



# EU Taxonomy: A quick guide for corporates



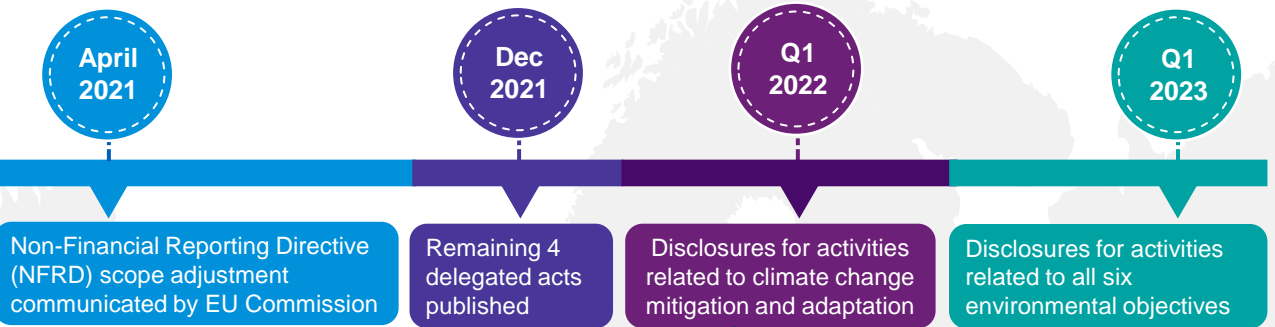
May 2021

# The EU Taxonomy regulation for corporates on a page

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The EU Taxonomy came into force on 12 July 2020 and companies will have to disclose their taxonomy alignment on three KPIs (CAPEX, OPEX and turnover) as of 2022 over 2021. The Taxonomy Regulation offers a classification system for companies and investors to determine whether an economic activity is “green” or not.

## The Timeline

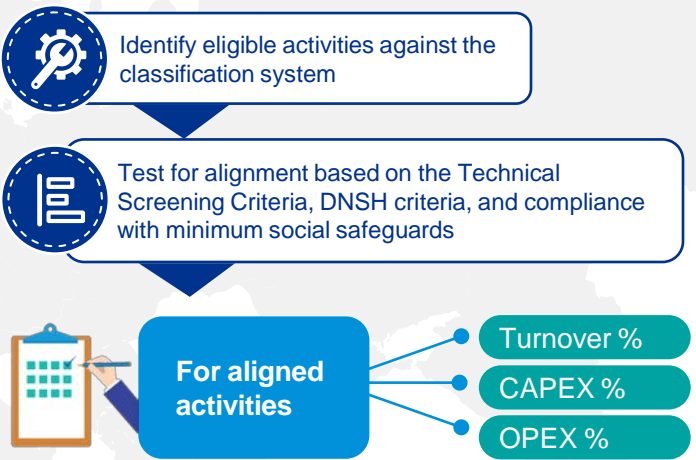


## Who should disclose?

All companies required to provide a non-financial statement under the NFRD\*

\*Currently this includes large PIEs of 500+ employees. The proposed extended scope will include all large companies (meeting minimum two criteria of 250+ employees, 40m turnover, 20m assets) and will come into effect as of reporting year 2023.

## How and what to disclose?



## Did you know...

Additional screening criteria for No Significant Impact (NSI) and Significant Harm (SH) are to be developed

Additional granularity within screening criteria ‘Shades of Green’ might be added (e.g. levels of performance vs ‘in or out thresholds’)

Additional delegated acts on social aspects are expected: From compulsory dictionary for ‘E’ to dictionary for ‘E+S’→‘social taxonomy’

# Key implementation challenges

<b>Operational impact</b> What will the administrative burden be for the company and how well equipped are our systems?	<b>Reporting alignment</b> How to integrate EU taxonomy reporting into existing processes and align it with other frameworks such as TCFD?	<b>Change story</b> How can we use the EU taxonomy as a tool to further shape and support our change story?
<b>Data availability</b> How easy is it to retrieve the required data and what changes are needed to our systems over time?	<b>CAPEX, OPEX and turnover definition</b> How will we apply the definitions to our data and ensure it aligns with our current financial reporting?	<b>Strategic steering</b> How might the EU Taxonomy shape our strategic decisions, e.g. regarding investments and how to communicate on this topic?

## KPMG firms are a clear choice to support you on EU Taxonomy challenges

	VALUE FOR YOU
<b>KPMG firms have a standardized EU Taxonomy approach based on many client conversations</b> As pioneers in EU Taxonomy advisory and assurance, KPMG firms have been amongst the first helping companies to map their activities for EU Taxonomy alignment, support in disclosure and reporting, and provide assurance on EU Taxonomy information in reports. Based on the numerous (international) client conversations and engagements, KPMG firms have developed a standardized approach that touches on the key questions clients pose. The approach can be tailored to best address a specific ask.	KPMG firms' professionals can start right away and can bring in and leverage practical knowledge from previous engagements
<b>We have in-depth sector expertise</b> KPMG firms' professionals have extensive experience working in various sectors, from energy & natural resources to manufacturing, logistics and agri-food. They understand the developments that are relevant to your sector, seek to understand your business and know the stakeholder landscape well.	KPMG firms' professionals can work efficiently as they understand your sector and can benefit from existing insights
<b>KPMG firms are at the forefront of new developments through the EU Taxonomy Hub</b> KPMG firms are closely connected to relevant developments at the EU level through KPMG in Belgium's Brussels office and the international EU Taxonomy Committee. In addition, by KPMG firms' participation in a number of leading business networks, they are well aware of the discussion around certain topics and the direction that discussion is heading in.	First hand access to relevant insights regarding future developments and their impact on your business
<b>An interconnected hands-on team</b> Across KPMG firms, the EU Taxonomy focus team combines relevant aspects to help achieve a successful delivery. It combines EU Taxonomy expertise, extensive sustainability and accounting know-how, and in-depth sector knowledge.	Leading relevant expertise to help successfully and efficiently deliver the project based on longstanding hands-on experience





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