

JBCE-DIGITALEUROPE contribution to the initial impact assessment on the “Commission’s Delegated Regulation on taxonomy-related disclosures by undertakings reporting non-financial information”

DIGITALEUROPE and The Japan Business Council in Europe (JBCE) welcome the feedback opportunity regarding the Commission’s delegated act on taxonomy-related disclosures by companies subject to the Non-financial reporting directive. In this context, DIGITALEUROPE and JBCE also wish to reiterate its long-lasting support for the objectives of the Sustainable Finance Agenda and the Taxonomy. The delegated act hence represents a key opportunity to streamline and facilitate the usage of the taxonomy regulation, and to consequently ensure the uptake of sustainable finance.

In that context, DIGITALEUROPE and JBCE enjoin the European Commission to undertake comprehensive and appropriate impact assessments and then to establish clear, workable guidelines.

DIGITALEUROPE and JBCE recommend the following three actions for the European Commission:

1. Undertake appropriate and comprehensive impact assessments

DIGITALEUROPE and JBCE firmly welcome the Commission’s aim to create “consistency” regarding company reporting and to clarify the coherence and relationship between the three corporate disclosure regulations (Taxonomy, NFRD, Disclosure regulation). Nevertheless, for this endeavour the Commission should carry out an in-depth impact assessment focusing on companies **not yet covered by the current NFRD who will face a dual challenge to align with the NFRD and the taxonomy**, once the NFRD’s scope is extended. Indeed, newly covered companies will need to develop the ability to disclose non-financial information, as well as identify, collect, and calculate the proportion of taxonomy-aligned economic activities, which can be excessively burdensome.

In the same vein, the Commission should gather relevant feedback as well as impact assessments if it wishes to add new indicators – in addition to CAPEX/ OPEX and turnover – for companies. Although, in principle, the Commission’s initiative is laudable, there is a risk that supplementary methodologies and indicators cause confusion and excessive burden.

2. Develop clear, workable guidelines for disclosure requirements

The upcoming guidelines on using the Taxonomy regulation will be paramount to help companies report their proportion of sustainable economic activities, and hence jump-start the usage of the Taxonomy regulation. For this reason, the Commission must provide **clear guidance to all stakeholders** (not only the provider of information but also investors and consumers who are using the information) in order to ensure that companies **are fairly assessed and compared**, and **focus only on their specific sectors** and activities that are covered by the taxonomy. Moreover, the Commission must ensure that metrics and thresholds for all economic **activities are workable, balanced, and defined precisely**. This will avoid companies’ discretionary interpreting of their activities’ alignment to the taxonomy, which could cause fragmentation, bias, and mistrust.

Lastly, the Commission could offer operational support by providing additional instructions (beyond the March 2020 TEG report) on how companies disclose the turnover, CAPEX and OPEX of eligible economic activities. This is particularly essential for multi-sectorial companies that have several options for how to disclose their economic activities.

3. Promote a global approach

In the context of a geo-political European Union and the ambition behind the Taxonomy regulation to boost sustainable economic growth, the Commission must **strive to develop disclosure rules adapted to a global perspective** and aligned with other forward thinking countries, such as Japan. The delegated act remains an important opportunity for European companies to streamline taxonomy disclosures across their own global supply chain, and for other international companies to follow through as well. This will firstly provide a more comprehensive and accurate report of companies’ proportion of



sustainable activities to investors and other stakeholders, and secondly help to boost sustainable finance globally.

About DIGITALEUROPE



DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies. DIGITALEUROPE's members include in total over 35,000 ICT Companies in Europe represented by 73 Corporate Members and 40 National Trade Associations from across Europe: www.digitaleurope.org



About the Japan Business Council in Europe (JBCE)

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of over 80 multinational companies of Japanese parentage active in Europe. Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, railway, textiles and glass products. <http://www.jbce.org>