

Results of internal FIEC survey¹ on “EU taxonomy – what added value, what concerns?” (October-November 2023)

FIEC members consider/report that...

...overall, the EU taxonomy is a **useful tool to promote the sustainable transition of construction companies** and of the sector in general (average rating: 3,50 out of 5 responses).

...the EU taxonomy **adds value for construction companies** in that it

- helps construction companies clearly identify what is considered 'sustainable'.
- shows them what services they must offer to enter the sustainability market and to meet regulatory and market expectations.
- directs investment towards sustainable construction.
- gradually leads to better control of the construction process and improved collaboration throughout the value chain but also to fostering the digital transformation of construction companies.
- forces clients to actively consider sustainability and to reward sustainable projects with better financing rates.

...the companies they represent are **more or less familiar with the EU taxonomy's core principles** (Yes: 25%, “more or less”: 75%)

...they are **somewhat familiar with the EU taxonomy's technical criteria for construction activities** (“a bit”: 100%)

...they are **somewhat able to correctly interpret and apply the technical criteria for construction-related activities** (“a bit”: 100%)

...overall, their **companies are increasingly confronted with demands from financial market participants for sustainability data and compliance with the EU taxonomy** (Yes: 50%, “more or less”: 50%)

...**sustainability reporting in the context of the EU taxonomy is difficult** (75%, or even “very difficult”, 25%).

¹ Survey conducted among six FIEC member federations via *Microsoft Forms*. Member federations surveyed: ANCE (Italy), Bauindustrie, Zentralverband Deutsches Baugewerbe (Germany), Koninklijke Bouwend Nederland (Netherlands), EMBUILD (Belgium), Construction Industry Federation (Ireland). The member federations represent companies of all sizes (large contractors and SMEs) active in a wide range of construction activities which are covered by the EU Taxonomy technical screening and DSNH criteria: Construction of new buildings (residential and non-residential), renovation of existing buildings, civil engineering (roads, railways, bridges, tunnels, water supply and wastewater treatment plants, remediation of contaminated sites), construction of energy infrastructure (electrical, photovoltaic...).

- ...the **main problems related to the EU taxonomy's technical screening criteria** are, for example, that:
 - ...the criteria are based on EU concepts, such as Level(s), which are not widely known and used throughout the EU and create additional administrative burden.
 - compliance with the EU taxonomy can be difficult because several actors of the construction value chain are directly affected by the criteria and collecting information and data is complex.
 - sometimes the criteria are too vague, not specific enough and thus not easily understandable (for instance, the infrastructure criteria).
 - there is a risk that financing is made conditional upon compliance by companies.
 - some criteria are far too ambitious.
 - there is a risk that the EU taxonomy leads to an increase of costs, in an economic context that is already inflationary.
 - some criteria anticipate or pre-empt initiatives that are still under discussion.
- ...the **main problems and challenges related to Taxonomy reporting** are, for example, that:
 - ...” the devil is in the detail”: companies are slowly becoming familiar with Taxonomy reporting. There are many challenges because there is a lot of information to report and it is a new and complex framework.
 - ...there is a lack of human resources within companies. Often companies are unable to correctly interpret the reporting requirements on their own and need help from external consultants.
 - many companies have hired full-time sustainability personnel. These costs should not be underestimated.
 - the collection of non-financial information is very complex and requires the active involvement of several actors in the supply chain.
- ...the **European Commission could do more to improve the sustainable finance framework**, for example,
 - Establish a regular process for FAQs and for adapting/modifying criteria, based on the *Stakeholder Request Mechanism* which was launched in October.
 - Publish more sector-specific and even country-specific user guides. These need to be agreed with auditors/verifiers so that everyone is ‘on the same page’.
 - Better ensure that all criteria reflect the economic and technical reality of the sector.
 - Remove as much “grey area” as possible from the technical framework.