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## **BUSINESSEUROPE COMMENTS FOR THE PUBLIC CONSULTATION ON THE TAXONOMY ENVIRONMENTAL DELEGATED ACT AND REVISED CLIMATE DELEGATED ACT**

BusinessEurope welcomes the opportunity to comment on the latest Commission proposal for the draft Taxonomy Environmental Delegated Act and amendments to the Climate Delegated Act. We call on the European Commission to address the following two issues:

### **TIMELINE FOR REPORTING OF ACTIVITIES COVERED BY THE ENVIRONMENTAL DELEGATED ACT:**

Taxonomy reporting on the four other environmental objectives (circular economy, water, biodiversity and pollution) will be extremely time consuming and complex. This exercise requires companies to make hundreds if not thousands of detailed technical and accounting judgements, with a need to ensure consistency with other disclosures made in the company's financial statement. It will be particularly challenging for the first reporting years due to the many uncertainties and time constraints, which come on top of the preparations companies are already making to comply with the CSRD.

Therefore, considering the expected late final adoption of the Environmental Delegated Act, we call on the Commission to make the first reporting year on Environmental Delegated Act eligibility voluntary.

A rushed implementation would not only raise questions of usability, but it would also risk leading to poor data quality and comparability.

### **APPENDIX C IN ANNEXES TO THE ENVIRONMENTAL DELEGATED ACT AND CLIMATE DELEGATED ACT:**

The removal of the reference to the essential use concept in the Appendix C (Generic Criteria for DNSH to pollution prevention and control regarding the use and presence of chemicals) is welcome. Industry has been calling for this revision considering the current uncertainties associated with the concept and appreciate that the European Commission has listened to these concerns<sup>1</sup>.

Nevertheless, the formulation of Appendix C remains highly problematic and to improve usability, further clarification is needed. Whereas most of the other DNSH criteria require companies to align with existing EU regulations, Appendix C is written in such a way as to extend existing regulation. For the Taxonomy to deliver on its objective to steer investments towards sustainable activities when it comes to Appendix C, a risk-based approach and enhanced usability is crucial.

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<sup>1</sup> Further comments by BusinessEurope on the essential use concept are available [here](#).



Paragraph (g) is not proportionate and will be difficult to implement, and we suggest removing it from Appendix C. As for paragraph f), we recommend that it is clarified that companies are allowed to prioritise substances, by introducing a threshold of 0,1% presence in the final product, above which the requirements of analysis and documentation of substitutability are expected.

Another important step to enhance usability of paragraph (f) would be to grant companies sufficient time to incorporate updates of the candidate list as referred to in (f). We suggest allowing companies to base the reporting on the candidate list published 24 months before the reporting. This would allow companies to make the assessment and collect documentation. If such a period is not provided, updates may not be taken into account in the relevant reporting cycle affecting the comparability objective of the regulation.

If the European Commission decides to not include the proposed threshold or time element, our suggestion is to limit paragraph f) to demonstrating compliance with existing legislation.