

Stuttgart, 23.07.2021

DGNB and European partners announce new ESG Verification for the EU Taxonomy in the real estate industry

Financial market stakeholders, property developers and the owners of existing buildings can now have the conformity of properties audited by the German Sustainable Building Council (DGNB) according to the requirements of the EU taxonomy. The new ESG verification service, which is being offered collaboratively by partners in the Climate Positive Europe Alliance (CPEA), can be used by companies for individual buildings or entire portfolios. The service covers three areas: new construction, renovation, and acquisition and ownership. Audits can be carried out concurrently or independently during DGNB certification. In future, the EU taxonomy criteria will be integral components of any further developments made to the different variants of the DGNB system. In the event of future extensions being added to the taxonomy criteria by the EU, the ESG verification process will be adapted as soon as possible, particularly in areas affecting social issues and governance.

To make it possible to verify the conformity of property to EU taxonomy criteria, as part of an alliance with its European CPEA partners, the DGNB is introducing its own ESG verification service for the property industry. Applicable to three fields of business defined in the taxonomy – new construction, renovation, and acquisition and ownership – it is based on currently applicable taxonomy criteria, although it also includes employment standards, social standards and good governance on the part of involved companies.

ESG verification plays an important role in transparency and risk minimisation, especially during the buying and selling process. In addition to requiring financial stakeholders to disclose any project investments they are involved in, in future projects that comply with taxonomy criteria are expected to receive better funding terms. In this regard, the new ESG verification offered by CPEA and the DGNB will serve as independent proof of compliance.

“Transparency and the independent validation of building sustainability have always been a pivotal aspect of our work at the DGNB,” states Johannes Kreissig, Chief Executive Officer of the DGNB. “Our many years of experience in the field of certification and our expansive network of experts are something all parties can now benefit from by using our ESG verification service – offering reliable, quality-assured evidence. By working with our partners in Spain, Austria, Belgium and Denmark, we are responding to the high volume of requests and creating a genuinely European offering for the real estate and finance industries.”

Service based on insights gained in an international taxonomy study

To develop the reporting format, the DGNB and its partners drew on experience gathered during an EU-wide study into the commercial suitability of the taxonomy criteria. Published in March 2021, the study was based on questionnaires, which – now tried and tested in practice – have been modified for use with the new service. Stakeholders using the DGNB service to assess ESG conformity with the EU taxonomy not only receive proof of compliance with the criteria, but also reports capturing the detailed results of assessments, thus providing important pointers on areas that may still require specific improvement.

“Our taxonomy study showed that DGNB-certified projects performed significantly better than others because they had robust data to turn to. Also, there was less time and effort involved in providing evidence for the taxonomy criteria,” states Kreissig. “As a result, we’ve added the latest version of the EU criteria to our current certification systems for new construction and buildings in use, and we’ll continue to incorporate them into any new systems or re-developments in the DGNB system. This will ensure that ESG verification becomes a standard element of DGNB certification.”

This also applies to the new version of the DGNB system for renovations, which will be published shortly. Overall, it can be noted that many factors requiring attention in the taxonomy are already central to DGNB certification – beneficial when it comes to leveraging synergies.

New ESG verification available with or without certification

Delivered through a variety of CPEA partners, the new ESG Verification for the EU Taxonomy service adheres to uniform principles and is applicable throughout Europe. “When it comes to ESG issues, you need uniform, reliable standards based on instruments that work beyond national borders and processes that also involve the companies undergoing assessment,” states Dr Peter Möhle of Drees & Sommer, co-initiator of the ESG working group set up by the CPEA. “The new ESG verification service offered by the DGNB and other CPEA partners delivers just that. It establishes a common framework,

pooling many years of experience in the existing network of experts – so it pulls together important experience with DGNB certification and the established process of independent conformity assessment in each individual country. The result is a tool that’s based closely on business practice and is now ready to implement requirements according to the EU taxonomy.”

The new service is aimed at property developers and the owners of individual properties or entire portfolios. In the first step, the DGNB service applies to the taxonomy objective relating to climate change mitigation and associated ‘do no significant harm’ criteria, as well as the S and G criteria, which are primarily targeted at companies themselves. Projects are submitted in line with documentation requirements used for ESG verification.

To carry out ESG verification through the DGNB, there is a registration fee of €1500 (DGNB members: €750) plus a verification fee per project. For projects under the DGNB categories of New Construction and Renovation, the project fee is €3000 (DGNB members: €2500). The verification fee for an Acquisition and Ownership project is €2000, or €1500 for DGNB members. If more than one project is submitted at the same time, there is only one registration fee. If an entire property portfolio needs verification, synergies are applied to the auditing fee.

No fee is charged for projects already registered under the latest version of DGNB certification. Application fees are also waived for all other projects striving to gain DGNB certification. This includes projects that have already been certified but require subsequent ESG Verification for the EU Taxonomy.

Staff training and free introductions

In principle, projects can be submitted by any developer, building owner or occupant – or anyone working on their behalf. After registering projects, applicants receive documentation providing a detailed list of everything that needs to be included in submissions. Basic ESG expertise is sufficient for submissions during the introductory phase in 2021. Depending on how EU taxonomy criteria develop going forward, in future specific qualifications will be required through the DGNB Academy.

In the coming months, the DGNB Academy will be offering training on the EU taxonomy and sustainable finance. This will cover essential requirements underlying ESG verification. Advanced courses will offer training on managing requirements in practice and introducing continuous improvements. Training is not only open to DGNB auditors and consultants, but also to any other parties interested in this area, even without prior knowledge of the work of the DGNB.

There is also a free online event to introduce the new DGNB service which will be held in German. This will take place on 2 September 2021 at 11.00 a.m. For detailed information on this topic as well as details of registration, go to www.dgnb.de/esg-verification-taxonomy.

DGNB German Sustainable Building Council

The DGNB German Sustainable Building Council was founded in 2007 and has around 1400 members, making it Europe's biggest network for sustainable building. The aim of the DGNB is to promote sustainability in the construction and real estate industry and instil awareness of building sustainability among the broader population. The DGNB is an independent non-profit organisation. Its certification system offers a planning and optimisation tool for evaluating sustainable buildings, interiors and districts. It was developed to help organisations enhance the tangible sustainability of construction projects. The DGNB system is based on the concept of holistic sustainability, placing equal emphasis on the environment, people and commercial viability. The DGNB Academy is an education and training platform that has already provided more than 5500 people from more than 45 countries with official qualifications in sustainable building.

Images available online at: www.dgnb.de/en/news/press-releases

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Note: We consider gender equality a matter of utmost importance. Wherever possible, DGNB documents and statements are gender-neutral. Our aim is for people of all gender identities to feel addressed by our work.

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