

Final Report

on Technical Advice on selected KPIs under the Taxonomy Disclosures
Delegated Act

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Legal references and abbreviations

Legal references

Climate Delegated Act (CDA)	Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objective
Corporate Sustainability Reporting Directive (CSRD)	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting
Disclosures Delegated Act (DDA)	Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 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
Environmental Delegated Act (EDA)	Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities
EU Directive on Financial Conglomerates	Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council

European Sustainability Reporting Standards (ESRS)	Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards
First Commission Notice	2022/C 385/01 Commission Notice 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, 6.10.2022
Fourth Commission Notice	C/2026/2558 Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation, as amended by the Omnibus Delegated Act, on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (fourth notice), 30. 04. 2026
Omnibus Delegated Act	Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives
Revised ESRS	Commission Delegated Regulation (EU) 2026/1563 of 3 July 2026 amending Delegated Regulation (EU) 2023/2772 as regards the simplification of certain sustainability reporting standards
Second Commission Notice	C/2023/6747 Commission Notice 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), 20.10.2023
Sustainable Finance Disclosure Regulation (SFDR)	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
Taxonomy Regulation (TR)	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
Third Commission Notice	C/2024/6691 Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice), 8.11.2024

Abbreviations

CapEx	Capital Expenditure
CapEx KPI	Key Performance Indicator on Capital Expenditure
CfA	Call for Advice
Commission / EC	European Commission
CP	Consultation Paper
DDA	Disclosure Delegated Act as amended by the Omnibus Delegated Act
DNSH	Do-No-Significant-Harm
EBA	European Banking Authority
EIOPA	European Insurance and Occupational Pensions Authority
ESAs	European Supervisory Authorities
ESMA	European Securities and Markets Authority
FAQ	Frequently Asked Questions
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
OpEx	Operational Expenditure
OpEx KPI	Key Performance Indicator on Operational Expenditure
R&D	Research & Development
TSC	Technical Screening Criteria

Executive Summary

Reasons for publication

On 4 March 2026, the European Commission requested that the European Supervisory Authorities provide technical advice on a number of targeted matters in support of the substantive review of the Taxonomy Disclosures Delegated Act. Following the public consultation conducted between 1 July and 12 August 2026, this Final Report presents ESMA's assessment of the feedback received and its recommendations for simplifying the Taxonomy reporting framework, while safeguarding the relevance, comparability and reliability of disclosures by non-financial undertakings and asset managers. Parts of the advice relating to Topic 2 (Voluntary use of OpEx by financial undertakings) and Topic 3 (Group Taxonomy Reporting) were developed in close cooperation with the other ESAs, as requested in the Commission's call for advice.

Main contents of the Final Report

Topic 1 – Revising the OpEx KPI

Key feedback: Respondents broadly concurred that the current OpEx KPI entails a disproportionate reporting burden and provides limited incremental information relative to the Turnover and CapEx KPIs. The greatest level of support was expressed for restricting mandatory reporting to R&D expenditure. By contrast, approaches based on a broader operating-cost concept or on green procurement were generally regarded as complex and insufficiently anchored in financial reporting. Views on a voluntary 'OpEx+' KPI were divided, notably owing to concerns regarding comparability, implementation costs, limited market uptake and the risk that such voluntary reporting could become *de facto* mandatory.

Summary of ESMA's advice: ESMA recommends revising the mandatory OpEx KPI so that it focuses on non-capitalised R&D expenditure, without affecting the existing materiality reliefs. For the purpose of determining eligible use-of-proceeds expenditure under the EU Green Bond Regulation, ESMA recommends retaining a broader, albeit simplified, notion of OpEx encompassing specified expenditure categories. ESMA does not recommend introducing prescribed requirements for a voluntary 'OpEx+' KPI. Instead, the status of any voluntary Taxonomy-related disclosure should be clarified and appropriate safeguards should apply in relation to reconciliation, transparency, comparability and greenwashing risks. ESMA further recommends monitoring the revised KPI framework for a period of five years.

Topic 2 – Voluntary use of OpEx by financial undertakings

Key feedback: Respondents generally opposed permitting asset managers to combine counterparties' OpEx and CapEx. They considered the two metrics to reflect distinct economic concepts and identified limited additional informational value in a combined KPI, while noting that such an approach would increase costs and complexity. Respondents

supporting the proposal nevertheless considered that separate presentation of the constituent metrics and additional explanatory disclosures would remain necessary.

Summary of ESAs' advice: The ESAs do not recommend introducing the voluntary use of the OpEx KPI in the Taxonomy disclosures of financial undertakings, particularly those of asset managers.

Topic 3 – Group Taxonomy reporting

Key feedback: Respondents broadly supported the objective of simplifying group Taxonomy reporting and questioned both the extent of user demand for a single group-level KPI and the conceptual robustness of the current weighted-average methodology. Strong support was expressed for replacing that methodology with the KPI corresponding to the group's main reporting regime, provided that material secondary businesses remain appropriately visible. Respondents generally favoured proportionate disclosures prepared on a consolidated basis for secondary businesses, rather than subsidiary-level reporting. Views on the proposed 10% threshold were, however, mixed, and respondents emphasised the need for clear rules, limited duplication and simplified templates.

Summary of ESA's advice: the ESAs recommend removing the requirement to calculate a weighted-average KPI and determining the main reporting regime primarily by reference to the nature of the parent undertaking, subject to a specific rule for financial conglomerates and to the application of the non-financial undertaking regime to other financial holdings. Simplified disclosures should be required for secondary businesses of a different nature to avoid the loss of material information.

In addition, ESMA's specific considerations on this matter include the possibility of relying on a cumulative materiality threshold of 10% to determine when secondary business disclosures can be omitted. Such disclosures can also be omitted when those businesses are already adequately captured by the main reporting regime or exclusively serve intragroup needs. Such disclosures should be permitted at consolidated secondary-business level, with flexibility to provide more relevant disaggregation, for example at subsidiary level. For non-financial secondary businesses, the required information should be limited to headline Turnover and CapEx eligibility and alignment KPIs, accompanied by concise contextual information.

Topic 4 – Additional possible simplifications

Key feedback: Respondents broadly supported targeted measures to simplify Taxonomy reporting, enhance connectivity with the ESRS, permit optional cross-references, introduce selected reporting reliefs and provide for phased implementation. At the same time, they cautioned against the automatic transposition of ESRS concepts into the Taxonomy framework. Respondents also called for greater legal certainty in relation to IFRS 8 *Operating Segments*, adaptation-related activities, CapEx Type C, contextual disclosures, digital tagging and the governance of FAQs. Views were mixed on retaining separate reporting for enabling and transitional activities. Respondents generally supported removing

the adjusted Turnover KPI for sustainable bonds, making the disclosure of turnover from internal consumption voluntary and introducing a materiality filter for contextual information.

Summary of ESMA's advice: ESMA recommends introducing optional reliefs in relation to acquisitions, disposals, omitted information and comparative information; permitting cross-references to ESRS disclosures; providing for a one-year phased application of amendments; and allowing eligibility-only reporting for newly introduced activities and first-time reporters during the first financial year. ESMA further recommends clarifying that IFRS 8 should serve as contextual information and a consistency check, rather than as a determinative factor in Taxonomy materiality assessments; retaining the reporting requirements for enabling and transitional activities pending completion of the SFDR review; incorporating the clarification in existing Commission FAQs (notably FAQ 5) on adaptation-related activities into the relevant delegated acts; and retaining mandatory CapEx Type C reporting while drawing the Commission's attention to the need for further clarification. ESMA also recommends removing the adjusted Turnover KPI for sustainable bonds, making the disclosure of turnover from internal sales voluntary, introducing a materiality filter for contextual information, establishing a closed list of quantitative and qualitative contextual datapoints for future digital tagging, enhancing the accessibility and governance of Taxonomy FAQs, and refraining from further amendments to the asset-management annex at this stage.

Next Steps

ESMA submits this Final Report and its technical advice to the European Commission for consideration in the review of the Taxonomy Disclosures Delegated Act. ESMA stands ready to further support the Commission in the future steps of this review process.

1 Introduction and background

1.1 Why this publication?

1. On 4 March 2026, the European Commission invited the European Supervisory Authorities ('ESAs') to develop technical advice on targeted issues to inform the review of the Disclosures Delegated Act ('DDA') under the Taxonomy Regulation. A summary of the key elements of the Commission's Call for Advice ('CfA') is set out in the next Section.
2. As per its founding Regulation, ESMA may provide technical advice on legislative acts referred to in Article 1(2) of that Regulation to the European Parliament, the Council or the Commission. When developing technical advice, ESMA aims at consulting as widely as possible to ensure an inclusive approach towards all interested parties.
3. To deliver on the CfA and substantiate its technical advice, ESMA therefore issued a Consultation Paper (CP) to seek stakeholders' input on the topics addressed in the CfA. The public consultation opened on 1 July 2026 and closed on 12 August 2026.
4. This Final Report on ESMA's Technical Advice builds on the input gathered through the public consultation and provides ESMA's analysis of the feedback received. The analysis constitutes the basis of ESMA's advice per each topic. In assessing the feedback received, ESMA considered the merit of the various arguments. The overall balance of the respondents in favour or against a given proposal was also considered. When considering those two aspects – merit of the arguments and balance of respondents' views – ESMA's conclusions may differ from the majority views expressed by respondents for a given topic.
5. In addition to the input received through the public consultation, ESMA relied, in preparing this Technical Advice, on the data and quantitative evidence available to it, as reported in *Annex III – Detailed analysis of the available evidence* to the Consultation Paper; on information gathered from stakeholders during the public hearing held on 22 July 2026; on input provided by the Platform on Sustainable Finance¹; and on further evidence provided to ESMA by the Commission's Joint Research Centre.
6. For each of the topics addressed in the CP, a summary of the feedback received from the public consultation alongside ESMA's response and ESMA's final advice are provided in Chapter 2. Annex I includes a question-by-question summary of the feedback received, while a consolidated version of ESMA's technical advice for all topics is provided in Annex III.

¹ [Platform Response to the European Commission Consultation on the Taxonomy Disclosures Delegated Act](#) - Short Brief on ESMA's Consultation on the Commission's Call for Advice, September 2026

1.2 What is the European Commission's Call for Advice about?

7. The Commission's CfA follows simplifications already introduced through a 'quick fix' Delegated Act (referred to as the 'Omnibus Delegated Act') and it aims at supporting the Commission in completing a longer-term substantive review of the Taxonomy reporting requirements.
8. In this context, as regards ESMA's remit, the Commission's request focuses primarily on possible avenues to revise the reporting on OpEx, including its potential broadening to better capture transition-relevant expenditure, its alignment with existing accounting standards (notably IFRS) and the introduction of greater flexibility to determine when reporting is due. ESMA is also invited to consider other targeted simplifications to the reporting framework for non-financial undertakings and asset managers.
9. Further, the Commission requested input from the other ESAs on specific issues within their respective merits. For the EBA, the request addresses limitations of the Commission and Fees KPI to capital markets-related activities, connecting the Trading Book KPI to market liquidity, narrowing the 'other services' KPI of investment firms and reassessing the five-year grandfathering period for financial exposures. For EIOPA, the request relates to a revised methodology for Taxonomy-assessment of underwriting activities and the inclusion of climate-related perils in the underwriting KPI.
10. The Commission has, moreover, invited the ESAs to provide coordinated input on selected horizontal issues, notably the use of counterparties' OpEx information in financial undertakings' own Taxonomy reporting and the development of simplified and consistent approaches to group-level Taxonomy reporting.
11. The ESAs coordinated their approach to these horizontal issues in their respective consultation documents while developing considerations targeted to their individual mandates. Based on the feedback from the public consultation on these issues, the ESAs have then prepared coordinated advice to the Commission.
12. The CfA in its entirety may be found in Annex II of this report.

1.3 What are the key Taxonomy reporting requirements and how are they affected by the Omnibus I package?

13. Under the current Taxonomy reporting framework, non-financial undertakings shall disclose three KPIs: the proportion of Taxonomy-eligible and Taxonomy-aligned Turnover, CapEx and OpEx². Asset managers are required to disclose the proportion of the total value of assets under management (as defined under the DDA) that is attributable to Taxonomy-eligible and Taxonomy-aligned economic activities of investee companies. Credit institutions shall report on: (i) their Green Asset Ratio ('GAR') focusing

² Article 8(2) of the Taxonomy Regulation.

on on-balance sheet exposures to be identified based on specific rules set out in the DDA and excluding their trading book for which a separate KPI has to be disclosed; (ii) off-balance sheet activities, notably financial guarantees backing loans, advances and other debt instruments, assets under management and (iii) services other than lending (i.e. the Fees and Commissions KPI). Credit institutions carrying out investment firms-related activities shall also disclose separate KPIs depending on whether they deal on own account or not. Finally, insurance and reinsurance undertakings have to disclose KPIs related to their investments and underwriting activities.

14. To address challenges with the implementation of these KPIs, including concerns on their excessive complexity, data availability and reporting burden, the Omnibus Delegated Act has introduced, amongst other simplifications, a 10% materiality threshold below which assessing the Taxonomy-eligibility and -alignment of economic activities is not required when reporting on the mandatory KPIs, a significant reduction in reported datapoints through streamlined reporting templates and a deferral to 2028 of the reporting of selected KPIs for financial undertakings.
15. At the same time, the Commission has simplified certain technical elements of the framework, including certain Do-No-Significant-Harm ('DNSH') criteria, which were streamlined to facilitate implementation. While these changes have reduced the reporting burden, the Commission has identified the need for further targeted improvements to enhance the clarity, relevance and usability of the framework. At the time of drafting, the review of the Climate and Environmental Delegated Acts is being finalised with a view to improving the usability of the Taxonomy's Technical Screening Criteria ('TSC') for existing activities and updating them in light of new developments.
16. The principles informing ESMA's approach to address the Commission's CfA in the current Omnibus context are set out in the next section.

1.4 What are the principles underpinning ESMA's approach to address this Call for Advice?

1.4.1 Principle of simplification and burden reduction

17. As per its 2026 Annual Work Programme³, ESMA is committed to integrating the principles of simplification and burden reduction across all its activities. This way ESMA intends to ensure that it complies with its mandate to protect investors and promote orderly and stable financial markets by ensuring that financial market participants focus their transparency efforts where they matter the most while avoiding unnecessary burdens. Against this background, in preparing this technical advice, ESMA has considered proposals which, taken together, could achieve substantial simplification of the reporting framework in the areas addressed by the CfA while improving the usability

³ [ESMA22-50751485-1604](#) – 2026 Annual Work Programme – 3 October 2025

and relevance of the Taxonomy disclosure framework without resulting in material loss of information.

1.4.2 Principles set out in the Commission's Call for Advice

18. In line with the principles set out in section 3 of the Commission's CfA, ESMA stresses that it has consulted extensively while preparing its technical advice. ESMA has gathered input through (i) informal outreach to various stakeholder groups with whom it regularly interacts, (ii) the public consultation and (iii) exchanges with the Platform on Sustainable Finance and the Commission's Joint Research Centre (JRC). These outreach efforts were necessary to better target the areas where improvements and simplifications in the reporting framework could be achieved. A significant part of the outreach activities took place prior to issuing the CP. These activities have largely been coordinated with EBA and EIOPA with the objective of better substantiating the rationale underlying the various proposals and ensuring, as far as practicable, cross-sectoral consistency in the proposed approaches across the ESAs.

1.5 How is this Final Report structured?

19. The rest of this Final Report is structured into four main sections addressing the topics covered by the Commission's CfA, namely:
 - a. Section 2.3 – Topic 1: Revising the OpEx KPI
 - b. Section 2.4 – Topic 2: Voluntary use of OpEx by financial undertakings (horizontal issue)
 - c. Section 2.5 – Topic 3: Group Taxonomy Reporting (horizontal issue)
 - d. Section 2.6 – Topic 4: Additional possible simplifications
20. For these topics, the Final Report recaps the proposals made in the CP, assesses the feedback from the consultation and sets out ESMA's technical advice. In some cases, respondents included points in their feedback on one question that were more relevant to another question or another topic. In such cases, those points were considered in the relevant part of the report while not always appearing in the quantitative results.
21. To facilitate readers' reconciliation of the technical advice provided on horizontal issues across the respective ESAs' reports, in this Final Report the text of the technical advice that was developed in common with the other ESAs is referred to as the "*ESAs' proposed approach*". This text is generally aligned across the final reports of the ESAs, although editorial differences may exist to best fit with the writing style and structure of the respective reports.
22. This Final Report focuses on the Taxonomy disclosure requirements addressing undertakings within ESMA's remit, i.e. non-financial undertakings listed on EU regulated

markets and asset managers. ESMA notes that neither the Taxonomy Regulation nor the CSRD as recently amended by the Omnibus package make a distinction based on the listing status of undertakings with regards to the sustainability reporting obligations. Therefore, unless otherwise specified, ESMA's considerations in this Final Report with regards to *listed* non-financial undertakings can be extended to *non-listed* non-financial undertakings within the scope of Taxonomy reporting requirements.

2 Feedback statement and technical advice

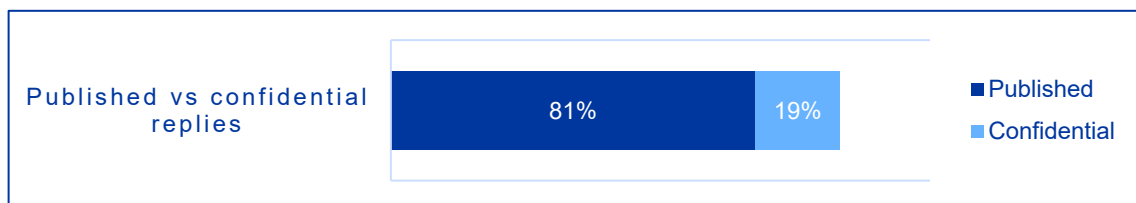
2.1 Structure of this chapter

23. In this chapter, we provide:

- a. A brief overview of the sample of respondents.
- b. For each of the four topics on which the Commission requested ESMA's advice:
 - i. a summary of the feedback ESMA received.
 - ii. ESMA's reply to the feedback.
 - iii. ESMA's technical advice to the Commission.

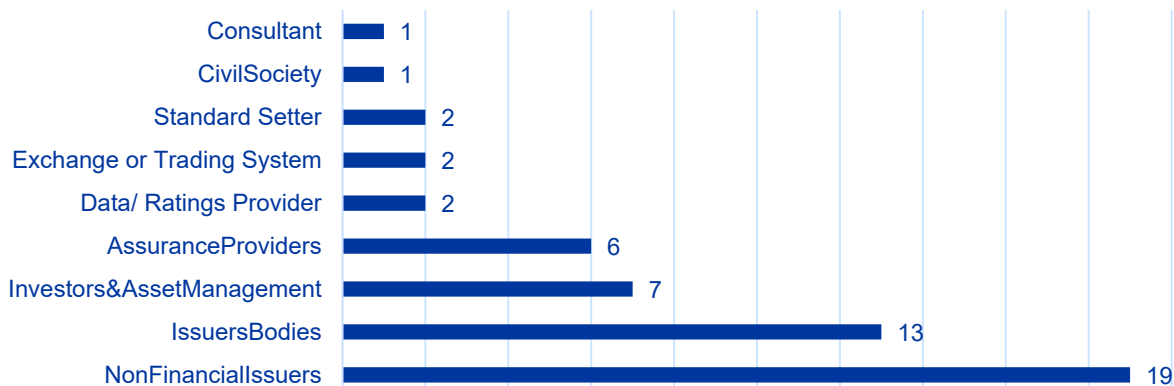
2.2 Overview of the feedback received from the public consultation

24. In total, ESMA received 57 replies from stakeholders across a broad range of respondent categories. Of those, 4 replies were considered invalid as they were either empty or were submitted by mistake (as confirmed with the concerned stakeholder). The remaining 53 valid replies reflected strong and diverse engagement with the topics addressed in ESMA's CP. For the valid replies, 10 respondents requested that their contribution remain confidential, while the remaining 43 replies were published. Two stakeholders provided responses to ESMA's CP after the end of the consultation period. These responses were considered in ESMA's assessment, but they do not affect the statistics.

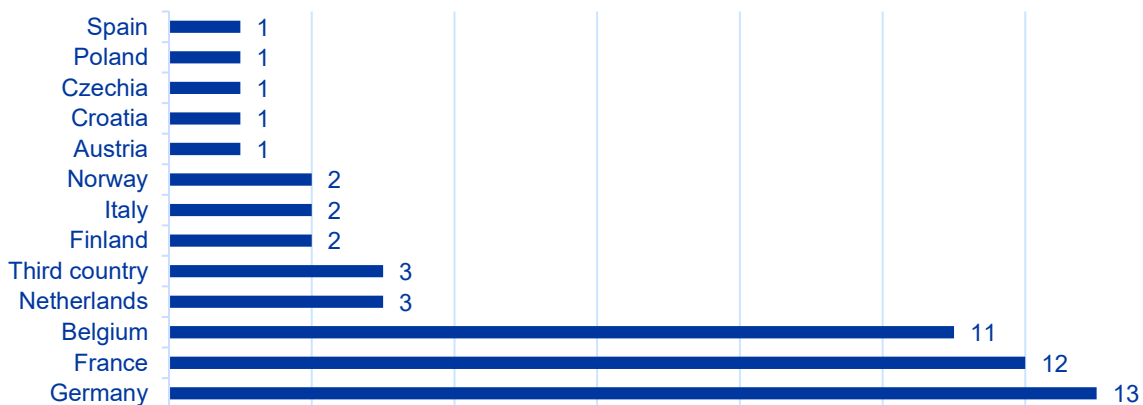


25. The breakdown of respondents by category shows that non-financial issuers and issuers' bodies together accounted for the majority of replies. Additionally, input was received from investors and asset managers, assurance providers, data and ratings providers, exchanges and trading systems, standard setters, consultants and civil society representatives. The sections below present a summary of the responses received.

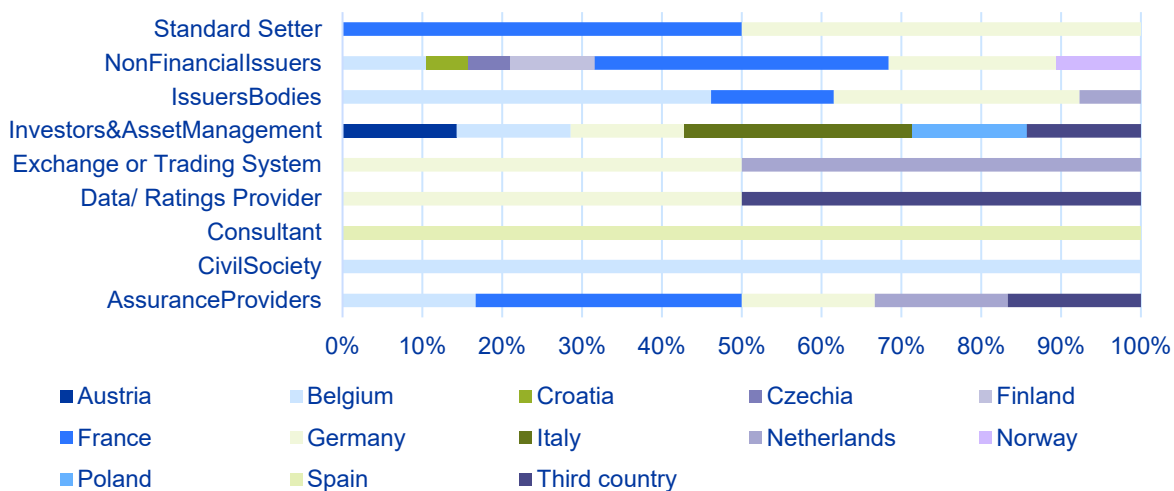
Respondents by type



Respondents by country



Respondent type by geography



2.3 Topic 1 – Revising the OpEx KPI

2.3.1 Proposals in the CP

26. To respond to the Commission's CfA, ESMA examined the limitations of the current OpEx KPI, including its decision-usefulness, concerns about implementation burden, overlaps with information already captured by the Turnover and CapEx KPIs and the linkage to financial reporting concepts.
27. The CP presented four possible approaches to revising the KPI. First, ESMA considered maintaining the current approach while introducing targeted clarifications, simplifications and additional reporting flexibilities (approach A). Second, ESMA explored broadening the KPI to all operating costs to provide a more comprehensive picture of the sustainability of an undertaking's operations (approach B). Third, ESMA considered focusing the KPI on green procurement, including sustainable purchased inputs and energy, to better reflect the sustainability profile of operational activities (approach C). Fourth, ESMA explored limiting the mandatory KPI to Research and Development ('R&D') expenditure, complemented by a voluntary "OpEx+" KPI capable of capturing other transition-relevant operating expenditures (approach D).
28. ESMA's preliminary preferred approach was approach D, namely an R&D-based OpEx KPI combined with a voluntary OpEx+ KPI, which it considered offered the most balanced outcome in terms of simplification, proportionality and information value.

2.3.2 Key takeaways from the public consultation

2.3.2.1 Mandatory OpEx reporting

29. Respondents generally confirmed the preliminary feedback gathered by ESMA before the publication of the CP, i.e. that the current OpEx KPI is burdensome and of limited incremental value when compared to the other Taxonomy KPIs. Respondents indicated broad support for ESMA's identification of the shortcomings in the current OpEx framework. Feedback was primarily driven by concerns regarding reporting burden, limited decision-usefulness and the narrow scope of the KPI. However, a minority of respondents cautioned against fully dismissing the value of OpEx disclosures, arguing that for certain sectors and transition-related activities the KPI can provide decision-useful information not captured by CapEx alone.
30. Across all categories, respondents broadly supported reform of the Taxonomy OpEx KPI, with simplification and burden reduction emerging as the most frequently cited objectives. Respondents generally favoured clearer accounting-based definitions and stronger alignment with financial reporting concepts.
31. Amongst the possible approaches proposed in the CP, "Approach D" i.e. limiting the mandatory KPI to R&D expenditure, received the strongest support and was seen as the

most effective means of reducing reporting complexity while retaining decision-useful information. However, views remained divided on whether voluntary reporting on an OpEx+ KPI (see next sub-section) should also be envisaged to reflect expenditures in relation to adaptation, maintenance of long-lived assets and other operating expenditures. Respondents also highlighted potential negative implications of a more restrictive OpEx notion for companies using the OpEx KPI in the context of EU Green Bond alignment assessments⁴.

32. Finally, regarding the cost-benefit balance of the various alternatives proposed to revise the OpEx KPI, an R&D-focused KPI was seen across the various stakeholder groups as the most effective way to reduce recurring compliance costs by leveraging existing accounting data. In contrast, broader operating-cost or green-procurement approaches were widely viewed as increasing reporting complexity and implementation costs.

2.3.2.2 Voluntary OpEx reporting

33. With regards to voluntary reporting of an additional OpEx+ alongside the mandatory KPI, feedback from stakeholders did not indicate a clear consensus in favour of introducing a voluntary OpEx+ KPI. Supporters saw merit in allowing undertakings to provide additional business-model-specific information where material, particularly in areas such as green procurement, energy efficiency and transition-related operating expenditure.
34. By contrast, opponents questioned whether a voluntary metric can deliver sufficiently comparable and decision-useful information, especially if the uptake remains limited. Opposing views also indicated the risk of increasing the perceived complexity of the overall framework and creating an expectation that, although voluntary, these disclosures are *de facto* expected by market participants. The feedback suggested that any future development of OpEx+ or other voluntary disclosures would require strong safeguards, including clear definitions, standardised methodologies, transparent disclosure requirements and proportionate implementation costs. The responses also highlighted a broader tension between increasing flexibility to better reflect diverse business models and preserving the consistency and comparability that users expect from Taxonomy KPIs.

2.3.3 ESMA's assessment of the feedback received

2.3.3.1 Mandatory OpEx reporting

35. ESMA welcomes the large support for the simplification efforts proposed in the CP with regards to OpEx.

⁴ According to Article 4 of the EU Green Bond Regulation (Regulation (EU) 2023/2631) the proceeds of EU green bonds shall be allocated before maturity in full in accordance with the taxonomy requirements, to one or more categories of expenditures, including operating expenditure that falls under point 1.1.3.2. of Annex I to the DDA.

36. ESMA notes that, although several stakeholders raised doubts that reporting requirements relating to OpEx could be simplified in a meaningful way and favoured their deletion or their voluntary application, it is outside the scope of its technical advice to recommend amendments to requirements set out in the Taxonomy Regulation.
37. ESMA sees merit in the architecture of the Taxonomy KPIs as envisaged by the co-legislators, i.e. Turnover, CapEx and OpEx, as it provides three conceptually complementary viewpoints on the environmental sustainability profile of a non-financial undertaking. However, in practice these KPIs have shown a varying degree of relevance and practicability which is the inevitable consequence of the underlying design of these KPIs. The design of each KPI has, in fact, tried to achieve a reasonable trade-off between information relevance and cost constraints. In the next paragraphs, ESMA analyses the main issues that have come up from the public consultation and, against this background, provides its advice to the Commission for possible revisions of the requirements relating to the OpEx KPI.
38. The feedback from the public consultation did not provide approaches to address the issue at hand beyond those proposed in ESMA's CP. Neither was new information made available with regards to the benefits that investors and other stakeholders would extract from using the current OpEx KPI. Rather, stakeholders confirmed that the use of OpEx and investors' demand for this KPI are limited, especially when compared to the other Taxonomy KPIs. Respondents' feedback indicates that ESMA's preliminary diagnosis of the current issues with OpEx reporting is grounded in concrete implementation challenges.
39. At the same time, ESMA agrees with the view expressed by some stakeholders that the current implementation issues do not necessarily prevent revisions of the OpEx KPI which could reduce cost while increasing its decision usefulness.
40. In addition to the broad agreement on the current implementation challenges, ESMA received limited suggestions concerning practical amendments to the existing requirements.
41. ESMA also notes that when confronted with the possible alternative approaches to address a review of the current OpEx reporting requirements, stakeholders broadly favoured an approach that would simplify the OpEx KPI and make it clearly focused on R&D expenditures. The other approaches proposed in ESMA's CP were regarded as not achieving a balanced outcome between delivering substantial simplification and improving the decision-usefulness of the information conveyed through the OpEx KPI.
42. On the one hand, ESMA agrees with the view from stakeholders that expanding the scope of the OpEx KPI to cover all operational expenditures may prove challenging given that the most relevant anchor in financial reporting to identify operational expenditures is the newly introduced IFRS 18 *Presentation and Disclosure in Financial Statements* whose first mandatory application will only be in 2027. ESMA acknowledges that an observation period would also be necessary to determine whether the IFRS 18

requirements with regards to the “operating” category in the income statement constitute a suitable basis for OpEx reporting. At the same time, ESMA concurs with the assessment of those stakeholders who conceptually supported a possible revision of OpEx that would focus on operational expenditures linked to ‘green procurement’. Even these stakeholders, however, acknowledged the legal uncertainty and new implementation challenges which would stem from such a notion, as well as the risk of partial overlap with information stemming from ESRS-based reporting.

43. On the other hand, ESMA is sympathetic to the view of those stakeholders who consider OpEx as complementary to CapEx and Turnover, particularly when these KPIs do not fully capture certain undertakings’ efforts on climate adaptation, measures to green business operations and procurement as well as expenditures for running and maintaining assets that are relevant to the sustainability transition, for example rail infrastructure, electricity grids, water and waste-water networks, district heating and forests.
44. ESMA, however, notes that the approach of fully achieving this complementarity with the other KPIs and reflecting additional items of cost of varying nature entails two main shortcomings: (i) it makes OpEx a combination of different items whose meaning would be difficult to interpret and (ii) it would require incorporating into the KPI items of cost that are not envisaged or can hardly be reconciled with the underlying reporting framework, notably IFRS⁵. These two shortcomings would run against the objective of increasing the decision usefulness of the OpEx KPI, as any new notions of cost that are not already defined in financial reporting would need to be specified elsewhere to avoid uncertainty in application and diversity in practice. Such an approach would go against the other objective of the current exercise, i.e. simplifying the reporting framework.
45. ESMA notes that the Taxonomy disclosure regime for non-financial undertakings builds on disclosures stemming from financial reporting. This is necessary to limit the reporting burden and maximise the application of the ‘report once’ principle by leveraging existing data infrastructures to the largest extent possible. However, the reliance on financial reporting to derive Taxonomy metrics has some inherent limitations. Firstly, it requires a reconciliation between the figures stemming from accounting systems and the underlying economic activities which need testing against the Taxonomy criteria. Secondly, it limits the items that can be relied on to build Taxonomy metrics to those already available in financial reporting.
46. ESMA considers that the principle of reliance on financial reporting remains an important mitigant of reporting burden as well as a key safeguard for the quality of the resulting Taxonomy information. In ESMA’s view, building a parallel reporting regime that is disconnected from financial reporting and that is exclusively devoted to Taxonomy reporting would further delay the uptake of the EU Taxonomy as an effective tool for

⁵ Similar considerations can be extended to national GAAP in most cases.

communicating the efforts put in place by non-financial undertakings in the area of environmental sustainability.

47. In reviewing available data on the current application of the OpEx KPI and considering the feedback received, ESMA did not identify compelling evidence that reporting on OpEx in its current form should be retained in full for corporate reporting purposes.
48. ESMA notes that, at this stage, priority should be given to providing transparency on undertakings' achievements in terms of their sustainability transition in a way that maximises relevance and comparability of the information provided. The current OpEx definition seems to be unsuitable to achieve that outcome due to structural impediments in how operational expenditures can be linked to the underlying financial reporting requirements. Similarly, broadening OpEx to an extent similar to Turnover, i.e. assessing the greenness of an undertakings' total operating costs, could lead to relevant information, however, in the current context this objective cannot be achieved effectively (maximising the information value) and efficiently (maximising the resources available).
49. In ESMA's view, based on the feedback received from the public consultation, it is too early to consider possible changes to the definition of OpEx that builds on the newly introduced IFRS 18 although it may be possible to do so in the future. As ESMA noted in its CP, a reference to operational expenditures categorised in line with IFRS 18 "may drive more consistency in reporting on operating costs, but it will nevertheless not specify [...] which items of cost qualify as 'operating'. [...] The application of IFRS 18 is still untested and therefore it is unclear whether it will lead to comparable outcomes from undertakings within the same sector and across sectors".
50. Alternative notions of operational expenditures linked, for example, to 'green procurement' have also raised doubts and they seem to introduce new questions about the definition of eligible expenditures and their link to financial reporting requirements.
51. However, important evidence was provided in favour of the practicability and relevance of retaining the existing reference within the OpEx KPI to R&D expenditures. Focusing on R&D has the benefit of providing OpEx with a clear purpose and link to accounting requirements, notably IAS 38 *Intangible Assets* (or relevant national GAAP requirements for non-IFRS adopters), and complementing the component of R&D expenditures that are already captured in CapEx. The denominator of the revised OpEx focused on R&D would therefore be based on the expenditures as derived from the relevant accounting figures (based on IAS 38 or relevant national GAAP). The numerator, in line with current practice, should be calculated as the part of the R&D expenditures in the denominator that belongs to the relevant categories already set out in point 1.1.3.2 of Annex I of the DDA (duly adjusted to reflect the R&D focus). As a reminder, these categories include expenditures related to assets or processes associated with Taxonomy-aligned economic activities (also referred to as 'OpEx type A'); expenditures that are part of a 'CapEx plan' to expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe

(‘OpEx type B’); and expenditures related to the purchase of output from Taxonomy-aligned economic activities (‘OpEx type C’).

52. Focusing on R&D expenditures seems also a particularly relevant element for the purpose of providing transparency on non-financial undertakings’ efforts in the sustainability transition. The European Commission’s recent ‘Competitiveness compass’ identifies innovation, including raising R&D spending, as one of its three transformational imperatives to strengthen competitiveness⁶.

2.3.3.2 Voluntary OpEx reporting

53. Concerning possible voluntary disclosures, as noted by several stakeholders, such reporting may complement mandatory Taxonomy information to provide the necessary flexibility that a sector-agnostic KPI cannot identify. While voluntary disclosures would typically be well suited to achieve this objective, ESMA also notes that stakeholders expressed mixed views with respect to relying on voluntary disclosures to provide transparency on other items of cost, with some stakeholders seeing merit in including such voluntary disclosure in the DDA and others considering that explicitly introducing this possibility in the DDA would increase complexity of the overall disclosure framework.
54. ESMA highlights that in its 2023 Progress Report in Greenwashing⁷ had identified voluntary reporting as one of the areas which may be conducive to greenwashing and therefore required particular attention by supervisors. While standardising voluntary reporting on alternative OpEx notions would be a way to reducing the risk of greenwashing and promote comparability, such standardisation does not seem feasible as it would require relying on concepts which are not codified within the financial reporting framework. ESMA is also minded not to introduce, in the DDA, elements that may increase the level of complexity of the overall disclosure framework.
55. ESMA also notes that the status of voluntary Taxonomy disclosures within a sustainability statement would need to be clarified. Paragraph 106 of the revised ESRS excludes from the scope of the ESRS, with the exception of paragraph 106 itself, disclosures made pursuant to Article 8 of the Taxonomy Regulation and the related Commission Delegated Act that are included in the sustainability statement. However, if Taxonomy-related voluntary disclosures were to be provided within the sustainability statement, it would be necessary to clarify whether any such disclosure should be treated under the general ESRS principles, notably the qualitative characteristics of information, or whether voluntary taxonomy-related disclosures should be treated as part of the disclosures pursuant to Article 8 of the Taxonomy regulation and, as such, be excluded from the application of ESRS requirements. ESMA also notes that the recent revision of

⁶ [COM\(2025\) 30 final](#), Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, 2025.

⁷ [ESMA30-1668416927-2498](#) – Progress Report on Greenwashing, notably see paras 57 and 70

ESRS has significantly limited the amount of purely voluntary disclosures that is included within a sustainability statement.

56. In general, ESMA's view is that the DDA should clarify the status of voluntary Taxonomy-related disclosures vis-à-vis other parts of the sustainability statement and make sure that adequate safeguards are applicable to such disclosures.
57. Finally, ESMA is sympathetic to the remark by some stakeholders that the Taxonomy reporting requirements provide the basis for the use of proceeds of EU Green Bonds, and in particular for determining those Taxonomy-aligned expenditures that qualify for inclusion in the proceeds of those securities. ESMA has not identified specific issues with the application of the current notion of OpEx for the purpose of identifying eligible expenditures under the EU Green Bond Regulation. ESMA notes that large part of the issues concerning the application of the OpEx KPI as described in the previous paragraphs, notably the extent of the effort for retrieving the relevant information compared to the perceived benefit, would lead to different conclusions if OpEx reporting would be applicable to a much more limited and well defined scope of expenditure, for example, those associated to one or more investment projects eligible for funding through European Green Bonds. In such cases, it would be important not to disrupt the possibility for undertakings to access financing through EU Green Bond for operational expenditures that are associated with one or more investment projects. ESMA believes that the EU Taxonomy should remain a key reference point for the definition of eligible expenditures for EU Green Bonds. Therefore, any simplification regarding OpEx reporting should not necessarily impact the scope of those eligible expenditures, nor should it discourage the use of this financing tool in cases where operational expenditures constitute a material component of one or more investment projects.

2.3.4 ESMA's technical advice concerning Topic 1 – Revision of OpEx

58. Against this background, ESMA recommends to the Commission the following revision of the requirements in the DDA concerning the OpEx KPI:

Mandatory OpEx reporting

59. ESMA recommends that the mandatory reporting requirements on the OpEx KPI pursuant to Article 8 of the Taxonomy Regulation be revised to focus on non-capitalised R&D expenditures. The denominator of the KPI would be based on the expenses for research and development activities recognised in accordance with IAS 38 *Intangible Assets* (for non-IFRS adopters the relevant national GAAP requirements should apply). The numerator should be computed based on the possible categories of OpEx already set out in point 1.1.3.2 of Annex I of the DDA, as relevant to reflect the focus on R&D expenditures. The existing materiality reliefs should remain unaffected by this amendment.

60. With regards to the use of the notion of OpEx for the purpose of determining eligible expenditures for the use of proceeds under the EU Green Bond Regulation, ESMA recommends retaining the current notion of OpEx except for the reference to “and any other direct expenditures”. In ESMA’s view, this simplification will ease the practical application of the OpEx definition for use in the context of EU Green Bonds without excessively limiting its scope. The DDA should therefore specify that for the purposes of identifying operational expenditures as referred to in the Green Bond regulation, in addition to non-capitalised R&D expenditures, the following items of cost should be considered: building renovation measures, short-term leases, maintenance and repair expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Voluntary OpEx reporting

61. With regards to the possible introduction of specific requirements to complement the mandatory OpEx KPI with voluntary reporting of an alternative OpEx+, ESMA does not recommend introducing such requirements in the DDA. In ESMA’s view, any such requirements may introduce excessive complexity in the reporting framework and limit the flexibility that voluntary disclosures are generally intended to achieve.
62. ESMA recommends that the DDA should clarify whether undertakings are allowed to include any voluntary Taxonomy-related disclosures within the sustainability statement and, if so, clarify the status of this information vis-à-vis ESRS.
63. Should such voluntary disclosure be allowed, ESMA recommends that the DDA sets out the following safeguards to prevent and mitigate greenwashing and comparability issues associated to voluntary reporting:
- a. separate disclosure of the reconciliation with the mandatory KPI and appropriate breakdown of the components of the alternative metric (in line with the breakdown required for the mandatory OpEx KPI in point 1.2.3.3. (a) and (b) of Annex I of the DDA); and
 - b. the application of ESMA’s Guidelines on APMs to any such voluntary disclosures. The application of these guidelines to any alternative metrics based on the EU Taxonomy has already been clarified by ESMA in its Questions & Answers on the APM Guidelines.

Monitoring of reporting practice

64. Finally, ESMA recommends that the Commission, supported where relevant by the Platform on Sustainable Finance, monitors the application of the revised requirements with respect to OpEx, CapEx and Turnover reporting and any voluntary reporting for a period of five years after their revision has entered into application to determine the

suitability of the requirements in light of their practical application and consider the need for amending the definitions of such KPIs.

2.4 Topic 2: Voluntary use of OpEx by financial undertakings (horizontal issue)

2.4.1 Proposals in the CP

65. The Consultation Paper also addressed the possible voluntary use of counterparties' OpEx information by financial undertakings, a horizontal issue developed jointly by the three ESAs. The common analysis examined whether OpEx information disclosed by non-financial undertakings could usefully complement existing Taxonomy metrics and explored a voluntary methodology combining OpEx and CapEx through a weighted-average approach. The ESAs also highlighted potential concerns relating to complexity, transparency and the limited additional information value of such an approach.
66. Within ESMA's remit, the CP focused on the implications for asset managers. In particular, ESMA sought views on whether asset managers should be explicitly allowed to voluntarily combine counterparties' OpEx and CapEx KPIs when calculating Taxonomy-alignment metrics and whether additional disclosures would be needed to ensure transparency regarding the contribution of each component to the reported figures.

2.4.2 Key takeaways from the public consultation

67. Respondents generally rejected the proposal to allow an OpEx contribution to the CapEX figure reported by asset managers, noting the added complexity and the difficulty of interpreting a combined KPI. Even those respondents who supported a combined KPI, noted that additional transparency would be required.
68. When asked about additional comments in this area, respondents noted the importance of comparability between financial undertakings' reporting and saw only limited value of additional disclosure beyond those based on non-financial undertakings' turnover and CapEx. In the event of a voluntary combined KPI ultimately being introduced, respondents generally emphasised the need to still provide mandatory KPIs to promote comparability.

2.4.3 ESMA's assessment of the feedback received

69. ESMA takes note of the feedback received, in particular the significant opposition to the proposal to consider some aspects of the OpEx numbers in the reported CapEx figure for asset managers. Were ESMA to propose such a change, feedback also suggests that additional disclosure would be required to clearly illustrate the share of the figure that was OpEx based.
70. As already indicated in the CP, ESMA acknowledges that the question regarding the voluntary use of the OpEx KPI in financial undertakings' reporting is interrelated with the question on whether and how this KPI may be amended or redefined in a future revision

of the DDA. However, ESMA notes that a significant majority of respondents seemed to lean on the side of caution to avoid introducing additional complexity in the reporting framework.

71. ESMA notes that the consultation responses confirmed the preliminary feedback from both users and preparers of Taxonomy information gathered prior to the publication of the CP. This indicated that the inclusion, in the KPIs disclosed by financial undertakings, of the OpEx KPI of non-financial undertakings, even on a voluntary basis, would appear to add complexity and cost with little informative value in Taxonomy reporting by financial undertakings.
72. ESMA notes also that stakeholders generally did not express a view as to whether the possible amendments to the OpEx KPI – as discussed under Topic 1 – could change their view about introducing a voluntary combination of OpEx and CapEx in the set of KPIs for financial undertakings, notably asset managers. However, ESMA has considered the feedback of those respondents who expressed positive views on the proposed amendment. ESMA notes that such feedback relies on an extended notion of OpEx which, for the reasons expressed under Topic 1, seems to be difficult to achieve in a way that would be both efficient and effective.
73. ESMA also considered that, in any case, respondents would request disaggregation of the combined KPI and the provision of the mandatory CapEx-based or Turnover-based KPIs. This signals that the optional introduction of a combined KPI would increase complexity and burden for both the users and the preparers of the information. ESMA also invites the Commission to consider, in light of the low interest in OpEx highlighted by this consultation, that turnover and CapEx should remain the key indicators for the supervision and analysis of financial products covered by the SFDR.

2.4.4 ESMA's technical advice concerning Topic 2: Voluntary use of OpEx by financial undertakings (horizontal issue)

74. The ESAs advise the European Commission not to introduce the voluntary use of the OpEx KPI in the disclosures of financial undertakings, particularly for what concerns ESMA's remit, in the Taxonomy disclosures of asset managers.

2.5 Topic 3 – Group Taxonomy Reporting (horizontal issue)

2.5.1 Proposals in the CP

75. The CP considered possible amendments to the framework for group Taxonomy reporting in response to concerns regarding the relevance and operational complexity of current approaches for mixed groups and financial conglomerates. In particular, ESMA highlighted shortcomings of the current weighted-average methodology, including risks of double counting, aggregation of fundamentally different KPIs and limited possibility to interpret the result for users. ESMA also noted concerns regarding the burden associated with disclosing multiple templates for different activities within a group.
76. ESMA consulted on replacing the weighted-average methodology with an approach based on a main reporting regime determined at group level and aligned with the reporting framework applicable to the parent undertaking. This main reporting regime would be complemented by targeted disclosures on other material businesses where necessary to avoid a material loss of information. ESMA also proposed replacing the current requirement to disclose all templates relating to secondary businesses with a more proportionate approach based on simplified templates or headline KPIs accompanied by narrative explanations and supported by a materiality assessment.

2.5.2 Key takeaways from the public consultation

77. This section provides an overview of the main themes raised by respondents on Topic 3, followed by ESMA's assessment of this feedback.
78. In ESMA's assessment, as well as in the final advice on Topic 3 (3.5.3), the term "business" is consistently used to refer to the five types covered by the Disclosures Delegated Act, namely: non-financial undertakings, asset management, credit institutions, investment firms and insurance and reinsurance. Mixed groups and financial conglomerates are generally active in more than one of the above businesses. The current rules for credit institutions however already consider involvement in different types of businesses, so that secondary (or "other") businesses of credit institutions will often already be captured by the credit institutions Taxonomy reporting regime. In the "Key takeaway" sections summarising the stakeholders' feedback, however, the terminology used by respondents (e.g. "activities", "sectors") has been kept.
79. Overall, respondents broadly supported simplifying the Taxonomy reporting framework for mixed groups and financial conglomerates, provided that decision-useful information for users is maintained. Across the responses, stakeholders consistently highlighted the need for legal clarity, proportionality and burden reduction. While views diverged on certain technical aspects, there was widespread recognition that the current weighted-average approach is conceptually weak and that any revised framework should remain anchored in established consolidation principles.

2.5.2.1 Group level Taxonomy disclosures

80. The feedback suggests that respondents saw limited user demand for a single KPI for mixed groups. While a small number of stakeholders recognised value in a single, high-level consolidated indicator for financial uses, the prevailing preference was for transparent, disaggregated reporting that reflected the different methodologies and economic characteristics of underlying business activities.
81. Responses also provided a strong consensus towards replacing the weighted-average KPI with the KPI of the group's main reporting regime when a single figure is required.
82. Respondents viewed the proposal as both a simplification and a methodological improvement, reducing reporting burden while avoiding the conceptual issues associated with weighted aggregation. A few respondents conditioned their support to this proposal to mandatory supplementary disclosures to preserve visibility over material activities not represented in the main reporting regime.
83. Respondents broadly supported the objective of establishing a clearer group reporting framework but highlighted the need for a stable, legally certain and proportionate methodology for determining the applicable reporting regime. The main debate concerned whether the regime should follow the parent undertaking's activity or the group's predominant economic activity.
84. Across responses, there was a strong preference for a clear default rule, complemented by limited exceptions.

2.5.2.2 Sub-group level Taxonomy disclosures

85. Respondents broadly favoured a layered and proportionate approach to sub-group disclosures. While many acknowledged that targeted sub-group information can improve the depiction of mixed groups' Taxonomy profiles, there was little support for mandatory subsidiary-level reporting. Some respondents also considered mandatory sub-group level disclosures as unnecessary, considering their ancillary nature.
86. The preferred approach by most stakeholders is to retain consolidated reporting as the default, complemented by sectoral or activity-based disclosures only where material information would otherwise be obscured. Across responses, there was a strong emphasis on avoiding duplication, maintaining alignment with existing consolidation principles and ensuring that any additional reporting requirements remain proportionate to their informational benefits.
87. Responses indicated uneven support for the 10% materiality threshold, with many of the respondents recognising its potential to simplify reporting and improve legal certainty stressing that the threshold will only achieve this objective if it is easy to apply and does not create disproportionate monitoring or assurance burdens. Other respondents rather favoured a materiality principle for determining which disclosures to make. Some of those

in favour of the quantitative threshold stressed that it should be complemented by safeguards ensuring that economically or sustainability-significant activities are not overlooked. A few respondents also questioned the exclusive use of turnover as the determining metric and favoured a framework incorporating qualitative considerations, cumulative assessments and clear implementation guidance.

88. There was strong support for lighter disclosures, with full templates generally viewed as disproportionate for secondary activities. Most respondents favoured a simplified disclosure model centred on headline eligibility and alignment KPIs, but a limited number also mentioned that full templates could be necessary in some cases to increase comparability. Standardisation and digital tagging were also seen as important to maintain comparability. In addition, respondents favoured concise contextual explanations where needed.
89. In response to the question requesting other comments on Topic 3, stakeholders generally supported simplification objectives but stressed that simplification should deliver genuine burden reduction without undermining transparency. There was support for ensuring consistency between the Taxonomy disclosures and existing accounting, prudential and sustainability reporting frameworks. Several respondents also emphasised the importance of fully preserving CSRD subsidiary exemption provisions in any revised framework.
90. Respondents finally called for greater legal certainty through the incorporation of relevant established FAQ interpretations into the legislative text.

2.5.3 ESMA's assessment of the feedback received

2.5.3.1 Group level Taxonomy disclosures

91. ESMA acknowledges that, while a majority of respondents to the consultation did not identify a widespread user demand for a single set of Taxonomy KPIs at group level, a number of different situations were also mentioned in the responses where stakeholders need to rely on such group-level Taxonomy information. At the same time, there was broad support for removing the requirement to calculate a weighted average KPI from close to all respondents, including from those having identified a need for group level Taxonomy information. The other recurring comments regarding the related questions were to limit burden for preparers, have a conceptually sound approach to the computation of consolidated KPIs and ensure clarity of the rules.
92. ESMA's view is that the approach to design group-level Taxonomy KPIs for those users relying on such figures should ideally balance clarity and simplicity of the rule with a fair representation of the Taxonomy profile of the entire group.

93. In this respect, recent research from the Commission's Joint Research Centre provides helpful insights into the composition of EU groups⁸. Mixed groups, i.e. groups combining financial and non-financial activities are the norm, rather than the exception. In the baseline scenario analysed in the research, 1,358 of 1,773 parent companies belong to mixed groups. Financial parents frequently control non-financial subsidiaries, while non-financial parents have strong links to financial firms. Financial conglomerates also control substantial activities in various non-financial sectors, for example real estate and construction. The research points at the fact that a parent-company driven reporting mode, alone, is not a reliable proxy for the activities conducted across the entire group. On the other hand, the JRC research also notes that combining methodologies into a single weighted KPI can be misleading. Covering all activities, while separately presenting the relevant sectoral KPIs, would provide a more reliable and interpretable picture than excluding parts of the group.
94. With this in mind, relying on the main reporting regime Taxonomy KPIs could be seen as going too far in the direction of simplification, when for example considering a mixed group in which secondary businesses would represent a large share of the group's activities and where the other businesses would present a significantly different Taxonomy profile. This may however be more of a theoretical concern than a practical one. In addition, in many of the cases of mixed groups identified, the main activity Taxonomy KPIs will either already capture a secondary business (credit institutions, for instance) or fully reflect its Taxonomy profile (captive bank or insurance).
95. ESMA however acknowledges that there might be cases where the proposed approach would not capture significant differences in the other businesses' Taxonomy profiles in a satisfactory way. ESMA's view is that, should the simplification be approved, its implementation should be monitored so as to assess the results and potential inconsistencies in future years. One of the use cases for reliance on group level KPIs relates to the implementation of SFDR. As the regulation is currently being revised, however, the possible consequences of the proposed approach are difficult to assess at this stage.
96. Regarding clarity of the rule for determining the main reporting regime, which is a frequent comment made in the feedback to the consultation, ESMA notes that both proponents of the parent-based approach and of the prevalent business approach had strong arguments. The former put forward the simplicity and stability of the approach while the latter favoured the substance over the form. ESMA notes however that the two approaches are not incompatible. As proposed in the Draft Advice, a simple default approach can be driven by the type of parent undertaking except where EU legislation requires otherwise, when a mixed group would be identified as a financial conglomerate

⁸ ALESSI, L. and COTIGNANO, G., EU Taxonomy Article 8 Review - Evidence on the OpEx KPI and group-level Taxonomy reporting, Publications Office of the European Union, Luxembourg, 2026, <https://data.europa.eu/doi/10.2760/6901307>, JRC148053.

as responding to the criteria of the EU Directive on financial conglomerates. Some stakeholders already responded favourably to this proposal.

97. Under this approach, groups, which are not identified as financial conglomerates and with parent undertakings which are not financial holding companies (as defined by Article 4(1) point (20) of the CRR, , would rely on the non-financial undertakings' regime as their main reporting regime.
98. ESMA however notes that the Accounting Directive, as amended by the Omnibus (par. 7a of Article 29a), offers parent undertakings that are financial holding undertakings an option not to report consolidated sustainability disclosures when the subsidiary undertakings' business models and operations are independent of one another. What is more, the Taxonomy Regulation specifies that the obligations set out in the regulation (including reporting obligations) are applicable to the undertakings subject to the obligation to publish sustainability information pursuant to Article 19a or Article 29a of the Accounting Directive (Article 1.2(c)). It would be useful to clarify whether the option not to disclose would encompass – as ESMA would understand it is the case – both ESRS disclosures and Taxonomy disclosures, as some mixed groups could meet the criteria set out in the Accounting Directive and opt not to report their group Taxonomy KPIs.

2.5.3.2 Sub-group level Taxonomy disclosures

99. ESMA notes that a few respondents linked their support to the main reporting regime approach to complementary disclosures on other businesses (e.g., disclosures on credit activities for a group which main reporting regime is the one of non-financial undertaking). On the other hand, others mentioned that these disclosures were not needed and created too much complexity as compared to the low materiality of information regarding ancillary businesses.
100. ESMA considers that for the potential cases where the main reporting regime KPIs would not fully reflect the Taxonomy profile of the entire group, disclosure on secondary businesses will be all the more important for users and should be mandatory.
101. ESMA also notes that the support for disclosures on secondary businesses was generally conditional to proportionate and focused information, while respondents opposing the proposal often mentioned a perceived additional burden. As such, the question of the granularity of the secondary disclosures is key for ensuring proportionality and burden reduction. ESMA agrees with the general feedback that subsidiary by subsidiary disclosure should not be required.
102. Another element to consider when assessing the reporting burden and balancing it with the need for users to get a more complete picture of the group's activity is the flexibility allowing undertakings to completely omit disclosures on secondary business activities where these fall below the materiality threshold or where their omission would not result in a material loss of Taxonomy information

103. The first proposed flexibility relates to the application of a materiality threshold. ESMA acknowledges the split feedback from the consultation. Some respondents opposed the materiality thresholds in line with their opposition to all secondary business disclosures. Others considered that a materiality principle should be implemented rather than a quantitative threshold. On this point, ESMA notes that the Omnibus DDA already incorporates quantitative materiality thresholds for secondary businesses. In particular, Paragraph 1.f of Article 4 of the DDA, covering different types of financial businesses within credit institutions, introduces a 10% materiality threshold for “*the cumulative value of the net turnover generated by the activities*” (that is, various financial “businesses” undertaken by the credit institution). In other words, all KPIs related to a secondary business of a credit institution can already be omitted in case the cumulative turnover is below 10%. ESMA believes that making a similar materiality threshold applicable consistently across all types of mixed groups and financial conglomerates would increase the overall consistency of the framework.
104. ESMA has also considered whether qualitative materiality considerations should be used in combination with or instead of a quantitative threshold. As further discussed in Topic 4 (see section 2.6.3.7.3), the Taxonomy reporting regime does not currently envisage a general materiality approach. ESMA believes that a materiality approach applicable exclusively to determining when secondary business disclosures are due in the context of group reporting may result in unintended consequences when combined with the existing quantitative thresholds introduced by the Omnibus Quick Fix. Therefore, making the disclosure about secondary businesses subject to materiality considerations would require a broader assessment of how a materiality principle could apply to Taxonomy reporting. Such an assessment, which is beyond the scope of this targeted advice, should consider both conceptual and practical issues, to name only two of those: how a materiality principle for Taxonomy will interplay with materiality notions applicable for ESRS and financial reporting respectively; and whether a principles-based approach will be consistent with simplification objectives. An alternative approach may be to give sufficient time to assess how these quantitative thresholds work in practice, whether they result in a material loss of information and take stock of this experience for a future review of the Taxonomy regime.
105. Even when above the materiality threshold, sub-group level disclosures would not necessarily be required if the corresponding secondary business is already adequately covered in the main reporting regime templates (e.g. asset management business of a credit institution, or financial activities of an automotive group which are covered by a Taxonomy activity). Disclosures on secondary businesses would neither be needed in other cases where it is assumed that there would be no material loss of Taxonomy information, notably when the concerned businesses exclusively address intragroup needs as it is the case for ‘captive’ banking or insurance undertakings.
106. Regarding the granularity of the sub-group disclosures, when they would be required, ESMA takes note that some respondents would agree with reporting at consolidated secondary business level (e.g. disclosing the headline KPIs corresponding to the non-financial activities of an insurance-led group without detailing the Taxonomy objectives

and activities). Other respondents however opposed this approach as they were concerned that this would create an extra-layer which may or may not align with the financial consolidation principles. ESMA stresses that the determination of the materiality threshold of the secondary businesses should rely on consolidated figures available internally for financial consolidation purposes. Undertakings would not be required to produce new financial metrics and ESMA considers that turnover figures are already available for non-financial businesses within a mixed group. Obviously, ESMA is aware that the assessment of the Taxonomy-eligibility and alignment of the activities conducted by the subsidiaries that undertake secondary business activities entails resources and effort. However, this assessment will benefit from the reporting reliefs already introduced by the Quick Fix delegated act.

107. One possible approach to accommodate these different views could be to allow flexibility on the level of aggregation or disaggregation that mixed groups undertakings may use for their secondary businesses' Taxonomy disclosures. Although such flexibility could reduce comparability among similar secondary businesses, ESMA's view is that it would reduce burden through enabling mixed groups undertakings to tailor the disaggregation level of their disclosures to their group's structure, provided that some minimum information is provided. In addition, it could better fit users' needs when the related information would typically be requested on a bilateral basis.
108. Regarding the templates to be used for the secondary business disclosures, ESMA notes the respondents' very strong preference for lighter disclosures in the form of headline indicators with no detailed disclosures (e.g. for non-financial secondary businesses, no detailed information by Taxonomy activity or environmental objective). In addition, in consideration of the consultation feedback regarding the OpEx KPI use (see Topics 1 and 2), ESMA's view is that the headline indicators for non-financial other business could be limited to the eligibility and alignment turnover and CapEx KPIs.
109. ESMA supports the request that this information be presented in a table and considered for digital tagging, when the related rules are developed, as all other template information.
110. ESMA finally considers positively the request from some of the respondents that limited narrative disclosures should be made by mixed groups or financial conglomerates when they make use of the proposed flexibility to omit the Taxonomy disclosures of secondary businesses as well as to provide contextual information in support of the simplified templates, in particular regarding reconciliation with the mixed group's consolidated financial statements.

2.5.4 ESMA's technical advice concerning Topic 3 – Group Taxonomy Reporting (horizontal issue)

111. Against this background, ESMA, in coordination with the other ESAs, recommends to the Commission the following revision of the disclosure requirements for mixed groups and financial conglomerates:

112. The ESAs advise the European Commission to remove the need to compute a weighted KPI aggregating the various businesses carried out by groups and specify the approach proposed in the next paragraphs for group Taxonomy reporting.

Main reporting regime

ESAs proposed approach

113. **A main reporting regime based on the requirements applicable to the parent undertaking.** Mixed groups and financial conglomerates should disclose the Taxonomy KPIs relevant for the type of business⁹ of the parent undertaking following the rules set out in the DDA. Where the group is identified as a financial conglomerate under the EU Directive on financial conglomerates, the KPIs should be those that are relevant for the entity leading the financial conglomerate based on the criteria set out in that Directive. When the parent undertaking is a financial holding and the group is not identified as a financial conglomerate, the main disclosures follow the requirements corresponding to the scope of the dedicated regulatory regime, where available – e.g. the regime applicable to financial holding companies as defined in Art.4(1) point (20) of Regulation (EU) No 575/2013 and subject to prudential regulation for credit institutions. Where no such regime applies, the main reporting regime would follow the requirements for non-financial undertakings.

ESMA-specific considerations

114. ESMA suggests that the EC clarifies the interplay between the Accounting Directive and the Taxonomy Regulation so as to ascertain whether groups with a financial holding as a parent company which meet the specific conditions set out in paragraph 7a of Article 29a the Accounting Directive could opt for not disclosing Taxonomy information.
115. Users relying on one set of KPIs only for mixed groups Taxonomy information may use the KPIs of the main reporting regime. ESMA notes, however, that this simplification could have consequences when the secondary businesses represent a large share of the mixed group undertaking and when they have a significantly different Taxonomy profile. Sub-group level taxonomy disclosures as proposed in the

⁹ In ESMA's advice, the term "business" is used to refer to the five types covered by the Disclosures Delegated Act, namely: non-financial undertakings, asset management, credit institutions, investment firms and insurance and reinsurance. Mixed groups and financial conglomerates are generally active in more than one of the above businesses. The current rules for credit institutions however already consider involvement in different types of businesses, so that secondary (or "other") businesses of credit institutions will often already be captured by the credit institutions Taxonomy reporting regime.

paragraphs below should be used in those cases to shed light on the Taxonomy profile of the secondary businesses.

116. While there has not been strong evidence that these situations are frequent, they could be considered when other regulations (e.g., SFDR) determine whether and how to rely on Taxonomy disclosures for their specific purposes. ESMA also recommends that the EC monitors the application of the proposed rule, if retained, so as to assess how often such specific situations occur, that would need to be addressed in a different way to ensure more meaningful disclosures.

Sub-group level taxonomy disclosures

ESAs proposed approach

117. **Simplified disclosures for subsidiaries where material secondary businesses are not adequately captured by the main reporting regime.** The ESAs note that the proposed simplified approach for the identification of the main reporting regime, based on the parent undertaking's main KPIs, may result in a material loss of information where secondary businesses conducted by subsidiaries fall outside the main reporting regime, represent a significant share of the group's overall business and are not exclusively serving the group's internal needs. In such cases, additional relevant Taxonomy KPIs capturing these secondary businesses should be disclosed.

ESMA-specific considerations

118. ESMA identified two types of situations that would enable undertakings to omit secondary business disclosures.
119. The first one would correspond to the application of a materiality threshold below which undertakings would not be required to provide the disclosures on the secondary businesses. The Omnibus DA already envisages a 10% materiality threshold in the case of credit institutions, applicable to the cumulative consolidated turnover of other businesses. For consistency, the same criterion could be usefully introduced for other types of mixed groups and financial conglomerates to determine which secondary business should warrant additional reporting alongside the disclosures stemming from the main group reporting regime. ESMA acknowledges that a principles-based approach could also be adopted to determine the materiality of secondary businesses and trigger the necessary disclosures. However, at this stage, ESMA considers that introducing such a materiality criterion should be part of broader consideration of a materiality principle for Taxonomy purposes and therefore recommends that the Commission monitors the application of the 10% threshold across various areas of Taxonomy Reporting in order to determine whether a general materiality principle, serving also group-reporting considerations, could be introduced at a later stage.
120. The 10% materiality threshold would apply to the consolidated turnover of the group activities corresponding to secondary businesses, as compared to the group turnover. To prevent structuring opportunities, the threshold should be of a cumulative nature,

as other quantitative materiality thresholds of the Omnibus DA, so that two (or more) secondary businesses can only be omitted if the total turnover is below 10%.

121. The second possibility for omission of secondary business disclosures would address situations where sufficient Taxonomy information on the secondary business is already included in the main reporting regime. This is the case when a secondary business is integrated in the main reporting template with sufficient transparency (e.g. through an existing activity in the environmental or climate delegated acts which results in reflecting that secondary business in the main reporting template). Another situation is when the other business is exclusively serving the group's internal needs, e.g. captive (re)insurance undertakings or other internal financial services providers within non-financial-undertakings led groups. There is limited additional value in reporting on the Taxonomy profile of these activities which are highly, if not entirely, correlated with the Taxonomy profile of the group as reflected through the main group reporting regime.
122. ESMA recommends that disclosures on secondary businesses are provided at consolidated level for each secondary business. Alternatively, mixed groups could also opt to disclose more disaggregated KPIs (e.g. at subsidiary level), especially if such disaggregation provides more relevant information to users.
123. Finally, ESMA considers that while the computation of the secondary business KPIs will follow the DDA's rules for the corresponding business, disclosed information could take a simplified form as compared to the full templates. ESMA recommends including a specific template to that effect in the revised DDA, so that the related quantitative information is on par with the other Taxonomy information of the undertaking, rather than reported as part of a narrative. Such template should however accommodate the level of disaggregation chosen by groups when reporting on secondary businesses.
124. For non-financial secondary businesses, ESMA's view is that the information should be limited to the eligibility and alignment Turnover and CapEx KPIs.
125. Limited contextual information should also be required to inform users when secondary businesses disclosures were omitted as well as a narrative complement to the simplified templates enabling reconciliation with the financial disclosures, where needed. ESMA stands ready to further assist the European Commission on further practical aspects concerning group reporting.

2.6 Topic 4 – Additional possible simplifications

2.6.1 Proposal in the CP

126. In addition to the targeted proposals relating to OpEx and group reporting, ESMA explored a number of further simplification measures aimed at improving the usability, consistency and proportionality of the Taxonomy reporting framework.
127. First, ESMA consulted on strengthening connectivity between Taxonomy reporting and the ESRS framework, including the introduction of selected ESRS-inspired reliefs, phased-in application of amendments to the Taxonomy framework, a temporary eligibility-only reporting relief for newly introduced activities and first-time reporters, and the use of cross-references and incorporation by reference where appropriate.
128. Second, ESMA explored a range of targeted simplifications to improve the usability of the reporting framework. These included clarifying the interaction between the Taxonomy materiality threshold and IFRS 8 operating segments, revisiting the reporting of enabling and transitional activities, incorporating selected Commission FAQ clarifications into Annex I of the DDA, making CapEx Type C reporting optional, reviewing certain turnover-related KPIs, introducing a materiality filter for contextual disclosures and establishing a clearly defined list of contextual datapoints for digital tagging purposes.
129. Third, ESMA consulted on targeted simplifications for asset managers, including the continued usefulness of separate reporting of enabling and transitional activities and possible further streamlining of the reporting framework. Given the recent Omnibus amendments and the limited practical experience with the revised requirements, ESMA's preliminary view was that any further changes should remain targeted.

2.6.2 Key takeaways from the public consultation

130. This section summarises the feedback received through the public consultation on the additional simplification measures discussed under Topic 4, providing an overview of the main themes raised by respondents, followed by ESMA's assessment of the feedback and the resulting advice to the European Commission.
131. The summaries presented below also take into account relevant comments submitted under questions other than the dedicated question where respondents addressed the same issue.
132. Overall, respondents supported the objective of simplifying Taxonomy reporting while preserving the usefulness, comparability and credibility of the information disclosed. Feedback generally favoured targeted simplifications that reduce reporting burdens, improve legal certainty and enhance consistency with related sustainability reporting

requirements, whilst avoiding changes that could undermine the transparency or decision-usefulness of Taxonomy disclosures.

133. A recurring theme across the consultation was the importance of greater alignment between the Taxonomy reporting framework and the ESRS, including through the introduction of selected reporting reliefs, the use of cross-references and incorporation by reference, phased implementation arrangements and targeted materiality-based simplifications. Respondents also frequently called for further clarifications in areas where practical implementation challenges remain, including the application of IFRS 8, CapEx type C reporting, the use of Commission FAQs and digital reporting requirements.
134. More broadly, respondents emphasised the importance of improving the usability of the Taxonomy framework, including through a more effective and user-friendly FAQ mechanism, greater legal clarity and enhanced accessibility of interpretative guidance. At the same time, respondents stressed the need to preserve the specific objectives and characteristics of the Taxonomy framework and cautioned against the automatic transposition of concepts developed for other reporting frameworks.

2.6.2.1 Connectivity between Taxonomy and ESRS, introduction of new reliefs and phased-in application¹⁰

135. Respondents generally supported closer alignment between Taxonomy and ESRS reporting, including the use of selected ESRS-inspired reliefs, cross-references, incorporation by reference and phased implementation, as a means of reducing duplication and easing the reporting burden while preserving decision-useful information. They nevertheless stressed that the two frameworks have different objectives and structures and cautioned against the automatic import of ESRS concepts, definitions and methodologies that may not be compatible with Taxonomy reporting.
136. Support was expressed for deferred reporting relief for acquisitions and its extension to disposals and divestments, subject to appropriate contextual disclosures, as well as for reliefs concerning the revision of comparative information for new information and the omission of information. The introduction of an undue cost or effort relief and a general materiality principle was also raised, together with greater consistency between the frameworks in areas such as confidentiality and value chain reporting.
137. Moreover, respondents broadly supported the proposed phased-in application rule and Taxonomy-specific reliefs as proportionate means of reducing implementation burdens, particularly by giving undertakings time to adapt their reporting systems, collect the necessary data, develop methodologies and prepare alignment disclosures when requirements or activities change. Support was also expressed for applying the relief to newly introduced activities and first-time reporters. A recurring point was that these arrangements should be optional, targeted and limited to a transitional period, with their

¹⁰ This section covers stakeholders' feedback in response to Questions 17 and 18.

use accompanied by appropriate contextual disclosures to ensure transparency for users.

2.6.2.2 IFRS 8 and Taxonomy materiality¹¹

138. Respondents generally supported further clarification of the interaction between IFRS 8 operating segments and the Taxonomy materiality assessment, particularly where reportable segments and Taxonomy economic activities do not align. The prevailing view was that IFRS 8 should provide contextual information or serve as a consistency check, rather than determine materiality or create an automatic link with the Taxonomy framework, with the existing 10% threshold remaining the primary test. Respondents therefore called for clearer, principle-based clarifications on the application of IFRS 8.

2.6.2.3 Reporting on Enabling and Transitional Activities¹²

139. Responses were mixed on the usefulness of separate disclosures for enabling and transitional activities. A narrow majority regarded the disclosures to be of limited value and did not support retaining separate disclosures on transitional and enabling activities. They noted that the relevant classifications can already be identified through existing Taxonomy tools and pointed to the costs of identifying, tagging and maintaining granular information. By contrast, respondents favouring their retention considered that the distinction provides useful information on the nature of Taxonomy-aligned activities and helps users understand how undertakings contribute to environmental objectives. They highlighted in particular the relevance of enabling activities for climate adaptation and resilience, as well as the role of the reported information in the construction of financial undertakings' KPIs. Some also viewed the additional reporting burden as limited because the classifications are already embedded in the Taxonomy activity descriptions.

2.6.2.4 Clarification on adaptation-related activities¹³

140. Most respondents supported incorporating the clarifications in FAQ 5¹⁴ into Annex I of the Disclosures Delegated Act, considering that this would strengthen legal certainty, reduce reliance on non-binding guidance and support more consistent application of the rules for climate change adaptation activities, including the treatment of adapted and enabling activities. A small number also called for related clarifications in other FAQs to be incorporated in the Level 2 text.

¹¹ This section covers stakeholders' feedback in response to Question 19.

¹² This section covers stakeholders' feedback in response to Question 20.

¹³ This section covers stakeholders' feedback in response to Question 21a.

¹⁴ First Commission Notice 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, 6.10.2022 | Ref.: [2022/C 385/01](#).

2.6.2.5 Reporting on CapEx type C¹⁵

141. Respondents generally supported making CapEx type C optional, noting that its calculation can impose a significant burden, particularly where information must be obtained and verified from external parties, while providing limited informational value for some undertakings. At the same time, they emphasised that CapEx type C may represent a significant share of Taxonomy-related investment in sectors whose core activities are not covered by the Taxonomy and can provide relevant information on transition efforts.

2.6.2.6 Additional simplifications relating to reporting by non-financial undertakings¹⁶

142. Respondents generally favoured removing the adjusted Turnover KPI for sustainable bond issuance, viewing it as complex, reliant on significant assumptions and of limited incremental value. They also supported that disclosure of turnover from internal consumption is optional, while retaining the possibility of voluntary disclosure where it provides useful context in specific group structures. More broadly, respondents backed the introduction of a general materiality filter for contextual information, considering that it would improve readability, proportionality and decision-usefulness by focusing disclosures on material information and reducing unnecessary reporting burdens.
143. As regards the proposed list of contextual datapoints eligible for digital tagging respondents were generally of the view that such a list could improve comparability, machine readability and consistency of reporting, provided that it is closed, clearly defined and limited in scope. Some respondents raised concerns that the proposal could result in additional implementation costs, interpretation challenges and audit discussions, particularly where the definition or application of individual datapoints is unclear.
144. As regards the request for feedback on further simplification proposals, some respondents reiterated calls for a broader application of materiality and proportionality principles in Taxonomy reporting and for greater regulatory stability. Feedback also focused on improving the development and maintenance of FAQs, as well as simplifying technical screening criteria, DNSH assessments and reporting templates, clarifying minimum safeguards requirements, and expanding the coverage of the EU Taxonomy. A few respondents also suggested introducing incentives to support Taxonomy alignment.

¹⁵ This section covers stakeholders' feedback in response to Question 21b.

¹⁶ This section covers stakeholders' feedback in response to Questions 21c, 21d and 24 which are presented together to ensure thematic coherence.

2.6.2.7 Additional simplifications concerning asset managers¹⁷

145. Only a small number of respondents responded to the question concerning the reporting of enabling (row 13) and transitional economic activities by asset managers. Of those who responded to this question the majority were in favour of retaining the dedicated rows for reporting on enabling and transitional activities. Supporters connected the reporting with future SFDR product categories, while opponents questioned the value of the information.
146. Only a few respondents provided feedback on possible additional simplifications concerning taxonomy reporting by asset managers. However, almost all responses supported further simplification of the asset management template. Those respondents stressed the need for more streamlined templates, reducing duplication among the KPIs and focusing on decision-useful information. Other respondents strongly cautioned against creating new reporting demands on investee companies or creating new data vintages for asset managers through new templates.

2.6.2.8 Feedback on the cost-benefit balance of the proposals¹⁸

147. Respondents generally considered that the proposed amendments would deliver a favourable cost-benefit balance by reducing reporting complexity and ongoing compliance costs, strengthening legal certainty and improving alignment with other reporting frameworks. However, respondents did not quantify the anticipated savings.

2.6.3 ESMA's assessment of the feedback received

2.6.3.1 Connectivity between Taxonomy and ESRS, introduction of new reliefs and phased-in application

148. ESMA acknowledges the broad support for its proposals for closer connectivity between ESRS and Taxonomy reporting.

2.6.3.2 Cross-references and incorporation by reference

149. ESMA observes that a significant majority of respondents supported the use of cross-references and incorporation by reference in Taxonomy reporting and the introduction of the proposed reliefs and the phased-in application of Taxonomy requirements.
150. ESMA agrees with respondents who considered that the use of cross-references should be voluntary and should not compromise the accessibility or clear identification of KPI information. Some respondents further proposed establishing criteria to determine the

¹⁷ This section covers stakeholders' feedback in response to Questions 22 and 23.

¹⁸ This section covers stakeholders' feedback in response to Question 25.

circumstances in which cross-references would be permitted. In ESMA's view, though, prescribing such criteria would introduce additional complexity into Taxonomy reporting

151. As regards the suggestion to include in the DDA cross-references to standardised, VSME-based counterparty data, ESMA notes that this goes beyond the scope of its advice.

2.6.3.2.1 Relief on deferred reporting on acquisitions and disposals/acquisitions

152. With respect to the deferred reporting relief for acquisitions, ESMA acknowledges the broad support for its introduction in Taxonomy reporting. ESMA notes that, as a result of this relief, additions from acquisitions will not be reflected in future CapEx ratios, unless the acquired assets give rise to future additions. ESMA considers that this is an acceptable consequence of granting such a relief and that, in any case, the amount of the additions excluded from the taxonomy assessment due to the relief will be disclosed as part of the contextual information.
153. Further, ESMA has carefully considered the suggestions to extend the relief to disposals and divestments. In this regard, ESMA takes note of the content of Commission FAQ 17¹⁹ which confirms that the denominator should follow the accounting treatment of the relevant activities. Accordingly, where, following a disposal or divestment, the financial KPIs presented in the financial statements exclude the related amounts during the reporting period, the preparers should also exclude these amounts from the Taxonomy KPIs. In this case, since there is no assessment of eligibility or alignment, there is no need for a relief. On the other hand, where the financial metrics in the financial statements continue to reflect the relevant amounts during the reporting period, ESMA considers that the Taxonomy KPI denominator (which will be based on the financial metrics) should also include the disposal or divestment to follow the same accounting treatment. In this case, however, the reporting entity should be able to rely on the relief and refrain from undertaking an eligibility or alignment assessment of the numerator, provided that appropriate explanations are included in the contextual disclosures. Taking this feedback into account, ESMA is minded to suggest to the Commission that the relief should also cover disposals and divestments.
154. Moreover, ESMA intends to advise the Commission that preparers making use of the relief should disclose this fact and explain the reasons for its application in the contextual information accompanying the Taxonomy disclosures.
155. Concerning the suggestion that the relief for acquisitions should apply to both the numerator and the denominator, ESMA notes that Commission FAQ 17 clarifies that Taxonomy reporting should follow the accounting treatment of the relevant activities. ESMA understands that the concerns expressed relates to the risk that, if the relief for

¹⁹ Commission Notice 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) | Ref.: [C/2023/6747](#).

acquisitions is only applied to the numerator, the relevant taxonomy KPI would be penalised by the effect of this relief. ESMA understands this argument, but it considers that the need to provide this relief is associated to avoiding the burden of having to incorporate into the Taxonomy assessment new data resulting from recently acquired business. The relief should not have a misleading signalling effect. If the business activities of an undertaking have significantly expanded, all the rest being equal, the denominator of the KPI should reflect that fact. ESMA considers that the KPI would not properly inform users of taxonomy information if it would entirely eliminate the effect of the acquired business from the KPI by deleting its impact from the denominator. ESMA considers that in deciding whether to apply the relief, an undertaking should also determine the extent to which it may omit information that it deems material for its users. In this respect, the optional relief balances out simplification with retains basic protections for the investors. ESMA also highlights that contextual information can be provided to enable users to understand the effect of the acquisition on the denominator, thus enabling them to calculate a denominator net of the effect of the acquisition.

156. ESMA considers that the approach reflected in its advice is consistent with this clarification and accommodates the different scenarios that may arise in practice. In light of this clarification provided in FAQ 17, ESMA has not identified a need to recommend specific amendments to its advice to address this suggestion.

2.6.3.2.2 Reliefs on revising comparatives for new information and omission of information

157. In relation to the reliefs concerning the revision of comparative information for new information and omission of information, ESMA notes the significant support for their introduction into Taxonomy reporting.
158. As a general point, ESMA reiterates that the use of the relief on revising comparative information for new information, as well as the relief on omission of information, must be explicitly disclosed as part of the contextual information in Annex I.
159. ESMA has further examined the suggestions to incorporate into Taxonomy reporting certain ESRS provisions relating to these reliefs²⁰. However, ESMA recalls that the two frameworks are not identical and that it is therefore neither necessary nor appropriate to fully replicate the ESRS provisions within the Taxonomy framework. This is consistent with the views of several respondents, who cautioned against the automatic incorporation of ESRS concepts, definitions and methodologies, noting that they may not be directly compatible with Taxonomy reporting. While consistency between the two frameworks is desirable, respondents emphasised that they serve different objectives.
160. ESMA acknowledges these views and appreciates the objective of promoting greater consistency between the frameworks. In ESMA's view, the points raised would require

²⁰ These suggestions include the circumstances in which comparative information should be revised and value chain considerations.

broader policy considerations extending beyond the targeted scope of the current exercise. As regards the value chain considerations ESMA would expect these to be incorporated in the design of the TSC. Nevertheless, ESMA has taken note of these suggestions and will draw them to the Commission's attention for possible consideration in the context of any future, more comprehensive review.

161. As regards the proposal, supported by four respondents, not to require the restatement of comparative information following changes to the TSC or for new information, ESMA notes that this approach was previously applied by the Commission following the first amendments to the Climate Delegated Act. While this specific proposal was not consulted upon, ESMA acknowledges the merit of clarifying the application of this relief in the context of amendments to the TSC. ESMA will, therefore, draw the Commission's attention to the interaction between the relief relating to comparative information together and the proposed phased-in application in order to provide greater legal certainty for preparers when implementing future amendments. Notably, ESMA acknowledges that there is a need to clarify the articulation between the relief proposed for new activities and the one proposed for changes in TSC and the requirement to restate comparatives. For example, when an undertaking applies the relief and therefore does not assess alignment with a new TSC for the first year (N), it should not be required the following year (N+1) to restate comparative information for year N, taking into account the new activity/TSC. Undertakings should however be transparent on the methodology chosen to prepare the comparatives and provide the relevant contextual information needed to explain significant changes in the figures.

2.6.3.2.3 Undue cost or effort relief

162. ESMA acknowledges the suggestions by some respondents to introduce an undue cost or effort relief²¹. ESMA notes that the proposals relate to the assessment of Taxonomy-eligibility and Taxonomy-alignment. They therefore go beyond the scope of the current exercise, which is limited to the reporting of Taxonomy KPIs, and as such, fall outside ESMA's mandate. ESMA will nevertheless draw this suggestion to the attention of the European Commission for consideration in relation to the assessment of compliance with the Taxonomy eligibility and alignment criteria.
163. As regards the introduction of a general materiality principle in Taxonomy reporting, ESMA observes that even though this Final Report includes a targeted materiality proposal for contextual information (see para 194), the broader question of materiality extends beyond the scope of the current exercise. At the same time, ESMA acknowledges that the issue of materiality is one that warrants further reflection; including an assessment of the effectiveness of the current materiality thresholds introduced by the Omnibus 'quick fix' and, in that context, of whether a broader

²¹ Suggestions in reply to questions 17, 18 and 24.

materiality principle may be appropriate. ESMA considers that such an assessment could form part of a wider review of the Taxonomy framework in the future.

164. ESMA's view is that the interaction between the quantitative materiality thresholds with a potentially broader materiality principle should be carefully considered as part of this assessment, in light of its possible implications for the integrity and effectiveness of the Taxonomy framework. In particular, applying both mechanisms concurrently could result in creating uncertainty in practice to determine, for example, which criterion takes precedence in case of conflicting outcomes of the two assessments. Any potential introduction of a general materiality principle would therefore require careful consideration of the conditions under which it would apply, its interaction with the objectives and structure of the Taxonomy framework, and its impact on the availability and usefulness of Taxonomy information. This would also require clarification of the underlying materiality concepts and how such a principle would operate in the context of Taxonomy reporting.
165. With these considerations in mind and while ESMA does not propose changes in this area as part of its advice, it intends to draw this matter to the Commission's attention. In particular, ESMA invites the Commission to assess, in due course, the effectiveness of the existing materiality thresholds and whether a broader materiality principle should be introduced in Taxonomy reporting, including the conditions for its application and its interaction with the existing framework.

2.6.3.2.4 Phased-in application and Taxonomy-specific relief

166. ESMA acknowledges the broad support expressed for the proposed one-year phase-in period in case of changes to the TSC or the DDA, as well as for the introduction of a Taxonomy-specific relief.
167. ESMA considers that the one-year phase-in would allow preparers to continue reporting based on the previously applicable TSC or DDA provisions, thereby providing sufficient time to adapt their reporting systems before applying the revised requirements in the following reporting period. With regards to the Taxonomy-specific relief, ESMA clarifies that this is intended to apply where new activities are introduced into the Taxonomy. In such cases, undertakings would be permitted to report only on the Taxonomy eligibility of those activities during the first year, allowing time to prepare for Taxonomy-alignment reporting from the subsequent reporting period onwards. This approach is consistent with that previously applied by the European Commission following the initial amendments to the Climate Delegated Act. Incorporating this relief as a general principle in the DDA would ensure a stable and predictable framework for preparers in the event of future revisions. The same approach would apply to new reporters, who would be allowed to disclose Taxonomy eligibility information for one year before reporting on Taxonomy alignment in the following year.
168. ESMA also wishes to emphasise that both the phased-in application and the Taxonomy-specific relief would be optional. Undertakings may therefore choose to apply amended

TSC or DDA requirements immediately, without making use of the phase-in period. Similarly, undertakings may decide to report both Taxonomy eligibility and Taxonomy alignment from the first year in which a new activity is introduced.

169. ESMA took note of the suggestion to align the wording relating to the application date of the Disclosures Delegated Act with the terminology used in the ESRS by referring to the relevant financial year and intends to reflect this point in its advice to the Commission.
170. ESMA shares the view of respondents that the use of reliefs and phased-in application arrangements should be accompanied by appropriate transparency on the use of the relief. To address those concerns and support transparency for users, ESMA intends to reflect this principle in its advice to the Commission.
171. As regards the proposal to introduce a grandfathering provision for activities already assessed against existing TSC, whereby revised criteria would apply only to the undertaking's activities newly allocated to an already reported activity, ESMA considers that such an approach would result in divergent application of the TSC, reduce comparability across undertakings and reporting periods, and diminish the transparency and usefulness of Taxonomy disclosures for users. ESMA therefore does not intend to include this proposal in its advice to the Commission.
172. ESMA also considered the suggestion that the one-year phase-in period should apply to any newly introduced activity i.e. for alignment and eligibility. However, ESMA notes that these activities are already covered by the Taxonomy-specific relief, which permits undertakings to report only on Taxonomy eligibility in the first year following the introduction of the activity, before reporting on Taxonomy alignment from the subsequent reporting period. ESMA therefore does not see merit in extending the phased-in application to such cases.
173. Finally, as regards suggestions to extend the phased-in application period beyond one year, for example to two or three years, ESMA believes that a longer transition period would undermine the credibility and timeliness of Taxonomy reporting and adversely affect the information needs of users. ESMA therefore does not intend to pursue this proposal.

2.6.3.3 IFRS 8 and Taxonomy materiality

174. ESMA acknowledges respondents' feedback on the need for greater clarity regarding the interaction between IFRS 8 and Taxonomy materiality assessments, including the role of IFRS 8 as a source of contextual information and a consistency check. ESMA agrees that IFRS 8 should serve this purpose rather than act as a determinative factor in assessing Taxonomy materiality and considers that this should be clarified in the legal text.
175. In light of the feedback received, ESMA is minded to propose that the Commission further clarify this interaction in the Disclosures Delegated Act and consider improvements to

the guidance provided in FAQ 7 of the Fourth Commission Notice²² to enhance its usability. In addition, given the support expressed by respondents, ESMA is minded to recommend that the Commission provide further practical guidance and illustrative examples on the application of IFRS 8 in this context.

176. As regards the proposals to introduce a general Taxonomy materiality principle, ESMA refers to the views set out in relation to the responses to Question 17 and 21b (see section 2.6.3.2.3).

2.6.3.4 Reporting on Enabling and Transitional Activities

177. ESMA acknowledges the mixed views expressed on whether the reporting requirements for enabling and transitional activities should be retained. ESMA also observes that most respondents to this question represented the views of issuers. While some respondents representing issuers considered these disclosures useful for investors and relevant in the context of adaptation financing and the ongoing SFDR review, others also representing issuers argued that the classification of activities as enabling or transitional is already embedded in the Taxonomy framework and that the related reporting provides limited additional decision-useful information relative to the associated reporting burden. In light of the ongoing review of the SFDR, ESMA considers it appropriate to adopt a prudent approach and proposes maintaining these reporting requirements at this stage. The need for such disclosures should be reassessed once the revised SFDR framework is in place.
178. With respect to comments that this information may not be relevant for future SFDR product categories, ESMA recalls that decisions on the requirements of any future product categorisation regime have yet to be taken. ESMA considers it important to avoid pre-empting those decisions through its technical advice and minimise the risk of unintended consequences.
179. ESMA further acknowledges respondents' views that information on enabling activities is particularly relevant in the context of climate adaptation, as well as the concerns raised regarding the risk of fund mislabelling and the treatment of transition-related investments. In ESMA's view, the usefulness and relevance of disclosures on enabling and transitional activities should therefore be reassessed once the SFDR review has been completed and the role of such information within any future product categorisation framework can be evaluated on a concrete basis.
180. ESMA also recognises that several respondents did not regard the reporting of enabling and transitional activities as unduly burdensome. In particular, some respondents indicated that these disclosures do not represent a significant reporting burden. Against this background, ESMA considers that retaining the requirement pending greater clarity

²² Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation, as amended by the Omnibus Delegated Act, on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (fourth notice), 30. 04. 2026 | Ref.: [C/2026/2558](#).

on the outcome of the SFDR review is unlikely to impose significant additional costs on preparers already reporting this information.

181. Finally, ESMA observes that respondents to Question 22 on asset managers' disclosures of enabling and transitional activities likewise expressed mixed views, with eight respondents opposing the requirement and six respondents supporting its retention.

2.6.3.5 Clarification on adaptation-related activities

182. ESMA notes that most respondents supported incorporating the clarification set out in FAQ 5²³ into the legal text.
183. ESMA has also considered the suggestion from a small number of respondents to incorporate clarifications contained in other FAQs into the DDA. However, ESMA notes that the FAQs proposed for inclusion in the legal text were not covered in the consultation. This did not allow other stakeholders to express support for, or objections to, their incorporation.
184. In addition, ESMA considers that not all FAQs are equally suitable for inclusion at Level 2. FAQs containing examples or addressing specific use cases may not readily lend themselves to incorporation in the legal text. Whether such clarifications should be reflected in the DDA, would therefore need to be assessed on a case-by-case basis.
185. In light of the above, ESMA advises the Commission to incorporate FAQ 5 into the DDA and to assess, on a case-by-case basis, whether any elements of other FAQs warrant inclusion in the legal text.

2.6.3.6 Reporting on CapEx type C

186. ESMA acknowledges that making the disclosure of CapEx Type C optional could contribute to reducing the reporting burden for undertakings. In particular, the identification and assessment of the relevant expenditure may require significant data collection and verification, including information from suppliers and other external parties, while the resulting information may be of limited relevance in certain circumstances. Optional reporting could therefore enhance proportionality by allowing undertakings to provide this information where it is considered relevant, without imposing the associated reporting costs in other cases.
187. At the same time, ESMA notes that CapEx Type C may provide material information on undertakings' transition-related investments, particularly where their core economic activities are not covered by the Taxonomy. Making this disclosure optional could therefore result in the loss of information that is relevant to users, reduce the coverage and comparability of the CapEx KPI and, in some cases, remove information on which

²³ First Commission Notice 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, 6.10.2022 | Ref.: [2022/C 385/01](#).

financial undertakings currently rely. More generally, making CapEx Type C optional may also further reduce the ability of users of Taxonomy information to reconcile the CapEx disclosures with ESRS disclosures on “significant financial resources (operational or capital expenditure) that have been or are expected to be allocated to the implementation of the key actions”²⁴. ESMA is also aware that the CapEx KPI is regarded as one of the most relevant indicators in the Taxonomy framework and that reducing the scope of CapEx by introducing the optionality of Type C investments may reduce the comparability of this important indicator. These may ultimately have broader implications for the underlying policy objectives that through the Taxonomy KPIs – notably facilitating the flow of capital towards sustainable investments – the Taxonomy regulation aims to achieve.

188. ESMA also considered whether these competing considerations could be addressed through the introduction for CapEx Type C of an information materiality filter, based on the equivalent notion in ESRS. However, as explained in the analysis above, introducing a separate materiality filter would add complexity to the reporting framework and could have unintended consequences. ESMA further notes that the existing materiality thresholds may already be applied to CapEx Type C reporting in certain circumstances i.e. at the level of the economic activity where relevant, thereby allowing undertakings to exclude information that is not material.
189. Having carefully weighed these considerations, ESMA does not plan to address the optionality of CapEx Type C reporting in its advice to the Commission.
190. ESMA has also considered the comments calling for greater clarity on the definition of CapEx Type C, in particular the concepts of ‘individual measures’ and ‘purchase of output’, as well as the boundary between CapEx Type A and CapEx Type C²⁵. ESMA notes that these suggestions go beyond its mandate and it is minded bringing them to the Commission's attention for further consideration.
191. Lastly, as regards to the suggestion by one respondent that Taxonomy reporting should become voluntary, ESMA recalls that this is a Level 1 matter and therefore falls outside the remit of its technical advice.

2.6.3.7 Additional simplifications relating to reporting by non-financial undertakings

2.6.3.7.1 Adjusted turnover KPI in case of issuance of sustainable bonds

192. ESMA acknowledges that a substantial majority of respondents agreed that the adjusted turnover KPI provides limited additional value and supported its removal. Regarding the

²⁴ See revised ESRS 2 *General Disclosures*, par. 46.

²⁵ Example from a respondent (CNCC): “.... a forest manager with Taxonomy-aligned turnover that purchases electric vehicles from a Taxonomy-aligned manufacturer could classify the expenditure as (i) CapEx Type C purchase of output, (ii) an individual measure, or (iii) CapEx Type A because the asset supports the undertaking's own aligned activity.”

suggestion to remove the requirement to report the adjusted CapEx KPI, ESMA was not able to assess stakeholder views or the associated costs and benefits, as this issue was not covered by the consultation. Accordingly, ESMA does not propose to take this suggestion forward in its technical advice, whilst it will recommend that the obligation to disclose the adjusted turnover KPI is removed.

2.6.3.7.2 Turnover KPI on internal consumption

193. ESMA notes the broad support for clarifying the treatment of turnover generated from internal consumption. In response to the feedback received, ESMA will recommend specifying in the DDA that disclosure of turnover generated from internal sales is not mandatory and may be provided if the undertaking considers that the relevant KPI is material and decision-useful for users.

2.6.3.7.3 General materiality filter

194. ESMA observes the strong consensus for the introduction of a general materiality filter for the contextual information required under Annex I. As explained in par. 144 of the CP, information that is not material for the understanding of an undertaking's Taxonomy reporting would not need to be disclosed. ESMA considers that this approach will help ensure that contextual information remains meaningful, relevant and focused on decision-useful information. In this regard, the materiality assessment should take into account both quantitative and qualitative considerations. Therefore, information that may be limited in scale but is important to understand an undertaking's Taxonomy performance, strategy, transition plans, climate adaptation or resilience-related activities would continue to be disclosed where material. ESMA therefore does not expect the materiality filter to result in the omission of information necessary for users' understanding of an undertaking's Taxonomy-related disclosures. Rather, it should help undertakings focus their reporting efforts on information that is material for such understanding, instead of approaching the preparation of Annex I disclosures as a purely compliance-driven exercise.
195. As regards concerns that the introduction of a general materiality filter for contextual information could create additional burdens by requiring preparers to justify the omission of certain disclosures, ESMA recalls that the application of the filter would be optional. ESMA therefore considers that preparers would apply the filter only where it facilitates more targeted and proportionate reporting. Moreover, by focusing disclosures on information that is material from a qualitative or quantitative perspective, the filter should contribute to more concise and decision-useful reporting, while reducing unnecessary disclosure requirements.

2.6.3.7.4 List of contextual datapoints

196. ESMA acknowledges the support for the introduction of a clearly defined list of contextual datapoints that could potentially be tagged. ESMA also carefully considered the concerns raised. However, ESMA notes that the comments regarding the usefulness of ESEF and

XBRL reporting fall outside the scope of the current consultation and the remit of ESMA's technical advice to the Commission.

197. ESMA shares the view that the list should be closed and clearly defined in order to support consistent application and avoid unnecessary interpretative uncertainty. However, as regards the limitation to solely create numerical digital taxonomy elements to tag quantitative datapoints, ESMA considers that such an approach may be overly restrictive. Sustainability metrics often need accompanying narrative information, explanations or assumptions to be properly interpreted. Text block digital elements enable users to navigate, locate and analyse the marked-up narrative information explaining the sustainability metrics in a structured and searchable format. Therefore, ESMA considers that the content of the list should be determined on the basis of its decision usefulness, while supporting the comparability and consistency of sustainability reporting. In this regard, ESMA notes that it received limited feedback from users of Taxonomy disclosures. Those users that responded to the consultation, together with several respondents representing the issuers, were supportive of the creation of such a list and of its potential role in facilitating access to relevant contextual information. In light of the feedback received, ESMA is minded to reflect these considerations in its advice.
198. ESMA recognises the concerns expressed regarding potential implementation challenges and additional efforts associated with the introduction of such a list. However, ESMA recalls that the objective of the list is to facilitate the identification of contextual information to be reported, as well as support digital tagging of narrative information and improve machine readability, in line with developments in sustainability and Taxonomy reporting. Text block tagging enhances the usability, transparency and machine readability of reports by allowing users to identify, retrieve and analyse coherent narrative disclosures alongside the associated quantitative information.

2.6.3.8 Further simplification proposals

199. ESMA takes note of the simplification proposals submitted in response to Question 24 and has carefully assessed them. However, as these proposals are either broad in scope or fall outside the scope of the current consultation, they are not reflected in ESMA's advice. Nevertheless, ESMA considers that certain proposals (raised also in responses to other questions) may be relevant for consideration in the context of future reviews of the Taxonomy reporting framework and has therefore highlighted these in its advice to the Commission.
200. Moreover, ESMA observes that many respondents commented on the existing body of published FAQs. ESMA acknowledges the need to further improve the development, maintenance and updating of FAQs to ensure that they remain an effective tool for market participants. Practical measures, such as consolidating FAQs into a single document, withdrawing outdated guidance and clearly identifying amendments to existing FAQs, could improve their usability. A broader review of the published FAQs could also enhance their overall effectiveness.

201. ESMA further notes the potential merits of reviewing the current mechanism for developing FAQs, with a view to ensuring robust due process and increasing transparency, facilitating expert stakeholder input and addressing concerns that certain FAQs may extend beyond the legal text or introduce additional requirements not expressly provided for in the framework.
202. ESMA also acknowledges the suggestion to introduce incentives related to Taxonomy alignment. While recognising that this matter falls outside the scope of its mandate, ESMA would nevertheless like to reiterate the views expressed in its [Position Paper](#)²⁶ on the use of tax incentives to enhance the attractiveness of investing in EU capital markets. In the same paper, ESMA highlighted the importance of ensuring that EU capital market regulation and incentives are aligned so as to facilitate the mobilisation of public and private capital towards sustainable finance investments. In this context, ESMA considers that simplifying sustainability reporting requirements and reducing unnecessary complexity remain important elements of this broader objective.

2.6.3.9 Additional simplifications concerning asset managers

203. ESMA notes the mixed feedback on the value of the transitional and enabling reporting in the asset management annex. Given the small sample size (and mixed results) of the response, it is not possible to draw firm conclusions at this stage to allow a clear recommendation in this advice about whether to remove the reporting.
204. Furthermore, in light of the on-going negotiations on the review of the SFDR (as also concluded for non-financial reporting above in paragraphs 179-181), ESMA recommends that the Commission wait for clarity on the outcome of the negotiations before taking further action on enabling and transitional reporting in the asset management annex.
205. ESMA acknowledges the responses calling for further simplification to the reporting template with a focus on reducing the reporting burden. However, given that the template was only recently changed by the Commission in the Omnibus process, ESMA does not recommend any further changes at this point. The respondent who warned that additional changes at this time could risk another “vintage” makes a fair point that could add burden in the short term, not reduce it.
206. Still, the consultation responses make some suggestions that the Commission may wish to revisit in the future, after there is clarity on the outcome of the SFDR review, when considering more simplifications to the reporting templates. In line with the feedback to Question 22, the Commission may wish to consider:
- a. The value of separate reporting on investments in enabling and transitional economic activities;

²⁶ [Building more effective and attractive capital markets in the EU](#), pages 10 & 13, Position Paper | 22 May 2024

- b. The need for the split between investments in non-financial undertakings and financial undertakings; and
- c. The need for the reporting on investments in nuclear and fossil gas taxonomy-aligned economic activities.

2.6.3.10 Feedback on the cost-benefit balance of the proposals

207. ESMA notes that respondents generally considered that the proposed amendments would deliver a favourable cost-benefit balance, notably through reduced reporting complexity, lower ongoing compliance costs, greater legal certainty and improved alignment with other reporting frameworks, while generally preserving the usefulness of Taxonomy disclosures. Respondents were, however, unable to quantify the expected cost savings. ESMA also notes the suggestion that all amendments to the DDA should be introduced through a single amendment with a common application date and will mention this general point in its final advice.

2.6.4 ESMA's technical advice concerning Topic 4 – Additional possible simplifications

208. In light of the considerations set out above and the feedback received through the public consultation, ESMA provides the following advice to the Commission and highlights a number of related considerations:

Introduction of reliefs

209. ESMA advises the Commission to introduce in the Disclosures Delegated Act the following reliefs:
- a. A relief in relation to acquisitions building on the approach set out in Sub-chapter 5.4 of the revised ESRS 1 and an adapted relief for disposals and divestments based on the overarching principle of alignment of the denominator with the accounting treatment in the financial statements.
 - b. A relief permitting the omission of information under the conditions set out in the last part of paragraph 3 of Articles 19a and 29a of the Accounting Directive and reproduced with minimal modifications in Sub-chapter 7.7 of the revised ESRS 1²⁷. ESMA recommends that alongside this relief, the safeguard set out in par.

²⁷ The Accounting Directive foresees the following cases of omission of information under certain conditions: (a) in exceptional cases, information the disclosure of which would be seriously prejudicial to the commercial position of the undertaking; (b) information corresponding to intellectual capital, intellectual property, know-how, technological information, or the results of innovation, which would qualify as a trade secret as defined in Article 2, point (1), of Directive (EU) 2016/943 of the European Parliament and of the Council; (c) classified information defined in Article 2, point (7), of Regulation (EU) 2023/2418 of the European Parliament and of the Council; and (d) other information that is to be protected from unauthorised access or disclosure because of obligations laid down in other Union legal acts or national law, or in order to safeguard the privacy or security of a natural person or the security of a legal person.

101 of the revised ESRS 1 is also retained, that is: “*The undertaking shall make every reasonable effort to ensure that, beyond the omissions [...], the overall relevance of the disclosure in question is not impaired*”.

- c. A relief from the requirement to restate comparative information for reporting year N, where the methodology used to calculate the relevant information systematically relies on data from year N-1. This relief should be available only in exceptional and duly justified circumstances.

In addition, undertakings should not be required to provide comparative information in the first year of Taxonomy reporting.

The requirement to restate comparative information should nevertheless be maintained where a significant variation in the relevant KPI occurs in subsequent reporting periods.

- 210. Where an undertaking makes use of any of the above reliefs, it should disclose this fact in the contextual information set out in Annex I and provide an explanation for its use to ensure transparency for users of Taxonomy information. The use of the reliefs should remain optional.

- 211. Further, ESMA draws the Commission’s attention to the following matters for consideration:

- a. appropriate incorporation of certain concepts from the ESRS into the Taxonomy reporting framework and in particular: a) clarifying the circumstances in which comparative information should be revised, taking into account the principles set out in Sub-chapter 7.1 of the revised ESRS; and b) introducing a relief from comparative information in the context of amendments to the TSC or introduction of new activities, taking into account its interaction with any phased-in application of such amendments.
- b. promoting greater consistency between the Taxonomy framework and the ESRS with regard to value chain considerations relevant to assessment of Taxonomy eligibility and alignment;
- c. need or conditions for the introduction of an undue cost or effort exemption in relation to the assessment of Taxonomy eligibility and Taxonomy alignment; and
- d. whether a broader materiality principle should be introduced into the Taxonomy reporting framework, including an assessment of the effectiveness of the existing materiality thresholds, the conditions under which such a principle would apply, and its interaction with the existing thresholds and Taxonomy objectives, and its impact on the availability and usefulness of Taxonomy information.

Use of cross-references to ESRS disclosures and incorporation by reference

212. For the purposes of the disclosures required under Article 8 of the Taxonomy Regulation, ESMA advises that undertakings be permitted to use cross-references to sustainability information reported in accordance with the ESRS and to incorporate certain information by reference.
213. The use of cross-references and incorporation by reference should remain optional and not impair the accessibility, readability or understandability of the relevant Taxonomy disclosures. In developing the corresponding legal provisions, ESMA recommends that the Commission draw on the approach set out in Chapter 9 of the revised ESRS.

Phased-in application of amendments to the TSC under the Climate and Environmental Delegated Acts as well as to the Disclosures Delegated Act

214. ESMA advises the Commission to introduce a transitional provision under which, where amendments are made to the technical screening criteria for substantial contribution and do no significant harm under the Climate and Environmental Delegated Acts, or to the reporting requirements laid down in the Disclosures Delegated Act, undertakings may elect to apply those amendments from the second financial year following their entry into force. During the intervening financial year, undertakings may continue to apply the provisions applicable immediately prior to the amendments.
215. The deferred application of the amendments should be available as a standard provision. Undertakings making use of the transitional provision should disclose this fact in the contextual information accompanying the relevant key performance indicators under Annex I of the Disclosures Delegated Act to ensure transparency for users of Taxonomy information.

Taxonomy-specific relief

216. For the purposes of Taxonomy reporting, ESMA advises the introduction of an optional transitional relief under which undertakings may disclose only Taxonomy-eligibility information in the first financial year following the introduction of new Taxonomy activities or in the first financial year in which they become subject to Taxonomy reporting requirements. Taxonomy-alignment reporting would be required from the subsequent financial year onwards.
217. Undertakings making use of this relief should disclose this fact in the contextual information accompanying the relevant key performance indicators in Annex I of the Disclosures Delegated Act to ensure transparency for users of Taxonomy information.
218. ESMA also advises aligning the terminology concerning the application date of the Disclosures Delegated Act with that used in the ESRS by referring to the relevant financial year.

Clarification on the use of IFRS 8 information

219. ESMA advises the Commission to clarify in the Disclosures Delegated Act the role of IFRS 8 in Taxonomy materiality assessments. In particular, IFRS 8 should serve as a source of contextual information and a consistency check, rather than as a determinative factor in the assessment of materiality.
220. ESMA advises the Commission to enhance the usability of FAQ 7 of the Fourth Commission Notice²⁸ through further clarifications and where possible additional practical guidance and illustrative examples on the application of IFRS 8 in Level 3.

Reporting on Enabling and Transitional activities

221. ESMA advises the Commission to retain the reporting requirements relating to enabling and transitional activities until the review of the SFDR has been completed and greater clarity has emerged regarding the future product categories. ESMA further recommends that the Commission reassess the relevance and usefulness of such disclosures once the revised SFDR framework is in place and the role of this information within any future product categorisation regime can be evaluated. Pending such reassessment, ESMA recommends maintaining the existing requirements, particularly as the additional reporting burden is limited given that the relevant classifications are already embedded in the Taxonomy activity descriptions.

Incorporation of FAQ Clarifications into the Disclosures Delegated Act

222. ESMA advises the Commission to incorporate the clarification set out in FAQ 5 of the First Commission Notice²⁹ into the legal text of the Disclosures Delegated Act. Any incorporation of clarifications contained in other FAQs should be assessed on a case-by-case basis, considering their suitability for inclusion in the legal text.

Reporting on CapEx Type C

223. While not recommending at this stage fundamental amendments to the provisions relating to CapEx Type C for the reasons explained in ESMA's assessment of this matter (see paras. 186 - 191), ESMA nevertheless draws the Commission's attention to the need for further clarification of certain aspects of CapEx Type C reporting. In particular, consideration could be given to providing additional guidance on the concepts of "individual measure" and "purchase of output", as well as on the boundary between CapEx Type A and CapEx Type C.

Adjusted turnover KPI in case of issuance of sustainable bonds

224. ESMA advises the Commission to remove the requirement in section 1.2.3.1. of Annex I to disclose the adjusted turnover KPI in the case of issuance of sustainable bonds.

²⁸ Ref.: C/2026/2558.

²⁹ Ref.: (2022/C 385/01.

Turnover KPI on internal consumption

225. ESMA advises the Commission to clarify in the Disclosures Delegated Act that the disclosure of turnover generated from internal sales is not mandatory and would be presented as a voluntary KPI.

General materiality filter for contextual information

226. ESMA advises the Commission to introduce a general materiality filter for the contextual information required under Section 1.2.3 of Annex I. Drawing on the approach set out in the revised ESRS, undertakings would not be required to disclose contextual information that is not material and therefore not decision-useful for users of Taxonomy information.

List of Contextual Datapoints for Digital Tagging

227. ESMA advises the Commission to establish a closed and clearly defined list of contextual datapoints (both quantitative and qualitative) that could be later the base to develop the digital taxonomy for tagging the sustainability reports. The list should support consistency, comparability and machine readability of Taxonomy disclosures.

Taxonomy FAQs

228. ESMA invites the Commission to consider measures to enhance the accessibility, transparency and governance of the FAQ process, including through a review of existing FAQs and of the arrangements for their development and maintenance.

Asset management annex

229. Given the recent changes introduced by the Omnibus process, ESMA advises the Commission to not make any further changes, at this point, to the asset management annex. Instead, the Commission should wait for clarity on the SFDR review before considering further simplification efforts to the asset management annex (alongside the other reporting templates). Future opportunities for simplification may include removing reporting lines for (1) enabling and transitional activities, (2) exposures to non-financial and financial undertakings; and (3) nuclear and fossil gas taxonomy-aligned economic activities.

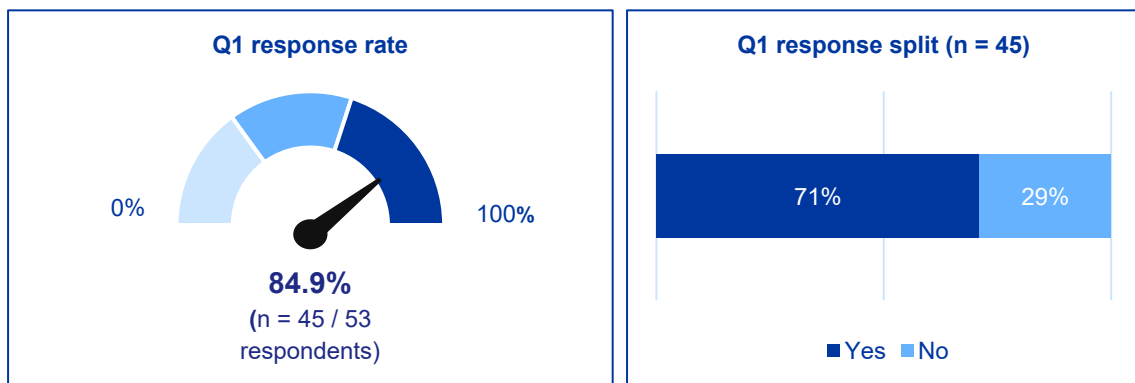
Annexes

Annex I – Summary of the responses to the consultation

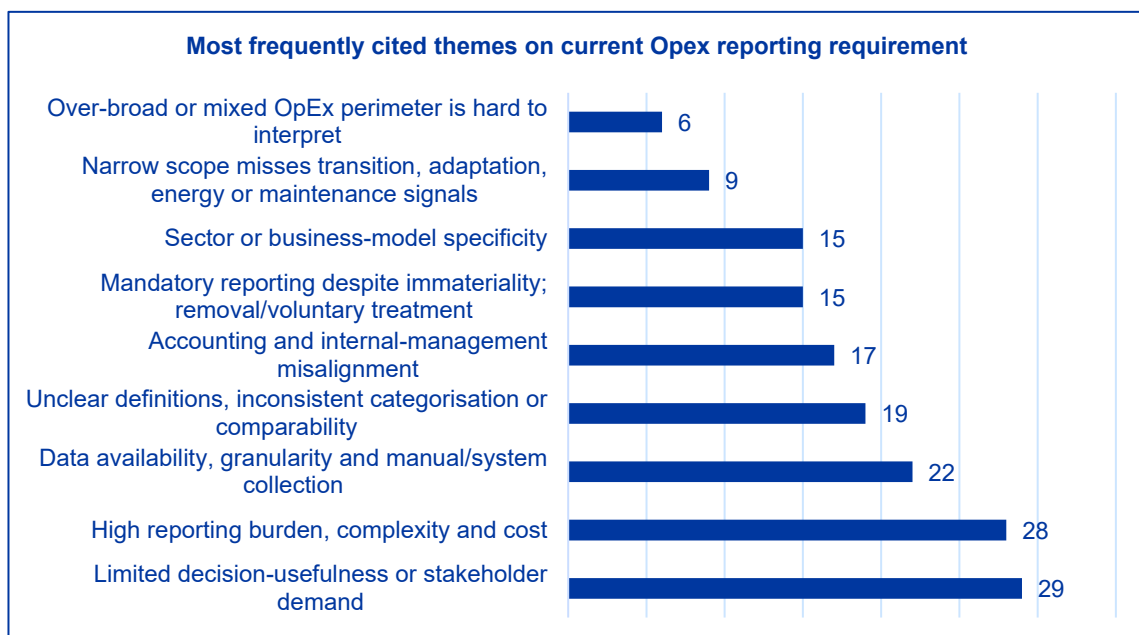
Summary of the responses on Topic 1 – Revision of OpEx

Feedback on Q1

Q1. In your view, are the key issues identified with the current reporting of OpEx exhaustive? If not, what additional issues have you identified?



1. Respondents broadly agreed with ESMA's assessment of the main shortcomings of the current Taxonomy OpEx reporting framework. Across stakeholder groups, there was strong consensus that the current OpEx KPI is associated with significant implementation costs while providing limited incremental information beyond that already conveyed through the Turnover and CapEx KPIs.
2. The figure below provides an overview of the most common themes mentioned by respondents as regards the challenges with OpEx reporting.

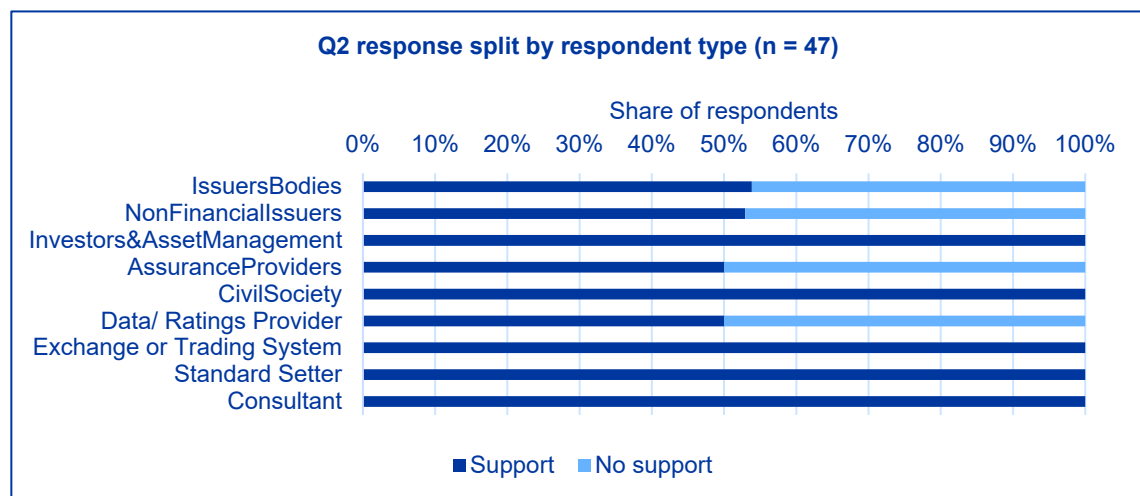
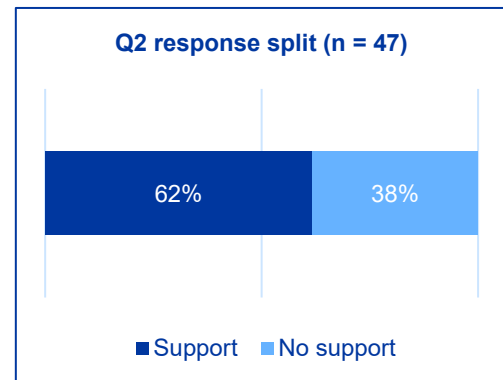
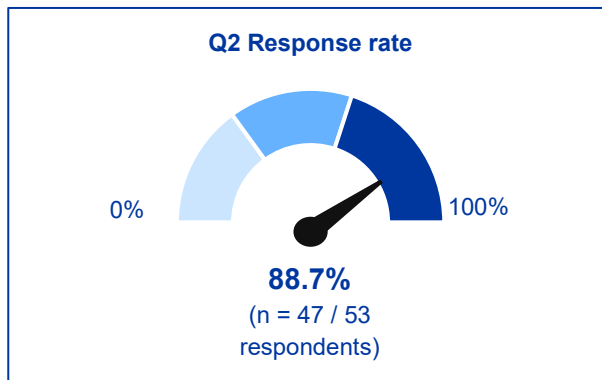


3. Many respondents highlighted the burden of collecting, reconciling and assuring OpEx data, particularly due to the lack of alignment with IFRS concepts and the difficulties in standardising data collection processes. One example of these practical challenges relates to undertakings having set up their financial reporting by nature rather than based on function which posed practical challenges when extracting the relevant OpEx expense data.
4. Data gathering challenges are also associated with the contractual and business arrangements specific to certain sectors, for example costs incurred through joint arrangements, license structures and leasing contracts in the oil and gas sector. This is made particularly challenging where the counterparties are based outside the EU.
5. Stakeholders also questioned the decision-usefulness of the KPI, noting limited evidence of investor demand for OpEx disclosures and of the high correlation between OpEx and other Taxonomy KPIs. Several respondents further noted that the current narrow definition of OpEx fails to adequately capture operational expenditures incurred in the ordinary course of business and may not properly reflect undertakings' transition efforts, particularly in relation to energy procurement and maintenance activities.
6. Many respondents noted that the issues associated with OpEx reporting should ideally be addressed by removing the obligation to report on OpEx entirely or by turning this reporting requirement voluntary.
7. A minority of respondents highlighted the importance of revising the OpEx KPI to provide transparency on undertakings' adaptation and climate resilience efforts. Of those respondents, a few noted that some of the identified shortcomings of the OpEx KPI stem from its current design rather than from a lack of usefulness of OpEx disclosures themselves. These respondents suggested that, for certain sectors and activities for which running and maintaining long-lived assets is particularly relevant, OpEx can provide relevant information that is not captured through CapEx alone. Examples of these sectors and activities included rail infrastructure, electricity grids, water and wastewater networks, district heating and forestry.
8. These respondents noted that the current issues with reporting on OpEx are mostly attributable to the formula of OpEx and therefore they should not be considered reasons to remove the reporting requirement itself, but rather to amend it to convey more useful information. Other respondents suggested that the decision usefulness of OpEx is limited by the fact that it does not reflect energy procurement efforts and that, for some sectors, OpEx can provide more useful information on transition efforts than CapEx. Examples of such sectors and activities included R&D expenditure, maintenance of low-carbon technologies and deployment of transitional solutions.

Feedback on Q2 and Q3

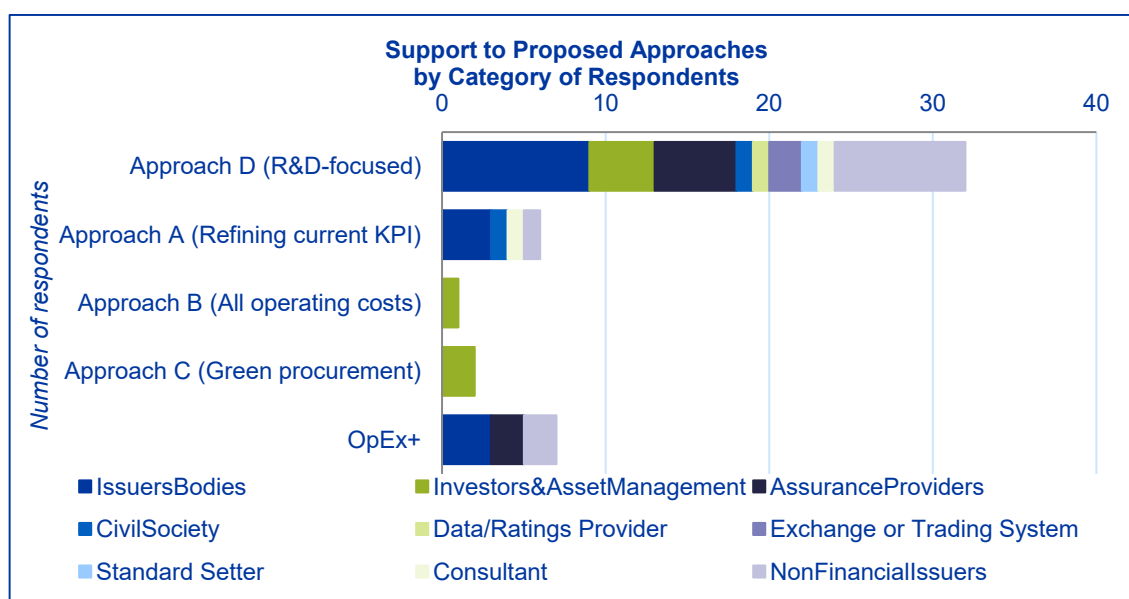
Q2. Do you support the possible approaches identified by ESMA to address the key issues identified? If so, please explain why. If not, what do you propose alternatively?

Q3. Do you agree with ESMA's draft advice? If yes, please share any additional remarks. If not, please explain why and what alternative approach(es) you propose.



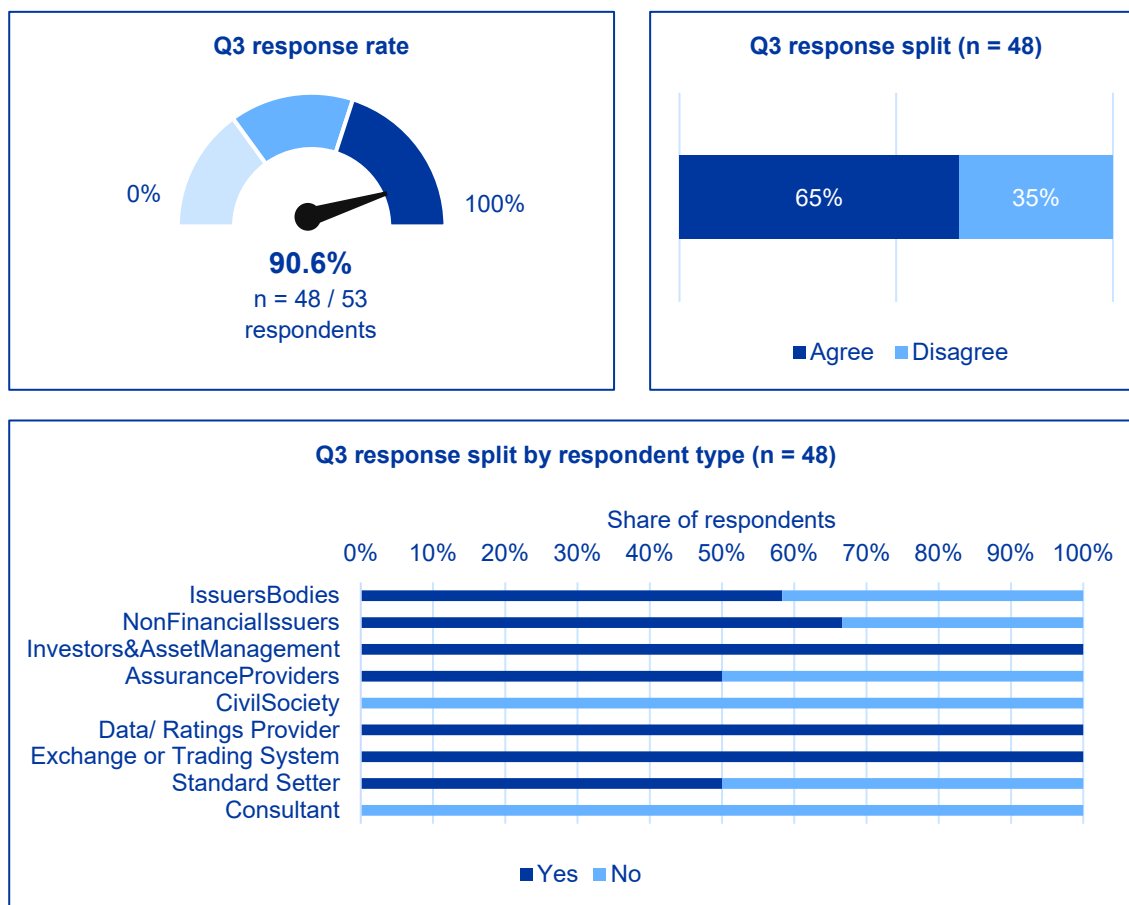
9. Respondents broadly acknowledged the shortcomings of the current OpEx KPI and supported the objective of simplifying the reporting framework. Most respondents supported ESMA's proposed approaches. While views differed regarding the preferred solution, there was widespread support on the need to reduce reporting complexity and improve the cost-benefit balance of the KPI.

10. Across all stakeholder groups, the strongest and most consistent message was support for simplifying the Taxonomy OpEx KPI. The most frequently cited concern was that the current framework creates a disproportionate reporting burden while delivering limited decision-useful information. More than a third of the respondents, particularly issuers, trade associations and some representatives of the audit and assurance profession, argued that OpEx reporting should become voluntary or at least be subject to materiality considerations. In this regard, one respondent noted that the obligation to report even only the denominator of the OpEx ratio when OpEx is deemed immaterial is burdensome.



11. Among ESMA's proposed options, approach D (limiting the mandatory OpEx KPI to R&D expenditure) received by far the broadest support across stakeholder categories, including issuers, investors, exchanges and accounting standard setters. Respondents considered this approach more closely linked to financial reporting, notably IAS 38 *Intangible Assets* as a clear accounting basis, easier to implement, more relevant as a forward-looking indicator of transition efforts and capable of reducing complexity and compliance costs.
12. At the same time, many respondents qualified their support for approach D. A recurring concern was that focusing solely on R&D could understate climate adaptation efforts and transition activities, particularly in sectors where R&D expenditure is not material. Several respondents also highlighted potential implications for companies using the OpEx KPI in the context of EU Green Bond alignment assessments³⁰.
13. One respondent proposed a mandatory two-part OpEx KPI consisting of (i) R&D expenditure for all companies and (ii) operation and maintenance expenditure for a limited list of activities where operational spending is the main transition driver.

³⁰ According to Article 4 of the EU Green Bond Regulation (Regulation (EU) 2023/2631) the proceeds of EU green bonds shall be allocated before maturity in full in accordance with the taxonomy requirements, to one or more categories of expenditures, including operating expenditure that falls under point 1.1.3.2. of Annex I to the DDA.



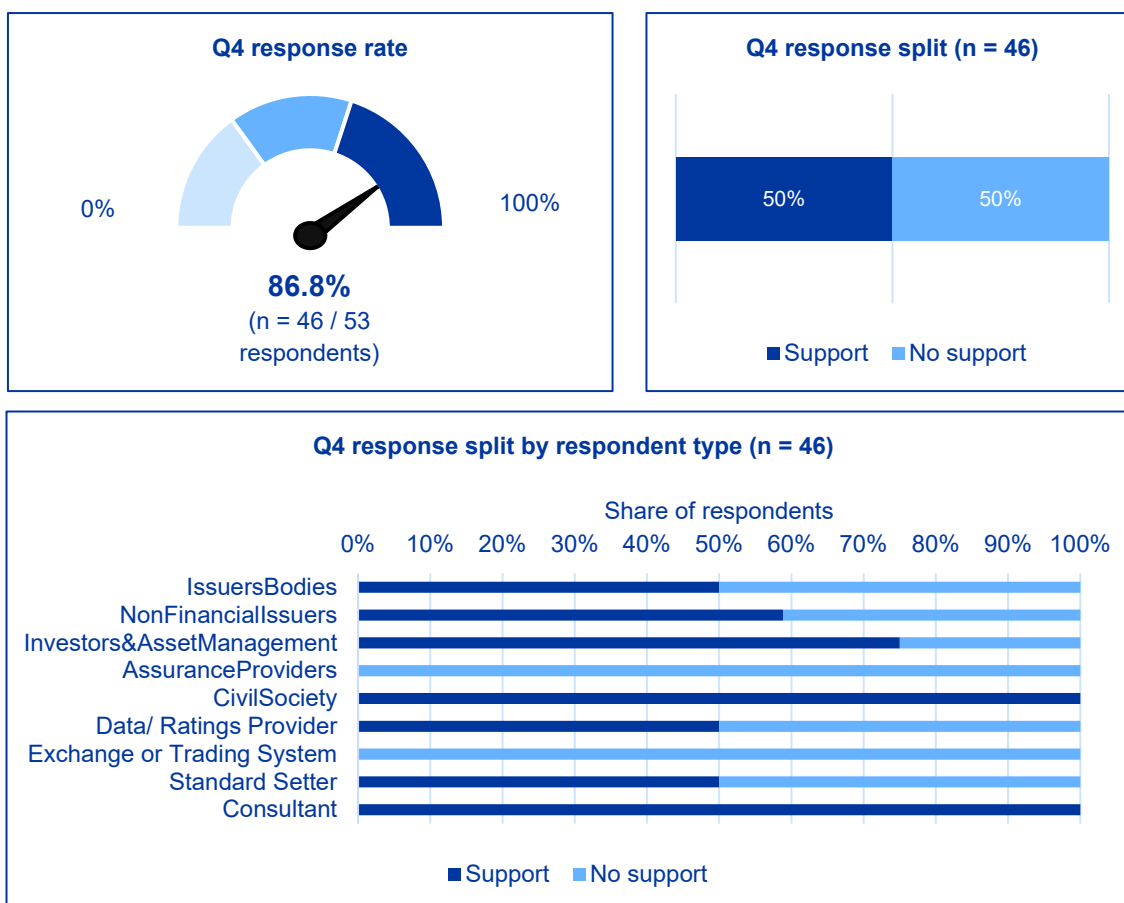
14. Views on a voluntary OpEx+ KPI were more mixed. Supporters saw value in providing additional transparency on areas such as green procurement, adaptation spending, maintenance of low-carbon assets and transition-related activities while preserving flexibility for issuers. However, many respondents stressed that any voluntary KPI should be supported by clear definitions, practical guidance and transparency on its scope. The main objections concerned reduced comparability, increased complexity and the risk that a voluntary metric could become de facto mandatory in practice.
15. Respondents frequently stressed a need for additional implementation guidance in relation to this option, including sector-specific clarification on relevant expenditure categories and clearer definitions of concepts such as green procurement. Respondents also frequently emphasised that simplification efforts would only succeed if accompanied by practical guidance that supports consistent application by preparers and auditors.
16. Other approaches received limited support. Approach B (all operating costs) was generally viewed as the least attractive option due to its complexity and risk of reducing the usefulness of the KPI, while approach C (green procurement-focused approach) raised concerns around legal certainty, data availability and implementation challenges. A few respondents advocated to retain a broader role for operating expenditures beyond R&D while still simplifying the current regime. One respondent proposed that a possible

way to implement approach C would be to focus on expenditures on raw materials constituting the output of Taxonomy-aligned activities.

17. Divergence primarily concerned whether OpEx reporting should become voluntary and whether a voluntary OpEx+ KPI should complement the simplified framework.

Feedback on Q4

Q4. Do you support the introduction of a voluntary KPI as in the proposed 'OpEx+'? If so, please specify any additional cost items the voluntary KPI should include? If not, please explain why?

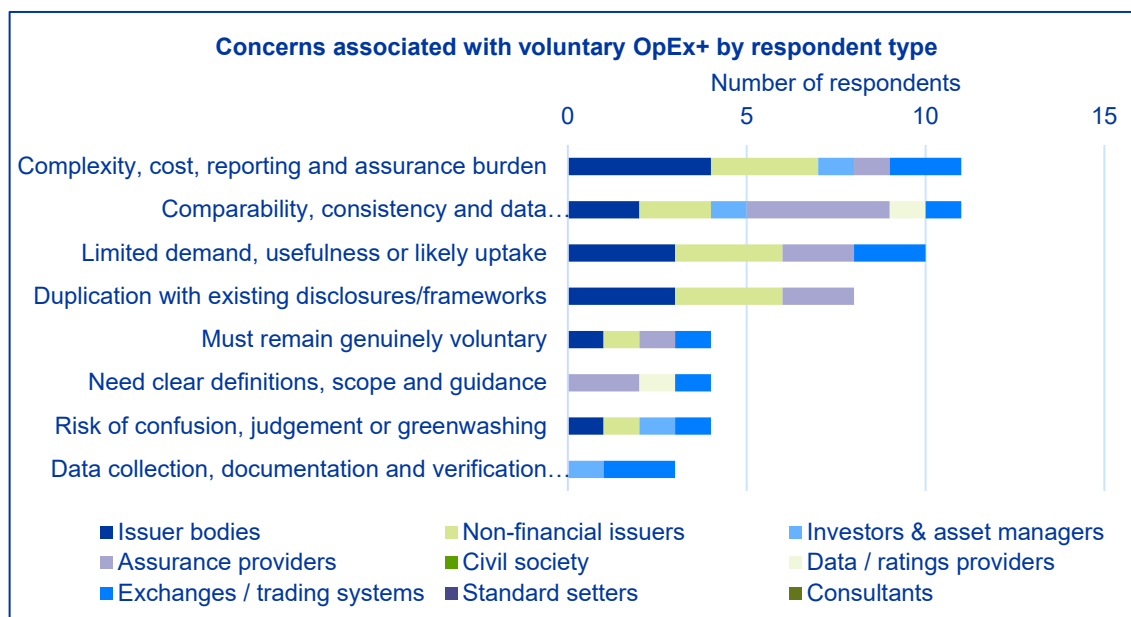


18. Feedback on the proposed voluntary OpEx+ KPI revealed the most divided views across Topic 1. Responses were evenly balanced, with half of the respondents supporting the proposal and the other half opposing it.
19. While supporters welcomed the flexibility to capture additional taxonomy-aligned operating expenditure that may be relevant for specific business models, opponents questioned the usefulness of a voluntary metric, highlighting concerns around comparability, duplication with existing disclosures and limited market uptake. Views also differed across stakeholder groups: civil society organisations generally supported the

proposal, investors and accounting standard setters expressed mixed opinions, and assurance providers and exchanges were more frequently opposed. Issuers often raised concerns that a nominally voluntary KPI could gradually become a de facto reporting requirement.

20. One respondent who strongly supported a voluntary OpEx+ KPI suggested that such a KPI would be helpful to cover further categories of costs that non-financial undertakings typically address through ad hoc sustainability policies, for example green energy procurement, green vehicles fleets and green buildings. In this respondent's view, OpEx+ should not be restricted to a closed list of cost items but should be flexible. This stakeholder would consider the loss of comparability resulting from the application of the voluntary KPI acceptable in light of the simplification achieved on the mandatory KPI.
21. When considering the possible safeguards that should accompany the voluntary KPI, respondents made reference to a disaggregation of cost items voluntarily included in OpEx+ and the requirement to follow the principles set out in ESMA's Guidelines on Alternative Performance Measures³¹.
22. The most frequently cited consideration was the importance of maintaining flexibility and materiality of the disclosures. Respondents supporting OpEx+ generally considered optional reporting appropriate where additional operating expenditure is relevant to understanding of an undertaking's transition strategy or business model. However, some suggested that, if flexibility is the objective, the entire KPI framework should become voluntary rather than introducing an additional optional indicator.
23. Cost-benefit considerations were raised by almost two thirds of respondents. Across both supporting and opposing views, stakeholders emphasised that any additional disclosure, even if voluntary in nature, should demonstrate clear user value and avoid introducing disproportionate reporting, data collection or assurance burdens.

³¹ [ESMA/2015/1415en](#) – ESMA Guidelines on Alternative Performance Measures - 05/10/2015

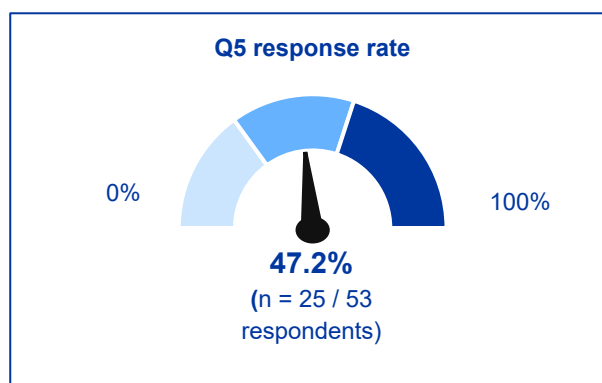


24. Concerns regarding comparability and standardisation were another prominent theme (50%). Respondents highlighted the need for clear eligibility criteria, consistent composition of the KPI and transparent disclosure of included cost categories to ensure that information remains comparable across undertakings.
25. Similarly, almost half of the respondents questioned whether there is sufficient investor or market demand for such information. These stakeholders argued that weak uptake could undermine the usefulness of the KPI while still imposing implementation costs on preparers.
26. Among respondents proposing additional expenditure categories, green procurement and energy-related costs were the most frequently mentioned. Other suggested items included maintenance expenditure, climate adaptation costs, workforce training and transition-related expenditures. Several respondents stressed, however, that inclusion of such costs would require robust guidance and safeguards to ensure consistent application and avoid overstating Taxonomy alignment.

Feedback on Q5

Q5. In your experience, what is the cost of reporting on OpEx based on the current requirements in the DDA?

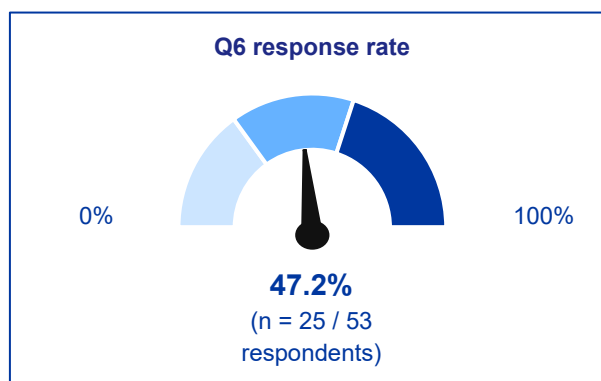
27. A total of 25 respondents addressed this question. Respondents consistently highlighted that the current Taxonomy OpEx reporting requirements involve a disproportionate reporting effort relative to the perceived usefulness of the resulting information. While quantitative estimates were limited, one issuer indicated that Taxonomy reporting can require at least one internal full-time equivalent for approximately two months, supplemented in some cases by external consultancy support, with annual costs reported to reach around EUR 100,000. The reporting burden stems primarily from the lack of alignment between the Taxonomy OpEx definition and existing accounting systems, as relevant expenditures are typically embedded within broader IFRS line items rather than captured as dedicated Taxonomy data points.
28. Stakeholders also identified several operational challenges, including the need for detailed and often manual analyses to identify eligible maintenance, repair and R&D expenditures, exclude non-eligible cost components and address interpretative uncertainties surrounding concepts such as “other direct expenditure relating to the day-to-day servicing of assets”. These challenges are exacerbated in complex groups where data must be collected and validated across multiple entities, functions and systems, particularly given that data are often collected at entity level while reporting is performed centrally at group level. Respondents further noted that methodologies must be continuously aligned with assurance expectations which may evolve over time.
29. In response to this question, several respondents, notably issuers, issuers’ representatives and assurance providers reiterated arguments made in relation to previous questions. Many issuers questioned the decision-usefulness of the current OpEx KPI, particularly in sectors where Taxonomy reporting is largely limited to identifying eligible activities. In these cases, respondents considered that the informational value for investors and other users does not justify the resources required to produce the disclosures. Similarly, some assurance providers supported the removal of the mandatory OpEx KPI, with some suggesting that it could be retained only on a voluntary basis and limited to R&D expenditure.



Feedback on Q6

Q6. What is your estimate of the costs and benefits of reporting for the proposed OpEx approaches set out in this CP? Please clearly indicate the OpEx approach(es) you are providing an estimate for, the main drivers of costs/benefits and the related estimated amounts, where available.

30. A total of 25 respondents addressed this question. Whereas limited quantitative feedback was provided in response to the previous question concerning the cost-benefit balance of the current requirements, respondents generally did not provide quantitative assessments of the proposals set out in the CP but offered qualitative views on their expected impact. Stakeholders



considered the identification, extraction and allocation of expenditures as the principal drivers of reporting costs under the current framework. Against this background, approaches A and D were viewed as capable of reducing reporting complexity, with approach D generally perceived as offering the most favourable cost-benefit balance. By contrast, approaches B and C were considered likely to increase implementation costs and complexity, while approach A was seen as delivering only limited relief compared to the existing framework.

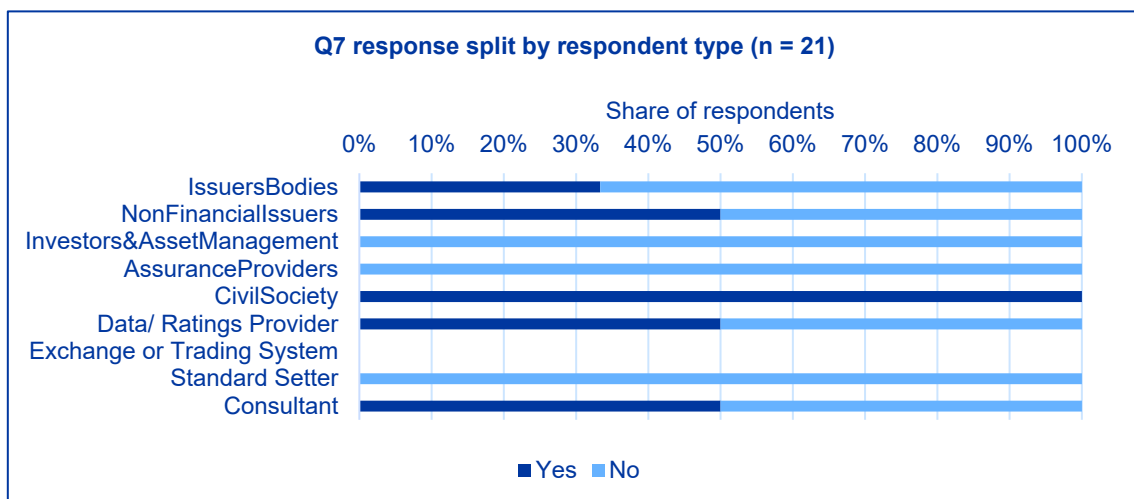
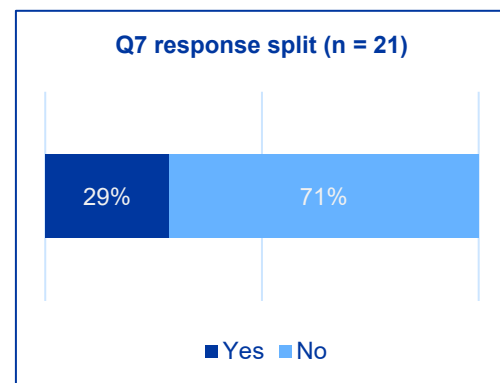
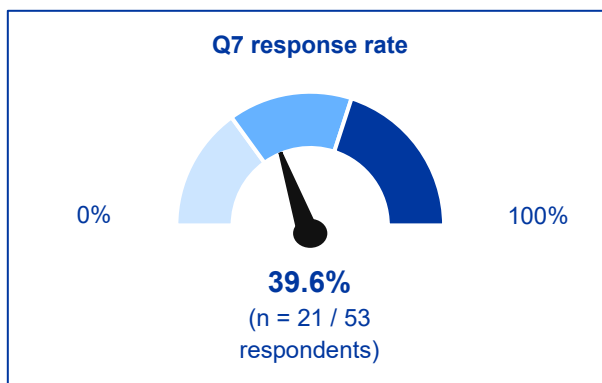
31. Issuers and industry associations expressed a clear preference for Approach D, considering that it would reduce reporting effort while requiring only limited adjustments to existing systems and processes. However, several respondents reiterated that, regardless of the approach selected, changes to the OpEx KPI are unlikely to materially increase the usefulness of the information for investors and other users of sustainability disclosures.

Topic 2: Voluntary use of OpEx by financial undertakings (horizontal issue)

Feedback on Q7 and Q8

Q7. Bearing in mind that OpEx is not included in the current disclosure template for asset managers', could the OpEx KPI become relevant for voluntary reporting by asset managers in combination with the CapEx KPI? If yes, would additional disclosure (listed in par. 65) need to be required to provide transparency about the share of OpEx combined with the CapEx figure? (paras. 64-67)

Q8. Do you have any other comments on the possible voluntary use of OpEx by financial undertakings?

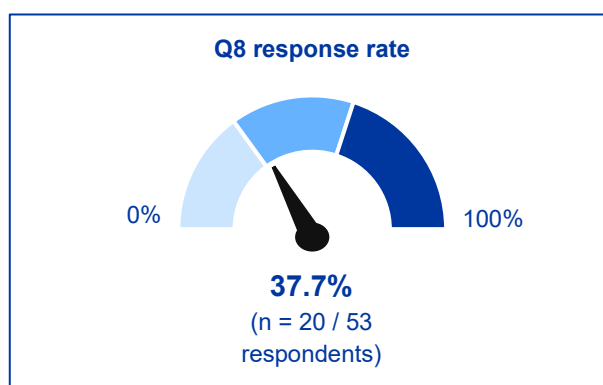


32. Most respondents saw limited relevance or added value for asset managers of introducing a combined, voluntary OpEx-plus-CapEx-based KPI. Respondents observed that OpEx and CapEx represent different concepts, and adding OpEx could increase cost and complexity. A minority of respondents supported such an optional KPI for transition-related expenditure. Respondents representing investors, asset managers and assurance providers saw little relevance for combining voluntary OpEx with CapEx. Non-financial issuers, data providers and consultants were more evenly split, generally asking

for separate presentation and transparent methodology in case such a KPI would be introduced.

33. Most respondents indicated that OpEx would add little information to the set of KPIs disclosed by asset managers.

34. Looking at the feedback by sector, representatives from investors and asset managers unanimously opposed the proposal, arguing that OpEx provides limited additional decision-useful information, it is not widely used for investment decisions, and it should remain separate from CapEx due to the different economic concepts reflected by each metric. Assurance



providers did not support the proposal either, noting limited market demand for an OpEx KPI, its likely low uptake if voluntary and the absence of meaningful additional information compared with existing turnover and CapEx indicators. Accounting standard setters also opposed the proposal. Among issuers and trade associations, most respondents either opposed the proposal or did not provide feedback.

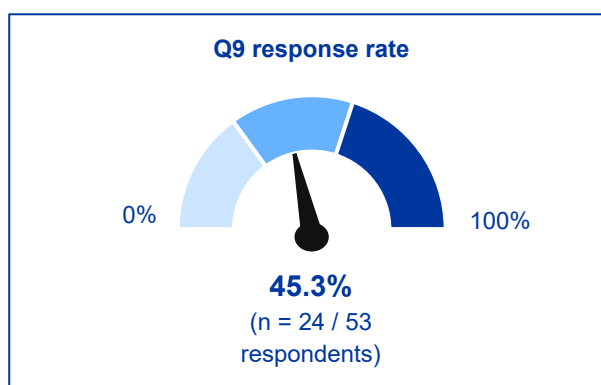
35. Data providers and consultants expressed split views. Supporters considered additional OpEx disclosures useful for transparency, while opponents highlighted risks to comparability and data quality. Several respondents in these categories suggested safeguards if the proposal were introduced, including mandatory disclosures explaining the use of blended CapEx / OpEx ratios and maintaining separate CapEx information.
36. There were also a few positive views on the proposed amendment. Notably, one respondent representing civil society supported the proposal, arguing that CapEx-only metrics may understate the sustainability performance of sectors where operating expenditure is particularly relevant. Two issuers supported the amendment, with one noting that it could improve recognition of companies' adaptation and climate resilience efforts.

Topic 3 – Group Taxonomy Reporting (horizontal issue)

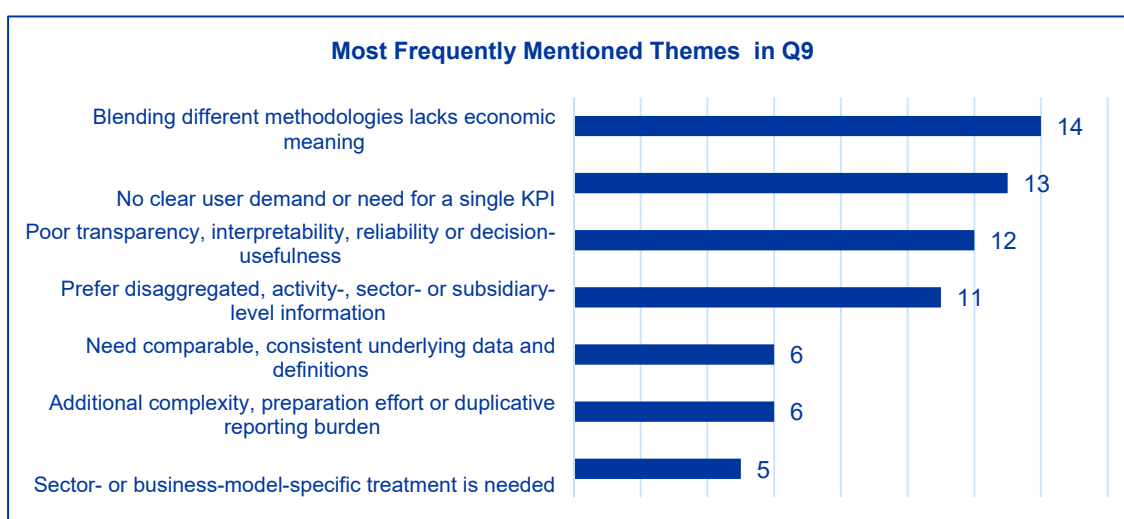
Feedback on Q9

Q9. In your experience, do users of Taxonomy disclosure demand or need a single KPI to summarise the Taxonomy profile of mixed groups or financial conglomerates (paras. 71-74)? Please explain the circumstances in which you have seen need or demand for such KPI.

37. Among the respondents who replied to this question, the majority did not identify a widespread user demand for a single KPI summarising the Taxonomy profile of mixed groups. This view was expressed across issuers, audit and assurance providers, consultants and civil society organisations.



38. Nevertheless, a smaller group of respondents, primarily data and ratings providers together with one national standard-setter mentioning financial institutions' investment decisions, highlighted situations where a headline group-level KPI would be useful. Examples included parent-level investment analysis, SFDR-related use cases, benchmarking exercises and communication with senior management. However, even these respondents acknowledged significant shortcomings of the current weighted-average methodology. An issuer association also reported mixed views among its members.

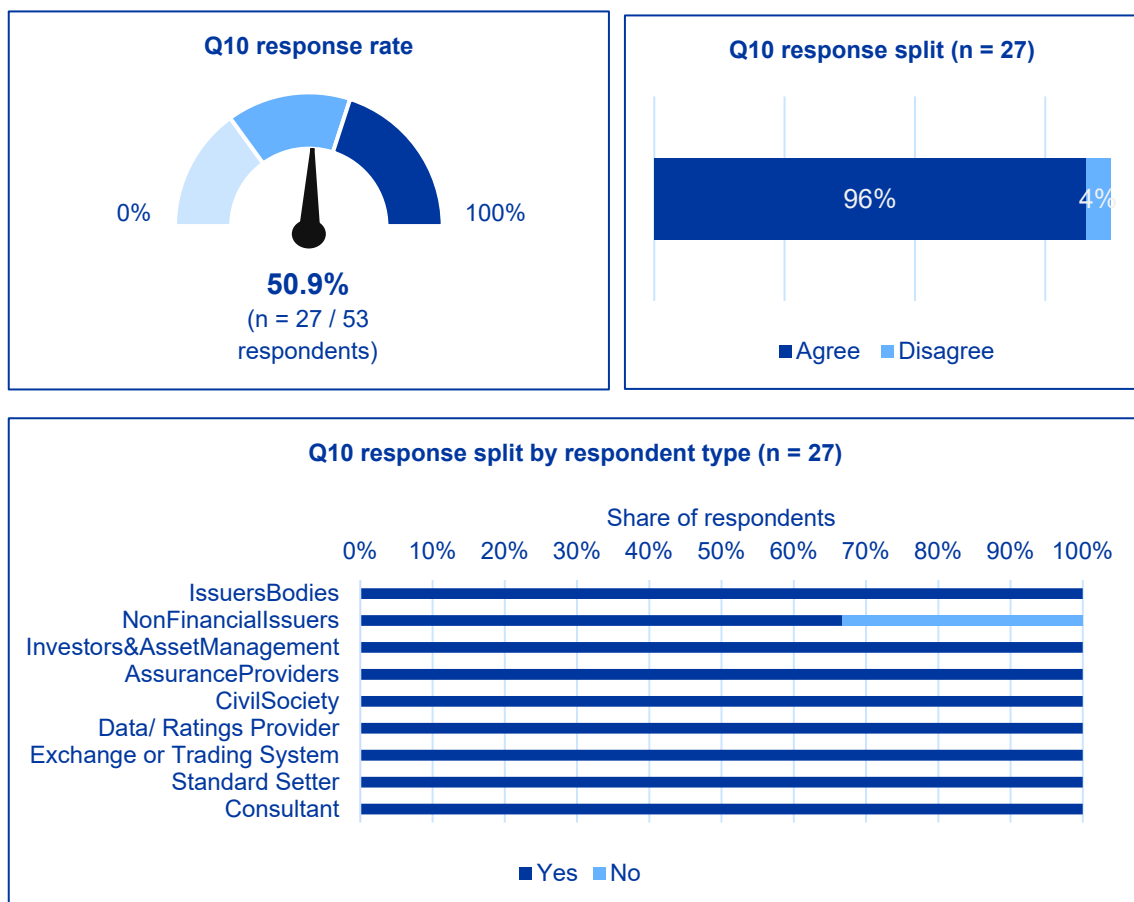


39. The most recurrent criticism concerned the weighted-average KPI methodology itself. Respondents argued that it combines fundamentally different metrics, calculated using different methodologies, denominators and underlying economic concepts, resulting in a

figure with limited comparability and economic meaning. Many questioned its interpretability and decision-usefulness, noting that a blended indicator may obscure material differences between business activities and reduce transparency regarding the performance or exposures of the underlying businesses. Respondents also highlighted that the approach could create additional complexity for both preparers and users without providing commensurate benefits. Furthermore, some questioned the legal basis of the requirement, noting that it stems from Commission FAQs rather than directly from the DDA.

Feedback on Q10

Q10. The ESAs are proposing to remove the weighted average for group reporting for the reasons explained in paras. 78-82. Do you agree that, if a single KPI figure would be required (such as for investment KPIs or investments made by financial products disclosed under SFDR), the KPI of the main reporting regime should be used? If not, what alternative methodology would you propose?



40. There was support for the proposal, with a large majority agreeing that, where a single KPI is required for a mixed group, the KPI of the group's main reporting regime should

replace the current weighted-average KPI. The very few responses opposing the proposal did not provide explanatory comments or suggest an alternative methodology.

41. The feedback provides a clear indication that respondents favour a simpler and more coherent approach to group-level reporting. Across stakeholder categories, respondents viewed the KPI of the main reporting regime as a more meaningful and operationally practical measure than the weighted-average KPI. Support was driven both by methodological considerations and by the perceived burden reduction associated with removing the current aggregation requirement.
42. A recurring justification for supporting the proposal was the criticism of the weighted-average KPI already raised in responses to Q9. Respondents considered the methodology conceptually weak as combining metrics based on different methodologies and denominators, resulting in a figure with limited comparability and interpretability. In contrast, relying on the KPI of the main reporting regime was seen as providing a more coherent and transparent representation of group-level Taxonomy performance.
43. Several respondents argued that avoiding the aggregation of fundamentally different indicators would improve consistency and facilitate interpretation by users. The proposal was therefore perceived not only as a simplification measure but also as a means of enhancing the relevance and clarity of reported information.

Main recurring themes

44. *Burden reduction and limited added value of the weighted average:* Respondents repeatedly highlighted that the weighted-average KPI creates additional reporting burden while providing limited incremental information. Issuers and data providers identified recalculation efforts, methodological complexity and risks of double counting as key disadvantages of the current approach. As a result, many respondents explicitly framed the removal of the weighted-average KPI as a burden reduction measure. One data and ratings provider supported this view by referring to an analysis of approximately 30 mixed groups' FY2024 Taxonomy disclosures. According to this respondent, the weighted-average KPI differed only marginally from the KPI of the main activity in most cases. Conversely, where meaningful differences existed, these were typically linked to smaller but highly Taxonomy-aligned activities, and the weighted-average KPI tended to obscure rather than enhance understanding of those activities.
45. *Support conditional on retaining relevant supplementary information:* While support for the proposal was strong, several respondents stressed that replacing the weighted-average KPI should not result in the loss of relevant information on material activities that are not captured by the main reporting regime. In particular, consulting and civil society representatives supported the proposal on the condition that some form of supplementary disclosure remains available for significant subsidiaries, business lines or activities. Respondents noted that users, including financial institutions financing specific entities within a mixed group, may require access to information reflecting the characteristics of the financed entity rather than solely those of the group as a whole. This suggests support for a reporting framework centred on a primary KPI,

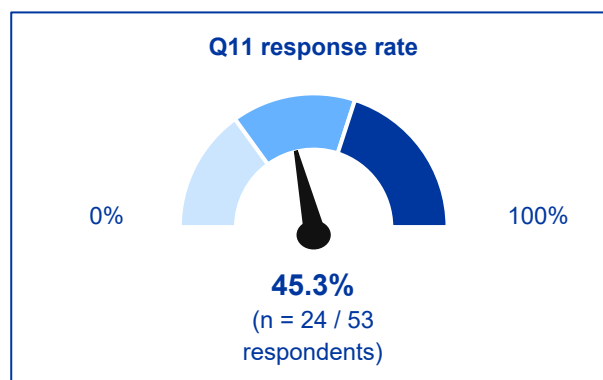
complemented by proportionate and targeted information on materially different activities where necessary.

46. **Need for clear rules:** Many respondents emphasised that replacing the weighted-average KPI should be accompanied by greater legal certainty regarding the determination of the main reporting regime. While supporting the proposal, respondents called for clear criteria in the legal text to identify which regime should apply to avoid inconsistent implementation and improve comparability across reporting entities. A number of respondents expressed a preference for systematically following the reporting regime of the parent undertaking, considering this approach easier to apply than an assessment based on the group's predominant activity.

Feedback on Q11

Q11. Do you have any comments on the ESAs' principles and ESMA's analysis as developed in Section 3.3.3 (paras. 83-112)? In particular, do you see specific challenges on how to determine the group *main reporting regime* or prevalent activity of a mixed group or financial conglomerate? Please provide examples

47. Respondents generally agreed with the ESAs' objective of establishing a clearer framework for determining the applicable Taxonomy reporting regime at group level. The discussion centred primarily on how the main reporting regime should be determined, rather than on the need for clearer rules itself.

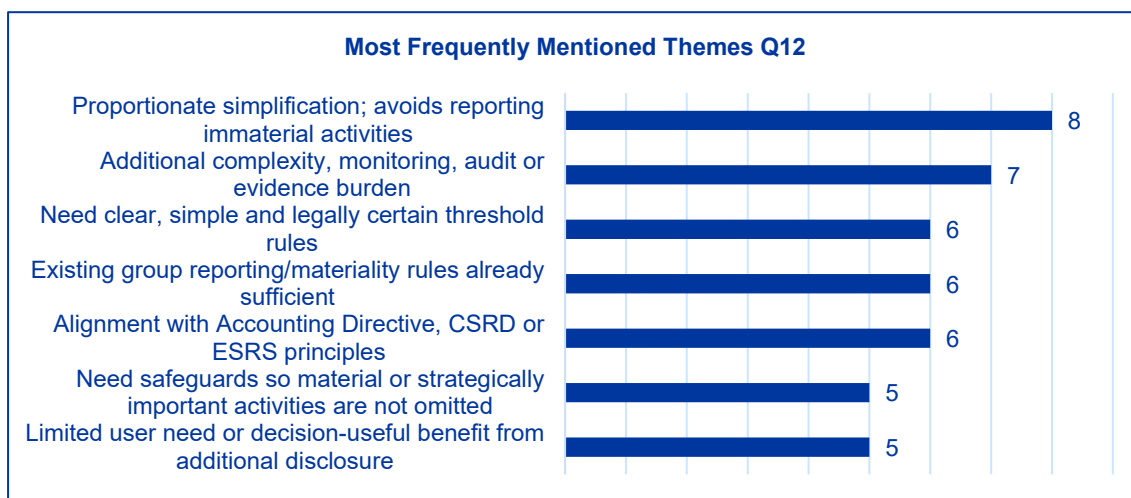
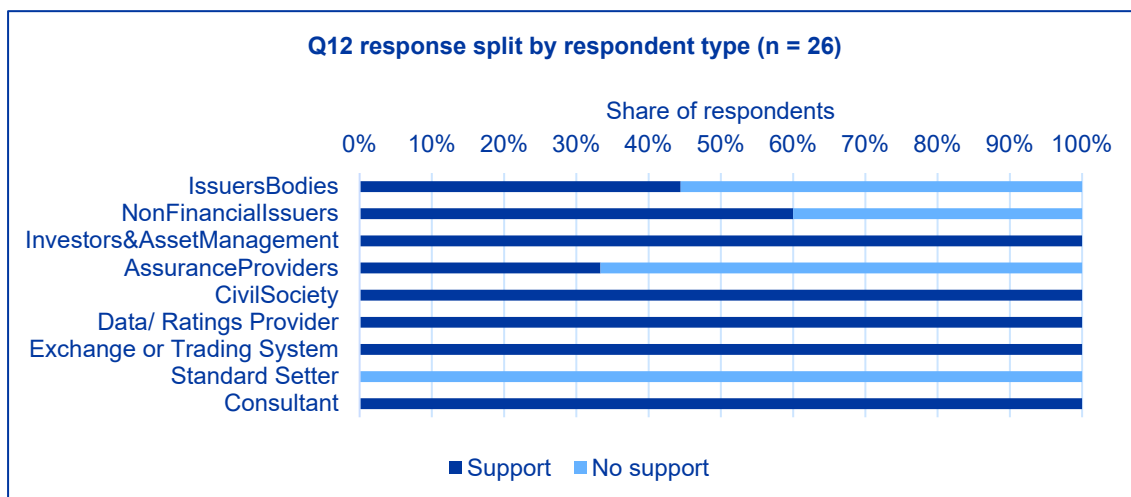
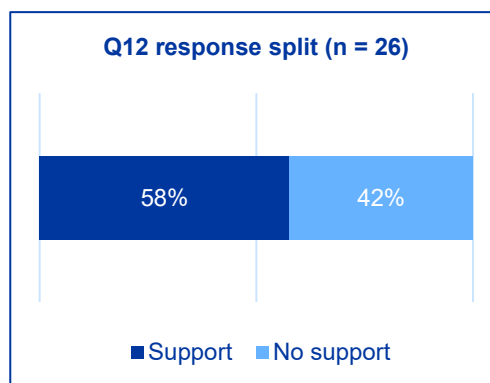
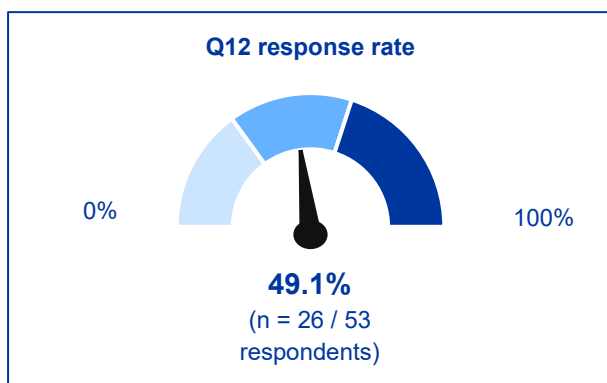


48. Views were broadly split between respondents supporting a parent-based approach, which was perceived as simpler, more stable and easier to apply, and those favouring a prevalent activity approach, arguing that reliance solely on the parent's classification may not always reflect the economic reality of mixed groups or financial conglomerates. Several respondents highlighted that determining the group's predominant activity may be challenging in practice, particularly for groups operating across multiple sectors, and noted that turnover alone may not always be the most appropriate criterion. A few respondents commented that certain group structures may require targeted exceptions or additional guidance.
49. Across responses, there was strong support for clear and binding legal criteria to ensure consistency and comparability, while concerns were raised about potential reporting duplication, reconciliation challenges and assurance costs associated with subsidiary-level disclosures. Several respondents also emphasised the importance of proportionality, suggesting that supplementary information should only be required

where material information would otherwise be lost, including through bridging disclosures when the reporting regime changes.

Feedback on Q12

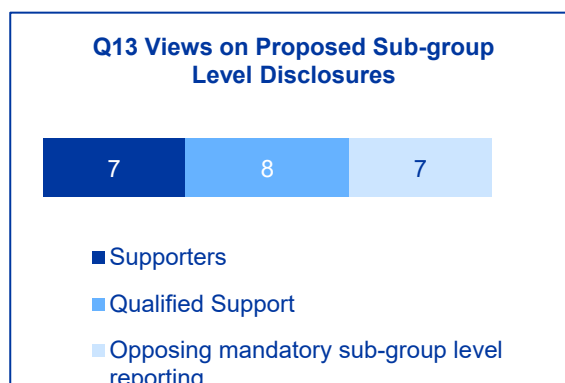
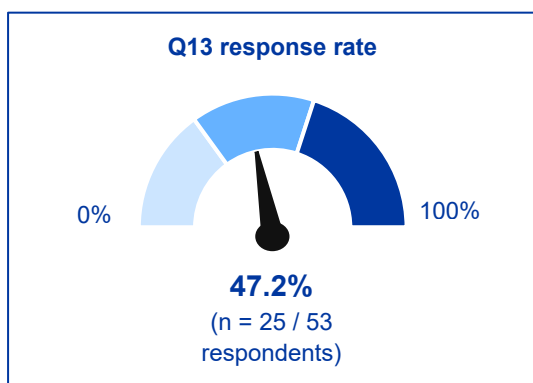
Q12. Do you support introducing a 10% materiality threshold based on the turnover generated by the *other businesses* a mixed group engages in (paras. 103 and 117)? If not, please explain why.



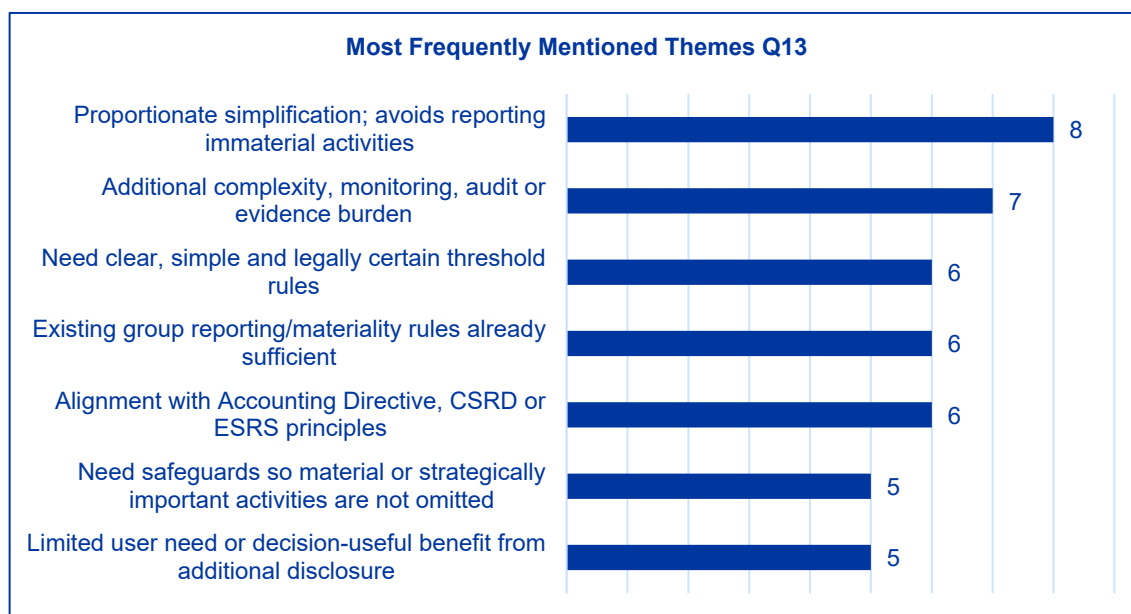
50. Respondents were split on this question, although a majority supported it. Positions were also split within some of the biggest respondent types. Representatives of issuers and issuer associations, for instance, did not share a common view. Many proponents also qualified their approval.
51. Proponents of a 10% materiality threshold (exchanges, consultant, civil society, asset manager, data provider, some issuers) supported a clear, practical and proportionate approach. In line with their response to Q11, some stakeholders, however, questioned the reliance on turnover as the favoured metric for setting this threshold as it may not capture the significance of certain activities. In particular, turnover may not adequately reflect the economic weight of financial subsidiaries.
52. Other proponents asked for more clarity on how the provision would be implemented. One respondent (audit and assurance provider) urged the ESAs to propose a simple approach clearly stating that the assessment is to be conducted at activity-type group level and not at subsidiary level. Another (civil society) asked for clarification that the threshold was cumulative across all other businesses of the group and requested an anti-fragmentation clause.
53. Some respondents, while supporting the 10% materiality threshold, questioned the administrative burden of demonstrating that the threshold had not been met. One of them requested a relief in the form of a plausibility check carried out as part of the auditor's review.
54. Opponents argued that the proposal could generate additional monitoring, documentation and assurance requirements that may offset the intended simplification benefits and that a fixed threshold may not align with judgement-based materiality concepts already embedded in financial and sustainability reporting frameworks.

Feedback on Q13

Q13. Do you agree that the proposal regarding sub-group level disclosures would provide an adequate depiction of the Taxonomy profile of a mixed group (paras 115 - 117)? Please explain your views.



55. Views were mixed, with respondents divided between those supporting mandatory sub-group disclosures, those supporting them only under certain conditions, and those considering consolidated group-level reporting sufficient.
56. Respondents generally agreed that additional disclosure may be useful where the Taxonomy profile of a mixed group would otherwise not be adequately reflected at consolidated level. Several respondents recognised the transparency benefits of sub-group disclosures, particularly where they provide additional insight into materially different Taxonomy outcomes or are relevant for financial institutions' reporting needs.

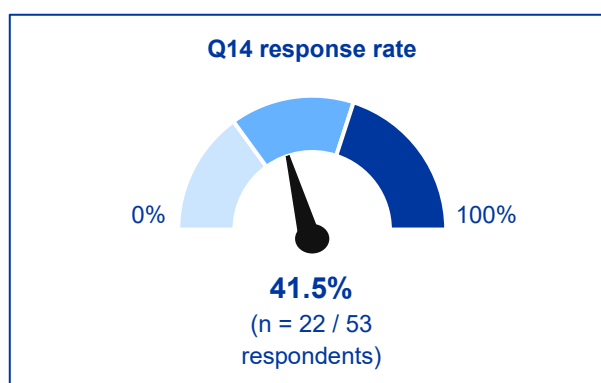


57. At the same time, a substantial number of respondents stressed that group reporting should remain the default reporting framework and warned against introducing subsidiary-by-subsidiary reporting requirements, which were widely considered disproportionate due to reconciliation, assurance and processing burdens. A few argued that secondary businesses were ancillary in nature and that the corresponding Taxonomy results could not be meaningfully compared to the ones from other undertakings primarily active in the activity, so that these disclosures were generally not meaningful. Some of these respondents were however in favour of allowing voluntary disclosures at sub-group level.
58. Several respondents favoured a targeted approach whereby additional disclosures would only be required for material secondary businesses or where significant differences in Taxonomy-alignment outcomes exist across activities. Others supported aggregation at sectoral or activity-type level. Some respondents however warned that departing from the financial consolidation structure was not advisable and could create burden.
59. In parallel, a number of respondents commented that the approach should not circumvent the CSRD provisions exempting subsidiaries from sustainability reporting.

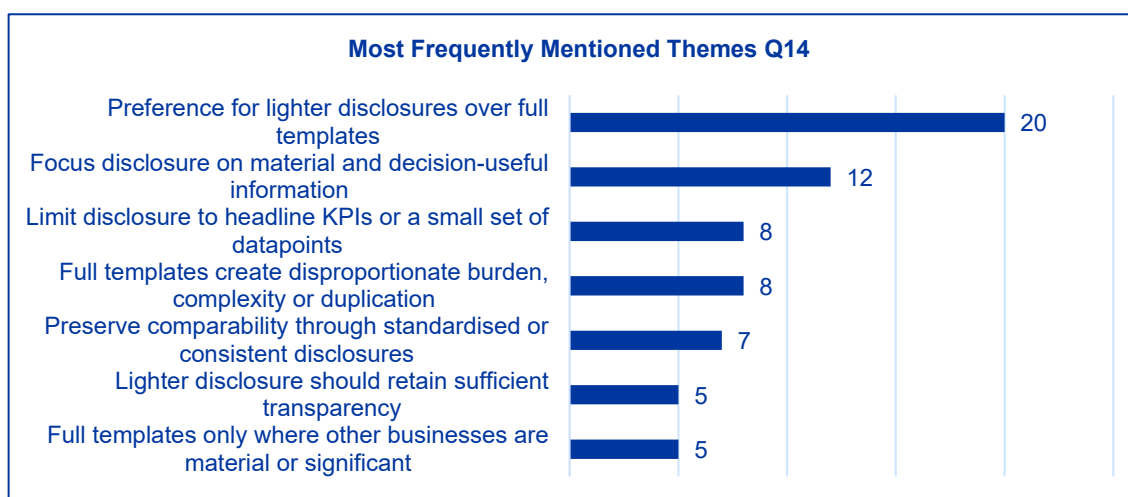
Feedback on Q14

Q14. Do you think that the full templates should be disclosed for the *other businesses* to enable easier comparability with undertakings engaging in similar activities or would you support lighter disclosures? In case you would favour lighter disclosures, please explain which information should be disclosed.

60. Responses showed a very strong preference for lighter disclosures for other (secondary) businesses. Those supporting lighter disclosures generally considered full template reporting disproportionate for ancillary activities and questioned whether it would meaningfully enhance comparability. The feedback points towards a proportionate disclosure regime centred on key Taxonomy metrics and limited contextual information, while maintaining a degree of standardisation.



Main recurring themes



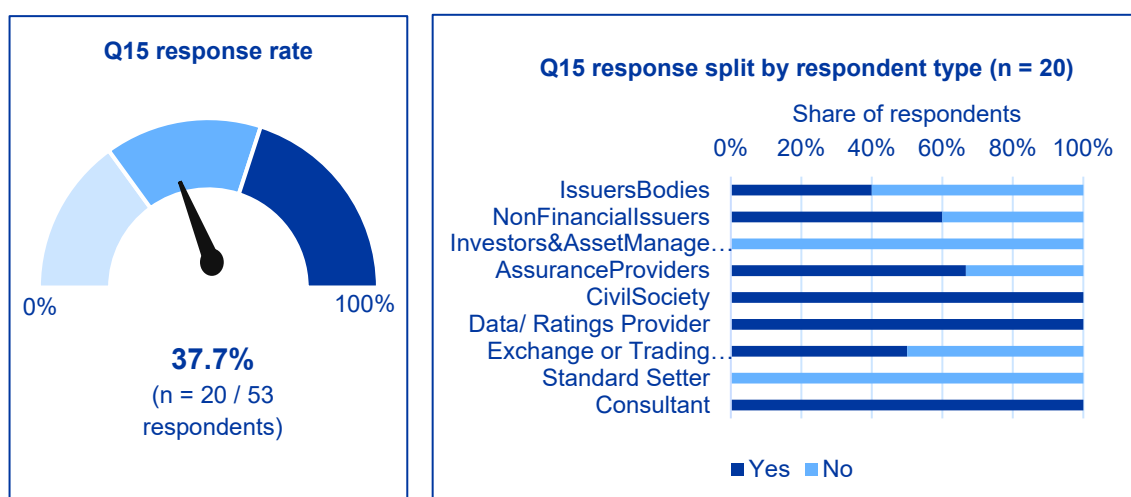
61. ***Preference for lighter disclosures and proportionality:*** The dominant view was that full template disclosure for secondary businesses would create a significant reporting burden without generating commensurate benefits for users. Respondents frequently noted that preparing multiple sets of Taxonomy templates would be costly and complex, particularly where the activities are ancillary to the undertaking's core business. Several respondents challenged the argument that full-template disclosure is necessary to facilitate comparability with entities conducting the same activities as their primary business. They argued that Taxonomy KPIs reported for secondary or ancillary activities

are often not comparable to those of stand-alone businesses because of differences in scale, structure and business focus. One respondent nevertheless suggested that full templates could be justified where a secondary activity is sufficiently large to be comparable with specialised peers.

62. **Focus on headline KPIs:** The most commonly proposed alternative was to require disclosure of a limited set of sector-relevant headline Taxonomy KPIs, particularly eligibility and alignment metrics, at the level of the main Taxonomy-relevant business categories. One respondent further suggested restricting disclosure for non-financial secondary businesses to eligibility and alignment Turnover and CapEx KPIs.
63. **Need for standardisation and digital tagging:** Two respondents from consulting and civil society noted that simplified disclosures should remain standardised and subject to mandatory digital tagging. These respondents considered that a structured and tagged reporting format would preserve comparability and facilitate data retrieval, avoiding the loss of usefulness that could result from purely narrative disclosures.
64. **Accompanying contextual information:** Some respondents supported supplementing headline KPIs with concise narrative information, including descriptions of the activities covered, the methodology used to assess relevance or materiality, and key assumptions underpinning the reported metrics. Others considered that headline indicators alone would be sufficient and opposed additional disclosure requirements.

Feedback on Q15

Q15. Do you have any other comment on ESMA's draft advice, including the part common to all ESAs? If yes, please explain.



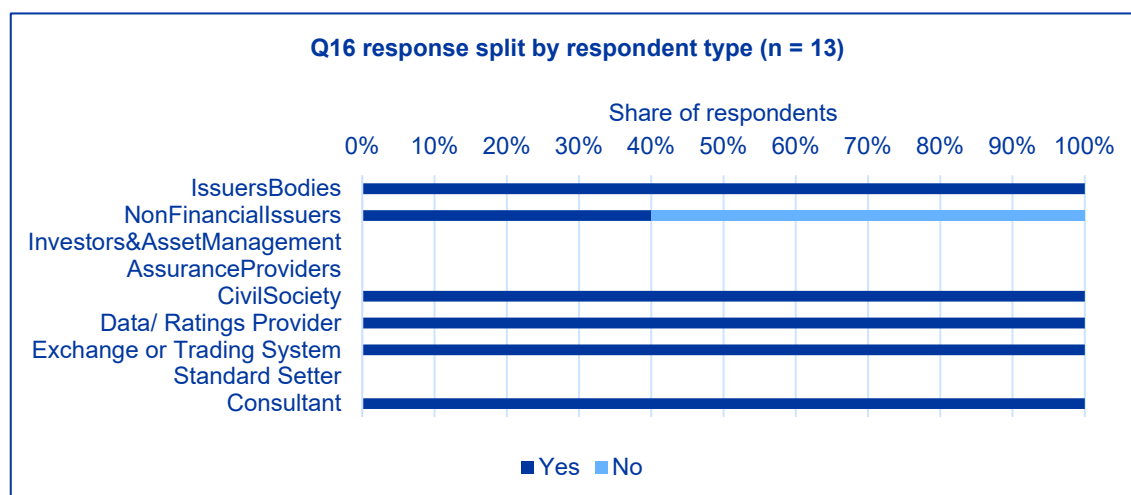
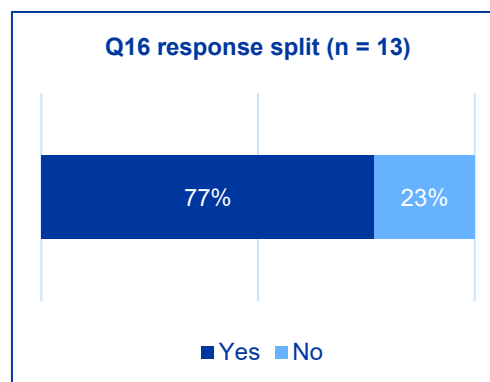
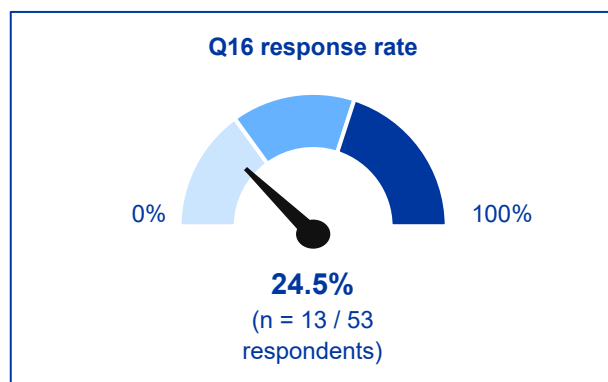
65. In several cases, comments to Q15 reiterated points already raised in response to other questions under Topic 3. The observations below also reflect recurring themes identified across responses to Questions 9 to 14.

Main recurring themes

66. ***Balancing simplification and transparency:*** Several respondents commented on the objective of simplifying the Taxonomy reporting framework. Some representatives of issuers and issuer associations cautioned that certain simplification measures, such as the proposed 10% materiality threshold, may not necessarily reduce reporting burden in practice, as significant efforts may still be required for data collection, assessment and audit preparation. By contrast, user-oriented respondents emphasised that simplification initiatives should not come at the expense of transparency or reduce the availability of sustainability information considered relevant for users.
67. ***Consistency with existing reporting frameworks:*** Audit and assurance providers stressed that any revision of the disclosure requirements should remain anchored in established consolidation principles and avoid introducing additional reporting layers with limited decision-usefulness. They also highlighted the importance of maintaining consistency across prudential, accounting and sustainability reporting perimeters to avoid creating conflicting reporting requirements.
68. ***Respect for CSRD provisions:*** Several respondents, including representatives of issuers and audit and assurance providers, stressed that the proposals should fully respect the subsidiary exemption provisions provided for under the CSRD. One audit and assurance provider argued that the CSRD requirement concerning significant differences between the risks or impacts of a group and those of one or more subsidiaries does not apply to Taxonomy disclosures.
69. ***Need for greater clarity and legal certainty:*** Respondents across stakeholder categories broadly supported incorporating stable interpretations currently contained in the European Commission's FAQ into the legal text to enhance clarity and reduce reliance on dispersed guidance. A number of respondents also called for additional clarification regarding the proposed approach to sub-group level disclosures, considering that the consultation paper did not provide sufficiently clear implementation steps. In addition, one data provider suggested complementing the proposals with practical examples illustrating the determination of the main reporting regime, the application of the materiality threshold and the consolidation approach for sub-group reporting.

Feedback on Q16

Q16. Do you consider that the proposals in Section 3.3 [of the CP] will result in a favourable cost-benefit balance?



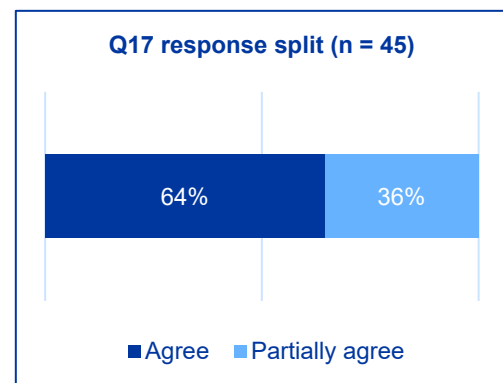
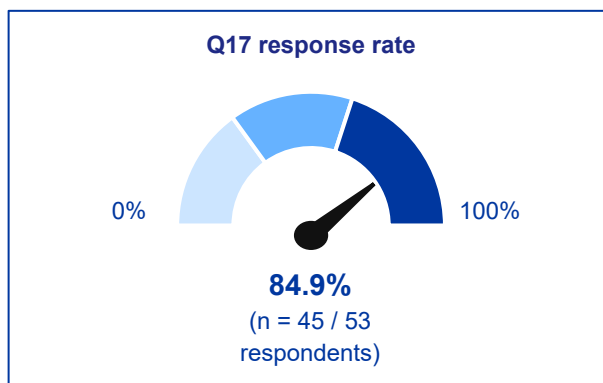
70. Ten respondents supported the statement, while three opposed it. Supportive respondents generally considered that the proposals would result in a favourable cost-benefit balance by reducing reporting complexity and administrative burden while preserving decision-useful information. In particular, these respondents welcomed the removal of the weighted-average calculation, the use of a materiality threshold and the simplification of group-level reporting, which were seen as enhancing the proportionality of the framework.
71. Some respondents emphasised that the benefits would depend on avoiding duplication, providing clear criteria for determining the main reporting regime and ensuring that simplification measures do not result in the loss of material information. The limited opposition expressed focused on concerns that additional disclosure requirements for non-material financial entities could create disproportionate costs for non-financial groups.

Topic 4 – Additional possible simplifications

Connectivity between Taxonomy and ESRS, introduction of new reliefs and phased-in application

Feedback on Q17

Q17. Do you agree with the proposed approach to further align Taxonomy reporting with the ESRS framework, including the possible introduction of selected ESRS reliefs, the use of cross-references to ESRS disclosures and incorporation by reference where appropriate? Please elaborate.



72. Twenty-nine respondents agreed with ESMA's proposal and 16 partially agreed, while none expressed disagreement. Respondents generally supported further alignment between Taxonomy reporting and the ESRS framework, while emphasising the need to ensure that any reliefs and simplifications remain appropriately adapted to the objectives and structure of the Taxonomy framework.
73. Respondents supported closer alignment with ESRS to reduce duplication, improve consistency and ease reporting burdens. They also supported selected ESRS-inspired reliefs, voluntary cross-references and incorporation by reference, provided that Taxonomy information remains clear, accessible and decision-useful.
74. Some respondents stressed that Taxonomy and ESRS reporting have different objectives and structures. They therefore called for ESRS-inspired reliefs to be carefully assessed and adapted to the Taxonomy framework. They also emphasised that cross-references should remain voluntary and not reduce transparency or make Taxonomy information harder to locate.
75. Additional suggestions included:
 - a. an "undue cost or effort" relief, including where information needed to assess technical screening criteria or DNSH requirements is not reasonably available despite appropriate efforts to obtain it; where alignment cannot be assessed, the

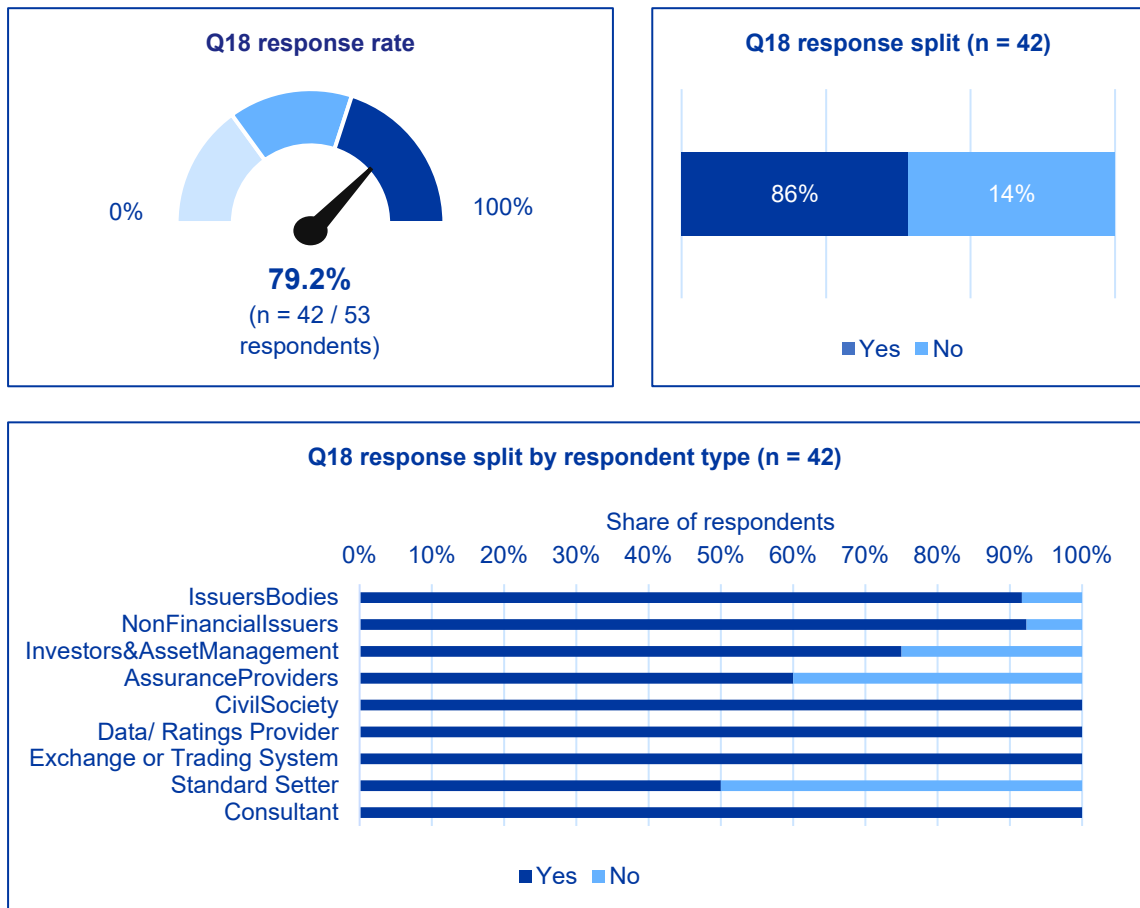
activity would remain reported as eligible but not aligned, with explanations and transparency disclosures, and the relief would not be time-limited;

- b. extending acquisition-related reliefs to divestments and disposals;
- c. clarifying the treatment of comparatives and restatements;
- d. a general materiality and proportionality principle;
- e. wider use of estimates in defined circumstances;
- f. closer alignment of minimum safeguards disclosures with ESRS;
- g. recognition of VSME-based counterparty information for financial undertakings, clarification of the interaction with value chain cap limitations, and closer alignment of confidentiality and omission provisions with revised ESRS; and
- h. confining the use of reliefs to phase-in periods³².

³² Comment provided in response to Question 18.

Feedback on Q18

Q18. Do you consider the introduction of a phased-in application rule and Taxonomy-specific relief for alignment reporting to be a proportionate way of alleviating reporting burdens? If not, please explain.



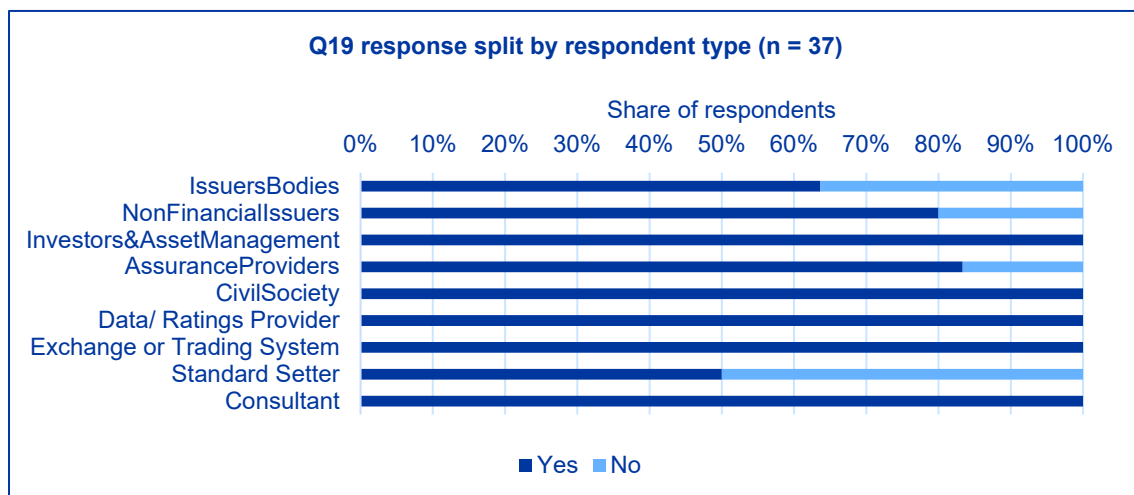
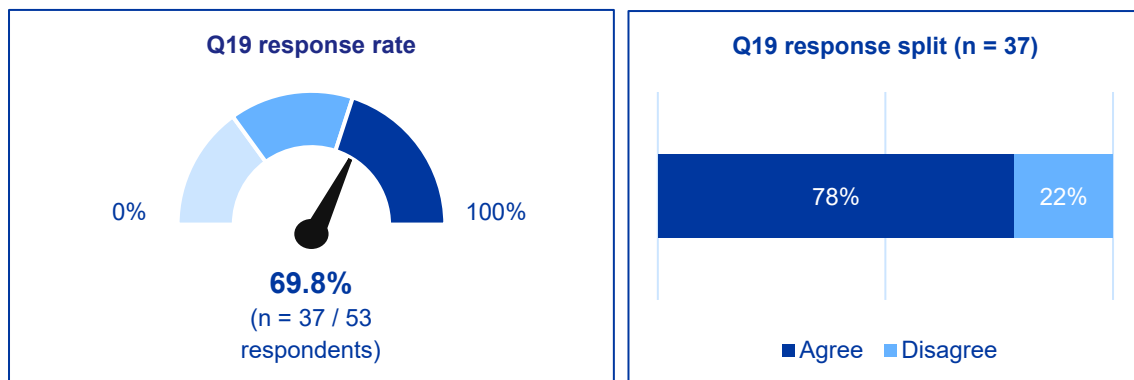
76. In response to Q18, thirty-eight respondents answered positively, while five answered negatively. Respondents generally considered phased-in application rules and Taxonomy-specific transitional reliefs to be proportionate mechanisms for reducing implementation burdens. Some respondents commented on issues covered by Q18, particularly the Taxonomy-specific relief, in their responses to other questions, notably Q17 and Q24. The related feedback has been considered together with the responses received to Q18 and is summarised in this section.
77. Respondents generally supported the suggestion for a phased-in application in case of changes to the TSC and the DDA as well as the proposed Taxonomy-specific relief.
78. Additional suggestions included:
- phased implementation with transition periods of two or three years, alignment with ESRS timelines and, for newly introduced activities, temporary eligibility-only reporting or exemption from full reporting;

- b. alignment with ESRS by referring to the relevant financial year when specifying the application date;
 - c. introducing grandfathering provisions for activities assessed under previous Taxonomy criteria during a transitional period.
79. The respondents who opposed the proposal considered the reliefs insufficient or unlikely to materially reduce reporting burdens, as undertakings would still need to establish methodologies, internal controls and data-collection processes. Some advocated broader arrangements, including temporary exemptions from both eligibility and alignment reporting during the first year of application.

IFRS 8 and Taxonomy materiality

Feedback on Q19

Q19. Do you agree that the interaction between IFRS 8 operating segments and the application of the Taxonomy materiality principle should be further clarified as per ESMA's suggestions to address practical implementation challenges? If yes, which aspects need clarification?



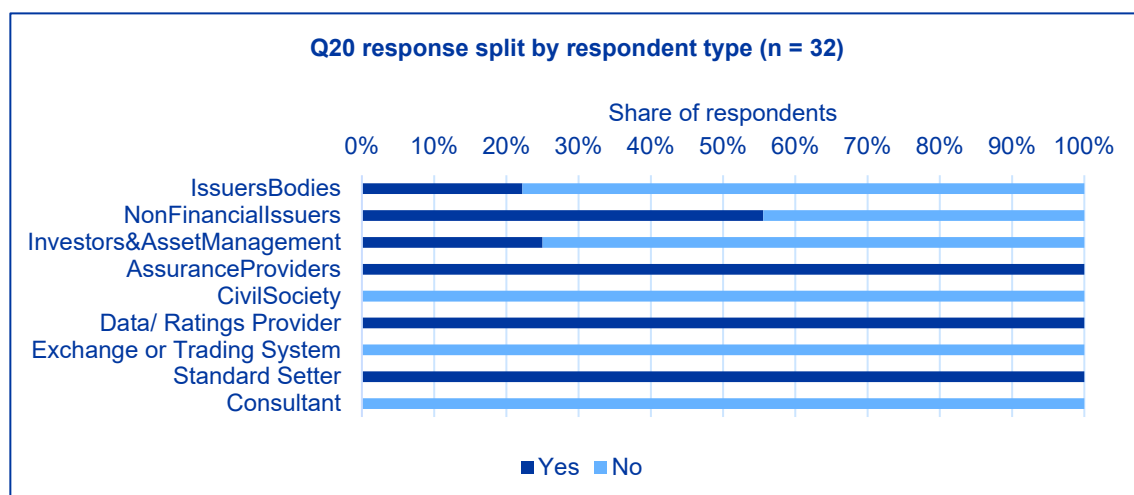
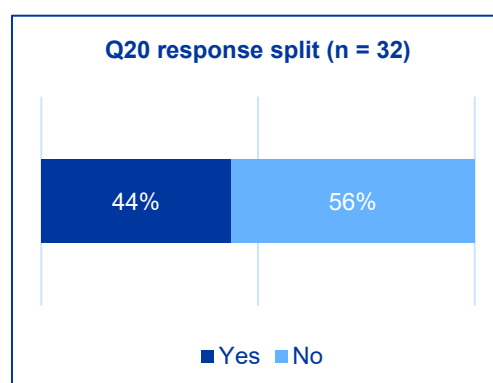
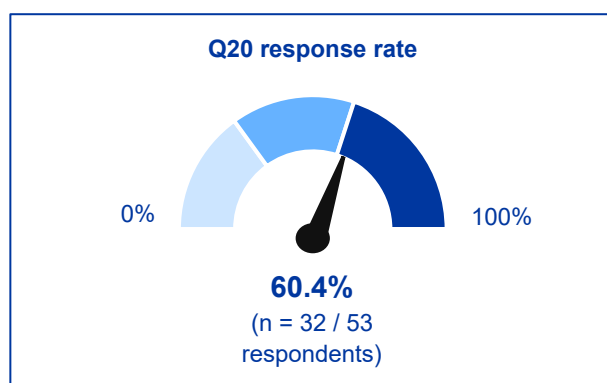
80. In response to Q19, 29 respondents replied positively, while eight respondents replied negatively.
81. Respondents generally agreed that further clarification could be helpful, although many expressed reservations regarding the role IFRS 8 should play within Taxonomy materiality assessments. Agreement was nevertheless frequently nuanced, with respondents emphasising that IFRS 8 should serve only as contextual information or a consistency check where relevant. Some respondents also called for practical examples, although a few cautioned that these should remain illustrative and should not be treated as binding rules.
82. Respondents opposed making IFRS 8 determinative or binding, noting that reportable segments and Taxonomy activities rarely correspond fully. They argued that the Taxonomy's existing 10% threshold should remain the operative test and that undertakings should retain flexibility to justify alternative approaches. Some also noted that IFRS 8 may not capture environmentally or climate-relevant activities generating limited turnover, including adaptation and resilience activities. Other respondents highlighted the practical difficulties associated with applying FAQ 7³³.
83. Several respondents preferred clarifications to be reflected in legislative text rather than relying on non-binding FAQs, most of them noting that IFRS 8 should not determine Taxonomy materiality, nor affect the 10% threshold. Some respondents further argued that consistency with IFRS 8 should be voluntary. By contrast, a limited number of respondents opposed including a reference to IFRS 8 in the legal text.
84. As regards the proposal to limit the relevance of IFRS 8 to cases where reporting segments fully correspond to Taxonomy-eligible economic activities, relatively few respondents provided feedback. The responses received reflected differing views, with support expressed by some respondents and opposition by others.
85. Additional suggestions included:
- a. Introduce a Taxonomy-specific materiality principle independent of IFRS 8.
 - b. Introduce a materiality-of-information principle allowing individually immaterial information to be omitted within activities considered material.
 - c. Provide concise, principle-based guidance that improves legal certainty and comparability while preserving flexibility and professional judgement.

³³ Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation, as amended by the Omnibus Delegated Act, on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (fourth notice), 30. 04. 2026 | Ref.: [C/2026/2558](#).

Reporting on Enabling and Transitional Activities

Feedback on Q20

Q20. Do you consider that the reporting requirements for enabling and transitional activities provide useful information to users of Taxonomy reporting and financial undertakings? Please explain whether, in your view, the benefits for users outweigh the cost of reporting for preparers.



86. Thirty-two respondents replied to this question. Fourteen respondents considered that disclosures on enabling and transitional activities provide useful information, while 18 respondents did not support retaining the current reporting requirements.
87. Respondents opposing retention considered that separate disclosures provide limited additional decision-useful information because the classifications can be identified through the Taxonomy Compass or commercial datasets. They also argued that transitional activities are already treated as environmentally sustainable and therefore the transitional classification does not meaningfully indicate an undertaking's transition effort, while one respondent noted that the transitional activity characteristic could become more useful if the Taxonomy were extended to activities not yet environmentally sustainable but on a clear transition pathway. Some argued that transition-related

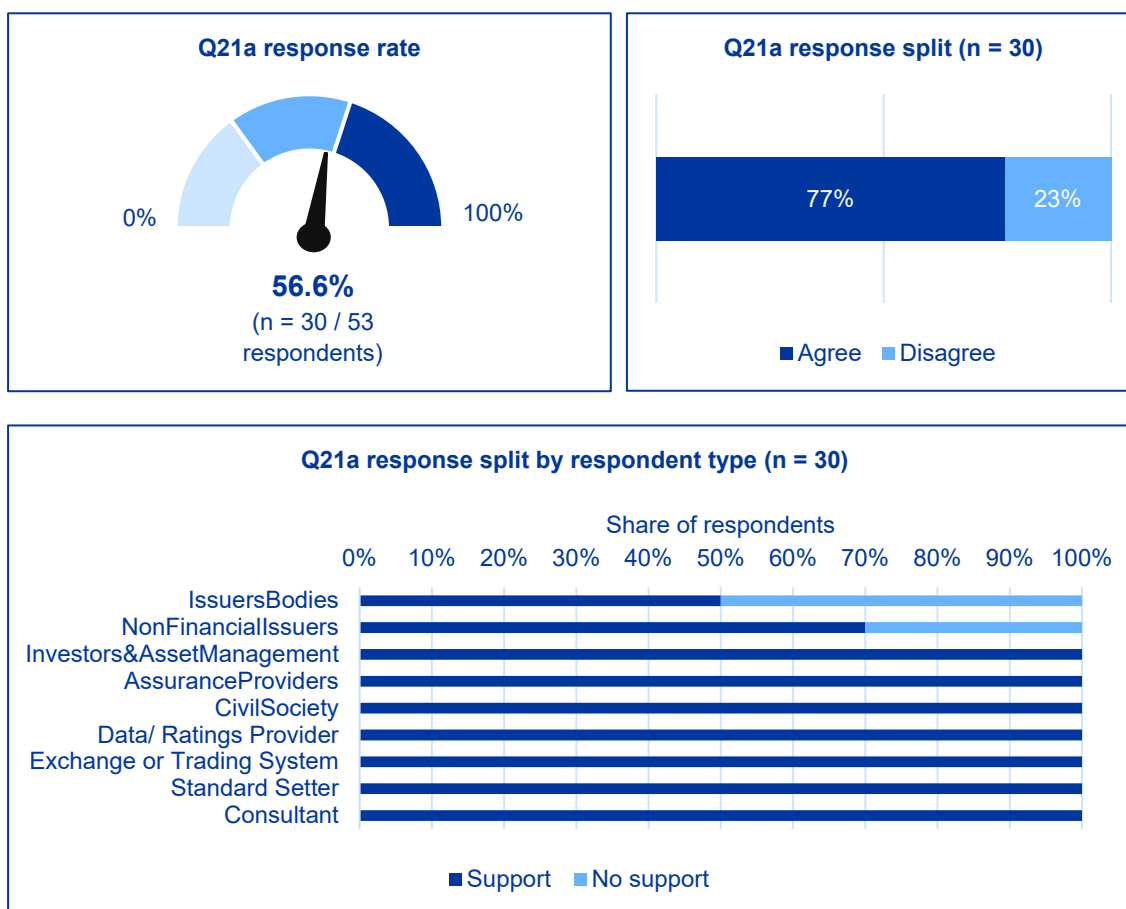
information should instead be more forward-looking and rely on climate transition plans and Taxonomy CapEx plans.

88. Preparers and issuer representatives highlighted the costs of identifying, tagging and maintaining granular classifications, particularly where the activities are not central to the business model or user demand is limited. They considered that this burden increases the risk of omissions or errors and may not be justified for all sectors or business models.
89. Respondents supporting retention considered that the distinction between enabling, transitional and other Taxonomy-aligned activities provides useful information on the nature of aligned activities and undertakings' contribution to environmental objectives. Some emphasised the importance of adaptation enabling activities for climate resilience and cautioned that reducing their visibility could weaken the Taxonomy's role in directing capital towards adaptation solutions. Others referred to the value of the classifications for corporate communication and internal classification or noted that the information reported by non-financial undertakings feeds into financial undertakings' KPIs and that its removal could shift data-collection costs downstream. They generally considered the additional burden limited because the classifications are embedded in the Taxonomy activity descriptions.
90. Additional suggestions included:
 - a. Make the disclosures voluntary or subject to a materiality filter.
 - b. Retain the information only where it is relevant to the undertaking's business model.
 - c. Replace dedicated reporting rows with information available through digital tools or external datasets.
 - d. Provide more meaningful transition information through climate transition plans, Taxonomy CapEx plans or partial-alignment information or reinstated activity-level DNSH- datapoints.

Clarification on adaptation-related activities

Feedback on Q21(a)

Q21(a) Do you agree with the proposal on incorporation of clarifications provided in FAQ 5 in Annex I of the DDA? Please explain your views and, in particular, whether they would meaningfully reduce reporting burden without undermining the usefulness of Taxonomy disclosures.



91. Thirty respondents replied to this part of the question. Twenty-three respondents supported the proposal, while seven respondents opposed it.
92. Respondents supporting the proposal considered that incorporating FAQ 5 of the First Commission Notice³⁴ into Annex I of the DDA would improve legal certainty, reduce reliance on non-binding guidance and support more consistent application by preparers, auditors and users. In particular, they welcomed clarification of the assessment of

³⁴ First Commission Notice 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, 6.10.2022 | Ref.: [2022/C 385/01](#).

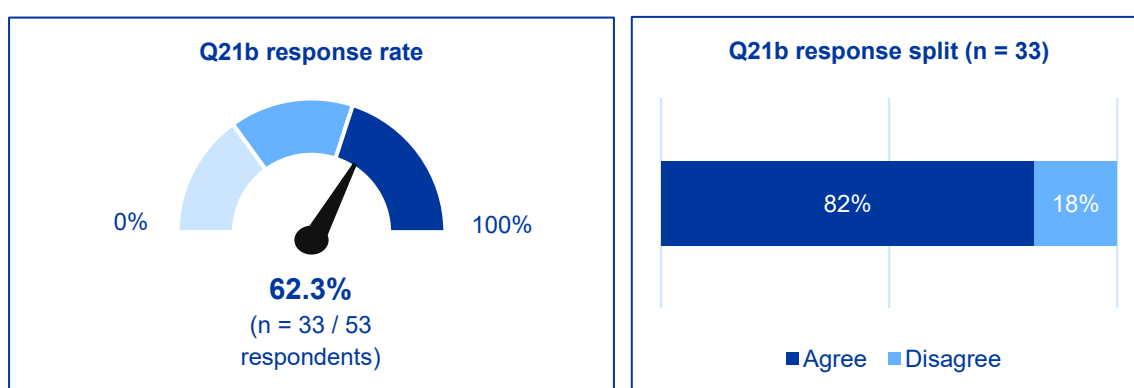
eligibility and alignment for climate change adaptation activities, including adapted and enabling activities.

93. Some respondents nuanced their support by suggesting that the incorporation should also cover related guidance, notably FAQ 4³⁵ and FAQs 8, 18 and 19³⁶. They also suggested clarifying when an activity qualifies as enabling and that CapEx related to adapted activities should be eligible only where a climate risk and vulnerability assessment has been carried out and an expenditure plan established to implement the relevant adaptation measures.
94. Respondents opposing the proposal were concerned that incorporating FAQs into the DDA could turn interpretative guidance into additional legal requirements, rather than simplifying reporting. One respondent also questioned whether all interpretative guidance should be codified, noting that the main difficulty in assessing eligibility for adapted activities may lie in practical application and operational constraints rather than in identifying the methodology.

Reporting on CapEx type C

Feedback on Q21(b)

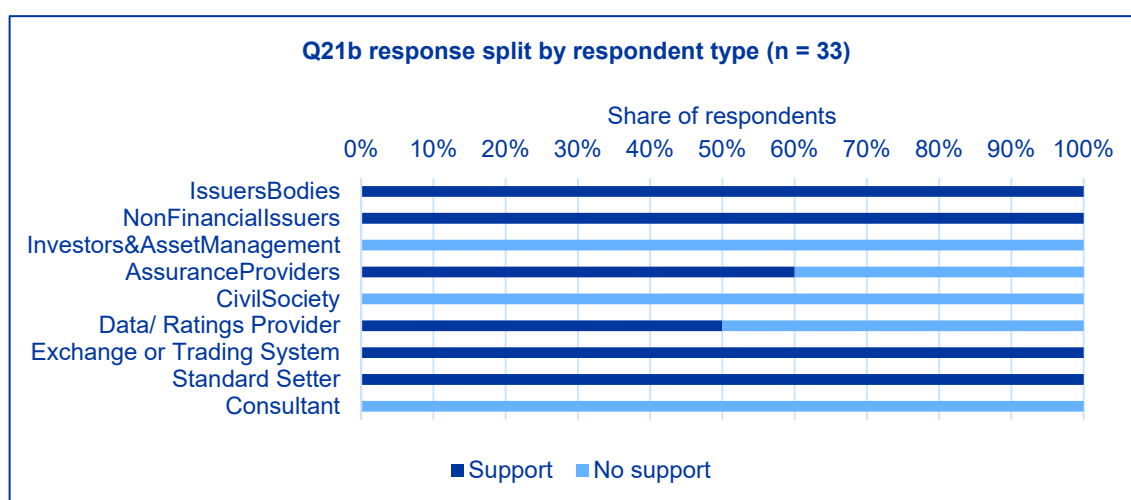
Q21(b) Do you agree with the proposal on making CapEx type C optional? Please explain your views and, in particular, whether they would meaningfully reduce reporting burden without undermining the usefulness of Taxonomy disclosures. Please explain your views and, in particular, whether they would meaningfully reduce reporting burden without undermining the usefulness of Taxonomy disclosures.



³⁵ First Commission Notice 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, 6.10.2022 | Ref.: [2022/C 385/01](#).

³⁶ Commission Notice 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), 20.10.2023 | Ref.: [C/2023/305](#).

95. Thirty-three respondents replied to this part of the question. Twenty-seven respondents supported the proposal, while six respondents opposed it.
96. Respondents supported optional reporting mainly because CapEx Type C can impose a significant reporting burden, particularly where undertakings must obtain, verify and document information from external parties. They considered that optionality would provide relief to undertakings for which the information is less relevant, while allowing those for which CapEx Type C is material to continue reporting it.



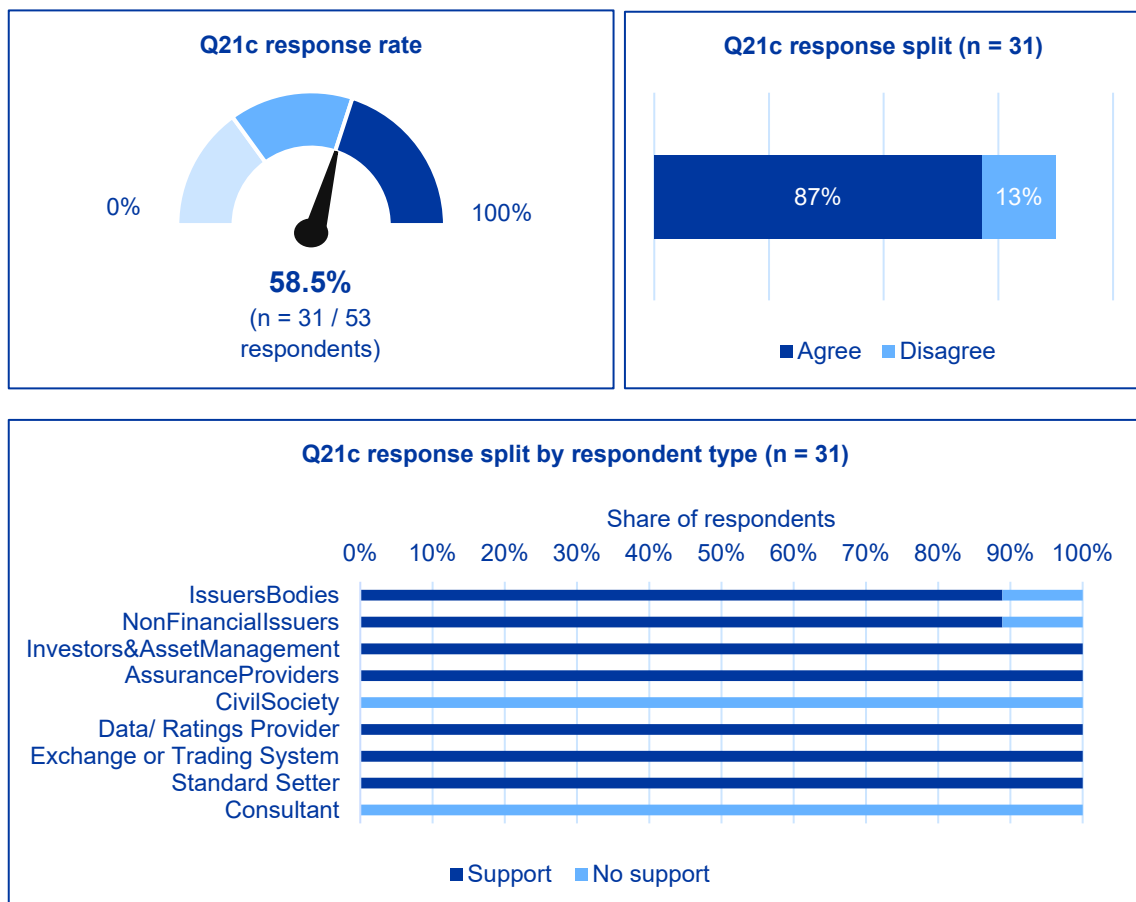
97. Respondents nevertheless noted that CapEx Type C may be important for undertakings whose core activities are not covered by the Taxonomy, including where it is the main link between Taxonomy reporting and transition plans. Their support was therefore nuanced by the need to preserve relevant information where useful.
98. Respondents opposing optionality considered that CapEx Type C provides useful information, particularly for financial undertakings and users interested in sustainable investments. They argued that it helps recognise and incentivise sustainable investments by undertakings whose own activities are not Taxonomy-eligible or Taxonomy-aligned and cautioned that optional reporting could reduce comparability.
99. Respondents on both sides requested clarification of CapEx Type C, in particular:
- the distinction between CapEx Type A and CapEx Type C;
 - the meaning and scope of “individual measures” and “purchase of output”;
 - the treatment of investments that may fall within more than one CapEx category;
 - its application across environmental objectives and sectors; and
 - its relationship with transition-related investments.

100. Respondents also pointed out that combining optional reporting with the exclusion of non-material activities could result in very low or no reported Taxonomy eligibility in sectors not covered by the Climate or Environmental Delegated Acts. They suggested clearer rules, broader sector coverage over time and the possibility of excluding individually immaterial items where information collection would involve disproportionate cost or effort.

Additional simplifications relating to Taxonomy reporting by non-financial undertakings

Feedback on Q21(c)

Q21(c) Do you agree with the proposals on the adjusted turnover KPI for sustainable bond issuance, the turnover KPI on internal consumption and the introduction of a general materiality filter? Please explain your views and, in particular, whether they would meaningfully reduce reporting burden without undermining the usefulness of Taxonomy disclosures.



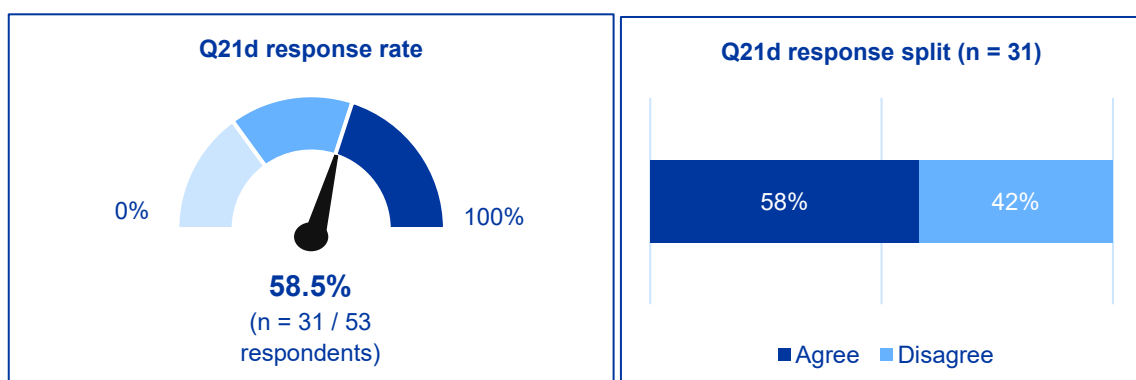
101. Thirty-one respondents replied to this part of the question. Twenty-seven respondents supported the proposals, while four respondents opposed them.

102. Respondents generally supported:

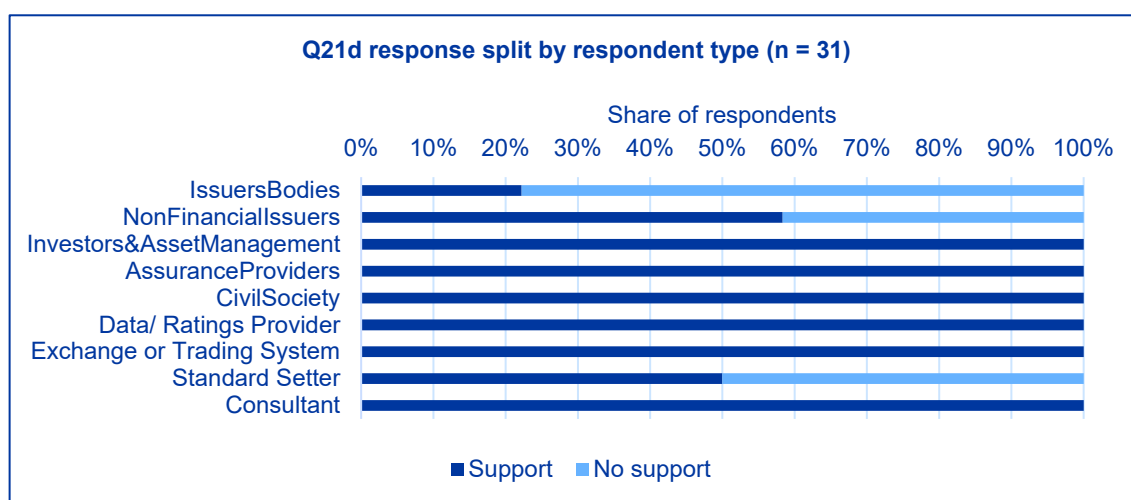
- a. simplifying or removing the adjusted Turnover KPI for sustainable bond issuance, which was considered complex, assumption-dependent and of limited additional value;
 - b. making the Turnover KPI on internal consumption voluntary or removing it, given the difficulty of identifying internal turnover, its limited alignment with financial reporting and limited decision usefulness and user demand; and
 - c. introducing a general materiality filter for contextual information to improve readability, proportionality and decision-usefulness.
103. Some respondents qualified their support or made additional suggestions. In particular, some favoured deleting both the turnover and CapEx adjusted sustainable bond KPIs and replacing them with targeted disclosures on sustainable bond issuances and use of proceeds. A few stressed that issuers already apply materiality to contextual information in practice and considered that any clarification should confirm and provide legal certainty for this established approach, rather than restrict it or call it into question. One respondent favoured a targeted simplification approach based on removing datapoints that are not used by asset managers, rather than relying solely on a general materiality filter.
104. A small number of respondents opposing the general materiality filter argued that it could result in the omission of information important for users' understanding, particularly contextual explanations. They also cautioned against excluding disclosures on climate adaptation and resilience activities that may be strategically significant despite being limited in scale. In addition, concerns were raised that the filter could create additional compliance burdens by requiring undertakings to justify why omitted information is not material, prompting calls for further clarification or removal of the proposed wording.

Feedback on Q21(d)

Q21(d) Do you agree with the proposal on the introduction of a clearly defined list of contextual datapoints eligible for digital tagging? Please explain your views and, in particular, whether they would meaningfully reduce reporting burden without undermining the usefulness of Taxonomy disclosures.



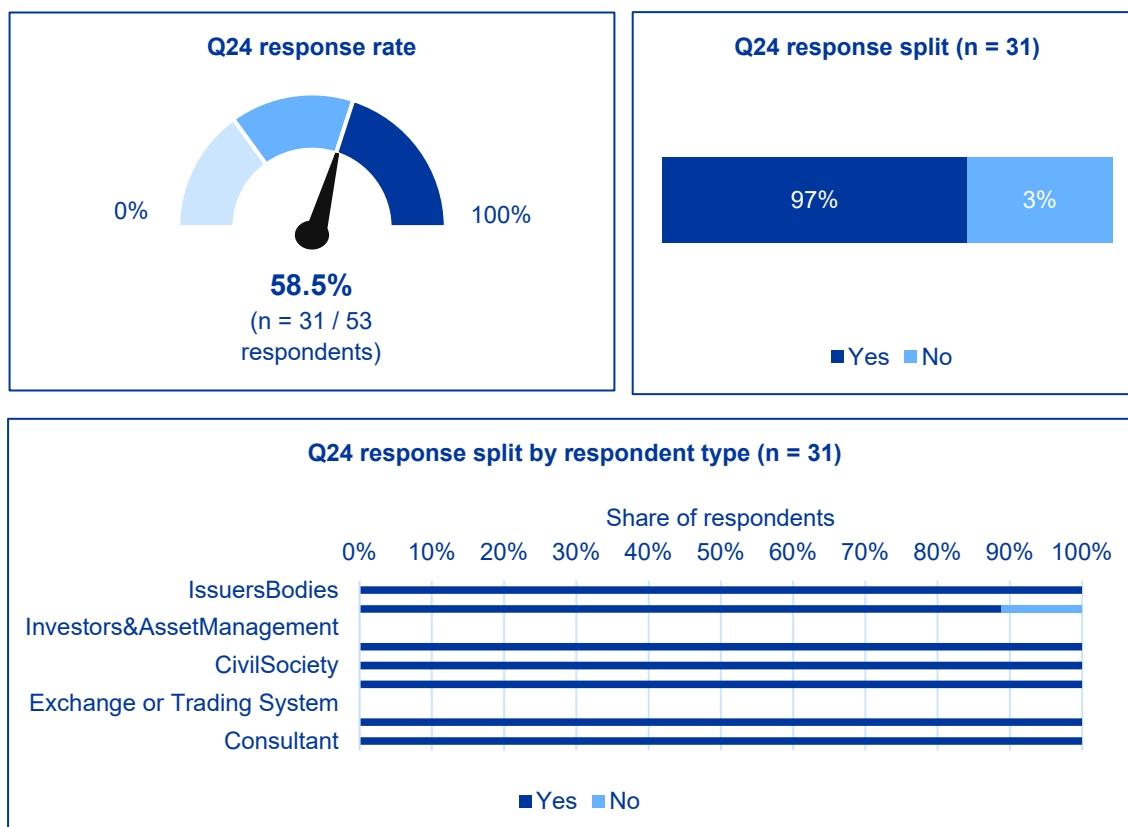
105. Thirty-one respondents replied to this part of the question. Eighteen respondents supported the proposal, while 13 respondents opposed it. Those respondents supporting the proposal considered that a clearly defined list of contextual datapoints could improve comparability, machine readability and consistency. Their support was generally conditional on the list being closed, limited in scope and clearly defined.
106. Some respondents nuanced their agreement by calling for the list to be limited to existing Annex I DDA tags, without additional criteria or content requirements, or to quantitative data only. One respondent supported a closed list covering information on substantial contribution and DNSH tests, data sources, KPI coverage and the use of flexibility or reliefs.



107. The vast majority of respondents opposing the proposal represented the views of issuers argued that a predefined list of contextual datapoints could increase implementation complexity, create interpretation challenges, and lead to additional discussions with auditors. Several considered that, despite not being legally binding, such a list could have effects similar to FAQs and risk turning reporting into a compliance-driven exercise with limited added value. Respondents also pointed to additional reporting, assurance and administrative burdens, including the need for further alignment with auditors and potential updates as the Taxonomy framework evolves. Some considered that the existing disclosure requirements already provide the necessary contextual information and questioned the need for a predefined list, while others viewed further digital tagging requirements as premature given the ongoing implementation of sustainability reporting frameworks.
108. Moreover, some respondents questioned the benefits of digital tagging and ESEF/XBRL tagging, citing significant implementation effort and limited use by investors and analysts. Lastly, some also suggested that any new tagging requirements should be preceded by field testing and a robust cost-benefit analysis, and should be coordinated with broader digital reporting developments, including CSRD tagging and evolving technologies such as AI.

Feedback on Q24

Q24. Do you have additional suggestions on how Taxonomy reporting under the DDA could be further simplified, including ways to reduce reporting burdens?



109. Thirty-one respondents replied to this question. Respondents reiterated some of their suggestions in their replies to previous questions and made general recommendations on the functioning of the Taxonomy regime. They broadly called for simpler, more proportionate and more stable Taxonomy reporting, while preserving the relevance, comparability, verifiability and auditability of disclosures. Their main suggestions were as follows:

- **Materiality and proportionality:** introduce a general materiality principle, apply materiality across all KPIs and simplify reporting for non-material activities. Some respondents also suggested exemptions or voluntary reporting where Taxonomy-eligible turnover or relevant activities are minimal, or where core activities are not covered by the Taxonomy.
- **Regulatory stability:** reduce the frequency of amendments, allow adequate implementation time and consider a multi-year quiet period. Future changes should be bundled, apply from a common date and not be issued close to year-end.

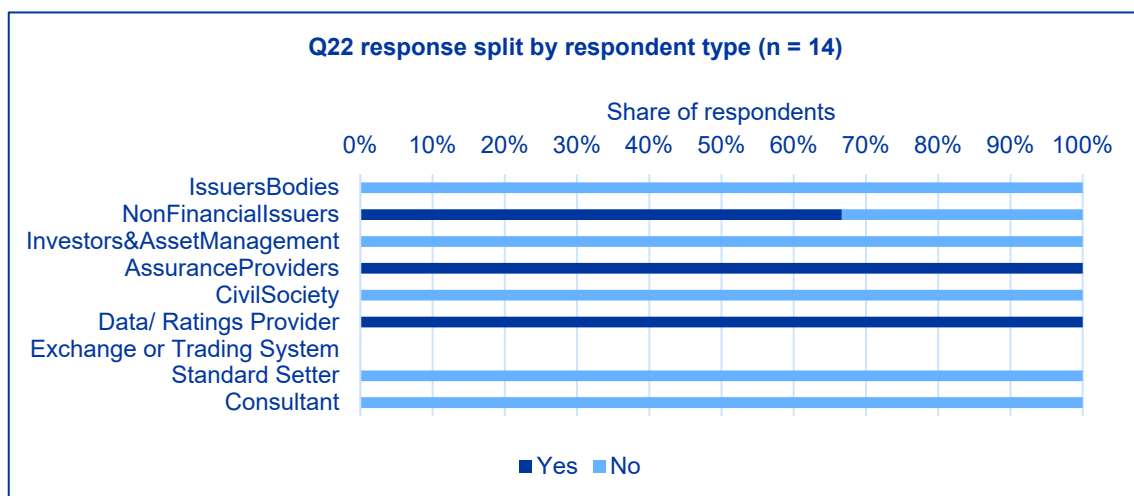
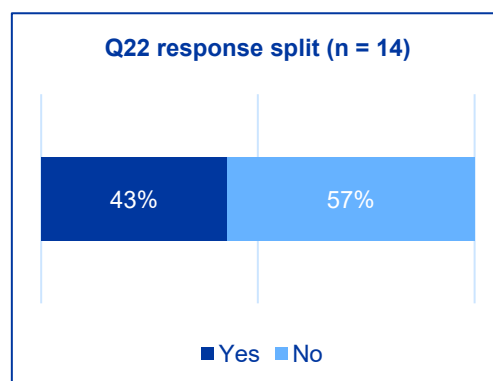
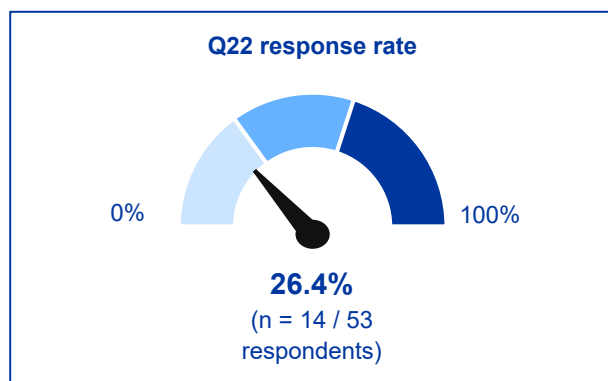
Respondents also sought longer consultation periods, transitional measures and clearer comparisons between draft and final acts.

- **FAQs and legal clarity:** consolidate FAQs, remove outdated or duplicative guidance, incorporate substantive interpretations into delegated acts, provide tracked changes and ensure that FAQs clarify rather than add to the legal requirements. Respondents cautioned that some FAQs may go beyond, contradict or complicate the legal text.
- **User-friendliness of the legal framework:** provide side-by-side versions of amendments, improve consolidated texts and consider merging the Climate and Environmental Delegated Acts into one instrument with consistent activity numbering.
- **Technical screening criteria and DNSH:** make the criteria more operational, reduce cross-references, improve international applicability, recognise equivalent evidence where supplier data are unavailable and provide clearer sector-specific guidance. Respondents also suggested that amended criteria should not automatically trigger reassessment of previously assessed activities and called for grandfathering arrangements, particularly for long-term projects.
- **Templates and datapoints:** align templates with disclosure requirements, make template formats non-mandatory, remove datapoints with limited decision-usefulness and embed automatic consistency checks. Some respondents also proposed a Commission-hosted digital reporting tool to support the preparation, validation, tagging, filing and comparison of Taxonomy disclosures.
- **Minimum safeguards and financial undertakings:** clarify the minimum safeguards framework, particularly for financial undertakings, including its application to investee exposures and its interaction with OECD Guidelines and UN Guiding Principles. Feedback also highlighted the need for greater alignment with the ESRS regarding human rights incidents, as well as clarification of environmental and science-related matters and value-chain considerations.
- **Taxonomy coverage:** expand coverage across the economy and further develop the framework for climate adaptation and adaptation-enabling activities.
- **Incentives:** link Taxonomy alignment or credible transition plans to tangible incentives, such as preferential financing, subsidies, tax incentives, public procurement advantages or recognition schemes, to strengthen the Taxonomy's role in directing capital towards sustainable activities.
- **Regulatory coherence:** improve consistency between the Taxonomy, the ESRS, SFDR and other sustainable finance requirements, including through greater alignment of reporting processes and data collection.

Additional simplifications concerning asset managers

Feedback on Q22

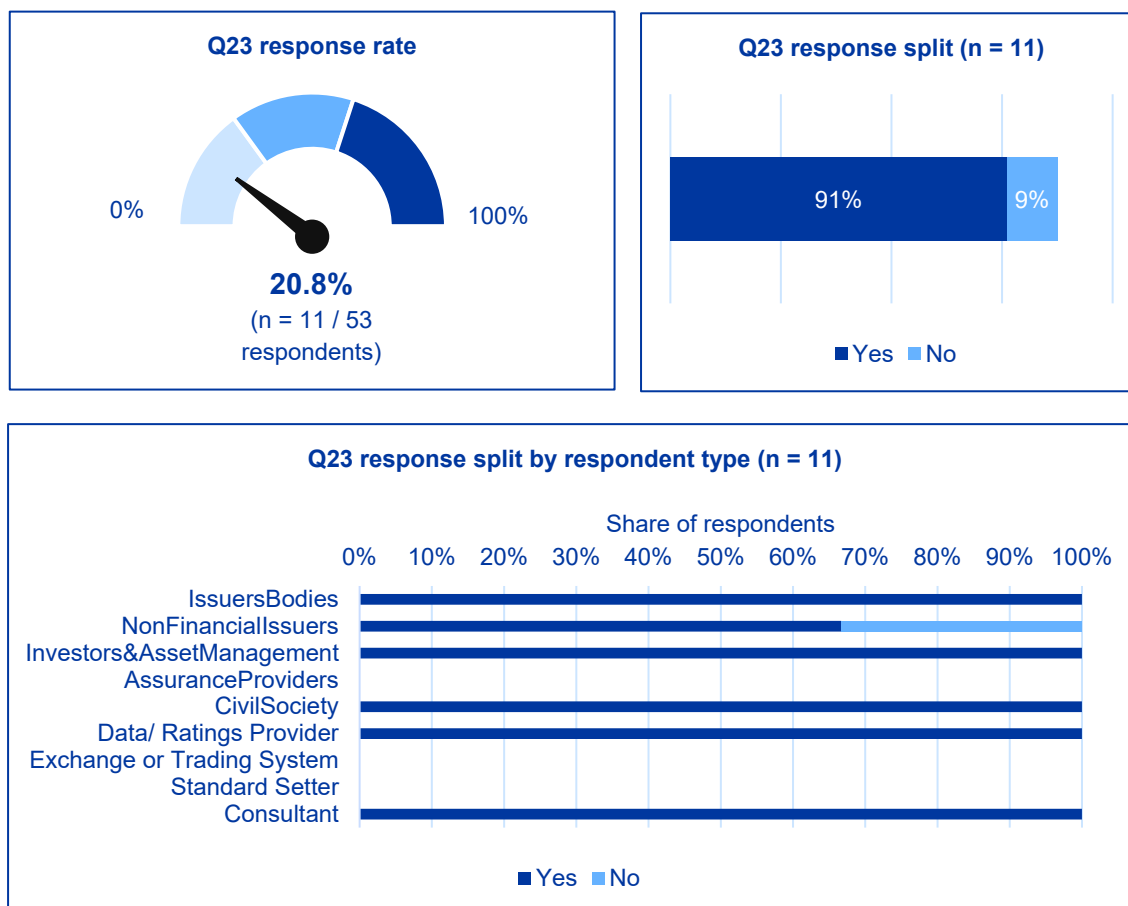
Q22. Do you see value in the reporting of enabling (row 13) and transitional economic activities (row 12), especially having in mind the potential introduction of a transition product category in future SFDR financial product



110. There were only a small number of responses to the question on enabling and transitional reporting in the asset management annex. Those who supported deleting the reporting questioned the value of the information, e.g. for portfolio or product analysis. Those who supported retaining the reporting because of the potential relevance for future transition products and transition analysis.
111. Some respondents noted that the information from enabling and transitional reporting is already captured elsewhere. Respondents also cited additional investee company data collection and processing as concern. Many noted the current absence of clear classification rules for enabling and transitional activities, asking for consistent interpretation. One respondent explicitly highlighted comparability as a condition for use.

Feedback on Q23

Q23. Beyond the simplifications already introduced in the Omnibus Delegated Act, are there any further simplifications of the Taxonomy DDA concerning the asset management reporting template (Annex IV) that should be introduced? If so, please specify what further simplifications you recommend.



112. While there were only a few responses to this question on the asset management annex, most comments called for a shorter or simpler Annex IV reporting structure. Respondents emphasised the need for fewer or more “decision-useful” alignment indicators. They also stressed that simplification should not result in additional information from underlying undertakings. Strongly linking simplification with burden reduction, any changes should be judged by whether they reduce recurring collection and calculation work. Some comments explicitly propose deleting what they deemed as low-value rows or datapoints. Materiality was suggested as a way to focus reporting on relevant exposures. One response explicitly warned against changes to the template which might risk introducing a separate reporting “vintage” under the new annex, when the reporting was only very recently changed by the Commission.

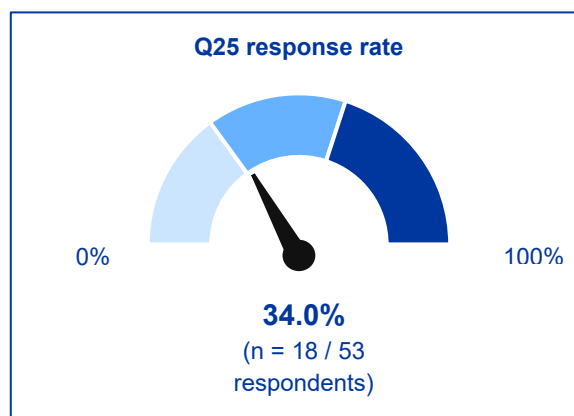
Feedback on the cost-benefit balance of the proposals

Feedback on Q25

Q25. Do you consider that the proposals in Section 3.4 [of the CP] will result in a favourable cost-benefit balance? Please explain your answer by indicating the one-off and on-going costs as well as the benefits associated with these proposals.

113. Eighteen respondents provided feedback to this question.

114. Respondents were broadly of the view that the proposals in Section 3.4 of the CP would result in a favourable cost-benefit balance. In particular, respondents noted that the proposed simplifications were expected to reduce complexity, administrative burden and recurring reporting costs, while improving consistency, legal certainty and the usability of Taxonomy reporting.



115. Moreover, respondents expressed support for the proposed ESRS alignment, the introduction of cross-references, the phased-in application provision, the codification of existing guidance and the CapEx Type C optionality. They noted, however, that certain one-off costs would arise from adjustments to processes, systems, methodologies, controls and staff training. Nevertheless, respondents generally indicated that such costs would be outweighed by the expected longer-term efficiencies.

116. Some respondents suggested that further simplification efforts should focus on reducing duplication across reporting frameworks, streamlining reporting requirements and enhancing legal certainty. Some respondents also supported implementing the amendments as a single package with a common application date. Several respondents indicated that they were unable to provide quantitative estimates of the expected costs or benefits.

Annex II – European Commission’s Call for Advice

 Refl. Anes(2026)2366154 - 04/03/2026

CALL FOR TECHNICAL ADVICE TO THE EUROPEAN SUPERVISORY AUTHORITIES ON CERTAIN TAXONOMY KEY PERFORMANCE INDICATORS AND OTHER ASPECTS OF THE DISCLOSURES DELEGATED ACT UNDER ARTICLE 8 OF THE TAXONOMY REGULATION

With this Call for Advice, the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) invites the European Supervisory Authorities (ESAs) to develop technical advice to inform the review of the Disclosures Delegated Act¹ under the Taxonomy Regulation².

This advice should mainly focus on the following Key Performance Indicators (KPIs) provided in the Disclosures Delegated Act: the operational expenditure (OpEx) KPI of non-financial firms, Commissions and Fees KPI and Trading Book KPI of credit institutions, and the underwriting KPI of insurance/re-insurance undertakings. In addition, ESAs could advise whether other targeted technical amendments to the Disclosure Delegated Act are necessary to simplify and enhance the usability of Taxonomy reporting.

When providing this advice, the ESAs should take into account the objective of the reporting rules, which is to provide transparency regarding sustainable activities and investments of the real economy and to allow the financial sector to efficiently identify and finance them while avoiding greenwashing.

To provide this advice, the ESAs should consult relevant stakeholders on appropriate technical measures proposed, assess stakeholders’ data and analyse the impacts that their technical advice might have on undertakings, including in terms of costs and benefits. The content of the advice should be adequate to assist the Commission in drafting possible amendments to the Disclosures Delegated Act and inform it about the impacts, costs and benefits of those amendments. The Commission intends to adopt those amendments in Q1 2027.

The request is made in accordance with the founding Regulations establishing the ESAs³, which set out the obligation to protect the public interest by contributing to the short, medium and long-term stability and effectiveness of the financial system, including through ensuring the integrity, transparency, efficiency and orderly functioning of financial markets.

When feasible, the advice should be based on qualitative and quantitative sources. Subject to data availability, the evidence provided in the advice should be based on data samples from public and commercial databases, data submitted to the ESAs by supervised entities and qualitative sources of information, or desk research data collection, which might include a review of the most relevant literature, where available. It may also include concrete examples or case studies.

¹ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 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, OJ L 443, 10.12.2021, p. 9.

² Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.06.2020, p. 13.

³ Regulations (EU) No 1093/2010, 1094/2010, 1095/2010 and 2019/2175 of the European Parliament and of the Council.

The need for this request and the scope of the work have been agreed between FISMA staff and the ESAs. FISMA staff kindly request the delivery of the final advice by October 2026. DG FISMA, in close cooperation with the ESAs, may revise or supplement this request and revise the timetable accordingly.

The European Parliament and the Council will be informed about this request, which will be available on the website of DG FISMA once it has been transmitted to the ESAs.

1. CONTEXT

Despite encouraging figures reported by large and listed undertakings on their Taxonomy-aligned revenues and new investments, stakeholders have found the application of the sustainability reporting framework, including the Taxonomy criteria and reporting requirements, burdensome and challenging. In the context of the Omnibus I package⁴, the Commission adopted a ‘quick fix’ delegated act (referred as the ‘Omnibus Delegated Act’)⁵ amending the delegated acts under the Taxonomy Regulation⁶, including the Taxonomy Disclosures Delegated Act. The Omnibus Delegated Act has simplified Taxonomy reporting⁷, significantly reduced the reported datapoints by introducing simplified reporting templates, postponed reporting of certain KPIs by banks, and streamlined the ‘do no significant harm’ (DSNH) criteria on the use of chemicals. On 20 November 2025, the Commission presented a proposal for the revision of the Sustainable Finance Disclosure Regulation (SFDR), which introduces, among other simplification measures, three sustainability categories for financial products (‘sustainable’, ‘transition’ and ‘other ESG’ products).

Recital 12 of the Omnibus Delegated Act refers to a separate, longer-term substantive review of the Taxonomy reporting requirements and of the Taxonomy technical screening criteria to significantly facilitate the implementation of those reporting requirements and criteria. While the review of the Taxonomy technical screening criteria is ongoing and is planned to be finalised in Q3 2026, the Commission services aim to complete the review of the Disclosures Delegated Act by Q1 2027 with entry into force in Q3 2027, before the transitional relief for Taxonomy reporting provided to financial undertakings in the Omnibus Delegated Act expires (i.e. before 31 December 2027).

The current effort to complete the review of Taxonomy reporting would focus on targeted simplification and improvement measures, which were not included in the Omnibus Delegated Act due to their technical nature. This work on Taxonomy reporting will take place alongside the Commission’s efforts to scale up transition finance as provided in the SFDR proposal and to ensure greater simplification, consistency, interoperability and clarity across the sustainable finance framework, in line with the simplification process initiated by the Omnibus I package.

With this call for targeted advice, DG FISMA is seeking technical input in the context of its efforts to complete the review and simplification of the Taxonomy reporting provided in the Disclosures Delegated Act.

⁴ A set of simplification and burden reduction measures through amendments to the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD).

⁵ Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities and Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives, OJ L, 2026/73, 8.1.2026.

⁶ The Disclosures Delegated Act covering the Taxonomy reporting requirements and the Climate and Environmental Delegated Acts covering the technical screening criteria to identify sustainable (Taxonomy-aligned) economic activities, and investments.

⁷ The simplification measures introduced the financial materiality concept in the reporting of Taxonomy KPIs, simplification of the Green Asset Ratio (GAR) and other investment KPIs.

2. SCOPE OF THE EXERCISE

Stakeholders identified several implementation issues with the Taxonomy reporting rules, which were not addressed in the Omnibus Delegated Act, and which could be addressed via targeted amendments to the Disclosures Delegated Act.

As regards non-financial undertakings, the turnover and capital expenditure (CapEx) Key Performance Indicators (KPIs) covering companies' revenues and longer-term investments are well understood by stakeholders and are easy to apply. However, the operating expenditure (OpEx) KPI in its current form, which focuses mainly on day-to-day maintenance costs of corporates, is considered of limited use, as it does not cover all 'green' expenditure of corporates, such as the acquisition of critical inputs (low-carbon energy, steel, cement, etc.) for production of end-products. It is also considered as too burdensome because it has not been closely linked to established financial accounting categories in the IFRS and does not consider the different importance of various operating expenditures in different economic sectors.

Therefore, a revised OpEx KPI could cover all 'green' expenditures of corporates, while the flexibility to report only on the most relevant/material expenditure would reduce the reporting costs and would make this KPI more meaningful for reporting corporates and financial markets. This could encourage companies to 'green' their operational expenditure in the process of transition by buying more Taxonomy-aligned outputs (renewable energy, low-carbon materials, etc.) and hence create a larger market demand for Taxonomy-aligned activities. Such a revised metric would be consistent with, and could be well used, in the context of corporate transition plans.

If applicable and relevant, other simplifications and improvements, such as simplification to the reporting templates and any other relevant changes to non-financial undertakings' KPIs and reporting rules could be considered in this review.

As regards financial undertakings, the Omnibus Delegated Act has already addressed the need for simplification of the Green Asset Ratio (GAR) of banks and the investment KPIs (GIR) of other financial undertakings by excluding, as a rule, their exposures to SMEs, for whom the Taxonomy criteria are too ambitious, and who need a more proportionate framework for sustainable/transition finance. This approach has also alleviated the concerns of SMEs about being indirectly affected by Taxonomy reporting via the reporting requirements of financial institutions (trickle-down effect). To complete the review of the Disclosures Delegated Act, the changes should focus on simplifying the remaining KPIs of financial undertakings that are considered as burdensome and less relevant than the GAR/GIR, in particular: the Commissions and Fees KPI and the Trading Book KPI of banks and the underwriting KPI of insurance companies.

Therefore, the simplification could include narrowing down the scope of the Commissions and Fees and Trading Book KPIs to core services supporting operations in financial instruments that finance Taxonomy-aligned activities via capital markets. For insurers, the underwriting KPI could focus on the insured assets/counterparties rather than on the underwriting of the climate risk. This would allow insurers disclosing how much of their non-life underwriting activities cover Taxonomy-aligned companies and assets, and help underwriting all the risks of 'green' companies/assets. ESAs could also investigate whether there is room for more simplification of non-investment KPIs of investment firms.

If applicable and relevant, other simplifications and improvements, such as simplification to the reporting templates and any other relevant changes to financial undertakings' KPIs and reporting rules could be considered.

The elements on which **ESMA** is invited to provide technical input are the following:

- ***broadening the scope of the OpEx KPI denominator***: a wider list of OpEx categories could include items that are relevant for financing the environmental transition (such as OpEx related to R&D, operating leasing, low-carbon materials and green energy, purchasing low-carbon intermediate products (e.g. inputs such as green steel, iron);
- ***reference to existing accounting standards for OpEx KPI***: the identified OpEx categories should reference, wherever possible, international accounting standards in use (IFRS), which would facilitate the identification of the OpEx covered by the reporting. The advice is not expected to address the identification of OpEx categories under national GAAP;
- ***increased flexibility in the reporting of the OpEx***: within the context of the simplified approach to Taxonomy reporting developed in the Omnibus context, ESMA could explore ways to allow companies for which OpEx is material from the business and financial perspectives to select and report only those categories of OpEx that are relevant to their business (sector). This approach takes into account that different OpEx items are relevant to different economic sectors.

If applicable and relevant, ESMA could ***propose other targeted simplifications and improvements***, such as simplification to the reporting templates and related contextual information and any other relevant changes to non-financial undertakings' and/or asset managers' KPIs and reporting rules.

The elements on which **EBA** is invited to provide technical input are the following:

- ***limiting the Commission and Fees KPI to capital markets-related activities***: the EBA could explore ways to narrow down the scope of the Commission and Fees KPI to activities related to capital markets, such as those related to securities issuance, M&A and corporate finance and services supporting the issuance and trading of green (Taxonomy-aligned) securities (reception, transmission and execution of orders, clearing and settlement, custody);
- ***connecting the Trading Book KPI to market liquidity***: the EBA could explore ways to narrow down the scope of the Trading Book KPI to providing market liquidity through market making, with a clear focus on providing liquid markets for green (Taxonomy-aligned) securities;
- ***narrowing the 'other services' KPI of investment firms***: the scope of the 'other services KPI' of investment firms could be narrowed down in line with the Commission and Fees KPI of credit institutions;
- ***five-year grandfathering period for financial exposures*** in terms of compliance with Taxonomy criteria (in case criteria are revised and the investee company does not comply with new rules): EBA could in cooperation with ESMA and EIOPA explore ways to align rules with the approach under the EU Green Bonds Standard.

If applicable and relevant, EBA could ***propose other targeted simplifications and improvements***, such as simplification to the reporting templates and any other relevant changes to credit institutions' and investment firms' KPIs and reporting rules.

The elements on which **EIOPA** is invited to provide technical input are the following:

- ***revised methodology for Taxonomy-assessment of underwriting activities***: EIOPA could explore how to develop a revised methodology for the Taxonomy assessment of non-life underwriting activities. This revised methodology could focus on the insured

assets/companies, similarly to how the KPIs of other financial institutions are designed. In this way, this KPI would allow insurance and reinsurance undertaking to show how much of their non-life activities cover Taxonomy-aligned companies and assets rather than covering only the share that pertains to the coverage of climate-related perils;

- **including climate-related perils in underwriting KPI:** explore whether a revised underwriting KPI should be supplemented by information on underwriting of climate-related perils based on the Technical Screening Criteria for this activity laid down in Annex II to the Climate Delegated Act.

If applicable and relevant, EIOPA could propose *other targeted simplifications and improvements*, such as simplification to the reporting templates and any other relevant changes to insurance KPIs and reporting rules.

As relevant and appropriate with regards to their respective remits, **each ESA** is invited to provide technical advice in close cooperation and coordination with other ESAs on **the following horizontal issues**:

- **OpEx for the computation of the KPIs of financial institutions:** explore ways to allow financial institutions to use on a voluntary basis the OpEx KPI reported by counterparties for computing their exposures to non-financial undertakings;
- **group level taxonomy reporting:** explore the development of simple but meaningful rules for reporting Taxonomy KPIs at group level for groups providing both non-financial and financial services (group treatment), or different financial activities and services (insurance, lending, investment) and for subsidiary reporting. This should ensure that there is a common approach for group treatment involving non-financial and financial undertakings.

If applicable and relevant, ESAs could propose *other targeted simplifications and improvements*, to any general Taxonomy reporting rules.

3. PRINCIPLES

The subject matter of this call for advice is highly focused and relates only to certain KPIs in the Disclosures Delegated Act, namely the OpEx KPI of non-financial firms, Commissions and Fees KPI and Trading Book KPI of credit institutions, and underwriting KPI of insurance/re-insurance undertakings and additional targeted issues. Consequently, the ESAs are invited to consider the task as specific and targeted.

The development of the advice should be based on the following principles:

- **autonomy:** The ESAs are free to choose working arrangements which they consider most efficient to reach the objectives described in this request, in line with better regulation principles. In particular, the ESAs are invited to utilise existing consultation channels and working formations e.g. on prudential disclosures, to derive the input.
- **reliable samples of qualitative and quantitative data** should be considered to assess the merits of all recommendations.
- **justified solution:** The recommended solutions will need to be assessed in terms of their possible impacts, including costs/benefits while possible trade-offs with other EU objectives should also be considered. To the extent possible and based on available datasets, the ESAs are invited to provide data or estimates on the expected impacts, including costs and benefits, of the proposed disclosures and methodologies for relevant stakeholders. As

appropriate, the ESAs should consider and justify their choices e.g. regarding the need for information, which is disclosed to be accurate, useful, usable, and cost-efficient.

- **cooperation between the ESAs:** The ESAs are free to choose an arrangement for their cooperation, which they consider most efficient to reach the objectives described in this request. While work on questions specific to undertakings in their remit can proceed independently, ESMA, EBA and EIOPA are invited to closely coordinate their work on the advice to ensure consistent and coherent recommendations. The advice will be delivered in the shape of three separate reports by each ESA. When providing advice on one or more of the horizontal issues, for practicality reasons the ESAs may designate one leading ESA to relay the technical advice based on a coordinated approach agreed upon by the respective teams of the three ESAs.
- **cooperation with other EU bodies:** The ESAs are invited to cooperate with other EU bodies as relevant. Notably, ESAs are encouraged to liaise with the European Financial Reporting Advisory Group (EFRAG), the Platform for Sustainable Finance (PSF), and the Commission's Joint Research Centre (JRC).
- **absence of conflict of interest:** The ESAs shall ensure a transparent and balanced engagement with stakeholders and require, as appropriate, disclosure of sources and avoidance of conflict of interest in the conduct of the discussions and in the development of their advice. Cases involving potential conflict of interest will be duly noted.
- in accordance with the ESAs Regulation, **the ESAs are invited to gather the views of relevant market participants**, in an open and transparent manner, and take into account the resulting opinions in their advice. The ESAs should design this consultation in a manner and approach they consider proportionate, appropriate and effective given the short timeline of this advice. The ESAs should provide a feedback statement or summary of the consultation in the technical advice. The technical advice should justify ESAs' choices vis-à-vis the main arguments raised during the consultation process.
- **the ESAs' technical advice should not take the form of a legal text.** However, the ESAs should provide the Commission with a clear and structured text, accompanied by sufficient and detailed explanations. Furthermore, the technical advice should be presented in an easily understandable language respecting current terminology in the Union.

In gathering evidence, qualitative sources and relevant literature should be complemented, where feasible, by quantitative evidence, such as data from public and commercial databases.

4. STEPS AND TENTATIVE TIMETABLE

The advice is expected by October 2026.

The ESAs can choose the best way to approach the exercise in line with the scope and principles defined above. Below a suggested tentative timeline.

Step 1	Formal request sent	March 2026
Step 2	Collecting evidence and stakeholders' views and drafting the advice	March-September 2026
Step 3	Interim drafts and preliminary findings, including KPIs and associated methodology, discussed with the Commission	Continuous
Step 4	Advice finalised	October 2026

Annex III – Consolidated Technical Advice

On the basis of the considerations presented in the Final Report, ESMA provides the following advice to the European Commission on selected KPIs under the Taxonomy Disclosures Delegated Act:

Topic 1 – Revision of OpEx

Mandatory OpEx reporting

1. ESMA recommends that the mandatory reporting requirements on the OpEx KPI pursuant to Article 8 of the Taxonomy Regulation be revised to focus on non-capitalised R&D expenditures. The denominator of the KPI would be based on the expenses for research and development activities recognised in accordance with IAS 38 *Intangible Assets* (for non-IFRS adopters the relevant national GAAP requirements should apply). The numerator should be computed based on the possible categories of OpEx already set out in point 1.1.3.2 of Annex I of the DDA, as relevant to reflect the focus on R&D expenditures. The existing materiality reliefs should remain unaffected by this amendment.
2. With regards to the use of the notion of OpEx for the purpose of determining eligible expenditures for the use of proceeds under the EU Green Bond Regulation, ESMA recommends retaining the current notion of OpEx except for the reference to “and any other direct expenditures”. In ESMA’s view, this simplification will ease the practical application of the OpEx definition for use in the context of EU Green Bonds without excessively limiting its scope. The DDA should therefore specify that for the purposes of identifying operational expenditures as referred to in the Green Bond regulation, in addition to non-capitalised R&D expenditures, the following items of cost should be considered: building renovation measures, short-term leases, maintenance and repair expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Voluntary OpEx reporting

3. With regards to the possible introduction of specific requirements to complement the mandatory OpEx KPI with voluntary reporting of an alternative OpEx+, ESMA does not recommend introducing such requirements in the DDA. In ESMA’s view, any such requirements may introduce excessive complexity in the reporting framework and limit the flexibility that voluntary disclosures are generally intended to achieve.

4. ESMA recommends that the DDA should clarify whether undertakings are allowed to include any voluntary Taxonomy-related disclosures within the sustainability statement and, if so, clarify the status of this information vis-à-vis ESRS.
5. Should such voluntary disclosure be allowed, ESMA recommends that the DDA sets out the following safeguards to prevent and mitigate greenwashing and comparability issues associated to voluntary reporting:
 - a. separate disclosure of the reconciliation with the mandatory KPI and appropriate breakdown of the components of the alternative metric (in line with the breakdown required for the mandatory OpEx KPI in point 1.2.3.3. (a) and (b) of Annex I of the DDA); and
 - b. the application of ESMA's Guidelines on APMs to any such voluntary disclosures. The application of these guidelines to any alternative metrics based on the EU Taxonomy has already been clarified by ESMA in its Questions & Answers on the APM Guidelines.

Monitoring of reporting practice

6. Finally, ESMA recommends that the Commission, supported where relevant by the Platform on Sustainable Finance, monitors the application of the revised requirements with respect to OpEx, CapEx and Turnover reporting and any voluntary reporting for a period of five years after their revision has entered into application to determine the suitability of the requirements in light of their practical application and consider the need for amending the definitions of such KPIs.

Topic 2: Voluntary use of OpEx by financial undertakings (horizontal issue)

7. The ESAs advise the European Commission not to introduce the voluntary use of the OpEx KPI in the disclosures of financial undertakings, particularly for what concerns ESMA's remit, in the Taxonomy disclosures of asset managers.

Topic 3 – Group Taxonomy Reporting (horizontal issue)

8. The ESAs advise the European Commission to remove the need to compute a weighted KPI aggregating the various businesses carried out by groups and specify the approach proposed in the next paragraphs for group Taxonomy reporting.

Main reporting regime

ESAs proposed approach

9. **A main reporting regime based on the requirements applicable to the parent undertaking.** Mixed groups and financial conglomerates should disclose the Taxonomy KPIs relevant for the type of business³⁷ of the parent undertaking following the rules set out in the DDA. Where the group is identified as a financial conglomerate under the EU Directive on financial conglomerates, the KPIs should be those that are relevant for the entity leading the financial conglomerate based on the criteria set out in that Directive. When the parent undertaking is a financial holding and the group is not identified as a financial conglomerate, the main disclosures follow the requirements corresponding to the scope of the dedicated regulatory regime, where available – e.g. the regime applicable to financial holding companies as defined in Art.4(1) point (20) of Regulation (EU) No 575/2013 and subject to prudential regulation for credit institutions. Where no such regime applies, the main reporting regime would follow the requirements for non-financial undertakings.

ESMA-specific considerations

10. ESMA suggests that the EC clarifies the interplay between the Accounting Directive and the Taxonomy Regulation so as to ascertain whether groups with a financial holding as a parent company which meet the specific conditions set out in paragraph 7a of Article 29a the Accounting Directive could opt for not disclosing Taxonomy information.
11. Users relying on one set of KPIs only for mixed groups Taxonomy information may use the KPIs of the main reporting regime. ESMA notes, however, that this simplification could have consequences when the secondary businesses represent a large share of the mixed group undertaking and when they have a significantly different Taxonomy profile. Sub-group level taxonomy disclosures as proposed in the paragraphs below should be used in those cases to shed light on the Taxonomy profile of the secondary businesses.
12. While there has not been strong evidence that these situations are frequent, they could be considered when other regulations (e.g., SFDR) determine whether and how to rely on Taxonomy disclosures for their specific purposes. ESMA also recommends that the EC monitors the application of the proposed rule, if retained, so as to assess how often such specific situations occur, that would need to be addressed in a different way to ensure more meaningful disclosures.

Sub-group level taxonomy disclosures

ESAs proposed approach

13. **Simplified disclosures for subsidiaries where material secondary businesses are not adequately captured by the main reporting regime.** The ESAs note that the proposed simplified approach for the identification of the main reporting regime, based on the parent undertaking's main KPIs, may result in a material loss of information where secondary businesses conducted by subsidiaries fall outside the main reporting

regime, represent a significant share of the group's overall business and are not exclusively serving the group's internal needs. In such cases, additional relevant Taxonomy KPIs capturing these secondary businesses should be disclosed.

ESMA-specific considerations

14. ESMA identified two types of situations that would enable undertakings to omit secondary business disclosures.
15. The first one would correspond to the application of a materiality threshold below which undertakings would not be required to provide the disclosures on the secondary businesses. The Omnibus DA already envisages a 10% materiality threshold in the case of credit institutions, applicable to the cumulative consolidated turnover of other businesses. For consistency, the same criterion could be usefully introduced for other types of mixed groups and financial conglomerates to determine which secondary business should warrant additional reporting alongside the disclosures stemming from the main group reporting regime. ESMA acknowledges that a principles-based approach could also be adopted to determine the materiality of secondary businesses and trigger the necessary disclosures. However, at this stage, ESMA considers that introducing such a materiality criterion should be part of broader consideration of a materiality principle for Taxonomy purposes and therefore recommends that the Commission monitors the application of the 10% threshold across various areas of Taxonomy Reporting in order to determine whether a general materiality principle, serving also group-reporting considerations, could be introduced at a later stage.
16. The 10% materiality threshold would apply to the consolidated turnover of the group activities corresponding to secondary businesses, as compared to the group turnover. To prevent structuring opportunities, the threshold should be of a cumulative nature, as other quantitative materiality thresholds of the Omnibus DA, so that two (or more) secondary businesses can only be omitted if the total turnover is below 10%.
17. The second possibility for omission of secondary business disclosures would address situations where sufficient Taxonomy information on the secondary business is already included in the main reporting regime. This is the case when a secondary business is integrated in the main reporting template with sufficient transparency (e.g. through an existing activity in the environmental or climate delegated acts which results in reflecting that secondary business in the main reporting template). Another situation is when the other business is exclusively serving the group's internal needs, e.g. captive (re)insurance undertakings or other internal financial services providers within non-financial-undertakings led groups. There is limited additional value in reporting on the

³⁷ In ESMA's advice, the term "business" is used to refer to the five types covered by the Disclosures Delegated Act, namely: non-financial undertakings, asset management, credit institutions, investment firms and insurance and reinsurance. Mixed groups and financial conglomerates are generally active in more than one of the above businesses. The current rules for credit institutions however already consider involvement in different types of businesses, so that secondary (or "other") businesses of credit institutions will often already be captured by the credit institutions Taxonomy reporting regime.

Taxonomy profile of these activities which are highly, if not entirely, correlated with the Taxonomy profile of the group as reflected through the main group reporting regime.

18. ESMA recommends that disclosures on secondary businesses are provided at consolidated level for each secondary business. Alternatively, mixed groups could also opt to disclose more disaggregated KPIs (e.g. at subsidiary level), especially if such disaggregation provides more relevant information to users.
19. Finally, ESMA considers that while the computation of the secondary business KPIs will follow the DDA's rules for the corresponding business, disclosed information could take a simplified form as compared to the full templates. ESMA recommends including a specific template to that effect in the revised DDA, so that the related quantitative information is on par with the other Taxonomy information of the undertaking, rather than reported as part of a narrative. Such template should however accommodate the level of disaggregation chosen by groups when reporting on secondary businesses.
20. For non-financial secondary businesses, ESMA's view is that the information should be limited to the eligibility and alignment Turnover and CapEx KPIs.
21. Limited contextual information should also be required to inform users when secondary businesses disclosures were omitted as well as a narrative complement to the simplified templates enabling reconciliation with the financial disclosures, where needed. ESMA stands ready to further assist the European Commission on further practical aspects concerning group reporting.

Topic 4 – Additional possible simplifications

Introduction of reliefs

22. ESMA advises the Commission to introduce in the Disclosures Delegated Act the following reliefs:
 - a. A relief in relation to acquisitions building on the approach set out in Sub-chapter 5.4 of the revised ESRS 1 and an adapted relief for disposals and divestments based on the overarching principle of alignment of the denominator with the accounting treatment in the financial statements.
 - b. A relief permitting the omission of information under the conditions set out in the last part of paragraph 3 of Articles 19a and 29a of the Accounting Directive and reproduced with minimal modifications in Sub-chapter 7.7 of the revised ESRS 1³⁸.

³⁸ The Accounting Directive foresees the following cases of omission of information under certain conditions: (a) in exceptional cases, information the disclosure of which would be seriously prejudicial to the commercial position of the undertaking; (b)

ESMA recommends that alongside this relief, the safeguard set out in par. 101 of the revised ESRS 1 is also retained, that is: *“The undertaking shall make every reasonable effort to ensure that, beyond the omissions [...], the overall relevance of the disclosure in question is not impaired”*.

- c. A relief from the requirement to restate comparative information for reporting year N, where the methodology used to calculate the relevant information systematically relies on data from year N-1. This relief should be available only in exceptional and duly justified circumstances.

In addition, undertakings should not be required to provide comparative information in the first year of Taxonomy reporting.

The requirement to restate comparative information should nevertheless be maintained where a significant variation in the relevant KPI occurs in subsequent reporting periods.

- 23. Where an undertaking makes use of any of the above reliefs, it should disclose this fact in the contextual information set out in Annex I and provide an explanation for its use to ensure transparency for users of Taxonomy information. The use of the reliefs should remain optional.
- 24. Further, ESMA draws the Commission’s attention to the following matters for consideration:
 - a. appropriate incorporation of certain concepts from the ESRS into the Taxonomy reporting framework and in particular: a) clarifying the circumstances in which comparative information should be revised, taking into account the principles set out in Sub-chapter 7.1 of the revised ESRS; and b) introducing a relief from comparative information in the context of amendments to the TSC or introduction of new activities, taking into account its interaction with any phased-in application of such amendments.
 - b. promoting greater consistency between the Taxonomy framework and the ESRS with regard to value chain considerations relevant to assessment of Taxonomy eligibility and alignment;
 - c. need or conditions for the introduction of an undue cost or effort exemption in relation to the assessment of Taxonomy eligibility and Taxonomy alignment; and

information corresponding to intellectual capital, intellectual property, know-how, technological information, or the results of innovation, which would qualify as a trade secret as defined in Article 2, point (1), of Directive (EU) 2016/943 of the European Parliament and of the Council; (c) classified information defined in Article 2, point (7), of Regulation (EU) 2023/2418 of the European Parliament and of the Council; and (d) other information that is to be protected from unauthorised access or disclosure because of obligations laid down in other Union legal acts or national law, or in order to safeguard the privacy or security of a natural person or the security of a legal person.

- d. whether a broader materiality principle should be introduced into the Taxonomy reporting framework, including an assessment of the effectiveness of the existing materiality thresholds, the conditions under which such a principle would apply, and its interaction with the existing thresholds and Taxonomy objectives, and its impact on the availability and usefulness of Taxonomy information..

Use of cross-references to ESRS disclosures and incorporation by reference

25. For the purposes of the disclosures required under Article 8 of the Taxonomy Regulation, ESMA advises that undertakings be permitted to use cross-references to sustainability information reported in accordance with the ESRS and to incorporate certain information by reference.
26. The use of cross-references and incorporation by reference should remain optional and not impair the accessibility, readability or understandability of the relevant Taxonomy disclosures. In developing the corresponding legal provisions, ESMA recommends that the Commission draw on the approach set out in Chapter 9 of the revised ESRS.

Phased-in application of amendments to the TSC under the Climate and Environmental Delegated Acts as well as to the Disclosures Delegated Act

27. ESMA advises the Commission to introduce a transitional provision under which, where amendments are made to the technical screening criteria for substantial contribution and do no significant harm under the Climate and Environmental Delegated Acts, or to the reporting requirements laid down in the Disclosures Delegated Act, undertakings may elect to apply those amendments from the second financial year following their entry into force. During the intervening financial year, undertakings may continue to apply the provisions applicable immediately prior to the amendments.
28. The deferred application of the amendments should be available as a standard provision. Undertakings making use of the transitional provision should disclose this fact in the contextual information accompanying the relevant key performance indicators under Annex I of the Disclosures Delegated Act to ensure transparency for users of Taxonomy information.

Taxonomy-specific relief

29. For the purposes of Taxonomy reporting, ESMA advises the introduction of an optional transitional relief under which undertakings may disclose only Taxonomy-eligibility information in the first financial year following the introduction of new Taxonomy activities or in the first financial year in which they become subject to Taxonomy reporting requirements. Taxonomy-alignment reporting would be required from the subsequent financial year onwards.
30. Undertakings making use of this relief should disclose this fact in the contextual information accompanying the relevant key performance indicators in Annex I of the Disclosures Delegated Act to ensure transparency for users of Taxonomy information.

31. ESMA also advises aligning the terminology concerning the application date of the Disclosures Delegated Act with that used in the ESRS by referring to the relevant financial year.

Clarification on the use of IFRS 8 information

32. ESMA advises the Commission to clarify in the Disclosures Delegated Act the role of IFRS 8 in Taxonomy materiality assessments. In particular, IFRS 8 should serve as a source of contextual information and a consistency check, rather than as a determinative factor in the assessment of materiality.
33. ESMA advises the Commission to enhance the usability of FAQ 7 of the Fourth Commission Notice³⁹ through further clarifications and where possible additional practical guidance and illustrative examples on the application of IFRS 8 in Level 3.

Reporting on Enabling and Transitional activities

34. ESMA advises the Commission to retain the reporting requirements relating to enabling and transitional activities until the review of the SFDR has been completed and greater clarity has emerged regarding the future product categories. ESMA further recommends that the Commission reassess the relevance and usefulness of such disclosures once the revised SFDR framework is in place and the role of this information within any future product categorisation regime can be evaluated. Pending such reassessment, ESMA recommends maintaining the existing requirements, particularly as the additional reporting burden is limited given that the relevant classifications are already embedded in the Taxonomy activity descriptions.

Incorporation of FAQ Clarifications into the Disclosures Delegated Act

35. ESMA advises the Commission to incorporate the clarification set out in FAQ 5 of the First Commission Notice⁴⁰ into the legal text of the Disclosures Delegated Act. Any incorporation of clarifications contained in other FAQs should be assessed on a case-by-case basis, considering their suitability for inclusion in the legal text.

Reporting on CapEx Type C

36. While not recommending at this stage fundamental amendments to the provisions relating to CapEx Type C for the reasons explained in ESMA's assessment of this matter (see paras. 186 - 191), ESMA nevertheless draws the Commission's attention to the need for further clarification of certain aspects of CapEx Type C reporting. In particular, consideration could be given to providing additional guidance on the concepts of "individual measure" and "purchase of output", as well as on the boundary between CapEx Type A and CapEx Type C.

Adjusted turnover KPI in case of issuance of sustainable bonds

³⁹ Ref.: C/2026/2558.

⁴⁰ Ref.: (2022/C 385/01.

37. ESMA advises the Commission to remove the requirement in section 1.2.3.1. of Annex I to disclose the adjusted turnover KPI in the case of issuance of sustainable bonds.

Turnover KPI on internal consumption

38. ESMA advises the Commission to clarify in the Disclosures Delegated Act that the disclosure of turnover generated from internal sales is not mandatory and would be presented as a voluntary KPI.

General materiality filter for contextual information

39. ESMA advises the Commission to introduce a general materiality filter for the contextual information required under Section 1.2.3 of Annex I. Drawing on the approach set out in the revised ESRS, undertakings would not be required to disclose contextual information that is not material and therefore not decision-useful for users of Taxonomy information.

List of Contextual Datapoints for Digital Tagging

40. ESMA advises the Commission to establish a closed and clearly defined list of contextual datapoints (both quantitative and qualitative) that could be later the base to develop the digital taxonomy for tagging the sustainability reports. The list should support consistency, comparability and machine readability of Taxonomy disclosures.

Taxonomy FAQs

41. ESMA invites the Commission to consider measures to enhance the accessibility, transparency and governance of the FAQ process, including through a review of existing FAQs and of the arrangements for their development and maintenance.

Asset management annex

42. Given the recent changes introduced by the Omnibus process, ESMA advises the Commission to not make any further changes, at this point, to the asset management annex. Instead, the Commission should wait for clarity on the SFDR review before considering further simplification efforts to the asset management annex (alongside the other reporting templates). Future opportunities for simplification may include removing reporting lines for (1) enabling and transitional activities, (2) exposures to non-financial and financial undertakings; and (3) nuclear and fossil gas taxonomy-aligned economic activities.

Annex IV – Cost-benefit analysis

In preparing this cost-benefit analysis, ESMA has considered for each topic addressed the balance of the arguments in favour and against the available options as further analysed in other parts of this Final Report. In weighing the advantages and the disadvantages of the various options, ESMA gave precedence improving the relevance of the information provided without increasing and, where possible, reducing the reporting burden.

Topic 1 – Revision of OpEx

Policy objective	The operating expenditure (OpEx) KPI in its current form is considered of limited use and too burdensome because it has not been closely linked to established financial accounting categories in the IFRS and does not consider the different importance of various operating expenditures in different economic sectors.
Option 1	Refining the current OpEx through limited adjustments
Option 2	Broadening OpEx to all operating costs
Option 3	Focusing OpEx on 'green procurement
Option 4	Focusing OpEx on R&D. Consider optional additional KPI ('OpEx+')
Preferred option	Option 4, without optional additional KPI ('OpEx+')

Option 1: Refining the current OpEx through limited adjustments	
Pros	Cons
• Preserves existing reporting systems and methodologies. Companies can continue using processes already developed for Taxonomy reporting, avoiding major system changes.	• Does not address the fundamental usefulness problem. Many respondents argue that investors rarely use the KPI regardless of technical refinements.
• Provides some simplification by removing ambiguous categories. Eliminating concepts such as "other direct costs" reduces interpretative uncertainty and disagreements with auditors.	• KPI remains difficult to understand and communicate. The indicator would still combine heterogeneous expense categories without a clear economic rationale.

Option 1: Refining the current OpEx through limited adjustments

Pros	Cons
• Improves clarity of the KPI. A more focused denominator makes the KPI easier to explain internally and externally.	• Significant reporting burden remains. Companies would still need dedicated Taxonomy-specific data collection processes.
• Limits implementation costs and disruptions. The transition effort would be relatively low compared with more radical redesigns.	• Continues to rely on non-IFRS concepts and manual allocations. Costs often cannot be directly extracted from financial statements.

Option 2: Broadening OpEx to all operating costs

Pros	Cons
• Captures a broader picture of company operations. The KPI would potentially reflect the entirety of operational spending rather than a narrow subset.	• Considered the most burdensome option. It received the strongest opposition from preparers and industry associations.
• May capture transition efforts not visible in CapEx. Day-to-day expenses supporting sustainability could become more visible.	• Requires major new systems, methodologies and allocations. Operating costs would need to be reconstructed from existing accounting data.
• Provides a more comprehensive operational perspective. Supporters argue it could better reflect business reality than the current narrow definition.	• No clear IFRS definition exists. Respondents highlighted that IFRS provides no single operating-cost metric suitable for Taxonomy purposes.
• Responds to criticism that the current KPI is too narrow. It avoids focusing only on maintenance, repair and R&D expenditures.	• Creates risk of double counting. Depreciation and other cost elements could overlap with CapEx-related information.

Option 3: Focusing OpEx on 'green procurement'

Pros	Cons
• Highlights sustainable sourcing decisions. Companies could demonstrate efforts to purchase greener inputs, energy and services.	• No clear legal or accounting definition of green procurement exists. Stakeholders repeatedly identified this as the key weakness.
• Encourages greener supply chains. It potentially creates incentives for demand for Taxonomy-aligned products and services.	• Requires extensive supplier data and verification. Companies would need to assess Taxonomy alignment far beyond their existing systems.
• Reflects transition efforts beyond capital investment. Operational choices become visible alongside investment decisions.	• Changes the Taxonomy logic from outputs to inputs. Several respondents warned that this fundamentally alters the framework's design.
• May be relevant for sectors where procurement drives sustainability performance. Some industries consider purchasing decisions a major lever for decarbonisation.	• Weak comparability across sectors. What qualifies as "green procurement" could differ substantially between industries.

Option 4: Focusing OpEx on R&D. Consider optional additional KPI ('OpEx+')

Pros	Cons
• R&D is already tracked in existing accounting systems. Companies generally identify R&D expenditures under established accounting frameworks such as IAS 38.	• Could become a niche KPI. Its usefulness may be restricted to certain industries such as pharmaceuticals, technology and manufacturing.
• Provides a clear link to innovation and transition activities. R&D is widely regarded as a forward-looking metric relevant to sustainability transitions.	• Does not capture other operational transition expenditures. Green energy procurement, adaptation spending and workforce transition measures would be excluded.
• Significantly reduces reporting complexity and costs. It removes the	• Some R&D is already reflected in CapEx. Capitalised development costs

Option 4: Focusing OpEx on R&D. Consider optional additional KPI ('OpEx+')	
Pros	Cons
need to identify multiple small categories of operational expenditures.	may already be reported through the CapEx KPI.
• Allows disclosure of sector-specific transition expenditures. Companies can highlight activities that are important for their own transition pathways.	• Reduces comparability between companies. Different issuers may include very different cost categories.
• Can capture expenditures excluded from the R&D KPI. Examples suggested include green procurement, renewable energy purchases, adaptation spending and workforce reskilling.	• Risk of becoming a de facto market expectation. Several respondents feared investors or auditors would eventually expect disclosure.
• Provides flexibility across business models. Companies in sectors with limited R&D spending can still demonstrate sustainability efforts.	• Potential for inconsistent definitions and greenwashing concerns. A lack of standardisation could weaken reliability.
• Better reflects sector-specific transition strategies. Different industries can focus on different operational levers.	• Adds complexity and assurance costs. Companies would need additional processes and audit support.

Topic 2: Voluntary use of OpEx by financial undertakings (horizontal issue)

Policy Objective	Explore ways to allow financial institutions to use, on a voluntary basis, the OpEx KPI reported by counterparties for computing their exposures to non-financial undertakings
Option 1	Combining the OpEx KPI reported by non-financial undertakings with the CapEx KPI through a weighted-average methodology
Option 2	Do not foresee the voluntary use by financial undertakings of the OpEx KPI reported by non-financial undertakings
Preferred option	Option 2

Option 1: Combining the OpEx KPI reported by non-financial undertakings with the CapEx KPI through a weighted-average methodology

Pros	Cons
• Captures transition efforts that are not reflected in CapEx alone. Sectors where sustainability performance is driven by maintenance, operation and optimisation of assets can be better represented.	• Combines fundamentally different metrics. CapEx reflects long-term investments while OpEx reflects recurring operating costs, making the combined KPI difficult to interpret.
• Provides a more complete picture of sustainable expenditures. Users can see both investment spending and operational spending related to sustainable activities.	• Reduces comparability across asset managers. Two institutions holding the same assets could report different Taxonomy alignment results simply because one uses the weighted methodology and the other does not.
• Can improve visibility of operationally driven business models. Utilities, transport infrastructure and similar sectors argued that operational expenditures are often the main driver of sustainability performance.	• Artificially inflates alignment ratios. Several respondents warned that blended figures could appear more favourable than CapEx-only metrics without representing additional sustainable investment.
• May better reflect transition pathways. Some respondents considered OpEx an early signal of future	• Creates additional complexity and reporting burden. Financial institutions would need extra calculations,

Option 1: Combining the OpEx KPI reported by non-financial undertakings with the CapEx KPI through a weighted-average methodology

Pros	Cons
Taxonomy alignment and sustainable business transformation.	disclosures, controls and methodologies for limited added value.
• Could support future transition-focused investment products. Some NGOs and sustainable-investment organisations noted potential relevance for future SFDR transition categories.	• Limited market demand. Most industry associations, preparers, audit firms and financial institutions reported little evidence that investors actually want such a metric.

Option 2: Do not foresee the voluntary use by financial undertakings of the OpEx KPI reported by non-financial undertakings

Pros	Cons
• Keeps the framework simpler and easier to understand. Financial undertakings continue using Turnover and CapEx KPIs that are already well established.	• May understate alignment in certain sectors. Utilities, transport, water and infrastructure sectors argued that sustainable operational expenditures are often more relevant than capital expenditures.
• Preserves comparability across financial institutions. All institutions rely on the same mandatory indicators without discretionary adjustments.	• Provides a less complete view of transition activities. Users only see current sustainable activities and investment plans, not operational efforts supporting the transition.
• Avoids additional reporting costs. No need for extra data collection, calculations, controls or disclosures linked to OpEx.	• May reduce incentives to disclose operational sustainability spending. Companies could focus exclusively on CapEx and Turnover indicators.

Option 2: Do not foresee the voluntary use by financial undertakings of the OpEx KPI reported by non-financial undertakings

Pros	Cons
• Focuses on KPIs that investors already use. Many respondents identified Turnover and CapEx as the primary indicators used in lending, investment and portfolio analysis.	

Topic 3 – Group Taxonomy Reporting (horizontal issue)

Policy Objective	Explore the development of simple but meaningful rules for the Taxonomy reporting of mixed groups and financial conglomerates (ie, groups involved in two or more of the five categories covered by the Disclosures Delegated Act).
Option 1	Establish the group's main reporting regime based on the parent's Taxonomy reporting regime, complemented by additional disclosures on other businesses not properly reflected in the main regime.
Option 2	Retain weighted average KPI for mixed groups
Preferred option	Option 1

Option 1: Establish the group's main reporting regime based on the parent's Taxonomy reporting regime, complemented by additional disclosures on other businesses not properly reflected in the main regime

Pros	Cons
• Provides a single clear reporting framework. Users can identify one primary KPI that reflects the group's main business and reporting regime.	• May oversimplify diversified groups. A single reporting regime may not always reflect the full economic reality of groups with significant activity in different businesses.
• Avoids meaningless aggregation. It prevents combining KPIs that are based on fundamentally different methodologies (e.g. GAR vs Turnover/CapEx KPIs).	• Choice of main regime can require judgement. Determining the appropriate reporting regime may be contentious in some group structures.
• Reduces reporting complexity. Many respondents considered it easier and more operational than producing a weighted average across different sectors and business models.	• Risk of losing information about secondary businesses. Important activities may become less visible if supplementary disclosures are too limited.

Option 1: Establish the group's main reporting regime based on the parent's Taxonomy reporting regime, complemented by additional disclosures on other businesses not properly reflected in the main regime

Pros	Cons
• More aligned with financial reporting principles. Several stakeholders favoured using the parent undertaking's reporting regime because it follows existing consolidation logic.	• Additional disclosure requirements may still be needed. Some respondents noted that subgroup reporting or contextual disclosures could partially reintroduce complexity.
• Additional disclosures can preserve transparency. Where necessary, secondary businesses not reflected in the main reporting regime can still be disclosed separately through lighter disclosures or subgroup reporting.	• Potential comparability issues across mixed groups. Different groups may report on their secondary businesses differently, reducing consistency.

Option 2: Retain weighted average KPI for mixed groups

Pros	Cons
• Produces a single group-wide figure. Investors and data users can compare mixed groups using one consolidated metric.	• The weighted average KPI of limited or no decision-useful value. Received broad opposition from respondents. .
• Reflects all activities in the group. Both financial and non-financial businesses contribute to the final KPI.	• Combines fundamentally different methodologies. It mixes banking, insurance, asset management and non-financial KPIs that measure Taxonomy alignment in a different way and have different denominators. In addition, it potentially mixes prudential and financial consolidation.
• Potentially useful for high-level screening. A single number may facilitate portfolio-level analysis for some investors.	• Produces figures that are difficult to interpret. Many respondents argued that users cannot meaningfully understand what the blended KPI actually represents.

Option 2: Retain weighted average KPI for mixed groups	
Pros	Cons
• Avoids having multiple disconnected KPIs. Users receive one headline figure instead of several business-specific indicators.	• Better reflects the group's Taxonomy profile. Users benefit from a clearer depiction of the group's Taxonomy performance for its different businesses.
• Provides a consolidated view of the group. In theory, it offers a summary representation of the overall Taxonomy profile.	• Can obscure the real Taxonomy profile. Highly aligned or poorly aligned activities can be hidden within the aggregate figure, reducing transparency.

Topic 4 – Additional possible simplifications

Policy Objective	Under ‘Topic 4’, ESMA grouped multiple areas in which it proposes targeted simplifications without impairing the quality of the Taxonomy disclosures. For each of the proposed simplifications ESMA has weighed the pros and cons. The baseline scenario for each of these areas is typically to retain the status quo and therefore apply the current Disclosures DA without proceeding with the proposed simplifications. Therefore, for each of the areas considered, the analysis below does not show the pros and cons of the baseline scenario as these can be derived <i>a contrario</i> by looking at the pros and cons associated with the proposed simplifications.
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Connectivity between Taxonomy and ESRS, introduction of new reliefs and phased-in application

Option 1	Introduce requirements for cross-referencing and incorporation by reference. Introduce reliefs on reporting on acquisitions and disposals/divestments, revising comparatives for new information, omission of information. Foresee the phased-in application of specific Taxonomy requirements and introduce a Taxonomy-specific relief in case of introduction of new economic activities
Option 2	Do not proceed with these simplifications
Preferred option	Option 1

Option 1: Introduce requirements for cross-referencing and incorporation by reference. Introduce reliefs on reporting on acquisitions and disposals/divestments, revising comparatives for new information, omission of information. Foresee the phased-in application of specific Taxonomy requirements and introduce a Taxonomy-specific relief in case of introduction of new activities

Cross-referencing and incorporation by reference

Pros	Cons
Reduces duplication between Taxonomy and ESRS disclosures The same information can be reported once	May weaken standalone Taxonomy disclosures. Some companies could use cross-references as a substitute for substantive Taxonomy reporting.

<i>Cross-referencing and incorporation by reference</i>	
Pros	Cons
rather than repeated across different sections.	
• Improves consistency across sustainability reporting frameworks. It promotes greater alignment between the Taxonomy, ESRS and CSRD frameworks.	• Requires flexibility for preparers. Mandatory cross-referencing could unnecessarily restrict undertakings' reporting choices.
• Enhances the readability of sustainability statements. Users can navigate reports more easily where repetition is avoided.	• Can reduce ease of navigation for users. Readers may need to consult multiple sections of the report.
• Facilitates disclosure of cross-cutting sustainability information. Matters relating to Minimum Safeguards, transition plans and DNSH-related information can be referenced rather than reproduced.	• May undermine transparency if poorly implemented. Poorly designed cross-references could reduce transparency if the referenced information is not sufficiently specific.
• Supports the “report once, use many” principle. It reduces reporting burden for preparers while preserving access to information.	• This flexibility creates the need for clear rules governing when cross-references. Appropriate safeguards are needed to determine when cross-references should be permitted.

<i>Relief on acquisitions and disposals/divestments</i>	
Pros	Cons
• Provides additional time to time to obtain Taxonomy data. Companies may not immediately have the information required for reporting. from newly acquired entities.	• Temporarily reduces completeness and comparability. Reported KPIs may not fully reflect acquired activities.
• Avoids disproportionate reporting effort. The relief is particularly relevant where acquisitions occur shortly before the reporting date.	• May reduce transparency without adequate explanation. Users may struggle to assess the significance of the

	excluded activities if contextual information is insufficient.
• Aligns Taxonomy reporting with ESRS reliefs. It promotes greater consistency between the two frameworks.	
• Improves operational feasibility. It reduces the risk of poor-quality data being reported.	

Relief on revising comparatives for new information

Pros	Cons
• Avoids repeated restatements of historical information. Undertakings do not need to recalculate prior-year Taxonomy disclosures each time new information becomes available.	• Reduces comparability across reporting periods. Users may find it more difficult to compare current and prior-year information.
• Promotes consistency with ESRS requirements. The approach aligns with existing sustainability reporting reliefs.	• Can obscure the reasons for changes in KPIs. Users may struggle to distinguish between actual performance and new information.
• Reduces administrative and assurance burden. Preparers and auditors face fewer recurring reporting exercises.	• May create inconsistencies with financial reporting. Some financial reporting frameworks require restated comparatives.
• Accommodates information that becomes available with delay. The relief is particularly useful where estimates or delayed information are involved.	• Can make methodological changes harder to identify. Significant revisions may be less visible to users.
• Limits repeated revisions of previously reported figures. Historical information remains stable over time.	• Requires additional contextual explanations. Narrative disclosures are often necessary to compensate for the absence of restatements.

Relief on omission of information	
Pros	Cons
• Protects commercially sensitive information. It prevents disclosure of trade secrets and confidential business data.	• May reduce the completeness of Taxonomy disclosures. Users could lose information important for understanding Taxonomy alignment.
• Aligns with existing ESRS and CSRD provisions. The same confidentiality considerations can apply across frameworks.	• Creates a risk of excessive reliance on confidentiality exemptions. Overuse could undermine transparency and credibility of disclosures.
• Supports reporting on sensitive activities. The relief can be particularly relevant for R&D projects and strategic investments.	• Reduces comparability across undertakings. Different companies may omit different categories of information.
• May encourage meaningful reporting without competitive harm. Companies can provide useful information without prejudicing their commercial position.	• Requires robust safeguards against misuse. Governance, justification and disclosure requirements remain necessary.

Phased-in application of specific Taxonomy requirements and Taxonomy-specific relief in case of new economic activities	
Pros	Cons
• Provides time to adapt reporting systems and processes. Undertakings can implement new requirements in a more orderly manner.	• Delays availability of complete information for users. Users receive the full set of Taxonomy disclosures later.
• Improves implementation quality. Additional preparation time reduces operational and data-quality risks.	• Temporarily reduces comparability. Undertakings are at different implementation stages.
• Reduces short-term burden on preparers and assurance providers. Resources can be allocated more efficiently during the transition period.	• Allows multiple methodologies to coexist. This can create temporary complexity for users comparing disclosures.

IFRS 8 and Taxonomy materiality

Option 1	Increase clarity regarding the interaction between IFRS 8 and Taxonomy materiality assessments
Option 2	Do not proceed with these clarifications/amendments
Preferred option	Option 1

Option 1: Increase clarity regarding the interaction between IFRS 8 and Taxonomy materiality assessments and introduce a general materiality filter

IFRS 8	
Pros	Cons
• Improves consistency with financial reporting concepts. IFRS 8 information can help align Taxonomy reporting with established financial reporting practices.	• IFRS 8 segments may not always align with Taxonomy activities. This may limit its practical usefulness as a reporting reference.
• Provides a useful consistency cross-check. Reportable segments may serve as an additional indicator when assessing Taxonomy materiality assessments.	• May increase complexity rather than simplify reporting. Additional guidance could introduce new interpretative requirements.
• Helps identify potentially material activities. Activities that are significant from a business perspective may warrant further consideration in Taxonomy reporting.	• Could constrain undertaking-specific assessments. A prescriptive link to IFRS 8 may reduce flexibility in applying Taxonomy materiality.
• Reduces the risk of divergent interpretations. Clear guidance on the use of IFRS 8 could promote more consistent implementation.	• Potentially limited legal basis in the Taxonomy framework. IFRS 8 was not designed for Taxonomy reporting purposes.
• Supports more consistent application. Practical examples could help preparers and auditors apply the framework more uniformly.	• May create additional audit and interpretation challenges. New IFRS 8 guidance may create additional

	discussions with auditors and reduce legal certainty.
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Reporting on Enabling and Transitional Activities

Option 1	Removing the separate reporting for enabling and transitional activities
Option 2	Do not proceed with these simplifications
Preferred option	Option 2

Option 1: Removing the separate reporting for enabling and transitional activities	
Pros	Cons
• Reduces reporting burden. Enabling and transitional status is already defined in the Taxonomy Delegated Acts.	• May reduce information available to users. Investors and other stakeholders could lose information that can support analysis of transition-related activities.
• Simplifies reporting templates. Preparers would no longer need to provide disclosures on those activities.	• Could affect future SFDR-related disclosures. Information on transitional activities may remain relevant for future SFDR transition products.
• Reduces classification-related reporting errors. Removing separate disclosures eliminates the need to identify and report these categories separately.	• May reduce transparency on transition pathways. Separate reporting can help users understand how undertakings contribute to the transition.
• Improves proportionality. The simplification focuses disclosures on information most frequently used by stakeholders.	• Could diminish visibility of adaptation and enabling activities. The distinction may be relevant for understanding adaptation and transition strategies.
	• Policymakers and supervisors may lose a structured datapoint currently available in disclosures. Existing disclosures provide information that may

	support regulatory monitoring and policy analysis.
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Incorporation of FAQ Clarifications into the Disclosures Delegated Act

Option 1	Incorporation of FAQ Clarifications into the Disclosures Delegated Act
Option 2	Do not proceed with incorporating these clarifications in the DDA
Preferred option	Option 1

Option 1: Incorporation of FAQ Clarifications into the Disclosures Delegated Act	
Pros	Cons
• Strengthens legal certainty. Existing FAQ clarifications would become part of the binding rules.	• May not resolve all practical implementation issues. Certain questions regarding adaptation plans and expenditure eligibility could remain.
	• Could inadvertently exclude genuine adaptation investments. Overly restrictive drafting may produce unintended outcomes
• Confirms the treatment of adaptation-related expenditure. Preparers would benefit from greater certainty regarding eligibility and adaptation plans.	• May increase complexity of the legal text. Additional provisions can require updates to systems, controls and internal guidance.
• Promotes consistent interpretation. Incorporation into legal text can reduce divergent interpretations among preparers, auditors and supervisors.	• Does not remove the need for further guidance. Additional clarification beyond the current proposal may still be necessary.
• Improves consistency of reporting under the adaptation objective. Similar fact patterns would be treated more uniformly across undertakings.	

Additional simplifications relating to reporting by non-financial undertakings

Option 1	Provide additional simplifications in the following areas: remove the requirements to disclose the adjusted turnover KPI for sustainable bond issuances, make the reporting on turnover from internal consumption optional, make contextual information on Taxonomy KPIs subject to information materiality and foresee a list of datapoints to simplify the digitisation of Taxonomy reporting requirements.
Option 2	Do not proceed with these simplifications
Preferred option	Option 1

Option 1: Provide additional simplifications in the following areas: remove the requirements to disclose the adjusted turnover KPI for sustainable bond issuances, make the reporting on turnover from internal consumption optional, make contextual information on Taxonomy KPIs subject to information materiality and foresee a list of datapoints to simplify the digitisation of Taxonomy reporting requirements

<i>Adjusted turnover KPI for sustainable bond</i>	
Pros	Cons
• Recognises sustainable bond financing. The KPI can provide visibility on Taxonomy-aligned activities financed through sustainable bonds.	• May complicate the turnover KPI. An adjusted KPI may be more difficult for users to understand.
• May better reflect transition financing efforts. It may better capture how issuers finance sustainability-related activities.	
• Provides additional visibility for green financing. Users may gain further insight into bond-financed sustainable activities.	• May reduce comparability across undertakings. Different financing structures could affect reported outcomes.
	• Raises conceptual concerns. The rationale of an adjusted turnover KPI could be questioned.

Turnover from internal consumption	
Pros	Cons
• Can better reflect vertically integrated business models. Internal use of sustainable outputs can be recognised more fully.	• Departs from traditional turnover concepts. Turnover KPIs are traditionally based on external revenue, not internal consumption.
• May avoid understating Taxonomy-aligned output used internally. Sustainable activities consumed internally may otherwise not be visible.	• May reduce comparability across undertakings. Internal consumption practices vary significantly across groups.
• Provides a fuller picture of sustainable activities within a group. Internal consumption can represent a significant part of certain business models.	• Creates methodological complexity. Verification can become more challenging.
• Could improve neutrality between internal use and external sales. Similar activities would not be treated differently based solely on their destination.	• Could lead to double counting or valuation issues. Internal transactions may require additional assumptions and controls
• Highlights activities not intended for external sale. This may be relevant where significant output is consumed rather than sold.	• May have limited decision-usefulness of the information. Users may place limited value on internally generated turnover metrics.

General materiality filter for contextual information	
Pros	Cons
• Reduces reporting burden for immaterial contextual disclosures. Preparers can focus on disclosures that are genuinely relevant to users.	• May reduce transparency. Risk of losing information useful to investors and supervisors.

General materiality filter for contextual information

Pros	Cons
• Aligns Taxonomy reporting with broader materiality concepts. The approach is consistent with materiality concepts used elsewhere in sustainability reporting.	• May reduce comparability. Different materiality judgements can lead to divergent disclosures.
• Improves focus on decision-useful information. Users receive more targeted and relevant disclosures	• May result in the loss of important context. Information that appears immaterial individually may still help users understand Taxonomy KPIs.
• Enhances readability. Shorter disclosures can be easier to navigate and understand.	• Could reduce transparency of Taxonomy assessments. Less contextual information may make assessments harder to interpret.
• Supports proportionality for preparers. Reporting effort can be concentrated on the most relevant information.	• Requires clear implementation guidance. For consistency to be achieved, a common understanding of materiality is needed.

List of Contextual Datapoints for Digital Tagging

Pros	Cons
• Promotes consistency. A defined list helps undertakings report similar information in a comparable manner.	• May increase implementation costs. Additional tagging requirements require systems and process changes.
• Improves machine-readability. Specific datapoints facilitate accessibility and usability of Taxonomy data.	• Could include datapoints with limited user value. Not all contextual information may be equally useful for users.
• Enhances usability of reported information. Investors, supervisors and data providers can analyse information more easily.	

List of Contextual Datapoints for Digital Tagging

Pros	Cons
• Reduces divergence in tagging practices. A common framework promotes greater consistency across reports.	• Can may reduce proportionality if overly detailed. An extensive list may increase burden without corresponding benefits.
• Clarifies reporting expectations. Provides clarity on which contextual information should be reported and potentially tagged.	• Requires ongoing maintenance. The list would need to evolve alongside future Taxonomy reporting changes.

Annex V – List of respondents to the consultation⁴¹

Accountancy Europe	Federation of the European Sporting Goods Industry (FESI)
ACEA	Fortum Oyj
AFG (French Asset Management Association)	German Chemical Industry Association
Atlantic Grupa	German Investment Funds Association BVI
Autorité des normes comptables	Industrial Minerals Association (IMA-Europe)
Bundesverband Deutscher Leasing-Unternehmen e.V.	Institut der Wirtschaftsprüfer in Deutschland e.V.
Cassa Depositi e Prestiti (CDP)	L'Afep
Cefic - The European Chemical Industry Council	Marisol Silva Moreno
CEZ Group	MEDEF
Climate Strategy & Partners	MSCI Solutions Ltd
Deloitte	Norsk Hydro
Deutsche Börse Group	Philippe Vincent (Compagnie Nationale des Commissaires aux Comptes - CNCC)
Deutsches Aktieninstitut	Sanofi
DRSC	Schneider Electric
EDF	Siemens
Equinor	Sustainable Investment Forum Poland - POLSIF
Euronext	UPSI-BVS
European Contact Group	Veolia
European Leveraged Finance Association	VEUO Dutch association of listed Companies
EuropeanIssuers	WeeFin
Eurosif	WWF European Policy Office
EY	

⁴¹ This list does not include the respondents who requested that their contribution remained confidential.