

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

The draft will not lead to broader application and greater market acceptance of the EU taxonomy with regard to property financing, environmental objective climate change mitigation and the activities 7.1, 7.2 and 7.7. The reasons are:

- Complexity remains too high and does not take into account data availability and processes within the banking sector;
- Still insufficient focus on the key environmental objectives and criteria;
- Still insufficient reflection of real economy practice: without a regulatory framework at the manufacturer/product level or within the construction industry, there is a lack of market acceptance and the necessary data.

7.1: The obligation to immediately align with the ZEB standard and to carry out a GWP analysis for all buildings falling under the 'new construction' activity would restrict applicability. GWP analyses are currently not available in Germany. Implementation could only take place once the EPBD has been transposed into national law.

The deadlines for the ZEB standard and the GWP analysis should be aligned with the EPBD deadlines. Regarding the DNSH requirements, see section 7.2.

7.2: The continued exclusion of efficiency gains from renewables is not feasible in practice. The DNSH requirements regarding the environmental objectives of water protection, circular economy and pollution prevention remain excessive, do not reflect the current data situation and are disproportionate to the often low loan volumes. Nor do they reflect real-world economic conditions or existing construction and product standards. The exclusion of owner-occupied RRE from the DNSH assessment regarding water protection and pollution prevention falls short, whilst the raising of standards for DNSH circular economy further complicates implementation.

The TSC regarding DNSH water protection, circular economy and pollution should be waived entirely for renovations and instead serve as observation criteria. Efficiency gains from renewables should be fully accountable.

7.7: We welcome the transitional component – a 60% increase in energy efficiency within 10 years. However, it will be hardly applicable in practice: banks do not have the necessary historical data that would enable a before-and-after comparison of energy savings. The taxonomy compliance check can only be carried out as part of the loan origination based on the documents available at that time. A subsequent review of efficiency gains achieved, the re-collection of customer documents, or even a retrospective reclassification of taxonomy compliance due to unachieved efficiency gains (and the associated retrospective amendment of already guaranteed loan terms) does not correspond to standard lending practice and is unenforceable against borrowers.

Furthermore, a 60% reduction is often unachievable, meaning that practical application is likely to be limited.

The compliance check (also applies to 7.2) should take into account lending practices and data availability – such as a roadmap for future renovations: It should be possible at the time of loan origination without the need for a further subsequent check or the collection of additional data.

When designing transitional criteria, realistically achievable efficiency gains and standard financing periods – e.g. 3–5 years for CRE – should be taken into account.

In the drafting of both 7.7 and 7.2, it should be clarified that the classification of the entire loan (and not just the portion for renovation) as taxonomy-compliant is permissible if the specified energy-saving targets are achieved.

We welcome the clarification in Appendix A (*7) CCM that financial institutions can treat financing as DNSH-aligned, 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, fn 46 to question 132).