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ANNEX 7

ANNEX

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 VII KPIs of investment firms

CONTENT OF KPIs TO BE DISCLOSED BY INVESTMENT FIRMS

1. SCOPE OF KPIs

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

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

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

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

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

2. INVESTMENT FIRMS DEALING ON OWN ACCOUNT

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

2.1. KPIs related to their assets as:

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

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

2.2. Investee undertakings considered

Investee undertakings considered shall include non-financial undertakings, non-financial

undertakings not subject to Article 19a and 29a of Directive 2014/95/EU, financial undertakings and financial undertakings not subject to Articles 19a and 29a Directive 2014/95/EU.

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

2.3. Investment instruments considered – assets

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

2.4. Calculation methodology

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

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

The weighted average of the value of investments shall be based on the 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 investment firms, investments and revenues, as resulting from the calculation of the turnover-based and CapEx based KPIs of the investee in accordance with Annexes VII and VIII in accordance with the 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 or CapEx based investments KPI or combined, where applicable, with the underwriting KPI of the non-life investee insurance and reinsurance undertakings in accordance with Annexes IX and X.

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

Taxonomy-aligned economic activities or projects, on the basis of information provided by investee undertaking.

By way of derogation from the second and third subparagraph of this point 2.4, 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.

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

3. INVESTMENT FIRMS NOT DEALING ON OWN ACCOUNT

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

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

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

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

3.2. Clients considered

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

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

3.3. Calculation methodology

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

3.4. Further consideration

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

Disclosures shall take place after netting potential hedges and offsets, regardless of the instrument used in accordance with Article 3, paragraphs 4 and 5 of Regulation (EU) 2012/236 of the European Parliament and of the Council¹.

¹ 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).