

13 November 2020

ESMA Consultation Paper on Article 8 of the Taxonomy Regulation

1.0 Background

The Authority would like to draw your attention to the [Consultation Paper](#)¹, containing the draft advice to the European Commission ("EC") on Article 8 of the [Taxonomy Regulation](#)² (hereinafter referred to as the "Regulation"), published by the European Securities and Markets Authority ("ESMA") on 05 November 2020 (hereinafter referred to as the "Consultation Paper").

Article 8 of the Regulation prescribes transparency requirements in non-financial statements of any undertaking subject to publish non-financial information pursuant to Article 19a or Article 29a of the [Accounting Directive](#)³, being articles introduced through the [Non-Financial Reporting Directive](#)⁴.

2.0 Overview of the Consultation Paper

The Consultation Paper may be of particular interest to entities falling within the scope of Article 8 of the Regulation, as well as investors and other users of non-financial information.

ESMA's draft advice specifies the content, methodology and presentation of the key performance indicators ("KPIs") that non-financial undertakings and asset managers are required to disclose as a proportion to environmentally sustainable activities. In this regard, Article 8(2) of the Regulation requires the use of three KPIs: Turnover, Capital Expenditure ("CapEx") and Operating Expenditure ("OpEx").

The Consultation Paper is comprised of the following sections:

- Section 1 – Executive Summary;
- Section 2 – Opening considerations and short introduction to the Regulation;
- Section 3 – ESMA's advice relating to non-financial undertakings;
- Section 4 – ESMA's advice relating to asset managers;
- Annex I – EC's call for advice to ESMA, the European Banking Authority ("EBA") and the European Insurance and Occupational Pensions Authority ("EIOPA");
- Annex II – Collection of consultation questions;

¹ Consultation Paper – Draft advice to European Commission under Article 8 of the Taxonomy Regulation, ESMA30-379-325, dated 05 November 2020

² 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

³ 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 as amended

⁴ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

- Annex III – ESMA’s proposal for a standardized table for non-financial undertakings to present the three mandatory KPIs;
- Annex IV - ESMA’s proposal for a standardized table for asset managers to present the KPI which ESMA’s suggests being required; and
- Annex V – An analysis providing top-down estimates for the three KPIs included in the call for advice.

3.0 Next Steps

ESMA will consider feedback received in relation to the Consultation Paper by 04 December 2020, which is when the consultation closes. ESMA will deliver its final advice to the EC by 28 February 2021.

4.0 Contacts

Should you have any queries relating to the above, kindly contact the Authority on transparency@mfsa.mt with respect to non-financial undertakings, or funds@mfsa.mt with respect to asset managers.