

Deutsches Aktieninstitut e.V. Senckenberganlage 28 60325 Frankfurt am Main

Ms Mairead McGuinness
Commissioner for Financial Services,
Financial Stability and Capital Markets Union
European Commission
Rue de la Loi 200
B-1049 Bruxelles
Belgium

Dr. Hans-Ulrich Engel
President

Phone +49 621 60-43717
E-Mail engel@dai.de

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Postponement of the application date of reporting requirements of the Taxonomy Regulation

Dear Commissioner McGuinness,

Reference is made to our encounter on the occasion of the ERT virtual event on Sustainable Finance on March 5.

I would like to continue our discussion and am contacting you in my capacity as President of Deutsches Aktieninstitut, the forum of listed and capital market-oriented companies in Germany. Representing a market capitalization of more than 85 % of the DAX, Deutsches Aktieninstitut as well as its member companies are deeply committed to participate in the process of shaping a sustainable economy. Listed companies themselves have a vital interest to pursue the goal of carbon neutrality in order to make their business models fit and robust for the future.

Against this background, we fully support the policy objectives of the European Commission's Green Deal and the EU Sustainable Finance Strategy with the Taxonomy Regulation at its core. An operable, practicable and well-functioning Taxonomy will be the backbone of a successful transition to a carbon-neutral and sustainable economy.

From the preparers' perspective we are, however, concerned as regards the adopted starting-point of the Taxonomy disclosure obligation. Our concerns relate especially to the schedule of the reporting requirements according to Art. 8, as well as to the legal environment of the Taxonomy Regulation. Please allow us to illustrate our concerns as follows:

Since the reporting obligations of Art. 8 of the Taxonomy Regulation will need to be applied for all (consolidated) non-financial statements published from 2022 onwards, companies will have to abide by the Taxonomy reporting requirements already in the preparatory phase for their non-financial statements of 2021 subject to publication in 2022. The Delegated Acts for Art. 8, however, are scheduled to be adopted not sooner than June 2021. Moreover, the delegated act for the technical screening criteria of the first two environmental objectives

Deutsches Aktieninstitut e.V. • Senckenberganlage 28 • 60325 Frankfurt am Main • Phone +49 69 92915-0 • Fax +49 69 92915-12
E-Mail dai@dai.de • Internet www.dai.de • Vereinsregister VR 10739 (Amtsgericht Frankfurt am Main) • USt-ID-Nr. DE 170399408

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(originally planned to be published at the end of 2020) is still neither published nor finalised. The disadvantageous consequence is that companies have no choice but to start preparing their non-financial statements for 2021 on an unfinished and incomplete legal basis. This will inevitably lead to a cumbersome manual data-revision process due to the late entry into force of the Delegated Acts, which made an early development of corporate IT-tools and systems to start the necessary data collection on time impossible.

These circumstances unfortunately raise the probability of inaccuracies or even mistakes within the reported data, which companies want to avoid at all cost. Not only can incorrect and publicly reported data trigger liability claims but furthermore lead to a damaged reputation. This will have a far more severe effect on the financial situation of a company as it might result in a lasting deterrence of investors, who rightfully so expect and depend on top-class financial and non-financial statements for both the basis and the review of their investment decision.

From this perspective, I kindly request you to duly consider postponing the mandatory application date of the reporting requirements. As starting point for the application, we recommend financial years starting on or after 1 January 2022 and once the legal clarity related to the Taxonomy disclosure obligation is secured. Such an approach would not only solve the existing legal uncertainties described above but is bound to foster the Commission's aim of consistency of future sustainability legislation as well as of the legal environment embedding the Taxonomy – especially the Non-Financial Reporting Directive (NFRD) presently under review and the Sustainable Finance Disclosure Regulation (SFDR), which is yet to be equipped with technical details. Moreover, a postponement could be an opportunity for the EU to start an experimental and piloting phase for the benefit of testing the practicability of the Taxonomy with companies.

I would be pleased to explain our position to you also in a personal meeting upon your convenience. Please do not hesitate to contact me in case of questions.

Yours sincerely,



Dr. Hans-Ulrich Engel
President