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April 14<sup>th</sup>, 2026

**IDW's comments on the Commissions Draft Delegated Regulations  
amending Commission Delegated Regulation (EU) 2021/2139  
(Ares(2026)2879622 and Annexes) and (EU) 2023/2486 (Ares(2026)2879562  
and Annexes)**

Dear Madam or Sir,

We thank you for the opportunity to comment on the European Commission's Draft Delegated Regulations amending Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486.

The Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW) is a privately run organisation established to serve the interests of its members who comprise both individual Wirtschaftsprüfer [German Public Auditors] and Wirtschaftsprüfungsgesellschaften [German Public Audit firms]. The IDW represents approximately 80% of all German Public Auditors. The auditing profession contributes to the green transformation, e.g. through providing high-quality assurance services on sustainability reporting. Therefore, the auditing profession has a legitimate interest in closely following ongoing developments in this context.

GESCHÄFTSFÜHRENDER VORSTAND:  
Melanie Sack, WP StB, Sprecherin  
des Vorstands;  
Dr. Torsten Moser, WP;  
Dr. Daniel P. Siegel, WP StB

Amtsgericht Düsseldorf  
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Overall, we appreciate the European Commission's efforts to reduce the reporting burden for undertakings stemming from the Taxonomy Regulation and the accompanying Delegated Regulations. In the annex to this letter, we have included detailed comments – due to the short response deadline these are non-exhaustive and do not necessarily address all aspects of the new rules – regarding the specific proposals put forward by the European Commission. In addition, we would like to highlight the following:

Both Draft Delegated Regulations provide for application as of 1 January 2027. This would mean that undertakings only have a very short timeframe to implement the extensive changes required by the two Draft Delegated Regulations. Since the Draft Delegated Regulations call for significant changes to both the descriptions of the activities and the technical screening criteria, undertakings ought to be given **sufficient time for the implementation** of these changes into their existing systems and processes and the necessary adaptation of their processes for data collection. Therefore, a transitional provision should be included. We recommend that the Draft Delegated Regulations do not need to be mandatorily applied from 1 January 2027 but only become mandatory as of 1 January 2028, with voluntary early application from 1 January 2027 permitted.

We also suggest that the revision of the delegated acts be used to **introduce fundamental principles** into Taxonomy reporting. The introduction of such fundamental principles will facilitate the application and assist in the interpretation of the various detailed rules governing the Taxonomy and thus contribute to reducing bureaucratic burdens. In this context, a clear definition of the “unit of account” for Taxonomy reporting should also be incorporated. Neither the Taxonomy Regulation nor the accompanying Delegated Acts provide a clear definition of “unit of account”. This lack of definition leads to uncertainty as to at which level the assessment of the technical screening criteria must be undertaken. We refer to the annex to this letter for further details concerning this issue.

We have noticed that the revised descriptions and technical screening criteria use new, undefined legal terms. The use of undefined legal terms creates further legal uncertainty which further complicates the reporting process. We therefore recommend establishing clear regulations and **providing adequate definitions for new legal terms** to prevent an increase in the reporting burden. We refer to the annex to this letter for further details concerning this issue.

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We trust that you will find our detailed comments in the annex to this letter helpful. We would be happy to answer any questions you may have and would welcome the opportunity to meet with you to discuss our views.

Yours sincerely

Melanie Sack

Dr. Daniel P. Siegel

Annex

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## **Annex**

### **1. Overarching comments**

#### **a. Lack of an overarching principles and definitions – “unit of account”**

**Issue:** Both the Taxonomy Regulation and accompanying Delegated Acts appear to lack certain overarching principles and, in some cases, definitions needed to support a robust interpretation of the reporting rules thus also making Taxonomy-Reporting less burdensome. Neither the Taxonomy Regulation nor the accompanying Delegated Acts provide a clear definition of “unit of account”. This lack of definition leads to uncertainty as to at which level the assessment of the technical screening criteria must be undertaken.

**Example:** For example the answer to question 80 of the Commission Notice (C/2025/1373) appears to imply that when certain elements/components that are part of a broader revenue-generating project, are described in an economic activity (here: CE 1.2), these components need to be reported separately under CE 1.2 and they need to be assessed against the technical screening criteria of CE 1.2. Bifurcating revenue streams on such a granular level regularly conflicts with financial accounting requirements (and the answer to question 22 of Commission Notice (C/2023/305)). Such mandatory additional alignment assessments are burdensome for companies and have arguably limited value for stakeholders whose focus might be more on the Taxonomy-alignment of the broader project as a whole rather than on the Taxonomy-alignment of individual components.

**Suggested solution:** As Taxonomy reporting is based on financial reporting data (such as turnover) the Commission should clarify that the term “unit of account” used for Taxonomy reporting is synonymous with that used for financial reporting. Therefore, where different components have a uniform use and function and are therefore considered part of a single “unit of account” in financial reporting, this will also be the case for Taxonomy reporting. This would not only lead to significantly more clarity within the rules, but also to a burden reduction, as the same conceptual approach (relying on similar data) can be applied in financial und Taxonomy reporting.

#### **b. Usability of DNSH criteria**

**Issue:** We understand that DNSH criteria were introduced to preclude extreme trade-offs being made between a positive contribution to one objective and a negative contribution to another objective. In practice, we observe that issues concerning the DNSH criteria sometimes require more intensive discussion than the substantial contribution criteria.

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Examples: CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles – still according to the proposed amended wording – requires data on the applicable tyre classes as to both external rolling noise and the rolling resistance coefficient under the DNSH for PPC. Whilst we understand the potential impact of rolling noise on human and animal welfare, undertaking a global analysis for a fleet of all tyres used is perceived as extremely cumbersome (on a base-level, even exacerbated by ongoing issues like replacement of tyres, switching tyres to address weather changes (summer/winter models) etc.). Appendix C (particularly point f)) has always caused significant data collection challenges combined with extensive testing and assessment requirements.

Suggested solution: We acknowledge that the European Commission's proposed changes do address this issue by making the provision of evidence for compliance with the technical screening criteria and in particular the DNSH criteria easier, for example by no longer exceeding EU legislation as a basis and fundamental starting point. Where applicable, clarifying that compliance with local laws (in the EU) is sufficient to comply with a DNSH criterion is a welcome step towards increasing the usability and consistency of the criteria and establishing more certainty for the application and assurance of the taxonomy-reliability of the criteria.

We identified the proposed amendments to activity CCM 6.5 that could be aimed at mitigating these challenges and believe our concerns regarding CCM 6.5 have been partially mitigated. However, the application to "the phase where the relevant actor has the decision power for tyre mounting or replacement" might be a requirement that is not defined clearly enough to foster consistent application in practice (see our comments in section 5.d). Although the changes to Appendix C offer more exemptions than before, points 6-8 in particular are still either complex to assess since despite the alignment with legal requirements under REACH and RoHS having been improved there are still additional requirements or restrictions that may apply. Criteria beyond legal requirements should be evaluated as to whether they constitute reasonable criteria for a substantial contribution to one of the objectives.

c. Undefined legal terms

Issue: A number of terms used in the Taxonomy Delegated Act have not been defined, leading to legal uncertainty. The amendments proposed by the new Draft Delegated Regulation have generally not addressed this issue or, even worse, have introduced even more non-defined terms.

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Example: The proposed substantial contribution criteria for activity 2.1. “Hotels, holiday, camping grounds and similar accommodation” demands that the establishment has a “fair share” of products in line with market best practices. There is no further definition or guidance on how a “fair share” of products is to be determined.

Similar concerns exist in regard to the use of this phase where the relevant actor has the power to decide on the mounting or replacement of tyres in the context of the pollution prevention and control DNSH criterion under CCM 6.5 (see above).

Under point 7 of the amended Appendix C entities are required to verify whether measures are in place to minimise exposures and emissions “as far as practically possible”. The operator then has to assess and implement “practicable possibilities” that are “proportionate to the operator's size and complexity”. We understand that such terms could be used to provide entities with flexibility and to introduce a best effort principle for the use of chemical substances, however, such terms inherently encompass a high degree of subjectivity which can hamper comparability and create uncertainty without further, more specific guidance.

Suggested Solution: All central terms used in the Taxonomy Delegated Acts should be precise and where relevant, a robust definition of those terms should be provided.

d. Responsibility issues

A number of criteria in the Taxonomy refer to issues that are not, or only partially, within the reporting company's own responsibility or control. This particularly relates to criteria that are within the responsibility of companies in the reporting company's value chain or of other actors, such as local authorities. This can lead, firstly, to difficulties in reporting on such criteria, and to uncertainties about non-compliance that preclude the reporting company assessing the activity as aligned. Secondly, it means that the company may not be able to achieve alignment independently due to its own efforts, which, in turn, may limit its access to sustainable finance. It may also result in reduced incentives to comply with the Taxonomy's criteria.

An assessment of technical screening criteria should be possible based on information concerning the reporting entity's own operations including potentially legally required information flows from within the value chain. Other verification requirements lack practicability and reliability.

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## 2. Comments on generic DNSH criteria – Appendix A

We welcome the clarifications provided by the new structure of Annex A. However, in our view, there remains an urgent need for clarification regarding the following aspects. We note that the European Commission mitigates these issues for specific activities (in particular activities CCM 6.5, CCM 7.3-7.6) by eliminating the reference to Appendix A for these activities. However, we believe a more principle-based approach and clarification of the application of the DNSH criteria in Appendix A might be a conceptually sound approach that can also cover more ground than individual scope-outs. As a minimum, consideration should be given to whether the list of activities benefiting from this change should be extended.

### a. Subject of the Climate Risk Assessment with certain activities

Issue: Different types of economic activities refer to Appendix A as DNSH-criterion. Regarding some of those activities, it is unclear what exactly is the subject of the Climate Risk Assessment.

Example: This is for example the case with CCM 9.3 (Professional services related to energy performance of buildings). E.g. if a service-undertaking is performing a technical consultation linked to the improvement of energy performance of a building, that is owned by another undertaking, does the CRVA have to cover

- the physical climate risks of the location from which the service-undertaking employee is working (e.g. the office building of the service-undertaking or that employee's home-office),
- the physical climate risks of the building, that is subject to the technical consultation (even though it is owned by another undertaking) or
- both?

It is also unclear whether the “expected lifetime” of the economic activity in this example is

- the duration of the service (e.g. the time it takes to perform the technical consultation of this particular building (which might be only a couple of hours)),
- the expected duration of the service-undertaking performing services of that kind (i.e., independent of the particular building or contract) or
- the expected lifespan of the building, that is subject to the technical consultation.

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Suggested solution: If a clear definition of the “unit of account” is provided (see 1.a), the problem will be solved. If this is not the case, we suggest clarifying that the Climate Risk Assessment is focused on the potential location and expected duration of the performance of the economic activity as a whole rather than on assessing individual projects.

b. *Responsibility for the Climate Risk Assessment*

Issue: Some DNSH criteria require certain documents or proof that cannot be provided by the reporting undertaking, because the responsibility and power to provide them lies outside the reporting undertaking.

Example: For the Climate Delegated Act, Appendix A the generic DNSH criteria require an assessment of climate risk for the relevant hazards. Such an assessment will usually consist of a location-based assessment and its application to the specific activity in question. While the application to the specific activity can be expected to fall within the responsibility of the reporting company, the location-based assessment may be provided by the administration at municipal, regional or even national level. To date, however, even within the EU location-based climate risk and vulnerability assessments are not yet provided by all local or regional administrations, and those which do not necessarily follow a uniform standard. The same applies to locations outside the EU.

Suggested solution: Appendix A should include the clarification that Climate Risk Assessments provided by the public administration can be used and applied to the Taxonomy-eligible activity, provided that they comply with the criteria specified in Appendix A. If no data on climate risks and vulnerability are publicly provided, the necessary steps for developing a Climate Risk Assessment should be laid out as an easy-to-follow procedure.

c. *Role of adaptation solutions*

Issue: For hazards that pose a significant risk to an economic activity the proposed amendments differentiate between the requirement to draw up an adaptation plan and the requirement to implement adaptation solutions. The draft amended Appendix A requires the integration and implementation of adaptation solutions only for new activities and existing activities using newly built physical assets. Thus, the requirement to implement adaptation solutions for existing activities and new activities using existing physical assets over a period of five years has been removed. This amendment raises questions regarding the application of Appendix A over time.

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Example: If a company starts a new activity and incurs CapEx for setting up the activity, a physical climate risk assessment for the economic activity (including the new assets) has to be performed. Assuming there are material physical climate risks for this activity, we understand that the activity is not considered taxonomy-aligned if either no or insufficient adaptation solutions are integrated and implemented before the start of operation. At the same time, existing (“old”) activities are considered compliant with the DNSH criteria for climate change adaptation if “possible adaptation solutions to the identified significant risks were assessed and explained in an adaptation plan, taking into consideration the availability of solutions and technologies and their costs and benefits”. We question whether our understanding is correct that for existing activities and existing assets per se, these adaptation solutions do not need to be implemented. In other words, for old assets, solutions only need to be explained but not implemented, leaving a material physical risk unmitigated.

Following up on this example, the question arises whether this (new) activity will always be considered non-aligned due to its failure to comply with the DNSH for climate change adaptation or if compliance could also be verified if the material physical climate risks are mitigated later. In essence the question remains, if the requirement to mitigate physical climate risks is limited to assets that are built/acquired after the amended criteria have entered into force.

Suggested solution: To foster consistent and reasonable application, we believe additional guidance is needed on the impact of the changes to Appendix A and how it shall be applied over several years.

### **3. Comments on generic DNSH criteria – Appendix B**

Issue: We welcome the clarifications in Appendix B for situations where an Environmental Impact Assessment (EIA) is not required or where a permit covering water-related aspects is absent. Still, some of the European legislation included in Appendix B is not directed to undertakings but to other actors outside the undertaking.

Examples: Relevant examples include Climate Delegated Act, Appendix B. Appendix B refers to Directive 2000/60/EC for application “in accordance”. However, the Water Framework Directive is directly aimed at Member States, thus, the question is which specific measures are required for an undertaking to comply with the criteria.

In the EU, such a management plan is usually developed by the municipality or other public authority in charge of implementing the Water Framework Directive (WFD). Even in the EU not all authorities in charge may actually have a water

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management plan in place that is compliant with the requirements of the WFD due to implementation (or timing) issues (see above section timing issues). Outside the EU, applying these criteria can be even more challenging (see section 5.e).

Suggested solution: The requirements in Appendix B regarding other EU legislation should be clarified in respect of compliance with local (EU) law. References to EU laws could serve as additional criteria or as means to provide definitions, but such references should not need detailed assessments nor further interpretation of the respective local laws.

#### **4. Comments on generic DNSH criteria – Appendix C**

We welcome the approach whereby the aims in establishing DNSH criteria for pollution prevention and control are more closely aligned with existing EU chemicals legislation including relevant exemption rules. In this way, the criteria are consistent and easier to apply while providing evidence for compliance with the DNSH should be largely possible by drawing on existing procedures and processes applied by the affected entities. This alignment with applicable legal rules in the EU should obviate the need for additional compliance tests and burdensome proofs that substantially exceed the requirements established by European Union law. We also welcome a more selective approach regarding the choice of activities for which appendix C applies as a way to improve data availability without incurring disproportionate cost. Notwithstanding these improvements, we would like to note that overall Appendix C remains very specific, detailed and, thus, complex to apply. We also have concerns as to whether all the concepts now introduced, particularly under no. 7, are sufficiently defined and explained (see sect. 1c)).

#### **5. Comments on specific DNSH criteria and other comments**

##### *a. Identification of relevant TSC for activities with multiple elements*

Issue: Activity descriptions can include various elements of an economic activity. In general, it is often not clear how each TSC is applicable to each element of the activity description. This issue is particularly relevant in cases where an entity only exhibits a specific element of an activity.

Example: “Storage of hydrogen” (CCM 4.12) includes construction and operation (of facilities that store hydrogen and return it at a later time). The DNSH for the objective transition to a circular economy require that a “waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with

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waste management partners, reflection in financial projections or official project documentation”. It is unclear as to how far a company that only constructs facilities that store hydrogen needs to comply with this criterion. The company responsible for the construction will most likely have no business relationship with the waste management partners in regard to facilities that they do not operate and such a company will struggle to incorporate the end of life date (at their customers) in their financial projections or project documentation.

Suggested solution: We acknowledge that FAQ #9 of the Commission Notice on the Climate Delegated Act allows companies to disregard technical screening criteria that are not relevant to a specific activity. However, in practice, we believe additional and more specific guidance would help to foster consistent application of the TSC. In many cases the assessment as to which criteria are “relevant” to an activity or which criteria should be applied by the different companies involved with an activity requires discussion and is thus, subject to judgement. For activities that cover multiple elements of an economic activity, the TSC should be more closely aligned with the individual elements and clarification should be given as to which TSC the individual elements of the activity need to comply with.

b. *Treatment of references to other EU legislation and their local implementation over time*

Issue: The TSC regularly refer to EU legislation which also includes Directives that need to be implemented in local law or other guidance materials. Clarification that the TSC refer to the latest or most recent version of the respective guidance is only provided for a few activities. This issue creates uncertainty whenever a relevant piece of legislation (at EU or local level) or guidance is changed.

Example: Activity CCM 8.1 “Data processing, hosting and related activities” refers to the most recent version of the European Code of Conduct on Data Centre Energy Efficiency. For the DNSH under transition to a circular economy the equipment used for servers and data storage products needs to meet the requirements laid down in (specifically) Directive 2009/125/EC. It is unclear how changes to this Directive and potential new legislation replacing this Directive need to be considered for the DNSH assessment.

Suggested solution: Such references should be clearly worded to indicate whether they are to be treated as a dynamic or static reference. In case of rules being replaced, (more) frequent updates could be necessary to accompany the ongoing development of EU legislation or other guidance.

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c. Broad scope of activities

Issue: There may be cases where the scope of the manufacturing activity is so broad that the installation and its potential harm cannot be included without jeopardizing the usability of the criteria.

Example: One example may be the umbrella activity CCM 3.6 “Manufacture of other low-carbon technologies”, for which the criteria would have to cover a wide range of potential installation processes.

Suggested solution: In such cases, the criteria for the activities where the installations usually take place should clarify to whom the DNSH criteria apply.

d. Responsibility for the use of goods

Issue: Under the current Delegated Acts, for some criteria the use of goods provided by the reporting undertaking is relevant for assessing the alignment of the activity.

Examples: Under the current Delegated Acts, CCM 3.2 “Manufacture of equipment for the production and use of hydrogen” Taxonomy-alignment requires entities to verify that the manufactured equipment is used for the production of Taxonomy-aligned hydrogen (CCM 3.10). The entities manufacturing the equipment do not control the use of their equipment. As the assessment of the hydrogen produced is – to our knowledge – primarily dependent on the energy used rather than the technical specification of the equipment, it would seem difficult for the manufacturing company to provide evidence to comply with this criterion.

Suggested solution: In general, technical screening criteria should focus on attributes and metrics that can be controlled and applied by the reporting entity who is performing the activity. We welcome that such an approach is suggested for implementation for some DNSH (for example CCM 6.5 where it now states “This criterion applies to the phase where the relevant actor has the decision power for tyre mounting or replacement.” Or CCM 3.2 where equipment now has to be suitable for the production of hydrogen compliant with the Technical Screening Criteria set out in Section 3.10). However, we would like to highlight that the requirement under CCM 6.5 in particular may not be clear enough so as to be applied consistently in practice. Specifically, for the operation of (leased or purchased) vehicles, which party has the power to decide on tyre mounting or replacement will be relevant. We understand that, barring specific contractual arrangements, the user of the tyres may usually be responsible for choosing tyres on replacement. At the time of the acquisition or start of the lease of a vehicle this is less clear. Therefore, clarification seems necessary as to under which conditions an entity is considered to have decision power for tyre

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mounting. Is it the lessor, the lessee, is it a car dealer or the customer who purchases a vehicle?

e. Location issues

Issue: The application of technical screening criteria is even more challenging for economic activities that are performed outside the European Union. We acknowledge the general principle that the intended threshold for economic activities to qualify as environmentally sustainable under the EU Taxonomy may not be lower outside the EU (*ceteris paribus*). We also appreciate that more guidance seems to be implied in the draft Delegated Acts (particularly in appendices B and D). However, also linked to the attempt to increase consistency between DNSH criteria and EU legislation, the application of these criteria that are founded on EU law will generally still be very challenging and will lead to significant burdens associated with proving alignment with these criteria outside the EU.

We would also like to point out that even EU undertakings may face challenges in assessing the technical screening criteria for economic activities outside the EU, particularly when it comes to verifying whether certain metrics/testing regimes/frameworks/certificates are equivalent to the DNSH criteria or EU laws and regulations. This challenge also applies to substantial contribution criteria, for instance regarding the use of (EU) EPC or the EU energy labelling system and comparing those to metrics outside the EU.

Examples: Numerous activities refer to EU regulations or directives. More specifically, tyres (various activities in section 6 for CCM) and equipment (CCM 4.25) need to comply with certain requirements regarding populated classes as set out in EPREL. EPREL predominantly covers products manufactured in or imported into the EU. Applying such a criterion outside the EU is even more challenging. In practice, in regard to products that meet the activity descriptions companies even question whether an activity is eligible if the activity is conducted in territories where there is no such energy efficiency classification.

Suggested solution: More specific guidance or thresholds that can be applied globally would support such assessments outside the EU. Leveraging internationally accepted frameworks in the form of a whitelist of certificates or labels that ensure compliance with the Taxonomy criteria might support this endeavour. Ideally, more data would be provided by the regulators for all countries (this would also apply to the substantial contribution criteria of the top 15% of building stock; currently such data must be individually obtained in each relevant country by each preparer).