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PH/VH

**EACB response**  
**to the European Commission's consultation on the draft**  
**Taxonomy Delegated Acts – amendments to make reporting**  
**simpler and more cost-effective for companies**

**March 2025**

The **European Association of Co-operative Banks** ([EACB](https://www.eacb.coop)) is the voice of the cooperative banks in Europe. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Cooperative banks form decentralised networks which are subject to banking as well as cooperative legislation. Democracy, transparency and proximity are the three key characteristics of the cooperative banks' business model. With 2,500 locally operating banks and 40,000 outlets cooperative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 227 million customers, mainly consumers, retailers and communities. The cooperative banks in Europe represent 90 million members and 737,000 employees and have a total average market share of about 20%.

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## Introduction

The EACB welcomes the opportunity to participate in the Commission's initiative as part of the Omnibus simplification package on sustainability reporting and due diligence. We support the Commission's objective to make the framework simpler and more cost-effective for companies, by making certain requirements more flexible and reducing the amount of data to be provided, with a view to balancing EU environmental goals with business competitiveness.

With reference to the proposed Article 4(1a – e), whilst we generally agree with the simplification of the way in which information is presented, we do note that **the underlying data in order to get to these templates is not fundamentally different from what is currently required to populate the current key templates, and therefore brings nothing in the way of relief of the perceived administrative burden towards companies in scope of the Taxonomy Regulation** and view this more as a window-dressing exercise rather than a meaningful change.

We note that with respect to revisions to the applicable technical screening criteria and the overall challenge of operationalizing of the Taxonomy framework, no meaningful progress is made and anxiously anticipate further publications that specifically target this (along the views of the Platform on Sustainable Finance's report on simplifying EU Taxonomy and improving its usability, which remain unaddressed in the Omnibus proposal).

## Taxonomy Draft Regulation – definitions and GAR exclusions

### Article 1 (3) – Turnover

The definition of "turnover" for credit institutions used in para. 1f should be clarified. In this context "turnover" most likely refers to "net turnover" as defined in Directive (EU) 2022/2464, Article 1(2)(a).

### Article 1 (6) – Exclusions from denominator

1. Large undertakings and parent undertakings of large groups with an average of more than 1000 employees and a net turnover not exceeding EUR 450 000 000 during the financial year. The newly inserted Articles 19b and 29aa of Directive 2013/34/EU makes Taxonomy reporting voluntary for such undertakings. As such, undertakings opting out of Taxonomy reporting would be **excluded from the numerator** of KPIs of financial undertakings but **included in the denominator** thus generating again the same kind of discrepancy between numerator and denominator Article 1 (6) was aiming to fix. A solution could be that undertakings opting out of Taxonomy reporting according to articles 19b and 29aa should also be excluded from the denominator of KPIs of financial undertakings.

**In any event, the Commission should ensure that the reporting basis can be unequivocally identified with relative ease. The existence of a segment of companies that could optionally be subject to bilateral fact-finding on an ongoing basis should be prevented. This segment of corporates should only ever be subject to supplemental, voluntary reporting by their lenders.**

2. Exposure to undertakings excluded from the denominator of KPIs of financial undertakings according to Article 1 (6) of the Taxonomy Draft Regulation. In the reporting template "1.Covered assets (GAR,off-b) S" provided in **Annex III of the Taxonomy Draft Regulation** all exposure to undertakings not subject to CSRD disclosure obligations (i.e. including the undertakings covered by Article 1 (6)) is still contained in the section headed

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“Assets excluded from the numerator for GAR calculation (covered in the denominator)”. As the undertakings covered by Article 1 (6) are no longer contained in the denominator we would suggest providing corresponding rows in the section headed “Assets not covered for GAR calculation”. In addition, **we suggest removing rows 20 to 30, as they would be obsolete** following our suggested amendments to the templates.

3. The GAR formula should be symmetrical, excluding non Taxonomy-eligible assets (corporates not covered by the CSRD or not subject to mandatory Taxonomy reporting as part of their CSRD obligations, sovereign debt, non-EU assets);

### Materiality clause

The additional **KPIs for Fees and Commissions and Trading Book activities** are proposed to be postponed to 2027 for certain financial institutions. Subsequently, the logic on non-core/non-material activity may apply. Given lead times and the need to establish metrics in accordance with the DDA specification, **it would be preferable for these KPIs to be entirely removed from the scope.**

We seek more clarity on the **materiality clause as applicable to financials**. This now appears to look at the principal activities of a non-financial corporate on an activity basis but remains somewhat ambiguous towards financial corporations where this economic activity perspective is generally derived from lending activity and composition of their client base. The preamble appears to focus on economic activity of the institutions themselves (e.g. based on different offerings across an integrated group) where the draft text revising Article 4 appears to consider parts of e.g. the lending book where the size of the book in aligned assets is below the 10% of total GAR assets. **What remains unclear here is whether this relationship is to be determined at the level of any of the sub categories within Column C of the main assets templates, or for some other aggregate of assets.**

### Employee threshold

The revised design to exclude reporting requirements on the basis of staff total rather than on other metrics complicates matters for lenders by introducing a new metric as the sole basis for setting a reporting obligation. To apply this logic robustly would potentially imply the use of an FTE metric for all non-household exposure with activity in the Union whereas at this point a proactive disclosure requirement applies for companies due to report under CSRD. This creates an element of risk towards credit institutions in their assessment processes. Especially where the text refers to average employee numbers over a financial year, this seems **essentially unworkable or inherently a more complex effort than the current logic.**

The proposed changes, in the context of the voluntary nature of VSME, may not achieve the original objective of reducing the burden on SMEs. Banks will still strive to meet prudential standards by requiring non-financial disclosures from clients as required under the prudential framework GAR/BTAR). As a result, clients may encounter restrictions in access to financing, or access to this financing will be significantly delayed due to the need to collect necessary data. To avoid this, it is necessary to introduce further-reaching changes in the Taxonomy and related regulations.

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## Simplifying and reducing number of templates

We would argue that the templates could be further simplified e.g. by removal of “of which” categories on enabling and transitional activity, the complete removal of flow data, and sharp reduction of templates on Nuclear and Fossil Fuel based activity to some properly key metrics.

## Annex III of the Taxonomy Draft Regulation

### **Additional reporting template for new assets**

According to fn 2 in reporting template “1.Covered assets (GAR,off-b) S” this template should now also be duplicated for reporting on new assets for the calculation of GAR flow. In our view the introduction of two new templates (one each for turnover and CAPEX) is contrary to the goal of reducing unnecessary reporting burden. In particular, to calculate the GAR KPI flow (reporting template “4. GAR KPIs flow S”) it is not necessary to calculate the new assets contained in section “Assets not covered for GAR calculation” in reporting template “1.Covered assets (GAR,off-b) S”.

We suggest to:

- a. remove the reporting requirement for those two new templates
- b. or at least remove the reporting requirement for the new assets contained in section “Assets not covered for GAR calculation”.

### **Contact:**

The EACB trusts that its comments will be taken into account.

For further information or questions on this paper, please contact:

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