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## European property investment industry welcomes the EU Taxonomy delegated act

The European property investment industry is pleased with the adoption of the [EU Taxonomy Climate delegated act](#) by the European Commission (hereinafter as the ‘taxonomy’).

In autumn last year EU property investment players provided together industry [recommendations to EU policymakers to promote sustainable finance](#) notably highlighting the relevant role of the Taxonomy under the provision of effective incentives through regulation. Today EMF<sup>1</sup>, EPRA<sup>2</sup> and RICS<sup>3</sup> welcome the adoption of this delegated act which provides a common language for investors, investee companies and financial institutions and represents a framework that will drive more finance towards sustainable economic activities.

There are positive elements in the taxonomy since - as far as real estate is concerned – it is broadly in line with the [recommendations set out by its technical expert group \(TEG\)](#) and current industry standards. As a prominent example, for the acquisition and ownership of buildings, it includes the buildings within the top 15% in terms of energy performance on a national or regional scale.

From a financial perspective, we are confident that the revised requirements will support the mobilisation of private finance, in particular the development of energy efficient mortgages and a further expansion of the green (covered) bond market, in support of the EU’s objective to transition to climate neutrality by 2050. The Energy Efficient Mortgage Label, developed under the Energy Efficient Mortgages Initiative, will support consumer demand and provide a gradual market alignment mechanism for banks to the Taxonomy criteria, enabling them to demonstrate portfolio eligibility and deliver transparency and best practice at European and global level.

Also, in line with our recommendation and a positive achievement, it is worth highlighting that the taxonomy refers to the whole life cycle approach, notably asking that the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand. The scope of building elements is defined in the Level(s) common EU framework of core sustainability indicators. This is a milestone as it is the first time we have a reference to the whole life carbon as part of a piece of legislation for new constructions.

Whilst we acknowledge the efforts made to adopt this legislative piece, it is important to underline that improvement should be made in future related adoptions, so that the EU property investment can contribute to the green agenda with its full potential. An important subject e.g. would be the need to capture the reality of renovation activities and its financial implications, so that for instance renovations at large scale can be promoted equally and alongside the construction or acquisition of new buildings.

As the considerations for energy performance reporting, renovations and a more ambitious approach to embodied carbon and life-cycle carbon remain of key importance for further revisions to the taxonomy, we will be pleased to collaborate with EU policymakers by sharing recommendations specific to the EU real estate.

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1- Established in 1967, the **European Mortgage Federation (EMF)** is the voice of the European mortgage industry, representing the interests of mortgage lenders at European level. The EMF provides data and information on European mortgage markets, which were worth around 7.6 trillion EUR at the end of 2019. As of January 2021, the EMF has 15 members across 13 EU Member States as well as a number of observer members. In 2004 the EMF founded the **European Covered Bond Council (ECBC)**, a platform bringing together covered bond issuers, analysts, investment bankers, rating agencies and a wide range of interested stakeholders. As of January 2021, the ECBC has 123 members across more than 30 active covered bond jurisdictions and many different market segments. ECBC members represent over 95% of covered bonds outstanding, which were worth over EUR 2.7 tn at the end of 2019. The EMF-ECBC is also the coordinator of the **Energy Efficient Mortgages Initiative (EEMI)**, comprising three EU funded Projects focussed on designing an Energy Efficient Mortgage 'ecosystem' in support of the climate transition.

2- EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. With more than 280 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 670 billion of real estate assets\* and 94% of the market capitalisation of the FTSE EPRA Nareit Europe Index.

EPRA's mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices and the cohesion and strengthening of the industry. Find out more about our activities on [www.epra.com](http://www.epra.com)

*\*European companies only*

3- As a globally recognised professional body, everything RICS (**Royal Institution of Chartered Surveyors**) do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact. With over 134,000 individually qualified trainees and professionals, and offices in every significant financial market, we are ideally placed to influence policy and embed our standards within local marketplaces in order to protect consumers and businesses. In doing so, we can innovate and progress the development of spaces and places, so they are fit for future generations, in addition to the challenges faced in the present.