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Executive Summary

BETTER FINANCE is committed to protecting the interests of individual investors and ensuring the integrity of sustainable finance, as such we express our concerns regarding the proposed amendments to the EU Taxonomy framework as outlined in the draft Delegated Act coming from the Omnibus proposal.[1] While we recognize the Commission's intent to simplify reporting and reduce administrative burdens, we believe that the proposed changes risk undermining the fundamental objectives of the Taxonomy Regulation and the EU's sustainable finance agenda.

Key concerns and recommendations

Materiality thresholds and their impact on transparency

- The introduction of a 10% materiality threshold for Taxonomy reporting allows companies to exclude a significant portion of their activities, potentially masking activities that have a high environmental impact. This is particularly concerning for capital expenditures (CapEx), which are crucial indicators of a company's investment in sustainability transitions.[2]
- For financial institutions, the 10% threshold could mean the exclusion of a substantial portion of their assets from sustainability assessments, reducing the relevance of reported data. Given the complexity of financial sector portfolios, even small fractions of excluded assets could collectively amount to significant environmental impacts.

Recommendation: We urge the Commission to maintain full disclosure of CapEx for non-financial companies and exclude financial institutions from applying the 10% materiality threshold to ensure complete and comparable sustainability data.

Limiting the value chain for Taxonomy reporting

- Restricting Taxonomy reporting to companies with more than 1000 employees significantly reduces the scope and relevance of sustainability data, particularly within the financial sector.
- SMEs account for a large portion of the EU economy and play a crucial role in sustainable supply chains.[3] Excluding them from reporting disproportionately affects green startups and emerging sustainable industries that rely on taxonomy alignment to attract investment.

Recommendation: We call for maintaining the existing CSRD scope to ensure comprehensive reporting across the value chain, including SMEs that are integral to sustainable supply chains.

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[1] European Commission (2025) Amendments to Taxonomy Delegated Acts
[2] EU Platform on Sustainable Finance (2025) Building trust in transition
[3] EIF (2023) The European Small Business Finance Outlook

Voluntary partial reporting and unintended consequences

- The proposed option for partial voluntary reporting on Taxonomy indicators allows companies to selectively report favourable indicators while omitting less favourable ones.
- This risks creating an incomplete and misleading picture of companies' sustainability efforts, eroding investor confidence and increasing greenwashing risks.[4]

Recommendation: Companies opting for voluntary reporting should be required to disclose all mandatory indicators to ensure completeness and comparability.

Lack of transparency in modifying technical screening criteria

- The draft Delegated Act lacks clarity on how the Commission intends to modify technical screening criteria, with no disclosure of Annexes that will replace current texts. As such, absence of a structured review process undermines confidence in the Taxonomy framework and creates uncertainty for investors.[5]

Recommendation: We call on the Commission to provide full transparency on upcoming changes to technical screening criteria. This should include a structured timeline and formal stakeholder consultation process to ensure that any modifications strengthen, rather than weaken, sustainability standards.

While we acknowledge the Commission's goal of streamlining reporting obligations, we strongly believe that these amendments risk weakening the Taxonomy Regulation's ability to direct private investment toward sustainable and transition activities. It is critical that the Taxonomy remains a robust and reliable tool for guiding investment decisions. As such, the Commission should consider the following:

- Exclude financial institutions from the 10% materiality threshold and ensure full disclosure of CapEx for non-financial companies.
- Review the proposed CSRD scope (which excludes any company with less than 1000-employee threshold)
- Require full disclosure of all mandatory indicators for companies opting for voluntary reporting.
- Provide full transparency on the review of technical screening criteria, including a structured timeline and formal consultation process.

We appreciate the opportunity to provide input and remain committed to supporting policies that enhance transparency, protect investors, and drive the EU toward its sustainability goals, by ensuring that the Taxonomy rules continue to foster investor confidence and direct capital towards sustainable and transition activities.

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[4] ESMA (2024) Final report on Greenwashing

[5] If investors perceive that taxonomy rules are being diluted, they may withdraw from green investments, exacerbating the existing €620 billion investment gap needed to meet EU climate goals.

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About BETTER FINANCE

BETTER FINANCE — the European Federation of Investors and Financial Services Users — is the voice of European citizens as savers, investors, and financial users at the EU level. Working independently from the industry, BETTER FINANCE serves as an independe nt hub of financial expertise for the direct benefit of individual shareholders, investors, savers, life insurance policyholders, pension fund participants, and mortgage borrowers across Europe. Their work aims to promote research, information, and training on investments, savings, and personal finances to lawmakers and the public. BETTER FINANCE counts 40 independent, national, and international member organisations, sharing similar objectives from the EU Member States as well as Iceland, Norway, Turkey, Lebanon, and Cameroon.