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AFG Response to the European Commission consultation on the Environmental Taxonomy





The AFG federates the asset management industry for 60 years, serving investors and the economy. It is the collective voice of its members, the asset management companies, whether they are entrepreneurs or subsidiaries of banking or insurance groups, French or foreigners. In France, the asset management industry comprises 700 management companies, with €4600 billion under management and 85,000 jobs, including 26,000 jobs in management companies.

The AFG commits to the growth of the asset management industry, brings out solutions that benefit all players in its ecosystem and makes the industry shine and develop in France, Europe and beyond, in the interests of all. The AFG is fully invested to the future.

AFG Position on the calendar

The AFG supports the efforts of European co-legislators towards financing a more sustainable economy and in particular legislative and regulatory initiatives to ensure greater transparency and achieve the EU Green Deal objective to reorient capital towards sustainable finance.

AFG welcomes the opportunity to provide input to the European Commission consultation on the Environmental Taxonomy and would like to highlight some concerns with regards the application timeline.

As a general comment, **we would like to remind that to ensure a consistent and orderly application, it is essential to align CSRD and Taxonomy application timelines.**

Application timeline for non-financial undertakings

Article 5 of the proposal amending article 10 of the Delegated Regulation states that non-financial undertaking will have to report on eligibility from 1 January 2024 and alignment from 1 January 2025:

- “**From 1 January 2024 until 31 December 2024, non-financial undertakings shall only disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities pursuant to Regulation [...].**”
- “**The key performance indicators of non-financial undertakings shall cover the economic activities set out in Regulation [...] from 1 January 2025.**”

We believe that **this application timeline is too optimistic and may raise some operational issues**. Indeed, the European Commission's consultation is open until 3 May 2023 and the publication and translations in the Official Journal of the European Union may also take some time. After the official publication, non-financial undertakings will need some time to gather the data and to understand and implement these new ambitious criteria. **It is hence difficult to ask non-financial undertakings to disclose from 1 January 2024 (eligibility) and from 1 January 2025 (alignment) on elements that will be available in late 2023.**

In this context, we believe that the European Commission should grant a one-year delay on the application of this first disclosure meaning non-financial undertakings should disclose eligibility from January 2025 and alignment from January 2026.

Application timeline for financial undertakings

We welcome the European Commission Proposal to replicate the one-year delay approach that was granted for the first two objectives of the EU Taxonomy. In any case, this “one-year delay” between the KPI publication of non-financial undertakings and the KPI publication of financial undertakings should remain. Indeed, financial undertakings depend on their counterparts' reporting. In this context, following the one-year delay asked for the non-financial undertakings, financial undertakings would disclose alignment from January 2027.

This one-year delay is all the more important in the context where we understand that the CSRD ambition may be lowered and the application calendar may be delayed.

