Consultation Response

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

12 August 2026

The Association for Financial Markets in Europe (AFME)[1] and ISDA[2] welcome the opportunity to respond to the EBA Discussion paper on certain Taxonomy key performance indicators and other aspects of the Disclosures Delegated Act (DDA) under Article 8 of the Taxonomy Regulation (Discussion Paper).

Q1. Please identify your organisation (if applicable) and indicate the capacity in which you are responding to this consultation:

a. ***user of sustainability information;***
b. ***preparer of sustainability information;***
c. ***both user and preparer of sustainability information;***

- ***other (please specify).***

AFME and ISDA members are both users and preparers of sustainability disclosures.

General comments

We welcome the European Commission's ongoing efforts to simplify the EU Taxonomy reporting regime and the opportunity to provide feedback to the EBA's Discussion Paper in the context of the ongoing review of the Taxonomy Disclosures Delegated Act (DDA). We see the simplification of Taxonomy reporting as an important component of the EU's efforts to enhance competitiveness and reduce reporting burdens for businesses.

With these objectives in mind, we strongly support maintaining focus on reviewing the existing framework and the need for further simplification on the ground, rather than considering the introduction of additional KPIs in the absence of clear use cases and for which there is no demonstrated investor

[1] AFME is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.
[2] Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 78 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on LinkedIn and YouTube.

demand. Removing low-value KPIs and KPIs introduced via FAQs can deliver impactful simplification for firms, without impacting the ambition of the Taxonomy reporting framework.

Alongside our input below in response to the Discussion Paper, we have also made recommendations for the further simplification of the Green Asset Ratio (GAR) and wider Taxonomy reporting.[3] While the Delegated Regulation (EU) 2026/73 (the Omnibus Delegated Act) introduced some welcome changes to the GAR, including limiting the KPI to undertakings within the scope of CSRD, reducing the asymmetry of the ratio and simplifying the reporting templates, it did not address the fundamental relevance of the ratio nor materially reduce operational burdens for banks.

Issue 1: Fees and Commissions KPI

Q2. Do you agree with the analysis presented?

We support the EBA's emphasis on the need to take into account (i) the relevance and adequacy of the KPI for users of Taxonomy disclosures; (ii) the materiality of KPIs for users and for preparers from a cost-benefit perspective; and (iii) simplification and burden reduction objectives. Against this framework, we strongly believe that the Fees and Commissions KPI (F&C KPI):

- Does not provide relevant or useful information for users;
- Does not provide material information for users, yet would increase reporting costs and operational burdens for banks subject to Article 8 Taxonomy reporting; and
- Should therefore be removed in line with simplification and burden reduction objectives.

We expand on these factors and the EBA's analysis presented in the Discussion Paper below.

We agree with the EBA's assessment that the **F&C KPI would be of limited relevance as an indicator of credit institutions' commitments to Taxonomy-aligned sustainable activities**. We agree that its interpretation and use would be challenging and that it would not be a comparable metric. We therefore do not believe that the F&C KPI would provide useful information for users, even if refocused on capital markets activities.

As acknowledged in the Discussion Paper, the KPI, being based on revenue, would be highly dependent on market conditions and interest / funding rates prevailing in a given year. As a result of this volatility and influence of prevailing market conditions, the KPI would not be a meaningful measure of banks' sustainable financing activities, would provide no or little supplementary information to the GAR, and would not be comparable year-on-year. Banks may have different fee structures depending on the client and the transaction type, even within the same category, making it difficult to compare ratios across banks. Banks' fees and commissions during a financial year may be more reflective of marketing success, individual fee structures and market dynamics than the facilitation of sustainable finance. For instance, a bank may have a low ratio simply because the fees associated with Taxonomy-aligned transactions are significantly lower than those for other transactions. A fees-based KPI may also have an unintended consequence of introducing an incentive to charge higher fees for Taxonomy-aligned activities.

We also see **very limited value-add from a F&C KPI for users of banks' Taxonomy reporting**. Members have not identified demand from investors or other stakeholders for this information. The analysis in the Discussion Paper does not seem to consider what information is already available in the market on sustainable capital markets activities. This includes various data products and league tables of banks underwriting or advising on EU Green Bonds, issuing other sustainability-related securities and advising on mergers and acquisitions. For example, Bloomberg and Dealogic publish league tables and other information on market activity.

Additionally, where banks have set sustainable financing targets, which often include targets based on sustainable financing volumes, they will be reporting on progress in meeting these through their sustainability reporting under CSRD. This is likely to be of more interest to investors and other stakeholders which are interested in banks' contribution to capital formation and support for sustainable activities. We therefore encourage the EBA to further consider the availability of existing information, both from external data providers and from broader sustainability reporting, on the capital markets activities of banks in its final advice.

[3] AFME, Substantive review of banks' Taxonomy reporting: the need for sustained ambition, 5 June 2026.

With respect to implementation, we agree that **assessing the alignment of the fees and commissions associated with individual transactions would be highly operationally challenging and would carry significant costs**, even taking into account the materiality thresholds put in place by the Omnibus Delegated Act. The operational burden and complexity of executing the 10% materiality threshold analysis to identify material F&Cs and assess their Taxonomy alignment contradicts the Commission's intent in setting a materiality threshold to avoid forcing complex KPI calculations, where the resulting information would not be decision useful. The steps of the process would be as follows:

- Assess if the in-scope F&C (current design or proposed narrowed design) are <10% or >10% of operating income. This presents complexity associated with intercompany and transfer-pricing arrangements, especially for EU subsidiaries of non-EU banking groups, where fee income may be recorded separately from the underlying client relationship;

- If the threshold is >10%, EU Taxonomy alignment data needs to be gathered separately for every client from which a bank earned these F&C. This, by its nature, will require analysing which clients are reporting against the Taxonomy (depending upon Taxonomy reporting size thresholds and geographic location of the client), where banks will be dependent on counterparty data. All of this data will need to be gathered to determine the scope of the denominator;

- Once the denominator of in-scope clients have been identified, a bank would need to assess Taxonomy alignment KPIs for in-scope clients. Gathering Taxonomy KPIs from in-scope clients would present even further operational complexity depending upon the type of service; for example, banks would need to calculate Taxonomy alignment for advisory and M&A transactions where the acquiring and target entities might have materially different Taxonomy profiles.

This process would involve completely new and burdensome data gathering and control processes where the resulting information would not be decision-useful. We therefore strongly agree with the EBA's conclusion that the costs of implementation "would be relatively high, while the resulting values of this KPI would be expected to be low".

Additionally, we agree that the introduction of the KPI would raise **confidentiality concerns** when a bank is required to make disclosures based on a low number of issuances and advisory services. It is essential that disclosures do not require banks to disclose commercially sensitive information such as pricing.

Q3. In your view, which of the options presented in the analysis (paragraph 36) is the most viable?
Please explain your rationale.

a. ***removing the Fees and Commissions KPI from the Taxonomy disclosure requirements or replacing it with qualitative disclosure requirements considering 10% materiality threshold;***
b. ***narrowing down the scope of the KPI to following four activities identified in this analysis and adjust the disclosure requirements accordingly also introducing the 10% materiality threshold to be applied in relation to total operating income.***
  - ***issuance or other services related to third party securities,***
  - ***mergers and acquisition undertakings advisory services,***
  - ***undertakings finance services related to capital market advisory for undertakings, clients or other, and***
  - ***distribution of products issued by entities outside the prudential group to its current customers.***

In your response, where applicable, please assess whether voluntary disclosure of this KPI would be meaningful and feasible, and hence should be considered.

For the reasons stated above, we continue to strongly believe that the **F&C KPI should be removed permanently** and would therefore be in favour of option (a).

The **F&C KPI should not be replaced with qualitative disclosure requirements** as we fail to see sufficient value in qualitative disclosures on revenues arising from capital markets activities. For audit and assurance purposes, any qualitative disclosure likely need to be supported by quantitative evidence and, as such, would still involve operational challenges and costs. Reliance should also not be placed on a materiality threshold for achieving simplification, as banks would still need to put in place and maintain costly internal processes to monitor Taxonomy alignment and be ready to report if the threshold is met.

For the same reasons we do not consider that option (b) would result in relevant disclosures or form a material KPI for users, yet would create significant additional costs for banks. Even a narrower scope of the KPI would not be a good indicator of sustainable capital formation and would not lead to useful information that would complement the GAR in any meaningful way.

While a voluntary approach would reduce burdens for banks, it would not address the fundamental relevance of the KPI as discussed above. We therefore maintain that the F&C KPI should be removed entirely. If, despite our comments above, a qualitative approach is favoured, this should be on a voluntary basis only.

Q4. Should additional items from FINREP Template 22.1 also be included in the revised KPI? Please consider in particular that (i) have been assessed as unrelated to capital market activities, e.g. custody and other related services', and (ii) those that have not been mapped to the Fees and Commissions KPI, such as 'structured finance', 'loans granted', 'commodities'.

For the reasons stated above, we continue to strongly believe that the F&C KPI should be removed. We agree with the EBA's assessment that FINREP template elements (b), (f), and (g) are not related to capital markets activities, and we do not consider that any additional items would be relevant. Broadening the scope to any additional items from FINREP Template 22.1 would further increase costs without benefit and therefore should not be included should the KPI be retained.

Q5. Do you have evidence and/or arguments on potential costs and benefits associated with disclosing the Fees and Commissions KPI?

Please see above for our views on the expected significant costs and lack of benefit associated with disclosing the F&C KPI.

Issue 2: Trading Book KPI

Q6. Do you agree with the analysis presented?

We support the EBA's emphasis on the need to take into account (i) the limitations of the KPI as an indicator for the purpose of Taxonomy disclosures from users' and investors' point of view; (ii) the materiality of the KPI, and operational challenges and costs associated with its computation with respect to its benefits, from the preparer's point of view; and (iii) the overall objective to simplify and improve the Taxonomy reporting framework.

Against this framework we strongly believe that the Trading Book KPI (TB KPI):

- has fundamental limitations as an indicator and does not provide relevant or useful information for users or investors;
- does not provide material information for users, yet would increase reporting costs and operational burdens for banks subject to Article 8 Taxonomy reporting; and
- should therefore be removed in line with simplification and burden reduction objectives.

We expand on these factors and the EBA's analysis presented in the Discussion Paper below.

It is essential to reflect on the nature of the trading book and its relevance as an indicator. **The TB KPI is not conceptually relevant for Taxonomy reporting**: the measurement of the TB KPI can only provide a snapshot at a given point in time and may not provide accurate information about liquidity or sustainability intent. The TB KPI does not reflect how trading is truly managed, relies on complex methodologies and data processes which do not currently exist within banks, and may yield volatile or non-comparable results between entities, thus offering limited utility to the market or supervisors compared to the associated cost. Trading volumes are not necessarily a good measure of liquidity: in fact, high volumes can also correspond to illiquidity, for example, during stress periods such as was seen during the Covid-19 pandemic.

Trading book activities primarily involve positions held by banks on behalf of their customers and reflect client-driven transactions, meaning these activities are disconnected from the bank's sustainability or investment strategies or its ability to influence capital flows toward green economic activities. Trading book transactions reflect clients' intent; therefore, the accountability of the impact to the real economy of those transactions belongs to clients, not banks which have no visibility on clients' investment objectives.

Any use cases for external stakeholders and within banks also remain unclear – banks' trading teams do not use Taxonomy alignment percentages as key performance indicators for risk management, profitability, or resource allocation.

We agree with the EBA analysis highlighting the need to understand the nature of the trading book. As the EBA states, "due to their short-term and volatile nature, trading activities and assets assigned in the trading book are in principle not intended to direct stable capital flows to any specific types of activities and may not reflect institution's long-term strategy in the context of sustainable finance. As such, the Trading Book KPI based on the state of accounts as of any specific date is not a meaningful indicator to assess the sustainability strategy and commitments of a credit institution."[4] We concur with this analysis and emphasise that **we do not consider that the Taxonomy alignment of the trading book is a relevant indicator of a bank's provision of sustainable finance**.

As also acknowledged in the Discussion Paper, "the actual trading volume would be determined by factors that are, at least partially, external to credit institutions, such as market size and liquidity (demand and supply), size of the investment, credit rating of the issuer or similar, and the KPI would capture more general market movements. As a result, the sustainability features of the underlying asset and economic activity is, in most cases, not expected to be a primary driver for trading activities and is not directly related to credit institutions' strategies in sustainable finance."[5] We agree with this analysis – trading activities are usually driven by other factors, are transactional in nature with limited direct impact on the underlying financial asset associated with the economic activity of the underlying issuer in terms of its Taxonomy alignment. Therefore, applying a similar logic to the EBA's analysis to exclude elements of the F&C KPI, for example element (b) (reception, transmission and execution on behalf of customers of orders to buy or sell securities), the EBA should recognise the lack of relevance of the TB KPI with respect to trading in securities.

We therefore see no value-add from a TB KPI for users of banks' Taxonomy reporting. Our members are not seeing demand from investors or other stakeholders for this information.

In relation to the potential limitation of the TB KPI to market making activities, **we do not consider that a KPI on the Taxonomy alignment of market making activities would be a relevant indicator**. As the EBA acknowledges, other activities may also contribute to providing market liquidity, and in any event, what the purpose and rationale of such a KPI would be remain unclear. Levels of market making will be highly volatile depending upon many other factors and driven by market conditions rather than the Taxonomy alignment of the underlying security and we do not consider that such a KPI would improve market liquidity for Taxonomy-aligned securities.

While the Discussion Paper acknowledges "potential operational challenges", this underestimates AFME members' expectations of the **very significant operational challenges that implementing the TB KPI would entail, even if narrowed to market making activities**. Given the short-term nature of trading book activities, there would be very significant operational challenges with assessing the Taxonomy alignment of each trade across trading books with very significant volumes of trading. Main operational and methodological concerns include the very large numbers of trades; the short-term nature of transactions; the lack of immediately available issuer data; and the inability to assess Taxonomy alignment in real time. Further adding to this complexity is the absence of methodological clarity, including undefined terms such as "trading activities providing liquid markets for securities", as well as uncertainty and very high complexity around calculating the "absolute value of purchases and sales", particularly on a daily or intraday basis. There would also be operational challenges with identifying market making activities. This KPI is not used in financial reporting or risk management and would require substantial implementation efforts.

Q7. In your view, which of the options presented in the analysis (paragraph 68) is the most

[4] Paragraph 59 of the Discussion Paper.
[5] Paragraph 60 of the Discussion Paper.

viable?

Please explain your rationale.

a. ***removing the Trading Book KPI or replacing it with qualitative disclosure requirements on the trading portfolio also considering the materiality threshold;***
b. ***narrowing down the scope of the KPI to providing market liquidity through market making, with a clear focus on providing liquid markets for green (Taxonomy-aligned) securities.***

In your response, where applicable, please assess whether voluntary disclosure of this KPI would be meaningful and feasible, and hence should be considered.

We have not seen a rationale for the TB KPI which suggests that it would be a useful indicator for users of Taxonomy reporting. Its use case for external stakeholders and within banks remains unclear. For the reasons stated above, we continue to strongly believe that the TB KPI should be removed permanently and would therefore be in favour of option (a), without replacing it with qualitative disclosure requirements.

We do not consider that narrowing the scope to providing market liquidity through market making (option (b)) would be a useful indicator for users of Taxonomy reporting, while it would still entail significant operational challenges and costs for credit institutions. In line with materiality, proportionality and simplification objectives, the TB KPI should be removed in its entirety.

Given its limitations**, we do not consider that qualitative disclosure requirements on the trading portfolio would add value for investors**. Drafting qualitative disclosures for trading book activities under the EU Taxonomy would be difficult given the inherent complexity and fluidity of trading book operations, which requires nuanced judgment in describing how assets are mapped to eligible activities. The challenge is compounded by the fact that data collection processes and internal controls for trading book activities are not typically designed to support sustainability narratives, making it difficult to provide clear, auditable explanations. These limitations increase the risk that qualitative statements may be misinterpreted or inadvertently overstate Taxonomy alignment, leading to compliance gaps and inconsistent reporting.

For audit and assurance purposes, any qualitative disclosure is likely to need to be supported by quantitative evidence and therefore would still involve operational challenges and costs for banks. Consequently, preparing a qualitative disclosure, intended to reduce the operational burden of fully Taxonomy-mapping trading book activities, can in practice involve a similar level of effort.

Q8. Do you have evidence and/or arguments on potential costs and benefits associated with disclosing the Trading Book KPI?

Please see above for our views on the expected significant costs and lack of benefit associated with disclosing the TB KPI.

Issue 3: 'Other services' KPI for investment firms

Q9. Do you agree with the analysis presented and the conclusion to narrow down the investment firms' KPI?

The KPI is not fit for purpose and should be removed. To calculate this KPI, investment firms would need to trace revenues from underlying companies - sometimes unlisted - creating operational challenges and complexity that may outweigh the metric's informational value. Also, as a large portion of investee companies (such as SMEs, non-EU firms, and those outside the CSRD scope) are not legally required to disclose their Taxonomy KPIs, it would add to complexity of calculating the KPI. Furthermore, unlike the GAR or portfolio turnover, other services income does not accurately reflect direct capital allocation or the "greening" of an investment portfolio.

Issue 4: Grandfathering period for financial exposures

Q12. Do you agree with the analysis presented and the conclusion to align the grandfathering rules with the approach set out in EU Green Bond Regulation?

The proposal to align the grandfathering rules with the approach set out in the EU Green Bond Regulation requires further consideration. Conceptually, we support alignment with the EU Green Bond Regulation as a minimum step towards greater consistency between regulations, including the expansion of this approach to all financial instruments, but this approach (i) fails to recognise the structural differences between an EU GBS issuance and banks' overall activities, such as retail lending and (ii) continues to place primary responsibility for continually assessing exposures' Taxonomy alignment with banks, rather than counterparties. As set out further below, we maintain the view that Taxonomy alignment should be determined at the point of origination and should not be subject to reassessment throughout the life of the exposure, even in the event of subsequent revisions to the Technical Screening Criteria (TSC).

The EU GBS concept of "allocation" of proceeds is difficult to apply across different use-of-proceeds financial instruments because it is unclear, in each case, what should be treated as "allocated" versus "unallocated". As discussed in paragraph 88 of the Discussion Paper, for use-of-proceeds loans which are fully advanced to the borrower at issuance (e.g. mortgages), unlimited grandfathering should be allowed.

In the EU GBS context, an issuer is solely responsible for demonstrating Taxonomy alignment and must publish annual allocation reports demonstrating Taxonomy alignment of allocated proceeds. Under Article 8 of the EU GBS, where the proceeds of an outstanding bond are at risk of not being aligned with the Taxonomy, an issuer is required to draw up an externally verified plan for how the proceeds will be aligned with the EU Taxonomy. The corresponding scenario does not exist for use of proceeds bonds not subject to EU GBS, as well as for other bank counterparties or products e.g. retail and corporate borrowers.

For loans and bonds issued under market standards, it would be complex for a financial institution to identify a triggering event for a new assessment, as a loan may finance several assets or services. In the use-of-proceeds bonds context, the issuer is not required to update its initial EU Taxonomy alignment assessment. A financial institution does not generally have a bilateral relationship with a bond issuer and relies on alignment rates disclosed by the issuer throughout the duration of the bond (usually collected via a data provider). It would be complex for a financial institution to obtain an EU Taxonomy alignment assessment when this was not required from the issuer, as is the case for bonds not issued pursuant to the EU GBS.

In the retail lending context, credit institutions rely on time-bound certifications provided at origination. The Taxonomy identifies Energy Performance Certificates (EPCs) as the primary documentation to demonstrate compliance with TSC for real estate activities. However, EPCs are not documents that clients can produce independently, as they are issued and monitored by competent authorities. While an EPC may expire during the financing period, the energy performance of the building remains unchanged, unless renovation works are carried out. EPCs issued in accordance with EU and national legislation should be considered valid for the entire duration of the loan, and financial institutions should not be required to re-verify their validity ex-post. It is not possible for banks to undertake new assessments for existing mortgage loans as clients (particularly retail clients) are not obliged to provide new information and would be unlikely to do so voluntarily.

For the reasons above, **we continue to support full grandfathering for all use-of-proceeds financial instruments.** The obligation to reassess use-of-proceeds instruments after 5 years (DDA Article 7.5) should be removed, and there should be no obligatory reassessment when Member States change NZEB criteria (Commission FAQ 19) nor when EPCs expire (Commission FAQ 23). Financial institutions rely on Taxonomy alignment assessments reported by their counterparties and verification conducted at the time of origination. They lack both control and practical ability to validate alignment when the TSC changes. The operational reality of a lack of full grandfathering could require frequent restatements of Article 8 reporting and lower the reliability and usefulness of historical disclosures.

Issue 5 (horizontal): Group-level reporting

Q13. Do you agree with the analysis presented and proposed conclusions?

We agree with the ESAs' analysis and recommendation in paragraph 113 to remove the consolidated group-level KPI. As set out in paragraph 102 of the Discussion Paper, ad-hoc guidance developed in Commission FAQs require the publication of a "consolidated group-level KPI" for both financial and non-financial conglomerates[6]. For a financial conglomerate, this KPI is not useful as different types of entities within a financial conglomerate (asset managers, insurance) already produce their own KPIs, where applicable. The consolidated KPI does not bring additional value for users, and its addition goes beyond the requirements of the Delegated Act. In practice, the consolidated group-level KPI complicates usability of the KPIs, both for credit institutions and investors. For example, if a bank or an investor is calculating exposure to a financial conglomerate, it's not clear whether the "main" KPI or the

[6] See also ESMA Consultation Paper paragraphs 69-72.

consolidated group-level KPI should be used. As set out further below, we support using the “main” activity of a group as the relevant KPI.

Q14. Where a single KPI is required for the parent undertaking of a group, (e.g. for the calculation of investment KPIs or the GAR arising from the exposures to the parent undertaking or investments held by financial products disclosed under the SFDR):

- **i.** ***Should the KPI disclosed by the parent undertaking, reflecting the group’s main or prevalent activity, be used? If not, what alternative methodology should be applied?***
- **ii.** ***In the case of a credit institution-led group, such as a financial conglomerate, should the consolidated KPI disclosed by the parent undertaking also incorporate the assets of the insurance (and non-financial) undertaking, rather than accounting for the insurance (and non-financial) undertaking solely through the equity method? Please justify your answer in terms of feasibility, usability and transparency of sustainability information.***

i. Where a single KPI is required for the parent undertaking, **we consider that the KPI disclosed by the parent undertaking reflecting the group’s main activity should be used as the “single KPI”**, because the Taxonomy KPI framework is sector-specific and combining fundamentally different activities into one metric is unlikely to produce meaningful information for users. Reporting for parent companies of a group should aggregate the business activities of the group companies within the scope of prudential consolidation utilising a single template (i.e. the credit institutions template for credit institution-led groups). As shown in Table 6, individual KPIs should not be required from subsidiaries whose activities are “fully” incorporated in aggregated group-level KPIs (i.e. subsidiaries in scope of prudential consolidation).

This approach would also ensure investors and banks are able to assess Taxonomy exposure of conglomerates in a homogeneous and usable manner when computing Taxonomy alignment at product and entity levels.

Disclosure of the parent undertaking’s subsidiary-level KPIs should not be required, since material activities are covered through the use of the prudential consolidation method.

ii. No. In a credit institution-led group (e.g., a financial conglomerate), the consolidated KPI disclosed by the parent undertaking should not incorporate the assets of the insurance (and non-financial) undertaking. Aggregation approaches can overstate group Taxonomy alignment due to double counting effects. Additionally, requiring full incorporation of insurance/non-financial balance sheets would introduce additional consolidation complexity.

Q15. Which KPIs do you think are necessary and should be required for groups with mixed activities where the credit institution is the parent company such as credit institution-led financial conglomerates, credit institution-led financial holding companies and relevant mixed financial holding companies?

For credit-institution-led groups (financial conglomerates or financial holding companies), reporting should remain focused on the main or predominant business of the group (see response above). We agree with the analysis set out in paragraph 111 of the Discussion Paper. Further aggregation or consolidation at group level adds complexity, may reduce comparability and dilute meaningfulness of information for users.

As set out in paragraphs 76-77 of the ESMA Consultation Paper, ad-hoc guidance developed in Commission FAQs also requires subsidiary-level Taxonomy KPIs of exempted subsidiaries as part of the group’s contextual information. These subsidiary-level KPIs are not useful and should also be removed as part of simplification of group-level reporting. Should the ESAs, however, consider it necessary for financial conglomerates to disclose subsidiary-level KPIs for businesses which fall within scope of reporting but are of a different nature than the “main business” of the group, this should be clearly set out in the DDA in a way that limits unnecessary reporting burden. For example, for subsidiaries which meet CSRD size thresholds, are outside the scope of prudential consolidation and utilise the “subsidiary exemption”, these exempted subsidiaries could report subsidiary-level KPIs in a proportionate/simplified form. For “non-CSRD” subsidiaries, on the other hand, disclosure of subsidiary-level KPIs should not be required even where included in the group-level reporting through use of the equity method.

Issue 6 (horizontal): Use of OpEx in financial KPIs

Q16. Do you agree with the analysis presented and the conclusion that OpEx financing should not be explicitly incorporated in the methodology for calculating financial undertakings' KPIs? Please provide your rationale for supporting the explicit inclusion of provisions allowing financial undertakings, on a voluntary basis, to use the OpEx KPI disclosed by their counterparties when calculating their own KPIs.

We agree with the analysis presented in paragraph 120 and 129-30 of the Discussion Paper. ESMA's Consultation paper on its Technical Advice analyses the current functioning of the OpEx KPI and notes non-financial stakeholders' view that the OpEx KPI is of limited relevance and usefulness[7]. The changes introduced to the OpEx KPI as part of the Omnibus Delegated Act (reflecting the KPI's limited relevance for some sectors) could also make it challenging to rely on uniform data from non-financial counterparties. Any consideration of integrating the OpEx KPI into financial KPIs must hinge on the final conclusions reached from ESMA's consultation regarding the overall usefulness of the metric. Moreover, as EBA points out, any weighted-average methodology for CapEx plus OpEx would be conceptually questionable as it would combine the value of some assets intended to release utility over multiple years and others that related to annual expenses. **We therefore do not support introducing OpEx into banks' reporting methodologies,** even on a voluntary basis, which would increase complexity, reduce comparability between banks' reporting, and create additional audit challenges.

Issue 7: Other issues

Q17. Should the credit institution's AuM KPI (Annex V) and the KPI for asset managers (Annex II) be merged? Please explain why and how, including the content of the information that should be retained in a potential merged KPI.

We support merging credit institutions' AuM KPI and the KPI for asset managers, to the extent that this does not imply further reporting requirements or scope obligations for institutions who do not currently report Annex II KPIs. Any merged AuM KPI should be consolidated within the existing Annex V KPIs and not trigger separate reporting.

Q18. What are your views on the design of off-balance sheet item reflecting financial guarantees to financial and non-financial undertakings in a potential merging of the asset management activities as presented?

The financial-guarantees off-balance-sheet item should not be "merged into" the AuM KPI, even if the templates for asset management activities are merged; it should remain a distinct and a clearly separated disclosure. Financial guarantees should be kept as their own with their own numerator/denominator logic and narrative, rather than embedding it inside the AuM calculation.

The two items are fundamentally different in nature and combining them would not result in meaningful information for users. The Taxonomy alignment of guarantees should be calculated consistently with the GAR methodology, weighting notional exposures by the counterparty's Taxonomy alignment KPI, and disaggregated between financial and non-financial undertakings given their differing risk profiles. Subsuming the guarantees item into AuM figures risks distorting Taxonomy alignment ratios and reducing comparability across institutions.

Q19. Do you have any additional comments or suggestions to improve, simplify or clarify the disclosure requirements within the scope of this Call for Advice, including through

[7] ESMA Consultation Paper paragraphs 26-35. See e.g. paragraph 40, "Preliminary feedback received by ESMA indicates that the Turnover and CapEx KPIs are considered to already provide transparency on the main levers of the sustainability transition for non-financial undertakings: i.e. products and services (Turnover) and capital investments (CapEx). OpEx is therefore currently regarded as the Taxonomy ratio for which, either significant simplification is needed (assuming that its relevance will remain limited) and / or whose information value needs to be significantly increased to justify the cost of producing it." See also e.g. Platform on Sustainable Finance, Report on Usability and Data, February 2025, noting OpEx KPI's "limited relevance for external stakeholders."

redrafting of instructions, and clarification of definitions, or the streamlining of terminology?

Please see our General Comments above. In our recent position paper on the ongoing review of the DDA,[8], we made a number of additional recommendations for the simplification of Taxonomy reporting which remain critical to address, in line with the Commission's previous commitment to a "substantive" review. To make banks' Taxonomy reporting more relevant, comparable and decision-useful, we recommend to:

1. **Measure GAR as a ratio of alignment of Taxonomy-eligible assets**: To improve the comparability of the GAR, this KPI should measure financing of Taxonomy-aligned activities as a ratio of financing of Taxonomy-eligible activities. The Taxonomy does not cover all economic activities. Assets in sectors not eligible for the Taxonomy cannot be measured for their contribution to sustainability and should therefore be excluded from the GAR to make the ratio more comparable across reporting banks.

2. **Simplify Taxonomy alignment assessment for retail exposures**: A large proportion of banks' Taxonomy-eligible assets are mortgages, building renovation and vehicle loans to individuals or non-CSRD companies. Retail borrowers are not subject to the EU Taxonomy and therefore cannot be expected to provide comprehensive alignment data or perform the DNSH assessment. Financial institutions must therefore assess EU Taxonomy alignment (including DNSH) using limited information collected from retail customers and data estimates. We recommend that for reporting mortgages and building renovation alignment in Art. 8 templates, banks should be able to use the simplified methodology set out in the final draft ITS proposal from the EBA on Pillar 3 ESG GAR disclosures (noting that GAR templates are proposed to be removed from ESG supervisory reporting). Under this approach, banks can determine EU Taxonomy alignment based on the substantial contribution criteria for the energy performance of the underlying asset using the energy performance certificate (EPC) label. We recommend extending this simplified approach based on the substantial contribution criteria to the Taxonomy assessment of motorbikes, passenger cars and light commercial vehicles and building renovation loans.[9]

3. **Confirm that non-EU retail exposures are excluded from reporting**: Taxonomy alignment assessment for retail exposures is not feasible outside the EU due to the lack of equivalent data sources such as EPCs and creates additional asymmetries between banks with significant exposures outside of the EU. We recommend explicitly excluding non-EU retail exposures from Taxonomy reporting. This would align with the exclusion of non-CSRD corporate exposures and ensure consistency in the calculation.

4. **Further simplify reporting templates**: While the changes implemented through the Omnibus DA have provided much-needed simplification of templates and improved readability[10], they have not resulted in a commensurate reduction in operational effort. The underlying data requirements, controls and reconciliations remain unchanged, other than for Nuclear and Gas templates. We recommend further streamlining templates to improve clarity and usability, with the following suggestions:
    i. Remove all GAR templates except for Templates 0 and 1. Template 2 provides granular sector information which is not decision-useful, Templates 3-5 provide duplicative information which can be derived from Template 1, and Templates 6 and 7 should be removed as part of removal of the associated KPIs.
    ii. Remove enabling and transitional columns from all templates, remove breakdown by type of counterparty.

5. **Review FAQs to facilitate implementation**: Some of the complexities in the reporting process have been compounded by Commission FAQs which introduce new requirements or stricter

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[8] AFME, Substantive review of banks' Taxonomy reporting: the need for sustained ambition, 5 June 2026.

[9] For more details on the EBA simplified approach, see EBA ESG Pillar 3 ITS, para. 59-60 ("For loans collateralised with residential immovable, for repossessed collateral and for loans to municipalities for house funding, the alignment of the exposure with the Taxonomy will be based on a simplified approach considering the EPC label of the collateral, and must be carried out for the environmental objective of climate change mitigation only.")

[10] We also welcome the amendments in the ESRS allowing Art. 8 GAR templates to be disclosed separately from the main sustainability statement.

interpretations of obligations, resulting in increased burdens and reducing usability of the introduced simplification measures. A number of Commission FAQs introduce interpretive rules which go beyond the DDA itself. To provide a specific example, FAQs 33 and 36 in Commission Notice C/2024/6691[11] introduce a new requirement for banks to collect documented evidence for the fulfilment of each DNSH criterion of the Taxonomy alignment of economic activities funded through their lending. Banks should be able to rely on borrower information of alignment without a requirement to re-confirm each TSC has been met. We recommend reviewing the FAQs to ensure that they support implementation and are strictly aligned with the Delegated Act, avoiding the introduction of new or overly prescriptive obligations. While banks should maintain appropriate due diligence, they should not have to review verification documents provided by every counterparty (including third-party certifications) to re-confirm Taxonomy alignment for use-of-proceeds lending. The burden of proof should lie with the client, not with the financial institution.[12]

6. **Review materiality thresholds for use-of-proceeds assets:** Members' initial feedback is that the materiality thresholds for known use-of-proceeds assets in Article 4(1a) of the Omnibus DA have not reduced reporting burdens in practice, and further clarity would be helpful. Despite some additional guidance published in the FAQs, these materiality thresholds have led to confusion and differing interpretations from auditors and reporting teams which hinder their use. Several members have suggested that it could be easier to exclude non-material portfolios or subsidiaries from the GAR calculation, which would avoid the need to assess all exposures for a known use of proceeds.

7. **Simplify TSC to facilitate alignment assessment:** The review of the Taxonomy TSC in the Climate and Environmental Delegated Acts should work to relieve unnecessary burdens associated with assessing Taxonomy alignment. The draft revisions to the Climate and Environmental Delegated Acts published in March 2026[13] do not go far enough to deliver on the Commission's Omnibus commitment to a substantive review of the Taxonomy TSC, particularly the Do-No-Significant Harm (DNSH) TSC. The Commission should prioritise meaningful simplification of the TSC alongside updates to align with EU legislation.

8. **Clarify disclosure of comparatives for banks utilising Omnibus Delegated Act relief:** Alongside these recommendations, the Commission should clarify that for financial undertakings using the optional reporting relief set out in the Omnibus Delegated Act, the requirement to provide N-1 comparative figures in Article 8(3) of the DDA should not apply. Requiring firms to reconstruct prior-year KPIs solely for comparatives to comply with Article 8(3) would negate the relief and create unnecessary operational and assurance burden.

[11] 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).

[12] For a more detailed discussion of Commission FAQs which have led to stricter interpretations and further operational challenges, see https://www.afme.eu/media/piccdfwi/afmecommentsecdecember2023faqsonddaundertaxonomyart8.pdf

[13] European Commission draft revisions to the EU Taxonomy Climate and Environmental Delegated Acts (DAs).

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