

Environmental Taxonomy

New climate and environmental related activities and disclosure obligations



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Annex



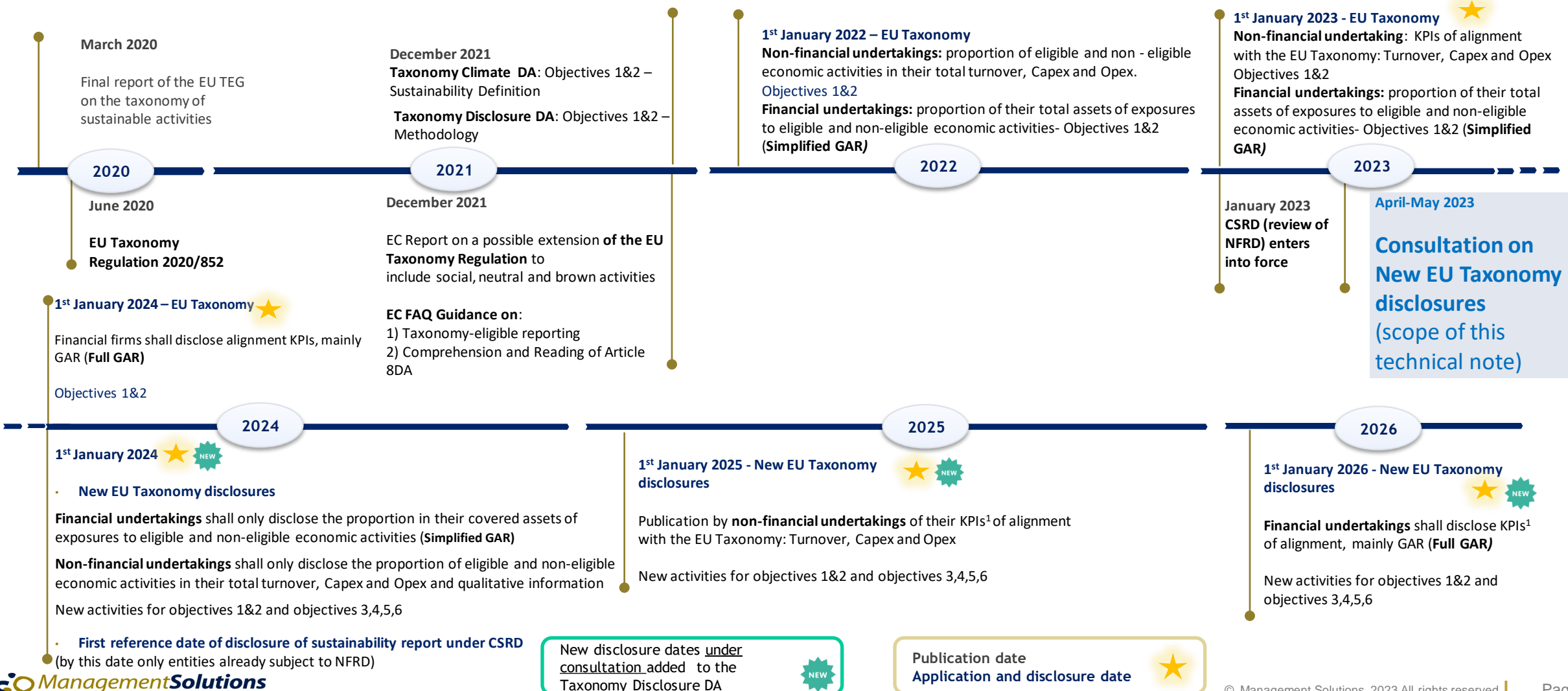
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Regulatory context

Main developments in EU Taxonomy

Since the publication of the Taxonomy Regulation in 2020, the first two objectives and the methodology for disclosing information in accordance with them have been developed, including different disclosure dates.

The Draft Environmental DA develops the environmental objectives and their defines their application and disclosure dates



2 | Executive summary

Amendments and novelties on the Taxonomy objectives

In April 2023 the EC launched a consultation period on the Draft Environmental DA which contains a new set of TSC and DNSH for Objectives 3-6. Additionally, the EC is also consulting on proposed amendments to the DAs on Objectives 1-2

1-. Regulatory context

- **June 2020** Publication of the European Taxonomy Regulation
- **December 2021** Publication of the Taxonomy Climate Delegated Act & the Taxonomy Disclosures Delegated Act are published by the EC.
- **March 2022** Publication of the advice on the TSC on remaining four environmental objectives by the PFS, to assist the EC on the elaboration of the second delegated act
- **April 2023** Publication of the **draft Environmental Delegated Act**

2-. Next steps

- Final draft publication (date not yet set)
- Enter into force from **1 January 2024** (application date).

3- Subject matter of the documents

1. Draft Environmental DA (including amendments to the Disclosures DA):

Main document Annexes: TSC and DNSH criteria for Ob.3-6

- TSC under **which economic activities** in the sectors qualify as **contributing substantially to the Objectives 3-6** (non-climate environmental objectives)¹.
- TSC for determining whether those **economic activities** **DNSH** to any of the other environmental objectives.
- Additional **disclosure dates added** for disclosing eligible and aligned activities. (considering the new activities added for the climate and environmental objectives)

2. Amendments to the Climate DA²:

Main document Annexes: TSC and DNSH criteria for Ob.1-2

- Objective 1: Climate change mitigation**
 - New activities** included within the **manufacturing** and the **transport sector**¹.
- Objective 2: Climate change adaptation**
 - New activities** included within the **water supply, construction, information & communication, and the professional sector**¹.
 - Disaster risk management sector added** and **activities** within it¹.

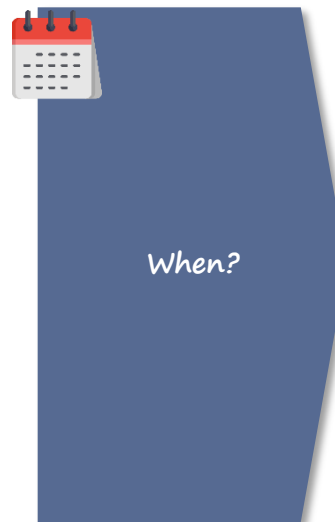
2 | Draft Environmental Delegated Act

Additional disclosures dates

The Draft Environmental DA adds new disclosure dates in the Taxonomy Disclosures DA for the new objectives and activities developed



This Delegated Act adds new disclosure dates for the new objectives and activities to the **Taxonomy Disclosures Delegated Act** (see also the annexes V, VI y VII)



- From 1 January 2024 until 31 December 2024, non-financial companies shall only disclose:
 - The proportion of **Taxonomy eligible¹ and Taxonomy non-eligible economic activities** pursuant to Taxonomy Environmental Delegated Regulation
 - **The new activities added to the Climate Delegated Act** in their total turnover, capital and operational expenditure and the qualitative information relevant for that disclosure.
- From 1 January 2024 until 31 December 2024, financial companies shall only disclose:
 - The **proportion in their covered assets of exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities** pursuant to Taxonomy Environmental Delegated Regulation and **the new activities added to the Climate Delegated Act**.
 - The **qualitative information** on qualitative disclosures for asset managers, credit institutions, investment firms and insurance and reinsurance undertakings for these activities
- From 1 January 2025 the KPIs³ of non-financial companies shall cover the economic activities set out in Taxonomy Environmental Delegated Regulation and the activities added to the Climate Delegated Act (aligned²).
- From 1 January 2026 the KPIs³ of financial companies shall cover the economic activities set out in Taxonomy Environmental Delegated Regulation and the activities added to the Climate Delegated Act (aligned).



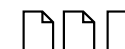
The scope of application of the disclosure obligations has not been modified and continue applying to the **NFRD companies**.

(1) Taxonomy eligible: Economic activity that is **described in the EU Taxonomy regardless** of whether the economic activity also **fulfils all specified Criteria**.

(2) Taxonomy aligned: **Eligible activity that meets the criteria** to be considered as environmentally sustainable. To this regard, it needs to fulfil with: **TSC, DNSH and MSS**

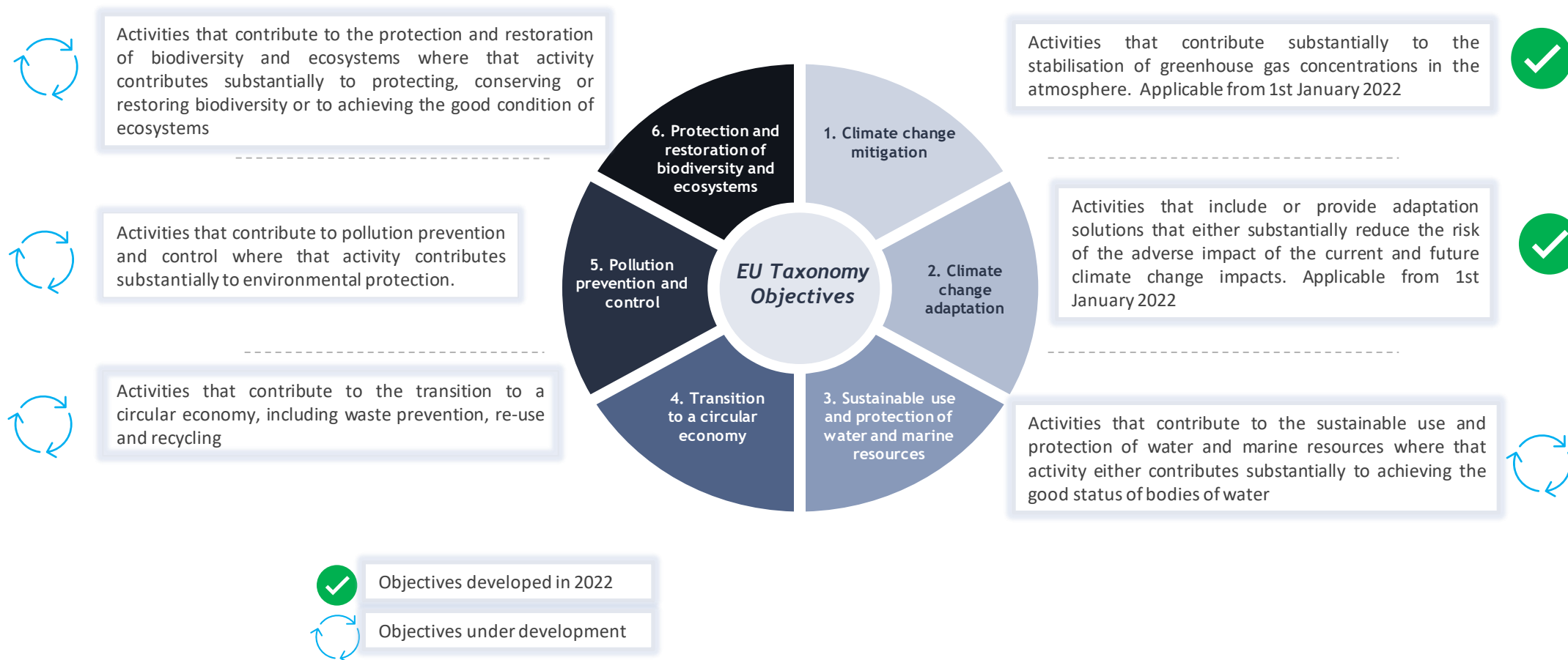
(3) KPIs for financial and non-financial companies have been modified in order to consider the new activities in its calculation. Details on this amendments are developed in the Annexes of the

Draft Amendments to the DA:



A | Annex 1 Background

The European Environmental Taxonomy is structured around six environmental objectives to determine whether an activity is considered sustainable, based on its contribution to achieving them. So far, only the criteria of substantial contribution have been developed for the first two environmental objectives



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Annex 3

Economic sectors and activities

Annexes I to V of the Draft Environmental DA as well as I and II of Draft amending the Climate DA describe the TSC and the DNSH criteria of the new sector and/or economic activities added. Only a few sectors and activities have been developed for various objectives

New sectors and/or activities developed for objectives 1-6	1	2	3	4	5	6
<i>Manufacturing</i>						
o Manufacture of automotive and mobility components	✓					
o Manufacture of rail constituents	✓					
o Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	✓					
o Manufacturing of aircraft	✓					
o Manufacture, installation & associated services for leakage control technologies enabling leakage reduction & prevention in water supply systems			✓			
o Manufacture of plastic packaging goods				✓		
o Manufacture of electrical and electronic equipment				✓		
o Manufacture of active pharmaceutical ingredients (API) or drug substances					✓	
o Manufacture of pharmaceutical products					✓	
<i>Environmental protection & restoration activities</i>						
o Conservation, including restoration, of habitats, ecosystems and species						✓
<i>Professional, scientific and technical activities</i>						
o Consultancy for climate risk management		✓				



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Economic sectors and activities

Some annexes of the draft Environmental DA and the Draft amending the Climate DA describe the TSC and the DNSH criteria of the new sector and/or economic activities added. Only a few sectors and activities have been developed for various objectives

New sectors and/or activities developed for objectives 1-6	1	2	3	4	5	6
<i>Transport</i>						
o Leasing of aircraft	✓					
o Passenger and freight air transport	✓					
o Air transport ground handling operations	✓					
<i>Disaster risk management</i>						
o Emergency Services		✓				
o Flood risk prevention and protection infrastructure		✓				
o Nature-based solutions for flood and drought risk prevention and protection			✓			
<i>Construction & real estate activities</i>						
o Construction of new buildings	(1) ✓	(1) ✓		✓		
o Renovation of existing buildings	(1) ✓	(1) ✓		✓		
o Demolition & wrecking of buildings & other structures				✓		
o Maintenance of roads & motorways				✓		
o Use of concrete in civil engineering				✓		

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New sectors and/or activities developed for objectives 1-6	1	2	3	4	5	6
o Civil engineering		✓				
<i>Water supply, sewerage, waste management & remediation activities</i>						
o Desanilisation		✓				
o Water supply			✓			
o Urban Waste-Water Treatment			✓			
o Sustainable urban drainage systems (SUDS)			✓			
o Collection & transport of non-hazardous and hazardous waste	(1)	(1)		✓		
o Collection and transport of hazardous waste					✓	
o Treatment of hazardous waste				✓	✓	
o Phosphorus recovery from waste-water				✓		
o Production of alternative water resources for purposes other than human consumption				✓		
o Recovery of bio-waste by anaerobic digestion or composting				✓		
o Depollution & dismantling of end-of-life products				✓		
o Sorting and material recovery of non-hazardous waste	(2)	(2)		✓		

(1) Different from the activity “Material recovery from non-hazardous waste” developed for objectives 1&2

(2) Different from the activity “Collection and transport of non-hazardous waste in source segregated fractions” developed for objectives 1&2

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Economic sectors and activities

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New sectors and/or activities developed for objectives 1-6	1	2	3	4	5	6
o Remediation of legally non-conforming landfills & abandoned or illegal waste dumps					✓	
o Remediation of contaminated sites & areas					✓	
<i>Accommodation activities</i>						
o Hotels, holiday, camping grounds and similar accommodation						✓
<i>Information & communication</i>						
o Software enabling climate risk management		✓				
o Provision of IT/OT data-driven solutions for leakage reduction			✓			
o Provision of IT/OT data-driven solutions and software				✓		



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New sectors and/or activities developed for objectives 1-6	1	2	3	4	5	6
<i>Services</i>						
○ Repair, refurbishment & remanufacturing				✓		
○ Sale of spare parts				✓		
○ Preparation for re-use of end-of-life products & product components				✓		
○ Sale of second-hand goods				✓		
○ Product-as-a-service & other circular use- & result-oriented service models				✓		
○ Marketplace for the trade of second-hand goods for reuse				✓		



Abbreviations

Abbreviation	Meaning
CAPEX	Capital Expenditures
CDA	Climate Delegated Act
CSRD	Corporate Sustainability Reporting Directive
DA	Delegated Act
DNSH	Do Not Social Harm
EC	European Commission
ESG	Environmental, Social and Governance
EU	European Union
GHG	Greenhouse Gas
ICT	Information and Communication Technologies
IP	Intermediate Performance
LEnvI	Low Environmental Impact
NACE	Statistical Classification of Economic Activities in the European Community
NFRD	Non-Financial Reporting Directive
NSI	No Significant Impact
OJEU	Official Journal of the European Union
OPEX	Operational Expenditures
PSF	Platform on Sustainable Finance
SC	Substantial Contribution
SH	Significant Harm
TR	Taxonomy Regulation
TSC	Technical Screening Criteria

MSO

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