

## Press release

21 december 2020

## Heimstaden Bostad: The EU Taxonomy needs to be adjusted

**Heimstaden Bostad has sent a response to the European Commission regarding the Delegated Act of the EU taxonomy. Heimstaden Bostad supports the purpose of the proposal which is to direct investments in the housing market into more sustainable housing but thinks parts of the proposal could potentially have a negative effect on the environment.**

*“We encourage the efforts to direct more investments into sustainable activities, as an evergreen company we think it sends the right signals. However, the outlined screening criteria at this stage are too unbalanced and will likely have a negative impact on the environmental work, rather than the opposite,”* said, Katarina Skalare, Chief Sustainability Officer at Heimstaden.

The EU taxonomy is meant to help investors understand whether an economic activity is environmentally sustainable, and to navigate the transition to a low-carbon economy, setting a common language between investors, issuers, project promoters and policy makers. Heimstaden Bostad has engaged in the delegated act from the Commission, submitting its recommendations.

*“The real estate sector is crucial for achieving EU's energy and environmental goals, but the Taxonomy in its current state will not create a proper guidance for financial investors, instead the regulation risk misguide important ‘green’ decisions due to an inconsistent classification system,”* said Skalare.

For the new construction sector, the proposed Taxonomy enables many new productions built in 2021 and forward to be considered as eligible for sustainable investments. For existing buildings, the Taxonomy demand buildings to have an energy performance classification A to be classified as sustainable, an unreachable level for most older buildings across Europe, which consequently, even after major renovations, exclude the existing property stock being classified as sustainable investments.

*“The Taxonomy practically means that existing property stock across Europe will be side-lined and it could be more favourable to demolish existing buildings and build new ones, which is unsustainable both from a climate and raw material*

*perspective*” said Patrik Hall, CEO at Heimstaden.

**Our recommendations submitted to the European Commission:**

- We recommend going back to the threshold value “top 15 %” regarding energy performance instead of EPC A, separate criteria for residential and commercials considering the different character of the buildings.
- We support the different individual measures (7.3, 7.4, 7.5, 7.6) in the Delegated Act. However, we see a risk of complexity to secure compliance and report on due to the many references to different sources.
- We recommend simplifying the DNSH requirements.
- We recommend simplifying the reporting requirements to ease the reporting burden arising from various EPC implementation throughout Europe and make it possible for the financial sector and others to make a proper comparison.

**For more information, contact:**

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Heimstaden Bostad is a leading residential real estate company in Europe, with a focus on acquiring, developing and managing housing and premises. Through our values Care, Dare and Share, we create value for our owners and friendly homes for our customers. Heimstaden Bostad has about 100,900 apartments and a property value of approximately SEK 139 billion. The head office is located in Malmö, Sweden. For more information, visit [www.heimstadenbostad.com](http://www.heimstadenbostad.com).

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