



Feedback on the delegated act for the Taxonomy Regulation

The European Federation of Building Societies (EFBS) is an association of specialised credit institutions (Bausparkassen) promoting the financing of private homeownership. In compliance with the strict legal provisions, Bausparkassen offer long term contractual savings schemes to their customers with the aim to grant private mortgage financing. The contractual combination of savings and loans is similar to cooperative lending structures and is geared specifically to foster the build-up of private equity also for lower to mid income households. A substantial part of the Bauspar business is to provide loans for energy efficient renovations, thus positioning Bausparkassen as an important sustainable financial actor. Residential housing, private consumption, and the mindset change of millions of individuals are critical levers to achieve climate neutrality. We thus welcome the European Commission's work on the EU Taxonomy and the opportunity to provide feedback on the draft delegated act on the first two environmental goals. We understand the urgency to finalise measures to drive forward the sustainable transition needed to reach the 2030 climate targets and climate neutrality by 2050. However, we have some remarks on the criteria and the usability of the screening criteria for *Section 7 construction and real estate activities*.

- 1.) Regarding new constructions, it should be considered that the NZEB requirements vary between EU Member States, thus buildings which are classified as green in one jurisdiction might be classified as non-green in another jurisdiction. In jurisdictions with high NZEB requirements regarding energy efficiency, reaching a 20 % lower energy use may be hard to obtain and could thus discourage ambitions.
- 2.) On the acquisition of buildings, the delegated act stipulates that only the acquisition of buildings with an energy standard of "A" is eligible as a taxonomy conform activity. Looking at the building stock within the EU this only leaves a rather small pool. The ambition of the renovation wave is to increase the renovation rate within the EU. The acquisition of existing buildings with an energy standard lower than "A" which will undergo an energy efficient renovation or the acquisition of buildings with an energy standard of "B" should also be considered a sustainable economic activity, as this would contribute to the ambitions of the European renovation wave and the European Green Deal.
- 3.) We welcome the strong role of Energy Performance Certificates (EPCs) in the process of monitoring the transition to a climate neutral building stock. Requirements proposed by the Commission should correspond with the national level. New requirements should be implemented at the national level within a transitional period. A swift implementation could be put into effect by accepting "similar standards", i.e. a range of different options. It should also be paid attention to the fact that the ratings of EPCs differ within the EU, thus distorting comparability. In addition, the member states should push for higher proportions of EPC, i.e. making them mandatory in more circumstances.
- 4.) The draft delegated act stipulates that a renovation that accounts for a 30 % reduction of energy demand is seen as a taxonomy aligned activity. To demonstrate improvements the European Commission refers to energy performance certificates (EPCs). However, it is not stipulated how the EPCs should be used. We would like to draw attention to the administrative burden this can put on small credit institutions as well as consumers. We

therefore advocate for establishing a centralised and free data register that is accessible for credit institutions to determine the energy standard before the renovation. We also strongly recommend considering pivotal investments (windows, heating, insulation) per se as energy efficient and thus taxonomy aligned investments. This could both encourage more energy efficient disbursements immediately and reduce red tape.