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## Taxonomy Article 8: The AMF informs issuers about the phased application of reporting requirements

To promote sustainable investment, the Taxonomy Regulation (Regulation (EU) 2020/852) establishes a European Union-wide classification system to identify economic activities that are considered sustainable. Pursuant to Article 8 of this regulation, companies will have to publish sustainability indicators from 1 January 2022. A delegated regulation published by the European Commission on 6 July 2021 determines the content, calculation methodology and presentation of these indicators. To help issuers prepare for the upcoming application of this new regulation, the AMF would like to remind issuers of its main provisions and draw their attention to the ambitious implementation schedule.

### Companies subject to the new reporting obligations

The requirement to deliver sustainability indicators under Article 8 of the Taxonomy Regulation will apply, as of 01/01/2022, to companies subject to the obligation to publish non-financial statements in accordance with Article 19a or Article 29a of the Accounting Directive 2013/34/EU.

It thus concerns, as long as their average number of employees during the financial year exceeds 500, and their balance sheet total exceeds €20 million or their net turnover exceeds €40 million on their balance sheet date:

- companies whose transferable securities are admitted to trading on a regulated market;
- credit institutions as defined in Article 4(1) of Regulation (EU) 575/2013
- insurance undertakings as defined in Article 2(1) of Directive 91/674/CEE ;
- as well as other public interest entities designated under French law in part III of Article L. 820-1 of the Commercial Code, i.e. provident institutions and their unions; mutual insurance companies and unions of mutual insurance companies; certain financial holding companies; certain insurance group companies and mutual group unions; supplementary occupational pension funds; supplementary occupational pension mutual insurance companies or unions; and supplementary occupational pension institutions.

It also concerns parent companies of large undertakings exceeding these thresholds.

## **Implementation schedule and procedures**

The Delegated Regulation published on 6 July 2021 specifies the procedures for implementing the provisions of Article 8 of the Taxonomy Regulation. It is now subject to a four-month non-objection period by the European Parliament or the Council. This non-objection period may be extended to six months.

The reporting obligations set out in the Delegated Regulation will be phased in as follows:

1 January 2022	<p>— Lighter reporting for non-financial undertakings:</p> <ol style="list-style-type: none"> <li>1 ● publication of the proportion of their total turnover, capital expenditure (capex) and operating expenditure (opex) for the financial year 2021 that are associated with economic activities eligible under the European Taxonomy</li> <li>2 ● indicators published in the non-financial statement in 2022 will only cover data for the financial year 2021 without comparative information for the financial year 2020</li> </ol> <p>— Lighter reporting for financial undertakings: publication of specific indicators, including eligibility indicators</p>
1 January 2023	<p>— Full reporting for non-financial undertakings:</p> <ol style="list-style-type: none"> <li>1 ● publication of the proportion of the three indicators (turnover, capex and opex*) that are associated with economic activities aligned with the European Taxonomy</li> <li>2 ● indicators published in the non-financial statement in 2023 will only cover data for the financial year 2022 without comparative information for the financial year 2021</li> </ol> <p>— Lighter reporting maintained for financial undertakings</p>
1 January 2024	<p>— Full reporting including for financial undertakings: publication of indicators aligned with the European Taxonomy</p> <p>— The indicators published in the non-financial statement in 2024 will cover data for the financial year 2023 with comparative information for the year 2022, for non-financial undertakings.</p>

\*Non-financial undertakings may be exempted from computing the opex indicator where opex is deemed not material to their business.

\*\* Some indicators specific to financial undertakings will be required only from 2026 onwards (on 2025 data).

## Six environmental objectives covered by the Taxonomy Regulation

The six environmental objectives covered by the Taxonomy Regulation include two climate objectives on climate change mitigation and adaptation. The other four environmental objectives cover the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

## Eligible economic activities and aligned economic activities

An economic activity is considered “eligible” if it is included in the regularly updated [list of activities](https://ec.europa.eu/sustainable-finance-taxonomy/index.htm) URL = [https://ec.europa.eu/sustainable-finance-taxonomy/index.htm]

covered by the delegated acts of the Taxonomy Regulation. These are the activities that have been selected at this stage by the European Commission, which are likely to make a substantial contribution to any one of the six environmental objectives. A Taxonomy-eligible economic activity is not necessarily a Taxonomy-aligned activity, i.e. it may not meet the criteria to be considered aligned with the European taxonomy.

An economic activity is considered “aligned” with one of the six environmental objectives if:

- 1 • it contributes substantially to the achievement of that objective (compliance with specific technical criteria)
- 2 • it does not harm any of the other five objectives (“Do No Significant Harm” criteria)
- 3 • minimum safeguards (e.g. OECD, United Nations, etc. guidelines) are otherwise met.

The technical alignment criteria have been defined for the two climate objectives in the Climate Delegated Act and its annexes (adopted on 4 June 2021, subject to a non-objection period by the European co-legislators). Thus, only the climate objectives are to be taken into account when calculating the indicators for the 2022 report covering the financial year 2021. The indicators will only take into account the four other environmental objectives 12 months after the date of application of the delegated acts, which will define the technical alignment criteria for these four objectives (these delegated acts are currently being developed by the European Commission and are expected in the first half of 2022).

## Presentation of information

Taxonomy-aligned indicators will be presented by economic activity and by environmental objective, according to the templates set out in the annexes to the Delegated Regulation (Annex II for non-financial issuers).

Additional qualitative information will be required to describe, for example, the composition of the indicators, the nature of the eligible or aligned economic activities, the methodologies used to allocate the indicators to the different activities, or the way in which the company assessed that the technical alignment criteria were met. All this information will be presented in the non-financial statement.

## Preparing companies for the phased application of this new regulation

These new reporting requirements can be complex, depending on each company’s activities and organisational structure. Given the ambitious implementation schedule, the AMF

encourages the issuers concerned to prepare for the gradual entry into application of this regulation by:

- identifying which of their economic activities are covered by the European classification;
- carefully considering the methodology for calculating the indicators and the technical alignment criteria;
- where necessary, adapting their information systems and processes for data collection and production .

It may also be helpful for issuers to discuss with such stakeholders as auditors or independent assurance services providers.

Issuers may find it useful to refer to the [EU Taxonomy Compass](https://ec.europa.eu/sustainable-finance-taxonomy/) URL = [https://ec.europa.eu/sustainable-finance-taxonomy/], a tool developed by the European Commission that can be used by users to check which activities are included in the EU Taxonomy (taxonomy-eligible activities) and which criteria must be met for each activity to be considered aligned.

## Connectivity between financial and non-financial information

The AMF emphasises the growing expectations of investors that companies consider climate change and the commitments made in this regard in their financial statements.

The AMF therefore encourages companies to start thinking about this aspect and involve all relevant departments, their governance bodies and their statutory auditors.

In general, in an environment where reporting obligations are increasing, the AMF underlines the importance of maintaining consistency between the information presented in the management report (including the non-financial statement), in the other communication materials and in financial statements.

### Read more

📄 Taxonomy Regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020


- ✚ Delegated Regulation on climate objectives
- ✚ Annex 1 on climate change mitigation
- ✚ Annex 2 on climate change adaptation
- ✚ Delegated Regulation Article 8 (sustainability indicators)
- ✚ Delegated Regulation Article 8 (sustainability indicators) and its annexes
- ✚ Link to EU Taxonomy Compass

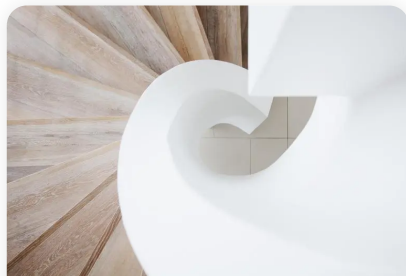
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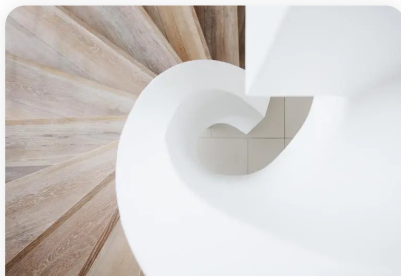
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