ms Constance d'Aspremont**, after briefly presenting Greenomy's activities, echoed the previous comments, mentioning the importance of not reducing the Taxonomy into a compliance exercise, but allowing a strategic perspective and long-term value. The regulation is complex and constantly evolving, thus generating operational challenges for the impacted stakeholders. In light of this, technology could be used as a benefit, fastening the processes of reporting and reducing costs, streamlining data collection and performing gap analyses, and identifying data.

Replying to some questions from the audience, the panelists had the chance to reflect upon some additional points of interest.

Concerning Transition Plans, the panelists mentioned that their harmonization is critical for ensuring consistency and comparability across industries. Minimum requirements and flexible guidelines must be established to accommodate the unique characteristics of each sector while still aligning with sustainability targets.

Furthermore, on the future of reporting and the relevance of KPIs, the speakers believe that the focus should be on increasing access to data and fostering collaboration between regulators and industries. Streamlining reporting processes will enhance comparability, auditability, and usability, providing investors with accurate insights into companies' environmental performance.

Overall, the panelists agreed in saying that the Taxonomy framework has laid the foundation for a sustainable economy by guiding companies and financial institutions towards climate-aligned activities. While the framework has proven effective, efforts must continue to address challenges, expand its coverage, and harmonize transition plans. Technology can play a transformative role in simplifying reporting processes, but a collective commitment from all stakeholders is required to embrace digitalization fully. Moving forward, collaboration, transparency, and adaptability will be key in achieving climate targets and fostering a greener future.