European Commission
European Securities and Markets Authority
European Banking Authority
European Insurance and Occupational Pensions Authority

August 2026

ECG response to the ESMA, EBA and EIOPA consultations on technical advice on selected KPIs under the Taxonomy Disclosures Delegated Act

Dear Sir or Madam,

The European Contact Group (ECG), which brings together the six largest professional services networks in Europe (BDO, Deloitte, EY, Grant Thornton, KPMG and PwC), welcomes the European Supervisory Authorities' (ESAs) consultation on selected KPIs of the EU Taxonomy published on 1 July 2026.

We strongly support the objective of making the EU Taxonomy framework more effective, decision-useful, proportionate and operationally workable. The EU Taxonomy aims to improve transparency on the extent to which economic activities are environmentally sustainable and potentially supports the allocation of capital towards the transition towards a more sustainable future. However, the first years of application have also demonstrated that certain disclosure requirements are complex to apply, difficult to interpret, and, in some cases, of limited use to users of reported information.

Against this background, we welcome the ESAs' assessment of whether selected KPIs continue to meet the objectives of the Taxonomy Disclosures Delegated Act. In our view, several KPIs addressed in the consultation papers have not proved sufficiently decision-useful in practice. They often provide limited insight into an undertaking's sustainability profile, transition financing role or exposure to taxonomy-aligned activities, while requiring significant implementation effort and systems development.

We therefore encourage the ESAs and the European Commission to focus the next phase of reform both on removing or revising KPIs that are not useful and on the broader simplification and usability proposals, mainly raised in the "other issues" section of the consultation paper by ESMA.

We provide responses to some selected survey questions in the online questionnaire. All these responses are reflected also in this letter.

Our observations are based on practical experience across ECG member firms in supporting preparers, engaging with users and providing assurance over taxonomy disclosures. Our key messages are set out below.

1. Delete OpEx as decision-usefulness should be the central test for KPIs

We agree that the review of the selected KPIs should start from their usefulness to users of information. The original objective of Article 8 disclosures is not merely to generate a comprehensive set of sector-specific metrics, but to provide information that enables investors, creditors and other stakeholders to understand the extent to which undertakings are associated with environmentally sustainable economic activities.

In practice, however, several KPIs have been difficult to interpret and of limited analytical value. This is partly because the relationship between certain financial undertaking activities and taxonomy-aligned economic activities is indirect, complex or not readily captured through a single percentage metric. It is also because the underlying data required to calculate those KPIs may be incomplete, inconsistent or not available at sufficient granularity.

As highlighted in past consultations, with respect to the OpEx KPI, our preference would be to delete it from the Taxonomy Regulation and Delegated Acts. This would represent a tangible simplification measure, as its determination is complex (even just the determination of the denominator) and does not lead to information considered useful by users. Templates could be consequently simplified further. With the introduction of the separate materiality threshold for OpEx in the Omnibus amendments, the Commission itself acknowledged that "*it is generally considered that information on operational expenditure is of lesser significance to assessment of the sustainability of company activities than that on turnover or CapEx*".

In our opinion, demand for the OpEx KPI should not be artificially created by requiring financial undertakings to expand their reporting beyond turnover and CapEx KPIs. We agree with the assessments of the ESAs that a deletion of the OpEx KPI (and subsequently no new OpEx-related KPI for financial undertakings be introduced) would be desirable.

If the OpEx KPI were to be retained (for example because removing it would require a change to level 1 legislation), it should be made fully voluntary in the disclosure delegated act. Voluntary reporting could be relevant for companies with significant R&D expenses to present these in their Taxonomy reporting. In order to make this comparable, we would then support ESMA's suggested option 4, i.e. narrowing the KPI to R&D expenses only, without the addition of further categories (so called OpEx+).

2. Comments on selected banking and investment firm KPIs

2.1 Fees and commissions KPI

We agree that the fees and commissions KPI should be reconsidered due to its lack of usefulness. In our experience, this KPI is not generally central to users' assessment of a credit institution's exposure to or support for environmentally sustainable economic activities.

The KPI may be difficult to interpret because fees and commissions can arise from a broad range of services, with different relationships to underlying economic activities. In some cases, the link between the fee income and the taxonomy status of the client activity may be too indirect to provide a meaningful signal. The resulting metric may therefore appear precise while masking significant methodological judgement and data limitations.

We would support removing the KPI.

2.2 Trading book KPI

We also question the decision-usefulness of the trading book KPI. Trading book positions are generally held for market-making, liquidity provision, hedging or short-term trading purposes. They may therefore be volatile and may not reflect an institution's long-term financing of taxonomy-aligned activities.

The KPI risks being misunderstood as an indicator of transition finance or sustainable lending, when it may instead reflect short-term market exposures. In addition, practical challenges arise in linking individual trading positions to taxonomy-aligned activities, particularly where instruments are traded in secondary markets or relate to diversified issuers.

We therefore recommend removing the trading book KPI.

2.3 Other services KPI for investment firms

We agree that the other services KPI for investment firms raises similar concerns as for the fees and commission KPI. The breadth and diversity of investment firm services make it difficult to define a KPI that is both operationally workable and analytically meaningful.

A single metric covering heterogeneous services may not provide a clear basis for comparison between firms. Moreover, the connection between service revenues and the taxonomy-alignment of underlying economic activities may be too indirect to provide a meaningful signal or dependent on client-specific information that is not readily available.

We recommend that this KPI be removed unless a narrower and demonstrably useful formulation can be developed. Where information on investment services is considered useful, it may be better provided through targeted narrative disclosures or asset management-related metrics rather than through a broad revenue-based KPI.

3. Comments on insurance disclosures

We welcome EIOPA's review of insurance disclosures under the Taxonomy Disclosures Delegated Act. The insurance sector has an important role to play in climate adaptation, risk prevention and resilience. However, the current insurance taxonomy disclosures have not always captured that role in a meaningful or decision-useful way.

3.1 Underwriting KPI

The underwriting KPI has proved difficult to apply and interpret. In particular, the relationship between taxonomy-eligible or taxonomy-aligned activities and insurance underwriting is not always straightforward. Insurance may support transition and climate resilience even where the insured activity itself is not currently taxonomy-aligned. Conversely, a narrow KPI may fail to capture the broader role insurers play in enabling adaptation, risk management and resilience.

We therefore support EIOPA's proposals on the revisions of the underwriting KPI and to develop it into an adaptation underwriting KPI. In particular, limiting the denominator to those lines of business that have the ability to be eligible and aligned would improve the relevance of the KPI.

We also support the proposal to keep the "split premium" approach, as only the share of premiums relating to the insurance of climate-related risks provides benefits for climate change adaptation. As most insurers were able to implement appropriate methodologies, we support retaining the existing guidance.

3.2 Combined KPI

We support reconsidering the combined KPI. Combining investment and underwriting information into a single metric may reduce clarity rather than improve it. Users are likely to analyse an insurer's investment portfolio and underwriting activities separately, because they represent different business activities, risk profiles and channels of environmental impact.

We therefore recommend removing the combined KPI and replacing it with a clearer presentation that separately distinguishes investment-related and underwriting-related taxonomy information. We also support an introduction of a clear basis for selection between investment-related and underwriting-related KPIs for investors to meet their own disclosure requirements.

4. The "other issues" should be the focus of reform

While addressing the points above is helpful, ECG proposes that simplification could be achieved more broadly in a number of areas that are set out as 'other issues' in section 3.4 of ESMAs consultation paper and that these are the most important areas for the ESAs to focus on in their recommendations. We support particularly:

4.1 Introduction of reliefs in accordance with ESRS

Some reliefs from ESRS are useful to add to the EU Taxonomy framework as well. While we do not think that all of the general principles of ESRS should apply to EU Taxonomy due to the different nature of the frameworks, those that ESMA has identified in section 3.4.1 of its consultation paper may be helpful in reducing reporting burden.

We have historically also advocated for the introduction of a general materiality principle (refer to section 7).

4.2 Phase-in provisions for new activities and amendments to the EU Taxonomy

We also support phase-in provisions for new activities and amendments to the EU Taxonomy. Experience since the Taxonomy Regulation first became applicable has shown that even targeted amendments usually require systems changes, data collection, internal controls, legal interpretation and additional assurance procedures. Preparers need sufficient time to assess whether newly added activities are eligible, evaluate alignment against technical screening criteria and set up or amend processes and controls to obtain the necessary evidence. A structured phase-in would improve reporting quality, reduce the risk of inconsistent first-year application and result in more useful information.

4.3 Optionality of CapEx category c "purchase of output"

The CapEx category c for the purchase of output should be optional. Mandating companies to determine whether purchased output qualifies under this category is highly burdensome and often requires information that is not readily available to the purchaser. The resulting disclosures may be difficult for users to interpret and rarely comparable. Making this category voluntary would preserve the ability of undertakings to provide relevant information where it is meaningful, while avoiding mandatory reporting that may create cost without commensurate user benefit.

It would also be helpful to clarify the role of 'individual measure'. Including both 'purchase of output' and 'individual measures' in the same category of CapEx and OpEx leads to complex disclosures that lack clarity and comparability.

4.4 Deletion of adjusted KPI for sustainable bonds

We support deleting the adjusted KPI for sustainable bonds. The calculation of separate adjusted KPIs causes increased complexity and very few companies currently report adjusted KPIs in our experience. Users may be better served by clear information on the issuer's main Taxonomy KPIs, together with specific information on the use of proceeds or product-level characteristics of green bonds issued, where relevant. Removing the adjusted KPI would avoid duplicative or potentially confusing disclosures and would be consistent with a broader shift towards a simpler, more decision-useful reporting framework.

4.5 Voluntary reporting of internal turnover

Finally, reporting of internal turnover could be made possible on a voluntary basis. Internal transactions may provide useful context in some group structures where only the upstream product is taxonomy-eligible but not the final output. We do not recommend this should be made mandatory as it would add complexity and increase burden for preparers. Voluntary reporting would allow companies to explain internal flows where they are relevant, while avoiding a prescriptive requirement that may add reporting volume without improving decision-usefulness.

5. Horizontal issue – Group level reporting

Group-level reporting is one important area for clarification. Current requirements can create uncertainty particularly for groups with mixed financial and non-financial activities or activities in multiple financial sectors. We repeat our comment from past consultations that a weighted average KPI is not useful as it artificially combines different concepts. We therefore support the proposal to remove the guidance which is not rooted in the legal text but solely in the non-binding FAQs.

We recommend that the revised framework should:

- clarify at which level of consolidation taxonomy disclosures should be provided;
- avoid overly granular duplicative entity-level and group-level disclosures;
- provide clear rules for mixed groups;
- avoid as much as possible creating inconsistencies between prudential, accounting and sustainability reporting perimeters.

6. Asset management disclosures

We support further work on asset management disclosures. Asset management is highly relevant to the allocation of capital, but current taxonomy disclosures may not always provide users with a clear picture of how taxonomy-alignment is reflected in investment products, mandates or portfolios.

However, any revised disclosures should be designed carefully to avoid overlap or inconsistency with ESRS (where assets managed on behalf of clients were scoped out in the latest revision), SFDR (where mandates are excluded from current proposals by the European Commission), or other laws and requlations such as MiFID sustainability preference rules and product-level disclosures. The objective should be to provide concise, comparable and reliable information at the appropriate level — entity, product or portfolio — without creating duplicative reporting channels.

7. A materiality and proportionality principle is needed

A recurring challenge in the EU Taxonomy framework is the absence of a clear overarching materiality principle, equivalent to that used in financial or sustainability reporting and ESRS. This can result in disproportionate effort being devoted to immaterial activities, exposures or data points.

We recommend introducing a practical materiality principle for taxonomy disclosures. Such a principle should allow undertakings to omit or simplify disclosures where the relevant activities, exposures or KPIs are not material to users' understanding of the undertaking's environmental performance, financing role or sustainability profile.

A materiality principle would improve reporting quality by enabling undertakings to focus on information that is decision-useful. It would also reduce clutter and make taxonomy disclosures more accessible to users.

This principle could be accompanied by safeguards, for example by limiting the aggregate amount of non-material activities to 10% of the total. We believe that this is what was intended when the 10% threshold was introduced. However, the current quantitative threshold does not consider whether omitted information is actually material to users or not.

8. Legal certainty and due process remain essential

We reiterate the importance of legal certainty in the EU Taxonomy framework. Many practical application questions have historically been addressed through non-binding Commission Notices in the form of FAQs. While such guidance is intended to be helpful, it cannot substitute for clear and coherent legislation. There is also the risk of contradicting or expanding requirements in the delegated acts, leading to legal uncertainty for preparers and assurance providers.

Key definitions, scope requirements, calculation methodologies and exemptions should therefore be embedded in the binding framework. This is essential for consistent application, effective assurance and regulatory enforceability.

We also encourage the ESAs to advocate towards the Commission to ensure robust due process for any future amendments. Stakeholders need sufficient time to assess proposals, comment meaningfully and implement changes. This is particularly important where amendments require changes to internal systems, data collection processes, controls or assurance procedures.

Concluding remarks

ECG supports the objective of helping finance sustainable activities. However, the framework will achieve its objectives only if disclosures are understandable, reliable, comparable and useful for decision-making.

The current review provides an important opportunity to move from a completeness-driven approach to a usefulness-driven approach. In our view, this means removing or materially simplifying KPIs that have not proved useful in practice and focusing instead on the broader improvements identified in the ESAs' consultation papers.

We encourage the ESAs and the Commission to use this review to create a more proportionate, coherent and legally robust disclosure framework — one that supports capital allocation towards sustainable activities while reducing unnecessary reporting burden.

We remain available to further engage with the ESAs and the Commission and to provide practical insights based on our experience of assisting some preparers and providing assurance on compliance with the requirements for other entities.

Yours sincerely,

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