



**MINISTRY OF INDUSTRY, BUSINESS
AND FINANCIAL AFFAIRS**

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Response from the Danish Government to the Commission's omnibus simplification package to Commission Delegated Regulation on the EU Taxonomy

Thank you for the opportunity to respond to the public consultation on the Commission's Delegated Regulation on the EU Taxonomy, as part of the omnibus simplification package.

Denmark supports an ambitious approach to sustainable finance – a cornerstone in the green transition and in supporting the EU's commitment to reach the objectives of the European Green Deal.

The EU Taxonomy is a key element of the EU's sustainable finance framework and a useful transparency tool. It helps direct investments to the economic activities most needed for the transition, in line with the European Green Deal objectives. However, regulatory and market developments call for a simplification and improvement of reporting requirements to strengthen European competitiveness and support capital flows to the green transition and sustainable development. The delegated regulation under the EU Taxonomy helps preventing greenwashing by providing a common language for what is considered sustainable.

Consistency across regulation and balance between benefits and burdens

Ensuring consistency across regulation should be a particular focus in the simplification of the Delegated Regulation on the EU Taxonomy. Ensuring consistency between the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the Sustainability-related disclosure in the financial services sector (SFDR), and the EU Taxonomy is of particular importance. This also includes a full alignment between the EU Taxonomy and the Capital Requirement Regulation (CRR) concerning the calculation of the Green Asset Ratio (GAR) for credit institutions.

It is essential to find the right balance between investor protection and the need for credible data, on the one hand, and to avoid disclosure requirements, which do not create sufficiently added value for investors and consumers, on the other hand.

Reporting

The content and presentation of information to be disclosed in accordance with the Delegated Regulation should be simplified and improved to reduce undue reporting burdens and duplicative reporting. Denmark particularly supports the proposal for a simplification of the general reporting templates (resulting in a reduction of reported data points).

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Denmark also supports the introduction of a 10 pct. de minimis threshold (resulting in a reduction of undertakings that need to assess their activities). However, it is crucial that the simplification does not lead to a lack of transparency regarding significant environmental impacts.

The simplification and improvement should be done in a balanced way which does not compromise the purpose of the Taxonomy Regulation, and the essential elements associated with environmentally sustainable economic activities. Simplification should not reduce transparency to such an extent that it hinders companies, investors, and authorities from effectively accessing and interpreting sustainability data.

DNSH criteria for pollution prevention and control regarding use and presence of chemicals

Denmark supports a revision of the do no significant harm (DNSH) criteria for pollution prevention and control regarding use and presence of chemicals. Denmark does not support option 1 or option 2 as it does not fully solve the issue of reducing the administrative burden and creating a level playing field.

We propose that there should be only one criterion for European companies, based on whether businesses in the EU comply with the REACH candidate list—answered with a simple yes or no. Otherwise, it would lead to increased administrative burdens for companies, which is not accounted for in Option 1 or Option 2.

In this complex legal area, we urge the Commission to be mindful of burdens associated with new regulation or changes to existing regulation. It should be ensured that benefits and burdens of new requirements are balanced. Hence, we call on the Commission to conduct impact assessments, including of the burdens and the environmental consequences, but it is essential that they don't delay the process. The current principles and transparency requirements should remain.

We are at your disposal for any questions or comments you might have, and we look forward to a fruitful dialogue.