



EFIEES' recommendations ahead of the adoption of the Delegated Act on Taxonomy-related disclosures by undertakings

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EFIEES, the **European Federation of Intelligent Energy Efficiency Services**, is the voice of energy service companies (ESCOs) and their national associations in 12 EU Member States. Our members represent over 130.000 professionals engaged in the design and implementation of energy-efficiency solutions in public and private buildings as well as industrial facilities. In some countries, they operate district heating & cooling networks.

Over the past two years, EFIEES has actively engaged in the process which has led to the establishment of the EU Taxonomy, welcoming in particular the improvements progressively introduced into the classification of activities contributing to climate change mitigation and related technical screening criteria, listed in the first Taxonomy delegated act ("Climate Delegated Act"), to soon enter into force.

We have also welcomed the ambition to increase transparency by creating a Taxonomy that aims at enhancing sustainability-related disclosure by financial and non-financial undertakings, and the forthcoming adoption of the delegated act that will specify the requirements under which entities currently subject to non-financial reporting will publish information on how and to what extent their activities are associated with the Taxonomy.

In this respect, we believe that **an effective non-financial reporting relating to the Taxonomy could be achieved, provided that certain conditions as regards usability, coherence, and proportionality are met and properly clarified in the upcoming delegated act, to be adopted under Article 8 of the Taxonomy Regulation.** EFIEES' recommendations are focused on the part of the Delegated act relevant to the members it represents, being non-financial undertakings.

1. **'Sustainable activities' should be deemed so throughout the economic lifetime of the corresponding assets:** whilst we recognize that technical screening criteria and thresholds require a periodic review and update, to ensure compliance with the zero-net emission target by 2050, it is essential to provide investors and companies with the necessary regulatory stability and visibility. Therefore, it is of utmost importance to ensure that **activities that are compliant with the technical screening criteria developed by the Taxonomy at the time when they are reported, can be considered as environmentally sustainable throughout the entire economic lifetime of the assets on which they operate.** This is key to guarantee that virtuous investments are encouraged and not prevented by lack of stability and uncertainty about the status of future investments.

2. **Reporting should include as Taxonomy-aligned activities in companies' portfolios, if considered sustainable in the past but yet not meeting today's criteria for Taxonomy eligibility:** the extension of the Taxonomy reporting obligations beyond financial market participants needs primarily to **ensure that companies are incentivised in greening their portfolios, making them actors of the energy transition, and in increasing their share of Taxonomy-eligible activities.** For the whole course of the remaining depreciation time of the corresponding assets, **activities and investments that have been promoted or supported by EU and national legislations over the past few years should nevertheless be able to be reported as 'sustainable' by undertakings,** to the same extent as those already classified in the Taxonomy and even if they do not necessarily meet the relevant technical screening criteria established by the latter. The real economy needs indeed a reasonable timeframe for adapting to the requirements of the Taxonomy and support to certain economic activities cannot be denied overnight, without any expedient to accompany the transition. The inclusion of activities supported by such assets that were deemed, at the time of the investment, as supporting the climate transition could be limited to those complying with the Do-No-Significant-Harm (DNSH) conditions in force at the time of the reporting.

3. **Striking the right balance between transparency and complexity/cost:** EFIEES supports the objective of presenting in the non-financial reporting relevant KPIs to assess the extent of sustainability of undertakings' activities and provide the appropriate supporting information. However, the required level of detail should not constitute an administrative burden for actors already actively engaged in supporting the energy and climate transition. The disclosed information should be limited to what is necessary for the private investor to evaluate the activity's Taxonomy eligibility and alignment of activities. For instance, reporting on OPEX will not give useful information to investors, and may even pose confidentiality problems, while increasing complexity of the reporting. Similarly, as historical data are available in the previous years' reporting, EFIEES suggest limiting the requirement of art.9.3, to 2 years.