



PLATFORM ON
SUSTAINABLE FINANCE

EU Taxonomy & Platform

-
- Outreach



Welcome

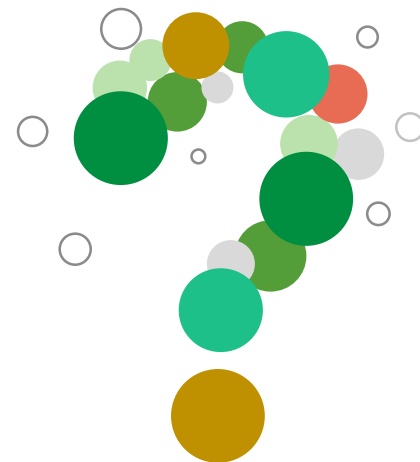
MARTIN SPOLC



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Additional questions to the Platform

- 1 Can the current EU taxonomy framework be used to provide greater support for **attracting capital for the transition of companies towards “sustainable” activities**, including in ways not yet proposed by the Commission and if so in which ways?
- 2 Can the EU taxonomy framework support finance for companies undertaking **activities that do not yet meet, or may be unable to meet, the substantial contribution criteria**? And how can this be done?
- 3 Can the current EU Taxonomy framework support finance for companies active in **sectors that are not covered** in the Taxonomy Regulation’s Delegated Act?

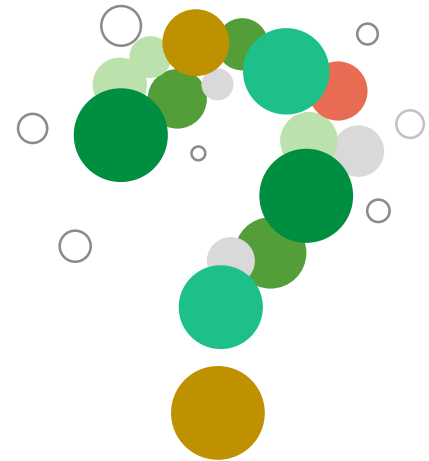


Additional questions to the Platform

- 4 How does the **use of key terminology** such as “sustainable”, “green” and “harmful” compare across the taxonomy framework and other relevant sustainable finance frameworks and how can it be clarified and harmonised?

- 5 What **further avenues** could be explored to enable financing the transition through development of **the taxonomy framework and beyond**?

- 6 Can we clearly address the concerns that the taxonomy will be used to **prevent financing** of transitional activities, while at the same time ensuring that we are **not facilitating “green-washing”**?





Outreach webinars

NATHAN FABIAN



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SUSTAINABLE FINANCE



4 tasks for the Platform

The Platform is established and mandated by the Taxonomy Regulation (Art. 20) and will assist the Commission in developing its sustainable finance policies, notably:

1

Advise the Commission on **technical screening criteria** for the EU Taxonomy, including on **usability** of the criteria.

2

Advise the Commission on **review of the Taxonomy Regulation** and on covering **other sustainability objectives**, including **social objectives** and **activities that significantly harm the environment**.

3

Monitor and **report on capital flows** towards sustainable investments.

4

Advise the Commission on **sustainable finance policy more broadly**.



Five webinars to update on our progress

24 February

- 10:00 – 12:00 - Webinar on enabling transition finance
- 13:00 – 14:30 – Webinar on developing potential taxonomies beyond green activities
- 15:30 – 17:30 - Webinar on data and corporate reporting

26 February

- 10:00 – 11:30 – Webinar on the process of developing taxonomy criteria for the remaining four environmental objectives
- 14:00 – 16:00 – Webinar on Social taxonomy - how might it look like



Taxonomy overview

NATHAN FABIAN



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Why a Taxonomy?

Urgent climate change challenge with clear goals

- European Green Deal
- 2030 -55% target
- 2050 net zero target

Solutions and capital are available

- Markets can work

We need tools to make it easy to:

- Identify the opportunities
- create sustainable assets and activities
- guide capital to the right place

The Taxonomy is ...



**An “inventory”
for the future**



A reporting enabler



A transition tool



**Set out in
‘Level 2’ EU law**

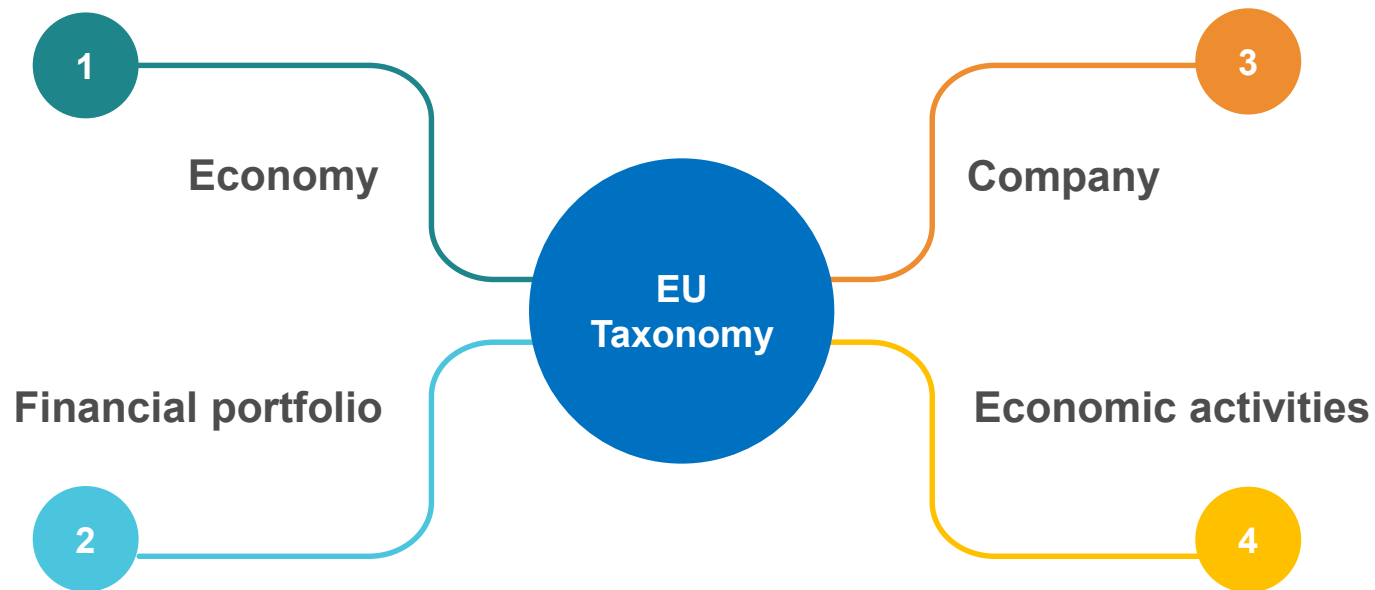


**Evidence & science-
based**

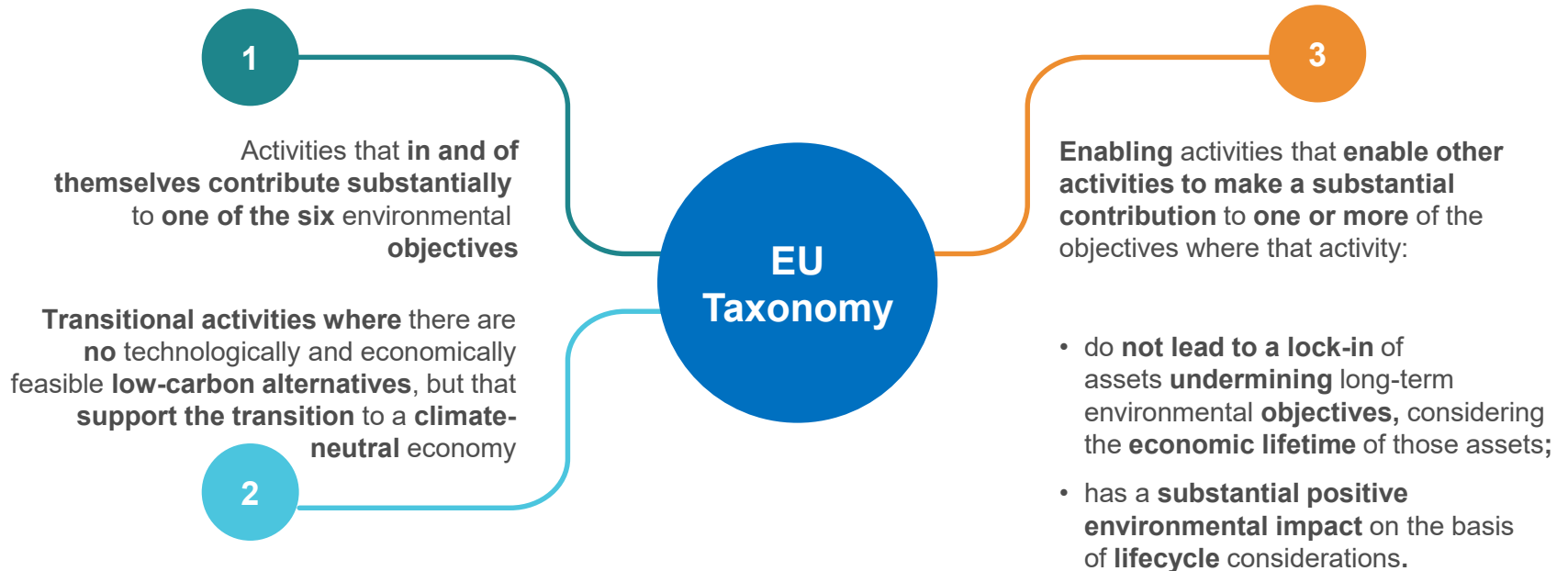


Dynamic

Transition of what?

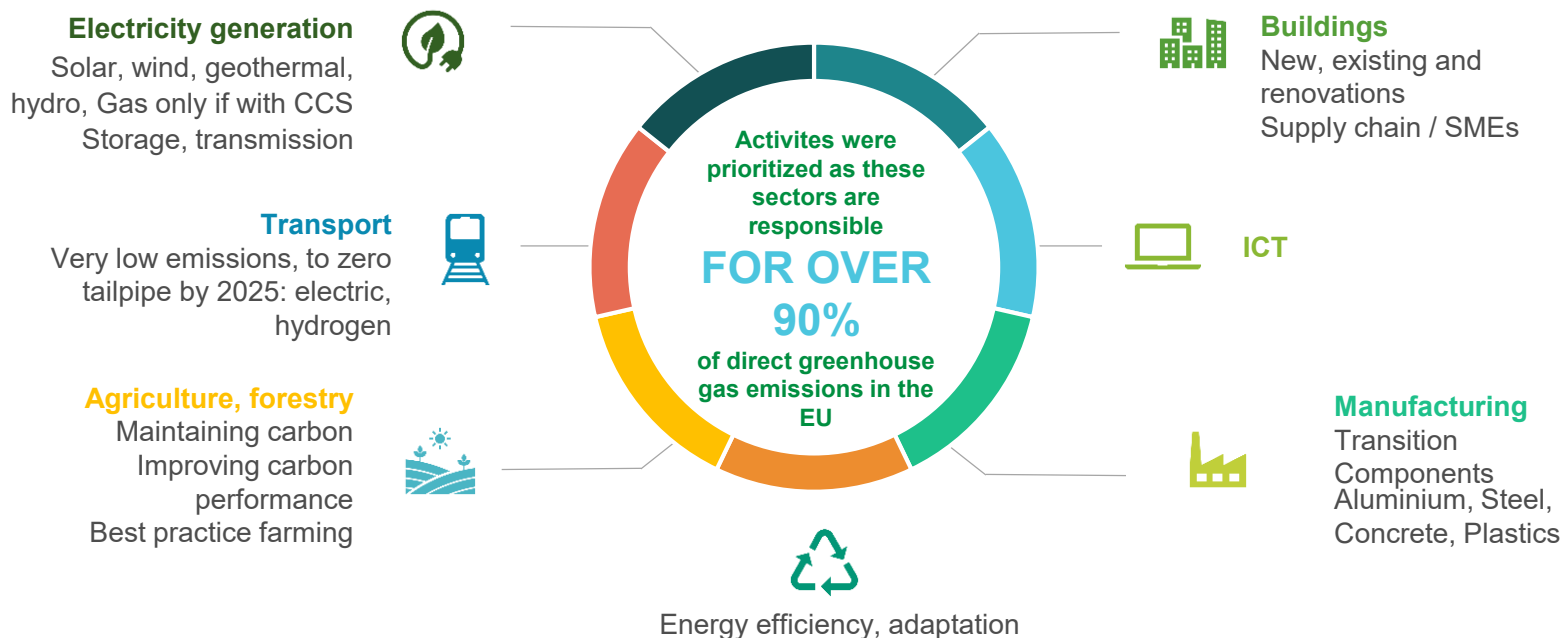


Types of activities in the Taxonomy



Wide emissions and economic coverage

First set of activities (draft Delegated act that covers climate change mitigation and adaptation objectives)



Speakers in this webinar on transition finance



Nathan Fabian, Chair of the Platform, PRI



Mukund Bhagwat, Eurometaux, Member of the Platform



Joerg Ladwein, Allianz, Member of the Platform



Mark Lewis, BNP Paribas Asset Management



Jacques Despres, Joint Research Centre (JRC), European Commission



Helena Viñes Fiestas, Rapporteur of the Subgroup on Data and Usability, BNP Paribas

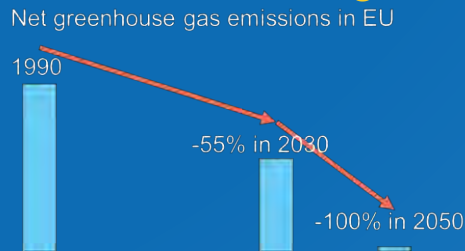


Nancy Saich, Rapporteur of the Subgroup on negative and low impact activities, EIB



Energy-climate modelling insights

What does energy-climate modelling say
on 2030 and 2050 EU targets?



*Jacques Després, Joint Research Centre
Webinar on enabling transition finance*

24-02-2021

Energy-climate scenario modelling

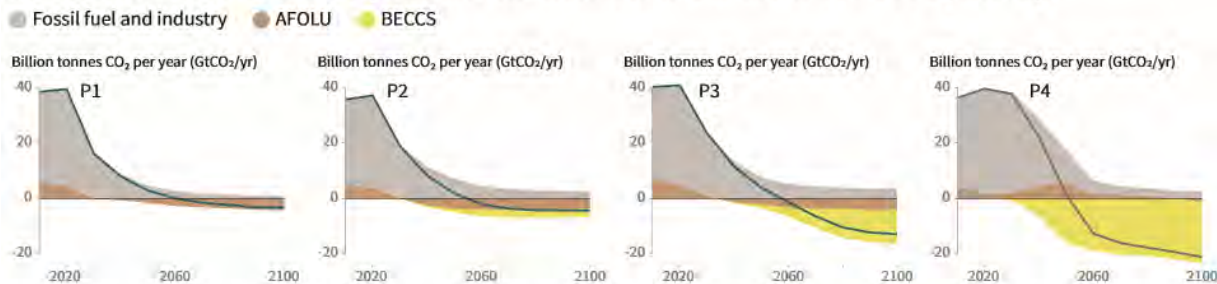
Not forecasts, but *scenarios*: results depend on...

- the model used
- the many modelling assumptions
 - future technical and economical assumptions (supply side)
 - population and economic growth assumptions (demand side)

This is **not**...

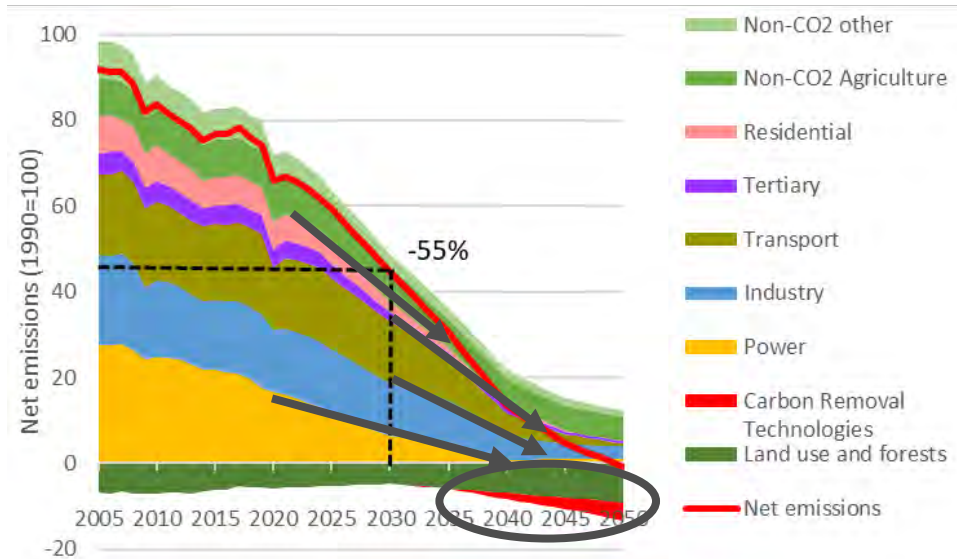
- An official EC forecast
- An EC policy package: see annex to the Commission's 2021 work programme

Breakdown of contributions to global net CO₂ emissions in four illustrative model pathways

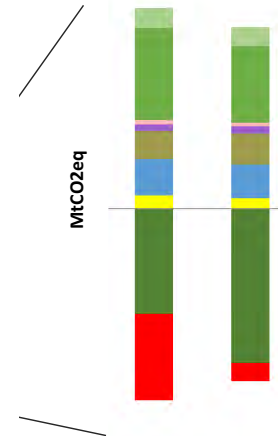


Energy emissions

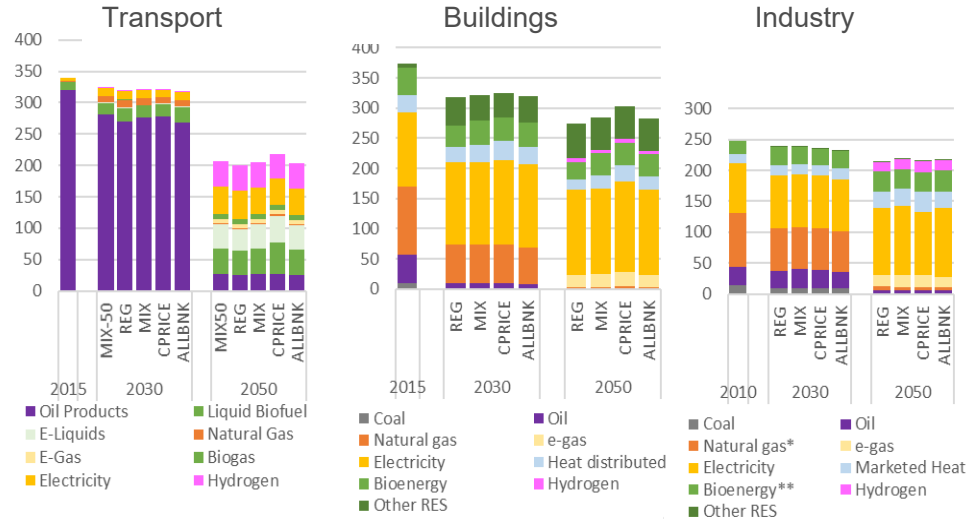
EU climate target plan: implications by sector



2050 potential
landing points



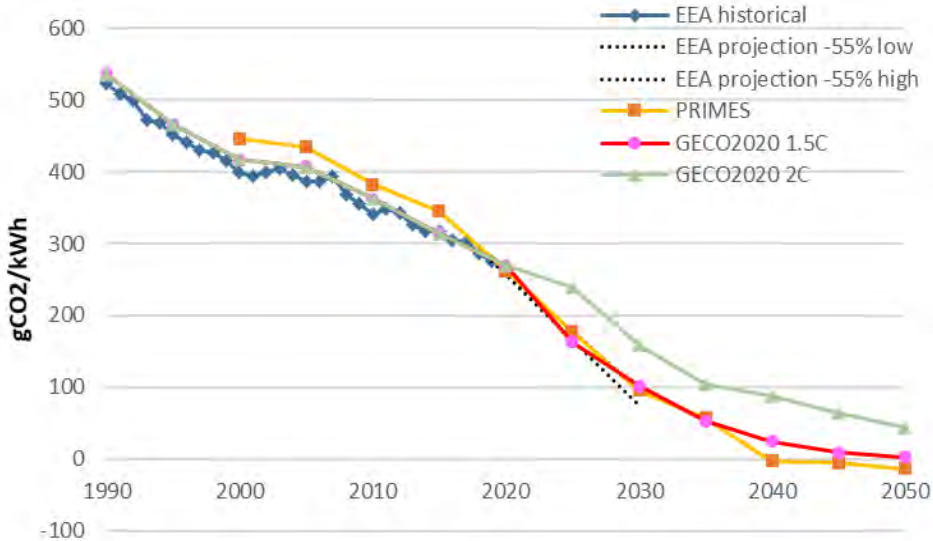
Transport, buildings and industry energy sources used in EU



- Reduction of demand everywhere
- Coal and gas almost disappear by 2050
 - Strong electrification by 2050

Source: 1.5C scenario GECO 2020;
PRIMES for the Impact Assessment of the Climate Target Plan, 2019

Electric grid emission intensity in EU

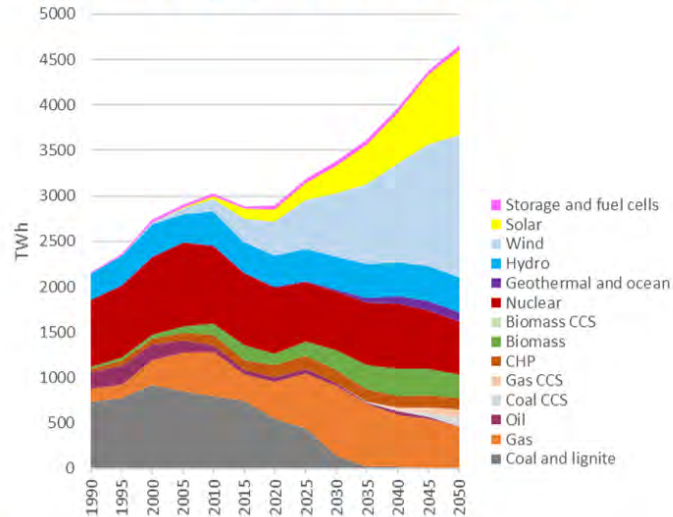


- EU targets in line with GECO 1.5C scenario
- Delaying the -55% by 5 years is already in line with GECO 2C scenario

Source: EEA website, GECO 2020, PRIMES

Power sector mix evolution, EU

Electricity production, 2C

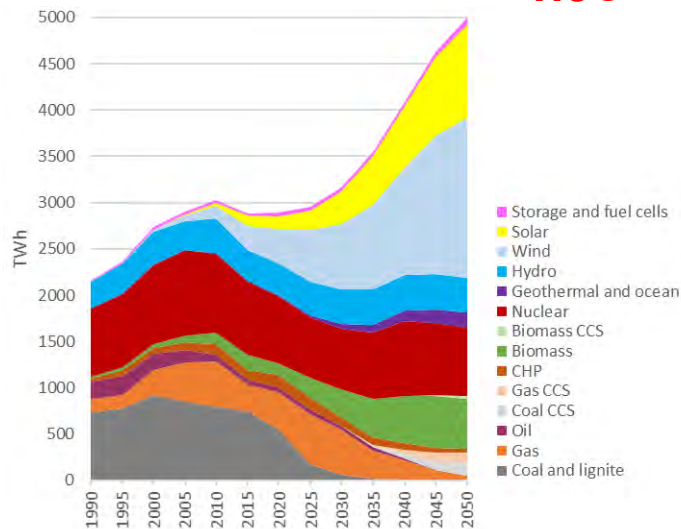


- Gas replaces coal and lignite
- Strong development of wind, solar

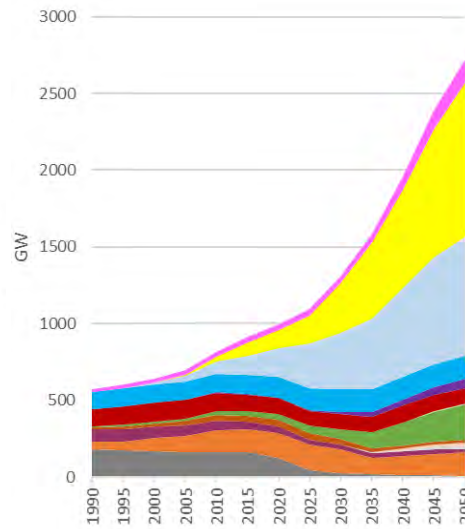
Source: GECO 2020

Power sector mix evolution, EU

Electricity production, 1.5C



Installed capacities, 1.5 C



- Gas ~~replaces coal and lignite~~ stabilises then decreases
- Strong development of wind, solar and biomass

Investments

What needs to change?

Global low carbon investment needs for 1.5 °C

Global **share of low-carbon** supply-side investments

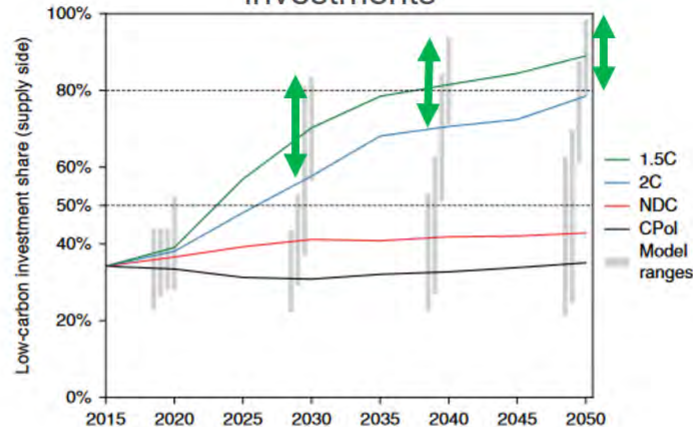


Fig. 5 | Projected global-average annual low-carbon energy supply-side investments as a share of total supply-side investments. Solid lines represent multi-model means; floating bars give the minimum-maximum ranges across the models. Estimates shown here include supply-side investments in renewable electricity and hydrogen production, bioenergy extraction and conversion, uranium mining and nuclear power, fossil energy equipped with CCS, and the portion of electricity T&D and storage investments that can be attributed to low-carbon electricity generation. Dashed lines denote important thresholds for low-carbon energy investment.

Source: McCollum, D.L., Zhou, W., Bertram, C. *et al.* Energy investment needs for fulfilling the Paris Agreement and achieving the Sustainable Development Goals. *Nat Energy* **3**, 589–599 (2018). <https://doi.org/10.1038/s41560-018-0179-z>

Keep in touch



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Thank you



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How Taxonomy already supports transition

Company EUREKA

The importance of capex



Company has plans to:

1. Manufacture only EVs in plant B
2. Increase energy efficiency of building D and make it flood resilient
3. Invest in R&D to improve electric batteries performance

By 2025.

2020



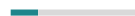
Taxonomy aligned investment (CAPEX)

80%

2025



20%



Share of green activities

50%

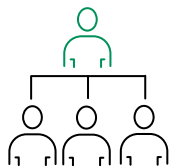
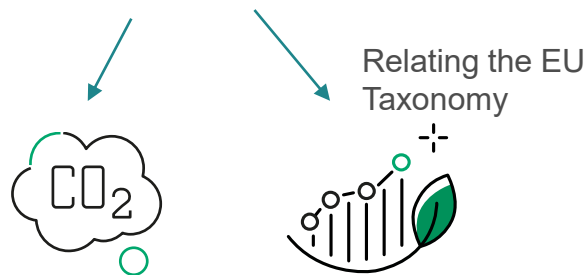


Based on share of turnover

How Taxonomy already supports transition

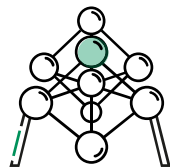
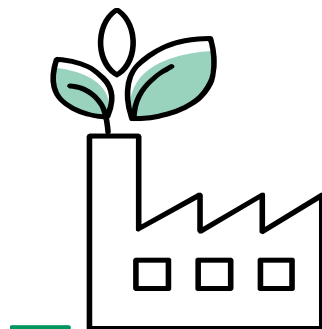
Company EUREKA

Decarbonisation strategy



Climate governance

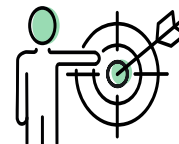
Adaptation strategy



Climate policy alignment



Green revenues,
carbon intensities &
absolute emissions



Short, medium and long-term
emission reductions and **capex-
alignment targets**, even green
revenues aspirational targets.



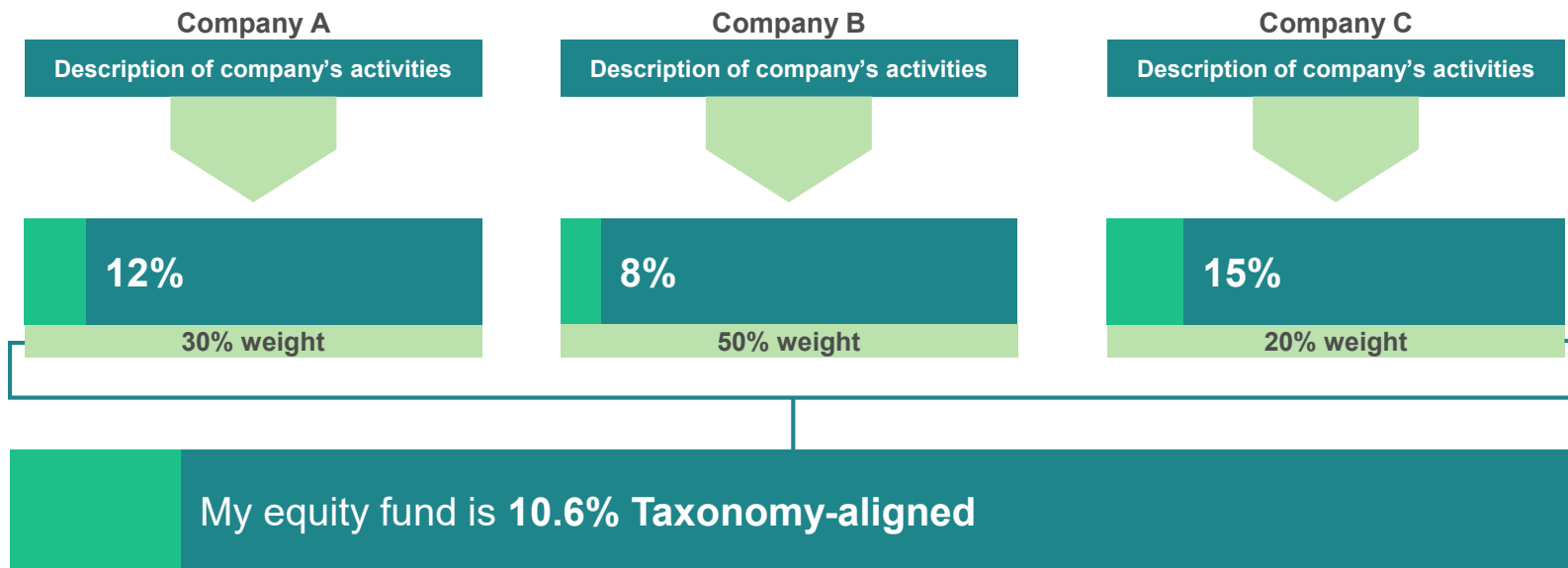
Investment plans



Just transition

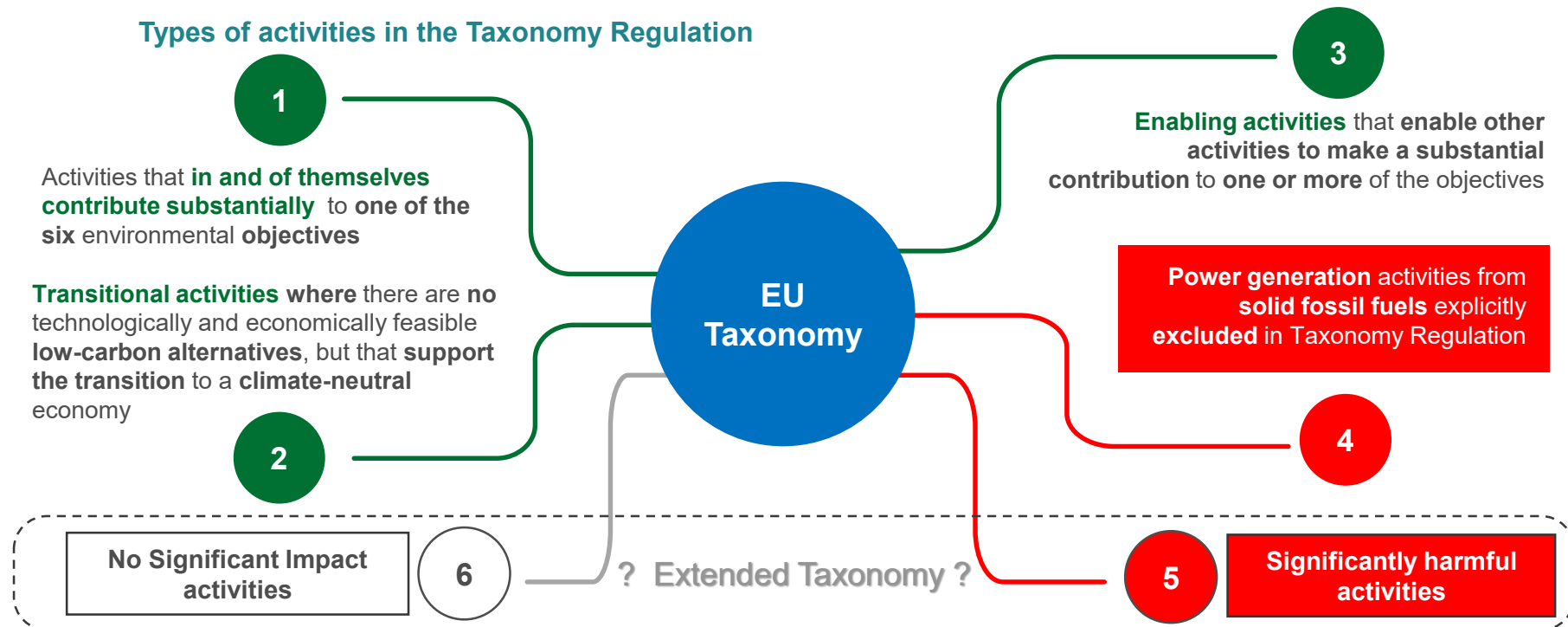
EU Taxonomy use

Equity fund: example

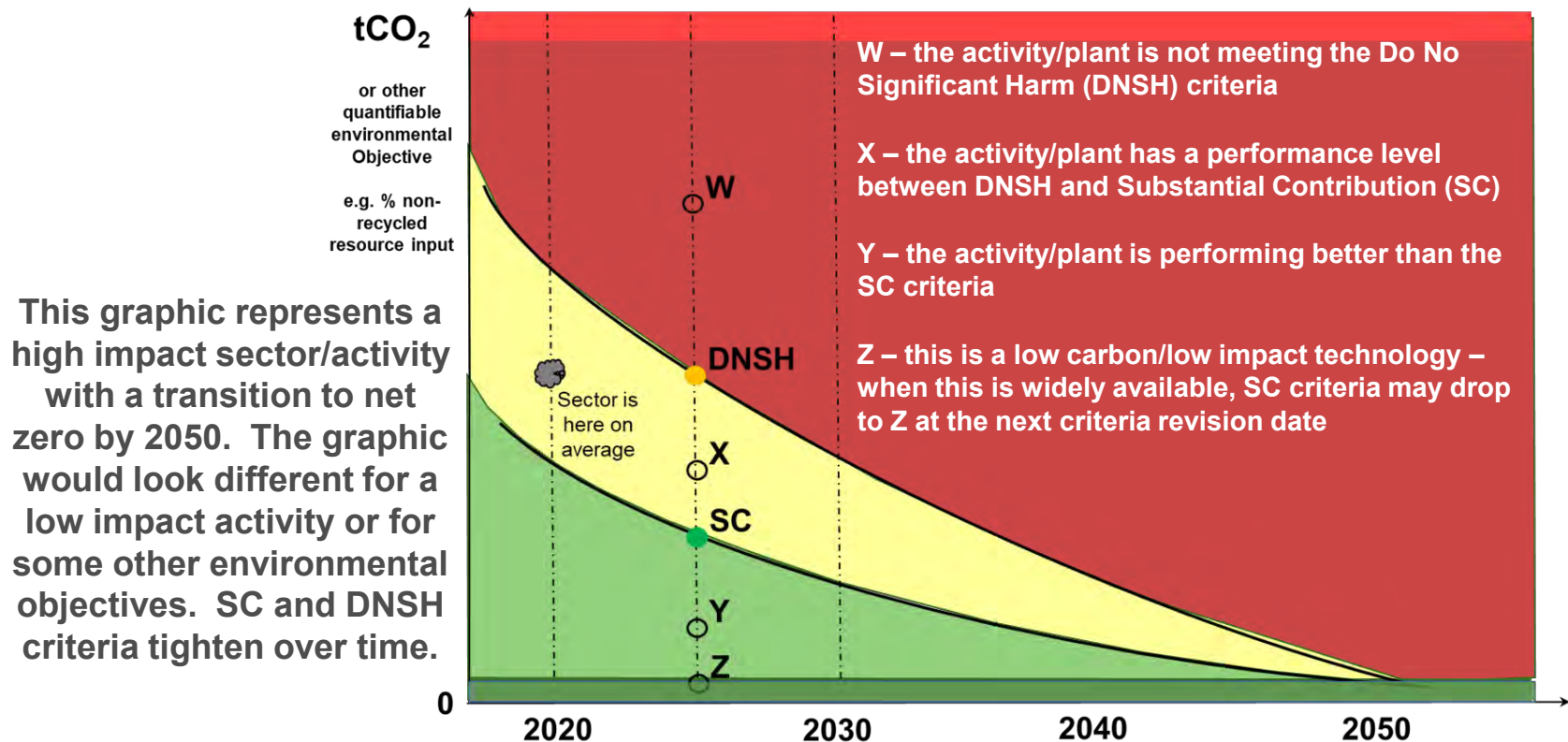


Extending the EU Taxonomy

Types of activities in the Taxonomy Regulation

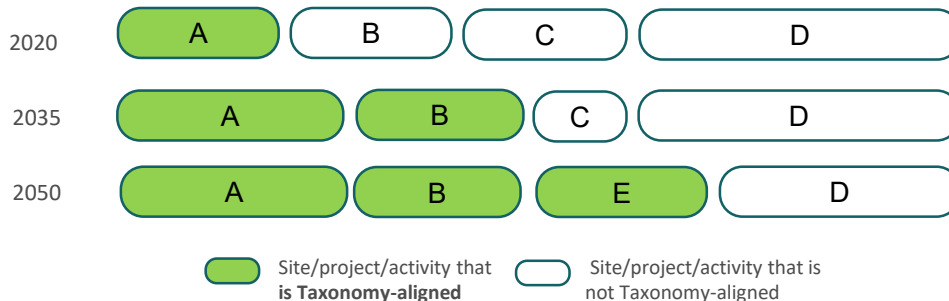


The Taxonomy and its criteria are dynamic



An extended Taxonomy could reveal transition

Existing Taxonomy



? Extended Taxonomy ?

