

WorldGBC Sustainable Finance factsheet series

Major renovations

Implementation of the EU Taxonomy in the built environment

October 2023

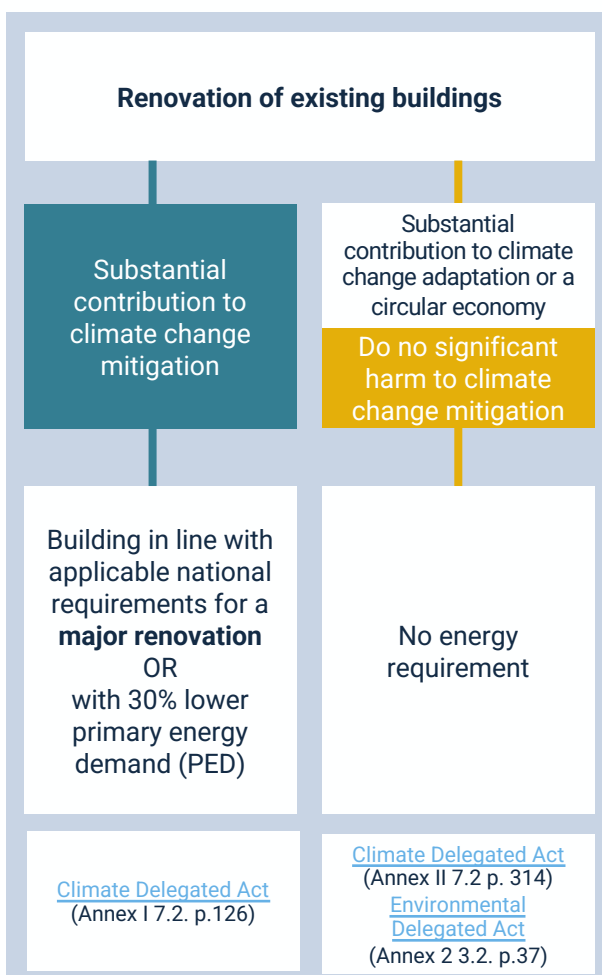
Renovation under the EU Taxonomy

The EU Taxonomy for the renovation of buildings is linked to the term “major renovation” as per the Energy Performance of Buildings Directive (EPBD) of 2010.

The EPBD does not prescribe a uniform definition of a major renovation, but enables Member States to provide one.

Companies and financial institutions that wish to, or are required to, report their EU Taxonomy-alignment for the buildings they renovate need to refer to national requirements of a major renovation set out by each of the Member States where those buildings are located.

This can pose significant challenges, especially to organisations with economic and financial activities across several EU countries or beyond.



Implementation challenges

The term “major renovation” is not yet well established, used nor clearly defined

In the EPBD “major renovation” is linked to the surface of the building renovated or the cost of renovation. This is being implemented very differently across Member States and often not accurately measured. The alternative criteria to reduce primary energy demand (PED) at least 30% is much easier to comply with.

Confusion between major and deep renovations

The terms major and deep renovations are used interchangeably, and the definitions of the terms aren't clear to market participants or regulators. Also, the translation of the English term “major renovations” in the EPBD 2010 is not easily tracked in national building regulations.

Unclear role of demolition

The term “demolition” is almost not addressed in any national interpretation of a major renovation. It is unclear whether the full or partial demolition of a building is allowed as part of a major renovation.

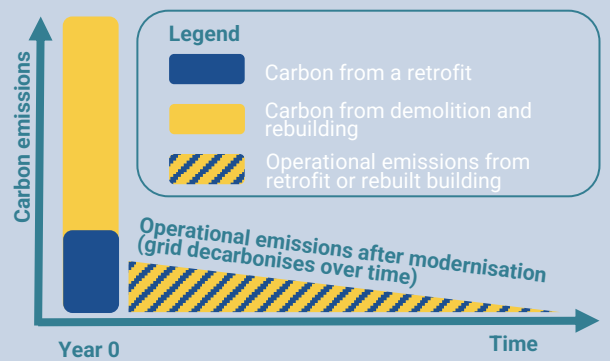
At the same time, the Taxonomy requirements for waste from renovation are difficult to comply with and risk impeding progress on renovation.

EU Taxonomy encourages investments into new construction over renovation

The EU Taxonomy currently does not include climate impact considerations of embodied carbon – emissions associated with materials and construction processes used throughout the whole lifecycle of a building.

The EU Taxonomy focuses on the energy performance of buildings. It is much easier to construct an energy efficient building than to retrofit an existing building to a high standard.

In this sense, the EU Taxonomy is not in line with the objectives of the EU Green Deal or the EU Renovation Wave.



Case study: Permission refused for major demolition in London

Marks & Spencer was refused permission to demolish and rebuild its Oxford Street store from 1930. Its demolition would cause 40 000 tonnes of embodied carbon.

Recommendations

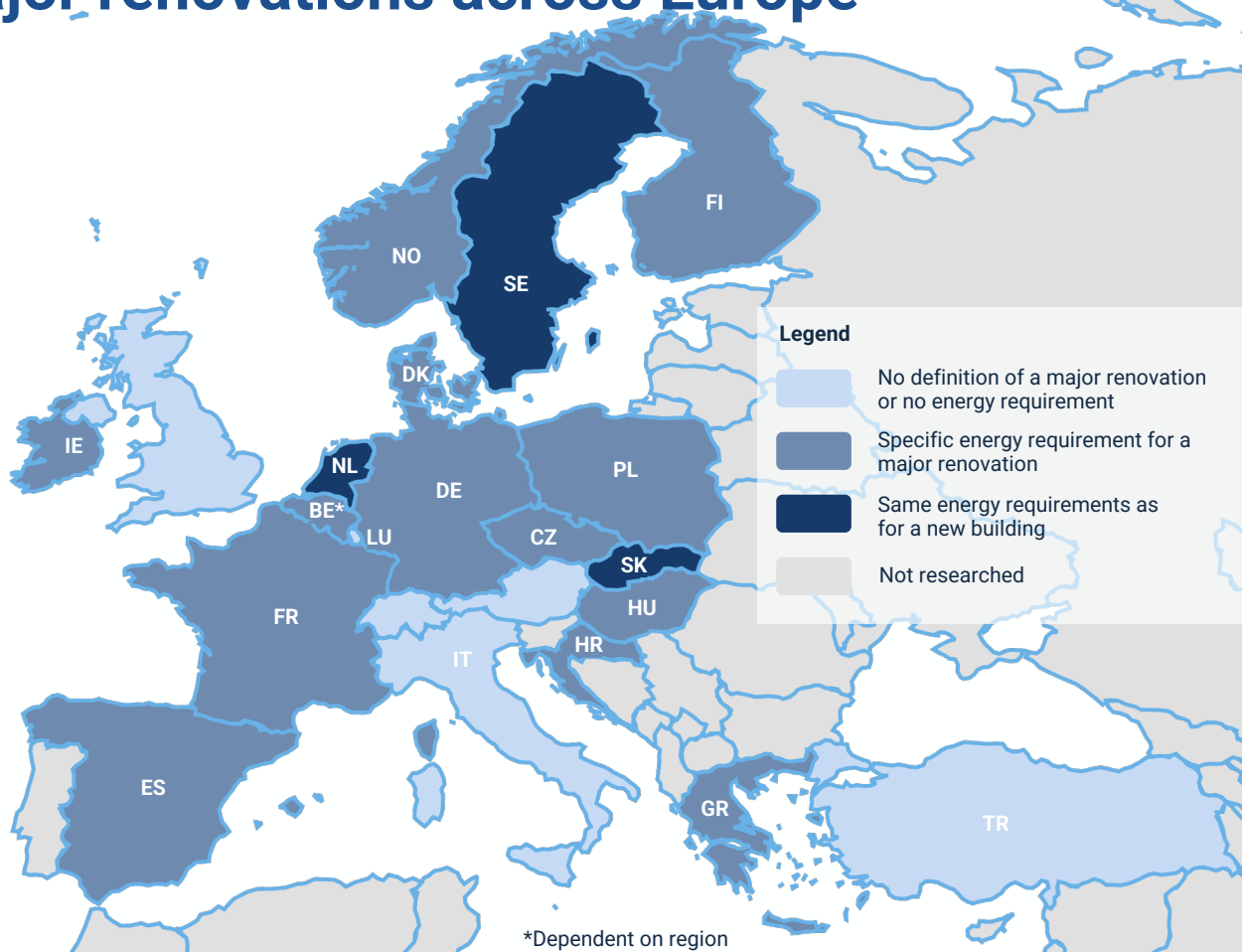
- **Add embodied carbon assessments for renovation of buildings and/or rule out demolition**

A building renovation substantially contributing to climate change mitigation should disclose embodied carbon impacts (life-cycle global warming potential is the term currently anchored in the current Delegated Act for buildings over 5000m²). This is in line with policy advancements in several Member States such as Netherlands, Finland, Denmark, France, or Sweden.

- **Agree on a more harmonised definition of a major renovation**

The European Commission and Member States should agree on a more harmonised definition of a major and deep renovation. The EU Commission should add embodied carbon assessments for the construction of a building, the demolition and rebuilding of a building, and the renovation / retrofitting of a building to allow comparability. Member States should provide further incentives for investors to choose energy renovation over construction.

Major renovations across Europe



About us

The World Green Building Council (WorldGBC) is the largest and most influential local-regional-global action network, leading the transformation to sustainable and decarbonised built environments for everyone, everywhere.

Together, with 75+ Green Building Councils and industry partners from all around the world, we are driving systemic changes to the built environment.

WorldGBC's [Sustainable Finance Taskforce](#) aims to unlock finance flows into the transition towards a sustainable built environment.

The EU Taxonomy working group enhances consensus and collective learning from across the value chain, builds capacities amongst the industry and advocates for an ambitious yet practically implementable framework.

Our partners

This factsheet was developed in partnership with the European Public Real Estate Association



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