

Consultation Response

Commission amendments to the EU Taxonomy Climate and Environmental Delegated Acts

14 April 2026

The Association for Financial Markets in Europe (AFME)¹ welcomes the opportunity to respond to the European Commission's draft Delegated Regulations amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 (together, the Delegated Acts) to enhance the usability of the climate and environmental technical screening criteria (TSC).

AFME supports the Commission's objective to improve clarity and coherence of the TSC while preserving environmental integrity. However, the scope of the current review, focusing on "targeted adjustments that can be addressed on the basis of existing evidence and implementation experience", does not go far enough to deliver on the Commission's Omnibus commitment to a substantive review of the Taxonomy TSC, particularly the Do-No-Significant Harm (DNSH) TSC.

While we recognise the need to make technical updates to the TSC over time to align with the latest legislation and scientific consensus, the present "targeted" review implies further rounds of subsequent revision, increasing the operational costs and resource required to adapt to regular changes. Members have invested significantly in embedding the current substantial contribution criteria into their financing frameworks, governance processes, client journeys and staff training. The same processes would be required to adapt to the new criteria, without corresponding benefits in usability.

The proposed amended TSC are set to be adopted in Q2 2026 and apply from January 2027. We understand that the amended TSC are intended to apply for CSRD reporters' Art. 8 Taxonomy reporting for FY2026². Allowing for a scrutiny period of up to 4 months, the final Delegated Acts may not be in force until Q4 2026, making it extremely challenging for reporting entities to embed the amended TSC in reporting systems, assurance processes and financing frameworks before they are required to report on alignment for FY2026. Firms are already well advanced in reporting and assurance processes for FY2026. Finalising the revised TSC late in 2026 will create legal and operational uncertainty, parallel reporting against existing and revised criteria, and increased assurance costs. This risks complicating, rather than simplifying, Taxonomy reporting and cuts across the stated simplification and competitiveness objectives.

¹ The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives. AFME is registered on the EU Transparency Register, registration number 65110063986-76.

² Recital 49 of Draft Delegated Regulation amending Delegated Regulation (EU) 2021/2139; Recital 27 of draft Delegated Regulation amending Delegated Regulation (EU) 2023/2486.

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These draft Delegated Acts risk repeating the timing issues experienced with the Omnibus Delegated Act, where changes were finalised too late in the reporting cycle to allow efficient implementation. Taken together, the proposed changes and their associated timeline are unlikely to deliver practical burden reduction for reporters or financial institutions structuring Taxonomy-aligned products.

Due to the short time for consultation and volume of changes proposed, AFME members have not had time to fully review the provisions of the Delegated Acts. Based upon members' initial review of the economic activities most relevant for banks, AFME has set out its priority recommendations below, including examples where the revisions of the TSC are likely to create additional challenges with assessing Taxonomy alignment. The Commission should prioritise meaningful simplification of the TSC alongside updates to align with EU legislation. The revision of the TSC, alongside the revision of the Article 8 Taxonomy disclosures regime, must work together to reduce complexity and facilitate financing for the transition.

Further embed simplification for substantial contribution TSC

AFME is concerned that the proposed amendments to the substantial contribution TSC do not sufficiently address long-standing industry requests to simplify and improve the usability of the TSC. The Commission acknowledges “significant difficulties in assessing and proving compliance with the technical screening criteria”. Despite this acknowledgement, it's not clear from members' initial review how the TSC for key sectors such as construction and the transmission and distribution of low-carbon gases have been simplified.

For example, it's not clear what, if any, simplifications have been made to the SCC for climate mitigation 7.1 (which are particularly important for banks due to mortgage lending activities), except for tightening of the criteria to embed the requirements of the revised Energy Performance of Buildings Directive (EPBD). Integrating the EPBD requirements of “nearly zero-energy building” (NZEB) and “zero-emission buildings” (ZEB) make the SCC and DNSH criteria more prescriptive in practice and have the potential to front-run local legislation, making it more challenging to assess Taxonomy alignment. The requirements of the revised EPBD (including NZEB and ZEB standards) are not yet integrated into Member States' EPC regimes. Because the construction SCC must be met “at the time of acquisition” of the buildings for Section 7.7 (Acquisition and ownership of buildings), banks will not have the means to assess whether a mortgage granted for a building aligns with SCC by the time of application of the revised SCC. This could also lead to a situation where mortgages granted for buildings constructed after 2020 but before the application of the EPBD in national law cannot be considered as Taxonomy-aligned, even when such assets were built to the highest environmental standards in national legislation at the time.

The technical updates to the TSC must be sequenced in line with the applicability of EU legislation on the ground and paired with changes to simplify the usability of the criteria, clearly indicating where the SCC go beyond existing legislation.

The Commission should undertake more comprehensive simplification of the SCC to achieve the objectives of usability and reduced burden. For example, the Commission could consider ways to improve the usability of the top 15% criterion concerning substantial contribution to climate change mitigation in Section 7.7 by referring to defined public data or clearer estimation methodologies to avoid the need for privately commissioned studies and inconsistent implementation.

Address usability challenges with DNSH criteria

Simplifying DNSH criteria is a key priority for AFME members. The administrative challenges with proving DNSH (especially when criteria must prove the absence of particular impacts) have hindered uptake of the EU Taxonomy and must be considered as part of simplification. We urge the Commission to prioritise the key recommendations by the industry and the

Platform on Sustainable Finance (Platform)³ in its upcoming work. For example, the DNSH TSC for key sectors such as construction have not been simplified, but made more stringent to align with the latest stringent EU legislation. We support the Platform's recommendation to conduct a thorough review of the DNSH criteria of all Taxonomy activities to increase their effectiveness, consistency and usability. Without this review, compliance burdens (and associated limited uptake of the Taxonomy) will remain the same. We re-iterate our key recommendations as set out in AFME's response⁴ to the Commission call for evidence:

- Embed the “the licence to operate in the EU” approach into the DNSH assessment process by mapping the DNSH and MSS criteria to the corresponding EU member states' legislation. Where the DNSH criteria are in line with EU legislation, there should be no further requirement to prove DNSH or MSS.
- Consult with industry to explore potential approaches for setting DNSH criteria for activities outside of the EU based on the materiality of risk involved. Extending the analysis to major non-EU jurisdictions would provide greater clarity on DNSH assessments for international financing, leveraging existing international ESG standards (e.g. Equator Principles, IFC Performance Standards, World Bank Environmental and Social Framework, OECD Common Approaches) where appropriate.
- For retail finance (mortgages, renovation, vehicle loans, etc.), allow a simplified approach for assessing Taxonomy alignment based on substantial contribution alone (no MSS or DNSH).
- Align DNSH criteria for vehicle leasing/financing with legislation on product specifications of motorbikes, passenger cars and light commercial vehicles.
- Work towards improved interoperability of the EU Taxonomy criteria and market certifications and other recognised standards such as BREEAM, FCS and the Equator Principles and develop a clear view of gaps between certifications and DNSH. Market certifications that are comparable to Taxonomy criteria and demonstrate compliance with them, or that would support the analysis to a certain degree, should be included, for example, LEED and BREEAM in real estate.
- Provide guidance on whether and which member states' local planning laws are in alignment with DNSH criteria, identify gaps and work towards achieving full alignment.

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³ Platform on Sustainable Finance, [Simplifying the EU taxonomy to foster sustainable finance](#), pg 39.

⁴ See AFME, [“A Review of the DNSH Assessment in the EU Taxonomy”](#) (AFME DNSH report), December 2024.