

Key aspects for a successful Taxonomy implementation in the rail sector

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About UNIFE

Based in Brussels since 1992, UNIFE is the association representing Europe's rail supply industry at the European Union and international levels. UNIFE's members include more than 100 companies – from SMEs to major industrial champions – active in the design, engineering and manufacture of rolling stock (i.e., trains, metros, trams, freight wagons) as well as rail signalling and infrastructure equipment. UNIFE also brings together the national rail supply industry associations of 11 European countries.

Executive Summary and key recommendations

Before entering into force in January 2022, the content of the Climate Delegated Act was extensively reviewed in 2021 by the stakeholders concerned by its application. UNIFE, together with the other rail sector associations (CER, EIM, ERFA, UIP) has contributed to this open consultation via a [joint statement](#) pointing out recommendations on how to best deal with rail-related economic activities.

UNIFE would like the whole rail industry activities to be fully covered by the criteria of the Climate Delegated Act. However, some suppliers (mostly components' manufacturers) activities could be disadvantaged compared to system integrators' activities (complete product).

Low KPIs for taxonomy-eligible revenue, capital ('CapEx') and operational expenditure ('OpEx') would negatively affect the Environmental, Social and Governance (ESG) ratings of some European rail manufacturers. Similarly, their level of competitiveness against non-EU competitors would be undermined, creating competitive advantage and causing significant distortions on the future European sustainable finance market.

There is real a risk of disrupting the existing supply chains, which could jeopardise the achievement of ambitious climate and decarbonisation targets set in the European Green Deal and the EU Climate Law.

The following main concerns and related proposed solutions were identified by UNIFE members:

| 1. General aspects | |
|---|--|
| Misleading/incomplete NACE codes classification | <ul style="list-style-type: none">▶ The list of rail related activities to be covered by NACE codes appears to be <u>not exhaustive</u>.▶ As indicated by the Commission FAQs, for the eligibility assessment it is key to consider more the description of the activity (rather than the NACE code which is just indicative). |
| 2. Scope and interpretation of rail-related economic activities | |
| Rail suppliers' components | <ul style="list-style-type: none">▶ Some rail suppliers' activities are excluded from the categories 3.3, 6.14 and 6.15▶ The category 3.6 must apply instead.▶ Under this category suppliers have to demonstrate substantial life cycle greenhouse gas (GHG) emission savings compared to best performing technology or solution available on the market. This is not consistent with the methodology of other rail activities.▶ The scope of the categories 3.3, 6.14 and 6.15 shall be extended to include rail components manufacturers' activities as well. |

| | |
|--|--|
| Category 6.14 (Infrastructure for Rail Transport) | <ul style="list-style-type: none"> ▶ Based on the technical screening criteria of this section, UNIFE interpretation is that any railway infrastructure that is (currently) operated with diesel traction is suitable for the use of electrically powered vehicles, and only railway lines dedicated exclusively to the transport of fossil fuels are not taxonomy compliant. |
| Digital solutions for GHG emissions reductions in the rail sector | <ul style="list-style-type: none"> ▶ ICT infrastructure is considered as fundamental to the operation of transport service enabling and further increase the operational efficiency of rail operations. ▶ As such, it can be qualified under category 8.2 but also directly associated to the target economic activities. |
| 3. Do no significant harm (DNSH) criteria | |
| Scope and interpretation of Appendix C Pollution | <ul style="list-style-type: none"> ▶ The list of hazardous substances in Appendix C appears to go beyond the current scope of restriction by referring only to the definitions of the applicable regulations without replicating the current restriction perimeter (e.g. scope and exemptions). ▶ In addition, Annex C refers to the essential use concept which is still under discussion in the framework of the REACH regulation revision. ▶ UNIFE members are fully committed to supplying stable and well-engineered rail systems, essential for the reliability and safety of the whole rail sector. However, they will be unable to meet the pollution requirements as Annex C goes beyond the regulatory framework that is currently applicable for the rail industry. ▶ Consistency between Taxonomy DNSH criteria and the perimeters of restrictions in existing regulations must be ensured. |
| Global implications of the EU taxonomy | <ul style="list-style-type: none"> ▶ The EU taxonomy shall represent the global standard when it comes to sustainable investments. ▶ Therefore, UNIFE calls on the European Commission to strive for a convergence with similar legislative frameworks at global level in order to preserve the global business competitiveness of taxonomy compliant European companies. |
| 4. General recommendations and way forward | |
| Ambiguous Taxonomy formulations | <ul style="list-style-type: none"> ▶ Certain formulations of the EU Taxonomy are going beyond current legislation and are subject to interpretation. ▶ The timely publication of further FAQs or other interpretation guidelines is required. ▶ An increased collaboration with the private-sector in the definition of Substantial Contribution and DNSH-criteria is needed. |
| Short implementation time frames and Upcoming Environmental Delegated Act | <ul style="list-style-type: none"> ▶ The time periods between the publication and the first application of the requirements are too short, resulting into an excessive pressure on undertakings. ▶ Once an undertaking meets the eligibility/alignment criteria of the Climate Delegated Act for a product or a system, it should not be required to reopen that category under the Environmental Delegated Act for sub-products and sub-systems. ▶ In addition, within the Climate Delegated Act, an undertaking can choose to report on only one of the climate objectives (mitigation or adaptation) to avoid reporting duplication and double counting. |

Introduction

UNIFE, the European rail supply industry association, fully shares the ambition of the EU Taxonomy Regulation to define a common classification scheme including criteria for identifying sustainable economic activities, with the aim of guiding investors and financial institutions through a truly green transition. This regulation is indeed in line with the objectives set in the EU action [plan](#) on “financing sustainable growth” (2018) and the European Green Deal (2019), both aiming at comprehensive sustainable economy reforms.

The **transport sector** as a whole **accounts for approximately 25%¹ of the EU’s greenhouse gas (GHG) emissions**, emitting more pollutants than any other sector except for energy production. Yet, **rail** stands out as the mobility exception as it is the greenest mode of mass transportation, responsible for **less than 0.4%²** of transport-related GHG emissions, and it has managed to steadily improve its energy efficiency since 1990³. Therefore, the rail sector’s environmental assets are key to navigating the transition to a carbon-neutral economy and, as such, all the rail-related economic activities shall be properly addressed and considered as fully compliant with the criteria set in the EU taxonomy’s delegated acts. This would further contribute to the ambitious goals set by the Commission in the *Sustainable and Smart Mobility Strategy*⁴ to reduce transport emissions up to 90% by 2050, to double high-speed rail by 2030 and triple it by 2050 and increase rail freight traffic by 50% by 2030.

The [Climate Delegated Act](#), establishing the conditions under which an economic activity substantially contributes to the climate change mitigation or climate change adaptation and causes no significant harm to any of the other environmental objectives, entered into force in January 2022. The main rail sector associations (CER, EIM, UNIFE, ERFA, UIP) have issued a [joint statement](#) in 2021 pointing out recommendations on how to best deal with rail-related economic activities.

As of January 2022 the so-called “[Disclosure Delegated Act](#)” specifying the content, methodology and presentation of information to be disclosed by companies concerning the proportion of environmentally sustainable economic activities related to their turnover, capital (‘CapEx’) and operational expenditure (‘OpEx’), entered into force as well.

UNIFE members have thoroughly analyzed both delegated acts and have identified a number of improvement areas to ensure a successful Taxonomy implementation in the rail sector which is expected to play a leading role in the transition towards a more sustainable mobility ecosystem.

¹ https://ec.europa.eu/clima/eu-action/transport-emissions_en#ecl-inpage-555

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021DC0005&from=EN>

³ See figure 2, <https://www.eea.europa.eu/ims/greenhouse-gas-emissions-from-transport>

⁴ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2329

How do UNIFE companies' activities fit into the Taxonomy Regulation?

As per Taxonomy regulation provisions, UNIFE members' economic activities proved to fit into **the Taxonomy Regulation**, especially under the **transport** and **manufacturing** thematic areas:

- **Transport** is considered as a “**climate mitigation activity**”, for its potential to “*increase clean or climate-neutral mobility*”.
- **Manufacturing** is considered a “**climate mitigation activity**” for its potential to “*enable greenhouse gas emission avoidance and reductions in other sectors of the economy*”.

UNIFE members' economic activities have been providing a contribution to climate change mitigation as they comply with the following general requirements:

- Contribution to the stabilization of greenhouse gases (GHG) emissions by avoiding or reducing them.
- Contribution to hold the increase in the global average temperature to well below 2°C and pursuit efforts to limit it to 1,5 °C above pre-industrial levels (Paris Agreement).

In the Climate Delegated Act, the following categories have been identified as the most relevant for UNIFE members' economic activities:

- ▶ **Manufacture of low-carbon technologies for transport** (cat. 3.3),
- ▶ **Manufacture of batteries** (cat.3.4),
- ▶ **Manufacture of other low-carbon technologies** (cat. 3.6),
- ▶ **Passenger Interurban Rail Transport** (cat. 6.1),
- ▶ **Freight Rail Transport** (cat. 6.2),
- ▶ **Urban, suburban and road Passenger Transport** (cat. 6.3).
- ▶ **Infrastructure for Rail Transport** (cat. 6.14),
- ▶ **Infrastructure enabling low-carbon road transport and public transport** (6.15)
- ▶ **Data-driven solutions for GHG emissions reductions** (cat. 8.2)
- ▶ **Close to market research, development and innovation** (cat. 9.1)

UNIFE interpretation of the taxonomy regulation and proposals for improvements

1. General aspects

Misleading/incomplete NACE codes classification

The list of rail related activities to be covered by NACE codes included in the Climate Delegated Act⁵ appears to be not entirely exhaustive and sometimes even misleading. This is particularly the case for those NACE codes used in reference to rail-related economic activities.

- *Interpretation:* for the sake of the eligibility assessment and as confirmed by the latest Commission's FAQs⁶ published in February 2022, UNIFE members use the **specific description of each economic activity** provided in the Annexes of the Delegated Acts. NACE codes are understood as merely indicative.

2. Scope and interpretation of rail-related economic activities

Rail suppliers' components

The technical annex on the final Technical Expert's Group on Sustainable Finance's (TEG) report from March 2020⁷ considers vehicle components under the category 'manufacture of low carbon technologies for transport'. However, the latest FAQs⁸ state that *processes in the value chain of an activity are only eligible if they are explicitly included in the activity description*. This means intermediary activities in the value chain are not automatically eligible. Accordingly, manufacturing specific rail vehicle components could not be automatically eligible under the section 'manufacture of low carbon technologies for transport'.

UNIFE is fully supporting the TEG report from March 2020 and understands that manufacturing of specific rail components and spare parts should be included in the category **3.3 (Manufacture of low-carbon technologies for transport)**.

Similarly, to category 3.3, rail suppliers' system components needed for the construction, modernization, maintenance and operation of rail infrastructure are to be clearly covered by categories **6.14 (Infrastructure for Rail Transport)** and **6.15 (Infrastructure enabling low-carbon road transport and public transport)**.

If rail supply chain activities are not addressed by the delegated acts in an appropriate way, the components' manufacturers run the risk of being disadvantaged compared to system integrators⁹ even though they contribute significantly with their business, especially with their innovations, to a more sustainable mobility ecosystem.

The partial exclusion of important segments of the rail supply industry production also contradicts **article 19 (j)** of the Taxonomy regulation stating that "*the technical screening criteria [...] shall cover **all relevant economic activities within a specific sector** and ensure that those activities are **treated equally** if they*

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN>

⁶ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq-part-2_en.pdf

⁷ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

⁸ Ibidem.

⁹ See definition at p. 24, <https://op.europa.eu/en/publication-detail/-/publication/9a4b21a0-5460-11ea-aece-01aa75ed71a1>

contribute equally towards the environmental objectives set out in Article 9 of this Regulation, to avoid distorting competition in the market”.

Finally, as per the latest FAQs¹⁰ on taxonomy eligibility, if the activities of a company are not considered as eligible for a specific category there is still the possibility to report **qualitative information** for these activities,. However, this solution still appears unsatisfactory as these activities are not properly reflected by the KPIs to be disclosed.

- **Proposed solution:** In line with the technical annex on the final TEG report from March 2020¹¹, UNIFE calls for the clear inclusion of components in categories **3.3**, **6.14** and **6.15** as they are playing a key role as enabling technologies to foster low carbon transport and climate change mitigation. Suppliers' activities are understood as integral part of the value chain of a “sustainable mobility ecosystem” providing core technologies and innovations that are needed to enable activities described in categories 3.3, 6.14 and 6.15.

As per the latest FAQs¹² *manufacture of components can qualify under the activity 3.6 (Manufacture of other low carbon technologies) where not covered by other sections and where they meet the activity description.* This is the case for the rail manufacture components which are considered enabling technologies aiming to substantially reduce GHG emissions of a sustainable mobility ecosystem. If the activity 3.6 must be applied, the related substantial contribution criteria refer to *GHG emission reductions to be measured using a life cycle GHG emission saving compared to the best performing alternative available on the market.* However, the requested **life cycle assessment methodology** to be applied for components is not entirely reflecting the contribution to the mitigations achieved by the sustainable mobility ecosystem and there is also an unclear definition of best performing alternatives.

- **Proposed solution:** UNIFE calls for the **introduction of criteria aiming to prove the contribution of enabling components** to GHG emission savings which are achieved by the overall sustainable mobility ecosystem under activity **3.6**.
- In case life cycle GHG emission calculations must be applied, the definition of the best performing alternative to compare with, as well as the product, system and solutions levels shall be accepted. Further internal and external studies can serve as evidence.

Category 6.14: Infrastructure for Rail Transport

The technical screening criteria about the substantial contribution to climate change mitigation for the category **6.14 (Infrastructure for Rail Transport)** includes the following under a, ii:

*“New and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the **infrastructure will be fit for use by zero tailpipe CO2 emission trains** within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signaling, and trackside control-command and signaling subsystems as defined in Annex II.2 to Directive (EU)2016/797”.*

¹¹ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

¹² https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq-part-2_en.pdf

- *Interpretation:* UNIFE considers that **any railway line is considered as much more sustainable compared to any other traditional road, air and water transport options. Any electrified railway infrastructure** is considered as fully Taxonomy aligned. Any railway line that is (currently) operated with **diesel traction is also “fit for use” by electrically powered vehicles (battery/hydrogen)**. Even railway lines dedicated exclusively to the transport of fossil fuels are to be considered as more sustainable compared to alternative conventional road or water transportation.

Digital solutions for GHG emissions reductions in the rail sector

ICT solutions in the rail sector aim at collecting, transmitting, storing and optimizing data. As per the technical annex of the final TEG report from March 2020¹³, these solutions are considered as fundamental to the operation of the transport service as they increase the operational efficiency (e.g. safety, reliability, frequency, load factor/yield management, attractiveness). Therefore, these solutions are covered by the Taxonomy as directly associated by the target economic activities.

In addition, rail ICT solutions enable the provision of data and analytics to reduce GHG emission considering the overall performance of a sustainable mobility system. These solutions can therefore be qualified according to category **8.2 (Data-driven solutions for GHG emissions reductions)** as well.

- *Interpretation:* UNIFE considers that ICT infrastructure is fundamental to the operation of transport service enabling and further increase the operational efficiency of rail operations. As such, it can be qualified under category 8.2 but also directly associated to the target economic activities.

3. Do no significant harm (DNSH) criteria

Scope and interpretation of Appendix C Pollution

In the manufacturing categories **3.3 (Manufacture of low-carbon technologies for transport)**, **3.4 (Manufacture of batteries)** and **3.6 (Manufacture of other low-carbon technologies)**, the Climate Delegated Act clearly identifies activities that substantially contribute to climate change mitigation. However, it is stated that those activities ‘do not significant harm’ to the pollution environmental objective (criteria 5) only if they comply with the criteria set out in **Appendix C** (generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals).

Appendix C appears to go beyond the current applicable regulatory framework by referring only to the definitions of the regulations without replicating the current restriction perimeter (“out of scope” or “exemptions”).

Especially this is relevant for the **REACH regulation** as the list of hazardous substances in Appendix C mainly refers to the essential use criteria which is however still under discussion in the framework of the REACH regulation revision. Notably:

- **Article (f)** refers to substances identified as **Substances of Very High Concern (SVHC)** on the REACH Candidate List¹⁴ that are **currently not restricted but are subject to information duties**.

¹³ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

¹⁴ This list is updated twice a year. Therefore, the alignment could fluctuate year by year, as it takes time to phase out substances

- **Article (g)** refers to a much larger group of hazardous substances meeting the criteria of CMR, PBT, vPvB, endocrine disrupting properties or persistent, bio accumulative and toxic properties or very persistent and very bio accumulative properties (**no clear guidance due to missing substance list**).

For the **RoHS Directive (Directive 2011/65/EU)**, it is not clearly stated if RoHS will only apply to those sectors that are currently in the scope of the directive and if EU taxonomy will not include those sectors that are currently out of RoHS scope, such as parts of the rail industry.

The manufacturing of rail technologies relies on the controlled and safe industrial use of some hazardous substances. For instance, in the case of battery production, active substances are embedded in a mechanical substrate to form electrodes. These electrodes are then further assembled with other battery components such as separators, electrolytes, connectors and casing to obtain a finished battery. This battery is defined in the REACH regulation as “*an article with no intended release*” meaning that, under normal and reasonably foreseeable conditions of use, no end-user of this battery will be exposed to any chemical substances. And no pollution is arising from its use.

UNIFE members are fully committed to supplying stable and well-engineered rail systems, essential for the reliability and safety of the whole rail sector. However, they will be unable to meet the criteria as the EU Taxonomy goes beyond the currently applicable regulatory framework. In some cases a phase out or substitution of substances will be technical not feasible or at least would lead to a loss of reliability.

► *Proposed solution:* UNIFE calls on the European Commission to ensure consistency between the content Appendix C of the Climate Delegated Act and the currently applicable regulatory framework. UNIFE members expect the Taxonomy DNSH criteria to be fully consistent with the perimeters of restrictions in existing regulations, referenced in the Appendix.

Global implications of the EU taxonomy

Most of the DNSH criteria of the EU-taxonomy are referencing the EU legislation. For companies with global operations and local sites, internal standards are setting minimum requirements on DNSH, but not all the DNSH criteria can be followed as compliance with local legislation is to be ensured as well. Therefore, any contradicting requirement must be avoided or cross acceptance of similar regulations must be ensured.

In addition, the EU Taxonomy DNSH criteria shall not create any competitive disadvantages or market distortions for European companies operating also in non-EU markets where local sustainable finance criteria (if applicable) might differ significantly.

► *Proposed solution:* The EU taxonomy shall represent the global standard when it comes to sustainable investments. Therefore, UNIFE calls on the European Commission to strive for a convergence with similar legislative frameworks at global level in order to preserve the global business competitiveness of European companies that want to be aligned with the taxonomy.

4. General recommendations and way forward

Ambiguous formulation of the Taxonomy

Certain formulations included in the EU Taxonomy are subject to interpretation. In the future, terminology with ambiguous meanings should be avoided or better explained and defined beforehand.

- **Suggested solution:** Clear definitions in the taxonomy regulation and in the delegated acts are needed. Therefore, UNIFE calls for a more frequent and timely publication of FAQs or other interpretation guidelines to prevent misleading company interpretations of the contents.
- For the future, an increased level of collaboration with the private-sector is needed to determine which activities and sectors are covered and to clearly define Substantial Contribution and DNSH-criteria

Short implementation time frames and upcoming environmental delegated act

According to the timeline for the application of reporting requirements described in Article 10 of the Disclosure Delegated Act, as of **January 2022** companies need to report the proportion of their activities that are considered as eligible and non-eligible for the previous calendar year (2021).

The period between the publication of the delegated acts and the first application of the requirements is too short and this prevents companies from thoroughly analyze the content of the requirements needed.

Based on the latest report of the Sustainable Finance Platform on the Technical Screening Criteria for the remaining four environmental objectives¹⁵, it is expected that some additional rail-related economic activities will be addressed in the future Environmental Delegated Act. For example, this would be the case for the following categories: manufacture of electrical and electronic equipment (NACE codes C27, C26); manufacture of low pollution transport equipment (NACE codes C30.1, C30.2, C 30.9); urban and suburban passenger land public transport (NACE codes H49.31, H49.32, H49.39, N77.39, N77.11); collection and transport of hazardous waste (NACE codes E38.12, F42.9).

- **Proposed solution:** UNIFE calls on the European Commission to provide undertakings with longer transitional periods after the publication of Delegated Acts or new interpretations guidelines/FAQs. Ideally, the starting point for the mandatory eligibility reporting of the economic activities against the environmental objectives 3-6 shall not be fixed before fiscal year 2023.
- **Interpretation:** According to the FAQs¹⁶ UNIFE understands that once an undertaking meets the eligibility criteria of the Climate Delegated Act for a product or a system, it should not be required to reopen that category under the Environmental Delegated Act for sub-products and sub-systems again.
- In addition, within the Climate Delegated Act, an undertaking can choose to report on only one of the climate objectives (mitigation or adaptation) to avoid reporting duplication and double counting

Other economic sectors such as the automotive industry (CLEPA)¹⁷ and the Europe's technology industries (Orgalim)¹⁸ have recently expressed similar concerns on behalf of their members. UNIFE asks the European Commission to consider all these cross-sectoral shared concerns¹⁹ before issuing the upcoming Environmental Delegated Act.

¹⁵ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy_en.pdf

¹⁶ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-article-8-report-eligible-activities-assets-faq-part-2_en.pdf

¹⁷ <https://clepa.eu/wp-content/uploads/2022/01/Sector-paper-taxonomy.pdf>

¹⁸ <https://orgalim.eu/news/eu-taxonomy-roadblock-or-enabler-green-technologies>

¹⁹ https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/2022/April/220411FinalLetterEUTaxonomyEnablingTechnologiesFINAL.pdf

Conclusion

UNIFE urges the European Commission to take rail supply Industry concerns into consideration while assessing the eligibility and alignment of rail-related economic activities. The Taxonomy's regulatory framework must enable a usable, fair, verifiable and reliable comparability between the different economic activities and promote investments towards projects and technical solutions which make the greener transition possible. Any potential contradiction between the European *Sustainable and Smart Mobility Strategy*²⁰, fully relying on the key role of rail transport, and the EU taxonomy preventing the rail vehicle manufacturer from being aligned must be avoided.

All the rail supply industry activities, ranging from components' manufactures to system integrators' activities, shall qualify as taxonomy eligible as they have been equally and substantially contributing to climate change mitigation objectives by reducing GHG transport emissions over the past years. Excluding some important activities of the supply chain would ultimately affect the competition on the market, undermine the competitiveness of the European supply industry *vis-à-vis* the non-European competitors, which would be given a significant competitive advantage in accessing the international green financing.

In particular, the Taxonomy DNSH criteria on substances (Appendix C) should be amended to make it consistent with the perimeters of restrictions in existing regulations in order to avoid activities that contribute substantially to climate change and environmental objectives from being non-compliant with the EU Taxonomy.

The European "Platform on Sustainable Finance" expert group has proposed in its recently published report on the environmental transition taxonomy²¹ to extend the Taxonomy in order to cover activities that have an ambiguous impact on environmental sustainability and those that have a significantly detrimental impact on the environment, via the introduction of a new "traffic light colour scheme".

Despite acknowledging the effort of the Platform in bridging the current Taxonomy's architecture limits, UNIFE believes this proposed solution is not fit for rail-related economic activities, as this might translate into additional reporting obligations and very poor benefits for the sector.

UNIFE members will continue to fully support the European Commission to ensure a successful implementation of the European Taxonomy in the rail sector.

²⁰ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2329

²¹ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/220329-sustainable-finance-platform-finance-report-environmental-transition-taxonomy_en.pdf

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