

**17 Interesting sections from the Draft Delegated Regulation –
Ares(2025)1546172**

1. *"It can also be expected that the level of Taxonomy-alignment of exposures financing economic activities and assets that precede the EU Taxonomy (i.e. legacy stock) will be lower than those financing economic activities and assets in the future (i.e. flow of new financing). This would be consistent with the objective of the EU Taxonomy to facilitate the financing of new environmentally sustainable activities and projects."* (Page 3)
2. *"Financial undertakings found that there is room for further simplification and improvement of reporting requirements."* (Page 3)
3. *"These simplifications and improvements are independent of and complementary to the changes provided for in the Commission proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (hereafter 'the Sustainability Omnibus proposal')." (Page 3)*

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4. *"The experience with the first year of reporting by financial undertakings... provides a sufficient basis for introducing certain targeted simplifications measures to streamline reporting obligations and thereby reduce administrative burden on reporting undertakings, while not losing relevant and material data from the Taxonomy reporting framework."* (Page 3)
5. *"DNSH criteria are considered often overly complex and burdensome, and undertakings often quote the difficulty of establishing compliance with those criteria as the main reason for the absence of Taxonomy-alignment."* (Page 3)
6. *"As a next step, the Commission will carry out a systematic and thorough review of all the technical screening criteria, in particular of all the DNSH criteria, with the aim of assessing ways to make them simpler, more usable and more aligned with EU legislation."* (Page 4)

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7. *"For financial undertakings, this rule would permit them not to assess compliance with the Taxonomy criteria of 10% of their assets (loans, investments). This would considerably reduce the costs and efforts related to the collection and analysis of data on the environmental eligibility and performance of different economic activities that are not material to the business of the reporting undertaking. This would ensure a more proportionate reporting exercise by allowing undertakings to focus their assessment and reporting on their core business activities while avoiding unnecessary costs for the assessment of non-material activities." (Page 4)*
8. *"Furthermore, this rule would allow certain financial undertakings subject to several KPIs, such as credit institutions, not to report certain KPIs capturing activities that are not material for their business." (Page 5)*
9. *"In the case of credit institutions, the simplification of templates will result in a reduction of reported data points of 89%." (Page 6)*

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10. *"These templates were considered burdensome by reporting undertakings, especially in cases of limited exposures to those sectors where many data points needed to be filled with '0'."
(Page 6)*
11. *"The burden reduction and simplification measures referred to above should be prioritised and distinguished from an ongoing review of the Disclosures Delegated Act that requires more time and policy assessment and that will be tabled separately in due course."
(Page 6)*
12. *"That substantive review will consider options for more substantive changes in the current reporting framework, in particular on how the issues related to the difference in the scope of the numerator and denominator of the current GAR could be best addressed."
(Page 6)*

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13. *"To provide immediate relief for reporting undertakings already in the 2026 Taxonomy reporting exercise, the simplification measures provided in this amending Regulation should be adopted and implemented expediently and separately from the review of the Disclosure Delegated Act and a broader review of the technical screening criteria, in particular the DNSH criteria, which will be initiated without delay."* (Page 7)
14. *"Such reporting on partial alignment would provide more flexibility and foster a gradual environmental transition of activities over time, in line with the aim to scale up transition finance."* (Page 7)
15. *"Regarding the simplification of the technical screening criteria, the Commission will assess the existing criteria from the point of view of their clarity, the availability of evidence to demonstrate compliance, the cost of gathering the evidence and the applicability of the criteria in the international context, and simplify wherever possible."* (Page 8)

17 Takeaways from the Draft Delegated Regulation – Ares(2025)1546172

16. *"The review will also ensure that, where appropriate, the technical screening criteria can be aligned with existing EU legislation to facilitate their application by undertakings and allow them to more easily demonstrate compliance with those criteria by providing evidence of compliance with applicable EU legislation."* (Page 8)
17. *"Article 4 provides that this Regulation should enter into force on the twentieth day following that of its publication in the Official Journal of the European Union and should apply from 1 January 2026."* (Page 9)