

## Appendix 7: Make Significant Contribution and Do No Significant Harm criteria

### Real Estate sector

#### 7.1. Acquisition and ownership

Sector classification and activity	
Macro-Sector	Real estate
KeSIC Code	68
Description	Building acquisition and ownership: this activity relates to KeSIC code “Real estate activities”.
Make Significant Contribution criteria	
Climate change mitigation	
<p><b>Objective</b></p> <ul style="list-style-type: none"><li>• The acquisition of buildings designed to minimise energy use and carbon emissions throughout the lifecycle instead of lower-performing ones can make a substantial contribution to climate change mitigation objectives. While specific data on embodied carbon and thus carbon emissions from the full lifecycle is still limited and needs to be further generated, the acquisition of buildings designed to minimise energy use and carbon emissions during the use phase can already make an important contribution by directing users towards high-performing properties and by sending signals to markets about the need to lift the overall energy performance of the whole stock.</li><li>• For large non-residential buildings (i.e., buildings with an effective rated output for heating systems or systems for combined space heating, ventilation and cooling of over 290 kW, or buildings with floor area over 1000 m<sup>2</sup>), an additional requirement is introduced to ensure that these buildings are operated efficiently, and that actual energy and carbon savings are delivered each year.</li><li>• Use of alternative schemes as proxies established schemes such as ‘green building’ certifications or building regulations and standards may be used as alternative proof of eligibility, provided that this is verified by a third party accredited verification body. The organisation responsible for the scheme will be able to apply for official recognition of its scheme by presenting evidence that a specific level of certification/regulation can be considered equivalent (or superior) to the taxonomy mitigation and DNSH threshold for the relevant climatic zone and building type.</li></ul>	

- Condition for non-eligibility: to avoid lock-in and undermining the climate mitigation objective, the acquisition and ownership of buildings for the purpose of extraction, storage, transportation or manufacture of fossil fuels are not eligible.

#### **Metrics and thresholds**

- For buildings built before 31 December 2020, the building has at least Energy Performance Certificate (EPC) class A.
- At this time, no standard is yet agreed for buildings built after 31 December 2020, which is an area of taxonomy development in future.
- In addition to the above requirements, where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.

#### **Climate Change Adaptation**

Generic screening criteria for activities Making a Substantial Contribution to climate change adaptation Section 8.2.

#### **Do No Significant Harm assessment**

The main potential for significant harm to the other environmental objectives associated with the acquisition of buildings is determined by:

- Lack of resistance to extreme weather events (including flooding), and lack of resilience of to future temperature increases in terms of internal comfort conditions.
- Excessive water consumption due to inefficient water appliances.
- Presence of asbestos and/or substances of very high concern in the building materials.
- Presence of hazardous contaminants in the soil of the building site.
- Inappropriate building location: impacts on ecosystems if built on greenfield and especially if in a conservation area or high biodiversity value area.

#### **A) Climate Change Mitigation**

- The building must comply with all applicable mandatory provisions under the Green and Resilient Buildings Regulations and all applicable mandatory regulations under the National Building Code.

#### **B) Climate Change Adaptation**

- Generic screening criteria for activities Making a Substantial Contribution to climate change adaptation Section 8.2.

#### **C) Sustainable use of water and marine resources**

- N/A

#### **D) Ecosystem protection and restoration**

- The building must not be built on protected natural areas, such as land designated as Natura 2000, UNESCO World Heritage and Critical Biodiversity Areas (CBAs), or equivalent as defined

by UNESCO and / or the International Union for Conservation of Nature (IUCN) under the following categories:

- i. Category Ia: Strict Nature Reserve
- ii. Category Ib: Wilderness Area
- iii. Category II: National Park
- Buildings that are associated supporting infrastructure to the protected natural area, such as visitor centres, museums or technical facilities are exempted from this criterion.
- The building must not be built on arable or greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List and / or the IUCN Red List.
- At least 80% of all timber products used in the new construction for structures, cladding and finishes must have been either recycled/reused or sourced from sustainably managed forests as certified by third-party certification audits performed by accredited certification bodies, e.g. FSC/PEFC standards or equivalent.

**E) Pollution prevention**

- N/A

**F) Sustainable resource use and circularity**

- N/A