The clock is ticking to disclose the first EU Taxonomy reports
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The EU Taxonomy

**The time to act is now!**

In order to meet the EU’s climate and energy targets for 2030 and reach the objectives of the European green deal, it is vital that investments are directed towards sustainable projects and activities. To drive this redirection, the European Commission enacted the EU Taxonomy: a classification system, that provides companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable.

Listed entities are required to submit the first EU Taxonomy reports by January 2022. Non-listed entities follow in 2024, however banks and investors are increasingly requiring their clients to disclose the same information for loans and investments.
Who is impacted?
When is it time to act?

Listed entities with major activities in the EU
- Reporting eligibility scores per Jan 2022
- Reporting alignment score per Jan 2023

Non-listed, large companies*
- Reporting compliance per Jan 2024
- Reporting to banks & investors (for continued access to capital markets) today!

*2 out of 3 of the following: net revenue > 40M, balance sheet >20M or 250+ employees

Financial institutions with major activities in the EU
- Non-NFRD institutions: data for their Taxonomy/SFDR requirements
- Banks: EU Taxonomy disclosures from borrowers today
- Investors: EU Taxonomy disclosures from investees today
What makes it challenging?

**Constantly evolving regulation**
The EU Taxonomy and related regulations consist of thousands of pages and are being updated every few months. For example, currently only 2 environmental objectives are defined, and 4 additional objectives will be published in 2022. And sustainability and Regulatory experts to help translate the regulation into actions are scarce.

**No structured approach available**
The data and information you need is often not readily available and needs to be collected in various systems and departments. Organizations that attempt to establish the reporting in Excel typically run into miscommunication, outdated information, and lack of collaboration. The regulation does not provide a structured approach to generate the disclosures and tackle these challenges.

**Robust data, governance and processes are required**
Sustainability-related data, governance and processes need to be robust – eventually requiring reasonable assurance by an auditor – with implications for 2nd and 3rd lines of defense (e.g., control governance framework).
Deloitte in association with Greenomy

This cloud-based platform facilitates automated interaction and coordination between all stakeholders to ensure the EU Taxonomy aligned data you need is created, certified and disseminated quickly and efficiently.

The platform consists of multiple portals, of which the first one is designed for companies to establish their own EU Taxonomy reporting.
The next portal is designed for investment managers, to provide their investees with an efficient interface to transform their proprietary ESG data into SFDR/EU Taxonomy aligned data. This also helps their investees to prepare for their own future reporting requirements through the company portal.
The lender portal provides an automated interface to corporate borrowers to create and deliver taxonomy aligned data. This also helps their clients to prepare for their own future reporting requirements through the company portal.

### EU Taxonomy – Green Asset Ratio
- **Evaluate your loan book’s sustainability**
  Direct access to certified EU Taxonomy aligned data on debt instruments

- **Engage & empower corporate borrowers**
  Incentivize borrowers to produce the necessary EU Taxonomy data

- **Generate your Green Asset Ratio**
  Automatically compute your Green Asset Ratio and its requirements breakdowns

### EU Taxonomy – Supporting KPIs
- **Analyse your entire set of banking services**
  Generate your supporting KPIs related to banking services other than lending

- **Incorporate data in management system**
  Improve sustainable risk modeling with up to 2500 digitally tagged data points

- **Report generation**
  Generate your machine-readable sustainability report meeting regulatory requirements
Our approach

The solution provides a structured and efficient platform to manage your sustainability reporting requirements. Human judgement and action are however still required, and we are here to support you with a pragmatic and hands-on approach to address your current needs while preparing for future requirements.

1. **Action plan for regulatory compliance**
   - Providing the timeline and insights of relevant EU Taxonomy reporting requirements for your organization
   - Assessing preliminary material eligible activities that are applicable
   - Drafting an action plan and set governance & team and identify ‘who we need’
   - Determining how to transfer knowledge from Deloitte to your organization
   - Creating awareness and mobilize stakeholders for action
   - Formulating a final actionable plan with key stakeholders

2. **Eligible activities assessment**
   - Identifying economic activities for your organization
   - Analyzing applicable delegated acts and agree upon NACE codes
   - Performing mapping of EU Taxonomy eligible economic activities based on materiality related to revenue, capex and opex with support where needed on interpretation from EU Taxonomy expertise from Deloitte
   - Socializing preliminary outcomes with relevant stakeholders

3. **Substantiate share of eligibility**
   - Determining and document methodology to calculate eligibility per activity
   - Identifying the required data per activity
   - Gathering the supporting data (using tooling) from relevant stakeholders
   - Assessing data controls and prepare for audit readiness
   - Assessing the eligibility of preliminary activities through the supporting data
   - Calculating the share of the eligible activities for FY21 for revenue, Capex/Opex, and communicate results

4. **Disclosure note in report**
   - Supporting you with the draft disclosure including the qualitative information
   - Alignment with all stakeholders, incl. the auditor
   - Finalizing disclosure and communicate within the annual report

5. **Ready for FY22 reporting**
   - Based on the foundation, getting ready for future reporting requirements
   - Preparing for FY22 alignment assessment based on technical screening, do no significant harm & minimum social safeguards criteria
   - Additionally preparing for reporting on the four additional environmental objectives - water, circularity, pollution, biodiversity & ecosystems
Benefits

- **Kickstart hands-on approach** enabling you to focus on real complexities and judgement areas
- Built-in **audit trail** to enable auditors in providing assurance
- Building a **consistent green equity narrative** substantiated with data
- Focusing on **senior stakeholder alignment** and onboarding
- Bringing thorough **industry knowledge** as crucial for EU Taxonomy interpretations
- Early identifying 2022 and beyond **alignment opportunities**
A strong alliance

Deloitte and Greenomy have entered into an alliance to guide our clients along the path of the transition to the EU Taxonomy. The combination of the Deloitte expertise, resources and technologies with the Greenomy solution creates unique benefits and support for our clients in this new area. The solution is being utilized by our clients across the EU.

Data & Technology accelerators

As Deloitte we have extensive technology solutions and data expertise available, which complement the Greenomy solution. In our alliance with Greenomy, we use the platform developed by Greenomy to meet all future sustainability data & reporting requirements.

Expert Services

- Technical and functional validation of (final) reports
- Support and expertise in client outreach
- Support for clients in providing all required EU Taxonomy data and regulatory interpretations with our Centre of Excellence for Regulatory Reporting
- Alignment with overall the ESG strategy

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“The most advanced and mature solution in the market for EU Taxonomy Screening”

Head of Sustainability, Global Oil & Energy company
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