

**EAPB comments to the open consultation:**

It makes sense to differentiate between NFU and FU as regards non-financial disclosure obligations of large companies provided for in Art. 8, taking into account their special features, as business activities and accounting differ. For FU, appropriate implementing rules depend on the type of taxonomy-compliant business activities. Securities transactions differ from credit provision. For banks, taxonomy-reporting methods should reflect the special requirements with regard to granularity, average maturities and lack of customer data from private or SME clients. Taking into account the high transaction costs of ensuring compliance is particularly the case for DNSH- and MS-criteria. The current legal framework can be used as a basis for the assessment and the submission of required permits should be considered as sufficient evidence for the examination of those criteria that reflect the legal framework. FU need to know more details on the requirements for NFU to report taxonomy-compliant turnover and expenditures, Art. 8(2). The development of new indicators might work but due to high conversion costs, the financial industry should be involved in any conceptual considerations. The determination of further indicators in the NFRD or delegated legislation would be difficult, as they usually do not apply to every undertaking. In comparison to a large number of indicators, a uniform binding set of rules would be preferable. The development of EU-wide harmonised indicators should take into account the interaction with European (bank) accounting and financial reporting standards. As method for FU, and in particular banks, as developed under Art. 8(4) and with regard to Art. 8(2), EAPB members suggest a taxonomy-compliant proportion to be reported in relation to the total loan portfolio, and initially in relation to new business. In addition, an undertaking-specific reporting should state as of which reporting year it is intended to use the taxonomy-compliant proportion to make a statement on the total loan portfolio, which would depend on the business model and the underlying maturities of the existing business. For a taxonomy-based review, an optional threshold of EUR 10 million per individual exposure should be applied. This would be in line with the threshold of EUR 10 million proposed by the Commission as part of the sustainability proofing of InvestEU. The high threshold may reduce the significance for investors of the taxonomy-compliant proportion; however, an optional threshold would take into account the granularity of the lending business and the inadequate database of non-reportable corporate and private customers. Smaller exposures can be included in the taxonomy-compliant proportion, provided that the necessary data for an evaluation of taxonomy conformity is available or can be provided technologically. The reporting of taxonomy-compliant activities should be proportionate. Requirements for banks to collect taxonomy-compliant data in the lending business have a direct impact on all borrowers in the real economy including on SME and government entities such as counties and municipalities. An appropriate cost-benefit ratio must be ensured and SME and local authorities must not be burdened with excessive bureaucratic costs due to additional reporting obligations. Essential information required for the reporting obligations under Art. 8 should be collected and made available centrally. FU cannot evaluate their portfolios without sufficient and valid data from the real economy. Meaningful reporting is only possible once this information is available. Therefore, FU should only be obliged to report when the real economy provides relevant information. Due to the complexity of valuation, sufficient implementation periods should be granted. Due to the close connection between transparency obligations under TR and NFRD, regulatory consistency with other disclosure requirements (NFRD, SFDR, Pillar III disclosure) should be ensured.