ESMA Consultation Paper on Technical Advice on selected KPIs under the Taxonomy Disclosures Delegated Act

Fields marked with * are mandatory.

Introduction and background

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions set out in the questionnaire below. Comments are most helpful if they:
- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale;
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **12 August 2026**.
All contributions should be submitted via this online survey, which addresses the questions outlined in Annex I of the Consultation Paper.
Please be aware that the comment boxes allow 5000 characters. Additional information may be submitted by uploading a file per each topic of the survey.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Personal data contained in the response will be published as submitted. If you don't wish such personal data to be publicly available, you should not include personal data within the response you upload to a public consultation. Alternatively, you may choose the option to not have your response published on the ESMA website. For further details on data processing, please refer to the record register.

Information on data protection can be found in the Legal Notice and Data Protection section.

Who should read this paper?

All interested stakeholders are invited to respond to this consultation paper. This consultation paper is of primary interest to issuers, financial institutions, institutional investors, audit and assurance providers, but responses are also sought from any other market participants or relevant stakeholders including trade associations and industry bodies, retail investors, consultants, academics and civil society organisations.

General Information on the respondent

* Country

Belgium

* Name of the respondent or Organisation

Accountancy Europe

* Email

vita@accountancyeurope.eu

* Type of respondent or Organisation

Other

* Other - please specify

Trade associaion

* All contributions received will be published following the deadline, unless you request otherwise. Please tick the correspondent answer below.

- (x) I agree my contribution to be published, after the deadline.
- ( ) I want my contribution to remain confidential.

Topic 1 – Revising the OpEx KPI

Issues identified (paras. 26-35)

Q1. In your view, are the key issues identified with the current reporting of OpEx exhaustive?

- (x) Yes
- ( ) No

Q1 a. If yes, please explain.

5000 character(s) maximum

We overall agree with the issues identified by ESMA. However, we would like to draw attention to the fact that, in practice, most of the burden connected to applying the EU Taxonomy stems from the data collection within entities applying the EU Taxonomy rather than from the reporting itself. We believe that this is an important aspect to be considered within the further development of the EU Taxonomy.
Also, the current definition of OpEx is overly broad. The design does not appear to be widely used by financial institutions as a key decision-making metric, raising questions about whether the reporting effort is proportionate to its benefit.
The inclusion of short-term lease and maintenance expenditure alongside research and development makes OpEx difficult to understand, interpret and communicate as well as unnecessarily burdensome to calculate. Repair and maintenance add considerable complexity while providing limited value to users of Taxonomy disclosures.
In general, we support stakeholders' suggestion to eliminate the requirement to report OpEx as it is of limited use to financial undertakings and there is limited market understanding of the information the measure should convey. Having said that, we understand the reasons that ESMA outlined in the consultation document why this option has been disregarded.

Possible approaches to address the issues identified (paras. 36-46)

Q2. Do you support the possible approaches identified by ESMA to address the key issues identified?
In providing feedback to this question, please note that the proposed approaches are not mutually exclusive and elements of different approaches can be combined to develop other alternatives.

- (●) Yes
- ( ) No

Q2 a. If so, please explain why.

5000 character(s) maximum

We recognise the merits of the approaches proposed by ESMA, although we are most supportive of the approach (d). R&D should be retained as it is the key expenditure relevant for OpEx as a complement to CapEx and it is less burdensome to report than repair and maintenance that is currently included.
The approach suggesting the OpEx KPI to focus only on R&D would allow companies without significant (non-capitalised) R&D expenditure to be exempt from reporting the KPI. At the same time, companies seeking to finance R&D related to Taxonomy-eligible activities could continue disclosing this KPI. Under this approach, however, we have some reservations concerning the proposed optional KPI OpEx+, as we do not believe that voluntary additional disclosures have a positive impact on the relevance and efficiency of the Taxonomy disclosures.
Finally, we see limited merit in further extending the scope of the OpEx KPI. The discussion indicated a clear preference for simplifying the KPI by focusing on R&D rather than broadening its scope. If OpEx is not used by financial undertakings as a key metric, expanding its scope would increase reporting complexity without a corresponding improvement in its usefulness.

ESMA's draft advice (paras. 47-49 and Approach 'd' in Table 1)

Q3. Do you agree with ESMA's draft advice?

- [x] Yes
- [ ] No

Q3 a. If yes, please share any additional remarks.

5000 character(s) maximum

As noted in our response to Q2, we overall support ESMA’s draft advice, in particular paragraphs 47–49 and Approach D in Table 1. However, we have some reservations about how the R&D alignment would work in practice.
The key merit of this approach is that it transforms OpEx from a broad, burdensome obligation into a targeted disclosure that applies primarily to entities undertaking R&D that contributes to taxonomy-aligned activities. This is consistent with the Taxonomy's objective of channelling finance towards environmentally sustainable activities.
Furthermore, R&D expenditure is significantly easier to identify within entities’ accounting systems than the current definition of OpEx. It also provides a clearer indication of what the KPI is intended to measure in the context of the EU Taxonomy.
We recognise that non-capitalised R&D represents the natural complement to capitalised R&D already captured in CapEx, and that a focused treatment of R&D OpEx remains preferable to the current all-encompassing definition. Furthermore, the proposed addition of a Taxonomy activity for fundamental research would reinforce the rationale for retaining R&D within the OpEx KPI.

Q4. Do you support the introduction of a voluntary KPI as in the proposed ‘OpEx+’?

- [ ] Yes
- [x] No

Q4 b. If not, please explain why?

5000 character(s) maximum

We do not support the introduction of a standardised voluntary OpEx+ KPI.
The value of any additional voluntary KPI depends on whether it is used by the financial institutions that allocate capital. If banks, asset managers, and insurance companies are neither required nor incentivised to incorporate an OpEx metric into their investment, lending, and regulatory reporting, companies will bear the cost of disclosing OpEx+ without any corresponding benefit. We understand the intention behind introducing a voluntary KPI for companies to show off their adaptation expenditures when they get new insurance, but such a KPI is unlikely to add value if it is not among the key metrics that are required for use by the financial sector. Furthermore, if the intention is for OpEx+ to capture information such as adaptation expenditures or green energy procurement, we question whether the effort involved in regulating such a KPI is justified if it is not expected to become a key metric for financial undertakings. For Companies that wish to communicate such information, the Disclosures Delegated Act (DDA) already allows undertakings to provide additional KPIs where they consider such information useful. There are also other mechanisms available, e.g. under the reporting in accordance with ESRS.
In practice, additional disclosures are already provided alongside the mandatory turnover and CapEx KPIs. Rather than defining a fixed scope of eligible expenditures, it may be more appropriate for the European Commission to publish guidance outlining the types of operating expenditures that could be captured by a voluntary KPI.
In general, we believe that any voluntary KPI should be subject to principles similar to those set out in ESMA's Guidelines on Alternative Performance Measures. This could be explicitly reflected in the DDA by requiring clear definitions, transparent methodologies, consistency over time and an explanation of the KPI's relevance to the undertaking's transition strategy. Such an approach would promote understandable and comparable disclosures without undermining the flexibility that justifies a voluntary KPI in the first place.

Costs and benefits of the proposals in Section 3.1

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

5000 character(s) maximum

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.

5000 character(s) maximum

Topic 1 - Any additional information can be provided by uploading a file here. Please mention in the title of the file "Topic 1_[the respondent's name]".

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

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?

- [ ] Yes
- [x] No

Q7 b. If no, please explain.

5000 character(s) maximum

We do not consider the OpEx KPI to be useful for voluntary reporting by financial undertakings.
We are not convinced that developing or further refining a voluntary OpEx KPI would provide sufficient value to justify the effort involved. If financial undertakings have not previously used an OpEx KPI, there is little reason to expect that its voluntary introduction would lead to meaningful market uptake. Voluntary KPIs are inherently secondary to mandatory disclosures and are unlikely to achieve the same level of use or relevance.
Moreover, for financial undertakings, the Taxonomy KPI is constructed by applying the counterpart's KPI (turnover, CapEx, or OpEx) to the relevant investment or exposure. Where a financial undertaking reports a KPI based on investee turnover and CapEx, an additional OpEx-based KPI would represent a third measure derived from the same portfolio, without providing a materially different picture of its Taxonomy alignment.

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

5000 character(s) maximum

We reiterate that the voluntary use of an OpEx KPI by financial undertakings would provide limited additional value. Financial undertakings use the KPIs reported by their counterparties by applying them to their own investments or exposures. Where turnover and CapEx KPIs are already available, introducing an additional calculation based on OpEx would amount to a third KPI calculation on the same exposures, without materially improving the information available to assess Taxonomy alignment.
We observe that any policy signal suggesting that OpEx is a useful input for financial undertaking reporting would contradict the objective of revising OpEx to make it more targeted and less burdensome. Encouraging voluntary use by financial undertakings would imply that OpEx retains analytical significance, which risks undermining the rationale for narrowing its scope in the first instance.

Topic 2 - Any additional information can be provided by uploading a file here. Please mention in the title of the file "Topic 2_[the respondent's name]".

Topic 3 – Group Taxonomy Reporting (Horizontal issue)

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.

5000 character(s) maximum

Based on the accountancy profession’s experience, a single blended KPI for mixed groups or financial conglomerates is neither demanded by users nor analytically useful.
A weighted-average figure combining KPIs from materially different reporting regimes – such as banking, insurance, and non-financial corporate activities – produces a number that cannot be meaningfully interpreted and reasonably compared with that of any other entity.
The primary purpose of Taxonomy disclosures is to support investment and lending decisions. Financial institutions assessing a mixed group need to understand the Taxonomy profile of the relevant activity type – not a blended average. A single KPI obscures precisely the most useful information, whilst creating significant preparatory burdens to produce.

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?

- (●) Yes
- ( ) No

Q10 a. If so, please explain.

5000 character(s) maximum

We agree that where a single KPI figure is required, the KPI from the group's main reporting regime should be used. This approach provides a coherent and comparable basis that is consistent with the reporting entity's primary regulatory classification.
However, we note that the determination of the 'main reporting regime' requires clear criteria, particularly where the legal status of the parent entity does not reflect the predominant economic activity of the group. We address this further in our response to 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 if relevant.

5000 character(s) maximum

We have several observations on the ESAs' analysis.
On the determination of the main reporting regime: we note that the legal status of the parent entity does not always correspond to the predominant economic activity of the group. There are cases in Europe where a parent entity is classified as a bank or financial holding company, yet most of the group's revenues derive from non-financial undertaking activities. In such cases, requiring the group to report under the banking template would misrepresent its actual Taxonomy profile. We encourage the ESAs to clarify that the relevant criterion should be the prevalent economic activity, determined by reference to a quantitative figure, e.g., the revenue, applied at the activity-type level, rather than the legal classification of the parent.
On subsidiary-level KPIs: we are opposed to KPI reporting at a subsidiary level. Subsidiary-level reporting creates significant reconciliation problems. Intercompany revenues that are eliminated at the consolidated level re-emerge at the subsidiary level, artificially inflating or deflating KPIs and making group-level comparison impossible. The appropriate level of analysis is the aggregated and consolidated activity type within the group, not the individual legal entity.
Overall, we support following the consolidation rules as per the Accounting Directive to apply for the Taxonomy reporting. This ensures consistency, facilitates reconciliation, and reduces the risk of inconsistent application across different entities within a group. IFRS 8 operating segments may provide a natural and coherent basis together with the Accounting Directive for identifying material activity types.
On data timing: we wish to flag a persistent structural challenge that affects the utility of Taxonomy disclosures for financial institutions. Taxonomy KPIs are published simultaneously with the annual report, which means financial institutions can only access counterpart data that is approximately one year old or estimated data. This significantly limits the real-world utility of the data for portfolio management purposes and should be considered as part of any broader review of the Taxonomy disclosure framework. Due to this timing issue, more granular or up-to-date information could instead be requested by financial undertakings from their counterparties on a 1-to-1, ad hoc basis, rather than introducing additional mandatory KPIs for the annual Taxonomy disclosures. Alternatively, the Taxonomy reporting of financial undertakings could be simplified further (e.g. more aggregated) to take account of the real needs of the users of such reports.

Draft advice

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)?

- (x) Yes
- ( ) No

Q12 a. If so, please explain.

5000 character(s) maximum

We support the introduction of a materiality threshold in principle. A quantitative materiality filter may be a proportionate and practical mechanism for excluding non-material activities from group-level Taxonomy reporting.
However, we have concerns about the number of conditions and caveats attached to the proposed threshold. As currently presented, the threshold is accompanied by a series of additional criteria that significantly complicate its application in practice. The simplification benefit of a clean numerical threshold is substantially reduced when entities must navigate multiple qualifying conditions before they can apply it.
We urge the ESAs to adopt a simpler formulation. If the aggregated turnover of a given activity type (assessed at the activity-type group level, not the subsidiary level) falls below the threshold, that activity type may be excluded from separate KPI reporting. This should be the primary condition, supplemented at most by a qualitative provision for cases of clear manipulation.

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.

5000 character(s) maximum

We support the general principle that the Taxonomy disclosures of mixed groups should provide a clear picture of the group’s overall Taxonomy profile (see our response to Q10 and Q11 above). Hence, we have reservations about whether separate KPI disclosures for sub-groups should systematically be required, and about how the sub-group concept is operationalised in the proposal.
We believe that a single set of consolidated KPIs, based on the same consolidation perimeter as the group’s financial statements, should remain the default approach. This would provide a consistent and comparable picture of the group’s overall Taxonomy profile and avoid unnecessary complexity arising from multiple sets of KPIs. Additional, more granular information could be disclosed on a voluntary basis where it would be useful to users, including, where relevant, information relating to material activities.
If separate activity-type disclosures are introduced, we consider that they should use the same consolidation perimeter as the group's financial statements and, where appropriate, draw on segment reporting where the reported segments correspond to the relevant activity types. This would provide a coherent and auditable basis for any additional disclosures and facilitate reconciliation with the financial statements.
Finally, we caution against importing CSRD concepts of 'material risks and opportunities' as a basis for determining which sub-groups require disclosure, as this conflates two regulatory frameworks with different objectives and methodologies.

Q14. Do you think that the full templates should be disclosed for the *other businesses* so as to enable easier comparability with undertakings engaging in similar activities or would you support lighter disclosures (par. 115)?

- ( ) Yes, full templates should be disclosed for the other businesses
- (•) No, I support lighter disclosures for the other businesses

Q14 bis. In case you would favour lighter disclosures, please explain which information should be disclosed.

5000 character(s) maximum

We support lighter disclosures with only main KPIs for other businesses. Additional contextual information could be provided voluntarily where relevant. Requiring disclosing full templates for other businesses could unnecessarily increase reporting burden without delivering a meaningful improvement in comparability.

Q15. Do you have any other comment on ESMA’s draft advice (paras. 113 - 117), including the part common to all ESAs?

- [ ] Yes
- [ ] No

Costs and benefits of the proposals in Section 3.3

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

- [ ] Yes
- [ ] No

Topic 3 - Any additional information can be provided by uploading a file here. Please mention in the title of the file "Topic 3_[the respondent's name]".

Topic 4 – Additional possible simplifications

Connectivity between the Taxonomy and the ESRS, introduction of new reliefs and phased-in application (paras. 124–130 and tables 5 and 6)

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?

- [ ] Yes
- [ ] No
- [x] Partially agree

Q17 c. Please elaborate.

5000 character(s) maximum

We support efforts to align Taxonomy reporting with the ESRS framework where this reduces duplication and reporting burden. Cross-references and incorporation by reference, where definitions and methodologies are compatible, are sensible tools for reducing the volume of preparatory work for companies that must comply with both frameworks.
However, we caution against alignment that imports ESRS concepts or methodologies that are not directly compatible with the Taxonomy framework. Alignment should be pursued at the level of data points and reporting processes, not at the level of concepts and definitions.

Q18. Do you consider the introduction of a phased-in application rule to be a proportionate way of alleviating reporting burdens?

- [x] Yes
- [ ] No

IFRS 8 and Taxonomy materiality: implementation considerations (paras. 131-134)

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?

- (x) Yes
- ( ) No

Q19 a. If yes, which aspects need clarification?

5000 character(s) maximum

We agree that the interaction between IFRS 8 operating segments and the application of the Taxonomy materiality principle should be further clarified.
In our view, IFRS 8 segments and Taxonomy economic activities are defined at different levels of aggregation, making it difficult in most cases to derive a reasonable conclusion on the materiality of Taxonomy economic activity based solely on segment reporting. The relevance of IFRS 8 should therefore be limited to cases where a Taxonomy activity fully corresponds to a reportable segment, rather than merely being included within one. References should accordingly be made to reportable segments as defined by IFRS 8, rather than operating segments more broadly.
Introducing a presumption that activities reported under IFRS 8 are material for Taxonomy purposes would substantially narrow the scope for undertaking-specific materiality assessments and go beyond the requirements of the Taxonomy framework. We therefore support ESMA's proposal to clarify that IFRS 8 information should primarily serve as a consistency check and to provide further guidance and practical examples on its interaction with Taxonomy materiality assessments.

Simplifications relating to Annex I, the templates and reporting of KPIs by non-financial undertakings (paras. 135-145)

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 your views also as regards the costs incurred by users and whether these outweigh the incremental alleviation for preparers.

- (x) Yes
- ( ) No

Q20 a. Please elaborate.

5000 character(s) maximum

The distinction between enabling, transitional activities and other Taxonomy-aligned activities within the EU Taxonomy is important and provides useful information to users of Taxonomy reporting. Users of Taxonomy reports may assess the contribution of transitional activities to Taxonomy KPIs as more temporary in nature and more exposed to technological development.
Also, leaving aside the challenges associated with assessing eligibility for adapted activities, we do not consider the inclusion of the different activity types within the KPI reporting templates, based on the corresponding classifications within the Climate and the Environmental DA, to be a significant driver of complexity or costs for Taxonomy reporting.
On this basis, we consider that the cost-benefit ratio of retaining these distinctions in reporting requirements is positive, in particular when compared to other drivers of costs or complexity.

Q21. Do you agree with the below proposals? Please explain your views and, in particular, whether they would meaningfully reduce reporting burden without undermining the usefulness of Taxonomy disclosures.

a) the incorporation of clarifications provided in FAQ 5 in Annex I of the DDA;

- (x) Yes
- ( ) No

Q21 a). Please explain.

5000 character(s) maximum

The eligibility and alignment rules applicable to the climate change adaptation (CCA) objective differ from those applicable to the other five environmental objectives. However, these rules are currently set out only in the European Commission's FAQs. We therefore support ESMA's proposal to incorporate the climate change adaptation clarifications directly into the DDA in order to reduce the risk of divergent interpretations arising from the non-binding nature of the European Commission's FAQs.
In particular, these clarifications should reflect the following principles:
• FAQ 5 of Commission Notice 2022/C 385/01 clarifies that, under the climate change adaptation objective, only turnover derived from enabling activities may be recognised as Taxonomy-eligible.
• FAQ 4 of the same Notice clarifies that an activity can be considered enabling only where it is explicitly identified as such in the activity description. This clarification is even more critical in light of the European Commission's proposal to simplify the climate change adaptation objective, under which the substantial contribution criteria refer to Appendix A, which contains cross-cutting references to enabling activities.
• CapEx related to adaptation activities should be recognised as Taxonomy-eligible only where a climate risk and vulnerability assessment has been carried out and an expenditure plan has been established to implement the relevant adaptation measures.
We note that the treatment of activities contributing to the climate change adaptation objective is addressed not only in FAQs 4 and 5 of Commission Notice 2022/C 385/01, but also in related guidance, including FAQs 8, 18 and 19 of Commission Notice C/2023/305. To enhance consistency and legal certainty, all relevant clarifications should be consolidated and incorporated into the DDA.

b) making CapEx type C optional;

- ( ) Yes
- (x) No

Q21 b). Please explain.

5000 character(s) maximum

CapEx Type C plays an important role in recognising and incentivising sustainable investments, including undertakings whose own activities are not Taxonomy-eligible. In addition, existing materiality mechanisms already help ensure, in practice, that information is reported only where it is relevant, thereby limiting situations in which such disclosures would provide little or no decision-useful information.
However, its current definition gives rise to significant interpretative challenges. There is huge divergence in practice in applying the determination of CapEx type C amongst preparers. This undermines the usability of the information because it is not comparable amongst companies in its current form.
We therefore encourage ESMA to clarify the scope and application of CapEx Type C, including the concepts of individual measures and purchase of output, as well as its applicability across the different environmental objectives.

c) the further simplifications to Annex concerning the turnover KPI on internal consumption, the turnover KPI on internal consumption and the introduction of a general materiality filter;

- (x) Yes
- ( ) No

Q21 c). Please explain.

5000 character(s) maximum

Adjusted Turnover KPI for Sustainable Bond Issuance
We support ESMA’s efforts to simplify the adjusted Turnover and CapEx KPIs for sustainable bond issuance. In practice, both indicators are complex to calculate and rely on significant assumptions and appear to provide limited incremental value to users.

Turnover KPI on Internal Consumption
We support ESMA’s consideration of making the Turnover KPI on internal consumption voluntary. Calculating this KPI requires significant effort, including additional data collection and allocation processes but creates limited value for preparers and users.

Introduce a general materiality filter for contextual information disclosed outside the templates.
We support ESMA’s consideration of introducing a materiality filter for contextual information disclosed outside the templates.

d) the introduction a clearly defined list of contextual datapoints eligible for digital tagging?

- ( ) Yes
- ( ) No

Simplifications relating to asset managers (paras. 150-152)

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 categories?

- ( ) Yes
- ( ) No

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?

- ( ) Yes
- ( ) No

Additional simplification suggestions

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

- [x] Yes
- [ ] No

Q24 a. Please elaborate.

5000 character(s) maximum

We wish to take this opportunity to draw attention to several issues that go beyond the specific questions in this consultation but are directly relevant to the coherence and usability of the DDA.
First, minimum safeguard requirements for financial undertakings remain inadequately addressed in the DDA. The current framework does not clearly specify how financial undertakings should handle minimum safeguards when assessing the Taxonomy alignment of their investee portfolio. This creates legal uncertainty and inconsistent application across Member States. We encourage the Commission to address this gap in the forthcoming revision of the DDA.
Second, FAQs which aim to support financial and non-financial undertakings in implementing the rules are generally helpful. We note, however, that some FAQs appear to go beyond or contradict legal requirements (we refer to our letter to the EC and PSF, link: https://accountancyeurope.eu/news/clarifying-and-consolidating-eu-taxonomy-faqs/). FAQs like these can create legal uncertainty for stakeholders because they do not have binding authority. This may increase administrative efforts, as undertakings and auditors must consider the resulting uncertainty in their reporting and assurance processes.
FAQs are non-binding and have demonstrably been applied inconsistently in practice, a particular problem in the context of insurance company reporting, where the gap between FAQ guidance and actual disclosure practice is significant.
We would suggest adjusting the EU Taxonomy DAs accordingly to address those matters outlined within FAQs that are critical or based on shortcomings identified in the legal texts to improve the consistency of application across the EU.

Costs and benefits of the proposals in Section 3.4 (additional possible simplifications)

Q25. Do you consider that the proposals in Section 3.4 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.

5000 character(s) maximum

Topic 4 - Any additional information can be provided by uploading a file here. Please mention in the title of the file "Topic 4_[the respondent's name]".

adf8ad08-0b50-4e2a-9875-d0e936ecc30a/Topic_4_question_24___Accountancy-Europe-letter-on-EU-Taxonomy-and-related-FAQs.pdf

Contact

Contact Form