

OPEN LETTER TO:

Chair of the Platform on Sustainable Finance

Rapporteurs and members of the Platform on Sustainable Finance's
Technical Working Group

CC:

National ministries and delegates in the EU Council tasked with
scrutinising the EU Taxonomy Environmental Delegated Act

Brussels, 27/06/2023

**FIEC remarks
on the June “Sustainable Finance package”
and the EU Taxonomy Environmental Delegated Act**

The *European Construction Industry Federation* (FIEC) welcomes the publication of the “Sustainable Finance package” on 13 June 2023 containing, inter alia, a new Communication on a Sustainable Finance framework that works on the ground, a staff working document on enhancing the usability of the EU taxonomy, and a Recommendation on facilitating finance for the transition to a sustainable economy.

We consider a very helpful tool any new communication, guidance document or notice aimed at supporting companies and investors by explaining them how to use the EU taxonomy for financing the transition to climate-friendly business models.

We also welcome the adoption – in principle - of the *Environmental Delegated Act* on 13 June 2023, which is **far more balanced** than the March 2022 report of the Platform regarding the construction-related criteria.

We have been advocating for usable technical and *Do-No-Significant-Harm* criteria since the EU taxonomy classification system was launched in 2020 and **we are pleased to see that, overall, many of our suggestions of the past few years have been retained in the final version of the delegated act.**

However, we think that minor changes to the final text are still needed regarding the following aspects:

1) The Level(s) framework:

In FIEC's experience, EU tools such as Level(s) are not sufficiently known and used by construction companies (especially by SMEs) yet and it is essential that they can be "tested" by construction companies before they become mandatory tools that oblige undertakings to demonstrate compliance with the technical criteria of the EU taxonomy and the Environmental Delegated Act. A transition period for companies should be foreseen.

2) Maximum total amounts of primary raw materials used to construct or renovate a building:

"Construction of new buildings"

"Renovation of existing buildings"

"Use of concrete in civil engineering"

More time is needed to assess whether all proposed total amounts are achievable across the EU, as meeting the maximum amounts is dependent on the local/regional availability of secondary raw materials and on the compatibility with national building codes and traditions. Currently, there is already insufficient supply of some secondary materials. Too ambitious requirements, especially for the "Renovation of existing buildings", could hamper the much-needed renovation of many energy inefficient buildings in the EU, which is the main objective of the "Renovation Wave" strategy.

3) Distance between construction site and nearest production facility for equivalent primary raw materials:

"Maintenance of roads and motorways"

"Use of concrete in civil engineering"

It is unclear whether it would be feasible not to move re-used or recycled materials over distances greater than 2.5 times the distance between the construction site and the nearest production facility for primary raw materials in all EU countries, e.g. in countries with a big surface area. Moreover, for "Maintenance of roads and motorways", the maintenance of a bridge or a tunnel itself should also be covered, and not just the maintenance of the road that runs on the bridge or through the tunnel.

4) Finally, we are pleased to see that the Commission is willing to intensify its efforts to enhance the overall sustainable finance framework's usability

and coherence and to ensure that the various elements of the framework, including the forthcoming European sustainability reporting standards (ESRS), are easy to use. We agree with the Commission's assessment that administrative burdens for companies – especially for SMEs – must be minimised as much as possible.

We would appreciate it if you could consider our remarks when reviewing and scrutinising the technical criteria and stand ready to provide our technical expertise on construction-related activities to you whenever needed.

Yours sincerely,

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Director General

Pekka Vuorinen

Former FIEC representative in the Platform on Sustainable Finance