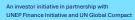


PRI CONSULTATION RESPONSE

EU Taxonomy – Review of Climate and Environmental Delegated Acts

5 December 2025







About this consultation

The European Commission has launched a four-week <u>call for evidence</u> ahead of its upcoming review of EU Taxonomy technical screening criteria. The review will aim to make targeted amendments to clarify the criteria, improve definitions, remove disproportionate requirements, and improve consistency with recent legislation.

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations' support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the European Commission's call for feedback on the EU Taxonomy Climate and Environmental Delegated Acts.

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The Global Policy Reference Group (GPRG) was consulted for this response. It is largely based on previous PRI positions.

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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Key recommendations

The EU Taxonomy helps investors channel capital towards sustainable activities by providing a common language to guide such investments¹. In 2024, over half of EU-based asset owner PRI signatories reported using the EU Taxonomy to identify sustainability outcomes connected to their investments². Results from the first years of Taxonomy reporting also show encouraging trends – in 2023, companies spent €250 billion of their capital expenditure on taxonomy-aligned activities, up 34% from the previous year³.

Yet implementation has uncovered some clear usability issues for preparers, including consistency with other policies (especially SFDR), difficulties in interpreting certain DNSH criteria, complex reporting templates, methodological issues with the financial sector KPIs, and a lack of clarity on the use of estimates.

The PRI welcomes the European Commission's efforts to make the EU Taxonomy more workable for investors and the wider market. The upcoming revision of the Climate and Environmental Delegated Acts are a timely opportunity to improve the usability of the technical criteria, based on evidence and experience of implementation.

The PRI's key recommendations are:

Ensure the revision is evidence-based

- The review should not undermine the basic purpose of the Taxonomy to help investors to
 identify, report on and ultimately finance activities with sustainable levels of environmental
 performance. To remain a credible and valuable tool to investors, the revised criteria must
 be based on the best available scientific evidence, as required by the Taxonomy
 Regulation.
- o The recent proposals of the Platform on Sustainable Finance (PSF) should be used as a basis for the revised criteria for the climate delegated act, given they integrate previous usability guidance and the latest scientific results and technologies available in the market. Any fundamental changes to the recommendations of the PSF⁴ should be justified based on transparent evidence. The revisions should also draw on market feedback received via the Stakeholder Request Mechanism, focusing on user evidence.

Promote interoperability of criteria with other taxonomies

- With 47 sustainable finance taxonomies issued around the world and 16 under development⁵, interoperability has become a key issue for investors with global portfolios.
 The <u>Principles for Taxonomy Interoperability</u> and <u>Sustainable Taxonomy Mapper</u>, launched by PRI and other global partners at COP30, provide a sound basis for enhancing the international usability of the EU Taxonomy.
- Market feedback often points to the difficulty of applying DNSH criteria when they contain references to EU legislation and certification schemes. Where feasible, explicitly spelling out the criteria or referring instead to international standards would help improve usability and interoperability with other taxonomies.

Commented [EA1]: Where do we stand also in terms of market feedbacks? Is the stakeholder mechanism feedback still open and how could this be strenghten, so EC builds from both scientific evidence but also market?

Commented [NF2R1]: Agree this point should be complemented by an investor feedback point or user evidence of some kind.

Commented [MP3]: What are we basing this on? Can we say, PSF should be used as it reflects the broadest consensus, or as it builds on XXX...

There must be a clear reason stated here

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Commented [BL4R3]: Good point - addressed now in the text

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¹When assessed in the context of a transition plan, capex alignment with the EU Taxonomy can be a useful indicator of the credibility of a company's transition efforts, particularly in sectors with high eligibility like utilities, transport and real estate. See <u>Platform on Sustainable Finance</u>, <u>Building trust in transition</u>; <u>core elements for assessing corporate transition plans</u> (2025)

² PRI 2024 Reporting & Assessment Framework - 50.6% of 168 EU-based asset owners responded, "EU Taxonomy" to the question "Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?" (PGS 47.1). See PRI (2025) <u>Global responsible investment trends 2025</u>: <u>inside PRI reporting data</u>

³ Platform on Sustainable Finance (2025) <u>Platform response to the draft taxonomy delegated act consultation</u>

⁴ Or the Technical Expert Group (TEG) that developed the original technical criteria for the Taxonomy Delegated Regulation (DR).

 $^{^{5}}$ <u>SBFN – Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies</u> (2024)



Focus the review on the usability of DNSH criteria

Evidence from implementation suggests that most usability issues lie within the DNSH
criteria. Usability improvements should be based on a comprehensive, in-depth analysis of
implementation issues across the DNSH criteria of all Delegated Acts undertaken by the next
EU Platform on Sustainable Finance.

Support capacity building across key economic sectors

• Without capacity building measures, the revision of criteria will not be sufficient to facilitate adoption of the EU Taxonomy across key economic sectors. The Commission has already developed helpful online tools to support market implementation, but more should be done (e.g. workshops, SME support programmes, etc) to disseminate these in sectoral working groups and explain how to apply the criteria in practical terms – building on the sectoral recommendations of the PSF⁶.

Commented [EA5]: Do we need to add a point on use of estimates? Or this is now kind of resolved?

Commented [MP6]: If possible can you reference previous positions here?

Commented [BL7R6]: Added

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the European Commission further to enhance the usability of the EU Taxonomy.

PRI EU Transparency Register: 612289519524-31

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org

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⁶ Platform on Sustainable Finance – A Compendium of Market Practices (2024)