

FIEC is the European Construction Industry Federation, which through its 33 national member associations in 29 countries (25 EU countries, Norway, Switzerland, Ukraine and Turkey) represents construction companies of all sizes, i.e. small and medium-sized enterprises and "global players", carrying out all forms of building and civil engineering activities.



THE EU TAXONOMY

OPPORTUNITIES AND RISKS FOR THE CONSTRUCTION SECTOR

16/09/2021

OPPORTUNITIES

🔗 The Taxonomy illustrates the construction sector's key role for achieving a climate friendly Europe

Almost half of the activities covered by the Taxonomy are construction activities. This shows the sector's potential for contributing to the climate objectives - be it renovating the existing building stock, constructing facilities for renewable energy or coastal defences, maintaining or erecting greener transport infrastructure, construction is a solution provider for the transition to a carbon neutral continent.

🔗 The Taxonomy as a guideline for clients and investors

Construction is a client driven industry. The Taxonomy can provide a clear European-wide definition of what sustainable construction means. It shows how clients and investors can contribute to the objectives of the Green Deal by purchasing or investing in construction services and is therefore an essential tool for engaging with ambitious investors, private and public clients. Thereby, a successful taxonomy has the potential to sustain the sector's recovery.

🔗 The Taxonomy as a guideline for companies' business models and their future competitiveness

Future competitiveness and attractiveness as an employer will depend to a large extent on the sustainable construction services a company can offer. The Taxonomy shows companies what services they have to offer and will thereby foster innovative solutions to meet the demands of ambitious clients and young talent.

RISKS

🔗 Is Taxonomy compliance a business case?

The technical screening criteria still have to undergo a reality check. Environmental sustainability is costly in the short term. If the criteria are too restrictive, investing in a Taxonomy-aligned activity will not be a business case and the tool's reach would be limited to pilot projects. The Taxonomy would fall short of mobilising sufficient amounts of capital, thereby missing its objective and becoming another tool amongst many.

🔗 How practical is reporting on Taxonomy alignment?

The lack of data, the complexity of the construction value chain, fulfilling qualitative criteria – all these elements can make Taxonomy reporting burdensome and or even impossible, especially for construction SMEs which have limited financial and human resources. If not practical to use and comply with, the Taxonomy will not be effective and access to finance risks being restricted.

🔗 Will non-alignment make access to finance more difficult?

Not being aligned with the Taxonomy is not necessarily the result of a lack of efforts from the side of the company. Services the company offers might not be covered by the Taxonomy or clients might not ask for Taxonomy-compliant services for financial reasons. Such a situation must not lead to discriminatory practices from investors.