Final Report on draft Regulatory Technical Standards

on information to be provided in pre-contractual documents, on websites, and in periodic reports about the exposure of financial products to investments in fossil gas and nuclear energy activities¹

¹ with regard to Article 6(3), Article 8(1) to (2a), Article 9(1) to (4a), Article 10(1), Article 11(2) of Regulation (EU) 2019/2088
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1. Executive Summary

The European Supervisory Authorities (ESAs) have developed through the Joint Committee (JC) draft Regulatory Technical Standards (RTS) with regard to the content and presentation of information to be provided in pre-contractual documents, on websites, and in periodic reports about the exposure of financial products to investments in fossil gas and nuclear energy activities.

Following the request of the European Commission on 8 April 2022, the aim of the amendments is to ensure that disclosures about the degree to which investments are in taxonomy-aligned activities provide for full transparency about investments in fossil gas and nuclear energy activities, in particular on the proportion such investments represent within all investments and in environmentally sustainable economic activities. The ESAs have also proposed some additional minor technical corrections to the Delegated Regulation.

In Section 2 the general background and rationale of the proposal is presented. Section 3 includes the RTS and the revised mandatory templates for the product disclosures. Section 4 includes an overview of feedback on the ESAs’ approach received from the ESAs’ stakeholder groups and a consumer associations’ workshop organised by the ESAs.

Responses by the stakeholder groups of ESMA, EIOPA and EBA and the options presented to them are attached as annexes to this final report.
2. Background and Rationale

Introduction

On 4 February 2021, the ESAs jointly submitted to the Commission a first batch of seven draft regulatory technical standards (RTS) under Articles 2a(3), 4(6) and (7), 8(3), 9(5), 10(2) and 11(4) of the SFDR (JC 2021 03). On 22 October 2021, the ESAs jointly submitted to the Commission a second batch of six draft under Articles 8(4), 9(6) and 11(5) SFDR (JC 2021 50). The Commission decided to bundle all 13 draft RTS in a single Delegated Regulation and defer the date of application of the act to 1 January 2023. The Commission adopted the SFDR Delegated Regulation on 6 April 2022. The final act was published in the Official Journal on 25 July 2022 as Commission Delegated Regulation (EU) 2022/1288.

On 8 April 2022 the ESAs received a mandate from the European Commission to make amendments to the SFDR Delegated Regulation to ensure investors receive information reflecting the provisions set out in Commission Delegated Regulation (EU) 2022/1214 (Complementary Climate Delegated Act (CDA)) covering nuclear and fossil gas, which was formally adopted by the Commission on 9 March 2022. For an overview on the CDA please consult the European Commission’s factsheet.

The mandate invites the ESAs to propose amendments in relation to the information that should be provided in pre-contractual documents, on website and in periodic reports about the exposure of financial products to investments in fossil gas and nuclear energy activities. The amendments should cover pre-contractual and periodic documents or information referred to in Article 6(3) and Article 11(2) SFDR and the product disclosures to be made on websites referred to in Article 10(1) SFDR, for financial products referred to in Article 8(1) to (2a) SFDR and in Article 9(1) to (4a) SFDR.

The ESAs were invited to submit the amendments to the RTS at the latest by 30 September 2022.

Summary of RTS

The draft changes focus on the disclosure of specific investments in fossil gas and nuclear energy related environmentally sustainable economic activities (taxonomy-aligned investments) as part of the disclosures of the taxonomy-aligned investments of the financial product. The ESAs noted that the existing sector exposure disclosures required for periodic disclosures would also require the disclosure of fossil gas and nuclear energy investments. The existing website disclosures also contained sufficient cross-references to the pre-contractual disclosures to allow the appropriate transparency in those disclosures of the level of taxonomy-aligned fossil gas and nuclear energy investments.

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2 Mandate to the ESAs to develop SFDR RTS on product exposures to gas and nuclear activities (europa.eu)
4 Factsheet: EU taxonomy accelerating sustainable investments (europa.eu)
More specifically, the changes include:

- amendments to Chapter III of the SFDR Delegated Regulation to include similar language to Article 2 of the CDA according to which ‘Non-financial undertakings and financial undertakings shall disclose the amount and proportion of: (a) the taxonomy-aligned economic activities referred to in Sections 4.26, 4.27, 4.28, 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator and the numerator of their key performance indicators’; and

- changes to the pre-contractual and periodic disclosure templates to show the proportion of investments in gas and nuclear taxonomy-aligned activities, based on feedback provided by the ESAs stakeholder groups and consumers’ associations.

The changes to the pre-contractual templates include a yes/no question to identify that a product intends to invest in gas and/or nuclear taxonomy-aligned activities. If the product intends to invest in such activities, the graphical representation will require the identification of the relevant proportions. If the product does not intend to invest in such activities, such breakdowns are not required in the graphical representation and the existing graphical representations from the already published version of Commission Delegated Regulation (EU) 2022/1288 should be used instead. A footnote was added to the yes/no question to provide an indication of certain conditions under which such activities are aligned with the EU taxonomy. Similar changes were inserted in the templates for periodic disclosures.

Other changes

The European Commission issued a second set of Q&As relating to SFDR on 21 May 2022. In its Q&As, the Commission clarified that for products referred to in Article 6 TR (which are products referred to in Article 8 SFDR that promote an environmental characteristic) “to trigger the application of Article 6 of Regulation (EU) 2020/852, it is irrelevant if a financial product commits to invest in economic activities that contribute to an environmental objective within the meaning of Article 2, point (17), of Regulation (EU) 2019/2088”.

For this reason, the ESAs believe that a technical change is required to Article 55 of the Delegated Regulation, which makes periodic disclosure of taxonomy-aligned investments for Article 8 SFDR financial products conditional on a “commitment to make investments in economic activities that contribute to an environmental objective within the meaning of Article 2, point (17), of Regulation 2019/2088”. This technical change would be to remove the pre-condition of that “commitment” and simply refer to financial products referred to in Article 6 TR.

Furthermore, the ESAs noted two clerical changes were required to the cross-references in the periodic disclosures under Article 55 and 62, where the current reference to Article 15(1) and 15(2)(b) respectively was erroneous and should have referred to Article 15(3).

Finally, the templates for financial product pre-contractual and periodic disclosures provided in Annexes II to V required some minor changes: the periodic disclosure templates erroneously

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5 c_2022_3051_f1_annex_en_v3_p1_1930070.pdf (europa.eu)
referred to “minimum commitments” to sustainable investments in the red text instruction on page 1, in all the financial product templates the graphical representation of taxonomy-aligned investments were missing a clarification of the share of investments covered by the representation excluding sovereign bonds, and the periodic disclosures of Article 9 SFDR products erroneously included an instruction text to only include “do not significantly harm” disclosure where the financial product included sustainable investments whereas in fact such financial products should make sustainable investments. A few other minor divergences or inconsistencies in the templates included in the Commission Delegated Regulation (EU) 2022/1288 were corrected.

Entry into force and application

The European Commission’s CDA is set to apply from 1 January 2023. The Commission invited the ESAs to submit amendments to the SFDR Delegated Regulation that would reflect the CDA by 30 September 2022. Considering the regulatory deadlines for the adoption by the European Commission and the scrutiny period by the European Parliament and Council, the issue of whether the SFDR Delegated Regulation containing the amendments would be applicable from 1 January 2023 is beyond the ESAs’ control. For this reason, and bearing in mind the time available for financial market participants if the disclosures would become applicable from 1 January 2023, the ESAs have left it to the Commission to include the expected application date in the SFDR Delegated Regulation.

Considering that the European Commission’s CDA applies from 1 January 2023 and that the amendment of the disclosure framework is urgent, also based on the mandate received from the European Commission, the ESAs have not conducted open public consultations or analysis of the potential related costs and benefits and have proposed that the entry into force should take place the day after the publication of the delegated act in the Official Journal, rather than the standard 20 days.
3. Draft RTS

COMMISSION DELEGATED REGULATION (EU) No .../..
of XXX
amending the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288
as regards the content and presentation of information in relation to disclosures in
precontractual documents and periodic reports for financial products investing in
environmentally sustainable economic activities

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

November 2019 on sustainability-related disclosures in the financial services sector (6), and in
particular Article 8(3), fourth subparagraph, Article 8(4), fourth subparagraph, Article 9(5), fourth
subparagraph, Article 9(6), fourth subparagraph, Article 10(2), fourth subparagraph, Article 11(4),
fourth subparagraph and Article 11(5), fourth subparagraph thereof,

Whereas:

(1) Commission Delegated Regulation (EU) 2022/1288 (7) lays down the details of the
content and presentation of the information in relation to the principle of ‘do no
significant harm’, lays down the content, methodologies and presentation of
information in relation to sustainability indicators and adverse sustainability impacts
and the content and presentation of the information in relation to the promotion of
environmental or social characteristics and sustainable investment objectives of
financial products in precontractual documents, websites and periodic reports.
Delegated Regulation (EU) 2022/1288 specifies also the information on the degree of
taxonomy alignment to be disclosed within precontractual documents and periodic
reports for financial products investing in an economic activity that contributes to an
environmental objective within the meaning of point (17) of Article 2 of Regulation (EU)
2019/2088.

(2) On 2 February 2022 the European Commission presented a Taxonomy Complementary
Climate Delegated Act, adopted as the Commission Delegated Regulation (EU)
2022/1214 amending Delegated Regulation (EU) 2021/2139 as regards economic
activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards
specific public disclosures for those economic activities, with particular reference to
fossil gas and nuclear energy sectors(8).

The European Commission invited the European Supervisory Authorities to jointly propose amendments to Commission Delegated Regulation (EU) 2022/1288 in relation to the information that should be provided in pre-contractual documents, on websites, and in periodic reports about the exposure of financial products to investments in fossil gas and nuclear energy activities.

These amendments are necessary to increase transparency and thereby help financial markets participants and investors to identify environmentally sustainable fossil gas and nuclear related economic activities invested in by financial products. The provision of the more detailed information on investments in these activities should also foster comparability of the information disclosed to investors. In light of this, it is appropriate to provide transparency on investments in environmentally sustainable fossil gas and nuclear economic activities over the whole life of the relevant financial products, in pre-contractual documents and in periodic reports. Such information should also be included in the website disclosures. The European Supervisory Authorities note that transparency about investments in sectors and sub-sectors related to fossil gas and nuclear energy would already be required as part of the provisions for periodic reports under Delegated Regulation (EU) 2022/1288.

Delegated Regulation (EU) 2022/1288 should therefore be amended accordingly.


The amendments to Delegated Regulation (EU) 2022/1288 are limited adjustments of the existing regulatory framework and are necessary to align the disclosure framework to Delegated Regulation (EU) 2022/1214, which enters into application on 1 January 2023. Given the limited scope of the amendments and the urgency of the matter, it would have been disproportionate for the European Supervisory Authorities to conduct open public consultations or analyses of the potential related costs and benefits.

In order to ensure coherence between the application of Delegated Regulation (EU) 2022/1214 and the disclosures in this Regulation, the amendments should enter into force immediately and the date of application should be [...]
HAS ADOPTED THIS REGULATION:

Article 1
Amendments to Delegated Regulation (EU) 2022/1288

Delegated Regulation (EU) 2022/1288 is amended as follows:

(1) Article 15 is replaced with the following:

‘Article 15
Sustainable investment information in the asset allocation section for financial products that promote environmental characteristics

1. For the financial products referred to in Article 6, first subparagraph, of Regulation (EU) 2020/852, financial market participants shall provide, in the section ‘To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?’ in the template set out in Annex II, all of the following:

(a) a graphical representation in the form of a pie chart of:
   (i) the degree to which the aggregated investments are investments in environmentally sustainable economic activities, as calculated in accordance with Article 17(1) to (4) of this Regulation;
   (ii) the degree to which the aggregated investments, excluding sovereign exposures, are investments in environmentally sustainable economic activities, as calculated in accordance with Article 17(5) of this Regulation.

(b) a description of the investments underlying the financial products that are in environmentally sustainable economic activities, including whether the compliance of those investments with the requirements laid down in Article 3 of Regulation (EU) 2020/852 will be subject to an assurance provided by one or more auditors or a review by one or more third parties and, if so, the name or the names of the auditor or third party;

(c) where the financial products invest in economic activities other than environmentally sustainable economic activities, a clear explanation of the reasons for doing so;

(d) where the financial products have sovereign exposures and the financial market participant cannot assess the extent to which those exposures contribute to environmentally sustainable economic activities, a narrative explanation of the proportion in total investments of investments that consist of those exposures.

2. For the purposes of paragraph 1, point (a), all of the following shall apply:

(a) financial market participants shall use:
   (i) the same key performance indicator for the aggregated investments in non-financial undertakings;
   (ii) the same key performance indicator for the aggregated investments in the same type of financial undertakings;

(b) for insurance and reinsurance undertakings that carry out non-life underwriting activities, the key performance indicator may combine the investment and the
underwriting key performance indicators in accordance with Article 6 of Delegated Regulation (EU) 2021/2178;

c) where the financial products invest in environmentally sustainable economic activities referred to in Sections 4.26, 4.27 and 4.28 or in economic activities referred to in Sections 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139, the graphical representations shall illustrate separately the proportion of the aggregated investments in:

(i) environmentally sustainable economic activities referred to in Sections 4.26, 4.27 and 4.28 of those Annexes;

(ii) environmentally sustainable economic activities referred to in Sections 4.29, 4.30 and 4.31 of those Annexes.

3. For the purposes paragraph 1, point (b), the description shall include all of the following:

(a) in respect of investee companies that are non-financial undertakings, whether the degree to which the investments are in environmentally sustainable economic activities is measured by turnover, or whether, due to the features of the financial product, the financial market participant has decided that a more representative calculation is given when that degree is measured by capital expenditure or operating expenditure and the reason for that decision, including an explanation of why that decision is appropriate for investors in the financial product;

(b) where information about the degree to which the investments are in environmentally sustainable economic activities is not readily available from public disclosures by investee companies, details of whether the financial market participant obtained equivalent information directly from investee companies or from third party providers;

(c) a breakdown of the minimum proportions of investments in the transitional economic activities and in the enabling economic activities, in each case expressed as a percentage of all investments of the financial product.

(2) Article 55 is replaced with the following:

‘Article 55

Information on investments in environmentally sustainable economic activities for financial products that promote environmental characteristics

1. For financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, financial market participants shall include in the section ‘What was the proportion of sustainability-related investments?’ in the template set out in Annex IV all of the following information:

(a) a breakdown of the proportion of the investments per each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which those investments contributed;

(b) a description of the investments in environmentally sustainable economic activities during the period covered by the periodic report, including:

(i) whether the compliance of those investments with the requirements laid down in Article 3 of Regulation (EU) 2020/852 was subject to an assurance provided by one
or more auditors or a review by one or more third parties and, if so, the name or the names of the auditor or third party;

(ii) a graphical representation in the form of a bar chart of the aggregated investments in environmentally sustainable economic activities during the period covered by the periodic report, calculated in accordance with Article 17(1) to (4);

(iii) a graphical representation in the form of a bar chart of the degree to which the aggregated investments are in environmentally sustainable economic activities during the period covered by the periodic report, but excluding sovereign exposures, and calculated in accordance with Article 17(5);

(iv) the information referred to in Article 15(3), point (b);

(v) a breakdown of the proportions of investments, during the period covered by the periodic report, in the transitional economic activities and in the enabling economic activities, in each case expressed as a percentage of all investments of the financial product;

(vi) where the financial product invested in sustainable investments with an environmental objective, but which are not environmentally sustainable economic activities, a clear explanation of the reasons for doing so;

(vii) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison of the degree to which the investments were made in environmentally sustainable economic activities during the period covered by the periodic report and during previous periods;

(viii) where the financial market participant could not assess the extent to which sovereign exposures contributed to environmentally sustainable economic activities during the period covered by the periodic report, a narrative explanation of the reasons and the size of those exposures in total investments.

2. For the purposes of paragraph 1, point (b), points (ii) and (iii), all of the following shall apply:

(a) when aggregating the investments in non-financial undertakings, the turnover, capital expenditure and operational expenditure shall be calculated and included in the graphical representation;

(b) when aggregating the investments in financial undertakings, the turnover and capital expenditure shall, where applicable, be calculated and included in the graphical representation;

(c) for insurance undertakings and reinsurance undertakings that carry out non-life underwriting activities, the key performance indicator may be a combination of the investment and the underwriting key performance indicators in accordance with Article 6 of Delegated Regulation (EU) 2021/2178;

(d) where the financial products made investments during the period covered by the periodic report in environmentally sustainable economic activities referred to in Sections 4.26, 4.27 and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 or in environmentally sustainable economic activities referred to in Sections 4.29, 4.30 and 4.31 of those Annexes the graphical representations shall illustrate separately:
(i) the aggregate of the environmentally sustainable economic activities referred to in Sections 4.26, 4.27 and 4.28 of those Annexes;

(ii) the aggregate of the environmentally sustainable economic activities referred to in Sections 4.29, 4.30 and 4.31 of those Annexes.

(3) In Article 62, in point (iv) of point (b), the reference to “Article 15(1), point (b)” is replaced by “Article 15(3), point (b)”;

(4) Annexes II to V are replaced with Annexes I to IV of this Regulation.

Article 2
Entry into force and application

1. This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union.

2. This Regulation shall apply from [...].

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

[For the Commission
On behalf of the President]

[Position]
Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

### Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?** [tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]

- [ ] Yes
- [x] No

- It will make a minimum of sustainable investments with an environmental objective: ___% in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

- It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy with a social objective

- It will make a minimum of sustainable investments with a social objective: ___%

- It promotes E/S characteristics, but will not make any sustainable investments

**What environmental and/or social characteristics are promoted by this financial product?** [indicate the environmental and/or social characteristics promoted by the financial product and whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product]

- What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?
What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives? [include, for financial products that make sustainable investments, a description of the objectives and how the sustainable investments contribute to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective? [include a description for the financial product that partially intends to make sustainable investments]

How have the indicators for adverse impacts on sustainability factors been taken into account? [include an explanation of how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account]

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details: [include an explanation on the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights]

[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

Yes, ______ [if the financial product considers principal adverse impacts on sustainability factors, include a clear and reasoned explanation of how it considers principal adverse impacts on sustainability factors. Indicate where, in the information to be disclosed pursuant to Article 11(2) of Regulation (EU) 2019/2088, the information on principal adverse impacts on sustainability factors is available]

No
What investment strategy does this financial product follow? [provide a description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis]

○ What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

○ What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy? [include an indication of the rate, where there is a commitment to reduce the scope of investments by a minimum rate]

○ What is the policy to assess good governance practices of the investee companies? [include a short description of the policy to assess good governance practices of the investee companies]

What is the asset allocation planned for this financial product? [include a narrative explanation of the investments of the financial product, including the minimum proportion of the investments of the financial product used to meet the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where that financial product commits to making sustainable investments, and the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards]

[include only relevant boxes, remove irrelevant ones for the financial product]

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product commits to making sustainable investments]

The category #1 Aligned with E/S characteristics covers:
- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product? [for financial products that use derivatives as defined in Article 2(1), point (29), of Regulation (EU) No 600/2014 to attain the environmental or social characteristics they promote, describe how the use of those derivatives meets those characteristics]
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? [include a section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include the graphical representation referred to in Article 15(1), point (a), of this Regulation, the description referred to in Article 15(1), point (b), of this Regulation, a clear explanation as referred to in Article 15(1), point (c), of this Regulation, a narrative explanation as referred to in Article 15(1), point (d), of this Regulation and the information referred to in Article 15(2) and (3) of this Regulation]

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy? [specify below, and details in the graphs of the box]

- Yes: [In fossil gas, In nuclear energy]
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

[only include in the graphs the figures for Taxonomy aligned fossil gas and/or nuclear energy as well as the corresponding legend and the explanatory text in the left hand margin if the financial product makes investments in fossil gas and/or nuclear energy]

1. Taxonomy-alignment of investments including sovereign bonds*
- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds*
- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents x% of the total investments.

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

What is the minimum share of investments in transitional and enabling activities? [include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? [include section only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable]

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1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.
economic activities and explain why the financial product invests in sustainable investments with an environmental objective in economic activities that are not Taxonomy-aligned

What is the minimum share of socially sustainable investments? [include section only where the financial product includes sustainable investments with a social objective]

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? [include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

- How does the designated index differ from a relevant broad market index?

- Where can the methodology used for the calculation of the designated index be found?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?

More product-specific information can be found on the website: [include a hyperlink to the website referred to in Article 23 of this Regulation]
ANNEX II

ANNEX III

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: [complete] Legal entity identifier: [complete]

Sustainable investment objective

<table>
<thead>
<tr>
<th>Does this financial product have a sustainable investment objective?</th>
<th>[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]</th>
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<tbody>
<tr>
<td>☐ ☐ ☒ Yes</td>
<td>☐ ☐ ☐ No</td>
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What is the sustainable investment objective of this financial product? [indicate the investment objective pursued by the financial product, describe how the sustainable investments contribute to a sustainable investment objective and indicate whether a reference benchmark has been designated for the purpose of attaining the sustainable investment objective. For financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes. For financial products referred to in Article 9(3) of Regulation (EU) 2019/2088, indicate that the financial product has the objective of reducing carbon emissions and explain that...]

Sustainability indicators measure how the sustainable objectives of this financial product are attained.
the reference benchmark qualifies as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and indicate where the methodology used for the calculation of that benchmark can be found. Where no EU Climate Transition Benchmark or EU Paris-aligned Benchmark as qualified in accordance with Regulation (EU) 2016/1011 is available, describe that fact, how the continued effort of attaining the objective of reducing carbon emissions is ensured in view of achieving the objectives of the Paris Agreement and the extent to which the financial product complies with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818.

- **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

- **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

  - How have the indicators for adverse impacts on sustainability factors been taken into account? [explain how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I are taken into account]

  - How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? [include an explanation on the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights]

- **Does this financial product consider principal adverse impacts on sustainability factors?**

  - Yes [if the financial product considers principal adverse impacts on sustainability factors, include a clear and reasoned explanation of how it considers principal adverse impacts on sustainability factors. Indicate where, in the information to be disclosed pursuant to Article 11(2) of Regulation (EU) 2019/2088, the information on principal adverse impacts on sustainability factors is available]

  - No

- **What investment strategy does this financial product follow?** [provide a description of the investment strategy and indicate how the strategy is implemented in the investment process on a continuous basis]

  - What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?
What is the policy to assess good governance practices of the investee companies?

What is the asset allocation and the minimum share of sustainable investments?
[include a narrative explanation of the investments of the financial product including the minimum proportion of the investments of the financial product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy]

![Diagram showing asset allocation and sustainability](image)

How does the use of derivatives attain the sustainable investment objective?
[for financial product that use derivatives as defined in Article 2(1), point (29), of Regulation (EU) No 600/2014 to attain their sustainable investment objective, describe how the use of those derivatives attains that sustainable investment objective]

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?
[include the section for financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 and include the graphical representation referred to in Article 19(1), point (a), of this Regulation, the description referred to in Article 19(1), point (b), of this Regulation, the clear explanation referred to in Article 19(1), point (c), of this Regulation, the narrative explanation referred to in Article 19(1), point (d), of this Regulation]

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy1?

Yes: [specify below, and details in the graphs of the box]

---

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.
In fossil gas  In nuclear energy  No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

[only include in the graphs the figures for Taxonomy aligned fossil gas and/or nuclear energy as well as the corresponding legend and the explanatory text in the left hand margin if the financial product makes investments in fossil gas and/or nuclear energy Taxonomy-aligned economic activities]

1. Taxonomy-alignment of investments including sovereign bonds*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents x% of the total investments.

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

What is the minimum share of investments in transitional and enabling activities? [include section for the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852]

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? [include section only for the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 where the financial product invests in environmental economic activities that are not environmentally sustainable economic activities and explain why the financial product invests in sustainable investments with an environmental objective in economic activities that are not Taxonomy-aligned]

What is the minimum share of sustainable investments with a social objective? [include section only where the financial product includes sustainable investments with a social objective]
What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards? [describe the purpose of the remaining proportion of the investments of the financial product, including a description of any minimum environmental or social safeguards, how their proportion and use does not affect the delivery of the sustainable investment objective on a continuous basis and whether those investments are used for hedging or relate to cash held as ancillary liquidity]

Is a specific index designated as a reference benchmark to meet the sustainable investment objective? [include section only for the financial products referred to in Article 9(1) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the designated index can be found]

- How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?
- How does the designated index differ from a relevant broad market index?
- Where can the methodology used for the calculation of the designated index be found?

Where can I find more product specific information online?

More product-specific information can be found on the website: [include a hyperlink to the website referred to in Article 23 of this Regulation]

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.
Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? [tick and fill in as relevant, the percentage figure represents sustainable investments]

- [ ] It made sustainable investments with an environmental objective: ___%  
  - in economic activities that qualify as environmentally sustainable under the EU Taxonomy  
  - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

- [x] It made sustainable investments with a social objective: ___%

- [ ] It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments  
  - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  
  - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  
  - with a social objective

- [ ] It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/or social characteristics promoted by this financial product met? [list the environmental and/or social characteristics promoted by the financial product. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed. For financial products that made sustainable investments with social objectives, list the social objectives]

- [ ] How did the sustainability indicators perform?
...and compared to previous periods? [Include for financial products where at least one previous periodic report was provided]

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives? [Include for financial products that made sustainable investments, where not included in the reply to the above question, describe the objectives. Describe how the sustainable investments contributed to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed]

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective? [Include where the financial product includes sustainable investments]

— How were the indicators for adverse impacts on sustainability factors taken into account?

— Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

[Include a statement for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.
How did this financial product consider principal adverse impacts on sustainability factors? [include section if the financial product considered principal adverse impacts on sustainability factors]

What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: [complete]

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?
In which economic sectors were the investments made? [include information referred to in Article 54 of this Regulation]

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy? [include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include information in accordance with Article 51 of this Regulation]

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?  

- Yes: [specify below, and details in the graphs of the box]
  - In fossil gas
  - In nuclear energy
- No

---

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.
What was the share of investments made in transitional and enabling activities?
[include a breakdown of the proportions of investments during the reference period]

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?
[include where at least one previous periodic report was provided]

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?
[include section only for the financial products referred to in Article 6, first subparagraph, of Regulation (EU) 2020/852 where the financial product included sustainable investments with an environmental objective that invested in economic activities that are not environmentally sustainable economic activities, and explain why the financial product invested in economic activities that were not Taxonomy-aligned]

What was the share of socially sustainable investments?
[include only where the financial product included sustainable investments with a social objective]

---

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.
What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

What actions have been taken to meet the environmental and/or social characteristics during the reference period? [list the actions taken within in the period covered by the periodic report to meet the environmental or social characteristics promoted by the financial product, including shareholder engagement as referred to in Article 3g of Directive 2007/36/EC and any other engagement relating to the environmental or social characteristics promoted by the financial product]

How did this financial product perform compared to the reference benchmark? [include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]

- How does the reference benchmark differ from a broad market index?
- How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?
- How did this financial product perform compared with the reference benchmark?
- How did this financial product perform compared with the broad market index?
Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: [complete]  
Legal entity identifier: [complete]

Did this financial product have a sustainable investment objective? [tick and fill in as relevant, the percentage figure represents the sustainable investments]

- [ ] Yes
- [ ] No

<table>
<thead>
<tr>
<th>Sustainable investments with an environmental objective: ___%</th>
</tr>
</thead>
<tbody>
<tr>
<td>- in economic activities that qualify as environmentally sustainable under the EU Taxonomy</td>
</tr>
<tr>
<td>- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</td>
</tr>
</tbody>
</table>

- [ ] It made sustainable investments with a social objective: ___%

<table>
<thead>
<tr>
<th>It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</td>
</tr>
<tr>
<td>- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</td>
</tr>
<tr>
<td>- with a social objective</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>It promoted E/S characteristics, but did not make any sustainable investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
</tr>
</tbody>
</table>

To what extent was the sustainable investment objective of this financial product met? [list the sustainable investment objective of this financial product, and describe how the sustainable investments contributed to the sustainable investment objective. For the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, indicate to which environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to the investment underlying the financial product contributed to. For the financial products referred to in Article 9(3) of Regulation (EU) 2019/2088, indicate how the objective of a reduction in carbon emissions was aligned with the Paris Agreement]
How did the sustainability indicators perform?

...and compared to previous periods? [include for financial products where at least one previous periodic report was provided]

How did the sustainable investments not cause significant harm to any sustainable investment objective?

- How were the indicators for adverse impacts on sustainability factors taken into account?

- Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

How did this financial product consider principal adverse impacts on sustainability factors? [include section if the financial product considered principal adverse impacts on sustainability factors]

What were the top investments of this financial product?

<table>
<thead>
<tr>
<th>Largest investments</th>
<th>Sector</th>
<th>% Assets</th>
<th>Country</th>
</tr>
</thead>
</table>

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: [complete]
What was the proportion of sustainability-related investments?

What was the asset allocation?

[Include only relevant boxes, remove irrelevant ones for the financial product]

#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

In which economic sectors were the investments made? [include information referred to in Article 61(c) of this Regulation]

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy? [include section for the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 and include information in accordance with Article 62 of this Regulation]

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

Yes: [specify below, and details in the graphs of the box]

In fossil gas  In nuclear energy

No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.
What was the share of investments made in transitional and enabling activities?

[Include a breakdown of the proportions of investments during the reference period]

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

[Include where at least one previous periodic report was provided]

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

[Include only for the financial products referred to in Article 5, first paragraph, of Regulation (EU) 2020/852 where the financial product included investments with an environmental objective that invested in economic activities that are not environmentally sustainable economic activities]

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

[Include information on Taxonomy aligned fossil gas and nuclear energy and the explanatory text in the left hand margin on the previous page only if the financial product invested in fossil gas and/or nuclear energy Taxonomy-aligned economic activities during the reference period]

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.
environmentally sustainable economic activities and explain why the financial product invested in economic activities that were not taxonomy-aligned

What was the share of socially sustainable investments? [include only where the financial product includes sustainable investments with a social objective]

What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

What actions have been taken to attain the sustainable investment objective during the reference period? [list the actions taken within the period covered by the periodic report to attain the sustainable investment objective of the financial product, including shareholder engagement as referred to in Article 3g of Directive 2007/36/EC and any other engagement relating to the sustainable investment objective]

How did this financial product perform compared to the reference sustainable benchmark? [include section only for the financial products referred to in Article 9(1) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the designated index can be found]

- How did the reference benchmark differ from a broad market index?
- How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?
- How did this financial product perform compared with the reference benchmark?
- How did this financial product perform compared with the broad market index?’

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.
4. Feedback Statement

4.1 Stakeholders’ feedback

The Commission invited the ESAs to rely on the procedure under Article 10 of the ESAs Regulations, which allows the ESAs to avoid conducting open public consultations ‘in relation to the particular urgency of the matter’, as the Complementary Climate Delegated Regulation is set to apply from 1 January 2023. The ESAs regret that a public consultation, even on an abbreviated basis, was not possible in the timeline requested by the Commission for the delivery of the amendments. However, in the attempt to allow stakeholders’ feedback, the ESAs organised a consumer association workshop on the presentational elements of the nuclear and gas disclosures on Monday 27 June 2022. The outcome of the workshop is summarised below. In addition, the ESAs sought feedback from their stakeholders groups1 from 23 June until 12 July 2022.

The consumers associations and the ESAs stakeholders groups were presented with different options for the templates, with the key differences being the graphical (or lack thereof) representation of the taxonomy-aligned nuclear and gas investments:

- Option 1: the disclosure of the nuclear and gas taxonomy-aligned investments was not presented as part of the graphical representation of the overall taxonomy-aligned investments of the financial product. To avoid adding further complication to the already complex pie and bar charts in the existing pre-contractual and periodic templates, the presentation is included instead in the narrative text and in a table;

- Option 2: the nuclear and gas taxonomy-aligned investments were included in the graphical representation of taxonomy-aligned investments so that it was more immediately evident what share of taxonomy-aligned investments are nuclear and gas related, as part of the Taxonomy-aligned investments.

Option 2 was further presented with two sub-options (“2A” and “2B”) for the pre-contractual disclosure showing two different ways to make the pie chart disclosure.

The pre-contractual and periodic disclosures the ESAs consulted on under Option 1 and Option 2 are included in Annex 4.

Based on the feedback from the consumer associations and ESA stakeholder groups, the ESAs decided to use Option 2A for pre-contractual disclosures, but also to include a “yes/no” tick-box question to allow the disapplication of the nuclear and gas pie charts if the financial product committed to not make taxonomy-aligned investments in nuclear energy and/or fossil gas.

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1 The Securities and Markets Stakeholder Group (SMSG), the Insurance and Reinsurance Stakeholder Group (IRSG), the Occupational Pensions Stakeholder Group (OPSG) and the Banking Stakeholder Group (BSG).
In the periodic disclosures, the ESAs decided to combine Options 1 and 2 (see Annex 4 for details on the options), but the graphical representation would again be subject to actual taxonomy-aligned investments in nuclear energy and/or fossil gas taking place during the reference period of the periodic report.

### 4.2 Summary of 27 June 2022 consumer association workshop

On 27 June 2022 the ESAs held a workshop for consumer associations to gather views on the presentational elements of the nuclear and gas disclosures. With regards pre-contractual disclosures, consumer associations supported Option 2A, as the visual representation was considered more useful for retail investors than the disclosure in a table which consumer associations believed could lead to information overload. Several participants suggested that the ESAs highlight the fossil gas and nuclear disclosure in the graph by using another colour of the borders in the relevant “pie” pieces of the graph.

With regards periodic disclosures, consumer associations’ views were split, some preferred Option 2, some preferred Option 1 as some of the documents are public annual reports which are also used by financial advisors. Some participants suggested to combine both, and hence disclose periodically both the graph with identification of gas and nuclear and the disclosure in a table.

Some consumer associations proposed to add a question on whether the financial product invests in Taxonomy-aligned economic activities that are in fossil gas and nuclear with a “yes” or “no” answer. Finally, several participants call on the ESAs to place the disclosures on Taxonomy-alignment earlier in the document, as consumers might not read the whole document and hence might not read this information if it is not placed earlier in the document.
During the exchanges for the consultation the members put forward some important preliminary considerations that we deem important as part of the overall approach to sustainability for investors, even though we understand that these will not have a direct impact on this stakeholder group consultation as such. It is important to emphasise the strong interplay between the three criteria that underpin ESG, even while considering them separately. The current geo-political situation linked to the Ukraine conflict provides a clear case in point. The considerations of environmental factors linked to Europe’s heavy reliance on Russia’s fossil fuel has led to the inevitable increase in energy prices which in turn is and will continue to decrease the purchasing power of European citizens, spurring lower consumption and economic growth. But the danger of “stagflation” and its strongly detrimental social effects may be caused by other macro-economic measures as well (like the politics of “Quantitative Easing” of the Central Banks for years). The exacerbation of terms and conditions spurred by the current geo-political crisis shows how – in dire straits – fundamental evaluations of ESG criteria which under normal conditions might have been considered as “the norm”, may force a change (fossil gas and nuclear energy as ecological acceptable for an intermediate period under certain conditions, defensive arms systems as socially acceptable instead of generalized weapons avoidance, etc.) in the assessment.

This stakeholder group consultation aims at increasing transparency in the communication with investors and simplifying their understanding of issues linked to the energy mix selected for investments that claim a sustainability component. It should not be understood as a guide for selecting which would be a better energy option, but rather, as an opportunity to increase their knowledge and awareness.

1. The ESA stakeholder groups are requested to provide feedback, by Tuesday 12 July 2022, on the draft templates in general and are requested to provide specific feedback as follows:

   a. Do you prefer Option 1 or Option 2 for the disclosure of the taxonomy-aligned nuclear and gas investments and why? Are there improvements you would like to suggest Option 1 or Option 2?

      - OPTION 2

   b. Are there other alternatives of the presentation that you would consider more suitable than Option 1 and 2?

      - NO

   c. Please indicate to what extent you agree or disagree with the following statements. Please rate the statements from “1- disagree”, “2- neither agree nor disagree”, to “3- agree”:
<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2 A</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand the information in the document</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>The information document is visually attractive</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>The information document helps me understand whether the taxonomy-aligned investments are in fossil gas and nuclear activities and in what proportion</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>I understand the distinction between investments that are Taxonomy-aligned that are not in fossil gas and nuclear activities and the investments that are Taxonomy-aligned in fossil gas or nuclear activities</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

d. **Do you prefer Option 2a or 2b for the pre-contractual disclosure of taxonomy-aligned nuclear and gas investments through a graphical representation (the pie chart)?**
   - 2a

e. **Do you have any comments on the suggested language to illustrate the context of the separate disclosure of taxonomy-aligned nuclear and gas investments (indicated with ** and ***)?**
   - We would suggest adding before the detailed description of both nuclear and gas, the following clarification: “According to the EU Taxonomy:”
   - We also suggest expressing CAPEX and OPEX instead of only using the acronyms for increased understanding.
Feedback from EIOPA Insurance and Reinsurance Stakeholder Group (IRSG)

The ESA stakeholder groups are requested to provide feedback on the draft amendments on disclosure of fossil gas and nuclear activities to the financial product disclosure templates under the Sustainable Finance Disclosure Regulation. The IRSG welcomes any initiatives that help achieve proper informative setting for sustainable investment. In this feedback the IRSG takes the perspective of retail investors and consumers.

General remarks

It is fair to say that previous consumer testing in Poland and the Netherlands (link 1, link 2) have already shown complexity and lengthiness of both precontractual and periodic information in agreed form. That is why adding the disclosure of the taxonomy-aligned nuclear and gas investments should be as concise as possible. Previous studies on consumer reading ability showed better results for visual information. At the same time overall pictured is better than fragmented information. For above mentioned reasons IRSG is in favour of option 2.

There is one particular feature that should be mentioned, the colours used in the information. It is difficult to find optimal solution. However, at this stage no-taxonomy aligned and fossil gas and nuclear taxonomy-aligned should be provided in clear way without any bias.

The charts could also be higher up in the documents, somewhere close to the initial table where it is indicated whether they are sustainable investments or products with ESG characteristics, whilst disclosing the % of taxonomy alignment (at the very beginning). It would be useful to have the % of gas and nuclear also disclosed in this section.

There are sections on do no significant harm and a consideration of principle adverse impacts where it would be useful that a reference to nuclear and gas-related activities. This could include an explanation of why some nuclear and gas-related activities are included as sustainable investments, although they do not in principle meet the do no significant harm criteria under the EU Taxonomy.

The text regarding sovereign exposures could also be better clarified. The text says “including sovereign exposures” or “excluding sovereign exposures”, but does not explain whether they are included in the numerator and denominator, or only denominator.

There is another issue with regard to the content of precontractual information. Is it really desirable to specify ex ante different categories of minimum percentages (of fossil gas, nuclear energy and activities without fossil gas and nuclear energy)? The IRSG questions whether it is truly in line with the intentions of the European Commission to effectively oblige asset managers to commit to minimum – rather than maximum - allocations to fossil gas and nuclear energy investments. Apart from introducing requirements that appear to be incompatible with the policy objectives of the Taxonomy Regulation, this approach also imposes unnecessary restrictions on the fund managers' investment policies.

We also suggest that jargon or abbreviations like CapEx and OpEx (in periodic template, p. 5) should be avoided, and instead of them full terms should be used.

Answers to the questionnaire
a. Do you prefer Option 1 or Option 2 for the disclosure of the taxonomy-aligned nuclear and gas investments and why? Are there improvements you would like to suggest Option 1 or Option 2?

The IRSG prefer option 2 as visualisation is better for retail investors and consumers.

b. Are there other alternatives of the presentation that you would consider more suitable than Option 1 and 2?

Within limited time framework the IRSG cannot work out any alternative approach.

c. Please indicate to what extent you agree or disagree with the following statements. Please rate the statements from “1- disagree”, “2- neither agree nor disagree”, to “3-agree”:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Option 1</th>
<th>Option 2 A/B</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand the information in the document</td>
<td>agree</td>
<td>agree</td>
</tr>
<tr>
<td>The information document is visually attractive</td>
<td>disagree</td>
<td>agree</td>
</tr>
<tr>
<td>The information document helps me understand whether the taxonomy-aligned investments are in fossil gas and nuclear activities and in what proportion</td>
<td>disagree</td>
<td>agree</td>
</tr>
<tr>
<td>I understand the distinction between investments that are Taxonomy–aligned that are not in fossil gas and nuclear activities and the investments that are Taxonomy–aligned in fossil gas or nuclear activities</td>
<td>agree</td>
<td>agree</td>
</tr>
</tbody>
</table>

d. Do you prefer Option 2a or 2b for the pre-contractual disclosure of taxonomy-aligned nuclear and gas investments through a graphical representation (the pie chart)?

The IRSG’s members prefer option 2, but present diverse opinion regarding preferences towards 2A and 2B. For some members option 2A was better as much more concise. They suppose, the retail investors and consumers do not need very detail information at this level. Other members prefer option 2B. They find this a more intuitive presentation, and believe it does not put undue focus, or overly highlight, this information at the expense of other data. Simplified consumer testing would be important to confirm whether option 2A or 2A is better understood by retail investors and consumers.
e. Do you have any comments on the suggested language to illustrate the context of the separate disclosure of taxonomy-aligned nuclear and gas investments (indicated with ** and ***)?

In case of fossil gas the information is biased as tries to justify its usage. It is not the case of nuclear energy. That is why information on fossil gas can be shortened: "*** Fossil gas refers to transition activities related to fossil gaseous fuels". It should also be clarified the classifications are based on the EU taxonomy by adding ‘under the EU Taxonomy Regulation’ at the end of the classifications.
Feedback from ESMA Securities and Markets Stakeholder Group (SMSG)

I. Executive summary

This advice assumes the approval of the Complementary Delegated Act which adds certain fossil gas and nuclear energy activities to the transitional package under the Taxonomy Regulation. The focus is on how to disclose the exposure to fossil gas and nuclear energy in the templates for precontractual information and periodic reporting under the Sustainable Finance Disclosure Regulation. The SMSG is of the opinion that this should be done in such a way that investors can take an informed decision. Too much complexity should be avoided and meaningful transparency is pivotal. The SMSG acknowledges that investors may have different preferences with regard to exposure to fossil gas and nuclear energy. Hence, the disclosure should enable investors to comprehend the inclusion in the taxonomy for transitional reasons. Meaningful transparency facilitates informed decisions.

To reach these goals, it is useful to differentiate between precontractual information and periodic reporting, as they cater for different needs. Precontractual information is to help investors to make an informed investment decision and to enable them to compare financial products. As such it should be understandable to a broad audience. Periodic reporting on the other hand is to facilitate the analysis of investments and as such should also keep more specialized readers in mind.

Another difference refers to the use of observed ex post exposures in the periodic reporting, as compared to envisaged “minimum percentages” in the precontractual information. The SMSG is aware that the Level 1 legislation requires the indication of “minimum percentages” when referring to taxonomy alignment or to sustainable investments as defined by the Sustainable Finance Disclosure Regulation. However, the SMSG warns against the unintended side-effects of certain proposed visualisations in precontractual information, which could be interpreted as suggesting that the asset manager should commit to maintaining a minimum percentage of fossil gas and nuclear energy. The SMSG questions whether it is truly in line with the intentions of the European Commission and the co-legislators, as expressed in the proposals for a European Green Deal and the Action Plan on Financing Sustainable Growth, to effectively oblige asset managers to commit to minimum allocations to fossil gas and nuclear energy investments.

While the advice is primarily on the templates, the SMSG also points at a relation with Principal Adverse Impact Indicators. The scope 2 emissions from electricity production out of fossil gas has come under increasing scrutiny of public opinion, due to methane leaks in gas wells (see for example COP 26: Global Methane Pledge). The SMSG believes investors have a right to see whether electricity producers using fossil gas get their gas from sources where methane leaks are carefully monitored or sources where this is not the case. This must be reflected in the Scope 2 PAI indicator.

Finally, the SMSG voices a concern about the timing. The new indicators require changes to templates that are currently being developed by financial institutions. These last-minute changes, and the relative paucity of good quality data, add to the already very challenging timing.
II. Full text

1. This advice assumes the approval of the Complementary Delegated Act which adds certain fossil gas and nuclear energy activities to the transitional package (art 10(2)) under the EU's Taxonomy Regulation. The SMSG was invited to advise on draft proposals on how to disclose the exposure to fossil gas and nuclear energy in the templates for pre-contractual information and periodic reporting under the Sustainable Finance Disclosure Regulation.

2. The SMSG is of the opinion that the following criteria should be taken into account when designing the templates:
   a. The investor should be enabled to take an informed decision;
   b. One should be careful not to add too much complexity to the templates as they should remain understandable;
   c. Meaningful transparency is pivotal.

3. The SMSG acknowledges that investors may have different preferences with regard to exposure to fossil gas and nuclear energy. Hence, the disclosure should enable investors to comprehend the inclusion in the taxonomy for transitional reasons. Meaningful transparency facilitates informed decisions. The possibility was discussed to attract more attention to the specific situation of fossil gas and nuclear energy as “transitional”. This is because the proposed charts to depict their potential share are situated somewhere in the middle of the document. Hence, they could be overlooked. It was suggested to include earlier in the template an additional text explaining the specific situation of fossil gas and nuclear energy as transitional. However, this option was not maintained by the SMSG as it would increase the amount of text in the already lengthy documents.

4. The SMSG believes that precontractual information and periodic reporting cater for different needs. The primary function of precontractual information is to facilitate informed decisions. As such, it should be understandable for a broad audience of potential investors. Periodic reports should facilitate the analysis of the actual investments in the portfolios. As such, it should rather take into account the needs of a more specialized audience, like analysts, and of more sophisticated investors.

5. For this reason, the SMSG started by discussing option 1 for periodic reporting and option 2a for precontractual information. For precontractual disclosure, some favour option 2a and some others option 1.

6. With regard to periodic reporting the table format (option 1) with precise numbers was considered the most useful way to convey information. However, it is suggested to reorder the sequence of rows. Rather than a sequence fossil gas measured by turnover; nuclear energy measured by turnover; fossil gas measured by CapEx; nuclear measured by CapEx… it would be easier to group fossil gas, as indicated by turnover; CapEx and OpEx together and subsequently nuclear energy grouped together.

7. Still with regard to periodic information, the table in option 1 does on its own not show the proportion of taxonomy aligned investments, let alone investments in taxonomy-aligned investments other than gas and nuclear energy. For those investors or analysts interested to have this detail, this could be deduced from the graph by making a subtraction (total taxonomy aligned as depicted in the bar chart minus the proportions as indicated in the table). Some members considered the alternative to replace the chart in option 1 by the bar chart in option 2. However, as a counterargument it was argued that this would require that precise percentages should be indicated in the already compact graph. The SMSG was in no position to assess whether this would be feasible. Assuming that this
would not be possible, left option 1, with 2 layers of information (bar chart showing the total proportion of taxonomy aligned investments and table with details on fossil gas and nuclear energy) as the most viable option.

8. With regard to precontractual information, some members considered the pie-chart proposed in option 2a the clearest and most concise for precontractual information, as potential investors are enabled to understand at first sight the amounts of taxonomy-aligned investment and the minimum exposures to fossil gas and nuclear without having to undergo any calculation exercise. This reflects the view that precontractual information should appeal to a broader audience than the periodic reports. Nevertheless, some also saw the advantages of the precision of a table, notably when the table makes it easier to read all information (like the transition explanation) versus the propension to only look at the chart (without reading the context of the information given below the chart). In addition, the latter also think that the total proportion of taxonomy alignment is a useful information (versus being obliged to add three figures to have it).

9. However, apart from the discussion on format (chart vs table; bar chart vs pie chart…), there is a more profound remark with regard to the content of precontractual information. Is it really desirable to specify ex ante different categories of minimum percentages (of fossil gas, nuclear energy and activities without fossil gas and nuclear energy)? The SMSG acknowledges that in terms of the Taxonomy Regulation and the Sustainable Finance Disclosure Regulation defining minimum percentages is needed for transparency reasons. However, it questions the level of granularity by which this should be done. In particular, the SMSG questions whether it is truly in line with the intentions of the European Commission and the co-legislators, as expressed in the proposals for a European Green Deal and the Action Plan on Financing Sustainable Growth, to effectively oblige asset managers to commit to minimum, rather than maximum, allocations to fossil gas and nuclear energy investments. Imagine a situation where a fund managed has engaged to invest minimum 10% of assets into taxonomy-aligned investments, of which 5% into renewables (the remaining 5% could be invested into fossil gas or nuclear energy). Now, imagine that the exposure to renewables increases to 7%. If the exposure to gas and nuclear energy was defined as a minimum percentage, the fund manager would be obliged to keep the proportion at 5%. Apart from introducing requirements that appear to be incompatible with the policy objectives of the Taxonomy Regulation, this approach also imposes unnecessary restrictions on the fund managers’ investment policies.

10. Different alternatives were discussed with pro and cons. A first one consisted of a pie chart depicting the minimum proportion of taxonomy aligned investment, combined with a table showing the actual proportion of investments in fossil gas and nuclear energy (precontractual disclosure option 1). The advantage of this approach is its simplicity. It also avoids giving the impression that investment objectives of minimum proportions of taxonomy aligned investments are set by activity. The disadvantage is that the actual percentage of exposure to fossil gas and nuclear energy may be fluctuating and hence, regular updates of precontractual information would be required in case of material changes to the product portfolio. The other elements in the template for precontractual information are rather static, so introducing indicators that require updates would change the nature of a document which at present is a rather static document. Some members suggested another alternative, related to option 2a, i.e. a chart (or table) defining (i) the minimum percentage invested in taxonomy aligned assets and (ii) the minimum percentage in taxonomy aligned assets excluding gas and nuclear energy. An explanatory sentence could be added. “Electricity production out of fossil gas and nuclear energy is for transitional reasons considered to be taxonomy-aligned. To distinguish these from other taxonomy-aligned investments, the graphs show the total minimum proportion of taxonomy aligned investments and the minimum proportion of taxonomy aligned investments excluding fossil gas and nuclear energy”. Whatever option is chosen should also be compared with the mandate received by the ESA’s within the legal context of the current texts.
11. The remarks above refer to precontractual information and not to periodic reporting. The *ex post* periodic reporting refers to actual exposures and not to minimum proportions. The SMSG considers it useful to distinguish in periodic reporting the actual proportions of fossil gas, nuclear energy, and taxonomy aligned investments other than fossil gas and nuclear energy.

12. While the current advice is primarily about the templates for precontractual information and periodic reporting, the SMSG also points at a particular relation with Principal Adverse Impact Indicators. This is particularly relevant as the ESA’s received a mandate to review and revise regulatory technical standards under SFDR, in particular Principal Adverse Impact indicators (FISMA.C.4/LB/mp(2022)2726506). The current Table 1 Principal Adverse Impact indicators on greenhouse gas emissions include both Scope 1 and Scope 2 emissions. With regard to electricity production from fossil gas, not only the greenhouse gas emission of the electricity production itself (scope 1) is relevant. Increasingly, the scope 2 emissions have come under public scrutiny due to methane leaks in gas wells. This has resulted in the Global Methane Pledge at COP-26 in Glasgow. Reducing methane emission is considered to be one of most effective levers to reduce climate warming in the next 25 years. For this reason, the SMSG believes investors have a right to see whether electricity producers using fossil gas get their gas from sources where methane leaks are carefully monitored or sources where this is not so. This must be reflected in the Scope 2 PAI indicator.

13. The SMSG has repeatedly pointed out the unrealistic timings behind the Sustainable Finance Disclosure Regulation. The proposed changes to the templates exacerbate this concern. Financial institutions need to dedicate their ICT resources to a whole set of priorities. This means that ICT resources are already committed and cannot be shifted due to last minute legislative changes. As it is, it will be very taxing for financial institutions to implement these templates by 1.1.2023. Inasmuch as it will be a challenge to collect good quality data for some time, future evolutions to the templates should take due account of the availability of quality data. With regard to the reliability of data, it should also be kept in mind that only exposure to gas and nuclear energy which fulfills the necessary conditions as outlined in the Complementary Delegated Act can be considered as taxonomy-aligned, and that data specific to these conditions may be difficult to obtain.

Adopted on 8 July 2022

[signed]

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Chair, Securities and Markets Stakeholder Group

Chris Vervliet
rapporteur
Options presented to ESA Stakeholders Groups and consumers’ associations

Pre-contractual ‘Option 1’ – no graphical representation: narrative description and tables below the graphs

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Include a section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include the graphical representation referred to in Article 15(1), point (a), of this Regulation, the description referred to in Article 15(1), point (b), of this Regulation, a clear explanation as referred to in Article 15(1), point (c), of this Regulation, a narrative explanation as referred to in Article 15(1), point (d), of this Regulation, the information on the proportion of economic activities referred to in Article 15(1), points (e) and (f), of this Regulation, and the information referred to in Article 15(3) of this Regulation.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

<table>
<thead>
<tr>
<th>Table 1: Proportion of fossil gas and nuclear taxonomy-aligned investments including sovereign bonds</th>
<th>Table 2: Proportion of fossil gas and nuclear taxonomy-aligned investments excluding sovereign bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fossil gas</strong> [indicate proportion of x% and proportion of all investments]</td>
<td><strong>Fossil gas</strong> [indicate proportion of x% and proportion of all investments]</td>
</tr>
<tr>
<td><strong>Nuclear</strong> [indicate proportion of x% and proportion of all investments]</td>
<td><strong>Nuclear</strong> [indicate proportion of x% and proportion of all investments]</td>
</tr>
</tbody>
</table>

** Fossil gas refers to transition activities related to fossil gaseous fuels that cannot yet be replaced by technologically and economically feasible low-carbon alternatives, but do contribute to climate change mitigation

*** Nuclear energy refers to transition activities related to nuclear energy that are subject to strict safety and environmental conditions (including on waste disposal)
Pre-contractual “Option 2a” and “2b” – graphical representation

“Option 2a” – pie chart split

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds*

   - Taxonomy-aligned: Fossil gas
   - Taxonomy-aligned: Nuclear
   - Taxonomy-aligned (no gas & nuclear)
   - Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds*

   - Taxonomy-aligned: Fossil gas
   - Taxonomy-aligned: Nuclear
   - Taxonomy-aligned (no fossil gas & nuclear)
   - Non Taxonomy-aligned

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

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Option 2b – pie in pie chart
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds*
   - Non Taxonomy-aligned
   - Taxonomy-aligned: Fossil gas
   - Taxonomy-aligned: Nuclear
   - Taxonomy-aligned (no fossil gas and nuclear)

2. Taxonomy-alignment of investments excluding sovereign bonds*
   - Non Taxonomy-aligned
   - Taxonomy-aligned: Fossil gas
   - Taxonomy-aligned: Nuclear
   - Taxonomy-aligned (no fossil gas and nuclear)

* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

** Fossil gas refers to transition activities related to fossil gaseous fuels that cannot yet be replaced by technologically and economically feasible low-carbon alternatives, but do contribute to climate change mitigation.

*** Nuclear energy refers to transition activities related to nuclear energy that are subject to strict safety and environmental conditions (including on waste disposal).

Periodic disclosure Option 1 – no graphical representation: narrative description and tables below the graphs.
For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

** Table 1: Proportion of fossil gas and nuclear taxonomy-aligned investments including sovereign bonds

<table>
<thead>
<tr>
<th>Fossil gas* measured by turnover</th>
<th>Nuclear*** measured by turnover</th>
<th>Fossil gas measured by CapEx</th>
<th>Nuclear measured by CapEx</th>
<th>Fossil gas measured by OpEx</th>
<th>Nuclear measured by OpEx</th>
</tr>
</thead>
<tbody>
<tr>
<td>[indicate proportion of x4]</td>
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** Fossil gas refers to transition activities related to natural gas that cannot yet be replaced by technologically and economically feasible low-carbon alternatives, but do contribute to climate change mitigation.

*** Nuclear energy refers to transition activities related to nuclear energy that are subject to strict safety and environmental conditions (including on waste disposal).
The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

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