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

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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

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 of the 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' 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 simplification 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 photovoltaic (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, pending a more comprehensive revision.

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 the reporting requirements and 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:

- (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 non-material activities is below 10% of the KPIs' denominators. The materiality of activities should be assessed for each KPI independently. Moreover, given the relatively lesser informational value and decision usefulness of information on taxonomy-alignment of operational expenditure, when the OpEx KPI is immaterial for the company's business model, the undertaking may be allowed to report only the total value of operational expenditure without any further assessment under the EU Taxonomy.
- (b) to ensure the accuracy of the KPIs of financial undertakings, exposures of financial undertakings to counterparty undertakings that are not obliged to include sustainability information in their management report pursuant to Article 19a or Article 29a of Directive 2013/34/EU and are not subject to reporting requirements under Article 8 of Taxonomy Regulation are excluded from the denominator of the applicable KPIs. However, financial undertakings may include exposures to those counterparty undertakings that report Taxonomy KPIs on a voluntary basis or exposures that finance specific economic activities or assets of those counterparties. Moreover, until the Commission finalises the reviews of the Disclosures Delegated Act, Climate Delegated Act and Environmental Delegated Act, financial undertakings should have the option until 31 December 2027 not to disclose the detailed templates provided in the Disclosure Delegated Act, but to publish a statement in their management report to indicate that they do not claim that their activities are associated with environmentally sustainable activities under the Taxonomy Regulation. 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 2028, pending a more comprehensive revision.
- (c) to ensure that 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 deleted while certain elements of those templates are transposed into the general reporting templates of financial undertakings.

First, a *de minimis* threshold of 10 % would allow reporting companies to focus their efforts on assessing the taxonomy-eligibility and alignment of those activities that represent a significant share of their revenues, capital or operational expenditures.

As regards activities considered to be financially material, it is 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 assess the sustainability of companies' activities than that on turnover or capital expenditure, non-financial undertakings will be allowed not to report on the taxonomy-eligibility and alignment of operational expenditure if the OpEx KPI is not material for their business model.

For financial undertakings, this rule would permit them not to assess the taxonomy-eligibility and alignment of up to 10% of their financial assets (in particular, loans and investments financing specific economic activities, i.e. whose use of proceeds is known). For general purpose loans and investments, financial undertakings will directly rely on reported information concerning non-material activities of their counterparties. This would reduce considerably the costs and efforts related to the collection and analysis of data concerning taxonomy-eligibility and alignment of different economic activities that are not material to the business of reporting undertakings.

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 or the KPI for fees and commission for services other than lending that make up less than 10% of the total revenue).

Second, to ensure the accuracy of key performance indicators of financial undertakings, while avoiding that undertakings which are not in the scope of mandatory sustainability reporting pursuant to Articles 19a or 29a of Directive 2013/34/EU 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 finalises the review of the Disclosures Delegated Act. However, financial undertakings may include in their reported KPIs exposures to those undertakings if the latter report taxonomy KPIs on a voluntary basis or if those exposures finance specific economic activities (i.e. whose use of proceeds is known). This is justified by the fact that in those situations, the counterparties of financial undertakings are not indirectly induced by reporting financial undertakings to assess the compliance of all their activities with the Taxonomy criteria.

In addition, exposures for which it is not possible to carry out assessment of taxonomy-eligibility or taxonomy-alignment, such as derivatives, cash and cash equivalents, on demand bank loans, goodwill or commodities should be excluded from the denominator of the KPIs of financial undertakings.

Finally, until the Commission's review of the Disclosures Delegated Act and taxonomy technical screening criteria is finalised, financial undertakings should have the option not to disclose until 31 December 2027 the detailed templates provided in the Disclosure Delegated Act, but to publish a statement in their management report to indicate that they do not claim that their activities are associated with environmentally sustainable activities under the Taxonomy Regulation. This optional relief is provided for financial undertakings to alleviate the costs of reporting before the comprehensive review of the reporting rules and technical screening criteria is finalised. In addition, 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 2028.

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’ reporting. This way the summary template keeps only the immediately useful datapoints and the information that financial undertakings need to compute 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. The summary template introduces a column to provide transparency on the non-assessed proportion of the denominator of the respective KPIs that non-financial undertakings consider as not material.

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 environmental objectives;
- reporting separately on DNSH and minimum safeguards, any contribution to multiple environmental 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 28, which is a **64% 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.

The templates for financial undertakings provide transparency on the non-assessed proportion of exposures in the denominator of the KPIs that (i) financial undertakings consider as non-material and did not assess for taxonomy-eligibility and taxonomy-alignment, (ii) finance activities of counterparties considered as non-material by the counterparties, and (iii) finance financial undertakings that report that they do not claim that they are financing or investing in economic activities associated with environmentally sustainable economic activities under the Taxonomy Regulation.

Furthermore, the suppression of the entire Annex XII with the separate 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’ values. The non-financial undertakings will report on those activities, where material in the ‘per activity’ template. Financial undertakings will report on those activities, where relevant, in an aggregate form in their standard template which will reduce the number of reported cells from 166 to 4 per KPI.

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.

DSNH criteria

This Regulation also amends the Climate and Environmental Delegated Acts to address most pressing implementation issues arising from compliance with Appendix C, pending a more comprehensive review.

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

- clarifies the application of certain exemptions from EU environmental legislation referenced in points (c) and (d) of 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 (REACH Regulation)¹².

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, namely those relating to the use of certain hazardous substances in electrical and electronic equipment and to the use of substances that deplete the ozone layer, 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 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 also assess the use and presence of substances that have been self-classified according to the Classification, Labelling and Packaging (CLP) Regulation¹³. Based on the European Chemical Agency's Classification & Labelling database, there are approximately 10 000 substances that meet the criteria laid down in Article 57 of REACH. Repealing the additional paragraph after point (f) will substantially reduce the number of substances to be assessed by limiting the alignment assessment of reporting undertakings to the substances that are included in point (f), i.e., those 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 Regulation.

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, undertakings subject to Articles 19a or 29a of the Accounting Directive could also be allowed to report on their activities which fulfil only certain requirements of Article 3 of the Taxonomy Regulation. The broader review of the Disclosure Delegated Act could implement such optional reporting on partial alignment which would provide more flexibility

¹² 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).

¹³ 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).

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 where possible. The review will also ensure that where appropriate, the technical screening criteria are 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 sustainability information pursuant to Article 19a or Article 29a of Directive 2013/34/EU of the European Parliament and of the Council¹⁵ (the ‘Accounting Directive’).

Assessment of compliance with Article 6(4) of the European Climate Law

The Commission assessed the consistency of this amending Regulation with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 (‘European Climate Law’)¹⁶ and with ensuring progress on adaptation as referred to in Article 5 of that Law.

The overarching objective of the Taxonomy Regulation, which provides the legal basis for setting the technical screening criteria for activities making a substantial contribution to climate change mitigation and climate change adaptation, is to support achieving climate-neutrality and climate resilience. When developing the Climate Delegated Act and the Environmental Delegated Act, the Commission assessed those acts against the consistency with the objective and targets of European Climate Law¹⁷. Hence, within the framework of

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).

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).

¹⁶ 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).

¹⁷ See in particular Commission Staff Working Document accompanying Commission Delegated Regulation (EU) 2023/2486 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

the Taxonomy Regulation, the consistency of the technical screening criteria with the climate-neutrality and resilience objectives was assessed.

This Regulation only introduces targeted amendments to the generic criteria for DNSH to pollution prevention and control regarding the use and presence of chemicals and does not affect the remaining existing technical screening criteria, in particular the criteria for the objectives of climate change mitigation and adaptation.

This Regulation also calibrates reporting obligations of financial and non-financial undertakings to reduce administrative burden. Undertakings will continue disclosing information about their economic activities based on the criteria set out in the Climate and Environmental Delegated Regulations, as referred to in Article 8 of the Taxonomy Regulation, while being able not to assess activities that are not financially material for their business. The amendments to the reporting obligations are therefore compatible with the objectives and targets of Regulation (EU) 2021/1119.

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, 331 stakeholders provided feedback. The draft Delegated Act was also discussed with the Platform on Sustainable Finance ('Platform') on 12 and 20 of March and the Commission received the Platform's advice on the proposed amendments on 26 March. Furthermore, it was presented to and discussed with the Member States Expert Group and with observers from the European Parliament on 27 March. The Commission also received written contributions from ten Member States as well as Norway following that meeting. DG FISMA also organised several information sessions with representatives of industry associations during the public consultation to answer their questions and seek their feedback.

Overall, stakeholders support the policy objectives pursued by the amendments to taxonomy-related disclosures and Appendix C concerning the reduction of reporting burdens while keeping a sufficient level of market transparency concerning the environmental performance of both non-financial and financial undertakings. The general feedback is that the amendments are appropriate, but do not achieve sufficient burden reduction on their own. Many stakeholders call for an expedient review of the taxonomy technical screening criteria, that would decrease the costs and implementation burden. On the other hand, many stakeholders expressed a strong concern about the proposed amendments combined with a proposed significant reduction in the number of undertakings obliged to report as a result of the CSRD-CSDDD omnibus proposal. They are concerned that these changes could significantly reduce the availability of sustainability and taxonomy-related data, thereby seriously undermining the objective of directing financial flows towards the climate and environmental transition.

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 Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities and the Commission Delegated Regulation (EU) 2023/2485 amending Delegated Regulation (EU) 2021/2139 by 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 (SWD/2023/0239 final).

Non-financial undertakings welcomed the materiality principle for the taxonomy reporting but expressed different views regarding its implementation and requested further clarification on how this principle should be applied. Some non-financial companies argued for a materiality threshold to be applied non-cumulatively at each economic activity level while others supported the cumulative approach and setting a quantitative cap. Financial undertakings expressed support for the application of a materiality rule, mostly for use of proceeds loans and instruments where the assessment of taxonomy-alignment is challenging, and the assessment of taxonomy-eligibility is not fully automated.

Most of the non-financial undertakings welcomed the objective of a more flexible approach towards the reporting of the OpEx KPI. Most stakeholders advocated for making the OpEx KPI voluntary. Financial stakeholders supported the principle that they will be relieved from the reporting of the KPIs capturing the services and activities that are not material for their business. Credit institutions supported the postponement of the reporting of additional non-GAR KPIs envisaged and suggested further postponement to the moment after the Commission would finalise the longer-term review of the disclosure rules, that would require further adjustments to the rules pertaining to non-GAR KPIs.

Many financial undertakings welcomed the adjustment of the scope of the financial undertakings' KPIs, including the GAR, excluding exposures to undertakings that will not be subject to taxonomy reporting under the Commission CSRD-CSDDD omnibus proposal. In addition, several stakeholders proposed readjusting this general exclusion by including, on a voluntary basis, in the KPIs of financial undertakings several targeted categories of exposures to those undertakings to enhance the accuracy and relevance of those KPIs.

Stakeholders welcomed the simplification of the templates. Financial and non-financial undertakings proposed further corrections and technical adjustments. Many stakeholders called for the removal of all templates for disclosures on gas and nuclear activities, arguing they were redundant.

The Platform welcomed the proposed amendments to the Taxonomy Delegated Acts. While the Platform supported the introduction of materiality thresholds, it deemed that applying these thresholds alongside the proposed reduction in the scope of reporting in the Omnibus proposal could seriously undermine the Taxonomy's role as a tool for steering investments and monitoring capital flows. Member States welcomed the simplification and burden reduction efforts and signaled their support for the amendments to the Taxonomy Delegated Acts. While Member States supported in principle the materiality approach concerning taxonomy reporting, they requested additional clarifications and safeguards to ensure it can be practically implemented. Most Member States expressed a preference for narrowing the scope of the OpEx KPI or making it voluntary. There were split views among Member States concerning the proposed scope of the GAR's denominator.

As regards the targeted amendments to the generic DNSH criteria to pollution prevention and control set out in Appendix C, stakeholders largely expressed support for the amendments clarifying the application of certain exemptions from EU environmental legislation referenced in Appendix C. As regards the second paragraph after point (f) covering substances meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006, views of respondents were divided. Two options were proposed: (i) option 1 to delete the second paragraph and (ii) option 2 to reduce the scope of the provision to only cover substances having a 'harmonised classification' following the assessment of the hazard properties by the European Chemicals Agency (ECHA). A majority of companies and business associations supported option 1, while NGOs, academia and environmental organisations favoured option 2, or were opposed to any changes. The Platform supported option 2 and among Member States views were split.

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 taxonomy-eligibility and 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 the taxonomy-eligibility and alignment of operational expenditure where that operational expenditure is not material for the business model of the reporting undertaking.

Point (6) provides for the following changes to Article 7 of the Disclosures Delegated Act:

- it excludes derivatives, cash and cash equivalents, on demand interbank loans, goodwill and commodities from the denominator of KPIs of financial undertakings;
- it excludes as a general rule from the denominator of key performance indicators of financial undertakings the exposures to their counterparties that are undertakings which are not subject to Articles 19a or 29a of Directive 2013/34/EU, and Article 8 of the Taxonomy Regulation. However, financial undertakings may include in their reported KPIs exposures to those undertakings if the latter report taxonomy KPIs on a voluntary basis or if those exposures finance specific economic activities (i.e. whose use of proceeds is known);
- it provides for technical amendments to the provisions of the Disclosure Delegated Act to make consistent the computation of the KPIs of financial undertakings with the scope of those KPIs. It also provides for technical rules on how financial undertakings should report on non-material activities and assets;
- finally, it provides that until 1 January 2028, financial undertakings are given the option not to disclose the detailed templates provided in the Disclosure Delegated Act, but to publish a statement in their management report to indicate that they do not claim that their activities are associated with environmentally sustainable activities under the Taxonomy Regulation.

Point (7) provides for technical amendments to Article 8 of the Disclosures Delegated Act related to the provisions of the Disclosure Delegated Act relating to the transparency on fossil gas and nuclear energy activities in view of the deletion of the detailed templates in Annex XII to that Regulation. This is necessary to avoid duplicative information with information disclosed in the templates provided in Annexes II, Annexes IV, VI, VIII and X to that Regulation are amended for consistency.

Point (8) amends Article 10 of the Disclosures Delegated Act to postpone the application of the KPI Trading book portfolio and KPI on services other than lending (fees and commissions) until 2028.

Points (9) and (19) introduce changes to Annexes I and XI to Disclosures Delegated Act to provide that non-financial and financial undertakings are transparent about the sector of economic activities that are considered as non-material and explain the absence of materiality of those economic activities.

Point (9) deletes also a provision in Annex I to the Disclosures Delegated Act concerning the reporting of the OpEx KPI that is redundant in view of the provisions introduced under point (1) (i.e. no reporting on Taxonomy-eligibility and alignment of OpEx if the OpEx KPI is not material for the business model of the reporting entity).

Points (10), (12), (14), (16), and (18) 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.

Points (11), (13), (15) and (17) provide for technical amendments to the Annexes to the Disclosures Delegated Act to make consistent the computation of the KPIs of financial undertakings with the scope of those KPIs resulting from the amendments under point (6).

Point (20) deletes the templates provided in Annex XII to the Disclosures Delegated Act to simplify the reported information and avoid duplicative information disclosed in the templates provided in Annex II 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 referenced in points (c) and (d) of the criteria of Appendix C. They also repeal 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.

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

of 4.7.2025

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) 2019/2088¹⁸ and in particular Article 8(4), Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) thereof,

Whereas:

- (1) Commission Delegated Regulation (EU) 2021/2178¹⁹ specifies the content and presentation of the information that non-financial and financial undertakings, that are subject to an obligation to publish sustainability information pursuant to Article 19a or Article 29a of Directive 2013/34/EU of the European Parliament and of the Council²⁰, 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) 2021/2139²¹ and Commission Delegated

¹⁸ OJ L 198, 22.6.2020, p. 13, ELI: <http://data.europa.eu/eli/reg/2020/852/oj>.

¹⁹ 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, ELI: http://data.europa.eu/eli/reg_del/2021/2178/2024-01-01).

²⁰ 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, ELI: <http://data.europa.eu/eli/dir/2013/34/oj>).

²¹ 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, ELI: http://data.europa.eu/eli/reg_del/2021/2139/oj).

Regulation (EU) 2023/2486²² into 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 Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139, and Delegated Regulation (EU) 2023/2486 (hereinafter collectively referred to as 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 started reporting their KPIs under Delegated Regulation (EU) 2021/2178 as of 1 January 2023 and, financial undertakings 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 increased significantly.
- (3) Despite an uptake of the 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. Likewise, financial undertakings should be able to opt for not assessing compliance with the technical screening criteria set out in Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 of their exposures financing specific economic activities or assets of their counterparties where those exposures are not financially material. Where the activities of financial undertakings have a general purpose of financing all the activities of their counterparties, the financial undertakings should take into account the non-material activities of those counterparties when computing their respective non-material financial activities.

²² 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, p.1, ELI: http://data.europa.eu/eli/reg_del/2023/2486/oj).

- (5) To ensure legal certainty, it is necessary to specify a threshold for an economic activity, asset or revenue below which they are considered as not financially material for the purposes of transparency obligations under Regulation (EU) 2020/852.
- (6) It is important to provide investors and the public with an overview of which activities are considered as non-material for each KPI. In addition, it should be avoided that non-material activities are removed from the denominator of the relevant KPIs, or that within the non-material activities, undertakings include deliberately harmful activities, that would distort the reporting and contradict the objectives underpinning Regulation (EU) 2020/852. Therefore, non-financial and financial undertakings should report separately non-material activities at aggregated and individual levels. In the contextual information explaining the reporting templates, undertakings should clearly state at individual level the sector of the economic activities that are considered as non-material to ensure transparency on those activities. For doing so, reporting undertakings may use the statistical classification of economic activities in the European Union (NACE) established by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006²³.
- (7) In view 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 proportionate²⁴ and to provide sufficient time for credit institutions to implement the reporting requirements laid down in Delegated Regulation (EU) 2021/2178, the application of the reporting requirements related to the Trading Book KPI, and Fees and Commission KPI should be deferred until 2028.
- (8) Moreover, it is 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 activities of undertakings than that on turnover or capital expenditure, non-financial undertakings should be allowed not to report on taxonomy-eligibility and alignment of operational expenditure where the operational expenditure is not financially material for their business model. That flexibility 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) Exposures, for which it is not possible to carry out an assessment of taxonomy-eligibility or taxonomy-alignment, such as derivatives, cash and cash equivalents, on demand bank loans, goodwill or commodities, should be excluded from the denominator of the KPIs of financial undertakings.
- (10) Article 7(3) of Delegated Regulation (EU) 2021/2178 does not require financial undertakings to take into account in the calculation of the numerator of their KPIs exposures to counterparty undertakings that are not subject to the reporting requirements laid down in Articles 19a and 29a of Directive 2013/34/EU. For that reason, the KPIs of financial undertakings cannot reflect the financing of economic

²³ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, OJ L 393, 30.12.2006, p. 1.

²⁴ 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 requirements, COM (2025) 81 final.

activities and assets of the counterparty undertakings that are sustainable under Article 3 of Regulation (EU) 2020/852. To ensure the accuracy of KPIs of financial undertakings, while avoiding that their counterparty undertakings are indirectly subject to stringent Taxonomy criteria in their access to sustainable finance, it is necessary to align the numerator and the denominator of the applicable KPIs and exclude the exposures of financial undertakings to those counterparty undertakings from the denominator of applicable KPIs. Therefore, the scope of the KPIs of financial undertakings should capture all financing and investments in undertakings that are subject to the reporting requirements laid down in Articles 19a and 29a of Directive 2013/34/EU, and in subsidiaries of parent-undertakings subject to Article 29a of that Directive given that those parent undertakings report individual sustainability information, including under the Taxonomy, about these subsidiaries. This means that it is necessary to include in the scope of KPIs of financial undertakings exposures to other counterparty undertakings that are not subject to the reporting requirements laid down in Article 19a of Directive 2013/34/EU, but are part of a group of undertakings that is captured by consolidated reporting of a parent undertaking under Article 29a of that Directive. Similarly, exposures to special purpose vehicles (SPVs) that finance undertaking that are subject to the reporting requirements laid down in Articles 19a or 29a of Directive 2013/34/EU, and their respective subsidiaries, should be included in the scope of the KPIs of financial undertakings.

- (11) While exposures of financial undertakings to counterparty undertakings that are not subject to the reporting requirements laid down in Articles 19a and 29a of Directive 2013/34/EU, and in Article 8 of Regulation (EU) 2020/852, should be excluded from the KPIs of financial undertakings, financial undertakings may still include in their KPIs exposures to their counterparty undertakings which comply on a voluntary basis with the requirements laid down in Article 8 of Regulation (EU) 2020/852. Similarly, financial undertakings may include in their KPIs exposures to those counterparty undertakings that finance specific economic activities or assets based on available information about the compliance of those economic activities and assets with the Taxonomy criteria. As a result of those changes, Article 7(4) and 7(7) of Delegated Regulation (EU) 2021/2178 become irrelevant and, therefore, should be deleted.
- (12) The aim to reduce administrative burdens and to simplify reporting obligations should be distinguished from the ongoing longer-term substantive reviews of the reporting requirements laid down in Delegated Regulation (EU) 2021/2178 and of the Taxonomy technical screening criteria laid down Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 to facilitate significantly the implementation of those reporting requirements and criteria. In view of the complexity of the reporting requirements of financial undertakings, compliance of which depends on the flow of information and data from the counterparties they finance, and until the review of the reporting requirements and technical screening criteria laid down in Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 is finalised, financial undertakings should be given the option not to use the templates laid down in the Annexes to Delegated Regulation (EU) 2021/2178 to comply with their disclosure obligations laid down in Article 8 of Regulation (EU) 2020/852. Instead, to ensure legal certainty, prevent risks of greenwashing, and observe proportionality, such undertakings should publish a standard statement in their management report to indicate that they do not claim that their economic activities are associated with environmentally sustainable activities as referred to in Regulation (EU) 2020/852.

- (13) 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 Delegated 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 deleted to reduce reporting burdens and to avoid duplication with information disclosed by non-financial undertakings in the templates provided in Annexe II to this Regulation. Non-financial undertakings should disclose the same categories of information with respect to their material activities in the fossil gas and nuclear sectors as for other sectors. To reduce the reporting burden for financial undertakings and to ensure consistency with taxonomy disclosures of their counterparties, it is necessary to amend Annexes IV, VI, VIII and X to that Regulation to ensure that financial undertakings disclose consistently their exposures to taxonomy-eligible or taxonomy-aligned activities in the fossil gas and nuclear sectors in aggregate form.
- (14) Delegated Regulation (EU) 2021/2178 should therefore be amended accordingly.
- (15) Compliance with all the criteria laid down in 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 economic activity to be considered environmentally sustainable. Failure to demonstrate compliance with even one of those criteria results in the impossibility for an undertaking to report its economic activities as environmentally sustainable. Undertakings encounter difficulties in assessing and demonstrating compliance with certain of those criteria. To reduce administrative burden for undertakings, those criteria should be amended.
- (16) 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 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 those criteria should be specified.
- (17) Regulation (EU) 2024/590 of the European Parliament and of the Council²⁵ allows for a certain number of clearly specified exemptions from the prohibition of use of substances that deplete the ozone layer. The generic criteria for determining whether an economic activity causes no significant harm to pollution prevention and control should therefore allow for the use of such exemptions and for necessary uses of ozone-depleting substances where alternatives are not available.

²⁵ Regulation (EU) 2024/590 of the European Parliament and of the Council of 7 February 2024 on substances that deplete the ozone layer, and repealing Regulation (EC) No 1005/2009 (OJ L, 2024/590, 20.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/590/oj>).

- (18) Directive 2011/65/EU of the European Parliament and of the Council²⁶ contains exemptions, limited in scope and duration, from the restriction for certain specific materials or components. Those exemptions cater for the situation where substitution is not possible from a scientific and technical point of view, where the negative environmental, health and consumer safety impacts caused by substitution are likely to outweigh the environmental, health and consumer safety benefits of the substitution, or where the reliability of substitutes is not ensured. The generic criteria for determining whether an economic activity causes no significant harm to pollution prevention and control should therefore allow for the use of those exemptions.
- (19) The generic criteria relating to the manufacturing, presence in the final product or output, or placing on the market, of substances that meet the criteria laid down in Regulation (EC) No 1272/2008 of the European Parliament and of the Council²⁷ for one of the hazard classes or hazard categories referred to in Article 57 of Regulation (EC) No 1907/2006 of the European Parliament and of the Council²⁸ require reporting undertakings to screen through a very large number of substances, including their presence in all products and outputs of their economic activity. Regulations (EC) No 1272/2008 and (EC) No 1907/2006 require the communication by suppliers of all the necessary data in relation to the presence of those substances on their own and in mixtures and, for substances of very high concern, in articles. There are, however, no legal obligations to provide such information for substances that meet the criteria for one of the hazard classes or hazard categories referred to in Article 57 of Regulation (EC) No 1907/2006 if they are present in articles. Collecting information in the supply chain for those substances entails therefore additional burden for reporting undertakings. To avoid such additional administrative burden on reporting undertakings, the horizontal criteria for that group of substances should therefore be removed.
- (20) Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 should therefore be amended accordingly.
- (21) 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. Those provisions are also closely linked to the disclosure obligations laid down in Delegated Regulation (EU) 2021/2178. To ensure coherence

²⁶ Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (recast) (OJ L 174, 1.7.2011, p. 88, ELI: <http://data.europa.eu/eli/dir/2011/65/oj>).

²⁷ 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, ELI: <http://data.europa.eu/eli/reg/2008/1272/oj>).

²⁸ 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).

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 into a single Regulation.

- (22) 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 Council²⁹ and ensures progress on climate change adaptation as referred to in Article 5 of that Regulation. The Regulation does not amend the technical screening criteria for substantial contribution to climate change mitigation or climate change adaptation and the technical screening criteria for do no significant harm to climate change mitigation and climate change adaptation which were assessed against the consistency with the objective and targets of Regulation (EU) 2021/1119 as required by Article 6(4) of that Regulation.
- (23) Pursuant to Article 30 of Directive 2013/34/EU, the management reports are to be published within a reasonable period of time, which is not exceeding 12 months after the balance sheet date. To ensure that undertakings may apply the amendments laid down in this Regulation for the financial year 2025, this Regulation should apply from 1 January 2026. However, to avoid undue costs of compliance with the amendments laid down in this Regulation, undertakings should be able to apply Delegated Regulation (EU) 2021/2178, Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 as applicable on 31 December 2025 for the financial year that starts between 1 January and 31 December 2025,

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 paragraphs (1a) to (1d) are inserted:
- ‘1a. By way of derogation from paragraph 1, for the turnover KPI referred to in Section 1.1.1 of Annex I to this Regulation, non-financial undertakings may omit assessing whether some of their economic activities are taxonomy-eligible or taxonomy-aligned where the cumulative turnover resulting from those economic activities is below 10% of the denominator of that turnover KPI referred to in Section 1.1.1., first paragraph of Annex I to this Regulation.
- 1b. By way of derogation from paragraph 1, for the CapEx KPI referred to in Section 1.1.2 of Annex I to this Regulation, non-financial undertakings may omit assessing whether some of their economic activities are taxonomy-eligible or taxonomy-aligned where the cumulative capital expenditure related to those economic 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.
- 1c. By way of derogation from paragraph 1, for the OpEx KPI referred to in Section 1.1.3 of Annex I to this Regulation, where the operational expenditure is not material

²⁹ 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).

for the business model of non-financial undertakings, those undertakings may omit assessing whether operational expenditure related to all their economic activities is taxonomy-eligible or taxonomy-aligned, provided that they:

- (a) disclose the total value of the OpEx KPI denominator referred to in Section 1.1.3.1 of Annex I to this Regulation;
- (b) explain why the operational expenditure is not material for their business model.

Where the operational expenditure is in principle material for the business model of non-financial undertakings, those non-financial undertakings may omit assessing whether some of their economic activities are taxonomy-eligible or taxonomy-aligned where the cumulative operational expenditure related to 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.

1d. The turnover, capital expenditure and operational expenditure related to the activities to which paragraphs 1a to 1c are applied shall be reported separately as non-material turnover, capital expenditure or operational expenditure.'

- (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 whose use of proceeds is known are taxonomy-eligible or taxonomy-aligned where the cumulative value of those assets is below 10% of all assets under management whose use of proceeds is known that are included in 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 whose use of proceeds is known are taxonomy-eligible or taxonomy-aligned where the cumulative value of those assets is below 10% of all on-balance sheet assets whose use of proceeds is known that are included in the denominator of the Green Asset Ratio referred to in Section 1.1.2. of Annex V to this Regulation, for stock and flow, respectively.

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 supporting loans and advances or debt securities whose use of proceeds is known are taxonomy-eligible or taxonomy-aligned where the cumulative value of those financial guarantees is below 10% of the value of all financial guarantees supporting loans and advances or debt securities whose use of proceeds is known that are included in the denominator of the FinGuar KPI, stock and flow, respectively, 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 whose use of proceeds is known are taxonomy-

eligible or taxonomy-aligned where the cumulative value of the assets under management is below 10% of all assets under management whose use of proceeds is known that are included in the denominator of the AuM KPI, stock and flow, respectively, 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 assessing whether the fees and commission income related to specific economic activities are taxonomy-eligible or taxonomy-aligned where the cumulative value of that income is below 10% of the value of all fees and commission income related to specific economic activities that are included in 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 whose use of proceeds is known held for trading are taxonomy-eligible or taxonomy-aligned where the cumulative value of those assets is below 10% of all financial assets held for trading whose use of proceeds is known that are included in 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, a credit institution may omit reporting the KPIs referred to in Annex V where the cumulative value of the net turnover generated by the activities covered by those KPIs is below 10% of the total net turnover of that 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 whose use of proceeds is known are taxonomy-eligible or taxonomy-aligned where the cumulative value of those assets is below 10% of all assets whose use of proceeds is known that are included in 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, relating to specific economic activities are taxonomy-eligible or taxonomy-aligned where the cumulative value of that revenue is below 10% of all revenue from investment services and activities, other than dealing on their own account relating to specific economic activities that are included in 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 or taxonomy-aligned where the cumulative revenue of those gross premiums written, non-life insurance revenue or, as applicable, reinsurance revenue is below 10% of the denominator of the KPI related to the underwriting activities referred to in Section 2 of Annex IX to this Regulation.

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

1b. By way of derogation from paragraph 1, insurance or reinsurance undertakings may omit assessing whether the assets whose use of proceeds is known are taxonomy-eligible or taxonomy-aligned where the cumulative value of those assets is below 10% of all assets whose use of proceeds is known that are included in 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 is amended as follows:

- (a) paragraphs 2 and 3 are replaced by the following:

‘2. Derivatives, cash and cash equivalents, on demand interbank loans, and other categories of assets that are not referred to in Article 7(6), including goodwill and commodities, shall be excluded from the denominator of key performance indicators of financial undertakings.

3. All exposures to undertakings that are not obliged to include sustainability information in their management report pursuant to Article 19a or Article 29a of Directive 2013/34/EU, or that do not belong to groups of undertakings that are obliged to include sustainability information in their management report pursuant to Article 19a or Article 29a of Directive 2013/34/EU, during the financial year, shall be excluded from the denominator of key performance indicators of financial undertakings.

By way of derogation from the first subparagraph, exposures to Special Purpose Vehicles (SPVs) shall be included in the denominator of key performance indicators of financial undertakings where those SPVs finance:

- (a) entities subject to Article 19a or 29a of Directive 2013/34/EU or entities that belong to a group where the parent of the SPV is subject to Article 29a of that Directive;
- (b) assets operated by entities subject to Article 19a or 29a of Directive 2013/34/EU or entities that belong to a group where the parent of the SPV is subject to Article 29a of that Directive.

By way of derogation from the first subparagraph, financial undertakings may include in the denominator of their key performance indicators the following exposures:

- (a) exposures to undertakings as referred to in the first subparagraph where those undertakings report on a voluntary basis the key performance indicators in accordance with Annexes I to XI to this Regulation;
- (b) exposures to undertakings referred to in the first subparagraph whose use of proceeds is known.

Where the third subparagraph applies, the exposures referred to in that subparagraph shall be included in the numerator of the key performance indicators of financial undertakings as follows:

- (a) exposures referred to in the third subparagraph, point (a), shall be included in the numerator of key performance indicators of financial undertakings weighted by the key performance indicators reported on a voluntary basis by their counterparties in accordance with the methodology laid down in Annexes III, V, VII, and IX to this Regulation;
- (b) exposures referred to in the third subparagraph, point (b), shall be included in the numerator of key performance indicators of financial undertakings up to the full value of taxonomy-aligned economic activities that those exposures finance, on the basis of information provided by their counterparties.’;

(b) paragraph 4 is deleted;

(c) paragraphs 5 and 6 are replaced by the following:

‘5. Where the technical screening criteria laid down in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 are amended, the loans and instruments whose use of proceeds is known and that are held by financial undertakings that finance taxonomy-aligned economic activities or assets, shall in the absence of alignment of the financed economic activities or assets with the amended technical screening criteria, be reported as such under this Regulation until five years after the date of application of the delegated acts that amend those technical screening criteria.

6. Financial undertakings shall provide for a breakdown in the numerator and denominator of the key performance indicators, where applicable, for:

- (a) exposures to and investments in non-financial undertakings;
- (b) exposures to and investments in financial undertakings;
- (c) taxonomy-eligible exposures to retail clients;
- (d) exposures to local governments;
- (e) real estate assets;
- (f) exposures to and investment in undertakings as referred to in Article 7(3), third subparagraph.’

(d) paragraph 7 is deleted;

(e) the following paragraphs 8 and 9 are added:

‘8. When reporting the key performance indicators in accordance with this Regulation, financial undertakings shall include in the reporting templates:

- (a) exposures and investments financing non-material economic activities of their counterparties that are non-financial undertakings reported in accordance with Article 2, paragraphs (1a) and (1b) by weighing their exposures to those

counterparties with the proportion of those non-material economic activities in the denominator of key performance indicators of their counterparties;

- (b) exposures to their counterparties that are financial undertakings by weighing those exposures with the proportion in the denominator of key performance indicators of those counterparties of activities that are not assessed by those counterparties in accordance with this paragraph;
- (c) activities, exposures and investment that the reporting undertakings consider to be non-material in accordance with Article 3(1a), Article 4(1a) to (1e), Article 5(1a) and (1b), Article 6(1a) and (1b), as applicable;
- (d) exposures to and investment in financial undertakings that report in accordance with Article 7(9) of this Regulation.

9. Until 31 December 2027, with the exception of Article 8(2) and this paragraph 9, Articles 2 to 8 shall not apply to financial undertakings that do not claim under Articles 3 and 9 of Regulation (EU) 2020/852 that they have economic activities that are associated with that Regulation, provided that those undertakings disclose the information referred to in Article 8(1) of that Regulation by including in their management report the following statement:

“No activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (Taxonomy Regulation)”.’;

(7) in Article 8 paragraphs 6, 7 and 8 are replaced by the following:

‘6. Where performing or financing the economic activities as referred to in Sections 4.26, 4.27 and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139, non-financial undertakings and financial undertakings shall disclose the proportion of:

- (a) taxonomy-aligned economic activities as referred to in Sections 4.26, 4.27 and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of their key performance indicators;
- (b) taxonomy-eligible economic activities as referred to in Sections 4.26, 4.27 and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of their key performance indicators.

7. Where performing or financing the economic activities as referred to in Sections 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139, non-financial undertakings and financial undertakings shall disclose the proportion of:

- (a) taxonomy-aligned economic activities as referred to in Sections 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of their key performance indicators;
- (b) taxonomy-eligible economic activities as referred to in Sections 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of their key performance indicators.

8. The information referred to in paragraphs 6 and 7 shall be presented in tabular form by using the templates set out in Annexes II, IV, VI, VIII, and X to this Regulation.’;

- (8) In Article 10(5) the second subparagraph is replaced by the following:
‘Sections 1.2.3 and 1.2.4 of Annex V shall apply from 1 January 2028.’;
- (9) Annex I to Regulation (EU) 2021/2178 is amended in accordance with Annex I to this Regulation;
- (10) Annex II to Regulation (EU) 2021/2178 is replaced by the text in Annex II to this Regulation;
- (11) Annex III to Regulation (EU) 2021/2178 is amended in accordance with Annex III to this Regulation;
- (12) Annex IV to Regulation (EU) 2021/2178 is replaced by the text in Annex IV to this Regulation;
- (13) Annex V to Regulation (EU) 2021/2178 is amended in accordance with Annex V to this Regulation;
- (14) Annex VI to Regulation (EU) 2021/2178 is replaced by the text in Annex VI to this Regulation;
- (15) Annex VII to Regulation (EU) 2021/2178 is amended in accordance with Annex VII to this Regulation;
- (16) Annex VIII to Regulation (EU) 2021/2178 is replaced by the text in Annex VIII to this Regulation;
- (17) Annex IX to Regulation (EU) 2021/2178 is amended in accordance with Annex IX to this Regulation;
- (18) Annex X to Regulation (EU) 2021/2178 is replaced by the text in Annex X to this Regulation;
- (19) Annex XI to Regulation (EU) 2021/2178 is amended in accordance with Annex XI to this Regulation;
- (20) Annex XII to Regulation (EU) 2021/2178 is 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 Annex XII to this Regulation;
- (2) Annex II is amended in accordance with Annex XIII to this Regulation.

Article 3

Amendments to Delegated Regulation (EU) 2023/2486

Delegated Regulation (EU) 2023/2486 is amended as follows:

- (1) Annex I is amended in accordance with Annex XIV to this Regulation;
- (2) Annex II is amended in accordance with Annex XV to this Regulation;
- (3) Annex IV is amended in accordance with Annex XVI 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.

Undertakings may, however, apply Regulation (EU) 2021/2178, Regulation (EU) 2021/2139 and Regulation (EU) 2023/2486 as applicable on 31 December 2025 for the financial year that starts between 1 January and 31 December 2025.

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

Done at Brussels, 4.7.2025

For the Commission
The President
Ursula VON DER LEYEN