

# EU Taxonomy Verification and Assurance Framework

Framework for standardised, robust, independent EU Taxonomy verification and assurance services in construction and real estate

## Challenges with the EU Taxonomy

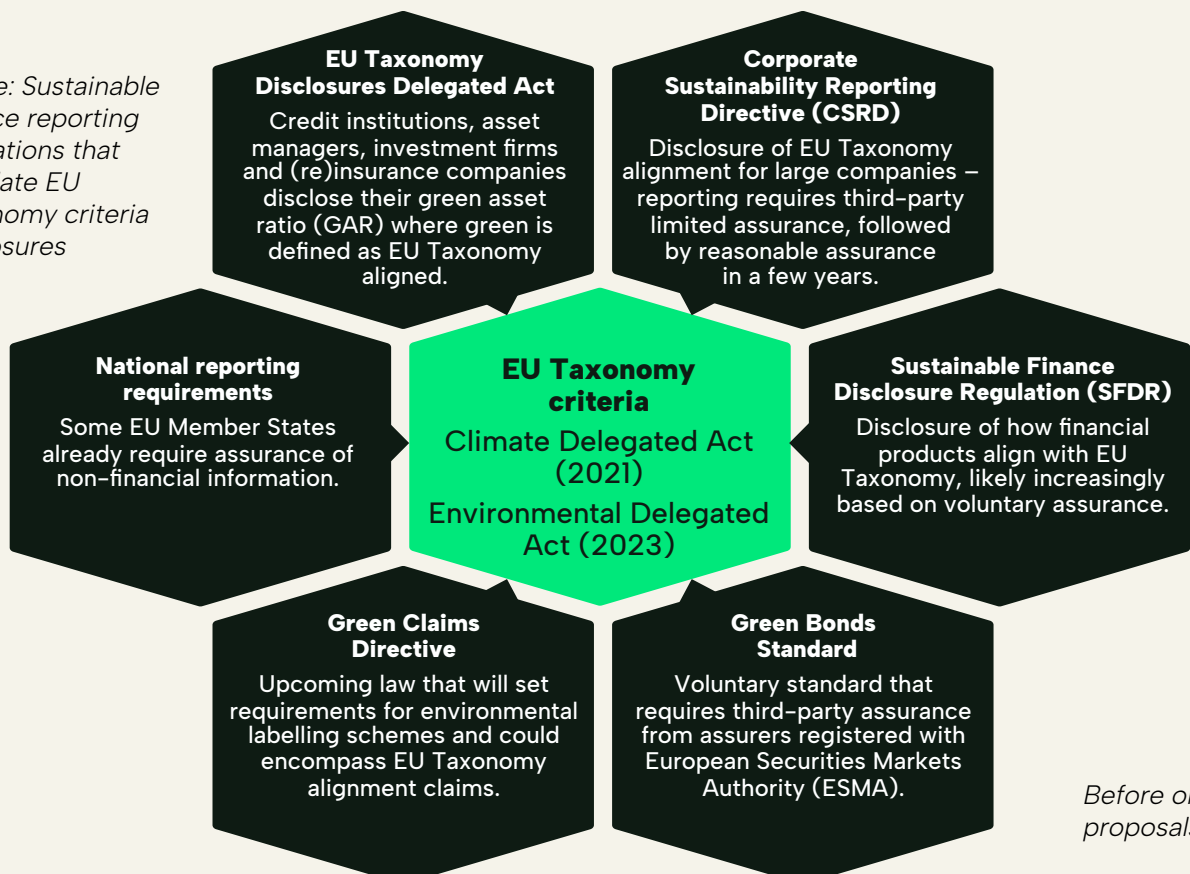
The EU Taxonomy defines what qualifies as a green investment in the construction and real estate sectors. Launched in 2021, the Taxonomy is a central tool of the EU's sustainable finance framework to enhance market transparency.

The EU Taxonomy Regulation sits within an ecosystem of financial and disclosure regulations with reporting, verification and assurance requirements (see figure below).

However, there is a lack of guidance for EU Taxonomy reporting, verification and assurance services, and the reporting requirements of the Taxonomy have led to inconsistent practices across the industry with several challenges emerging. These include:

- **Fragmented reporting practices** – Divergent EU taxonomy reporting, such as market actors interpreting the legal text differently, and a lack of third-party verification undermine transparency and comparability of disclosures.
- **Legal uncertainties** – Uncertainties have resulted in cautious approaches, with companies wary of being accused of greenwashing.
- **Verification processes** – Verification varies widely across EU Member States and market actors, which leads to inconsistent claims. There is also a lack of differentiation of verification methods, for example between disclosures of financial institutions and of companies.
- **Limited professionals** – A shortage of professionals across the reporting, verification and assurance value chain causes delays and increases costs.

*Figure: Sustainable finance reporting regulations that mandate EU Taxonomy criteria disclosures*



*Before omnibus proposals*

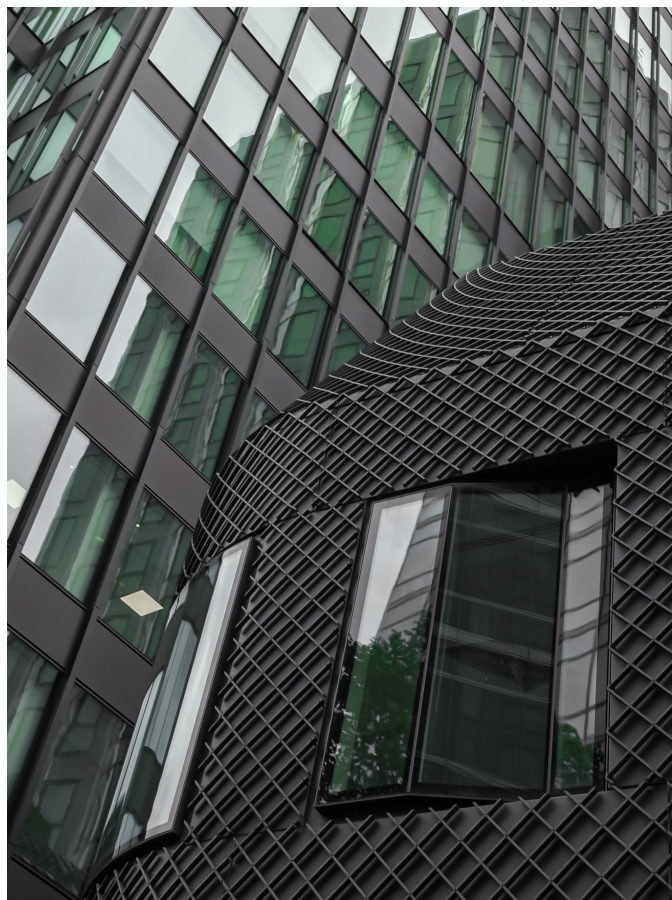
# EU Taxonomy Verification and Assurance Framework for Construction and Real Estate Activities

WorldGBC proposes the development and operationalisation of an EU Taxonomy Verification and Assurance Framework for Construction and Real Estate Activities for standardised, robust and independently verified and, where necessary, assured EU Taxonomy claims.

The Framework should be developed in accordance with ISO17029 and include general principles, standardised credentials, adequate training, and the flexibility to adapt to changes in legal texts.

The Framework would provide policymakers and industry players with:

- harmonised guidelines to claim green capital.
- confidence that tools and assurance providers are aligned with the key principles anchored in the Framework.
- reassurance for investors and banks that they are minimising their physical and transitional risks.



## We are calling on:

European Commission to work with national governments and key market actors to **allocate financial resources to develop and operationalise this Framework.**

European Commission to ensure **the Framework is developed and implemented by neutral parties with relevant expertise** on both sustainable buildings and the EU Taxonomy.

National governments, financial institutions, major auditors to **legitimise the Framework** by providing official recognition.

WorldGBC is the world's largest and most influential local-regional-global action network accelerating the sustainable and just transition in the built environment.

In Europe, our network includes over 20 national Green Building Councils (GBCs), seven Regional Partners, and 5,000 private sector members.

European GBCs are uniquely placed non-profit entities with the technical knowledge and expertise to standardise objectives and provide unbiased assessments of a building's environmental performance in line with the EU Taxonomy. Our network is ready to support in the development and implementation of an EU Taxonomy Verification and Assurance Framework.