



Ms. Mairead McGuinness

Commissioner for Financial Stability,
Financial Services and Capital Markets Union
European Commission
Rue de la Loi 200
BE-1049 Brussels
BELGIUM

6 December 2021

Dear Commissioner,
Dear Mairead,

European companies are committed to the Green Deal and lead the green technology race. The investment challenge is huge and we strongly believe that a well-designed Taxonomy is an opportunity to channel private investments into clean solutions and can become an EU asset to support the ongoing transition efforts of the EU business community.

As BusinessEurope, we have long been contributing to the Taxonomy developments since the Commission's proposal until the ongoing work of the Sustainable Finance Platform. Specific to the Taxonomy reporting obligations, we have been calling for a framework in which companies have the means to provide reliable, comparable and relevant data bringing clarity and transparency to investors, companies and issuers. Unfortunately, this framework is still missing today.

It is to be acknowledged that Taxonomy reporting will be extremely costly 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. This exercise will particularly be challenging for the first reporting years due to the many uncertainties and time constraints.

Taxonomy reporting provisions are set to apply as from 1 January 2022, leaving companies just a few weeks to prepare for their disclosures. The European Commission has partly acknowledged the practical challenges of non-financial companies, by requiring Taxonomy eligibility disclosure for the first reporting year and Taxonomy alignment disclosure as from the second reporting year. However, the Taxonomy is both novel and complex, and its implementation period is considerably shorter than is normal for other major changes in accounting and financial reporting rules. Due to the lack of an interpretation mechanism, companies have several practical questions about how to apply the Regulation. These uncertainties lead to a myriad of interpretations that could undermine the very objective of the Taxonomy, i.e. providing reliable, comparable and material data.



We are aware of the European Commission's plan to provide some guidance on eligibility disclosures in December. Whilst we welcome this guidance, it is unlikely to answer all the questions that companies have, and its late publication (potentially two weeks before the implementation of the Taxonomy reporting regime) risks jeopardising some of the work accomplished in the last past months and will oblige companies to revise the basis of reporting at short notice. We therefore emphasise the need to publish this guidance as soon as possible.

To address these difficulties and ensure sufficient data quality and comparability, we call on the European Commission to establish a helpdesk, supported with the necessary qualified human resources and providing transparent guidance. A useful feature could be the publication of all guidance given on an anonymous basis so that all preparers can benefit. This one-stop-shop could assist companies (including SMEs) to channel their questions on Taxonomy reporting and to help preparers implement their disclosure requirements. The European Commission has already set several helpdesks in different sectors, thus providing useful first-line services for companies and citizens alike. This proposal will be even more essential for the complex exercise of the Taxonomy reporting. We therefore urge the European Commission to open a dedicated helpdesk as soon as possible.

Although our proposal cannot make Taxonomy disclosures much easier, we are convinced it will enable a better market uptake and implementation of the Taxonomy.

To conclude, please let me emphasise that companies' commitments to sustainability go well beyond what can be reported under the Taxonomy. However, we are convinced that the Taxonomy can be a game-changer in channelling private investments and supporting the transition of the EU's economy by means of common definitions. It is therefore essential to provide appropriate support to preparers in order to reach the Taxonomy's objective.

We remain at your disposal in case of any questions.

Yours sincerely,

Markus J. Beyrer