

ESMA Consultation Taxonomy art. 8

A Eurelectric response paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

Dépôt légal: D/2020/12.105/68

General information about respondent

Name of the company / organisation	EURELECTRIC
Activity	Non-governmental Organisation and Other Associations
Are you representing an association?	☒
Country/Region	Belgium

Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_TRART8_1>

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<ESMA_COMMENT_TRART8_1>

Q1 For this KPI, do you agree with the proposed approach to defining turnover (bullet a in the draft advice)?

<ESMA_QUESTION_TRART8_1>

Yes, we agree with the definition of turnover as it follows global definitions (IFRS and GAAP), which is positive.

<ESMA_QUESTION_TRART8_1>

Q2 For this KPI, do you agree with the proposed approach to when turnover can be counted (bullet b in the draft advice)?

<ESMA_QUESTION_TRART8_2>

Partly. It is not clear in the Taxonomy how to assess the sale of products generated from renewable assets being bought/resold in the wholesale market. See paragraph 45 (p 21), describing undertakings selling a service which is partly connected with a Taxonomy-aligned activity and partly not. For the energy industry, the sale of power is directly connected to the renewable technologies producing the power and this forms a significant part of our revenue, but the economic activity "Trade of Electricity" (NACE 35.14) itself is not included in the Taxonomy.

On this background, we shall suggest that ESMA recommend more clarity w.r.t. including sale of products from technologies linked to green assets as Taxonomy-eligible. A similar linkage is also known from other pieces of legislations such as MiFID and EMIR where traded exposures related to produced products/commodities can be seen as a hedge if there is the necessary link between the exposure in question and the trade made.

Particularly at this initial stage, Eurelectric shall recommend companies are allowed flexibility and acceptance of proxies to be used. For example, when a power plant may produce both power and heat or may use different types of fuels during its production, it is not possible to fully link the power sold in the market from that power plant in terms of which detailed part was from when it used aligned or not-aligned fuel. Here you should be able to demonstrate that a proxy can form the basis for the assessment.<ESMA_QUESTION_TRART8_2>

Q3 For this KPI, do you agree with the proposed approach to defining CapEx (bullet a in the draft advice)?

<ESMA_QUESTION_TRART8_3>

Yes, we agree with the definition of CapEx. Like for the turnover, it is positive that the definition is built on globally accepted accounting principles. <ESMA_QUESTION_TRART8_3>

Q4 For this KPI, do you agree with the proposed approach to when CapEx can be counted, including the definition of 'plan' (bullet b in the draft advice)?

<ESMA_QUESTION_TRART8_4>

Partly. We agree with the process of how to allocate activities as being regarded as Taxonomy-aligned. For the energy sector, we find CapEx (and potentially also EBITDA) the most relevant of the KPIs. We could also agree with the proposal by ESMA that it is necessary to specify that costs incurred are "part of a plan" as a central element in deciding whether CapEx can be counted. However, this prerequisite that the requirements around this element are set in a workable way in practice. For instance, the 5 years format is not justified and does not fit with the horizon of many individual companies' strategy or investment pattern. Also, we do not agree with the requirement that "The plan should be made available to the public e.g. on the undertaking's website", (unless it is part of the strategic plan already voluntarily is communicated to the markets), as there may be strategically sensitive projects and confidential aspects that cannot

be disclosed prematurely. Thus, public disclosure of a sustainable project as the only way to have investments costs acknowledged may put the company in an unjustified situation of having to choose between having cost acknowledged or to lose a competitive advantage. We therefore strongly call for this unfounded requirement not to be set. At least, there should be the possibility to omit such information if the disclosure would be seriously prejudicial to the commercial position of the undertaking as described above. In other words, companies should have the prerogative to decide whether such information can be publicly made available.

Also on a macro-level it would put Europe on an unlevelled playing field if European companies have to reveal its plans in terms of investments assumed to bring or keep its competitive edge in a global economy with tough competition. This is not least the case for investments in sustainable activities and assets already today being subject to a 'global fight' for having a competitive advantage.

One alternative could be to require third-party verification of these investment costs as being part of a plan. That is to say that such investment costs should be accounted as sustainable to the extent the company can demonstrate, and have a third-party verify, that it lives up to criteria for being sustainable according to the Taxonomy. Nevertheless, this alternative should not lead to unreasonable additional costs for the company.

<ESMA_QUESTION_TRART8_4>

Q5 For this KPI, do you agree with the proposed approach to defining OpEx (bullet a in the draft advice)?

<ESMA_QUESTION_TRART8_5>

We agree with the approach but with the accompanying comment that there is an outspoken need for further guidance when it comes to handling of costs related to sustainable OpEx. Consistency with the Taxonomy regulation and industry practices should be sought when developing such a guiding document.

<ESMA_QUESTION_TRART8_5>

Q6 For this KPI, do you agree with the proposed approach to when OpEx can be counted, including the definition of 'plan' (bullet b in the draft advice)? With reference to the TEG's inclusion of the words "if relevant" in relation to OpEx, in which situations should it be possible to count OpEx as Taxonomy-aligned?

<ESMA_QUESTION_TRART8_6>

We agree that OpEx should be calculated, when relevant. However, for it to be measured successfully against the Taxonomy, there needs to be some generalisations that can be applied to the activities behind the OpEx for e.g. Group functions/shared functions, outside structure, employee costs etc., otherwise this process could be very burdensome or produce 'skewed' results.

For some companies, the key financials are revenue & CapEx, and OpEx does not play a large role. For these companies, it should be allowed to be considered less relevant to disclose this KPI. Moreover, sustainable new activities' processes tend to be more efficient, and as a result, OpEx is significantly reduced. Thus, OpEx is not a good indicator of the level of company activities that are sustainable or not. This is not least the case as OpEx often is difficult to attribute to specific taxonomy connected activities. For these reasons, detailed disclosure should not be mandatory as it would not bring any significant new information to financial market participants. A comply or explain model could be applied here, i.e. if OpEx does not play a significant role for the company, then this can be excluded from the Taxonomy-aligned disclosure, with an explanation as to why.

<ESMA_QUESTION_TRART8_6>

Q7 Do you believe that any of the suggested approaches covered in questions 1 to 6 above will impose additional costs on non-financial undertakings? If yes, please specify the type of those

costs, including whether they are one-off or ongoing, and provide your best quantitative estimate of their size.

<ESMA_QUESTION_TRART8_7>

To set up systems and processes that collect, calculate and evaluate data, to have data verified and to have the information built-in in annual reports, the personnel costs involved, etc. will imply additional costs. However, whether it will imply unreasonable costs is dependent on the workability of the requirements set, e.g. incl. the outcome of the disclosure requirement and standardised format of the disclosure. As an example, revenue and CapEx could be relatively uncomplicated to measure against the Taxonomy if the many criteria set are reality-proofed and well-described. OpEx may be more challenging as there are many costs that could be difficult to assess against the Taxonomy and activities listed. In other words, much depends on the existence of a workable approach in order for this work to not be overly burdensome (cf. comments above).

<ESMA_QUESTION_TRART8_7>

Q8 Do you agree that sectoral specificities should not be addressed in the advice, as proposed in Section 3.2.3?

<ESMA_QUESTION_TRART8_8>

We partly agree. As also stated by ESMA that for industries in transition, CapEx potentially plays a more important role, and should therefore have more focus in these sectors. Nevertheless, we agree that there should be a general standard for what should be disclosed, i.e. the process for measuring the KPIs should not be differentiated between sectors as long as the practical implementation is proofed against reality. In the eventuality that the general standard would become sector-specific, the primary KPI for the energy sector should be CapEx.

Experience shows that regulatory requirements and guidance are robust and “fit for implementation” if there is room for interpretation and flexibility with regard to the application, which serves the purpose of the requirements. However, flexibility and interpretation should not lead to circumvention or unlevelled competition.

<ESMA_QUESTION_TRART8_8>

Q9 Do you agree with the requirements for accompanying information which ESMA has proposed for the three KPIs?

<ESMA_QUESTION_TRART8_9>

We generally agree with the idea of giving the possibility to companies to include accompanying information. Thus, methodology (accounting principles), narrative explanation of the data, and context (comparative years) should be disclosed alongside the KPIs. Nevertheless, we support that there is some space for flexibility on what to include within this accompanying information, provided there is transparency around the methodology used.

<ESMA_QUESTION_TRART8_9>

Q10 Do you consider that the requirement to refer to the relevant line item(s) in the financial statements for each KPI ensures sufficient integration between the KPIs and the financial statements?

<ESMA_QUESTION_TRART8_10>

We agree that there should be a reference to the financial statements but, importantly, with the freedom to develop our own format of how the data is presented (in the table), cf. further below.

<ESMA_QUESTION_TRART8_10>

Q11 Do you agree with ESMA's suggestion to permit compliance by reference, so that non-financial undertakings may present the accompanying information elsewhere in the non-financial statement than in the immediate vicinity of the KPIs, as long as they provide a hyperlink to the location of the accompanying information?

<ESMA_QUESTION_TRART8_11>

Yes, it should be allowed to permit compliance by reference. For good reasons, the detailed breakdown and accounting policy provided by companies in terms of ESG performance reporting have today and (hopefully) also in the future had flexibility on framework, setup and layout chosen. Thus, a referencing system to this for where the KPIs are disclosed elsewhere e.g. in Annual Report is a prerequisite for ESG reporting to be put on the same footing as for financial reporting.

To the extent a particular format becomes an obligation, it should as a minimum be allowed to have a link to where this format is to be found. Thereby it makes room for the information to be presented in a self-selected format and at the same time opens for automated data collection. Alternatively, a central platform can be established as also suggested in the Renewed Sustainable Finance Strategy consultation.

<ESMA_QUESTION_TRART8_11>

Q12 Do you consider there are additional topics that should be considered by ESMA in order to specify the content of the three KPIs? If yes, please elaborate and explain the relevance of these topics.

<ESMA_QUESTION_TRART8_12>

We generally find the content clear on the KPIs but there are some uncertainties relating to the Taxonomy, e.g. enabling technologies/activities are not clearly defined. Further, sustainability activities are per definition under ongoing development. Hence, the Taxonomy will even with best of efforts be 'outdated' with regard to activities that have not yet been acknowledged as sustainable. Also for this reason, the specifications made in terms of the KPIs should include some flexibility. Thus, companies should have the ability to assess those technologies that are not currently included in the Taxonomy. These related uncertainties and realities will, of course, influence the ability to comply with requirements set according to Art. 8.

<ESMA_QUESTION_TRART8_12>

Q13 Do you believe that providing the suggested accompanying information will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

<ESMA_QUESTION_TRART8_13>

We shall generally refer to our answer to Question 7. Hence, the costs depend among other things on the outcome of the disclosure requirement and standardised format of the disclosure. The rules have the potential of ending up being burdensome. However, flexibility in the format of the accompanying information will help in reducing additional costs.

<ESMA_QUESTION_TRART8_13>

Q14 Do you agree that non-financial undertakings should provide the three KPIs per economic activity and also provide a total of the three KPIs at the level of the undertaking / group? If not, please provide your reasons and address the impact of your proposal to financial market participants along the investment chain.

<ESMA_QUESTION_TRART8_14>

We agree that group totals for the three KPIs should be disclosed. However, it would be difficult to provide the KPIs per economic activity. Indeed, it is complicated to disaggregate KPI per economic activity when generating facilities are used in an integrated manner. For example, the itemized price per MWh isn't available and in any case it varies over the course of a year. Thus, the three KPIs should allow for flexibility in situations where it's not possible to split revenue accordingly, incl. in some cases using proxies. For instance, generation of power revenue from CHPs cannot be split according to fuel type/technology without using a proxy, cf. also the answer to Question 2. Hence, each individual company should be granted flexibility when assessing whether such a split is fully possible, and thus, in some cases the disclosure of KPIs per economic activity should not be mandatory. A comply or explain model could be applied here, i.e. if the split does not play a significant role for the company, then this can be excluded from the Taxonomy-aligned disclosure, with an explanation as to why.

For this reason, in cases where revenue lines cannot be divided into specific technologies, then it should be possible to use a proxy indicator to divide the revenue, equal to the energy generated from each technology. So if, for example, a power station generates 50% energy from coal and 50% energy from sustainable taxonomy-aligned biomass, but the revenue from each fuel cannot be defined separately, then 50% of the revenue generated from that power station can be assumed green and taxonomy-aligned.

Without such an approach related to reality, it would be difficult – if not impossible – to adhere to the requirements. In these cases, we agree transparency must prevail meaning that it shall be disclosed that proxies have been used and third-party verification could secure that the proxies made are within a reasonable outline. Similarly, as it is known from financial accounting, if principles e.g. for proxies are changed compared previous reporting it shall be duly marked.

<ESMA_QUESTION_TRART8_14>

Q15 Do you agree that where an economic activity contributes to more than one environmental objective, non-financial undertakings should explain how they allocated the turnover / CapEx / OpEx of that activity across environmental objectives and where relevant the reasons for choosing one objective over another?

<ESMA_QUESTION_TRART8_15>

As an initial remark, it shall be underlined this is not possible to determine at this stage when 4 of the objectives do not yet have details of what 'substantial contribution' to these are. Therefore, at this stage, we believe it is not appropriate to require the disclosure of KPI by environmental objective. In line with this, and for the sake of manageability, we do not believe turnover/CapEx/OpEx should be split across all environmental objectives if the economic activity contributes to more than one as this would be a "judgement call" and could prove confusing for the user of the data.

<ESMA_QUESTION_TRART8_15>

Q16 Do you agree that non-financial undertakings should provide information on enabling and transitional activities?

<ESMA_QUESTION_TRART8_16>

Yes, but only qualitative information.

<ESMA_QUESTION_TRART8_16>

Q17 Do you agree that the three KPIs should be provided per environmental objective as well as a total at undertaking or group level across all objectives? If not, please provide your reasons and address the impact of your proposal to financial market participants along the investment chain.

<ESMA_QUESTION_TRART8_17>

No, we do not agree. For investors it should be sufficient to see if the activity is Taxonomy-aligned. In reality, it is not easy to make the split per environmental objective. Though, only the main environmental objective that has been duly chosen to assess significant contribution towards should be disclosed.

<ESMA_QUESTION_TRART8_17>

Q18 Do you agree that non-financial undertakings should be required to provide the three KPIs for economic activities which are covered by the Taxonomy, economic activities which are covered by the Taxonomy but for which the relevant criteria are not met and therefore are not Taxonomy-aligned as well as for economic activities which are not covered by the Taxonomy?

<ESMA_QUESTION_TRART8_18>

We only partly agree. We agree that the KPIs for those activities covered by the Taxonomy meeting the screening criteria should be disclosed. However, Eurelectric finds it unnecessary and undesirable to provide KPI data on economic activity not covered in the Taxonomy.

Nevertheless, we also believe that there should be some room for own assumptions/accounting principles to be used for disclosing the KPIs for those activities not (yet) covered by the Taxonomy but can be justified to be environmentally sustainable.

<ESMA_QUESTION_TRART8_18>

Q19 Do you agree with the proposal not to require retroactive disclosure concerning the four environmental objectives relating to the financial year 2021?

<ESMA_QUESTION_TRART8_19>

Yes – we fully agree.

<ESMA_QUESTION_TRART8_19>

Q20 Do you consider that there are specific elements in ESMA's draft advice which are not in line with the information needed by financial market participants in order to comply with their own obligations under the Taxonomy Regulation and the SFDR? If yes, please specify in your answer.

<ESMA_QUESTION_TRART8_20>

As representing non-financial companies we are not able to make this assessment.

<ESMA_QUESTION_TRART8_20>

Q21 Are there points that should be addressed in ESMA's advice in order to facilitate compliance of financial market participants across the investment chain? If yes, please specify.

<ESMA_QUESTION_TRART8_21>

It is difficult to make this assessment. However, it shall be underlined that particularly considering 'across the investment chain' simplicity and globally recognised standards will underpin compliance. Not least remembering that it is a huge step towards equalling ESG factors with financial factors it may be wise to accept the good shall not be seen as an enemy of the perfect. It has taken many years to achieve the level of standardisation for financial factors and it may therefore be necessary to consider a phasing-in approach giving time to learn from experience. Otherwise, you may 'despatch' what you try to achieve.

<ESMA_QUESTION_TRART8_21>

Q22 Do you believe that ESMA's detailed proposals under Section 3.3 will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, to which specific proposal they relate including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

<ESMA_QUESTION_TRART8_22>

We shall generally refer to our answer to Question 7 and 13. Further it can be remarked that there is an initial, one-off cost when preparing the data for the first time and the cost of a data system to collect and calculate the output (consulting, IT, creation of a record tool, personnel, record keeping and storage of information in the information system, etc.). There are also foreseeable future costs as the more data that is disclosed aligned with the selected KPIs, the more potential questions from users of the information there will be.

Finally, it shall be underlined that much depends on the outcome of the disclosure requirement and standardised format of the disclosure, incl. the extent of which the application pays due regard to practical implementation.

<ESMA_QUESTION_TRART8_22>

Q23 Do you consider there are additional topics that should be considered by ESMA in order to specify the methodology that non-financial undertakings should follow? If yes, please elaborate and explain the relevance of these topics.

<ESMA_QUESTION_TRART8_23>

Yes – an additional topic that could be considered by ESMA is that – within a reasonable frame – companies should be able to add their own interpretation of what is environmentally sustainable for those activities not covered by the Taxonomy – as long as it is duly transparent if published information includes not-Taxonomy align activity. Thus, this would be separate/additional to the Taxonomy assessment. This approach is in line with what is stated in the TEG report (p14) *“Encouraging disclosures by those performing non-covered activities: Companies that perform activities not yet covered by the Taxonomy should be able to reflect their situation in their Taxonomy-related disclosures. They could complement their Taxonomy-alignment disclosure with an explanation that the results reflect the fact that their activities are not yet covered by the Taxonomy – as opposed to them being unable to meet technical screening criteria. TEG believes this is an important signal for companies to be able to send”*.

Further, particularly for OpEx a more detailed description is needed.

Finally, further guidance and information about the methodology applying to companies in scope and the method/process for certification/audit would be welcomed.

<ESMA_QUESTION_TRART8_23>

Q24 Do you agree that in order to ensure the comparability of the information disclosed under Article 8(2) of the Taxonomy Regulation and as such facilitate its usage, ESMA should propose the use of a standardised table?

<ESMA_QUESTION_TRART8_24>

We understand the logic behind having a standardised table. However, in reality it may be challenging to implement. To some extent this fact can be mitigated by getting more guidance, but we shall recommend – not least as a phase-in – there to be some flexibility in the format. Hence, companies could report on the data required for compliance reasons but in its own format. Alternatively, that own setup (but still covering required information) is allowed if either references are used or a link is made to a place where a standardised table is to be found.

Nevertheless, in the event of the above mentioned recommendations are not followed and it becomes a requirement to report according to the standardised table, this could be made in an Annex or on the website, together with a link to where these standardised tables are reported. Alternatively, a central platform can be established as also suggested in the Renewed Sustainable Finance Strategy consultation

<ESMA_QUESTION_TRART8_24>

Q25 Do you consider that the standard table provided in Annex III of this Consultation Paper is fit for purpose? Do you think the standard table provides the right information, taking into

account the burden on non-financial undertakings of compiling the data versus the benefit to users of receiving the data? If not, please explain and provide alternative suggestions to promote the standardisation of the disclosure obligations pursuant to Article 8 of the Taxonomy Regulation.

<ESMA_QUESTION_TRART8_25>

Only partly agree. Thus, we agree it would be good to report on an economic activity level but do not agree that each environmental objective needs its own column. Thus, in this regard, more flexibility in the format should be allowed. We agree with the first 4 columns and the last 3 columns. Column 5 could read instead “covered by Taxonomy and meets TSC” (for the chosen relevant environmental objective). The remaining columns could become one column for showing whether DNSH criteria is met or not for the remaining objectives, and one column for minimum safeguards.

Besides these comments we shall refer to our answer to Question 24, i.e. consider an ‘annex/link setup’ or establishing a central platform.

<ESMA_QUESTION_TRART8_25>

Q26 Do you agree that the disclosure in the three standard tables should comply with the formatting rules mentioned in Table 5?

<ESMA_QUESTION_TRART8_26>

Partly agree (see answer to question 24). Thus, we shall urge for an option of flexibility in format if standard tables can be found in an annex, via a link, or in central platform <ESMA_QUESTION_TRART8_26>

Q27 Do you believe that ESMA’s detailed proposals under Section 3.4 will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, to which specific proposal they relate including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

<ESMA_QUESTION_TRART8_27>

We shall generally refer to our answer to Question 7, 13 and 22. Hence, it shall be underlined that much depends on the outcome of the disclosure requirement and standardised format of the disclosure, incl. the extent of which the application pays due regard to practical implementation.

<ESMA_QUESTION_TRART8_27>

Q28 Do you agree that a share of investments is an appropriate KPI for asset managers? If you do not, what other KPI could be appropriate, please justify.

<ESMA_QUESTION_TRART8_28>

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<ESMA_QUESTION_TRART8_28>

Q29 This advice focuses on the collective portfolio management activities of asset managers. Should this advice also cover potentially any other activities that asset managers may have a license for, such as individual portfolio management, investment advice, safekeeping and administration or reception and transmission of orders (‘RTO’)?

<ESMA_QUESTION_TRART8_29>

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<ESMA_QUESTION_TRART8_29>

Q30 Do you agree that for the numerator of the KPI the asset manager should consider a weighted average of the investments exposed to investee companies based on the share of turnover derived from Taxonomy-aligned activities of the investee companies? If not please propose and justify an alternative.

<ESMA_QUESTION_TRART8_30>
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<ESMA_QUESTION_TRART8_30>

Q31 Do you agree that in addition to a main turnover-derived Taxonomy-alignment KPI, there is merit in requiring the disclosure of CapEx and OpEx-derived figures for Taxonomy-alignment of an asset managers' investments?

<ESMA_QUESTION_TRART8_31>
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<ESMA_QUESTION_TRART8_31>

Q32 Do you think sovereign exposures, such as sovereign bonds (but excluding green bonds complying with the EU Green Bond Standard) should be considered eligible investments and if so under what methodology?

<ESMA_QUESTION_TRART8_32>
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<ESMA_QUESTION_TRART8_32>

Q33 Do you agree that the denominator should consist of the value of eligible investments in the funds managed by the asset manager or should it be simply the value of all assets in the funds managed by the asset manager?

<ESMA_QUESTION_TRART8_33>
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<ESMA_QUESTION_TRART8_33>

Q34 Do you support restricting the denominator to funds managed by the asset manager with sustainability characteristics or objectives (i.e. governed by Article 8 or 9 of Regulation (EU) 2019/2088)? What are the benefits and drawbacks of such an approach?

<ESMA_QUESTION_TRART8_34>
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<ESMA_QUESTION_TRART8_34>

Q35 Is it appropriate to combine equity and fixed income investments in the KPI, bearing in mind that these funding tools are used for different purposes by investee companies? If not, what alternative would you propose?

<ESMA_QUESTION_TRART8_35>
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<ESMA_QUESTION_TRART8_35>

Q36 Do you believe the proposed advice will impose additional costs on asset managers? Please specify the type of those costs, to which specific proposal they relate including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

<ESMA_QUESTION_TRART8_36>
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Q37 What are the benefits and drawbacks of limiting Taxonomy-aligned activities to those reported by Non-Financial Reporting Directive companies?

<ESMA_QUESTION_TRART8_37>
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<ESMA_QUESTION_TRART8_37>

Q38 Do you agree with ESMA's recommendation that the Commission develop a methodology to allow a sector-coefficient to be assigned for non-reporting investee companies?

<ESMA_QUESTION_TRART8_38>
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<ESMA_QUESTION_TRART8_38>

Q39 Should netting be allowed, on the lines of Article 3 of the Short-Selling Regulation?

<ESMA_QUESTION_TRART8_39>
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<ESMA_QUESTION_TRART8_39>

Q40 How should derivatives be treated for the calculation purposes? Should futures be considered as potential Taxonomy-aligned investments?

<ESMA_QUESTION_TRART8_40>
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<ESMA_QUESTION_TRART8_40>

Q41 What are the costs and benefits associated with the different options for non-reported activity coverage, netting and derivatives treatment presented above? Please provide a quantitative estimate for each option, distinguishing between one-off and on-going costs.

<ESMA_QUESTION_TRART8_41>
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<ESMA_QUESTION_TRART8_41>

Q42 Do you have any views on the proposed advice recommending a standardised table for presentation of the KPI for asset managers in Annex IV?

<ESMA_QUESTION_TRART8_42>
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<ESMA_QUESTION_TRART8_42>

Q43 Do you agree with presenting accompanying information in the vicinity of the standard table?

<ESMA_QUESTION_TRART8_43>
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<ESMA_QUESTION_TRART8_43>

Q44 Do you agree that there would be merit in including in the accompanying information a link, if relevant, to an asset managers' entity-level disclosures on principal adverse impacts of investment decisions on sustainability factors?

<ESMA_QUESTION_TRART8_44>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_TRART8_44>

Q45 Do you agree with adopting the same formatting criteria as presented in Section 3.4.2 for the asset manager KPI disclosure?

<ESMA_QUESTION_TRART8_45>
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<ESMA_QUESTION_TRART8_45>

Q46 What are the one-off and on-going costs of setting up the reporting and disclosure under this obligation? Please clarify the type of costs incurred and provide a quantitative estimation where possible.

<ESMA_QUESTION_TRART8_46>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_TRART8_46>

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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