



**2021/2796(DEA)**

11.10.2021

# **DRAFT MOTION FOR A RESOLUTION**

pursuant to Rule 111(3) of the Rules of Procedure

on the Commission delegated regulation of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (C(2021)4987 2021/2796(DEA))

**Committee on Economic and Monetary Affairs  
Committee on the Environment, Public Health and Food Safety**

Members responsible: Nicola Beer, Andreas Glück

(Joint committee procedure - Rule 58 of the Rules of Procedure)

**European Parliament resolution on the Commission delegated regulation of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (C(2021)4987 2021/2796(DEA))**

*The European Parliament,*

- having regard to the Commission delegated regulation of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (C(2021)4987),
  - having regard to Article 290 of the Treaty on the Functioning of the European Union,
  - having regard to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088<sup>1</sup>, and in particular Articles 8(4) and 23(6) thereof,
  - having regard to Rule 111(3) of its Rules of Procedure,
  - having regard to the joint deliberations of the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Food Safety under Rule 58 of the Rules of Procedure,
  - having regard to the motion for a resolution of the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Food Safety,
- A. whereas the European Green Deal is aimed at transforming the Union into a modern, resource-efficient and competitive economy that achieves climate neutrality by 2050;
- B. whereas current private sector taxonomy alignment is estimated at only 1 to 5 %, with many companies and investment portfolios standing at zero<sup>2</sup>;
- C. whereas the taxonomy established under Regulation (EU) 2020/852 was envisaged as a voluntary, robust, science-based transparency and disclosure tool directed at private actors and aimed at enabling the transformation towards climate neutrality;

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<sup>1</sup> OJ L 198, 22.6.2020, p. 13.

<sup>2</sup> Communication of the Commission of 21 April 2021 on EU Taxonomy, Corporate Sustainability Reporting, Sustainability Preferences and Fiduciary Duties: Directing finance towards the European Green Deal, COM(2021)0188, p. 4.

- D. whereas financial and non-financial undertakings need to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852, as referred to in Article 8 of that Regulation;
- E. whereas the Commission failed to adopt the delegated act referred to in Article 8 of Regulation (EU) 2020/852 by the date laid down in that Article;
- F. whereas the adoption of the delegated acts referred to in Articles 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 is delayed and the information on those environmental objectives therefore cannot be included in the disclosure for the reporting year 2022;
- G. whereas pursuant to Article 27(2), point (b), of Regulation (EU) 2020/852, the date of application for the four additional environmental objectives is 1 January 2023;
- H. whereas in Article 8(5) of the Commission delegated regulation, a transitional period of 12 months after the date of application of the delegated regulations that have been adopted pursuant to Articles 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 is provided for the disclosure;
- I. whereas regulatory predictability and stability is required to guide further taxonomy development to assure investment security;
- J. whereas the Commission took into account the various queries and opinions received from non-governmental organisations and stakeholders during the public consultation, leading to a more balanced and simplified approach;
- K. whereas the reporting obligations are to be gradually introduced, and the core reporting requirements have been postponed by one year;
- L. whereas small and medium-sized enterprises (SMEs) are not required to report under Directive 2014/95/EU of the European Parliament and of the Council (NFRD)<sup>3</sup>;
- M. whereas the upper limit for investment plans has been extended from five to ten years, although justification is needed;
- N. whereas the comparison for the three sustainable key performance indicators (KPIs) (turnover, capital expenditure (CapEx) and operational expenditure (OpEx)) now only needs to be reported with the previous year, compared to five years in the original draft of the Commission delegated regulation;
- O. whereas no forward-looking reporting with regard to the three KPIs and no further explanation of how those KPIs are to be achieved are envisaged;

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<sup>3</sup> Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, p. 1).

- P. whereas undertakings will face significant costs and efforts (in terms of personnel, methodology and data technology) in order to implement and comply with the requirements set out in Article 8 of Regulation (EU) 2020/852;
- Q. whereas public sources suitable for banks to systematically obtain data lack available data and streamlined data registers, such as energy performance certificates;
- R. whereas the reporting obligations on the KPIs are not required until 1 January 2024 for financial undertakings; for non-financial undertakings until 1 January 2023 respectively, the information to be reported from 1 January 2022 (for the reporting year 2021) must nevertheless already be collected in the reporting system of the institutions, as the data is not yet available in the specified form;
- S. whereas information on eligible and non-eligible activities can only be extracted through manual analysis of individual reporting entities, entailing severe bureaucratic efforts and leading to competitive disadvantages, especially for Union SMEs;
- T. whereas companies have multiple instances of multiple eligible activities that are embedded within multiple reporting entities;
- U. whereas every company must be validated individually against the technical screening criteria before revenue, CapEx and OpEx can be allocated;
- V. whereas legal uncertainty arises out of a lack of consistency between the different initiatives, including Regulation (EU) 2019/2088 of the European Parliament and of the Council<sup>4</sup>(SFDR), the proposal for a Corporate Sustainability Reporting Directive (CSRD),the Regulation (EU) 2020/852 (Taxonomy Regulation) as well as the future proposal for a Sustainable Corporate Governance Directive;
- W. whereas banks with a large proportion of loans to SMEs will be disadvantaged through a lower Green Asset Ratio (GAR), disincentivising and putting at risk the financing of non-NFRD/CSRD entities such as SMEs and borrowers, particularly in emerging economies;
1. Objects to the Commission delegated regulation;
  2. Instructs its President to forward this resolution to the Commission and to notify it that the delegated regulation cannot enter into force;
  3. Urges the Commission to ensure that the taxonomy remains voluntary, creates investment security, protects private investors and consumers from greenwashing and helps companies to become more climate-friendly;
  4. Calls on the Commission to ensure and maintain overall regulatory consistency and efficiency between existing Union law;
  5. Asks the Commission to avoid reporting requirements that are too granular, have limited added value, are unnecessarily complex, or have disproportionate additional

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<sup>4</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1)

- reporting costs;
6. Reminds the Commission that CapEx is the key metric to measure progress for a successful transition in the energy sector, while static measures – such as turnover and operating expense – show little about the future of a company;
  7. Calls on the Commission to provide assistance to the real economy in providing the financial sector with the necessary information regarding the details of ‘transitional’ and ‘enabling economic activities’;
  8. Asks the Commission to explore ways of improving the exchange of data between non-financial and financial undertakings and how to avoid burdens being passed on to the most vulnerable, such as small businesses;
  9. Urges the Commission to install sufficient safeguards to protect confidential business information and competitiveness of companies that are required to publish CapEx in order to protect European companies’ business strategies from exposure to competitors with the result that these competitors are able to retain sensitive information for their own operations;
  10. Urges the Commission to avoid any retrospective analysis of a bank’s loan portfolio over several decades; reporting obligations should therefore be limited to new customers/new businesses;
  11. Urges the Commission to safeguard the financing of SMEs by excluding loans to SMEs from the GAR of banks; in the event that a voluntary inclusion of loans to SMEs in the GAR takes place as early as 2022, it must be possible to include them in the numerator as well as in the denominator in order to not disincentivise banks from lending to SMEs and thus disrupting the financing of SMEs;
  12. Calls on the Commission to find a balanced approach in relation to SMEs that want to report on their sustainable projects and to avoid creating a market distortion when refusing other certain companies and projects access to finance;
  13. Calls on the Commission to overhaul the definition of SMEs by also taking into account qualitative criteria due to inflation and growth processes the qualitative criteria must be adapted and should be aligned with the German definition (up to 499 employees); additionally, a category for mid-caps of up to 3000 employees should be created;
  14. Suggests the Commission to do a taxonomy check for SMEs only on the basis of the ‘significant contribution’ criteria (significant contribution to at least one environmental objective) instead of applying the ‘do no significant harm’ principle and the compliance with minimum social requirements;
  15. Calls on the Commission to install a Union wide central contact point in the form of a continuously updated list of frequently asked questions, also including a Union wide list of NFRD-reporting companies;
  16. Urges the Commission to ensure the completeness of the identification of NFRD-reporting undertakings in their portfolio without putting more administrative burden on the companies;

17. Calls on the Commission to confirm that disclosure on the four additional environmental objectives set out in Articles 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 will not be required until at least the reporting year 2023;
18. Calls on the Commission to allow for a first reporting cycle of voluntary piloting or a phase-in period over three years without any consequences for businesses and companies implementing the transparency requirements incorrectly or incompletely;
19. Reminds the Commission of the outstanding regulations at Union level, such as the CSRD, including the harmonised reporting standards to be developed by the European Financial Reporting Advisory Group (EFRAG), the European green bond standard and Regulation (EU) 2019/2088 (SFRD), and the need to make them coherent;
20. Asks the Commission to keep in mind established international standards when defining a Union standard for sustainability reporting;
21. Asks the Commission to clarify the understanding of Union/non-Union as borrowers from third countries do not have to be checked;
22. Instructs its President to forward this resolution to the Council and to the governments and parliaments of the Member States.