

**5 December 2025****Feedback on EU Taxonomy screening criteria related to construction and real estate activities**

The **Green Building Council of Australia (GBCA)** welcomes the opportunity to respond to the European Commission's Call for Evidence. We support the Commission's objective to improve usability of the EU Taxonomy framework by addressing practical challenges, including the interpretative difficulties of the Technical Screening Criteria (TSC) and the recognition of high quality green building certifications (such as Green Star, Green Mark, LEED, BREEAM, and HQE) as proxies.

Sustainable Finance Taxonomies define eligible green (and, in some cases, transition) activities for financial instruments to be directed towards. GBCA notes the important role of taxonomies in facilitating the direction of capital to transform the built environment at scale in a manner that collaborates with the wider built environment ecosystem and the existing context of buildings and building rating systems.

As a 'meta-taxonomy', the EU Taxonomy has been influential in the development of other frameworks, including the Australian Sustainable Finance Taxonomy, and the ASEAN Sustainable Finance Taxonomy. Removing complexity and improving usability is critical to scaling up investment in aligned activities globally, and for the built environment, directing capital to the energy transition.

**Use of Proxies for Technical Screening Criteria**

GBCA strongly supports the recommendation to 'allow proxies, such as high ambition green building certification systems, based on standard market practices'.

GBCA notes that investment in real estate is global in nature; with significant overseas investment from European investors, these entities commonly screen opportunities against the criteria within the EU Taxonomy.

European investors that are investing in overseas markets, such as Australia and the Asia Pacific, are needing to navigate a number of different sustainable finance taxonomies, including the EU Taxonomy, the ASEAN Taxonomy, and the Australian Sustainable Finance Taxonomy. The complexity of complying with multiple taxonomies or strict criteria leads to high verification, reporting, and compliance costs. This creates confusion and forces projects seeking certification and sustainable finance to duplicate efforts. To disregard established, proven, and verifiable green building certifications like Green Star, LEED, BREEAM, Green Mark, HQE) or even existing disclosure methods (like NABERS or Energy Star), increases complexity and burdens smaller market players and may discourage them from engaging in sustainable development.

Importantly, green building certification proxies are already used in several international taxonomies, including the ASEAN Taxonomy, Climate Bonds Taxonomy, Colombia, Hong Kong, Singapore, Mexico, South Africa and Australia. There are variations in their use, but they all agree – credible green building certifications are proven methods of demonstrating compliance against rigorous environmental standards that bring significant value to investors, occupants, governments, and the sector.

Not only are green building certification methods appropriate for addressing technical screening criteria, but they can meet Do No Significant Harm criteria as well, and also, provide significant additional benefits beyond what the taxonomy established.

The DNSH criteria remain one of the most significant barriers to usability. GBCA strongly supports the Commission's commitment to simplification. Investor organisations globally have consistently encouraged the use of building certifications to demonstrate compliance with sustainable finance frameworks. Simpler

DNSH reporting through the use of existing global building rating schemes would substantially reduce administrative burdens and improve auditability while maintaining environmental integrity.

Much work has already been done by green building councils and certification bodies to demonstrate how core rating tools align with EU and other sustainable finance taxonomy criteria. Established global built environment certification tools (such as BREEAM, LEED, Green Star, Green Mark, HQE) used by the global property sector can be used to demonstrate compliance and alignment with all major global taxonomies and frameworks (including the European-based GRESB and Climate Bonds Initiative).

The Green Building Council of Australia together with our partners such as the French Alliance-HQE, UK's BRE which operates a version of their tool in Netherlands through the Dutch Green Building Council and others, Singapore Green Building Council, and U.S. Green Building Council, alongside GRESB, CRREM and the Climate Bonds Initiative, published [Financing Transformation: A Guide to Green Building for Green Bonds and Green Loans](#). This groundbreaking guide provides evidence for how global green building rating tools like BREEAM, LEED, HQE, Green Mark, Green Star, and NABERS can support sustainable finance frameworks in delivering their desired outcomes. Furthermore, the provide an aligned method for ensuring compliance across several jurisdictions and can help support green debt that is invested across borders.

Additionally, the WorldGBC Asia Pacific Network (APN) in partnership with OCBC and with the support of GBCA, USGBC, and BRE recently published [Unlocking Capital: Aligning Asia Pacific's Green Building Rating Tools to the ASEAN Taxonomy](#). This work bridges a key knowledge gap between technical benchmarks in the built environment and the performance expectations of sustainable finance.

Non-residential buildings New buildings and major refurbishments						
Recommended ratings	EU Taxonomy Aligned					
	Significant criteria			Do no significant harm criteria		
	Climate mitigation	Climate adaptation	Circular economy	Water	Pollution	Biodiversity
<b>For office buildings</b>						
BREEAM New Construction (v6)	○	○	○	○	○	○
BREEAM Refurbishment & Fit-out (2014/2015)	○	○	○	○	○	NA
BREEAM New Construction (v7)	○	○	○	○	○	○
BREEAM Refurbishment/Fit-out (v7)	○	○	○	○	○	NA
Green Mark 2021 GoldPLUS or Higher	●	○	○	●	○	●
5 Star Green Star Buildings Rating or higher	●	●	●	●	●	●
5.5 Star NABERS Base Building Energy Rating	●					
5.5 Star NABERS Whole Building Energy Rating	●					
HQE Sustainable Building (Bâtiment Durable) V4	●	●	●	●	●	●
LEED v5 BD&C	○	○	○	○	○	○
LEED v4.1 BD&C	○	○	○	○	○	○

The table above shows the alignment between major rating systems and the EU Taxonomy (Financing Transformation, 2024)

In addition, green building certification schemes include requirements that no taxonomies include, such as embodied carbon reduction targets, specific health and wellbeing improvements, improved material selection, amenity creation, and others benefits.

## **Recommendations:**

The EU Taxonomy should aim to provide clarity for cross-border investors and financial institutions navigating a multi-jurisdictional sustainable finance landscape.

For effective flow of international capital clear proxies and guidelines on what would allow a proxy to be used is critical. This would give the market certainty that rating tool *x* at rating level *y* is compliant, as well as providing guidance on what needs to be done for rating tools that wish to be compliant.

- GBCA recommends collaborating with industry experts and leveraging existing robust and credible tools to simplify compliance and reduce costs. Utilise well-understood proxies and robust mechanisms already in place, such as the recognised global building certifications and disclosure methods mentioned previously.
- GBCA recommends that the EU commission work with established bodies like USGBC, GBCA, BRE, Singapore GBC and Alliance-HQE to ensure the taxonomy criteria is fit for purpose and market tested. Collectively, the green building certification schemes have been applied across hundreds of thousands of buildings across the planet. They are proven, relevant, assured, and bring in significant co-benefits. They also have consistently raised the bar over decades.
- Develop clear guidance with input from relevant organisations and maintain an up-to-date list of suitable proxies for compliance monitoring. Engage organisations like the GRESB Foundation to foster alignment across different taxonomies. Also engage with the green building certifications schemes to ensure they can meet the desired environmental objectives as relevant for the multiple jurisdictions the taxonomy can apply to.
- GBCA and its partner organisations would specifically welcome guidance within the taxonomy on how to use proxies for new construction, acquisition and ownership and building upgrades. This work has been done already and can be summarised neatly as shown in the papers referenced above.

## **For more information**

If you'd like to discuss any of the items discussed in this letter, please contact us at [MEteam@gbca.org.au](mailto: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.