



FAQs: How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets in accordance with the Taxonomy Regulation Article 8 Disclosures Delegated Act?

The purpose of this Frequently Asked Questions (FAQs) document is to provide implementation guidance on the content of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation ('Disclosures Delegated Act').¹ These FAQs only contain the views of Commission services. Neither do these FAQs create new binding obligations for undertakings in the scope of the Disclosures Delegated Act, nor do they bind the Commission.

The Commission intends to update these FAQs on a regular basis. Further FAQs about the Article 8 Disclosures Delegated Act will be made available on the same webpage.

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¹ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 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.



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1. What is the Disclosures Delegated Act of the Taxonomy Regulation Article 8?

On 6 July 2021, the European Commission adopted the Delegated Act supplementing Article 8 of the Taxonomy Regulation (“the [Disclosures Delegated Act](#)”), which requires large financial and non-financial companies to provide information to investors about the environmental performance of their assets and economic activities. The Delegated Act is published in the [Official Journal](#) and becomes applicable on 1 January 2022.

The overall objective of the Disclosures Delegated Act is to increase transparency in the market. It will help financial market participants to design financial products and portfolios on the basis of disclosures from financial and non-financial undertakings.

The Disclosures Delegated Act specifies the disclosure obligations under Article 8 of the [Taxonomy Regulation \(EU 2020/852\)](#). The Delegated Act specifies the content, methodology and presentation of information to be disclosed by large financial and non-financial companies on the share of their business, investments or lending activities that are aligned with the Taxonomy Regulation.

Non-financial companies are required to disclose the share of their turnover, capital and operational expenditure associated with environmentally sustainable economic activities as defined in the Taxonomy Regulation and the [EU Taxonomy Climate Delegated Act \(EU\) 2021/2139](#), as well as any future delegated acts on other environmental objectives. In the case of financial undertakings (investment firms, asset managers, insurers, credit institutions), key performance indicators (KPIs) relate to the proportion of environmentally sustainable economic activities in their financing activities, such as lending, investment and insurance.²

2. What should financial and non-financial undertakings report and by when?

The timeline for the application of reporting requirements is provided in Article 10 of the Disclosures Delegated Act, which is as follows:

As of January 2022, in accordance with Article 10(1) and (2), all large undertakings will need to report the proportion of their activities (or the proportion of their exposures to activities) that are considered as eligible in accordance with Article 1(5) of the Disclosures Delegated Act in their turnover, capital (‘CapEx’) and operational expenditure (‘OpEx’) and total assets.³ In 2022, large entities are not required to assess the Taxonomy-alignment of these activities. They are also only required to report against activities contributing to climate objectives according to the [EU Climate Delegated Act](#).

² Article 8 (2) of the Taxonomy Regulation specifies the key performance indicators (KPIs) related to turnover, capital expenditure and operational expenditure 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.

³ Information shall be reported alongside financial statements in accordance with Article 19 of the Non-Financial Reporting Directive.



As a general principle, eligibility reporting in the first year(s) of reporting, as per Article 10 of the Disclosures Delegated Act, should serve to help undertakings prepare for their alignment disclosures.

To facilitate coherence in reporting between Taxonomy-eligibility and alignment reporting and ensure coherence of the reporting across undertakings, it is suggested that financial undertaking-related disclosures should be based on actual information provided by the financial or non-financial underlying investee entity or counterparty, in accordance with Article 8(4) of the Disclosures Delegated Act.

In 2023, in accordance with Article 10(3) of the Disclosures Delegated Act, large non-financial undertakings will need to report the activities that are considered as aligned with the EU Climate Delegated Act.

Similarly, and in accordance with Article 10(4) of the Disclosures Delegated Act, large financial institutions should disclose Taxonomy eligible and aligned activities in 2024 for activities related to climate objectives.

After a transition period of three years and in 2026, in accordance with the second subparagraph of Article 10(4), credit institutions will also need to report on the Taxonomy-alignment of their trading book and fees and commissions for non-banking activities.⁴

Chart 1: What undertakings should report and by when

January 2022	<ul style="list-style-type: none">• Non-Financial entities report Taxonomy eligible for the Fiscal Year ending 2022*• Financial entities report Taxonomy eligible for the Fiscal Year ending 2022*
January 2023	<ul style="list-style-type: none">• Non-Financial entities report eligibility and alignment for the Fiscal Year ending 2023• Financial entities report Taxonomy eligibility
January 2024	<ul style="list-style-type: none">• Non-Financial entities report eligibility and alignment for the Fiscal Year ending 2024• Financial entities report Taxonomy eligibility and alignment
January 2025	<ul style="list-style-type: none">• Financial entities may include estimates on Taxonomy alignment for DNSH assessments of non-NFRD investments subject to the 2024 review period
January 2026	<ul style="list-style-type: none">• Credit institutions include Taxonomy alignment of their trading book and fees and commissions for non-banking activities

* Companies who report their financial statements in 2022 are commonly referred to as Fiscal Year Ending (FYE) data sets. They can refer to activities conducted in the prior or current year, depending upon when in the year the statement is submitted.



3. To what extent can accounting principles be applied in order to complement descriptions of economic activities from the Climate Delegated Act?

Article 1(5) of the Disclosures Delegated Act defines an eligible economic activity as an activity that is described in the delegated acts adopted pursuant the Taxonomy Regulation.⁴

The assessment of eligibility of economic activities is not dependent on the accounting standards used.

However, and for example, the turnover key performance indicator (KPI), to be disclosed pursuant to Article 8 of the Taxonomy Regulation, should be calculated based on the same accounting principles that apply to the preparation of the undertaking's financial statements, as defined in the Annex I to the Disclosures Delegated Act. The assessment of the eligibility of economic activities whose turnover is reflected in the financial statements depends on the requirements included in the Climate Delegated Act and Disclosures Delegated Act Article 1(5) described above.

4. How should mixed groups composed of financial and non-financial undertakings, or with diversified and multiple lines of activities report?

Undertakings that have to prepare a non-financial statement in accordance with Chapter 6 of the Article 19a of the [Accounting Directive \(2013/34/EU\)](#), or where applicable, a consolidated non-financial statement according to Article 29a of that Directive, should comply with the disclosure requirements of Article 8 of the Taxonomy Regulation. In the case of the latter, the information should be disclosed on a consolidated basis.

In the case of credit institutions, the information should be disclosed in accordance with the requirements relating to prudential consolidation laid down in Part One, Title II, Chapter 2 of the [Capital Requirements Regulation \(EU\) 575/2013](#).

Consolidated non-financial statement disclosures should be based on the same consolidation principles that apply to the group's financial reporting under the applicable accounting principles, in order to ensure comparability of this reporting with the group's financial information. In addition, the exemption to subsidiary undertakings - when the parent undertaking is reporting at group level according to Article 29a of the Accounting Directive - also applies to disclosures under Article 8 of the Taxonomy Regulation. Therefore, if the parent of a group is a financial company, then the consolidated reporting shall be made as a financial undertaking. The consolidated financial statements could include segmental reporting, which can be mirrored in the consolidated non-financial statement.

Entities are free to provide additional voluntary disclosures where they consider that this is relevant to investors to gain a better understanding of the entity's taxonomy-eligibility for the first year of reporting and taxonomy-alignment thereafter. Nevertheless, and as a general principle for all undertakings,

⁴ Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2), and Article 15(2) which correspond to the Climate Delegated Act for the reporting period 2022.



voluntary disclosures are not part of the mandatory disclosures under Article 8 of the Taxonomy Regulation and entities should always explain the reasons for making such disclosures.

5. Should financial and non-financial undertakings use the Annexes provided in the Disclosure Delegated Act to report their eligibility disclosures?

Article 10(1) and 10(2) of the Disclosures Delegated Act do not require the use of the reporting templates for the reporting of eligibility information, except for the reporting of qualitative information.

However, to facilitate comparability in reporting between Taxonomy-eligibility and alignment reporting and also to ensure coherence of the reporting across undertakings, it is suggested that financial and non-financial undertakings use on voluntary basis the templates included in the Annexes to the Disclosures Delegated Act. This should be done to the extent possible, to guide eligibility-related disclosures in their first year(s) of eligibility-reporting (in 2022 for non-financial undertakings, in 2022 and 2023 for financial undertakings).

For example, non-financial undertakings could fill in columns 2 to 4 in the following rows of Annex II *a*) Total (A.1 + A.2) in order to provide eligibility-related disclosures for eligible economic activities, *b*) Turnover of Taxonomy non-eligible activities (B); and *c*) Total (A+B). This information could be provided as regards the turnover, CapEx and OpEx.

Further guidance on voluntary reporting and voluntary use of the templates for eligibility reporting in the first year(s) of reporting is provided by the Platform on Sustainable Finance in its [Appendix](#).⁵

6. What should undertakings with no Taxonomy-eligible economic activities report?

Article 1(6) of the Disclosures Delegated Act clarifies that '*taxonomy-non-eligible economic activity*' means any economic activity that is not described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2), of Regulation (EU) 2020/852'.

In accordance with Article 10 of the Disclosures Delegated Act, undertakings are required to disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in their turnover, CapEx and OpEx.

Undertakings that do not have eligible economic activities as defined in Article 1(5) of the Disclosures Delegated Act should therefore disclose the information that is required in relation to their non-eligible economic activities.

For instance, a non-financial undertaking whose economic activities are non-eligible could nonetheless fill in Section B of the templates provided in Annex II to the Disclosures Delegated Act, as this part relates to information on economic activities that are non-eligible.

⁵ [Platform considerations on the reporting of voluntary information as part of Taxonomy-eligibility reporting.](#)



7. Should Taxonomy eligibility reporting as part of the Disclosures Delegated Act be externally assured?

Article 8(1) of the Taxonomy Regulation clarifies that *'any undertaking which is subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU shall include in its non-financial statement or consolidated non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable [...].'*

The non-financial statements are subject to an existence check by the statutory auditor in accordance with the [Non-Financial Reporting Directive \(NFRD\) \(EU\) 2014/95](#). There is no requirement in Union Law to verify the content of the disclosures.

The proposed Corporate Sustainability Reporting Directive (CSRD) is expected to amend the provisions of the Non-Financial Reporting Directive, subject to the outcome of the process of negotiations of the proposal. The CSRD in this regard would require auditors to verify and express an opinion on sustainability reporting's compliance with the requirements (including taxonomy reporting under the Disclosures Delegated Act). Member States would have the possibility to allow independent assurance services providers other than auditors to carry out the assurance engagement.

8. Should non-financial undertakings provide the three ratios in the context of Taxonomy eligibility reporting (Turnover, CapEx, OpEx)?

Article 10(1) of the Disclosures Delegated Act explicitly requires that in the first year of implementation, non-financial undertakings should disclose *"the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total turnover, capital and operating expenditure"*.

It follows, therefore, that non-financial undertakings falling under the scope of the Non-Financial Reporting Directive are required to disclose the three ratios, namely the turnover, CapEx and OpEx in relation to economic activities which are Taxonomy-eligible as defined in Article 1(5) of the Disclosures Delegated Act as well as such eligibility disclosures in relation to economic activities which are non-eligible under the Taxonomy.

Eligibility disclosures could mirror similar preparation and reporting methods as those defined for taxonomy alignment in the Annexes to the Disclosures Delegated Act.

9. How does the Disclosures Delegated Act define capital and operating expenditures?

The Disclosures Delegated Act sets out the definitions of CapEx and OpEx key performance indicators (KPIs) in sections 1.1.2 and 1.1.3 of Annex I respectively.



Each of these sections includes definitions of the denominator (1.1.2.1 for CapEx and 1.1.3.1 for OpEx) that explains which amounts should be considered as CapEx and OpEx for the purposes of calculating the denominator of the two KPIs for Taxonomy-alignment reporting.

Furthermore, the sections explain how these calculations should be approached by non-financial undertakings that apply International Financial Reporting Standards (IFRS) and those that apply General Accepted Accounting Principles (GAAP).

10. Should Taxonomy eligible economic activities be reported in monetary amounts?

The Annexes to the Disclosures Delegated Act require disclosure of the proportion of Taxonomy-eligible economic activities as well as the absolute numbers of turnover and expenditures (capital and operating) for Taxonomy-alignment reporting.

As a general principle, undertakings are encouraged to prepare for Taxonomy-alignment reporting obligations as they report the proportions of Taxonomy-eligible economic activities in the first year(s) of reporting in accordance with Article 10 of the Disclosures Delegated Act.

In this regard, undertakings could include on a voluntary basis the monetary amount equivalents of the proportion of their Taxonomy-eligible economic activities for the first year(s) of reporting in accordance with reporting obligations set out in Article 10 of the Disclosures Delegated Act.

11. Should financial undertakings report Taxonomy eligibility based on their underlying entities' Turnover/CapEx?

Article 10(2) of the Disclosures Delegated Act is silent on the reporting of Taxonomy eligibility for financial undertakings with regards the KPIs of their underlying entities.

To facilitate comparability in reporting between Taxonomy-eligibility and alignment reporting and to ensure coherence of the reporting across undertakings, it is suggested that disclosures related to Taxonomy-eligibility of the assets and activities of financial undertakings be based on the data related to Taxonomy-eligibility of the activities of their underlying investees or counterparties (turnover and CapEx).

Eligibility disclosures could mirror similar preparation and reporting methods as those defined for taxonomy-alignment in the applicable Annexes to the Disclosures Delegated Act.

12. Can financial undertakings use estimates for Taxonomy eligibility, when information is not available from the reporting firm in 2022?

Eligibility-related disclosures of financial undertakings shall be based on actual information, provided by the financial or non-financial undertaking, per Article 8(4) of the Disclosures Delegated Act.



In the case where an underlying undertaking has not yet disclosed its taxonomy eligibility, a financial undertaking may choose to estimate the proportion of eligibility of economic activities.

Such estimated values may only be reported on a voluntary basis and must not form part of the mandatory disclosures.

Moreover, voluntary disclosures should be prepared on the basis that they do not contradict or misrepresent the mandatory information pursuant to the Disclosures Delegated Act and these should not be given more prominence than the mandatory disclosures. Where an undertaking includes voluntary disclosures, this disclosure should be accompanied by supporting detail setting out the basis for this disclosure and methods used for its preparation along with a clear explanation of how it differs from mandatory reporting.

Further guidance on voluntary reporting and use of estimates for eligibility reporting in the first year(s) of reporting is provided by the Platform on Sustainable Finance in its [Appendix](#).⁶

13. Should financial undertakings 'look through' their investments and portfolios to report Taxonomy eligibility?

Yes. Disclosure obligations under the Disclosures Delegated Act are intended to provide information to financial undertakings about the extent to which the investments or portfolios are funding taxonomy-aligned activities.

The same principle and methodology should apply to disclosure of Taxonomy-eligibility. This means that financial undertakings are required to look through their portfolios of investments and assets to assess those investee undertakings that are the ultimate beneficiary and their taxonomy aligned activities for the purpose of the disclosures required by the Disclosures Delegated Act.

14. What assets are in scope of Taxonomy eligibility reporting for financial undertakings?

The provisions of Article 10(2) should be read in conjunction with Article 7 (1) (2) and (3) of the Disclosures Delegated Act.

In addition, to facilitate comparability in reporting between Taxonomy-eligibility and alignment reporting and to ensure coherence of the reporting across undertakings, it is suggested that financial and non-financial undertakings use on voluntary basis the templates included in the Annexes to the Disclosures Delegated Act to guide eligibility-related disclosures.

With regards to asset managers, Annex III to the Disclosures Delegated Act, lays out the details of the numerator and denominator for their taxonomy-aligned key performance indicators (KPIs). The numerator consists of a weighted average of the value of investments in Taxonomy-eligible economic activities of

⁶ [Platform considerations on the reporting of voluntary information as part of Taxonomy-eligibility reporting.](#)



investee companies, and the weighted average of the value of investments should be based on the proportion of Taxonomy-eligible economic activities of investee companies.

With regards to credit institutions, Annexes V and VI to the Disclosures Delegated Act lay out the details of the numerator and denominator for their taxonomy-aligned key performance indicators (KPIs).

15. Are derivative instruments in scope of Taxonomy eligibility reporting?

The requirement under Article 10(2) of the Disclosures Delegated Act should be read in conjunction with Article 7(2) of the same Delegated Act that *says Derivatives shall be excluded from the numerator of key performance indicators of financial undertakings.*

Therefore, in the case of Taxonomy-eligibility reporting, derivatives should be excluded from the numerator of financial undertakings' taxonomy eligibility reporting, yet included in the denominator of the reported ratios.

Financial undertakings may disclose the proportion of Taxonomy-eligible or aligned derivative instruments on a voluntary basis, separately from the mandatory disclosures⁷.

16. What activities should an insurer and a reinsurer consider when reporting their underwriting activities in the context of Taxonomy eligibility reporting?

The activities covered by the underwriting disclosures are determined by the Climate Delegated Act and relate to non-life insurance and reinsurance activities consisting in underwriting of climate-related perils.

The eligible non-life insurance activities are specified in Annex II to the Climate Delegated Act, Section 10.1, sub-section "Description of the activity", points (a) to (h). Note that, as indicated in the name of the activity, the insurance line of business must contain a policy with terms related to the treatment of 'climate perils' in view of Appendix A to Annex II to the Climate Delegated Act in order to be counted for Taxonomy-eligibility.

Reinsurance of eligible insurance activities can also be counted for Taxonomy-eligibility.

⁷ Moreover, voluntary disclosures should be prepared on the basis that they do not contradict or misrepresent the mandatory information reported pursuant to the Disclosures Delegated Act and it should not be given more prominence than the mandatory disclosures. Where an undertaking includes voluntary disclosures, this disclosure should be accompanied by supporting detail setting out the basis for this disclosure and methods used for its preparation along with a clear explanation of how it differs from mandatory reporting.



17. Should insurers and reinsurers consolidate their eligibility disclosures at group-level?

The Disclosures Delegated Act applies to both the non-financial statement and consolidated non-financial statement in accordance with Articles 19a and 29a of the Accounting Directive.

For the consolidated non-financial statement, insurers and reinsurers should disclose eligibility information and the accompanying statement on a consolidated basis. The preparation of these disclosures should be based on the same consolidation principles that apply to the group's financial reporting, in order to ensure comparability of this reporting with the group's financial information.

The consolidated financial statement could include segmental reporting, which can be mirrored in the consolidated non-financial statement.

18. How should reinsurers report reinsurance risk/exposure in the absence of insurance policy-level data in 2022?

The reinsurance of eligible insurance is an eligible reinsurance activity.

The eligible non-life insurance activities are specified in Annex II to the Climate Delegated Act, Section 10.1, sub-section "Description of the activity", points (a) to (h).

Reinsurance companies should therefore seek to obtain information on the lines of business of the ceded insurance business in time for the eligibility reporting.

In the absence of information to perform the assessment, reinsurers could use estimates to report eligibility information on a voluntary basis, and separately from the required eligibility disclosures in accordance with the Disclosures Delegated Act.

Moreover, voluntary disclosures should be prepared on the basis that they do not contradict or misrepresent the mandatory information reported pursuant to the Disclosures Delegated Act and it should not be given more prominence than the mandatory disclosures. Where an undertaking includes voluntary disclosures, this disclosure should be accompanied by supporting detail setting out the basis for this disclosure and methods used for its preparation along with a clear explanation of how it differs from mandatory reporting.

19. Does life insurance qualify as a Taxonomy eligible activity?

No. The activities covered by the underwriting eligible disclosures are determined by the Climate Delegated Act and relate to non-life insurance consisting of the underwriting of climate-related perils and reinsurance.

However, life insurers, as investors, are required to disclose eligibility information for their investment activities in accordance with Article 10 of the Disclosures Delegated Act.



20. Are the definitions used in the Disclosures Delegated Act reconcilable with those used for FINREP reporting (Commission Implementing Regulation (EU) 2021/451)?

The definitions used to define on-balance sheet assets for credit institutions in Annex VI to the Disclosures Delegated Act makes reference to the definitions of the [Commission Implementing Regulation \(EU\) 2021/451](#) (FINREP) as follows.

Article 8 disclosures delegated act	Reference
Gross carrying amount	<p>1. Gross carrying amount of debt instruments shall have the following meaning:</p> <p>(a) under IFRS and national GAAP based on BAD for debt instruments measured at fair value through profit or loss without being included in the held for trading or trading portfolio, the gross carrying amount shall depend on whether those debt instruments are classified as performing or non-performing. For performing debt instruments, the gross carrying amount shall be the fair value. For non-performing debt instruments, the gross carrying amount shall be the fair value after adding back any accumulated negative changes in fair value due to credit risk, as defined in paragraph 69 of Part 2 of this Annex. For the purposes of the measurement of the gross carrying amount, the valuation of the debt instruments shall be performed on the level of single financial instruments;</p> <p>(b) under IFRS for debt instruments at amortised cost, the gross carrying amount shall be the carrying amount before adjusting for any loss allowance and for debt instruments at fair value through other comprehensive income, the amortised cost before adjusting for any loss allowance;</p> <p>(c) under national GAAP based on BAD, for debt instruments classified as 'non-trading non-derivative financial assets measured at a cost-based method', the gross carrying amount of impaired assets shall be equal to the carrying amount before adjusting for specific allowances for credit risk. The gross carrying amount of unimpaired</p>

	<p>assets shall be the carrying amount before adjusting for general allowances for credit risk and general allowances for banking risk, where affecting the carrying amount;</p> <p>(d) under national GAAP based on BAD, the gross carrying amount of debt instruments classified as 'non-trading non-derivative financial assets measured at fair value to equity' shall depend on whether those financial assets are subject to impairment requirements. Where they are subject to impairment requirements, the gross carrying amount shall be the carrying amount before adjusting for any accumulated impairment, following the requirements in point (c) above for impaired and unimpaired assets, or any accumulated amount of fair value adjustment that is considered as impairment loss. When those financial assets are not subject to impairment requirements, the gross carrying amount of those financial assets shall be the fair value for performing exposures, and for non-performing exposures the fair value after adding back any accumulated negative fair value adjustment due to credit risk;</p> <p>(e) under national GAAP based on BAD, the gross carrying amount of debt instruments measured at strict or moderate LOCOM shall be the cost where measured at cost during the reporting reference period. Where those debt instruments are measured at market value, the gross carrying amount shall be the market value before adjusting for credit-risk induced value adjustments;</p> <p>(f) under national GAAP based on BAD, for debt instruments reported under 'other non-trading non-derivative financial assets' under measurement methods other than LOCOM, the gross carrying amount shall be the carrying amount before taking into account any valuation adjustment that qualifies as impairment;</p> <p>(g) for trading financial assets under GAAP</p>
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	<p>based on BAD or held for trading financial assets under IFRS, the gross carrying amount shall be the fair value. Where GAAP based on BAD require haircuts on trading and fair valued instruments, the carrying amount of the financial instruments shall be the fair value before those haircuts.</p> <p>[as defined in Annex V, Part 1, Section 5.2, Paragraph 34 of Commission Implementing Regulation (EU) 2021/451 (FINREP)]</p>
Debt securities	<p>'Debt securities' are debt instruments held by the institution issued as securities that are not loans, as defined in the Table of Part 2 of Annex II to the ECB BSI Regulation.</p> <p>[As defined in Annex V, Part 1, Section 5.1. Paragraph 31 of Commission Implementing Regulation (EU) 2021/451 (FINREP)]</p>
Loans and advances	<p>'Loans and advances' are debt instruments held by the institutions that are not securities. That item includes loans as defined in the Table of Part 2 of Annex II to the ECB BSI Regulation (including demand deposits at credit institutions and central banks, irrespective of their classification as per the applicable accounting framework) as well as advances that cannot be classified as 'loans' defined in the Table of Part 2 of Annex II to the ECB BSI Regulation. 'Advances that are not loans' are further characterized in paragraph 85(g) of Part 2 of this Annex.</p> <p>[as defined in Annex V, Part 1 Section 5.1., Paragraph 32 of Commission Implementing Regulation (EU) 2021/451 (FINREP)]</p>
Motor vehicle loans	<p>Household motor vehicle (car) loans vehicles related economic activities that fit the description of Section 6.5 of the Climate Delegated Act Annex I.</p>

<p>On demand interbank loans</p>	<p>'Other demand deposits' shall include 'loans and advances' that are balances receivable on demand with credit institutions.</p> <p>[as defined in Annex V, Part 2, Section 1.1, Paragraph 3 of Commission Implementing Regulation (EU) 2021/451 (FINREP)]</p>
<p>Management companies</p>	<p>'Asset management companies' means an asset management company as defined in point (5) of Article 2 of Directive 2002/87/EC or an AIFM as defined in Article 4(1)(b) of Directive 2011/61/EU, including, unless otherwise provided, third-country entities that carry out similar activities and that are subject to the laws of a third country which applies supervisory and regulatory requirements at least equivalent to those applied in the Union;</p> <p>[as defined in Article 4 (1) (19) of CRR (Regulation (EU) 575/2013 (CRR))]</p>
<p>Investment Firms</p>	<p>An investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU which is authorised under that Directive but excludes credit institutions;</p> <p>[as defined in Article 4 (1) (2) of (Regulation (EU) 575/2013 (CRR))]</p>
<p>Insurance undertakings</p>	<p>An insurance undertaking as defined in point (1) of Article 13 of 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) (1)</p> <p>[as defined in Article 4(1) (5) of CRR (Regulation (EU) 575/2013 (CRR))]</p>
<p>Other financial corporations</p>	<p>All financial corporations and quasi-corporations, other than credit institutions, such as investment firms, investment funds, insurance companies,</p>

	<p>pension funds, collective investment undertakings, and clearing houses as well as remaining financial intermediaries, financial auxiliaries and captive financial institutions and money lenders;</p> <p>[as defined in Annex V, Part 1, Section 6, Paragraph 42 (d) of Commission Implementing Regulation (EU) 2021/451 (FINREP)]</p>
<p>Investment funds as clearing houses financial corporations</p>	<p>‘Other financial corporations’.</p> <p>[as defined above and in Annex V, Part 1, Section 6, Paragraph 42 (d) of Commission Implementing Regulation (EU) 2021/451 (FINREP)]</p>
<p>Financial guarantees</p>	<p>‘Financial guarantees’ shall be contracts that require the issuer to make specified payments to reimburse the holder of a loss it incurs, because a specified debtor fails to make payment where due in accordance with the original or modified terms of a debt instrument, including guarantees provided for other financial guarantees. Under IFRS, those contracts shall meet the definition of financial guarantee contracts in IFRS 9.2.1(e) and IFRS 4.A. The following items of Annex I to CRR shall be classified as ‘financial guarantees’:</p> <p>(a) ‘Guarantees having the character of credit substitute’;</p> <p>(b) ‘Credit derivatives’ that meet the definition of financial guarantee;</p> <p>(c) ‘Irrevocable standby letters of credit having the character of credit substitutes’.</p> <p>[as defined in Annex V, Part 2, Section 9, Paragraph 114 of Commission Implementing Regulation (EU) 2021/451 and relevant items of Annex I of Regulation (EU) 575/2013 (CRR)]</p>
<p>Specialised lending</p>	<p>Exposures which possess the following characteristics:</p> <p>(a) the exposure is to an entity which was created</p>

	<p>specifically to finance or operate physical assets or is an economically comparable exposure;</p> <p>(b) the contractual arrangements give the lender a substantial degree of control over the assets and the income that they generate;</p> <p>(c) the primary source of repayment of the obligation is the income generated by the assets being financed, rather than the independent capacity of a broader commercial enterprise.</p> <p>[as defined in 147(8) CRR (Regulation (EU) 575/2013 (CRR)]</p>
Public housing - Housing financing	Loans granted by institutions to local government with the aim of funding the acquisition of their place of residence of households in the municipality.
Central governments	Central governments are governments that are not state or regional governments and local governments; social security funds; and international organisations as defined in Annex V, Part 1, Section 6, Paragraph 42 (b) of Commission Implementing Regulation (EU) 2021/451(FINREP).
Local governments (administrative bodies and non-commercial undertakings but excluding public companies and private companies held by these administrations that have a commercial activity)	Local governments are governments that are not central governments, state or regional governments; social security funds; and international organisations as defined in Annex V, Part 1, Section 6, Paragraph 42 (b) of Commission Implementing Regulation (EU) 2021/451(FINREP).
Local government financing	The addition of 'Housing financing' (Loans granted by institutions to local government with the aim of funding the acquisition of their place of residence of households in the municipality) and 'Other local government financing' (Loans granted by institutions to local government with the aim of



	funding any assets other than the acquisition of their place of residence of households in the municipality).
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21. Can green SME debt that is taxonomy aligned be reported as eligible?

Article 10(2) of the Disclosures Delegated Act clarifies that financial undertakings shall disclose eligible activities having considered the provisions stated under Article 7(3) of the Disclosures Delegated Act.

In accordance with Article 7(3) of the Disclosures Delegated Act, exposures to non-NFRD entities including SME investments/exposures are excluded from the numerator but included in the denominator of Taxonomy reporting of financial undertakings.

However, Article 7(4) of the same Delegated Act states that *'without prejudice to paragraph 1, environmentally sustainable bonds or debt securities with the purpose of financing specific identified activities that are issued by an investee undertaking shall be included in the numerator of key performance indicators up to the full value of Taxonomy-aligned economic activities that the proceeds of those bonds and debt securities finance, on the basis of information provided by the investee undertaking.'*

Therefore, financial undertakings should include the proportion of Taxonomy-eligibility of the proceeds of those environmentally sustainable bonds and debt securities whose purpose is to finance specific identified activities, as part of the numerator of the eligibility disclosure.

Debt securities in Article 7(4) include SME use of proceeds bonds, and do not include SME use of proceed loans, in line with the definitions provided in the Commission Implementing Regulation (EU) 2021/451 (FINREP).⁸

As a general remark, the scope of this exclusion from the numerator of the key performance indicator (KPI) is subject to a review by 2024 in accordance with Article 9 of the Disclosures Delegated Act. Furthermore, the adoption and entry into force of the CSRD should enlarge the scope of reporting to listed SMEs.

In addition, the Disclosures Delegated Act does not prevent financial undertakings from including supplementary voluntary information about their exposures to SME investments whose use of proceeds are estimated to be eligible. Such estimates should always be reported separately from the mandated disclosures set out in the Disclosures Delegated Act.⁹

⁸ Annex V of the Commission Implementing Regulation (EU) 2021/451 and Definition of SME Commission Recommendation Art 1 2(a).

⁹ Voluntary reporting should be prepared on a basis that does not contradict or misrepresent the mandatory information reported pursuant to the Disclosures Delegated Act and it should not be given more prominence than the mandatory disclosures. Where an undertaking includes voluntary reporting, this should be accompanied by supporting detail setting out the basis for this disclosure and methods used for its preparation along with a clear explanation on how it differs from mandatory reporting.



22. How does the Taxonomy Regulation Article 8 Delegated Act interact with the Regulatory Technical Standard (RTS) developed under the Sustainable Finance Disclosures Regulation (SFDR)?

The Disclosures Delegated Act requires transparency on the extent to which the activities of undertakings, subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU, are taxonomy-aligned. The information disclosed in compliance with the Disclosures Delegated Act could be used as part of other disclosures, such as those falling under the financial product-related transparency requirements of the [Sustainable Finance Disclosure Regulation \(SFDR\) \(EU\) 2019/2088](#). By way of example, where financial products include investments in shares of such undertakings, the financial market participants that offer those financial products should use the taxonomy key performance indicators (KPIs) of investee companies for their own disclosures.

On 22 October 2021, the European Supervisory Authorities jointly submitted to the Commission draft Regulatory Technical Standards developed under Article 25(2) to (4) of the Taxonomy Regulation. The draft Regulatory Technical Standards specify information required in Articles 5 and 6 of the Taxonomy Regulation on “how and to what extent” financial products referred to in Articles 8 and 9 SFDR invest, or are invested, in sustainable economic activities within the meaning of the Taxonomy Regulation.

The application of the SFRD or Articles 5 and 6 of the Taxonomy Regulation is not conditional on the formal adoption and entry into force or application of the Regulatory Technical Standards. Financial market participants that offer financial products referred to in Articles 8 and 9 SFDR must comply with the respective requirements set out in the SFRD and in Articles 5 and 6 of the Taxonomy Regulation.



Appendix – Glossary of relevant terms, regulations and directives

Regulation	Reference
Accounting Directive	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.
Capital Requirements Directive (CRD)	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.
Capital Requirements Regulation (CRR)	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.
Climate Delegated Act	Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
Corporate Sustainability Reporting Directive (CSRD)	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).
Definition of SME Commission Recommendation	Commission recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC).
Disclosures Delegated Act	Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 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.
Financial Information (FINREP)	Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014.
Markets in Financial Instruments Directive (MiFD II)	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.
Non-Financial Reporting Directive (NFRD)	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).
Solvency II	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).
Sustainable Finance Disclosures Regulation (SFDR)	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).
Taxonomy Regulation	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).