Associazione Bancaria Italiana

**ABI response to the EBA Discussion Paper on certain Taxonomy key performance indicators and other aspects of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation**

August 2026

**POSITION PAPER**

2026

## ABI answers to EBA questions

**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;**

**x d. other (please specify).**

ABI is directly neither user nor preparer of sustainability information. This response represents the views of member banks, based on their experience as both preparers and users of sustainability information.

**Q2. Do you agree with the analysis presented?**

As a preliminary remark, we support the initiative aimed at simplifying the Taxonomy disclosure and, generally speaking, we appreciate that the EBA discussion paper addresses some very important issues about KPIs that the industry raised over last years.

The paper correctly identifies several areas where the current framework creates significant implementation costs while providing limited additional decision-useful information to investors and other stakeholders. In particular, we support the focus on simplification, proportionality and operational feasibility.

With specific regard to the Fees and Commissions KPI, we broadly agree with the analysis.

**Q3. In your view, which of the options presented in the analysis (paragraph 36) is the most viable? Please explain your rationale.**

a. **removing the Fees and Commissions KPI from the Taxonomy disclosure requirements or replacing it with qualitative disclosure requirements considering 10% materiality threshold;**

Option (a.) is considered the most appropriate approach. More precisely, we support the removal of the KPI, without replacement with qualitative disclosure requirements.

This KPI is flow-based, volatile and only indirectly linked to capital allocation, while entailing disproportionate operational complexity compared to the usefulness of the information.

Indeed, the Fees and Commissions KPIs seeks to provide information about the alignment to the Taxonomy of certain services offered by banks. However, fee income is influenced by transaction volumes, pricing policies and market conditions rather than by sustainable financing decisions. This KPI relate primarily to services that are not core to financial institutions' capital reallocation efforts or sustainability strategies.

Moreover, the KPI is based on fees and commissions recognised during the reporting period and therefore reflects flows, whereas the Taxonomy framework is primarily designed around stock-based exposures. Consequently, the KPI is not directly comparable with the other Taxonomy KPIs.

The Fees and Commissions KPI does not provide sufficiently meaningful, comparable or decision-useful information to justify the significant implementation effort required (regardless of the scope of the KPI, i.e. even if limited as per option b.).

Qualitative disclosures would not address the abovementioned issues, and no clear added value for stakeholders can be identified in its introduction. Such disclosures would still require institutions to perform analyses, establish governance and control processes, and produce supporting documentation, thereby creating additional operational and audit burdens without delivering a commensurate increase in transparency or usefulness for users.

In light of the above, ABI definitely believes that the Fees and Commission KPI should be removed without replacement, in order to simplify the framework and focus on more robust exposure-based metrics.

**b. narrowing down the scope of the KPI to following four activities identified in this analysis and adjust the disclosure requirements accordingly also introducing the 10% materiality threshold to be applied in relation to total operating income.**

- **issuance or other services related to third party securities,**
- **mergers and acquisition undertakings advisory services,**
- **undertakings finance services related to capital market advisory for undertakings, clients or other, and**
- **distribution of products issued by entities outside the prudential group to its current customers.**

Narrowing down the scope is not deemed to address the identified shortcomings of this KPI.

**In your response, where applicable, please assess whether voluntary disclosure of this KPI would be meaningful and feasible, and hence should be considered.**

Voluntary disclosure is not considered meaningful.

**Q4. Should additional items from FINREP Template 22.1 also be included in the revised KPI? Please consider in particular that (i) have been assessed as unrelated to capital market activities, e.g. 'custody and other related services', and (ii) those that have not been mapped to the Fees and Commissions KPI, such as 'structured finance', 'loans granted', 'commodities'.**

Under the premise that in ABI's view this KPI should be removed, we do not support extending the scope of the KPI to additional FINREP Template 22.1 items.

Expanding the KPI would further increase complexity while failing to address its fundamental methodological limitations. The KPI remains a flow-based indicator, whereas the Taxonomy framework primarily assesses stock-based financing exposures. Including additional fee and commission categories would therefore not improve its relevance or comparability.

Moreover, additional items such as custody services, structured finance, loans granted or commodities do not necessarily demonstrate a direct contribution to sustainable capital allocation. Their inclusion would increase implementation costs, create additional compliance risks and further reduce the competitiveness of EU institutions without generating meaningful benefits for investors or supervisors.

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

This KPI would entail significant operational and methodological challenges while providing limited decision-useful information.

As regards the implementation challenges, we would highlight that:

- the very high volume and granularity of transactions would make classification and monitoring operationally burdensome (commissions arise from a very large number of often small-value transactions);
- the assessment would depend on counterparty-level Taxonomy information (e.g. NACE code, substantial contribution thresholds, DNSH criteria, social safeguards) that is often unavailable. In this regard, it should be considered that the limited application of the CSRD and the reduced reporting scope following the Omnibus ESG package limit the availability of reliable Taxonomy data, reducing the robustness and comparability of the KPI while increasing operational complexity;
- data sources are fragmented and not designed to classify activities according to Taxonomy eligibility or alignment (fees and commissions are primarily managed through systems designed for revenue accounting, which do not classify activities according to sustainability criteria or EU Taxonomy alignment);
- substantial investments in new processes, controls and data infrastructures would be required. ESG reporting functions have historically focused on on-balance-sheet assets (loans, securities) for metrics like the GAR; extending the scope to fees and commissions requires new data collection and control processes across multiple functions.

As regards the supposed benefits associated with disclosing the Fees and Commissions KPI, the relevance of these activities for the purpose of ESG disclosure is limited, as they do not directly reflect the bank's exposure to sustainable or non-sustainable activities. Many of these revenues relate to intermediary or "pass-through" services, such as third-party fund distribution or syndicated loan arranging, where the bank does not assume direct economic risk.

Moreover, in the absence of harmonised EU methodologies, the application of these KPI could vary significantly across institutions.

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

**Q6. Do you agree with the analysis presented**

The Materiality analysis performed for the different KPIs are beneficial for the assessment of relevance of the KPIs. The analysis correctly identifies the conceptual and operational limitations of the Trading Book KPI.

**Q7. In your view, which of the options presented in the analysis (paragraph 68) is the most viable? Please explain your rationale.**

a. **removing the Trading Book KPI or replacing it with qualitative disclosure requirements on the trading portfolio also considering the materiality threshold**;

Option (a.) is considered the most appropriate approach. More precisely, we support the removal of the KPI, without replacement with qualitative disclosure requirements.

The Trading Book generally relates to activities that are short-term, transactional and influenced by market conditions and potential volatility, and therefore provides limited decision-useful information on stable capital allocation to Taxonomy-aligned activities.

The 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). It reflects short-term trading activity, whereas the Taxonomy is designed to assess financing supporting the transition to a sustainable economy. Given the absence of an intention to hold such positions and the short-term nature of trading strategies, particularly when additional hedging strategies such as credit derivatives are taken into account, a Trading Book KPI is not suitable as a KPI for sustainable investments.
- 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. Sustainability aspects are not factored in when deciding whether these services will be provided or not, unlike credit granting decisions.
- The KPI is also inherently volatile. Being based on trading flows and fair value transactions, the reported ratio may fluctuate significantly due to changes in market prices, trading volumes or client activity, even where the institution's sustainable finance strategy remains unchanged. The resulting indicator is therefore heavily influenced by market turnover, price volatility and clients' trading decisions rather than by banks' own sustainability strategies, limiting its usefulness for investors and supervisor. A Trading Book KPI focused on turnover is not suitable for comparisons, either over time or across institutions, because of the dominant role of external factors.

As a result, the Trading Book KPI does not appear to be an appropriate indicator of a bank's contribution to financing sustainable activities.

Qualitative disclosures would not address these limitations, but would still require additional burdensome analyses, governance processes and documentation while providing limited additional insight to users. In our view, this would create costs and complexity without a clear benefit; therefore, the KPI should be removed and not replaced with qualitative disclosure requirements.

**b. narrowing down the scope of the KPI to providing market liquidity through market making, with a clear focus on providing liquid markets for green (Taxonomy-aligned) securities.**

Narrowing down the scope is not deemed to address the identified shortcomings of this KPI.

**In your response, where applicable, please assess whether voluntary disclosure of this KPI would be meaningful and feasible, and hence should be considered.**

We do not believe the disclosure would be meaningful or feasible, even if voluntary.

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

The Trading Book KPI would entail significant operational and methodological challenges while providing limited decision-useful information.

As regards the implementation challenges, we would highlight that:

- the very high volume and granularity of transactions would make classification and monitoring operationally burdensome (the trading book features high-frequency operations and continuous position updates);
- the assessment would depend on counterparty-level Taxonomy information (e.g. NACE code, substantial contribution thresholds, DNSH criteria, social safeguards) that is often unavailable. In this regard, it should be considered that the limited application of the CSRD and the reduced reporting scope following the Omnibus ESG package limit the availability of reliable Taxonomy data, reducing the robustness and comparability of the KPI while increasing operational complexity. Costs increase further if Taxonomy information for a large number of instruments has to be purchased from external market data providers;
- data sources are fragmented and not designed to classify activities according to Taxonomy eligibility or alignment (Trading Book activities are primarily managed through systems designed for revenue accounting, risk measurement, and market performance, which do not classify activities according to sustainability criteria or EU Taxonomy alignment);
- substantial investments in new processes, controls and data infrastructures would be required. ESG reporting functions have historically focused on on-balance-sheet assets (loans, securities) for metrics like the GAR; extending the scope to the Trading Book requires new data collection and control processes across multiple functions.

On the other hand, the relevance for the purpose of ESG disclosure of a KPI focused on trading activities is limited, as they do not directly reflect the bank’s exposure to sustainable or non-sustainable activities (see also the answer to Q7).

Moreover, in the absence of harmonised EU methodologies, the application of these KPI could vary significantly across institutions.

Overall, the Trading Book KPI provides limited incremental information compared with existing sustainability disclosures while imposing disproportionate implementation costs. Its removal would therefore be consistent with the objectives of the European Commission's simplification agenda and would contribute to preserving the competitiveness of EU financial institutions.

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

[No comment]

**Q10. Do you agree with limiting the KPI to the following four elements for the purpose of Taxonomy disclosures?**

**Please explain if you think that other services, e.g. execution of orders on behalf of clients, should be included in the revised KPI.**

[No comment]

**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 comment]

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

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. We support the proposed alignment provided that it preserves proportionality, legal certainty and sufficient transitional arrangements.

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. For use-of-proceeds instruments, taxonomy alignment should generally be assessed at origination and should not trigger repeated reassessments during the life of the exposure nor when the EPCs expire. It should be clarified that post-origination verifications should not require systematic collection of additional documentation where Taxonomy alignment was already verified at origination based on valid evidence, regular monitoring is in place, and the asset's environmental characteristics are not expected to change materially. In such cases, completed Taxonomy assessments should remain valid for the entire loan term to avoid duplication, unnecessary burden and operational inefficiencies. Where a financing activity was Taxonomy-aligned at the time of origination, this status should remain valid throughout the lifetime of the exposure.

Such an approach would:

- ensure a uniform interpretation of green debt across sustainable finance regulations;
- improve operational planning by enabling institutions to adjust data, systems, and methodologies, with no retroactive impact;
- prevent the risk of losing alignment for positions that were previously compliant;
- ensure legal certainty and strengthen market credibility.

With regard to EPCs - also making reference to Commission FAQs 23, 34 e 58, as EPCs fall within aligned retail exposures and therefore contribute to the calculation of the GAR - we consider financial institutions should not be required to re-verify EPCs validity ex-post, as the energy performance of a building can reasonably be assumed to remain unchanged in the absence of modifications.

**Q13. Do you agree with the analysis presented and proposed conclusions?**

We agree with maintaining the current approach.

Taxonomy KPIs applicable to financial undertakings differ significantly from those applicable to non-financial undertakings. Aggregating these measures at consolidated group level would increase operational complexity while providing limited comparability and limited additional value for users of disclosures.

From a simplification perspective, reporting should primarily remain focused on the predominant business segment.

**Q14. Where a single KPI is required for the parent undertaking of a group, (e.g. for the calculation of investment KPIs or the GAR arising from the exposures to the parent undertaking or investments held by financial products disclosed under the SFDR):**

**i. Should the KPI disclosed by the parent undertaking, reflecting the group's main or prevalent activity, be used? If not, what alternative methodology should be applied?**

Yes, the main KPI disclosed by the parent undertaking should be used. Additional disclosure by subsidiaries or intermediate parent undertakings is not deemed necessary and its cost would not be outweighed by commensurate benefits for the users.

**Q15. Which KPIs you do think are necessary and should be required for groups with mixed activities where the credit institution is the parent company such as credit institution-led financial conglomerates, credit institution-led financial holding companies and relevant mixed financial holding companies?**

We do not believe any additional KPIs should be required for such groups, as they would add no value for investors while imposing unnecessary reporting complexity and costs.

**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?**

We agree with the EBA conclusion that OpEx financing should not be incorporated in the methodology for calculating financial undertakings' KPIs.

The inclusion of OpEx financing would significantly increase the complexity of the framework, reduce comparability and create additional audit and implementation challenges while providing only limited additional information to investors and supervisors. 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.

Also considering the reduced scope of CSRD - limiting the availability, completeness and consistency of OpEx-related Taxonomy information - introducing mandatory OpEx financing reporting would create additional operational challenges without ensuring robust or comparable disclosures.

**Please provide your rationale for supporting the explicit inclusion of provisions allowing financial undertakings, on a voluntary basis, to use the OpEx KPI disclosed by their counterparties when calculating their own KPIs.**

Such information is deemed to provide limited added value.

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

**Please explain why and how, including the content of the information that should be retained in a potential merged KPI.**

We do not support merging the AuM KPI for credit institutions with the KPI for asset managers. A merger would generate implementation effort without delivering clear benefits to users.

Institutions and asset managers should be free to decide whether to disclose under the Annex for asset managers or to continue disclosing the AuM KPI.

**Q18. What are your views on the design of off-balance sheet item reflecting financial guarantees to financial and non-financial undertakings in a potential merging of the asset management activities as presented?**

[No comment]

**Q19. Do you have any additional comments or suggestions to improve, simplify or clarify the disclosure requirements within the scope of this Call for Advice, including through redrafting of instructions, and clarification of definitions, or the streamlining of terminology?**

One aspect that could be addressed is providing clarity about the FAQs on the EU Taxonomy. The FAQs are not referenced in Reg. (EU) 2026/73, creating uncertainty regarding their legal status, applicability and future updates. Clarity is needed on how and when these FAQs will be adapted now that the revised DDA has entered into force, and on using the FAQ tool to further simplify the framework where appropriate.

In addition, we strongly encourage the European Commission and the ESAs to prioritize simplification, legal certainty and operational feasibility. In particular, we recommend removing low-value disclosure requirements, avoiding new KPIs unless a clear use case and investor demand can be demonstrated, simplifying DNSH assessments, strengthening proportionality mechanisms and ensuring stable regulatory requirements over longer periods.

- For Loans granted to Households and local administration, we recommend the EU Taxonomy assessment to be based only on substantial contribution criteria.
- For Use of Proceeds financing, banks should be able rely on borrower information of alignment (percentages of eligibility and alignment for each objective), without financial institutions needing to collect supporting evidence supporting that each TSC is met.
- All flow KPIs should be removed as there is no flow accounting approach (no reconciliation link with financial statements) which the calculation could leverage (in particular for debt securities and equities instruments in the asset management KPI); moreover, some cases would require in-depth analysis to avoid misinterpretation (in particular, a positive flow KPI could result from negative flows in both denominator and numerator)
- In addition, we suggest extending the 10% materiality threshold which is currently limited to 'Use of Proceeds' exposures. Exposures should also be included in this threshold where the bank cannot determine, with reasonable effort, whether and, if so, which use of proceeds applies. Such an adjustment would significantly reduce the procedural burden, especially for very small subsidiaries where implementing specific technical reporting lines for taxonomy reporting may constitute a disproportionate effort.