



Directorate-General for Financial Stability, Financial Services and Capital Markets Union
 European Commission
 1049 Bruxelles/Brussel
 Belgium

14 April 2026

Dear Sirs or Madams,

Re: EU Taxonomy – Proposed amendments to Delegated Regulation (EU) 2021/2139

We are writing to you in response to the consultation regarding the draft annex which amends Annex I to the Delegated Regulation (EU) 2021/2139 (the **Delegated Act**) launched on 17 March 2026 (the **Proposed Amendments**). Our responses are limited to the implementation and impact of the aviation-specific technical screening criteria in the Delegated Act, being Sections 3.21 Manufacturing of aircraft (the **Manufacturer TSCs**), 6.18 Leasing of aircraft (the **Lessor TSCs**), and 6.19 Passenger and air freight transport (the **Airline TSCs**, and together with the Manufacturer TSCs and the Lessor TSCs, the **Relevant TSCs**). Reference is also made herein to (i) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the **Taxonomy Regulation**), and (ii) our previous response addressed to you on 5 December 2025 regarding the review of the of Climate and Environmental Delegated Acts initiative (our **Previous Response**), a copy of which is attached hereto at Annex 1.

We appreciate the Commission's engagement thus far and proposed updates which seek to make the Taxonomy Regulation more accessible and comprehensible. However, the steps taken to date do not fully address the issues identified in our Previous Response. Whilst re-emphasising the various points raised in our Previous Response, we would first like to address our feedback specifically on the Proposed Amendments – we have set this out below.

#	Issue	Response
1	Revision of the deadline for 100% sustainable aviation fuel (SAF) certification from 31 December 2027 to 31 December 2029.	<p>The extension of the timeframe for the introduction of 100% SAF certified aircraft is welcomed. However, certification is the key issue here as there is uncertainty surrounding the date of finalisation of the relevant international certification frameworks.</p> <p>Whilst the manufacturers remain dedicated to working towards achieving this objective as soon as possible, the pace and outcome of the process are ultimately determined by the relevant aviation authorities and standards organisations, who retain responsibility for certification and approval. We therefore emphasise the importance of ongoing analysis of this timeframe. Particularly noting that it will be important to ensure that the EU recognises the need for international harmonisation on this point.</p> <p>We would further query what the intention is if this 31 December 2029 deadline is not met (or, notably, if it becomes clear that it will not be met in the coming years). We would assume that the intention would not be to prevent any aircraft from being compliant with the Taxonomy Regulation and would therefore expect there to be an extension if considered necessary in light of technological progress, or lack thereof, in the future.</p>
2	The applicability of the technical screening criteria	<p>The technical screening criteria for non-zero direct (tailpipe) CO2 emission aircraft and non-hybrid aircraft are currently only applicable until 31 December 2032 (see section (d) of the technical screening criteria in the Manufacturer TSCs of the Proposed Amendments) and we would assume that subsequent terms will become progressively less favourable as new technologies emerge. However, this timeframe does not align with current aircraft technology development timelines as there are not any new technology aircraft scheduled to be certified, produced, and operating</p>

		<p>in the global fleet by 2033. Imposing less favourable, or even new, terms at that point would therefore risk penalising large, highly efficient existing fleets that represents the only scalable pathway for emissions reductions in the near to medium term, while offering no viable technological alternative to replace it. Having regard to the significant efforts already invested in making the current Relevant TSCs workable, particularly in collaboration with auditors and industry body members, it would be appropriate for the current technical screening criteria to remain in place until effective new technology is developed that would necessitate a substantive overhaul of the same (we would expect that an appropriate timeframe here would be no earlier than 2035).</p> <p>In addition, a single eligibility deadline is not appropriate for all aircraft applications and design categories. While hybrid or zero-emission aircraft may emerge over the coming decades for short-haul operations and limited aircraft sizes (e.g. in the EASA CS-23 category), these technologies are unlikely to be deployable at scale in the short to medium term and remain technologically infeasible for long-haul and widebody aircraft for the foreseeable future (at least until 2050). For these segments, there is currently no credible alternative decarbonisation pathway other than the use of SAF. This fixed deadline fails to reflect industrial and technological realities and risks excluding large parts of the aviation sector for which SAF is the only viable option.</p>
3	<p>The proposed changes are unclear as to whether the global replacement ratio applies to engines and spare parts.</p>	<p>As noted previously in issue number 10 of our Previous Response, the global replacement ratio is intended to act as a discount factor to constrain growth in the global fleet. While this objective is understood, it does not reflect industry practice. Engines and spare parts can only be operated when installed on aircraft, and their use is therefore inherently limited by the number of aircraft in service. As a result, engines are already subject to an effective cap on emissions, and it is unclear why an additional constraint in the form of the global replacement ratio should apply, particularly where engines and spare parts merely replace assets already subject to Taxonomy Regulation constraints.</p> <p>We would assume that the changes made in the Proposed Amendments in respect of the global replacement ratio are seeking to disapply the global replacement ratio to engines. We would be grateful if this could be confirmed by having it made clear in the final amendments to the Delegated Act that this is the case. This clarification is necessary to ensure that auditors are able to properly interpret and apply the global replacement ratio.</p>
4	<p>References to "applicable regulations" and other similar phrases</p>	<p>Despite the Proposed Amendments, there remain various references to broad phrases such as "applicable regulations" (for example, in the sections on 'Transition to a circular economy'). Wording of this vague nature should be removed as the undefined and open-ended scope creates legal uncertainty as to which regulations should apply (notably picking up future, unknown regulatory developments). This undermines predictability, risks introducing developing legislation without proper scrutiny or stakeholder development, and creates an open-ended compliance obligation inconsistent with principles of legal certainty.</p> <p>The absence of clarity in the Taxonomy Regulation (discussed further in our Previous Response) has already led to inconsistent interpretations under the EU CSRD regime, resulting in divergent reporting outcomes among otherwise comparable airlines and associated market disruption. The Relevant TSCs should be clear and unambiguous or otherwise risk issues when the Taxonomy Regulation is applied in more complex legislative contexts (such as sustainable financing and capital adequacy treatment) and when the Taxonomy Regulation needs to be interpreted by auditors. In this context, we would recommend that broad and vague phrases such as "applicable regulations" should be removed and, if necessary, replaced with references to specific regulations.</p>

5	Clarification around the ICAO standard	Under the Proposed Amendments, the Manufacturer TSCs clarify that the ICAO standard is defined by reference to " <i>Volume 3 (CO2 emissions) of the environmental protection standard of the International Civil Aviation Organization (ICAO) contained in Annex 16 to the Chicago Convention, first edition.</i> " Whilst this clarification is helpful, it should be made clear that this interpretation of the ICAO standard applies throughout the Relevant TSCs. Currently, it could be argued that the interpretation of the ICAO standard only applies to the Manufacturer TSCs. As previously noted, auditors require precise and unambiguous guidance when interpreting the Relevant TSCs and this lack of consistent clarification could result in a misinterpretation and inconsistency in application by auditors.
6	The 'do no significant harm' (DNSH) requirements in Appendix C to the Delegated Act	<p>The DNSH criteria should be simplified and refocused. In particular, it should be clarified that compliance is assessed on the basis of whether appropriate processes, controls and governance arrangements are in place to manage and control substances, rather than on specific outcomes. The burden should therefore rest on demonstrating robust means and remedies, not on achieving prescribed results.</p> <p>Separately, while steps have been taken to better align the Taxonomy Regulation with existing EU chemicals legislation and neither the Lessor TSCs nor the Airline TSCs now require compliance with Appendix C, the latest amendments do not yet achieve full consistency, are in some instances confusing or contradictory, and potentially could result in exclusion from the Taxonomy Regulation of the remaining activities requiring compliance with them. We request a separate, detailed discussion on their drafting.</p>
7	Minor typo in the Proposed Amendments to the Airline TSCs	There is a reference at the end of the technical screening criteria in the Airline TSCs " <i>The SAF use requirement referred to in points (e) and (f) is calculated with reference to...</i> " which should instead refer to " <i>The SAF use requirement referred to in points (f) and (g) is calculated with reference to...</i> ".
8	Requirement for OPEX KPI reporting	<p>The requirement to report operating expenditure ("OPEX") under the Taxonomy Regulation is complex and inconsistent with standard accounting rules, as it requires reporting entities to deviate from International Financial Reporting Standards ("IFRS") and carve out a subset of OPEX that does not align with normal financial reporting. Additionally, the current definition does not accurately reflect the costs deployed for CO2 emissions reduction. For instance, SAF is not included in the OPEX definition under the Taxonomy Regulation.</p> <p>Moreover, the OPEX ratio is complex in terms of scope, and various air transport actors (including auditors) may not interpret it consistently. Given that taxonomy-aligned assets require regular maintenance as part of business operations, OPEX is not an effective metric for assessing sustainability alignment. Instead, capital expenditure and revenue-based key performance indicators ("KPIs") provide a much more accurate measure of a company's ability to transition to net zero.</p> <p>We therefore recommend removing the OPEX KPI requirement from the reporting framework. Should OPEX remain as a requirement, it should at the very least allow all direct costs associated with a taxonomy-aligned asset to be reported within the eligible OPEX. Furthermore, to establish a consistent financial denominator, the Taxonomy Regulation should align with OPEX disclosed as part of IFRS 18 to enable one common standard and reduce unnecessary redundancies.</p>

As set out in our Previous Response, we have consistently sought to engage constructively with the Commission on the development and implementation of the Taxonomy Regulation, while highlighting a number of fundamental concerns regarding its principles and practical application to the aviation sector. Despite extensive engagement during consultations and reviews of draft legislation, many of the errors, omissions and inconsistencies we identified in the Relevant TSCs remained unaddressed in the final framework. In particular, we reiterated the need for clear, precise and unambiguous guidance capable of being applied consistently by auditors. The absence of

such clarity has led to the very outcomes we cautioned against, with early CSRD reporting revealing divergent interpretations among auditors and materially different conclusions being reached by otherwise comparable aviation operators, resulting in disruption across the sector. Notably, some progress has been made on the DNSH requirements, SAF certification timeframe, and global replacement ratio issues in items 2, 3, 4 and 10 of our Previous Response, each of the issues tabled in our Previous Response remain either fully or partially unaddressed. We would urge the Commission to implement these further changes in the Proposed Amendments. We would also welcome the opportunity to discuss the specific drafting of the Taxonomy Regulation in more detail with you, including but not limited to the DNSH requirements in Appendix C, with a view to correcting the material errors, omissions and inconsistencies that risk impairing regulatory coherence and market certainty.

We also reiterate our view, previously communicated, that these challenges will become substantially more acute as the Taxonomy Regulation is used beyond its current reporting function, including in the context of sustainable finance. In this regard, we reaffirm the importance of the Aviation EU Taxonomy Best Practices Manual as a practical mechanism to address the interpretative shortcomings of the Relevant TSCs and associated guidance. As previously recommended, the most effective and immediate solution remains Commission endorsement of the Best Practices Manual through formal guidance or an FAQ, thereby enabling auditors and reporting entities to rely on a consistent and credible reference point. We continue to stand ready to work with the Commission to refine the Manual where necessary or to support broader revisions to the Relevant TSCs, ensuring that the Taxonomy Regulation framework operates as a credible, usable and robust tool for the aviation sector.

We would welcome the opportunity to discuss these matters further with you and to continue to work with you on consultations in respect of, and improvements to, the Taxonomy Regulation.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'J. Wool', is written over a horizontal line.

Jeffrey Wool
secretary general
Aviation Working Group

ANNEX 1

Directorate-General for Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Bruxelles/Brussel
Belgium

5 December 2025

Dear Sirs or Madams,

Re: EU Taxonomy – Review of Climate and Environmental Delegated Acts initiative

We are writing to you in response to the call for evidence in respect of the 'EU Taxonomy – Review of Climate and Environmental Delegated Acts' initiative launched on 7 November 2025 (the **Call for Evidence**) in respect of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the **Taxonomy Regulation**). Our responses are limited to the implementation and impact of the aviation-specific technical screening criteria set out in Annex 1 to the Delegated Regulation (EU) 2021/2139 (the **Delegated Act**), as introduced by the Commission Delegated Regulations (EU) 2023/2485, being Sections 3.21 Manufacturing of aircraft (the **Manufacturer TSCs**), 6.18 Leasing of aircraft (the **Lessor TSCs**), and 6.19 Passenger and air freight transport (the **Airline TSCs**, and together with the Manufacturer TSCs and the Lessor TSCs, the **Relevant TSCs**). Reference is also made herein to the European Commission's (the **Commission**) notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act, and the EU Taxonomy Disclosures Delegated Act (the **First FAQ**).

We appreciate the Commission's efforts to advance sustainable finance through the Taxonomy Regulation and have sought to engage constructively throughout its development. From the earliest consultations, we identified overarching concerns with the principles of the Commission's proposal and practical challenges that would need to be addressed in the draft legislation. When draft legislation was shared with us for our review, many of these concerns remained unresolved. More generally, we identified errors, omissions and inconsistencies which would result in practical issues with the application of the Relevant TSCs. These concerns were not addressed in the Taxonomy Regulation. Notably, we emphasized the need for precise and unambiguous guidance for auditors (given the nature of their work). Without such clarity, there was a risk that auditors would either misunderstand the principles of the Taxonomy Regulation's application to the aviation industry or interpret the Relevant TSCs inconsistently. As anticipated, the auditors for those entities who have been obliged to meet 2024 reporting requirements under the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) regime encountered challenges which created disruption across the industry. For example, competitor airlines who operate similar fleets arrived at markedly different conclusions in their reporting, which may have impacted their business performance and share price.

We note that the Taxonomy Regulation is used as a classification scheme for determining the sustainability of economic activities within the relevant categories. Its use for reporting under the CSRD regime is likely considerably less complex than its possible future use in other legislative contexts (for example, in the context of sustainable financing and capital adequacy treatment), and so the challenges identified here will intensify if the scope of the Taxonomy Regulation's use expands.

In January 2025, we issued the Aviation EU Taxonomy Best Practices Manual (fully titled 'Manual for Best Practices Under and Interpretation of – Aviation Technical Screening Criteria – The EU Taxonomy') (the **Best Practices Manual**) in collaboration with the International Air Transport Association to provide operational best practices and interpretation for aviation participants to determine their compliance with the Taxonomy Regulation. This was produced based on extensive consultations among aviation industry members and on the basis of engagement with relevant regulators and assessors. It can be found on the AWG's website or otherwise via the following link: <https://awg.aero/wp-content/uploads/2025/01/AWG-EU-Taxonomy-for-Aviation-Best-Practices-Manual-Issued-Version-15-January-2025.pdf>. We highlight this as the Best Practices Manual provides a logical interpretation of the Taxonomy Regulation and the First FAQ as applied to the aviation industry and seeks to address errors, omissions and inconsistencies which have arisen as a result of the same.

In this letter, we outline a non-exhaustive list of the principal issues arising from the Relevant TSCs (which reflects our prior collaborations with the International Air Transport Association, including the Best Practices Manual). However, many of these issues (alongside others not outlined below) have been identified, discussed and sought to be resolved in the Best Practices Manual. We would encourage you to review the same for further errors, omissions and inconsistencies addressed therein.

#	Issue	Outcome / Probable Outcome
1	<p>EASA's ICF report specifying aircraft models and associated engine variants that may be in scope for eligibility under the Taxonomy Regulation is expressed to only apply to reporting on activities in the financial year commencing 2024. In addition, there is material uncertainty whether the certification confirming the required margin to the New Type limit of the ICAO standard will be in place for all relevant aircraft by 11 December 2026 – which is a condition to the effectiveness of the proposed self-certification process referred to in (b)(iii) of the Manufacturer TSCs.</p>	<p>While it is theoretically possible for an aviation participant to determine an aircraft model's compliance by reference to the margins specified in paragraph (b) of the Manufacturer TSCs, there is significant risk of error. Some auditors were comfortable with relying on the ICF's report, but as the Commission did not give this legitimacy, not all auditors did so – resulting in some airlines reporting no sustainable aircraft in 2024.</p> <p>Without a certification process (or the extension and endorsement of the ICF's report), there is risk of error and inconsistency in determination of eligible aircraft and engine models under the Taxonomy Regulation. This makes reporting for airlines and lessors infeasible when they have no control over such certifications.</p>
2	<p>The 'do no significant harm' (DNSH) requirements in Appendix C to the Delegated Act are applicable to a broad range of economic activities and are not specific to the aviation industry (as they refer to chemicals which are used in the aviation industry). In particular, a number of products required for aviation safety have no viable alternatives and are subject to existing EU regulations (yet the Taxonomy Regulation could be interpreted as imposing requirements beyond such existing EU regulations).</p>	<p>Many DNSH requirements are already covered by existing EU legislation (and the DNSH requirements could be interpreted as often exceeding what is required by such existing legislation), making such DNSH requirements either redundant or over-reaching. To also note, there is a lack of clarity regarding terminology in the DNSH requirements – for example, it remains unclear what is specifically expected from entities when certain terms (such as “controlled conditions”) are not legally defined.</p> <p>It is of utmost importance that the DNSH requirements do not exceed existing regulatory requirements. Specifying (or implying) that those DNSH requirements exceed existing regulatory requirements significantly complicates reporting on taxonomy compliance, primarily due to the limited availability of information from entities' global supply chains. More critically, misalignment results in substances being permitted to be used in accordance with existing EU legislation where such use would nonetheless cause non-compliance under the DNSH requirements, thereby making alignment with the Taxonomy Regulation unattainable.</p> <p>As an example, aviation industry participants look to Regulation (EC) No 1907/200642 (the REACH Regulations) with respect to their use of chemicals and materials. If such chemicals and materials do not comply with the REACH Regulations, then a participant may apply to use such chemicals and materials in accordance with the REACH Regulations.</p> <p>Given the need for auditors to follow clear and specific guidance this has resulted in some auditors reviewing the DNSH requirements and forcing some entities to report no compliant aircraft under the Taxonomy Regulation in 2024 (despite compliance with the REACH Regulations). This is highlighted by the Air France/ KLM Group reporting taxonomy-aligned revenues under the Airline TSCs in 2024 with Lufthansa not reporting the same (primarily due to this issue). This issue was alluded to, but not directly addressed, in the First FAQ and thus remains unclarified causing confusion amongst industry participants.</p> <p>It cannot have been intended for the DNSH requirements to exceed (or “gold-plate”) existing EU requirements on the aviation industry, particularly considering that the aviation industry is so focused on safety and given the inclusion of aviation (manufacture, lease and operation) within the Delegated Act. We would recommend clarifying that DNSH requirements mirror existing regulatory requirements or removing them in their entirety for aviation (and allowing entities to rely on their compliance with the relevant existing EU legislation). This issue is particularly problematic in the aviation industry because substitution either takes significant time or is not possible given its constrained supply chain and certification requirements.</p>

#	Issue	Outcome / Probable Outcome
3	<p>Certain of the DNSH requirements require the demonstration of compliance by third parties within a company's supply chain or in respect of products manufactured in the aircraft manufacturing process.</p>	<p>Such DNSH requirements cannot be feasibly fulfilled or evidenced to entities' auditors (particularly for those outside of the EU). Airlines often work with thousands of suppliers (many of whom fall outside of the scope of EU reporting obligations). An entity can only be responsible for the services it performs, and where such entity sub-contracts the performance of such services then imposing such obligation on the sub-contractor should be sufficient. Additionally, those manufacturers, lessors and airlines cannot be reasonably expected to certify elements of a manufacturing process where they are not also the relevant manufacturer.</p> <p>Alongside the issues highlighted immediately above, this will result in entities not being able to report that they have any compliant aircraft as they will not be able to fulfil such onerous requirements. As above, this issue is particularly problematic in the aviation industry because substitution either takes significant time or is not possible given its constrained supply chain and certification requirements.</p> <p>Accordingly, the DNSH requirements should clarify that they only apply to the activities performed by the relevant reporting entity (manufacturer, lessor or operator) and not to their supply chain (direct or indirect).</p>
4	<p>From 1 January 2028, for an aircraft to be recognised under the Manufacturer TSCs, that model must be certified to operate on 100% sustainable aviation fuel (SAF).</p>	<p>If no such 100% certification regime is expected to be in place by 2028, this will result in all aircraft models being disregarded under the Taxonomy Regulation.</p> <p>It is key for all parties, including regulators, that such a certification regime is put in place with the appropriate urgency but also that it is developed carefully to boost SAF production (whilst continuing to guarantee the highest safety standards in aviation) rather than hinder the development of this critical but immature industry.</p>
5	<p>In the Lessor TSCs and the Airline TSCs, aircraft are required to use 15% SAF in 2030 (increasing by 2% annually thereafter). This threshold significantly exceeds the EU SAF mandates under Regulation (EU) 2023/2405 (the ReFuelEU Regulation), which mandates a 6% SAF blend by 2030.</p>	<p>This misalignment sets an unreasonably high barrier for reporting purposes, particularly given that SAF remains two to five times more expensive than conventional jet fuel, with limited availability and supply chain constraints.</p> <p>When the more stringent SAF requirements under the Taxonomy Regulation apply in 2028, it is likely that a number of entities will not be able to report any compliant aircraft on the basis that the aviation industry will not have the requisite infrastructure to allow more than a handful of entities to meet the SAF requirements.</p>
6	<p>The Taxonomy Regulation only recognises SAF which falls within the definition of the ReFuelEU Regulation. There is a need to allow for equivalence of international SAF alternatives given the international operation of airlines captured by the Taxonomy Regulation.</p>	<p>Such restrictions ignore the realities of the aviation industry by unnecessarily giving extra weight to the EU's definition of SAF and avoids entities getting credit for the use of SAF internationally (which should instead be promoted). This will result in the distorted penalisation of certain airlines (and the lessors also reporting in respect of such airlines) depending on their route network.</p> <p>It is reasonable and appropriate that sustainability criteria be also aligned with global mechanisms (such as CORSIA) which have consistent goals as the Taxonomy Regulation. To do so otherwise undermines the objectives and impact of the Taxonomy Regulation.</p>
7	<p>Question 42 of the First FAQ states that "<i>Only SAF purchased for use within the own fleet of the operator should be counted. SAF that has been re-sold to another operator should not be included in the calculations</i>".</p>	<p>This statement does not reflect the practical reality of how airlines purchase SAF. In practice, SAF is often purchased on a 'book and claim' basis and so airlines do not always physically receive the SAF they have purchased.</p> <p>This position would encourage further emissions by forcing airlines to purchase and transport SAF themselves. We would assume that the Commission would not encourage an interpretation of the Relevant TSCs that contradicts the objectives of the Taxonomy Regulation. All purchases of SAF by an airline on a 'book and claim' basis should count towards SAF purchased by the airline for its fleet.</p>

#	Issue	Outcome / Probable Outcome
8	Under the Lessor TSCs, there is a requirement for lessors to demonstrate SAF usage by airlines for its own activities to be deemed compliant under the Taxonomy Regulation.	<p>This requirement should be removed as an airline’s SAF usage should not be relevant for lessor revenue to meet the objectives of the Taxonomy Regulation. The use by airlines of SAF (including the type of SAF used and its use within an airline’s fleet) is not within the lessor’s control nor is it governed by the leasing agreement.</p> <p>The application of this requirement is onerous and unusable for lessors and will result in a distorting extraterritorial impact depending on the extent to which certain lessors lease aircraft to EU airlines compared to the rest of the world.</p>
9	The treatment of engines under the Relevant TSCs is neither consistent nor clear. In addition, whilst the Manufacturer TSCs and Lessor TSCs provide that they extend to “ <i>aircraft parts and equipment</i> ”, the Airline TSCs do not include the same statement.	<p>Airlines and lessors look at an aircraft as a whole rather than tracking their Taxonomy Regulation compliance at a part / engine level. In terms of manufacturing, as engines and parts are typically manufactured for the use on specific aircraft types, the alignment of the engine / part is best determined by referenced to the alignment of the related aircraft type for which it is being manufactured.</p> <p>Where the criteria under the Relevant TSCs is provided by reference to an aircraft, engines and parts should be so considered by reference to the aircraft upon which such engines or parts could be installed (including pursuant to the Airline TSCs). Equally, it follows that any SAF usage requirements, which can only feasibly be applied to aircraft as a whole, should not apply to spare engines or parts.</p> <p>Failure to clarify this position risks undermining the treatment of engines and parts by the Taxonomy Regulation and causing confusion in the treatment of the same for reporting purposes.</p>
10	The replacement ratio referred to in paragraph (b) of the Manufacturer Technical Screening Criteria is intended to apply to aircraft as a whole and, given the wording under the Manufacturer TSCs and Lessor TSCs referenced immediately above, captures engines and spare parts.	<p>The rationale for the replacement ratio is to apply a discount factor to reflect the objective to cap growth in the worldwide fleet. Whilst this position is understood, it does not accord with the practical treatment of engines or other spare parts within the aviation industry. As engines and other spare parts can only ever be installed upon certain airframes, the number of engines and spare parts in operation is restrained by the number of aircraft in operation. Given that engines are already subject to this limit, it does not logically follow that a further limitation in the form of the replacement ratio should apply. This issue is particularly emphasised in the context of spare engines and parts, given that these are ultimately intended to replace engines or parts which have already been subject to the constraints of the Taxonomy Regulation.</p> <p>Failure to exclude engines from the replacement ratio risks unnecessarily penalising the introduction of new technology engines (which should be encouraged by the Taxonomy Regulation) by limiting this by reference to the replacement ratio.</p>
11	The scope of operating expenditure (OpEx) reporting under the Taxonomy Regulation differs significantly from the classifications used under the International Financial Reporting Standards.	<p>This discrepancy leads to a misalignment between Taxonomy Regulation-reported OpEx and the total operating expenses presented in financial statements, resulting in a disproportionate representation of eligibility and alignment figures.</p> <p>A key limitation of this divergence is its impact on the disclosure of expenditures related to SAF. Under the current framework, SAF purchases may fall outside the narrowly defined OpEx. As a result, entities are restricted from fully capturing and disclosing these investments, despite their relevance to long-term sustainability goals.</p>
12	As highlighted in several of the issues above, the Taxonomy Regulation is not extraterritorial in nature and therefore does not accord with the international nature of the aviation industry (such as in relation to SAF, reporting on supply chains and the Lessor TSCs).	<p>This risks causing entities to be unable to fulfil reporting requirements under the Taxonomy Regulation by virtue of their operations being international in nature and not according with the more stringent requirements of the Taxonomy Regulation.</p> <p>A compromise in terms of phased introduction of these requirements to reflect the phased nature in which non-EU companies get caught by CSRD requirements should be introduced at a minimum.</p> <p>In addition, it should be clarified that persons outside of the EU can own, transfer and benefit from rights available under the Relevant TSCs. Given the global nature of the aviation industry, the rights associated with the Relevant TSCs must continue to apply outside</p>

#	Issue	Outcome / Probable Outcome
		the EU (so that such rights are not lost, but also to provide for revenues that flow outside of the EU before returning to the EU).

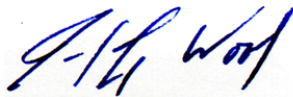
As highlighted above, the Best Practices Manual provides a logical interpretation of the Taxonomy Regulation and the First FAQ and seeks to address errors, omissions and inconsistencies which have arisen as a result of the same. However, auditors will not make formal use of, or refer to, the Best Practices Manual when assisting entities with their reporting obligations unless it is given legitimacy by the Commission. With this in mind, the most efficient and effective way to resolve the majority of the issues identified above (and in the Best Practices Manual) would be for the Commission to endorse, and give legitimacy to, the Best Practices Manual. This can be achieved by the Commission issuing an FAQ which references the Best Practices Manual and clarifies that, wherever errors, omissions or inconsistencies arise with the application of the Relevant TSCs, entities should rely upon the Best Practices Manual for guidance. This would enable auditors to navigate these issues until the Taxonomy Regulation is further updated. We therefore strongly recommend that the Commission endorse the Best Practices Manual as a practical and immediate solution.

Should there be elements of the Best Practices Manual with which the Commission does not agree, we would be happy to work in consultation with you and the Commission to update the Best Practices Manual in a manner acceptable to the Commission. Alternatively, if we do not update the Best Practices Manual, the positions therein can be overridden through the release of further guidance by the Commission (although we note it would be most efficient for us to update the Best Practices Manual to ensure there is one aviation industry document to which entities can refer). More broadly, if you would like to revisit the Relevant TSCs, or any element of the same, we stand ready to work with you in a more substantial manner to ensure these adjustments are implemented correctly and efficiently (for example, in addressing issues caused by the DNSH criteria).

Finally, your Call for Evidence refers to the simplification of the Relevant TSCs. While we encourage, and are open to discussing, ways to simplify the concepts underlying the Relevant TSCs, we question its near-term feasibility. What is required at this juncture are clear and straightforward rules that can be practically and consistently applied to the complex and dynamic ecosystem of the aviation sector (which we note is set out within the Best Practices Manual). This approach would ensure that all aspects of the industry are appropriately addressed under the Taxonomy Regulation.

We would welcome the opportunity to discuss these matters further with you and to continue to work with you on consultations in respect of, and improvements to, the Taxonomy Regulation.

Sincerely yours,



Jeffrey Wool
secretary general
Aviation Working Group