

THE EU TAXONOMY & CLIMATE RISK ASSESSMENT

WHAT YOU NEED TO KNOW

The EU Taxonomy channels investments towards a sustainable future by providing a classification system to identify sustainable activities. It forms a cornerstone of the EU's Green Deal to become climate-neutral by 2050 and decouple economic growth from resource consumption.

EU Taxonomy Framework



* The Six Environmental Objectives are

- ✓✓ Climate change mitigation (reducing greenhouse gas emissions)
- ✓✓ Climate change adaptation (adjusting to climate change risk)
- ✓✓ Sustainable use and protection of water and marine resources
- ✓✓ Transition to circular economy, waste prevention & recycling
- ✓✓ Pollution prevention and control
- ✓✓ Protection of healthy ecosystems

Environmental Risk Solutions (ERS) helps organisations on their Taxonomy journey by providing practical advice to clients navigating through its complexity and by completing Climate Risk & Vulnerability Assessments, which are a specific Taxonomy requirement.

01 1. Selecting an Environmental Objective

The starting point for organisations is deciding how their activities may contribute positively to climate change action, through either:

Mitigation

by reducing greenhouse gas emissions, for example through energy efficiency; or

Adaptation

by adjusting to predicted climate change effects and hazards, for example from increased flood risk

02 2. Screening Criteria & Climate Risk Assessment

The Taxonomy's Screening Criteria lists activities that are eligible and specifies:

- The requirements that must be achieved (e.g. building energy performance), and
- the Climate Risk & Vulnerability Assessment process



Hazard

Climate related physical events, trends or their physical impacts that can cause harm

Exposure

People, infrastructure or environment that could be adversely affected by climate change

Vulnerability

Potential to be adversely affected taking account of:

- Sensitivity to hazard
- Adaptive Capacity to adjust to potential damage

03 3. Do No Significant Harm (DNSH)

A safety net has been included to ensure that positive climate change action avoids impact to the Taxonomy's other environmental objectives. In the case of building renovations, very high (>70%) waste recycling targets are required for non-hazardous waste under the Circular Economy objective.

04 4. Social Safeguards

Alignment with UN human rights principles, OECD guidelines, EU legislation and health & safety law to ensure a fair, non-discriminatory, inclusive and safe workplace.