

# FuelsEurope and IOGP position on the Draft Delegated Regulation on taxonomy-related disclosures by undertakings reporting non-financial information

## Introduction

FuelsEurope, which represents 40 companies operating refineries in the EU that account for almost 100% of EU petroleum refining capacity, and IOGP, the International Association of Oil and Gas Producers whose member companies account for approximately 90% of oil and gas produced in Europe, support the goals of the Paris Agreement and the EU's ambition to reach climate neutrality by 2050. We are committed to provide input and expert advice to the EU Institutions, Member State Governments and the wider community, to contribute in a constructive way to the development and implementation of EU policies and regulations.

We appreciate the EU's efforts to establish a sustainable finance framework that mobilises private funds to reduce greenhouse gas emissions and environmental impacts. Corporate reporting plays an important role in this endeavour. Our industries support meaningful corporate reporting policies relating to the disclosure of non-financial information pertaining to sustainability.

We appreciate the opportunity to provide feedback on the draft delegated regulation supplementing Article 8 of the EU Taxonomy Regulation. Our key observations are summarised below. A more detailed technical discussion is provided in the subsequent sections of this letter.

- **The cost, time and effort needed to comply with the Delegated Act should not be underestimated, and further efforts to optimise the reporting burden should be considered.** The reporting obligation outlined in the draft regulation is likely to require a substantial, multi-year effort to implement. Large companies anticipate the need for thousands of technical and accounting decisions in every reporting cycle to comply with the regulation. We urge the Commission to consider ways to simplify the disclosures so as to reduce reporting burden to the minimum necessary.
- **Phase-in of reporting should be extended by at least one year.** The proposed phase-in of the reporting obligation is welcome but should go further, given the complexity of the regulation and the need to set up new reporting systems. A period of voluntary piloting or a phase-in over a longer period would be more realistic. As a matter of principle, implementing new reporting and disclosure requirements for a financial year in progress poses fundamental issues, as it is impossible to retroactively code and label transactional data in reporting systems.
- **Simplify the disclosure tables to reduce reporting burden and focus on high value information.** There is an opportunity to simplify the disclosure tables to remove data points that are low value for users and create undue burden for preparers. In particular, we recommend removing columns 11-17 in their entirety. These are not required by financial undertakings for their mandatory reporting.
- **To ensure efficient and consistent reporting of the KPIs, we recommend a simpler definition of the numerator and aligning the denominator with IFRS.** The proposed numerator for the KPIs is complex and may be difficult to apply in practice. For CapEx and OpEx in particular, a more principles-based approach to the numerator is preferable. We strongly recommend that denominators are fully aligned with IFRS, since this is the basis of existing company reporting. We note that OpEx is not well defined under IFRS and is subject to varying interpretations. Since the OpEx KPI is not used in the reporting by financial undertakings, it is worth considering if this obligation can be scaled back.

- **The proposed requirements for the CapEx plan give rise to administrative, competitive and legal concerns.** The Commission's objectives can be better achieved by adopting a principles-based approach. The reporting obligations related to the CapEx plan are difficult to apply in practice, involve commercially sensitive information and imply the need to make forward-looking statements that may be legally problematic. It would be preferable to set intent-based principles for determining when CapEx can be recognised as eligible or aligned, encouraging companies to integrate the Taxonomy into their existing planning processes and allowing a degree of flexibility on issues such as approval levels, time limits, and the nature of any disclosures. We also recommend extending the maximum time limit from seven to ten years.
- **The list of accompanying disclosures is excessive and potentially conflicts with other aspects of financial and non-financial reporting.** Allowing more flexibility, including compliance by reference, is a better approach. The draft delegated act requires some 30 mandatory items of information in the accompanying disclosures. In many cases, this information is duplicative of data already provided the disclosure tables, or is better dealt with in other sections of the financial statement. We urge a more flexible approach to the accompanying disclosures on a best-effort basis, including the right to 'compliance by reference'.
- **The requirement to provide comparative data for previous reporting periods should be aligned with the rest of the financial statement.** The draft regulation calls for undertakings to provide five years' worth of comparative data. This is not aligned with financial reporting where 1-2 years is the norm. Since Taxonomy data is intended to be used alongside other financial disclosures made by companies, it is appropriate that requirements for comparative data are aligned.
- **The exclusion of investments in equity accounted ventures is likely to result in an understatement of companies' true level of Taxonomy compliance.** Joint ventures are prevalent in the energy industry. For the development and deployment of new technologies in particular, they offer an important means for companies to combine expertise and share risk. In accordance with IFRS, some joint arrangements are equity-accounted while others are not. The current delegated act does not provide a roadmap for including equity accounted ventures in the KPIs, which may result in artificially lowering the level of Taxonomy alignment for some companies in our sector. We invite the European Commission to reflect on granting non-financial corporates flexibility with regard to their Taxonomy reporting relating to equity-accounted entities e.g., by highlighting the potential inconsistency and need for flexibility in a recital of the delegated regulation.
- **Compatibility and coherence with existing and upcoming legislation.**

## 1. Underestimation of effort: regulatory burden and cost

Although the oil and gas industry is experienced in gathering and disclosing non-financial information, reporting on taxonomy-compliant activities will require significant investment in new reporting systems and processes. The approach outlined in the draft delegated regulation underestimates the complexity of the reporting process and the effort needed to comply. Company systems are not designed around NACE codes, and in many cases eligible and non-eligible activities can only be extracted through manual analysis. Based on a preliminary assessment, we expect large companies to have to make thousands of individual technical and accounting decisions to comply with the Article 8 disclosure requirements.

Companies will have multiple assets associated with multiple eligible activities. Each of these must be validated individually against the technical screening criteria before turnover, CapEx and OpEx can be allocated to generate the data for the disclosure tables. These decisions often require discretionary judgement and cannot be automated, implying significant, ongoing manual effort. Examples of such efforts and costs include:

- Implementing processes to identify eligible activities in the portfolio.
- Reviewing individual assets against the technical screening criteria (a process likely to require input from numerous environmental and engineering experts).
- Implementing systems and guidelines for the allocation of turnover, CapEx and Opex across all of the required categories (eligible, non-eligible, aligned, non-aligned).
- Resourcing of staff to develop and manage Taxonomy implementation.
- Training accounting and technical staff who will prepare the disclosures.
- Preparing, documenting, and rolling out a reporting methodology.

- Implementing appropriate internal assurance and accounting controls.
- Implementing upgrades to IT and reporting systems to store, capture and calculate the required data.
- Updating all of the above in response to changes in the Taxonomy design, reporting requirements and technical screening criteria.

**We urge the Commission to consider the significant costs associated with these new requirements, their effects on competitiveness, and the time and effort needed to ensure compliance and deliver a successful reporting cycle.**

## 2. Phase-in of Reporting: Ensuring a realistic implementation timeline

### 2.1. Year 2021 (Article 11)

Our industry welcomes the proposal to phase-in reporting for non-financial undertakings. This is a positive development that allows companies more time to develop internal systems and capability to support future reporting. However, companies will need sufficient lead-in time to develop an internal reporting methodology, upgrade IT systems, train staff and implement a first reporting cycle.

**We welcome the phased approach and urge the Commission to ensure that companies have sufficient time to make the necessary and significant internal adjustments to comply. In this respect, pushing back the first year of reporting by a year should be considered.**

A related issue is that Article 9(5) provides that the KPIs (currently to be disclosed from 1 January 2023) only cover the objectives of climate change mitigation and climate change adaptation until the technical screening criteria for the other environmental objectives have been defined. If these are adopted later than the planned deadline of 31 December 2021, it could be extremely challenging for reporting entities to assimilate and implement the reporting requirements.

**We recommend amending Article 9(5) to provide, additionally, that the technical screening criteria for the other environmental objectives must have been adopted for a minimum period of time (e.g. 18 months) before the KPIs are expanded in scope to cover the other environmental objectives.**

Lastly, the current text is somewhat ambiguous about the scope of the reporting, stating that non-financial undertakings “shall only disclose the share of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total activities”.

**We recommend clarifying the scope of the reporting obligation for the first year by indicating whether companies should disclose the ratio of Taxonomy-eligible to Taxonomy non-eligible economic activities for turnover, CapEx and/or OpEx or some other method.**

## 3. Comparatives

### 3.1. Beyond year 2021 (Article 9)

Article 9 proposes undertakings provide comparative Taxonomy data for the five previous reporting periods. This is longer than the 1-2 years typically required for financial statements, and the one-year period recommended by ESMA.

The proposed requirement states that undertakings shall provide “the key performance indicators covering the previous five reporting periods”. For the avoidance of doubt, it would be helpful to specify that this requirement refers to the comparatives columns in the standard disclosure tables (column 19).

**To ensure Taxonomy reporting aligns with other elements of the financial report, FuelsEurope and IOGP recommend companies be required to provide comparative data for 1-2 prior reporting periods only, and that companies be allowed to meet this requirement via the creation of an appropriate number of comparatives columns in the standard disclosure tables (starting from column 19). The Commission should also clarify that the obligation to begin reporting comparative data begins one year from the effective date of the first year of full reporting (currently 1 January 2024) and does not apply retroactively to periods before the reporting obligation came into effect.**

## 4. Disclosure tables (Annex II)

We support the decision not to include an itemized breakdown of Non-Eligible Activities in the disclosure tables in Annex II, as suggested in some earlier TEG and Commission presentations. This would increase reporting complexity and create conflicts with existing segmental reporting. We support the concept that companies should calculate total of Non-Eligible activity for the purposes of determining the denominator for the KPIs. **We ask that Annex I, Section 2(e) be clarified to read “Non-financial undertakings shall identify the total proportion of Taxonomy-non-eligible economic activities and disclose the share in the denominator of the turnover, CapEx and OpEx KPIs of those economic activities at the level of the undertaking or group”.**

As indicated above, the industry expects the reporting process to be highly complex due to the need to invest in systems, people, and processes. We believe optimising the standard disclosure tables by concentrating on the highest value data points and eliminating those likely to be of lower value to users can help to reduce burden on preparers while enhancing data quality and usability. Our suggestions concerning the simplification of the standard disclosure tables should be interpreted in this context. Refer to **Figure I** at the bottom of this position paper which links the comments below to specific locations in the standard disclosure table. Our comments apply to all three tables.

- 1) We recommend the Commission closely examines the disclosure requirements for Subsection A.2 on Taxonomy-Eligible but Non-Aligned activities. The current version of the table requires Eligible but Non-Aligned activities to be itemized with an indication of the reason why the activity is non-aligned. There are several challenges with this approach:
  - a. The current table contains columns allowing a company to demonstrate non-alignment due to not meeting the DNSH or Social Safeguard tests; however, there is no column that allows non-alignment to be attributed to the Substantial Contribution test.
  - b. In practice, a company may have multiple assets for an eligible activity that are deemed non-aligned for different reasons. The current version of the table would require each of these activity/non-alignment combinations to be itemized individually. This is confusing for users and potentially commercially sensitive for companies.
  - c. The need to capture detailed data on “reasons for non-alignment” adds to internal reporting complexity while generating information of limited value for investors.

**Based on the above, we suggest the Commission remove columns 11-17 in their entirety. This would simplify the disclosure table for users and reduce reporting burden and competitive disadvantage for companies.**

- 2) The wording of the sub-headings should be aligned with the defined terms set out in Article 2, specifically:
  - a. A - Taxonomy-Eligible Economic Activities
  - b. A.1 - Taxonomy-Aligned Economic Activities
  - c. A.2 - Taxonomy Eligible but Non-Aligned Economic Activities [Please refer to recommended definition in section 5.1 of this paper]
  - d. B - Taxonomy Non-Eligible Economic Activities
- 3) The turnover table includes a Section B where companies populate the Non-Taxonomy Eligible residual; however, this section is missing from the CapEx and OpEx tables. For consistency, **it is recommended to adopt one approach across all tables.**
- 4) **Columns 20-21 appear to be a duplication.**
- 5) **It is recommended to shift columns 20-21 (if kept) to the left of column 18 (Taxonomy aligned proportion of turnover, year N).** This allows data on whether an activity is eligible/transition to be grouped with the rest of the current year data. It also conforms with standard practice for presentation of financial data, in which data for the current reporting period appears on the left and previous reporting periods on the far right.
- 6) **It is recommended to remove column 2 (NACE Code).** As defined by the regulation, an eligible activity may encompass multiple NACE codes. A requirement to break down each activity by its subsidiary NACE code will create additional reporting complexity for preparers and unnecessary complexity for users.

## 5. Definitions

### 5.1. Defined Terms (Article 2)

We welcome the creation of defined terms for Taxonomy-Eligible Economic Activity, Taxonomy Non-Eligible Economic Activity and Taxonomy-Aligned Economic Activity, which constitute key sub-headings for the disclosure tables. There is one important sub-heading that is not defined, which is Taxonomy-Eligible but Non-Aligned Economic Activity.

**To ensure all sub-headings in the standard disclosure tables are defined clearly and consistently, we recommend including in Article 2 a definition for 'Taxonomy Eligible but Non-Aligned or Non-Assessed Economic Activity'. Suggested text: "'Taxonomy Eligible but Non-Aligned or Non-Assessed Economic Activity' means a Taxonomy-eligible economic activity that does not comply with the requirements laid down in Article 3 of Regulation (EU) 2020/852."**

### 5.2. Exclusion of Investments in Equity Accounted Ventures

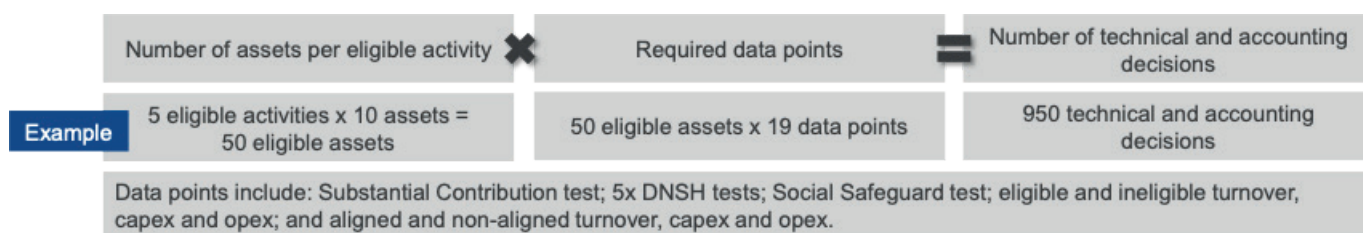
In view of the significant level of investment required in the energy sector, some companies often decide to invest in environmentally sustainable activities through joint arrangements (as defined by IFRS 11) or associates (as defined by IAS 28). For the development and deployment of new technologies in particular, they offer an important means for companies to combine expertise and share risk. In accordance with IFRS, some joint arrangements are equity-accounted, and investments made into equity-accounted entities would typically be reported as CapEx. The current draft delegated act on Article 8 excludes investments in equity-accounted entities from reported CapEx and it does not provide a roadmap for including equity accounted ventures in the KPIs. This could create an inconsistency in approach between such investments and joint operations and result in artificially lowering the level of Taxonomy alignment for some companies in our sector.

Whilst it may often not be practical or possible to undertake a full assessment of taxonomy-aligned turnover, CapEx and OpEx within equity-accounted entities, **we invite the European Commission to reflect on granting non-financial corporates flexibility with regard to their Taxonomy reporting relating to equity-accounted entities e.g., by highlighting the potential inconsistency and need for flexibility in a recital of the delegated regulation.**

### 5.3. Definition of the Numerator for CapEx and OpEx (Annex I, Sections 1.1.2.2. and 1.1.3.2.)

In defining the scope of the KPIs, we believe that 'simplifying the numerator and standardising the denominator' is essential for consistency and efficiency of reporting. This concern stems from an expectation that companies will need to take hundreds or thousands of decentralised accounting decisions to allocate the KPIs and prepare raw data for the disclosure tables. Aligning the denominator with IFRS, and keeping the numerator as simple as possible, is key to reducing the amount of effort per decision.

FuelsEurope and IOGP members are likely to be involved in multiple eligible activities with multiple assets per activity. In practice, decisions about the value to assign to the numerator will need to be delegated to local accounting staff who are knowledgeable about the reporting entity. This process will be repeated many times over depending on the number of discrete assets a company has across all of its eligible activities. This process is illustrated at a high level in the figure below (and for many companies will be more extensive than shown here).



To ensure consistent interpretations, and to reduce the need for complex or discretionary judgements, it is important that the criteria for numerators are simple, clear and easy to apply. For example, the denominator of the CapEx KPI is required to include additions to tangible and intangible assets resulting from business combinations, whereas it is unspecified whether also the numerator includes additions coming from business combinations.

We believe there is an opportunity to create more simplicity in the numerators for the CapEx and OpEx KPIs so as to achieve the Commission's purpose while making it easier for preparers to apply the definitions in practice.

**FuelsEurope and IOGP encourage the Commission to consider whether further simplification of the numerator for CapEx and OpEx can be achieved, in particular by adopting a more principles based and flexible definition of the CapEx plan (see Section 5.5.) and by creating more clarity around the scope of OpEx generally (Section 5.4.).**

#### 5.4. Definition of the Denominator for Turnover, CapEx and OpEx

**We strongly endorse the concept that the denominator for all KPIs is closely aligned with IFRS reporting.** This ensures consistency and comparability across undertakings. It also facilitates compliance since existing reporting systems are based on these standards.

OpEx is not well defined under IFRS and may be subject to varying interpretation. This has the potential to lead to significant levels of inconsistency. Indeed, compiling data for the OpEx KPI is likely to be considerably more challenging than for revenue and CapEx due to the need to make individual decisions at a reporting entity level about what should count as OpEx for the purposes of the denominator. **The OpEx KPI does not feature in any of the mandatory disclosures for financial undertakings, therefore we encourage the Commission to consider whether this KPI can be scaled back.**

#### 5.5. Definition of CapEx plan

The definition of a CapEx plan is overly rigid and not sufficiently flexible to accommodate the diversity of investment cycles in different industries. It also sets various requirements that conflict with existing approaches to capital planning, such as the need for Management Board endorsement, the 5-7 year time limit, and requirement to disclose the plan publicly. Furthermore, in practice some companies may want to allocate an amount of resources to uncommitted CapEx, which is then used to pursue business opportunities as they may arise (for example asset acquisition) in line with an established strategy. The Commission's objectives can be met more efficiently by encouraging companies to integrate the Taxonomy into their existing business planning processes and allowing a degree of flexibility on issues such as approval levels, time limits, and the nature of any disclosures. In line with our recommendation under 5.2., the flexibility to include equity-accounted investments in CapEx plans should also be considered.

In addition, the implied obligation to make forward-looking statements about future levels of Taxonomy alignment increases the risk of legal liability and requires companies to disclose competitively sensitive information. This should be avoided.


**We recommend setting intent-based principles for determining when CapEx can be recognised as eligible/aligned and extending the maximum time limit from seven to ten years. We also recommend references to a CapEx Plan and accompanying disclosures in relation to the CapEx plan to permit 'compliance by reference'.**

### 6. Accompanying disclosures (Annex I, Section 1.2.)

The growth in the size and complexity of company financial and non-financial reports is increasingly creating concerns about usability with investors and stakeholders. We support the need for limited accompanying disclosures to assist users in interpreting the Taxonomy-related quantitative data. However, companies should be granted the flexibility to determine content and presentation so as to ensure alignment with other aspects of reporting.

The draft delegated act requires some 30 pieces of mandatory information in the accompanying disclosures, in addition to the data already provided in the disclosure tables. In some areas, this creates duplication with other company reporting where 'compliance by reference' would be a more appropriate solution.

FuelsEurope and IOGP are concerned that the proposed requirements for the disclosure of the CapEx Plan and additional information (Sections 1.2.3.2. and 1.2.3.4. of Annex I) give rise to a potential conflict with the EU Market Abuse Regulation (MAR) and make companies vulnerable to litigation. The disclosures required in these sections may be considered as forward-looking information and thus fall under the scope of the MAR, which prohibits public companies from engaging in speculation. At the same time, a more limited disclosure designed to be fully aligned with MAR may cause companies



to be considered non-compliant with the Taxonomy Regulation. The current draft does not provide sufficient clarity about how such conflicts are to be avoided. In this context, we note that Article 8 requires disclosure of the extent to which an undertaking's activities are associated with economic activities that are Taxonomy-aligned, not the extent to which they will be aligned in the future. Requiring information on future objectives and targets for the KPIs and plans to achieve them is a significant expansion of the scope of reporting which is not supported by Article 8 as enacted.

We have similar concerns about whether Taxonomy-related disclosures are potentially in tension with aspects of EU competition law. The proposed obligation requires competitors to publish potentially competitively sensitive information about an individual company's current and future activities and strategy, which is particularly concerning in more concentrated markets. Furthermore, only companies in scope of Article 8 have a binding requirement to disclose Taxonomy-related information, which could result in an uneven playing field between non-EU and EU companies.

FuelsEurope and IOGP believe the Commission's objectives would be better served by concentrating quantitative reporting in the disclosure tables, while allowing flexibility to determine the content and presentation of the accompanying narrative. For example, the proposed requirement to provide a quantitative breakdown of the numerator for each KPI is largely duplicative of information already presented in the disclosure tables. Moreover, annual financial reports already contain relevant information on revenue, CapEx and OpEx. In this respect, "compliance by reference" would be preferable, as previously endorsed by ESMA<sup>1</sup>.

Moreover, Article 8 of the Taxonomy Regulation only requires the proportion of turnover, CapEx and OpEx derived from Taxonomy aligned economic activities to be published. The reporting requirements in the draft delegated regulation (under Annex I, 1.2.3.) go well beyond what was envisaged in the primary legislation, both in requiring a quantitative breakdown of the turnover, CapEx and OpEx numerators and also in requiring reporting on not just Taxonomy aligned economic activities but also Taxonomy eligible economic activities.

**We encourage the Commission to adopt a less prescriptive, more principles-based approach to the accompanying disclosures that specifies the intent while allowing companies a degree of flexibility regarding content and presentation.**

**To ensure Taxonomy reporting is fully integrated into companies' annual reporting, we recommend allowing companies to 'comply by reference' in their accompanying disclosures.**

## 7. Compatibility and coherence with existing and upcoming legislation

Disclosure obligations under Article 8 must take into account and be compatible with, and therefore not duplicate, other relevant legislation: upcoming complementary delegated acts, the recently proposed Corporate Sustainability Reporting Directive, and the upcoming EU Ecolabel framework and EU Green Bond Standard (EU GBS).

**We call on the Commission to follow a clear policy planning framework with well-sequenced, realistic timelines. Predictable and stable policy frameworks and transparent communication to stakeholders will be vital in helping reorient investments towards more sustainable technologies and in building a well-functioning sustainable finance framework.**

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<sup>1</sup> [ESMA Final Report – Advice on Article 8 of the Taxonomy Regulation](#)

ANNEX II Templates for the KPIs of non-financial undertakings

Template 1: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year N

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Substantial contribution criteria										DNSH criteria (Does Not Significantly Harm)							Taxonomy-aligned proportion of turnover, year N+1 (20)	Category (qualifying activity) (20)	Category (transitional activity) (21)						
			Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)											
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																												
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																												
Activity 1			%	0%*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		E		
Activity 2			%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		**	
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																												
Activity 1			%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		T	
Activity 3			%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>			%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
<b>Total (A.1 + A.2)</b>			4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																												
<b>Turnover of Taxonomy-non-eligible activities (B)</b>			%																									
<b>Total (A + B)</b>			%																									

Column 21 should be filled in for transitional activities contributing to the climate change mitigation.

Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the turnover KPI of the non-financial undertaking.

Figure 1.