European Securities and Markets Authority

Consultation Paper

Technical Advice on selected KPIs under the Taxonomy Disclosures Delegated Act

ESMA32-846262651-5955

Public hearing, Online, 22 July 2026

Opening remarks

Agenda

Time	Topic
14:00	**Introduction**
5 mins	Opening remarks
14:05	**Overview of ESMA's Consultation Paper**
30 mins	Background on the request for advice Summary of the key proposals in ESMA's Consultation Paper - Topic 1: Revising the OpEx KPI - Topic 2: Voluntary use of OpEx KPI by financial undertakings - Topic 3: Group Taxonomy reporting - Topic 4: Possible additional simplifications
14:35	**Q&A session**
50 mins	Stakeholders' comments and questions on the Consultation Paper
15:25	**Closing remarks**
5 mins	Next steps

Overview of ESMA’s Consultation Paper

Background on the Call for Advice (1 of 2)

ESMA
European Securities and Markets Authority

Objective: Inform the Commission's review of the Disclosures Delegated Act under the Taxonomy Regulation

Implementation issues

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

Targeted simplification

"The current effort to complete the review of Taxonomy reporting would focus on targeted simplification and improvement measures, which were not included in the Omnibus Delegated Act due to their technical nature"

Principles informing the proposals in the Consultation Paper (CP):

→ Simplification and burden reduction

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

Background on the Call for Advice (2 of 2)

Scope of the Technical Advice	Key areas of focus in the Call for Advice
Revising the OpEx KPI	• Broaden the scope of the denominator • Refer to existing accounting standards • Increase flexibility in reporting
Voluntary use of OpEx by Financial Undertakings*	• Explore ways for financial undertakings to assess exposures to non-financial counterparties based on their OpEx
Group level Taxonomy reporting*	• Explore simple but meaningful rules for group and subsidiary reporting for mixed groups
Other possible simplifications	• Targeted on reporting templates, contextual information, asset managers' KPIs

** Horizontal topics*

Summary of the key proposals

Topic 1: Revising the OpEx KPI (1 of 2)

Key issues identified

- OpEx KPI perceived as having **limited decision-usefulness** compared to Turnover and CapEx
- **High operational burden** for preparers relative to information value
- **Poor linkage to IFRS concepts** and internal management reporting
- **Limited relevance for financial undertakings**; not currently usable under Disclosures DA

Considerations on how to address key issues

- The identified issues are **interrelated**
- **Limited** possibility to explicitly rely on IFRS concepts
- Need for **re-purposing** OpEx
- Possible amendments should reflect two competing aspects: **relevance and proportionality**
- Broader consideration of how OpEx fits with **CapEx and Turnover**

Summary of the key proposals

Topic 1: Revising the OpEx KPI (2 of 2)

Options assessed		Implications of the options
Refining current OpEx through limited adjustments	→	Retain the logic of OpEx as complement to CapEx
Broadening OpEx to all operating costs	→	Providing an understanding as to how sustainably a company is run
Focusing OpEx on **green procurement**	→	Providing an understanding on the reliance on sustainable inputs
Focusing OpEx on **R&D with voluntary OpEx+**	→	Combine a mandatory OpEx ratio, with a broader, but voluntary complementary OpEx ratio

Preliminary ESMA view

- Support focusing OpEx on R&D
- Consideration given to complementing it with voluntary OpEx+

Summary of the key proposals

Topic 2: Voluntary use of OpEx KPI

Key issues identified

- OpEx of non-financial undertakings is not perceived as relevant by financial undertakings
- The CP explores whether and how OpEx of non-financial undertakings could be used by financial undertakings, notably asset managers

Considerations on how to address the key issues

- How could this work in practice?
- A numerical example of a possible combination of OpEx and CapEx is provided in the CP based on a weighted-average methodology

Preliminary ESMA view

- Circularity: The usefulness of OpEx for financial undertakings depends on how the KPI is revised
- Information value vs. complexity: Voluntary reporting may increase complexity while providing only marginal additional information value

Summary of the key proposals

Topic 3: Group Taxonomy Reporting (1 of 4)

Current rules

- Disclosures Delegated Act does not address the **cases of co-existence of** non-financial and financial businesses **within the same group**
- For **credit institutions**, both on-balance and off-balance sheet businesses are addressed
- For some KPIs, the scope of consolidation (prudential or accounting) **captures all business activities**
- EC published **FAQs** introducing **weighted-average group KPIs** and **sub-group level disclosures**

Key issues identified

- Risk of **double-counting:** weighted average where individual KPIs already consolidate all businesses
- Concerns with **relevance**: weighted average combines Taxonomy KPIs based on different calculation approaches
- **Diversity** in reporting practice
- **Burden perception** linked to multiple templates disclosure

Summary of the key proposals

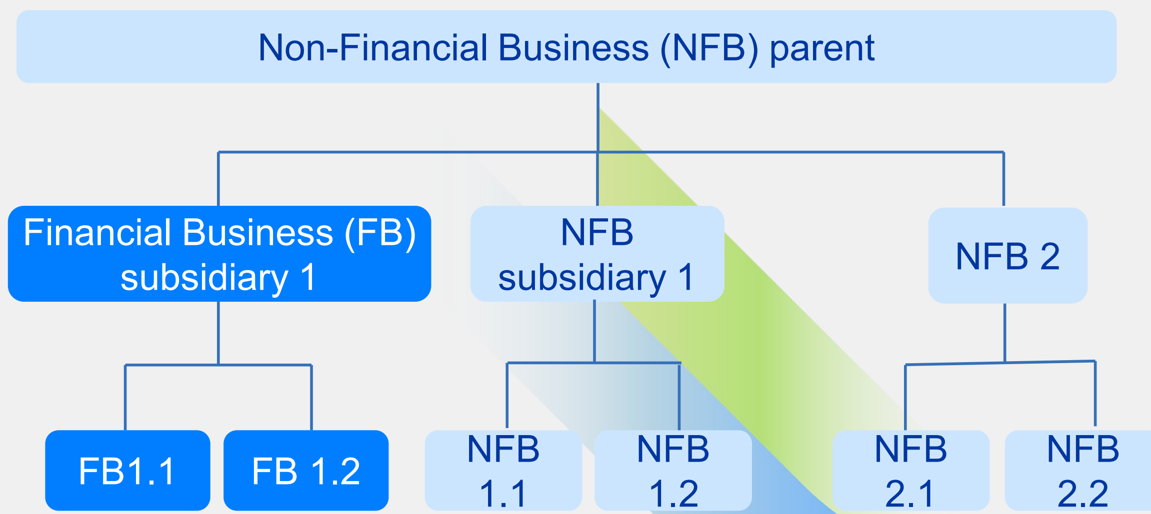
Topic 3: Group Taxonomy Reporting (2 of 4)

Considerations on how to address the key issues

- A single KPI may not be suitable to reflect the complexity of mixed groups. How to select the *main reporting regime*?

1. The group reports based on reporting regime of parent entity or of the prevalent business (for financial holdings)

2. Complement group disclosures with info on *other businesses* to avoid material information loss



- What granularity for the secondary business disclosures?
- Are there cases where the disclosures on other businesses can be omitted?

Summary of the key proposals

Topic 3: Group Taxonomy Reporting (3 of 4)

Preliminary ESAs view

- Disclose the **KPIs of the parent undertaking** except when EU legislation requires otherwise (e.g. EU Directive on financial conglomerates)
- Disclose **additional KPIs** for material subsidiaries or intermediate parents when their business is of a different nature than the parent undertaking's
- However, non-disclosure of sub-group level Taxonomy information allowed:
  - For businesses under a **10% materiality threshold**
  - When the business is **sufficiently integrated** in the main reporting regime
  - When separate reporting is of **limited additional value** (e.g. captive financial services)
- Sub-group level disclosures could be **simplified** (not full templates)

Summary of the key proposals

Topic 3: Group Taxonomy Reporting (4 of 4)

Preliminary ESMA view

Non-financial undertaking-led mixed groups

- Introduce a **10% materiality threshold** (cumulative turnover) for the financial businesses undertaken by the group
- When the financial businesses can be **mapped to a Taxonomy activity**, no separate additional disclosures are needed
- When the financial businesses **cannot be mapped to a Taxonomy activity**, additional information required

Summary of the key proposals

Topic 4: Possible add. simplifications (1 of 3)

Objective: Targeted simplifications to improve usability, consistency and proportionality of Taxonomy reporting

Preliminary ESMA view

Alignment with ESRS

- **Cross-references to ESRS** disclosures to demonstrate compliance with Taxonomy
- Introduce **selected ESRS reliefs** adapted to Taxonomy reporting

Reliefs and phased-in application

- Exemption from **revising comparatives** for new information in justified cases
- Deferred reporting for **new acquisitions**
- Possibility to omit **sensitive information**
- **1-year phase-in** for amendments to TSC/DDA
- New Taxonomy activities / first-time reporters: **eligibility-only** reporting for one year

Incorporation by reference

- Explicitly allow for **incorporation by reference** of information disclosed in other regulatory documents

IFRS 8 and materiality

- Practical **challenges with FAQs**
- Use of IFRS 8 information primarily as **contextual or consistency** input
- Limit relevance to cases where a Taxonomy activity corresponds to an entire **operating segment**
- Provide additional **guidance and illustrative examples**

Summary of the key proposals

Topic 4: Possible add. simplifications (2 of 3)

Preliminary ESMA view

Feedback is sought on other possible simplifications (KPIs, templates, Annex I)

- Need to revisit reporting of **transitional and enabling activities.** It is important to consider the broader context, i.e. SFDR 2.0 and upcoming product categories
- Incorporate **FAQ clarifications into Level 2 text** on eligibility for adaptation and enabling activities
- Potential optional reporting of **CapEx Type C**
- Allow voluntary reporting of **Turnover KPI on internal consumption**
- Remove requirement to report on **adjusted Turnover KPI** (in case of sustainable bonds' issuance)

Materiality & contextual disclosures

- Introduce **general materiality filter** for contextual information

Digitalisation / usability

- Define **clear list of datapoints**, disclosed as part of contextual information, for digital tagging

Sector-neutrality

- Consider applying the proposed simplifications to both financial and non-financial undertakings, as relevant

Summary of the key proposals

Topic 4: Possible add. simplifications (3 of 3)

Considerations on asset managers’ taxonomy reporting

- **Current rules based on recent Omnibus delivered a simplified framework**
- **Limited reporting experience so far and reduced scope**
- **Overall direction: maintain stability & improve usability without adding complexity**

Preliminary ESMA view

- **No major structural changes**
- Focus on **incremental simplifications**
- Areas for **feedback**:
  - ➢ Value of reporting on transitional and enabling activities
  - ➢ Potential further simplifications

Q&A session

Q&A session

Topic 1
Revising the OpEx KPI

Topic 2
Voluntary use of OpEx by financial undertakings

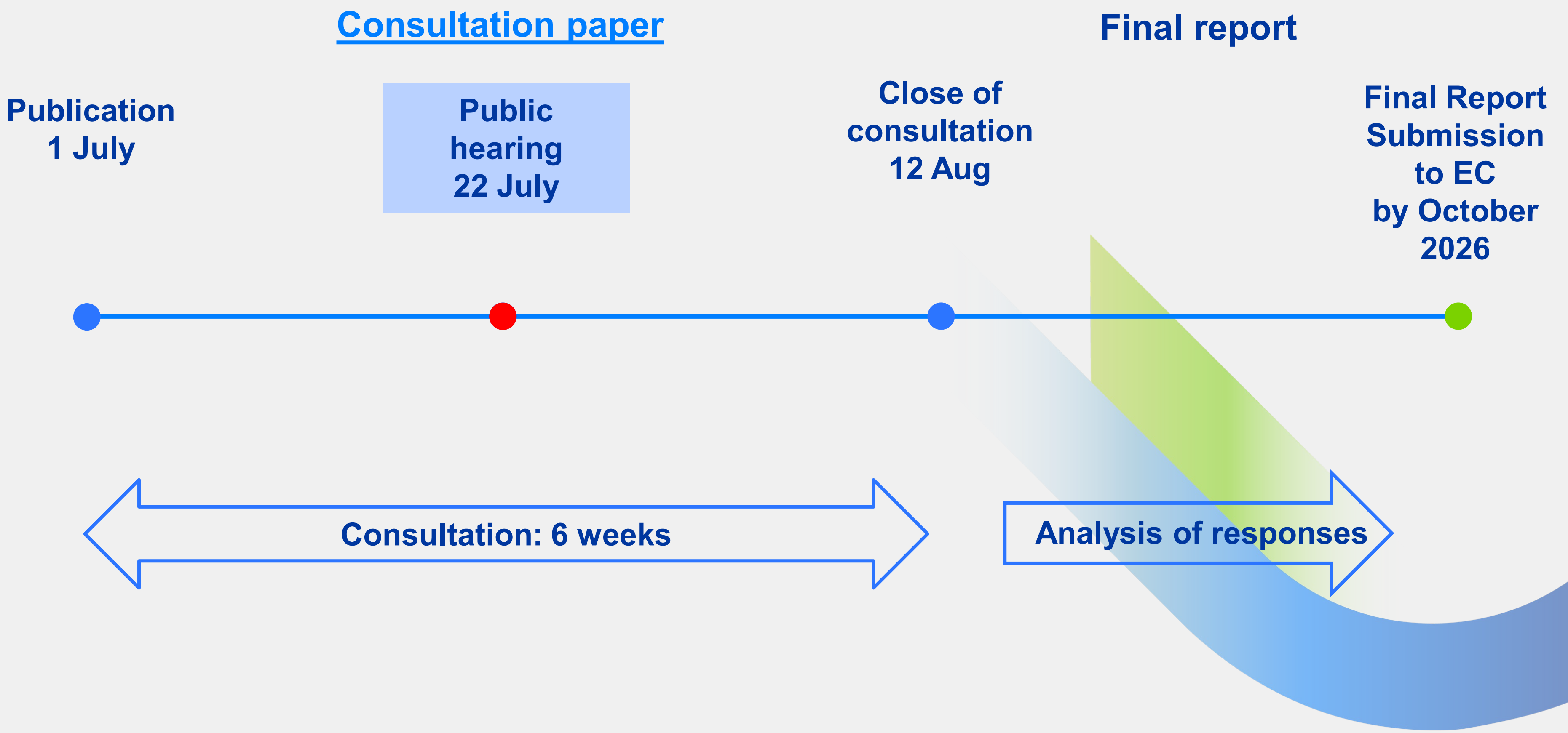
Topic 3
Group taxonomy reporting

Topic 4
Possible additional simplifications

*Participants are invited to mention their **name** and **organisation** when they take the floor*

Closing remarks

Next steps



Consultation paper
Final report
Publication
1 July
Public
hearing
22 July
Close of
consultation
12 Aug
Final Report
Submission
to EC
by October
2026
Consultation: 6 weeks
Analysis of responses

Thank you

Annex

Comparison of proposed OpEx approaches

Key features	Refine current OpEx	Broaden OpEx to all operating costs	Focus OpEx on green procurement	Focus OpEx on R&D with an optional OpEx+
Focus of the proposed approach				
Selected OpEx items that complement CapEx	✓	✗	✗	✗
All operating costs (IFRS 18)	✗	✓	✗	✗
‘Green’ procurement, including green energy	✗	✗	✓	✗
‘Green’ R&D	✗	✗	✗	✓
Reference to IFRS				
Explicit reference to IFRS standards included	✓	✓	✓	✓
Strong reliance on IFRS 18 as accounting anchor	✗	✓	✗	✗
Flexibilities				
Financial materiality relief for non-reporting retained	✓	✗	✓	✓
Non-reporting allowed where CapEx KPI < 10%	✓	✗	✗	✗
Non-reporting allowed where Turnover KPI < 10%	✗	✓	✓	✗
OpEx items based on business model/sector-specific features	✗	✗	✓	✓*
OpEx Type C voluntary	✓	✗	✗	✗
Cost-benefit considerations				
Very limited change vs. current framework	✓	✗	✗	✗
Voluntary reporting of additional KPI (“OpEx+”)	✗	✗	✗	✓
Applicability beyond R&D-intensive sectors	✓	✓	✓	✗

* For OpEx+

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