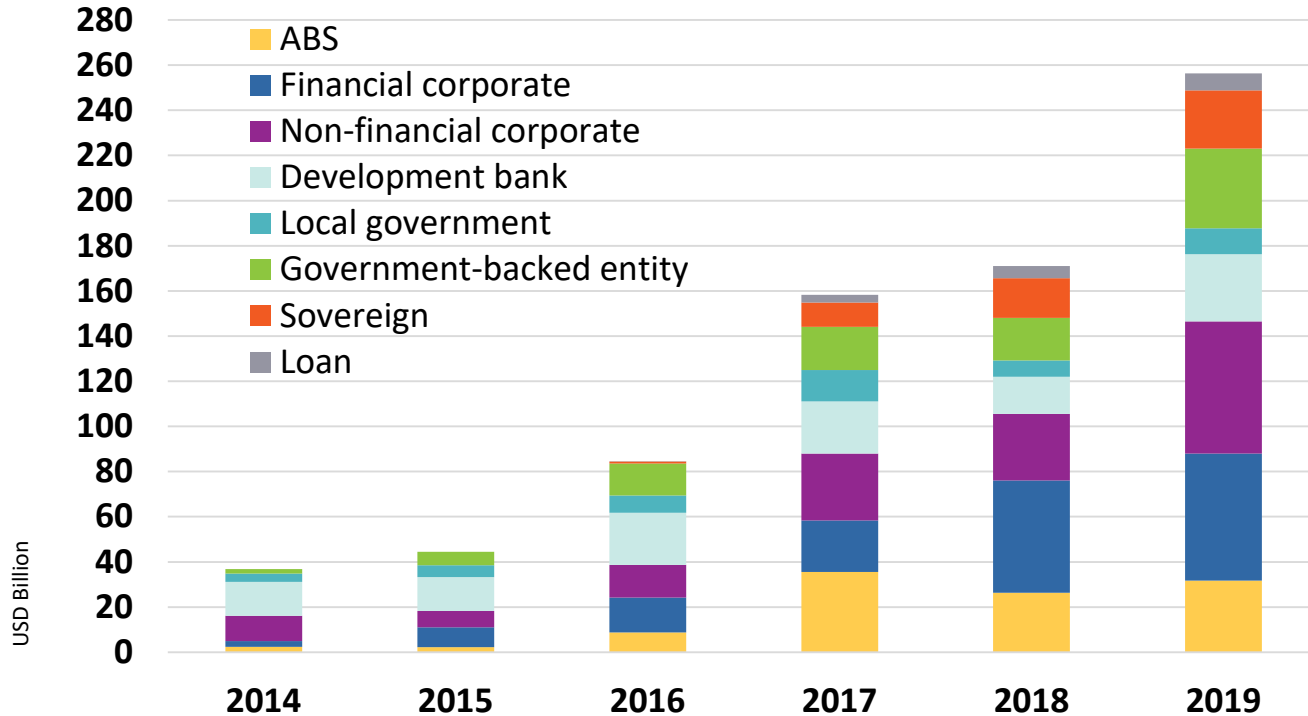


Sustainable & Green Taxonomies



Sean Kidney, Climate Bonds Initiative

Background driver



Source: Climate Bonds Initiative. Data as of 31st Dec 2019.

Core principles of the EU taxonomy



Who will use the Taxonomy?

The proposed regulation has three mandatory users;



Disclosure obligations

1. Financial market participants

- Investors with more than 500 staff
- Corporations
- Banks

2. EU Member States

The Taxonomy can be used on a voluntary basis by credit institutions and other issuers, such as local authorities.

EU Taxonomy Approach

A list of economic activities considered environmentally sustainable for investment purposes

Substantially contribute to at least one of the six environmental objectives as defined in the proposed Regulation*



Do no significant harm to any of the other five environmental objectives as defined in the proposed Regulation*



Comply with **minimum safeguards**

EU Taxonomy = financial sector reporting on climate change

Already **low carbon**

Very low, zero or net negative emissions
Compatible with net zero CO2 economy by 2050

Likely to be stable
and long term

- Renewable energy
- Zero emissions transport
- Afforestation

Contributing to **transition**

...to a net zero emissions economy in 2050

Likely to be revised
regularly and
tightened over
time

- Building renovation
- Electricity generation up to 100g CO2/kWh
- Cars <50g CO2/km

Enabling emission reductions

...in the first two types of activities

Consistent with
those activities
being enabled

- Manufacture of wind turbines
- Installing efficient boilers in buildings

EU taxonomy guidance



Electricity: 100gms Coe/KWh

Solar, wind, **geothermal**, hydro

Gas only if with CCS

Storage, transmission



Transport Zero tailpipe
& very low emissions:
electric, hydrogen



Energy efficiency, adaptation



Buildings

Top 15%, or 30% improvements

Supply chain / SMEs



ICT



Landuse



Maintaining carbon

Improving carbon

Best practice farming



Manufacturing

Transitions

Components

Aluminium

Steel

Concrete

Plastics

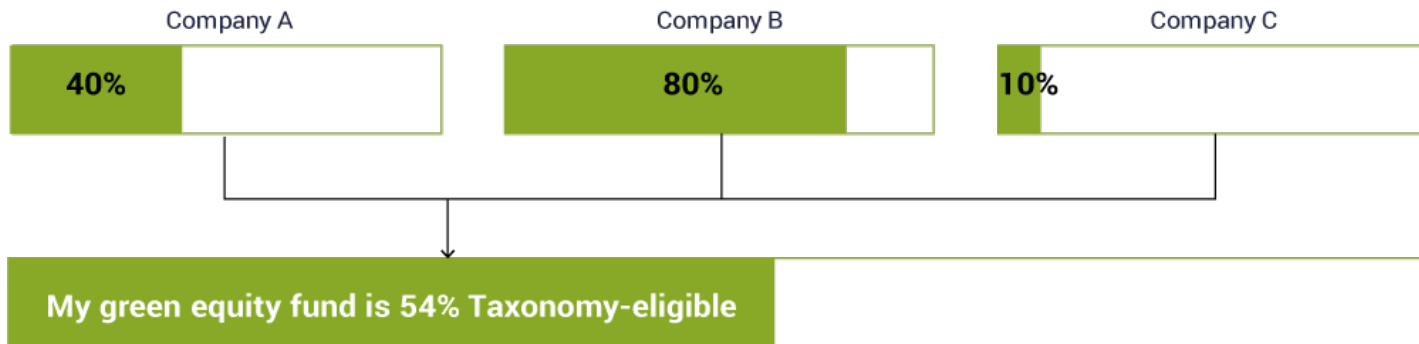


The Taxonomy in practice: Equities

How to apply the taxonomy to an equity portfolio



Proportion of the company revenue or turnover



Add each company's weighting in the portfolio

Global taxonomies

