

EY EU Taxonomy Barometer 2025

Fiscal year 2024 reporting
practices and results



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Contents

Introduction	3
Disclosure requirements	4
Insights on qualitative disclosure	5
Insights on quantitative disclosure	7
▪ Turnover	9
▪ Capex	11
▪ Opex	13
Key challenges	15
What comes “next” and “beyond”?	17
Scope of the study and methodology	19
Contacts	20



Introduction

Since the adoption of the EU Sustainable Finance Action Plan in 2018, the European Commission has implemented regulations aimed at channeling financial resources toward sustainable economic activities. The EU Taxonomy Regulation (Regulation EU 2020/852) is a key component, designed to improve comparability across sectors and enhance transparency for investors and stakeholders. It entered into force in July 2020, establishing a framework to define economic activities that can be labeled as “environmentally sustainable.”

Entities required to report under the EU Taxonomy Regulation include large public interest entities, large companies meeting Corporate Sustainability Reporting Directive (CSRD) size thresholds, and financial market participants.

Under the current regulatory framework, entities must disclose the proportions of their activities that qualify as taxonomy-eligible and taxonomy-aligned. Eligible activities potentially contribute to one or more of the six environmental objectives defined in Article 9 of the Taxonomy Regulation, but they are not automatically deemed environmentally sustainable:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable management and protection of water and marine resources (WTR)
4. Transition to a circular economy (CE)
5. Pollution prevention and control (PPC)
6. Biodiversity protection and ecosystem restoration (BIO)

For an activity to be considered taxonomy-aligned, it must meet not only the aforementioned eligibility criteria but also additional requirements that affirm its environmental sustainability:

- The activity must **substantially contribute** to at least one of the EU Taxonomy Regulation’s environmental objectives.

- It must **not cause significant harm to any other environmental objectives** in the taxonomy.
- The activity must **comply with minimum safeguards** aligned with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct and the United Nations (UN) Guiding Principles on Business and Human Rights. Moreover, it should respect the principles enshrined in the International Labour Organization’s fundamental conventions and the International Bill of Human Rights.

By providing a standardized set of categories and definitions for environmentally significant activities, the EU Taxonomy Regulation enables companies, investors and policymakers to accurately assess whether an activity meets sustainability benchmarks.

Looking ahead, the EU Taxonomy Regulation is expected to undergo major updates through the European Commission’s Omnibus Simplification Package, which is currently under legislative review. These changes aim to simplify and streamline taxonomy reporting, reduce administrative burden and maintain transparency. In particular, the cumulative 10% materiality threshold, foreseen as one of the major expected simplifications for taxonomy assessment, would allow companies to exclude activities that are deemed not relevant and concentrate their efforts on assessing and disclosing data regarding core economic activities.

While the precise implementation date is yet to be finalized due to the ongoing scrutiny period in the European Parliament, the changes are anticipated to take effect from early 2026, demonstrating the EU’s dedication to thorough sustainability disclosures alongside practical transition support.

Disclosure requirements

Under the EU Taxonomy Regulation, both nonfinancial and financial undertakings must disclose information related to the environmental sustainability of their activities.

The goal is to provide transparent, comparable data on how economic activities qualify as taxonomy-eligible and taxonomy-aligned, helping investors, stakeholders and policymakers to assess sustainable finance performance.

For fiscal year (FY) 2024, nonfinancial undertakings are required to disclose the proportions of their economic activities that are:

- **Taxonomy-eligible:** activities within the scope of the EU Taxonomy Regulation's defined environmental objectives
- **Taxonomy-aligned:** eligible activities meeting technical screening criteria defined in the delegated acts

These disclosures are quantified through three key performance indicators (KPIs):

- **Turnover:** share of total revenue from taxonomy-aligned and taxonomy-eligible activities
- **Capital expenditure (capex):** share of investment in assets related to taxonomy-aligned and taxonomy-eligible activities
- **Operating expenditure (opex):** share of expenses for day-to-day operations connected to taxonomy-aligned and taxonomy-eligible activities



Insights on qualitative disclosure

For the EY EU Taxonomy Barometer 2025, EY teams analyzed taxonomy disclosures published in FY 2024 for 332 nonfinancial undertakings listed across 20 European countries. This analysis provides an overview of current taxonomy disclosure practices within Europe.

Reporting and disclosure practices

- Ninety-three percent (310 out of 332) of nonfinancial undertakings provided a qualitative explanation of how they determine and allocate taxonomy KPIs (accounting policy), up 5% from last year, which showcased a steady advancement in the maturity and clarity of disclosure practices mandated by the EU Taxonomy Regulation.
- Sixty-six percent of nonfinancial undertakings included a description of how they avoid double counting across environmental objectives and KPIs, as mandated by the Delegated Regulation (EU) 2021/2178, hereafter Disclosure Delegated Act. This represented a 6% increase compared with the previous year, highlighting the growing efforts by companies to improve transparency and ensure credible reporting by explicitly addressing double-counting risks across objectives and KPIs.
- About 12% of nonfinancial undertakings revised eligibility or alignment figures from their previous year's reporting. This was a reduction from last year, indicating a promising improvement in the initial accuracy and reliability of their disclosures.
- Voluntary disclosure of eligibility and alignment based on additional KPIs beyond turnover, capex and opex remains uncommon. Only 15 of 332 nonfinancial undertakings (5%) adopted this approach, slightly up from 3% in the previous year.
- In the context of financing taxonomy-aligned activities, some nonfinancial undertakings issue environmentally sustainable bonds or debt securities. When this occurs, companies must adjust their turnover and capex KPIs to prevent double counting. The analysis revealed that only 2% of companies (eight out of 332) disclosed such instruments in at least one KPI, a decrease from 4% in FY 2023, indicating a possible reduction in the incorporation of sustainable finance into reported KPIs among these entities.

Use of reporting templates

- Sixty-two percent of nonfinancial undertakings disclosed eligibility and alignment percentages for each environmental objective, as required by the additional table introduced with Annex II of the Delegated Regulation (EU) 2023/2486, hereafter Environmental Delegated Act. This represented a significant increase from 47% in FY 2023, highlighting improved adoption of objective-level reporting requirements.

Assessment of alignment

- **Disclosure of assessment alignment:** The EU Taxonomy Regulation – specifically the Disclosures Delegated Act – requires companies to provide a qualitative explanation of how they assess compliance with the technical screening criteria. For FY 2024 disclosures, 69% of nonfinancial undertakings in scope (230 out of 332) included such disclosures. Among these, 203 companies (61%) addressed both the substantial contribution and do no significant harm (DNSH) criteria. Of the remaining 27 companies, 12 (4%) focused solely on substantial contribution, while 15 (5%) addressed only DNSH. This reflected a year-on-year improvement in both coverage and completeness, up from 64% in FY 2023.
- **Reasons for nonalignment:** While over half of companies now include reasons for nonalignment of eligible activities, more than 50% of such cases remained unexplained, signaling room for improvement. The regulatory framework, including the Disclosures Delegated Act and the European Securities and Markets Authority (ESMA) 2023 guidance on enforcement priorities, encourages thorough explanations of compliance assessments against the technical screening criteria. Leading practice supports disclosing reasons for noncompliance, with the substantial contribution criteria remaining the predominant challenge across sectors. This underscored the need for further improvements in disclosure quality to support greater alignment and regulatory clarity.

■ **Minimum safeguards:** Article 18 of the EU Taxonomy Regulation requires companies to implement procedures in line with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, as well as the International Labour Organization’s (ILO) fundamental conventions and the International Bill of Human Rights – collectively referred to as “minimum safeguards.” Among the 332 nonfinancial undertakings in scope, 79% (263 companies) reported compliance. Of these, 64% (211 companies) included details on processes, procedures or due diligence related to human rights, while 15% (48 companies) provided no such details. The remaining 21% (69 companies) reported noncompliance, with the majority (15%, or 51 companies) offering no explanation. As clarified in Commission Notice 2023/C 211, Article 18(2) of the EU Taxonomy Regulation links minimum safeguards to the DNSH principle under the Sustainable Finance Disclosures Regulation. Despite this, only 4% of companies (15 out of 332)

included the required principal adverse impact indicators in their disclosures – down from 10% in FY 2023, indicating a decline in integration of social safeguards into taxonomy reporting.

Assurance practices

■ Assurance of taxonomy disclosures by independent auditors became mandatory from FY 2024 for companies within the scope of the CSRD. This requirement has driven a substantial rise in assurance practices, with 86% of companies in scope (286 out of 332) receiving either reasonable or limited assurance – a 59% increase compared with the previous year. Of the six companies that received reasonable assurance for their taxonomy disclosures, two are listed in Spain, two in Germany, one in Belgium and one in Finland.

These findings may reflect enhanced transparency in disclosures or, at a minimum, a stronger understanding of the qualitative requirements set out by the EU Taxonomy Regulation.



Insights on quantitative disclosure

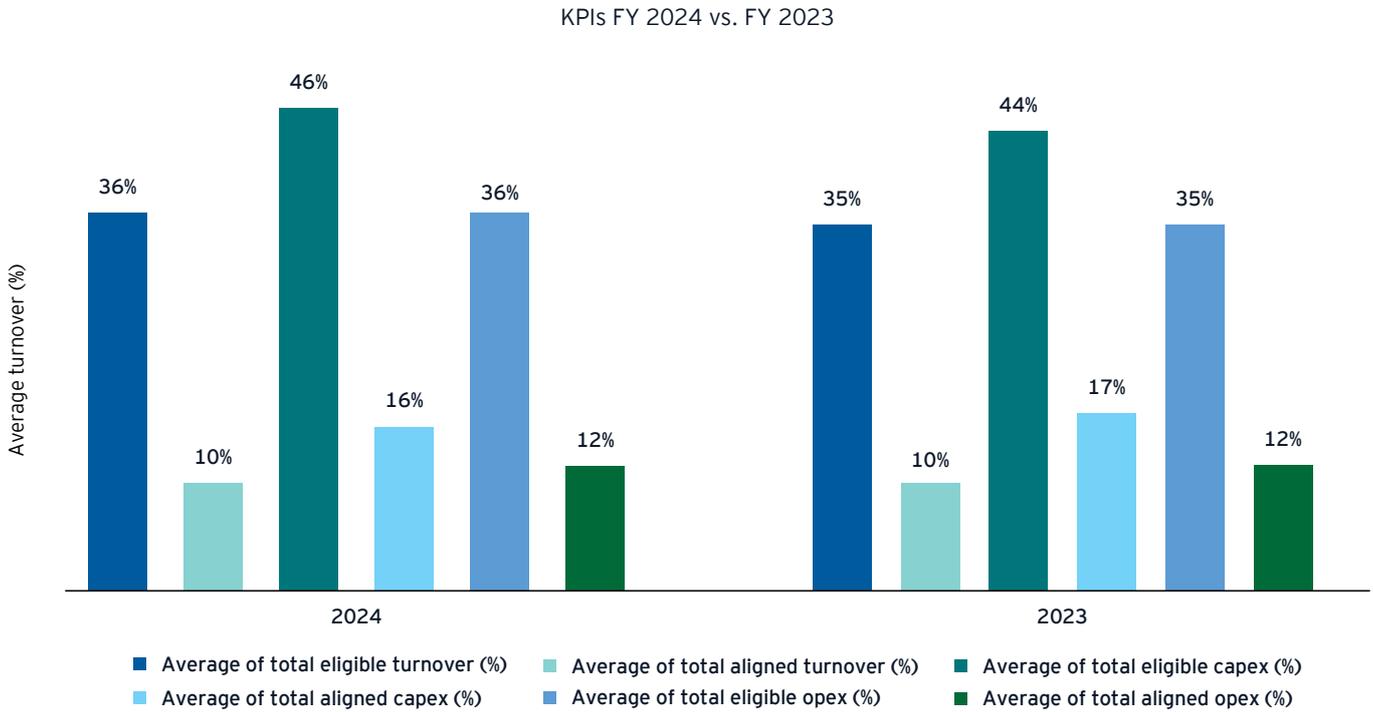
The analysis of the 2025 taxonomy disclosures shows how companies across sectors and countries progressed in their sustainability reporting under the EU taxonomy framework. The study examines two critical dimensions – eligibility and alignment – across KPIs such as turnover, capex and opex.

Overview of eligibility and alignment

- On average, companies reported eligibility rates of 36% for both turnover and opex, while capex eligibility stood higher at 46%, which confirmed capex as the most eligible indicator – an increase of 3% from the previous year. This increase was likely linked to capex plans aimed at increasing the share of aligned activities or to upgrade eligible activities into aligned ones, as well as capex related to the acquisition of products and services from eligible and aligned activities (capex C).
 - CCM emerged as the dominant environmental objective, with eligibility rates of 27% for turnover, 41% for capex and 30% for opex. The overall contribution of the additional environmental objectives beyond those that are climate-related represented 8% of turnover, 5% of capex and 5% of opex eligibility. CCA accounted for roughly 1% of eligibility rate across the three KPIs.
 - Among the other four environmental objectives, transition to a circular economy reached the highest share of contribution – around 3% eligibility across all KPIs, consistent with 2023 levels.
 - Compared with 2023, eligibility improved slightly by 1% across KPIs, while alignment held steady for turnover (10%) and opex (12%), but declined marginally by about 1% for capex (16%).
 - Capex showed the largest gap between eligibility and alignment at 31%, while turnover and opex had smaller gaps of 26% and 24% respectively. These gaps reflected both the technical challenges that companies faced in converting eligible activities into fully aligned practices and a tendency for companies to concentrate their efforts on those activities deemed strategically important.
 - Alignment rates for the newer environmental objectives remained modest (turnover 1%, capex and opex 0.4%), underscoring the narrow scope and persistent difficulties in translating broader eligibility into actionable alignment.
- An analysis of sectoral eligibility across opex, capex and turnover revealed that mobility consistently ranked among the top-performing sectors for all three KPIs. At the lower end, consumer products reported the least eligibility in opex and turnover, whereas technology, media and telecommunications showed the lowest eligibility in capex.
 - Across the three KPIs, power and utilities consistently emerged as the most aligned sector. By contrast, health, biotechnology and chemicals, technology, media and telecommunications, and consumer products reported minimal alignment across all KPIs.
 - Leading, 13 out of 332 companies (4%) met the criteria for both eligibility and alignment above 50% in all three KPIs. Of these, nine belonged to the power and utilities sector, two to manufacturing, and one each to mining and quarrying, and construction, infrastructure and real estate, which highlighted the structural readiness of companies in these sectors to meet EU taxonomy standards.
 - Country-level results were strongly influenced by the sectoral composition of the companies analyzed: Countries with a higher concentration of companies in certain sectors tended to report elevated eligibility rates. For example, France and Germany benefited from a relatively strong presence of mobility-related undertakings, while Austria showed higher alignment, partly due to the prevalence of manufacturing companies in its sample of analysis.



Figure 1: Average KPIs EU panel – eligibility vs. alignment



In summary, the findings emphasized that differences between eligibility and alignment across sectors and countries reflected varying readiness levels and structural challenges in how companies integrate sustainability into their business practices. These gaps represent opportunities to increase alignment and achieve greater sustainable impact; they also highlight the potential for additional

sustainable activities, which – once challenges such as meeting technical screening criteria are addressed – can lead to significant progress.

The following section of the report provides an overview of eligibility and alignment averages by country and industry for each taxonomy KPI.



Turnover

The study showed continued improvement in turnover KPI eligibility, which has risen marginally from 35% in FY 2023 to 36% in FY 2024. Notably, 54 out of 332 (16%) reported 0% eligible turnover, a decline from the 18% in FY 2023. More than half of the companies – 169 (51%) – reported 0% aligned turnover, up from 49% in FY 2023. Despite these fluctuations, the average aligned turnover percentage remained stable at 10%, consistent with last year’s figures and indicating a steady overall alignment level across the companies surveyed.

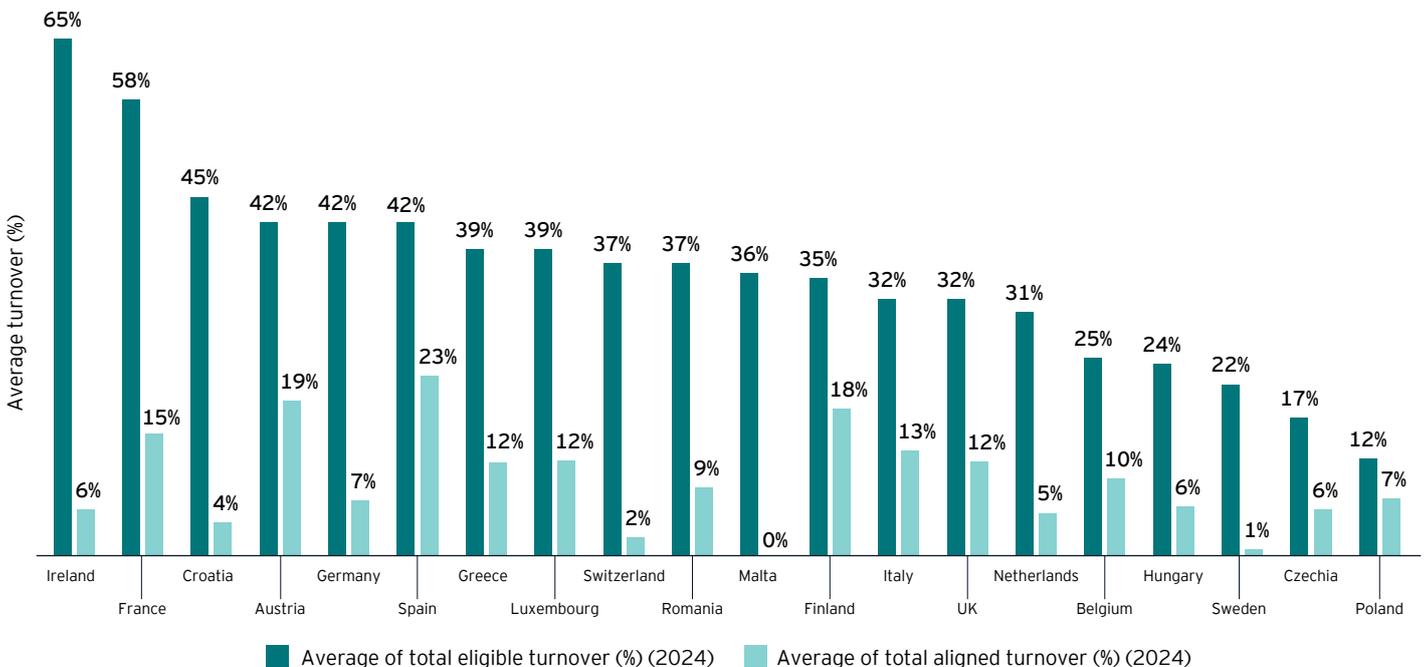
Analysis by country

As illustrated in Figure 2, considerable variation continued to exist in the average shares of taxonomy-eligible and aligned turnover across EU countries. In 2024, Ireland ranked highest with an eligible turnover share of 65%, followed by France at 58%. Conversely, Poland reported the lowest eligibility at 12%, representing 19 companies. For alignment, Spain led at 23%, closely followed by Austria at 19%. By contrast, Switzerland, Sweden and Malta showed minimal alignment shares.

Among the 20 countries in scope, notable differences between eligibility and alignment persisted – most pronounced in Ireland (60%), France (42%), Croatia (41%), Malta (36%), Germany and Switzerland (35% for each).

Country-level differences in eligibility and alignment rates were strongly driven by the sectoral composition of the companies analyzed. For instance, high eligibility and alignment rates in France were linked to the fact that 70% of its sample operated in sectors structurally more aligned with EU taxonomy, such as construction, manufacturing, mobility, and power and utilities. Similarly, Ireland’s elevated figures reflected the relatively strong presence of undertakings in mobility and construction. Conversely, Poland’s low eligibility was linked to the predominance of consumer products and technology, media and telecommunications companies – sectors structurally associated with lower taxonomy eligibility rates.

Figure 2: Turnover by country

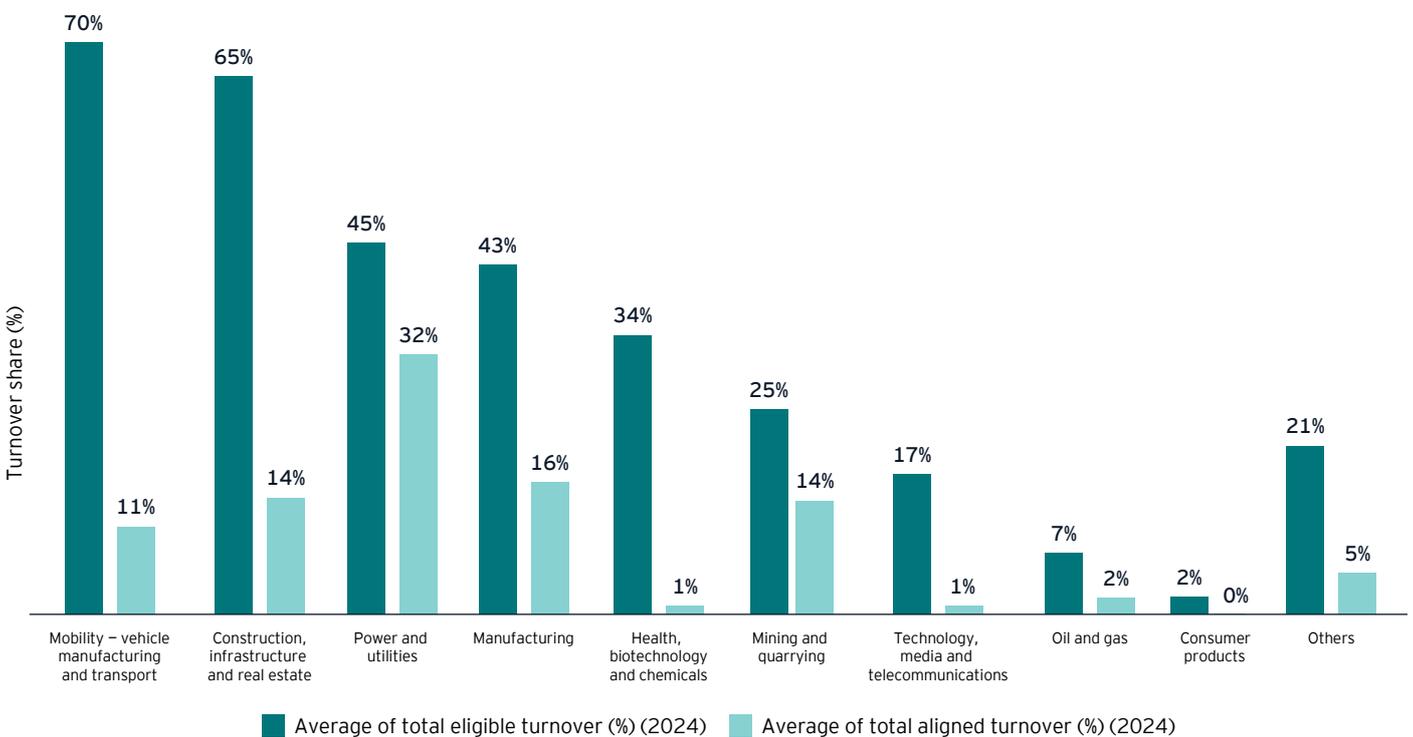


Analysis by industry

Average eligibility and alignment varied significantly across industries. For the turnover KPI in FY 2024, mobility led with 70% eligibility, followed by construction, infrastructure and real estate at 65%, and power and utilities at 45%. By contrast, consumer products once again recorded the

lowest eligibility at 2%. In terms of alignment, power and utilities led with 32%, followed by manufacturing at 16% and both construction, infrastructure and real estate, and mining and quarrying at 14%.

Figure 3: Turnover by sector



The mobility sector, particularly vehicle manufacturing and transport, continued to display the largest gap between eligible and aligned turnover at 59%. Construction, infrastructure and real estate followed at 51%, and health, biotechnology and chemicals at 33%.

Growth in eligible turnover from last year remained nearly stagnant, with a marginal increase of 1%, largely driven by manufacturing (+1%), oil and gas (+1%), and technology, media and telecommunications (+1%). This limited growth underscored persistent gaps between eligibility and alignment percentages, especially for the CCM objective.

Looking beyond CCM and CCA, health, biotechnology and chemicals reported the highest eligibility percentage under the objective of PPC (25%), manufacturing under CE (12%), construction, infrastructure and real estate under BIO (10%), and power and utilities under protection of WTR (1%).

Overall alignment percentages remained stable at 10%, with slight improvements in mobility – vehicle manufacturing and transport (+3%), and manufacturing (+3%). This represents a marked slowdown compared with the previous period.

Capex

The EY EU Taxonomy Barometer 2025 shows that capex eligibility remained the highest of the three KPIs, increasing slightly from 43% in FY 2023 to 46% in FY 2024. Although this growth was slower than the 7% increase in the previous year, capex continued to lead in terms of eligibility. The average proportion of taxonomy-aligned capex declined marginally to about 16%.

A small share of companies – 4% (12 out of 332) – reported 0% capex eligibility, similar to the previous report. This may have reflected the inclusion of capex associated with eligible investments aimed at reducing greenhouse gas emissions.

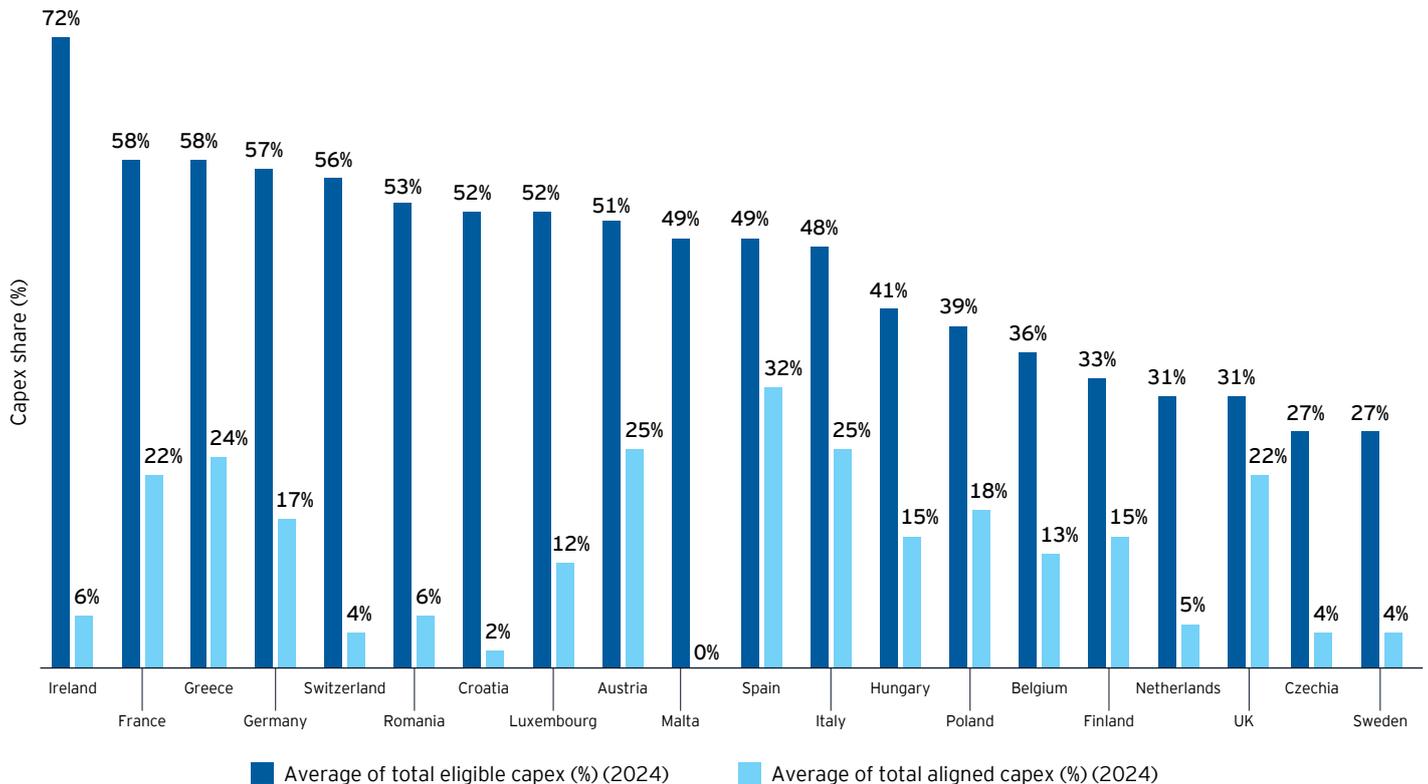
By contrast, the share of companies reporting 0% aligned capex rose significantly to 43% (142 of 332), up from 36% in 2023.

Analysis by country

Figure 3 illustrates significant variations in average eligibility and alignment across countries. Ireland led with the highest capex eligibility at 72%, closely followed by France and Greece at 58% each. At the lower end, Sweden and the Czech Republic reported the lowest eligibility rates at 27%, with the Netherlands and the UK slightly higher at 31%. For aligned capex, Spain ranked first at 32%, followed by Austria and Italy at 25%, while Greece recorded 24%. Croatia and Malta showed minimal alignment at 2% and 0% respectively.

The gap between eligibility and alignment remained pronounced in several countries, with Ireland showing the largest gap at 66%, followed by Switzerland at 52% and Croatia at 51%.

Figure 4: Capex by country



Analysis by industry

The analysis confirmed the continued prominence of the mobility, vehicle manufacturing and transport sector in capex eligibility, now at 74%, closely followed by power and utilities at 71% and construction, infrastructure and real estate at 61%. These sectors remained the most eligible despite minor shifts in rankings. Conversely, technology, media and telecommunications (26%), oil and gas (29%), and consumer products (30%) continued to report the lowest eligibility percentages.

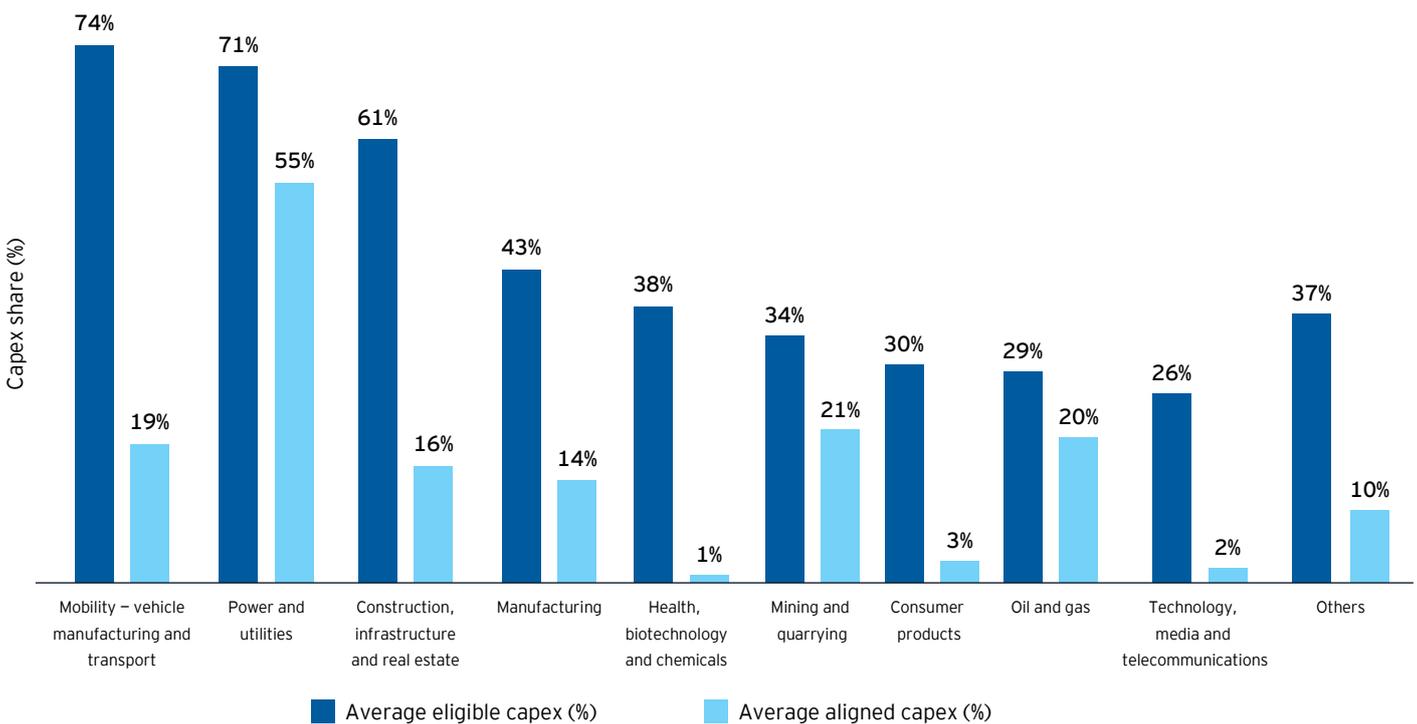
In terms of alignment, power and utilities (55%), and mining and quarrying (21%) emerged as the top-aligned sectors for the capex KPI, while health, biotechnology and chemicals (1%), and technology, media and telecommunications (2%) reported the lowest alignment levels.

Similar to the turnover KPI, the mobility sector continued to show the largest gap between eligibility and alignment at 55%, followed by construction, infrastructure and real estate at 44%. Gaps across sectors ranged from 55% in mobility to 9% in oil and gas, highlighting varying success in translating eligible investments into aligned activities.

Excluding CCM and CCA, the highest capex eligibility percentages for environmental objectives were reported as follows:

- Health, biotechnology and chemicals – 15% under PPC
- Manufacturing – 6% under CE
- Construction, infrastructure and real estate – 4% under BIO
- Power and utilities – 1% under protection of WTR

Figure 5: Capex by sector



Opex

The data indicated that opex continued to closely align with turnover, with similar eligibility and alignment percentages. Reported eligibility for opex increased slightly from 35% to 36% year over year, while alignment remained stable at 12%. Of the 332 companies in the study, 67 (20%) reported 0% eligibility and 183 (55%) reported 0% alignment.

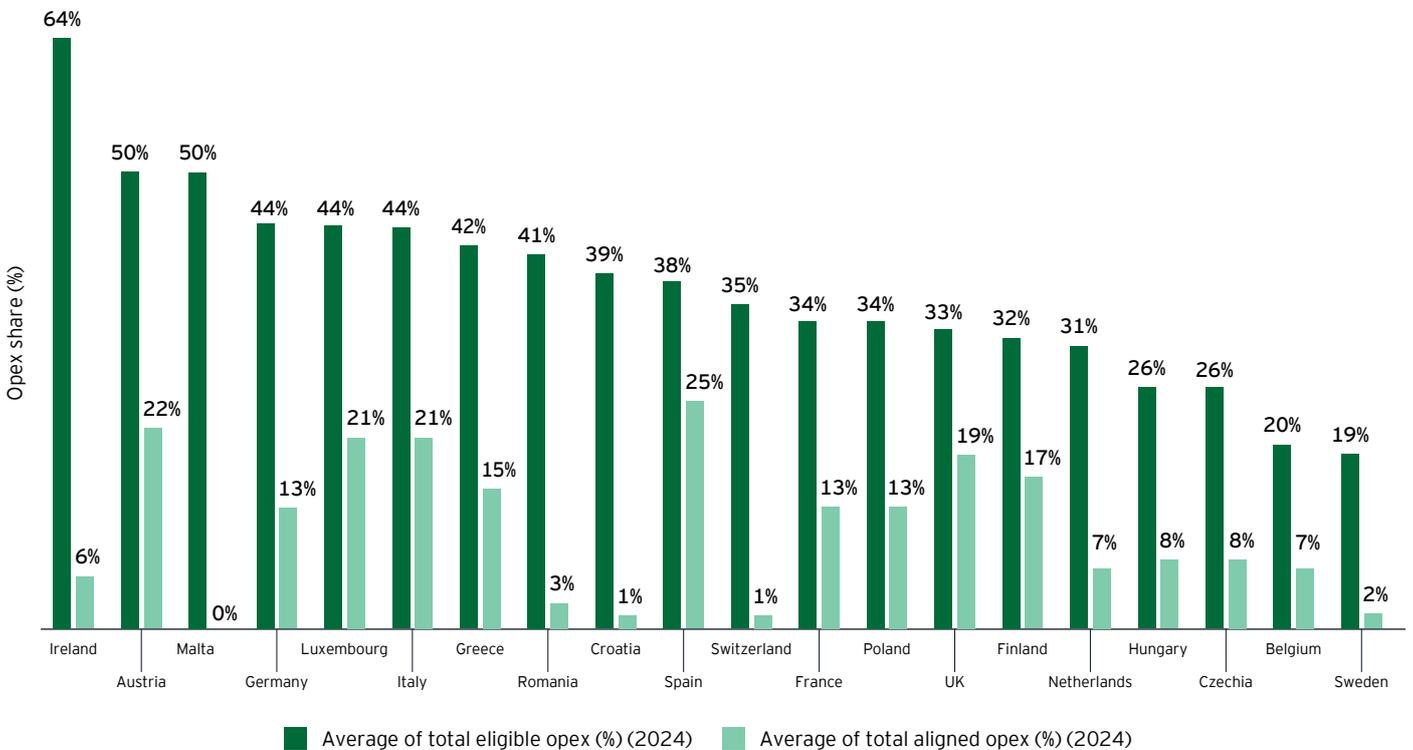
The EU Taxonomy Regulation allows companies to report only the opex denominator – resulting in 0% eligibility – when opex is considered “not material” to their business model. In this regard, 38 companies (11%) either invoked the “exempt from reporting” provision or did not use the mandatory templates for the opex KPI. These findings underscored ongoing challenges in opex reporting and highlighted the need for clearer guidance and consistent application across sectors.

Analysis by country

According to the country-level analysis for the EY EU Taxonomy Barometer 2025, significant variations in opex eligibility and alignment were observed across jurisdictions. Ireland led in opex eligibility, reporting an average of 64%, though its alignment remained relatively low at 6%. Austria, which reported the highest average opex eligibility in the FY 2023 edition, continued to perform strongly with 50% eligibility and an improved alignment rate of 22%. By contrast, Sweden remained at the lower end of the spectrum, with only 19% eligibility in opex and a reported alignment of 2%. Similarly, Belgium and Hungary reported lower eligibility rates of 20% and 26% respectively, with alignment figures of 7% and 8%.

A notable disparity between average eligibility and alignment was observed in several countries. Ireland (59%) and Malta (50%) exhibited the largest gaps, which underscored the ongoing challenges in translating eligible activities into aligned outcomes under the EU taxonomy framework.

Figure 6: Opex by country



Analysis by industry

The updated graph for FY 2024 (figure 6) illustrates sector-specific trends in opex eligibility and alignment under the EU taxonomy framework. The mobility (vehicle manufacturing and transport) sector led in opex eligibility at 66%, followed by power and utilities at 61%, and manufacturing and construction, and infrastructure and real estate at 38% each. At the lower end, consumer products reported only 11% eligibility, while technology, media and telecommunications, and oil and gas recorded eligibility rates of 23% and 24% respectively.

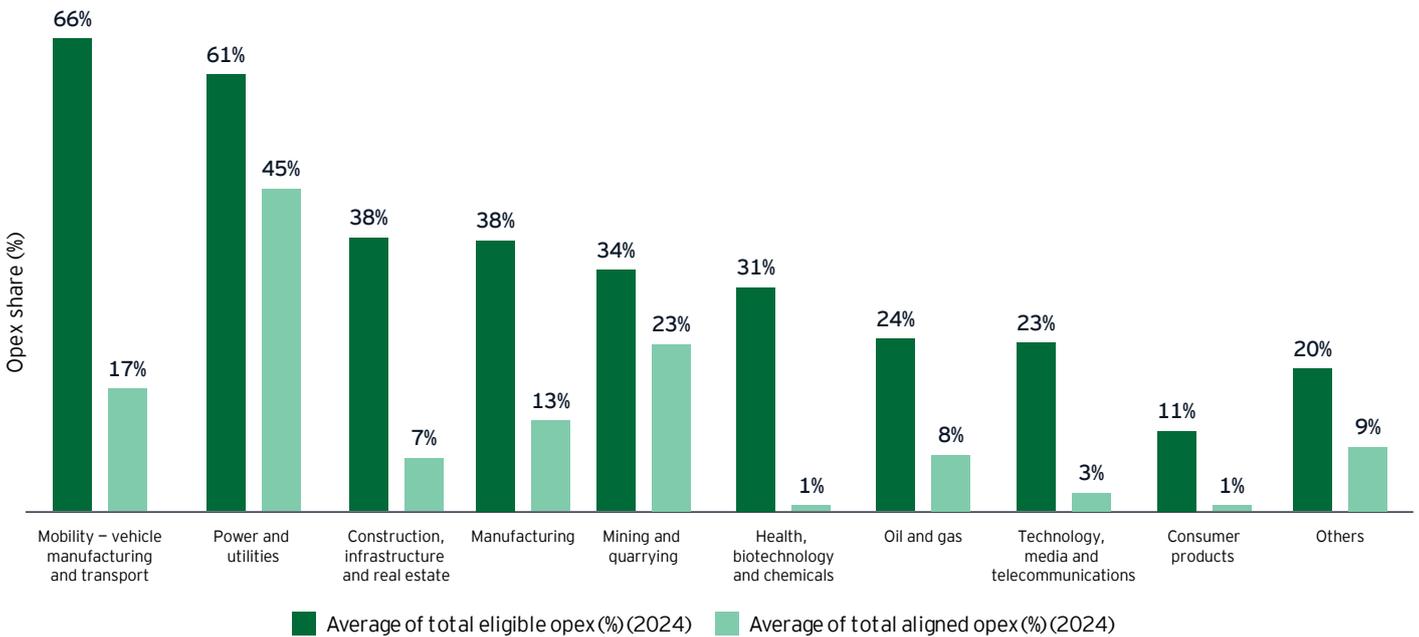
Power and utilities remained the leading sector in alignment at 45%, although this reflected a slight decrease from 49% in FY 2023. Mining and quarrying followed with an alignment rate of 23%, down from 28%. The mobility sector showed a modest improvement, increasing from

15% to 17%, while manufacturing rose marginally from 12% to 13%. Conversely, health, biotechnology and chemicals, and consumer products experienced declines in alignment, falling to 1% and 0.5% respectively.

The widest gap between eligibility and alignment in FY 2024 appeared in the mobility sector at 49%. Construction, infrastructure and real estate followed at 31%, with health, biotechnology and chemicals close behind at 30%.

Patterns seen in capex and turnover eligibility for environmental objectives beyond CCA and CCM were mirrored in opex. Health, biotechnology and chemicals continued to lead with 17% eligibility under the PPC objective. Manufacturing contributed 7% under the CE objective, while construction, infrastructure and real estate accounted for 4% under BIO.

Figure 7: Opex by sector



Key challenges

The analysis of sample disclosures and both qualitative and quantitative data under the EU taxonomy framework revealed several persistent challenges in current reporting practices:

- **Assurance and audit preparedness:** The introduction of mandatory assurance requirements exposed significant gaps in audit trails and data traceability across organizations. Many companies remained unprepared to obtain limited assurance on EU taxonomy disclosures, especially for environmental objectives beyond CCM and CCA. This lack of readiness resulted in heightened scrutiny from auditors and regulatory bodies, highlighting the urgent need for stronger internal controls, better documentation and improved data governance frameworks.
- **Governance and cross-functional collaboration:** Effective EU taxonomy reporting requires a robust cross-functional governance framework that integrates finance, sustainability, legal and operations teams. Organizations should clearly define their strategic ambition for taxonomy alignment and establish consistent methodologies to reconcile financial data with taxonomy-specific metrics. This challenge is particularly acute for multinational corporations operating across diverse regulatory environments, where coordination and harmonization of practices are key for accurate and compliant disclosures.
- **Training and capacity building:** Limited awareness and technical understanding among finance and accounting teams remain a critical barrier. The complexity and evolving nature of the framework make early, targeted training key for accurate interpretation and application of the requirements. In many organizations, the absence of structured training programs has resulted in inconsistent reporting practices and a lack of confidence in taxonomy-related disclosures. Strengthening internal capacity through tailored education initiatives and cross-functional knowledge sharing is vital for effective compliance and a culture of sustainability-integrated financial reporting.

- **Challenges in KPI reporting structure:** The requirement to present extensive data for each KPI, combined with the adoption of a more intricate reporting template and the inclusion of supplementary tables, has significantly increased the complexity of compliance. This has led to greater interpretative challenges and uncertainty in accurately completing the mandatory disclosure formats.
- **Persistent interpretative ambiguities:** Despite the European Commission's efforts to clarify reporting requirements through FAQs and guidance documents, notable interpretative gaps remain. The introduction of new activities and criteria has added complexity, yet detailed implementation guidance is still lacking. As a result, organizations have applied the taxonomy inconsistently across sectors and jurisdictions, particularly in cross-border operations where local regulatory frameworks diverge from EU standards.



■ **Meeting the technical screening criteria (TSC):**

The introduction and subsequent amendments to the TSC often resulted in more stringent requirements and added considerable complexity to the alignment assessment process. Many organizations were not adequately prepared to provide the detailed information needed to demonstrate compliance. While certain TSC provisions aligned with local or European regulations, their application to activities outside the EU presented challenges in interpreting and meeting alignment expectations. These difficulties underscored the need for clearer guidance and more harmonized approaches to cross-border implementation.

■ **Uncertainties in interpreting minimum safeguards requirements:**

Persistent uncertainties remain regarding the practical application of Article 18 of the EU Taxonomy Regulation, particularly in determining what constitutes adequate minimum safeguards. These interpretative challenges are compounded by the absence of standardized methodologies for assessing human rights risks and governance practices across complex value chains. This lack of clarity has introduced significant complexity into the reporting process and has led some organizations to adopt a cautious approach in their alignment assessments.

■ **Challenges in data sourcing and documentation:**

The expansion of the EU taxonomy in 2023 to include four additional environmental objectives substantially increased the volume and complexity of required data; a challenge that continues to persist even today. Many

organizations lack centralized systems for efficiently sourcing this information, relying instead on manual data collection processes. Furthermore, several entities encountered difficulties in gathering and validating the documentation needed to substantiate their alignment assessments. In response, some adopted a conservative approach to reporting. These issues were particularly pronounced for companies operating across multiple jurisdictions, where data fragmentation and regulatory variability further complicate compliance efforts.

The EU taxonomy represents a bold and strategic initiative aimed at redirecting capital flows toward sustainable economic activities. While its objectives are clear, effective implementation requires substantial effort, investment and strategic foresight from reporting entities. To meet these demands, companies should strengthen internal systems for more comprehensive and reliable disclosures, establish clear governance structures, and engage proactively with regulatory bodies to navigate evolving requirements.

In many cases, bridging alignment gaps may necessitate targeted investments to meet the TSC, particularly in areas where existing operations fall short. Ongoing dialogue between companies and relevant institutions remains important to promote consistent interpretation of the EU Taxonomy Regulation, reduce ambiguity and foster greater uniformity in disclosures.

As the regulatory landscape continues to evolve, early preparation, cross-functional collaboration and capacity building will be critical to achieving meaningful compliance and advancing the broader sustainability agenda.



What comes next and beyond?

The 2025 EU taxonomy disclosures reflect progress in companies' commitment to meeting evolving requirements. Maintaining a strong reporting framework and ensuring sustainability data integrity remain key for compliance and alignment with financial reporting standards. This underscores the ongoing need for companies to enhance the depth and reliability of their turnover KPI disclosures to support transparent, consistent sustainability communication.

Preparing for future compliance: navigating the upcoming Omnibus updates

In January 2025, the European Commission presented the Competitiveness Compass, a new roadmap based on the Draghi report on EU competitiveness, identifying three main pillars to boost economic growth in Europe: closing the innovation gap, decarbonizing the European economy, and diversifying and strengthening supply chains.

The Omnibus Simplification Package presented by the European Commission in February 2025 is expected to be one of the main enablers and represents a pivotal shift in sustainability reporting by simplifying requirements, narrowing the scope and extending timelines.

In particular, taxonomy reporting requirements are expected to be significantly impacted by the new Delegated Act adopted on 4 July 2025 by the EU Commission. The Stop-the-clock Directive (Directive 2025/794) postponed mandatory requirements for companies not yet within the

scope of the CSRD. More notably, the Content Directive within the EU's Omnibus package, anticipated for adoption in early 2026, may be set to further limit the scope of companies required to issue a taxonomy disclosure.

Although these adjustments lessen complexity, they simultaneously heighten expectations for companies within scope to uphold rigorous, auditable disclosures. As the framework advances, the emphasis shifts to future readiness – anticipating upcoming updates, meeting investor demands and developing robust reporting systems that exceed mere compliance.

- **Reduced scope and extended deadlines:** The stop-the-clock provisions have deferred CSRD and taxonomy reporting obligations for numerous companies by two years. Under the updated schedule, the European Commission's proposal for mandatory taxonomy disclosures would apply primarily to large enterprises – those exceeding 1,000 employees and €450 million in turnover – while other entities may opt for voluntary reporting or follow streamlined standards. This extension provides organizations with additional time to prepare, yet simultaneously requires those remaining within scope to uphold rigorous reporting quality and robust infrastructure.
- **Materiality thresholds and simplified reporting:** The new delegated act adopted in July 2025 has introduced a 10% materiality threshold for taxonomy KPIs – turnover, capex and opex – allowing companies to exclude nonmaterial activities from detailed assessment. For opex, if it is not



material to the business model, companies may opt out of assessment but must disclose and justify this decision. These changes reduce administrative burden while preserving the integrity of the taxonomy framework, helping companies manage complexity and maintain high disclosure standards.

- **Simplification of DNSH criteria:** The new delegated act also streamlines the DNSH requirements for PPC, aiming to simplify compliance and ensure closer alignment with EU environmental legislation. Despite this simplification, companies remain obligated to substantiate any exemptions and comply with the relevant technical, operational and regulatory criteria. Furthermore, the European Commission has initiated a comprehensive review of all DNSH criteria to enhance their clarity, effectiveness and consistency. This ongoing effort has been designed to facilitate easier application while maintaining the robustness and coherence of the sustainability framework across sectors.
- **Revisions to reporting templates:** The new delegated act introduces a comprehensive overhaul of mandatory reporting templates, achieving a 64% reduction in data

points to significantly streamline the process. Templates specific to fossil gas and nuclear activities have been eliminated, simplifying the scope. The updated structure features one consolidated summary template alongside up to three detailed “per activity” templates – corresponding to each KPI. When opex is excluded, only two “per activity” tables are required. These refinements improve reporting clarity and efficiency, enabling companies to deliver precise, focused disclosures on taxonomy-eligible and aligned activities with greater ease.

- **CSRD and assurance requirements:** The CSRD maintains its mandate for limited assurance on sustainability statements, including those related to taxonomy disclosures, for companies within its scope. Organizations should ensure their eligibility criteria and technical screening processes are thoroughly documented and prepared for audit scrutiny. However, there are currently no plans to transition to reasonable assurance standards in the immediate future, keeping the focus on maintaining rigorous yet limited verification of reported sustainability information.
- **Future developments and ongoing support:** The European Commission remains committed to a comprehensive revision of the TSC, as well as issuing additional FAQs and technical clarifications to guide companies through these changes. To keep pace with this evolving landscape, companies should closely monitor updates and ensure their reporting systems remain flexible and responsive.

In summary, the integration of CSRD and taxonomy is reshaping investor expectations, placing greater emphasis on the accuracy, completeness and verifiability of sustainability disclosures. This shift significantly influences companies' access to capital and their reputational standing in the market. Despite a narrowed scope and some deferred or simplified requirements, the trajectory remains clear: Organizations should prioritize building resilient, transparent and audit-ready sustainability reporting frameworks. As the European Commission continues its review and issues further guidance, the imperative for high-quality, investor-aligned sustainability information will remain a fundamental pillar of the EU's evolving regulatory landscape.



Scope of the study and methodology

Companies included in scope

This report is aimed at analyzing taxonomy disclosures from European issuers to identify the main trends across countries and sectors over reporting years.

The study covers 332 nonfinancial companies from 20 EU countries listed on 22 leading European stock exchanges. The sample also represents a broad range of industries, covering nine major sectors.

Basis of our findings

The analysis is based on taxonomy disclosures published in annual (integrated) or nonfinancial reports between 1 January 2025 and 30 April 2025.

Methodology

The research focuses on mandatory and voluntary KPIs, including quantitative and qualitative information. Results were analyzed at consolidated and sector level to highlight common practices and key differences. EY teams also compared findings with last year's study.

To avoid double counting, each company was assigned to one sector and one country. Average percentages reported in the study are simple averages.

In the year-on-year analysis, it is important to note that the sample of companies is not identical across reporting years. Unlike the previous year's study, this year's analysis focuses exclusively on nonfinancial undertakings. Additionally, the geographic coverage has been refined, with several countries from the 2024 study (e.g., Cyprus, Denmark, Norway, Slovakia, and Slovenia) not included in the current sample. This occurs because, each year, the sample includes, for each country, selected companies subject to the obligation to disclose taxonomy-related information. While this list may vary slightly from year to year, the impact on comparability is expected to be limited, as changes typically involve only a small number of entities.

Country classification is based on the location of the legal entity. For example, a company that has its legal entity in France but is listed in both Italy and France is treated as French.

The companies are classified by their headquartered country in the following table:

Headquarters country	No. of nonfinancial undertakings
Austria	11
Belgium	28
Croatia	20
Czechia	8
Finland	15
France	39
Germany	30
Greece	21
Hungary	13
Ireland	7
Italy	27
Luxembourg	8
Malta	6
Netherlands	20
Poland	19
Romania	9
Spain	24
Sweden	21
Switzerland	3
UK	3

The industry-specific analysis classified companies that published a taxonomy disclosure into the following sectors:

Sector	Number of EU companies
Construction, infrastructure and real estate	46
Consumer products	39
Health, biotechnology and chemicals	31
Manufacturing	51
Mining and quarrying	7
Mobility (vehicle manufacturing and transport)	35
Oil and gas	16
Power and utilities	39
Technology, media and telecommunications	45
Other sectors	23

Contacts



Christian Orth
christian.orth@de.ey.com



Roberta Fazi
roberta.fazi@it.ey.com



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