



26 March 2025

Mr. Didier Millerot, DG FISMA
European Commission
Rue de la Loi 200
1049 Brussels

Subject: PwC response letter to proposed amendments to the Disclosures Delegated Act ((EU) 2021/2178), the Climate Delegated Act ((EU)2021/2139) and the Environmental Delegated Act ((EU) 2023/2486), (together referred to as 'Taxonomy Delegated Acts').

Dear Mr. Millerot,

PwC International Ltd (PwC), on behalf of the PwC network,¹ appreciates the opportunity to provide feedback to the European Commission's ('EC') proposed amendments to the Taxonomy Delegated Acts supporting the Taxonomy Regulation in the form of a draft delegated act ('draft Taxonomy Delegated Act'). We note that there have been many calls from the business community for the EU Taxonomy regulations to be simplified and we welcome the Commission's response to this feedback. In this context, we have summarised our views on the proposed amendments and highlight additional areas that could further simplify the Taxonomy framework and reduce the reporting burden.

Importantly, we believe that the Climate Delegated Act and Environmental Delegated Act should provide sufficient guidance and clarity to ensure their practical applicability. Ideally, these should also be expanded to cover a larger set of economic activities to increase the relevance of the EU Taxonomy. We therefore appreciate the Commission's plans to carry out a systematic and thorough review of all of the technical screening criteria. In the future, we recommend prioritising the updates to the economic activities over changes or additions to the Disclosures Delegated Act.

Further, we believe that transparent and structured due process is essential for establishing high-quality requirements and guidance that effectively balance EU environmental goals with business competitiveness. We recommend the establishment of a robust due process for amending and further developing the Taxonomy Regulation (including the Taxonomy Delegated Acts) and for developing related frequently asked questions ('FAQs'). This would ensure that requirements function as intended and address the needs of stakeholders. Engaging stakeholders in this process would help identify practical issues, provide input on alignment with financial reporting concepts, and reduce editorial errors, ultimately improving the practical application of the Taxonomy.

With regard to the proposed amendments, we have the following summary observations, each of which is explained more fully in the appendices to this letter as follows:

- Appendix A – Proposed amendments to the Taxonomy Delegated Acts

¹ The PwC network consists of firms which are separate legal entities. The firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world. Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to facilitate coordination between member firms in the PwC network. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions.

- Appendix B – Areas proposed for amendment excluded from the call for public feedback
- Appendix C – Other recommendations

Proposed amendments to the Taxonomy Delegated Acts

We support the objective of the EC to make Taxonomy reporting simpler and more cost-effective for preparers. We therefore support the initiative to amend the Taxonomy Delegated Acts to achieve these objectives. Our observations and comments are summarised below.

- (a) *Materiality thresholds* – We object to the proposed quantitative materiality thresholds and believe a broader materiality concept — similar to ‘financial materiality’ as used in financial reporting — would better balance the costs and benefits of Taxonomy disclosures, provide greater flexibility to assess materiality based on an entity’s facts and circumstances, and simplify implementation.
- (b) *Templates* – We generally support the proposed amendments to the key performance indicator (KPI) templates, particularly the removal of certain data points, which would enhance clarity and better focus on essential information. We also support the deletion of the templates for gas and nuclear activities to avoid redundant disclosures and recommend eliminating templates 1 and 5 from Annex XII of the Disclosures Delegated Act.
- (c) *KPIs of financial undertakings* – We support the proposed amendments to templates for financial undertakings, which would simplify the reporting process. However, we note that the current narrative explanations for filling out these templates are often insufficient, making the reporting process more complex and creating diversity in practice. We therefore suggest introducing additional explanatory materials.

Additionally, instead of the proposed delay in the timing of reporting, we recommend eliminating the requirement for credit institutions to report Trading book KPI and Fees and commissions KPI as we do not believe they provide meaningful information.

- (d) *Pollution DNSH criteria* – We support the removal of the paragraph below point (f) in Appendix C, which would simplify the requirements and reduce the burden on businesses. Additionally, we appreciate the clarification regarding point (d) in Appendix C, which aligns with current practice and helps entities reasonably comply with restrictions on the use of substances.

Areas proposed for amendments excluded from the call for public feedback

In addition to our comments on the draft Taxonomy Delegated Act, we believe that the following suggestions should be considered by the EU policy makers as part of the discussions on the Omnibus proposals as they would enhance clarity and support consistent Taxonomy reporting.

- We have concerns regarding the application of the EUR 450 million turnover and 1000 employee thresholds as used in the determination of mandatory Taxonomy reporting, primarily due to the limited guidance provided on how to assess these criteria (e.g. it is unclear which accounting period is meant to underly the assessment).
- We believe the impact of reducing the scope of Taxonomy reporting on financial institutions that rely on the key performance indicators of their counterparties needs to be addressed.
- The proposed amendments to Directive 2013/34/EU would require an entity with less than EUR 450 million turnover to provide Taxonomy information if it claims its activities are associated with economic activities that qualify as environmentally sustainable. We



recommend providing specific guidance to determine which 'claims' would trigger mandatory Taxonomy reporting.

- We believe clarification is needed on the proposed ability to report on partial alignment, particularly its practical implications and how such a provision would benefit the financial sector.

Other recommendations

Appendix C details other comments that we believe should be addressed by the EC to streamline the requirements, reduce costs, and aid in the effective and consistent application of the Taxonomy Regulation. These include:

- Eliminating inconsistencies between the Commission Notices and the Taxonomy Delegated Acts
- Revising CapEx (OpEx) categories a and c
- Eliminating the OpEx KPIs
- Reducing information requirements in Annex I
- Reducing reporting requirements for the financial sector
- Permitting expanded use of estimates when determining Taxonomy-aligned exposures
- Clarifying the comparative KPI requirements for financial undertakings
- Revising certain existing FAQs

We trust that our insights will contribute to the ongoing development of a simpler and more cost-effective EU Taxonomy framework. We remain at your disposal for meetings and consultations to provide further clarification and engage in discussions regarding the practical applications of the Taxonomy Regulation. If you would like to discuss any points that we have raised in this letter, please do not hesitate to contact Olivier Scherer (olivier.scherer@pwc.com), Kees-Jan de Vries (kees-jan.de.vries@pwc.com) or Mikael Scheja (mikael.scheja@pwc.com).

Yours sincerely,

A handwritten signature in black ink that reads 'Eric Clarke'.

Eric Clarke
Global Chief Accountant and Head of Reporting
eric.clarke@pwc.com

PwC IL is registered under number 60402754518-05 in the EU Transparency Register

Copy to: Mr. Sven Gentner, DG FISMA

Appendix A – Proposed amendments to the Taxonomy Delegated Acts

Areas	Recommendations															
Materiality thresholds	<p>We support the introduction of a broad materiality concept — similar to the ‘financial materiality’ used in financial reporting as referred to in both the Accounting Directive and sustainability reporting in accordance with European Sustainability Reporting Standards — that includes both quantitative and qualitative assessments for eligibility and alignment, encompassing all key performance indicators (KPIs).² We do not, however, support the proposed quantitative materiality thresholds (both the 10% threshold for all KPIs and the 25% threshold for the OpEx KPI) due to their potential implementation challenges that will increase complexity in practice. We do not believe that the proposal adequately addresses key questions regarding the application of the materiality thresholds. Specifically, there are potential inconsistencies among the accompanying text, recitals, and proposed amendments, leading to the following questions:</p> <ol style="list-style-type: none"> 1. Are all thresholds applicable solely to alignment assessment, meaning there is still no materiality concept for eligibility and reporting? 2. Do the thresholds apply to individual activities or in aggregate? 3. Do the thresholds apply at the activity level or are they more granular, encompassing KPI and activity levels? 4. How should non-material activities be presented? 5. Does the materiality threshold apply to harmful activities? 6. How do the different thresholds interact with the current materiality exemption for OpEx that is not material to the business model? <p>To illustrate these issues and inconsistencies, assume a simple example around four eligible activities:</p> <table border="1" data-bbox="562 1468 1276 1760"> <thead> <tr> <th data-bbox="562 1468 800 1536">Activity</th><th data-bbox="800 1468 1038 1536">Share of eligible turnover</th><th data-bbox="1038 1468 1276 1536">Share of eligible CapEx</th></tr> </thead> <tbody> <tr> <td data-bbox="562 1536 800 1603">1</td><td data-bbox="800 1536 1038 1603">6%</td><td data-bbox="1038 1536 1276 1603">30%</td></tr> <tr> <td data-bbox="562 1603 800 1671">2</td><td data-bbox="800 1603 1038 1671">3%</td><td data-bbox="1038 1603 1276 1671">4%</td></tr> <tr> <td data-bbox="562 1671 800 1738">3</td><td data-bbox="800 1671 1038 1738">5%</td><td data-bbox="1038 1671 1276 1738">4%</td></tr> <tr> <td data-bbox="562 1738 800 1760">4</td><td data-bbox="800 1738 1038 1760">24%</td><td data-bbox="1038 1738 1276 1760">7%</td></tr> </tbody> </table> <ol style="list-style-type: none"> 1. <i>Materiality for eligibility</i> Based on the wording of the proposed amendment, we understand that the eligibility assessment to associate the respective portions of turnover and CapEx with activities needs to be completed before the 	Activity	Share of eligible turnover	Share of eligible CapEx	1	6%	30%	2	3%	4%	3	5%	4%	4	24%	7%
Activity	Share of eligible turnover	Share of eligible CapEx														
1	6%	30%														
2	3%	4%														
3	5%	4%														
4	24%	7%														

² EU, Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA relevance, Article 2, paragraph 16; ESRS 1 *General requirements*, section 3.5.

Areas	Recommendations
	<p>materiality thresholds can be applied, i.e. materiality considerations only apply to Taxonomy alignment, and not Taxonomy eligibility. We note, however, the explanation in the accompanying text that reporting entities could focus on “assessing Taxonomy-compliance (e.g., eligibility and alignment) of [certain] activities” (draft Taxonomy Delegated Act, p. 4 (emphasis added)), which leads to confusion about the intended impact of the materiality thresholds.</p> <p>2. <i>Individual activity or in aggregate</i></p> <p>Based on the proposed amendment of the Disclosures Delegated Act, economic activities may only be rendered non-material as long as the cumulative turnover/CapEx/OpEx resulting from non-material economic activities is less than 10% of total turnover/CapEx/OpEx. Applying the threshold of 10% to the sum of non-material activities in practice can lead to different outcomes as demonstrated in our example:</p> <ul style="list-style-type: none"> • the reporting entity could choose to omit the alignment assessment for the turnover of (only) activity 1, (only) activity 2, or (only) activity 3 because each is individually under 10% • the reporting entity could choose to omit the alignment assessment for the turnover of activity 1 and activity 2 because together, they do not exceed 10% • the reporting entity could choose to omit the alignment assessment for the turnover of activity 2 and activity 3 because together, they do not exceed 10% <p>In essence, the reporting entity could choose how to identify activities as non-material that result in up to 10% of eligible turnover in sum. The entity could not omit testing alignment of the turnover resulting from activities 1, 2, and 3 because although these activities each generate under 10% of turnover, together they exceed 10%.</p> <p>The proposed design of a de minimis threshold could thus be understood as a ‘simplification pocket’ of 10% of the KPI denominator for which alignment testing can be omitted, rather than a way to define non-material activities, as the 10% cumulative threshold can be flexibly applied to activities (or only one activity of up to 10%).</p> <p>Based on the accompanying text, however, a different reading might be acceptable as well, as the “de minimis threshold of 10 % would [...] allow reporting companies to focus their efforts of assessing Taxonomy-compliance (e.g., eligibility and alignment) of those activities that represent a significant share of their revenues, capital or operational expenditures” (draft Taxonomy Delegated Act, p. 4, emphasis added). Based on this reasoning, all economic activities that generate less than 10% of total turnover could be considered non-material and thus would not need to be tested for alignment.</p> <p>The intended application of these materiality thresholds needs to be clarified if the approach to materiality is not changed in the final delegated act.</p>

Areas	Recommendations
	<p>3. <i>Application per activity or per KPI</i> The wording of the draft Taxonomy Delegated Act may also be understood differently when it comes to assessing more than one KPI for a particular activity. As an activity needs to comply with “any of the conditions” (the 10% threshold for each KPI) “in respect of the respective KPI”, the question arises whether an activity only needs to be considered non-material for one KPI to be considered non-material for all KPIs even if the threshold is exceeded for another KPI. The literal reading of the draft Taxonomy Delegated Act might indicate a requirement to make the assessment for each individual KPI. As explained under issue 2 above, the materiality threshold is not used to identify a non-material economic activity in general. The threshold rather provides relief from the alignment assessment for a specific KPI.</p> <p>By focusing on the reference to “any of the following conditions” (draft Taxonomy Delegated Act, article 1, paragraph (1)), in our example, a reporting entity could omit, for instance, the alignment assessment for the turnover and the CapEx of activity 1 even though more than 10% of CapEx results from this activity. This reading also seems to be aligned with the second paragraph of the proposed article 2, paragraph 1a which refers to the “turnover, capital expenditure and operational expenditure related to the activities to which the first subparagraph is applied.” (emphasis added).</p> <p>4. <i>Presentation</i> The proposed wording of the draft Taxonomy Delegated Act requires that the “turnover, capital expenditure and operational expenditure related to the activities to which the first subparagraph is applied be reported separately as non-material turnover, capital expenditure or operational expenditure”. This wording suggests that for each KPI, the share of non-material activities needs to be reported in total. By contrast, according to recital 6 of the draft Taxonomy Delegated Act, entities “should report separately non-material activities at aggregated and individual levels” (emphasis added). It is also not clear whether non-material activities need to be presented in the reporting templates.</p> <p>5. <i>Role of harmful activities</i> According to recital 6, harmful activities that contradict the objectives underpinning the Taxonomy Regulation should not be included in the non-material economic activities. However, it is not clear which activities are to be classified as harmful as the materiality threshold per the definition is only applied to eligible activities, i.e. activities that at least have the potential to be Taxonomy aligned. Moreover, the concept of harmful activities or any other limitation to apply the materiality threshold is not reflected in the amendments to the draft Taxonomy Delegated Act.</p> <p>Notwithstanding the lack of guidance for such activities, we do not believe non-material activities should be subject to further assessments. Such a requirement would limit the extent of reduction of reporting burdens intended by the establishment of a materiality threshold.</p>

Areas	Recommendations
	<p>6. <i>Interaction between thresholds and concepts for OpEx</i> The wording used to describe the additional 25% turnover threshold to determine economic activities for which OpEx is not required to be considered material is consistent to how the 10% threshold is described. Thus, the issues described with respect to the 10% threshold equally apply to the 25% threshold. In addition, the combination of both thresholds for an economic activity which needs to be applied to different KPIs creates complexity. To avoid this complexity, please refer to the suggestion to eliminate the OpEx KPI entirely (see Appendix C).</p>
KPI templates	<p>We generally support the proposed amendments to the KPI templates, including the reduction of data points. While eliminating data points may not significantly reduce the workload for entities, we believe that the revised layout will be well-received by reporting entities as many are finding it challenging to integrate the current format into their sustainability reports.</p> <p>Use of templates</p> <p>The proposed KPI templates emphasise information related to Taxonomy-aligned turnover, CapEx, and OpEx. This raises the question of whether the templates should only be disclosed when there are aligned proportions in year N or year N-1. We recommend including a clarification that the KPI templates should be disclosed in all cases, i.e. even if economic activities are eligible, but not aligned. Including eligible activities in the title of the templates might be sufficient in this regard.</p> <p>We also have the following additional observations and recommendations for specific templates:</p> <p><u>Template I: Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year (N)</u></p> <ul style="list-style-type: none"> • <i>Clarification needed on totals</i> Column (2) refers to a 'Total' in absolute figures. It is not clear what amount should be disclosed here. We suggest the EC clarify whether this refers to (a) the KPI-denominator or (b) the total amount of eligible turnover/CapEx/OpEx (including both aligned and non-aligned figures). Disclosing the KPI denominator within the KPI template would facilitate the reconciliation of the denominator with the related items in the annual report for turnover and CapEx. • <i>Proportion of Taxonomy eligible activities</i> In Column (3), it is unclear whether this represents the proportion of Taxonomy-eligible activities, including aligned turnover/CapEx/OpEx, or if it pertains solely to Taxonomy-eligible but not aligned proportions. • <i>Order of environmental objectives</i> We note that the order of environmental objectives in the template does not align with that provided in the Taxonomy Regulation (Article 9) and the Environmental Delegated Act. To ensure consistency

Areas	Recommendations
	<p>across all regulatory documents, we recommend switching columns (9) and (10) so that the environmental objective 'transition to a circular economy' is listed before 'pollution prevention and control'.</p> <ul style="list-style-type: none"> • <i>Clarification on double counting</i> It remains unclear whether double counting is permissible in Column (12) 'proportion of enabling activities'. The footnote addressing double-counting only covers columns (4) and (6) to (11), and does not explicitly mention column (12). • <i>Footnote on duplication of the template</i> Template I contains a footnote stating, "Non-financial undertakings shall duplicate this template to disclose separately the turnover, CapEx, and OpEx KPIs, clearly indicating in the title of each table which KPI the table refers to." We believe that this template is designed to provide an overview of the three KPIs in one table and suggest that this footnote is unnecessary and should be removed for clarity. • <i>Editorial comments</i> We have noticed the following typographical errors: <ul style="list-style-type: none"> ○ Column (3): proportion ○ Column (4): Taxonomy ○ Column (13): transitional activities ○ Column (14): Taxonomy <p><u>Template II: Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year (N) (activity breakdown)</u></p> <ul style="list-style-type: none"> • <i>Lack of proportional figures for enabling and transitional activities</i> Template II does not provide proportional figures for enabling and transitional activities, which could result in misleading disclosures if an activity is only partially enabling/transitional. Specifically, indicating an 'E' or 'T' for enabling or transitional characterisation might imply that the entire activity is classified as such. This could also create inconsistencies with Template I, which requires percentage figures for enabling/transitional proportions at the KPI level.

Areas	Recommendations
	<ul style="list-style-type: none"> • <i>Clarification on double counting</i> We understand that double counting in Template II is permitted for the row ‘Sum of alignment per objective’, but not for ‘Total KPI’. Further, alignment under multiple environmental objectives needs to be indicated across columns (5) to (10). It is unclear whether double counting should be allowed in Column (3) ‘Taxonomy aligned KPI (monetary value of Turnover/CapEx/OpEx)’ and Column (4) ‘Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover, CapEx, OpEx)’. We recommend adding a footnote to clarify that double counting is not permitted in these columns. • <i>Clarification on Taxonomy eligible activities</i> Column (13) addresses Taxonomy-eligible economic activities. It is not clear, however, if Column (13) is referring to the total amount of eligible turnover/CapEx/OpEx, including both aligned and non-aligned proportions, or solely to eligible, but non-aligned activities. • <i>Order of environmental objectives</i> See comment above on Template I. • <i>Unclear references</i> The header of Columns (5) to (10) includes references to letters (b) and (c). We believe these references may have been incorrectly copied from the current KPI templates and should be deleted. • <i>Editorial comments</i> We recommend the following adjustments to enhance clarity: <ul style="list-style-type: none"> ○ Column (11): add “activities” after “enabling” ○ Column (14): add “Turnover/CapEx/OpEx” after “eligible” <p><u>Templates for nuclear and fossil gas related activities</u></p> <p>The proposed amendments include the removal of templates 2, 3, and 4 of Annex XII of the Disclosures Delegated Act (EU) 2021/2178, with no modifications made to templates 1 and 5. Notably, Template 5, ‘Taxonomy non-eligible economic activities’, remains problematic due to ambiguous information requirements and does not seem to include valuable data points. The concept of providing shares of Taxonomy non-eligible economic activities in relation to certain eligible economic activities is unclear. Further, relevant information regarding material nuclear and fossil gas related activities is already included in the main KPI templates. As such, we recommend either deleting all templates in Annex XII or providing clarification on how to interpret the required data points.</p>
Pollution Do No Significant Harm (DNSH) criteria	We welcome proposed Option 1 to eliminate the paragraph below point (f) but do not support Option 2, which represents the current interpretation of the requirements and is perceived as highly burdensome.

Areas	Recommendations
	<p>Additionally, we agree with the clarification regarding point (d) in Appendix C, which aligns with current practice and helps entities reasonably comply with restrictions on the use of substances.</p> <p>We note, however, that a key issue remains in that entities cannot claim Taxonomy alignment even if they comply with EU regulations like the REACH Regulation. This is due to additional restrictions imposed by the generic DNSH criteria for pollution prevention in Appendix C. This complicates compliance, and we encourage further simplifications to align the DNSH criteria more closely with EU legal requirements.</p>
KPIs of financial undertakings	<p>We support the proposed amendments to templates for financial undertakings. However, as the current narrative explanations for filling out these templates are often insufficient, we suggest introducing additional explanatory materials, such as illustrative examples and spreadsheets with embedded formulas.</p> <p>Additionally, we recommend eliminating the reporting requirements for credit institutions to report Trading book KPI and Fees and commissions KPI. This is because the positions in the Trading book KPI are not primarily intended for financing-specific activities, and the Fees and commissions KPI does not provide meaningful insights into the sustainability profile of credit institutions. Moreover, we expect that the alignment percentages for both KPIs will be inherently low, further limiting their relevance and decision usefulness.</p> <p>The following examples outline the complexities in using the templates prescribed for financial undertakings:</p> <p>Credit institutions - GAR Flow (Template 4)</p> <p>Template 4 (footnote 1) explains that credit institutions are required to disclose the GAR KPIs on the flow of new loans and advances, debt securities, equity instruments, and reposessed collateral during the financial year prior to the disclosure reference date calculated based on the data disclosed in Template 1 on covered assets. However, it is unclear how the reference to covered assets in Template 1 corresponds to the requirement to calculate the flow compared to total covered assets in the denominator, as stated in the template itself. Further, it is unclear why the denominator refers to 'covered assets' and not to 'new covered assets' in line with the flow calculation logic. Finally, it is not clear from the available guidance how the 'new lending' should be defined for flow calculation purposes.</p> <p>Insurer/Reinsurer - Green Asset Ratio KPI for non-life insurance and reinsurance undertakings (Template 2)</p> <p>The amended Template 2 requires disclosing a breakdown of the percentage of covered exposures in rows 5-11, supporting the percentage of Taxonomy-aligned exposures in covered assets (row 4). However, it is not clear from the proposed amendments to Annex X how this disclosure should be filled out. Except for rows 6 and 7, which clearly represent a breakdown of row 5, it is not clear which rows are deemed to be sub-totals and which rows should be included in each sub-total.</p>

Areas	Recommendations
	We believe that the above examples illustrate the need for excel spreadsheets with formulas, or illustrative examples with numbers and explanatory comments. Such additional materials would help to report underlying information appropriately and consistently.

Appendix B – Areas proposed for amendment excluded from the call for public feedback

Areas	Recommendations																					
Scope	<p>Application of the EUR 450 million and 1000 employee threshold</p> <p>The omnibus package introduces the concept of voluntary taxonomy reporting by allowing undertakings within the scope of the CSRD with a net turnover not exceeding EUR 450 million to 'opt in' and voluntarily provide EU Taxonomy disclosures. Mandatory Taxonomy reporting would be required for entities with more than 1000 employees on average and at least EUR 450 million in revenue.</p> <p>It is currently unclear how entities would need to assess the proposed EUR 450 million threshold and the 1000 employees threshold. Specifically, there is no guidance on the point in time at which the threshold should be measured. In our view, it would be burdensome for entities to provide Taxonomy disclosures for the same financial year in which they first exceed the two criteria. Accordingly, we believe the measurement period, described in proposed articles 19b and 29aa as 'balance sheet dates', should be clarified. We recommend that taxonomy reporting only be required if an entity meets the criteria for two consecutive years consistent with the application of the 'large' criteria in determining the scope of the CSRD.</p> <p>The following example illustrates elements of the reporting threshold that we believe should be clarified in the legal text.</p> <p>Assume Entity A has the following turnover and average number of employees.</p> <table border="1" data-bbox="557 1282 1283 1545"> <thead> <tr> <th data-bbox="557 1282 716 1343">Year</th><th data-bbox="716 1282 811 1343">20x1</th><th data-bbox="811 1282 906 1343">20x2</th><th data-bbox="906 1282 1002 1343">20x3</th><th data-bbox="1002 1282 1097 1343">20x4</th><th data-bbox="1097 1282 1192 1343">20x5</th><th data-bbox="1192 1282 1283 1343">20x6</th></tr> </thead> <tbody> <tr> <td data-bbox="557 1343 716 1432">Turnover (in EUR million)</td><td data-bbox="716 1343 811 1432">420</td><td data-bbox="811 1343 906 1432">455</td><td data-bbox="906 1343 1002 1432">475</td><td data-bbox="1002 1343 1097 1432">440</td><td data-bbox="1097 1343 1192 1432">430</td><td data-bbox="1192 1343 1283 1432">460</td></tr> <tr> <td data-bbox="557 1432 716 1545">Employees on average</td><td data-bbox="716 1432 811 1545">990</td><td data-bbox="811 1432 906 1545">1020</td><td data-bbox="906 1432 1002 1545">1010</td><td data-bbox="1002 1432 1097 1545">995</td><td data-bbox="1097 1432 1192 1545">990</td><td data-bbox="1192 1432 1283 1545">995</td></tr> </tbody> </table> <p>Based on this data, there are at least two alternative interpretations as a result of the lack of clarity in how to apply the proposed thresholds:</p> <ol style="list-style-type: none"> 1. <i>Annual thresholds</i> - Entity A would be obliged to prepare taxonomy disclosures for 20x2 because the thresholds for both turnover and average number of employees are met for the first time that year. There would be no obligation to report for 20x4 because Entity A falls below the two thresholds. 2. <i>Reference in the proposed articles 19a, 19b, 29a, and 29aa to the plural 'balance sheet dates' implies at least a two-year assessment</i> - Entity A would first be obliged to prepare taxonomy disclosures for 20x3 because the thresholds for both turnover and number of employees are met for two consecutive years. The obligation to 	Year	20x1	20x2	20x3	20x4	20x5	20x6	Turnover (in EUR million)	420	455	475	440	430	460	Employees on average	990	1020	1010	995	990	995
Year	20x1	20x2	20x3	20x4	20x5	20x6																
Turnover (in EUR million)	420	455	475	440	430	460																
Employees on average	990	1020	1010	995	990	995																

Areas	Recommendations
	<p>report would cease in 20x5 when Entity A first falls below the thresholds for two consecutive years.</p> <p>In these examples, Entity A would need to prepare taxonomy reporting for a financial year in which they may only know at the end of that year that they met the thresholds. This may be problematic if an entity did not collect the necessary information from the beginning of the financial year.</p> <p>We recommend that reporting begin for the year after the EUR 450 million revenue threshold is met for two consecutive years. Accordingly, in our example, Entity A would first be obliged to prepare taxonomy disclosures in 20x4 because the thresholds for both turnover and average number of employees are met for 20x2 and 20x3, triggering reporting in the following year, 20x4. Applying the same proposal, Entity A would be obliged to provide taxonomy disclosures for 20x5, but would not be required to report on 20x6 because that is the year following the point at which Entity A falls below the thresholds for two consecutive years.</p> <p>Implications for financial institutions</p> <p>As a consequence of the proposed scope reduction, financial institutions that rely on the taxonomy-related disclosures of their counterparties when providing general purpose financing would face challenges in assessing risk and investment opportunities comprehensively. It would impact financial institutions' strategic investment and risk management decisions and potentially contradict the overall goal of redirecting capital flows to sustainable activities. We propose that this is considered and reflected in other (prudential) regulatory requirements.</p> <p>Clarification of the term 'claims'</p> <p>We understand that Taxonomy disclosures are required if a reporting entity in the scope of the CSRD but with less than EUR 450 million in turnover claims that its activities are associated with economic activities that are environmentally sustainable. We recommend that specific guidance be provided to make it clear which 'claims' would trigger the reporting requirement.</p>
Partial alignment	<p>The draft Delegated Act introduces the concept of 'partial alignment', allowing entities in the scope of the CSRD with a net turnover not exceeding EUR 450 million to claim that activities are partially aligned with the EU Taxonomy. The absence of a more detailed explanation of this concept raises concerns about its scope and application, potentially reducing comparability between entities above and below the EUR 450 million threshold and may lead to inconsistencies in Taxonomy reporting. Further, it is unclear how financial undertakings would use information on partial alignment in their reporting.</p> <p>The introduction of this new category of economic activities appears unnecessary since entities can already voluntarily disclose which criteria they meet and which they do not. Without a clear link to the financial sector, the need for this new category and the related benefits are unclear. We recommend that the EC instead focus on streamlining existing criteria instead of adding a new category of activities that adds to the complexities of Taxonomy reporting.</p>

Appendix C – Other recommendations

Areas	Recommendations
Further amendments to the Disclosures Delegated Act	<p>Eliminate inconsistencies between the Commission Notices and the Taxonomy Delegated Acts</p> <p>We welcome the proposed amendments to the Disclosures Delegated Act. We note, however, that the clarifications provided in FAQs in EC Commission Notices lack legal authority and in some cases are inconsistent with the text of delegated acts, leading to confusion and complexity. We encourage the EC to seize this opportunity to integrate significant clarifications provided through Commission Notices into the delegated acts. For example, the omission of comparatives in the first year of Taxonomy reporting as specified in FAQ 146 in the Commission Notice on the Environmental Delegated Act, the Climate Delegated Act and the Disclosures Delegated Act conflicts with the legal text in article 8 paragraph 3 of the Disclosures Delegated Act. This position should be amended in the legal text.</p> <p>Similarly, FAQs 8, 18, and 19 from the second Commission Notice on the Disclosures Delegated Act provide helpful information regarding the application of the environmental objective of Climate Change Adaptation, which fundamentally works differently than the other objectives. Apart from a notion on turnover in section 1.1.1 of Annex I to the Disclosures Delegated Act, however, the differences are not established and explained in the legal text. Therefore, barring a thorough revision of the objective and its eligible activities, we suggest integrating the FAQs into the Disclosures Delegated Act.</p> <p>Revise CapEx (OpEx) categories a and c</p> <p>The Disclosures Delegated Act distinguishes three types of aligned CapEx (and OpEx), commonly referred to as categories a, b, and c. However, the distinction between categories a and c is unclear due to significant overlap, leading to inconsistencies in disclosed activities and the potential application of differing criteria for alignment assessments. Such differences impair the level of comparability of Taxonomy disclosures and also affect the KPIs of the financial counterparties. We recommend a thorough revision of how these categories are described. In the meantime, or alternatively, we suggest making category c (purchase of output and individual measures) optional. This change would relieve entities from the need for detailed assessments of individual purchases that are not directly associated with an eligible economic activity.</p> <p>Eliminate the OpEx KPIs</p> <p>We believe that eliminating the OpEx KPI would significantly reduce the reporting burden and simplify the application of the Taxonomy as the financial sector is generally not using the OpEx KPI for its Taxonomy disclosures.</p>

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	<p>We also recommend that the CapEx KPI be adjusted to account for differences in local GAAP. For example, as currently written, lease expenditures could be treated differently depending on whether the applied accounting framework requires the capitalisation of a right-of-use lease asset.</p> <p>Reduce information requirements in Annex I</p> <p>Some disclosure requirements in Annex I to the Disclosures Delegated Act are challenging and demanding in practice. For these reasons, the output of these disclosures might be perceived as inefficient both from a content perspective and based on a cost benefit analysis. The following are some examples:</p> <p><u>Disclosures Delegated Act (EC) 2021/2178, Annex I, sections 1.2.3.1. and 1.2.3.2. (adjusted KPIs)</u></p> <p>Non-financial undertakings issuing sustainable bonds (including green bonds) to finance Taxonomy-aligned economic activities must also disclose adjusted turnover and CapEx KPIs. This requirement aims to prevent double counting by the financial sector when determining their own KPIs. Although the EC published guidance on how to calculate adjusted KPIs (FAQ 16 from the second Commission Notice on the Disclosures Delegated Act), we observe that calculating these adjusted KPIs remains complicated and results in varied interpretations in practice. Specifically, it is difficult, and may be impossible, to identify the proportion of turnover attributable to the issuance of a green bond. We therefore recommend eliminating the obligation to disclose these adjusted KPIs.</p> <p><u>Disclosures Delegated Act (EC) 2021/2178, Annex I, section 1.2.3.1. point (b) (internal consumption)</u></p> <p>Non-financial undertakings are required to provide “information about the amounts related to Taxonomy-aligned activities pursued for non-financial undertakings’ own internal consumption”. This requirement presents significant challenges, particularly when internally consumed portions lack a defined monetary value. Although the EC addressed this issue via FAQ 16 in the first Commission Notice and FAQ 21 in the second Commission Notice on the Disclosures Delegated Act, there remains an absence of clear guidance on how to quantify the amounts consumed internally. We recommend eliminating this disclosure requirement as part of ongoing simplification efforts.</p> <p>Reduce reporting requirements for the financial sector</p> <p>We believe that the number of templates, and number of datapoints in each template, for credit institutions are excessive. In addition to our suggestion to eliminate the Trading book KPI and Fees and commissions KPI, we suggest evaluating the remaining reporting requirements considering the contribution of this information to the EU Taxonomy objectives. Such an evaluation should take into</p>

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	<p>account the perspective of preparers and intended users of the EU Taxonomy disclosures to ensure that the changes do not diminish the information value of Taxonomy reporting. We believe that the EU Platform on Sustainable Finance report, <i>Simplifying the EU Taxonomy to Foster Sustainable Finance</i>, released in February 2025, in particular Annex VI – GAR, provides a useful summary of issues that should be considered in simplifying the reporting for credit institutions.</p> <p>Permit expanded use of estimates when determining Taxonomy-aligned exposures</p> <p>Article 7(7)(a) of the Disclosures Delegated Act requires financial undertakings to disclose the proportion of Taxonomy-aligned exposures based on estimates separate from the mandatory disclosures. We believe financial undertakings should be permitted to use estimates in the Taxonomy reporting process more broadly. This would simplify the process of assessing Taxonomy alignment for retail exposures, where counterparty data collection is particularly burdensome. It would also allow financial undertakings to report estimated alignment for those counterparties that would no longer be required to publish their KPIs under the proposed amended scope of the Taxonomy, increasing the relevance of disclosures made by financial undertakings. We believe that the existing requirements in Article 7(7) to formalise and publish estimation methodologies are sufficient to ensure the quality and transparency of disclosures based on estimates.</p> <p>Clarify the comparative KPI requirements for financial undertakings</p> <p>We note that Article 8(3) of the Disclosures Delegated Act requires that the KPI covering the previous annual reporting period be presented in the sustainability statement. However, templates applicable for financial undertakings do not always envisage the reporting of comparative data. We recommend that the respective Annexes be amended to address how comparative KPIs should be reported, aligning the requirements with those that are applicable for non-financial undertakings.</p>
Revision of existing FAQs	<p>We recognise that the FAQs provided through Commission Notices are essential for clarifying provisions on the application of the Taxonomy Regulation and the related delegated acts. We observe, however, that some FAQs add unnecessary complexity. We have the following recommendations aimed at promoting simplification and reducing the reporting burden.</p> <p>Taxonomy reporting exemption</p> <p>FAQs 8 and 10 in the third Commission Notice on the Disclosures Delegated Act address the subsidiary exemption in the context of the EU Taxonomy regulation and express the view that the KPIs of an</p>

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	<p>EU subsidiary (or intermediate parent) in the scope of article 19a or 29a is required to be presented in the contextual information accompanying the consolidated Taxonomy reporting of its parent. This would seem to require that all of the details normally required to be disclosed in the KPI templates for the subsidiary (intermediate parent) be reported by the parent. This approach does not align with the traditional understanding of consolidation but rather necessitates that the information be distinctly presented in the parent's consolidated statement. FAQ 11 from the second Commission Notice on the Disclosures Delegated Act has generally been interpreted as supporting the 'traditional' view of consolidation, meaning that taxonomy disclosures for a subsidiary are not required if that subsidiary is included in its parent's consolidated taxonomy reporting. Moreover, FAQs 8 and 10 appear to create an inconsistency within the Accounting Directive in that there is no requirement to continue to provide a subsidiary level sustainability statement under the European Sustainability Reporting Standards in a parent's consolidated reporting.</p> <p>Reporting requirements for groups with mixed activities</p> <p>FAQs 7 and 9 in the third Commission Notice on the Disclosures Delegated Act explain the EC view on how the consolidated KPIs of a group with mixed activities should be determined and reported. The FAQs suggest that a reporting entity would be required to:</p> <ul style="list-style-type: none"> • Distinguish between the different activities laid out in the Disclosures Delegated Act – (i) non-financial sector, (ii) asset managers, (iii) credit institutions, (iv) investment firms, (v) insurance and reinsurance undertakings; • For each of these activities, determine the (consolidated) KPIs using the respective annexes and templates; • Determine the consolidated KPIs by calculating a weighted average of the different activities; • Report the consolidated KPIs in the contextual information. <p>This methodology is not explicitly outlined in the Disclosures Delegated Act and has not yet been adopted by groups with mixed activities, which typically adhere to established financial consolidation principles. We recommend a review of the methodology presented in FAQs 7 and 9, with a focus on reducing the reporting burden for such groups in accordance with FAQ 4 of the first Commission Notice published by the EC in December 2021. We do not believe there should be an obligation to disclose different sets of KPI templates (e.g. for non-financial and financial undertakings). Additional information about the different activities could be included in the contextual information of the Taxonomy report on a voluntary basis or if deemed material.</p>

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	<p>Turnover and CapEx in relation to leasing</p> <p>In the response to FAQ 113 of the Commission Notice on the Environmental Delegated Act, the Climate Delegated Act and the Disclosures Delegated Act, the terms “lessor” and “lessee” are not used correctly. It is the lessee and not the lessor that should account for the leasing expenses, depending on the accounting treatment of the lease as CapEx or OpEx. Moreover, we do not understand the conclusion in FAQ 113 that the lessee does not fall under activity CE 5.5 ‘Product-as-a-service and other circular use-and result-oriented service models’. We understand that the lessee is not performing activity CE 5.5, but we believe the lessee should be able to account for associated expenses as CapEx/OpEx for the purchase of output from this activity.</p> <p>Retail exposures of credit institutions</p> <p>FAQ 37 in the third Commission Notice on the Disclosures Delegated Act explains that credit institutions should obtain adequate documentary evidence ascertaining that undertakings producing goods and providing services that are purchased by retail clients comply with the minimum social safeguards. We note that the guidance is not clear on what documentary evidence would be considered adequate. Further, collecting required information with regard to retail exposures creates a substantial operational burden for credit institutions. In many cases credit institutions are reporting all of their eligible retail exposures as non-aligned due to its inability to obtain the evidence indicated in FAQ 37. We recommend that this FAQ be removed to help simplify the reporting process for credit institutions. Note that this issue was identified as a practical challenge in the EU Platform on Sustainable Finance report, <i>Simplifying the EU Taxonomy to Foster Sustainable Finance</i>, released in February 2025. Section 7 in the ‘Green Asset Ratio’ chapter recommends clarifying that credit institutions do not have to assess compliance with the minimum safeguards for retail exposures.</p>