



**Platform  
considerations on  
voluntary  
information as  
part of Taxonomy-  
eligibility  
reporting**

**APPENDIX 1**

# Appendix 1

## Platform considerations on voluntary information as part of Taxonomy-eligibility reporting

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## Disclaimer

The considerations below are compiled under the aegis of the Platform on Sustainable Finance, and cannot be construed as official guidance by the European Commission or by the European Supervisory Authorities. This document is provided online to provide supplementary information in order to help users of the EU Taxonomy with the disclosures required under Article 8 of the Taxonomy Regulation.

The following voluntary guidance supplements the [Commission's FAQs document](#), which provides first hand non-binding implementation guidance on the content of the mandatory disclosures under the Article 8 disclosures Delegated Act of EU Taxonomy Regulation.

Voluntary reporting should be prepared on a basis that does not contradict or misrepresent the mandatory information 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 with a clear explanation on how it differs from mandatory reporting and details on the methodology used.

## Preface from the Platform for Sustainable Finance

The Taxonomy Regulation (Regulation (EU) 2020/852 of 18 June 2020)<sup>1</sup> is an essential component of the European Commission's action plan to reorient capital flows towards a more environmentally sustainable economy and it represents an important step in the EU's objectives to deliver on its 2030 climate goals and achieve climate neutrality by 2050. The EU Taxonomy is a transparency tool, which provides a unified classification system of activities that can be considered "environmentally sustainable".

The EU Taxonomy sets out a disclosure obligation (the **Article 8 disclosures Delegated Act**)<sup>2</sup> for entities which are already within scope of the EU Non-Financial Reporting Directive (NFRD).<sup>3</sup> These **In-scope Entities** are either large undertakings which are public-interest entities with more than 500 employees or public-interest entities which are parent undertakings of a large group with more than 500 employees. The Article 8 disclosures Delegated Act is separate from the disclosure obligations set out under Articles 5, 6 and 7 of the Taxonomy Regulation, which is applicable to **financial products** (as defined under the Sustainable Finance Disclosure Regulation<sup>4</sup>) and lay out an additional set of non-financial disclosures.

The Article 8 disclosures Delegated Act requires in-scope entities to include in their non-financial statements or consolidated non-financial statements information on **how and to what extent their activities are associated with Taxonomy-aligned economic activities**.

The Article 8 disclosures Delegated Act applies to both **financial undertakings** and **non-financial undertakings** that qualify as in-scope entities. A financial undertaking can be an asset manager, a credit institution, an investment firm, an insurance undertaking, or a reinsurance undertaking.

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<sup>1</sup> Regulation (EU) 2020/852 of 18 June 2020: [EUR-Lex - 32020R0852 - EN - EUR-Lex \(europa.eu\)](#)

<sup>2</sup> [https://ec.europa.eu/finance/docs/level-2-measures/Taxonomy-regulation-delegated-act-2021-4987\\_en.pdf](https://ec.europa.eu/finance/docs/level-2-measures/Taxonomy-regulation-delegated-act-2021-4987_en.pdf)

<sup>3</sup> Directive 2013/34/EU of 22 October 2014: [EUR-Lex - 32014L0095 - EN - EUR-Lex \(europa.eu\)](#)

<sup>4</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: [EUR-Lex - 32019R2088 - EN - EUR-Lex \(europa.eu\)](#)

In-scope entities will have different key performance indicators, or **KPIs**<sup>5</sup>, and forms of disclosure depending on whether they are a financial or non-financial undertaking and on the type of financial undertaking.

This Appendix supports non-financial and financial entities wishing to make **voluntary disclosures** related to the Article 8 disclosures Delegated Act for in-scope entities only.

- **Non-financial undertakings** should disclose the proportion of their **turnover** derived from products or services associated with Taxonomy-aligned economic activities and the proportion of their **capital expenditure** and **operating expenditure** related to assets or processes associated with Taxonomy-aligned economic activities.
- **Financial undertakings** should disclose KPIs which relate to the proportion of Taxonomy-aligned economic activities in their financial activities, such as lending, investment and insurance. These are referred to as the Green Asset Ratio (GAR) for credit institutions or banks, and Green Investment Ratio (GIR) for asset managers.

The Article 8 disclosures Delegated Act specifies the content and presentation of information as well as the methodology to calculate the relevant KPIs. These requirements are set out in annexes to the Delegated Act for each type of In-Scope Entity.<sup>6</sup>

In addition, there are some overarching disclosure rules which **apply to all in-scope entities**:

- Disclosures shall cover the annual reporting period from the **previous calendar year** of the date of disclosure, as covered in the [Commission's FAQs document](#).
- Disclosures shall use the **same currency** as in the financial statements of the in-scope entity.

**Disclosure rules applicable to all financial undertakings** which are in-scope entities include:

- exposures to central governments, central banks and supranational issuers are excluded from both the numerator and denominator of the KPIs.
- exposures to undertakings which are not themselves in-scope entities as well as derivatives are excluded from the numerator of the KPIs.
- financial undertakings should use the most recently available data and KPIs **of their counterparties, investee companies and exposures** to calculate their own KPIs.

The Article 8 disclosures Delegated Act will become effective on a phased basis, with the first phase relating to the **Taxonomy-eligibility** of economic activities and the second phase relating to the **Taxonomy-alignment** of economic activities (i.e., disclosure of the KPIs).

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<sup>5</sup> Three KPIs for Taxonomy Reporting purposes are the Turnover, Capital and Operating Expenditure

<sup>6</sup> Implementing and Delegated Acts [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)

## The value of voluntary Information

During the first few years of Taxonomy reporting, financial institutions may find it difficult to get all the required information from companies and other economic actors to calculate eligibility.

The Taxonomy complements the scope of reporting within the NFRD. Companies subject to NFRD reporting requirements will provide the necessary data needed for financial undertakings to comply with their own obligations under the Taxonomy Regulation.

The Platform strongly recommends that issuers and financial market participants swiftly adapt their internal data collection and processing systems to the architecture of the Taxonomy Regulation to be able to address most efficiently and effectively the disclosure requirements under Article 8 as well as to improve any voluntary reporting and to ensure that the Taxonomy regime can also contribute to the timely and effective risk management of sustainability related risks and impacts.

The Platform acknowledges that financial institutions may wish to report the eligibility of their full investment profile or balance sheet. However, in the absence of information, this would require the use of estimates for the non-NFRD (i.e., non-disclosing) universe of counterparties or investee companies for example. In some cases, notably in the first reporting year, financial undertakings may also wish to estimate for their NFRD underlying exposures, whilst awaiting their first Taxonomy disclosures.

**Estimates and proxies are not allowed to be used for the mandatory reporting under Article 8 of the Taxonomy Regulation. Yet, entities may disclose additional information on a voluntary basis, separately from the Article 8 disclosures and clearly identified as estimates or proxies.**

To do this, the Platform has developed a set of criteria to frame the methodologies and promote consistency for the use of estimates and proxies on eligibility, and developed principles-based, illustrative guidance for such voluntary reporting.

## Why should I voluntarily report?

In addition to mandatory reporting, voluntary reporting under the Taxonomy framework can enable non-financial entities and financial institutions to explain the eligible proportion of their full operations, investment profile or balance sheet since it may include both NFRD and non-NFRD entities, for example.

Voluntary reporting under the Taxonomy Regulation should be considered as preparation for mandatory Taxonomy-alignment reporting.

Article 10 is silent on the use of the Annexes and the templates provided in the disclosures Delegated Act for the purpose of the first year(s) of eligibility reporting, with the exception of the reporting of qualitative information per Article 10 (1) and (2).

As a general principle, eligibility reporting in the first year(s) or reporting under Article 10 of the Article 8 disclosures Delegated Act should serve to help undertakings prepare for their alignment disclosures. In that sense, and in order to ensure comparability in reporting between Taxonomy-eligibility and alignment reporting on one hand and coherence of the reporting across undertakings on the other, it

is recommended that financial undertaking-related disclosures voluntarily use the Annexes<sup>7</sup> provided in the Article 8 disclosures Delegated Act to guide their eligibility reporting, to the extent possible.

Voluntary reporting ought to be made in accordance with the requirements established in the Article 8 disclosures Delegated Act, and as further spelled out in the [Commission's FAQs document](#). The Platform recommends that voluntary reporting is made for the turnover, capital and operating expenditure alignment KPIs in relation to the Climate Delegated Act, where information is readily available to do so.

### How can I provide voluntary information?

The Platform would recommend that a voluntary report, albeit separate, sits alongside the eligibility disclosures and alignment KPIs required under the Article 8 obligation. It is important that there is a clear distinction made between the mandatory KPIs and the additional voluntary disclosure made by a firm.

From a consistency perspective, voluntary disclosures should be made with reference to the same scope and timeline as the financial and non-financial statements of the firm and in line with the requirements established in the disclosures Delegated Act, and as further spelled out in the [Commission's FAQs document](#).

Furthermore, voluntary information should not be given more prominence than the mandatory reporting and should not be prepared on a basis that contradicts the mandatory reporting.

### Is it possible to estimate turnover as Taxonomy-eligible in a voluntary report?

Financial and non-financial companies, with securities admitted to trading on regulated markets, report their turnover or revenue in financial statements with segmentation in line with the accounting standards applied. Most companies do not segment their turnover/revenue in line with NACE in their reporting. On this basis, the Platform for Sustainable Finance (PSF) has provided a [mapping table](#) of Taxonomy activities to alternative classification systems.

Where such classification systems provide revenue or turnover breakouts mapped to Taxonomy activities, these values may be applied to estimate eligibility. Where financial undertakings rely on data providers' estimations and these estimations are performed using a different methodology, the Platform strongly recommends financial undertakings disclose information related to the methodology used. If the information is not sourced from a public filing provided by the investee the company, the Platform strongly recommends financial undertakings ask companies to confirm their figures.

The description of the activity within the Climate Change Delegated Acts (Annexes I and II)<sup>8</sup> should be the basis for eligibility reporting. In principle, if a company generates turnover from an activity that could be tested under the Taxonomy, then that activity would count as eligible for the purpose of reporting.

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<sup>7</sup> [Implementing and Delegated Acts | European Commission \(europa.eu\)](#)

<sup>8</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI\\_COM:C\(2021\)2800](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C(2021)2800)

Eligibility is not an indicator of environmental performance; it is an indicator that an activity is in scope for testing and has the potential to be Taxonomy-aligned. For ease of doubt, if the activity could be tested in line with the Technical Screening Criteria within Annex I or II, then the activity is eligible.

It should be noted that such segmentation reporting from financial and non-financial companies with securities admitted to trading on regulated markets may not be as granular as the Taxonomy activity. In those cases, it is recommended that the value of the segment that could contain a Taxonomy-eligible activity is taken. For example, an energy company that is involved in a diverse mix of renewable and non-renewable energy production processes may segment their revenue only into 'Energy Production'. In this case, 'Energy Production' includes both in and out of scope activities but is the only available information on company revenue or turnover. Therefore, the financial undertaking could source its estimate turnover KPI under 'Energy Production' as the eligible value until such a time as the company discloses a more granular breakout in accordance with the Taxonomy classification.

### Is it possible for financial undertakings to estimate Capital Expenditures as Taxonomy-eligible in a voluntary report?

Under Article 8 of the Taxonomy Regulation, a financial undertaking is required to report eligibility values provided by the underlying investee or issuing company. For the purposes of both mandatory and voluntary reporting, outreach to clients to access non-public yet actual information from the underlying entity is welcome and permitted.

The use of estimates enables financial undertakings to voluntarily report an approximation of Taxonomy-eligibility for companies or entities who have not yet reported under Article 8, or for companies or entities not subject to the NFRD. Listed non-financial companies report their capital expenditures in financial statements. However, most companies do not provide a breakdown of such expenditures or segment them by activities or in line with NACE or an alternative classification system in their reporting. Therefore, it may be extremely difficult for financial undertakings to estimate eligibility of capital expenditure during the first year of reporting.

Estimates of capital expenditure would not be recommended in voluntary reporting unless the financial undertaking has advanced estimations methods and/or access to more detailed information reported from the investee company or entity. In the case that a company or entity does provide a breakdown or sufficient information on their capital expenditures, financial undertakings may estimate capital expenditures by counting all expenses associated with an eligible activity using the same methodology as for turnover-eligibility described above.

Financial undertakings are encouraged to ask companies to provide or confirm their figures. Understanding that it might not be feasible for large portfolios for all holdings, financial undertakings may wish to focus their engagements on their biggest exposures. Eligible expenditures do not indicate that the activity or asset meets or will meet the Technical Screening Criteria at maturity.

Financial undertakings may include a supplementary voluntary report to include any non-EU assets whose use of proceeds are eligible with the Taxonomy's technical screening criteria but the exact information for eligibility has not been provided to them.

### When and how can Taxonomy-eligible debt use of proceeds be included in a voluntary report?

Taxonomy disclosure for debt instruments follows a waterfall logic, whereby the use of proceeds would be reported as Taxonomy-eligible or aligned if disclosed. If the information on Taxonomy

eligibility or alignment is not disclosed related to the debt asset, then eligibility is determined based on the issuing entity’s turnover/capital expenditure, if known. The issuer or parent entity’s turnover or capital expenditures KPIs could be used when holding a debt instrument whose use of proceeds are unknown.

If neither the information on Taxonomy eligibility or alignment of the use-of-proceeds nor the issuing entity’s turnover/capital expenditure is disclosed, financial undertakings may choose depending on the amount of actual information available to estimate the proportion of eligibility or alignment of the proceeds or of the company’s turnover/capital expenditure. Estimation of Taxonomy-eligible turnover and capital expenditures would follow the guidance provided above.

Taxonomy-eligibility for all use-of-proceeds instruments issued by sovereigns, sub-sovereigns or supranationals, as well as for green loans to SMEs can only be disclosed separately as part of a voluntary report independently of whether the Taxonomy-eligibility of the proceeds is known or it is estimated, if the exact information has not been provided. If the latter, the Platform recommends financial undertakings to state their figures used estimations clearly.

Eligible use of proceeds do not indicate that the project or asset meets or will meet the Technical Screening Criteria at maturity, but that the financing is going towards a Taxonomy-eligible activity.

In Figure 1, a portfolio consists of three holdings; Company A, B and C with weightings of 25%:25%:50% respectively. Only the asset from Company A is known to be Taxonomy-eligible. Therefore, the Turnover and Capex KPIs would take the 50% eligibility value of the asset in preference to the turnover or capital expenditure KPI at the issuer or parent level. Assets from Companies B and C do not have known Taxonomy-eligible use of proceeds. In those cases, the turnover and capital expenditure KPIs are taken from the company-level report for the respective turnover and capital expenditure KPIs.

**Figure 1: Voluntary reporting of Taxonomy Eligibility of a Portfolio**

	Weighting	Taxonomy Use of Proceeds	Taxonomy Turnover	Taxonomy Capex
<b>Company A</b>			80%	60%
Asset A	25%	50%		
<b>Company B</b>			50%	20%
Asset B	25%	Unknown		
<b>Company C</b>			30%	Unknown
Asset C	50%	Unknown		
			40%	
				17.5%



**Figure 2: Voluntary Reporting of Taxonomy Eligibility of a loans Portfolio**

		Weighting	Taxonomy Use of Proceeds	Taxonomy Turnover	Taxonomy Capex
<b>SME A</b>	loan A	25%	100% (e.g. dedicated green Taxonomy-aligned loan)	Unknown	25%
<b>Municipality B</b>	loan B	25%	20% ((e.g. 20% green Taxonomy-aligned loan component)	Unknown	Unknown
<b>Company C</b>	loan C	50%	Unknown	100%	0%
				80%	
					30%
					<b>Capex KPI</b>

In the above example, Figure 2, Loans A and B have known use of proceeds that are Taxonomy-aligned and therefore Taxonomy-eligible.

To calculate the Turnover KPI you would take  $(100\% * 25\%) + (20\% * 25\%) + (100\% * 50\%) = 80\%$

To calculate the CapEx KPI you would take  $(100\% * 25\%) + (20\% * 25\%) + (0\% * 50\%) = 30\%$

Unknown values exist where no reporting has occurred and estimation is not possible.

### Can I use the reporting Annexes for my voluntary disclosures?

The Annexes provided in the disclosures Delegated Act should serve to guide mandatory eligibility reporting primarily and to the extent possible (see [Commission's FAQs document](#)). For consistency purposes, the Platform also recommends that undertakings may use the voluntary templates displayed in subsequent sections to report their voluntary disclosures, separately from their mandatory disclosures.

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*Disclaimer: The following reporting tables have been modified from their original format displayed in the Annexes of the Article 8 disclosures Delegated Act by the Platform for Sustainable Finance. They aim to provide voluntary guidance for the reporting of eligibility information in the absence of mandatory guidance for such disclosures in the Article 10 of the disclosures Delegated Act. They shall not replace the templates as displayed in the Annexes for the purpose of alignment reporting.*

## How can I use Annex II for my eligibility reporting requirement?

### Option One – where alignment is not yet known

A non-financial company may use Annex II for its eligibility disclosures. Within the first year of reporting, the entity may not have determined whether an eligible activity meets the Taxonomy-alignment requirements needed to report in section A.1. If such a company still wanted to use the reporting Annex, the Platform would suggest the company reports its total eligibility share in section A and breaks out its activities in section A.2. “Taxonomy-eligible but not environmentally sustainable activity” as per Figure 3.

There is a requirement to also report the non-eligible activities under Article 10 (1) of the Article 8 Delegated Act and therefore the Platform would recommend including a section B to explain the non-eligible activities. The Total (A+B) should always sum to 100%.

**Figure 3: Example Annex II reporting template – no alignment detail known**

All data consistent with FVE reporting

Economic Activities (1)	Code (2)	Absolute turnover (3) Millions, local CCY	Proportion of Turnover (4) %	Substantial Contribution Criteria							DNSH criteria ("Does Not Significantly Harm")							Minimum Safeguards (17) Y/N	Taxonomy aligned proportion of turnover, year N (18) %	Taxonomy aligned proportion of turnover, year N-1 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T	
				Climate Change Mitigation (5) %	Climate Change Adaptation (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity and ecosystems (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N								
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1. + A.2.)</b>				<b>8.2%</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-)					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																							
Activity A		20.00000	20%																				
Activity B		11.00000	11%																				
Activity C		20.00000	20%																				
Activity D		18.00000	18%																				
Activity E		5.00000	5%																				
Activity F		8.00000	8%																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [A.2]				82.00000	<b>8.2%</b>																		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																							
Turnover of Taxonomy-non-eligible activities				18.00000	<b>18%</b>																		
Total (A+B)				100.00000	<b>100%</b>																		

### Option Two – where a company has completed or partially completed their alignment assessment

If a non-financial company using Annex II has started to assess their activities in line with the Technical Screening Criteria and believes some, if not all, of their activities are eligible and aligned, then the company may wish to breakout the activities into Section A.1. and Section A.2. of the Annex II reporting grid, as per Figure 4. The Platform would encourage the company to identify whether their activities are eligible under one or both environmental objectives using the totals provided in the first row.

The Platform would also encourage disclosure of whether the eligible activity is Enabling or Transitional in accordance with Annex I and II to the Climate Delegated Act, noting however that an economic activity is only Transitional or Enabling in the context of the EU Taxonomy if it meets the technical screening criteria in the respective section.

Further, in the case of 'mixed' groups, 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.

**Figure 4: Example Annex II reporting template – some alignment detail known**

All data consistent with FVE reporting			Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')							Minimum Safeguards (17)	Taxonomy aligned proportion of turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)						
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES (A.1. + A.2.)</b>			<b>82%</b>	<b>20%</b>	<b>11%</b>																
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																					
Activity A		20.00000	20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activity B		11.00000	11%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-
Turnover of environmentally sustainable activities (Taxonomy-eligible)		31.00000	<b>31%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																					
Activity C		20.00000	20%																		
Activity D		18.00000	18%																		
Activity E		5.00000	5%																		
Activity F		8.00000	8%																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		51.00000	<b>51%</b>																		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
Turnover of Taxonomy-non-eligible activities		18.00000	<b>18%</b>																		
Total (A+B)		100.00000	<b>100%</b>																		

Can a company establish materiality thresholds while calculating Taxonomy-eligible Turnover, CapEx and OpEx?

The Delegated Act is silent on the use of materiality thresholds for eligible activities. Therefore, a company may always choose to report small activities as non-eligible, in section B. Estimates for eligibility and alignment, irrespective of the size of the activity is not permitted in the Article 8 disclosures Delegated Act.

### General Guidance on use of Annexes I and II for eligibility reporting requirements

Annex I explains the basis of the accounting principles to be applied relative to the reporting KPIs. These are IFRS as adopted by the EC or national GAAP in accordance with Directive 2013/34/EU.<sup>9</sup>

Regarding the definition of Turnover and Capex, Annex I directly refers to the financial statements for the denominator. This means that the definition of "Turnover" would align with the value provided by the firm in their financial statement. The definition of "Capex" also allows an alignment with financial statements as it refers to additions of tangible and intangible assets during the financial year. Additions include those resulting from business combination while other movements such as depreciation, amortisation and impairment are excluded.

With regard to the definition of Operating expenditure, non-financial undertakings should refer to accounting principles and concepts in IFRS (or national GAAP in accordance with Directive 2013/34/EU) if applicable (for example regarding the criteria of the R&D definition in IAS 38) but ensure any operating expenses used within KPI reporting of Taxonomy-eligibility are mentioned in the list provided in Annex I.

<sup>9</sup> Directive 2013/34/EU of 26 June 2013: [EUR-Lex - 32013L0034 - EN - EUR-Lex \(europa.eu\)](#)

**Table 1: Annex II Guiding Notes**

<b>Section A.1.</b>	Only report Taxonomy-eligible activities that substantially contribute to at least one environmental objective, do no harm to any other and are compliant with minimum safeguards.
<b>Section A.2.</b>	Report Taxonomy-eligible activities that either do not substantially contribute, or do not fully comply with do no harm or minimum safeguards requirements. For the purpose of eligibility reporting from January 2022, where an organisation may not yet have accessed their alignment, it is acceptable to place all activities in section A.2. until such a time as alignment is known and can be reported. This breakdown is provided on a voluntary basis for the first year of reporting. The information required in the sum of rows A.1 and A.2 is mandatory.
<b>Section B</b>	Report economic activities which are not Taxonomy eligible. For the first year of reporting the information in this section is mandatory.
<b>Economic Activity</b>	Economic activity should carry the same description as the Climate Change Delegated Acts, for example "Manufacture of cement", "Electricity generation using concentrated solar power (CSP) technology" There is no minimum turnover, capex, opex share by which Economic Activities should be broken out; where turnover, capex and opex is made in a Taxonomy-eligible activity it should be disclosed.
<b>Code</b>	Should represent the number in the Delegated Act, for example: <b>4.2.</b> for Electricity generation using concentrated solar power (CSP) technology or <b>3.7.</b> for Manufacture of cement.
<b>Absolute turnover</b>	This value should be in the local reported currency, as per the disclosure of turnover/capex/opex in the financial statements of the reporting entity. For avoidance of doubt this would be the same currency as other values reported within the non-financial disclosure. The amount should be reported to the nearest million, to 5 decimal places.
<b>Proportion of Turnover</b>	This value should be reported as a % of total gross turnover/capex/opex. Total turnover should align with the value reported in the firm's financial statements accompanying the non-financial statement containing the Taxonomy disclosure. Where the entity makes negative revenue within one activity, the denominator should be the absolute value of the positive turnover values from the remaining activities; for example, if Activity A = 50m, Activity B = 100m, Activity C = -50m then the proportion of Activity A's Taxonomy-eligibility = 33% (50m / 50m+100m)

### How can I use Annex IV for my eligibility reporting requirement?

Article 10 is silent on the use of the annexes for the eligibility disclosures. However, the Platform recommends asset managers follow the below guidance for reporting in line with the Annex IV requirements on eligibility.

In preparation for alignment disclosures, the Platform would encourage the asset manager to consider eligibility per environmental objective but also recognise that this information may not be provided by the underlying investee company. Should an asset manager wish to estimate eligibility per environmental objective, then the NACE or [alternate classification](#) may help map a company's activities to one or both environmental objectives. In the case of estimating turnover for adaption, only enabling activities would count.

## Figure 5: Annex IV Guiding Notes

### Example Reporting: for period 1 January 2022 - 31 December 2022

Annex IV, p taxonomy-regulation-delegated-act-2021-4987-annex-1-5_en.pdf (europa.eu)		Platform Comments			
1a (NEW)	The weighted average value of all the investments that are directed at funding, or are associated with <b>taxonomy-eligible</b> economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:	In 2022 and 2023, asset managers are only required to report on eligibility for the preceding book years  Turnover KPI is used in this case, value quoted in millions of EUR Capex KPI is unknown			
	Turnover-Based (%)		21.0%	Turnover-Based [monetary amount]	€ 21
	CapEx-Based (%)		N/A	CapEx-Based [monetary amount]	
1b (NEW)	The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities	In 2022 and 2023, asset managers are only required to report on eligibility for the preceding book years			
	Coverage ratio (%)		75.0%	Coverage [monetary amount]	€ 75
2a	The weighted average value of all the investments that are directed at funding, or are associated with <b>taxonomy-aligned</b> economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:	Alignment figures and not required in this reporting period			
	Turnover-Based (%)		N/A	Turnover-Based [monetary amount]	N/A
	CapEx-Based (%)		N/A	CapEx-Based [monetary amount]	N/A
2b	The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities				
	Coverage ratio (%)		N/A	Coverage [monetary amount]	N/A

### Example Reporting: for period 1 January 2022 - 31 December 2022

Annex IV, p taxonomy-regulation-delegated-act-2021-4987-annex-1-5_en.pdf (europa.eu)		Platform Comments			
Additional, complementary disclosures: breakdown of <b>denominator</b> of the KPI		This section should sum to 100%			
3a	The percentage of derivatives relative to total assets covered by the KPI.	For the purpose of Article 8 reporting, all derivatives are excluded			
	Percentage (%)		15.0%	[monetary amount]	€ 15
3b	The proportion of exposures to EU financial and non-financial undertakings <b>not subject to Articles 19a and 29a</b> of Directive 2013/34/EU over total assets covered by the KPI:	Examples include private equity, private real estate, infrastructure investments and mortgages  Monetary amounts are quoted in millions of EUR			
	For non-financial undertakings:		20.0%	For non-financial undertakings: [monetary amount]	€ 20
	For financial undertakings:		25.0%	For financial undertakings: [monetary amount]	€ 25
3c	The proportion of exposures to financial and non-financial undertakings from <b>non-EU countries not subject to Articles 19a and 29a</b> of Directive 2013/34/EU over total assets covered by the KPI:	Examples include listed equity and corporate bonds issues by companies subject to Articles 19a and 29a of Directive 2013/34/EU			
	For non-financial undertakings:		30.0%	For non-financial undertakings: [monetary amount]	€ 30
	For financial undertakings:		25.0%	For financial undertakings: [monetary amount]	€ 25
3d	The proportion of exposures to financial and non-financial undertakings <b>subject to Articles 19a and 29a</b> of Directive 2013/34/EU over total assets covered by the KPI:	These investments include cash, commodities, etc. (excluding derivatives)			
	For non-financial undertakings:		33%	For non-financial undertakings: [monetary amount]	€ 33
	For financial undertakings:		33%	For financial undertakings: [monetary amount]	€ 33
3e	The proportion of exposures to other counterparties over total assets covered by the KPI:				
	Percentage (%)		2.0%	[monetary amount]	€ 2
3f	The value of all the investments that are funding economic activities that are <b>not taxonomy-eligible</b> relative to the value of total assets covered by the KPI:	This is 100% minus the figure in 1a			
	Percentage (%)		79.0%	[monetary amount]	€ 79

## Example Reporting: for period 1 January 2022 - 31 December 2022

Annex IV, p taxonomy-regulation-delegated-act-2021-4987-annex-1-5\_en.pdf (europa.eu)

Platform Comments

Additional, complementary disclosures: breakdown of numerator of the KPI

4a	The proportion of Taxonomy-eligible exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of Taxonomy-eligible exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:		This section sums to the total in 1a  Turnover KPI is used in this case Monetary amounts in millions of EUR	
	<b>For non-financial undertakings:</b>	<b>For non-financial undertakings:</b>			
	Turnover-based: %	20%	Turnover-based: [monetary amount]		€ 20
	Capital expenditures-based: %	N/A	Capital expenditures-based: [monetary amount]		
	<b>For financial undertakings:</b>	<b>For financial undertakings:</b>	<b>For financial undertakings:</b>		
	Turnover-based: %	1%	Turnover-based: [monetary amount]		€ 1
Capital expenditures-based: %	N/A	Capital expenditures-based: [monetary amount]			
4b	The proportion of taxonomy-eligible exposures to other counterparties in over total assets covered by the KPI:	Value of taxonomy-eligible exposures to other counterparties:			
	Turnover-Based (%)	0%	Turnover-based: [monetary amount]		
	Capital expenditures-based: (%)	N/A	Capital expenditures-based: [monetary amount]		

### How can I use Annex VI for my eligibility reporting requirement?

Article 10 (2) of the disclosures Delegated Act does not require the use of the reporting templates provided in the Annexes. However, to ensure comparability in reporting between Taxonomy-eligibility and alignment reporting on one hand and coherence of the reporting across undertakings on the other hand, it is recommended that undertakings may build, on a voluntary basis, on the formats provided in the Annexes of the disclosures Delegated Act to prepare their Taxonomy-eligibility reporting.

In this regard, Annex VI of the disclosures Delegated Act lays out the requirement for credit institutions to report their Taxonomy-alignment KPIs alongside NACE codes.

Complementary to the [Commission's FAQs document](#), for the purpose of facilitating the reporting of eligible disclosures for credit institutions, and considering that underlying entities do not report NACE code but economic activities referred to in the Annexes of the Climate Delegated Act, it is recommended to credit institutions that:

- **Option 1:** For those activities linked to a single NACE code (whatever the level of granularity of the NACE code) in the Climate Delegated Act, credit institutions may report the NACE code allocated to the activity;
- **Option 2:** For those activities with more than one NACE code, such as a green loan for multiple Taxonomy eligible activities, they may use the lowest common NACE code (e.g. copper, steel, aluminium and lead production could be grouped under NACE C24). If they are allocated to different NACE codes even at level 1 (e.g. there are cases of activities under NACE codes F and C), they may use the counterparty code (per option 3);
- **Option 3:** For those activities with no NACE code they may rely on and report the NACE code of the counterparty. That would be the NACE code that represents the majority of the counterparty's activities and may itself not be a Taxonomy-eligible NACE. For example, a copper producing company that also makes solar panels would be eligible for its solar panel production, but not copper and yet the NACE code of the company may be C24.44 'Copper production'.

**Figure 6: Summary of KPIs to be disclosed by credit institutions under Article 10 of Article 8 Delegated Act**

**Disclosure by credit institutions under Article 8 Delegated art 10**

			Taxonomy eligible	Taxonomy non eligible	% coverage (over total assets)***
Art 10	2a	total assets			
		of which trading portfolio and on demand inter-bank loans in total assets.			
	2b	total exposure to central governments, central banks and supranational issuers			
	2c	total exposure to derivatives			
		total exposure to non-NFRD companies			
Art 10	2d	<b>Annex XI disclosures</b>			
		Contextual information towards quantitative indicators incl scope of assets and activities covered, data sources and limitation.			
		Starting from second year of implementation only: Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, 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, 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;			

\*\*\* % of assets covered by the KPI over banks' total assets

Note 1: Across the reporting templates: cells shaded in black should not be reported.

**Figure 7: Example reporting for Annex VI**

**2. GAR sector information**

a	b		c		e		f		h		i		k		l		n		o		q		r	
	Climate Change Mitigation (CCM)												Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)							
	Non-Financial corporates (Subject to Gross carrying amount)						SMEs and other NFC not Gross carrying amount						Non-Financial corporates (Subject to Gross carrying amount)				SMEs and other NFC not Gross carrying amount							
Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR		Of which environmentally sustainable (CCM)		Mn EUR		Of which environmentally sustainable (CCM)		Mn EUR		Of which environmentally sustainable (CCA)		Mn EUR		Of which environmentally sustainable (CCA)		Mn EUR		Of which environmentally sustainable (CCM + CCA)		Mn EUR		Of which environmentally sustainable (CCM + CCA)	
	1																							
2																								
3																								
4																								
...																								

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty  
 2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

The base information for reporting is highlighted in the yellow cells in Figure 7. In preparation for alignment disclosures, banks and credit institutions may consider using this template to start gathering information towards eligibility and ahead of 2024 GAR disclosure requirements. The Platform recognises that this information may not be provided by the underlying counterparty in 2022. Should a credit institution wish to estimate eligibility per environmental objective, then the NACE or [alternate classification](#) may help map a company's activities to one or both environmental objectives. In the case of estimating turnover for adaption, only enabling activities would count.

## Transparency and learning curve

For the first year, the European Commission have provided an FAQs document to support preparers with the implementation of reporting processes and in coping with the new corporate disclosure requirements under the Taxonomy Regulation. Preparers are expected to use their best efforts to comply with these requirements. Supplementary voluntary reporting is designed to clarify important issues concerning the reporting on Taxonomy-eligible economic activities and prepare users for their Taxonomy-alignment disclosure in the consecutive years. It will also assist with providing experience and evidence that will be useful for the review of Article 8 disclosures by 2024. Where required, definitions, methodologies, judgements used in computing eligibility should be explained.

### ***Disclaimer***

*This report represents the overall view of the members and observers of the Platform on Sustainable Finance. However, it may not necessarily, on all aspects, represent the individual views of member institutions or experts.*

*The Platform reserves the right to make updates to this guidance in line with the latest regulatory technical advice presented by the European Commission and the European Supervisory Authorities.*