

EEB's reply to the call for evidence on the guidance to apply the DNSH principle to the Social Climate Fund

The EEB welcomes the opportunity to provide input on applying of the DNSH principle to the SCF national plans and supports extending the DNSH principle to all EU funds under the next MFF. Efforts to harmonise and reduce the burden of DNSH implementation across funds are welcomed, but the DNSH test must remain stringent and science-based to prevent environmentally harmful activities and incentivise genuinely sustainable investments.

1 The EEB emphasises the need to avoid financing technologies that utilise **climate-harmful refrigerants and those that may produce per- and polyfluoroalkyl substances**. PFAS are persistent in the environment and cause significant health issues. The SCF must prioritise adopting alternative technologies that do not pose such environmental and health risks, particularly when financing heat pumps and air conditioning units.

2 The EEB urges that the SCF **refrain from supporting any combustion-based technologies**, particularly **fossil-based ones**. This includes individual cars, other vehicles, individual heating technologies, and district heating systems. Investing SCF resources in fossil fuels-based technologies would lock us in high-carbon infrastructure for decades. To align with the DNSH principle and the EU's climate commitments, it is imperative to direct SCF funding towards genuinely sustainable and renewable energy solutions.

The SCF should also exclude any technology that can lead to **either indoor or outdoor air pollution**. Combustion processes generate pollutants such as PM, NO_x and VOCs, which have severe health implications. Promoting non-combustion-based solutions, such as

electric heat pumps, solar- or geo-thermal systems can significantly reduce air pollution and improve public health.

3 Beyond specific exclusions, the EEB advocates for a proactive approach in the SCF that emphasises **sufficiency, energy efficiency, and the integration of renewable energy sources**. Reducing energy demand as part of a broader energy sufficiency vision is crucial. Enhancing energy efficiency in buildings through insulation and energy-efficient appliances can drastically reduce energy demand and associated emissions. The fund should not just offer temporary financial compensation but also address the structural energy consumption, especially in vulnerable groups disproportionately affected by carbon pricing.

4 The DNSH principle should incentivise **circular building practices and sufficiency approaches, giving preference to retrofitting and renovating buildings before demolition**. Reusing building components and, if no other strategies are possible, high-quality recycling of construction and demolition wastes should be incentivised. Pre-demolition audits should be mandated as part of DNSH criteria. Material recovery, including backfilling operations, should be excluded from DNSH criteria, only allowing for reuse and high-quality recycling.

5 The DNSH principle within the **SCF must consider social harm and gender justice**. Carbon pricing will increase prices for consumers who may not have affordable alternatives. They disproportionately affect **low-income households, where women-led households, pensioners, and single parents are overrepresented**. Heating and fuel costs make up a larger share of these households' costs, and they often cannot afford upfront investments in low-carbon products.

Carbon pricing also disproportionately impacts workers in energy-intensive industries, particularly in Central and Eastern Europe, who require higher protection. From a gender perspective, care work can lead to higher heating costs due to longer home periods, and trips

for child and relative care are becoming more expensive. The fund should include specific targets and measures for women. Vulnerable groups, including LGBTIQ+ individuals and people of colour, are likely disproportionately impacted by carbon pricing, as shown by energy poverty.

To support our arguments, we at European Environmental Bureau would like to further provide some background documents:

1. Prohibition of Climate-Harmful Refrigerants and PFAS-Producing Technologies

On this point, we would like to point your attention [to this document](#), focused on the environmental harm of refrigerants.

2. Exclusion of Fossil Fuels and Combustion-Based Technologies

On this point, we would like to prompt your attention to [this document](#), which analysed the CO2 contribution of heat pumps in the different member states in 2022 and shows evidence that they perform better than any other combustion technology all over Europe, when their emissions across their lifespan are taken into consideration.

3. Emphasizing Energy Efficiency and Renewable Energy Integration

On this point we would like to point you to [the IPCC sufficiency policy options which](#) should be included in guidance to the Social Climate Fund.

For further contacts: davide.sabbadin@eeb.org