

## Taxonomy Delegated Act Article 8- Obligation for certain companies to publish non-financial information

### *About BETTER FINANCE*

*BETTER FINANCE, the European Federation of Investors and Financial Services Users, is the public interest non-governmental organisation advocating and defending the interests of European citizens as financial services users at the European level to lawmakers and the public in order to promote research, information and training on investments, savings and personal finances. It is the one and only European-level organisation solely dedicated to the representation of individual investors, savers and other financial services users.*

*BETTER FINANCE acts as an independent financial expertise and advocacy centre to the direct benefit of European financial services users. Since the BETTER FINANCE constituency includes individual and small shareholders, fund and retail investors, savers, pension fund participants, life insurance policy holders, borrowers, and other stakeholders who are independent from the financial industry, it has the best interests of all European citizens at heart. As such its activities are supported by the European Union since 2012.*

### Introduction

BETTER FINANCE welcomes the Delegated act providing obligations for certain large undertakings on criteria to publish non-financial information. The rules set out in the delegated act clarify and allow to translate the technical screening criteria of the Climate Delegated Act (and the future Environmental Delegated Act) into quantitative economic performance indicators that will need to be publicly disclosed.

Article 8(1) of the Taxonomy regulation requires certain large undertakings to disclose non-financial information under non-financial reporting directive (NFRD). This directive defines how and to which extent the undertakings should disclose information associated to environmentally sustainable activities as defined by the EU Taxonomy. The key performance indicators (KPIs) disclosure, announced in Article 8(2), specify three indicators: Turnover, Capital expenditure (CapEx) and operational expenditure (OpEx).<sup>1</sup>

In order to strengthen market transparency and encourage companies to green their activities and portfolios, it is crucial to have consistent and comparable disclosures on taxonomy alignment from financial and nonfinancial companies. Well-designed KPI-s are instrumental for enabling market participants to measure and report the taxonomy alignment and environmental sustainability of their activities as well for providing robust transparency and allowing for well-informed investment decisions. However, the Commission should provide help and guidance in interpreting the reported KPIs to ensure maximum clarity for users.

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<sup>1</sup> [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12440-Sustainable-finance-obligation-for-certain-companies-to-publish-non-financial-information/feedback\\_en?p\\_id=8258588](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12440-Sustainable-finance-obligation-for-certain-companies-to-publish-non-financial-information/feedback_en?p_id=8258588)

## Alignment with the non-financial reporting directive

We believe that the delegated act should reinforce the alignment with the non-financial reporting directive. The disclosure of the KPIs and how to calculate them is extremely important but it is part of a larger sustainability disclosure framework. The taxonomy alignment of a company's economic activities needs to be observed as part of a wider sustainability disclosure provided by the review of the NFRD and the initiative on the Corporate Sustainability Reporting. Therefore, in order to avoid misinterpretation and fragmentation of the sustainability disclosure of companies' economic activities, the Delegated Act should make direct reference to the NFRD.

## Assurance requirements

The audit should be extended also to the disclosure of the 3 KPIs (Turnover, CapEx and OpEx) in order to guarantee robustness and the trustworthiness of the information provided. The initial review of the non-financial reporting directive set already a limited assurance. However, the auditing should be extended and applied as for the existing rules for financial reporting information, thus avoiding the risks of greenwashing practices.