



LIETUVOS BANKAS
EUROSISTEMA

Overview of Issuers' Non-financial Information in Accordance with the Disclosure Requirements of Article 8 of the Taxonomy Regulation

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Overview of Issuers' Non-financial Information in Accordance with the Disclosure Requirements of Article 8 of the Taxonomy Regulation

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1. LEGAL BACKGROUND

With a view to increasing consistency and comparability of non-financial information disclosed by undertakings, Non-Financial Reporting Directive, NFRD, ([Directive 2014/95/EU of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups](#)) was adopted on 22 October 2014. The NFRD requirements were transposed to the Lithuanian law upon adoption of certain amendments to the provisions of the Republic of Lithuania Law on Financial Reporting by Undertakings and the Republic of Lithuania Law on Consolidated Financial Reporting by Groups of Undertakings.

In accordance with the legislation, large¹ public interest entities² with an average annual number of payroll employees exceeding 500 on the last day of the reporting financial year, as well as parent undertakings of a group of large³ public interest entities with an average annual number of payroll employees exceeding 500 on the last day of the reporting financial year, are required to include social responsibility information in their annual reports, or to draw up separate reports on social responsibility. The reports should contain, *inter alia*, information relating to environmental, social and staff matters, respect for human rights, anti-corruption and bribery issues.

The core requirements for social responsibility reports are set out in Article 23² of the Law on Financial Reporting by Undertakings and Article 10¹ of the Law on Consolidated Financial Reporting by Groups of Undertakings. As for corporate annual reports for reference periods starting on and after 1 January 2022, the social responsibility reports should also include the information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter – the Taxonomy Regulation).

As required by Article 8 of the Taxonomy Regulation, issuers that do not qualify as financial undertakings⁴ (non-financial undertakings) should disclose such indicators as turnover, capital expenditure (CapEx), operating expenditure (OpEx), key performance indicators (KPI), their breakdown by economic activity, accounting policy, information on economic activities, taxonomy eligible/non-eligible activities,⁵ and qualitative information⁶.

¹ Article 4 of the Law on Financial Reporting by Undertakings provides that large undertakings shall be undertakings, at least two indicators of which exceed the following amounts on the last day of a financial year: (1) the value of assets on the balance sheet – €20,000,000; (2) net sales revenue during a reporting financial year – €40,000,000; (3) the average annual number of payroll employees during a reporting financial year – 250 employees.

² Article 2(32) of the Republic of Lithuania Law on the Audit of Financial Statements provides that a public interest entity shall mean an entity that is of significant public relevance because of the scale or nature of its business, or the number of clients: an undertaking whose securities are traded on a regulated market; a bank or the Central Credit Union; a financial brokerage firm; a collective investment undertaking (CIU), a pension fund (PF), an occupational pension fund; a management company which manages a CIU, PF, an association of participants of an occupational pension fund/funds; an insurance undertaking, reinsurance undertaking, etc.

³ Article 4 of the Law on Consolidated Financial Reporting by Groups of Undertakings provides that large groups of undertakings shall be groups of undertakings, at least two joint indicators of which in annual financial statements of a group of undertakings exceed the following amounts on the last day of a financial year of the parent undertaking: (1) the value of assets on the balance sheet (without deducting intra-group transactions) – €24,000,000; (2) net sales revenue during a reporting financial year (without deducting intra-group sales revenue) – €48,000,000; (3) the average annual number of payroll employees during a reporting financial year – 250 employees.

⁴ A financial undertaking means an undertaking which is subject to the obligation to prepare a social responsibility report and which is an asset manager, a credit institution within the meaning of Article 4(1)(1) of Regulation (EU) No 575/2013 (6) of the European Parliament and of the Council, an investment firm within the meaning of Article 4(1)(2) of Regulation (EU) No 575/2013, an insurance undertaking within the meaning of Article 13(1) of Directive 2009/138/EC (7) of the European Parliament and of the Council, or a reinsurance undertaking within the meaning of Article 13(4) of Directive 2009/138/EC. Non-financial undertaking means an undertaking which is not a financial undertaking.

⁵ Taxonomy eligible economic activity means an economic activity defined in delegated acts adopted under Articles 10(3), 11(3), 12(2), Articles 13(2) 14(2), and 15(2) of Taxonomy Regulation (EU) 2020/852, regardless of whether that economic activity meets all the technical or all the selection criteria laid down in those delegated acts.

⁶ In particular, the following information should be disclosed: the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation, and the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9.

Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation adopted on 6 July 2021 (hereinafter – the Delegated Regulation) regulates the content, methodology and presentation of information to be disclosed by large financial and non-financial undertakings subject to the requirement of disclosure of non-financial information. Undertakings are required to disclose the extent that their business, investment or lending activity is a taxonomy aligned economic activity.⁷

Annexes to this legal instrument detail the content and methodological requirements for disclosure by non-financial undertakings (Annexes I and II), management companies (Annexes III and IV), credit institutions (Annexes V and VI), investment firms (Annexes VII and VIII), insurance and reinsurance undertakings (Annexes IX and X), and the disclosure requirements for the qualitative information disclosures by management companies, credit institutions, investment firms and insurance and reinsurance undertakings (Annex XI).

Under the Delegated Regulation, large non-financial undertakings are required, from 1 January 2023, to disclose their KPIs, including any and all accompanying information to be disclosed pursuant to Annexes I and II of the Regulation referred to above. It should be noted that non-financial undertakings were required to disclose only taxonomy eligible/non-eligible economic activities for 2021 and taxonomy aligned/non-aligned economic activities for 2022.

⁷ A taxonomy aligned economic activity means economic activity that meets the requirements set out in Article 3 of the Taxonomy Regulation.

2. PURPOSE AND SCOPE OF THE OVERVIEW

2023 was the first year when issuers (non-financial undertakings) that qualify as large undertakings or groups of undertakings with an average annual number of payroll employees exceeding 500 on the last day of the reporting financial year, when publishing their financial information for 2022 in their non-financial statements (annual report, social responsibility report and respective consolidated documents), in compliance with the requirements set out in Article 8 of the [Taxonomy Regulation](#), were obliged to disclose how and to what extent their activities were associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Regulation.

The purpose of this Overview is to assess how issuers (non-financial undertakings) applied the sustainability disclosure requirements, to identify deficiencies and problems, to provide recommendations, etc., so as to assure, in future reporting periods, disclosures that are of higher quality and in line with the legal requirements and fundamental principles.

Furthermore, this Overview is aimed at evaluating the aspects brought to the attention of market participants by the European Securities and Markets Authority, ESMA, in its published [European Common Enforcement Priorities for 2022, ECEP](#), on financial reports and annual report of issuers, to the extent it relates to disclosures under Article 8 of the Taxonomy Regulation (Section 2.2, p. 9–11).

The aspects relate to the use and completeness of the templates provided in Annex II of the Delegated Regulation, to proper submission of different KPI reports and to the avoidance of double counting of activities contributing to climate-related objectives (in terms of both mitigation and adaptation). As regards qualitative information, taking into account Sections 1.2.1 and 1.2.3 of Annex I to the Delegated Regulation, transparency and compliance of the accounting policies, and existence of references to other sections of the financial or non-financial statements were assessed. Further assessment included additional voluntary disclosures.

It should be noted that with a view to coordinating the activities of national financial market supervisors of the European Union (EU) in relation to the supervision of disclosures under the Taxonomy Regulation, ESMA also collected information on non-financial information prepared and published by issuers (non-financial undertakings) for the reporting year 2022. ESMA published its Summary of Findings: [Summary of findings Results of a fact-finding exercise on corporate reporting practices under the Taxonomy Regulation](#)). Therein, it presented aggregated results for 54 issuers (non-financial undertakings) from 22 EU Member States.⁸ It should be noted that the findings should be viewed in the context of a limited sample size and the fact that there was no sampling to achieve representativeness within the population of all European issuers. Nevertheless, for the purposes of this Overview, it was decided to present the disclosures referred to in Article 8 of the Taxonomy Regulation for Lithuanian issuers on the analogy of ESMA's assessment, accompanied by comparative information on certain indicators of issuers assessed by Lithuania and by ESMA at the EU level.

Scope of assessment. As of 31 December 2022, securities (stocks and bonds) of 30 issuers⁹ supervised by the Bank of Lithuania were listed on the Main List, Secondary List and Debt Securities List of the regulated market of AB Nasdaq Vilnius. For the purposes of the Overview, non-financial information disclosed in social responsibility reports of 19¹⁰ issuers (non-financial undertakings) (provided in social responsibility statements included in the annual reports, or in specific social responsibility reports when provided separately (hereinafter – the social responsibility report)) related to the disclosures referred to in Article 8 of the Taxonomy Regulation were reviewed and evaluated. The list of companies the disclosures of which have been analysed in this Overview is provided in Annex 1.

⁸ According to ESMA, the issuers were sampled by national supervisory authorities.

⁹ This figure does not include AB INTER RAO Lietuva (trading in securities was suspended during the assessment period) and MAXIMA GRUPE, UAB (which chose Ireland as its home Member State, the national supervisory authority of which oversees compliance with the legal requirements of the information considered in this Overview).

¹⁰ LITGRID AB is considered to be a large undertaking, however, it is a subsidiary of UAB EPSO-G, therefore, in compliance with Article 23²(7), it is exempted from the obligation to draw up a social responsibility report.

Five issuers¹¹ (non-financial undertakings) that are not subject to the obligation to draw up social responsibility reports did not provide information; nor was information of 5 issuers¹² that qualify as financial undertakings assessed in the Overview.

¹¹ AB Kauno energija, UAB Orkela, UAB Valstybės investicinis kapitalas, AB Invalda INVL, AB INVL Baltic Farmland.

¹² AB Šiaulių bankas, UTIB INVL Technology, SUTNTIB INVL Baltic Real Estate, UTIISIB UAB Atsinaujinančios energetikos investicijos, UAB Medicinos bankas.

3. RESULTS OF THE ASSESSMENT PERFORMED

1. Undertakings assessed

For the purposes of the Overview, 19 issuers (non-financial undertakings) were reviewed:

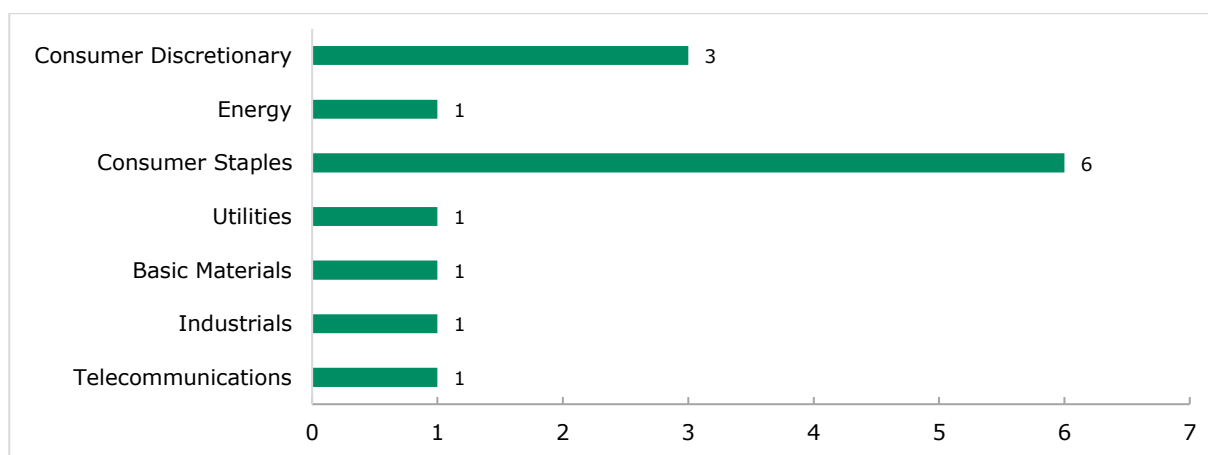
- 13 undertakings that qualify as large¹³ and are subject to the disclosure obligation;
- 6 undertakings that voluntarily provided their social responsibility reports¹⁴ but are not subject to that obligation.

Of the 6 companies that voluntarily provided their social responsibility reports, only one (AB Utenos trikotažas) disclosed the indicators referred to in Article 8 of the Taxonomy Regulation, while the remaining 5 companies (AB Klaipėdos nafta, AB Novaturas, AB Amber Grid¹⁵, AB Snaigė, AKROPOLIS GROUP, UAB) did not disclose the indicators referred to in Article 8 of the Taxonomy Regulation.

The Overview further analyses 14 undertakings (non-financial information related to the disclosure referred to in Article 8 of the Taxonomy Regulation, of 13 companies that are subject to the obligation to draw up a social responsibility report, and 1 company that voluntarily provided the social responsibility report and disclosed the indicators referred to in Article 8 of the Taxonomy Regulation).

The sample of issuers under review includes issuers classified in different sectors of activities in accordance with the Industry Classification Benchmark, ICB,¹⁶ with most of them classified in the Consumer Staples and Consumer Discretionary sectors.

Chart 1. Lithuanian issuers by ICB sector



¹³ APB Apranga, AUGA Group, AB, AB Grigeo, AB Ignitis grupė, AB Linas Agro Group, AB Panevėžio statybos trestas, AB Pieno žvaigždės, AB Rokiškio sūris, Telia Lietuva, AB, AB Vilkyškių pieninė, AB Vilniaus baldai, AB Žemaitijos pienas, UAB EPSO-G. Litgrid, AB is considered to be a large undertaking, however, it is a subsidiary of UAB EPSO-G, therefore, in compliance with Article 23²(7) of the [Law on Financial Reporting by Undertakings](#), it is exempted from the obligation to draw up a social responsibility report. As laid down in the Law referred to, this provision shall apply in the event that, in accordance with the Republic of Lithuania Law on Consolidated Financial Reporting by Groups of Undertakings or legal instruments of another Member State, the information of such company and its subsidiaries is included in the consolidated annual report drawn up by the parent undertaking or in a separate report containing information that must be included in the consolidated separate report on social responsibility. The annual report shall state that the information of the subsidiary company is included in the consolidated annual report of the parent undertaking or in the separate report containing information that must be included in the consolidated separate report on social responsibility

¹⁴ AB Klaipėdos nafta, AB Novaturas, AB Utenos trikotažas, AB Amber Grid, AB Snaigė, Akropolis Group, UAB.

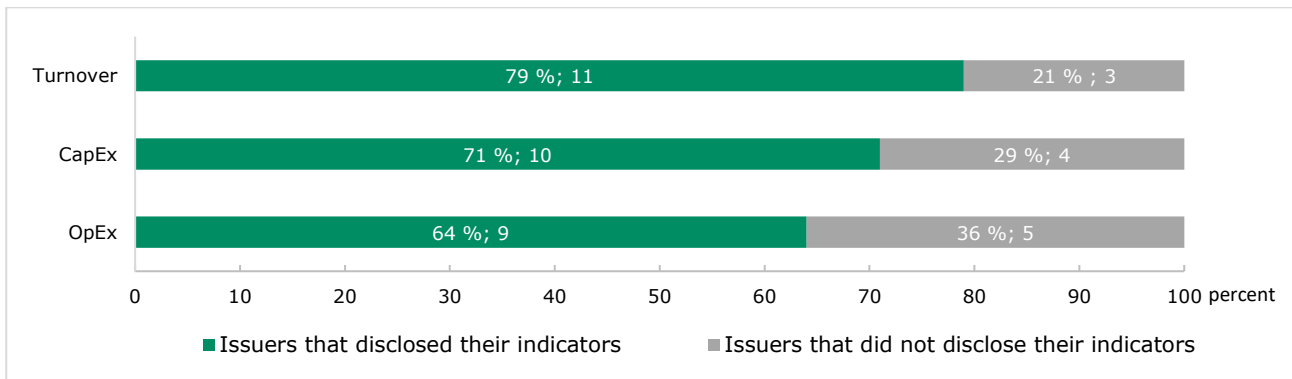
¹⁵ The social responsibility report provided by AB Amber Grid states the reasons for not being subject to the obligation to disclose non-financial information, but attention is given to the fact that AB Amber Grid is part of the group of companies of UAB EPSO-G which is subject to the disclosure requirements, and that therefore the taxonomy disclosure for activities of AB Amber Grid is provided in the audited annual report of UAB EPSO-G.

¹⁶ It is an industry classification taxonomy comprised of four levels: industries, supersectors, sectors or subsectors. The level used herein is a „sector“ (https://en.wikipedia.org/wiki/Industry_Classification_Benchmark).

2. Quantitative information

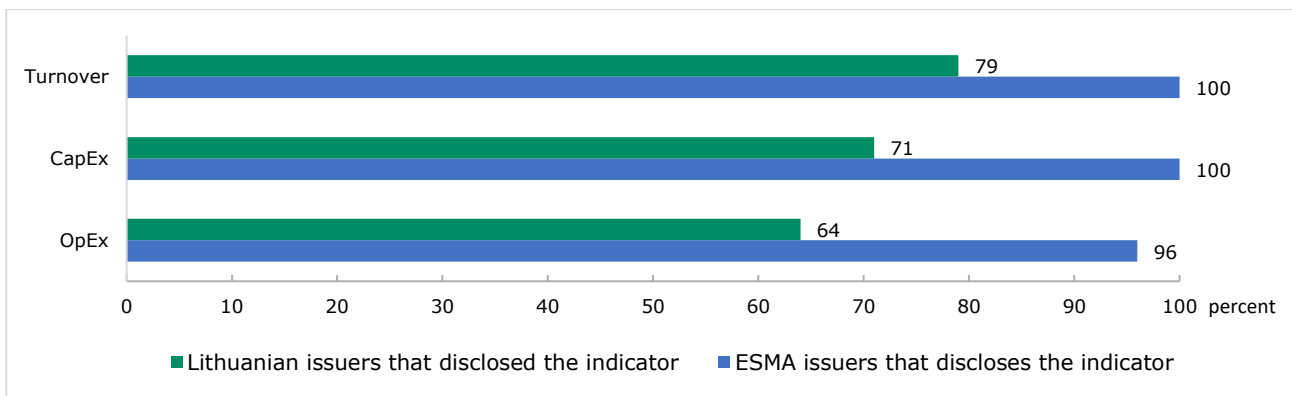
The analysis led to the finding that of the 14 Lithuanian issuers reviewed, 79% (11 issuers) disclosed their turnover indicators, 71% (10 issuers) disclosed their CapEx indicators, and 64% (9 issuers) disclosed their OpEx indicators of taxonomy aligned economic activities and taxonomy eligible/non-eligible economic activities.

Chart 2. Distribution of Lithuanian issuers who have/have not disclosed the indicators under Article 8 of the Taxonomy Regulation



As for the issuers assessed by ESMA at the EU level, all 54 of them in the sample disclosed their turnover and CapEx alignment, and 96% of the sample (52 issuers) disclosed their OpEx alignment.

Chart 3. Proportion of Lithuanian issuers and issuers assessed by ESMA at the EU level that disclosed their indicators of taxonomy aligned economic activities



Due to the rather broad gap between the number of issuers assessed by ESMA at the EU level, with nearly 100% disclosure of all indicators, and the number of Lithuanian issuers, with many of them failing to disclose the indicators, an attempt was made to identify the reasons for this and to address the arguments put forward by undertakings to justify their non-disclosure.

Analysis of the information provided by the undertakings in their social responsibility reports led to the finding that 2 of 14 (14%) of the Lithuanian issuers reviewed (AB Vilniaus baldai ir AB Pieno žvaigždės) failed to disclose in their social responsibility reports the information referred to in Article 8 of the Taxonomy Regulation, i.e. failed to provide the values of the indicators, there was no disclosure for any of the indicators.

The social responsibility report of AB Vilniaus baldai did not disclose any information referred to in Article 8 of the Taxonomy Regulation, there is no single reference to taxonomy, no reasons explained.

The social responsibility report of AB Pieno žvaigždės contains information that under the EU taxonomy reporting, the company currently does not meet the requirements and will start reporting as soon as it is included in the mandatory list.

2022 was the first financial year when non-financial undertakings had to disclose indicators of both taxonomy eligible and taxonomy aligned economic activities. Further details of undertakings that did not disclose values of indicators for only some of the taxonomy aligned economic activities (turnover, capital expenditure (CapEx), operating expenditure (OpEx)) are provided below:

- turnover indicator – 1 company (AB Žemaitijos pienas);
- CapEx indicator – 2 companies (APB Apranga and AB Rokiškio sūris);
- OpEx indicator – 3 companies (AB Rokiškio sūris, AB Linas Agro Group and AB Panevėžio statybos trestas).

Information on turnover indicator of AB Žemaitijos pienas is not disclosed at all. The company submits that its operation of dairies and cheese making activities were previously excluded from taxonomy eligible activities, but now, pursuant to the Delegated Regulation, food production may be eligible if it meets the criteria of contributing to biodiversity or the criteria of contributing to the transition to a circular economy. In addition, the company notes that this is the first presentation of aligning and calculation of taxonomy eligible activities. As the European Commission amends the current regulations or issues new related ones, the company intends to modify its calculation methodology and to include new taxonomy eligible activities.

In the social responsibility report of APB Apranga, the CapEx indicator information is presented in a tabular form, but some information is missing (information on both taxonomy eligible and non-eligible activities is marked with "under revision"). Moreover, the table containing the information on taxonomy eligible economic activities shows that the latter stand at 11%, but it does not disclose the percentage of aligned and non-aligned activities, thus, the exact value of the indicator is not disclosed. It is worth mentioning that in the table, the company disclosed information on investment in solar power plants (€417,340) but failed to disclose the amounts related to the purchase of new hybrid cars (there is an indication that they are not included in the analysis this year but are planned to be included and disclosed in next year's report).

The social responsibility report of AB Rokiškio sūris does not disclose any information on either CapEx or OpEx indicators. It is stated that the group's core activities – operation of dairies and cheese making – are not classified as having a significant impact on climate change and causing material harm to other environmental goals. Such activities were previously excluded, but now, pursuant to the Delegated Regulation, food production may be eligible if it meets the criteria of contributing to biodiversity or the criteria of contributing to the transition to a circular economy. The company also stated that more activities and more detailed information are expected to be covered in the 2023 reporting.

AB Linas Agro Group provided certain information on the OpEx indicator in its social responsibility report, but failed to disclose the values of the indicator, i.e. both the values of taxonomy aligned economic activities, and those of taxonomy eligible/non-eligible economic activities. The summary table provided contains information that the OpEx value is not disclosed due to the necessary updates to the existing accounting system, with a view of collecting data based on taxonomy criteria. In the further details, it is noted that the accounting system currently used by the company is not adapted to the segregation of data in accordance with the OpEx definition in taxonomy, therefore, exact information is not available and is not presented in the report. The plan is to get prepared better and report at least the most significant data under that indicator in the future.

Similarly, AB Panevėžio statybos trestas failed to disclose the values of the OpEx indicator (for both taxonomy aligned economic activities, and for taxonomy eligible/non-eligible economic activities). The company also notes that the accounting system currently used by it is not adapted to the segregation of data in accordance with the

OpEx definition in taxonomy, therefore, it would have been difficult to collect and disclose the required information in the report. The plan is to get prepared better in 2023 and to report at least the most significant data under that indicator in the report for 2023.

In addition, it should be noted that the analysis did not involve the assessment of correctness of the data provided by the issuers, but some cases were observed when, in the disclosure of the values of the indicators, the information provided by the issuers was unclear, ambiguous and/or conflicting, with significant inconsistencies, possibly misleading, and moreover, without any further explanation of the disclosure, which raises reasonable doubts as to the correctness of the disclosure of the data under review. With a view of presenting the average values of the indicators and other assessment results as accurately as possible, where such information was identified, it was eliminated from further assessments.

Thus, the values of certain indicators of the following companies are not included in the further calculations:

When disclosing the CapEx alignment indicator, AB Žemaitijos pienas failed to specify it in the template. The information presented in the pie chart of the company's social responsibility and sustainability report imply that the CapEx alignment indicator is 100%, there are no taxonomy non-aligned activities and no taxonomy non-eligible activities. It should be noted that this information is not explained or otherwise substantiated, is unlikely and raises serious doubts as to the correctness of the disclosure.

When disclosing the OpEx indicator values, the company did so in the table provided in the template, but not to a full extent. Furthermore, the information provided in the table does not correspond to the information provided in the pie chart. The information provided in the table implies that the value of the OpEx indicator for environmentally sustainable (criteria-compliant) activities (A.1) is 13%, for taxonomy eligible but environmentally unsustainable activities (A.2) – 19%, and for taxonomy non-eligible activities (B) – 68%, meanwhile, the OpEx indicator information, summarised in the pie chart, shows that the taxonomy aligned activities stand at 28% and that the value of the indicator for taxonomy non-aligned activities is 72%, i.e. this information does not correlate with the information provided in the table. Moreover, it is not explained or otherwise substantiated, and therefore raises serious doubts as to the correctness of the disclosure.

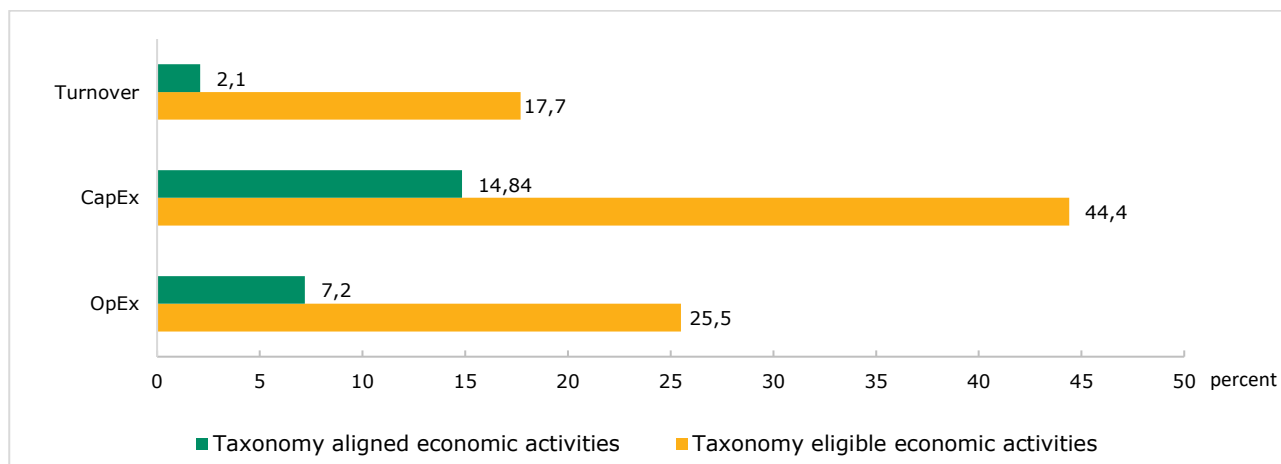
AB Rokiškio sūris used a template to disclose the turnover alignment of its taxonomy eligible economic activities in its social responsibility report, but not to a full extent. Furthermore, it provided conflicting information in the table, which raises further doubts as to the correctness of the disclosure. The information provided in the table implies that the value of the indicator of taxonomy aligned economic activities (A.1) is 27.95%, and 72.05% of taxonomy non-aligned economic activities (A.2), which suggests that all taxonomy eligible economic activities make a total of 100% and there are no taxonomy non-eligible activities, which is unreasonable and unlikely; in addition, it is stated that A+B makes 73.06%, which would imply that taxonomy eligible/non-eligible activities stand at 73.06%, while the sum of the taxonomy eligible and non-eligible activities must always be 100%.

For the 13 non-financial undertakings (issuers) assessed¹⁷:

- the average turnover alignment of taxonomy eligible economic activities is 2.1%, and the average turnover indicator for taxonomy eligible economic activities is 17.7%;
- the average CapEx alignment of taxonomy eligible economic activities is 14.8%, and the average CapEx indicator for taxonomy eligible economic activities is 44.4%;
- the average OpEx alignment of taxonomy eligible economic activities are 7.2%, and the average OpEx indicator for taxonomy eligible economic activities is 25.5%.

¹⁷ As stated above, the values of CapEx and OpEx indicators disclosed by AB Žemaitijos pienas and the values of turnover indicators disclosed by AB Rokiškio sūris were eliminated from the 14 companies assessed in the determination of average values.

Chart 4. Average values of indicators of taxonomy eligible and taxonomy aligned economic activities

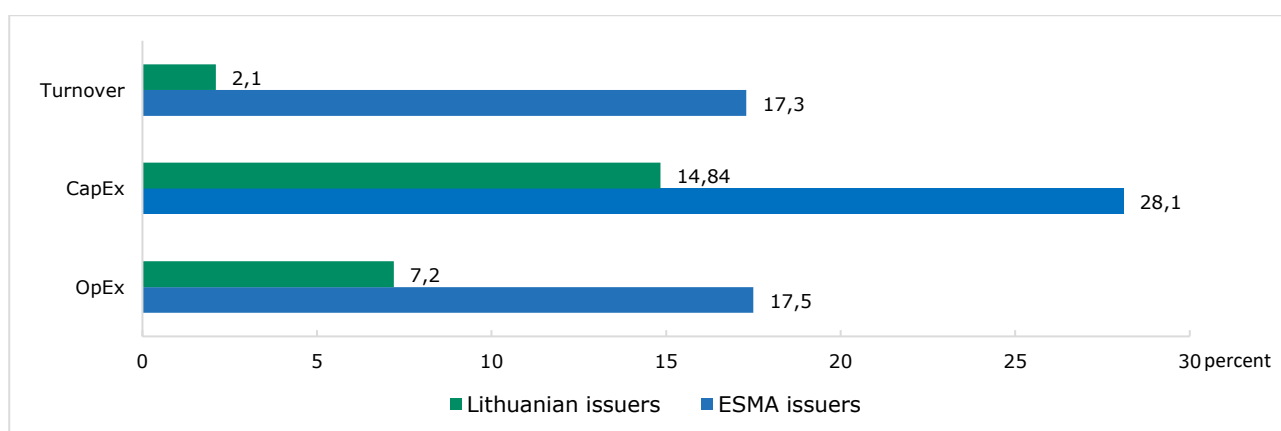


Further details of average values of indicators (turnover, CapEx, OpEx) of taxonomy eligible and taxonomy aligned economic activities of undertakings assessed are provided (by company) in Annex 3.

The difference between the average values of turnover indicators of taxonomy eligible and taxonomy aligned economic activities, i.e. the average value of taxonomy non-aligned economic activities, stood at 15.6%, 29.6% in the case of CapEx and 18.3% in the case of OpEx. It should be noted that there are rather many companies with differences of more than 50% between their taxonomy eligible and taxonomy aligned economic activities: in terms of turnover – 2 companies (AB Panevėžio statybos trestas – 77.1% and UAB EPSO-G – 72.6%), CapEx – 4 companies (Auga Group, AB – 50.8%, AB Panevėžio statybos trestas – 53.4% and AB Utenos trikotažas – 81.8%, UAB EPSO-G – 73.9%), OpEx – 2 companies (Utenos trikotažas – 56.7% and UAB EPSO-G – 79.4%). Higher values of the differences in these indicators might indicate that the undertakings concerned are able to adapt their activities, technologies or processes in order to reach a higher level of taxonomy eligible economic activity that meets the taxonomy criteria.

For comparison, Chart 5 provides information on the average values of the indicators of taxonomy aligned economic activities of Lithuanian issuers and of issuers assessed by ESMA at the EU level, which show considerably lower values of the respective indicators for Lithuanian issuers.

Chart 5. Average values of the indicators of taxonomy aligned economic activities of Lithuanian issuers and of issuers assessed by ESMA at the EU level

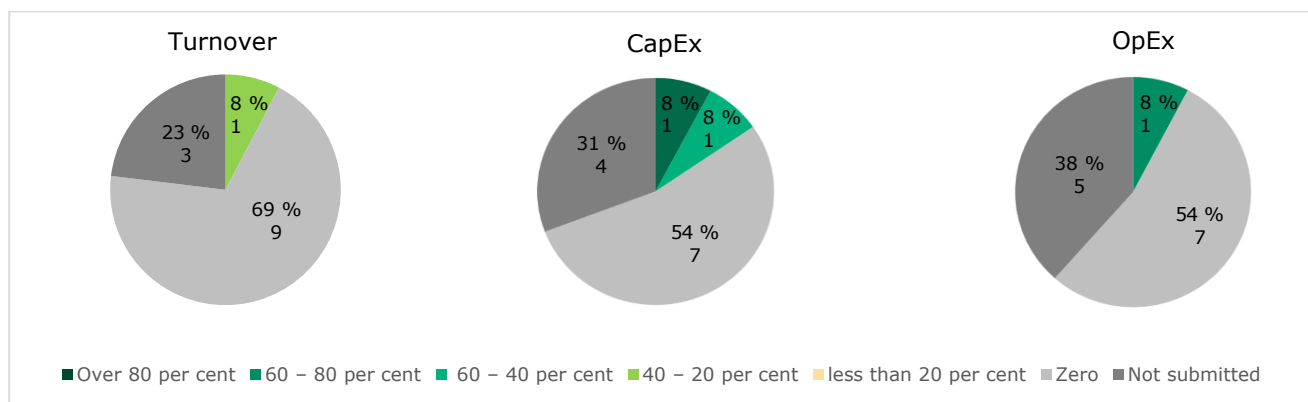


The information provided in Chart 6 visibly illustrates that rather low average values of indicators (turnover, CapEx, OpEx) of taxonomy aligned economic activities of the Lithuanian issuers assessed were due to the considerable number of Lithuanian issuers who disclosed zero values (for turnover – 69% of the issuers (9

companies: APB Apranga, Auga Group, AB, AB Grigeo, AB Linas Agro Group, AB Telia Lietuva, AB Vilkyškių pieninė, AB Utenos trikotažas, AB Panevėžio statybos trestas, UAB EPSO-G), for CapEx – 54% of the issuers (7 companies: AB Grigeo, AB Linas Agro Group, AB Panevėžio statybos trestas, AB Telia Lietuva, AB Vilkyškių pieninė, AB Utenos trikotažas, UAB EPSO-G), and for OpEx – 54% of the issuers as well (7 companies: APB Apranga, Auga Group, AB, AB Grigeo, AB Telia Lietuva, AB Vilkyškių pieninė, AB Utenos trikotažas, UAB EPSO-G), and only very few issuers who disclosed values above zero (for turnover – a mere 1 issuer (AB Ignitis grupė) with the indicator value of 20.6%, for CapEx – 2 issuers (AB Ignitis grupė, with the reported value of 89.5%, Auga Group, AB, – 44.1%), and for OpEx – 1 issuer (AB Ignitis grupė) with the disclosed the indicator value of 64.9%).

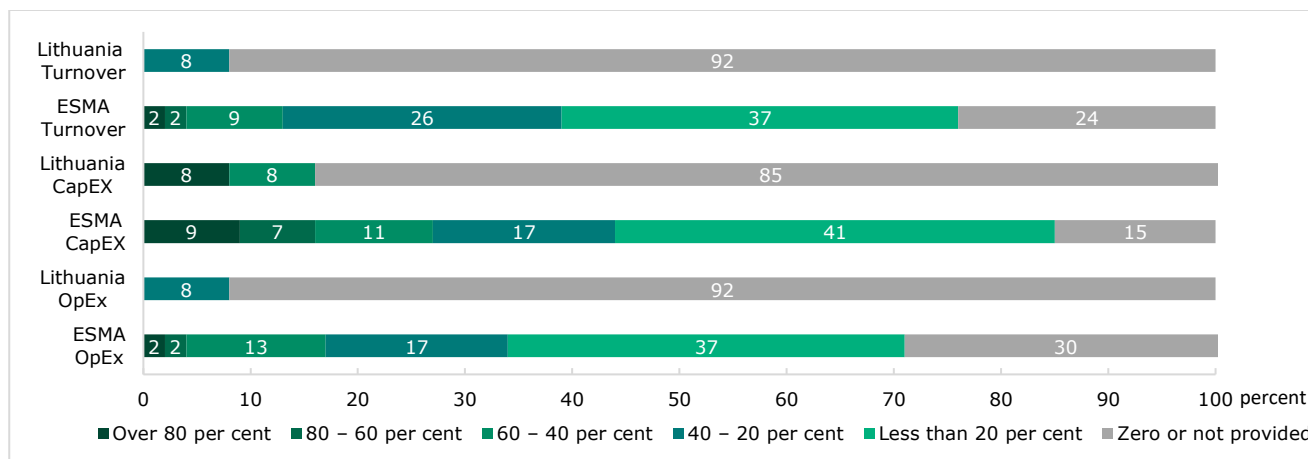
The Chart also shows the number of issuers that have not reported their indicators of taxonomy aligned economic activities in their social responsibility reports, as already discussed above.

Chart 6. Distribution of values of taxonomy aligned economic activities of Lithuanian issuers



It should be noted that the range of distribution of indicator values shown in Chart 7 for illustration and the values of the intervals have been chosen in analogy to the ones disclosed to ESMA, in order to provide comparative data for the issuers assessed at the level of Lithuania and ESMA’s EU level. As shown by Chart 7, there is a particularly broad gap between the Lithuanian issuers and those assessed by ESMA that did not report any or reported zero values. As can also be seen, a relatively high proportion of issuers assessed by ESMA at the EU level disclosed indicator values within a range of less than 20% (37% of the issuers assessed by ESMA at the EU level for turnover and OpEx (each), and 41% for CapEx).

Chart 7. Distribution of the values of taxonomy aligned economic activities of issuers assessed at the level of Lithuania and of issuers assessed by ESMA at the EU level



3. Use and completeness of mandatory templates

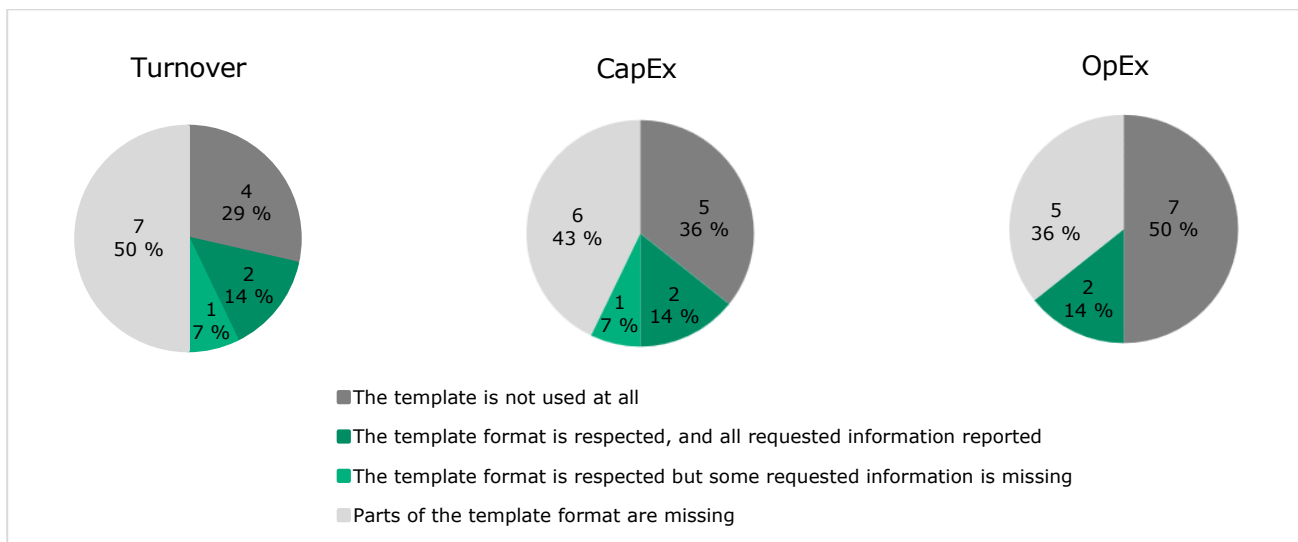
Article 2(1) of the Delegated Regulation stipulates that non-financial undertakings should disclose the information referred to in Article 8, paragraphs 1 and 2, of Regulation (EU) 2020/852 as specified in Annex I to the Delegated Regulation. Under paragraph 2 of the same Article, the information referred to in paragraph 1 should be presented in tabular form by using the templates set out in Annex II to the Delegated Regulation. The aforementioned Annex presents three separate templates, for turnover, CapEx and OpEx. Accordingly, non-financial undertakings are required to disclose the information referred to in Article 8 of the Taxonomy Regulation in tabular form by using three different templates.

The assessment conducted showed that slightly more than half of the issuers disclosed their information by using the templates, although the format was not always maintained and, in some cases, there was a lack of information.

4 issuers (29%) (AB Grigeo, AB Ignitis grupė, AB Telia Lietuva and UAB EPSO-G) disclosed information in all the three templates (for turnover, CapEx and OpEx).

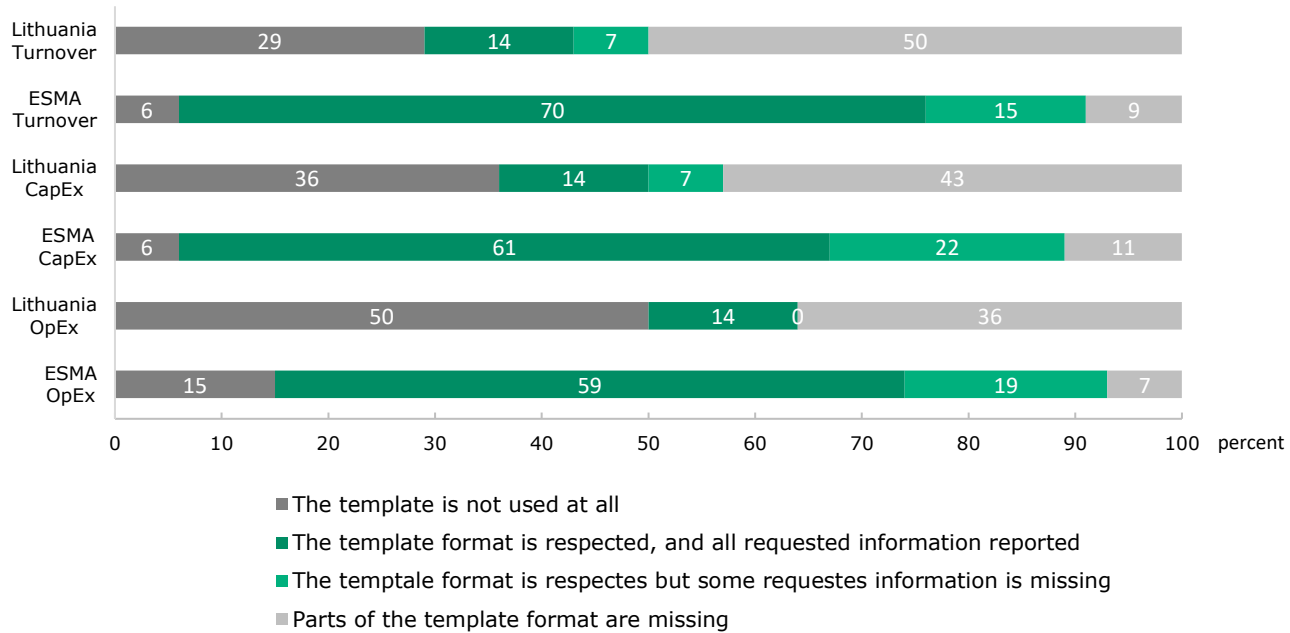
The templates were not used at all by 4 issuers (29%) for disclosing the turnover indicator (Auga Group, AB, AB Pieno žvaigždės, AB Vilniaus baldai and AB Žemaitijos pienas), by 5 issuers (36%) for disclosing CapEx (Auga Group, AB, AB Pieno žvaigždės, AB Rokiškio sūris, AB Vilniaus baldai and AB Žemaitijos pienas) and by 7 issuers (50%) for disclosing OpEx (APB Apranga, Auga Group, AB, AB Linas Agro Group, AB Panevėžio statybos trestas, AB Pieno žvaigždės, AB Rokiškio sūris and AB Vilniaus baldai). It should be mentioned that in many cases where the template was not used, the reported indicator values stood at zero, but it should be pointed out that even in such cases the template should still have been used and filled out. Furthermore, there were cases where the templates were not used to disclose values that were not zeros (Auga Group, AB).

Chart 8. Lithuanian issuers by use and completeness of the mandatory templates



As for the missing parts, subtotal amount lines were often omitted (e.g. A.1 + A.2 eligibility line). In some cases, the columns were completely removed, which resulted in showing only one climate goal or a selection of insignificant damage (DNSH) criteria only. In other cases, the empowerment and transitional period activity columns were removed. There were also cases where row or column headings were changed, where in one case, upon modification of template data, the information on all the three indicators was provided in a single table (AB Vilkyškių pieninė).

Chart 9. Comparison of issuers assessed by Lithuania and by ESMA at EU level on the use and completeness of mandatory templates



CONCLUSIONS

1. Of the 14 Lithuanian issuers assessed, 79% (11 issuers) disclosed their turnover indicators, 71% (10 issuers) disclosed their CapEx indicators, and 64% (9 issuers) disclosed their OpEx indicators of taxonomy aligned economic activities and taxonomy eligible/non-eligible economic activities. Of the 6 issuers that voluntarily drew up social responsibility reports, only one disclosed the indicators set out in Article 8 of the Taxonomy Regulation, while the remaining 5 did not disclose the information on the indicators set out in Article 8 of the Taxonomy Regulation.
2. The average values of indicators of taxonomy aligned economic activities of issuers (non-financial undertakings) are low. In the view of the Bank of Lithuania, such results were mainly due to the fact that the majority of issuers reported zero values and only very few of the issuers reported values greater than zero.
3. Slightly more than half of the issuers covered in the Overview used reporting templates for their disclosures, although the format was not always maintained and in some cases, there was a lack of information. Of these, 4 issuers disclosed information in all the three templates (for turnover, CapEx, Opex), but only 2 issuers met the format requirements. 4 issuers (29%) did not use templates to disclose the turnover indicator (of the company), 5 issuers (36%) did not use templates to disclose the CapEx (of the company) and 7 issuers (50%) did not use templates to disclose the OpEx (companies) values. In many cases, a template was not used where the reported indicator values stood at zero. However, there were cases where the templates were not used to disclose values that were not zeros.

RECOMMENDATIONS OF THE BANK OF LITHUANIA

1. For the scope and content of disclosure

Taking into account the results of this Overview and being aware that issuers often have doubts about the scope and content of the disclosures required under Article 8 of the Taxonomy Regulation, being aware that the analysis and disclosure of sustainability-related data is challenging and can be both time-consuming and lead to additional costs, and taking into account that the practice of taxonomy disclosures is still evolving, the Bank of Lithuania recommends that issuers provide **all available information**, even where there are doubts as to the ability to disclose **all the information required to be disclosed by law**. Issuers are recommended to gradually increase the scope of disclosure about the issuer's environmentally sustainable activities, thereby developing a systematic and forward-looking approach.

With a view of ensuring that the information provided to users is clear and understandable, it is essential to present explanations of one's taxonomy perception that are as clear, detailed and entity-relevant as possible, and to develop arguments in substantiation of the choice of solutions. The underlying assumptions based on which the taxonomy information is prepared should be explained. Such disclosures should also include explanations of the main changes as compared to previous disclosures, if any. This would include provision of references to relevant parts of the report or accounting policies.

2. For the use of specified disclosure templates

Regardless of the nature of economic activities, all issuers are required to use the reporting templates laid down by the Delegated Regulation. Non-financial undertakings are required to disclose the information referred to in Article 8 of the Taxonomy Regulation in tabular form by using three different templates for turnover, CapEx and OpEx. The templates must be used as they are, i.e. without any additional modifications or adjustments. In cases where the issuer's values of certain indicators that must be disclosed stand at zero, or where the issuer applies a materiality exception relating to key performance indicators of the operating expenditure, the templates should nevertheless be used and filled out.

3. Voluntary disclosure of sustainability information

Even though legal instruments do not regulate the content of voluntary sustainability disclosures by companies, the Bank of Lithuania recommends that issuers currently not being subject to mandatory regulatory requirements disclose, on a voluntary basis, in accordance with the principle of proportionality, sustainability information, including the information set out in Article 8 of the Taxonomy Regulation. The disclosures are recommended to be made in accordance with the disclosure templates approved by legal instruments.

It is important that issuers indicate in their voluntary disclosures referred to in Article 8 of the Taxonomy Regulation whether the information has been prepared, albeit optionally, in accordance with the requirements of legal acts. Where the information has been prepared without complying with the regulatory requirements for the format and content, this should be clearly stated, together with an explanation of the methods used to prepare the information.

ANNEXES

Annex 1. List of issuers supervised by the Bank of Lithuania that were included in the Main List, Secondary List and Debt Securities List of the regulated market of AB Nasdaq Vilnius on 31 December 2022

ISSUERS	SECTORS	REPORTS FOR 2022 ¹⁸
NON-FINANCIAL UNDERTAKINGS		
Subject to disclosure obligation		
APB Apranga	Consumer Discretionary / Retail	Reference
AUGA group, AB	Consumer Staples / Food, Beverage and Tobacco	Reference
UAB EPSO-G	Energy	Reference
AB Grigeo	Basic Materials / Basic Resources	Reference
AB Ignitis grupė	Utilities	Reference
AB Linas Agro Group	Consumer Staples / Food, Beverage and Tobacco	Reference ¹⁹
LITGRID AB	Utilities	Reference ²⁰
AB Panevėžio statybos trestas	Industrials / Construction and Materials	Reference
AB Pieno žvaigždės	Consumer Staples / Food, Beverage and Tobacco	Reference
AB Rokiškio sūris	Consumer Staples / Food, Beverage and Tobacco	Reference
Telia Lietuva, AB	Telecommunications	Reference
AB Vilkyškių pieninė	Consumer Staples / Food, Beverage and Tobacco	Reference
AB Vilniaus baldai	Consumer Discretionary/ Consumer Products and Services	Reference
AB Žemaitijos pienas	Consumer Staples / Food, Beverage and Tobacco	Reference
Not-subject to disclosure obligation		
AKROPOLIS GROUP, UAB	Vilnius Baltic Debts / VP List	Reference
AB Amber Grid	Energy	Reference
AB Klaipėdos nafta	Industrials / Industrial Goods and Services	Reference
AB Kauno energija	Utilities	Reference
AB Novaturas	Consumer Discretionary/ Travel and Leisure	Reference
AB Snaigė	Consumer Discretionary/ Consumer Products and Services	Reference
AB Invalda INVL	Financial services	Reference
AB INVL Baltic Farmland	Real Estate	Reference
UAB Orkela	Financial Services	Reference
AB Utenos trikotažas	Consumer Discretionary/ Consumer Products and Services	Reference
UAB Valstybės investicinis kapitalas	Financial Services	Reference
FINANCIAL UNDERTAKINGS		
UTIISIB UAB Atsinaujančios energetikos investicijos	Financial Services	Reference
INVL Baltic Real Estate	Real Estate	Reference
UTIB INVL Technology	Financial Services	Reference
UAB Medicinos bankas	Financial Services	Reference
AB Šiaulių bankas	Financial Services	Reference

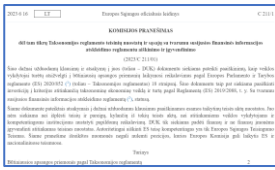
¹⁸ Annual reports, social responsibility and sustainability reports for 2022

¹⁹ On 4 December 2023, AB Linas Agro Group changed its name to AB Akola Group

²⁰ LITGRID AB's reports are provided in conjunction with consolidated annual statements of UAB EPSO-G

Annex 2. Useful links:

Other useful links (frequently asked questions (FAQ) and other useful sources)



FAQ – Taxonomy disclosure on minimum safeguards under the Taxonomy Regulation **Commission Notice of 16 June 2023 (2023/C 211/1)** on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and links to the Sustainable Finance Disclosure Regulation



FAQ – Taxonomy disclosure (with main focus on alignment). **Commission Notice of 20 October 2023 (2022/C 385/01)** on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets



FAQ – Taxonomy disclosure (with main focus on alignment). **Commission Notice (C/2023/305) of 20 October 2023** on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (second Commission Notice)



FAQ – Sustainability criteria **Commission Notice (C/2023/267) of 20 October 2023** on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objective



FAQ - Taxonomy disclosure (with main focus on eligibility) **Commission Notice of December 2021, updated in January 2022**



EU Taxonomy Navigator



ESMA's review of results of a fact-finding exercise on corporate reporting practices under the Taxonomy Regulation, 25 October 2023



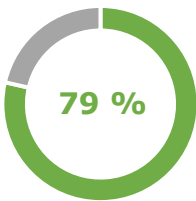
EU recommendations on facilitating finance for the transition to a sustainable economy **Commission Recommendation (EU) 2023/1425 of 27 June 2023**



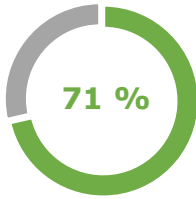
EU Taxonomy stakeholder request mechanism **17 October 2023**



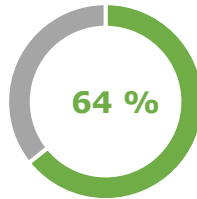
Issuers that disclosed the **turnover** indicator of taxonomy aligned economic activities



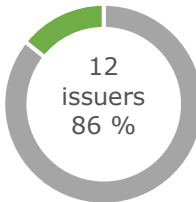
Issuers that disclosed the **CapEx** indicator of taxonomy aligned economic activities



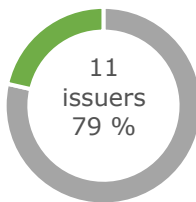
Issuers that disclosed the **OpEx** indicator of taxonomy aligned economic activities



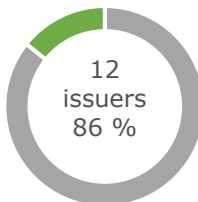
Issuers that reported zero value for **turnover** indicator or did not report the indicator



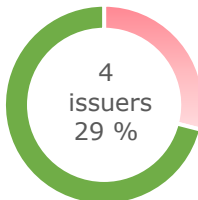
Issuers that reported zero value for **CapEx** indicator or did not report the indicator



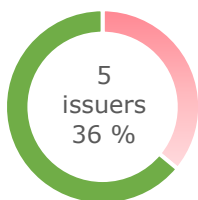
Issuers that reported zero value for **OpEx** indicator or did not report the indicator



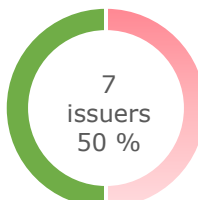
Issuers that did not use or adjusted the **turnover** indicator template



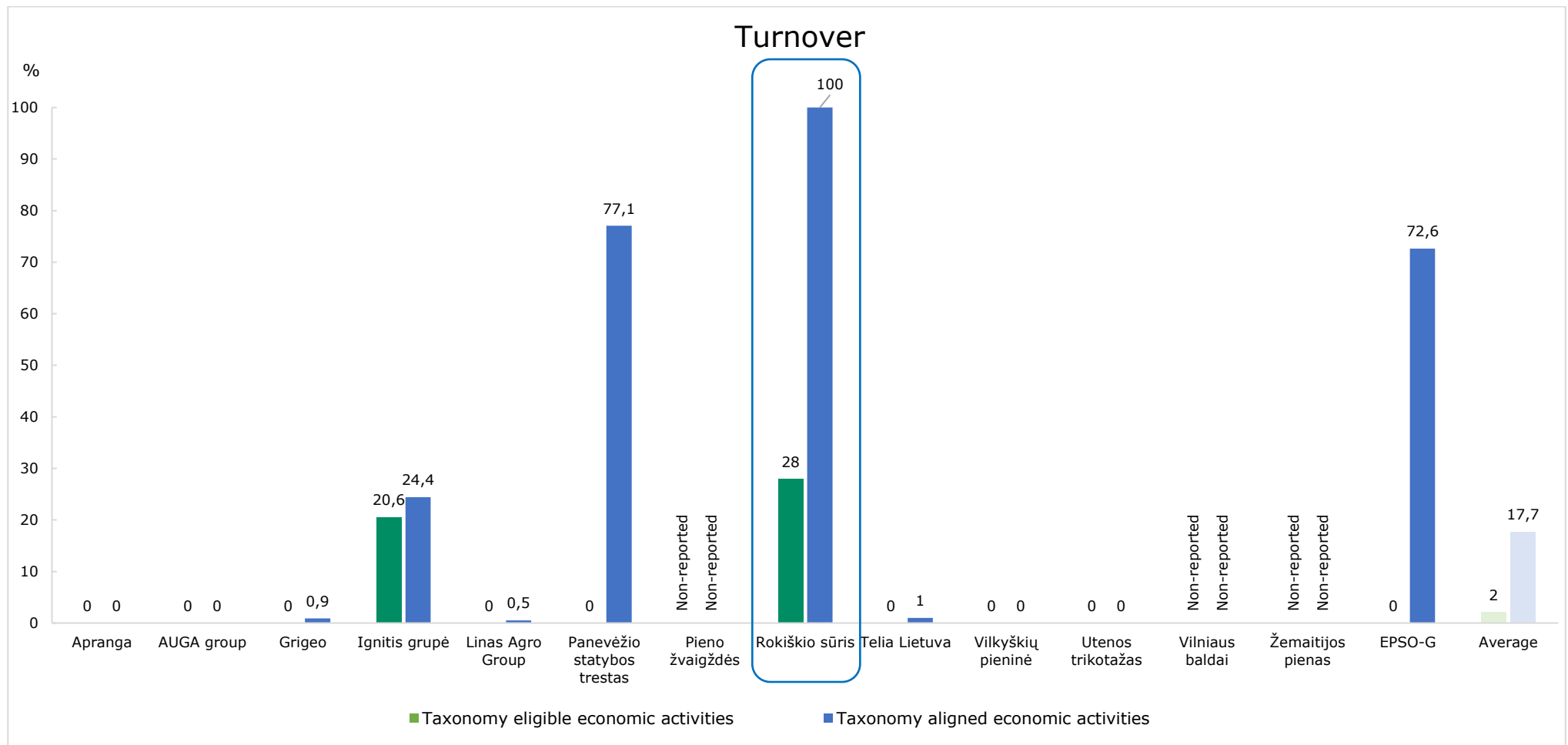
Issuers that did not use or adjusted the **CapEx** indicator template



Issuers that did not use or adjusted the **OpEx** indicator template

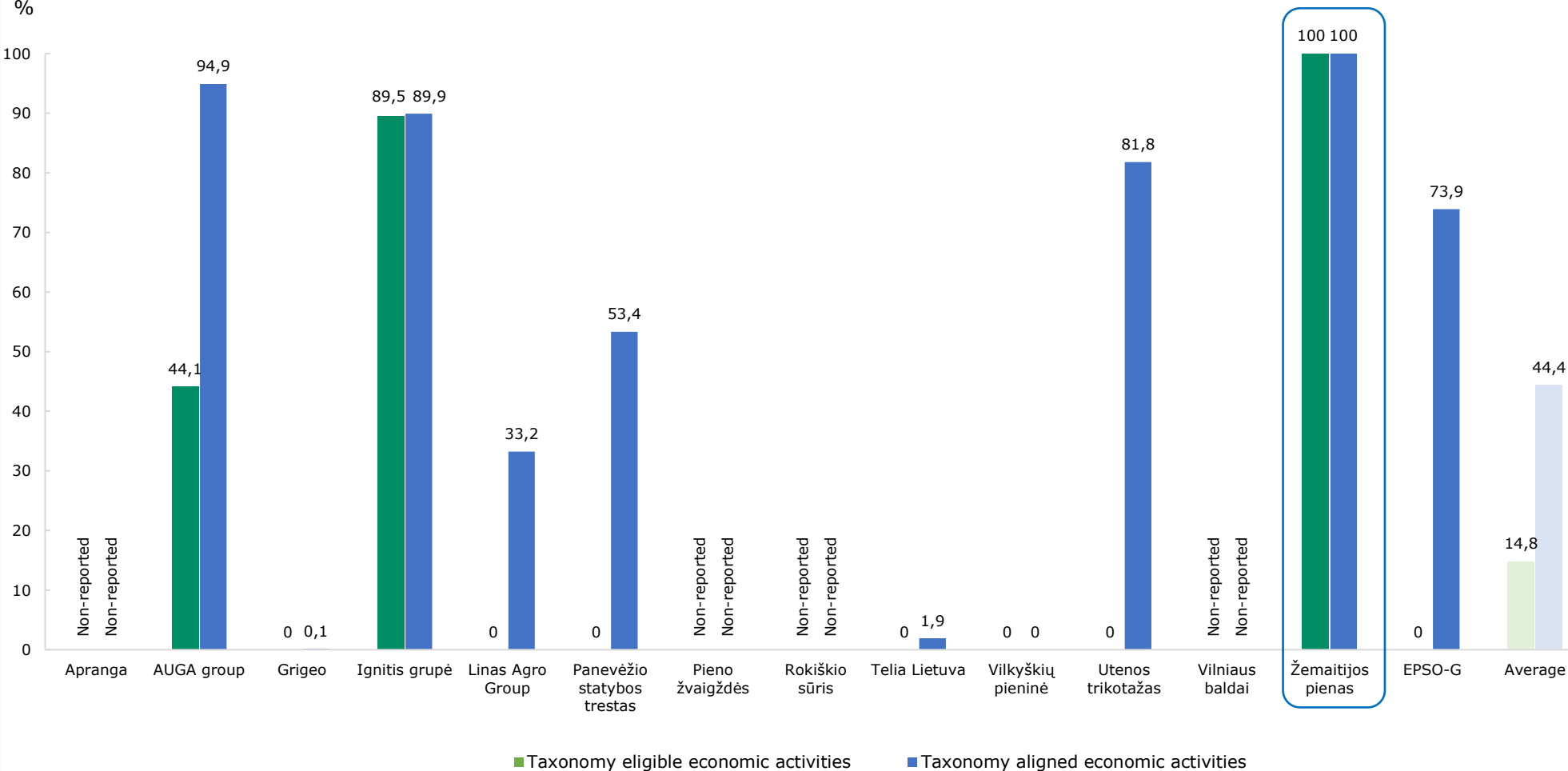


Annex 3. Average values of indicators (turnover, CapEx, OpEx) of taxonomy eligible and taxonomy aligned economic activities of undertakings assessed (by company).



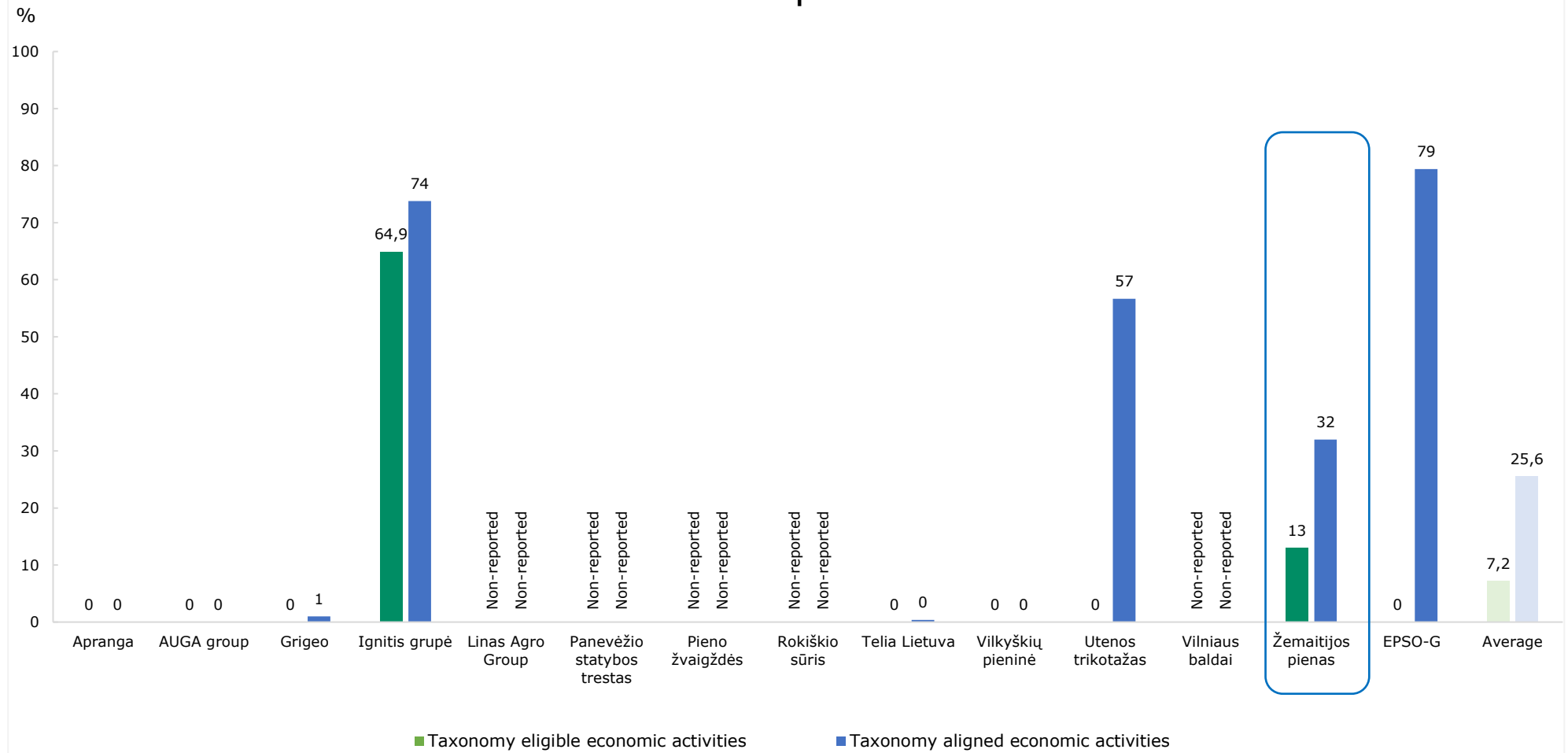
Note: When determining average values, indicators of AB Rokiškio sūris eliminated (see more on p. 11).

CapEx



Note: When determining average values, indicators of AB Žemaitijos pienas eliminated (see more on p. 11).

OpEx



Note: When determining average values, indicators of AB Žemaitijos pienas eliminated (see more on p. 11).