

Call for Evidence: Review of the EU Taxonomy Environmental and Climate Delegated Acts

5 December 2025

Key messages

We strongly support the goal of simplifying the technical screening criteria, enhancing clarity and coherence, and reducing unnecessary complexity while maintaining robust environmental standards and the overall integrity of the EU Taxonomy framework.

We support a comprehensive review of all assessment criteria, especially the DNSH rules, aiming for simplification, proportionality, practical applicability and consistency with EU law. The documentation of the taxonomy alignment should also be simplified.

Key proposals

1. Exempt retail exposures from DNSH and MS assessment
2. Adapt MS and DNSH for EU-based entities - the extent to which statutory requirements could be envisaged for compliance with the DNSH/MS should be reviewed.
3. Consider equivalence approaches for non-EU jurisdictions
4. Allow financial institutions to rely on the alignment data provided by the client - the burden of proof and liability should lie with the client, not with the financial institution
5. Streamline evidence by accepting recognised certifications
6. Further improve readability and usability of the EU Taxonomy
7. Align the criteria across value chain

8. Align technical alignment criteria for commercial real estate with those of residential real estate
9. Incentivize renovation by accepting alignment with renovation criteria for acquisition of buildings
10. Allow grandfathering of EU Taxonomy alignment - taxonomy-aligned exposures should remain aligned for the entire duration of the financial instrument for all Use of Proceeds exposures.
11. Improve data availability through public databases

1. **Exempt retail exposures from DNSH (Do No Significant Harm) and MS (Minimum Safeguards) assessment**

While the revision of the CSRD will exempt most EU companies from Taxonomy reporting, banks will still be required to collect EU Taxonomy data from retail clients (e.g. mortgages, energy-efficient renovations, car loans).

In most cases, such information is either unavailable or cannot be documented by these clients. As a consequence, banks are often not in a position to report a large portion of exposures to retail customers, such as electric car loans or loans for renovation works in residential real estate as EU Taxonomy aligned.

Although for mortgages financial institutions can make estimates using internal methodologies, the methodological differences result in lack of comparability, therefore questionable usefulness of the reporting.

The retail exposures should therefore only be assessed for Substantial Contribution, under a simplified assessment procedure – assessment and documentation of DNSH and MS for retail exposures should not be required.

2. **Adapt MS and DNSH for EU-based entities**

For undertakings in the EU that are governed by EU law, the extent to which statutory requirements or the "licence to operate in a particular EU jurisdiction" could be envisaged for compliance with the DNSH/MS should be reviewed.

DNSH and MS should be aligned with EU legislation to the maximum extent possible (e.g. compliance with the building codes, and legislation on vehicle emissions, aligning car registration documents and EPCs with the Taxonomy etc).

For MS, EU undertakings are already subject to extensive social, labour and human rights legislation, actively enforced by competent authorities; compliance can therefore be reasonably presumed, absent evidence to the contrary.

For DNSH, compliance should be deemed fulfilled whenever the relevant criteria are already enforced through statutory requirements. In practice, activities that are already fully regulated under EU law—such as renewable energy projects—should be presumed to meet DNSH when they comply with the applicable statutory requirements. Requesting additional technical evidence (e.g. water use plans for windfarm construction) often proves redundant with minimum EU legal standards and can act as a barrier to access green financing products.

Similarly, activities that automatically contribute to climate change mitigation without the need for Substantial Contribution criteria, such as electricity generation from wind power, and that are financed through specialised lending should be considered Taxonomy-aligned when operated within the EU regulatory environment.

In any case, we recommend making available a list of DNSH criteria mapped against relevant EU regulations as well as national legislation of the Member States. This would clarify where existing laws already ensure DNSH compliance and where additional checks are genuinely required, thereby reducing duplication of assessments, enhancing consistency across Member States and providing greater legal certainty for both corporate and financial institutions.

3. Consider equivalence approaches for non-EU jurisdictions

Where relevant, this **mapping should also extend to the environmental and social legislation of non-EU jurisdictions**, with a focus on legislative frameworks that match the ambition and robustness of the EU regime and broadly align with the EU's geopolitical and economic objectives so that the Taxonomy can be applied consistently to international financing.

The EU Taxonomy should **enable a voluntary application of flexible, equivalent approaches in non-EU jurisdictions**, based on local legislation or recognised international standards. Examples include recognising alternative standards as acceptable proxies for Nearly Zero Energy Building (NZEB) thresholds and the publication of harmonised Energy Performance Certificate (EPC) equivalence criteria for major global markets.

4. Allow financial institutions to rely on the alignment data provided by the client

Banks should not have to review verification documents provided by the counterparty to re-confirm Taxonomy alignment for use of proceeds lending. **The burden of proof and liability should lie with the client, not with the financial institution.**

5. Streamline evidence by accepting recognised certifications

Evaluation of EU Taxonomy alignment could be supported by providing a list of existing labels, certificates or regulatory standards that could be considered as aligned with a particular EU Taxonomy activity, without the need for further evaluation. Examples include EPCs, BREEAM, LEED, ISO standards, NZEB for real estate, Euro 7 norms for tyres, and the Equator Principles.

6. Further improve readability and usability of the EU Taxonomy

When referencing to other EU Directives and Regulations, the Delegated Act should set out the requirements contained in the Directive to facilitate traceability of the analysis given that cross-references create unnecessary complexity and make implementation more difficult.

For example, Bioenergy Generation Activities refer to the RED II Directive (now RED III) which remains to be transposed into national law in some Member States, and additional regulatory developments may follow. To ensure clarity and traceability, the Delegated Act should directly spell out the relevant requirements, instead of requiring users to interpret multiple layers of legislation.

Moreover, the Delegated Act should refine the Substantial Contribution criteria for certain mitigation activities, ensuring that indicators reflect the most relevant environmental impacts of each activity. For instance, in water-related activities, indicators should prioritize aspects such as efficient water use rather than focusing exclusively on energy consumption or emissions. This is particularly relevant for activities contributing to objectives such as Water and Marine Resources protection, or Waste and Circular Economy.

In addition, the requirements should be **as specific as possible**, and wherever feasible, **quantifiable or parameterised in a yes/no** or complies/does not comply format, to facilitate a consistent and proportionate application. The most complex activities could be further broken down into more granular sub-activities or investment types, to ensure better applicability and a more focused assessment process.

The interpretation guidelines should not be stand-alone Q&A documents, as is currently the case, but rather **structured and standardised guidance** that allows future updates and builds an integrated interpretative body of reference. This would provide legal certainty.

7. Align the criteria across value chain

DNSH criteria applied to downstream economic activities such as the financing or leasing of vehicles should not be different and more extensive or stringent than those applied upstream to manufacturers.

For example, DNSH criteria for transport (e.g. pollution, circular economy) are already verified through the EU's mandatory type-approval process before a vehicle enters the market. Requiring a second check by financiers is inefficient. The Taxonomy framework should explicitly recognize these pre-existing institutional controls as sufficient proof of compliance.

The DNSH in car-related activities listed under 6.5 and 3.3 of the Climate Delegated Act should therefore be aligned and included in vehicle registration documents. The criteria in 6.5 for financing and leasing of vehicles should not go beyond those in 3.3 for car manufacturers. The tyre-related DNSH under Activity 6.5 is currently not feasible for leasing companies and not required for manufacturers: this should be either deleted in 6.5 or replaced, for example with references to the Euro 7 Regulation, which applies to manufacturers and also has tyre pollution criteria. This would ensure better consistency between upstream and downstream criteria and avoid additional operational burdens that do not generate meaningful environmental benefits. It would also allow banks and leasing companies to assess Taxonomy alignment based on the registration documents.

8. Align technical alignment criteria for Commercial real estate with those of Residential Real Estate

Technical alignment criteria for commercial real estate are too complex. For instance, for construction of new buildings (activity 7.1 of the taxonomy), only for buildings >5000 m², it is necessary to prove that:

- The building resulting from construction is subjected to airtightness and thermal integrity tests, and any deviation from the performance levels established at the design stage or any defects in the building envelope are communicated to investors and clients. Alternatively, when robust and traceable quality control processes are in place during the construction process, this is an acceptable alternative to thermal integrity testing; and
- The global warming potential (GWP) throughout the building's life cycle resulting from construction has been calculated for each stage in the life cycle and is communicated on request to investors and clients. The bank is materially unable to document these criteria.
- For activity 7.7. Purchase of real estate, it is necessary to prove that “Large non-residential buildings (whose rated useful output of heating systems, combined space heating and ventilation systems, air conditioning systems or combined air conditioning and ventilation systems exceeds 290 kW) are operated efficiently through energy performance monitoring and evaluation.” If such criteria derive from EU law, the principle outlined under point 2 should apply.

9. Incentivize renovation by accepting alignment renovation criteria for acquisition of buildings

Necessary renovation measures are often financed through the loan used for the purchase of the building (acquisition & ownership). In many cases, only a small part of the loan is used for the renovation. Although a 30% reduction in primary energy demand (evaluation criterion for renovation) is often achieved, such renovations typically do not result in the building reaching energy efficiency class A or being in the top 15% of the building stock.

As a consequence, even after renovation, the building does not meet the relevant Taxonomy criteria for “Acquisition and ownership of buildings”, meaning that the overall financing cannot be classified as Taxonomy-aligned.

The technical screening criteria should be redesigned to incentivise the financing of energy-efficient renovations. **Accordingly, the entire loan, and not only the portion used for renovation, should be eligible to be classified as “Taxonomy aligned”** under the Taxonomy when the requirements of the “Renovation” activity are met.

In addition, to assess the reduction in primary energy demand, preliminary EPC labels should be permissible, as it is often very difficult to obtain updated EPCs immediately after completion of works. This should be accompanied by a substantial simplification of the DNSH criteria, focusing on a limited number of key requirements critical for the decarbonisation of the building stock, and by streamlining the assessment process based on currently available data.

10. Grandfathering of Taxonomy alignment

Annual realignment creates a significant and unjustified operational burden, without materially improving the reliability of the classification, especially when the underlying environmental characteristics of the asset are unlikely to change.

Furthermore, during the credit term, financial institutions generally have no ability to influence the project being assessed, even if its Taxonomy assessment were to change, as contractual terms are fixed at origination.

For these reasons, Taxonomy-aligned exposures should remain aligned for the entire duration of the financial instrument for all Use of Proceeds exposures.

EPCs are issued and supervised by competent authorities, and their information value remains unchanged unless material renovation works are carried out. Accordingly, a valid EPC at origination should be considered sufficient for the entire term of the loan, with no obligation for financial institutions to require new documentation when the original one expires.

11. Improve data availability through public databases

In many instances, the data do not exist in national systems, or the required granularity cannot be reliably assessed. In other cases, the data is available but cannot be accessed and used by financial institutions because it is prohibited under data protection laws. Where information exists, it is frequently non-digitised, creating significant operational barriers to the Taxonomy implementation.

Member States and national competent authorities should make all efforts to provide access by financial market participants to data already available at the national level, facilitate the creation of data platforms that could be made accessible to authorized users and facilitate and coordinate collaborative efforts towards data collection among different stakeholders.

We also see strong value in fully leveraging EU initiatives such as the European Single Access Point (ESAP), to provide harmonized access to financial and sustainability information publicly disclosed or voluntary provided by companies. Ensuring that such platforms are accessible to authorized financial institutions, in a manner consistent with data-protection rules, would significantly reduce operational barriers, improve data quality and support a more consistent and efficient application of the Taxonomy across the EU.

Improved public databases would also reduce the cost and operational burden for financial institutions in obtaining reliable information, while avoiding inconsistencies in Taxonomy assessments and improving comparability of disclosures.