EU Taxonomy : Opportunity

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We have a Problem

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We have Solutions

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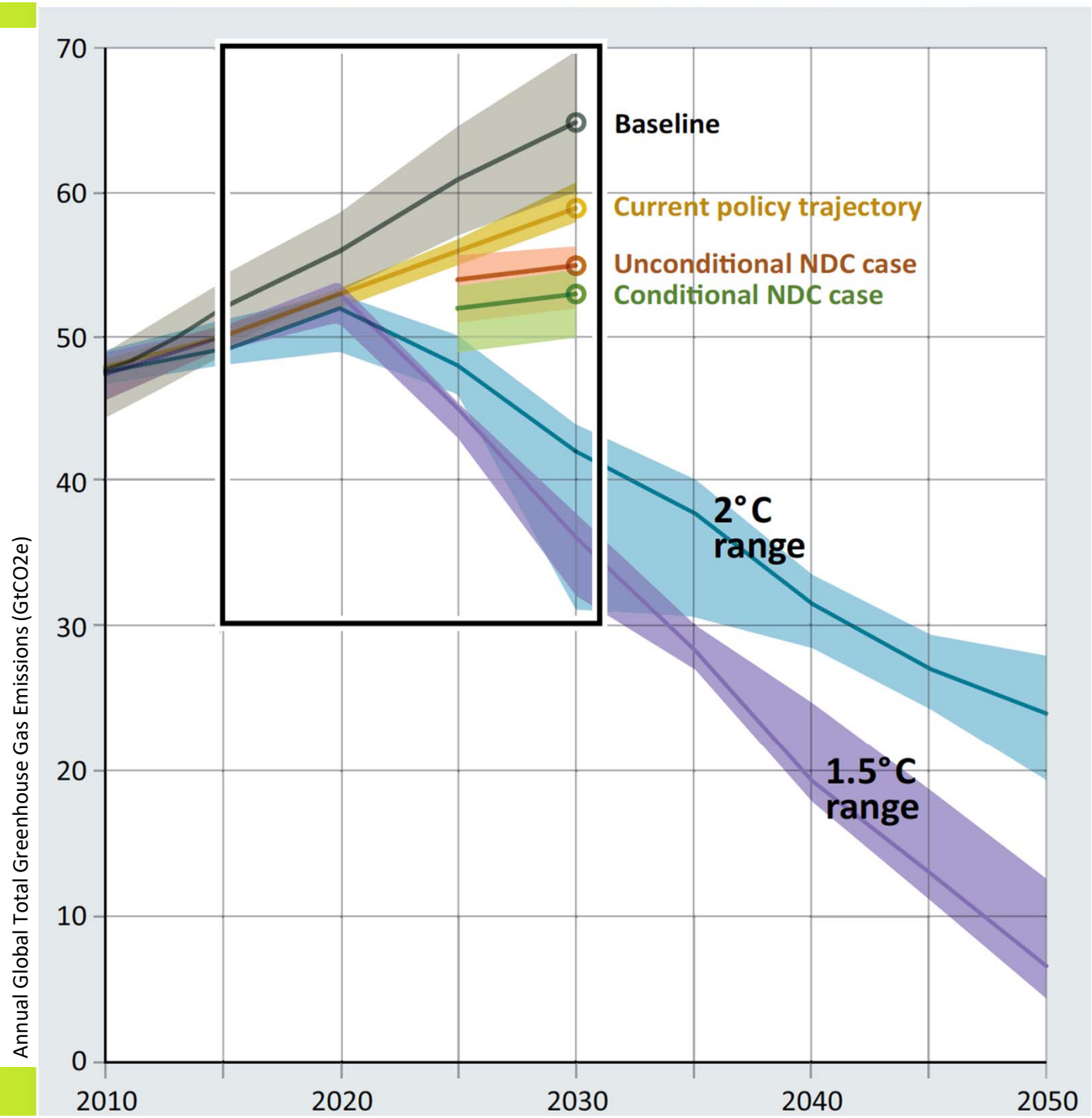
We have a long way to go



Reducing emissions

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Low-footprint transport

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Green cities

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Finance rail with property

Finance rail with property

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Water infrastructure

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Adaptation


Christian Ziegler

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We have the Capital

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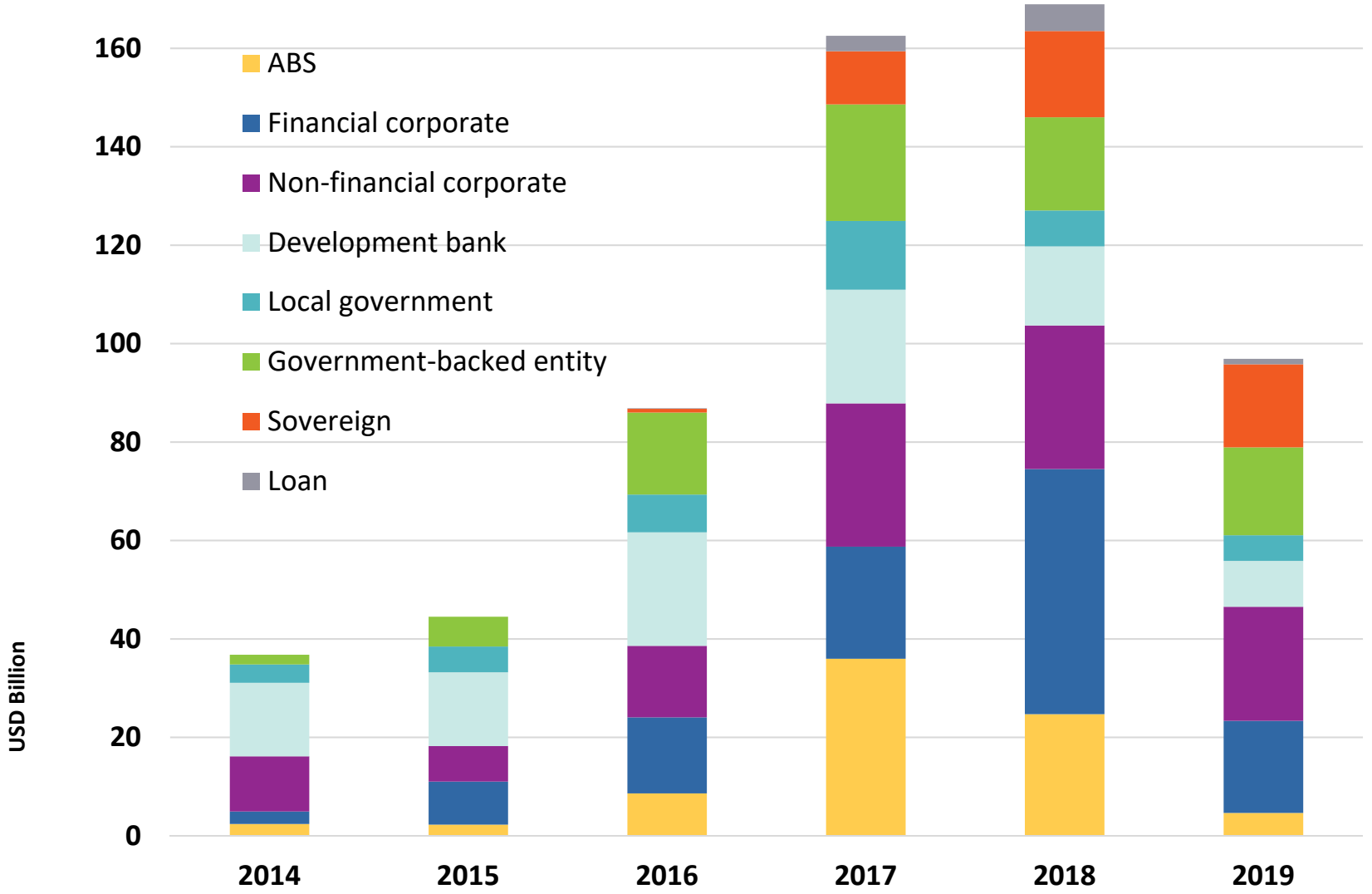
# of that investors will invest



Instruments: from icebreakers to appetite

Debt: bonds, pfandbrief, ABS, sovereigns, receivables, loans, transition

Retail products: green mortgages, deposits, credit cards

Indeces: bonds, green companies, trajectories of change, transitions; ETFs

Equities: yieldcos, sukuk, listed debt funds, asset labelling, green halo

Investors: risk mitigation signaling > demand for green > demand for change

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We have work to do

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Next

Accelerate investment pipelines: energy, water, transport

Risk sharing to crowd in capital: blended finance, risk mitigation, local currency

Enabling regulation & public sector measures:

- **Guidelines: disclosure**
- **Forcing risk model changes: MPA, stress testing, risk weighting**
- **Fiscally efficient incentives: fast track, discount funds, guarantees,**

An understanding that it's about jobs, growth, livable cities

Clarity on what qualifies: EU Taxonomy

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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 objecties as defined in the proposed Regulation*

+

Comply with **minimum safeguards**

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Taxonomy: mitigation & identifying transition

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
Contribute 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

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Production of Electricity

100 gCO2e/kWh, declining to 0 by 2050

LCE *not* required: solar, wind, marine, existing hydro & geothermal
LCE required: new hydro & geothermal, bioenergy, gas
Nuclear low-carbon, but excluded on DNSH grounds
Unabated coal & gas will not meet threshold.
Coal with CCS will not; gas with CCS might.
Measurement of fugitive emissions is required, not estimation

All transmission & distribution grids

Except for those increasing emissions; + upgrades to T&D System

CCS: If it enables a plant to operate under 100gCO2e/kWh threshold

Is there a brown shadow?

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Transport, manufacturing

Transport

Zero-tailpipe emissions

<50g CO2e/km until 2025 (0 after that)

Rail, inland waterways, vehicles; related infrastructure

Manufacturing

RE equipment; low carbon vehicles & infrastructure

Hydrogen manufacture

Cement & clinker emissions threshold; 40% cleaner fuels; RE use

Aluminium: 2.93 tCO2/t Aluminium, can buy RE via PPAs, all recycling

Iron & Steel: emissions threshold @ETS benchmarks, all recycling in

Manufacture of carbon black; disodium carbonate (soda ash); chlorine

High value chemicals & plastics: recycling, bio-waste, renewable feedstock

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Buildings, water, landuse

Buildings

Existing building: energy & CO2 performance in top 15% (cf. EPC A & B)

Newbuild: EPC A & B; NZEBs

Renovations: EPDB or 30% improvement against baseline

Renovation components

Water collection, treatment and supply

Centralized Wastewater treatment systems

Anaerobic digestion of bio-waste

Existing landfill gas capture

Forests: afforestation, reforestation, rehabilitation, existing forest management

Agriculture: from crops to livestock

Avoid or reduce GHG emissions (incl. from inputs).

Maintain & increase existing CO2 stocks.

Basket of practices

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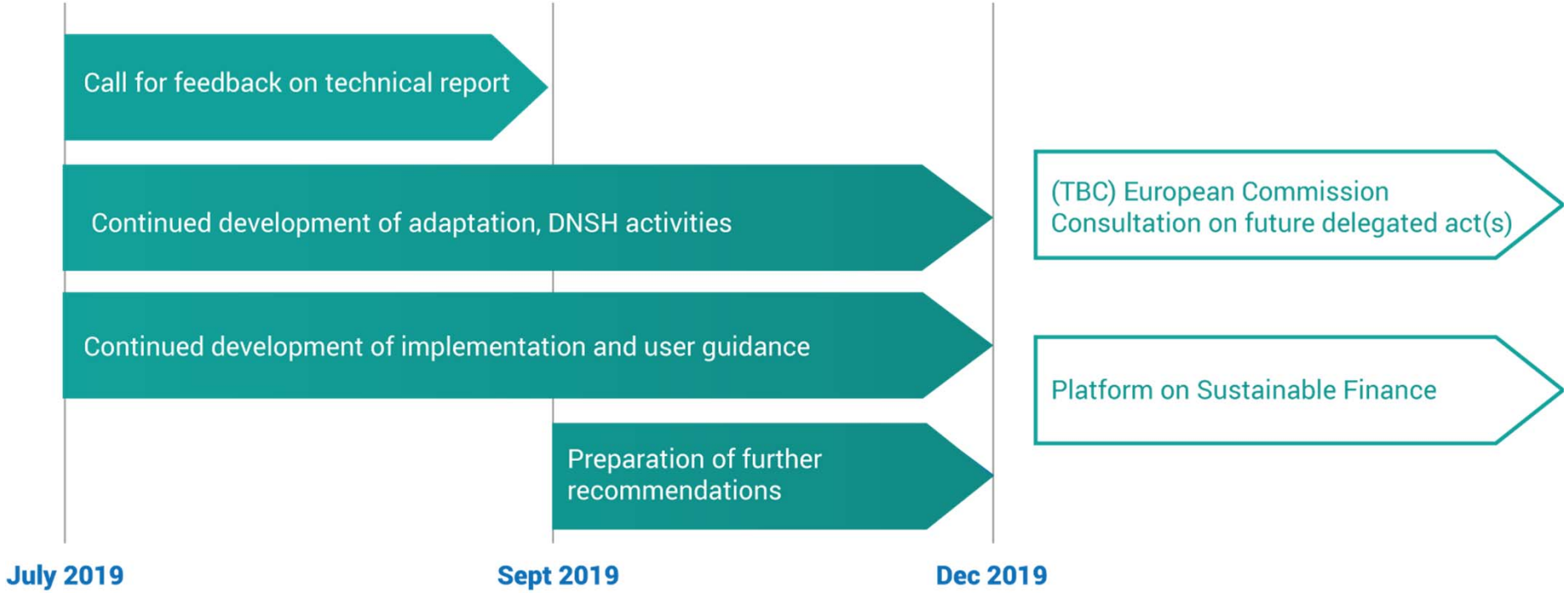
Next



Mining, minerals, shipping, aviation

Adaptation & Resilience > UN SDGs, social

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We have a Choice

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