

# EU-TAXONOMY

## What is it about?

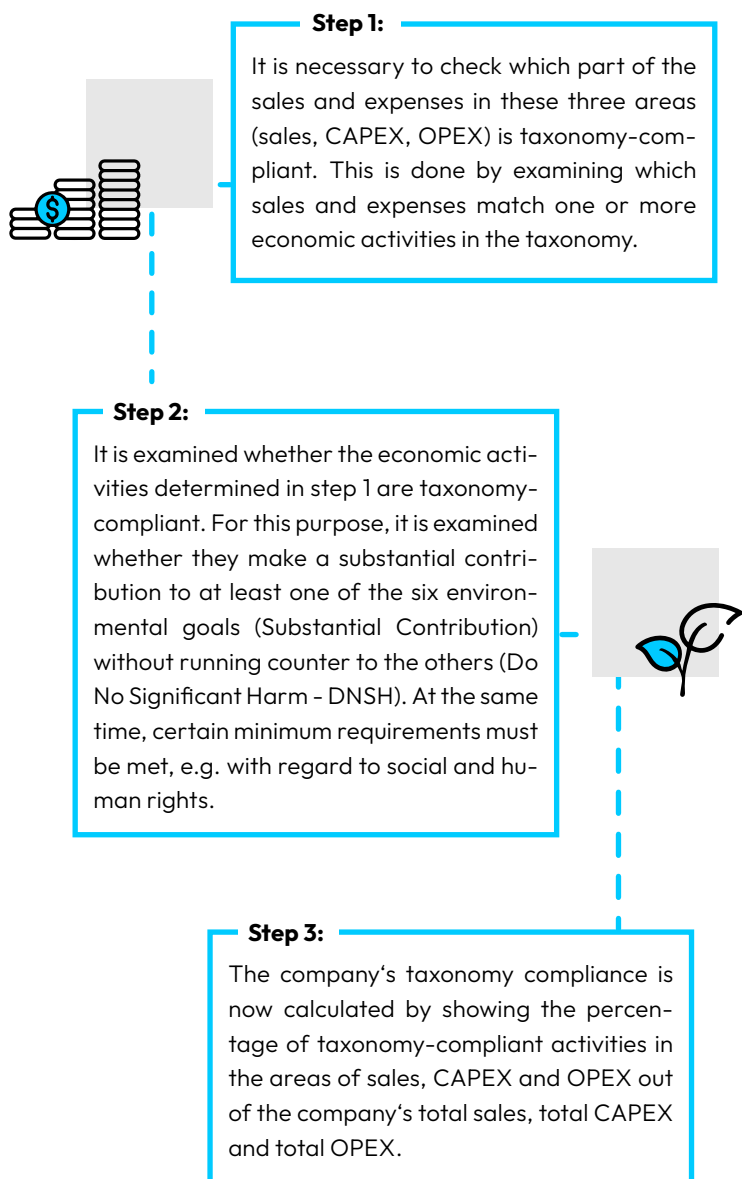
The EU Taxonomy Regulation is part of the Sustainable Finance Action Plan (SFAP) presented by the EU Commission in 2018. The regulation was introduced with the intention of reducing the „green washing“ of financial products while incentivizing private investment in green and sustainable projects. The regulation proposes criteria for determining the environmental sustainability of an economic activity, thus providing a measure of the environmental sustainability of an investment.

## When do which rules apply?

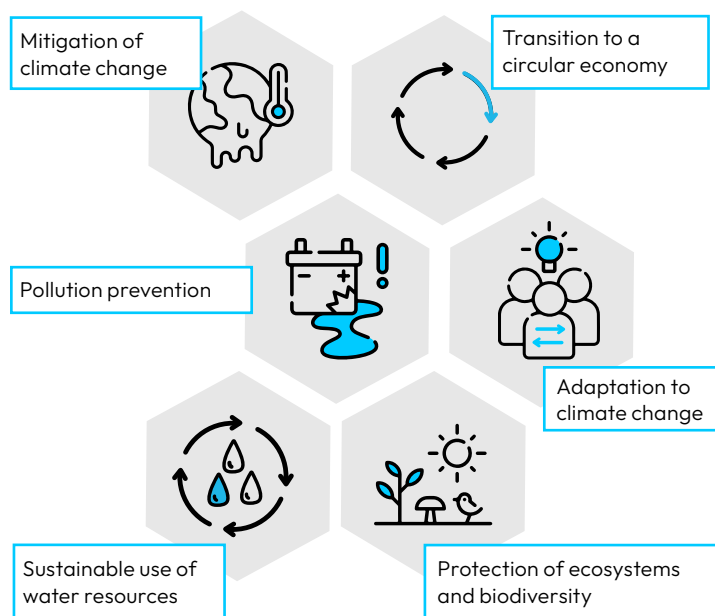
Companies covered by the NFRD were required to report on their taxonomy capability for the first time in 2022 for calendar year 2021. Then, **starting in 2023**, they must also report on their taxonomy compliance. The taxonomy applies to all companies covered by the new CSRD.

## How does the taxonomy work?

Companies must assess what portion of their revenue, CAPEX, and OPEX goes to taxonomy-compliant activities. This works as follows:



## The environmental goals of the taxonomy are:



## Is your company affected?

Companies subject to the NFRD (henceforth CSRD) are required to report. In the future, their management report must include information on how and to what extent the company's activities are linked to environmentally sustainable and thus „taxonomy compliant“ activities.

In addition, the regulation will also be relevant for other companies seeking to raise capital on the financial markets. The Sustainable Financial Disclosure Regulation (SFDR) requires investors to provide information about the sustainability of their investments. The taxonomy compliance of portfolio companies is used for this assessment.

## What are the specific challenges?

The main challenge is to collect the necessary data within your company and subsidiaries to classify the relevant sales and expenses and their correspondence to the economic activities in the taxonomy. This involves a large amount of bureaucracy.

## How can we help you?

Together with experts from well-known large, medium-sized and small companies with experience in sustainability reporting, we have developed a software solution that makes it much easier for you to implement the new regulation.

- We explain the new taxonomy requirements in an understandable way and offer a standardized, simple workflow.
- We enable you to upload your accounting data into Daato. You can then work on it collaboratively to reduce the effort of identifying taxonomy-eligible activities.
- We enable the efficient exchange of data within the company and with your subsidiaries, reducing the manual effort of data entry.
- We help you generate your taxonomy report in the correct format at the touch of a button once the data has been entered.