The EU Taxonomy is set to play a vital role in helping the European Union scale up sustainable investment. It provides companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. Results from our in-depth screening highlight the considerable gap that exists today between eligible and aligned activities today.

Average Aligned Turnover across Europe’s largest economies

<table>
<thead>
<tr>
<th>Country</th>
<th>Eligible Turnover (%)</th>
<th>Aligned Turnover (%)</th>
<th>Difference Between Eligibility and Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>71.94</td>
<td>14.64</td>
<td>52.05%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>69.87</td>
<td>21.98</td>
<td>40.97%</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>58.46</td>
<td>30.98</td>
<td>28.82%</td>
</tr>
<tr>
<td>ITALY</td>
<td>51.59</td>
<td>14.22</td>
<td>34.00%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>52.94</td>
<td>17.43</td>
<td>36.00%</td>
</tr>
<tr>
<td>SPAIN</td>
<td>57.31</td>
<td>44.73</td>
<td>28.82%</td>
</tr>
<tr>
<td>RUSSIA</td>
<td>50.4</td>
<td>44.73</td>
<td>28.82%</td>
</tr>
<tr>
<td>EUROPE*</td>
<td>65.55</td>
<td>25.93</td>
<td>40.97%</td>
</tr>
</tbody>
</table>

Across each of the countries assessed, the average aligned turnover rate is much lower than the average eligible turnover. In the majority of cases (70%), this reflects a failure of the activity to meet the Substantial Contribution criteria of the taxonomy. In the remaining 30%, this reflects failures to respect the DNSH or MSS principles. These figures do not take into account activities where there was insufficient information disclosed.

As of 01/01/2022 our European coverage includes 2346 companies from 27 countries.

Key Terms
- **Eligible Turnover** represents turnover that is linked to at least one activity that falls under the scope of the EU Taxonomy regulation.
- **Aligned Turnover** represents turnover linked to at least one EU Taxonomy activity and in addition, passes all of the additional steps required by the regulation, namely:
  - Bringing a ‘Substantial Contribution’ to at least one of the environmental objectives,
  - Meeting the ‘Do not significantly harm’ principle with regards to the other environmental objectives and,
  - Respecting the ‘Minimum Social Safeguards’ principle.

Moody’s Regulatory Data Solutions
Granular and transparent data to help you respond with confidence to the EU Taxonomy and Sustainable Finance Disclosure Regulations (SFDR)

Learn more at esg.moodys.io/esg-measures
The spread of the coronavirus has placed significant stress on the global economy, but corporate issuers pre-COVID-19 was significantly higher versus rated population.

Fallen increase in 2019

FALLEN ANGELS IN DETAIL

About 1% of companies across all rating categories were under review for downgrade at the end of November, about 63% rated issuers by category.

Funds allocated to sustainable investments in Asia-Pacific, particularly in the region’s emerging markets, will drive demand for cobalt, as batteries in AFVs will collectively, “MOODY’S”). All rights reserved.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS IS GIVEN OR MADE BY MOODY’S IN ANY FORM OR MANNER WHATSOEVER.

MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY REITs AND IT WOULD BE RISKY AND IMPROPER FOR REITs TO USE MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISOR.

INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR Otherwise reproduced, reprinted, re-edited, further transmitted, transferred, disseminated, redisseminated, resold, or stored for subsequent use for any such purposes, in whole or in part, in any form or manner or by any means whatsoever, by any person without MOODY’S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY’S from sources believed to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided “AS IS” without warranty of any kind. MOODY’S adopts all necessary measures so that the information it uses in assigning a credit rating of sufficient quality and from a reliable third party source in accordance with the Moody’s Rating Methodology. In no event shall MOODY’S be liable for any direct, indirect, incidental, consequential or special loss or damage of any kind whatsoever arising from or in connection with the use of, or inability to use, any such information, even if MOODY’S or any of its directors, officers, employees, agents, representatives, licensees or suppliers, as a result of, or in any way related to, any negligence in its performance of its obligations under the rating process or in preparing its Publications.

As low-rated spec-grade demand for diesel vehicles will drive demand for cobalt, as batteries in AFVs will collectively, “MOODY’S”). All rights reserved.

MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEIR BEING CONSIDERED AS A BENCHMARK.