



GREENOMY

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## WEBINAR EU TAXONOMY LATEST DEVELOPMENTS

How can corporates meet their regulatory requirements & improve their sustainability

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29 August 2023

In collaboration with



## WITH YOU TODAY



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# AGENDA

- 1. Overview of the EU legislative framework, EU Taxonomy & latest developments :**
  - Presentation of the EU regulation framework
  - Who needs to report under the EU Taxonomy
  - Latest developments of EU Taxonomy
- 2. How CDP helps companies address disclosures**
- 3. 2022 EU Taxonomy reporting: challenges, learnings and moving forward**
  - Similar challenges observed amongst economic sectors
  - How to grow one's alignment to the Taxonomy
- 4. Client testimonial: Anton Theunynck from TVH**

# GREENOMY SOLUTION OVERVIEW

## GENERATE YOUR ESG REPORTING SEAMLESSLY

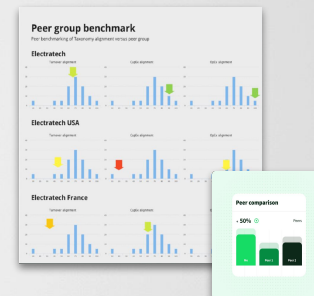
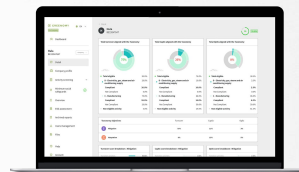
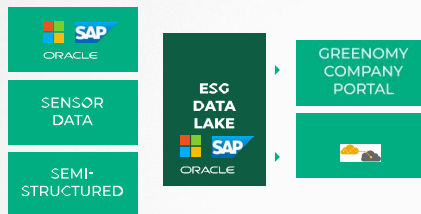
GET AUDIT READY IN A FEW WEEKS WITH THE SUPPORT OF OUR **SUSTAINABILITY AND DATA EXPERTS**. FACILITATE AND AUTOMATE YOUR REPORTING WITH OUR **COMPANY PORTAL (SAAS)**.

### DEFINING ESG REPORTING STRATEGY

### COLLECTING ESG DATA

### PRODUCING ESG REPORTS

### IMPROVING ESG PERFORMANCE



#### SUSTAINABILITY ADVISORY SERVICES

- ▶ Identify relevant reporting frameworks (regulatory & non-regulatory)
- ▶ Determine your eligible activities
- ▶ Define your ESG reporting objectives
- ▶ Gather the list of required data points & KPIs

#### DATA & INTEGRATION SERVICES

- ▶ Produce a gap analysis on available data and activities
- ▶ Build data model and infrastructure to collect & transform data
- ▶ Integrate data source with reporting tool

#### COMPANY PORTAL

- ▶ Screen your activities and measure alignment
- ▶ Produce your ESG reports ready for audit
- ▶ Disclose your report to external stakeholders

#### TRANSITION TOOL

- ▶ Analyze your ESG performance
- ▶ Benchmark with industry and peers best practices
- ▶ Build concrete action plan for score improvement
- ▶ Secure green funding



# **EU TAXONOMY 2023 UPDATES**

# THE STATE OF THE EU SUSTAINABLE FINANCE REGULATION FRAMEWORK



## EU GREEN DEAL



### CSRD

Corporate  
Sustainability  
Reporting  
Directive



### EU Taxonomy



### ESRS

European Sustainability  
Reporting Standards



### CSDDD

Corporate Sustainability  
Due Diligence Directive

VISION

PLAN

MECHANISM

# THE EU TAXONOMY: WHO NEEDS TO REPORT?

## FOR FINANCIAL INSTITUTIONS

Does the financial institution issue or distribute financial products within the EU?

YES NO



## FOR CORPORATIONS

Compliance under the **Non-Financial Reporting Directive (NFRD)**

Is the company listed?

YES NO

Are there more than 500 employees?

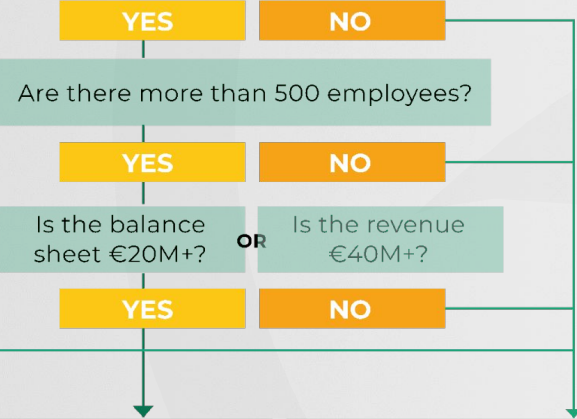
YES NO

Is the balance sheet €20M+? OR Is the revenue €40M+?

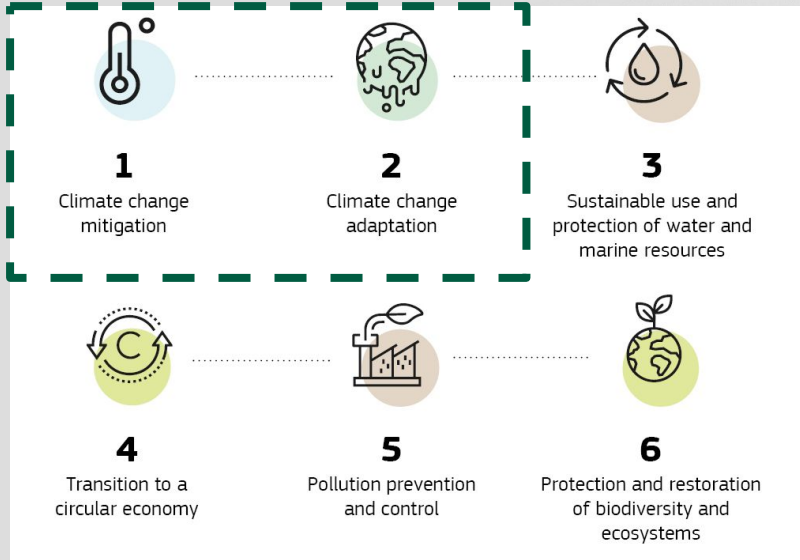
YES NO

COMPLIANCE IS MANDATORY

COMPLIANCE IS VOLUNTARY



# AMENDMENTS TO CLIMATE OBJECTIVES



## Impacted sectors for climate change mitigation:

- Manufacture of automotive and mobility components
- Manufacture of rail rolling stock constituents
- 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
- Manufacturing of aircraft
- Leasing of aircraft
- Passenger and freight air transport
- Air transport ground handling operations

## Impacted sectors for climate change adaptation:

- Desalination
- Software enabling physical climate risk management and adaptation
- Consultancy for physical climate risk management and adaptation



# DELEGATED ACTS FOR THE FOUR REMAINING OBJECTIVES



**1**

Climate change mitigation



**2**

Climate change adaptation



**3**

Sustainable use and protection of water and marine resources



**4**

Transition to a circular economy



**5**

Pollution prevention and control



**6**

Protection and restoration of biodiversity and ecosystems

35 activities across following sectors:

- Accommodation (1)
- Construction and real estate (5)
- Disaster risk management (1)
- Environmental protection and restoration (1)
- Information and communication (2)
- Manufacturing (5)
- Services (Refurbishment, second hand) (6)
- Water supply, sewerage, waste management and remediation (13)

## IMPACT

Coming into force from January 2024

Bringing more companies into the scope of the Taxonomy

Bringing more environmental data into the market

Investor report

# AMENDMENTS TO EU TAXONOMY TIMELINE FOR REPORTING

	Eligibility	Alignment
<b>Non-financial undertakings</b>		
Climate change mitigation and adaptation 2022 activities	No changes	No changes
Climate change mitigation and adaptation new activities	2024 report, based on FY 2023	2025 report, based on FY 2024
Water, Circularity, Pollution, Biodiversity		
<b>Financial undertakings</b>		
Climate change mitigation and adaptation 2022 activities	No changes	No changes
Climate change mitigation and adaptation new activities	2024 report, based on FY 2023	2025 report, based on FY 2024
Water, Circularity, Pollution, Biodiversity		



**How CDP is integrating  
questions on sustainable  
finance taxonomies for the  
first time in 2023**

# About CDP



CDP runs the global disclosure system that enables companies, cities, states and regions to **measure** and **manage** their **environmental impacts**.

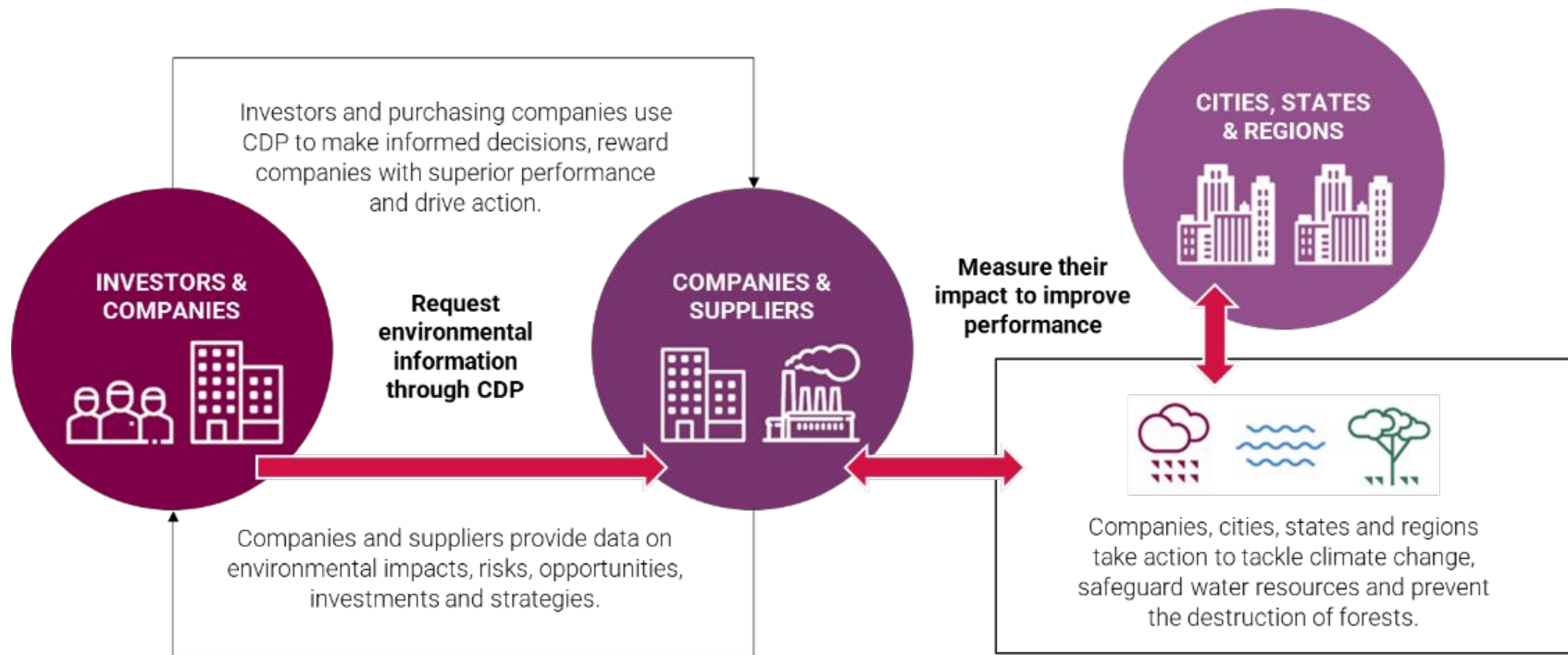


With the world's most comprehensive collection of self-reported data, the world's economy looks to **CDP as the gold standard of environmental reporting**.



Our network of **capital markets**, **purchasers** and **policymakers** around the globe **use our data** and insights to make better-informed decisions.

# The CDP system: linking finance and business to reduce risks



# Disclosure to CDP

2003 - 2022



**+50%**

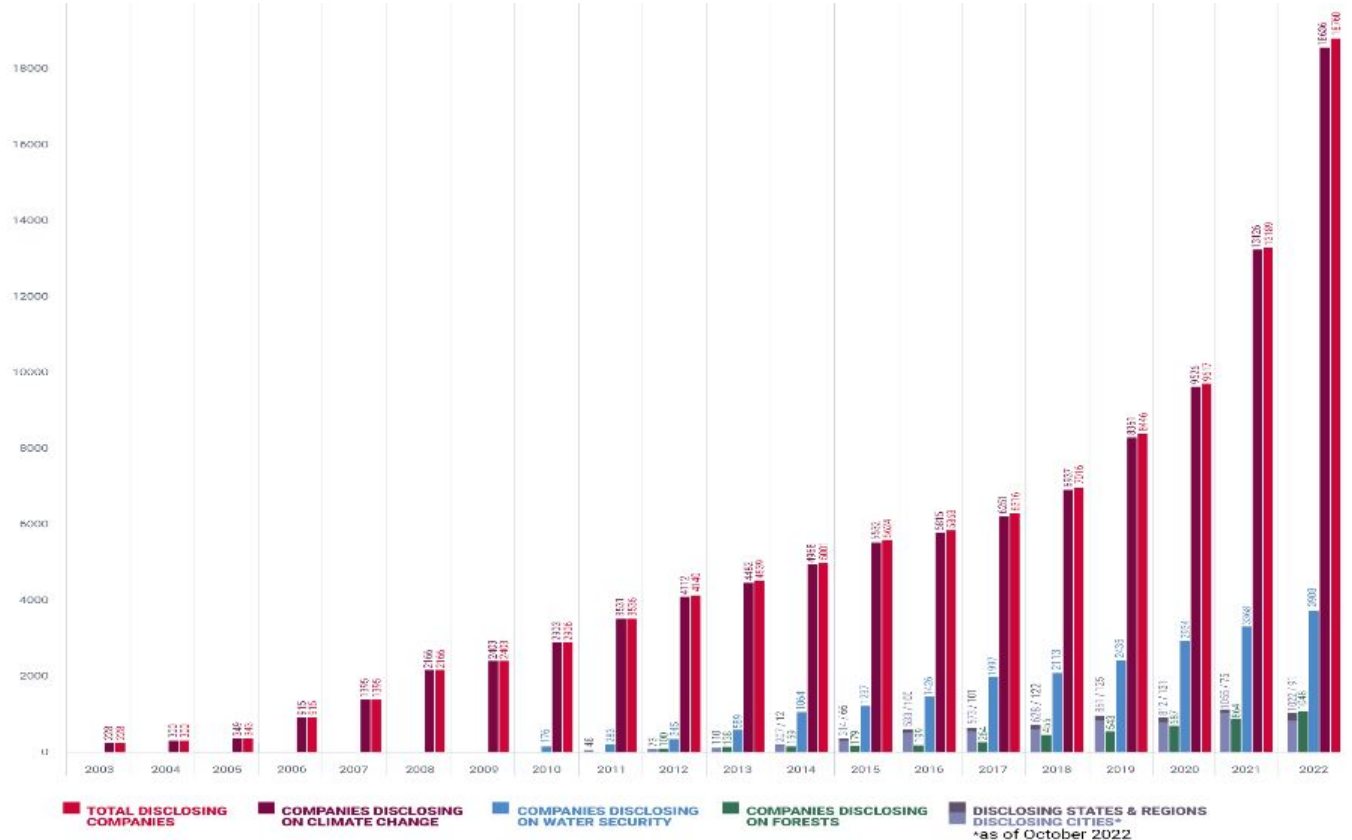
of global companies by market capitalization use CDP.

**38%**

Increase in disclosure from 2021

**18.700**

Companies reporting to investors and customers through CDP.



# Mainstreaming Global Standards

# CDP has Mainstreamed Environmental Transparency



**64%**

of global companies by market capitalization use CDP

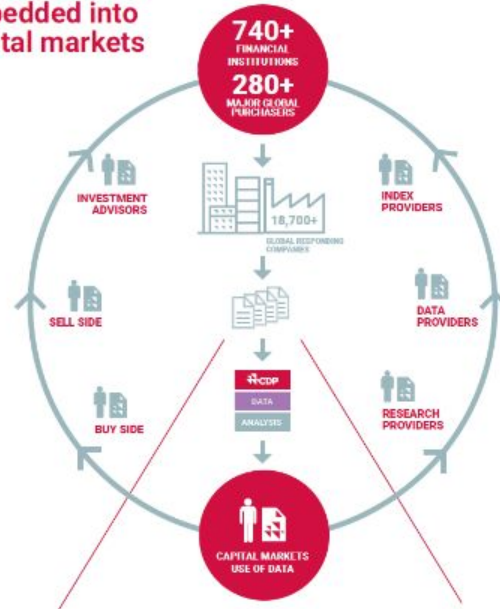
**74%**

of Europe's companies by market value

**18,700**

organizations reporting to investors and customers through CDP

How our data is embedded into capital markets





# Global Harmonization

- ▼ **CDP's unique position** in the environmental disclosure ecosystem **can rapidly scale the adoption** of all high-quality frameworks and standards across the global economy.
- ▼ CDP's platform allows to **translate standards and frameworks into a standardized annual format** and brings them into real-world practice through the collection, analysis and sharing of data.
- ▼ Companies already disclosing through CDP will be reporting in line with upcoming frameworks and standards and **providing data to stakeholders in a way that is standardized, comparable and accessible regardless of region or regulatory requirements.**



# Alignment with IFRS S2 (ex-TCFD)



- Both the CDP Questionnaire and the EU's Corporate Sustainability Reporting Directive (CSRD) are aligned with ISSB S2 & TCFD guidelines.
- By reporting through CDP's questionnaire, companies are well prepared for the new ISSB S2 & ESRS E1 reporting requirements.

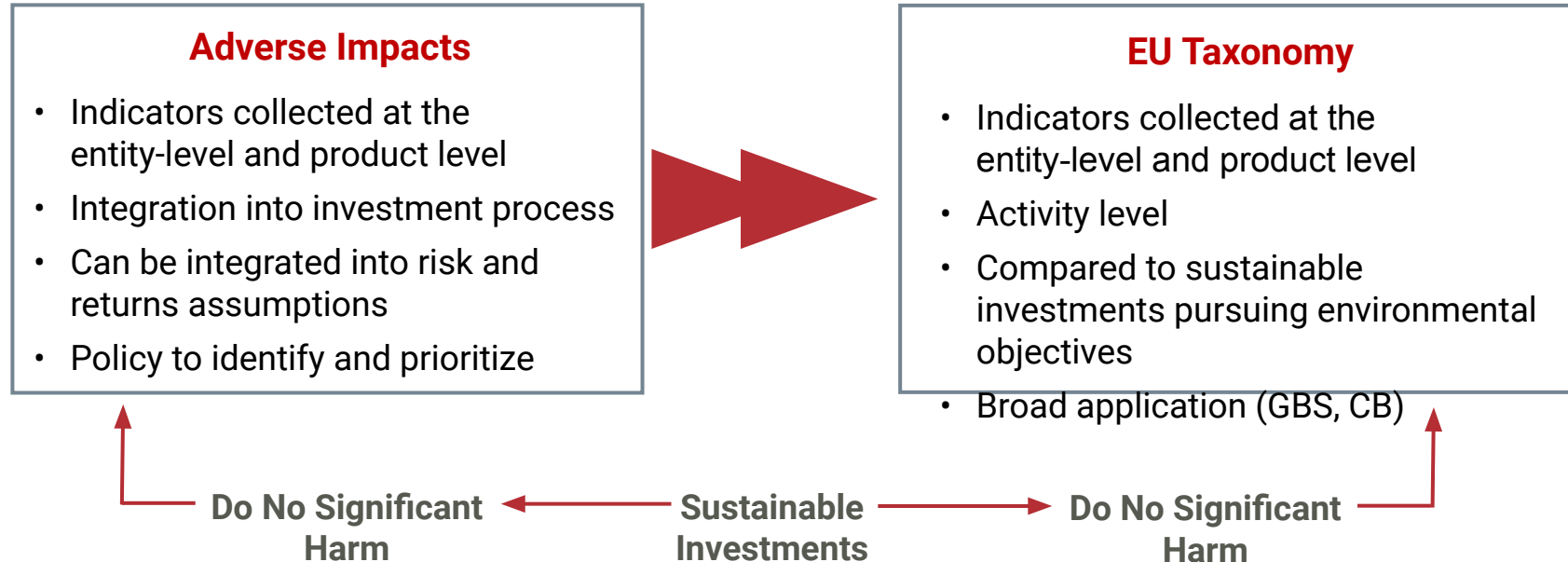
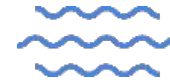
<b>ESRS Reporting Requirements</b>	Business Model	Policies & Due Diligence	Outcome of Policies	Risks & Risk Management	Key Performance Indicators
<b>TCFD Recommendations</b>	Strategy	Governance	Metrics & Targets	Risk Management	Metrics & Targets
<b>IFRS S2</b>	Strategy	Governance	Metrics & Targets	Risk Management	Metrics & Targets
<b>CDP Climate Questionnaire Modules</b>	Business Strategy (C3)	Governance (C1)	Targets & Performance (C4)	Risks & Opportunities (C2)	Emissions Data (C6)

# The Sustainable Finance Framework in Data

## SFDR, EU Taxonomy & CSRD

### 6 climate and environmental objectives

Climate (2), Water, Biodiversity, Pollution, Circularity





# EU Disclosure Regime: Taxonomy Aligned Data Points

# Introduction of Taxonomy Questions in 2023



## MODIFIED QUESTION

### (C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

- Question text has been revised to indicate if you identify the alignment of your spending/revenue with your climate transition plan, a sustainable finance taxonomy, or both. The response options have been reformatted into a table to drive the new taxonomy questions, C3.5b and c.
- Due to the addition of datapoints related to sustainable finance taxonomies in this section, C3.5 is no longer only shown to organizations who have indicated that they have a climate transition plan in C3.1

Scored at Disclosure and Management Levels

Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy*
<p>Select from:</p> <ul style="list-style-type: none"><li>Yes, we identify alignment with our climate transition plan</li><li>Yes, we identify alignment with a sustainable finance taxonomy</li><li>Yes, we identify alignment with both our climate transition plan and a sustainable finance taxonomy</li><li>No but we plan to in the next two years</li><li>No, and we do not plan to in the next two years</li></ul>	<p>Select from:</p> <ul style="list-style-type: none"><li>At both the company and activity level</li><li>At the company level only</li></ul>

# Introduction of Taxonomy Questions in 2023

## MODIFIED QUESTION

**(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.**

- Column 2 and 5 added for all companies and columns 3 and 4 added only for companies who are reporting on their taxonomy alignment.
- This question appears if you select "Yes, we identify alignment with our climate transition plan" in column 1 of C3.5 or "At both the company and activity level" or "At the company level only" in column 2 of C3.5.

Scored at Disclosure Level

1	2	3	4	5
<b>Financial metric</b>	<b>Type of alignment being reported for this financial metric</b>	<b>Taxonomy under which information is being reported*</b>	<b>Objective under which alignment is being reported</b>	<b>Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)</b>
Select from: <ul style="list-style-type: none"> <li>Revenue/Turnover</li> <li>CAPEX</li> <li>OPEX</li> <li>Other, please specify</li> </ul>	Select from: <ul style="list-style-type: none"> <li>Alignment with a sustainable finance taxonomy</li> <li>Alignment with our climate transition plan</li> </ul>	Select from: <ul style="list-style-type: none"> <li>EU Taxonomy for Sustainable Activities</li> <li>Other, please specify</li> </ul>	Select from: <ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Climate change adaptation</li> <li>Total across all objectives</li> </ul>	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 2 decimal places]



# Introduction of Taxonomy Questions in 2023

## NEW QUESTION

**(C3.5b) Quantify the percentage share of your spending/revenue that was associated with eligible and aligned activities under the sustainable finance taxonomy in the reporting year.**

- Asks about the share of spending and revenue aligned with sustainable finance taxonomies at the activity level.
- This allows companies to provide evidence of the extent to which their spending and revenue is directed at/derived from activities defined as sustainable by a sustainable finance taxonomy.

Not scored

### C3.5b snippet

1	2	3	4	5
<b>Economic activity</b>	<b>Taxonomy under which information is being reported</b>	<b>Taxonomy alignment</b>	<b>Financial metric(s)</b>	<b>Taxonomy-aligned turnover from this activity in the reporting year (unit currency as selected in C0.4)*</b>
Select from drop-down options below	Select from: <ul style="list-style-type: none"> <li>EU Taxonomy for Sustainable Activities</li> <li>Other, please specify</li> </ul>	Select from: <ul style="list-style-type: none"> <li>Taxonomy-aligned</li> <li>Taxonomy-eligible but not aligned</li> </ul>	Select all that apply: <ul style="list-style-type: none"> <li>Turnover</li> <li>CAPEX</li> <li>OPEX</li> </ul>	Numerical field [enter a number from 0-999,999,999,999,999 using a maximum of 2 decimal places]

# Introduction of Taxonomy Questions in 2023

NEW QUESTION

Not scored

**(C3.5c) Provide any additional contextual and/or verification/assurance information relevant to your organization's taxonomy alignment.**

- Requests additional contextual information relevant to taxonomy alignment. This helps CDP data users interpret the information companies provide on the alignment of their spending/revenue with a sustainable finance taxonomy. Assurance and verification provide confidence in the accuracy of data reported.

[Open text question with a limit of 5,000 characters]



# ESRS & EU Taxonomy

# EU Taxonomy Disclosures in ESRS



## ESRS 1 General Requirements

### Content and Structure of Sustainability Statement:

- Companies shall ensure that all disclosures relating to each of the Environmental Objectives defined in the EU Taxonomy regulation, as defined by its Article 8, are presented together in a clearly identifiable environmental section.

### Example of Sustainability Statement Structure:

1. General Information	2. Environmental Information	3. Social Information	4. Governance Information
ESRS 2 General Disclosures	EU Taxonomy Disclosure (Article 8)	ESRS S1 Own Workforce	ESRS G1 Business Conduct
	ESRS E1 Climate Change	ESRS S2 Workers in the Value Chain	
	ESRS E5 Resource Use and Circular Economy		

## E1 Climate Change

### The Undertaking shall disclose its Transition Plan for Climate Change Mitigation

- i. Companies shall include an explanation and quantification of investments and funding supporting the implementation of its Transition Plan, **with a reference to the KPI's of taxonomy-aligned CapEx**, and where relevant the CapEx plans (future looking KPIs), that the undertaking discloses according to Article 8 of EU Taxonomy regulation.
- ii. Companies with economic activities that are currently covered by the EU Taxonomy Regulation shall include **an explanation of any objective or plans (CapEx, CapEx plans, OpEx) it has to align with the Technical Screening Criteria established by the EU Taxonomy delegated acts.**

# Useful Resources



## CDP Resources

- [CDP's integration of the EU disclosure regime: Insight Note](#)
- [CDP Policy Explainer on CSRD and ESRS](#)
- [CDP is piloting EU Taxonomy questions in 2023 - what does that mean for your company?](#)

## CDP Reporting Guidance

- [CDP Technical Note: EU Taxonomy](#)
- [CDP 2023 Climate Change Reporting Guidance](#)
- [CDP 2023 Water Security Reporting Guidance](#)
- [CDP 2023 Forests Reporting Guidance](#)

## EU Taxonomy Regulation and Taxonomy Tools

- [EU Taxonomy Navigator](#)
- [EU Taxonomy User Guide – new!](#)

# FEEDBACK



# Thank you!

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More information about how CDP can help you prepare for upcoming mandatory disclosures [here](#).

Check out CDP's:

[\*\*Sustainable Finance Webinar Series\*\*](#)



With the contribution of the  
LIFE Programme of the  
European Union





**2022 EU TAXONOMY REPORTING  
CHALLENGES, LEARNINGS AND  
MOVING FORWARD**

# SIMILAR CHALLENGES OBSERVED BEFORE REPORTING AMONGST ECONOMIC SECTORS

## CHALLENGES

## LEARNINGS

### Assessing eligibility

**NACE code** classification system  
**Turnover generating activities** vs secondary activities



Division of activities and revision of EU regulation with activities key words  
Analysis of activities linked to investments

### Managing the report's granularity

**Granularity assessment** (according to specificities: product, country, legal entity)



Units according to assess characteristics  
Assessment through finance, sustainability, reporting, legal departments & technical profiles

### Setting the financial allocation

**Financial KPIs** according to undertaking definition  
**Double counting**



Financial department responsibility  
Reporting department for alignment with financial statement



# SIMILAR CHALLENGES OBSERVED DURING REPORTING PHASE AMONGST ECONOMIC SECTORS

## CHALLENGES

## LEARNINGS

### Technical specificities

**Technical Screening criteria**  
**Minimum social safeguards**  
**EIAs**



Internal stakeholders identification  
Minimum social safeguards policy mapping  
EIAs status assessment

### EU Taxonomy data

**Finding data** across the undertaking  
**Gathering data** within one space  
**Interpreting data**



Gap analysis  
Organisational structure and unit division

### Managing activities outside the EU

**Assessing eligible international activities**  
**Assessing alignment possibility**



Outside of EU activities often non compliant  
Legislative texts to be assessed for compliance

# HOW TO GROW ON TAXONOMY ALIGNMENT

1. Linking the EU Taxonomy to the company's ESG strategy
2. Performing analysis against the four latest environmental objectives to determine possible alignment
3. Assessing physical assets to develop Environmental Impact Assessments
4. Conducting a physical climate risk assessment
5. Using the ESG CapEx plan of EU Taxonomy
6. Building internal expertise



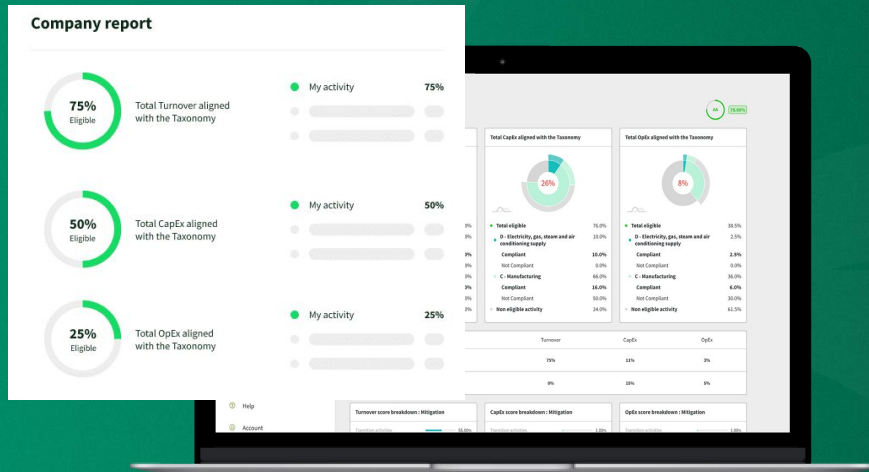
## CLIENT TESTIMONIAL



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