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

of XXX

amending Commission Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives

This draft has not been adopted or endorsed by the European Commission. Any views expressed are the preliminary views of the Commission services and may not in any circumstances be regarded as stating an official position of the Commission.

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

General context

The Regulation on the establishment of a framework to facilitate sustainable investment ('Taxonomy Regulation')¹ has created a unified EU classification system for environmentally sustainable economic activities (referred to as 'Taxonomy-aligned activities'). Article 8 of the Taxonomy Regulation imposes transparency obligations on certain non-financial and financial undertakings with respect to those activities.

In June 2021, the Commission adopted the EU Taxonomy Climate Delegated Act ('Climate Delegated Act')² to implement the Taxonomy Regulation with respect to economic activities contributing substantially to climate change mitigation and climate change adaptation objectives. In March 2022, the Commission amended the Climate Delegated Act by adding criteria for certain energy activities in the fossil, gas and nuclear energy sectors³. In June 2023, the Commission adopted the EU Taxonomy Environmental Delegated Act ('Environmental Delegated Act') for the remaining environmental objectives⁴ and amended the Climate Delegated Act by adding criteria for new activities in the manufacturing and transport sectors⁵. The Climate Delegated Act and the Environmental Delegated Act specify technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to any of the environmental objectives set out in Article 9 Taxonomy Regulation as well as the technical screening criteria for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

In July 2021, the Commission adopted a Delegated Act that specifies the disclosure obligations of undertakings under Article 8 of the Taxonomy Regulation as regards those of

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13)

² Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

³ Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (OJ L 188, 15.7.2022, p. 1).

⁴ Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 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 the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (OJ L 2023/2486, 21.11.2023)

⁵ Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives (OJ L, 2023/2485, 21.11.2023).

their activities that are Taxonomy-eligible and Taxonomy-aligned (‘Disclosures Delegated Act’)⁶. That Delegated Act was amended on two occasions:

- in March 2022, to provide enhanced transparency requirements for economic activities in fossil gas and nuclear energy sectors, and
- in June 2023 to adapt, as appropriate, the disclosure requirements for economic activities covered in the Environmental Delegated Act.

The Disclosures Delegated Act translates the technical screening criteria defining environmentally sustainable economic activities set out in the Climate and Environmental Delegated Acts into quantitative economic key performance indicators (KPIs) for non-financial and financial undertakings. The relevant KPIs are publicly disclosed each year in the management reports of the relevant undertakings. These disclosures aim at enabling both investors and the public understand companies’ environmental performance in relation to activities covered by the Taxonomy and their trajectories towards aligning their activities with the EU Taxonomy for the purpose of facilitating the financing of sustainable activities and projects. Hence, the Disclosures Delegated Act sought to increase transparency in the market and helps prevent greenwashing by objectively informing investors about companies’ about companies’ alignment with Taxonomy sustainability criteria (‘Taxonomy -alignment’).

Non-financial undertakings started reporting their KPIs as of 1 January 2023. By end of October 2024, a total of 2,180 firms had reported on Taxonomy-alignment. These companies account for EUR 12.9 trillion in assets (excluding the financial sector’s assets)..⁷ Overall, in the second year of reporting EUR 250 billion of capital expenditure was earmarked as Taxonomy-aligned by reporting companies, a 34% increase relative to 2022. After the first two years of Taxonomy alignment reporting of non-financial undertakings for the financial years 2022 and 2023, Taxonomy-aligned turnover grew by 25%, reaching a total of EUR 764 billion in 2023 alone. The sectors that reported the highest share of Taxonomy-aligned turnover in financial year 2023 were manufacturing (36%), electricity supply (33%) and construction (9%).⁸ In 2024, companies only reported against climate objectives. The results of the reporting by non-financial companies in the first two years of reporting are encouraging, both in terms of data quality and the level of reported green KPIs.

The Disclosures Delegated Act requires financial undertakings to use the KPIs disclosed by their counterparties when they calculate their own KPIs, including the Green Asset Ratio (‘GAR’). In addition, the Sustainable Finance Disclosure Regulation (SFDR)⁹ requires financial market participants to use the KPIs disclosed by investee companies for assessing the level of Taxonomy-alignment of financial products making green claims.

Given that the computation of the KPIs of financial undertakings, including the GAR, depends on the flow of information and data from the counterparties that they finance, it can be expected that the robustness and accuracy of those KPIs will improve gradually with the

⁶ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443, 10.12.2021, p. 9).

⁷ Goldman Sachs, 2025. “Equity Research,” 30 January 2025.

⁸ The data has been extracted from Bloomberg and Orbis databases.

⁹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, OJ L 317, 9.12.2019, p. 1.

uptake of the EU Taxonomy by the relevant undertakings and the improvement of the quality and availability of disclosures and data.

It can also be expected that the level of Taxonomy-alignment of exposures financing economic activities and assets that precede the EU Taxonomy (i.e. legacy stock) will be lower than those financing economic activities and assets in the future (i.e. flow of new financing). This would be consistent with the objective of the EU Taxonomy to facilitate the financing of new environmentally sustainable activities and projects.

Financial undertakings started reporting their KPIs as of 1 January 2024. The reported figures of alignment are low while the reporting process is still in the build-up phase. Several years would be necessary for the financial sector to properly internalise the EU Taxonomy and provide an accurate and complete reporting. Reporting by financial companies is expected to improve in the future with the stabilisation of data flows and improved coverage.

Despite evidence showing the initial uptake of the EU Taxonomy, in particular by non-financial undertakings, both non-financial and financial undertakings found that there is room for further simplification and improvement of reporting requirements. These simplifications and improvements are independent of and complementary to the changes provided for in the Commission proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements¹⁰ (hereafter ‘the Sustainability Omnibus proposal’).

The experience with the first year of reporting by financial undertakings and the two consecutive years of reporting by non-financial undertakings provides a sufficient basis for introducing certain targeted simplifications measures to streamline reporting obligations and thereby reduce administrative burden on reporting undertakings, while not losing relevant and material data from the Taxonomy reporting framework.

Moreover, compliance with all the technical screening criteria, including all of the criteria for ‘do no significant harm’ (‘DNSH’), is a necessary condition of an economic activity to be considered as aligned with the Taxonomy. Failure to comply with even one of the DNSH criteria results in a lack of Taxonomy-alignment for an activity. DNSH criteria are considered often overly complex and burdensome and undertakings often quote the difficulty to establish compliance with those criteria as the main reason for absence of Taxonomy-alignment.

This is the case in particular for the generic criteria for DNSH to pollution prevention and control regarding the use and presence of chemicals (‘Appendix C’)¹¹. Those criteria have proven difficult to implement for non-financial undertakings reporting across different sectors and across different Taxonomy-eligible economic activities. The sectors and activities for which Appendix C poses implementation issues are often critical for the green transition, including the manufacturing of solar PV, batteries, variable speed drivers, and heat pumps, among others. Non-financial undertakings claim that the process to assess alignment with certain provisions of Appendix C is disproportionate and excessively burdensome and that further simplification of the criteria is needed to improve its usability. On this basis, targeted amendments to Appendix C provisions should be provided as soon as possible to simplify and reduce excessive administrative burdens on reporting entities.

¹⁰ COM (2025) 81 final.

¹¹ Appendix C to Annexes I and II to the Climate Delegated Act and to Annexes I, II and IV to the Environmental Delegated Act.

As a next step, the Commission will carry out a systematic and thorough review of all the technical screening criteria, in particular of all the DNSH criteria, with the aim of assessing ways to make them simpler, more usable and more aligned with EU legislation.

Content of the Delegated act

Reporting

In particular, for both financial and non-financial reporting undertakings, this Regulation amends the Disclosures Delegated Act to ensure that:

- (a) to reduce administrative burdens in line with the principle of proportionality, it should be permissible for non-financial and financial undertakings not to assess compliance with the EU Taxonomy of activities that are not financially material for their business. As a general rule, such lack of materiality will be assumed if the cumulative value of activities is below 10% of the KPIs' denominators. Moreover, given the relatively lesser informational value and decision usefulness of information on alignment of operational expenditure, a distinct threshold of 25% of turnover is set for assuming lack of materiality of information on such expenditures in the case of non-financial undertakings.
- (b) To ensure the accuracy of the KPIs of financial undertakings, exposures of financial institutions to undertakings other than large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year (i.e. undertakings that would not be obliged to publish sustainability reporting in their management report pursuant to Article 19a or Article 29a of Directive 2013/34/EU, as proposed to be amended by the Sustainability Omnibus proposal) are excluded from the denominator of the applicable KPIs until the Commission's review of the Disclosures Delegated Act is finalised. Finally, given the limited relevance and decision usefulness of the Trading Book KPI, and Fees and Commission KPI for certain financial institutions, the application of these KPIs is postponed until 2027.
- (c) the general reporting templates are significantly shortened and simplified, without losing crucial information on environmental performance. The specific reporting templates relating to performance and exposures to fossil gas and nuclear activities are significantly reduced and focussed on elements that are not duplicative with the general reporting templates.

First, the introduction of a 10% de minimis threshold will mean that large undertakings with a large variety of activities will be exempted from assessing the compliance with the technical screening criteria of non-material economic activities. A de minimis threshold of 10 % would therefore allow reporting companies to focus their efforts of assessing Taxonomy-compliance (e.g., eligibility and alignment) of those activities that represent a significant share of their revenues, capital or operational expenditures. For financial undertakings, this rule would permit them not to assess compliance with the Taxonomy criteria of 10% of their assets (loans, investments). This would reduce considerably the costs and efforts related to the collection and analysis of data related to the environmental eligibility and performance of different economic activities that are not material to the business of the reporting undertaking. This would ensure a more proportionate reporting exercise by allowing undertakings to focus their assessment and reporting on their core business activities while avoiding unnecessary costs for the assessment of non-material activities.

Furthermore, this rule would allow certain financial undertakings subject to several KPIs, such as credit institutions not to report certain KPIs capturing activities that are not material for their business (e.g. GAR for the trading portfolio, KPI for fees and commission for services other than lending that make up less than 10% of the total revenue).

As regards activities considered to be financially material, it is moreover appropriate to establish a graduated approach to the materiality of the different classes of information to be reported. As it is generally considered that information on operational expenditure is of lesser significance to assessment of the sustainability of company activities than that on turnover or capital expenditure, non-financial undertakings will be allowed not to report on alignment of operational expenditure if the cumulative turnover of their eligible activities do not exceed 25% of their total turnover.

Second, to ensure the accuracy of key performance indicators of financial undertakings, while avoiding that undertakings other than large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year are indirectly subject to stringent Taxonomy criteria in their access to sustainable finance, it is necessary to exclude the exposures of financial institutions to those undertakings from the denominator of the applicable KPIs until the Commission's review of the Disclosures Delegated Act is finalised. Finally, given the limited relevance and decision usefulness of the Trading Book KPI, and Fees and Commission KPI for certain financial institutions, the application of these KPIs is postponed until 2027.

Third, the simplification of templates includes the following elements:

Simplification of summary KPIs:

For non-financial undertakings, this Regulation introduces one static template for summary information, which will merge in one template instead of three, the summary KPIs presented according to current rules in 'per activity information'. This way the summary template keeps only the immediately useful datapoints and the information that financial undertakings need to compute for their own Taxonomy KPIs while the 'per activity' templates provide for more detailed sectoral breakdowns. This Regulation removes as well summary information on non-eligible activities, information per objective (eligible activities, eligible but not aligned activities, transitional and enabling activities), separate reporting on datapoints for DNSH and minimum safeguards for Taxonomy-aligned activities.

Simplification of 'per activity' information:

For Taxonomy-aligned activities, this Regulation introduces the reporting of one activity per row, suppressing:

- reporting on separate rows on the portions of activity aligning with different objectives,
- reporting separately on DNSH and minimum safeguards, any contribution to multiple objectives.
- reporting of explicit information for non-aligned activities (these can be still derived implicitly from the datapoints that remain).

The simplification of templates alone will result in a reduction of reported data points for non-financial undertakings (in the case of one Taxonomy-aligned activity) from 78 to 27, which is a **66% reduction**.

In the case of credit institutions, the simplification of templates will result in a **reduction of reported data points of 89%** (Similarly, the reporting templates of other financial undertakings will be considerably reduced).

Further, the suppression of the separate and duplicative templates on the performance and exposures to the fossil gas and nuclear activities will result in a tangible reduction of reported data points. These templates were considered by reporting undertakings burdensome, especially in cases of limited exposures to those sectors where many data points needed to be filled with '0'.

The burden reduction and simplification measures referred to above should be prioritised and distinguished from an ongoing review of the Disclosures Delegated Act that requires more time and policy assessment and that will be tabled separately in due course. That substantive review will consider options for more substantive changes in the current reporting framework, in particular on how the issues related to the difference in the scope of the numerator and denominator of the current GAR could be best addressed.

DNSH criteria

This Regulation also amends the Climate and Environmental Delegated Acts in order to address most pressing implementation issues arising from compliance with Appendix C.

The amendments replace this appendix with a new version, which:

- clarifies the application of certain exemptions from EU environmental legislation referenced in the criteria.
- repeals the provision of the additional paragraph after point (f) of Appendix C concerning substances (on their own, in mixtures, or in an article) meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 and identified in accordance with Article 59(1) of that Regulation [or
- replaces the provision of the additional paragraph after point (f) of Appendix C concerning substances (on their own, in mixtures, or in an article) meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 and identified in accordance with Article 59(1) of that Regulation.]

These amendments will enhance the usability, legal clarity and consistency of Appendix C. Clarifying the application of certain exemptions enshrined in EU environmental law that are referenced in Appendix C will provide for a better alignment with the existing EU acquis and, hence, avoid unnecessary burdens on reporting undertakings from assessing their alignment with those provisions. The suppression [or replacement] of the additional paragraph after the point (f) of Appendix C will result in a significant reduction of burden and costs of compliance on reporting undertakings. The additional paragraph after point (f) requires reporting undertakings to assess the use and presence of substances that have been self-classified according to the Classification, Labelling and Packaging (CLP) Regulation¹² and that do not have a so-called “harmonised classification”. Based on the European Chemical Agency’s Classification & Labelling database, there are approximately 10 000 substances without harmonised classification. Repealing [or replacing] the additional paragraph after point (f) will substantially reduce the number of substances to be assessed by limiting the

¹² Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006, (OJ L 353 31.12.2008, p. 1).

alignment assessment of reporting undertakings to substances that have a harmonised classification and are included in the candidate list of substances of very high concern for authorisation published by the European Chemicals Agency in accordance with Article 59(10) of the REACH Regulation¹³.

To provide an immediate relief for reporting undertakings already in the 2026 Taxonomy reporting exercise, the simplification measures provided in this amending Regulation should be adopted and implemented expediently and separately from the review of the Disclosure Delegated Act and a broader review of the technical screening criteria, in particular the DSNH criteria, which will be initiated without delay.

Based on Article 8 of Regulation (EU) 2020/852, large undertakings subject to Article 19a of the Corporate Sustainability Reporting Directive (CSRD) would be allowed to report on their activities which fulfil only certain requirements of Article 3 of the Taxonomy Regulation. Such reporting on partial alignment would provide more flexibility and foster a gradual environmental transition of activities over time, in line with the aim to scale up transition finance.

Regarding the simplification of the technical screening criteria, the Commission will assess the existing criteria from the point of view of their clarity, the availability of evidence to demonstrate compliance, the cost of gathering the evidence and the applicability of the criteria in the international context, and simplify wherever possible. The review will also ensure that where appropriate, the technical screening criteria can be aligned with existing EU legislation, to facilitate their application by undertakings and allow to more easily demonstrate compliance with those criteria by providing evidence of compliance with applicable EU legislation.

Legal background

This Regulation is based on the empowerments set out in Articles 8(4), 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of the Taxonomy Regulation. The technical screening criteria are set in accordance with the requirements of Article 19 of that Regulation.

In accordance with Article 31 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making¹⁴, this Regulation combines seven interrelated empowerments of the Taxonomy Regulation in a single act. These are the empowerments laid down in Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of the Taxonomy Regulation related to the technical screening criteria for climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection, and restoration of biodiversity and ecosystems, respectively, and an empowerment in Article 8(4) of the Taxonomy Regulation on the information to be disclosed by undertakings that are subject to an obligation to publish non-

¹³ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC. (OJ L 396, 30.12.2006, p. 1).

¹⁴ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L 123, 12.5.2016, p. 1).

financial information pursuant to Article 19a or Article 29(a) of Directive 2013/34/EU of the European Parliament and of the Council¹⁵ (the ‘Accounting Directive’).

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

The draft Delegated Act was published on the Better Regulation portal for a four-week feedback period between 26 February 2025 and 26 March 2025. In total, [X] stakeholders provided feedback. The draft Delegated Act was also discussed with the Platform on Sustainable Finance on [X]. Furthermore, it was presented to and discussed with the Member States Expert Group and with observers from the European Parliament on [...]. The Commission also sought additional feedback from the ESAs [...].

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The Regulation is based on Articles 8(4), 10(3), 11(3)12(2), 13(2), 14(2) and 15(2) of the Taxonomy Regulation. It amends the Disclosures Delegated Act, the Climate Delegated Act and the Environmental Delegated Act.

Article 1 of the Regulation provides a list of amendments to the Disclosures Delegated Act.

Points (1) to (5) of Article 1 add new provisions to Articles 2 to 6 of the Disclosures Delegated Act to ensure that it should be permissible for undertakings subject to Articles 19a or 29a of Directive 2013/34/EU not to assess compliance with the technical screening criteria laid down in the Climate and Environmental Delegated Acts of economic activities that are not financially material for their business. Undertakings would have to report separately these non-material activities. In addition, point (1) adds a provision allowing non-financial undertakings not to report on operational expenditures where the cumulative turnover of their eligible activities do not exceed 25% of total turnover.

Point (6) excludes the undertakings other than large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year from the denominator of KPIs of financial undertakings.

Point (7) postpones the application of the KPI Trading book portfolio and KPI on services other than lending (Fees and Commissions) until 2027.

Points (8) to (12) of Article 1 replace the templates provided in Annexes II, IV, VI, VIII and X to the Disclosures Delegated Act with new templates that simplify the presentation of the information to be disclosed under Article 8(1) of the Taxonomy Regulation by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities.

Those provisions also reduce the templates provided in Annex XII to the Disclosures Delegated Act to avoid duplicative information with information disclosed in the templates provided in Annexes II, IV, VI, VIII and X of that Regulation.

Articles 2 and 3 provide a list of amendments respectively to Annexes I and II to the Climate Delegated Act and to Annexes I, II and IV to the Environmental Delegated Act. These amendments clarify the application of certain exemptions from EU environmental legislation

¹⁵ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

referenced in the criteria of Appendix C. They also repeal [or replace] the provision of the additional paragraph after point (f) of Appendix C.

Article 4 provides that this Regulation should enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union* and should apply from 1 January 2026.

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

of **XXX**

amending Commission Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088¹⁶ and in particular Article 8(4), 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) thereof,

Whereas:

- (1) Commission Delegated Regulation (EU) 2021/2178¹⁷ specifies the content and presentation of the information that non-financial and financial undertakings that are public-interest entities as defined in Article 2, point (1)(a), of Directive 2013/34/EU of the European Parliament and of the Council¹⁸, or parent undertakings of a large group as referred to in Article 3(7) of that Directive, have to disclose in their management report pursuant to Article 8 of Regulation (EU) 2020/852. Delegated Regulation (EU) 2021/2178 does so by translating the technical screening criteria for environmentally sustainable economic activities laid down in Commission Delegated Regulation (EU) 2021/2139¹⁹ and Commission Delegated Regulation (EU) 2023/2486²⁰ into

¹⁶ OJ L 198, 22.6.2020, p. 13

¹⁷ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443, 10.12.2021, p. 9).

¹⁸ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

¹⁹ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

²⁰ Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 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 the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and

quantitative key performance indicators (KPIs). Those KPIs show whether, and to what extent, the activities of those undertakings are associated with such environmentally sustainable economic activities, and thus help investors and the public to understand the environmental performance of those undertakings in relation to activities covered by the Taxonomy and their trajectories towards aligning their activities with the Taxonomy criteria, which in its turn facilitates the financing of environmentally sustainable activities and projects. Delegated Regulation (EU) 2021/2178 thus increases market transparency and helps preventing greenwashing by informing investors about an undertaking's environmental performance.

- (2) Non-financial undertakings and financial undertakings started reporting their KPIs under Delegated Regulation (EU) 2021/2178 as of 1 January 2023 and, respectively, as of 1 January 2024. Between the first and second years of reporting by non-financial undertakings the value of turnover and capital expenditures associated with environmentally sustainable economic activities significantly increased.
- (3) Despite an uptake of the EU Taxonomy, the feedback and the accumulated reporting experience of both non-financial and financial undertakings shows that the content and presentation of information to be disclosed in accordance with Delegated Regulation (EU) 2021/2178 should be simplified and improved to reduce undue reporting burdens and duplicative reporting. Such simplification and improvement should, however, not do away with the essential elements concerning the extent to which the activities of reporting undertakings are associated with environmentally sustainable economic activities. Such simplification and improvement should produce a tangible and immediate relief for the reporting undertakings for their reporting that will take place in 2026.
- (4) To reduce reporting burdens of non-financial undertakings, in light of the principle of proportionality, those undertakings should be able to opt for not assessing compliance of economic activities with the technical screening criteria set out in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 where those activities are not financially material for their business since those activities do not have a major impact on the environmental profile of those undertakings. Likewise, financial undertakings should be able to opt for not assessing compliance of their financial activities with the technical screening criteria set out in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 where the value of those activities is not financially material for their business.
- (5) To ensure legal certainty, this Regulation should specify a threshold below which the economic activities of non-financial and financial undertakings are considered as not financially material for the purposes of transparency obligations under the Taxonomy Regulation.
- (6) It is important to provide investors and the public with a complete overview of which activities are considered as non-material. In addition, it should be avoided that, within the non-material activities, undertakings include harmful activities that would contradict the objectives underpinning the Taxonomy Regulation. Therefore, non-financial and financial undertakings should report separately non-material activities at aggregated and individual levels. The undertaking should clearly state at individual

ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (OJ L, 2023/2486, 21.11.2023, p.1).

level the content and nature of the economic activities that are considered as non-material to ensure transparency on those activities.

- (7) To reduce the burden associated with reporting on activities that are not relevant and decision-useful for financial undertakings and in view of the adoption of the proposal by the Commission of a Directive amending Directive 2013/34/EU to ensure that the requirement to report on Taxonomy-related information remains proportionate and the upcoming legislative procedure, the application of the Trading Book KPI, and Fees and Commission KPI should be postponed until 2027.
- (8) As regards activities considered to be financially material, it is moreover appropriate to establish a graduated approach to the materiality of the different classes of information to be reported. As it is generally considered that information on operational expenditure is of lesser significance and decision usefulness to assessment of the sustainability of company activities than that on turnover or capital expenditure, non-financial undertakings should be allowed not to report on alignment of operational expenditure if their eligible activities do not exceed 25% of their cumulative turnover. This exclusion would still preserve transparency of undertakings to financial market participants and investors, whilst ensuring a proportional application of the reporting requirements under Article 8 of Regulation 2020/852.
- (9) In accordance with Article 7(3) of Delegated Regulation (EU) 2021/2178 financial undertakings should not take into account the exposure to non-financial undertakings other than large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year in the calculation of the numerator of key performance indicators. For this reason, the key performance indicators of financial undertakings could not reflect the financing of activities and assets of those undertakings that are sustainable under Article 3 of Regulation (EU) 2020/852. To ensure the accuracy of key performance indicators of financial undertakings, while avoiding that these undertakings are indirectly subject to stringent Taxonomy criteria in their access to sustainable finance, it is necessary to align the numerator and the denominator and exclude the exposures of financial institutions to those undertakings from the denominator of the applicable KPIs.
- (10) To reduce the complexity and length of the reporting templates and ease considerably the reporting of undertakings under Delegated Regulation (EU) 2021/2178, reporting templates provided in that Regulation should be significantly shortened and simplified without losing essential information provided in those templates concerning the extent to which the activities of the reporting undertakings are associated with environmentally sustainable economic activities. Moreover, the specific templates provided in Annex XII to Delegated Regulation (EU) 2021/2178 related to the activities in the fossil gas and nuclear sectors should be reduced to avoid duplication with information disclosed in the templates provided in Annexes II, IV, VI, VIII and X to that Regulation.
- (11) Delegated Regulation (EU) 2021/2178 should therefore be amended accordingly.
- (12) Compliance with all the criteria laid down in Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 for determining whether an economic activity causes no significant harm to any of the environmental objectives is a necessary condition of that activity to be considered as environmentally sustainable. Failure to demonstrate compliance with even one of those criteria results in the impossibility for an undertaking to report their economic activities as environmentally sustainable. Undertakings encounter particular difficulties in assessing and demonstrating

compliance with certain of those criteria. To reduce administrative burden for undertakings, those criteria should be amended.

- (13) The generic criteria for determining whether an economic activity causes no significant harm to pollution prevention and control regarding the use and presence of chemicals (Appendix C) are applicable to economic activities in different sectors. Assessing compliance with those requirements poses a particular burden to undertakings due to their complexity. To increase legal clarity and consistency of certain elements of those generic criteria, the application of certain exemptions based on Union law that are referenced in Appendix C should be clarified.
- (14) To reduce legal complexity and excessive administrative burden on reporting undertakings due to the very large number of substances to consider and assess by reporting undertakings, the requirements relating to the manufacture, presence in the final product or output, or placing on the market, of substances that meet the criteria of Regulation (EC) No 1272/2008 of the European Parliament and of the Council²¹ for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) 1907/2006 of the European Parliament and of the Council²² should be removed [or replaced to cover only substances that have harmonised classification under CLP Regulation].
- (15) Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 should therefore be amended accordingly.
- (16) The six environmental objectives referred to in Article 9, points (a) to (f), of Regulation (EU) 2020/852 and in Articles 10, 11, 12, 13, 14 and 15 of that Regulation are closely interlinked in terms of the means by which an environmental objective is achieved and the benefits that achieving one of those environmental objectives may have on the other environmental objectives. The provisions determining whether an economic activity contributes substantially to those environmental objectives, are thus closely interrelated. They are also closely linked to the disclosure obligations laid down in Delegated Regulation (EU) 2021/2178. To ensure coherence between the amendments to those provisions, which should enter into force at the same time, to facilitate a comprehensive view of the legal framework for stakeholders and to facilitate the application of Regulation (EU) 2020/852, it is necessary to include those amendments in a single Regulation.
- (17) This Regulation is consistent with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 of the European Parliament and of the Council²³ and ensures progress on climate change adaptation as referred to in Article 5 of that Regulation. The Commission assessed the consistency of the technical screening

²¹ Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006, (OJ L 353 31.12.2008, p. 1).

²² Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC. (OJ L 396, 30.12.2006, p. 1).

²³ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

criteria for ensuring that economic activities that contribute substantially to one of the environmental objectives do not cause significant harm to climate change mitigation and climate change adaptation with the objective and targets of Regulation (EU) 2021/1119 as required by Article 6(4) of that Regulation.

- (18) To provide non-financial and financial undertakings with sufficient time to adjust the content and presentation of the information to be disclosed in accordance with the amendments to Delegated Regulation (EU) 2021/2178, the date of application of this Regulation should be deferred,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Delegated Regulation (EU) 2021/2178

Delegated Regulation (EU) 2021/2178 is amended as follows:

- (1) in Article 2, the following paragraph 1a is inserted:

‘1a. By way of derogation from paragraph 1, non-financial undertakings may omit assessing compliance of economic activities with the technical screening criteria set out in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 where those activities comply with any of the following conditions in respect of the respective KPIs:

- (a) the cumulative turnover resulting from those activities is below 10% of the denominator of the turnover KPI referred to in Section 1.1.1. of Annex I to this Regulation;
- (b) the cumulative capital expenditure resulting from those activities is below 10% of the denominator of the CapEx KPI referred to in Section 1.1.2.1. of Annex I to this Regulation;
- (c) the cumulative operational expenditure resulting from those activities is below 10% of the denominator of the OpEx KPI referred to in Section 1.1.3.1. of Annex I to this Regulation.

The turnover, capital expenditure and operational expenditure related to the activities to which the first subparagraph is applied shall be reported separately as non-material turnover, capital expenditure or operational expenditure.

By way of further derogation from paragraph 1, non-financial undertakings may omit reporting on the operational expenditure related to economic activities where the cumulative turnover resulting from those activities is below 25% of the denominator of the turnover KPI referred to in Section 1.1.1. of Annex I to this Regulation.

- (2) in Article 3, the following paragraph 1a is inserted:

‘1a. By way of derogation from paragraph 1, asset managers may omit assessing whether the assets under management are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of those assets is below 10% of the denominator of the KPI referred to in Section 1.2. of Annex III to this Regulation.

The assets to which the first subparagraph is applied shall be reported separately as non-material assets;

- (3) in Article 4, the following paragraphs 1a to 1f are inserted:

‘1a. By way of derogation from paragraph 1, credit institutions may omit assessing whether the on-balance sheet assets are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of those assets is below 10% of the denominator of the Green Asset Ratio referred to in Section 1.1.2. of Annex V to this Regulation.

The assets to which the first subparagraph is applied shall be reported separately as non-material assets.

1b. By way of derogation from paragraph 1, credit institutions may omit assessing whether the financial guarantees are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of those financial guarantees associated with those activities is below 10% of the denominator of the FinGuar KPI referred to Section 1.2.2.1. of Annex V to this Regulation.

The financial guarantees to which the first subparagraph is applied shall be reported separately as non-material financial guarantees.

1c. By way of derogation from paragraph 1, credit institutions may omit assessing whether assets under management are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of the assets under management associated with those activities is below 10% of the denominator of the AuM KPI referred to in Section 1.2.2.2. of Annex V to this Regulation.

The assets under management to which the first subparagraph is applied shall be reported separately as non-material assets under management.

1d. By way of derogation from paragraph 1, credit institutions may omit whether the fees and commission income are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of that income is below 10% of the denominator of the F&C KPI referred to in Section 1.2.3. of Annex V to this Regulation.

The fees and commission income to which the first subparagraph is applied shall be reported separately as non-material fees and commissions.

1e. By way of derogation from paragraph 1, credit institutions may omit assessing whether financial assets held for trading are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of those assets is below 10% of the denominator of the GAR for the trading portfolio referred to in Section 1.2.4. of Annex V to this Regulation.

The financial assets to which the first subparagraph is applied shall be reported separately as non-material assets;

1f. By way of derogation from paragraph 1, and without prejudice to the third paragraph of section 1.2.4 of Annex V to this Regulation, a credit institution may omit reporting the KPIs referred to in Annex V where the cumulative value of the turnover generated by the activities covered by those KPIs is below 10% of the total turnover of the credit institution.’;

(4) in Article 5, the following paragraphs 1a and 1b are inserted:

‘1a. By way of derogation from paragraph 1, investment firms dealing on their own account may omit assessing whether the assets associated are Taxonomy-eligible and Taxonomy-

aligned where the cumulative value of those assets is below 10% of the denominator of the Green Asset Ratio referred to in Section 2 of Annex VII to this Regulation.

The assets to which the first subparagraph is applied shall be reported separately as non-material assets;

1b. By way of derogation from paragraph 1, investment firms not dealing on their own account may omit assessing whether the revenue from investment, services and activities, other than dealing on their own account are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of those assets is below 10% of the denominator of the KPI on revenue referred to in Section 3 of Annex VII to this Regulation.

The revenue to which the first subparagraph is applied shall be reported separately as non-material revenue.

(5) in Article 6, the following paragraphs 1a and 1b are inserted:

‘1a. By way of derogation from paragraph 1, non-life insurance or reinsurance undertakings may omit assessing whether the gross premiums written’ non-life insurance revenue or, as applicable, reinsurance revenue are Taxonomy-eligible and Taxonomy-aligned where the cumulative revenue of those gross premiums is below 10% of the denominator of the KPI related to underwriting activities referred to in Section 2 of Annex IX to this Regulation.

The revenue to which the first subparagraph is applied shall be reported separately as non-material revenue.

1b. By way of derogation from paragraph 1, insurance or reinsurance undertakings may omit assessing whether the assets are Taxonomy-eligible and Taxonomy-aligned where the cumulative value of those assets is below 10% of the denominator of the KPI related to investments referred to in Section 1 of Annex IX to this Regulation.

The assets to which the first subparagraph is applied shall be reported separately as non-material assets.

(6) Article 7(3) is replaced by the following:

‘3. Exposures to undertakings other than large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year, shall be excluded from the denominator of key performance indicators of financial undertakings.’

(7) In Article 10, paragraph 5 is replaced by the following:

The key performance indicators of financial undertakings, including any accompanying information to be disclosed pursuant to Annexes III, V, VII, IX, XI to this Regulation, shall be disclosed from 1 January 2024.

Sections 1.2.3 and 1.2.4 of Annex V shall apply from 1 January 2027.

(8) Annex II to Regulation (EU) 2021/2178 is replaced by the text in Annex I to this Regulation;

(9) Annex IV to Regulation (EU) 2021/2178 is replaced by the text in Annex II to this Regulation;

- (10) Annex VI to Regulation (EU) 2021/2178 is replaced by the text in Annex III to this Regulation;
- (11) Annex VIII to Regulation (EU) 2021/2178 is replaced by the text in Annex IV to this Regulation;
- (12) Annex X to Regulation (EU) 2021/2178 is replaced by the text in Annex V to this Regulation;
- (13) in Annex XII to Regulation (EU) 2021/2178, templates 2, 3 and 4 are deleted.

Article 2

Amendments to Delegated Regulation (EU) 2021/2139

Delegated Regulation (EU) 2021/2139 is amended as follows:

- (1) Annex I is amended in accordance with the Annex VI to this Regulation;
- (2) Annex II is amended in accordance with the Annex VII to this Regulation.

Article 3

Amendments to Delegated Regulation (EU) 2023/2486

Delegated Regulation (EU) 2021/2486 is amended as follows:

- (1) Annex I is amended in accordance with the Annex VIII to this Regulation;
- (2) Annex II is amended in accordance with the Annex IX to this Regulation;
- (3) Annex IV is amended in accordance with the Annex X to this Regulation.

Article 4

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2026.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission

The President

[...]