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**COMMISSION DELEGATED REGULATION (EU) .../...**

**of XXX**

**supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation**

(Text with EEA relevance)

*This draft has not been adopted or endorsed by the European Commission. Any views expressed are the preliminary views of the Commission services and may not in any circumstances be regarded as stating an official position of the Commission.*

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE DELEGATED ACT

A key objective of the European Commission's ('**Commission**') action plan on financing sustainable growth<sup>1</sup> is to reorient capital flows towards sustainable investment and ensure market transparency. To achieve this objective, the Commission called for the creation of an EU classification system for sustainable activities, i.e. an EU taxonomy.

Regulation (EU) 2020/852 (the '**Taxonomy Regulation**')<sup>2</sup> was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. It aims to define environmentally sustainable activities<sup>3</sup>. The Taxonomy Regulation is an important piece of legislation for enabling and scaling up sustainable investment and thus implementing the European Green Deal<sup>4</sup>, including an economy that works for people and ensures a just transition that creates employment and leaves nobody behind. Notably, by providing companies, investors and policymakers with the definitions of which economic activities can be considered as environmentally sustainable, it is expected to help shift investments where they are most needed. The current COVID-19 pandemic has reinforced the need to make the EU economy, businesses and societies, in particular health systems, more resilient against climate and environmental risks. The Taxonomy Regulation can be a valuable tool to help channel funding towards the green recovery. It can also serve as an instrument to guide companies and investors in the transition towards sustainability.

The Taxonomy Regulation applies to financial market participants that offer financial products, financial and non-financial undertakings within the scope of Directive 2014/95/EU (the Non-Financial Reporting Directive - '**NFRD**')<sup>5</sup>. It also applies to Member States and the EU in the context of introducing national and EU-level requirements regarding financial market participants or to issuers for the purpose of labelling financial products or corporate bonds that are marketed as environmentally sustainable.

The Taxonomy Regulation identifies environmentally sustainable activities based on technical screening criteria set out in the Commission's delegated acts developed under this Regulation<sup>6</sup>. The first delegated act concerning the technical screening criteria for economic activities with significant contribution to climate change mitigation and adaptation (the '**Climate Delegated Act**') was adopted on 21 April 2021<sup>7</sup>. Another delegated act concerning the technical screening criteria for the remaining four environmental objectives ('the **Environmental Delegated Act**') will be developed and adopted later.

<sup>1</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions, Action Plan: Financing Sustainable Growth, 8 March 2018.

<sup>2</sup> 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 (OJ L 198, 22.6.2020, p. 13–43).

<sup>3</sup> Article 3 and 9 of the 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 (OJ L 198, 22.6.2020, p. 13–43).

<sup>4</sup> Europe's sustainable growth strategy and the translation of the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals.

<sup>5</sup> Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, p. 1–9).

<sup>6</sup> Article 3, point (d) of Regulation (EU) 2020/852.

<sup>7</sup> Available on the website of the European Commission: [https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

Article 8(1) of the Taxonomy Regulation, provides that certain large undertakings that are required to publish non-financial information under the NFRD (**‘undertakings’**) should disclose information to the public on how and to what extent their activities are associated with environmentally sustainable economic activities as defined under the EU Taxonomy legislation. Following the review of the NFRD by the Corporate Sustainability Reporting Directive (**‘CSRD’**)<sup>8</sup>, the scope of undertakings covered by Article 8 of the Taxonomy Regulation would be enlarged<sup>9</sup>. Article 8(2) specifies the key performance indicators (**‘KPIs’**) related to turnover, capital expenditure (**‘CapEx’**) and operational expenditure (**‘OpEx’**) that non-financial undertakings must disclose, but it does not specify equivalent indicators for financial undertakings, mainly large banks, asset managers, investment firms, insurance and reinsurance undertakings. Article 8(4) of the Taxonomy Regulation requires the Commission to adopt by 1 June 2021 a delegated act to further specify the content, methodology, and presentation of the information to be disclosed by both non-financial and financial undertakings (**‘Delegated Act’**).

The Delegated Act specifies the disclosure obligations under Article 8 of the Taxonomy Regulation. The rules set out in the Delegated Act allows companies to translate the technical screening criteria of the Climate Delegated Act (and the future Environmental Delegated Act) into quantitative economic performance indicators - the KPIs - which will be publicly disclosed (e.g. the percentage of environmentally sustainable economic activities in a company’s turnover or capital expenditure).

This disclosure will help investors and the public to understand the companies’ trajectory towards sustainability through the annual publication of their KPIs associated with environmentally sustainable economic activities. The Delegated Act will therefore increase transparency in the market and help prevent greenwashing by informing investors about companies’ environmental performance.

Large financial and non-financial undertakings can use the information disclosed to design credible green financial products such as green bonds or investment funds and, through the public disclosures under the Delegated Act, channel investor demand towards sustainable projects. Market actors who are not covered by the NFRD, such as small and medium size enterprises (SMEs), can report some or all KPIs on a voluntary basis. Such market transparency through publishing the percentage of their turnover or investments that is aligned with the Taxonomy Regulation should help companies to raise the financing for sustainable activities.

The NFRD, as reviewed by the CSRD, the Regulation on sustainability-related disclosures in the financial services sector (i.e. Regulation (EU) 2019/2088, the **‘SFDR’**)<sup>10</sup>, and the disclosures required under the Taxonomy Regulation set out in the Delegated Act, are the central elements of the sustainability reporting regime that underpins the EU’s sustainable finance strategy.

Under the Taxonomy Regulation, financial market participants covered by the SFDR and companies covered by the NFRD are both required to disclose, amongst others, the extent to which their products or activities, are environmentally sustainable. The Taxonomy Regulation and this Delegated Act, therefore, complement the NFRD and SFDR by providing for a common reference point for reporting the degree of alignment with sustainable activities in the Taxonomy Regulation. This Delegated Act has been developed in parallel and should be consistent

<sup>8</sup> Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting (COM/2021/189 final).

<sup>9</sup> The Commission proposed to extend the scope of undertakings that are required to publish non-financial information in its proposal to review the NFRD adopted on 21 April, in particular to include listed SMEs.

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1–16).

with the regulatory technical standards on disclosures developed under the SFDR and the rules about non-financial reporting provided by the NFRD.

The Taxonomy-related reporting set out in this Delegated Act serves as a basis for various future and ongoing initiatives in sustainable finance. Reporting under this Delegated Act will facilitate the development of EU-wide standards for environmentally sustainable financial products and the creation of labels that recognise compliance with these standards. Notably, the Commission proposals on the EU green bond standard ('EU GBS') and EU ecolabel for financial products adopted on [dates]<sup>11</sup> are set to use the Taxonomy Regulation. The Taxonomy-related disclosures will therefore create an entire ecosystem of sustainable finance tools, including standards, labels and access to a coherent and relevant set of sustainability data, which are necessary to channel capital towards the investments needed to reach the EU's sustainability goals.

The Commission may decide to review the Delegated Act after an appropriate period of time to ensure that it reflects:

- further developments related to the technical screening criteria set out in Article 19 of the Taxonomy Regulation, including any possible revisions of the Taxonomy Regulation;
- the regulatory technical standards referred to in Articles 8(4), 9(6) and 11(5) 11(4) of the SFDR relating to the details of the content and presentation of the information referred to in Articles 5 and 6 of the Taxonomy Regulation;
- the revision of the NFRD, and
- accounting standards provided in Regulation (EC) No 1126/2008.

## 2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

On 28 July 2020, the Commission published an inception impact assessment for a consultation over a period of six weeks<sup>12</sup>. There were 78 respondents in total, of which 53.9% were business associations, 26.9% were companies/business organisations, 9% were non-governmental organisations and 6.4% were EU citizens.

The overall feedback received by the Commission indicated that the Delegated Act is considered as a useful initiative that could help allocate capital to environmentally sustainable economic activities. Many respondents expressed a particular interest in the level of detail that future disclosures will be required to include.

The non-financial undertakings consulted considered that the three elements to be disclosed outlined in the Taxonomy Regulation are appropriate. Financial undertakings highlighted that criteria should be consistent, comparable and publicly available.

Many respondents noted a need to avoid administrative burdens and costs linked to data collection. Many also mentioned the challenge of collecting Taxonomy compliance data within companies and groups and assigning this data to specific business lines.

Some expressed the view that larger businesses and financial partners falling under the scope of the NFRD may still ask SMEs that do not fall under the scope of the NFRD to provide some Taxonomy-related information in order to allow the former to fully comply with the disclosure obligations under this Delegated Act.

Several responses referred to the importance of ensuring the consistency of disclosure requirements under various legal acts, in particular the NFRD, SFDR and Taxonomy Regulation. Market participants also expressed some

<sup>11</sup> [OJ L]

<sup>12</sup> The inception impact assessment available on: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12440-Sustainable-finance-obligation-for-certain-companies-to-publish-non-financial-information>

concerns on the tight timeframe for adoption and argued for a phased entry into force. Some also had questions about the international context and how to report on global activities in relation to the Taxonomy Regulation.

In view of the preparation of the Delegated Act, the Commission addressed a call for advice to the European Supervisory Authorities ('ESAs') on 15 September 2020<sup>13</sup>. It invited ESAs in particular to investigate the content and presentation of relevant KPIs and determine which methodology should be used by different financial undertakings under their remit to disclose their degree of Taxonomy-alignment under Article 8 of the Taxonomy Regulation. In particular, the Commission asked the ESAs to consider how the three KPIs for non-financial undertakings included in Article 8(2) of the Taxonomy Regulation could be further specified and to determine the most appropriate methodologies to use. In this respect, ESAs were invited to ensure consistency in the advice requested and in the draft technical standards under Articles 8(4), 9(6) and 11(5) of the SFDR.

Originally, the Commission planned for an impact assessment to accompany this Delegated Act. This led to the publication of an inception impact assessment. Following a meeting with the Regulatory Scrutiny Board (RSB) where the call for advice was discussed, a derogation from an impact assessment was granted, provided that the Delegated Act is accompanied by an analytical document in the form of a staff working document. This approach was considered more appropriate given that the content of the Delegated Act is based largely on the advice of the ESAs that launched consultations of relevant stakeholders and performed cost/benefit assessments<sup>14</sup>.

The ESAs delivered their advice on 25 February and 1 March, after appropriate public consultation of stakeholders and assessment of the impacts of the Delegated Act. Summaries of the public feedback may be found in the reports submitted by the ESAs to the Commission.<sup>151617</sup>

The content of the Delegated Act developed by the Commission follows to a large extent the ESAs' advice. The draft Delegated Act was published on the Better Regulation portal for a three-week feedback period between 7 April and 28 May 2021. In total, [...] stakeholders provided feedback. The draft Delegated Act was also discussed with the Platform on Sustainable Finance on [...] May 2021. Furthermore, it was presented to and discussed with the Member States Expert Group and with observers from the European Parliament on [...] May 2021. The Commission also sought additional feedback from the ESAs [to be completed after public feedback period].

<sup>13</sup> The call for advice available on: [https://ec.europa.eu/info/sites/info/files/business\\_economy\\_euro/banking\\_and\\_finance/200915-sustainable-finance-taxonomy-call-for-advice\\_en.pdf](https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/200915-sustainable-finance-taxonomy-call-for-advice_en.pdf)

<sup>14</sup> This is in line with the Better Regulation toolbox (tool #9), which states that an impact assessment is not necessary whenever a Union agency has been mandated to carry out policy-design work and related analysis, to the extent that the Commission proposal does not substantially deviate from the agency's recommendations and the Commission services consider its assessment to be of sufficient quality.

<sup>15</sup> The ESMA advice available on: [https://www.esma.europa.eu/sites/default/files/library/esma30-379-471\\_final\\_report\\_-\\_advice\\_on\\_article\\_8\\_of\\_the\\_taxonomy\\_regulation.pdf](https://www.esma.europa.eu/sites/default/files/library/esma30-379-471_final_report_-_advice_on_article_8_of_the_taxonomy_regulation.pdf)

<sup>16</sup> The EIOPA advice available on: <https://www.eiopa.europa.eu/sites/default/files/publications/advice/eiopa-21-184-sustainability-non-financial-reporting-advice-art8-taxonomy-regulation.pdf>

<sup>17</sup> The EBA advice available on: [https://www.eba.europa.eu/sites/default/documents/files/document\\_library/About%20Us/Missions%20and%20tasks/Call%20for%20Advice/2021/CfA%20on%20KPIs%20and%20methodology%20for%20disclosures%20under%20Article%208%20of%20the%20Taxonomy%20Regulation/963616/Report%20-%20Advice%20to%20COM\\_Disclosure%20Article%208%20Taxonomy.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/About%20Us/Missions%20and%20tasks/Call%20for%20Advice/2021/CfA%20on%20KPIs%20and%20methodology%20for%20disclosures%20under%20Article%208%20of%20the%20Taxonomy%20Regulation/963616/Report%20-%20Advice%20to%20COM_Disclosure%20Article%208%20Taxonomy.pdf)

### **3. LEGAL ELEMENTS OF THE DELEGATED ACT**

The Delegated act is based on Article 8(4) of the Taxonomy Regulation.

Article 1 clarifies the scope of application of this Delegated Act.

Article 2 provides a limited list of definitions that are necessary for formulating the Regulation's rules.

Article 3 specifies the content and presentation of the information that non-financial undertakings should disclose under Article 8(1) and (2) of the Taxonomy Regulation.

Article 4 specifies the content and presentation of the information that asset managers should disclose under Article 8(1) of the Taxonomy Regulation.

Article 5 specifies the content and presentation of the information that credit institutions should disclose under Article 8(1) of the Taxonomy Regulation.

Article 6 specifies the content and presentation of the information that investment firms should disclose under Article 8(1) of the Taxonomy Regulation.

Article 7 specifies the content and presentation of the information that insurance and reinsurance undertakings should disclose under Article 8(1) of the Taxonomy Regulation.

Article 8 sets out common rules for the disclosures of financial undertakings concerning the scope of disclosures and the calculation of their KPIs as regards their exposures to non-financial undertakings that are not covered by the scope of NFRD and are not required to disclose information under the Delegated Act.

Article 9 sets out common rules for the disclosures of non-financial and financial undertakings concerning the location of disclosures, comparative information and the currency for calculating the KPIs.

Article 10 provides for reviewing the application of this Regulation, in particular with the regards to the treatment in the KPIs by financial undertakings of sovereign exposures and [exposures to undertakings not subject to NFRD].

Article 11 specifies the dates of the Delegated Act's entry into force and application.

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**supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation**

(Text with EEA relevance)

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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<sup>18</sup>, and in particular Article 8, paragraph 4, thereof,

Whereas:

- (1) Article 8(1) of Regulation (EU) 2020/852 requires undertakings that are subject to Articles 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council<sup>19</sup> to disclose how and to what extent their activities are associated with environmentally sustainable economic activities. Article 8(2) of Regulation (EU) 2020/852 requires non-financial undertakings to disclose information on the key performance indicators related to the proportion in their turnover of environmentally sustainable economic activities ('Taxonomy-aligned activities') and the proportion of their capital expenditure and their operating expenditure related to assets or processes associated with environmentally sustainable economic activities. That provision, however, does not specify equivalent indicators for financial undertakings, that is credit institutions, asset managers, investment firms, insurance and reinsurance undertakings. It is therefore necessary to supplement Article 8 of Regulation (EU) 2020/852 to specify the key performance indicators for financial undertakings and further specify the content and presentation of the information to be disclosed by all undertakings and the methodology to comply with that disclosure.
- (2) To ensure a uniform application by non-financial undertakings that are subject to Articles 19a or 29a of Directive 2013/34/EU of the disclosure requirements laid down in Article 8(2) of Regulation (EU) 2020/852, rules should be laid down to further specify the content, and presentation of the information required by Article 8 of Regulation (EU) 2020/852, including the methodology to comply with them. To enable investors and the public to properly assess the proportion of Taxonomy-aligned activities of non-financial undertakings, those undertakings should be required to disclose which of their economic activities are Taxonomy-aligned. In addition, it is necessary to show to which environmental objectives those

<sup>18</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1–16).

<sup>19</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

activities significantly contribute. Non-financial undertakings should therefore also provide for a breakdown in the key performance indicators of the share of Taxonomy-aligned activities based on each environmental objective to which those activities substantially contribute.

- (3) Turnover, capital expenditure and operating expenditure are irrelevant for assessing the environmental sustainability of financial activities, including lending, investment and insurance. The three key performance indicators for non-financial undertakings laid down in Article 8(2) of Regulation (EU) 2020/852 are therefore not appropriate to demonstrate to what extent the economic activities of financial undertakings are Taxonomy-aligned. As such, those KPIs should not be applied by financial undertakings. It is therefore necessary to provide for financial undertakings specific key performance indicators and calculation methodologies for such key performance indicators. To support the financial undertakings' explanations and markets' understanding of those key performance indicators, any disclosures of those key performance indicators should be accompanied by qualitative information.
- (4) To allow investors and the public to assess the level of Taxonomy-aligned economic activities pursued by investee undertakings, asset managers should disclose the proportion of investments they made in Taxonomy-aligned economic activities in the value of all investments managed by them resulting from both their collective and individual portfolio management activities. That proportion of Taxonomy-aligned investments should be given by the share of Taxonomy-aligned economic activities of investee undertakings as it results from their respective key performance indicators as these key performance indicators are appropriate benchmarks to capture the environmental performance of investee undertakings.
- (5) The main activity of credit institutions is the provision of financing to and investments in the real economy. The exposures of credit institutions to undertakings that they finance or invest in are reflected as assets in the credit institutions' balance sheet. The main key performance indicator for credit institutions that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU should therefore be the green asset ratio (GAR), which shows the proportion of Taxonomy-aligned exposures compared to the total assets of those credit institutions. The GAR should relate to the credit institutions' main lending and investment business, including loans, advances and debt securities, and to their equity holdings.
- (6) Credit institutions also perform other commercial services and activities than the provision of financing. Those activities generate fees and commission income. To allow investors and the public to assess the level of Taxonomy-aligned economic activities pursued by the recipients of those services, credit institutions that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU should therefore also disclose what proportion of their fees and commission income is derived from commercial services and activities that are associated with Taxonomy-aligned economic activities of their clients.
- (7) Credit institutions may manage underlying assets or provide financial guarantees, leading to off-balance-sheet exposures. To allow investors and the public to assess the level of Taxonomy-aligned economic activities pursued by credit institutions, for those off-balance-sheet exposures, credit institutions that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU should disclose the share of Taxonomy-aligned economic activities in the underlying assets that they manage or the performance of which they guarantee.
- (8) In addition to disclosures for their banking book, credit institutions that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU should disclose separately the overall composition of their total assets, including their trading book portfolio, and any trends, targets and



limits. Credit institutions with a higher level of trading activity and the trading portfolio of which is above a certain threshold should be subject to more granular disclosures for their trading portfolio.

- (9) It is important to provide investors and the public with a complete overview of which investments an investment firm that is subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU has made in Taxonomy-aligned economic activities. The key performance indicators for such investment firms should therefore cover both their dealing on own account and their dealing on behalf of clients. The disclosure of the key performance indicator for dealing on own account should reflect which proportion of the total assets is composed of Taxonomy-aligned assets. That indicator should focus on the investment firms' investments, including debt securities and equity instruments in investee companies. The key performance indicator for the environmental sustainability of investment firms' services and activities on behalf of all their clients should be based on the revenue in the form of fees, commissions and other monetary benefits that investment firms generate from their investment services and activities provided to their clients.
- (10) The key performance indicators for insurance and reinsurance undertakings that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU should capture their underwriting activities and investment policy that are part of their business model. One key performance indicator should relate to the investment policy of such insurance and reinsurance undertakings for the funds collected from their underwriting activities and should show the share of Taxonomy-aligned assets in their overall assets. A second indicator should relate to the underwriting activities themselves and show what proportion of the overall non-life underwriting activities is composed of non-life underwriting activities related to climate adaptation which are performed in accordance with [Commission Delegated Regulation (EU) XX/2021<sup>20</sup>].
- (11) Financial undertakings that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU should take into account the exposure to, or investments in, non-financial undertakings that are not subject to Articles 19a and 29a of Directive 2013/34/EU in the calculation of their key performance indicators. Those non-financial undertakings may decide to voluntarily disclose their key performance indicators, either to have access to environmentally sustainable finance as part of eco-labelling schemes and environmentally sustainable financial products, or as part of their overall business strategy based on environmental sustainability. Such information should not be a condition for accessing finance or obtain financial services from financial undertakings other than those services where alignment with Regulation (EU) 2020/852 is specifically required by Union or national legislation.
- (12) To provide non-financial undertakings that are not subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU with sufficient time to decide whether to report voluntarily under Regulation (EU) 2020/852 and to enable financial undertakings to collect relevant information from those undertakings, this Regulation should provide for a transitional period of two years for the inclusion by financial undertakings in the numerator of their key performance indicators of exposures and investments in those non-financial undertakings.
- (13) In view of the entry into force and application of Commission Delegated Regulation [Climate Delegated Act] by end of 2021 and material difficulties for assessing compliance of economic activities in 2022 with technical screening criteria laid down therein for the previous reporting year, the application of this

<sup>20</sup> Available on the website of the Commission: [https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

Regulation in 2022 should be limited only to certain elements and qualitative reporting. This Regulation should therefore apply fully only from 1 January 2023.

HAS ADOPTED THIS REGULATION:

## *Article 1*

### **Scope**

This Regulation applies to financial and non-financial undertakings that are subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU. Other undertakings may apply this Regulation on a voluntary basis.

## *Article 2*

### **Definitions**

For the purposes of this Regulation, the following definitions apply:

- (1) ‘environmental objective’ means one of the environmental objectives laid down in Article 9 of Regulation (EU) 2020/852;
- (2) ‘Taxonomy-aligned economic activity’ means an economic activity that complies with the requirements laid down in Article 3 of Regulation (EU) 2020/852;
- (3) ‘transitional economic activity’ means an economic activity that complies with the requirements laid down in Article 10(2) of Regulation (EU) 2020/852;
- (4) ‘enabling economic activity’ means an economic activity that complies with the requirements laid down in Article 16 of Regulation (EU) 2020/852;
- (5) ‘Taxonomy-eligible economic activity’ means an economic activity that is described in the delegated acts adopted pursuant to Articles 10, paragraph 3, 11, paragraph 3, 12, paragraph 2, 13, paragraph 2, 14, paragraph 2 and 15, paragraph 2, of Regulation (EU) 2020/852, irrespective of whether that economic activity meets all of the technical screening criteria laid down in those delegated acts;
- (6) ‘Taxonomy-non-eligible economic activity’ means an economic activity that is not described in the delegated acts adopted pursuant to Articles 10, paragraph 3, 11, paragraph 3, 12, paragraph 2, 13, paragraph 2, 14, paragraph 2 and 15, paragraph 2, of Regulation (EU) 2020/852;
- (7) ‘asset manager’ means an undertaking that is subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU and is either of the following:
  - (a) an AIFM as defined in Article 4(1), point (b), of Directive 2011/61/EU of the European Parliament and of the Council<sup>21</sup>;
  - (b) a management company as defined in Article 2(1), point (b), of Directive 2009/65/EC of the European Parliament and of the Council<sup>22</sup>;

<sup>21</sup> Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).

<sup>22</sup> Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

- (c) an investment company authorised in accordance with Articles 27, 28 and 29 of Directive 2009/65/EC and that has not designated for its management a management company authorised in accordance with Articles 6, 7 and 8 of that Directive.
- (8) ‘financial undertaking’ means an undertaking that is subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU and is an asset manager, a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>23</sup>, an investment firm as defined in Article 4(1), point (2), of Regulation (EU) No 575/2013, an insurance undertaking as defined in Article 13, point (1), of Directive 2009/138/EC of the European Parliament and of the Council<sup>24</sup> or a reinsurance undertaking as defined in Article 13, point (4) of Directive 2009/138/EC;
- (9) ‘non-financial undertaking’ means an undertaking that is subject to the disclosure obligations laid down in Articles 19a and 29a of Directive 2013/34/EU and is not a financial undertaking;
- (10) ‘Taxonomy-aligned insurance or reinsurance activity’ means an insurance or reinsurance activity that is Taxonomy-aligned according to the criteria laid down in Sections 10.1. and 10.2. of Annex II to Delegated Regulation [on climate change mitigation and climate change adaptation]

### Article 3

#### Disclosure by non-financial undertakings

1. Non-financial undertakings shall disclose the information referred to in Article 8, paragraphs 1 and 2, of Regulation (EU) 2020/852 as specified in Annex I to this Regulation.
2. The information referred to in paragraph 1 shall be presented in tabular form by using the templates set out in Annex II to this Regulation.

### Article 4

#### Disclosure by asset managers

1. Asset managers shall disclose the information referred to in Article 8(1) of Regulation (EU) 2020/852 as specified in Annexes III and XI to this Regulation.
2. The information referred to in paragraph 1 shall be presented in tabular form by using the template set out in Annex IV to this Regulation.

### Article 5

#### Disclosure by credit institutions

1. Credit institutions shall disclose the information referred to in Article 8(1) of Regulation (EU) 2020/852 as specified in Annexes V and XI to this Regulation.
2. The information referred to in paragraph 1 shall be presented in tabular form by using the template set out in Annex VI to this Regulation.

<sup>23</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

<sup>24</sup> Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

## *Article 6*

### **Disclosure by investment firms**

1. Investment firms shall disclose information referred to in Article 8(1) of Regulation (EU) 2020/852 as specified in Annexes VII and XI to this Regulation.
2. The information referred to in paragraph 1 shall be presented in tabular form by using the template set out in Annex VIII to this Regulation.

## *Article 7*

### **Disclosure by insurance and reinsurance undertakings**

1. Insurance and reinsurance shall disclose information referred to in Article 8(1) of Regulation (EU) 2020/852 as specified in Annexes IX and XI to this Regulation.
2. The information referred to in paragraph 1 shall be presented in tabular form by using the templates set out in Annex X to this Regulation.

## *Article 8*

### **Common rules for disclosure by financial undertakings**

1. The exposures to central governments and central banks shall be excluded from the numerator and denominator of key performance indicators of financial undertakings.
2. Derivatives shall be excluded from the numerator of key performance indicators of financial undertakings of financial undertakings.
3. The exposures to undertakings not subject to an obligation to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU shall be excluded from the numerator of key performance indicators of financial undertakings.
4. Bonds issued under Union legislation on environmentally sustainable bonds and environmentally sustainable bonds issued under national legislation shall be included in the numerator of KPIs only up to the value of Taxonomy-aligned economic activities that the proceeds of those bonds finance.
5. Financial undertakings shall provide for a breakdown in the numerator and denominator of the key performance indicators for exposures and investments in:
  - (a) non-financial undertakings;
  - (b) financial undertakings;
  - (c) non-financial undertakings that are not subject to an obligation to publish non-financial information pursuant to Article 19a and 29a of Directive 2013/34/EU established in the Union;
  - (d) financial undertakings that are not subject to an obligation to publish non-financial information pursuant to Article 19a and 29a of Directive 2013/34/EU referred to in paragraph (2) established in the Union;
  - (e) non-financial undertakings established in a third country that are not subject to an obligation to publish non-financial information pursuant to Article 19a and 29a of Directive 2013/34/EU;

- (f) financial undertakings referred established in a third country that are not subject to an obligation to publish non-financial information pursuant to Article 19a and 29a of Directive 2013/34/EU;
- (g) derivatives;
- (h) other exposures and investments.

#### *Article 9*

##### **Common rules for disclosure by financial undertakings and non-financial undertakings**

1. Financial undertakings and non-financial undertakings shall include all additional disclosures accompanying the key performance indicators in the same parts of the financial report that contain those indicators or shall provide cross-references to the parts of the financial report that contain those indicators.
2. Information disclosed in accordance with this Regulation in a given calendar year shall cover the annual reporting period of the previous year.
3. Financial undertakings and non-financial undertakings shall provide in the financial report the key performance indicators covering the previous five reporting periods.
4. Financial undertakings and non-financial undertakings shall, where relevant, and for the purposes of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 and specified in this Regulation use the same currency as in their financial statements.
5. The key performance indicators shall cover only the objectives of climate change mitigation and climate change adaptation until the technical screening criteria for the other environmental objectives are defined in accordance with Article 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852.

#### *Article 10*

##### **Review**

By 1 January 2025, the Commission shall review the application of this Regulation. The Commission shall assess in particular the need for any further amendments with the regard to inclusion of:

- (a) exposures to central governments and central banks in the numerator and denominator of key performance indicators of financial undertakings;
- (b) exposures to undertakings not subject to an obligation to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU in the numerator of key performance indicators of financial undertakings.

The review for SME exposures will be accompanied by an Impact Assessment assessing the administrative burden, access to finance and the potential impacts on SMEs of a possible extension to cover SMEs that are not covered by the Directive 2013/34/EU and/or provide such information voluntarily.

## *Article 11*

### **Entry into force and application**

1. From 1 January 2022 non-financial undertakings shall only disclose the share of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total activities and the qualitative information referred to in Section 1.2.1 of Annex I.
2. From 1 January 2022, financial undertakings shall only disclose:
  - (a) the share of their exposures to Taxonomy non-eligible and Taxonomy-eligible economic activities in their total assets;
  - (b) the share of exposures referred to in Article 8(1) and 8(2) in their total assets;
  - (c) the share of exposures to undertakings referred to in Article 8(3) in their total assets;
  - (d) qualitative information referred to in Annex XI.

Credit institutions shall also disclose the share of their trading portfolio and on demand inter-bank loans in their total assets.

3. The key performance indicators, including any accompanying information pursuant to this Regulation, shall be disclosed from 1 January 2023.
4. Credit institutions shall disclose from 1 June 2024 the elements of key performance indicators concerning retail exposures related to immovable property for stock in accordance with Article 4.
5. The exposures and investments in undertakings that are not subject to an obligation to publish non-financial information pursuant to Article 19a and 29a of Directive 2013/34/EU and provide such information voluntarily may be included in the numerators of key performance indicators of financial undertakings from 1 January 2025 subject to a positive assessment/review indicated in Article 10(c).

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission*  
*The President*

*Ursula von der Leyen*

## ANNEX I KPIs of non-financial undertakings

### **1. CONTENT OF KPIs TO BE DISCLOSED BY NON-FINANCIAL UNDERTAKINGS**

#### **1.1. Definition of key performance indicators (KPI)**

##### *1.1.1. KPI related to turnover (turnover KPI)*

The proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator) as defined in Article 2, point (5), of Directive 2013/34/EU. The turnover shall cover the revenue recognised pursuant to International Accounting Standard (IAS) 12, paragraph 82(a) as adopted by Commission Regulation (EC) 1126/2008<sup>25</sup>.

The KPI referred to in the first subparagraph shall exclude from its numerator the part of the net turnover derived from products and services associated with economic activities that have been adapted to climate change in line with Article 11(1)(a) of the Taxonomy Regulation and in accordance with Annex II to Delegated Regulation (EU) year/number unless those activities:

- a. qualify as enabling activities in accordance with Article 11(1), point (b) of Regulation 2020/852, or
- b. are themselves Taxonomy-aligned.

##### *1.1.2. KPI related to capital expenditure (CapEx)(CapEx KPI)*

The proportion of CapEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator as specified in Sections 1.1.2.1. and 1.1.2.2. of this Annex.

###### **1.1.2.1. Denominator**

The denominator shall cover additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations.

For non-financial undertakings applying international financial reporting standards (IFRS) as adopted by Regulation (EC) 1126/2008, CapEx shall cover costs that are accounted based on:

- IAS 16 Property, Plant and Equipment, paragraphs 73, (e), point (i) and point (iii);
- IAS 38 Intangible Assets, paragraph 118, (e), point (i);
- IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model);
- IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model);
- IAS 41 Agriculture, paragraph 50, points (b) and (e);
- IFRS 16 Leases, paragraph 53, point (h).

For non-financial undertakings applying national generally accepted accounting principles (GAAP), CapEx shall cover the costs accounted under the applicable GAAP that correspond to the costs included in the capital expenditure by non-financial undertakings applying IFRS.

Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx.

<sup>25</sup> Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1).

### 1.1.2.2. Numerator

The numerator shall include the part of the capital expenditure included in the denominator that is:

- related to assets or processes that are associated with Taxonomy-aligned economic activities, or
- part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') within a predefined timeframe as further defined in the next paragraph, or
- related to the purchase of output from Taxonomy-aligned economic activities, notably activities listed in sections 7.3 to 7.6 of Annex I of the [Climate Delegated Act], as well as other economic activities listed in the delegated acts referred to in Articles 10(3), 11(3), 12(2), 13(2), 14(2), 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

The CapEx plan referred to in the paragraph above shall be disclosed and be approved by the Management Board of non-financial undertakings and meet one of the following conditions:

- (a) the plan aims to expand the undertaking's Taxonomy-aligned economic activities and such an expansion is planned for completion within a period of five years;
- (b) the plan aims to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned within a period of five years.

The CapEx plan mentioned under point (b) can exceed five years only where a longer period is objectively justified by specific features of the economic activity and the upgrade concerned, with a maximum of seven years. This justification shall feature in the CapEx plan itself and in the contextual information detailed under section 1.2.3..

The numerator shall also contain the part of the CapEx for adaptation of economic activities to climate change in accordance with to Annex II to Delegated Regulation. The numerator shall provide for a breakdown for the part of CapEx allocated to substantial contribution to climate change adaptation.

### 1.1.3. *KPI related to operating expenditure (OpEx) (OpEx KPI)*

The proportion of OpEx referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator as specified in Sections 1.1.3.1. and 1.1.3.2. of this Annex.

#### 1.1.3.1. Denominator

The denominator shall cover direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party outsourcee that are necessary to ensure the continued and effective functioning of such assets.

Non-financial undertakings that apply national GAAP and are not capitalising right-of-use assets shall include lease costs in the OpEx in addition to the costs listed in the first paragraph of section 1.1.3.1.

#### 1.1.3.2. Numerator

The numerator shall include the part of the operating expenditure included in the denominator that is:



- related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that present research and development, or
- part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as further defined in the next paragraph; or
- related to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts referred to in Articles 10(3), 11(3), 12(2), 13(2), 14(2), 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

The CapEx plan referred to in the first sub-paragraph shall meet the conditions specified in section 1.1.2.2.

Research and development costs already accounted for in the CapEx KPI shall not be counted as OpEx.

The numerator shall also include the part of OpEx for the adaptation of economic activities to climate change in accordance with Annex II to [Climate Delegated Regulation]. The numerator shall provide for a breakdown for the part of the OpEx allocated to substantial contribution to climate change adaptation.

## **1.2. Specification of disclosures accompanying the KPIs of non-financial undertakings**

Non-financial undertakings shall disclose the following information accompanying the relevant KPIs.

### *1.2.1. Accounting policy*

Non-financial undertakings shall explain:

- (a) how turnover, capital expenditure and operating expenditure were determined and allocated to the numerator;
- (b) the basis on which the turnover, capital expenditure and operating expenditure were calculated, including any assessment in the allocation of revenues or expenditures to different economic activities.

For turnover and capital expenditure, non-financial undertakings shall include references to all of the following:

- (a) to the related line items in the financial statements;
- (b) where relevant, to whether the denominators of those KPIs differ from any Alternative performance measures (APMs) defined in ESMA's Guidelines on APMs that depict items of turnover or capital expenditures.

Where the application of relevant definitions has changed since the previous reporting period, non-financial undertakings shall explain why those changes result in more reliable and relevant information and provide for restated comparative figures.

Non-financial undertakings shall provide disclosures about any substantial deviations that have occurred during the reporting period in relation to the implementation of the CapEx plans as disclosed in accordance with Sections 1.1.2.2 and 1.1.3.2 in the previous reporting periods. Non-financial undertakings shall disclose all of the following:

- (a) the substantial changes that have occurred in the plan and the reasons underlying those changes;
- (b) the impact of such changes on the potential for the relevant economic activities of the undertaking to become Taxonomy-aligned and on the period of time in which this is expected to take place ;
- (c) the restatement of the CapEx and OpEx KPI for each past reporting year covered by the plan whenever changes to the plan had an impact on those KPIs.

## 1.2.2. *Assessment of compliance with Regulation (EU) 2020/852*

### 1.2.2.1. Information on assessment of compliance with Regulation (EU) 2020/852:

Non-financial undertakings shall:

- describe the nature of their Taxonomy-eligible and Taxonomy-aligned economic activities, by referring to the delegated acts referred to in Articles 10(3), 11(3), 12(2), 13(2), 14(2), 15(2) of Regulation (EU) 2020/852;
- explain how they assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria included in those delegated acts;
- explain how they avoided any double counting in the allocation in the numerator of turnover, CapEx, and OpEx KPIs across economic activities.

### 1.2.2.2. Contribution to multiple objectives

Where an economic activity contributes to several environmental objectives, non-financial undertakings shall:

- demonstrate compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852, in particular with the technical screening criteria with respect to several environmental objectives;
- disclose the turnover, CapEx and OpEx from that activity as contributing to several environmental objectives;
- only count once the turnover from that activity in the numerator of the KPIs in Section 1.1 to avoid double counting.

### 1.2.2.3. Disaggregation of KPIs

Where the KPIs for an economic activity are to be disaggregated, in particular where production facilities are used in an integrated manner, non-financial undertakings shall ensure that:

- any disaggregation is based on criteria that are appropriate for the production process being implemented and reflects the technical specificities of that process;
- appropriate information accompanying the KPIs about the basis of such disaggregation is provided.
- 

## 1.2.3. *Contextual information*

Non-financial undertakings shall explain the figures of each KPI and the reasons for any changes in those figures in the reporting period.

### 1.2.3.1. Contextual information about turnover KPI

Non-financial undertakings shall provide all of the following:

- a quantitative breakdown of the numerator in order to illustrate the key drivers of change in the turnover KPI during the reporting period, such as revenue from contracts with customers, lease revenue, and/or other sources of income;
- information about Taxonomy-aligned activities of undertaking generating output for their own consumption;
- a qualitative explanation of key elements of change in the turnover KPI during the reporting period.

#### 1.2.3.2. Contextual information about CapEx KPI

Non-financial undertakings shall provide a quantitative breakdown of the amounts included in the numerator and qualitative explanation of the key elements of change in CapEx KPI during the reporting period. Such breakdown shall disclose all of the following:

- additions to property, plant and equipment, to internally generated intangible assets, including in a business combination or acquired, to investment properties acquired or recognised in the carrying amount and, where applicable to capitalised right-of-use assets;
- additions related to acquisitions through business combinations;
- expenses incurred in relation to Taxonomy-aligned economic activities and expenses incurred as part of a CapEx plan referred to in sections 1.1.2.2. and 1.1.3.2..

Non-financial undertakings shall disclose the key information about each of their CapEx plans referred to in sections 1.1.2.2. and 1.1.3.2., including all of the following:

- the environmental objectives pursued;
- the economic activities concerned;
- research, development and innovation activities concerned (if applicable);
- the period of time whereby each Taxonomy-aligned economic activity is expected to be expanded or whereby each economic activity is expected to become Taxonomy-aligned, including, in the latter case and where the period of time exceeds five years, an objective justification based on the specific features of the economic activity and the upgrade concerned;
- the total capital expense expected to be incurred for that purpose during the reporting period and during the period of time of the CapEx plans.

#### 1.2.3.3. Contextual information about the OpEx KPI

Non-financial undertakings shall provide all of the following:

- a quantitative breakdown of the numerator (operating expenditure determined in accordance with Section 1.1.3.2) in order to illustrate the key elements of change in the OpEx KPI during the reporting period;
- a qualitative explanation of the key elements of change in the turnover KPI during the reporting period;
- an explanation of the other expenditures relating to the day-to-day servicing of items of property plant and equipment that are included in the calculation of OpEx for both the numerator and denominator.
- Where OpEx is part of a CapEx plan as referred to in sections 1.1.2.2. and 1.1.3.2., non-financial undertakings shall disclose the key information about each of their CapEx plans in line with the requirements of section 1.2.3.2.

#### 1.2.3.4. Other additional information

Non-financial undertakings shall disclose their future objectives and targets for the KPIs and their plans to achieve them.

## **2. METHODOLOGY FOR REPORTING OF KPIS TO BE DISCLOSED BY NON-FINANCIAL UNDERTAKINGS**

The following requirements shall apply for the purposes of disclosures under Article 8(2) of Regulation (EU) 2020/852:

- (a) non-financial undertakings shall identify each economic activity, including a subset of transitional and enabling economic activities ;
- (b) non-financial undertakings shall disclose the KPIS for each economic activity and the total KPIS for all economic activities at the level of the relevant undertaking or group;
- (c) non-financial undertakings shall disclose the KPIS set out in Sections 1.1.1, 1.1.2. and 1.1.3. for each environmental objective and the total KPIS for all environmental objectives at the level of the undertaking or group across all environmental objectives by avoiding double counting;
- (d) Non-financial undertakings shall identify the Taxonomy-aligned economic activities and the Taxonomy-eligible economic activities that do not meet technical screening criteria. Within a Taxonomy-eligible economic activity, non-financial undertakings shall identify the proportion of that activity that is Taxonomy-aligned.
- (e) Non-financial undertakings shall identify Taxonomy-non-eligible economic activities and disclose the share in the denominator of the turnover KPI of those economic activities at the level of the undertaking or group;
- (f) the KPIS shall be provided at the level of the individual undertaking where that undertaking prepares only individual non-financial statements or at the level of the group where the undertaking prepares consolidated non-financial statements.

**ANNEX II Templates for the KPIs of non-financial undertakings**

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**ANNEX II Templates for the KPIs of non-financial undertakings**

*Template 1: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year N*

Economic activities (1)	Code(s) (2)	Absolute turnover (3) Currency	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm <sup>26</sup> )						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year N (18) Percent	Taxonomy-aligned proportion of turnover, year N-1 (19) Percent	Category (enabling activity or) (20) E/T	Category (transitional activity) (21)			
			Proportion of turnover (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N						Biodiversity and ecosystems (16) Y/N		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																						
Activity 1 <sup>26</sup>			%*	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	Y	0%	E		
Activity 2			%	0%	0%	100%	0%	0%	0%	Y	Y		Y	Y	Y	Y	Y	Y	0%			
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			%	%	0%	%	0%	0%	0%										0%	**		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
Activity 1			%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	Y	0%	T		
Activity 3			%	%	0%	0%	0%	0%	0%	Y	Y	N	Y	Y	Y	Y	Y	Y	0%			
<b>Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned)</b>			%																			

<sup>26</sup> Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the turnover KPI of the non-financial undertaking.

activities) (A.2)																				
<b>Total (A.1 + A.2)</b>			%	%	0%	%	0%	0%	0%									%		%*

**B. TAXONOMY-NON-ELIGIBLE ACTIVITIES**

Turnover of Taxonomy-non-eligible activities (B)			%
<b>Total (A + B)</b>			%

Column 21 should be filled in for transitional activities contributing to the climate change mitigation.

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**Template 2: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year N**

Economic activities(1)	Code(s) (2)	Absolute CapEx (3) Currency	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm <sup>27</sup> )						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, year N (18) Percent	Taxonomy-aligned proportion of CapEx, year N-1 (19) Percent	Category (enabling activity) (20) E/T	Category (transitional activity) (21)
				Climate change mitigation (5) & %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Activity 1 <sup>27</sup>			%	%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	%		E
Activity 2			%	0%	0%	%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	%		
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			%	%	<b>0%</b>	%	<b>0%</b>	<b>0%</b>	<b>0%</b>									%		%*
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Activity 1			%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	0%		T
Activity 3			%	%	0%	0%	0%	0%	0%	Y	Y	N	Y	Y	Y	Y	Y	0%		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>			%																	
<b>Total (A.1 + A.2)</b>			%	%	<b>0%</b>	%	<b>0%</b>	<b>0%</b>	<b>0%</b>									%		%*

<sup>27</sup> Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the CapEx KPI of the non-financial undertaking.



**Table 3: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year N**

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) Currency	Proportion of OpEx (4) %	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm')						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of OpEx, year N (18) Percent	Taxonomy-aligned proportion of OpEx, year N-1 (19) Percent	Category (enabling activity /) (20) E/T	Category (transitional activity) (21)
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Activity 1 <sup>28</sup>			%	%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%		E
Activity 2			%	0%	0%	%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	%		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>			<b>%</b>	<b>%</b>	<b>0%</b>	<b>%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>%</b>		<b>%*</b>
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Activity 1			%	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		T
Activity 3			%	%	0%	0%	0%	0%	0%	0%	Y	Y	N	Y	Y	Y	Y	0%		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>			<b>%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>										
<b>Total (A.1 + A.2)</b>			<b>%</b>	<b>%</b>	<b>0%</b>	<b>%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>%</b>		<b>%*</b>

<sup>28</sup> Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the CapEx KPI of the non-financial undertaking.

### **ANNEX III KPI of asset managers**

#### **1. CONTENT OF KPIS TO BE DISCLOSED BY ASSET MANAGERS**

The KPI shall be calculated as the numerator divided by the denominator as specified in Sections 1.1. and 1.2. of this Annex.

##### **1.1. Numerator**

The numerator shall consist of a weighted average of the value of investments in Taxonomy-aligned economic activities of investee companies.

The weighted average of the value of investments shall be based on the share of Taxonomy-aligned economic activities of investee companies measured by the following:

- (a) for investees that are non-financial undertakings, turnover and CapEx KPIs as resulting from the calculation of the KPIs of the investee in accordance with Annexes I and II;
- (b) for investees that are asset managers, turnover-based and CapEx-based KPIs, as resulting from the calculation of the KPIs of the investee in accordance with Annexes III and IV;
- (c) for investees that are credit institutions, the turnover-based and CapEx based green asset ratio as resulting from the calculation of the green asset ratio of the investee in accordance with Annexes V and VI;
- (d) for investees that are investments firms, investments and revenues, as resulting from the calculation of the turnover-based and CapEx based KPIs of the investee in accordance with Annexes VII and VIII in accordance with the share of services and activities of dealing on own account and not dealing on own account in the income of the investment firm;
- (e) for investees that are insurance or reinsurance undertakings, investments, gross premiums written or, as applicable, total insurance revenue, as resulting from the calculation either of the turnover-based and CapEx based investment KPI or of the underwriting KPI of the non-life investee insurance and reinsurance undertakings in accordance with this Annexes IX and X.

The calculation shall allow netting for the purposes of reporting the share of investments in Taxonomy-aligned economic activities by applying the methodology used to calculate net short positions laid down in Article 3, paragraphs 4 and 5 of Regulation (EU) No 236/2012 of the European Parliament and of the Council<sup>29</sup>.

##### **1.2. Denominator**

The denominator shall consist of the value of all Asset under Management (AuM) without exposures referred to in Article 8(1) of this Regulation resulting from both collective and individual portfolio management activities of asset managers.

Asset managers shall disclose a KPI based on turnover KPIs of the investee companies and a KPI based on the CapEx KPI of investee companies.

<sup>29</sup> Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

## **2. METHODOLOGY FOR PREPARING AND REPORTING THE KPIS TO BE DISCLOSED BY ASSET MANAGERS**

For the purposes of disclosures under Article 8(1) of Regulation (EU) 2020/852, asset managers shall:

- (a) disclose the KPIS for each environmental objective and for aggregated Taxonomy-aligned economic activities at the level of the relevant undertaking or group;
- (b) identify a subset of transitional and enabling economic activities and disclose the KPIS for aggregated economic activities at the level of the undertaking or group;
- (c) provide for a breakdown of the numerator and denominator per type of investment;
- (d) disclose the KPIS in relation to aggregated Taxonomy-eligible economic activities;
- (e) disclose the share of Taxonomy-non-eligible economic activities within the assets under management;
- (f) disclose the share of investments in exposures referred to in Article 7(1) and in undertakings not subject to Directive 2013/34/EU;
- (g) provide the KPIS at the level of the individual asset manager where that undertaking prepares only individual non-financial statements or at the level of the group where the undertaking prepares consolidated non-financial statements.

## ANNEX IV Template for the KPI of asset managers

Standard template for the disclosure required under Article 8 of the Regulation (EU) 2020/852 (asset managers)

<p>The weighted average value of all the investments that are directed at funding, or are associated with Taxonomy-aligned economic activities <b>relative to the value of total assets covered by the KPI</b>, with following weights for investments in undertakings per below: Turnover-based: % Capital expenditures-based: %</p>	<p>The weighted average value of all the investments that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]</p>
<p>The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities, other than Taxonomy-aligned sovereign green bonds. Coverage ratio: %</p>	<p>The monetary value of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities, other than Taxonomy-aligned sovereign green bonds. Coverage: [monetary amount]</p>
<p>Additional, complementary disclosures: breakdown of <b>denominator</b> of the KPI</p>	
<p>The percentage of derivatives relative to total assets covered by the KPI. X%</p>	<p>The value in monetary amounts of derivatives relative to total assets covered by the KPI. [monetary amount]</p>
<p>The proportion of <b>exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: For financial undertakings:</p>	<p>Value of <b>exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: [monetary amount] For financial undertakings: [monetary amount]</p>
<p>The proportion of <b>exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: For financial undertakings:</p>	<p>Value of <b>exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: [monetary amount] For financial undertakings: [monetary amount]</p>

<p>The proportion of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings:</p> <p>For financial undertakings:</p>	<p>Value of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings: [monetary amount]</p> <p>For financial undertakings: [monetary amount]</p>
<p>The proportion of <b>exposures to other counterparties over total assets covered by the KPI:</b></p> <p>X%</p>	<p>Value of <b>exposures to other counterparties over total assets covered by the KPI:</b></p> <p>[monetary amount]</p>
<p>The value of all the investments that are funding <b>economic activities that are not Taxonomy-eligible</b> relative to the value of total assets covered by the KPI:</p> <p>X%</p>	<p>Value of all the investments that are funding <b>economic activities that are not Taxonomy-eligible:</b></p> <p>[monetary amount]</p>
<p>The value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not Taxonomy-aligned relative to the value of total assets covered by the KPI:</b></p> <p>X%</p>	<p>Value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not Taxonomy-aligned:</b></p> <p>[monetary amount]</p>
<p>Additional, complementary disclosures: breakdown of <b>numerator</b> of the KPI</p>	
<p>The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings <u>not</u> subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p> <p>For financial undertakings:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p>	<p>Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings <u>not</u> subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings:</p> <p>Turnover-based: [monetary amount]</p> <p>Capital expenditures-based: [monetary amount]</p> <p>For financial undertakings:</p> <p>Turnover-based: [monetary amount]</p> <p>Capital expenditures-based: [monetary amount]</p>
<p>The proportion of <b>exposures to financial and non-financial undertakings <u>from non-EU countries</u> not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p> <p>For financial undertakings:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p>	<p>Value of <b>exposures to financial and non-financial undertakings <u>from non-EU countries</u> not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings:</p> <p>Turnover-based: [monetary amount]</p> <p>Capital expenditures-based: [monetary amount]</p> <p>For financial undertakings:</p> <p>Turnover-based: [monetary amount]</p>

		Capital expenditures-based: [monetary amount]
The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: Turnover-based: % Capital expenditures-based: % For financial undertakings: Turnover-based: % Capital expenditures-based: %		Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount] For financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
The proportion of <b>Taxonomy-aligned exposures to other counterparties in</b> over total assets covered by the KPI: Turnover-based: % Capital expenditures-based: %		Value of <b>Taxonomy-aligned exposures to other counterparties</b> over total assets covered by the KPI: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
<b>Breakdown of the numerator of the KPI per environmental objective</b>		
<b>Taxonomy-aligned activities</b> – provided ‘do-not-significant-harm’(DNSH) and social safeguards positive assessment:		
(1) Climate change mitigation	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(2) Climate change adaptation	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(3) The sustainable use and protection of water and marine resources	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(4) The transition to a circular economy	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(5) Pollution prevention and control	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(6) The protection and restoration of biodiversity and ecosystems	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)

## ANNEX V KPIs of credit institutions

### **1. CONTENT OF KPIs TO BE DISCLOSED BY CREDIT INSTITUTIONS**

#### **1.1. Scope of the KPIs**

##### *1.1.1. Consolidation*

Credit institutions shall disclose relevant KPIs on the basis of the scope of their prudential consolidation determined in accordance with Regulation (EU) 575/2013, Title II, Chapter 2, Section 2.

##### *1.1.2. Total covered Assets*

The calculation of the green asset ratio (GAR) for on-balance sheet exposures shall cover the following accounting categories of financial assets, including loans and advances, debt securities, equity holdings and repossessed collaterals:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- investments in subsidiaries;
- joint ventures and associates;
- financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss;
- real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

The exposures referred to in article 8(1) shall be excluded from the coverage of the GAR

The following assets shall be excluded from the numerator of the GAR:

- financial assets held for trading,
- interbank on-demand loans.

The calculation of KPIs for off-balance sheet exposures shall consider financial guarantees granted by the credit institution and assets under management for guarantee and investee non-financial undertakings. Other off-balance sheet exposures such as commitments shall be excluded from that calculation.

#### **1.2. Content of the KPIs and methodology**

##### *1.2.1. Green asset ratio (GAR)*

The GAR shall show the proportion of the share of credit institution's assets financing and invested in Taxonomy-aligned economic activities as a share of total covered assets in accordance with Section 1.1.2 of this Annex.

The GAR shall be based on the exposures and balance sheet according to the prudential scope of consolidation in accordance with Regulation (EU) 575/2013, Title II, Chapter 2, Section 2 for the types of assets and accounting portfolios specified in Section 1.1.2 of this Annex, including information on stock and flows, on transitional and enabling activities, and on specialised and general purpose lending.

Credit institutions shall disclose all of the following:

- (a) the aggregate GAR for covered on-balance sheet assets;
- (b) the breakdown by environmental objective and by type of counterparty.

The definition of the KPIs shall be based on the following components:

- (a) the numerator, which shall cover the loans and advances, debt securities, equities and repossessed collaterals, financing Taxonomy-aligned economic activities based on turnover KPI and CapEx KPI of underlying assets;
- (b) the denominator, which shall cover the total loans and advances, total debt securities, total equities and total repossessed collaterals and all other covered on-balance sheet assets .

In addition to GAR, credit institutions shall disclose the percentage of their total assets that are excluded from the numerator of the GAR in accordance with Article 8(2) of this Regulation and Section 1.1.2 of this Annex.

The following Sections 1.2.1.1 to 1.2.1.7 explain the methodology for computation of the GAR depending on the type of instrument and counterparty, and at aggregate level.

### 1.2.1.1. GAR applying to exposures of non-financial undertakings

Credit institutions shall disclose the GAR for the stock of loans, debt securities and equity holdings and the flow for new lending. Credit institutions shall follow the following steps in order to calculate the GAR for each environmental objective.

<b>Environmental objectives</b>	<b>First step</b>	<b>Second step</b>	<b>Green asset ratio (GAR)</b>
Climate change mitigation	Proportion of loans and advances/debt securities/equity instruments financing Taxonomy-eligible economic activities for the objective of climate change mitigation as compared to total loans/debt securities/equity instruments to non-financial undertakings and all other covered on-balance sheet assets	Proportion of loans and advances/debt securities/equity instruments financing taxonomy-aligned economic activities for the objective of climate change mitigation, compared to loans and advances/debt securities/equity instruments financing economic activities in sectors covered by the taxonomy for the objective of climate change mitigation. <b>Of which: enabling activities which transitional activities</b>	<b>Proportion of loans and advances/debt securities/equity instruments financing taxonomy-aligned economic activities for the objective of climate change mitigation, compared to total loans and advances/debt securities/equity instruments to non-financial undertakings and all other on-balance sheet assets</b> <b>Of which: enabling activities Of which transitional activities</b>
Climate change adaptation	Stock and flow, including targets and forward-looking information Proportion of loans and advances/debt securities/equity instruments financing Taxonomy-eligible economic for the objective of climate change adaptation compared to total loans/debt securities/equity instruments to non-financial undertakings and all other covered on-balance sheet assets	Proportion of loans and advances/debt securities/equity instruments financing taxonomy-aligned economic activities for the objective of climate change adaptation compared to loans and advances/debt securities/equity instruments financing economic activities in sectors covered by the taxonomy for the objective of climate change adaptation <b>Of which: enabling activities Of which adaptation activities</b>	<b>Proportion of loans and advances/debt securities/equity instruments financing taxonomy-aligned economic activities for the objective of climate change adaptation compared to total loans and advances/debt securities/equity instruments to non-financial undertakings and all other covered on-balance sheet assets</b> <b>Of which enabling activities Of which transitional activities</b>



Stock and flow, including targets and forward-looking information

Other environmental activities

Same ratios for each of the other four environmental objectives should be disclosed, once the screening criteria are defined. That is: the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems.

(i) *GAR for lending activities and equity holdings to non-financial undertakings GAR for loans and advances (GAR L&A)*

Credit institutions shall use and disclose the following items for the calculation of the GAR for this type of exposures:

**(1)(a) Total loans and advances to non-financial undertakings.**

(1)(a) shall include loans and advances recognised under the accounting categories referred to in Section 1.2, that is the gross carrying amount of:

- (a) loans and advances at amortised cost and at fair value through other comprehensive income;
- (b) loans and advances not held for trading at fair value through profit or loss.

**(1)(b) Loans and advances to non-financial undertakings financing Taxonomy-eligible economic activities for each environmental objective.**

(1)(b) shall include the gross carrying amount of loans and advances in the relevant accounting categories towards companies carrying out taxonomy-eligible economic activities (where available, 4 level Nomenclature of Economic Activities (NACE) codes) relevant for each environmental objective.

**(1)(c) Loans and advances to non-financial undertakings financing Taxonomy-aligned economic activities for each environmental objective.**

(1)(c) shall include all loans and advances financing Taxonomy-aligned economic activities, including subsets of transitional and enabling economic activities.

The amount for the purpose of (1)(c) shall be calculated by using the following formula  $1(c) = (1)(c)(1) + (1)(c)(2)$  where:

(1)(c)(1) represents loans and advances where the use of proceeds is known, such as specialised lending - project finance loans as defined in Annex V to Commission Implementing Regulation (EU) No 680/2014<sup>30</sup>, and

(1)(c)(2) represents loans and advances where the use of proceeds is unknown (general loans).

<sup>30</sup> Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1).

For (1)(c)(1), credit institutions shall consider the gross carrying amount of the project finance exposures to the non-financial undertaking to the extent and proportion that the project funded finances a Taxonomy-aligned economic activity. The assessment of this fact shall be based on information provided by the counterparty on the project or activities to which the proceeds will be applied. Credit institutions shall provide information on the type economic activity that is funded. Double counting shall not be allowed. Where the same specialised lending exposure is relevant for two environmental objectives, credit institutions shall allocate it to the most relevant objective.

For (1)(c)(2), credit institutions shall rely on the turnover KPI that the counterparty shall disclose for each environmental objective in accordance with Article 2 of this Regulation. The amount of loans and advances to non-financial undertakings shall be the sum of the gross carrying amount of the total loans and advances with unknown use of proceeds to non-financial undertakings weighted by the proportion of Taxonomy-aligned economic activities with a breakdown for transition and enabling activities for each counterparty.

Credit institutions shall calculate the KPIs for these type of exposures as follows:

**First step = (1)(b)/(1)(a).**

**Second step = (1)(c)/(1)(b).** Credit institutions shall disclose separately the part of the KPI that refers to enabling activities, when relevant.

**GAR L&A (for each environmental objective) = (1)(c)/(1)(a).** Credit institutions shall disclose the GAR based on turnover KPI and separately the part of the KPI that refers to enabling and transitional activities, where relevant.

The following aspects of the KPIs shall be disclosed :

- (a) in terms of stock, based on the total gross carrying amount of loans and advances as of the disclosure reference date;
- (b) in terms of flow, based on the gross carrying amount of new loans and advances during the year prior to the disclosure reference date;
- (c) with a separate breakdown for enabling and for transitional and adaptation activities, and for specialised lending.

Credit institutions shall in addition to information on the values of the KPIs, disclose forward-looking information based on scenario analysis and their business strategies, and information on short, medium and long-term targets.

*(ii) GAR for debt securities to non-financial undertakings ('GAR DS')*

Credit institutions shall calculate and disclose the following items for the calculation of the GAR for this type of exposures:

**(2)(a) Total debt securities to non-financial undertakings**

(2)(a) shall include the gross carrying amount of debt securities at amortised cost and at fair value through other comprehensive income, and debt securities not held for trading at fair value through profit or loss.

**(2)(b) Debt securities to non-financial undertakings financing Taxonomy-eligible economic activities for each environmental objective**

(2)(b) shall include the gross carrying amount of debt securities in the relevant accounting categories towards companies carrying out Taxonomy-eligible economic activities (where available 4 level NACE codes)

**(2)(c) Debt securities to relevant entities financing Taxonomy-aligned economic activities**

(2)(c) includes all debt securities financing Taxonomy-aligned economic activities, including transitional and enabling activities.

The amount for the purpose of (2)(c) shall be calculated by using the following formula  $2(c) = (2)(c)(1) + (2)(c)(2)$  where:

(2)(c)(1) represents debt securities where the use of proceeds is known, and

(2)(c)(2) represents debt securities where the use of proceeds is not known.

For 2(c)(1), credit institutions shall consider the following:

(2)(c)(1)(a) credit institutions shall consider the total gross carrying amount of exposures to environmentally sustainable bonds issued in accordance with Union legislation. Current bond issuances qualified as green bonds by issuers whose use of proceeds have to be invested in Taxonomy-eligible economic activities shall be assessed depending on the level of Taxonomy-alignment of economic activities in accordance with Regulation (EU) 2020/852 or of projects funded, based on specific information provided by the issuer for an issuance. Credit institutions shall provide transparency on the kind of economic activity that is being funded. Double counting is not allowed. Where the same green bond can be relevant for two environmental objectives, institutions shall allocate it to the most relevant objective.

(2)(c)(1)(b) Credit institutions shall consider the gross carrying amount of debt securities invested in project finance exposures, to the extent that the activities of the project funded are Taxonomy-aligned economic activities. The assessment shall be based on specific information provided by the issuer for that issuance. Double counting is not allowed. Where the same specialised lending exposure can be relevant for two environmental objectives, institutions shall allocate it to the most relevant. Credit institutions shall provide transparency on the type of economic activity that is funded.

For (2)(c)(2), credit institutions shall rely on the turnover KPI and CapEx KPI that the counterparty shall disclose in accordance with Article 2 of this Regulation. The amount of debt securities to non-financial undertakings shall be the sum of the gross carrying amount of the total debt securities with unknown use of proceeds weighted by the proportion of Taxonomy-aligned economic activities with a breakdown for transition and enabling activities for each counterparty.

Credit institutions shall calculate the KPIs proposed according to the following formula for this type of exposures:

**First step = (2)(b)/(2)(a).**

**Second step = (2)(c)/(2)(b);** credit institutions shall disclose separately the part of the KPI that refers to enabling and transitional activities, when relevant.

**GAR DS = (2)(c)/(2)(a) based on turnover KPI; (2)(c)/(2)(a) based on CapEx KPI.**

The following aspects of KPIs shall be disclosed:

- (a) in terms of stock, based on the total gross carrying amount of debt securities as of the disclosure reference date;
- (b) in terms of flow, based on the gross carrying amount of new debt securities during the year prior to the disclosure reference date;
- (c) with separate breakdown for enabling and transitional activities, and for specialised lending.

*(iii) Green asset ratio for equity holdings of non-financial undertakings ('GAR EH')*

Credit institutions shall calculate and disclose:

- (a) the proportion of equity holdings of non-financial undertakings performing Taxonomy-eligible economic activities compared to total equity holdings of non-financial undertakings.

The numerator shall cover the gross carrying amount of the equity holdings not held for trading that comprise financial assets at fair value through other comprehensive income and financial assets not held for trading at fair value through profit or loss and investments in subsidiaries, joint ventures and associates, of non-financial undertakings performing Taxonomy-eligible economic activities.

The denominator shall cover the total gross carrying amount of the equity holdings not held for trading that comprise financial assets at fair value through other comprehensive income and financial assets not held for trading at fair value through profit or loss and investments in subsidiaries, joint ventures and associates, of non-financial undertakings.

- (b) the proportion of equity holdings of non-financial undertakings performing Taxonomy-aligned economic activities compared to equity holdings of those non-financial undertakings performing Taxonomy-eligible economic activities.

The numerator shall include the gross carrying amount of the equity holdings not held for trading based on the turnover KPI and CapEx KPI related to Taxonomy-aligned economic activities of the non-financial undertaking to which the equity instruments belongs.

The denominator will include the gross carrying amount of the equity holdings not held for trading based on the turnover KPI of the non-financial undertakings performing Taxonomy-eligible economic activities.

- (c) **GAR EH** = Proportion of equity holdings of non-financial undertakings financing Taxonomy-aligned economic activities compared to total equity holdings of non-financial undertakings.

The numerator shall include the gross carrying amount of the equity holdings not held for trading weighted by the turnover and CapEx KPI related to Taxonomy-aligned economic activities as disclosed by the non-financial undertaking to which the equity instruments belongs.

The denominator shall include the total gross carrying amount of the equity holdings not held for trading of non-financial undertakings.

The followings aspects of ratios shall be disclosed :

- in terms of stock, based on the total gross carrying amount of equity holdings as of the disclosure reference date;
- in terms of flow, based on the gross carrying amount of equity holdings during the year prior to the disclosure reference date;
- with separate breakdown for enabling and for transitional activities.

*(iv) GAR on total financing towards non-financial undertakings (lending plus equity holdings)*

The three ratios for each environmental objective shall be disclosed based on turnover KPI and, for debt securities and equity holdings, based on turnover KPI and CapEx KPI of underlying assets at an aggregate level for all financing on-balance sheet instruments, including equity holdings, towards non-financial undertakings.

The numerator and denominator of the ratios shall contain the gross carrying amount of loans and advances, debt securities and equity holdings relevant in each case.

1.2.1.2. Green asset ratio for lending activities and equity holdings to financial undertakings

GAR for lending activities and equity holdings to financial corporates shall be calculated as a proportion of loans and advances, debt securities and equity holdings of relevant accounting portfolios financing Taxonomy-aligned economic activities for the environmental objective, compared to total loans and advances, debt securities and equity holdings of financial corporates.

This GAR shall contain disclosures for climate change mitigation and climate change adaptation, with a breakdown for enabling activities. For the climate change mitigation, the GAR shall also contain disclosures of which are transitional activities. For climate change adaptation, it shall include disclosures of which are adaptation activities. For those contributing to the climate change mitigation and adaptation and other environmental objectives, credit institutions shall also provide disclosures of stock and flow, including targets and forward-looking information.

The numerator of the GAR for financial corporates shall be calculated based on the counterparties' KPIs under this Regulation. The amount of loans and advances, debt securities and equity holdings of relevant accounting portfolios to financial corporates to be considered in the numerator of the ratio shall be the sum of their gross carrying amount, weighted by the proportion of Taxonomy-aligned economic activities with breakdown for transition, adaptation and enabling activities for each counterparty.

Where the counterparty is another credit institution, the turnover-based and CapEx based KPIs used shall be the gross carrying amount of debt securities, loans and advances and equity holdings of relevant accounting portfolios weighted by the 'Total GAR of the counterparty as defined in section', that is gross carrying amount multiplied by 'Total GAR' of the counterparty.

Where the counterparty is an investment firm, the following calculation of the KPI shall apply based on the share of the services in the income of the investment firm:

- (a) for investment firms dealing on own account in accordance with Section A of Annex I to Directive 2014/65/EU of the European Parliament and of the Council<sup>31</sup>, the gross carrying amount of debt securities, loans and advances and equity holdings shall be weighted by the turnover based and CapEx based GAR disclosed by the investment firms, that is the gross carrying amount multiplied by ‘the value of assets invested (debt securities, equity instruments, cash equivalents and derivatives) in Taxonomy-aligned economic activities as a share of the value of total assets invested’.
- (b) for investment firms other than dealing on own account in accordance with Section A of Annex I to Directive 2014/65/EU, the gross carrying amount of debt securities, loans and advances and equity holdings shall be weighted by the turnover based and CapEx based KPI on revenues, that is fees, commissions and other monetary benefits, disclosed by the investment firms, that is gross carrying amount multiplied by ‘fees, commissions and other monetary benefits from services and activities towards Taxonomy-aligned economic activities as a share of total fees, commissions and other monetary benefits from all services and activities’.

Where the counterparty is asset manager, the turnover based and CapEx based KPIs shall be the gross carrying amount of debt securities, loans and advances and equity holdings weighted by the ratio of the counterparty’s investments that are in Taxonomy-aligned economic activities, as defined in Annex III and IV, that is the gross carrying amount multiplied by the asset manager’s ratio of total investments.

In the case of investees that are insurance or reinsurance undertakings, the benchmark shall be investments, gross premiums written or, as applicable, total insurance revenue, as resulting from the calculation either of the turnover-based and CapEx based investment KPI or of the underwriting KPI of the investee in accordance with this Annexes XI and X.

The denominator shall be the total gross carrying amount of loans and advances, debt securities and equity holdings of relevant accounting portfolios towards financial undertakings.

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<sup>31</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

### 1.2.1.3. Green asset ratio for retail exposures

GAR for retail exposures to residential real estate or house renovation loans shall be calculated as a proportion of loans to households collateralised by residential immovable property or granted for house renovation purposes that is Taxonomy-aligned in accordance with the technical screening criteria for buildings, namely renovation and acquisition and ownership in accordance with Sections 7.2., 7.3., 7.4., 7.5, 7.6. and 7.7. respectively, of Annex I to Delegated Regulation, compared to total loans to households collateralised by residential immovable property or granted for house renovation purposes. This shall include disclosures of which are transitional activities, and also disclosures of stock and flow, including targets and forward-looking information. This GAR shall apply only to investments relevant for climate change mitigation.

GAR for retail exposures to credit consumption loans for car loans shall be calculated as the proportion of loans financing cars complying with the technical screening criteria in accordance with Section 6.5. of Annex I to Delegated Regulation [Climate DA]. This shall include disclosures of which are transitional activities, and also disclosures of stock of loans only for loans granted after [the date of application of this Regulation] and flow of loans, including targets and forward-looking information. This GAR shall apply only to investments relevant for climate change mitigation.

KPIs on retail exposures financing Taxonomy-aligned economic activities shall only apply for the objective of climate change mitigation.

#### *(i) Residential real estate lending*

Credit institutions' KPI disclosure shall cover the retail lending portfolio, in particular the mortgage lending portfolio. This shall be disclosed by taking into account compliance with the technical screening criteria for buildings in accordance with Sections 7.2., 7.3., 7.4., 7.5., 7.6. and 7.7. of Annex I to Delegated Regulation [Climate DA].

Credit institutions shall disclose the KPI for their residential real estate lending portfolio as a proportion of loans to households collateralised by residential immovable property contributing to the environmental objective of climate change mitigation in accordance with Sections 7.2., 7.3., 7.4., 7.5., 7.6. and 7.7. of Annex I to Delegated Regulation [Climate DA], compared to total loans to households collateralised by residential immovable property.

Credit institutions shall disclose information for the stock of loans as of the disclosure reference date, and information on the flows of new lending during the disclosure period. They shall also disclose forward-looking information and information on targets.

The numerator of the ratio shall include the gross carrying amount of residential real estate loans compliant with the technical screening criteria in Section 7.7. of Annex I of Commission Delegated Regulation [DA climate change mitigation and climate change adaptation].

In the numerator of the ratio credit institutions shall also consider those loans granted for the renovation of a building or of a house in accordance with the technical screening criteria for buildings in

accordance with Section 7.2., 7.3., 7.4., 7.5. and 7.6. of Annex I of Commission Regulation. [DA climate change mitigation and climate change adaptation].

The denominator shall include the total gross carrying amount of loans to households collateralised by residential property plus the total gross carrying amount of house renovation loans to households, avoiding double counting of loans in case that the latter are collateralised loans.

*(ii) Retail - Credits for consumptions for car loans*

Credit institutions shall disclose a KPI for loans granted to households for the acquisition of a motor vehicle (car loans). A KPI shall be a proportion of loans associated with cars complying with the technical screening criteria in accordance with Section 6.5. of Annex I to Delegated Regulation [Climate DA].

Credit institutions shall consider those car loans granted from the date of application of the disclosure requirements, both for the KPI on stock and on new loans. Update on the stock of loans granted before the application date shall not be considered.

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1.2.1.4. GAR for exposures to non-financial undertakings and financial undertakings that are not subject to Article 19a and 29a of Directive 2013/34/EU

[Option 2 - GAR for exposures to non-financial undertakings, including small- and medium-sized enterprises – SMEs, not subject to Article 19a and 29a of Directive 2013/34/EU for loans and advances collateralised by immovable commercial property and/or building renovation loans contributing to climate change mitigation shall be disclosed as a proportion of loans and advances collateralised by residential immovable property plus building renovation loans where the immovable property and renovation comply with the technical screening criteria in accordance with Sections 7.2., 7.3., 7.4., 7.5., 7.6. and 7.7. of Annex I to Delegated Regulation [Climate DA], compared to total loans to those undertakings collateralised by residential immovable property. This shall include disclosures of stock and flow, including targets and forward-looking information.

GAR for exposures to non-financial undertakings, including SMEs, for debt securities and other loans and advances and equity instruments contributing to an environmental objective shall be disclosed as a proportion of debt securities and/or other loans and advances/equity instruments financing Taxonomy-aligned economic activities for an environmental objective compared to total debt securities/other loans and advances/equity instruments. For climate change mitigation, it shall include the share of which are enabling and of which are transitional activities. This shall also include disclosures of stock and flow KPIs, including targets and forward-looking information. For climate change adaptation this shall include disclosures of shares of which are enabling and which are adaptation activities. This shall also cover disclosures of stock and flow, including targets and forward-looking information. For other environmental objectives, it shall include disclosures of stock and flow, including targets and forward-looking information.

For loans and advances to non-financial undertakings collateralised by immovable commercial property or devoted to building renovation, the same KPI and methodology shall be defined as for the GAR for residential real estate lending contributing to the objective of climate change mitigation in



accordance with the technical screening criteria Sections 7.2., 7.3., 7.4., 7.5., 7.6. and 7.7. of Annex I to Delegated Regulation [Climate DA].

The GAR shall apply as a proportion of loans to those undertakings collateralised by commercial immovable property, and house renovation loans, where the immovable property and renovation comply with the technical screening criteria in accordance with Sections 7.2., 7.3., 7.4., 7.5., 7.6. and 7.7. of Annex I to Delegated Regulation [Climate DA] compared to total loans to SMEs collateralised by commercial immovable property. The methodology for the computation of the numerator and denominator shall be the same as the methodology proposed for residential real estate lending.

GAR for exposures to non-financial undertakings, including SMEs, subject to Article 19a and 29a of Directive 2013/34/EU for other loans and advances, debt securities and equity instruments shall be disclosed, in a similar way to that defined for exposures to non-financial undertakings. Each debt security or loan shall only be considered once and shall contribute to only one environmental objective. In case that there are loans that shall be considered as relevant for more than one environmental objective, the institution shall allocate it to the most relevant one.

In order to facilitate the assessment of exposures to these non-financial undertakings, in particular SMEs, and for the purpose of assessing general purpose lending and financing, credit institutions shall focus on the main economic activities of the non-financial undertakings, that is, on their main sources of turnover, rather than assessing all the activities that they carry out.

Exposures to financial undertakings that are not subject to Article 19a and 29a of Directive 2013/34/EU shall be included in the GAR based on the methodology provided in Section 1.2.1.2 of this Annex and the requirement provided in Article 8(3) and (4) of this Regulation]

#### 1.2.1.5. GAR for loans and advances financing public housing

Where credit institutions have a business model based to a great extent on financing public housing, they shall disclose a KPI concerning the share of compliance with the technical screening criteria in accordance with Section 7.7. of Annex I to Delegated Regulation [Climate DA] of buildings whose purchase the credit institution is financing. This GAR shall be estimated and disclosed by the credit institution as a proportion of loans to municipalities financing public housing compliant with the technical screening criteria in accordance with Section 7.7. of Annex I to Delegated Regulation [Climate DA] compared to total loans to municipalities financing public housing. The credit institution shall include disclosures of stock and flow, including targets and forward-looking information.

The methodology for the computation of the numerator and denominator shall be the same as the methodology for residential real estate lending.

#### 1.2.1.6. Other on-balance sheet exposures – Repossessed real estate collaterals

Credit institutions shall disclose the KPI for the share of compliance with the technical screening criteria in Section 7.7. of Annex I to Delegated Regulation [Climate DA] of their commercial and residential repossessed real estate collateral held-for-sale portfolio for the environmental objective of climate change mitigation as a proportion of commercial and residential repossessed real estate collateral complying with the technical screening criteria in Section 7.7. of Annex I to Delegated Regulation [Climate DA], compared to total commercial and residential repossessed real estate

collateral.

Credit institutions shall disclose information for the stock of loans as of the disclosure reference date, and information on the flows of new assets during the disclosure period. They shall also disclose forward-looking information and information on targets.

The numerator of the ratio shall include the gross carrying amount of commercial and residential repossessed real estate collaterals compliant with the technical screening criteria for buildings in Section 7.7. of Annex I to Delegated Act [Climate DA].

The denominator shall include the total gross carrying amount of held-for-sale commercial and residential real estate collaterals repossessed by the credit institution.

Credit institutions shall disclose information for the stock of loans as of the disclosure reference date, and information on the flows of new lending during the disclosure period. They shall also disclose forward-looking information and information on target.

#### 1.2.1.7. Total GAR

Credit institutions shall disclose information on the Total GAR. This shall reflect the cumulative value of the exposure-based KPIs, by including in the denominator the total on-balance assets without exposures referred to in Article 8(1) and by adding in the total numerator the numerators of environmentally sustainable exposures of the exposure-based KPIs :

- a. total GAR of financing activities to financial undertakings, for all the environmental objectives.
- b. total GAR of financing activities to non-financial undertakings, for all the environmental objectives.
- c. GAR for residential real estate exposures, including house renovation loans, for the objective of climate change mitigation.
- d. GAR for retail car loans, for the objective of climate change mitigation.
- e. GAR for commercial real estate exposures, including building renovation loans, to non-financial undertakings not subject to Article 19a and 29a of Directive 2013/34/EU, including SMEs, for the objective of climate change mitigation.
- f. GAR for debt securities, equity holdings, and loans and advances to financial and non-financial undertakings not subject to Article 19a and 29a of Directive 2013/34/EU, including SMEs, other than commercial real estate loans.
- g. GAR for loans to local governments for house financing.
- h. GAR for commercial and residential repossessed real estate collateral held for sale.

Together with the total GAR, credit institutions shall disclose the percentage of assets that are excluded from the numerator of the GAR in accordance with Article 8(2) and Section 1.1.2 of this Annex.

### 1.2.2. *KPIs for off-balance sheet exposures*

Credit institutions shall disclose a complementary ratio on the level of association with Taxonomy-aligned economic activities of off-balance sheet exposures that credit institutions manage and channel or contribute to channel capital flows towards economic activities whose environmental sustainability can be assessed in accordance with the Regulation (EU) 2020/852:

- a) financial guarantees backing loans and advances and other debt instruments towards corporates; and
- b) assets under management.

#### 1.2.2.1. Green ratio for financial guarantees to financial and non-financial undertakings (FinGuar KPI)

The green ratio for financial guarantees to undertakings shall be defined as a proportion of financial guarantees supporting debt instruments financing Taxonomy-aligned economic activities compared to all financial guarantees supporting debt securities to undertakings. This shall include disclosures of stock and flow, including targets and forward-looking information. For climate change mitigation, this shall also include disclosures of which are enabling and transitional activities. For climate change adaptation, this shall include disclosures of which are enabling and adaptation activities.

The methodology for the computation of the KPI on financial guarantees shall be the same as the methodology specified for the KPIs on loans and advances and/or debt securities towards undertakings, but applied to the underlying loans and advances/debt securities that the credit institution supports.

#### 1.2.2.2. Green ratio for assets under management (AuM KPI)

The green ratio for assets under management shall be the proportion of assets under management (equity and debt instruments) from undertakings financing Taxonomy-aligned economic activities, compared to total assets under management (equity and debt instruments). This shall include disclosures of stock and flow, including targets and forward-looking information. For climate change mitigation, this shall also include disclosures of which are enabling and transitional activities. For climate change adaptation, this shall include disclosures of which are enabling and adaptation activities.

The methodology for the computation of the AuM KPI shall be the same as the methodology for asset managers in accordance with Annex III of this Regulation.

### 1.2.3. *KPIs on services other than lending – Fees and Commissions (F&C KPI)*

The KPI for fees and commission income linked to services associated with Taxonomy-aligned economic activities of undertakings, shall be defined as a proportion of the credit institution's fees and commission income from undertakings, derived from products or services other than lending associated with Taxonomy-aligned economic activities, compared to total fees and commissions from undertakings from products or services other than lending.

Credit institutions shall disclose the fees and commission income linked to services provided other than lending and asset management, including the following services (as reported by institutions in accordance with template 22.1 'Fee and commission income and expenses by activity' set out in Implementing Regulation (EU) No 680/2014):

- (a) issuance or other services related to third party securities;
- (b) reception, transmission and execution on behalf of customers of orders to buy or sell securities;
- (c) merger and acquisition corporate advisory services;

- (d) corporate finance services related to capital market advisory for corporate clients or other;
- (e) private banking related fees;
- (f) clearing and settlement services;
- (g) custody and other related services;
- (h) payment services;
- (i) fee and commission income for distribution of products issued by entities outside the prudential group to its current customers;
- (j) loan servicing activities;
- (k) foreign exchange services and international transactions.

The numerator of the KPI shall include the fees and commissions income as specified in Implementing Regulation (EU) No 680/2014, Annex V, paragraph 284 from services other than lending and asset management provided to undertakings, associated with Taxonomy-aligned economic activities. This shall be estimated by weighting the fees and commission income from each counterparty with the proportion of turnover and CapEx associated with Taxonomy-aligned economic activities of the undertaking contributing to the relevant environmental objective as disclosed by the corporate in accordance with Article 8 of Regulation (EU) 2020/852. For financial undertakings, the ratio from the counterparty to be applied shall be the same as for the KPIs for these undertakings.

The denominator shall be the total amount of fees and commission income from undertakings from products or services other than lending and asset management.

#### 1.2.4. *Other disclosures in the GAR: trading portfolio GAR*

The trading portfolio shall be excluded from the numerator of the GAR of the credit institution, but included in the denominator of the total GAR.

Credit institutions shall provide explanations on the investment policy regarding their trading portfolio, overall composition, and on any trend in terms of predominant sectors and their association with Taxonomy-aligned economic activities. They shall also explain potential limits in terms of climate and environmental risks, and targets in terms of the level of association with Taxonomy-aligned economic activities and how they manage the environmental risks that may impact the value of the portfolio.

Where a trading portfolio plays an important role in the business model of the credit institution, in particular where credit institutions do not meet the conditions set out in Article 94(1) of Regulation (EU) No 575/2013 or the conditions set out in Article 325a(1) of that Regulation, credit institutions shall disclose quantitative information and KPIs that show to what extent the institution is trading with environmentally sustainable assets and to what extent it is contributing to promoting the trading of this type of assets.

Credit institutions shall disclose the following information:

- (a) total trading during the disclosure period in Taxonomy-aligned instruments, including absolute purchases plus absolute sales of environmentally sustainable securities;
- (b) total trading during the disclosure period of securities, including total absolute purchases plus total absolute sales of securities.

Absolute purchases plus absolute sales of environmentally sustainable securities shall be included in the numerator of the specific Trading Portfolio GAR of the credit institution. Total absolute purchases plus total absolute sales of securities shall be included in the denominator of the Trading Portfolio GAR.

The part of the GAR numerator for trading portfolio shall be estimated by weighting the gross carrying amount of debt securities and equity instruments purchased and/or sold from each counterparty with the proportion of turnover and CapEx associated with Taxonomy-aligned economic activities of the undertaking contributing to the relevant environmental objective as disclosed by that undertaking in accordance with Article 8 of Regulation (EU) 2020/852 and this Regulation. For financial undertakings, the ratio for the counterparty to be applied shall be the same as for the relevant KPIs for these counterparties.

**ANNEX VI Template for the KPIs of credit institutions**

Link to Annex VI: [https://ec.europa.eu/info/files/sustainable-finance-taxonomy-article-8-annex-6\\_en](https://ec.europa.eu/info/files/sustainable-finance-taxonomy-article-8-annex-6_en)

## ANNEX VII KPIs of investment firms

### **CONTENT OF KPIs TO BE DISCLOSED BY INVESTMENT FIRMS**

#### **1. SCOPE of KPIs**

Disclosure of KPIs and the methodology shall cover and be designed separately for all of the following services listed in Annex I, Section A, to Directive 2014/65/EU:

- (a) investment firms' dealing on own account activities, regardless of whether investment firms are principal traders or dealing on behalf of their clients in accordance with Section A, point (3), of Annex I to Directive 2014/65/EU);
- (b) investment firms' investment services and activities other than dealing on own account in accordance with Section A of Annex I to Directive 2014/65/EU, with the exception of point (3) of that Section.

Ancillary services listed in Section B of Annex I to Directive 2014/65/EU shall be excluded from the scope of the disclosures.

The investment services and activities that shall be covered in the disclosure requirements under Article 8 of Regulation (EU) 2020/852 and this Regulation shall include the following:

- (a) reception and transmission of orders in relation to one or more financial instruments;
- (b) execution of orders on behalf of clients;
- (c) dealing on own account;
- (d) portfolio management;
- (e) investment advice;
- (f) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- (g) placing of financial instruments without a firm commitment basis;
- (h) operation of an MTF;
- (i) operation of an OTF.

#### **2. Investment firms dealing on own account**

Investment firms dealing on their own account shall disclose the following KPIs:

##### *2.1 KPIs related to their assets as:*

- share of assets associated with Taxonomy-eligible economic activities within total assets;
- share of assets associated with Taxonomy-aligned economic activities within assets associated with Taxonomy-eligible economic activities, and
- share of assets associated with Taxonomy-aligned economic activities within total assets (GAR).

For the calculation of KPIs, the following shall be considered:

##### *2.2. Investee undertakings considered*

Investee undertakings considered shall include non-financial undertakings, non-financial undertakings not subject to Article 19a and 29a of Directive 2014/95/EU, financial undertakings and financial undertakings not subject to Articles 19a and 29a Directive 2014/95/EU.

For investee companies that are subject to Article 19a and 29a of Directive 2014/95/EU, investment firms shall use the KPIs that investee companies shall disclose under this Regulation. For investee companies that are not subject to Directive 2014/95/EU, Article 8(3) of this Regulation shall apply.

### *2.3. Investment instruments considered – assets*

For investment instruments, the calculation of KPIs shall cover debt securities, equity instruments, cash equivalents towards investee companies and all other assets.

### *2.4. Calculation methodology*

With regard to the computation of the GAR for investment firms' services and activities dealing on own account, investment firms shall rely on the turnover KPI and CapEx KPI of investee undertakings for each environmental objective.

The numerator shall be designed as the value of investments weighted by the proportion of Taxonomy-aligned economic activities with a breakdown for transition and enabling activities of the investee undertaking, that is by the proportion of turnover and CapEx of the investee undertaking associated with Taxonomy-aligned economic activities.

The weighted average of the value of investments shall be based on the share of Taxonomy-aligned economic activities of investee companies measured by the following:

- (a) for investees that are non-financial undertakings, turnover and CapEx KPIs as resulting from the calculation of the KPIs of the investee in accordance with Annexes I and II;
- (b) for investees that are asset managers, turnover-based and CapEx based KPIs as resulting from the calculation of the KPIs of the investee in accordance with Annexes III and IV;
- (c) for investees that are credit institutions, the turnover-based and CapEx based green asset ratio as resulting from the calculation of the green asset ratio of the investee in accordance with Annexes V and VI;
- (d) for investees that are investments firms, investments and revenues, as resulting from the calculation of the turnover-based and CapEx based KPIs of the investee in accordance with Annexes VII and VIII in accordance with the share of services and activities of dealing on own account and not dealing on own account in the income of the investment firm;
- (e) for investees that are insurance or reinsurance undertakings, investments, gross premiums written or, as applicable, total insurance revenue, as resulting from the calculation either of the turnover-based or CapEx based investments KPI or of the underwriting KPI of the non-life investee insurance and reinsurance undertakings in accordance with Annexes IX and X.

For debt securities issued by an investee undertaking with the purpose to fund specific activities or projects, or where the investee undertaking issued environmentally sustainable bonds, investment firms shall assess those debt



securities based on whether they fund Taxonomy-aligned economic activities or projects, on the basis of information provided by investee undertaking.

For the denominator, total assets shall include all assets invested by investment firms on own account.

### **3. Investment firms not dealing on own account**

Investment firms not dealing on their own account shall disclose the following KPIs:

#### *3.1. KPIs related to revenue, including fees, commissions and other monetary benefits as:*

- share of revenue from services and activities associated with Taxonomy-eligible economic activities within total revenue from investment services and activities;
- share of revenue from investment services and activities associated with Taxonomy-aligned economic activities within revenue from investment services and activities associated with Taxonomy-eligible economic activities, and
- share of revenue from investment services and activities associated with Taxonomy-aligned economic activities within total revenue from investment services and activities (GAR).

For the calculation of KPIs, the following shall be considered:

#### *3.2. Clients considered*

Investment firms shall consider clients receiving investment services other than dealing on own account services and ancillary services that are non-financial undertakings and other non-financial undertakings not subject to Article 19a and 29a of Directive 2014/95/EU, financial undertakings and other financial undertakings not subject to Article 19a and 29a of Directive 2014/95/EU.

For investee undertakings that are subject to Directive 2014/95/EU, investment firms shall use the KPIs that investee undertakings shall disclose under this Regulation. For investee companies that are not subject to Directive 2014/95/EU, Article 8(3) of this Regulation shall apply.

#### *3.3. Calculation methodology*

For activities of investment firms other than dealing on own account, the numerator shall be designed as the weighted average of the revenue (fees, commissions and other monetary benefits) generated by the investment firm in relation to the aggregate value of Taxonomy-aligned economic activities within the activities of their clients. The methodology laid down in Section 2.4. of this Annex shall apply.

#### *3.4. Further consideration*

Investment firms shall indicate in the templates the environmental objectives as well as the nature of the activities, whether enabling or transition.

Disclosures shall take place after netting potential hedges and offsets, regardless of the instrument used in accordance with Article 3, paragraphs 4 and 5 of Regulation (EU) 2012/236 of the European Parliament and of the Council<sup>32</sup>.

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<sup>32</sup> Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

## **ANNEX VIII Template for KPIs of investment firms**

Link to Annex VIII: [https://ec.europa.eu/info/files/sustainable-finance-taxonomy-article-8-annex-8\\_en](https://ec.europa.eu/info/files/sustainable-finance-taxonomy-article-8-annex-8_en)

## **ANNEX IX KPIs of insurance and reinsurance undertakings**

### **1. KPI related to investments**

The KPI related to investments by insurance or reinsurance undertakings shall present the weighted average of those investments that are directed at funding, or are associated with Taxonomy-aligned economic activities. The KPI shall be shown both in percentage terms relative to ‘total investments’ and in absolute monetary units.

Investments shall mean all direct and indirect investments, including investments in collective investment undertakings and participations, loans and mortgages, property, plant and equipment, as well as, where relevant, intangibles.

In additional disclosures, insurance or reinsurance undertakings shall distinguish the proportion of the investments held in respect of life insurance contracts where the investment risk is borne by the policy holders and the proportion of remaining investments. The coverage of the ratio with reference of the balance sheet total shall be disclosed with the exclusion of exposures referred to in Article 8(1) of this Regulation.

The disclosures shall be broken down by environmental objective in percentage terms and monetary units, where available.

The weighted average of the value of the investments shall be based on the share of Taxonomy-aligned economic activities of investee companies measured by the following:

- (a) for investees that are non-financial undertakings, turnover and CapEx KPIs as resulting from the calculation of the KPIs of the investee in accordance with Annexes I and II;
- (b) for investees that are asset managers, turnover-based and CapEx based KPIs as resulting from the calculation of the KPIs of the investee in accordance with Annexes III and IV;
- (c) for investees that are credit institutions, the turnover-based and CapEx based green asset ratio as resulting from the calculation of the green asset ratio of the investee in accordance with Annexes V and VI;
- (d) for investees that are investment firms, investments and revenues, as resulting from the calculation of the turnover-based and CapEx based KPIs of the investee in accordance with Annexes VII and VIII in accordance with the share of services and activities of dealing on own account and not dealing with own account in the income of the investment firm;
- (e) for investees that are insurance or reinsurance undertakings, investments, gross premiums written or, as applicable, total insurance revenue, as resulting from the calculation either of the turnover-based and CapEx based investments KPI or of the underwriting KPI of the non-life investee insurance and reinsurance undertakings in accordance with Annexes XI and X.

Where an investee is not subject to Article 19a or 29a of Directive 2013/34/EU, Article 8(3) shall apply.

## **2. KPI related to underwriting activities**

Insurance and reinsurance undertakings other than life insurance undertakings shall calculate the KPI related to underwriting activities and present the ‘gross premiums written’ non-life insurance revenue or, as applicable, reinsurance revenue corresponding to Taxonomy-aligned insurance or reinsurance activities in accordance with Sections 10.1. and 10.2. of Annex II to Delegated Regulation [Climate DA]. The KPI shall be depicted in percentage terms relative to, as applicable, one of the following:

- (a) total non-life insurance gross premiums written;
- (b) total reinsurance gross premiums written;
- (c) total non-life insurance revenue;
- (d) total reinsurance revenue.

The disclosures shall be broken down by environmental objective in percentage terms and monetary units, where available.

Supplementing disclosures shall explain the extent to which environmentally sustainable underwriting activities are ceded to a reinsurance undertaking and to which extent sustainable underwriting activities represent reinsurance activities are accepted from other insurance or reinsurance undertakings.

## **ANNEX X Template for KPIs of insurance and reinsurance undertakings**

**Template 1: The underwriting KPI for non-life insurance and reinsurance undertakings**

Economic activities (1)	Absolute premiums, year t (3)	Proportion of premiums, year t (4)	Proportion of premiums, year t-1 (19)	Climate change adaptation (6)	DNSH (Do No Significant Harm)						Category (enabling activity (E)/ transitional activity (T)) (20)
					Climate change mitigation (11)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	
	Currency	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E/T
<b>A.1. Non-life and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)</b>											<b>E</b>
A.1.1 Of which reinsured											E
A.1.2 Of which stemming from reinsurance activity											E
A.1.2.1 Of which reinsured (retrocession)											E
<b>A.2 Non Taxonomy-aligned activities (not environmentally sustainable)</b>											-
<b>Total (A.1 + A.2)</b>											-

“Premiums” in columns (3) and (4) shall be reported as gross premiums written or, as applicable, turnover relating to non-life insurance or reinsurance activity.

The information in column (19) shall be reported in disclosures in the year 2024 and thereafter.

Non-life insurance and reinsurance can only be aligned with Regulation (EU) 2020/852 as activity that enables climate change adaptation. The information reported in column (19) is therefore the same for all insurance and reinsurance undertakings with non-life and/or reinsurance activities.

**Template 2: The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments**

<p>The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities <b>relative to the value of total assets covered by the KPI</b>, with following weights for investments in undertakings per below: Turnover-based: % Capital expenditures-based: %</p>	<p>The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]</p>
<p>The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities, other than Taxonomy-aligned sovereign green bonds. Coverage ratio:%</p>	<p>The monetary value of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities, other than Taxonomy-aligned sovereign green bonds. Coverage: [monetary amount]</p>
<p>Additional, complementary disclosures: breakdown of <b>denominator</b> of the KPI</p>	
<p>The percentage of derivatives relative to total assets covered by the KPI. X%</p>	<p>The value in monetary amounts of derivatives relative to total assets covered by the KPI. [monetary amount]</p>
<p>The proportion of <b>exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: For financial undertakings:</p>	<p>Value of <b>exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: [monetary amount] For financial undertakings: [monetary amount]</p>



<p>The proportion of <b>exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:  For non financial undertakings:  For financial undertakings:</p>	<p>Value of <b>exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:  For non financial undertakings: [monetary amount]  For financial undertakings: [monetary amount]</p>
<p>The proportion of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:  For non financial undertakings:X%  For financial undertakings:X%</p>	<p>Value of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:  For non financial undertakings: [monetary amount]  For financial undertakings: [monetary amount]</p>
<p>The proportion of <b>exposures to other counterparties over</b> total assets covered by the KPI:  X%</p>	<p>Value of <b>exposures to other counterparties</b> over total assets covered by the KPI:  [monetary amount]</p>
<p>The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b>, that are directed at funding, or are associated with, Taxonomy-aligned: X%</p>	<p>Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b>, that are directed at funding, or are associated with, Taxonomy-aligned:  [monetary amount]</p>
<p>The value of all the investments that are funding <b>economic activities that are not Taxonomy-eligible</b> relative to the value of total assets covered by the KPI:  X%</p>	<p>Value of all the investments that are funding <b>economic activities that are not Taxonomy-eligible</b>:  [monetary amount]</p>
<p>The value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not Taxonomy-aligned relative to the value of</b> total assets covered by the KPI:  X%</p>	<p>Value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not Taxonomy-aligned</b>:  [monetary amount]</p>
<p>Additional, complementary disclosures: breakdown of <b>numerator</b> of the KPI</p>	
<p>The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:  For non financial undertakings:  Turnover-based: %  Capital expenditures-based: %  For financial undertakings:</p>	<p>Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:  For non financial undertakings:  Turnover-based: [monetary amount]  Capital expenditures-based: [monetary amount]</p>

Turnover-based: % Capital expenditures-based: %	For financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
The proportion of <b>exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: Turnover-based: % Capital expenditures-based: % For financial undertakings: Turnover-based: % Capital expenditures-based: %	Value of <b>exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount] For financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: Turnover-based: % Capital expenditures-based: % For financial undertakings: Turnover-based: % Capital expenditures-based: %	Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI: For non financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount] For financial undertakings: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: % Capital expenditures-based: %	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
The proportion of <b>Taxonomy-aligned exposures to other counterparties in</b> over total assets covered by the KPI: Turnover-based: % Capital expenditures-based: %	Value of <b>Taxonomy-aligned exposures to other counterparties</b> over total assets covered by the KPI: Turnover-based: [monetary amount] Capital expenditures-based: [monetary amount]
<b>Breakdown of the numerator of the KPI per environmental objective</b>	
<b>Taxonomy-aligned activities</b> – provided 'do-not-significant-harm'(DNSH) and social safeguards positive assessment:	
(1) Climate change mitigation	Turnover: % CapEx:%
(2) Climate change adaptation	Turnover: % CapEx:%
(3) The sustainable use and protection of water and marine	Turnover: % CapEx:%
	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)

resources		
(4) The transition to a circular economy	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(5) Pollution prevention and control	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)
(6) The protection and restoration of biodiversity and ecosystems	Turnover: % CapEx:%	Transitional activities: A% (Turnover; CapEx) Enabling activities: B% (Turnover; CapEx)

## **ANNEX XI Qualitative disclosures for asset managers, credit institutions, investment firms and insurance and reinsurance undertakings**

The disclosure of quantitative KPIs shall be accompanied by the following qualitative information to support the financial undertakings' explanations and markets' understanding of these KPIs:

- contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation;
- explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements;
- description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy including target setting, product design processes and engagement with clients and counterparties;
- for credit institutions that are not required to disclose quantitative information for trading exposures, qualitative information on the alignment of trading portfolios with Regulation (EU) 2020/852, including overall composition, trends observed, objectives and policy;
- additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity.