

# BETTER FINANCE response to the review of the EU Taxonomy Environmental Delegated Act technical screening criteria

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## Executive Summary

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BETTER FINANCE welcomes the European Commission's effort to improve the usability of the EU Taxonomy technical screening criteria under the Environmental Delegated Act. Clearer, more coherent and more workable criteria can strengthen the effectiveness of the Taxonomy for both reporting entities and end-users of sustainability disclosures. From the perspective of investors and other financial services users, decision-useful classification system that supports comparability, reduces interpretative divergence and maintains trust in sustainable finance is key. Against that background, targeted refinements to the Environmental Delegated Act can be supported where they improve legal certainty and operational clarity without weakening the substance, ambition or comparability of the criteria.

## About BETTER FINANCE

BETTER FINANCE - the European Federation of Investors and Financial Services Users - is the voice of European citizens as savers, investors, and financial users at the EU level. Working independently from the industry, BETTER FINANCE serves as an independent hub of financial expertise for the direct benefit of individual shareholders, investors, savers, life insurance policyholders, pension fund participants, and mortgage borrowers across Europe. Their work aims to promote research, information, and training on investments, savings, and personal finances to lawmakers and the public. BETTER FINANCE counts 40 independent, national, and international member organisations, sharing similar objectives from the EU Member States as well as Iceland, Norway, Turkey, Lebanon, and Cameroon.

## Contact

Mariyan Nikolov | [nikolov@betterfinance.eu](mailto:nikolov@betterfinance.eu)  
[policy@betterfinance.eu](mailto:policy@betterfinance.eu)

## Introduction

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The EU Taxonomy plays a central role in the EU sustainable finance framework by providing a common classification system for environmentally sustainable economic activities. Its purpose is to help investors, companies and financial market participants identify which economic activities can be considered environmentally sustainable under clear and harmonised criteria.

The Environmental Delegated Act is a key part of that framework, as it sets the technical screening criteria for activities that contribute substantially to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

For individual investors and other financial services users, the quality of the Taxonomy framework depends on both credibility and usability. The criteria must remain scientifically robust, comparable and decision-useful, while also being clear enough to be applied consistently in practice. The current review is therefore an opportunity to improve the framework, provided that simplification strengthens legal certainty and operability.

## **BETTER FINANCE highlights three key considerations that should guide the finalisation of the revised Environmental Delegated Act.**

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### 1. Support for targeted simplification that improves practical application

BETTER FINANCE supports efforts to make the technical screening criteria easier to understand and apply in practice. Where criteria are overly complex, duplicative or difficult to implement consistently, targeted simplification can improve the quality of Taxonomy reporting and facilitate more reliable use by investors. Usability improvements can be beneficial if they reduce unnecessary administrative complexity while preserving the Taxonomy's role as a common reference point for sustainable investment.

### 2. Greater legal alignment should be accompanied by practical implementation support

BETTER FINANCE sees merit in stronger alignment with existing Union law where this improves legal certainty and avoids duplicative evidence burdens. However, closer alignment with Union law does not, by itself, resolve the practical usability

challenge where reporting entities and users still need to navigate multiple cross-referenced regulations, delegated acts and national transpositions. This is particularly relevant in the Environmental Delegated Act, which spans several environmental objectives and highly technical sectoral criteria. Genuine usability gains therefore require not only legal consistency, but also more accessible implementation pathways.

### 3. Transparency of the review process and implementation support remain essential

BETTER FINANCE has consistently emphasised that changes to the Taxonomy framework should be made transparently and through a structured process, so that market participants understand both the rationale for the amendments and their implications for reported data. That point remains relevant here. For a framework used by investors over time, transparency and predictability are central to trust. If the objective is genuine usability, legislative amendments should also be complemented by practical implementation support, including clearer operational guidance and more effective digital tools helping preparers and users identify the relevant legal references, evidence sources and verification pathways for each criterion.