EUROSIF RESPONSE

ESMA CONSULTATION ON TAXONOMY ARTICLE 8 DISCLOSURES

30 July 2026

Eurosif welcomes the European Securities and Markets Authority (ESMA) consultation focusing on Taxonomy disclosure requirements for non-financial undertakings and asset managers.

Eurosif's response reflects the perspective of responsible investors both as users of Taxonomy-alignment data disclosed by non-financial undertakings, to assess portfolio alignment and report to clients, and as potential preparers of Taxonomy reporting under Article 8 disclosure requirements and templates.

Eurosif key messages

- The broad OpEx Taxonomy KPI may be difficult to interpret and of limited portfolio-level use due to inconsistent definitions, operational challenges and strong correlation with existing KPIs such as CapEx and turnover. The OpEx KPI should therefore be simplified by narrowing its scope to clearly identifiable transition-related expenditure, such as R&D and green procurement, and better aligned with accounting definitions.
- We caution against allowing financial undertakings to combine OpEx and CapEx in their Taxonomy disclosures. This would blur two indicators with distinct purposes: OpEx for current operating expenditure and CapEx for future-oriented investment, reducing the transparency and usefulness of the metric.
- Further cross-references between Taxonomy and ESRS sustainability reporting would improve consistency, reduce duplication and support more coherent disclosures across large EU companies.
- Any relief for non-financial undertakings on Taxonomy-alignment reporting should be limited to proportionate phase-ins and clearly justified.
- Separate reporting for Taxonomy enabling and transitional activities has limited practical usefulness for users, as these activities are treated as environmentally sustainable under the current framework. It is also complex to disclose for asset managers. However, should the Taxonomy framework be expanded in the future to cover activities that are in transition, this information would be relevant for users.

Eurosif responses to the ESMA consultation

1. Topic 1: revising the OpEx KPI

Q1. In your view, are the key issues identified with the current reporting of OpEx exhaustive? If not, what additional issues have you identified?

The issues identified by ESMA broadly reflect the main concerns raised by users of Taxonomy data.

The OpEx KPI appears to add limited value compared with other indicators, notably CapEx and turnover. Moreover, there are challenges around the current OpEx KPI definition, which brings together a wide range of expenditures, including training, R&D, green procurement and maintenance.

It is also strongly sector-dependent: the same aggregate figure reflects very different transition efforts across business models. This makes the indicator difficult to interpret, especially at portfolio level.

However, we note that for some sectors, OpEx can provide useful information on transition efforts that CapEx alone may not capture. Expenditure on R&D, maintenance of low-carbon technologies or deployment of transitional solutions can offer a more immediate view of a company's decarbonisation pathway and commitment to transition.

Q2. Do you support the possible approaches identified by ESMA to address the key issues identified? If so, please explain why. If not, what do you propose alternatively?

In providing feedback to this question, please note that the proposed approaches are not mutually exclusive and elements of different approaches can be combined to develop other alternatives.

Each suggested approach seeks to improve the relevance and usability of the OpEx KPI while capturing different aspects of companies' transition efforts. However, "option a" does not seem to bring sufficient changes in line with improving usability of this metric for users. "Option b" is a useful improvement, as aligning the KPI more closely with accounting definitions would strengthen its methodological robustness, but this should be secondary.

We recommend refining the KPI by narrowing its scope to clearly identifiable transition-related expenditures (such as R&D and green procurement) in line with "option c" and "option d" in the consultation, with both approaches offering a credible path to improving its relevance and usability. This more targeted approach could reduce implementation challenges while preserving a clear link with companies' transition and innovation efforts.

Q3. Do you agree with ESMA's draft advice? If not, please explain why and what alternative approach(es) you propose.

We broadly support ESMA's draft advice. Flagged as a preferred option by ESMA, "option (d)" – focusing OpEx reporting on R&D while leaving the possibility to add other metrics such as green procurement voluntarily ("OpEx+") – could present the most balanced approach, as it combines operational feasibility with a meaningful indication of transition efforts, particularly in sectors where innovation, technological development and process improvements are key drivers of decarbonisation.

Q4. Do you support the introduction of a voluntary KPI as in the proposed 'OpEx+'? If so, please specify any additional cost items the voluntary KPI should include? If not, please explain why?

Specific OpEx information can be useful in assessing the credibility of non-financial companies' transition strategies and the concrete deployment of low-carbon solutions. For example, such an "OpEx+" KPI, focused on R&D and green procurement, could be particularly useful in complementing CapEx metrics and forward-looking information in the context of SFDR 2.0, where we expect the creation of a product category with transition objectives. It could be complemented by additional voluntary disclosures on e.g. training linked to transition, maintenance of low-carbon assets and climate-adaptation operating costs, reported under consistent definitions so figures stay comparable.

To ensure the usability of such an indicator, further sector-specific guidance should be provided to clarify which types of expenditure are relevant for which undertakings, particularly for adaptation measures, such as insurance, hazard training, staff warning systems or small-scale equipment, as well as green procurement, maintenance costs and other operational expenditures directly supporting the transition for hard-to-abate sectors.

Importantly, this indicator should be consistent with, and where relevant refer to, the revised ESRS for companies within the scope of the CSRD, for example ESRS E1-7 on energy consumption and mix.

2. Topic 2: Voluntary use of OpEx by financial undertakings

Q7. Bearing in mind that OpEx is not included in the current disclosure template for asset managers', could the OpEx KPI become relevant for voluntary reporting by asset managers in combination with the CapEx KPI? If yes, would additional disclosure (listed in par. 65) need to be required to provide transparency about the share of OpEx combined with the CapEx figure? (paras. 64-67)

We do not support combining CapEx and OpEx into a single KPI – whether it be for asset managers or other financial or non-financial undertakings.

Combining CapEx and OpEx would reduce transparency and create a risk of misinterpretation and/or greenwashing**.**

CapEx and OpEx capture different economic concepts: CapEx reflects future-oriented transition investments, while OpEx primarily reflects ongoing operational activities. As mentioned in the consultation, correlation between OpEx and CapEx is typically high (80%), but OpEx metrics are helpful to complement CapEx or revenues metrics – which means they should remain separate. A non-combined metric is also easier for smaller asset managers and fund distributors to interpret and explain to clients. **It is essential that a standalone CapEx indicator continues to be disclosed at entity level**.

Merging the two would blur this distinction, make the resulting KPI harder to interpret and reduce comparability with corporate Taxonomy disclosures, where CapEx and OpEx remain separate indicators. A combined figure would artificially inflate Taxonomy-alignment figures compared with a CapEx-only indicator, potentially giving the impression of higher Taxonomy alignment or stronger transition performance without necessarily reflecting additional sustainable investment.

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

Where OpEx is reported voluntarily alongside CapEx, it should be presented as a separate figure with the additional disclosures in par. 65, so users can see the share of OpEx behind any combined presentation. This transparency prevents double-counting and helps smaller distributors communicate products without specialist resources.

As mentioned in the response to Q4, some specific OpEx information can be useful for financial institutions in assessing the credibility of non-financial companies' transition strategies and the concrete deployment of low-carbon solutions. However, we do not support ESMA's suggested approach to incorporate non-financial companies' OpEx disclosures into financial institutions' reporting at this stage. CapEx and OpEx should remain separate, as they provide complementary but distinct information on transition efforts.

3. Topic 4 – Additional possible simplifications

Q17. Do you agree with the proposed approach to further align Taxonomy reporting with the ESRS framework, including the possible introduction of selected ESRS reliefs, the use of cross-references to ESRS disclosures and incorporation by reference where appropriate?

We support greater alignment between Taxonomy reporting and ESRS sustainability reporting, including through the use of cross-references where this improves readability and avoids duplication. However, we note that the European Commission's revised ESRS scaled back alignment between the EU Taxonomy and the ESRS, by relegating Taxonomy disclosures to an annex and removing explicit references. We would strongly recommend more explicit recommendations and guidance to ensure both frameworks are better connected.

However, we would caution against replicating some of the reliefs included in the final text of the revised ESRS delegated acts for Taxonomy Article 8 Disclosure Delegated Act reporting. Some of these reliefs – e.g. for "undue cost or effort" – have been criticised by users of sustainability data as overly extensive and lacking appropriate safeguards in terms of justification for their use and time-limits.

Q18. Do you consider the introduction of a phased-in application rule and Taxonomy-specific relief for alignment reporting to be a proportionate way of alleviating reporting burdens? If not, please explain.

We caution against replicating the reliefs included in the ESRS final delegated act for Taxonomy reporting. Some of the ESRS reliefs, such as "undue cost or effort" and "lack of skill, capabilities or resources", are extremely extensive and lack sufficient safeguards and time limits. This creates risks of systematic overuse, undermining the comparability and credibility of disclosures.

Consequently, should reliefs be included in the revised Taxonomy Disclosure DA, they should remain limited to phase-ins, and stay targeted and proportionate. To prevent misuse, non-financial undertakings should be required to provide a clear justification whenever they use such reliefs.

Q19. Do you agree that the interaction between IFRS 8 operating segments and the application of the Taxonomy materiality principle should be further clarified as per ESMA's suggestions to address practical implementation challenges? If yes, which aspects need clarification?

Clarifying the interaction between IFRS 8 operating segments and the Taxonomy materiality principle would be useful. Because IFRS 8 segments are based on each issuer's internal management reporting, the level at which materiality is applied can vary between companies, undermining comparability for investors aggregating data across companies. This inconsistent application particularly affects smaller asset managers, which may lack the resources to reconcile differences issuer by issuer.

Q20. Do you consider that the reporting requirements for enabling and transitional activities provide useful information to users of Taxonomy reporting and financial undertakings? Please explain whether, in your view, the benefits for users outweigh the cost of reporting for preparers.

Activities classified as "transitional" under the EU Taxonomy are currently treated as environmentally sustainable, even if they reflect a lower level of sustainability ambition. As a result, the current concept of "transitional" activities does not clearly convey the transition dimension it is intended to capture. Together with the limited number of disclosures on these activities, this reduces the practical usefulness of the distinction for investors. Given the complexity of preparing these disclosures, this reporting requirement could be simplified.

However, if the Taxonomy framework were extended in the future to cover activities that are not yet environmentally sustainable but in transition, this reporting could in principle become useful for users of Taxonomy disclosures. A distinct view of transitioning activities could add granularity by showing the transition of an undertaking's own operations. This could be particularly relevant for financial undertakings assessing transition strategies and the credibility of sustainability claims, including in the context of the upcoming SFDR review and its expected category for sustainability-related products with a transition objective.

However, Eurosif wishes to emphasise that this distinction continues to serve an important purpose at the level of supervisors and policymakers and can also be useful for non-financial companies themselves to provide more granularity on their Taxonomy-aligned activities.

Q22. Do you see value in the reporting of enabling (row 13) and transitional economic activities (row 12), especially having in mind the potential introduction of a transition product category in future SFDR financial product categories?

Maintaining this distinction at entity level for asset managers reporting against the Taxonomy would provide limited added value for the reasons explained in our response to Q20.

Additionally, in the context of the upcoming SFDR product categories, Taxonomy-alignment criteria and disclosures are unlikely to make the distinction between enabling and transitional activities. However, should the Taxonomy framework be extended in the future to cover activities that are not yet environmentally sustainable but in transition, this information would be helpful to design products from the "transition" category, and reporting on these activities would be relevant at entity level for asset managers.

Q23. Beyond the simplifications already introduced in the Omnibus Delegated Act, are there any further simplifications of the Taxonomy DDA concerning the asset management reporting template (Annex IV) that should be introduced? If so, please specify what further simplifications you recommend.

Eurosif highlights that the reduced CSRD reporting scope will widen sustainability data gaps for financial market participants that are users of Taxonomy data, especially where it is unavailable at instrument level, notably for debt instruments and use-of-proceeds instruments (including green bonds).

As a result:

- Row 11 on voluntarily disclosed exposures is likely to become more important and decision-useful for investors; it should be maintained and further developed.
- Policymakers and the ESAs should prioritise guidance on the use of estimates by financial undertakings, reflecting the specificities of different asset classes and instruments. This would support asset managers' Taxonomy reporting, improve transparency on estimation methods and inform technical discussions on the SFDR review.