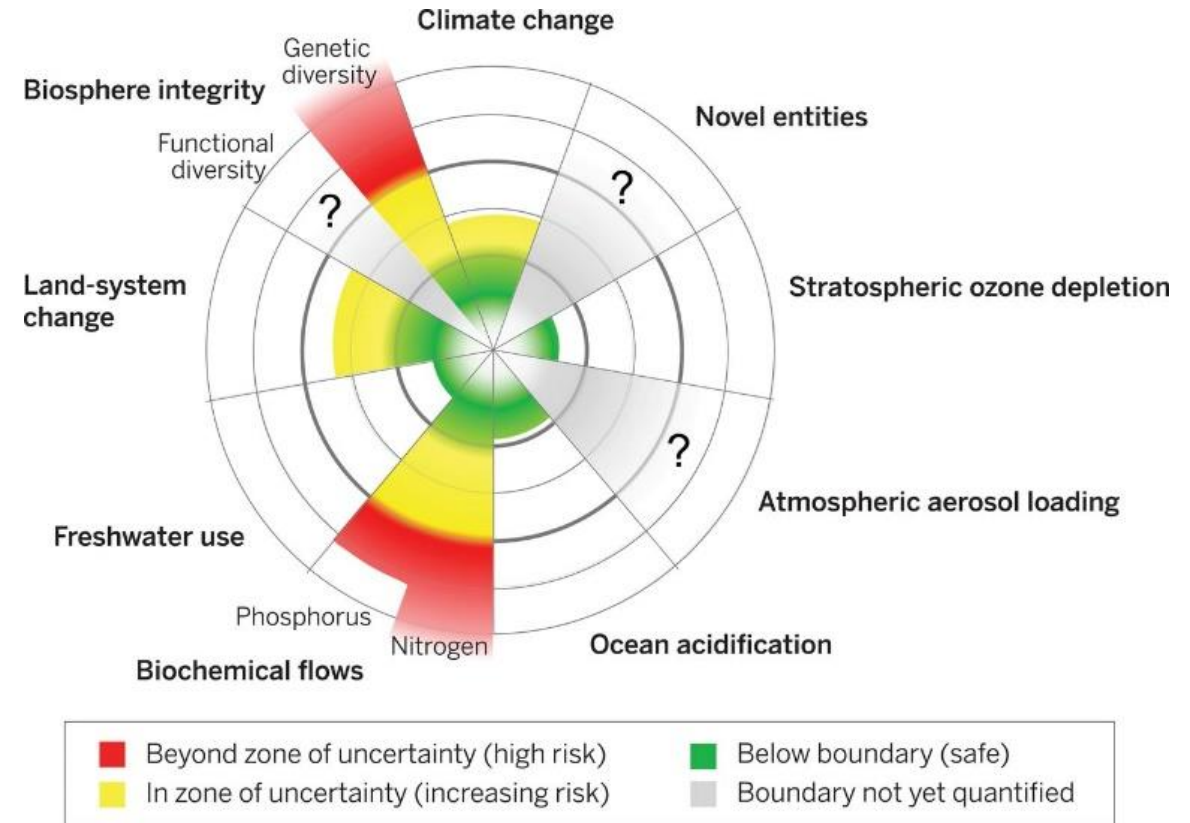
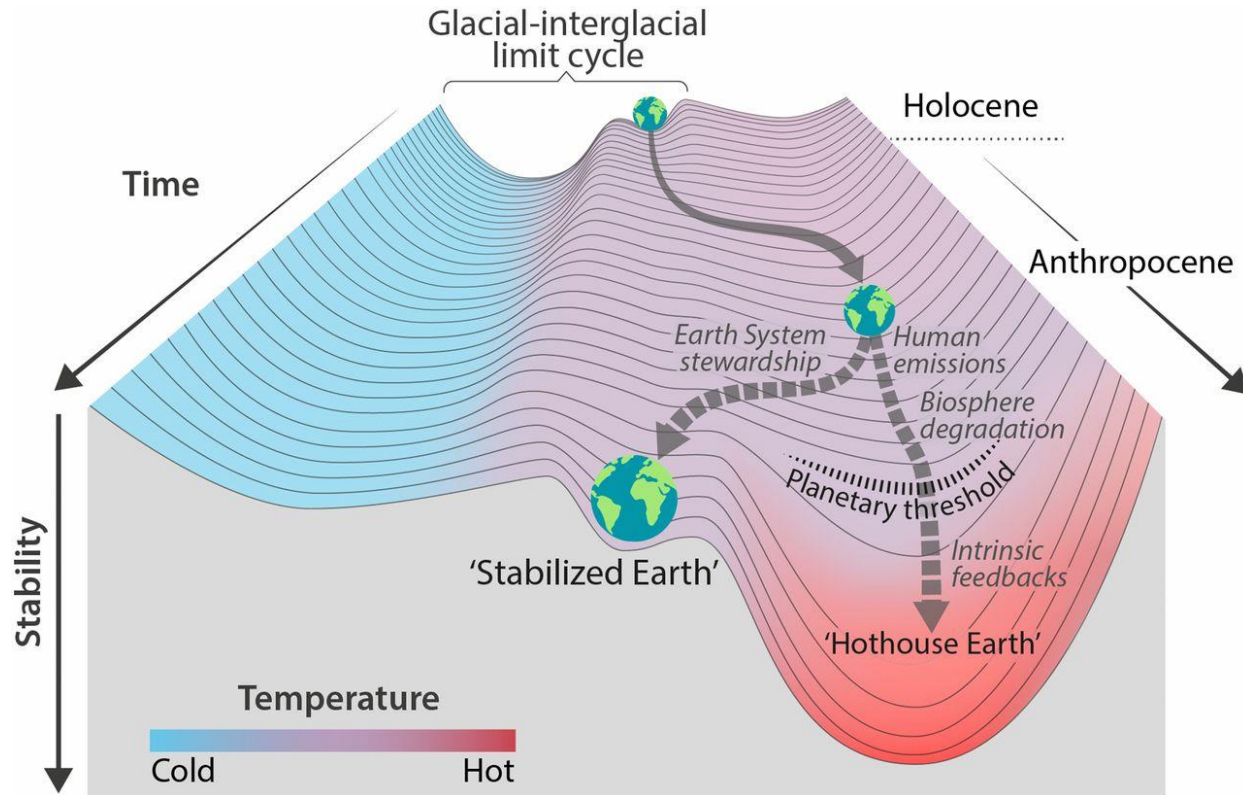




Technical Expert Group on Sustainable Finance

Sustainable Taxonomy

Urgency of environmental challenges



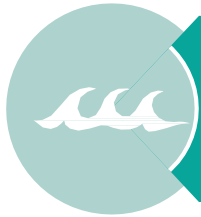
Six environmental objectives



Climate change mitigation



Climate change adaptation



sustainable and protection of
water and marine resources;



transition to a circular economy



pollution prevention and control;



protection and restoration of
biodiversity and ecosystems.

Six environmental objectives – the goals



Climate change mitigation

- Net zero by 2050
- 50% to 55% reductions by 2030

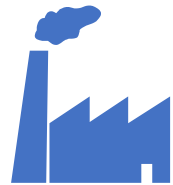


Climate change adaptation

- Build capacity
- Increase resilience

Climate change mitigation - opportunities for finance

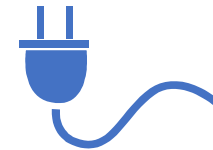
2030 targets in line with UN 2030 Agenda, SDGs, Paris Agreement



Minimum **50%-55%** cut in GHG emissions compared to 1990



At least **32%** share of renewables in final energy consumption



At least **32.5%** energy savings compared with business-as-usual

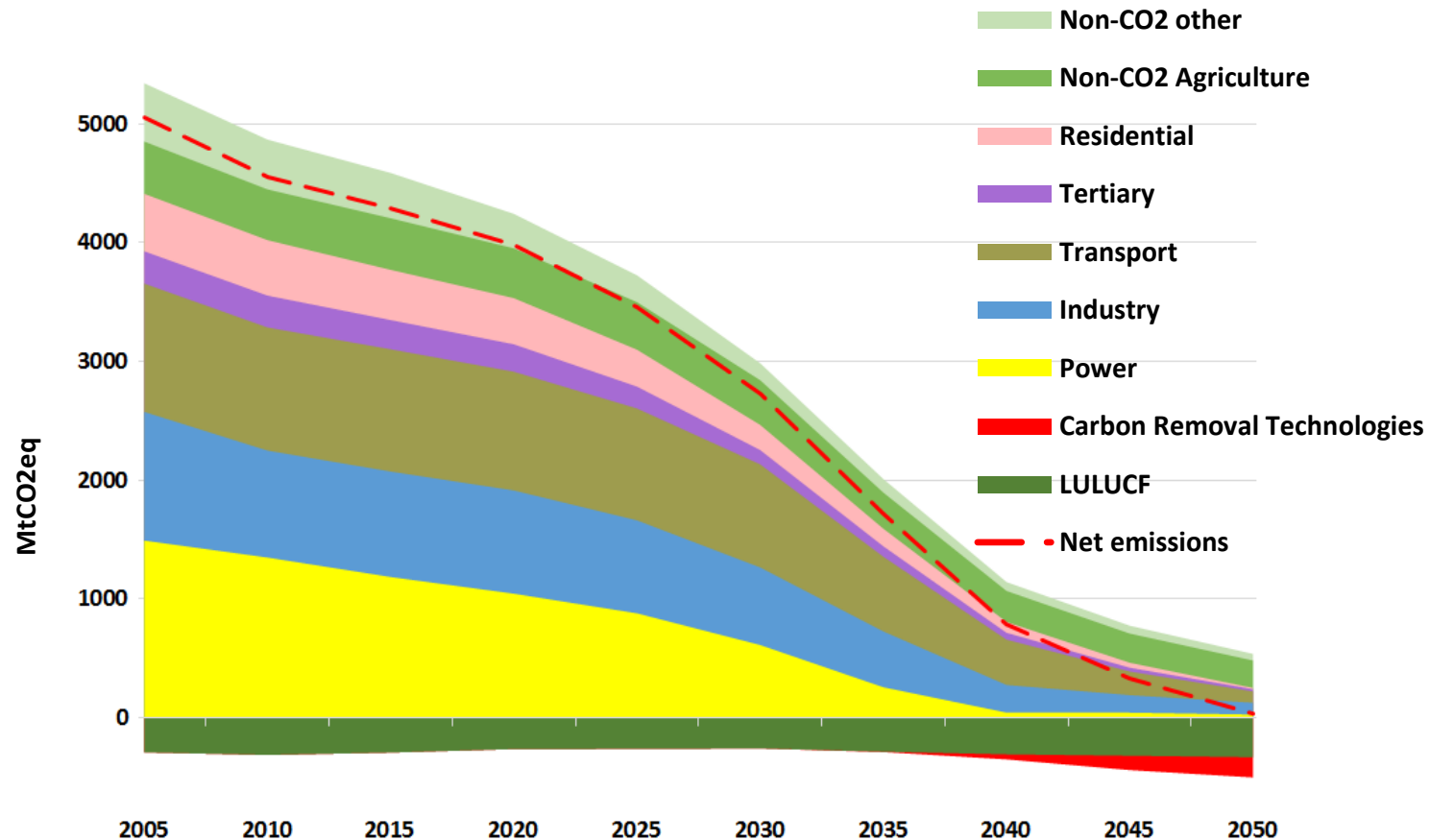
Public →

Yearly investment gap
€ 175 to 290 billion.

← **Private**

2050 target of net zero emissions

Climate 'Transition' must have a destination



Climate 'Transition' – TEG response

- Clarity on the environmental goal
- Transition activities and criteria that reduce over time
- Capex and op-ex count
- Improvement measures count
- But not every activity is sustainable (or 'green')
- Avoid lock-in

A Taxonomy framework fit for purpose



TEG Reports: March 2020



Summary Report

- Key concepts & important design decisions
- Detailed guidance for investors and companies
- Commentary on future development



Technical Annex

- Full methodologies
- Detailed criteria with detailed rationale
- Mitigation + Adaptation + DNSH












Taxonomy spreadsheet

- All criteria in summary form
- Tables for economic classification systems

What has TEG changed since June 2019

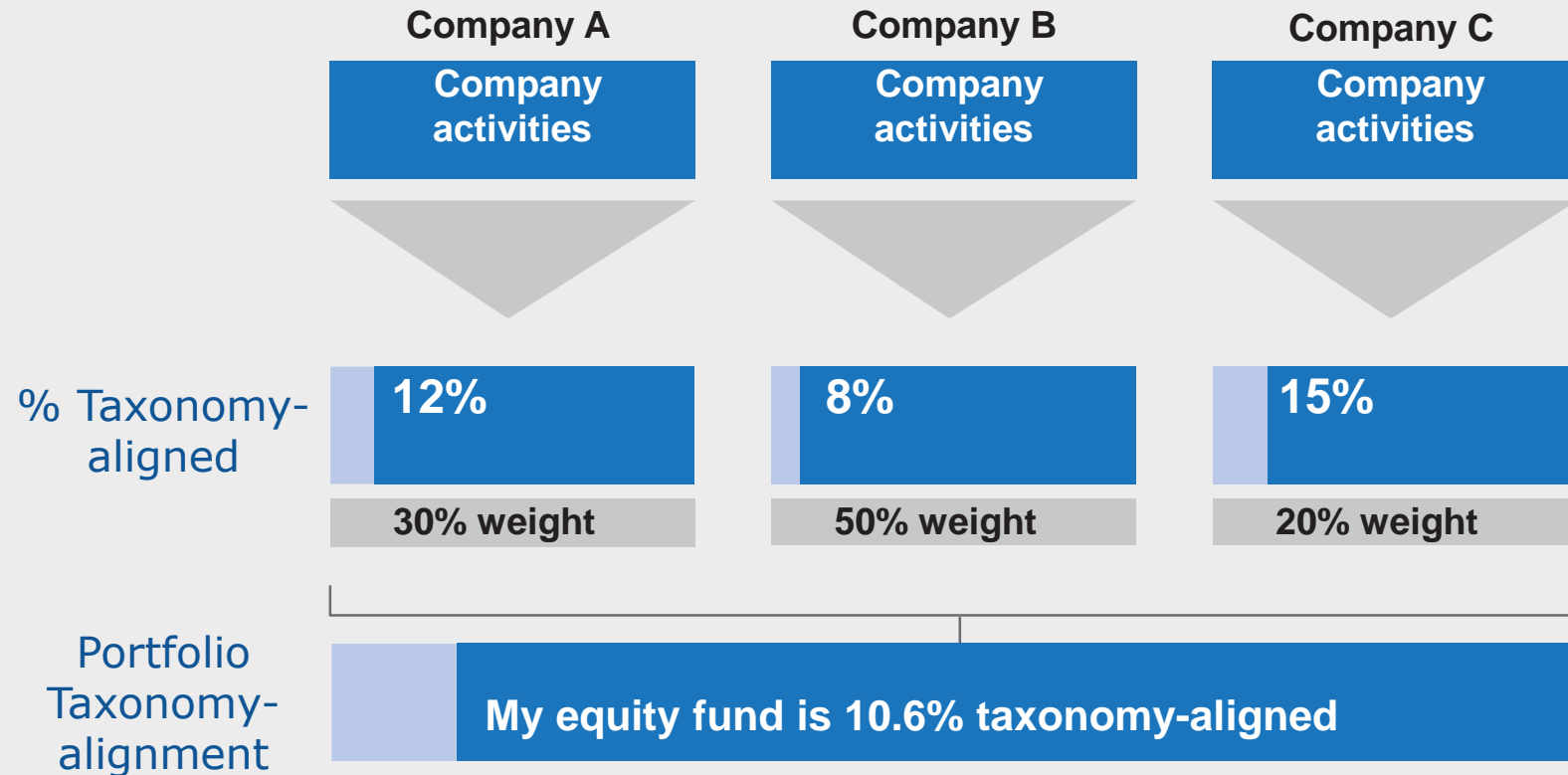
1. Received your feedback
 - Updated 70 mitigation activities
2. Created 68 adaptation activities
 - Including DNSH to mitigation criteria
3. Guidance for companies and financial participants
4. Learning on international harmonisation
5. Learning on future taxonomy

What is in the Taxonomy now?

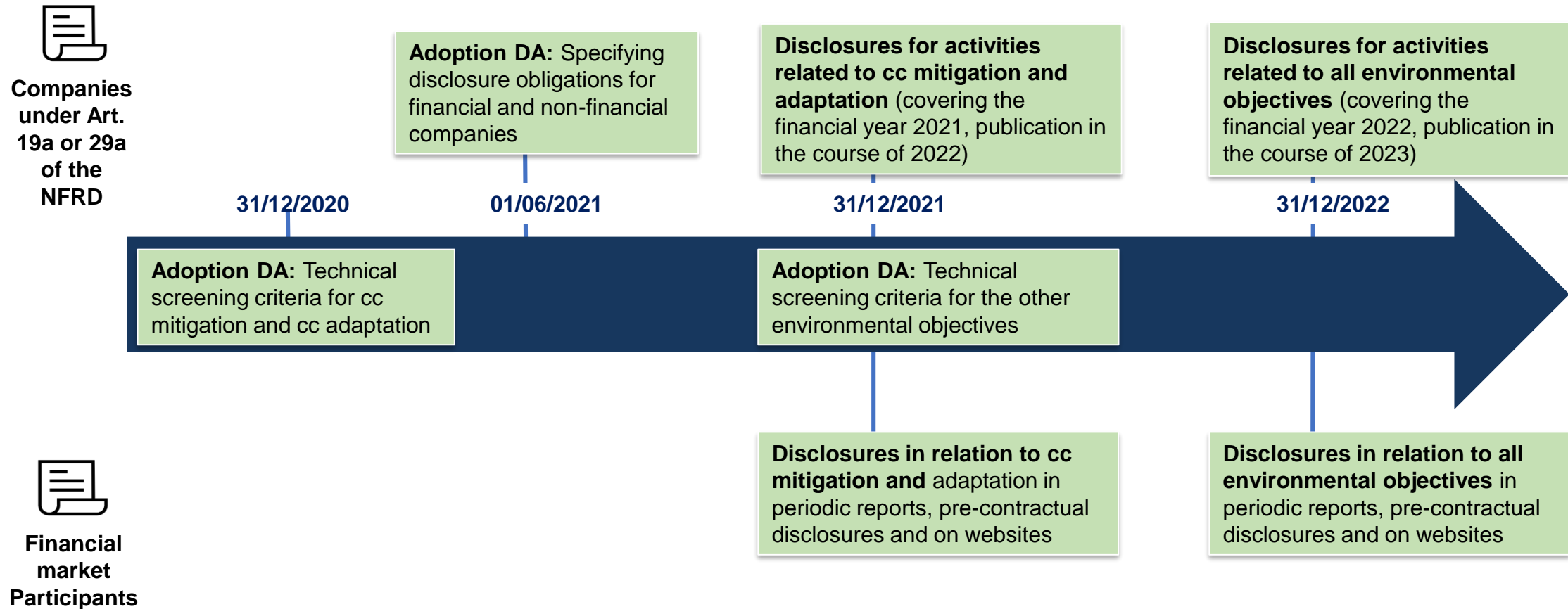
		Mitigation	Adaptation
	Agriculture and forestry	8	8
	Manufacturing	9	9
	Electricity, gas, steam and air conditioning supply	25	25
	Water, sewerage, waste and remediation	12	12
	Transport	10	10
	Information and Communication Technologies (ICT)	2	-
	Buildings	4	2
	Insurance services	-	1
	Engineering services	-	1

Expanded guidance for users

How to apply the Taxonomy to an equity portfolio



Who must do what by when?



Timeline for future technical work

Technical Expert Group

Submit final recommendations

March 2020

TEG mandate ends

Sept 2020

Platform on Sustainable Finance

Nominations for Platform opens

May 2020

Platform operational

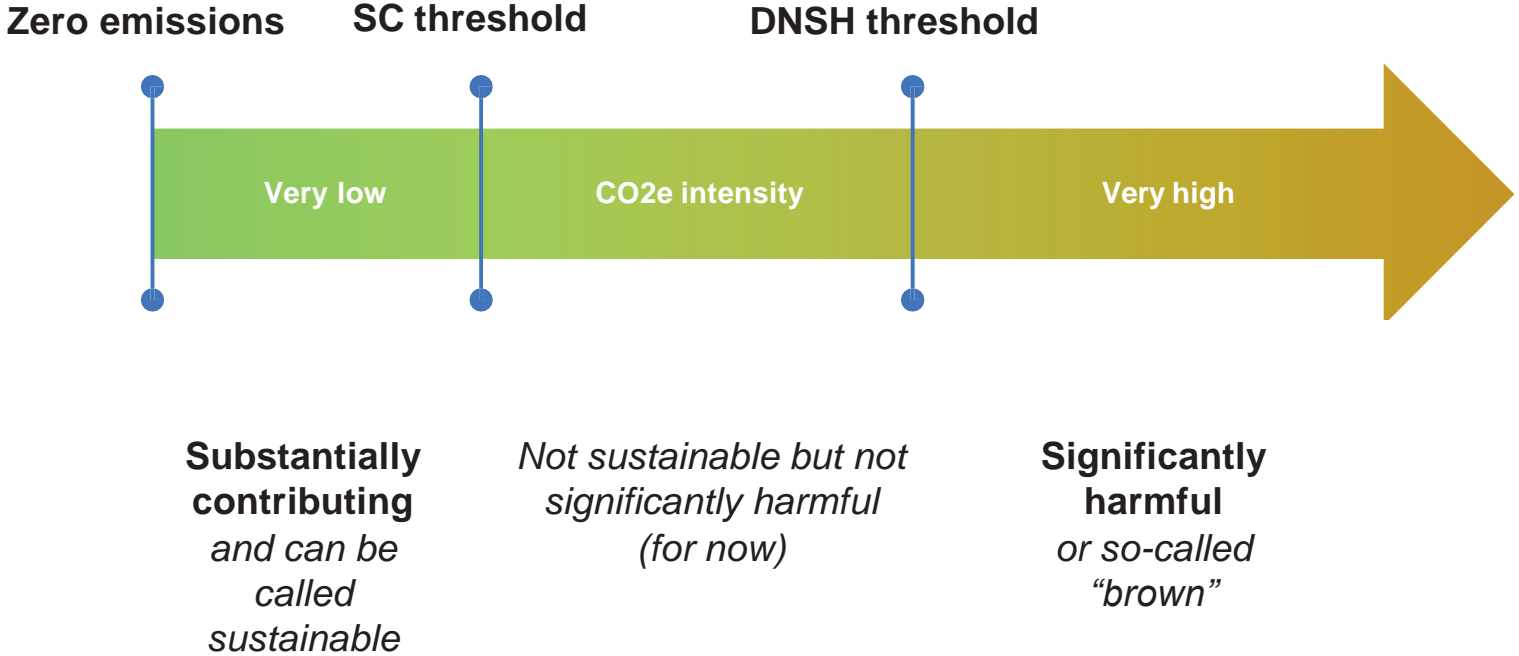
End of 2020

Criteria for environmental objectives 3 – 6 developed

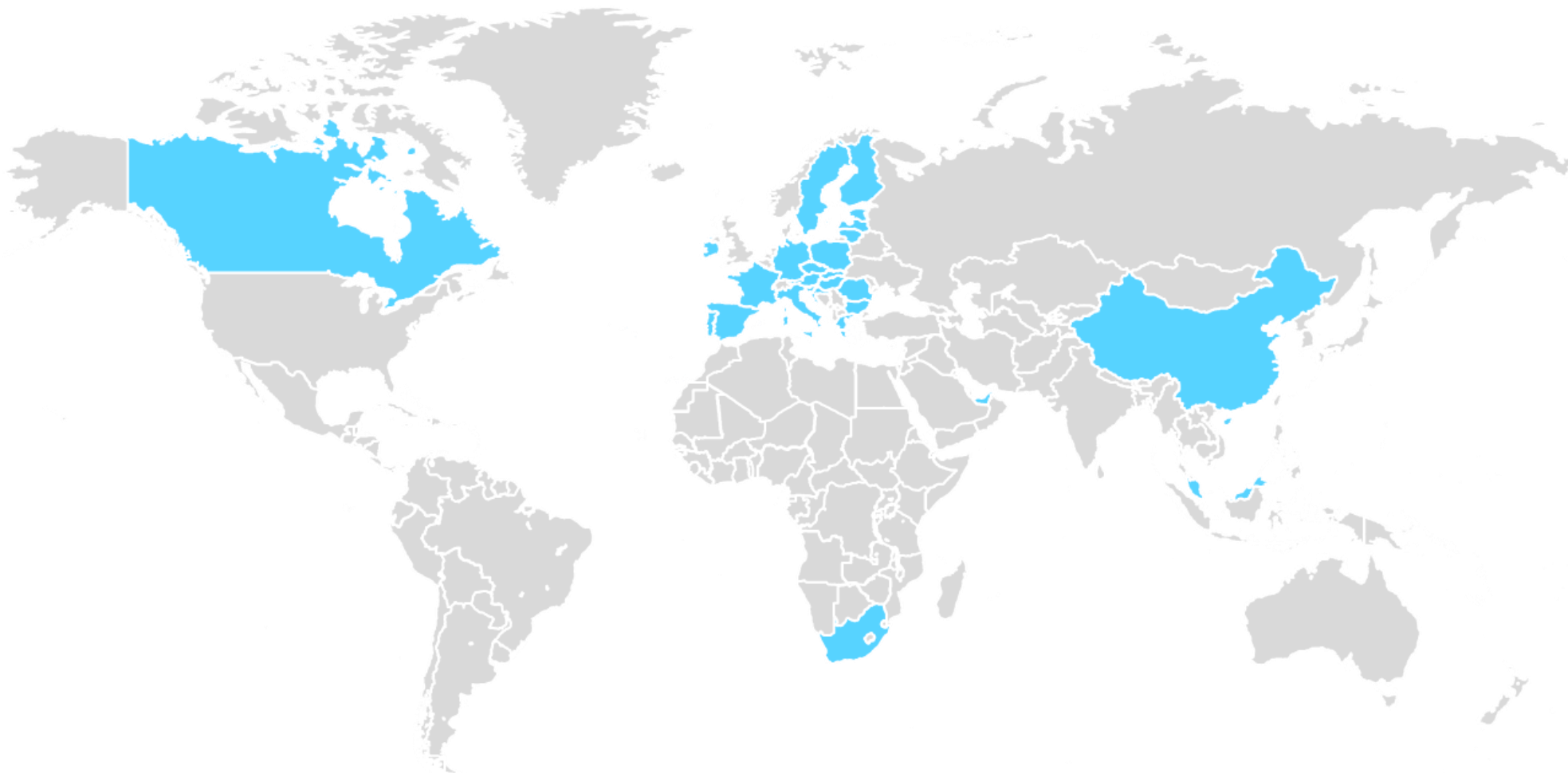
Throughout 2021

Transition from environmentally harmful performance

← Both SC and DNSH thresholds reduce towards zero by 2050



A basis for international harmonisation



Basis for international harmonisation

1. Clear environmental objectives
 - e.g. Target year and emissions budget or target
2. A list of economic activities
3. Performance metrics
4. Performance thresholds

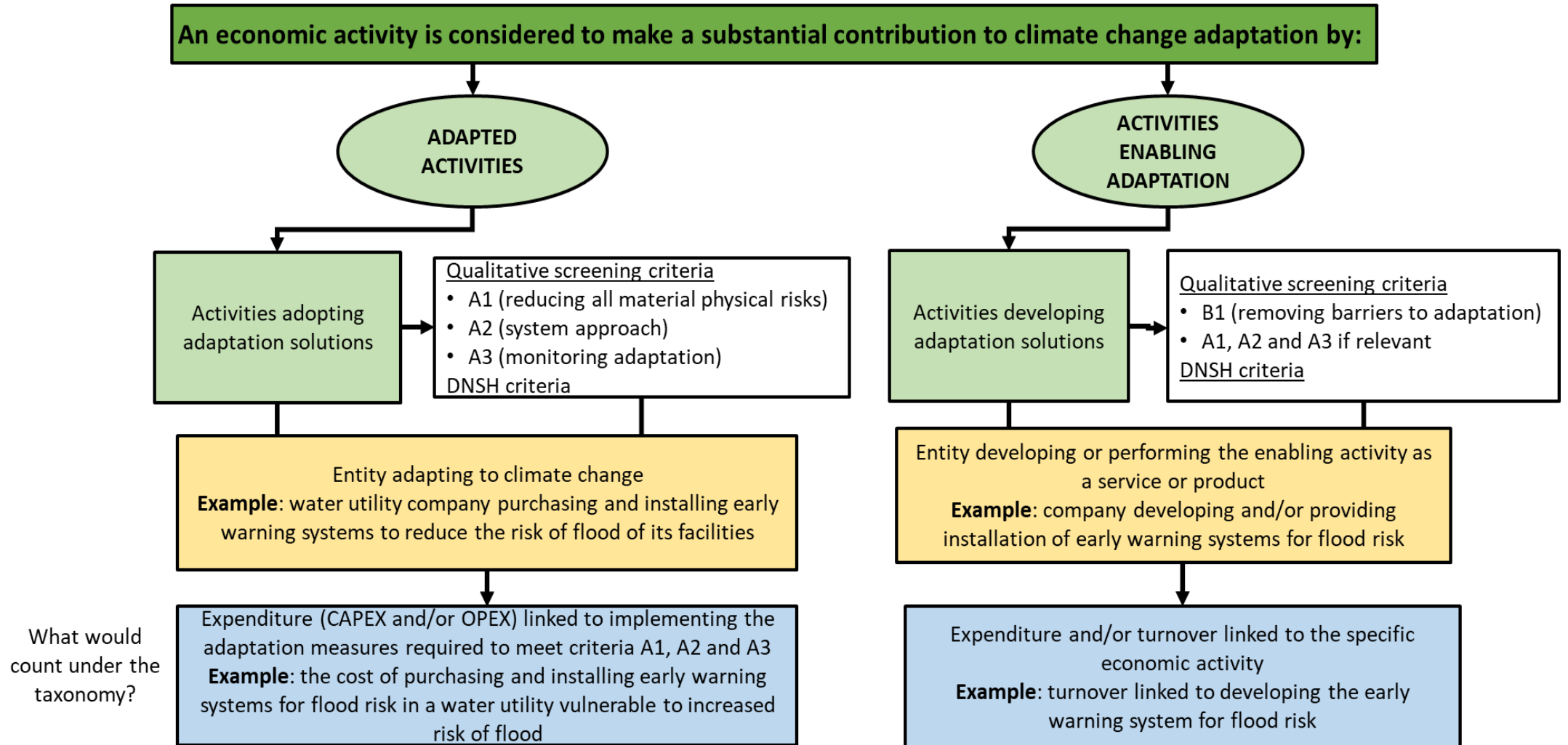
Panel discussion – What's new?

Nancy Saich, Chief Climate Change Expert, European Investment Bank

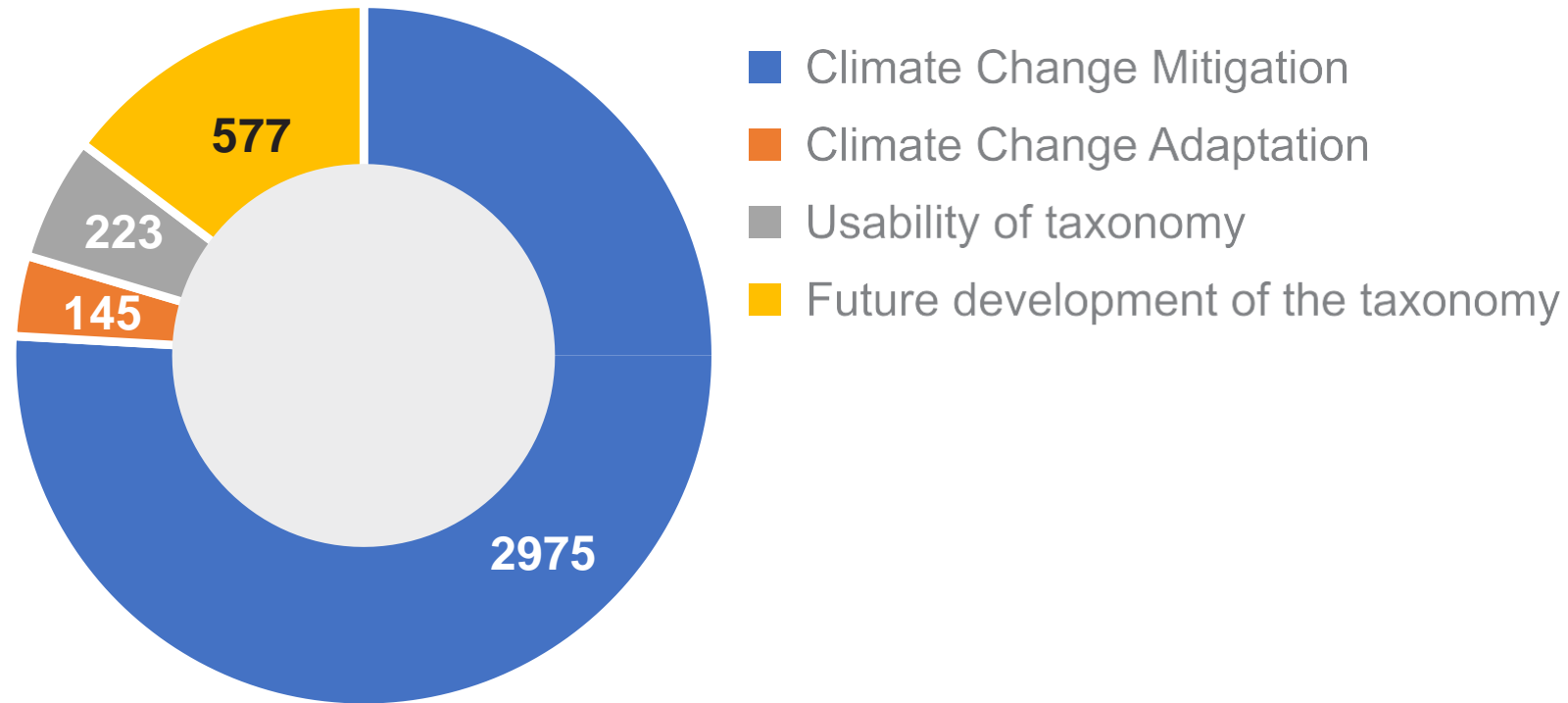
Sandrine Dixson-Decleve, Advisory Board, Climate-Kic and Co-president, The Club of Rome

Sean Kidney, CEO and Co-founder, Climate Bonds Initiative

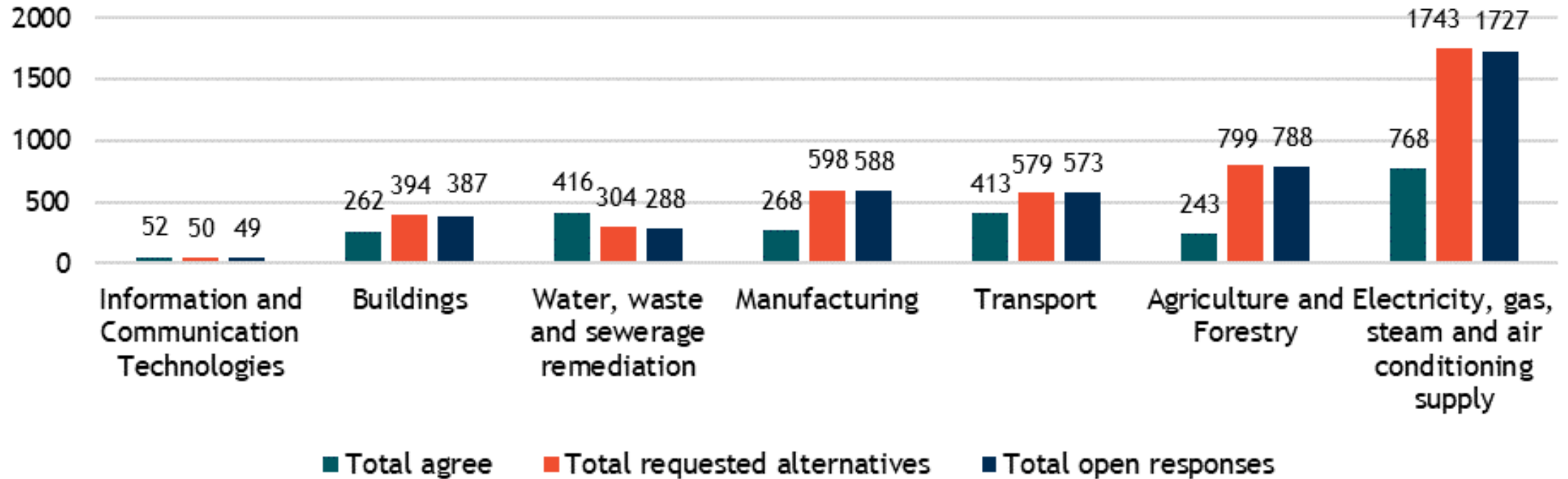
Adaptation activities



Responding to technical feedback – distribution



Responding to technical feedback



Proposed criteria



Transport

Zero tailpipe & very low emissions:
electric; hydrogen



Agriculture

Maintaining carbon;
Improving carbon;
Best practice farming



Water & waste management

Energy efficiency;
Adaptation



Manufacturing

Low carbon components;
Aluminium;
Steel;
Concrete;
Plastics



Proposed criteria



Electricity: 100gms Coe/KWh

Solar, wind, geothermal, hydro

Gas only if with CCS enabled

Storage, transmission



Buildings

Top 15%, or 30% improvements

Supply chain / SMEs



Forestry

Maintaining carbon

Improving carbon

