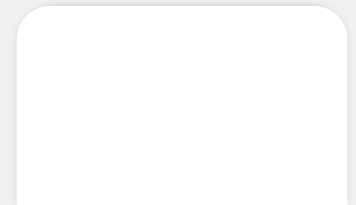




Taxonomy disclosures

Results of a fact-finding exercise on corporate reporting practices under the Taxonomy Regulation

November 2023



Methodology

- Sample of 54 non-financial issuers from 22 Member States
- Selected by national enforcers in 4 main sectors covered by the Taxonomy Climate DA



Manufacturing



Energy & utilities



Construction and Real estate



Transport

- Focus of the analysis on the quality of the reporting in line with ESMA's 2022 European common enforcement priorities
 - Use and completeness of reporting templates
 - Avoidance of double counting
 - Transparency on accounting policy and assessment of compliance
 - References to the other parts of financial and non-financial statements
 - Voluntary information

[Summary of findings](#)

Key findings

- **96% disclosed the alignment KPIs**
- **Some good reporting practices**

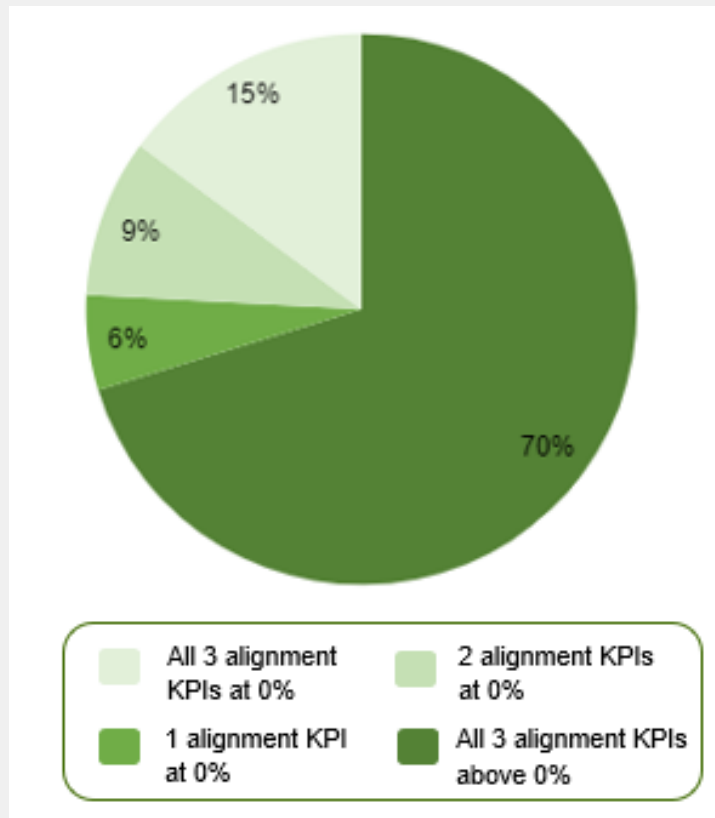
- Explanations on activities or compliance tests
- Links to the corporate sustainability strategy

BUT

- **30% reported the mandatory templates either modified or incomplete**
- **+ 40% did not report all mandatory qualitative compliance information***
- **60% did not comment on their eligibility and alignment rates**
- **Other areas of incorrect application**
 - OpEx materiality exemption
 - Transparency on avoidance of double counting
 - Screening of activities against one climate objective only
 - Reconciliation with financial reporting

Disclosure of alignment KPIs

Turnover	CapEx	OpEx
17.5%	28.1%	17.3%



30% of the sample reported at least one of their alignment KPI as zero

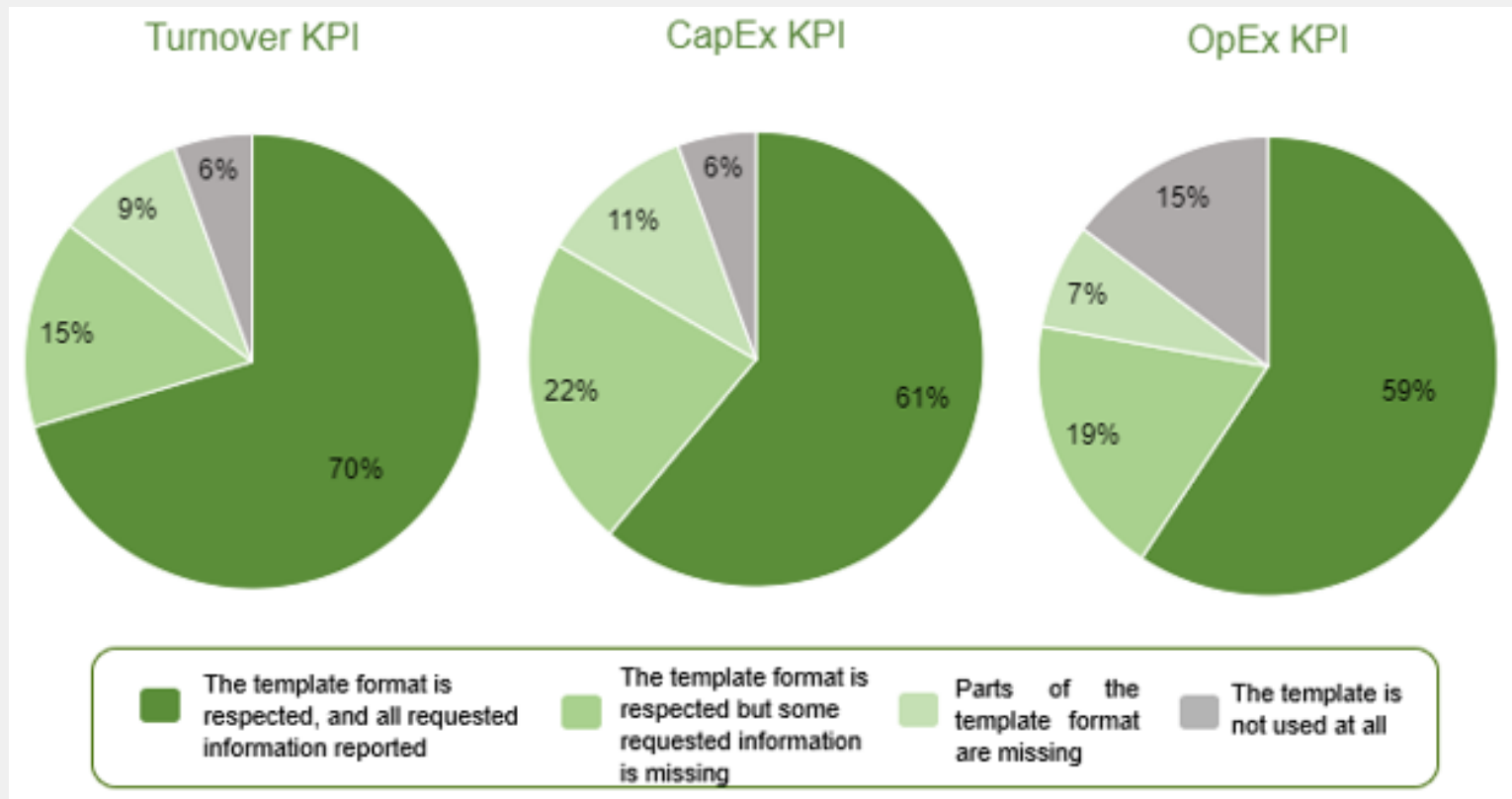
In all above cases, the OpEx alignment KPI was reported as zero or not reported

The CapEx alignment KPI was the one least frequently reported as zero (15%)

Other analyses show consistent results considering the differences in methodologies (see Annex)

Half of the issuers disclosing zero alignment for all KPIs mentioned their current inability to check the compliance criteria regarding DNSH or minimum safeguards

Use and completeness of the reporting templates



Cases of missing sub-totals, of DNSH cells left blank or « to be confirmed »

Removal of columns or of sub-total lines. Cases of modified headers of lines or columns

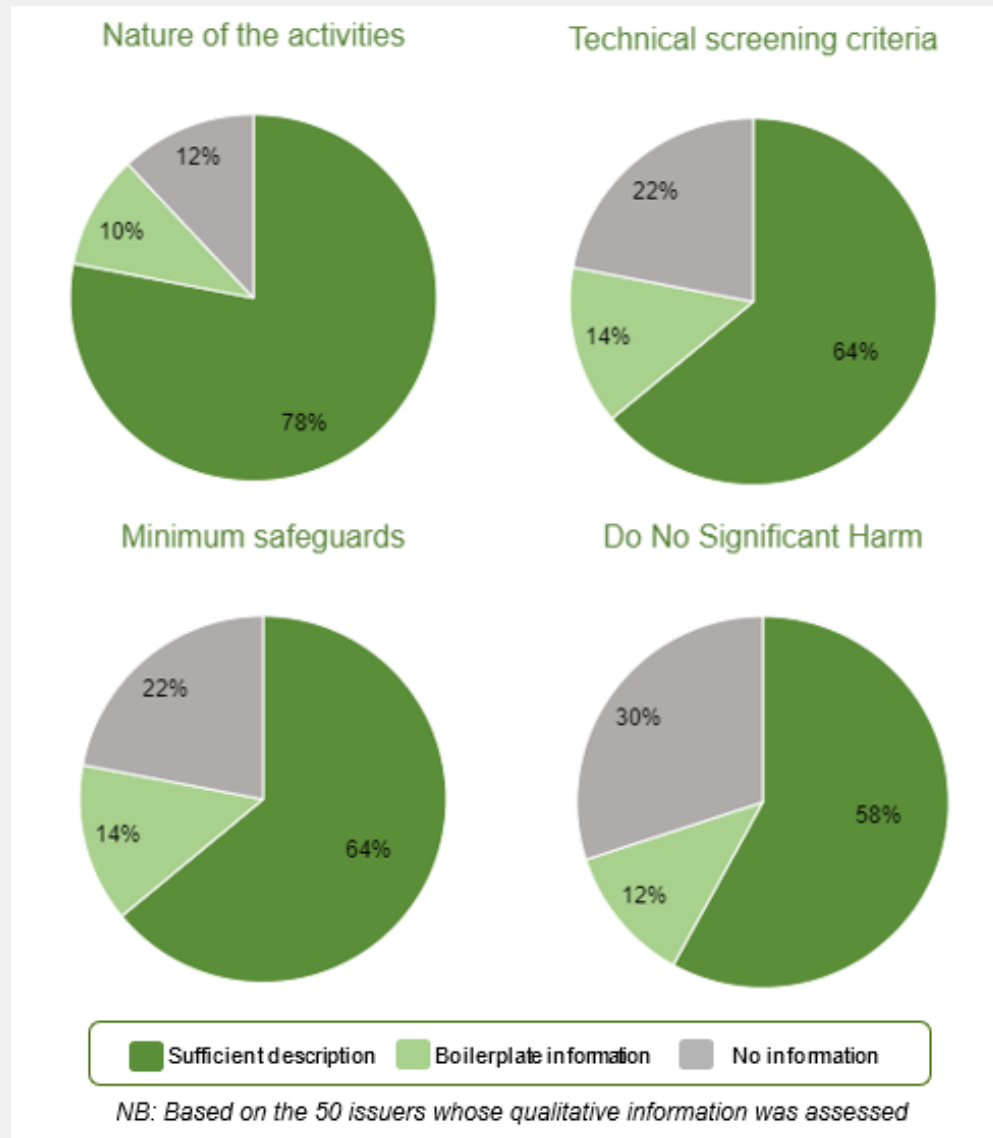
75% of the 11 issuers disclosing information on activities covered by the Complementary DA on gas and nuclear used the related templates

Disclosure of mandatory qualitative information

- **72%** provided sufficient information on how turnover, CapEx and OpEx were determined and allocated to the numerator
- **68%** referenced the line items in the financial statements in relation to turnover and CapEx, but reconciliation not always straightforward
- **44%** provided a link to other information in their non financial reporting statement
- **40%** commented on their eligibility and alignment results and the difference between them
- **20%** of the issuers disclosing activities contributing to multiple objectives provided sufficient explanations on how they had avoided double counting. Some issuers screened their activities against one climate objective only.
- **14%** claimed a materiality exemption in relation to OpEx. For almost all of them, the exemption was applied incorrectly or not all requested information was reported.

Disclosure of mandatory qualitative information

Assessment of compliance



Disclosure of voluntary information

- **30%** provided voluntary information
 - **18%** disclosed comparatives from the previous year for eligibility or alignment KPIs
 - Cases of additional information in the template
 - Cases of reporting of additional ratios
- ESMA's Guidelines on Alternative Performance Measures should be used

Conclusion and Next steps

- Further analysis and actions, if relevant, may be undertaken by the national enforcers following the desktop review
- ESMA's recommendations in its **2023 European Common Enforcement Priorities**
 - Importance of providing all quantitative and detailed qualitative information as required by the Disclosures Delegated Act
 - Issuers strongly encouraged to use the guidance and online tools of the European Commission
 - Issuers also encouraged by the June 2023 EC Communication to use the Taxonomy to plan investments and set targets for their transition

Annex: Comparison with other analyses

- European Commission Staff working document on enhancing the usability of the EU Taxonomy and the overall EU sustainable finance, June 2023 (Bloomberg data)
- PWC, EU Taxonomy Reporting 2023, August 2023
- KPMG, Setting the baseline towards transparency, September 2023
- AFEP, Implementation of the EU Taxonomy Regulation, September 2023
- Other studies (including from National authorities) to be published in the coming months

Comparison with other analyses - KPIs

	EC (Bloomberg)	KPMG	PWC	AFEP	ESMA
Sample size	600	281	706	37	54 (50)
Scope	Listed, STOXX Europe 600	14 EU countries Listed, part of STOXX Europe 600	12 EU countries Listed 13 sectors	France Listed, half of the sample in CAC 40 Non-zero eligible turnover	22 EU countries Listed 4 main sectors
Average eligible turnover		37%*	26%	42%	44%
Average eligible CapEx		40%*	37%	50.5%	54.5%
Average eligible OpEx		41%*	27%	29,7%	39%
Average aligned turnover	17%**	18%*	7%****	15%	17%
Average aligned CapEx	23%**		10%	20%	28%
Average aligned OpEx	24%**	27%*	8%	12%	17.5%
Part of issuers reporting non-zero turnover alignment KPI	23% / 50%***			70%	76%
Part of issuers reporting non-zero CapEx alignment KPI	30% / 67%***			89%	85%
Part of issuers reporting non-zero OpEx alignment KPI	21%			59%	70%

* Averaged over issuers with non-zero eligibility KPI

** Averaged over issuers with non-zero alignment KPI

*** The first percentage is based on the entire sample, the second on issuers with non-zero eligibility KPI

**** Sector results of the PWC analysis: Energy & utilities (20%), Real Estate (16%), Manufacturing (10%), Transport (10%)

Comparison with other analyses - other

	KPMG	PWC	AFEP	ESMA
Sample size	281	706	37	54 (50)
Scope	14 EU countries Listed, part of STOXX Europe 600	12 EU countries Listed 13 sectors	France Listed, half of the sample in CAC 40 Non-zero eligible turnover	22 EU countries Listed 4 main sectors
Template missing or modified for at least one KPI	32%	47%		40%
Use of OpEx materiality exemption	20%		30%	14%
Reference to the financial statement			71% (turnover) 74% (CapEx)	68%
Voluntary information		10% (comparatives)	27%	30% (18% comparatives)
Disclosure of a CapEx plan	12%		24%	



Taxonomy Disclosures

November 2023

