



The EU Taxonomy and the Disclosures Delegated Act

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The EU Taxonomy – defining sustainable



A classification system

Provides clarity on what is an environmentally sustainable activity and under which circumstances.



A measuring tool

Measures the degree of sustainability of an investment and the degree of green activities of companies



A transition tool

Helps investors and companies to plan and report on the transition. It sets the objectives and the direction of travel for different economic activities.

Ultimately, it helps raise the needed investments to build a net zero, resilient and environmentally sustainable economy.

6 environmental interlinked objectives

- CLIMATE CHANGE

Mitigation

Adaptation

*First Technical Screening Criteria
in the Climate Delegated Act (April 2021)*

OTHER OBJECTIVES

Transition to a circular economy

Pollution prevention and control

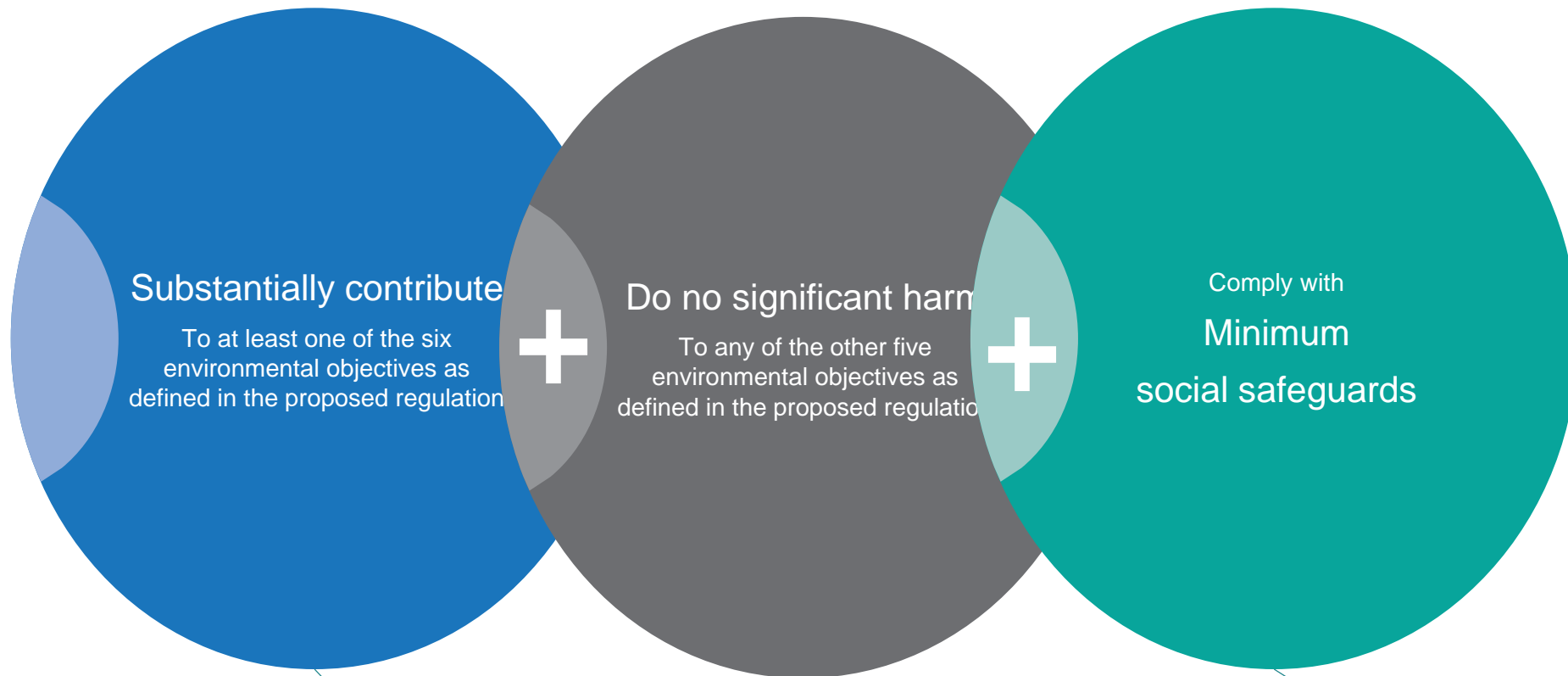
Sustainable use and protection of
water and marine resources

Protection and restoration of
biodiversity & ecosystems

*Technical Screening Criteria
under development*

Basic conditions

Activities are green if they...

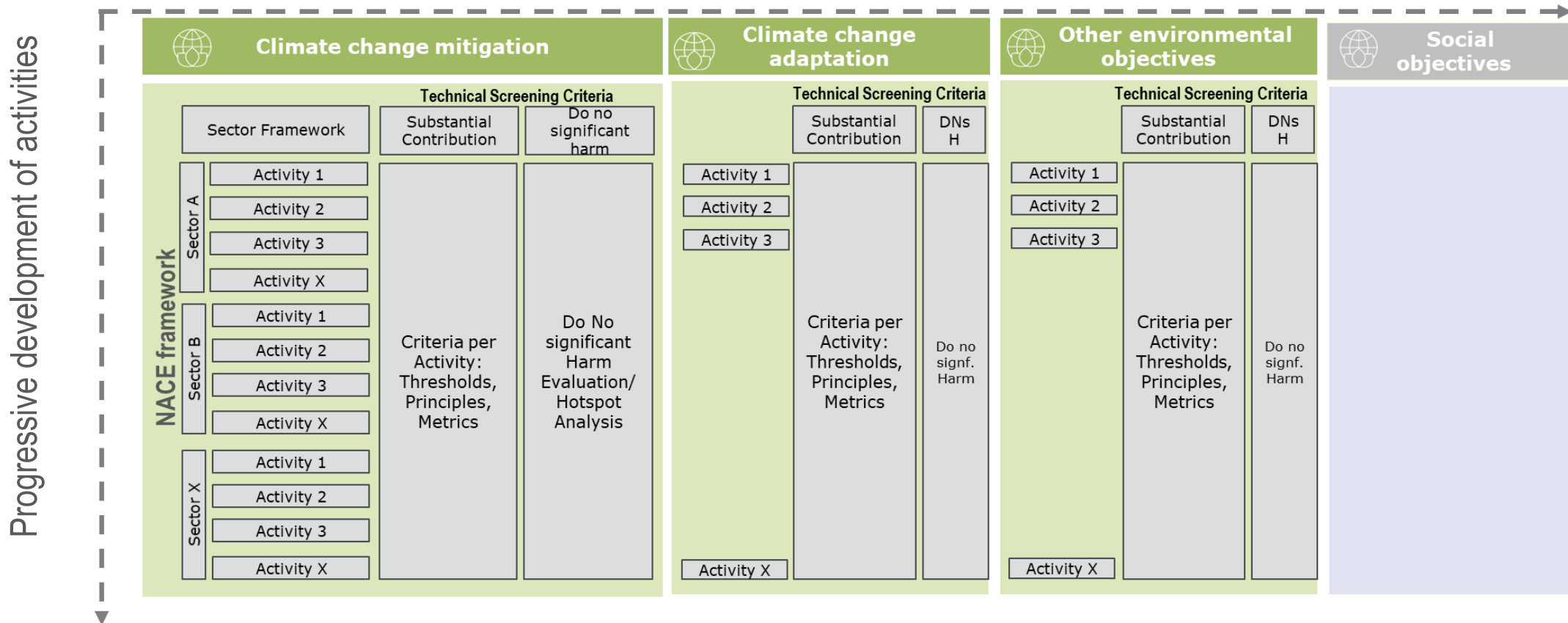


Comply with quantitative or qualitative
Technical Screening Criteria

UN Guiding Principles and OECD Guidelines

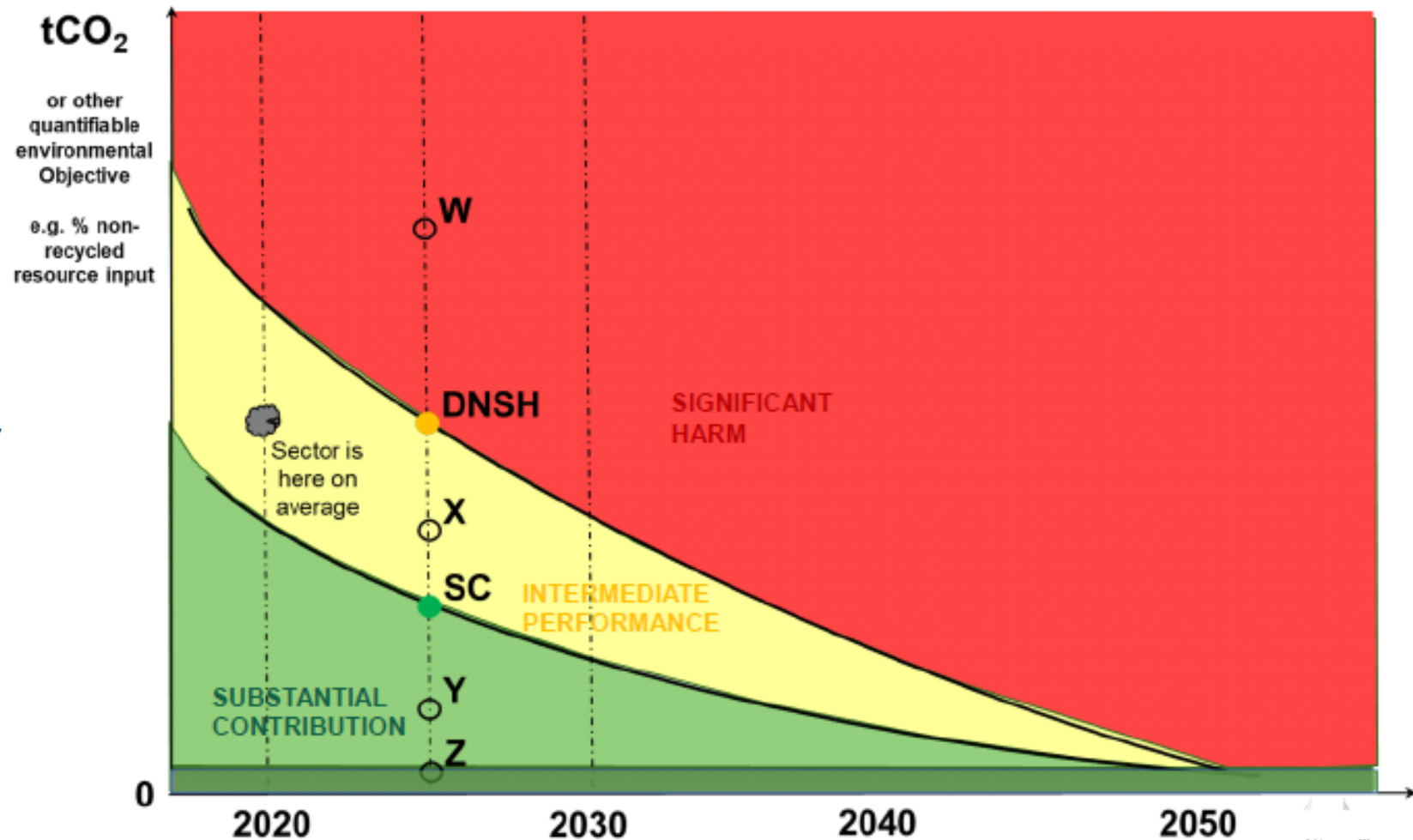
The EU taxonomy – what could it look like?

Progressive development of activities per environmental (and potentially social) objectives



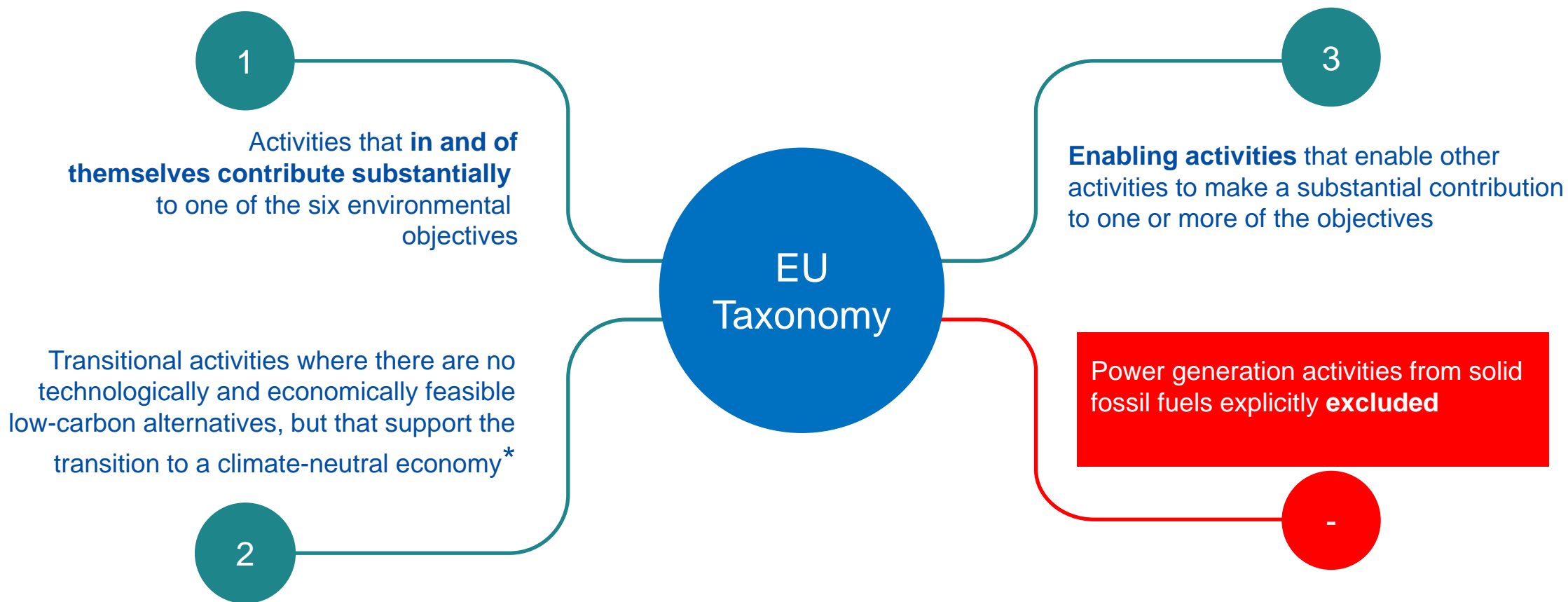
The Taxonomy technical screening criteria are dynamic

This graphic represents a high impact sector/ activity with transition to net zero by 2050.



Types of activities

Activities not included are not necessary harmful activities



*Transitional activities for climate change objective only.

Overview of activities covered for substantial contribution to climate change mitigation

Environmental protection and restoration activities	1 activity	Example: restauration of wetlands
Manufacturing	16 activities (11 transitional manufacturing activities and 5 enabling activities)	Example: manufacture of cement
Energy	25 activities	Example: electricity generation from wind
Water, sewerage, waste, remediation	12 activities	Example: anaerobic digestion
Transport	17 activities	Example: passenger rail transport
Information and communication technologies	2 activities	Example: data centres
Construction/Buildings	7 activities	Example: construction of new buildings
Professional, scientific and technical activities	2 activities	Example: research and development

Overview of activities covered for substantial contribution to climate change adaptation (1/2)

Environmental protection and restoration activities	1 activity	Example: restauration of wetlands
Manufacturing	16 activities	Example: manufacture of cement
Energy	25 activities	Example: electricity generation from wind
Water, sewerage, waste, remediation	12 activities	Example: anaerobic digestion
Transport	17 activities	Example: passenger rail transport
Information and communication technologies	3 activities	Example: data centres
Construction/Buildings	7 activities	Example: construction of new buildings

Overview of activities covered for substantial contribution to climate change adaptation (2/2)

Professional, scientific and technical activities	2 activities (2 enabling)	Example: Research, development and innovation into nature based solutions
Financial and insurance Activities	2 activities (2 enabling)	Example: Non-life insurance: underwriting of climate-related perils
Education	1 activity	Example: Education
Human health and social work activities	1 activity	Example: Residential care activities
Arts, entertainment and recreation	3 activities	Example: Libraries, archives, museums and cultural activities

Taxonomy Regulation

Delegated regulation

Delegated Act on CC mitigation and adaptation criteria

- Adopted in April 2021
- Nuclear on hold

Complementary Delegated Act

- Adoption in 2021 (?)
- Agriculture and gas (if and when green)

Delegated Act on criteria for objectives 3-6

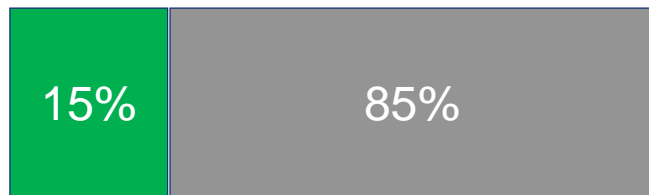
- Adoption in 2022

Delegated Act on disclosure obligations (Art. 8)

- For **larger** (NFRD, to be replaced by CSRD) financial and non-financial companies
- Adopted in July 2021
- 2022: disclosures on **CC** mitigation and adaptation (covering FY2021) – only eligibility reporting
- 2023: disclosures on **all objectives** (covering the FY2022)
- KPIs for NFCs: Taxonomy-aligned Turnover, CapEx and OpEx
- KPIs for financial institutions: GAR and GIR

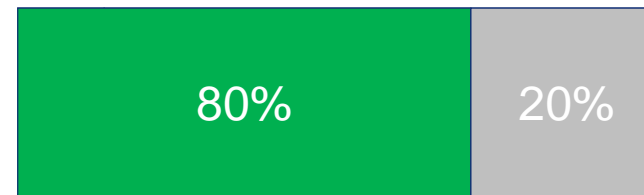
Use of the Taxonomy by companies – Turnover vs Capex

Company X



Turnover from taxonomy
aligned activities

→ Gives a picture of
how sustainable the company
is at the moment



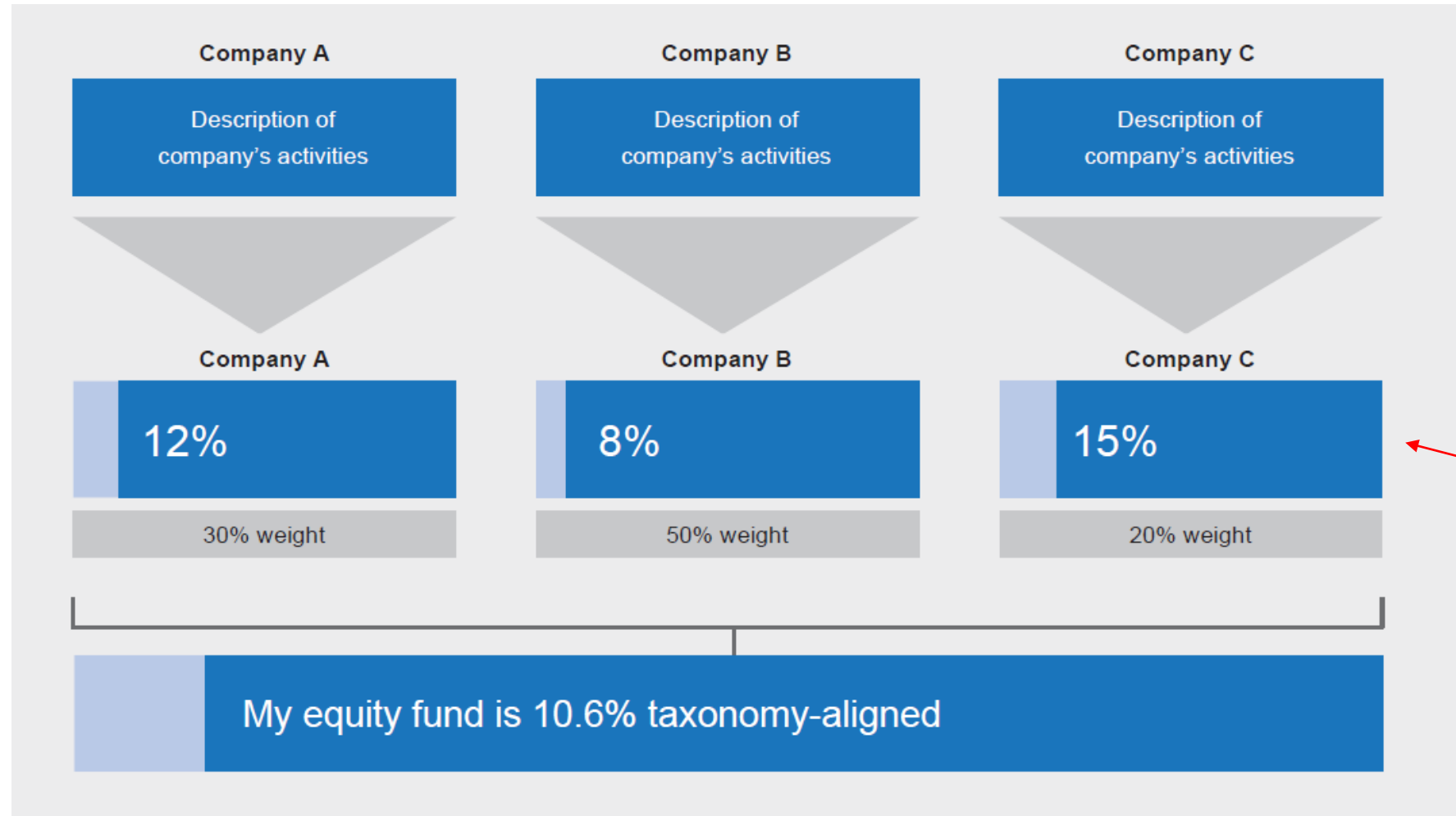
CAPEX related to taxonomy
aligned activities

(and, if
relevant,
OPEX)

→ Indicates the
“direction of
travel”

Breakdown based on the objective, transitional and enabling activities

Asset managers' Green Investment Ratio (GIR)



Based on
share of
Taxonomy-
aligned
Turnover or
CapEx

Banks' Green Asset Ratio (GAR)

- Proportion of the bank's assets invested in Taxonomy-aligned economic activities as a share of total assets (except sovereign exposures)
- **Breakdown** based on the objective, type of counterparty, transitional and enabling activities
- Exposures to **SMEs and non-EU** counterparties excluded from the numerator
- **Green bonds** included in the numerator (but not green loans to SMEs) based on their Taxonomy-alignment
- Inclusion of exposures to SMEs and non-EU in the GAR numerator will be considered by **2024** after impact assessment
- Financial institutions can disclose **voluntary KPIs** including (estimates of) exposures to sovereigns, SMEs, non-EU

Schedule of disclosures

Review 30 Dec 2024

	2022*	2023	2024	2025
Corporates (NFRD)				
Investment firms				
Asset managers			***	
Insurers	KPI Underwriting			
	KPI Assets		***	
Credit institutions	Main GAR			
	Additional KPIs**		***	

*Entry into force: 1 January 2022, reporting based on previous FY e.g. 2021 data for 2022 reporting

**Trading book and Fees and Commissions delayed to 2026

***Reporting for financial holdings may only account eligible data from previous FY, aligned in 2025

Taxonomy-eligible data

Taxonomy-aligned data

Mix according to holdings

Article 8 Delegated Act: next steps

- DA was adopted on 6 July 2021 and the scrutiny period has expired
- FAQ to clarify taxonomy-eligible reporting (via Platform and ESAs) in preparation.
- Entry of application 1 January 2022.
- Further guidance for taxonomy-aligned reporting is under consideration to be developed.
- Review clause in 2024

Sustainable Finance Disclosure Regulation

Obligations for financial market participants

Product-level disclosures as amended by Taxonomy Regulation

SFDR		Taxonomy	
Art. 9	Financial products that contribute to an environmental objective	Art. 5	Need to disclose: i) info on the environmental objective(s) ii) how and in what proportion the investments are Taxonomy-aligned activities
Art. 8	Financial products that promote environmental characteristics	Art. 6	Art. 5 applies + statement: <i>For the part not aligned with the Taxonomy, the Taxonomy is not considered (incl. DNSH)</i>
Art. 7	All other financial products	Art. 7	Statement: <i>The Taxonomy is not taken into account</i> + info on sustainability risks (Art. 6 SFDR)

ESAs published relevant RTSs on Oct 22, will apply as of Jan 2023

Thank you

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