

BVI's response to the "Have your Say" consultation on the review of the EU taxonomy climate delegated act

BVI¹ supports the EU Commission's initiative to update and simplify the technical screening criteria under the EU Taxonomy in order to reduce complexity and to enhance the relevance of the Taxonomy for investment decisions.

With regard to real estate activities, we welcome the improved alignment between the EU Taxonomy criteria and the Energy Performance of Buildings Directive (EPBD). In particular, we appreciate that a „worst first“ approach has been acknowledged within the criteria for activity 7.7 “acquisition and ownership of buildings” as a crucial incentive for decarbonising the most inefficient parts of the European building stock.

However, to ensure practical usability of the provisions, further clarification is required regarding the application of the 60% Primary Energy Demand (PED) reduction threshold:

- 1. Regarding the timing of alignment (possible ex-ante reporting):** The current phrasing "has been reduced by at least 60%" implies a retrospective assessment, which creates a significant reporting vacuum for multi-year projects. To effectively mobilise capital, it is essential that investors can report capital expenditures (CapEx) as taxonomy-aligned from the start of the investment. We request the Commission to explicitly clarify that alignment applies from the adoption of a certified building renovation passport or a professional energy audit, provided that the 60% reduction target is set to be reached within the permitted 10-year-window. This would ensure consistency with the established CapEx-plan logic under Regulation (EU) 2021/2178.
- 2. Regarding the duration of validity (post-renovation):** Furthermore, the draft does not explicitly define how long a building shall remain taxonomy-aligned once the 60% PED reduction has been achieved, particularly in cases where the building might not simultaneously qualify for the "top 15%" or "EPC Class A" criteria. The general grandfathering provision for Taxonomy reporting by financial undertakings recently introduced by Commission Delegated Regulation (EU) 2026/73 pertains only to loans and use-of-proceed instruments and is not relevant for real estate investments. To prevent a "cliff effect" where a building loses its status shortly after a costly renovation due to a revision of the technical criteria or shifting market averages, we propose application of a 10-year grandfathering period. This means that the building should be deemed taxonomy-aligned for a fixed period of 10 years once the 60% PED reduction has been certified via an "after-measure EPC" to provide for the necessary investment security. This would be consistent with the general validity period for EPCs under EPBD.

¹ BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 114 members manage assets of EUR 4.8 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 26%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.



Proposed Regulatory Amendment:

To address these concerns, we suggest the following addition to the technical screening criteria for significant contribution to climate change mitigation by economic activity 7.7:

"In case of para. 1(c), reporting of alignment may commence upon the adoption of a certified staged renovation plan. Once the 60% reduction has been achieved, taxonomy-alignment may be claimed for a fixed period of 10 years following the completion of the measures, evidenced by a valid Energy Performance Certificate."