

Call for evidence on EC guidance on DNSH application under 2028-2034 MFF

1 April 2026

General comments

The European Banking Federation strongly supports the goal of simplifying and harmonizing the DNSH principle across the EU regulatory framework including its application under the MFF. We support all efforts for simplification, proportionality, practical applicability and consistency with EU law.

We would like to propose the following:

- **Adaptation of the extent to which statutory requirements could be envisaged for compliance with the DNSH.**

The DNSH should be aligned with EU legislation to the maximum extent possible (e.g. compliance with the building codes, and legislation on vehicle emissions, aligning car registration documents and EPCs with the Taxonomy). Reliance on the legal frameworks of EU and MSs should be considered sufficient to demonstrate compliance, without requiring additional checks on the application of such legislation for financing purposes. Requesting additional technical evidence often proves redundant with minimum EU legal standards and can act as a barrier to access green financing products

For example, DNSH criteria for transport (e.g. pollution, circular economy) are already verified through the EU's mandatory type-approval process before a vehicle enters the market. Requiring a second check by financiers is inefficient. These pre-existing institutional controls should be recognized as sufficient proof of compliance.

While we also support a consistency with the EU Taxonomy where feasible (as also indicated by the Commission), DNSH in this context should not be treated as equivalent to the EU Taxonomy framework as the MMF and EU Taxonomy have different legal bases, objectives and design features.

- **Making available a list of DNSH criteria mapped against relevant EU regulations as well as national legislation of the Members States.**

This would clarify where existing laws already ensure DNSH compliance and where additional checks are genuinely required, thereby reducing duplication of assessments, enhancing consistency across Member States and providing greater legal certainty for both corporate and financial institutions. Such mapping should remain indicative as opposed to forming a prescriptive or exhaustive list of criteria, neither creating an additional verification layer. The mapping should primarily serve to highlight where existing EU legislation already ensures DNSH compliance, while maintaining flexibility and avoiding fragmentation stemming from differences in national frameworks.

- **Streamlining evidence by accepting recognised certifications and registrations**

Evaluation of DNSH alignment could be supported by providing a list of existing labels, certificates or regulatory standards that could be considered as aligned with a particular EU Taxonomy activity, without the need for further evaluation. Any list of recognised labels or standards should remain non-exhaustive and be used as a tool to facilitate assessments.

In addition, it would be important for future guidance to take into account the role of financial institutions as intermediaries. In many cases, financial institutions do not have operational control over the financed activities nor access to fully harmonised information.

Guidance should therefore define a clear, proportionate and verifiable minimum set of evidence requirements, which does not exceed the reasonable verification capacity of financial institutions. It should also allow institutions, where appropriate, to rely on client-provided documentation, recognised certifications, or independent third-party assessments.

- **Including clear guidance in the TSC on how to assess DNSH alignment in third countries**

Assets and economic activities that must be assessed against the TSC are not exclusively based in the European Union. Many DNSH criteria are based on compliance with EU legislation, but only very few of these give guidance on how to assess these criteria in third countries. Whenever guidance is given, e.g. footnotes in (EU) 2021/2139 annex I appendix D, this guidance is often vague. In such cases analysis of whether local standards are equivalent to EU legislation is complex and different actors arrive at different conclusions. For all TSC linked to EU-legislation widely used international standards or certifications (equator principles, ISO standards, local green taxonomies etc.) that are considered equivalent should be listed for the assessment of assets or activities in third countries. This would allow for speedy assessments and ensure the TSC are applied consistently.

- **Improving data availability through public databases**

Public authorities should make all efforts to provide access to data already available at the national level, facilitate the creation of data platforms that could be made accessible to authorized users and facilitate and coordinate collaborative efforts towards data collection among different stakeholders. Improved public databases would also reduce the cost and operational burden for in obtaining reliable information, while avoiding inconsistencies.

- **Improving usability**

The DNSH requirements should be as specific as possible, and wherever feasible, quantifiable or parameterised in a yes/no or complies/does not comply format, to facilitate a consistent and proportionate application.

The Recovery and Resilience Facility DNSH guidance is a good example of how structured tools (e.g. checklists and templates) can support implementation, while maintain flexibility and avoiding overly prescriptive approaches.

- **Exemption of individuals and SMES from DNSH assessment**

SMEs should be exempted on the basis of assumed compliance with the EU legal obligations as long as they are not active in sectors covered by the Benchmark Regulation as suggested by the EU Platform for Sustainable Finance.

Individuals also do not have access to detailed DNSH data e.g. on climate adaptation concerning their properties. Given the practical limitations in accessing detailed data, individuals should also be exempted from such verification.

Alternatively, if an exemption cannot be considered, a simplified approach or safe harbours should be introduced, for example through the use of size thresholds, sectoral risk filters, and reliance on existing permits, registrations or public databases, rather than requiring granular DNSH evidence that may not be reasonably accessible. Such an approach would remain consistent with the proportionality principle and with existing practices in EU instruments, where smaller-scale or lower-risk activities are subject to simplified requirements.

Specific comments on selected DNSHs in the transport and building sectors

Sector Transport; DNSH Climate Change Adaptation

Currently, the DNSH criteria on climate change adaptation requires a physical risk assessment (e.g., floods, wildfires, heatwaves) based on precise geographical coordinates of the investment location. However, for transport sector activities, this requirement is technically unfeasible, as the financed assets (vehicles, trains, buses, etc.) are mobile and not tied to a fixed site. In addition, by nature the mobile assets are less vulnerable to physical climate risk and adaptation measures will not be impacting the configuration of the asset.

Proposed suggestion: It is proposed to classify these criteria as not applicable for the mobile assets, thus removing the need for physical risk assessment and simplifying the verification process.

Justification: The "Operational Guidance for compliance with the DNSH principle", published by MEF* as part of the national implementation of the PNRR, financed through the Next Generation EU programme, states that the DNSH criteria on climate change adaptation is not applicable to mobile assets. This interpretation, developed to guide the use of public funds should be widely adopted also for other application in the contexts of the EU Taxonomy.

Sector Transport; DNSH Circular Economy

Currently, the DNSH criteria align with existing EU regulatory requirements mandating that vehicles be at least 85% reusable and 95% recyclable by weight, with adequate waste and battery management systems in place. Compliance is ensured through type-approval

procedures under Regulation (EC) No. 715/2007 and Directive 2005/64/EC, which are fully applied within all 27 Member States by national authorities, making these obligations both legally binding and subject to formal regulatory verification by national authorities.

Proposed suggestion: It is proposed to consider these criteria to be deemed automatically satisfied for EU-registered vehicles, avoiding redundant documentation requests.

Justification:

Existence of legal obligation that is already controlled by selected Institutional bodies which are controlling the ex-ante fulfilment at the market entrance of the product, making control redundant in the case of the financing of the purchase of a mobile asset which is already in the market.

- **Legislation:** includes Article 1 and Article 15 of Regulation (EU) No. 540/2014 concerning the simplification of vehicle registration, sale and entry into service within the EU, as well as Directive 2005/64/EC on the type-approval of motor vehicles. The directive is fully applied by local legislation within local national legislation (all 27 Member state)
- **The control and enforcement framework:** before entering in the market a new product (i.e. a new car) is already controlled (in fulfilment of the Directive 2005/64/EC, Regulation (EC) No. 715/2007 and Regulation (EU) 2018/858) by determined Institutional bodies (es. EU type-approval issued by a designated approval authority such as Italian Ministry of Infrastructure and Transport, accredited technical services such as TÜV, CSI, UTAC etc.)

Sector Transport; DNSH Pollution Prevention

The DNSH criteria on pollution prevention require compliance with limits on emissions, noise, vibrations, and tyre performance, which are already covered by EU type-approval rules through mandatory testing and EPREL registration. In other words, product already presents in the market are controlled by designated Institutions, making redundant the financial sector control of such requirement.

Proposed suggestion: Given that compliance is formally overseen by competent authorities prior to commercialization, it is proposed that **vehicles approved under EU regulations be considered compliant by law with the DNSH pollution prevention criteria**, without requiring

additional documentation for the purchase of such products. Therefore, for financing transport sector, the requirement is verified before the entrance in the market.

Justification: Existence of legal obligation that is already controlled by selected bodies. Legislation includes Regulation (EC) No. 715/2007 and Directive 2009/33/EC (already implemented in all 27 EU Member States) concerning emission thresholds, as well as Regulation (EU) 2020/740 regarding tyre requirements and energy efficiency, with verification through the EPREL database. The control and enforcement framework consists of Regulation (EU) 2020/740, Regulation (EU) 2018/858, Regulation (EC) No. 715/2007 and Directive 2009/33/EC (already implemented in all 27 EU Member States). For example, the “Operational Guidance for compliance with the DNSH principle” published by the Italian Ministry of Economy and Finance (MEF*) confirms that such environmental requirements are already ensured through existing EU regulatory frameworks and certification processes

Sector Building Construction and Renovation; DNSH Circular Economy and Pollution

Concerning Construction and Real Estate activities, and specifically the **construction and renovation of buildings** (7.1 and 7.2), the DNSH criteria are already fulfilled ex-ante with the permission to proceed to the construction and renovation (building permit) by Institutional Bodies. Consequently, **the DNSH assessment I should be substituted with the authorization to construct and renovate**, because such authorization already implies the control of the requirements behind the DNSH of Pollution, Biodiversity and Circular Economy.

Justification: the construction and renovation sector of existing buildings is governed by a comprehensive set of regulations (in all EU 27 Member States) that enable compliance with and even go beyond the DNSH principle. For instance, the DNSH of Biodiversity for construction recalls the Directive 2011/92/EU and 2014/52/EU on Environmental Impact Assessment to ensure the respect of Natura2000 principles. Such Directive is fully applied and monitored by local Institutions which control if a new construction project conflicts with the Directive. The construction permit therefore implies the DNSH fulfilment and control.

Compliance with environmental regulations (e.g. asbestos removal, waste management) is subject to verification by the competent authorities through formal authorization requirements, inspections, and controls. This framework effectively ensures that all DNSH requirements are duly met. DNSH should be considered fulfilled with construction permit.

Substantive legal obligations (technical requirements)

- National laws banning the extraction, import, export, marketing, and production of asbestos

- Directive 2011/92/EU and 2014/52/EU on Environmental Impact Assessment ensure the respect of Natura2000 principles.
- National EIA laws and planning regulations transposing the above directives
- Directive 2008/98 on the obligation of recycling of material

Control and enforcement framework

- Local building permit procedures: renovation projects involving asbestos require declaration and approval;
- ASL (local health and safety authority): conduct on-site inspections and verify asbestos management plans;
- EIA screening and full assessments required prior to permitting
- Obligatory involvement of environmental authorities in EIA
- Monitoring and enforcement by competent national and local authorities (e.g., ARPA, environmental departments)

Sector Renovation of existing buildings; DNSH Circular Economy

DNSH criteria on circular economy require that at least 70% by weight of construction and demolition waste be directed to recovery operations (category “R”). However, the obligation, according to the EU Directive 2008/98 (already implemented in the 27 EU member state) to recycle at least 70% of waste exists. Moreover, this obligation is verified by Institutional Body (es. ARPA, EEA). In addition, not all renovation works produce relevant waste volumes, especially in the case of light or non-structural interventions (e.g. window replacement, energy efficiency upgrades).

Proposed suggestion: We propose that this DNSH be deemed satisfied where interventions are already subject to regulation requirements on waste and the oversight of competent authorities. We therefore suggest that the DNSH criteria can be considered already verified by institutional bodies.

Supporting evidence:

EU Directive 2008/98 (already implemented in the 27 EU member state) that verifies and controls recycling targets for construction and demolition activities (recycling at least the 70% of waste). Furthermore, the DNSH Principle (3rd edition), published by MEF as part of the PNRR funded by the Next Generation EU program, since it allows DNSH criteria to be considered not applicable when technically or materially irrelevant. In line with this interpretation, the Circular Economy criteria are not applicable in the absence of demolition waste.

Sector Renovation of existing buildings; DNSH - Pollution Prevention

The DNSH criteria on pollution prevention require, in cases of thermal insulation works on the envelope of existing buildings, an asbestos risk assessment and, where necessary, safe removal of any asbestos-containing materials. However, for buildings constructed after the asbestos ban the presence of asbestos can be reasonably excluded. Furthermore, asbestos-related obligations are already covered by national legislation, which includes strict requirements on identification, removal and disposal of asbestos, and is subject to oversight by public authorities. This regulatory framework ensures compliance through building permits and inspections by local health and safety authorities (ASL). **Therefore, financing building and construction renovation, the granting of a construction permit should provide sufficient assurance of compliance.**

Proposed suggestion: This DNSH be deemed satisfied for buildings build after asbestos ban in the MSs as legal obligations and supervisory mechanisms already ensure environmental protection and risk prevention.

Supporting evidence: Legal and enforcement framework at MS level

Control and enforcement framework

- Local building permit procedures: renovation projects involving asbestos require declaration and approval;
- ASL: conduct on-site inspections and verify asbestos management plans.
- ARPA: support monitoring and reporting.

Sector Construction; DNSH - Biodiversity

The **DNSH criteria on biodiversity** are already embedded within existing EU and National legal frameworks. In particular, **Directive 2011/92/EU** mandates Environmental Impact Assessments for projects likely to affect biodiversity, including **screening procedures to determine significance**. These **obligations** are implemented through national permitting processes, which include mandatory **consultation** with environmental **authorities** and **public disclosure**. Moreover, national building permits require site-specific checks against biodiversity-sensitive areas and must comply with planning regulations. As such, the **DNSH requirement is already enforced** through legal **procedures** and **formal oversight mechanisms**. **Therefore, DNSH could be considered already fulfilled and controlled.**

Proposed suggestion: It is therefore proposed to consider the DNSH criteria on biodiversity be deemed satisfied for construction activities subject to EIA/screening procedures under **Directive 2011/92/EU** as well as **national building laws**. These frameworks ensure protection of biodiversity through **formal authorization** and **monitoring processes**.

Supporting evidence: Substantive legal obligations (technical requirements)

- Directive 2011/92/EU and 2014/52/EU on Environmental Impact Assessment
- National EIA laws and planning regulations transposing the above directives
- Control and enforcement framework**
- EIA screening and full assessments required prior to permitting
- Obligatory involvement of environmental authorities in EIA
- Monitoring and enforcement by competent national and local authorities (e.g., ARPA, environmental departments)

**Sector Data processing, hosting and related activities contribution to climate mitigation;
DNSH – Circular Economy**

As part of the development of new data centers, the **DNSH criteria on circular economy** require compliance with the provisions of the Ecodesign Directive for servers and data storage products (Directive 2009/125/EC), the avoidance of hazardous substances in electrical and electronic equipment as per Annex II to Directive 2011/65/EU, a waste management plan for electrical and electronic equipment, as well as compliance with requirements regarding reuse, recovery, or recycling operations, or proper treatment in accordance with Annex VII to Directive 2012/19/EU.

A **prerequisite for fulfilling** and demonstrating **compliance** with the requirements under DNSH CE is that the **selection, operation and decommissioning of electrical and electronic equipment is part of the project** development for the construction or the operation of a data center. However, **this is not always the case**. Increasingly, project developers build data centers, including the necessary building infrastructure, and fully lease them to large customers. The equipment of the data center with the required electrical and electronic devices is then carried out by the tenant according to their own needs.

Thus, the requirements of the DNSH CE assessment are not relevant or assessable for the construction of the data center or its financing.

To **promote the practical application** of this economic activity for data centers as critical components of the digital infrastructure, **a mechanism should be established to exclude non-applicable assessment criteria from the evaluation without negatively impacting potential taxonomy alignment**.

Proposed suggestion: This DNSH assessment **should be excluded** from the evaluation of data centers in cases where the technical equipment with electrical and electronic devices is not part of the project development or operation of the data center.

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