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ANNEXES 1 to 5

## **ANNEXES**

**to the**

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

**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**

{SWD(2021) 183 final}

## **ANNEX I - KPIs of non-financial undertakings**

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

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

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

The proportion of turnover referred to in Article 8(2), point (a), of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities (numerator), divided by the net turnover (denominator) as defined in Article 2, point (5), of Directive 2013/34/EU. The turnover shall cover the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) 1126/2008<sup>1</sup>.

The KPI referred to in the first subparagraph shall exclude from its numerator the part of the net turnover derived from products and services associated with economic activities that have been adapted to climate change in line with Article 11(1), point (a) of Regulation (EU) 2020/852 and in accordance with Annex II to Commission Delegated Regulation (EU) ('Climate Delegated Act')<sup>2</sup>, unless those activities:

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

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

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

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

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

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

- (a) IAS 16 Property, Plant and Equipment, paragraphs 73, (e), point (i) and point (iii);
- (b) IAS 38 Intangible Assets, paragraph 118, (e), point (i);

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

<sup>2</sup> Commission Delegated Regulation (EU) .../... of [...] 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, C(2021)2800/3.

- (c) IAS 40 Investment Property, paragraphs 76, points (a) and (b) (for the fair value model);
- (d) IAS 40 Investment Property, paragraph 79(d), points (i) and (ii) (for the cost model);
- (e) IAS 41 Agriculture, paragraph 50, points (b) and (e);
- (f) IFRS 16 Leases, paragraph 53, point (h).

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

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

#### 1.1.2.2. Numerator

The numerator equals to the part of the capital expenditure included in the denominator that is any of the following:

- (a) related to assets or processes that are associated with Taxonomy-aligned economic activities;
- (b) part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of this point 1.1.2.2.;
- (c) related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed 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 and provided that such measures are implemented and operational within 18 months.

The CapEx plan referred to in the first paragraph of this point 1.1.2.2. shall meet the following conditions:

- (a) the plan aims either to expand the undertaking's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned within a period of five years;
- (b) the plan shall be disclosed at economic activity aggregated level and be approved by the management body of non-financial undertakings either directly or by delegation.

Where the relevant technical screening criteria are amended before the completion of the CapEx plan, non-financial undertakings shall either update the plan within two years to ensure the economic activities referred to in point (a) are aligned with the amended technical screening criteria upon the completion of the plan or restate the numerator of the CapEx KPI. The updating of plan shall restart the period referred to in point (a). The period referred to point (a) of the second paragraph of this point 1.1.2.2. can exceed five years only where a longer period is objectively justified by specific features of the economic activity and the upgrade concerned, with a maximum of 10 years years. That justification shall feature in the CapEx plan itself and in the contextual information detailed under point 1.2.3. of this Annex.

Where the CapEx plan fails to meet the conditions referred to in the second paragraph of this point 1.1.2.2., previously published KPI related to capital expenditure shall be restated.

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

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

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

##### 1.1.3.1. Denominator

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

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

##### 1.1.3.2. Numerator

The numerator equals to the part of the operating expenditure included in the denominator that is any of the following:

- (a) related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development;
- (b) part of the CapEx plan to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of this point 1.1.3.2;
- (c) related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) or Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

The CapEx plan referred to in the first paragraph of this point 1.1.3.2 shall meet the conditions specified in point 1.1.2.2. of this Annex.

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

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

Where the operational expenditure is not material for the business model of non-financial undertakings, those undertakings shall:

- (a) be exempted from the calculation of the numerator of the OpEX KPI in accordance with point 1.1.3.2 and disclose that numerator as being equal to zero;
- (b) disclose the total value of the OpEx denominator calculated in accordance with point 1.1.3.1;
- (c) explain the absence of materiality of operational expenditure in their business model.

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

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

### *1.2.1. Accounting policy*

Non-financial undertakings shall explain:

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

For turnover and capital expenditure, non-financial undertakings shall include references to the related line items in the non-financial statements;

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

Non-financial undertakings shall disclose any material changes that have occurred during the reporting period in relation to the implementation of the CapEx plans as disclosed in accordance with point and 1.1.2 of this Annex. Non-financial undertakings shall disclose all of the following:

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

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

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

Non-financial undertakings shall:

- (a) describe the nature of their Taxonomy-eligible and Taxonomy-aligned economic activities, by referring to 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;
- (b) explain how they assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria included in the delegated acts referred to in point (a);

- (c) explain how they avoided any double counting in the allocation in the numerator of turnover, CapEx, and OpEx KPIs across economic activities.

#### 1.2.2.2. Contribution to multiple objectives

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

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

#### 1.2.2.3. Disaggregation of KPIs

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

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

#### 1.2.3. Contextual information

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

Non-financial undertakings may disclose additional KPIs based on turnover, Capex, Opex) that include investments in equity accounted in joint ventures, pursuant to IFRS 11 or IAS28, on a pro rata basis corresponding to their share in the equity of the joint venture.

##### 1.2.3.1. Contextual information about turnover KPI

Non-financial undertakings shall provide all of the following:

- (a) a quantitative breakdown of the numerator in order to illustrate the key drivers of change in the turnover KPI during the reporting period, such as revenue from contracts with customers, lease revenue, or other sources of income;
- (b) information about the amounts related to Taxonomy-aligned activities pursued for non-financial undertakings' own internal consumption;
- (c) a qualitative explanation of key elements of change in the turnover KPI during the reporting period.

Non-financial undertakings that have issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities shall also disclose the turnover KPI adjusted to avoid double counting.

##### 1.2.3.2. Contextual information about CapEx KPI

Non-financial undertakings shall provide a quantitative breakdown at the economic activity aggregated level of the amounts included in the numerator and qualitative explanation of the

key elements of change in CapEx KPI during the reporting period. Such breakdown shall disclose all of the following:

- (a) an aggregation of additions to property, plant and equipment, to internally generated intangible assets, including in a business combination or acquired, to investment properties acquired or recognised in the carrying amount and, where applicable, to capitalised right-of-use assets;
- (b) an aggregation of additions related to acquisitions through business combinations;
- (c) an aggregation of expenses incurred in relation to Taxonomy-aligned economic activities and expenses incurred as part of a CapEx plan referred to in point 1.1.2. of this Annex.

Non-financial undertakings shall disclose the key information about each of their CapEx plans referred to in point 1.1.2. of this Annex, including all of the following:

- (a) the environmental objectives pursued;
- (b) the economic activities concerned;
- (c) research, development and innovation activities concerned, where relevant;
- (d) the period of time whereby each Taxonomy-aligned economic activity is expected to be expanded or whereby each economic activity is expected to become Taxonomy-aligned, including, where the period in which the economic activity is expected to become Taxonomy-aligned exceeds five years, an objective justification of such longer period, based on the specific features of the economic activity and the upgrade concerned;
- (e) the total capital expense expected to be incurred during the reporting period and during the period of time of the CapEx plans.

Non-financial undertaking that have issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities shall also disclose the CapEx KPI adjusted for the Taxonomy-aligned capital expenditure financed by such bonds or debt securities.

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

Non-financial undertakings shall provide all of the following:

- (a) a quantitative breakdown of the numerator (operating expenditure determined in accordance with point 1.1.3.2 of this Annex) to illustrate the key elements of change in the OpEx KPI during the reporting period;
- (b) a qualitative explanation of the key elements of change in OpEx KPI during the reporting period;
- (c) an explanation of the other expenditures relating to the day-to-day servicing of items of property plant and equipment that are included in the calculation of OpEx for both the numerator and denominator.

Where OpEx is part of a CapEx plan as referred to in points 1.1.2.2. and 1.1.3.2. of this Annex, non-financial undertakings shall disclose the key information about each of their CapEx plans in line with the requirements of point 1.2.3.2. of this Annex.

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

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

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





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

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

<sup>4</sup> Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the CapEx KPI of the non-financial undertaking.

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

Turnover of Taxonomy-non-eligible activities (B)			%
Total (A + B)			%

For activities listed under A2, columns 5 to 17 may be filled in on a voluntary basis by non-financial undertakings

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

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

<sup>5</sup> Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the CapEx KPI of the non-financial undertaking.

Turnover of Taxonomy-non-eligible activities (B)			%
Total (A + B)			%

For activities listed under A2, columns 5 to 17 may be filled in on a voluntary basis by non-financial undertakings

## ANNEX III - KPI of asset managers

### 1. CONTENT OF KPI TO BE DISCLOSED BY ASSET MANAGERS

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

#### 1.1. Numerator

The numerator shall consist of a weighted average of the value of investments in Taxonomy-aligned economic activities of investee companies. The weighted average of the value of investments shall be based on the proportion of taxonomy-aligned economic activities of investee companies measured by the following:

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

The calculation shall allow netting for the purposes of reporting the proportion of investments in taxonomy-aligned economic activities by applying the methodology used to calculate net short positions laid down in Article 3, paragraphs 4 and 5 of Regulation (EU) No 236/2012 of the European Parliament and of the Council<sup>6</sup>.

By way of derogation from the first subparagraph of this point 1.1, debt securities with the purpose of financing specific identified activities or projects or environmentally sustainable bonds issued by an investee undertaking shall be included in the numerator up to the 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.

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<sup>6</sup> Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

## **1.2. Denominator**

The denominator shall consist of the value of all Asset under Management (AuM) without exposures referred to in Article 7(1) of this Regulation resulting from both collective and individual portfolio management activities of asset managers.

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

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

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

- (a) disclose the KPIs for each environmental objective and for aggregated taxonomy-aligned economic activities at the level of the relevant undertaking or group;
- (b) identify a subset of transitional and enabling economic activities and disclose the KPIs for aggregated economic activities at the level of the undertaking or group;
- (c) provide for a breakdown of the numerator and denominator per type of investment;
- (d) disclose the KPIs in relation to aggregated taxonomy-eligible economic activities;
- (e) disclose the proportion of taxonomy-non-eligible economic activities within the assets under management;
- (f) disclose the proportion in total investments of investments in exposures referred to in Article 7(1) of this Regulation;
- (g) provide the KPIs at the level of the individual asset manager where that undertaking prepares only individual non-financial statements or at the level of the group where the undertaking prepares consolidated non-financial statements.

## ANNEX IV - Template for the KPI of asset managers

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

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

<p>The proportion of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non-financial undertakings:</p> <p>For financial undertakings:</p>	<p>Value of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b>:</p> <p>For non-financial undertakings: [monetary amount]</p> <p>For financial undertakings: [monetary amount]</p>	
<p>The proportion of <b>exposures to other counterparties over</b> total assets covered by the KPI:</p> <p>X %</p>	<p>Value of <b>exposures to other counterparties</b>: [monetary amount]</p>	
<p>The value of all the investments that are funding <b>economic activities that are not taxonomy-eligible</b> relative to the value of total assets covered by the KPI:</p> <p>X %</p>	<p>Value of all the investments that are funding <b>economic activities that are not taxonomy-eligible</b>: [monetary amount]</p>	
<p>The value of all the investments that are funding taxonomy-eligible economic activities, <b>but not taxonomy-aligned relative to the value of</b> total assets covered by the KPI:</p> <p>X %</p>	<p>Value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not taxonomy-aligned</b>: [monetary amount]</p>	
<p>Additional, complementary disclosures: breakdown of <b>numerator</b> of the KPI</p>		
<p>The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:</p> <p>For non financial undertakings:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p> <p>For financial undertakings:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p>	<p>Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b>:</p> <p>For non financial undertakings:</p> <p>Turnover-based: [monetary amount]</p> <p>Capital expenditures-based: [monetary amount]</p> <p>For financial undertakings:</p> <p>Turnover-based: [monetary amount]</p> <p>Capital expenditures-based: [monetary amount]</p>	
<p>The proportion of <b>taxonomy-aligned exposures to other counterparties in</b> over total assets covered by the KPI:</p> <p>Turnover-based: %</p> <p>Capital expenditures-based: %</p>	<p>Value of <b>taxonomy-aligned exposures to other counterparties</b>:</p> <p>Turnover-based: [monetary amount]</p> <p>Capital expenditures-based: [monetary amount]</p>	
<p><b>Breakdown of the numerator of the KPI per environmental objective</b></p>		
<p><b>Taxonomy-aligned activities –:</b></p>		
<p>(1) Climate change mitigation</p>	<p>Turnover: %</p> <p>CapEx:%</p>	<p>Transitional activities: A% (Turnover; CapEx)</p> <p>Enabling activities: B% (Turnover; CapEx)</p>
<p>(2) Climate change adaptation</p>	<p>Turnover: %</p> <p>CapEx:%</p>	<p>Transitional activities: A% (Turnover; CapEx)</p> <p>Enabling activities: B% (Turnover; CapEx)</p>
<p>(3) The sustainable use and</p>	<p>Turnover: %</p>	<p>Transitional activities: A% (Turnover; CapEx)</p>

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

## **ANNEX V - KPIs of credit institutions**

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

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

##### *1.1.1. Consolidation*

Credit institutions shall disclose relevant KPIs on the basis of the scope of their prudential consolidation determined in accordance with Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2.

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

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

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

The exposures referred to in Article 7(1) of this Regulation shall be excluded from the coverage of the GAR.

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

- (a) financial assets held for trading;
- (b) on-demand interbank loans;
- (c) exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU.

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

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

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

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

The GAR shall be based on the exposures and balance sheet according to the scope of prudential consolidation in accordance with Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2 for the types of assets and accounting portfolios specified in point 1.1.2 of this

Annex, including information on stock and flows, on transitional and enabling activities, and on specialised and general purpose lending.

Credit institutions shall disclose all of the following:

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

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

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

In addition to GAR, credit institutions shall disclose the percentage of their total assets that are excluded from the numerator of the GAR in accordance with Article 7(2) of this Regulation and point 1.1.2 of this Annex.

1.2.1.1. GAR applying to exposures to non-financial undertakings

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

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

Stock and flow  
Other environmental activities

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

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

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

- (1)(a) total loans and advances to non-financial undertakings, including loans and advances recognised under the accounting categories referred to in point 1.2 of this Annex, that is the gross carrying amount of:
  - (i) loans and advances at amortised cost and at fair value through other comprehensive income;
  - (ii) loans and advances not held for trading at fair value through profit or loss.
- (1)(b) loans and advances to non-financial undertakings financing Taxonomy-eligible economic activities for each environmental objective, including the gross carrying amount of loans and advances in the relevant accounting categories towards companies carrying out taxonomy-eligible economic activities (where available, 4 level Nomenclature of Economic Activities (NACE) codes) relevant for each environmental objective.
- (1)(c) loans and advances to non-financial undertakings financing taxonomy-aligned economic activities for each environmental objective, including all loans and advances financing taxonomy-aligned economic activities, including subsets of transitional and enabling economic activities.

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

- (1)(c)(1) represents loans and advances where the use of proceeds is known, including specialised lending - project finance loans as referred to in Annex V to Commission Implementing Regulation (EU) No 680/2014<sup>7</sup>;
- (1)(c)(2) represents loans and advances where the use of proceeds is unknown (general loans).

For the purposes of point (1)(c)(1), credit institutions shall consider the gross carrying amount of the project finance exposures to the non-financial undertaking to the extent and proportion that the project funded finances a taxonomy-aligned economic activity. The assessment of whether that requirement has been complied with shall be based on information provided by the counterparty on the project or activities to which the proceeds will be applied. Credit institutions shall provide information on the type of economic activity that is funded. Double

<sup>7</sup> Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1).

counting shall not be allowed. Where the same specialised lending exposure is relevant for two environmental objectives, credit institutions shall allocate it to the most relevant objective.

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

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

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

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

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

The following aspects of the KPIs shall be disclosed:

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

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

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

- (2)(a) Total debt securities of non-financial undertakings, including the gross carrying amount of debt securities at amortised cost and at fair value through other comprehensive income, and debt securities not held for trading at fair value through profit or loss;
- (2)(b) Debt securities of non-financial undertakings financing Taxonomy-eligible economic activities for each environmental objective, including the gross carrying amount of debt securities in the relevant accounting categories towards companies carrying out taxonomy-eligible economic activities (where available 4 level NACE codes)
- (2)(c) Debt securities to relevant entities financing taxonomy-aligned economic activities, including all debt securities financing taxonomy-aligned economic activities, including transitional and enabling activities.

The amount for the purposes of (2)(c) shall be calculated by using the following formula:

$2(c) = (2)(c)(1) + (2)(c)(2)$  where:

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

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

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

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

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

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

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

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

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

The following aspects of KPIs shall be disclosed:

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

1.2.1.1.1.3. (iii) Green asset ratio for equity holdings of credit institutions in non-financial undertakings ('GAR EH')

1.2.1.1.1.4. Credit institutions shall calculate and disclose:

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

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

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

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

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

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

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

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

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

The followings aspects of ratios shall be disclosed:

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

1.2.1.1.1.5. (iv) GAR on total financing in non-financial undertakings (lending plus equity holdings)

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

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

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

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

This GAR shall contain disclosures for climate change mitigation and climate change adaptation, with a breakdown for enabling activities. For the climate change mitigation, the GAR shall also contain disclosures of transitional activities and adaptation activities. For those activities contributing to the climate change mitigation and adaptation and other environmental objectives, credit institutions shall also provide disclosures of stock and flow .

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

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

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

- (a) for investment firms dealing on own account in accordance with Section A of Annex I to Directive 2014/65/EU of the European Parliament and of the Council<sup>8</sup>, the gross carrying amount of debt securities, loans and advances and equity holdings shall be weighted by the turnover based and CapEx based GAR disclosed by the investment firms, that is the gross carrying amount is multiplied by 'the value of assets invested (debt securities, equity instruments, cash equivalents and derivatives) in taxonomy-aligned economic activities as a proportion of the value of total assets invested'.
- (b) for investment firms other than dealing on own account in accordance with Section A of Annex I to Directive 2014/65/EU, the gross carrying amount of debt securities, loans and advances and equity holdings shall be weighted by the turnover based and CapEx based KPI on revenues, that is fees, commissions and other monetary benefits, disclosed by the investment firms, that is gross carrying amount is multiplied by 'fees, commissions and other monetary benefits from services and activities into taxonomy-aligned economic activities as a proportion of the total fees, commission income and other monetary benefits from all services and activities'.

Where the counterparty is asset manager, the turnover based and CapEx based KPIs shall be the gross carrying amount of debt securities, loans and advances and equity holdings weighted

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<sup>8</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

by the ratio of the counterparty's investments that are in taxonomy-aligned economic activities, as specified in Annex III and IV to this Regulation, that is the gross carrying amount is multiplied by the asset manager's ratio of total investments.

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

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

#### 1.2.1.3. Green asset ratio for retail exposures

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

GAR for retail exposures to credit consumption loans for car loans shall be calculated as the proportion of loans financing cars complying with the technical screening criteria as laid down in Section 6.5. of Annex I to Climate Delegated Act. This GAR shall include disclosures of transitional activities, and disclosures of stock of loans only for loans granted after [the date of application of this Regulation] and flow of loans. This GAR shall apply only to investments relevant for climate change mitigation.

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

##### 1.2.1.3.1.1. (i) Residential real estate lending

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

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

Credit institutions shall disclose information for the stock of loans as of the disclosure reference date, and information on the flows of new lending during the disclosure period.

The numerator of the ratio shall include the gross carrying amount of residential real estate loans compliant with the technical screening criteria in Section 7.7. of Annex I to Climate Delegated Act.

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

buildings in accordance with Section 7.2., 7.3., 7.4., 7.5. and 7.6. of Annex I to Climate Delegated Act.

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

#### 1.2.1.3.1.2. (ii) Retail - Credits consumptions loans for cars

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

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

#### 1.2.1.4. GAR for loans and advances financing public housing and other specialised lending to public authorities

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

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

For the financing of other activities and assets than public housing, credit institutions shall consider the gross carrying amount of the project finance exposures to the public authority to the extent and proportion that the project funded finances a Taxonomy-aligned economic activity. The assessment of whether that requirement has been complied with shall be based on information provided by the public authority on the project or activities to which the proceeds will be applied. Credit institutions shall provide information on the type of economic activity that is funded. Double counting shall not be allowed. Where the same specialised lending exposure is relevant for two environmental objectives, credit institutions shall allocate it to the most relevant objective.

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

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

Credit institutions shall disclose information for the stock of loans as of the disclosure reference date, and information on the flows of new assets during the disclosure period.

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

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

Credit institutions shall disclose information for the stock of loans as of the disclosure reference date, and information on the flows of new lending during the disclosure period.

#### 1.2.1.6. Total GAR

Credit institutions shall disclose information on the Total GAR. This shall reflect the cumulative value of the exposure-based KPIs, by including in the denominator the total on-balance assets without exposures referred to in Article 7(1) and by adding in the total numerator the numerators of environmentally sustainable exposures of the exposure-based KPIs:

- (a) total GAR for financing activities directed at financial undertakings, for all the environmental objectives.
- (b) total GAR for financing activities directed at non-financial undertakings, for all the environmental objectives.
- (c) GAR for residential real estate exposures, including house renovation loans, for the objective of climate change mitigation.
- (d) GAR for retail car loans, for the objective of climate change mitigation.
- (e) GAR for loans to local governments for house financing and other specialised lending.
- (f) GAR for commercial and residential repossessed real estate collateral held for sale.

Together with the total GAR, credit institutions shall disclose the percentage of assets that are excluded from the numerator of the GAR in accordance with Article 7(2) and (3) and Section 1.1.2 of this Annex.

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

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

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

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

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

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

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

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

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

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

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

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

- (a) issuance or other services related to third party securities;
- (b) reception, transmission and execution on behalf of customers of orders to buy or sell securities;
- (c) merger and acquisition undertakings advisory services;
- (d) undertakings finance services related to capital market advisory for undertakings clients or other;
- (e) private banking related fees;
- (f) clearing and settlement services;
- (g) custody and other related services;
- (h) payment services;
- (i) fee and commission income for distribution of products issued by entities outside the prudential group to its current customers;
- (j) loan servicing activities;
- (k) foreign exchange services and international transactions.

The numerator of the KPI shall include the fees and commissions income as specified in Implementing Regulation (EU) No 680/2014, Annex V, paragraph 284 from services other than lending and asset management provided to undertakings, associated with Taxonomy-aligned economic activities. This shall be estimated by weighting the fees and commission

income from each counterparty with the proportion of turnover and CapEx associated with Taxonomy-aligned economic activities of the undertaking contributing to the relevant environmental objective as disclosed by the undertaking in accordance with Article 8 of Regulation (EU) 2020/852. For financial undertakings, the ratio for the counterparty to be applied shall be the same as for the KPIs for these undertakings.

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

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

The trading portfolio shall be excluded from the denominator and coverage of the total GAR.

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

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

Credit institutions shall disclose the following information:

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

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

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