

# Taxonomy criteria for climate: Energy efficiency systems matter!

## ***European gypsum industry's input into the Delegated Act on technical screening criteria for climate change mitigation & climate change adaptation***

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The objectives of mitigating and adapting our societies to climate change are rightly at the core of the European institutions' works on sustainable finance, given the EU's and international commitment to counter global warming and its negative impact on our societies and ecosystems.

Defining the right sectors of activity and the corresponding criteria to achieve such objectives is no easy task, as evidenced by the complexity of the decision-making procedure on this subject.

Eurogypsum, the European manufacturers association for plaster and plasterboard products, supports the EU sustainable finance initiative as an appropriate instrument to encourage green funding and provide investors and other stakeholders with relevant information to channel investments into activities that enable the transition to a low-carbon, resilient and resource-efficient economy. Such evolution is also of particular relevance to our sector, with many member companies requiring investment in technologies and processes to further reduce their carbon footprint and support Europe's move to carbon neutrality.

### **Gypsum and building renovation**

Gypsum is a cost-efficient and sustainable mineral, which has been used for centuries to produce construction materials such as plaster, stucco or plaster-based products. These materials fulfil all requirements to create a sustainable, safe, resilient, comfortable and aesthetically modern living environment for everyone. Gypsum based products are key components for lightweight wall systems with low embodied carbon since their production and assembly requires significantly less energy than most other construction products.

Gypsum is fully recyclable and a "closed loop" material. Our industry has engaged for many years to facilitate and boost the actual recycling of gypsum-based products such as plasterboards. A Life+ project "G to G – Gypsum to Gypsum<sup>1</sup>", completed in 2015, demonstrated the feasibility of producing plasterboards with up to 30% recycled gypsum content, based on current available technologies and high-quality recycled gypsum. Besides, the use of recycled paper layers in plasterboard is approaching 100%.

Gypsum products such as drywall systems and gypsum plaster are an integral part of building renovation. Due to their properties and ability to redesign buildings' interiors in the most flexible way, gypsum solutions are particularly well suited and typically used for renovation works touching the building's envelope. Gypsum has the property of equilibrating humidity and heat peaks by

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<sup>1</sup> <https://gypsumtogypsum.org/gtog/gtog-project/>

storing humidity when a room is humid and automatically release this humidity if the indoor air becomes too dry. The moisture buffering and temperature equilibration properties of gypsum make gypsum solutions an integral part of insulation systems, such as in the case of plasterboard laminated with insulation material, providing room comfort in winter and summer. They are as such a major component of energy efficiency systems for buildings, actively contributing to climate change mitigation and adaptation objectives. Needless to say, gypsum solutions are an essential solution for the realisation of the EU Renovation Wave, which aims to accelerate renovation rates and achieve deeper savings notably via envelope insulation.

Furthermore, the use of lightweight gypsum-based construction materials reduces the need for heavier building materials and allows forward-looking vertical extensions of buildings, thereby lowering the footprint of construction and developments and contributing to effective urban renovation.

## Sustainable finance for renovation

The “Draft Delegated Act<sup>2</sup>” setting technical screening criteria for climate change mitigation and adaptation, including Annexes 1 and 2, which are subject to consultation until 18 December 2020, represent a very good basis to implement the EU Taxonomy Regulation and provide the right approach to defining the relevant criteria. However, we believe that some adjustments would be needed to better account for constructional thermal insulating systems in energy efficient buildings.

Due to its significant share in the use of energy (40%) and natural resources (50%)<sup>3</sup>, the construction sector has a major potential to make a difference in addressing the unprecedented environmental challenges Europe and the whole world are facing, including emissions and effluents into the air, soil and water, as well as waste increase and biodiversity loss. It is rightly recognised as a priority in the European Green Deal and other related policies such as the 2020 Circular Economy Action Plan.

Chapter 7 (“Construction and Real Estate Activities”) addresses important elements in the construction, renovation, acquisition, ownership and equipment of buildings. When it comes to the systems and elements supporting energy efficient and low carbon construction and renovation, subchapters 3.4 (“Manufacture of energy efficiency equipment for buildings”) and 3.5 (“Manufacture of other low carbon technologies”) are of particular relevance. However, we believe that the detailed wording under these subchapters fails to account for the **major role of systems, as a sum of multiple components**, in achieving energy efficiency.

## Insulation system components should be included

We strongly believe that lightweight construction materials such as gypsum products, which are **integral to insulation systems**, reduce the need for heavy building materials, and also promote urban renovation programmes in high-density areas through the vertical extension of buildings, are key enablers for energy efficiency in buildings and should be recognised as such in the Draft Delegated Act’s Annexes 1 and 2, in subchapter 3.4.

The current version of this subchapter identifies a number of construction product manufacturing activities which, to a certain extent, contribute to energy efficiency in buildings. Given their significant role in achieving building energy efficiency as outlined above, as well as their low embodied carbon, we suggest including gypsum-based product manufacturing in subchapter 3.4 (Manufacture of energy efficiency equipment for buildings) in Annexes I and II. Without this inclusion, we fear that the current list of eligible activities may contradict the principles established in Regulation (EU) 2020/852, by which “*within each sector, (the technical screening) criteria should*

<sup>2</sup> European Commission: “Draft Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives” (Ref. Ares(2020)6979284), 20 November 2020.

<sup>3</sup> European Commission: “Roadmap to a Resource Efficient Europe” (COM(2011)571), 20 September 2011.

*not unfairly disadvantage certain economic activities over others if the former contribute to the environmental objectives to the same extent at the latter<sup>4</sup>".*

The text of both annexes to the Draft Delegated Act under subchapter 3.4 should therefore be altered accordingly and a reference made to NACE codes C23.52 and C23.62, which are applicable to gypsum-based products and plasterboard. You will find a proposed amendment in annex to this statement.

We thank the European Commission in advance for considering our comments when finalising this major act, so that the right signals are sent to ensure that our sector continues to play a major role in facilitating the transition to a low-carbon and resource-efficient economy.

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**Eurogypsum** is a European federation of national associations of producers of gypsum products (i.e. plaster and plasterboard). It is one of the few fully integrated industries (from cradle to cradle) within the construction products field. The companies which mine gypsum also process it and manufacture the value-added products and systems used extensively in construction and other industries. With a turnover of EUR 7 billion, the European gypsum and anhydrite industry operates some 160 factories and 154 quarries and generates employment directly to 28,000 persons and indirectly for 300,000 persons. The gypsum industry provides jobs to 1,100,000 plasterers and plasterboard installers. It trains around 25,000 persons per year across Europe.

Contacts:

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■ Recital (45) in: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

# Annex I: Eurogypsum's proposed amendments to Annex I of the Delegated Regulation

We would propose the following amendments to subchapter 3.4 (in red marks):

## 3.4 Manufacture of energy efficiency equipment for buildings

### *Description of the activity*

Manufacture of energy efficiency equipment for buildings.

The activity is classified under NACE codes C16.23, C17.11, C22.23, C23.11, C23.20, C23.31, C23.32, C23.43, C23.52, C23.62, C25.11, C25.12, C25.21, C25.29, C25.93, C27.31, C27.32, C27.33, C27.40, C27.51, C28.11, C28.12, C28.13, C28.14, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

The activity is an enabling activity in accordance with Article 10(1), point (i), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

### *Technical screening criteria*

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#### Substantial contribution to climate change mitigation

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The economic activity manufactures one or more of the following products and their key components:

- (a) windows with U-value lower or equal to 0.7 W/m<sup>2</sup>K;
- (b) doors with U-value lower or equal to 1.2 W/m<sup>2</sup>K;
- (c) external cladding with U-value lower or equal to 0.5 W/m<sup>2</sup>K;
- (d) roofing systems with U-value lower or equal to 0.3 W/m<sup>2</sup>K;
- (e) household appliances falling into the top two energy efficiency classes in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council;
- (f) lighting appliances rated in the top two energy labelling class in accordance with Regulation (EU) 2017/1369;
- (g) space heating and domestic hot water systems rated in the top energy labelling class in accordance with Regulation (EU) 2017/1369;
- (h) cooling and ventilation systems rated in the top two energy labelling class in accordance with Regulation (EU) 2017/1369;
- (i) presence and daylight controls for lighting systems;
- (j) heat pumps compliant with the technical screening criteria set out in Section 4.16 of this Annex;
- (k) façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation;

(ka) wall and roofing elements performing the function of constructional thermal insulation and/or temperature equilibration in buildings;

(l) energy-efficient building automation and control systems for commercial buildings;

(m) zoned thermostats and devices for the smart monitoring of the main electricity loads for residential buildings, and sensing equipment;

(n) products for heat metering and thermostatic controls for individual homes connected to district heating systems and individual flats connected to central heating systems serving a whole building.

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Do no significant harm ('DNSH')

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(2) Climate change adaptation	The activity complies with the criteria set out in Appendix E to this Annex.
(3) Sustainable use and protection of water and marine resources	Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed, in accordance with a water use and protection management plan, developed in consultation with relevant stakeholders.
(4) Transition to a circular economy	The activity assesses availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and re-used components in products manufactured; (b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured; (c) waste management that prioritises recycling over disposal, in the manufacturing process.
(5) Pollution prevention and control	N/A

(6) Protection and restoration of biodiversity and ecosystems

An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards.

Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures<sup>126</sup> are implemented.

## **Annex II: Eurogypsum's proposed amendments to Annex II of the Delegated Regulation**

We would propose the following amendments to subchapter 3.4 (in red marks):

### **3.4. Manufacture of energy efficiency equipment for buildings**

#### *Description of the activity*

Manufacture of one or more of the following energy efficiency equipment (products and their components) for buildings:

- (a) windows with U-value lower or equal to 0,7 W/m<sup>2</sup>K;
- (b) doors with U-value lower or equal to 1,2 W/m<sup>2</sup>K;
- (c) external cladding with U-value lower or equal to 0,5 W/m<sup>2</sup>K;
- (d) roofing systems with U-value lower or equal to 0,3 W/m<sup>2</sup>K;
- (e) household appliances falling into the top two energy efficiency classes in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council ;
- (f) lighting appliances rated in the top two energy labelling class in accordance with Regulation (EU) 2017/1369;
- (g) space heating and domestic hot water systems rated in the top energy labelling class in accordance with Regulation (EU) 2017/1369;
- (h) cooling and ventilation systems rated in the top two energy labelling class in accordance with Regulation (EU) 2017/1369;
- (i) presence and daylight controls for lighting systems;
- (j) heat pumps compliant with the technical screening criteria set out in Section 4.16 of this Annex;
- (k) façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation;  
(ka) wall and roofing elements performing the function of constructional thermal insulation and/or temperature equilibration in buildings;
- (l) energy-efficient building automation and control systems for commercial buildings;
- (m) zoned thermostats and devices for the smart monitoring of the main electricity loads for residential buildings, and sensing equipment;
- (n) products for heat metering and thermostatic controls for individual homes connected to district heating systems and individual flats connected to central heating systems serving a whole building.

The activity is classified under NACE codes C16.23, C17.11, C22.23, C23.11, C23.20, C23.31, C23.32, C23.43, C23.52, C23.62, C25.11, C25.12, C25.21, C25.29, C25.93, C27.31, C27.32, C27.33, C27.40, C27.51, C28.11, C28.12,



C28.13, C28.14, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

*Technical screening criteria*

Substantial contribution to climate change adaptation

The economic activity has implemented physical and non-physical solutions ('adaptation solutions') that reduce the most important physical climate risks that are material to that activity.

The physical climate risks that are material to the activity have been identified from those listed in Appendix A to this Annex by performing a robust climate risk and vulnerability assessment. The assessment is proportionate to the scale of the activity and its expected lifespan, such that:

- (a) for investments into adaptation solutions activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections;
- (b) for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments.

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the open source models, the best available science for vulnerability and risk analysis and related methodologies in accordance with the most recent Intergovernmental Panel on Climate Change reports and scientific peer-reviewed publications.

The adaptation solutions implemented:

- (a) do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities;
- (b) favour nature-based solutions or rely on blue or green infrastructure to the extent possible;
- (c) are consistent with local, sectoral, regional or national adaptation efforts;
- (d) are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met;
- (e) where the solution implemented is physical and consists in an activity for which technical screening criteria have been specified in this Annex, the solution complies with the do no significant harm technical screening criteria for that activity.

Do no significant harm ('DNSH')

(1) Climate change mitigation

N/A

(3) Sustainable use and protection of

Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed, in accordance with a water use and protection management plan, developed in

water and marine resources



	consultation with relevant stakeholders.
(4) Transition to a circular economy	<p>The activity assesses availability of and, where feasible, adopts techniques that support:</p> <ul style="list-style-type: none"> <li>(a) reuse and use of secondary raw materials and re-used components in products manufactured;</li> <li>(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</li> <li>(c) waste management that prioritises recycling over disposal, in the manufacturing process.</li> </ul>
(5) Pollution prevention and control	N/A
(6) Protection and restoration of biodiversity and ecosystems	<p>An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards.</p> <p>Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.</p> <p>For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures<sup>142</sup> are implemented.</p>