

EMF-ECBC Response to the European Commission's Call for Feedback on the draft EU Taxonomy climate delegated act

New construction:

The application of the SCC to buildings larger than 1000m² would result in a significantly larger number of residential buildings falling within scope. Additionally, all properties should immediately align with the ZEB standard and be subject to a GWP analysis, massively restricting applicability. Overall, this is likely to impact real estate financing, as more mortgage assets would face complex, data-intensive criteria. Extending requirements like ZEB and lifecycle GWP calculations earlier than EPBD deadlines would increase compliance costs and operational complexity for developers and lenders. This could limit EUT-aligned mortgages, reduce aligned reporting and constrain capital for residential real estate at a time when affordable, sustainable housing is a key EU priority. Deadlines for ZEB and GWP analysis should therefore align with EPBD timelines.

Furthermore, the primary reference date for SCC applicability should be the building permit application date, with the EPC date accepted where the permit date is unavailable.

Renovation:

Separating efficiency gains based on renewable energy sources is typically demonstrable only after financing, yet EUT-aligned renovation loans require proof at application. Loans often cover multiple renovation measures, not single activities. The EUT Regulation should be amended to allow efficiency gains from renewable sources to count for renovations.

Excluding residential real estate from DNSH criteria 3 and 5 is insufficient, while more stringent DNSH criteria 4 complicates implementation. We suggest that DNSH criteria 3, 4 and 5 should be waived for renovation projects and used only as observation criteria, while criterion (2) related to physical climate risks, in particular the concept of "significant" risk, would benefit from further clarification to ensure consistent application.

Acquisition & Ownership:

For buildings built after 2020, the criteria set out in section 7.1 apply. We recommend introducing a transitional approach for buildings built between 31/12/20 and 31/12/29, according to which the eligibility criterion should remain that PED is no higher than NZEB minus 10%.

Moreover, for the GWP calculation requirement for these buildings, we recommend either:

- Maintaining the requirement exclusively for buildings larger than 5,000 m² or
- Aligning the requirement with the EPBD timeline.

Either approach would enhance legal certainty, ensure proportionality and better reflect the regulatory expectations applicable during the relevant construction period.

We welcome the introduction of a renovation criterion in 7.7. However, the proposed alternative in 7.7 1c is largely impractical. At loan origination, banks usually do not have historical energy data (e.g., EPCs over time) to compare PED before and after renovations. Compliance checks (also in 7.2) must therefore rely on documents available at the time of lending, as subsequent reviews of energy gains, retrospective checks of consumer

documents or reclassification of EUT compliance (and guaranteed loan terms) is not standard lending practice and is unenforceable. Additionally, a 60% reduction target is often unrealistic, limiting applicability.

The EPBD recognises large-scale renovation programmes achieving a 30% PED reduction as meaningful, therefore aligning the threshold in 7.7 with this benchmark for older buildings could improve feasibility while still delivering significant energy savings, in line with the “worst first” principle and the criteria in 7.2.

We welcome the clarification in Appendix A (*7) CCM that financial institutions can treat financing as DNSH-aligned for Climate Change Adaptation where contracts legally require clients to meet the criteria before starting the activity. To improve clarity and ease application in the building sector, this paragraph should name insurance contracts as an example of such a legally binding conditions, as reflected in the FAQs (C/2025/1373, footnote 46 to question 132).
