ABBL answers – Discussion paper on certain Taxonomy key performance indicators and other aspects of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation.

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

a. user of sustainability information;

b. preparer of sustainability information;

c. both user and preparer of sustainability information;

d. other (please specify).

-> Professional association

Q2. Do you agree with the analysis presented?

Yes.

We broadly agree with the EBA's analysis and support the objective of simplifying the Taxonomy disclosure framework. The current Fees and Commissions KPI presents important conceptual and operational limitations and provides limited decision-useful information to investors and supervisors.

The KPI has limited relevance as a sustainability indicator compared with the Green Asset Ratio (GAR), as it reflects transactional income flows rather than underlying exposures or long-term financing of Taxonomy-aligned activities.

Fee income is inherently volatile and highly dependent on market activity, making year-on-year comparisons difficult and reducing its usefulness for assessing an institution's sustainability strategy.

The operational burden associated with collecting, allocating and validating Taxonomy-alignment information at transaction level would be significant, particularly where use-of-proceeds information is unavailable.

Differences in institutions' pricing structures, accounting practices and internal systems reduce comparability across institutions.

The potential disclosure of commercially sensitive information, particularly for institutions with a limited number of capital market transactions, is a legitimate concern.

Q3. In your view, which of the options presented in the analysis is the most viable?

We strongly support **Option (a): removing the Fees and Commissions KPI** or, where appropriate, replacing it with qualitative disclosures for institutions with material activities.

The Fees and Commissions KPI is based on fees and commissions recognised during the reporting period and therefore measures flows, whereas the EU Taxonomy framework is primarily designed around stock-based exposures. As a result, this KPI is not directly comparable with the other Taxonomy KPIs.

Furthermore, the KPI aims to capture the Taxonomy alignment of services other than lending or asset management, such as fees earned from securities issuances, payment transfers, clearing and settlement services. However, fee income is primarily driven by transaction volumes, pricing policies and prevailing market conditions rather than by sustainable financing decisions. Consequently, the KPI does not provide a meaningful measure of an institution's contribution to financing environmentally sustainable economic activities and offers only limited insight into its sustainability strategy.

Retaining this KPI would impose additional implementation costs, increase reporting complexity and create unnecessary compliance risks without delivering commensurate benefits. It would also duplicate information already available through other sustainability reporting requirements, including taxonomy-related CSRD disclosures and institutions' transition plans.

The Bank provides the investment service of Reception and Transmission of Orders (RTO) in accordance with Directive 2014/65/EU (MiFID II). Where this service is provided on a non-advised basis, MiFID II requires the Bank, where applicable, to assess the appropriateness of the transaction and to warn the client if the financial instrument or service is considered inappropriate. However, Under MiFID II, when providing non-advised RTO services, the Bank must assess appropriateness where required and warn the client if the service or instrument is considered inappropriate. However, MiFID II does not impose a general obligation on the Bank to refuse the transaction solely on that basis; the final investment decision remains with the client, subject to any stricter national requirements and the Bank’s internal policies..

Should the KPI nevertheless be retained, replacing the quantitative reporting requirement with qualitative disclosures, subject to the existing 10% materiality threshold, would represent a more proportionate and decision-useful approach.

Q4. Should additional items from FINREP Template 22.1 also be included in the revised KPI?

We do not support extending the scope of the KPI to additional items from FINREP Template 22.1.

Expanding the KPI would further increase complexity while failing to address its fundamental methodological limitations. As noted by the EBA, the Fees and Commissions KPI is a flow-based indicator, whereas the Taxonomy framework primarily assesses stock-based financing exposures through metrics such as the Green Asset Ratio (GAR). Including additional fee and commission categories from FINREP Template 22.1 would therefore not improve the KPI's relevance, comparability or decision-usefulness.

We agree with the EBA's assessment that the remaining items in FINREP Template 22.1 generally lack a sufficiently direct link to sustainable capital allocation. In particular, custody and settlement services, payment services, foreign exchange services and loan servicing activities are operational or transactional services that do not influence the sustainability characteristics of the underlying assets or investment decisions. Likewise, extending the KPI to currently unmapped items, such as structured finance, loans granted or commodities, would either duplicate information already captured by existing Taxonomy metrics (particularly the GAR) or introduce additional methodological complexity without materially enhancing the usefulness of the disclosures.

More generally, broadening the scope of the KPI would run counter to the objective of regulatory simplification and proportionality. Adding further FINREP Template 22.1 items would increase implementation costs, data collection efforts and reporting complexity while providing limited incremental information to users. In line with the European Commission's Sustainability Omnibus package and the EBA's broader simplification agenda, any revision of the KPI should focus on reducing unnecessary reporting burdens, avoiding duplication with existing Taxonomy metrics and ensuring that disclosure requirements remain proportionate to their informational value.

Overall, expanding the KPI would increase reporting complexity while reducing consistency and comparability across institutions, without materially improving transparency regarding institutions' contribution to financing Taxonomy-aligned activities.

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

In our view, the costs associated with disclosing the Fees and Commissions KPI outweigh the expected benefits.

The KPI requires significant additional data collection, governance processes, IT developments, allocation methodologies and internal controls, while producing information that is heavily influenced by transaction volumes and pricing rather than by institutions' contribution to financing environmentally sustainable activities. As a flow-based indicator, it also suffers from fundamental methodological limitations compared with the stock-based approach underpinning the core Taxonomy metrics, notably the Green Asset Ratio (GAR).

Furthermore, the limited implementation of the Corporate Sustainability Reporting Directive (CSRD) and the reduced reporting scope resulting from the Sustainability Omnibus package continue to constrain the availability of reliable and comparable Taxonomy data. This undermines the robustness and comparability of the KPI while increasing operational complexity and implementation costs.

The principle of proportionality is not taken into consideration in the current fees and commissions reporting. According to the existing Disclosure Delegated Act (EU) 2021/2178, the taxonomy alignment "shall be estimated by weighting the fees and commissions income from each counterparty with the proportion of turnover and CapEx associated with

Taxonomy-aligned economic activities of the undertaking contributing to the relevant environmental objective as disclosed by the undertaking".

In addition, the KPI provides limited incremental information, as it largely overlaps with disclosures already available through other regulatory frameworks. Its value for users is therefore limited when compared with the compliance effort required.

More generally, the EBA has consistently emphasised that reporting requirements should be proportionate, avoid unnecessary complexity and focus on information that provides genuine supervisory and market value. The EBA has also highlighted the importance of reducing unnecessary reporting burdens and eliminating low-value reporting requirements as part of its broader simplification agenda. These principles support removing the mandatory Fees and Commissions KPI rather than maintaining or expanding a disclosure that generates significant implementation costs while providing limited additional decision-useful information.

Overall, removing the KPI would simplify the disclosure framework, reduce compliance costs and legal uncertainty, improve the competitiveness of EU financial institutions, and remain fully consistent with the European Commission's and the EBA's objectives of regulatory simplification and proportionality.

Q6. Do you agree with the analysis presented?

Yes, we broadly agree with the EBA's analysis and support further simplification of the framework.

The current Trading Book KPI suffers from important conceptual and operational limitations. While most Taxonomy KPIs measure stock-based exposures, the Trading Book KPI is based on trading flows (absolute purchases and absolute sales during the reporting period). As a result, it does not measure long-term financing of sustainable activities and is not comparable with the other Taxonomy KPIs.

Moreover, the KPI may fluctuate significantly due to market conditions and price movements rather than changes in institutions' sustainable finance strategies, limiting its usefulness for investors and supervisors.

Q7. In your view, which of the options presented is the most viable?

We strongly support **Option (a): removing the Trading Book KPI**.

The Trading Book KPI does not appropriately measure a credit institution's contribution to financing sustainable economic activities. It reflects short-term trading activity, whereas the Taxonomy is designed to assess financing supporting the transition to a sustainable economy.

Furthermore, the methodology is operationally complex. The KPI is based on absolute purchases and absolute sales, requiring institutions to capture large trading volumes that do not necessarily represent the economic substance of trading activities. The resulting indicator is heavily influenced by market turnover, price volatility and clients' trading decisions rather than by banks' own sustainability strategies.

Trading activities, including proprietary trading, client facilitation, arbitrage, hedging and market making, are primarily driven by liquidity provision, risk management and client demand. In particular, transactions executed on behalf of clients do not represent investment decisions taken by the institution itself.

The KPI also relies on Taxonomy data that remain only partially available due to the limited implementation of the CSRD and the reduced reporting population following the Sustainability Omnibus package. Even if CSRD reporting became more widespread, the KPI would continue to provide limited decision-useful information while creating significant implementation costs.

Finally, the KPI overlaps with existing disclosures under the CSRD, Pillar 3 ESG disclosures and transition planning requirements, resulting in unnecessary duplication.

For these reasons, we support removing the Trading Book KPI rather than narrowing its scope. A qualitative disclosure for institutions with material trading activities would provide a more proportionate approach.

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

The implementation of the KPI would require significant investments in data collection, IT developments, governance processes, internal controls and reporting methodologies to identify and monitor the Taxonomy alignment of a large volume of short-term trading transactions. These operational challenges are particularly significant given the speed and frequency of trading activities and the limited availability of timely and reliable Taxonomy information for the underlying issuers. As recognised by the EBA, institutions would often not have access to all the information necessary to assess the Taxonomy alignment of the underlying economic activities within the required timeframes.

Furthermore, the KPI provides limited incremental information to users. Trading book activities primarily reflect short-term secondary market transactions, client facilitation, market making, hedging and liquidity management rather than long-term financing decisions. Trading volumes are largely driven by market conditions, liquidity, investor demand, market volatility and other external factors, rather than by the sustainability characteristics of the underlying assets or institutions' sustainable finance strategies. Consequently, the KPI is not a meaningful indicator of a credit institution's contribution to financing Taxonomy-aligned activities.

Even if the KPI were narrowed to market-making activities, its scope would become significantly more limited while still requiring substantial implementation effort. As the EBA notes, market making represents only one component of trading activities, and other trading activities may also contribute to market liquidity. Restricting the KPI to market making would therefore reduce its relevance without addressing its fundamental methodological limitations.

In addition, the KPI would provide only limited information beyond existing Taxonomy disclosures and other sustainability reporting frameworks. Given its transaction-based nature, it is expected to exhibit significant volatility over time and limited comparability across institutions with different trading business models, reducing its usefulness for investors and other stakeholders.

More generally, maintaining a mandatory Trading Book KPI would be inconsistent with the objectives of regulatory simplification and proportionality. The EBA itself concludes that any assessment of the KPI should consider its limited usefulness for users, the operational challenges and implementation costs for preparers, and the broader objective of simplifying the regulatory framework. In line with these principles, replacing the mandatory KPI with qualitative disclosures on trading activities would provide meaningful information to users while significantly reducing implementation costs, reporting complexity and operational burden.

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

Yes.

We agree that the KPI should be limited to activities that have a clear and direct connection with capital markets.

A narrower scope will improve consistency, comparability and proportionality while reducing unnecessary reporting complexity. It is also consistent with the European Commission's simplification agenda and avoids extending the Taxonomy framework to services that have only an indirect relationship with sustainable capital allocation.

However, the methodology should continue to reflect the actual services provided by investment firms and should avoid introducing indicators that could inadvertently influence firms' commercial or advisory activities.

Q10. Do you agree with limiting the KPI to the following four elements?

Yes, should the KPI be retained.

If the KPI is maintained, we support limiting its scope to:

- Portfolio management;
- Investment advice;
- Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
- Placing of financial instruments without a firm commitment basis.

We do not support extending the KPI to services such as execution of orders or reception and transmission of orders.

These activities are execution services performed on the basis of clients' instructions. Investment firms do not influence the investment decision itself and therefore have only a limited role in directing capital towards Taxonomy-aligned activities. Including these services would increase reporting complexity without materially improving the relevance of the KPI.

More fundamentally, we question the continued need for this KPI. Investment services are already subject to comprehensive regulatory frameworks, including MiFID II and the revised EBA Guidelines on Product Oversight and Governance (EBA/GL/2026/07) which ensure that firms act in the best interests of clients. The KPI provides limited additional decision-useful information while increasing implementation costs, data requirements and reporting complexity.

Therefore, if the European Commission decides to retain this KPI, it should remain strictly limited to the four activities identified by the EBA. Otherwise, consideration should be given to removing the KPI entirely as part of the broader simplification agenda.

Q11. Do you consider it more appropriate for the KPI to reflect the value of assets under management covered by the investment services rather than the monetary benefits generated?

No.

We do not support replacing the current revenue-based KPI with an Assets under Management (AuM)-based KPI.

Such a change would fundamentally modify the purpose of the indicator. The current KPI measures the investment services effectively provided during the reporting period, whereas an AuM-based KPI would primarily measure the size of assets under management rather than the services performed.

Moreover, we do not consider that the value of assets under management is an appropriate proxy for an investment firm's contribution to sustainable finance. Portfolio managers and investment advisers act in the best interests of their clients and must comply with clients' investment objectives, risk appetite and suitability requirements under MiFID II. Their role is not to maximise the Taxonomy alignment of portfolios but to provide suitable investment services in accordance with clients' mandates.

Using an AuM-based KPI could therefore create unintended incentives by encouraging institutions to favour Taxonomy-aligned assets to improve their reported KPI rather than focusing exclusively on clients' objectives. Such an outcome would not be consistent with the client-centric principles underpinning MiFID II or the revised EBA Guidelines on Product Oversight and Governance (EBA/GL/2026/07).

In addition, the proposed methodology would significantly increase implementation complexity and compliance costs. Institutions continue to face important data limitations due to the phased implementation of the CSRD and the reduction of its scope following the Sustainability Omnibus package. A substantial proportion of investee companies will remain outside the CSRD reporting perimeter for several years, limiting the availability, consistency and reliability of Taxonomy data.

Finally, the expected benefits do not appear to justify the additional operational burden. An AuM-based KPI would require significant IT developments, new governance processes and extensive data collection while providing limited additional information to investors and supervisors.

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

Yes, in principle.

We support aligning the grandfathering rules under the Taxonomy Disclosures Delegated Act with the approach set out in the EU Green Bond Regulation, as greater consistency across the EU sustainable finance framework would improve legal certainty and facilitate implementation.

However, such alignment should be accompanied by appropriate safeguards.

First, institutions continue to face significant data limitations. Following the Sustainability Omnibus package, the scope of the CSRD has been substantially reduced and its implementation remains phased over time. Consequently, a large proportion of counterparties will remain outside the reporting scope for several years, limiting the availability and reliability of Taxonomy data.

Second, grandfathering provisions should preserve legal certainty. Institutions should not be required to reassess legacy transactions or obtain information that is unavailable or cannot reasonably be collected after origination.

Finally, any revised grandfathering framework should remain proportionate and avoid generating unnecessary implementation costs through repeated system changes or retrospective recalculations. The benefits of harmonisation should therefore be balanced against operational feasibility and the objective of maintaining the competitiveness of EU financial institutions.

Overall, we support the proposed alignment provided that it preserves proportionality, legal certainty and sufficient transitional arrangements reflecting current market conditions and data availability.

Q13. Do you agree with the proposed principles for group-level Taxonomy reporting?

We broadly support the principles proposed by the ESAs for group-level Taxonomy reporting.

In particular, we agree that the Taxonomy framework should continue to rely on sector-specific KPIs reflecting the nature of the activities performed by the reporting entity. The existing KPIs have been developed for different financial sectors and are based on distinct methodologies, underlying assets and objectives. Consequently, aggregating them into a single group-level metric would not improve transparency and could instead reduce the usefulness and comparability of disclosures.

We also strongly support the application of the proportionality principle. Additional disclosures should only be required where subsidiaries carry out materially different activities that are not already adequately reflected in the consolidated reporting. Introducing an explicit materiality threshold would provide greater legal certainty and promote a more consistent application across institutions.

More generally, the proposed approach is consistent with the objectives of the Omnibus simplification package, which seeks to reduce unnecessary reporting burdens while maintaining meaningful sustainability disclosures. Any future amendments should therefore avoid creating additional reporting obligations unless they demonstrably improve the quality of information available to investors and supervisors.

Q14. Do you agree with the proposed treatment of subsidiaries and intermediate parent undertakings?

We generally support the proposed approach.

Additional disclosures by subsidiaries or intermediate parent undertakings should only be required where:

- the subsidiary performs activities that are materially different from those of the parent undertaking;
- these activities are significant for the group; and
- the relevant information is not already reflected in the consolidated disclosures.

Conversely, where the activities are already integrated into the group reporting or primarily serve internal group purposes (e.g. captive insurance undertakings or internal service providers), additional Taxonomy disclosures would provide limited incremental value while increasing reporting costs.

Furthermore, consideration should be given to the current availability of Taxonomy data. Following the partial implementation of the CSRD under the Omnibus package, a significant proportion of counterparties and investee companies remain outside the reporting scope. Consequently, institutions may not have access to sufficiently reliable information to produce additional subsidiary-level disclosures.

The final framework should therefore remain proportionate and avoid creating reporting obligations that cannot reasonably be fulfilled because of data limitations outside institutions' control.

Q15. Which KPIs do you think are necessary and should be required for groups with mixed activities where the credit institution is the parent company?

The ABBL's view is that the primary KPI should reflect the group's main business activity, i.e. the activity that is strategic and material for the group.

Additional sector-specific KPIs should only be required where subsidiaries perform materially different activities that exceed an appropriate materiality threshold. In this regard, we support aligning the approach for Taxonomy disclosures with the 10% materiality threshold introduced under the Omnibus package.

Conversely, activities representing less than 10% of the group's business should be exempt from separate KPI disclosures, as the additional reporting burden would outweigh the benefits for users of the information.

This approach would improve proportionality, reduce unnecessary reporting complexity and remain consistent with the objective of providing meaningful and decision-useful disclosures.

Q16. Do you agree with the analysis presented and the conclusion that OpEx financing should not be explicitly incorporated in the methodology for calculating financial undertakings' KPIs?

Yes.

We agree with the EBA's analysis and support the conclusion that OpEx financing should not be explicitly incorporated into the methodology for calculating financial undertakings' Taxonomy KPIs.

First, the inclusion of OpEx financing would significantly increase the complexity of the framework while providing only limited additional information to investors and supervisors. Compared with CapEx financing, OpEx financing generally represents a less stable and more heterogeneous category of financing, making consistent identification, monitoring and reporting considerably more challenging.

Second, incorporating OpEx financing would substantially increase implementation costs for financial institutions. It would require additional data collection, mapping of counterparties' disclosures, IT developments, governance processes and internal controls. These costs would be particularly significant given that institutions depend on information reported by counterparties, which is not always available or sufficiently granular.

Third, the practical usefulness of explicitly including OpEx financing appears limited. The OpEx KPI disclosed by non-financial undertakings is primarily designed to assess the operational expenditure of those undertakings and does not necessarily provide additional decision-useful information when translated into financial institutions' KPIs. The resulting increase in reporting complexity would therefore not be matched by a corresponding improvement in transparency or comparability.

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Furthermore, following the Omnibus simplification package, the scope of the CSRD has been significantly reduced, taking many counterparties outside the reporting perimeter, limiting the availability, completeness and consistency of OpEx-related Taxonomy information. Introducing mandatory OpEx financing reporting under these conditions would create additional operational challenges without ensuring robust or comparable disclosures.

We therefore support maintaining the current approach whereby OpEx financing is not explicitly incorporated into the methodology. The ABBL is of the view that the CapEx and turnover KPIs give a suitable indication of the counterparties' investments made towards sustainable activities, and the revenues generated from economic activities that are already aligned with the EU Taxonomy.

We also support allowing financial undertakings, on a voluntary basis, to use the OpEx KPI disclosed by counterparties where reliable information is available and where institutions consider that such information provides additional value. A voluntary approach strikes an appropriate balance between flexibility and proportionality while avoiding unnecessary compliance costs for the market.

Q17. Should the credit institution's AuM KPI (Annex V) and the KPI for asset managers (Annex II) be merged?

We support merging the two KPIs, provided that the methodology remains simple, consistent and proportionate.

Both KPIs measure similar activities related to assets under management and sustainable investment decisions. A single harmonised KPI would improve consistency, comparability and reduce reporting complexity for financial groups carrying out both banking and asset management activities.

However, the merged KPI should preserve clear definitions, avoid double counting and rely on data that are readily available. The information retained should focus on Assets under Management (AuM), the Taxonomy alignment of the managed assets and the scope of discretionary and non-discretionary portfolio management.