



Between regulation and reality: Analyzing EU Taxonomy disclosures

Insights into the EU Taxonomy disclosures for the financial
year 2024 of 275 European non-financial undertakings

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Content

Purpose of
this report

03

Executive
summary

04

Approach
and scope

05

Regulatory
requirements

07

Insights

09

Outlook

45



Purpose of this report

For many large public-interest companies, the beginning of 2025 was already the fourth time to publish an EU Taxonomy report and disclose the portion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that is Taxonomy-eligible and therefore has the potential to contribute to the Taxonomy's environmental objectives as well as the share that does in fact contribute to them and is Taxonomy-aligned. The reporting requirements have been introduced gradually over the last years and for reports published in 2025, companies had to report full-scope on all six environmental objectives for the first time, while in the previous year, they had to report on Taxonomy-eligibility and alignment for the first two environmental objectives, but only on Taxonomy-eligibility for the other four objectives. Therefore, it was particularly interesting to investigate with this year's study on the EU Taxonomy disclosures of 275 European large public-interest entities whether

overall alignment percentages have increased. At the same time, with the EU Taxonomy already being in force for five years, it was also interesting to look at whether the companies' disclosures are becoming more consistent in scope and content. Furthermore, this year the Corporate Sustainability Reporting Directive (CSRD) became applicable, and with its transposition into national law comes the requirement for the company's sustainability reports, including their Taxonomy disclosures, to be audited by an external assurance provider. However, it has to be noted that some EU member states have missed the deadline of the transposition into national law. Hence, KPMG professionals assessed whether the overall quality of the disclosures has changed with that. We not only looked at the disclosures of all 275 sample companies and discussed overall developments, but we also then dove deeper into sector-specific developments.





Executive summary



Reported activities in financial year 2024

For companies reporting eligibility greater than zero, the average eligible and aligned turnover were 43 percent and 20 percent, the average eligible and aligned CapEx were 48 percent and 23 percent and the average eligible and aligned OpEx were 45 percent and 25 percent. Those numbers are remarkably similar to last reporting period. There is also no notable difference in the distribution of reported activities between environmental objectives compared to last reporting period, with most activities still being reported under the 'Climate change mitigation' objective, followed by 'Transition to a circular economy'.



Scope and quality of disclosures

We see the correct usage of the KPI reporting templates has improved, but the qualitative information remains lacking. Most companies use the correct main reporting templates for turnover, CapEx and OpEx, which has improved in recent years. When it comes to completeness and level of detail of the qualitative disclosures, however, we see that most companies still do not disclose all mandatory qualitative information and there is no significant improvement in that regard compared to the previous reporting period.



Level of assurance

With the implementation of the Corporate Sustainability Reporting Directive (CSRD) and its transposition into national laws, obtaining a limited assurance has become mandatory. Indeed, our results show a drastic increase compared to last year. Eighty-eight percent of all companies in our sample disclosed that they have commissioned an audit of their EU Taxonomy information, marking an increase of 49 percentage points from last year.



Consistency

We overall see a notable consistency in the disclosures of financial year 2024 compared to financial year 2023, both when it comes to the reported cross-sector figures but also in the scope and quality of disclosures. The only remarkable difference that we see is in the level of assurance, which was to be expected with the CSRD becoming applicable this year. While companies seem to become relatively consistent in their overall disclosures in the year-to-year comparison, there remain great differences between the disclosures of different companies.



Sector insights

The industry comparison shows very similar results to last reporting period with real estate being the sector reporting the highest average eligibility with 97 percent for turnover, 98 percent for CapEx and 77 percent for OpEx. The utilities sector again reported the highest average alignment with 47 percent, 80 percent and 66 percent for each KPI respectively.



Approach and scope



EU Taxonomy reporting over financial year 2024

For the past four years, companies that were previously subject to the Non-Financial Reporting Directive (NFRD), which has since been replaced by the Corporate Sustainability Reporting Directive (CSRD), have had to report under the EU Taxonomy. For reports published in the period 1 January 2025 until 31 December 2025, companies again had to report their turnover, CapEx and OpEx in relation to activities defined by the EU Taxonomy. While initially companies only had to report on activities contributing to the first two environmental objectives laid out in the Climate Delegated Act, starting from last reporting period they had to consider activities from all six environmental objectives. In this reporting period, for the first time companies also had to report Taxonomy-alignment for activities from all six environmental objectives, while the year before they only had to disclose eligibility for the newly added activities introduced by the Environmental Delegated Act.

Details of this analysis

Which companies are included in this analysis?

Our study encompasses 275 non-financial companies that were included in the STOXX Europe 600 Index on 31 December 2024 and with shares listed on a stock exchange located in the European Union. This provides a diverse sample of companies with varying market capitalizations, including large, mid and small-cap firms headquartered in 16 different European jurisdictions. The sample also represents a broad range of industries, with 17 sectors covered. Thirteen of these sectors, including industrial goods and services, healthcare, and utilities, have been thoroughly analyzed in the relevant subsection for sector-specific insights.

Which reports have we reviewed?

Our analysis includes a thorough examination of the annual (integrated) reports¹ for the financial year 2024 (unless the financial year deviated from the calendar year), as the EU Taxonomy disclosure should be part of the non-financial reporting. The sample includes disclosures published between 1 January 2025 and 31 May 2025. To create a representative sample, we have excluded companies with fewer than 500 employees unless they voluntarily published a full-scope EU Taxonomy report, as they are not obligated to report on the EU Taxonomy.

How did we perform the analysis?

We conducted our benchmarking analysis by starting with a cross-sector assessment focusing on disclosed eligibility and alignment KPIs as well as related qualitative disclosures. We further performed sector-specific analyses. Additionally, we compared results to our findings from last year's study throughout the analysis. The disclosures were reviewed with the help of a checklist developed by KPMG professionals. A certain level of judgment was exercised when reading the disclosures, and we have not verified the information disclosed by companies in our sample.² Please note that in our report eligible means 'eligible and aligned turnover (A.1)' plus 'eligible but not aligned turnover (A.2)', the underlying reasoning being that every aligned activity is also eligible.

¹ The review also covers other reports, as in a few cases the EU Taxonomy disclosures were only provided in another stand-alone report (e.g. Sustainability report) and in another few cases high-level EU Taxonomy disclosures were provided in the annual report and more enhanced disclosures were provided in a separate report (e.g. ESG performance report). For most French companies, the Universal Registration Documents (URD), including non-financial reporting, have been reviewed.

² About 88 percent of companies in the sample obtained assurance on their EU Taxonomy disclosures.



Regulatory requirements



In order to reach the objectives of the European Green Deal, it is required to direct investments towards sustainable projects and activities. To achieve this, a common language and a clear definition of what is ‘sustainable’ was needed. In this context, the EU Taxonomy Regulation³ entered into force in July 2020. It established a framework to clarify which economic activities can be labeled as ‘environmentally sustainable’.

Regarding the classification of an activity as ‘environmentally sustainable’ in terms of the EU Taxonomy, a distinction between Taxonomy-eligibility and Taxonomy-alignment is made. In the first step, it is necessary to examine whether an activity is described in Delegated Regulations, since only those activities are considered ‘Taxonomy-eligible’. Eligible activities are then assessed against certain criteria and can be labeled ‘Taxonomy-aligned’ (i.e. ‘environmentally sustainable’) when they cumulatively meet three conditions:

- Substantially contributing to one or more of the six defined environmental objectives.
- Doing no significant harm to any of the other objectives.
- Complying with the minimum safeguards.

Delegated Regulations complement the EU Taxonomy Regulation. They provide technical screening criteria for a list of economic activities with the potential to become ‘environmentally sustainable’ and specify the content and presentation of information to be disclosed by undertakings subject to the EU Taxonomy Regulation.

In the initial stage, the European Commission has enacted the Climate Delegated Act⁴ focusing on the first two objectives:

1 Climate change mitigation.

2 Climate change adaptation.

This officially establishes the corresponding technical screening criteria for the defined activities as legally binding as well as a Delegated Act supplementing Article 8 of the Taxonomy Regulation, specifying the content and format of the disclosures to be provided (Disclosures Delegated Act⁵).

In March 2022, the Commission presented another regulation, the Complementary Climate Delegated Act⁶ which has been applicable since 1 January 2023. This Act extends the activities of the first two environmental objectives to include certain activities in the field of nuclear and gas energy. The criteria set for these specific activities align with the EU’s climate and environmental goals, aiming to facilitate a transition away from fossil fuels towards a climate-neutral future.

In June 2023, the European Commission published the Amended Climate Delegated Act⁷, which amends the technical screening criteria of some existing economic activities of the first two environmental objectives and also adds technical screening criteria for new economic activities within the aforementioned environmental objectives.

In June 2023, the Environmental Delegated Act⁸ has been published, finally specifying technical screening criteria for the four environmental objectives that were not covered by the Climate Delegated Act:

1 Sustainable use and protection of water and marine resources.

2 Transition to a circular economy.

3 Pollution prevention and control.

4 Protection and restoration of biodiversity and ecosystems.

The Environmental Delegated Act further introduced amendments to the Disclosures Delegated Act, which include, for example, changes to the mandatory reporting templates.

Although the changes and additions were applicable from January 2024, for reports published in 2024 companies were only required to report on Taxonomy-eligibility for the newly introduced economic activities.

From January 2025 onwards, for the first time EU Taxonomy reporting must be full scope, including Taxonomy-eligibility and alignment disclosures on all six environmental objectives.

To conclude, the regulatory developments in the context of the EU Taxonomy mean that with the reports that were analyzed within this study, we are for the first time looking at comprehensive disclosures regarding all six environmental objectives. At the same time, many companies are already publishing EU Taxonomy reports for the fourth time in 2025, which allows us to look at broader trends and developments in relation to EU Taxonomy reporting.

³ EU Taxonomy Regulation — Regulation (EU) 2020/852 of the European Parliament and of the Council

⁴ Climate Delegated Act — Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council

⁵ Disclosures Delegated Act — Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council

⁶ Complementary Climate DA — Commission Delegated Regulation (EU) 2022/1214 amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178

⁷ Amended Climate Delegated Act — Commission Delegated Regulation (EU) 2023/2485 amending Delegated Regulation (EU) 2021/2139

⁸ Environmental Delegated Act — Commission Delegated Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and amending Commission Delegated Regulation (EU) 2021/2178



Insights



Cross-sector insights

Reported activities

Like in the previous reporting period, companies had to consider all six environmental objectives when identifying Taxonomy-eligible activities. Last year, however, the results of our study showed that 36 percent of the companies in our sample did not report eligibility or alignment for any of the newly added activities from the Environmental Delegated Act. We consequently raised the question as to whether companies have failed to analyze the new set of activities or whether they simply have not identified any eligible activities among the newly added ones. It was therefore interesting to look at the distribution of reported activities between the environmental objectives once again and see whether it has changed in relation to last year.

The results show that, like in the previous reporting period, the first objective 'Climate change mitigation' dominates with 96 percent of the companies in our sample reporting at least one eligible activity under this objective. The next most common objective was 'Transition to a circular economy', where 48 percent of the sample companies found at least one eligible activity. Twenty-four percent of the companies found at least one eligible activity for 'Climate change adaptation', 17 percent for 'Pollution prevention and control', 9 percent for 'Sustainable use and protection of water and marine resources' and 4 percent for 'Protection and restoration of biodiversity and ecosystems'. In this context it has to be noted, however,

that the number of activities listed under each environmental objective differs considerably, which partly explains why companies may find more eligible activities for certain environmental objectives. While, for example, there is a list of 101 activities with a potential to contribute to 'Climate change mitigation', the set for the objective 'Protection and restoration of biodiversity and ecosystems' merely lists two activities.

We see that the distribution of reported activities between the environmental objectives remains largely consistent with the previous reporting period, despite the fact that companies had to report on Taxonomy-alignment for all six environmental objectives for the first time. This may suggest that many companies had already properly assessed the newly added activities last year. It could also indicate a tendency of companies to not reassess their eligible activities but instead report on the same activities every year. This may result in some activities not being reported as eligible under the correct activity or at all.

Quantitative disclosures

General disclosures and use of reporting templates

The Disclosures Delegated Act outlines the information companies must disclose and how it should present it. For instance, companies are required to use the predetermined

tables displayed in Annex II of the Disclosures Delegated Act to report eligible and aligned percentages of their key KPIs without any modifications. The predetermined reporting template initially introduced for the very first Taxonomy reporting period has later been changed slightly with the introduction of the Environmental Delegated Act. We saw in previous reporting periods that not all companies had used the correct reporting templates. For example, some companies had used simplified versions, some had not disclosed all templates required and others had used an old version of the template when it had already been overhauled.

Our analysis reveals that
99%
of the companies in our sample have disclosed one main template per KPI as required.



This is yet another improvement compared to last year when it was 96 percent, which was already an improvement compared to the year before that when it was only 83 percent. This year, roughly half of the companies (49 percent) have disclosed the exact reporting template as required, and another 49 percent used the correct template with only minor modifications, such as occasional deviations in wording or minor spelling errors. Overall, we see that the usage of the main reporting templates for turnover, CapEx and OpEx has improved over the recent years, and most companies are now publishing meaningful tables that contain the essential information and deviate little or not at all from the predetermined templates.

Since the previous reporting period, when companies had to report on all six environmental objectives for the first time, they are also required to disclose an additional table per KPI showing their proportion of eligible and aligned turnover per environmental objective (see Disclosures Delegated Act, Annex II, footnote c) to provide transparency on the total eligibility and alignment per objective, including double counting. However, looking for examples of the turnover disclosures, last reporting period only 45 percent of the companies showed the required table (exact or with modifications). This year, the number was slightly higher. Fifty-five percent of the sampled companies showed the additional tables, out of which 42 percent showed the exact table as required and another 13 percent showed a modified version.

Sixteen percent of the sampled companies did not show the additional tables but at least stated in their qualitative disclosures that they did not have any double counting between environmental objectives, which may be the reasoning behind them not disclosing the table.

Out of the remaining 29 percent (or 80 companies) not disclosing the additional table, six companies actually

reported turnover generating activities contributing to multiple objectives, which therefore would have made it necessary to disclose the table providing transparency about the allocation. For the rest it remains unclear whether the tables were not disclosed on purpose or whether companies were simply not aware of this reporting requirement. We saw very similar results for the CapEx and OpEx disclosures respectively.

Furthermore, like in the previous reporting periods, the Complementary Delegated Act mandated companies to report the additional tables concerning gas and nuclear activities. Even companies that do not have any such activities must disclose the first template included in Annex III to the Complementary Delegated Act. In our sample, 11 percent of the companies did not disclose any information regarding the Complementary Delegated Act. This number is significantly lower than what we saw in last year's study, when 55 percent of the companies did not make any disclosures regarding gas and nuclear activities. Another 7 percent did not disclose the tables but at least stated that they do not have reportable activities in the gas and nuclear sector. Another 67 percent of the companies had no relevant activities either but disclosed the first template as required. Fifteen percent of the companies in our sample actually reported activities in the gas and nuclear sector, with 14 percent showing all five required templates and only 1 percent not showing any of the required templates. The results show that, different to previous years, now the majority of companies in our sample fulfil the disclosure requirements regarding gas and nuclear activities, which is an improvement that could be due to more companies undergoing assurance.

Interestingly, in addition to the mandatory reporting templates, 40 percent of the companies in our sample published additional displays such as tables or bar charts providing a summary of

their EU Taxonomy KPIs. This indicates that companies may find the prescribed templates too complex as an overview and therefore chose to present their main results in a simpler, more concise manner. Nine companies even voluntarily presented the ratio between Taxonomy-eligibility and Taxonomy-alignment, which could be meaningful information for many readers as it gives insights into the realized sustainability potential of a company.

Turnover KPI

The percentage of companies reporting eligible turnover indicates whether or not the companies' business models are, at least partly, covered by the EU Taxonomy.

We found that

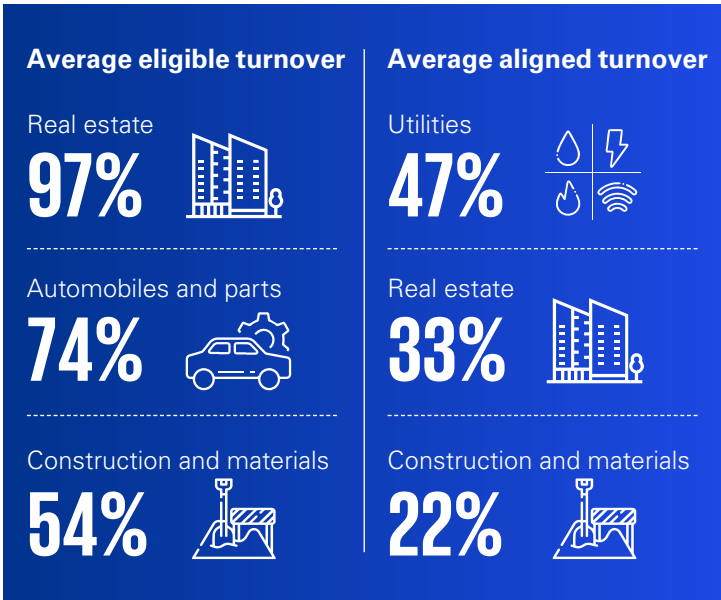
82%

of all companies in our sample reported eligible turnover greater than zero, which is even more than the 77 percent last year, when the new environmental objectives and the corresponding business activities were introduced.



As no new activities have been introduced for this reporting period, this finding may indicate that more companies are conducting full-scope eligibility assessments by now. The new environmental objectives may not have been thoroughly considered by all companies in the previous reporting period, possibly because they were published relatively late in the reporting year, and back then only eligibility not alignment had to be reported. Out of the companies that reported eligible turnover greater than zero this reporting period, the average reported eligible turnover was 43 percent, which is the same as the previous year. The average reported aligned turnover on the other hand was again considerably lower with only 21 percent, meaning less than half of the eligible activities fulfilled the respective technical screening criteria as well as the minimum safeguard requirements and can therefore be classified as ‘environmentally sustainable’. Looking at all companies, including those reporting zero eligible and aligned turnover, the averages were 35 percent and 10 percent for eligibility and alignment respectively. These numbers are almost the same as last year meaning we do not see a considerable change when it comes to average reported eligibility and alignment.

The following sectors disclosed the highest average eligible/aligned turnover. Please note that in our report eligible means ‘eligible and aligned turnover (A.1)’ plus ‘eligible but not aligned turnover (A.2)’, as every aligned activity is also eligible. In the below averages all companies were included (independent of them reporting eligibility/alignment equal to or greater than zero).



Again, these numbers are almost identical to the previous reporting period, solidifying the real estate sector as being the one with the highest potential of contributing to the EU Taxonomy’s environmental objectives with its main turnover generating activities.

CapEx KPI

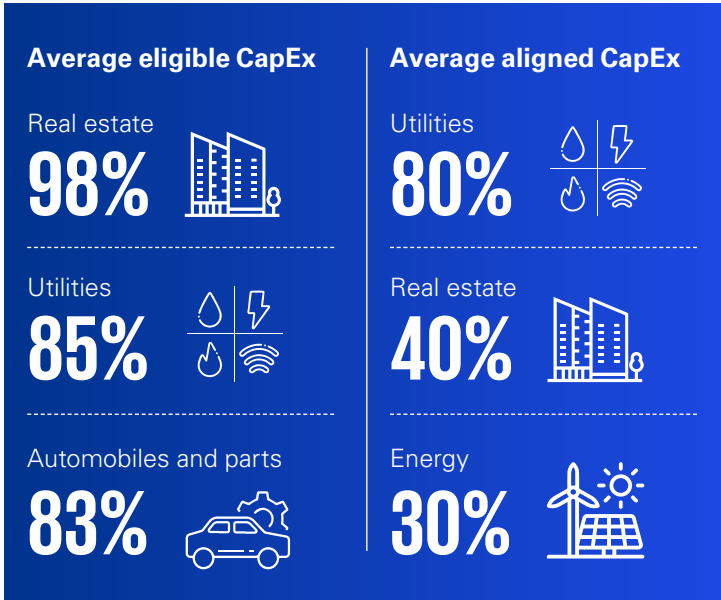
97%
of the companies in our sample reported eligible CapEx, which is higher than the number for turnover. Even though some companies do not have eligible turnover, almost all are investing in activities that have the potential to contribute to the environmental objectives to some extent.

Out of the companies that reported eligible CapEx greater than zero, the average eligible CapEx was 47 percent and therefore roughly the same as the previous year when it was 48 percent on average. The average aligned CapEx was 25 percent among the companies reporting aligned CapEx greater than zero and 16 percent among all companies regardless of eligible CapEx, which is again very similar to last year’s results (23 percent and 16 percent). Although investments may be considerably different each year, we do not see significant changes in



the average reported eligible and aligned CapEx. Hence, companies do not seem to increase their efforts to invest into sustainable activities covered by the EU Taxonomy.

The following sectors disclosed the highest average eligible/aligned CapEx. In the below averages all companies were included (independent of them reporting eligibility/alignment equal to or greater than zero).



The different CapEx categories that shall be considered may partly explain why certain Taxonomy-eligible investments could not be classified as aligned. Regarding the type of reported CapEx we found that 31 percent of the companies disclosed eligible or aligned CapEx that stems, at least in part, from the purchase of output (CapEx category c.). This number is higher than last year,

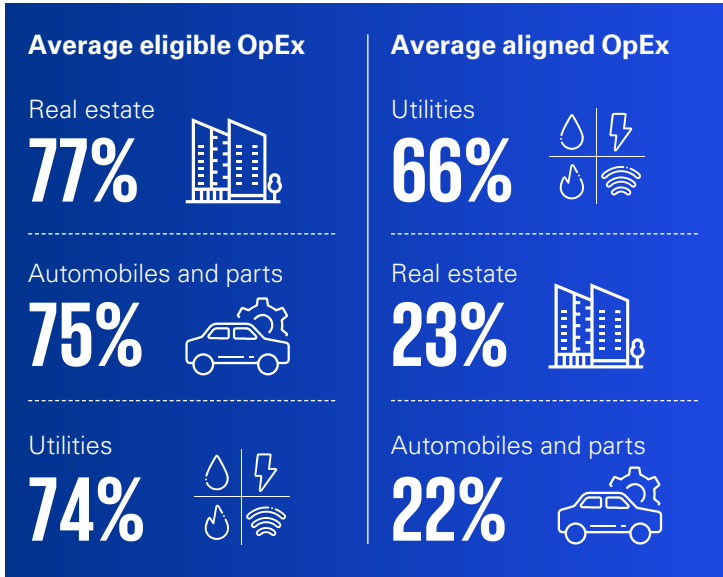
which could indicate that companies may consider more types of investments eligible now; for example, they may have not counted purchases of output previously but do so now, or they simply explain the different types of CapEx more clearly. In recent years, we have seen that some companies have explicitly stated that they cannot classify their 'CapEx category c.' investments as aligned because they have not received the necessary information from the supplier. In fact, out of those companies in our sample who reported CapEx from purchase of output this reporting period, roughly a third (30 percent) stated that the information required to assess Taxonomy-alignment could not be obtained from the supplier. Another category of CapEx is 'CapEx category b.', which allows companies to report investments that occurred as part of a plan to expand their aligned activities. However, only 9 percent of the companies in our sample reported having a CapEx plan, which is even less than the 15 percent we have seen the previous year. This reinforces our hypothesis that companies may not make use of the possibility to report investments that occurred as part of a CapEx plan because the requirements for such plans, both in terms of the setup of the plan itself and the corresponding disclosure requirements, are difficult to fulfill.

OpEx KPI

In regard to the OpEx KPI, we found that 71 percent of all companies in our sample reported eligible OpEx greater than zero, which is exactly the same as in last year's study. The number is, however, still lower than the number of companies that reported eligible turnover and CapEx. This may be due to some companies making use of the materiality exemption, which allows them to not report their eligible and aligned percentages when OpEx is deemed not material for their business model. Twenty-one percent of the companies in our sample stated that they have used the materiality exemption and therefore have not reported their OpEx KPIs. Interestingly, the majority of companies using the materiality exemption are headquartered in France. In fact,

almost two-thirds of the French companies in our sample (33 out of 54 or 61 percent) make use of the OpEx materiality exemption. Out of the companies that did show eligible OpEx greater than zero, the average reported eligible OpEx was 46 percent and the average reported aligned OpEx was 27 percent. Those numbers are similar to the ones we found for the last reporting period, where it was 45 percent and 25 percent respectively. Looking at all companies, including those reporting zero eligible and aligned OpEx, the averages were 33 percent and 12 percent for eligibility and alignment respectively.

The following sectors disclosed the highest average eligible/aligned OpEx. In the below averages all companies were included (independent of them reporting eligibility/alignment equal to or greater than zero).





KPIs overall and industry coverage

Companies whose core business activities are not Taxonomy-eligible and therefore cannot report eligible turnover may still identify eligible and potentially aligned CapEx and OpEx. We find that 91 percent of all companies in our sample reported eligible or aligned CapEx and/or OpEx in activities for which they did not report any eligible turnover. In our previous study from last year, this was only the case for 74 percent of the companies, which shows that even more companies, in fact the vast majority, now evaluate all KPIs independently from each other, instead of only disclosing CapEx and OpEx for their main turnover generating activities. Nevertheless, as was the case in previous years, there are still a few companies that only report one main turnover generating activity and allocate all CapEx and OpEx to that activity.

Like in the previous year, we also look at which industries' core business activities were covered by the EU Taxonomy, meaning they could report eligible and potentially aligned turnover, and which were not.

74%

of the companies, which shows that even more companies, in fact the vast majority, now evaluate all KPIs independently from each other, instead of only disclosing CapEx and OpEx for their main turnover generating activities.

The table below shows a comparison between the average reported eligible turnover in financial year 2024 and the average reported eligible turnover in the previous reporting period, financial year 2023. The averages only include KPIs that were greater than zero.

| Industry | Average eligible turnover 2024 | Average eligible turnover 2023 | Difference between 2024 and 2023 |
|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Automobiles and parts | 74% | 74% | - |
| Basic resources | 30% | 35% | -5pp |
| Chemicals | 12% | 21% | -9pp |
| Construction and materials | 54% | 54% | - |
| Consumer products and services | 22% | 34% | -12pp |
| Energy | 27% | 26% | +1pp |
| Food, beverage and tobacco | 3% | 4% | -1pp |
| Health care | 54% | 52% | +2pp |
| Industrial goods and services | 45% | 46% | -1pp |
| Real estate | 97% | 98% | -1pp |
| Technology | 39% | 40% | -1pp |
| Telecommunications | 11% | 13% | -2pp |
| Utilities | 53% | 52% | +1pp |

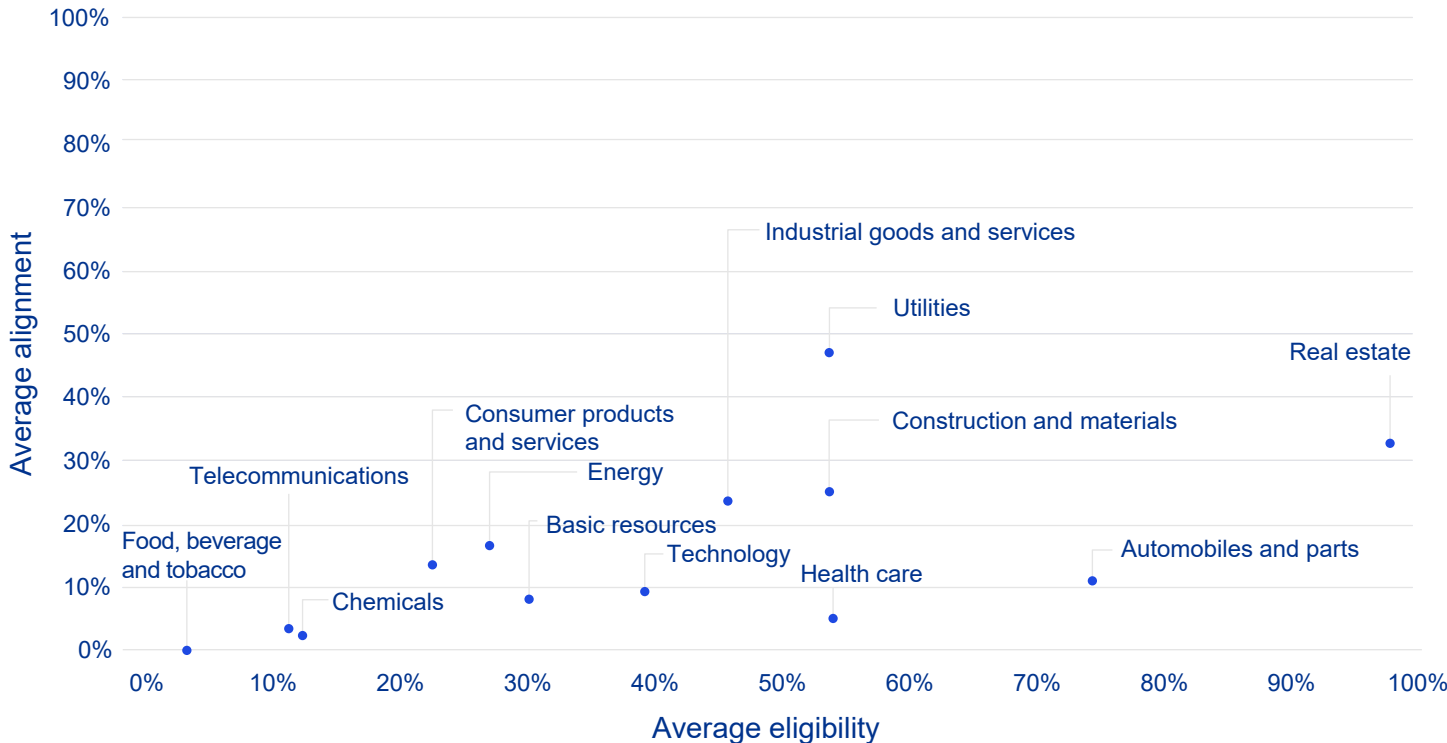


The comparison shows that the average reported eligibility in financial year 2024 did not change significantly for most sectors, indicating that, as noted above, the newly added activities have already been considered by most companies last year, when the additional activities in the Environmental Delegated Act had been introduced. We only see considerable changes for the chemicals sector and the consumer products and services sector. However, for both sectors the changes can partly be explained by a change in our sample. A few companies that have reported fairly high eligibility numbers last reporting period were not part of the Stoxx600 anymore when this study was conducted and have hence not been included in our sample, therefore lowering the average.



The graphic below shows the average turnover KPIs for Taxonomy-eligibility and alignment for the different industries. The averages only include KPIs that were greater than zero.

Average turnover KPIs per industry





The overall picture of the industry distribution for the average turnover KPIs is similar to that of the previous year. The range of average eligibility remains extremely wide, which is, as is well known, due to the varying coverage of individual industries in the EU Taxonomy. The highest average alignment remains just below 50 percent, once again achieved by the utilities sector. Most industries, however, continue to fall within a range of 0 percent to 25 percent. Only a few notable changes can be observed compared to financial year 2023. For the consumer products and services sector we see a significant reduction in average alignment as well as eligibility. Across the chemicals sector average eligibility went down by 9 percentage points. As already explained above, both changes can partly be attributed to a change in our sample. Interestingly, alignment figures remain primarily stable. Companies from the technology sector show a decrease in their average alignment by 14 percentage points.

Qualitative disclosures

Alongside their disclosures about the share of eligible and aligned turnover, CapEx and OpEx, companies must provide accompanying qualitative information within their EU Taxonomy reports. These required qualitative disclosures are intended to provide additional context to the reported figures and are set out in the Disclosures Delegated Act, alongside the requirements for the quantitative disclosures. For instance, companies are supposed to elaborate on their accounting policy to shed light on how the KPIs were determined. They should also explain the process of how the technical screening

criteria were assessed, and they should give other contextual information relevant for understanding the nature of the KPIs disclosed. Our last studies on EU Taxonomy disclosures in the previous reporting periods showed that there was a great variation in the length and quality of companies' qualitative disclosures. We therefore looked again at the scope and content of the qualitative information and assessed whether we see them becoming more standardized or whether there are still major differences.

This study's analysis of the most recent disclosures showed that the completeness and level of detail of the information provided still varies significantly.

Point 1.2.2.1. (b) of the Disclosures Delegated Act requires companies to explain how they assessed compliance with the technical screening criteria (i.e. the substantial contribution and do-no-significant-harm (DNSH) criteria), yet we see

that a lot of companies still provide no description as to how they assessed the generic DNSH criteria laid out in Appendix A, B, C and D of the Climate and Environmental Delegated Acts. For instance, to demonstrate that they do not significantly harm the environmental objective 'Climate change adaptation', companies were required to perform a climate risk and vulnerability assessment as laid out in Appendix A if they report aligned activities under any other environmental objective. They are obliged to explain how they conducted the assessment in their qualitative disclosures. One hundred and eight-three companies in our sample reported aligned activities under an environmental objective other than 'Climate change adaptation' but only 119 or 65 percent of those provided the required description of their climate risk and vulnerability assessment. This is very similar to the 67 percent we saw in our study from last year. The fact that we see no improvement may indicate that this disclosure requirement is not enforced by all assurance providers.

Our last studies on EU Taxonomy disclosures in the previous reporting periods showed that there was a great variation in the length and quality of companies' qualitative disclosures. We therefore looked again at the scope and content of the qualitative information and assessed whether we see them becoming more standardized or whether there are still major differences.



To report Taxonomy-alignment, companies must also ensure compliance with the minimum safeguards which cover the topics human rights (including labor and consumer rights), bribery, bribe solicitation and extortion, taxation and fair competition. Out of the companies in our sample reporting aligned activities 60 percent described how they ensured compliance with the minimum safeguards requirements within the EU Taxonomy section of their reports. Another 24 percent solely cross-referenced other disclosures for a description of their minimum safeguards analysis, such as standalone human rights reports or the 'Social' disclosures in their CSRD report. The remaining companies that reported aligned activities did not address the topic of compliance with the minimum safeguards (11 percent) or merely recapped the regulatory requirements without explaining a process (4 percent).

In addition to the qualitative disclosures regarding their alignment assessment, companies are required to provide contextual information about their reported turnover, CapEx and OpEx KPIs.

With regard to the reported aligned turnover, companies must provide information on the composition of their revenue and explain whether there were other sources of income in addition to contracts with customers, potentially causing changes in turnover in the reporting year. Only 56 percent of the 136 companies reporting aligned turnover in our sample provided such information, which is slightly higher than what we found last year, when it was 43 percent. Still, the figure is relatively low meaning almost half of the companies reporting aligned turnover are not fulfilling this disclosure requirement. Companies are further required to provide contextual information regarding the amounts of turnover related to Taxonomy-aligned activities pursued for internal consumption. Thirty-five of the companies reporting

aligned turnover have provided this required contextual information. Although this figure is also relatively low, it has increased significantly compared to last year's study, when only 1 percent of companies provided the required contextual information, indicating progress in meeting qualitative disclosure requirements. Furthermore, companies are supposed to explain changes in their turnover KPI compared to the previous reporting period. Ninety-three companies, representing 34 percent of all companies in the sample, have explained such changes. The remaining companies either stated that there were no changes or did not disclose whether there were any changes at all.

The mandatory qualitative disclosures for the CapEx KPI include a breakdown of the numerator by assets, differentiating between additions to property, plant and equipment (PPE), intangible assets, investment properties and capitalized right-of-use assets. However, of the 176 companies in our sample reporting aligned activities, only 33 companies, or 19 percent, reported such a breakdown, meaning the majority of companies in our sample failed to meet the reporting requirement. Further, companies are required to disclose which share of their Taxonomy-aligned expenses incurred as part of a CapEx plan. One hundred and fifty-two companies, or 86 percent of all companies reporting aligned CapEx, did not provide this breakdown, but also did not indicate having a CapEx plan at all, so the share of their Taxonomy-aligned expenses incurred as part of a CapEx plan is likely zero. Out of the remaining 24 companies that stated having a CapEx plan, 11 companies, so less than half, provided the required breakdown. These companies only reported the CapEx plan expenses (CapEx category b.) separately, but did not separate CapEx category a. and c. The companies also have to explain changes in their CapEx KPI compared to the previous reporting period. One hundred





and twenty-one companies, representing 44 percent of all companies in our sample have explained such changes. The rest either did not disclose whether there were changes at all or stated that there were no changes.

According to its definition in the Disclosures Delegated Act, there are five different categories of OpEx that have to be analyzed from an EU Taxonomy perspective, namely research and development, building renovation measures, short-term lease, maintenance and repair, and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. While the first four categories require little explanation, it can vary for each company what the category ‘day-to-day servicing’ comprises. Therefore, one qualitative disclosure requirement regarding the OpEx KPI is for companies to elaborate on what they have counted as ‘day-to-day servicing’. However, only 16 companies in total, so 6 percent of all sample companies or 13 percent of those reporting aligned OpEx have included such explanation. It remains unclear whether the rest did not have OpEx that matched the category ‘day-to-day servicing’ or whether they just failed to elaborate on it. Seventy-one companies, so 26 percent of all companies in the sample have explained changes regarding their OpEx. The rest either did not disclose whether there were changes at all or stated that there were no changes.

Overall, our analysis on the completeness and level of detail of the qualitative disclosures showed that most companies still do not disclose all mandatory qualitative information they are supposed to publish alongside their quantitative disclosures. We did not see a significant improvement in that regard compared to the previous reporting period. This aligns with our finding from last year’s study, that many companies seem to focus more on the reporting templates displaying the Taxonomy-eligible and Taxonomy-aligned activities but do not

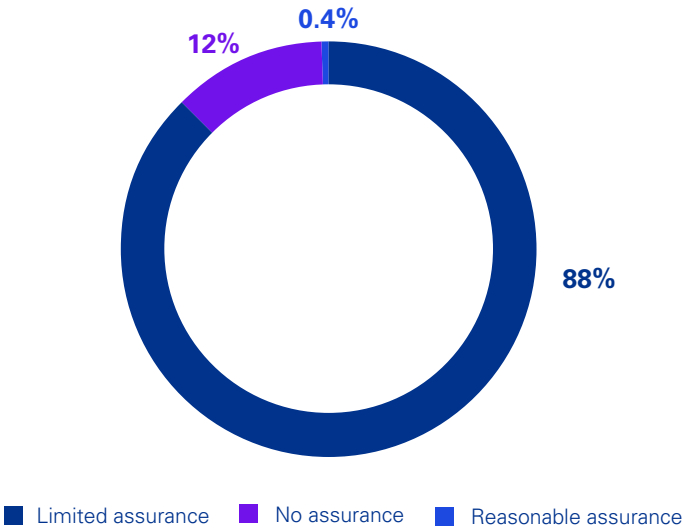
ensure completeness of the contextual information. While the correct usage of the KPI reporting template has improved with more companies getting external assurance on their reports, the qualitative information remains lacking.

EU Taxonomy disclosure in context and level of assurance

Our cross-sector analysis of the quantitative disclosures on financial year 2024 provided a few interesting insights. The main finding is that the reported eligibility and alignment figures are very similar, in many cases even identical to the previous reporting period. This striking consistency suggests that the companies’ Taxonomy-eligibility and Taxonomy-alignment analysis process to identify KPIs is relatively consistent. It may even be the case that companies put large efforts into their first EU Taxonomy assessments and then continue with the once identified activities and merely update the figures each reporting period, without reassessing eligible activities in detail or significantly improving their alignment scores.

For large public-interest entities (‘wave 1’), previously having to report under the NFRD, financial year 2024 was the first year to report under the CSRD. With its transposition into national law, the obligation for those companies to get limited assurance on their sustainability reports, including their EU Taxonomy disclosures became mandatory. Even though a few countries have not transposed the CSRD into national law, this regulatory development is still heavily reflected in our analysis: the number of companies obtaining limited assurance was 242, which represents 88 percent of the sample and an increase of 49 percentage points compared to last reporting year. Out of the remaining 33 sample companies, 32 obtained no assurance and one company obtained reasonable assurance.

Level of assurance

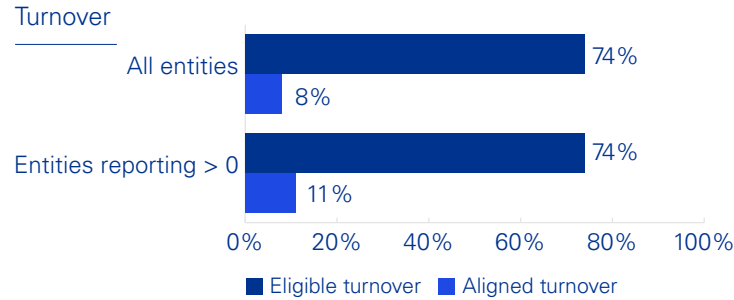


With more companies seeking limited assurance, it was interesting to analyze whether the quality of disclosures had improved compared to the previous year. We see a mixed picture in that regard. While the quantitative disclosures have improved with more companies displaying the required reporting templates, we do not see a significant improvement when it comes to the qualitative disclosures.

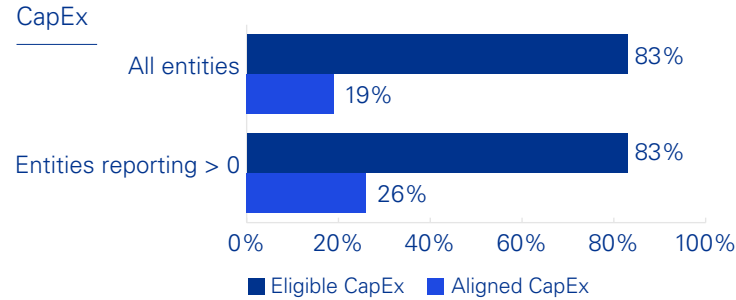
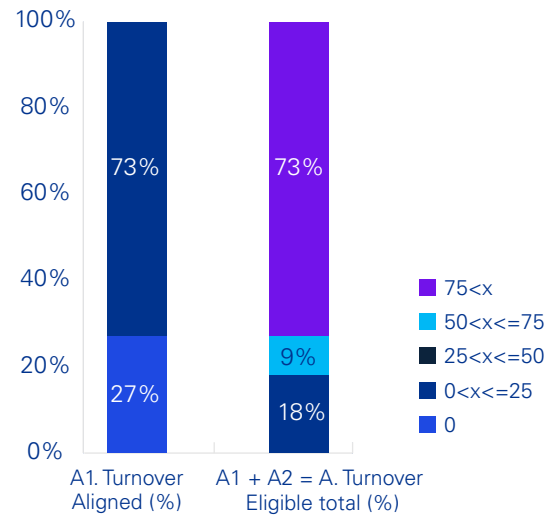


Sector-specific insights

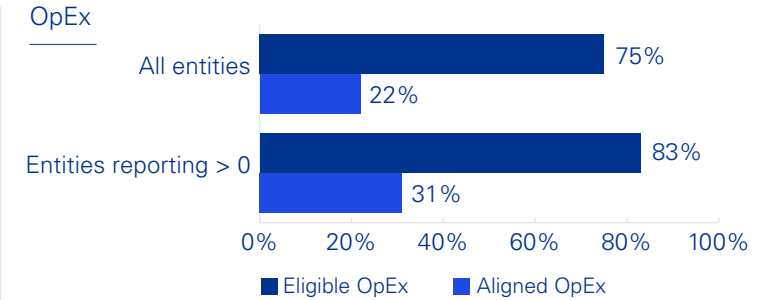
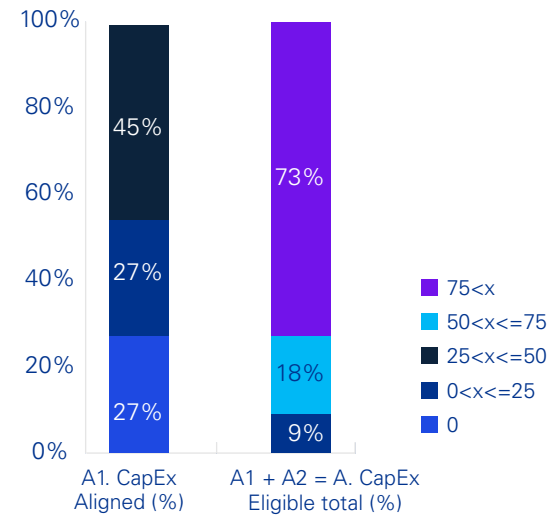
Automobiles and parts



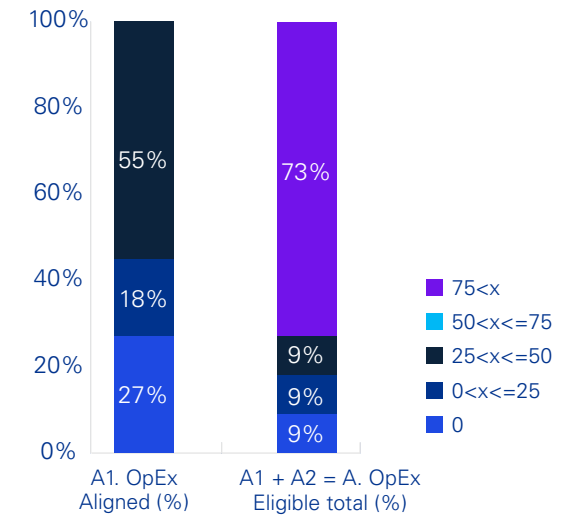
Turnover distribution



CapEx distribution



OpEx distribution



Note: Percentages may not total 100 due to rounding.



The 2025 analysis of the automobiles and parts sector examines a sample of 11 companies, including both car manufacturers and suppliers. With five companies, the largest part of the sample is headquartered in Germany with the remaining being located in France (3), Belgium (1), Italy (1) and the Netherlands (1).

With respect to turnover, all companies have reported some level of eligibility, resulting in an average of 74 percent. The average aligned turnover is reported as 8 percent, and when only considering companies reporting values greater than 0 percent, the average alignment raises to 11 percent. The most frequently cited aligned activities for turnover are **CCM 3.3 Manufacture of low carbon technologies for transport** (reported by 5 companies) and **CCM 3.18 Manufacture of automotive and mobility components** (4 companies), resulting in average alignment rates of 9 percent and 1 percent respectively.

All 11 companies reported eligible CapEx greater than 0 percent, with an average eligibility of 83 percent. In terms of alignment, the average rate is 19 percent. Eight companies have reported alignment greater than 0 percent, resulting in an average of 26 percent. Of those companies, three reported alignment below 25 percent and five companies reported aligned CapEx between 25 percent and 50 percent. The activities that most often led to aligned CapEx are **CCM 3.3 Manufacture of low carbon technologies for transport** (reported by 5 companies) and **CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles** (3 companies), with alignment

rates of 30 percent and 3 percent respectively. Four companies (36 percent) reported having a CapEx plan, with two of them providing all required information for that plan.

In terms of OpEx, the average eligibility was reported as 75 percent and the average alignment as 22 percent. Ten out of 11 companies (91 percent) reported eligible OpEx greater than 0 percent, leading to an average of 83 percent. Within this group, eight companies reported aligned OpEx above 0 percent, resulting in an average of 31 percent. Of those, six companies have aligned OpEx between 25 percent and 50 percent. The most frequently reported activity resulting in aligned OpEx is **CCM 3.3 Manufacture of low carbon technologies for transport** (reported by 5 companies), with an average alignment rate of 39 percent. Other activities were only reported once each. Only one company made use of the OpEx materiality exemption, stating a threshold of 7.5 percent.

In their qualitative disclosures around 50 percent (6 companies) have reported reasons behind their non-alignment of activities, citing difficulties to fulfill the substantial contribution or DNSH criteria as well as a lack of information. Five companies disclosed a generic link between their Taxonomy disclosures and their business strategy, while none of them have specific EU Taxonomy targets in place. EU Taxonomy figures of one company from the automotive and parts sector were subject to reasonable assurance — the only company in the entire sample of this study to do so. The remaining companies obtained limited assurance.

Compared to last year's study, the average eligibility for turnover remained the same, while eligible CapEx increased by 2 percentage points and OpEx decreased by 4 percentage points. Regarding alignment, all three KPIs decreased slightly by 1 or 2 percentage points. The newly added activities of the Environmental Delegated Act, for which alignment had to be reported for the first time in 2024, did not have significant influence on the KPIs, as only a few activities of the circular economy environmental objective were reported as eligible or aligned.

In conclusion, the automobiles and parts sector shows notably high eligibility rates compared to the remaining sectors analyzed, but little progress in aligning with the EU Taxonomy. This underlines last year's observation that many companies in this sector face challenges in meeting the technical screening criteria.

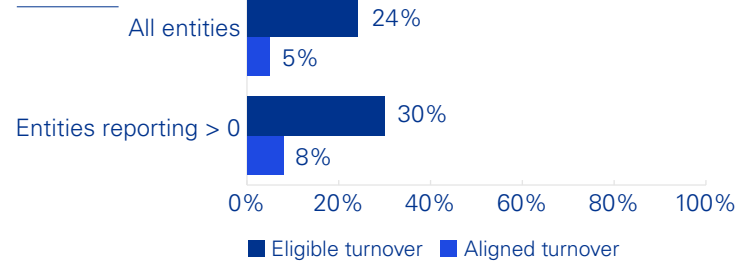
With respect to turnover, all companies have reported some level of eligibility, resulting in an average of

74%

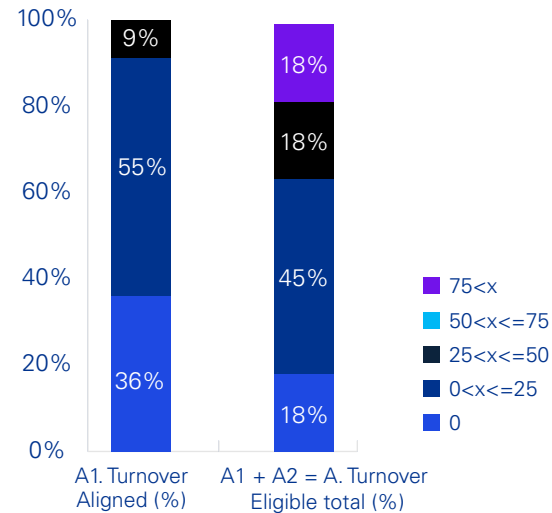


Basic resources

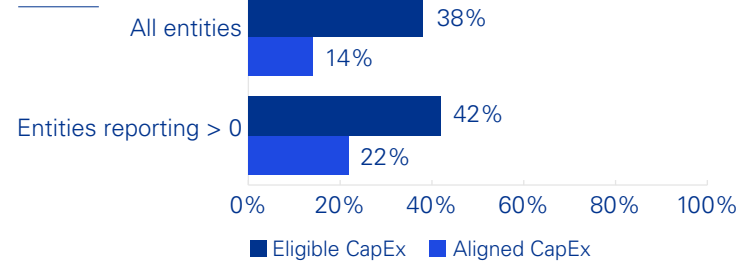
Turnover



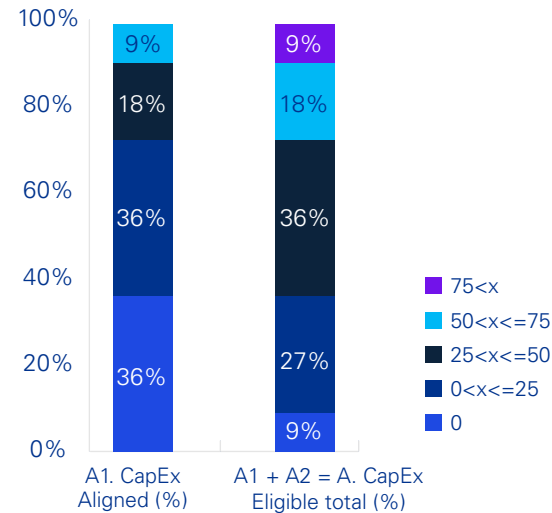
Turnover distribution



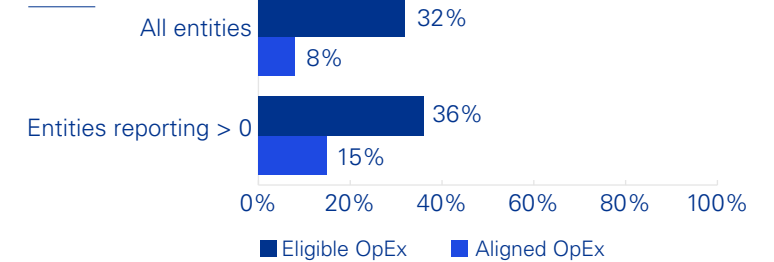
CapEx



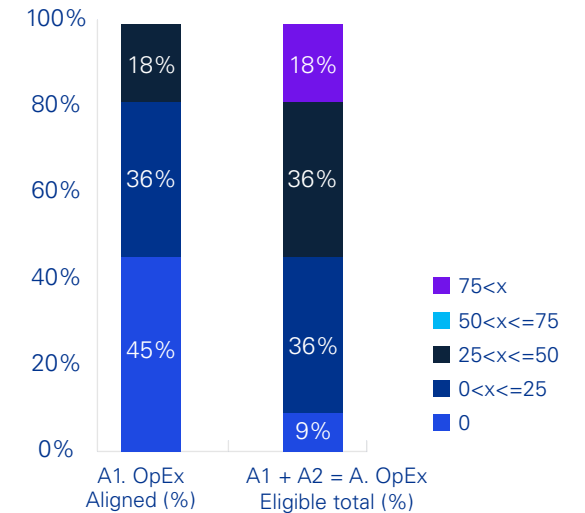
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



For the basic resources sector, this year's sample includes 11 companies, of which six companies belong to the industrial materials subsector and five to industrial metals and mining. Out of the 11 companies, six are located in Sweden and the remaining are headquartered in Finland (2), Belgium (1), Luxembourg (1) and Poland (1).

In the financial year 2024, the average reported eligible turnover in this sector was 24 percent, while the average aligned turnover stood at 5 percent. A significant portion of companies reported turnover figures greater than 0 percent, with nine companies (81 percent) indicating eligible turnover above 0 percent, averaging 30 percent. Similarly, seven companies (61 percent) reported some level of alignment greater than 0 percent, with an average aligned turnover of 8 percent. Within this group, six companies reported aligned turnover below 25 percent, and one company achieved higher alignment, reporting aligned turnover between 25 percent and 50 percent for the activity **CCM 3.9 Manufacture of iron and steel**. Generally, the activity most frequently associated with aligned turnover was **CCM 4.20 Cogeneration of heat/cool and power from bioenergy**, reported by three companies with an average aligned turnover of approximately 1 percent.

The average eligible CapEx reported by companies was 38 percent, while the average aligned CapEx was 14 percent. A substantial majority of companies, specifically 10 out of 11 (91 percent), reported eligible CapEx greater than 0 percent, with an average eligibility of 42 percent. In terms of alignment, seven companies (61 percent) reported aligned CapEx greater than 0 percent, averaging 22 percent. Among these seven companies, four reported aligned

CapEx below 25 percent, while two companies reported aligned CapEx between 25 percent and 50 percent. Only one company in the basic resources sector reported aligned CapEx exceeding 50 percent. Similar to aligned turnover, the activity most frequently associated with aligned CapEx was **CCM 4.20 Cogeneration of heat/cool and power from bioenergy**, reported by three companies with an average aligned CapEx of 2 percent. A noteworthy development for 2024 is that one company has outlined a CapEx plan, marking a change from the previous year when no companies reported having one.

Regarding the OpEx KPI, the companies of the basic resources sector reported an average eligible OpEx of 32 percent, with aligned OpEx averaging 8 percent. With 91 percent, almost all companies (10 out of 11) indicated eligible OpEx above 0 percent, amounting to an average eligibility of 36 percent. Meanwhile, six companies (54 percent) reported aligned OpEx greater than 0 percent, leading to an average alignment of 15 percent. Within this group, two companies reported aligned OpEx larger than 25 percent. Again, the activity most frequently leading to aligned OpEx was **CCM 4.20 Cogeneration of heat/cool and power from bioenergy**, reported by three companies with an average aligned OpEx of 2 percent. No company applied the OpEx materiality exemption.

Regarding the economic activities, **CCM 1.3 Forest management** was the most frequently reported across all KPIs, noted by six companies, followed by **CCM 3.6 Manufacture of other low carbon technologies**, reported by four companies. In terms of other reported activities, there is a noteworthy distribution of eligible activities within the categories of manufacturing and energy.

Compared to the financial year 2023, there is a decrease of 6 percentage points of eligible turnover and a small increase of 1 percentage point of eligible CapEx. With regards to alignment, a modest decline shows for reported aligned turnover by 2 percentage points, while CapEx alignment increased by 2 percentage points. Regarding OpEx, the eligibility increased by 6 percentage points; however, the alignment decreased by 1 percentage point. Some of these changes may be explained by differences in reported activities, resulting from the slightly smaller sample size compared to the 13 companies analyzed last year.

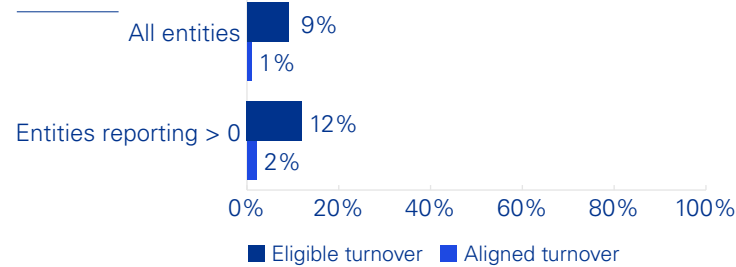
It is noteworthy that no company expressed a link to its business strategy nor formulated any specific goals regarding their EU Taxonomy performance. Six companies (54 percent) provided contextual information on why eligible activities were not aligned. Among these, five companies stated a lack of substantial contribution to the respective environmental objective as a reason for non-alignment. Further reasons were the non-compliance with DNSH criteria or with the minimum safeguards and that no analysis was performed due to a lack of information. A large proportion of companies (73 percent) obtained limited assurance for their Taxonomy disclosures, with only one company not obtaining assurance.

In conclusion, there seems to be a stagnation, if not decline of the basic resources sector in aligning economic activities with environmental objectives. However, despite the overall figures, some companies are demonstrating notably high percentages of aligned KPIs, such as 28 percent for aligned turnover, 56 percent for aligned CapEx, and 29 percent for aligned OpEx. These examples highlight significant opportunities for further improving sustainability practices across this sector.

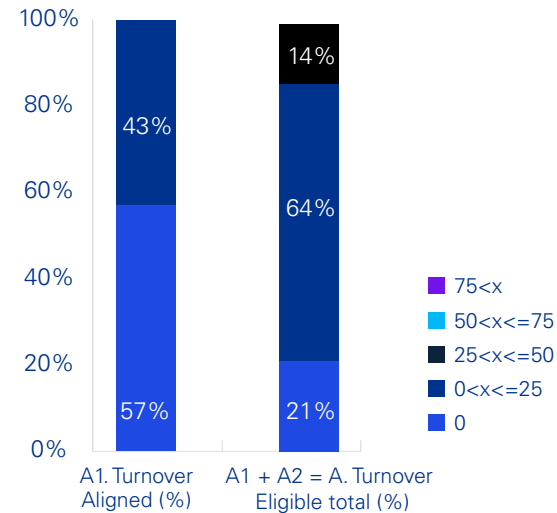


Chemicals

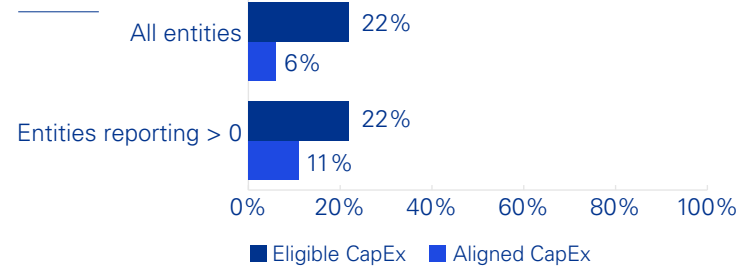
Turnover



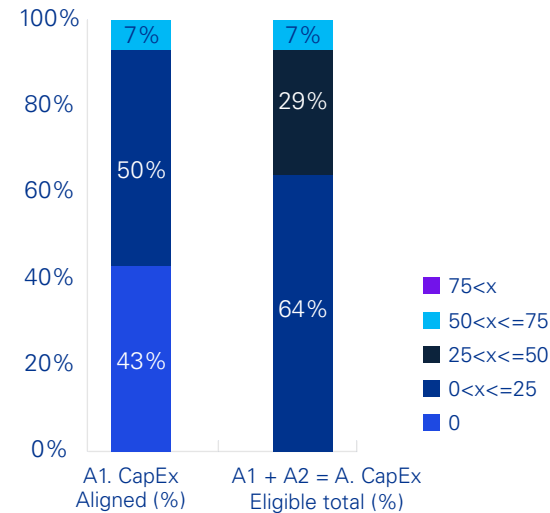
Turnover distribution



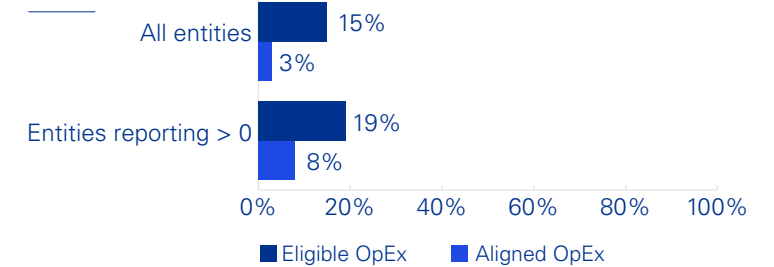
CapEx



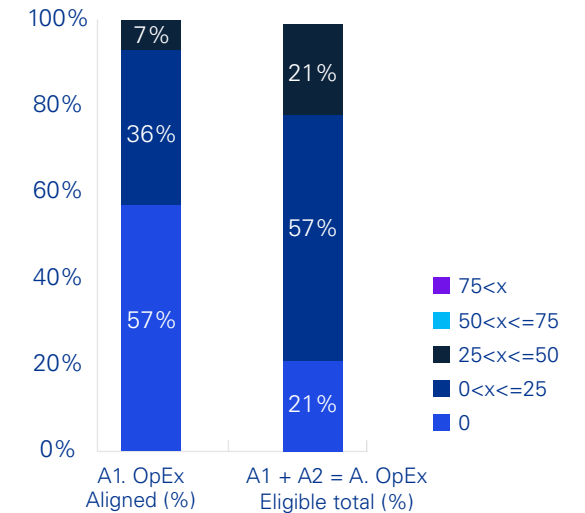
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



In this year's study sample, the chemicals sector comprises a total of 14 companies, of which eight companies (57 percent) are headquartered in Germany. The remaining six companies are distributed across France (2), the Netherlands (2), Finland (1) and Belgium (1).

Regarding the turnover KPI, the average reported eligibility is 9 percent and the average alignment is 1 percent. Thus, the chemicals sector is amongst those with the lowest turnover alignment rate. Out of the total, 11 companies (78 percent) indicated eligible turnover above 0 percent, achieving an average thereof of 12 percent. In terms of alignment, six companies (53 percent) reported turnover greater than 0 percent, resulting in an average of 2 percent. The maximum alignment rate recorded in this sector was 6 percent. Like in the previous year, the activities most frequently associated with aligned turnover were **CCM 3.4 Manufacture of batteries and CCM 3.17 Manufacture of plastics in primary form**. These activities were reported by three companies each, with average aligned turnovers of approximately 2 percent each.

The average eligible CapEx reported by companies in the chemicals sector was 22 percent, while the average aligned CapEx was 6 percent. All companies reported eligible CapEx above 0 percent, but only eight companies (57 percent) reported aligned CapEx greater than 0 percent, resulting in an average alignment of 11 percent. Among the companies reporting aligned CapEx greater than 0 percent, seven companies (88 percent) had figures between 0 percent and 25 percent, and one company reported aligned CapEx of over 50 percent. The activity most frequently leading to aligned CapEx was **CCM 3.4 Manufacture of batteries** (reported by three companies), with a comparably high average alignment of 18 percent. Out of all companies, only one reported to have a CapEx plan, however, without disclosing the required

contextual information. This decline compared to last year, where four companies reported on a CapEx plan, could possibly be influenced by the smaller sample size. Interestingly, half of the companies (7) explicitly stated to have eligible and/or aligned CapEx from the purchase of output (category c), which is a comparably high share with regards to other sectors.

With regards to OpEx, the companies reported an average eligibility of 15 percent, with aligned OpEx averaging 3 percent. A total of 11 companies, representing 78 percent, reported eligible OpEx above 0 percent, with an average eligibility of 19 percent. Meanwhile, six companies (43 percent) reported aligned OpEx greater than 0 percent, resulting in an average alignment of 8 percent. Among these, only one company reported aligned OpEx greater than 25 percent. Simultaneously to the reported CapEx, the activity most frequently associated with aligned OpEx was **CCM 3.4 Manufacture of batteries** (reported by three companies) with an average aligned OpEx of 12 percent. Notably, this year, one company applied the OpEx materiality exemption, a change from last year when the same company did not utilize this exemption.

While the alignment of turnover remained stable compared to the financial year 2023, the average turnover eligibility decreased from 16 percent (2023) to 9 percent (2024). Simultaneously, also the eligibility of CapEx decreased by 7 percentage points and OpEx by 5 percentage points, whereas the alignment rates remained the same. Partly, this is due to a change in the sample composition, leading to lower reported eligibility rates.

In terms of reasons why eligible activities are not aligned, the vast majority of companies (78 percent) provided an explanation. The most commonly stated were the failure of meeting the substantial contribution or DNSH criteria and a lack of information. Regarding the level of assurance,

all companies of the chemicals sector obtained limited assurance for their EU Taxonomy disclosures.

In conclusion, the chemicals sector reported a diverse array of Taxonomy-eligible activities, mainly encompassing contributions to climate change mitigation with some activities contributing to circular economy, pollution prevention and control, and water and marine resources. Despite fluctuations in eligibility figures, the sector generally exhibited a stable, but low average alignment level, particularly in turnover, with only isolated instances of higher alignment in CapEx and OpEx, compared to last year. A notable observation is that activities frequently reported in CapEx, such as **CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles** and **CCM 7.7 Acquisition and ownership of buildings**, were classified as eligible by the majority of companies but almost never as aligned. This may indicate that alignment is not prioritized, possibly because these activities are not central to the companies' core business operations, which are only partly covered by the current EU Taxonomy. Additionally, there was a notable lack of explanations regarding alignment with the general DNSH criteria. This suggests potential areas for improvement in transparency and prioritization of alignment within the sector.

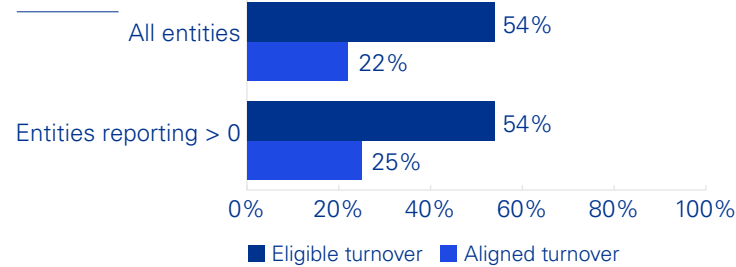
Regarding the turnover KPI, the average reported eligibility is 9 percent and the average alignment is

1%

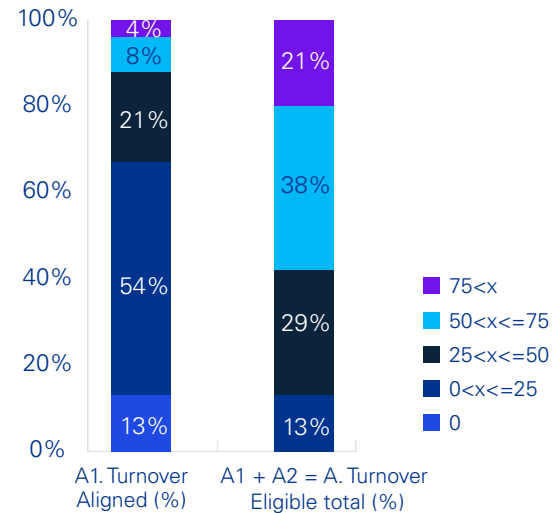


Construction and materials

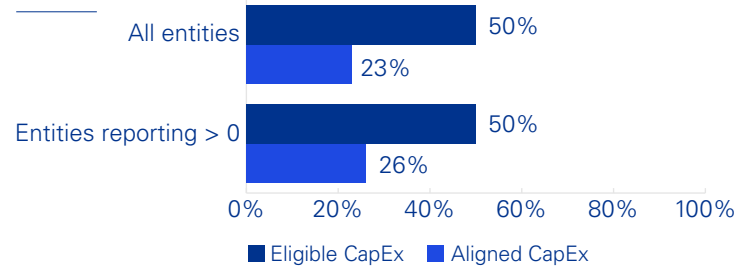
Turnover



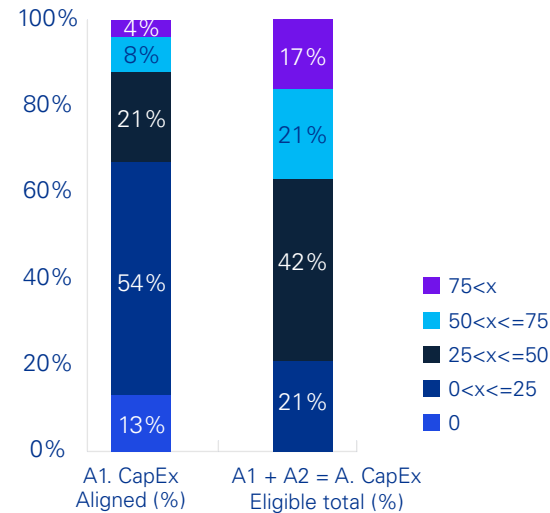
Turnover distribution



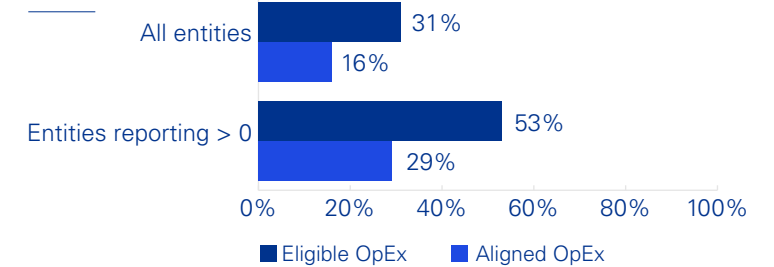
CapEx



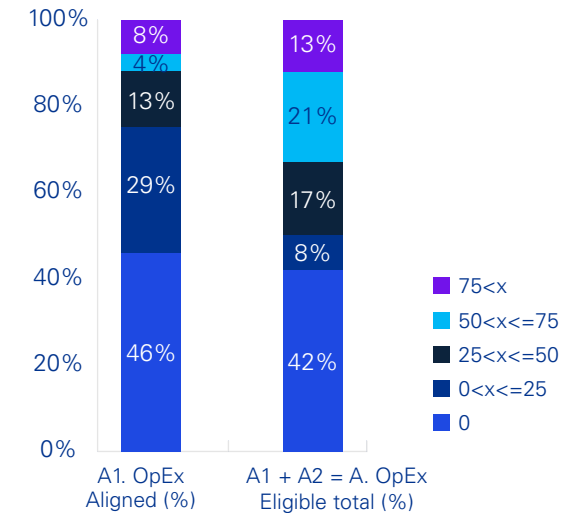
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



Twenty-four companies comprise the construction and materials sector in this year's study. This sector has not been clustered into subsectors. The companies are primarily based in France (5), Sweden (5), and the Netherlands (4).

For turnover, all companies reported eligible activities, and most companies (20 or 83 percent) reported some level of alignment as well. The 2024 results show an average eligible turnover of 54 percent, with average aligned turnover amounting to 22 percent. The activities most frequently leading to aligned turnover included **CCM 6.14 Infrastructure for rail transport** (reported by 11 companies), **CCM 4.1 Electricity generation using solar photovoltaic technology** (8 companies) and **CCM 4.9 Transmission and distribution of electricity** (8 companies), with average alignment rates of 5 percent, 1 percent and 3 percent respectively.

CapEx figures are in line with turnover, as average eligible CapEx and average aligned CapEx reached 50 percent and 23 percent respectively. All companies reported eligible activities, and most companies (20 or 83 percent) reported some level of alignment as for turnover. These 20 companies reach an average CapEx alignment of 26 percent. The most common activities leading to alignment were **CCM 6.14 Infrastructure for rail transport**, **CCM 7.6 Installation, maintenance and repair of renewable energy technologies** and **CCM 7.7 Acquisition and ownership of buildings**, which were reported by 8 companies each, leading to average alignment rates of 2 percent, 0.4 percent and 5 percent respectively. While three companies have incurred a CapEx plan for increasing aligned CapEx, only one company disclosed information on it.

OpEx remains the KPI with the lowest reported figures in this sector, with 31 percent average eligibility and 16 percent average alignment. Twelve companies (50 percent) reported eligible and aligned figures, with the most common activity leading to alignment being **CCM 3.5 Manufacture of energy efficiency equipment for buildings** (reported by 4 companies), with an average OpEx alignment of 42 percent. One-third of the companies in the construction and materials sector (8 companies) used the materiality exemption for OpEx, partly explaining low OpEx compared to turnover and CapEx.

Overall, one Swedish company stood out as it reported 91 percent eligible turnover and 100 percent eligible CapEx, while its aligned figures only reached 5 percent for turnover and 13 percent for CapEx. The highest alignment rate for turnover reached 86 percent for a company in Denmark while the highest alignment rate for CapEx reached 81 percent for a company in Austria.

Compared to 2023, turnover eligibility remained stable while alignment increased by 1 percentage point. For CapEx, eligibility and alignment decreased by 4 and 1 percentage points respectively. In terms of OpEx, although eligibility decreased by 6 percentage points, alignment increased by 1 percentage point compared to 2023.

Fourteen companies (58 percent) voluntarily provided qualitative information on why eligible activities were not aligned, with one citing exclusively the inability to meet the substantial contribution criteria, three mentioning specifically not meeting the DNSH criteria, two explaining that the alignment assessment could not be done due to lack of information, and eight providing multiple reasons. Only two companies disclosed specific EU Taxonomy targets.

For turnover, all companies reported eligible activities, and most companies (20 or 83 percent) reported some level of alignment as well. The 2024 results show an average eligible turnover of 54 percent, with average aligned turnover amounting to

22%

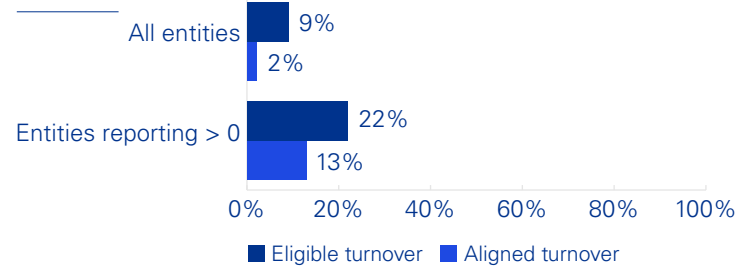
Regarding multiple objective reporting, 14 companies (58 percent) in the construction and materials sector have reported on economic activities with several activity codes, meaning they have identified at least one economic activity eligible under multiple EU Taxonomy objectives. This highlights the need for continuous improvement in the identification of Taxonomy-eligibility and transparency, across all objectives. Twenty out of 24 companies (83 percent) in the sector received limited assurance on their Taxonomy disclosures.

All in all, the construction and materials sector remains a very well covered sector under the Taxonomy, as demonstrated by the eligibility figures. Nonetheless, the technical screening criteria for several sector activities remain demanding, explaining the alignment results.

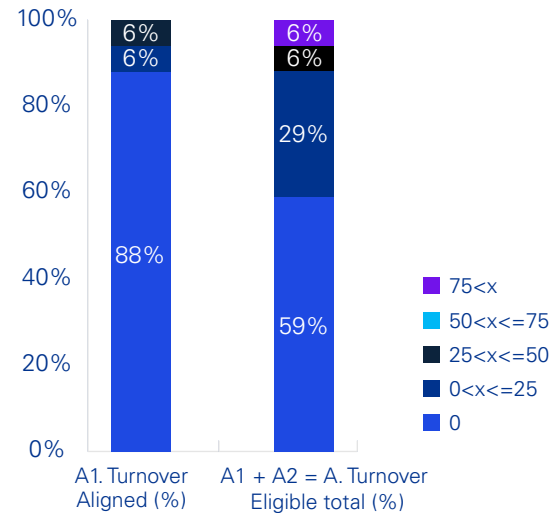


Consumer products and services

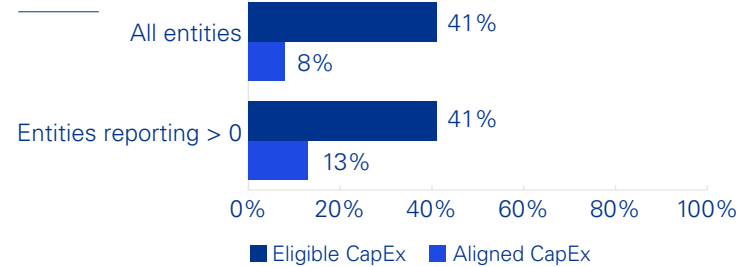
Turnover



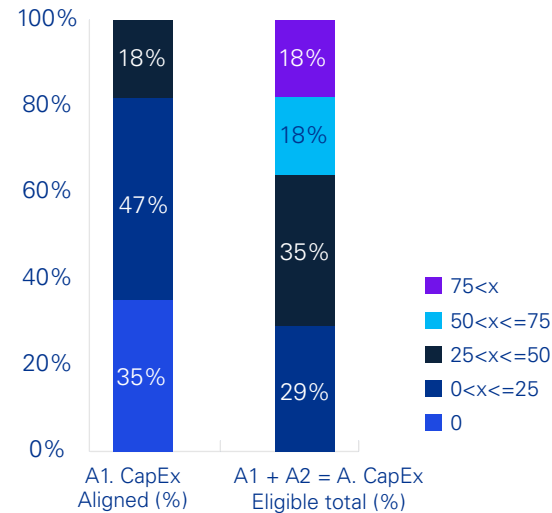
Turnover distribution



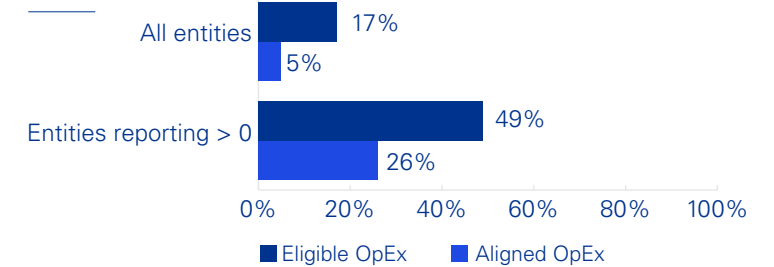
CapEx



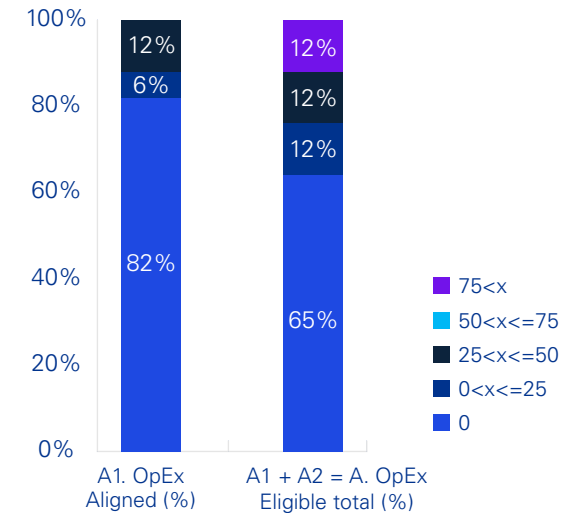
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



This year's sample of the consumer products and services sector comprises 17 companies that are spread across Europe. The sector comprises a diverse range of subsectors, with 10 companies belonging to the personal goods category, three companies to household goods and home construction, and two companies each to consumer services and leisure goods.

In 2024, the analysis results for the consumer products and services sector show an average eligible turnover of 9 percent, with aligned turnover averaging 2 percent. It is striking that out of the total, only seven companies (41 percent) reported eligible turnover above 0 percent, leading to an average of 22 percent. In terms of alignment, only two companies (12 percent) reported any aligned turnover, which amounts to an average of 13 percent. Of these two companies, one reports a very low alignment rate and one a turnover alignment above 25 percent. Interestingly, another company stood out by reporting over 75 percent eligible turnover, which, however, did not result in any turnover alignment. Regarding the most commonly reported activities, none of the four turnover generating activity was reported more than once across this sector.

Regarding the CapEx figures, the companies reported an average eligibility of 41 percent. The aligned CapEx averaged 8 percent. Every company reported eligible CapEx above 0 percent, maintaining the average at 41 percent. Of these, 11 companies also reported aligned CapEx greater than 0 percent, resulting in an average of 13 percent. Among the companies reporting aligned CapEx, eight had figures below 25 percent, while three exceeded 25 percent. Significantly more CapEx-generating activities compared to turnover-generating ones were reported. The activities

most frequently associated with aligned CapEx were **CCM 7.6 Installation, maintenance and repair of renewable energy technologies** and **CCM 7.7 Acquisition and ownership of buildings**, each reported by five companies. These activities led to average alignment rates of 1 percent and 11 percent respectively. Notably, none of the companies in this sector have issued a CapEx plan.

In terms of OpEx, an average eligibility of 17 percent was reported, while the average aligned OpEx was 5 percent. Of all companies in the consumer services and products sector, six companies (35 percent) reported eligible OpEx above 0 percent, leading to an average of 49 percent. In terms of alignment, only three companies (18 percent) reported aligned OpEx, amounting to a significant higher average of 26 percent. Within this group, one company had aligned OpEx below 25 percent, and two companies reported alignment between 25 percent and 50 percent. As for turnover, no activity was reported more than once. The comparably high alignment rates were largely driven by two companies with significant alignment in specific activities, namely **CCM 3.6 Manufacture of other low carbon technologies** and **CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles**. As was the case last year, the majority of companies opted for the OpEx materiality exemption. Among the nine companies, four disclosed a threshold, with values ranging from 3.8 percent to 5 percent.

While the reported CapEx amounts are similar to the 2023 analysis, reported turnover and OpEx show changes. Across the companies that reported eligible or aligned turnover greater than 0 percent, the eligibility decreased

from 35 percent (2023) to 22 percent (2024). With an even larger decline, the turnover alignment declined by 25 percentage points. This decrease is primarily attributed to a single company that reported a turnover alignment of over 80 percent for **CCA 8.2 Computer programming, consultancy and related activities** in 2023, however, has not reported any eligibility nor alignment this year. In contrast, the OpEx numbers have shown an upward trend, with eligible OpEx greater than 0 percent increasing from 33 percent (2023) to 49 percent (2024) and aligned OpEx from 14 percent to 26 percent. This growth in OpEx alignment might be due to natural variations in companies' operating expenditures.

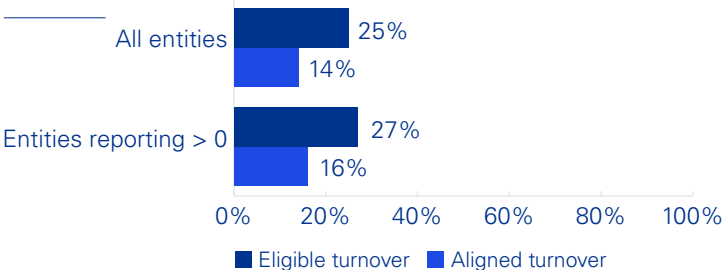
In this sample of 17 companies, 13 have offered explanations for why their eligible activities are not aligned with the EU Taxonomy. These explanations comprise, among others, the missing substantial contribution and a lack of information necessary to perform an alignment analysis. Almost all companies (15 out of 17) received limited assurance and just two companies did not obtain any assurance of their EU Taxonomy disclosures.

In essence, the consumer products and services sector reported comparably low average eligibility and alignment across the KPIs, with alignment being mostly raised by one company. However, the fact that merely 12 percent of companies report any eligible turnover suggests that the primary business operations within this sector are largely not covered by the EU Taxonomy.

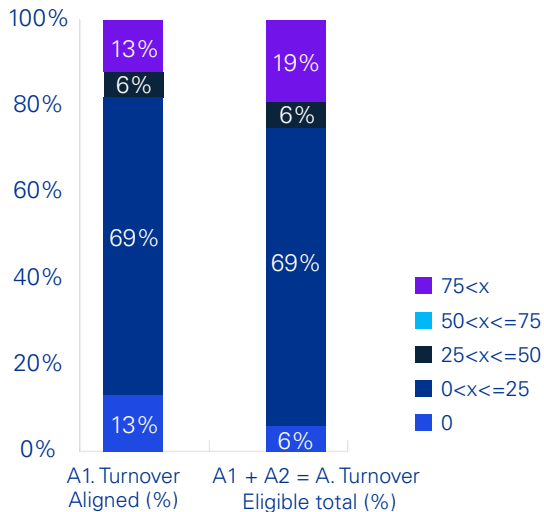


Energy

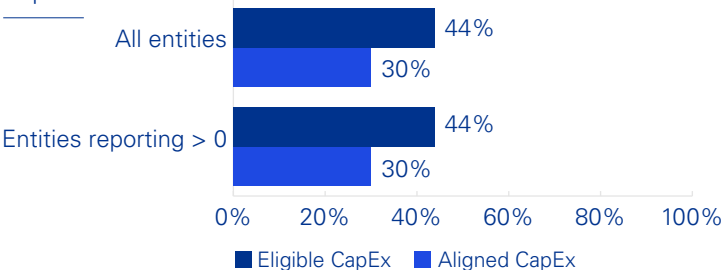
Turnover



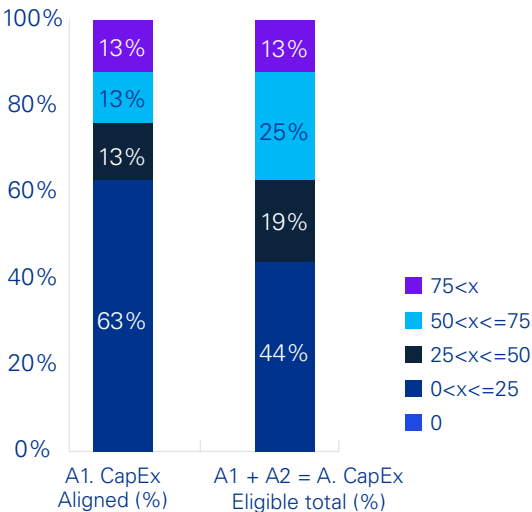
Turnover distribution



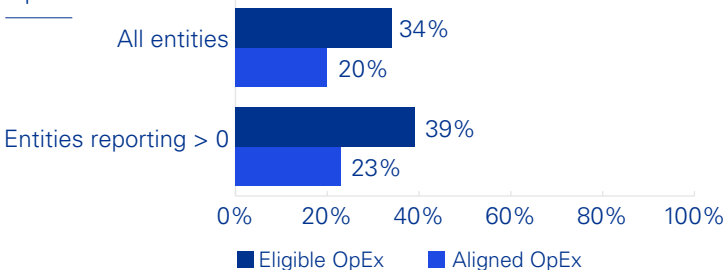
CapEx



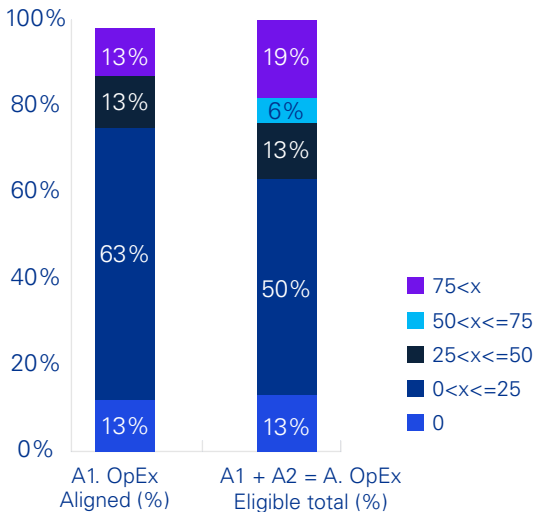
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



In this year's study, the energy sector consists of 16 companies, of which one company is active in the alternative energy subsector, while the remaining 15 companies belong to the oil, gas and coal subsector. The companies are headquartered across 11 European countries.

In terms of turnover, an average eligibility of 25 percent and an average alignment of 14 percent was reported. For eligibility, 15 companies (94 percent) reported values greater than 0 percent, leading to an average of 27 percent. For alignment, companies reporting values greater than 0 percent (14 or 87 percent) led to an average aligned turnover of 16 percent. Within this group, two companies stood out by reporting alignment over 75 percent, with one of them reporting even 99 percent. The most frequently cited activities contributing to aligned turnover included **CCM 4.3 Electricity generation from wind power** (reported by 9 companies), **CCM 4.1 Electricity generation using solar photovoltaic technology** (8 companies) and **CCM 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids** (8 companies) with average alignment rates of 11 percent, 0.1 percent and 4 percent. Notably, all reported aligned activities, except for one are contributing to the 'Climate change mitigation' environmental objective.

With regards to CapEx, all companies in the energy sector reported some amount of eligible and aligned CapEx, with eligibility averaging 44 percent and alignment averaging 30 percent. Again, two companies reported aligned CapEx

of over 75 percent with almost the exact values as for turnover. The activities most frequently contributing to aligned CapEx are identical to the turnover KPI: **CCM 4.1 Electricity generation using solar photovoltaic technology** (reported by 9 companies), **CCM 4.3 Electricity generation from wind power** (8 companies) and **CCM 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids** (8 companies), with average alignment rates of 5 percent, 6 percent and 8 percent respectively. Five companies (31 percent) have established a CapEx plan, but only two of them provide all required quantitative and qualitative information.

For OpEx, the average reported eligibility is 34 percent with an overall alignment rate of 20 percent. Most companies (14 or 88 percent) reported eligibility and alignment with values exceeding 0 percent, leading to an average of 39 percent for eligibility and 23 percent for alignment. Among those companies, the majority (10 and 8 companies respectively) reported eligible and aligned OpEx below 25 percent. As for the prior KPIs, the aligned OpEx activities that were most commonly stated are **CCM 4.3 Electricity generation from wind power** (reported by 9 companies), **CCM 4.1 Electricity generation using solar photovoltaic technology** (9 companies) and **CCM 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids** (6 companies) with average alignment rates of 7 percent, 0.8 percent and 10 percent. Two companies adopted the OpEx materiality exemption with thresholds of 2 percent and 8.4 percent.

Within the sample of the energy sector, 10 companies (63 percent) are reporting on having nuclear and gas activities, of which eight are reporting all templates required by the Complementary Climate Delegated Act. More than half of the companies (9 or 56 percent) have disclosed reasons for their non-alignment of eligible activities. The reasons are mainly the lack of information as well as non-compliance with the substantial contribution or DNSH criteria. Over 50 percent of the companies discussed a link between their EU Taxonomy disclosures and their business strategy; however only 1 out of 16 companies has disclosed a specific EU Taxonomy target. Furthermore, all companies obtained limited assurance for their disclosures.

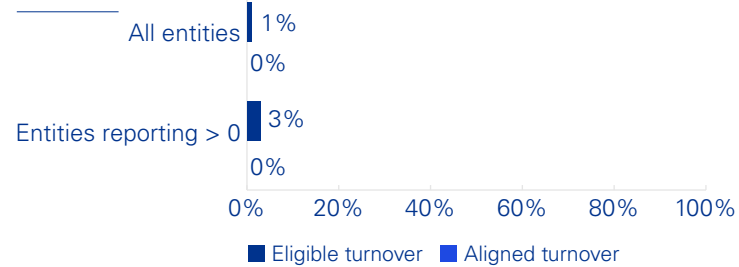
Compared to financial year 2023, turnover eligibility increased by 5 percentage points, while alignment decreased by 2 percentage points. For OpEx and CapEx, eligibility increased by 3 percentage points each, while the alignment values remained stable.

In essence, the energy sector demonstrates rather high average alignment rates compared to other sectors and a notable high proportion of alignment to eligibility. However, there is considerable variation in KPIs among companies within the sector, for example with aligned turnover ranging from 0 percent to 99 percent. This disparity underscores the diverse business models and differing levels of sustainability engagement among companies in the energy sector.

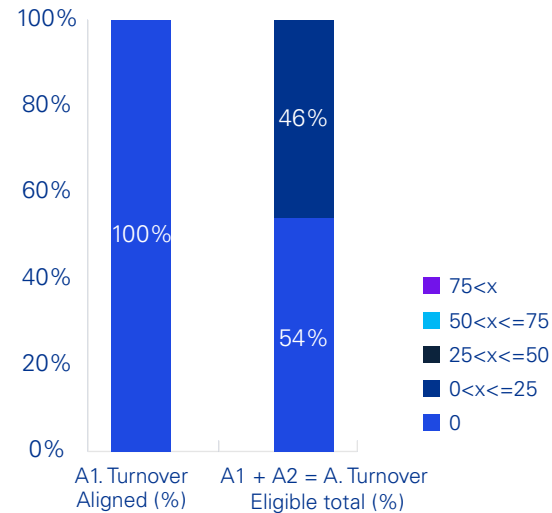


Food, beverage and tobacco

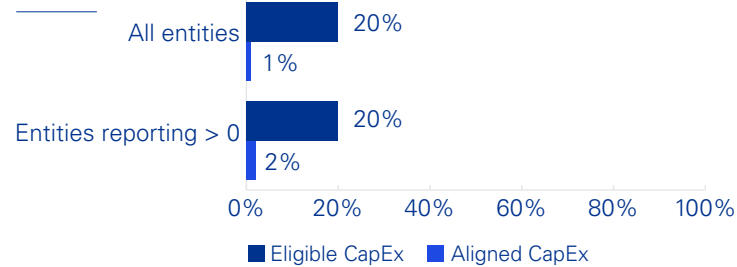
Turnover



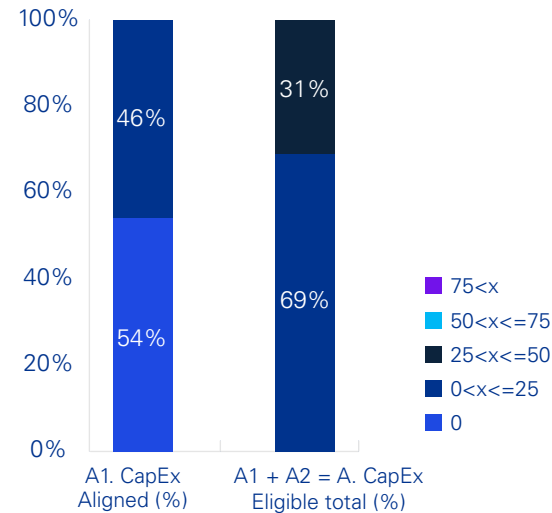
Turnover distribution



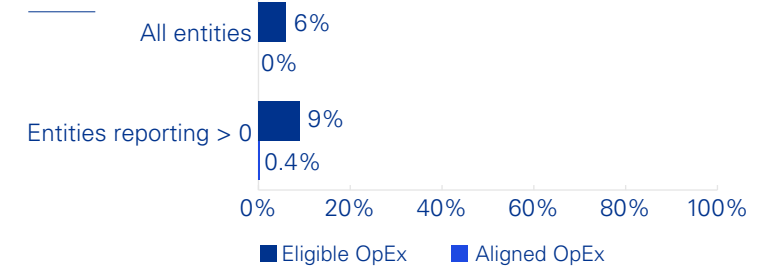
CapEx



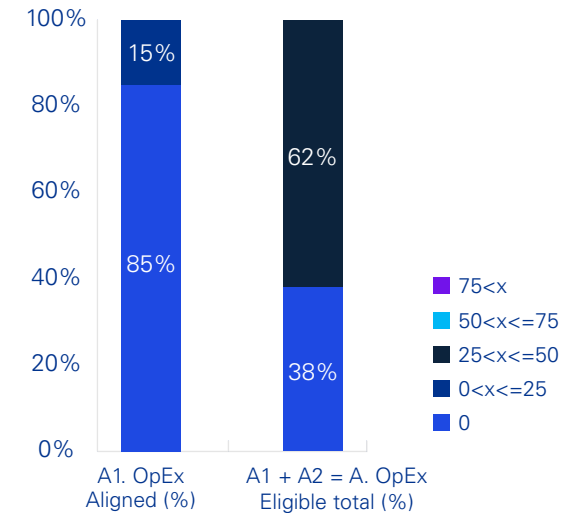
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



In this year's study, the sample of the food, beverage and tobacco' sector included 13 companies distributed across nine European countries. Included subsectors comprise food producers (7 companies) and beverages (6 companies).

Regarding turnover, the average eligibility is 1 percent with no company reporting any alignment. Out of the 13 companies analyzed, only six reported eligible turnover greater than 0 percent, resulting in an average eligibility of 3 percent. Notably, among the companies with eligible turnover, only one reported eligibility above 10 percent, whereas the others had turnover figures of less than 3 percent. For turnover eligibility, only one activity was reported more than once, namely **PPC 1.1 Manufacture of active pharmaceutical ingredients (API) or active substances** (reported by 2 companies), with an average eligibility of 1 percent.

For CapEx, all companies reported some level of eligibility, resulting in an average of 20 percent. In terms of alignment, around half of the companies (6 or 46 percent) reported aligned CapEx greater than 0 percent, leading to an average alignment of 2 percent. The economic activity most frequently reported under alignment is **CCM 7.3 Installation, maintenance and repair of energy efficiency equipment** (reported by three companies), however with only a minor aligned average of 0.1 percent.

When considering OpEx, the reported values result in an average eligibility of 6 percent and alignment of close to 0 percent. Eight out of 13 companies (62 percent) report eligible OpEx larger than 0 percent, resulting in an average of 9 percent. Among those companies, only two are also reporting alignment above 0 percent, which leads to an average of 0.4 percent. The only activities reported as aligned are **CCM 4.24 Production of heat/cool from bioenergy** (reported by 1 company) and **CCM 7.3 Acquisition and ownership of buildings** (1 company), both with alignment rates close to 0 percent. Five companies (38 percent) made use of the OpEx

materiality exemption, with three of them reporting materiality thresholds between 3 percent and 4.2 percent.

Apart from one company, none within the sector engage in nuclear or gas activities. Approximately 70 percent (9 companies) offer explanations for their non-alignment of eligible activities, with the most common explanation being 'no assessment due to lack of information'. Additional concerns include lack of complying with the substantial contribution or DNSH criteria and lack of materiality. More than half of the companies (62 percent) do not explain how they ensured alignment with the minimum safeguards. Eleven out of 13 companies (85 percent) received limited assurance for their EU Taxonomy disclosures.

Compared to last year, the turnover figures remained stable, with very low eligibility and no alignment among all companies. In terms of companies reporting CapEx larger than 0 percent, eligibility rose by 6 percentage points compared to 2023, while alignment declined from 7 percent to 1 percent. The OpEx eligibility (for OpEx greater than 0 percent) declined from 12 percent to 9 percent and alignment declined from 1 percent (2023) to 0.4 percent (2024).

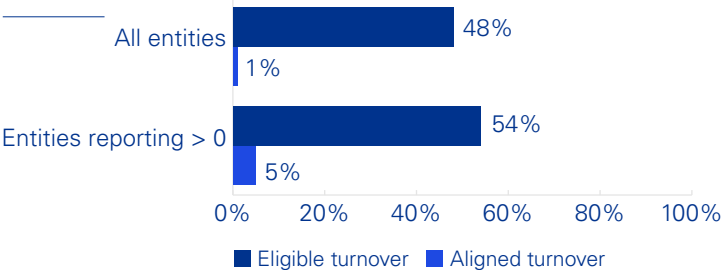
Overall, the food, beverage and tobacco sector is one of the sectors with the lowest average eligibility and consequently also alignment rates. Especially the low percentage of Taxonomy-aligned turnover reflects both the complexity of the technical screening criteria and the sector's divergent business models. Despite the introduction of new economic activities through the Environmental Delegated Act, the low eligibility values indicate that the main business models responsible for the majority of turnover are still not addressed by the EU Taxonomy. And even though five companies (38 percent) explicitly mentioned to have Taxonomy-eligible or aligned purchase-of-output (CapEx category c), the presumption of last year's study remains, that some companies are either not including it or that there are ongoing interpretation issues regarding the different CapEx categories.



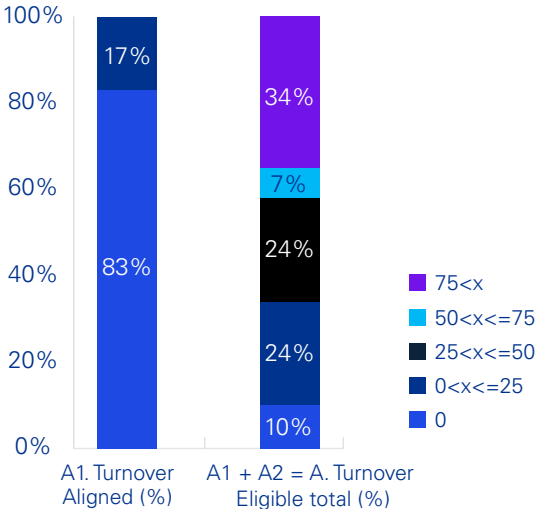


Health care

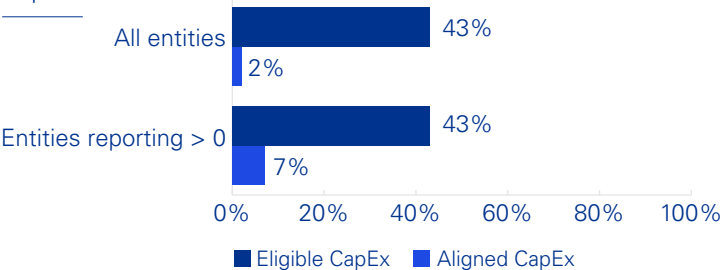
Turnover



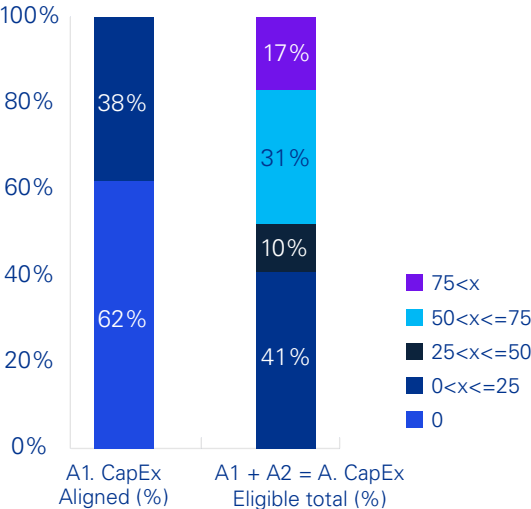
Turnover distribution



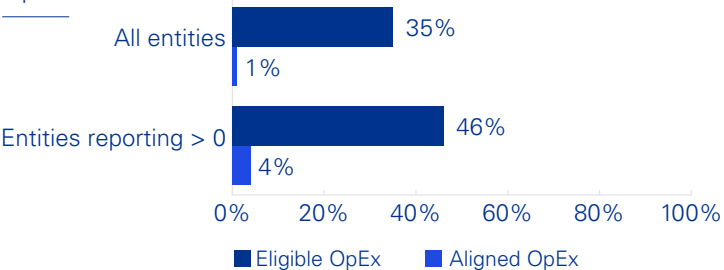
CapEx



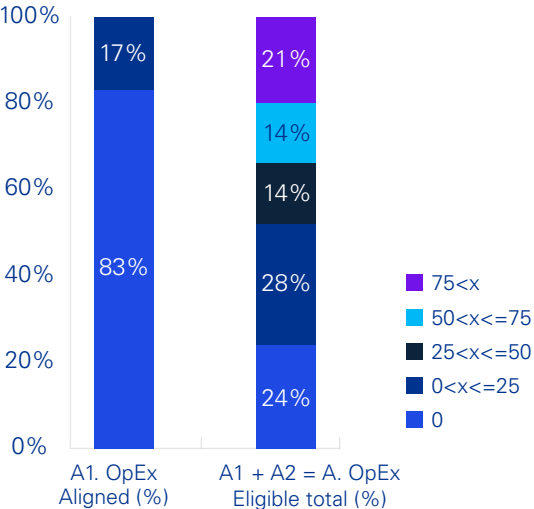
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



In this year's sample, the health care' sector comprises 29 companies of three subsectors: pharmaceuticals and biotechnology' (15), medical equipment and services (12) and health care providers (2).

In 2024, the health care sector reported an average eligible turnover of 48 percent, while the average aligned turnover was notably low at 1 percent. A significant 90 percent of companies (26) reported eligible turnover above 0 percent, leading to an average of 54 percent. Interestingly, 10 companies (34 percent) reported eligible turnover exceeding 75 percent. Regarding alignment, only five companies (17 percent) reported aligned turnover above 0 percent, but all below 15 percent, leading to an average alignment rate of 5 percent. The activity **CE 1.2 Manufacture of electrical and electronic equipment** was the only one reported more than once (reported by 2 companies) for aligned turnover, resulting in an average of 4 percent. For eligibility however, **CE 1.2** was reported by 10 companies, amounting to an average of 33 percent. The activity **PPC 1.2 Manufacture of medicinal products** was even more prevalent for eligibility (reported by 15 companies) with an average eligible turnover of 60 percent. However, only one company reported alignment of approximately 2 percent.

In terms of CapEx, an average eligibility of 43 percent was reported with a similarly low average aligned CapEx at 2 percent. All companies reported eligible CapEx above 0 percent; however, only 11 companies (38 percent) reported aligned CapEx above 0 percent, resulting in an average alignment of 7 percent. The activities **CCM 7.7 Acquisition and ownership of buildings** and **CCM 7.3 Installation, maintenance and repair of energy efficiency equipment** were the most frequently reported for aligned CapEx, noted four and three times respectively, with average aligned CapEx

rates of 7 percent and 0.04 percent. Just like for financial year 2023, none of the companies have reported on a CapEx plan.

Similarly, also for OpEx there is a significant gap between the average eligible reported OpEx of 35 percent and the average alignment of only 1 percent. A total of 22 companies (76 percent) reported eligible OpEx above 0 percent, leading to an average eligibility of 46 percent. In terms of alignment, only five companies (17 percent) reported aligned OpEx above 0 percent. This results in an average OpEx alignment rate of 4 percent, with the highest reported aligned OpEx being 16 percent. No activity was reported more than twice for aligned OpEx. Just as for turnover, there was a notable discrepancy with 14 companies reporting **PPC 1.2 Manufacture of medicinal products** as eligible, with an average eligibility rate of 46 percent, yet only one company reported alignment of 3 percent. In 2024, the OpEx materiality exemption was applied by three companies (10 percent), with thresholds ranging from 2.8 percent to 10 percent.

A notably high percentage of companies (23 companies or over 79 percent) disclosed explanations of why eligible activities are not aligned. The most cited reasons are a lack of substantial contribution, the non-compliance with the DNSH criteria or a lack of information, whereupon no further analysis could be performed. No company in this sector disclosed any Taxonomy specific targets and only five companies described a link between their EU Taxonomy disclosures and business strategy. With regards to assurance, only two did not obtain any assurance, while the other 27 companies received limited assurance.

After a significant increase in eligibility from 2022 to 2023 due to the newly added activities from the Environmental Delegated Act, the average eligible turnover increased by another 10 percentage

points for the financial year 2024 but the average alignment remained low at 1 percent. For CapEx, the eligibility increased by 7 percentage points, while the alignment only minorly increased from 1 percent to 2 percent. With regards to OpEx, eligibility increased by 11 percentage points, while alignment remained at 1 percent. Despite the new requirement for companies to assess and report alignment for activities related to the four non-climate environmental objectives, alignment rates across all three KPIs remained remarkably low. Even though it depends on the individual ambition level of each company, it appears that our assumption raised in last year's study may be correct. The low alignment rates, combined with the substantial number of companies offering explanations for their non-alignment, points to the conclusion that the technical screening criteria of activities most relevant for the health care sector are challenging to meet.

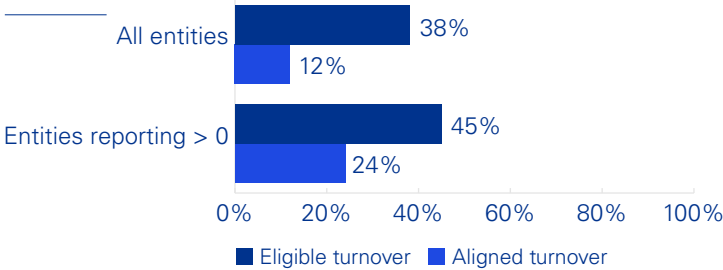
After a significant increase in eligibility from 2022 to 2023 due to the newly added activities from the Environmental Delegated Act, the average eligible turnover increased by another 10 percentage points for the financial year 2024 but the average alignment remained low at

1%

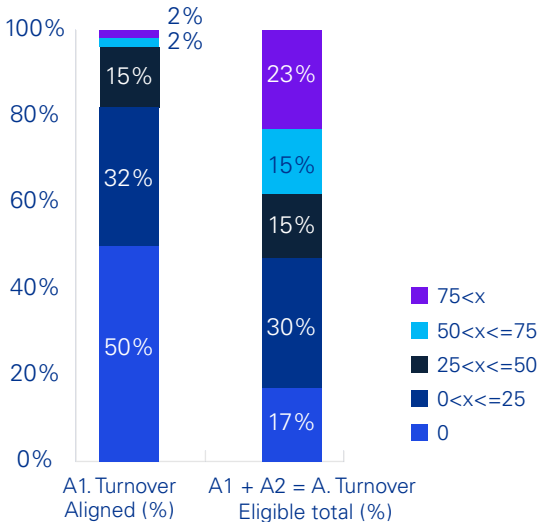


Industrial goods and services

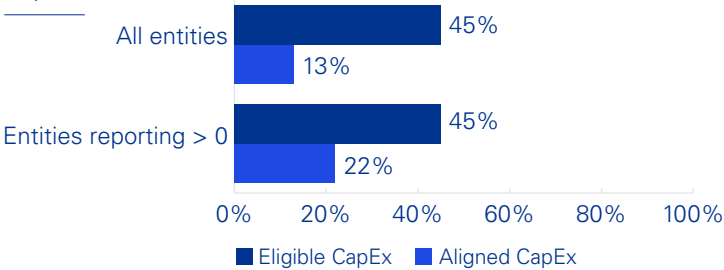
Turnover



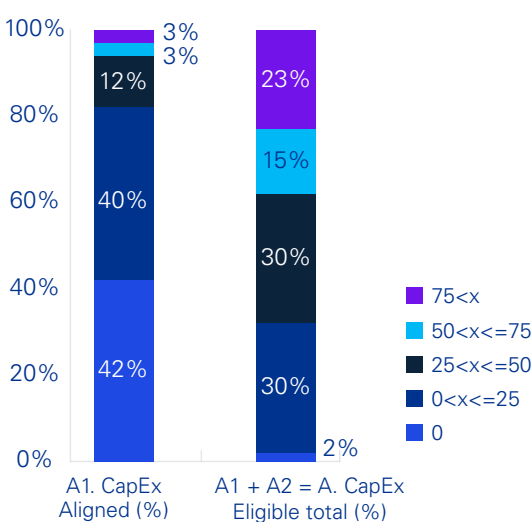
Turnover distribution



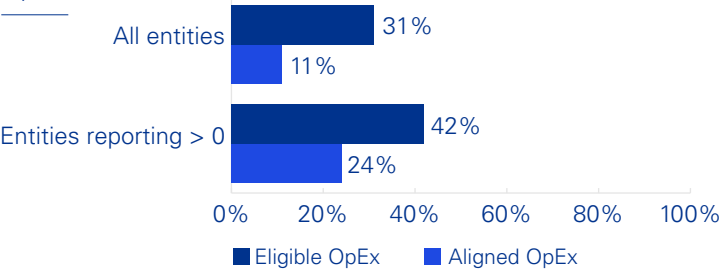
CapEx



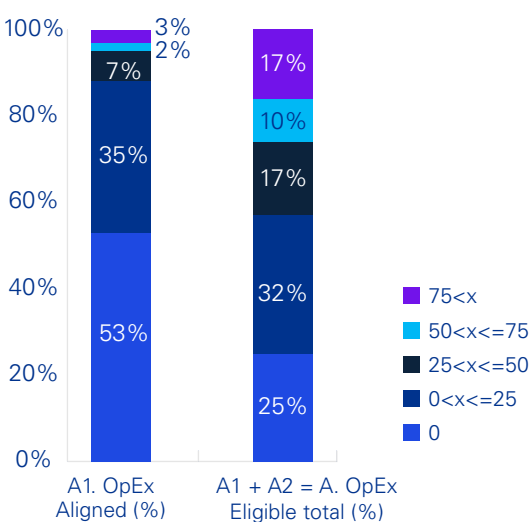
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



The industrial goods and services sector constitutes the largest sector of this year's study, including 60 companies of diverse subsectors with headquarters in 12 European countries. The subsectors comprise industrial engineering and industrial transportation with 14 companies each, electronic and electrical equipment, and industrial support services with nine companies each, aerospace and defense with eight companies and general industrials with six companies.

In 2024, the 60 analyzed companies of this sector reported an average eligible turnover of 38 percent, with aligned turnover averaging 12 percent. Similar to last year, a significant 83 percent (50 companies) reported eligible turnover above 0 percent, raising the average to 45 percent. Regarding alignment, 30 companies (50 percent) reported aligned turnover above 0 percent. Within this group, 19 companies had alignment rates between 0 percent and 25 percent, nine companies between 25 percent and 50 percent, and one company each reported alignment over 60 percent and over 90 percent. The activities contributing most to aligned turnover were **CCM 3.1 Manufacture of renewable energy technologies** and **CCM 3.6 Manufacture of other low carbon technologies**, each reported by eight companies. However, due to the diversity of the sector, around 65 different eligible and 50 aligned activities contributing to turnover were reported by the companies.

With regards to CapEx, the reported average eligibility is 45 percent, with aligned CapEx averaging 13 percent. Nearly all companies (59 out of 60) reported eligible CapEx above 0 percent. Of these, 58 percent (35 companies) also reported aligned CapEx greater than 0 percent, which results in an average of 22 percent. As for many other sectors, the activities most frequently associated with aligned CapEx were **CCM 7.6 Installation, maintenance**

and repair of renewable energy technologies and **CCM 7.7 Acquisition and ownership of buildings**, each noted by 12 companies, although both were reported with low average alignment rates of less than 1 percent. Interestingly, the most commonly disclosed turnover generating activities **CCM 3.1 Manufacture of renewable energy technologies** and **CCM 3.6 Manufacture of other low carbon technologies** were also reported under CapEx by eight and seven companies, respectively, with alignment rates nearly identical to those for turnover. Regarding the contextual information on the CapEx KPI, seven companies (12 percent) have developed a CapEx plan, although most have not entirely provided the required information.

For OpEx, the average reported eligibility rate is 31 percent, with aligned OpEx averaging 11 percent. A total of 75 percent (45 companies) reported eligible OpEx greater than 0 percent, leading to an average of 42 percent. In terms of alignment, 47 percent (28 companies) reported aligned OpEx above 0 percent, amounting to an average of 24 percent. Most companies reported aligned OpEx below 25 percent, but two companies stood out with alignment rates exceeding 80 percent. As for turnover, most frequently reported activities leading to OpEx alignment were **CCM 3.1 Manufacture of renewable energy technologies** and **CCM 3.6 Manufacture of other low carbon technologies**. These activities were disclosed by seven companies each, with slightly higher average alignment rates of 7 percent and 17 percent, compared to turnover and CapEx. In 2024, the OpEx materiality exemption was applied by 12 companies (20 percent), with thresholds ranging from 2 percent to 10 percent. Strikingly, this represents an increase from last year, when the majority of companies used a threshold of 1 percent or lower.

In 2024, the 60 analyzed companies of this sector reported an average eligible turnover of 38 percent, with aligned turnover averaging

12%

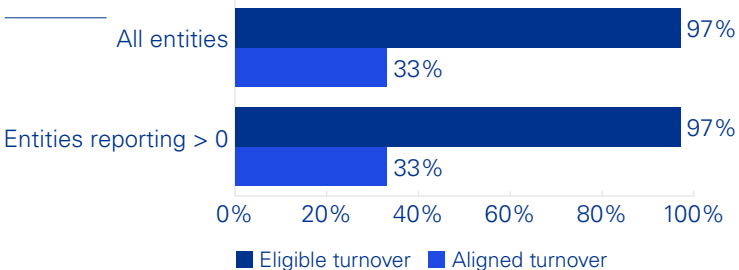
Out of the 60 companies, one company did not identify any eligible activities. No company set specific targets regarding their EU Taxonomy performance. However, 10 companies (17 percent) disclosed a connection between their business strategy and the EU Taxonomy. Furthermore, 44 companies (73 percent) provided explanations for why their eligible activities did not achieve alignment. The reasons cited were predominantly lack of complying with the substantial contribution or DNSH criteria, or lack of information. Regarding assurance, nine companies (15 percent) did not obtain any assurance, whereas the remaining 51 companies secured limited assurance.

In conclusion, the industrial goods and services sector is comprised of diverse subsectors, leading to a wide range of eligible activities. Compared to 2023, the newly required alignment assessment for the activities added last year seems to only have had a minor effect. When looking at last and this year's KPIs, the average alignment of turnover increased by 3 percentage points, while the eligibility rate remained the same. For CapEx and OpEx, both average eligibility and alignment slightly increased respectively.

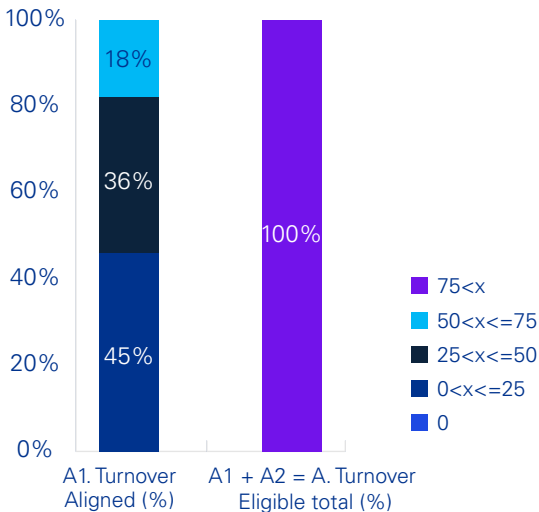


Real estate

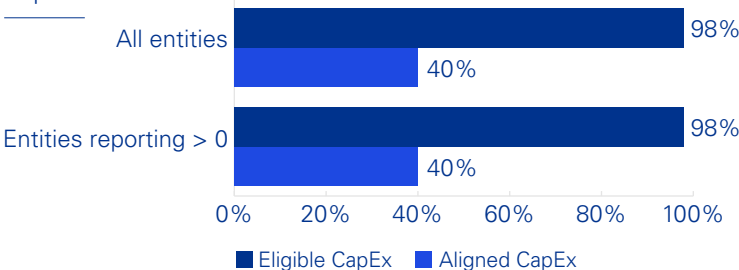
Turnover



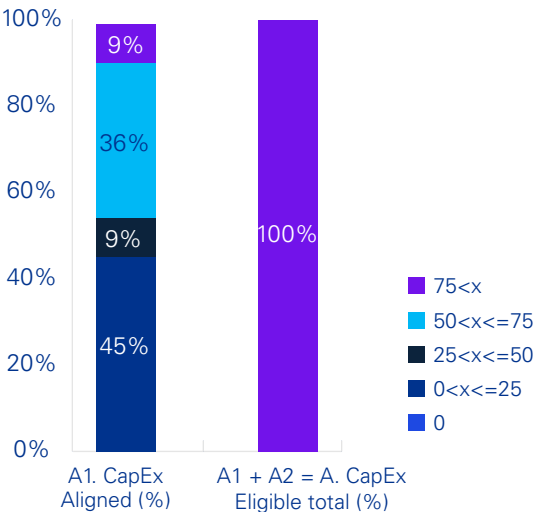
Turnover distribution



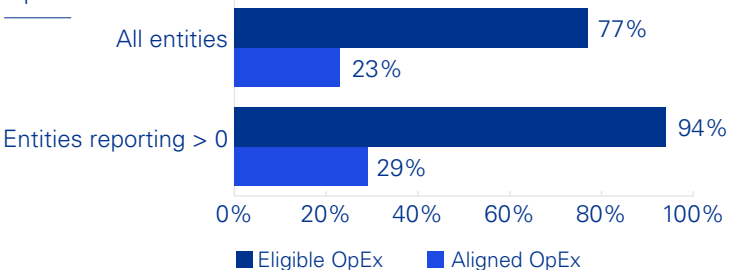
CapEx



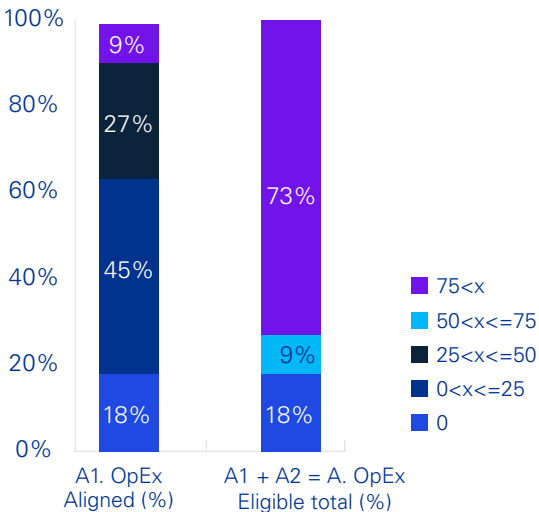
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



The sector sample for the real estate industry includes 11 companies, incorporated in three countries, including Germany (3 companies), France (3) and Sweden (5).

Regarding turnover, this sector has by far the highest average eligibility with 97 percent. The average alignment amounts to 33 percent. All companies reported eligible turnover above 75 percent, of which six companies (55 percent) reported aligned turnover above 25 percent. Notably, the activity **CCM 7.7 Acquisition and ownership of buildings** is reported as eligible and aligned by 10 out of the 11 companies, reaching an average alignment rate of 33 percent. Being reported by three companies, **CCM 4.1 Electricity generation using solar photovoltaic technology** is the second most cited aligned activity, though with an average alignment of only 0.01 percent. Unlike other industries, more than half of the companies in the real estate sector have reported to have income aside contracts with customers, often stemming from rental income.

For CapEx, the average eligibility is reported at 98 percent and the average alignment at 40 percent. As for turnover, all companies reported to have eligibility greater than 75 percent and six companies (55 percent) disclosed alignment over 25 percent. Also, for CapEx the activity most commonly leading to aligned CapEx is **CCM 7.7 Acquisition and ownership of buildings** (reported by 9 companies), with an average aligned CapEx of 31 percent. Other activities of the construction and real estate sectors were also reported multiple times as aligned: **CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings** (reported by 4 companies), **CCM 7.6 Installation, maintenance and repair of renewable energy technologies** (4 companies) and **CCM 7.4 Installation, maintenance**

and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (3 companies), however with rather low alignment rates of 2 percent or less.

With respect to OpEx, the average overall eligibility is 77 percent while the average alignment stands at 23 percent. Most companies (9 or 82 percent) reported eligibility and alignment with values exceeding 0 percent, leading to an average of 94 percent for eligibility and 29 percent for alignment. Among those companies, one stood out with reporting OpEx alignment over 75 percent, while the others are reporting values below 40 percent. As for the other KPIs, the activity **CCM 7.7 Acquisition and ownership of buildings** is most commonly reported as aligned (by 8 companies), with an average aligned OpEx of 29 percent. Only 2 companies (18 percent) made use of the materiality exemption, with one disclosing a threshold below 10 percent.

Seven companies (64 percent) disclosed explanations of why their eligible activities are not aligned. Of those, six companies indicated to not have performed an assessment due to a lack of information. None of the companies have issued a CapEx plan and two companies (18 percent) have issued sustainable bonds or securities aimed at funding specific Taxonomy-aligned activities. Eight out of 11 companies (73 percent) obtained limited assurance.

Compared to last year's analysis, the turnover figures remained rather stable, with 1 percentage point decrease in eligibility and 1 percentage point increase in alignment. For CapEx, the alignment value decreased by 2 percentage points. In contrast, there was a steep decrease in the OpEx figures, with eligibility changing from 91 percent (2023) to

77 percent (2024) and alignment from 28 percent (2023) to 23 percent (2024).

In conclusion, the real estate sector consistently stands out for its high average eligibility compared to other sectors, especially with regards to the environmental objective of 'Climate change mitigation'. Nevertheless, there remains to be a discrepancy between eligibility and alignment, indicating challenges in complying with the technical screening criteria, which did not notably improve over the past few years. Thus, it will be interesting to observe whether the proportion of Taxonomy-aligned activities increases to close this gap.

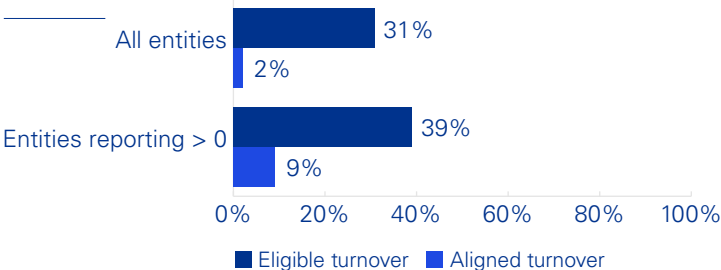
All companies reported eligible turnover above 75 percent, of which six companies (55 percent) reported aligned turnover above 25 percent. Notably, the activity CCM 7.7 Acquisition and ownership of buildings is reported as eligible and aligned by 10 out of the 11 companies, reaching an average alignment rate of

33%

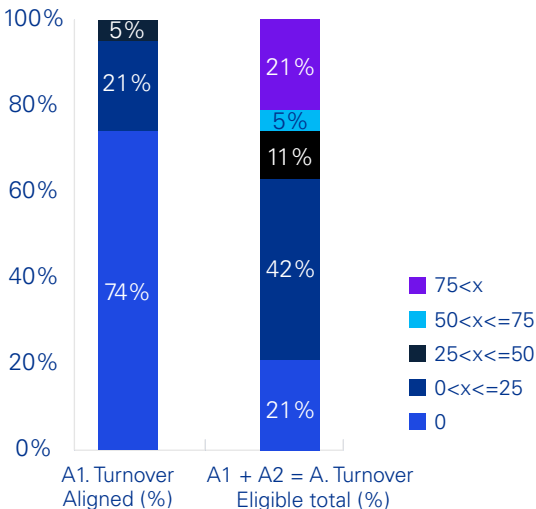


Technology

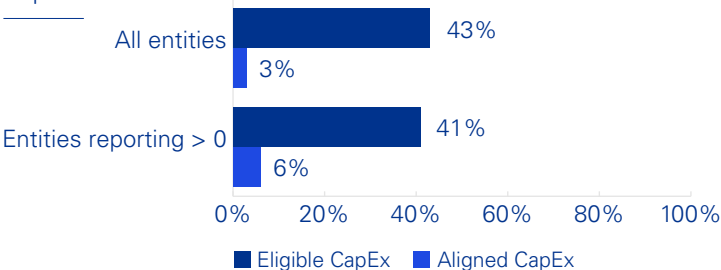
Turnover



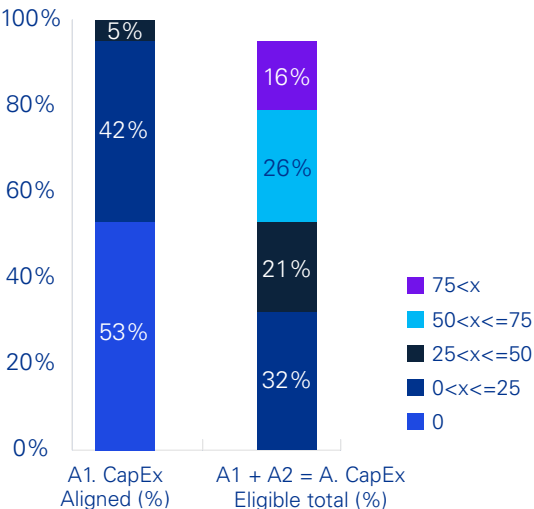
Turnover distribution



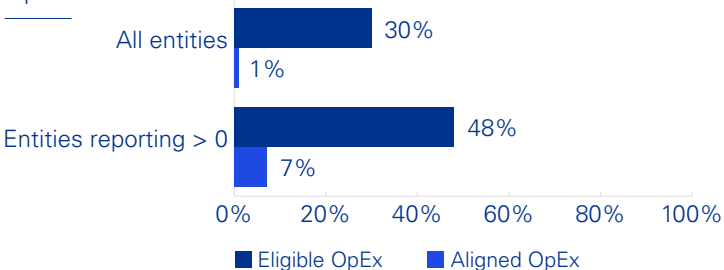
CapEx



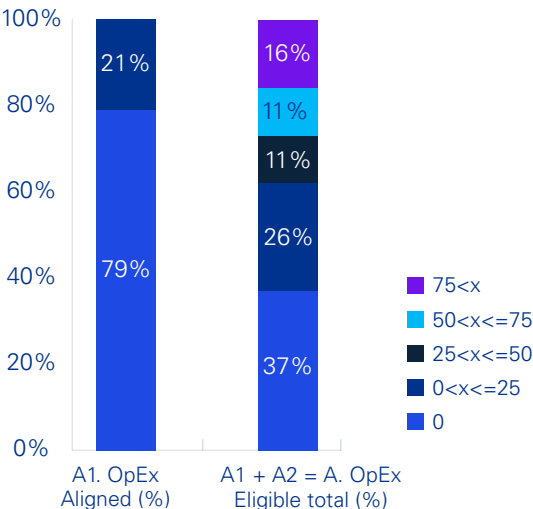
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



The sample for the technology sector comprises 19 companies, of which 14 belong to the software and computer services subsector and the remaining five to the technology hardware and equipment subsector.

In 2024, companies reported an average of 31 percent eligible turnover and 2 percent aligned turnover. While 15 companies (79 percent) disclosed eligible turnover, only five companies (26 percent) were able to reach alignment. Substantial aligned turnover was generated by two companies, linked to the activities **CCM 3.6 Manufacture of other low carbon technologies** for one of them, and to **CCM 8.2 Data-driven solutions for GHG emissions reductions** for the other. In addition, the activity most commonly leading to aligned turnover was the newly activity **CE 4.1 Provision of IT/OT data-driven solutions** (reported by 3 companies), with an average aligned turnover of 0.3 percent.

For CapEx, the average reported figures were 43 percent for eligibility, and 3 percent for alignment. The most commonly reported eligible activities for the CapEx KPI are **CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles** and **CCM 7.7 Acquisition and ownership of buildings** — both generally regarded as rather cross-sector activities. **CCM 7.7** was also the activity most often reported for alignment (reported by 3 companies), with an average alignment of 8 percent.

OpEx figures show 30 percent for eligibility and only 1 percent alignment. **CCM 8.1 Data processing, hosting and related activities** was the most frequently reported activity, with five companies disclosing eligible OpEx between 0 percent and 25 percent. **CE 2.1 Manufacture of electrical and electronic equipment** stands out due to the combination of relatively high eligible OpEx shares and a broader reporting base: four companies reported values averaging above 75 percent.

One company reported significant eligible, but not aligned, OpEx of over 75 percent related to activity **CCM 9.1 Close to market research, development and innovation**. Only four companies disclosed aligned OpEx, with **CCM 8.2 Data-driven solutions for GHG emissions reductions** being the only activity reaching alignment levels of nearly 25 percent for one single company. A materiality exemption for OpEx was applied by five companies, with thresholds of up to 4 percent of total operating expenses.

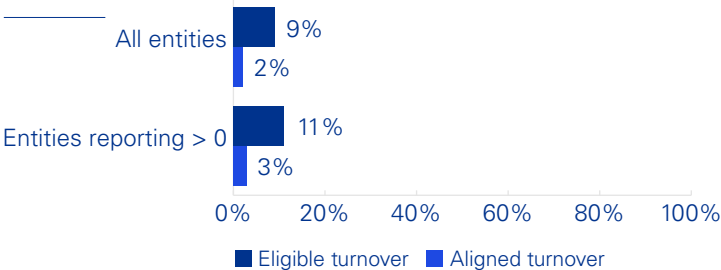
What stands out from a holistic perspective is that seven companies from the technology sector report high eligibility across all three KPIs for the activities **CE 1.2 Manufacture of electrical and electronic equipment** and **CCM 8.1 Data processing, hosting and related activities**. However, none of these companies meet the alignment criteria for either activity, highlighting the significant challenges associated with the alignment criteria for these particular activities. Multiple reasons were disclosed on why alignment was failed, especially related to the substantial contribution and DNSH criteria. One company has stated that current non-compliance with the minimum safeguards is the reason for not reaching alignment in 2024. One company from the sample has set itself an EU Taxonomy target to reach 40 percent aligned and 70 percent eligible turnover by 2027. With regards to the level of assurance, 16 companies (84 percent) obtained limited assurance for their disclosures.

The key observation is that despite the first-time requirement to conduct alignment assessments for the newly covered activities under the four additional environmental objectives and the connected expectation of rising alignment figures, this year's data shows an overall decrease in reported alignment figures. Compared to 2023, turnover alignment (for companies reporting values greater than 0 percent) declined by 14 percentage points, CapEx by 13 percentage points and OpEx by even 17 percentage points.

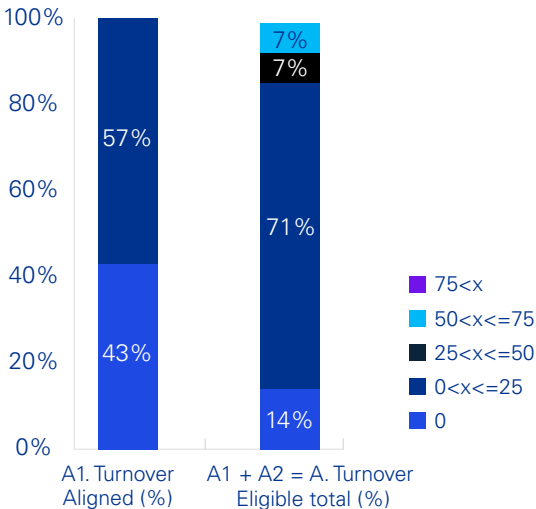


Telecommunications

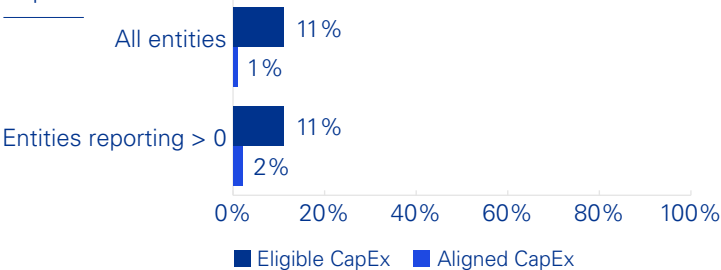
Turnover



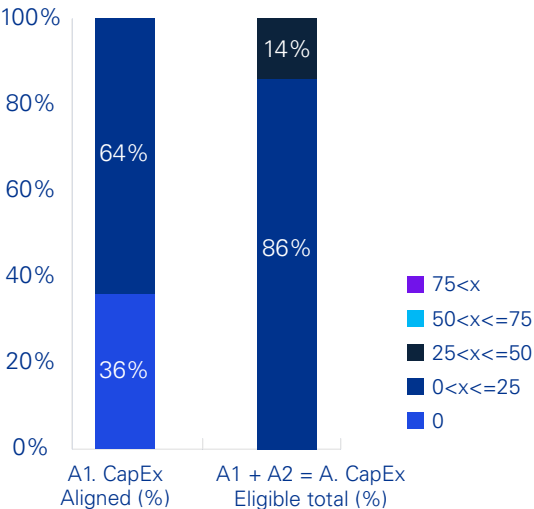
Turnover distribution



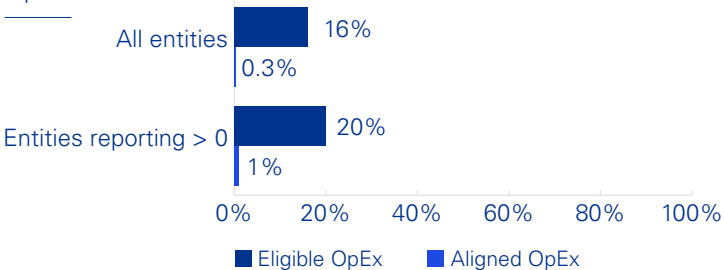
CapEx



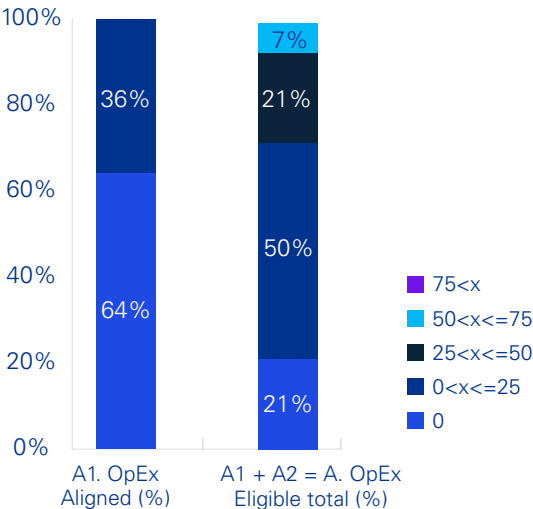
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



For the telecommunications sector, 14 companies have been analyzed in total, which are headquartered across eight European countries. Twelve of them are part of the telecommunications service providers subsector and two of them are part of the telecommunications equipment subsector.

For the Turnover KPI, an average of 9 percent eligible turnover and 2 percent aligned turnover has been reported. Twelve out of 14 companies (86 percent) reported eligible turnover over 0 percent, leading to an average of 11 percent. Among those, eight companies have aligned turnover, amounting to an average of 3 percent. The analysis presents a significant difference in turnover eligibility for the two subsectors, with both companies in the telecommunications equipment subsector demonstrating high eligible turnover between 50 percent and 75 percent that relate to the activity **CE 1.2 Manufacture of electrical and electronic equipment** in both cases. However, the alignment criteria could not be fulfilled by either company, indicating the challenges to fulfill the technical screening criteria for this particular activity. The second most relevant activity in terms of eligibility scores is **CCA 8.3 Programming and broadcasting activities**, also disclosed by two companies, who could then reach alignment for the bigger part of the related eligible turnover, resulting in an average alignment of 6 percent. Eight companies from the sample have reported aligned turnover besides **CCA 8.3 Programming and broadcasting activities** with a maximum value of 3 percent.

Telecommunication companies reported an average of 11 percent eligible CapEx and 1 percent aligned CapEx in 2024. As for turnover, the two companies from the telecommunications equipment subsector show eligible CapEx above average (25 percent to 50 percent), again relating to **CE 1.2 Manufacture of electrical and electronic equipment**. No alignment was disclosed by either of both. Including the companies from the

telecommunications service providers subsector, the most frequently reported eligible activities are **CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles** (reported by 10 companies), **CCM 8.1 Data processing, hosting and related activities** (10 companies) and **CE 5.5 Product-as-a-service and other circular use- and result-oriented service models** (7 companies), as a new joiner activity from the environmental objective of contributing to the 'Transition to a circular economy'. While all companies from the sample reported eligible activities, only nine also reported partially aligned activities, with alignment scores ranging from 0 percent to 25 percent. In terms of CapEx alignment, the activity most commonly reported was **CE 5.5**, reported by four companies with an average alignment of 3 percent. None of the companies have issued a CapEx plan.

Average eligible OpEx disclosed is 16 percent, and average aligned OpEx is below 1 percent. Eleven out of 14 companies (79 percent) reported eligible OpEx greater than 0 percent. Only five companies (36 percent) also reported aligned OpEx above 0 percent, but only low values in the bucket for the OpEx range from 0 percent to 25 percent. Activities that stand out either for the number of companies reporting eligibility on them, or for the comparatively higher figures reported, are **CE 1.2 Manufacture of electrical and electronic equipment**, **CCM 8.1 Data processing, hosting and related activities** and **CCM 8.2 Data-driven solutions for GHG emissions reductions**. For alignment, only five activities were reported in total, with none of them being stated more than once nor reaching figures above 1 percent. Only one company applied the materiality exemption for OpEx, ruling it out as the main reason for the low OpEx figures.

From an overall perspective, the eligibility and alignment figures in this year's sample remain similarly low compared

to the previous year. The fact that the companies already struggle to disclose eligibility indicates that business activities from the telecommunications sector are still insufficiently represented in the EU Taxonomy. The telecommunications equipment subsector is an exception in this regard with **CE 1.2 Manufacture of electrical and electronic equipment** as a major relevant activity. The challenges related to meeting the technical screening criteria for this activity and the resulting failure to achieve alignment are consistent with our findings from other sectors. Comprehensive explanations of why eligible activities are not aligned were stated by 11 companies (79 percent), with the main reason being the non-conformity with the substantial contribution or DNSH criteria.

None of the companies has set itself any future targets regarding EU Taxonomy figures. Only a few companies achieved very minimal alignment for activities under the circular economy objective, with this year being the first year such activities required an alignment assessment. All companies except for two obtained limited assurance.

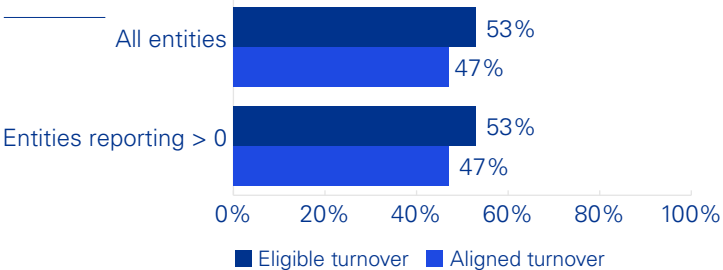
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11%

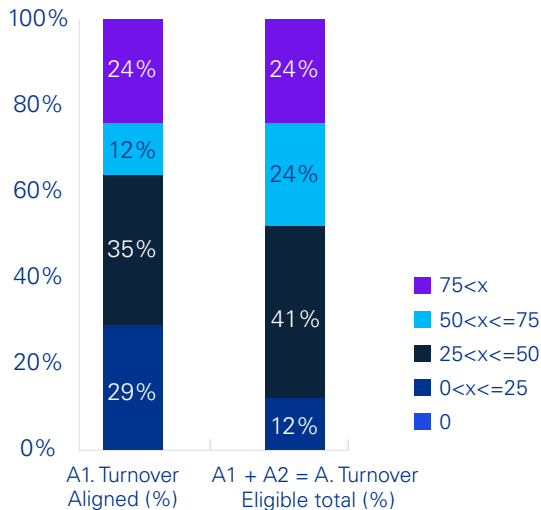


Utilities

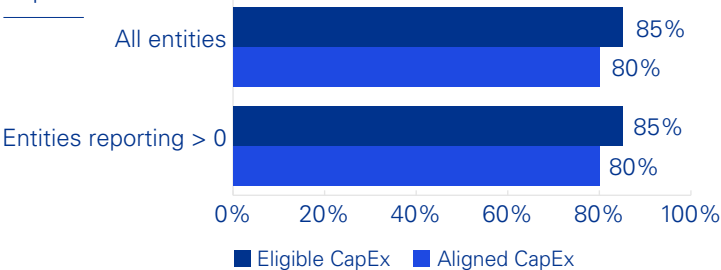
Turnover



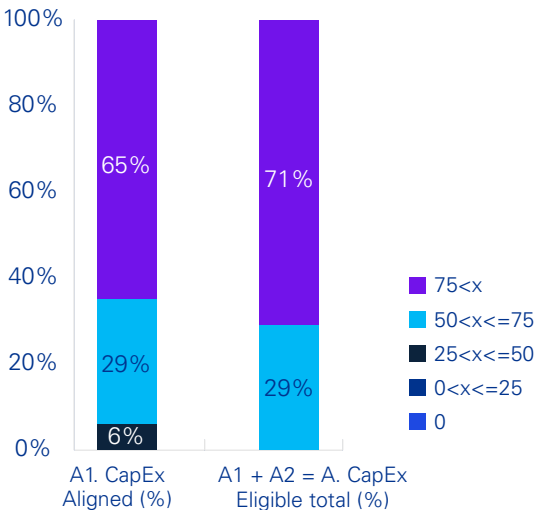
Turnover distribution



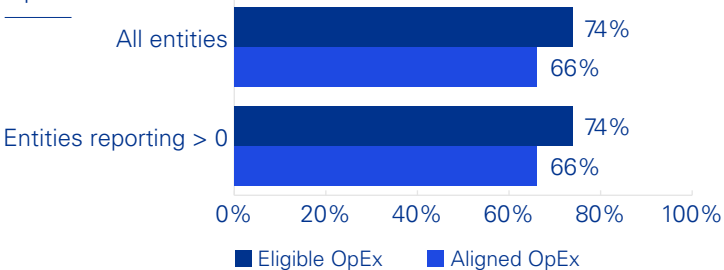
CapEx



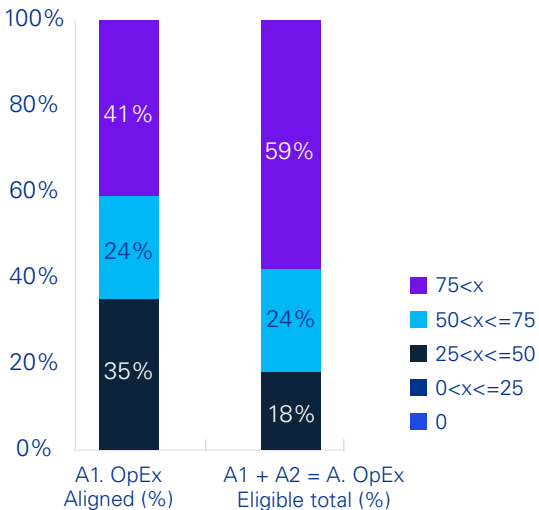
CapEx distribution



OpEx



OpEx distribution



Note: Percentages may not total 100 due to rounding.



Seventeen companies from the utilities sector have been analyzed in this study. Among these, 10 companies provide electricity, and the remaining seven companies provide other utilities, such as gas, water and other utilities.

All companies from the sample reported on average 53 percent eligible turnover and 47 percent aligned turnover, which is virtually unchanged compared to the previous year. Almost a quarter of the companies was able to report alignment between 75 percent and 100 percent. **CCM 4.9 Transmission and distribution of electricity** stands out as an activity with particularly high alignment scores of up to almost 100 percent. Regarding activities from the category ‘Water supply, sewerage, waste management and remediation activities’, the highest alignment scores reported relate to activity **CCM 5.1 Construction, extension and operation of water collection, treatment and supply systems/WTR 2.1 Water supply**. Eight companies reported these activities as aligned, amounting to an average of approximately 2 percent.

In 2024, an average of 85 percent eligible CapEx and 80 percent aligned CapEx is reported. All companies reported aligned activities, 16 companies (94 percent) reported alignment scores above 50 percent and 11 companies (65 percent) even reported alignment scores above 75 percent. As for turnover, **CCM 4.9/CCA 4.9 Transmission and distribution of electricity** is the activity with the highest EU Taxonomy figures. **CCM 4.9** was reported as aligned by six companies, with average aligned CapEx of 36 percent. Alignment for **CCM 4.9** together with **CCA 4.9** was reported by six companies as well, with an average alignment amounting to even 67 percent.

For OpEx, 74 percent average eligibility and 66 percent average alignment scores have been reported. Eleven companies (65 percent) reported alignment scores above 50 percent and seven companies (41 percent) even reported alignment scores above 75 percent. Again, **CCM 4.9 Transmission and distribution of electricity** is the frontrunner activity leading to aligned OpEx. None of the companies made use of the materiality exemption.

As in the previous year, the utilities sector remains the sector from this study with the highest average alignment figures. As all companies are able to report positive eligibility and alignment figures for all three KPIs, the values for “all entities” equal those for “entities reporting > 0”.

Overall, companies from the utilities sector cover a broad range of activity categories. Moreover, apart from the environmental objective for the ‘Protection and restoration of biodiversity’, all environmental objectives are represented. This is also due to the fact that activities from the category ‘Water supply, sewerage, waste management and remediation activities’, that are common among companies from the utilities sector, can contribute to all of these environmental objectives.

The majority of activities reported relates to the energy category, with **CCM 4.1 Electricity generation using solar**

photovoltaic technology being the most frequently reported activity (11 companies), followed by **CCM 4.9 Transmission and distribution of electricity** (10 companies) and **CCM 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels** (11 companies).

Despite the high alignment figures, 11 companies (65 percent) elaborated on explanations as to why eligible activities are not aligned, with the lack of complying with the substantial contribution or DNSH criteria or a lack of information being the most often cited reasons. The utilities sector is moreover the sector with the highest number of companies to set themselves specific EU Taxonomy targets (five utilities companies out of a total of nine companies with EU Taxonomy targets). They all relate to the CapEx KPI and mostly aim at reaching certain alignment percentages, of up to 95 percent, either next year or in the next few years. In addition, eight companies (47 percent) disclosed a link between their business strategy and EU Taxonomy performance. All companies in the utilities sector received limited assurance.

Overall, the results once again confirm that the utilities sector is comparatively well represented in the EU Taxonomy. Furthermore, the alignment criteria for most activities within the energy sector appear to be fairly easy to meet, likely due to the inherent sustainable nature of these activities.

In 2024, an average of 85 percent eligible CapEx and 80 percent aligned CapEx is reported. All companies reported aligned activities, 16 companies (94 percent) reported alignment scores above 50 percent and 11 companies (65 percent) even reported alignment scores above 75 percent.



Outlook



The results of our study show that reporting on the EU Taxonomy is relatively consistent overall compared to the previous year. Although there was the additional first-time requirement to report on Taxonomy-alignment for the activities laid out in the Environmental Delegated Act, overall alignment numbers remained the same. This may be because the environmental objective most commonly reported on is still ‘Climate change mitigation’, but it may also partially be due to many technical screening criteria being too challenging to fulfill. Overall, we see little defined strategic goals or ambitions in regard to the EU Taxonomy. Where technical screening criteria are not currently fulfilled, many companies may not consider it worth the cost to change that, as efforts may be high and measurable, while benefits not immediately visible. The limited ambition may indicate that many sectors see reporting on the EU Taxonomy as a compliance task rather than an opportunity to stand out positively.

Although the limited progress when it comes to reported alignment hints towards the EU Taxonomy being too complex in their requirements, it should be noted that the framework is still comparatively new and likely not established enough to consistently influence stakeholder decision-making. This would probably change once more comparisons with other companies and previous reporting periods are available over the years.

However, the EU Commission’s Omnibus proposal plans changes to the EU Taxonomy. First, the scope of companies affected is suggested to be reduced. Exact thresholds are still under discussion at the time of writing this report.

In addition to the changes regarding the affected companies, materiality thresholds are also to be introduced for all KPIs as

well as additional thresholds for the OpEx KPI in particular. On the one hand, this could contribute to greater consistency, as different materiality considerations were previously applied due to regulatory room for interpretation. At the same time, it would probably mean considerable simplification for companies. It remains to be seen whether the reduction in analysis effort will encourage companies to develop greater ambitions with regard to the alignment of their material activities.

The reporting templates are also to be revised and further simplified by the Omnibus package. The fact that currently many companies publish additional voluntary overview tables indicates that the current tables are too complex. In this respect, the revision of the reporting templates could have a positive effect on the consistency of the reports and the conveyance of information for readers.

When it comes to the main goal of the EU Taxonomy to channel financial flows into green business activities, it would be important that reporting companies are encouraged to make their business activities more sustainable and improve their reported Taxonomy-alignment. This could be stimulated if stakeholders put greater emphasis on EU Taxonomy reporting. However, simplifying the partly extremely challenging technical screening criteria could also encourage companies to work more actively on improving their Taxonomy-alignment. At the time of writing this report, the Omnibus proposal only suggests changes to the overarching DNSH criteria laid out in Appendix C regarding pollution prevention and control. However, the Commission indicated that additional revisions and simplifications of further technical screening criteria could be made.

We are interested to observe how the changes resulting from the Omnibus proposal will affect EU Taxonomy reporting and whether they will strengthen or undermine the EU Taxonomy’s overall objectives.





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Publication name: Between regulation and reality: Analyzing EU Taxonomy disclosures | Publication number: 140107-G | Publication date: July 2025