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European Insurance and
Occupational Pensions Authority
Brussels

August 12th, 2026

[705]

IDW's comments on EIOPA's Consultation Paper on the review of insurance disclosure under the Taxonomy Disclosures Delegated Act (EIOPA-26-343)

Dear Madam or Sir,

We thank you for the opportunity to comment on EIOPA's Consultation Paper on the review of insurance disclosure under the Taxonomy Disclosures Delegated Act (hereafter: CP).

The Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association] (IDW) is a privately run organisation established to serve the interests of its members who comprise both individual Wirtschaftsprüfer [German Public Auditors] and Wirtschaftsprüfungsgesellschaften [German Public Audit firms]. The IDW represents approximately 80% of all German Public Auditors. The auditing profession contributes to the green transformation, e.g. through providing high-quality assurance services on sustainability reporting. Therefore, the auditing profession has an interest in closely following ongoing developments in this regard.

Overall, we appreciate EIOPA's efforts to reduce the reporting burden for financial undertakings stemming from the Taxonomy Regulation and the accompanying Delegated Regulations. In the annex to this letter, we have included detailed answers to your questions regarding the specific proposals put forward in the CP.

GESCHÄFTSFÜHRENDER VORSTAND:
Melanie Sack, WP StB, Sprecherin
des Vorstands;
Dr. Torsten Moser, WP;
Dr. Daniel P. Siegel, WP StB

Amtsgericht Düsseldorf
Vereinsregister VR 3850

We are aware that the ESA's mandate is limited to providing targeted technical advice regarding the main issues relating to the Delegated Regulation (EU) 2021/2178 (hereafter "DDA") named by the European Commission in its call for technical advice. From our perspective, the issues raised in this call for technical advice represent significant areas which need improvement but are not an exhaustive list of all major issues with the Taxonomy Regulation and its accompanying delegated acts. We have therefore included a list of further issues not included in the ESA's questions in section 2 of the Annex to this letter.

Even though not specifically raised as questions by the ESAs, we believe that solving these further issues will be of the utmost importance in order to transform Taxonomy reporting into a meaningful reporting framework, improve the usability, relevance and proportionality of the Taxonomy framework and to reach the Taxonomy Regulation's intended goals.

We trust that you will find our detailed comments in the annex to this letter helpful. We would be happy to answer any questions you may have and would welcome the opportunity to meet with you to discuss our views.

Yours sincerely

Sack Siegel

<u>Annex</u>

Annex

1. Answers to the Questions included in EIOPA's Consultation Paper

1.1. Topic 1: Underwriting KPI

Q1. Do you agree that the proposed revisions improve the decision-usefulness of Taxonomy disclosures while reducing reporting burden for insurance undertakings? Please explain.

Please see our detailed answers to the subsequent questions.

Q2. Do you agree with renaming the current underwriting KPI to "Adaptation Underwriting KPI" to better reflect its scope? Please explain.

Yes, we agree that renaming the current underwriting KPI to "Adaptation Underwriting KPI" will better reflect its scope.

Q3. Do you support to keep the "split premium" approach for the Adaptation Underwriting KPI? Please provide reasons.

We understand and support EIOPA's reasoning for the "split premium" approach, since eliminating the split would reduce the informative value of the data and weaken the ability to properly reflect the adaptation features of non-life insurance products (also see p. 17 of the DP). One reason for the diversity in practice observed by EIOPA results from the "split premium" approach not being part of the binding legal text, but rather part of a non-binding FAQ document published by the European Commission.[1]

From our point of view, it is of utmost importance, for all relevant requirements regarding Taxonomy Reporting to be part of the binding legal text rather than being addressed in non-binding FAQ documents.[2]

We therefore encourage EIOPA to advise the European Commission to incorporate the "split premium" approach into the binding legal text of the DDA.

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1 European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice), (C/2024/6691), answer to question 67, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202406691.

2 Please also see IDW's letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

Q4. Do you agree with the proposal to limit the denominator of the alignment and eligibility ratios to the 8 Eligible Lines of Business? Explain why.

Yes, we agree with the proposal to limit the denominator of the alignment and eligibility ratios to the 8 Eligible Lines of Business (LOBs). In practice, the current definition of the denominator leads to very small alignment ratios for insurers in comparison to the ratios of non-financial undertakings. Considering the limited informative value of the current design of the KPI, insurance undertakings with a high share in LOBs such as private liability insurance do not have any real potential to report on taxonomy alignment.

For example, the denominator of the GAR has been adjusted via the Omnibus-I Delegated Act and therefore will probably result in higher GAR ratios. Changing the denominator of the Underwriting KPI to include only eligible LOBs would provide meaningful insight to insurers who wish their eligible activities to also classify as aligned activities, with only limited burden for adjusting the calculation.

We agree with EIOPA's analysis, that changing the denominator to focus on LOBs with possible eligibility would provide more emphasis on the potential for improvement of insurers' Taxonomy-alignment, while ensuring comparability across insurance undertakings (see p. 18 of the DP).

Q5. For the numerator of the eligibility ratio, do you agree with the proposed standardisation of determination of eligibility?

We agree that the calculation of the value of the numerator of the eligibility ratio should be standardized.

From our point of view, it is of utmost importance for all relevant requirements regarding Taxonomy Reporting to be part of the binding legal text rather than being addressed in non-binding FAQ documents.[3]

[3] Please also see IDW's letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

1.2. Topic 2: Green Insured Activities KPI

Q6. Do you support the introduction of a “Green Insured Activities KPI” measuring exposure to Taxonomy-aligned counterparties or assets? If so:

a) Do you consider that the KPI should be applied on a voluntary or mandatory basis?
b) Do you consider that the introduction of such a KPI should be deferred to the longer term?

Please provide reasons for your answer.

We understand EIOPA’s rational for suggesting the addition of a new “Green Insured Activities KPI”.

From our point of view, the cost-benefit ratio of all information has to be carefully considered, before introducing new reporting requirements. As the DDA is under revision and possibly major changes for the reporting of (re)insurance undertakings may follow as a result, we believe that instead of introducing a new requirement now, this aspect of Taxonomy reporting should be reviewed in the coming years.

We would also like to add that only a small proportion of policyholders are subject to the reporting requirements under CSRD and the Taxonomy Regulation. A “Green Insured Activities KPI” would therefore only affect a small number of (re)insurance undertaking, who insure large companies in the P&C sector, and even then, it would only apply to a fraction of the overall P&C business. Accordingly, the informative value of such a KPI appears questionable.

Q7. Should this KPI complement or replace the current KPI over time? Please explain.

Please see our answer to question 6.

Q8. Do you support the methodology for the Green Insured Activities KPI? If not, what alternative calculation approaches would work better to identify the Taxonomy-alignment of insured companies and objects?

Please see our answer to question 6.

1.3. Topic 3: Other simplifications

Q9. Do you agree with simplifying the Investment KPI by removing the breakdowns for gas and nuclear activities?

Yes, agree with simplifying the Investment KPI by removing the breakdowns for gas and nuclear activities.

We would also like to point out that with regard to the Underwriting KPI the current version of Article 8 para. 6 and 7 of the DDA only requires undertakings to report on gas and nuclear activities "where performing or financing the economic activities as referred to in Sections […]" (emphasis added). As (re)insurance undertakings neither perform nor finance such activities by insuring them, there is uncertainty in practice as to whether and how the breakdowns for gas and nuclear activities are to be reported in the first place. We therefore encourage EIOPA to include a recommendation to clarify this requirement should the requirement for this breakdown not be removed.

Q10. Do you agree with removing the combined KPI (weighted average of underwriting and investment KPIs)?

Yes, we agree with removing the combined KPI.

Even though we understand the idea behind the combined KPI – to provide users with a key result regarding Taxonomy performance – the combination of investments and underwriting within one KPI is difficult to interpret, given the different concepts and calculation methods for the underlying KPI. Furthermore, the turnover and CapEx metrics further complicate this calculation, as it remains unclear which one is to be used for the combined KPI.

Q11. Do you support the introduction of an executive summary (dashboard) containing key Taxonomy and ESRS indicators in the Annual Report?

N/a.

1.4. Topic 3: Use of OpEx

Q12. Bearing in mind that OpEx is not included in the current disclosure template for insurance undertakings' Investment KPI, could the OpEx KPI of investee companies become relevant for voluntary reporting by insurance undertakings, in combination with the CapEx KPI?

No, we do not think that the OpEx KPI of investee companies could become relevant for voluntary reporting by insurance undertakings, in combination with the CapEx KPI.

We are of the opinion that the inclusion of the OpEx KPI of non-financial undertakings in the KPIs disclosed by financial undertakings, even on a voluntary basis, would likely add complexity and cost, with little increase in the informative value of Taxonomy reporting by financial undertakings. Inherently, voluntary disclosure within the Taxonomy reporting regime can generally only yield very limited benefits for non-financial undertakings since financial undertakings need to adhere to the mandatory KPIs in preparing their own Taxonomy KPI disclosures. If OpEx remains a non-factor for financial undertakings' (mandatory) KPIs, expanding the OpEx KPI seems rather pointless.

1.5. Topic 4: Group Reporting

Q13. The ESAs are proposing to remove the weighted average for group reporting. Do you agree that, in cases where a single KPI figure is required (such as for investment KPIs or investments made by financial products disclosed under SFDR), the KPI of the main business of the group should be used? If not, what alternative methodology would you propose?

We agree with removing the requirement to disclose a weighted average KPI. We also agree that only a single KPI or single set of KPIs should be required to be disclosed. We believe the reporting regime should be determined according to the type of parent undertaking that is required to prepare the disclosures.

Q14. Do you agree that computing group level KPIs for mixed groups as currently described in the FAQs of the Third Commission Notice poses challenges? If not so, please explain how the identified issues could be solved in practice.

Yes, we agree that combining Taxonomy ratios based on different calculation approaches does not lead to relevant and reliable information; it also makes it difficult for the recipients of the data to understand this information.

Q15. Do you have comments on the common principles based on which possible solutions have been developed by the ESAs?

We agree that the current rules presented in the binding legal texts have serious shortcomings regarding consolidated reporting for Taxonomy purposes. As noted above, we generally support the requirement for the group to disclose the KPI(s) relevant for the type of the parent undertaking, following the rules within the Disclosures Delegated Act. Most of the time, this approach would be appropriate for determining the group main reporting regime.

Regardless of how the new regulations regarding consolidated reporting for Taxonomy purposes are structured, we believe it is of the utmost importance for the regulations to be established within a binding legal text rather than in non-binding FAQs.[4]

We are of the following opinion regarding the reference to Article 29a (4) of Directive 2013/34/EU (“Accounting Directive”) proposed by the European Commission in its FAQs[5] and EIOPA in the CP (p. 33 of the CP):[6]

The Taxonomy Regulation does not contain an analogous provision to Article 29a (4) of the Accounting Directive as amended by the Directive (EU) 2022/2464 (“CSRD”). There is also no direct application requirement for Article 29a (4) of the Accounting Directive as amended by the CSRD, as Taxonomy Regulation merely refers to the provisions of Articles 19a and 29a of the Accounting Directive in its scope of application. It should also be noted that Article 29a (4) of the Accounting Directive as amended by the CSRD requires the

4 Please also see IDW’s letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

5 European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (second Commission Notice), (C/2023/305), Answer to question 12, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202300305.

6 Please also see IDW’s letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

reporting parent undertaking to "provide an adequate understanding of, as appropriate, the risks for, and impacts of, the subsidiary undertaking or subsidiary undertakings concerned" and does not require the reporting parent undertaking to include the disclosures of the included subsidiary undertaking at an individual level.

<u>Q16. Do you see specific challenges on how to determine the group main reporting regime or prevalent business of a mixed group or financial conglomerate? Please provide examples if relevant.</u>

We suggest that the KPI should be determined by the type of the parent undertaking.

<u>Q17. Do you support introducing a 10% materiality threshold based on the turnover generated by the other businesses a mixed group engages in? If not, please explain why.</u>

No. We do not support the 10% materiality threshold as we do not support the draft advice regarding the obligation to publish subsidiary level information (regardless of whether this is on the basis of the single undertaking or as grouped together with other subsidiaries).

We believe that, in general with regard to potential subsidiary- or subgroup-level reporting, any additional disclosure requirement for mixed groups or groups should be carefully assessed in terms of its benefits against the additional cost associated with preparation, assurance and users' understanding of such disclosures. The mere fact that information (for instance on intercompany revenue) is not reported following consolidation principles does not justify the disclosure of additional sets of KPIs or even contextual information. We are not convinced that any such information needs to be disclosed, until its informative value has been proven. Therefore, we suggest taking financial undertakings' informational needs as the basis for further assessment. We would argue that, in most cases, group-level KPIs ought to be sufficient and appropriate to inform financial undertakings' lending decisions for unknown use of proceeds cases. We doubt that specific counterparty disclosures (on an entity- instead of group-level) add value or are conceptually more relevant. When this is not the case, we believe that voluntary additional information can suffice to cover these information gaps. In our view, if a financial undertaking needs more granular information including cases where the use of proceeds is known, other forms of (bilateral) communication between the financial undertaking and the counterparty should be considered, rather than having the counterparty rely on the publicly available annual Taxonomy disclosures that will typically be published too late to allow financial undertakings to consider them on a timely basis.

These considerations generally apply to all forms of group reporting. For mixed groups specifically, the information gaps may be more pronounced due to the conceptually different reporting regimes between non-financial and the different types of financial undertakings. However, we question whether separate disclosures on the financial undertakings' activities are typically relevant.

<u>Q18. Do you think that the proposal regarding sub-group level disclosures would provide a sufficiently transparent depiction of the Taxonomy profile of a mixed group? Please explain your views on the different criteria identified.</u>

Please see our answer to question 17.

<u>Q19. What are your views on the types of disclosures which should be required for the other activities businesses? Do you think that the full templates should be disclosed to enable easier comparability with undertakings engaging in similar activities or would you support lighter disclosures? Please explain.</u>

Please see our answer to question 17.

We would like to add that as far as the reporting of disaggregated information of individual groups' subsidiaries or groups of subsidiaries is concerned, many stakeholders perceive the requirement set out in the Third Commission Notice to prepare multiple templates as burdensome and costly.

2. Issues not included in ESA's Discussion/ Consultation Papers

2.1. Content of this section

This annex is also contained in our replies to the EBA and ESMA consultation and therefore contains some comments not necessarily relevant to the EIOPA consultation.

2.2. Introduction of overarching principles

We suggest that the revision of the DDA be used as an opportunity to introduce fundamental principles into Taxonomy reporting. Introducing such fundamental principles will facilitate application and assist in the interpretation of the various detailed rules governing the Taxonomy and thus contribute to reducing bureaucratic burdens.[7]

Neither the Taxonomy Regulation nor the accompanying Delegated Acts provide a clear definition of "unit of account". This lack of definition leads to uncertainty as to the level at which undertakings are required to perform their assessment of the technical screening criteria.

For example, the answer to question 80 of the Commission Notice (C/2025/1373)[8] appears to imply that when certain elements/components that are part of a broader revenue-generating project are described in an economic activity (here: CE 1.2), these components need to be reported separately under CE 1.2 and they need to be assessed against the technical screening criteria of CE 1.2. Bifurcating revenue streams on such a granular level regularly conflicts with financial accounting requirements (and the answer to question 22 of Commission Notice (C/2023/305)[9]). Such mandatory additional alignment assessments are burdensome for undertakings and arguably have limited value for stakeholders whose focus might be more on the Taxonomy-alignment of the

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7 Please also see IDW's comments on the Commissions Draft Delegated Regulations amending Commission Delegated Regulation (EU) 2021/2139 (Ares(2026)2879622 and Annexes) and (EU) 2023/2486 (Ares(2026)2879562 and Annexes), available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2026/IDW-Schreiben-Draft-Delegated-Regulations-Taxonomy-260414.pdf.

8 European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act and the EU Taxonomy Disclosures Delegated Act, (C/2025/1373), available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202501373.

9 European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (second Commission Notice), (C/2023/305), available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202300305.

broader project as a whole rather than on the Taxonomy-alignment of individual components.

As Taxonomy reporting is based on financial reporting data (such as turnover) it should be clarified that the term “unit of account” used for Taxonomy reporting is synonymous with that used for financial reporting. Therefore, where different components have a uniform use and function and are therefore considered part of a single “unit of account” in financial reporting, this equally be the case for Taxonomy reporting. This would not only lead to significantly more clarity within the rules, but also to a burden reduction, since the same conceptual approach (relying on similar data) can be applied in financial und Taxonomy reporting.

Furthermore, we suggest the adoption of a general materiality principle – similar to that used in financial reporting. The newly introduced 10% materiality thresholds pose challenges for reporting undertakings and do not take into account whether omitted information is actually material to users or not. The introduction of a general materiality principle would help reporting undertakings in providing relevant and meaningful information.

2.3. European Commission’s FAQ

We have seen an overwhelming number of FAQs published by the European Commission regarding Taxonomy reporting in the last years.[10]

The CSRD and the Taxonomy are new and very comprehensive sets of rules. Their implementation is particularly challenging because the legal texts are subject to considerable interpretation uncertainty. Thus, we welcome the development of Questions and Answers (FAQs) by the European Commission and EFRAG to support undertakings in implementing the new regulations. Many of these FAQs are helpful; however, some of them portray views that appear to go beyond the legal texts or even create inconsistencies with earlier FAQs. These particular FAQs are problematic for reporting undertakings not only because they can lead to significant administrative effort in themselves, but also because undertakings have already adjusted their reporting systems on the basis of the binding legal texts or earlier sets of FAQs. Given the current efforts to reduce reporting burdens this seems contradictory.

We see an urgent need for the legislator to adjust the Taxonomy Regulation and the complementary Delegated Acts, respectively if either the understanding of

[10] Please also see IDW’s letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

certain provisions presented in recent FAQs is of essential importance or the FAQs are aimed towards addressing shortcomings identified in the legal texts. This would not only bring legal certainty for reporting undertakings but would also ensure those requirements are subject to the ordinary legislative procedure. Both legal certainty and the democratic due process are, in our view, essential elements for substantially reducing the administrative burden.

2.4. Reporting Templates

The current versions of the reporting templates do not fully correspond to the reporting requirements in the descriptive annexes of the DDA. This can be seen in the requirements of Article 8 para. 3 of the DDA that undertakings shall provide the key performance indicators covering the previous annual reporting period. Some templates (i.e., template 1 for non-financial undertakings) contain a column to present prior year information, others (i.e., all templates in Annex VI) do not contain such columns. Another example is the requirement of Article 7 para. 6 to provide a breakdown in the numerator and denominator of the key performance indicators for several categories of assets for which the investment-KPI template does not provide space for all categories. There are also columns in the templates that require information not required from the relevant descriptive annexes. One example is template 2 of Annex II requiring information on “Proportion of Taxonomy- aligned in Taxonomy- eligible” which is not based on the descriptive requirements in Annex I.

We therefore see the urgent need for the templates to be fully aligned with the disclosure requirements.

2.5. Minimum Safeguards for financial undertakings

Neither the Taxonomy Regulation nor the accompanying delegated acts contain specific rules for the application of the minimum safeguard requirements for financial undertakings. When a financial undertaking does not report on its own activities but rather the activities of other undertakings, the question arises as to whether and how that financial undertaking has to assess the minimum safeguards.[11]

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[11] Please also see IDW’s letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

In the answer to question 37 of the third Commission Notice[12] ("Do financial undertakings have to comply with minimum safeguards in conducting their activities or is compliance with minimum safeguards only relevant at the level of the investee company?") the European Commission states: “The specific requirement to comply with the minimum safeguards under Article 18 of the Taxonomy Regulation applies to the entity that performs an economic activity and which claims that its activity is Taxonomy-aligned. […] Financial undertakings should comply with the minimum safeguards only if the financial services they provide are Taxonomy-eligible and they claim that those services are Taxonomy-aligned. This concerns a small number of activities in Section 6 of Annex I to the Climate Delegated Act on transport, which refers to ‘financing’ as part of the activity description, and non-life insurance and reinsurance underwriting activities in Sections 10.1. and 10.2. of Annex II to the Climate Delegated Act.”

Non-life insurance and reinsurance underwriting activities in Sections 10.1. and 10.2. of Annex II to the Climate Delegated Act are the only activities carried out by financial undertakings themselves that are relevant for Taxonomy reporting. In other cases, the financial undertaking reports on activities carried out by other undertakings. For instance, according to section 1.2.1 of Annex V of the Disclosure Delegated Act the Green Asset Ratio (GAR) shall show the proportion of the credit institution’s assets financing and invested in taxonomy-aligned economic activities as a proportion of total covered assets in accordance with point 1.1.2 of the same Annex. Therefore, our understanding, based on the binding legal text, is that – with the exemption of non-life insurance and reinsurance underwriting activities in Sections 10.1. and 10.2. of Annex II – financial undertakings do not claim that their financing activities are taxonomy-aligned. This is because they do not report on their own activities but rather on the activities of other undertakings. Therefore – with the exception of non-life insurance and reinsurance underwriting activities in Sections 10.1. and 10.2. of Annex II – based on the binding legal text there is no obligation for financial undertakings to comply with minimum safeguards in conducting their activities for reporting taxonomy alignment.

In the answer to question 37, the third Commission Notice also states: “As for credit institutions’ GAR for known use of proceeds exposures, such as the exposures referred to in Sections 1.2.1.3. and 1.2.1.4. of Annex IV DDA regarding retail clients and public authorities, credit institutions do not need to verify

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[12] European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice), (C/2024/6691), available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202406691.

compliance with minimum safeguards by those retail clients and public authorities. However, for those exposures, credit institutions should obtain adequate documentary evidence, such as Taxonomy-disclosures under the Disclosures Delegated Act by the respective producers of goods and service providers, ascertaining that undertakings producing goods and providing services that are purchased by retail clients and public authorities comply with the relevant TSC and with minimum safeguards to compute their exposures as Taxonomy-aligned. This situation concerns for instance a loan provided to a retail client or public authority for the purchase of electric cars or solar panels where the credit institution needs to ascertain the compliance with the relevant TSC and the minimum safeguards by the manufacturer of those goods to assess such a loan as Taxonomy-aligned."

According to Section 1.2.1.3, the GAR for retail exposures to residential real estate or house renovation loans shall be calculated as a proportion of loans to households collateralised by residential immovable property or granted for house renovation purposes that are Taxonomy- aligned in accordance with the relevant technical screening criteria for buildings, in particular renovation and acquisition and ownership in accordance with Sections 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, and 7.7 respectively of Annex I or Annex II to Delegated Regulation (EU) 2021/2139 or Sections 3.1 and 3.2 of Annex II to Delegated Regulation (EU) 2023/2486, compared to total loans to households collateralised by residential immovable property or granted for house renovation purposes. This text therefore refers only to the technical screening criteria and not the minimum safeguard requirements.

Regardless of how the rules of the current binding legal texts are interpreted, we believe it is of the utmost importance for the regulations to be established within a binding legal text rather than in non-binding FAQs.

2.6. Financial undertakings: Exposures to SPVs

Article 7 para. 3 subpara. 2 of the DDA in the Omnibus-I-Package version obliges financial undertakings to include exposures to Special Purpose Vehicles (SPVs) in the denominator of key performance indicators. Even though we welcome this clarification compared to the version of the DDA before the Omnibus-I-Package, significant legal uncertainties arise due to the wording of the new rules.

We therefore see the urgent need for clarification within the binding legal text regarding the following aspects of these rules:

Neither the Taxonomy Regulation, the DDA nor the Accounting Directive provide a definition of SPVs. It is therefore unclear whether the exposures to all SPVs as defined according to the applicable GAAP are subject to this rule or if it is only applicable to certain kinds of SPVs (e.g. UCITS and AIFs).[13]

The financial undertaking has to apply the rules regarding exposures to SPV that finance certain entities (a) and/or assets (b). The legal text is unclear regarding the relationship between (a) and (b) and whether these are alternative requirements or cumulative requirements.

Furthermore, it is unclear whether the “entities” financed by an SPV are the ones who have a contract with the SPV or are the ultimate beneficiaries or the financing. Regarding “entities” it is also unclear, which kind of entities have to be taken into account: Article 7 para. 3 subpara. 2 names “entities subject to Article 19a or 29a of Directive 2013/34/EU or entities that belong to a group where the parent of the SPV is subject to Article 29a of that Directive”. It is questionable whether the parent of the SPV is relevant in this regard or if the reference should be to the “parent of the entity” instead.

Regarding “assets” it remains unclear which party is the one “operating” the asset. The answer to question 16 of the fourth Commission Notice[14] seems to imply that the ownership of a building can be seen as an “operation”, which does not necessarily reflect common practice. Furthermore, the question arises as to whether all “assets” financed by an SPV can be taken into account, as the new Article 7 para. 2 states that “other categories of assets that are not referred to in Article 7(6), including goodwill and commodities, shall be excluded from the denominator of key performance indicators of financial undertakings”. If this provision also applies to assets financed via an SPV, the list of “assets” to take into account will be very short.

In addition, whether all exposures to SPVs in accordance with Article 7 para. 3 subpara. 2 have to be included in the denominator, if the SPV only partly finances “entities” or “assets” in accordance with a) or b) also needs clarification.

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[13] European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice), (C/2024/6691), Answer to Question 43, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202406691.

[14] European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation, as amended by the Omnibus Delegated Act, on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (fourth notice), (C/2026/2558), answer to question 16, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202602558.

Regardless of how the rules of the current binding legal texts are interpreted, we believe it is of the utmost importance for the regulations to be established within a binding legal text rather than in non-binding FAQs.

2.7. Reporting of Leasing undertakings

The DDA includes an exhaustive list of undertakings that are regarded as "financial undertakings". This list ignores the fact that there are undertakings that do not meet the definition criteria of "financial undertakings" (e.g. that are not a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013), but that can use the same financial reporting rules according to the relevant national legislation. In Germany this applies, for example, to certain leasing undertakings, who then have to report the non-fitting KPIs for non-financial undertakings. The European Commission states in one of its first FAQs[15] that those undertakings are encouraged to disclose voluntarily under Annex VI if they consider this Annex to be more relevant and also if they submit supervisory reporting in accordance with Commission Implementing Regulation (EU) 2021/451 to their National Competent Authority.

We encourage the ESAs and the European Commission to find a suitable solution to this problem, without the necessity of reporting not-fitting KPIs and reporting the relevant KPI voluntarily. One way to solve this would be to introduce a general "follow the accounting" approach, that extends the definitions of financial undertakings by those that use the same financial reporting rules according to national GAAP.

2.8. Scope of consolidation for insurance undertakings

The scope of consolidation (financial vs. prudential) for insurance undertakings remains unclear.[16]

According to Section 1.1.1 of Annex V of the Disclosure Delegated Act credit institutions shall disclose relevant KPIs on the basis of the scope of their prudential consolidation determined in accordance with Regulation (EU) No 575/2013,

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15 European Commission, Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets, (2022/C 385/01), answer to question 26, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022XC1006(01)&from=DE.

16 Please also see IDW's letter regarding Taxonomy FAQs, available at: https://www.idw.de/IDW/Medien/IDW-Schreiben/2025/IDW-Simplifications-Taxonomy-Reporting-Schreiben-250109.pdf.

Title II, Chapter 2, Section 2. There is no reference to prudential consolidation for undertakings other than credit institutions in the Disclosure Delegated Act.

In response to question 2 of the third Commission Notice[17] ("Should reporting financial undertakings that own other financial undertakings provide their Taxonomy disclosures based on regulatory or accounting level of group consolidation? What is the level of group consolidation of the reporting entity for the purpose of the Taxonomy disclosures?") the European Commission states: “In accordance with Annex V DDA, point 1.1.1. concerning the consolidation of the relevant KPIs for credit institutions, those institutions ‘shall disclose relevant KPIs on the basis of the scope of their prudential consolidation determined in accordance with Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2’. Similarly, where parent undertakings and their subsidiaries are both financial undertakings other than credit institutions and that are subject to prudential regulation (16), they should make their disclosures based on the prudential consolidation.”

Regardless of how the rules of the current binding legal texts are interpreted, we believe it is of the utmost importance for the regulations to be established within a binding legal text rather than in non-binding FAQs.

[17] European Commission, Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (third Commission Notice), (C/2024/6691), available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202406691.