

14 April 2026

Submission to the European Commission – EU Taxonomy Technical Screening Criteria Review related to construction and real estate activities

The Green Building Council of Australia (GBCA) strongly welcomes the European Commission’s proposed amendments to the EU Taxonomy Climate and Environmental Delegated Acts. The GBCA supports both the objective and the approach: sharpening the substantial contribution bar for new construction — advancing to zero-emission building (ZEB) compliance under the EPBD 2024/1275 — while reducing complexity through clearer DNSH compliance pathways, the extended renovation timeframe, and the easing of the acquisition and ownership threshold. These changes meaningfully improve usability without compromising environmental integrity, and the GBCA commends the Commission for striking that balance.

Sustainable Finance is Global

Sustainable finance is global and the Taxonomy must work beyond Europe.

European institutional investors hold real estate portfolios across Asia-Pacific, North America and beyond. For those investors, the EU Taxonomy is not a European compliance exercise: it is the primary standard against which they assess and disclose the sustainability of their global holdings. A European investor financing a new building in Sydney, Australia faces a fundamental problem — the Taxonomy’s technical screening criteria are anchored in EU-specific legislation that has no direct equivalent outside Europe: zero-emission building thresholds calibrated to national EPBD implementation, GWP methodology, and DNSH criteria referencing the Water Framework Directive, the Habitats and Birds Directives, and now the Soil Monitoring Directive.

The result is that demonstrating alignment requires an expensive, bespoke parallel compliance exercise for assets already certified under rigorous global green building rating tools. This creates friction that discourages the flow of European sustainable finance to high-performing buildings in markets like Australia — the opposite of the Taxonomy’s intent. Addressing this gap is not a peripheral issue: it is central to the Taxonomy’s ability to function as an effective global capital allocation tool.

Recognition of established rating tools

Green building rating tools — Green Star, BREEAM, BREEAM-NL, LEED, Green Mark, DGNB and HQE — are the primary instruments through which the global built environment has driven and verified sustainability performance for three decades. They are rigorous, independently third-party verified, continuously updated, and already in use as the de facto sustainability standard for the institutional assets European investors hold globally. They cover, in full or in substantial part, the same environmental outcomes the Taxonomy is designed to secure.

A landmark body of international alignment work already exists. In June 2024, GBCA and its international partners — BRE (UK), USGBC (US), SGBC (Singapore) and Alliance HQE-GBC France — published “Financing Transformation: A Guide to Green Building for Green Bonds and Green Loans,” which mapped leading rating tool criteria directly against the EU Taxonomy and other major

sustainable finance frameworks. This was followed in November 2024 by “Building Transition: Financing Market Transformation,” a call to action from the same alliance addressing the 75% of lower-performing buildings globally that remain locked out of sustainable finance. That report makes four recommendations directly relevant to this consultation:

- Policy and taxonomy reform: developing criteria tailored to diverse building types and geographies so that investment reaches all buildings.
- Global decarbonisation standards: providing common metrics and tools usable across different geographies, allowing harmonisation across diverse regulatory contexts
- Resilience in finance: incorporating adaptation and resilience in real estate finance, recognising that lower-performing buildings without resilience are most vulnerable to becoming stranded assets
- Rating tool enhancement: strengthening tools as trusted proxies for taxonomy compliance, reducing duplication and cost for building owners, investors and lenders.

This work is not theoretical. GBCA’s own credit-by-credit analysis of Green Star Buildings v1.1 against the draft Taxonomy new construction criteria demonstrates strong alignment in key areas:

- The mandatory all-electric building services requirement (Credit 22) mirrors the Taxonomy’s fossil fuel prohibition
- Mandatory air-tightness testing (Credit 3) goes beyond the Taxonomy’s proposed requirement which applies only to buildings over 1,000 m²
- Climate resilience assessment using IPCC RCP 8.5/SSP 3-7.0 scenarios (Credit 17) is substantively equivalent to the Taxonomy’s restructured four-step DNSH adaptation criteria
- The Nature Positive Pathway’s biodiversity net gain requirement from 2028 exceeds the Taxonomy’s no-net-harm floor.

See **Appendix 1** for an example of mapping and alignment of Green Star with the EU Taxonomy requirements.

The EU Taxonomy remains unique among major taxonomies in not providing a structured pathway for rating tool recognition. By contrast, the Australian Sustainable Finance Taxonomy, released in June 2025, formally recognises Green Star Buildings as a proxy for new construction criteria and Green Star Performance for acquisition and ownership. The Singapore-Asia Taxonomy explicitly lists eligible rating tools and rating levels. The EU’s current approach — requiring full criterion-by-criterion assessment in isolation from established certifications — imposes unnecessary cost and complexity without delivering additional environmental rigor.

Offer to collaborate

GBCA, together with its international partners, is ready and willing to work directly with the European Commission and relevant technical bodies to advance the formal alignment of global green building rating tools with the EU Taxonomy’s technical screening criteria. This work could proceed on several practical tracks:

- A structured mapping exercise: building on the work already published in *Financing Transformation* and the Green Star analysis referenced above, to produce a Commission-endorsed credit-by-credit equivalence mapping for each major rating tool. This could specify, for each tool and certification level, which EU Taxonomy criteria are met by certification alone, which require supplementary evidence, and which require separate assessment.
- Guidance on supplementary evidence: developing clear, standardised templates for the additional evidence items (including GWP disclosure, ZEB energy threshold verification) that rating-certified projects outside the EU would need to provide to complete their Taxonomy

alignment assessment. This would dramatically reduce the cost and complexity of compliance for non-European projects.

- **Engagement with the Platform on Sustainable Finance:** GBCA and its international partners would welcome the opportunity to engage directly with the Platform on Sustainable Finance in its advisory capacity, to provide technical input on the built environment dimensions of the Taxonomy’s ongoing review.

This is not a recommendation to lower the Taxonomy’s environmental standards. It is a request to recognise that those standards are already being met — and in many respects exceeded — by buildings certified under established global rating tools, and to create a pathway for that recognition to reduce friction in global sustainable finance without compromising environmental integrity. As the *Building Transition* report makes clear, unlocking capital for the full stock of buildings — not just those in the elite tier that can carry complex bespoke compliance costs — is essential to achieving decarbonisation at the pace and scale required. The EU Taxonomy has a central role to play, but only if it can be applied effectively and cost-efficiently to buildings across the globe.

Recommendations

The GBCA makes the following recommendations:

- **Recognition of established rating tools:** Introduce a provision enabling established green building rating tools, at specified certification levels, to be recognised as demonstrating compliance with specified Taxonomy technical screening criteria, with targeted supplementary evidence requirements where gaps exist. This can be structured as a Commission notice initially, with formal incorporation in a subsequent amending act.
- **EPBD-equivalent guidance for non-EU buildings:** Provide clear guidance on how buildings in jurisdictions without EPBD implementation can demonstrate ZEB-equivalent energy performance through national building codes and independent energy modelling, removing the current legal uncertainty for non-EU assets.
- **Consolidated DNSH non-EU guidance:** Consolidate and expand the existing patchwork of “equivalent national law” provisions across the DNSH generic criteria into a coherent framework specifying which criteria can be met by reference to equivalent national legislation, international standards or established certification, and how that equivalence should be evidenced.
- **Commission a formal alignment study:** Building on “Financing Transformation,” commission or co-commission a formal credit-by-credit equivalence mapping for leading global rating tools. GBCA and its international partners — BRE, USGBC, SGBC and Alliance HQE-GBC France — offer their full technical cooperation to support this work. A comparable study has already been conducted for the ASEAN Taxonomy, demonstrating its feasibility and value.

Conclusion

GBCA supports the EU Taxonomy’s ambition to be the world’s leading framework for sustainable built environment finance. The proposed amendments are a meaningful step forward. The next step — creating a structured pathway for recognising established global rating tool certifications — would unlock far greater impact for the global real estate portfolios of European investors, without compromising environmental standards. The work to enable this is already underway. As *Building Transition: Financing Market Transformation* makes clear, achieving decarbonisation at the pace and scale required demands a Taxonomy that can be applied cost-effectively to buildings across the globe, not just those able to bear a bespoke European compliance exercise. GBCA and its international partners are ready to work with the Commission to make that possible, and welcome further engagement.

For more information

GBCA welcomes continued engagement with the European Commission and the opportunity to provide further detail on any points outlined in this letter, please contact us at MEteam@gbca.org.au.

About the Green Building Council of Australia

GBCA's purpose is to lead the sustainable transformation of the built environment. We do this primarily through our core functions:

- We rate the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star.
- We educate industry, government practitioners and decision-makers, and promote green building programs, technologies, design practices and operations.
- We advocate policies and programs that support our vision and purpose.
- We collaborate with our members and other stakeholders to achieve our mission and strategic objectives.

Green Star is Australia's most widely used sustainability rating system for the design, construction and performance of buildings – including social infrastructure – fitouts and communities. Green Star aims to transform the built environment by:

- reducing the impact of climate change
- enhancing our health and quality of life
- restoring and protecting our planet's biodiversity and ecosystems
- driving resilient outcomes for buildings, fitouts, and communities
- contributing to market transformation and a sustainable economy.

GBCA is a founding member of the World Green Building Council (WorldGBC) and holds active roles across the key global bodies that shape how sustainable finance flows to the built environment. Simultaneous presence across Climate Bonds, SBTi, GRESB and WorldGBC is unique among green building councils globally. GBCA is positioned not only to align Green Star with individual frameworks, but to actively work across those frameworks to promote coherence and mutual recognition — precisely the kind of coordination that would underpin a credible and durable rating tool recognition pathway within the EU Taxonomy.

Appendix 1: Green Star Buildings v1.1 mapping and alignment with EU Taxonomy requirements

EU Taxonomy Requirement	Green Star Credit	Alignment	Notes
ZEB energy performance	Credit 23 Energy Use	✔ Equivalent	Green Star: energy efficiency is benchmarked to at least 10% improvement over a stringent energy efficiency code, equivalent to the highest operating rating in Australia (NABERS 6 star)
All-electric / no fossil fuels	Credit 22 Energy Source ME	✔ Strong	Directly aligned in intent
Life-cycle GWP disclosure (all stages)	Credit 24 Upfront Carbon	✔ Equivalent	
Air-tightness testing >1,000 m ²	Credit 3 Verification ME	✔ Green Star exceeds	Green Star applies to all projects, no threshold
85% C&D waste recovery + Level(s) 2.3/2.4	Credit 2 (80%) + Credit 28	✔ Equivalent	Level(s) circularity reporting is mandatory under Taxonomy but optional in Green Star
Water fixture flow rate maxima	Credit 29 Water Use	✔ Equivalent	Different measurement frameworks; product-level verification needed
Climate risk assessment (DNSH mandatory)	Credit 17 Climate Resilience	✔ Strong	Methodology similar
Biodiversity — land prohibitions	Credit 38 Impacts to Nature	✔ Equivalent	EU land categories are EU-specific; EPBC Act provides functional equivalent
Biodiversity — net gain / mitigation hierarchy	Credit 38/39	✔ Green Star often exceeds	Nature Positive Pathway is more ambitious than EU DNSH floor
Soil contamination investigation	No direct credit	✔ Equivalent	Covered by Green Star and Australian regulation