Towards an EU Taxonomy

Sean Kidney / Climate Bonds Initiative

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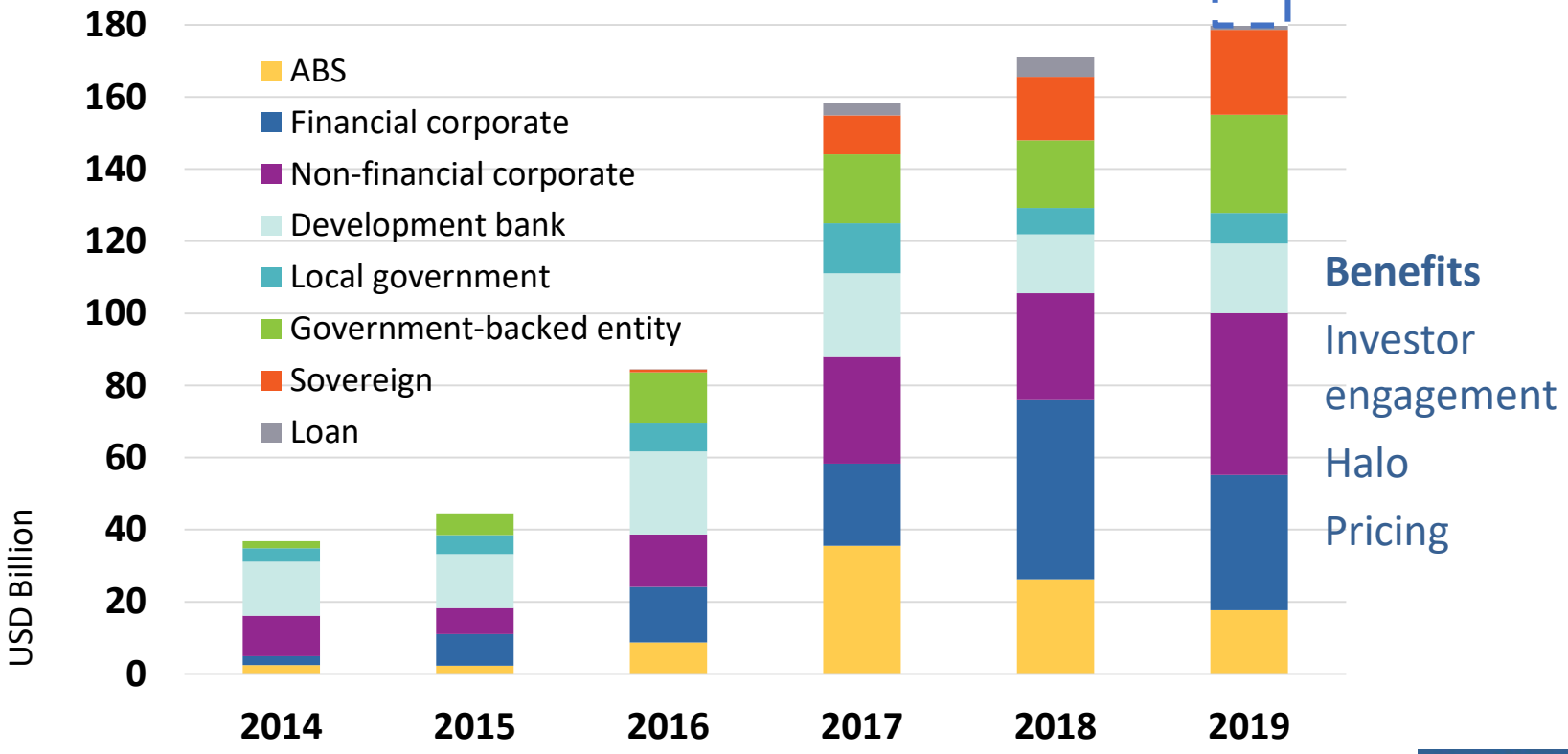
Green bonds growth



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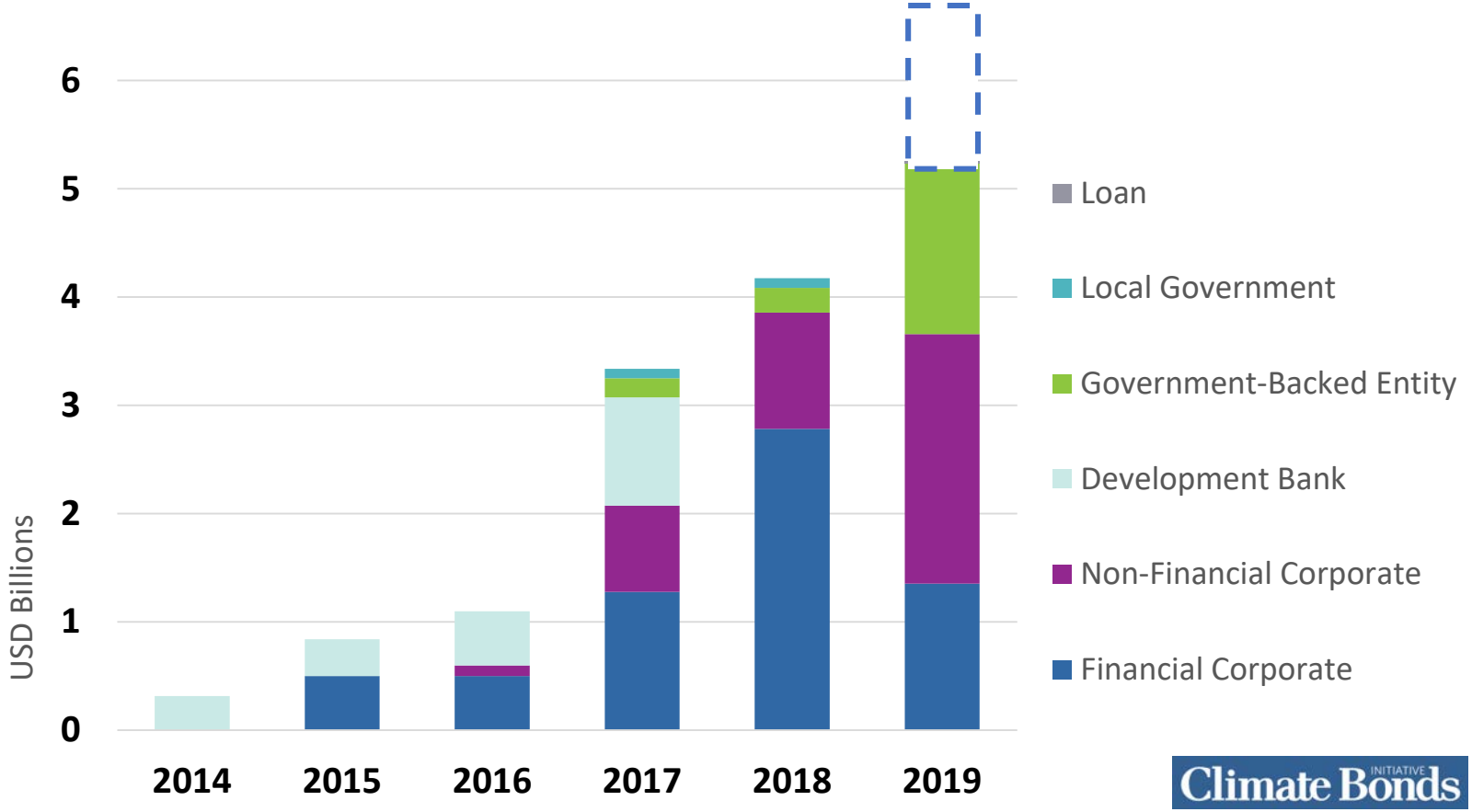
Japan: Green bond issuance – USD15bn to date



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Action plan

Shift investment pipelines to green: energy, transport, water, industry

Crowd in capital: blended finance, risk mitigation

Preferential capital for green: regulation, incentives, development finance

Shift banks to focus on green development

Deepen global partnerships

Clarify what qualifies: taxonomy to channel science

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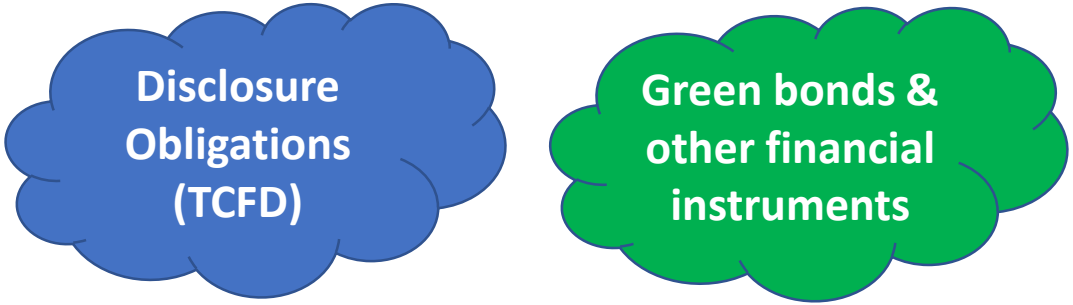
Expected Taxonomy users

Financial markets: investors, banks, corporates



Potential: regulators

Central banks climate stress-testing
Risk weighting adjustments in capital requirements for banks
Haircut for brown assets in collateral policies
Green QE

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Climate change mitigation & transitions

Characteristics	Type of activity	Criteria
"Greening of"	Already low carbon (very low, zero or net negative emissions). Compatible with net zero carbon economy by 2050.	Likely to be stable and long term. E.g. renewables, zero emissions transport, afforestation
	Contribute to a transition to a zero net emissions economy in 2050 or shortly thereafter, but are not currently close to a net zero carbon emission level.	Likely to be revised regularly and tightened over time. E.g. Building renovation, cars <50g CO2/km
"Greening by"	Activities that enable emissions reductions in either of the two previous categories.	Some likely to be stable & long term, some likely to be revised regularly. E.g. manufacture of wind turbines, installing efficient boilers in buildings

Activities that undermine mitigation objectives are not included.

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A science-based Taxonomy

Electricity: 100gms Coe/KWh

Solar, wind, geothermal, hydro

Gas only if with CCS

Storage, transmission

Buildings

Top 15%, or 30% improvements

Supply chain / SMEs

ICT

Landuse

Maintaining carbon

Improving carbon

Best practice farming

Transport Zero tailpipe & very low emissions: electric, hydrogen

Manufacturing

Transitions

Components

Aluminium

Steel

Concrete

Plastics

Energy efficiency, adaptation

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We still have a chance