

Linkages between the EU Taxonomy and current impact assessment tools



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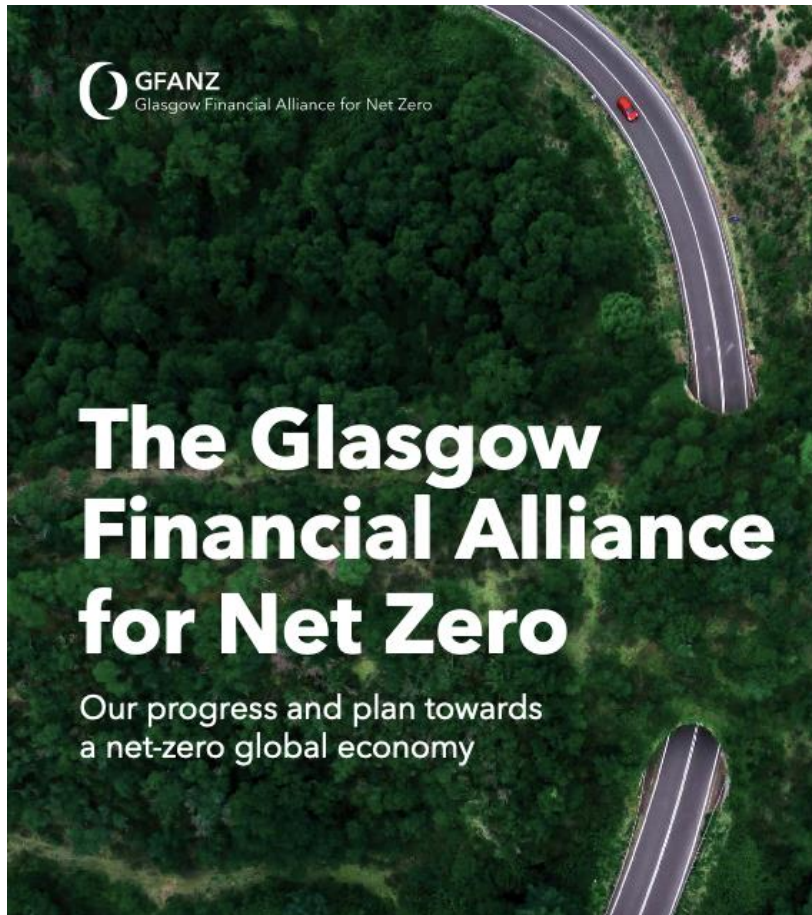
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headshot here.*

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450 financial firms
in 45 countries
responsible for assets > \$130 trillion
40% global financial assets

- Set and publish a net-zero transition strategy.
- Commit to transparent reporting and accounting on progress against those targets.
- Adhere to strict restrictions on use of offsets.

Systemic difficulties with metrics used

- ESG ratings vary markedly by ESG ratings provider
- Each provider has a unique methodology for assigning company-specific ratings.

What a Difference an ESG Ratings Provider Makes!

January 2020





High-quality and consistent verification process will be critical



Proper regulatory oversight and verification mechanisms are essential to avoid greenwashing

Placement within sustainable finance system should not be dependent on self-reporting

G20 high-level principles for aligning approaches and international coordination on sustainable finance:

1. Ensure material positive contributions to sustainability goals and focus on outcomes;
2. Avoid negative contribution to other sustainability goals (e.g., through do no significant harm to any sustainability goal requirements);
3. Be dynamic in adjustments reflecting changes in policies, technologies, and state of the transition;
4. Reflect good governance and transparency;
5. Be science-based for environmental goals and science- or evidence-based for other sustainability issues; and
6. Address transition considerations.



G20 Sustainable Finance Roadmap

7 October 2021



Guidance documents for spending these resources

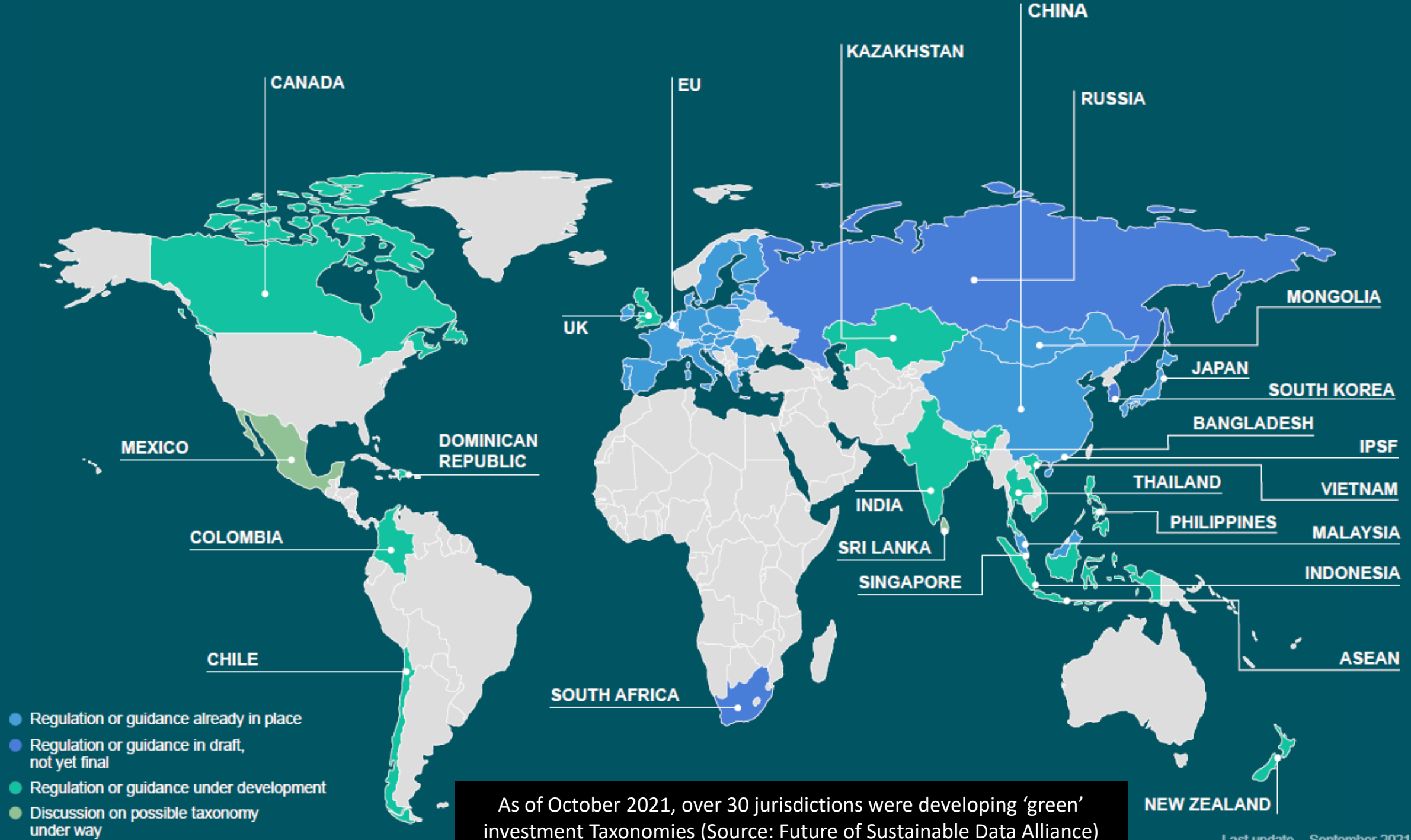
Climate Bonds Initiative in 2012

China's Green Bond Endorsed Projects Catalogue

EU Taxonomy of Sustainable Activities

UK, Canada, Viet Nam...





As of October 2021, over 30 jurisdictions were developing 'green' investment Taxonomies (Source: Future of Sustainable Data Alliance)



**Taxonomy: Final report of the Technical Expert
Group on Sustainable Finance**

Six policy environmental objectives of the EU Taxonomy



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.**

Climate change mitigation



Framework: Taxonomy Regulation

(EU) 2020/852 – Art 10

- a) generating, transmitting, storing, distributing or using renewable energy;
- b) improving energy efficiency;
- c) increasing clean or climate-neutral mobility;
- d) switching to the use of sustainably sourced renewable materials;
- e) use of carbon capture, utilisation and storage;
- f) strengthening land carbon sinks, including through avoiding, restoring, sustainable management and restoration;
- g) establishing energy infrastructure for enabling decarbonisation of energy systems;
- h) producing clean and efficient fuels from renewable or carbon-neutral sources; or
- i) enabling any of the activities listed in points (a) to (h).

Technical Screening Criteria:

Delegated
Regulation (EU)
2021/2139

Activity code: 4.14. Transmission and distribution networks for renewable and low-carbon gases

Substantial contribution to climate change mitigation

1. The activity consists in one of the following:

- (a) construction or operation of new transmission and distribution networks dedicated to hydrogen or other low-carbon gases;
- (b) conversion/repurposing of existing natural gas networks to 100% hydrogen;
- (c) retrofit of gas transmission and distribution networks that enables the integration of hydrogen and other low-carbon gases in the network, including any gas transmission or distribution network activity that enables the increase of the blend of hydrogen or other low carbon gasses in the gas system;

2. The activity includes leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage.

Do no significant harm ('DNSH')

(2) Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(3) Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to this Annex.
(4) Transition to a circular economy	N/A
(5) Pollution prevention and control	Fans, compressors, pumps and other equipment used comply, where relevant, with the top class requirements of the energy label, and with implementing regulations under that Directive and represent the best available technology.
(6) Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.

What does this
mean for EIA/SEA
systems ?

In EU but possibly beyond



International Platform on Sustainable Finance



BBVA



BNP PARIBAS

CREDIT SUISSE 

Danske Bank



Deutsche Bank

FMO

Entrepreneurial
Development
Bank

ING 

SEB



SOCIETE
GENERALE

Standard
Chartered 



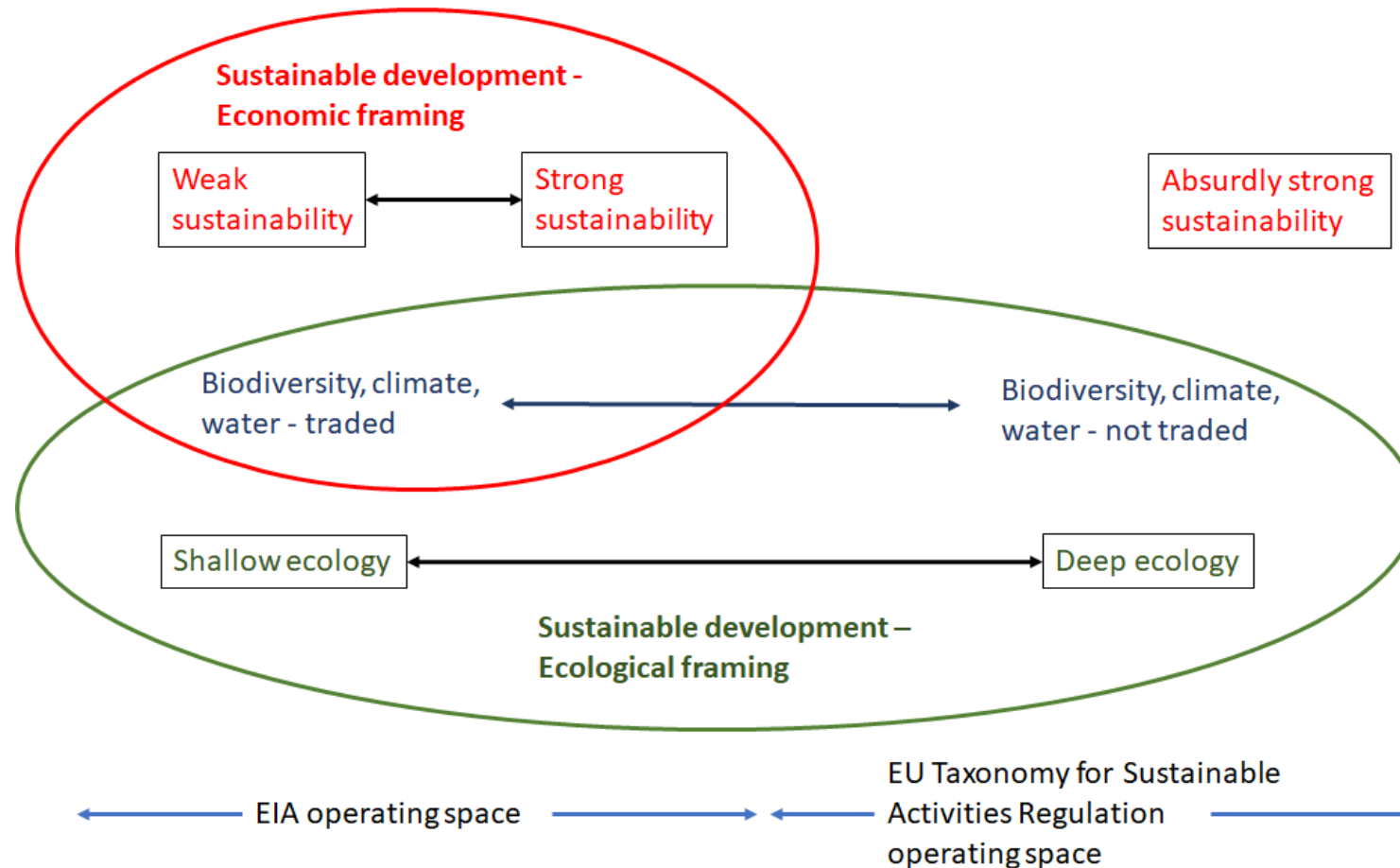
UBS



UniCredit

Key reference for future deliberations by financial market participants in EU and beyond (UNE FI)

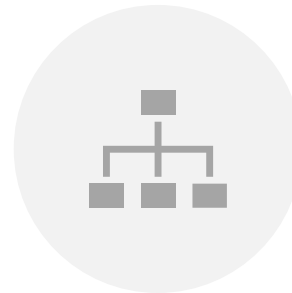
Different operating spaces (Dusik & Bond, 2022)



Major change but incremental uptake



Taxonomy is not applicable to all economic activities – only for those that are labeled as sustainable



Less than 5% of activities are currently aligned with the EU Taxonomy Objective 1-2



This may grow over time but there is enough time to prepare



Better prepare well – mistakes may create confusion and backfire

IA systems - ESIAs and SESAs - could

Assess whether and how the proposed activities meet the requirements of relevant Taxonomies

Consider Taxonomies in mitigation and enhancement measures

Key
opportunities
for considering
taxonomies in
EIA systems

Scoping

EIA report (Annex)

EIA review and issuance of
EIA statements

Key challenges

Some Taxonomy
may be a little
impractical

Key personnel in
EIA so far show
little interest in
Taxonomies



Let's continue the conversation!

Post questions and comments in the IAIA23 app.



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