

# Webinar Series

Climate Bonds INITIATIVE

EU Taxonomy Explored: Talks with TEG Experts  
**Adaptation & Resilience**

**Thursday 14th May** 15:00 CEST (14:00 BST)



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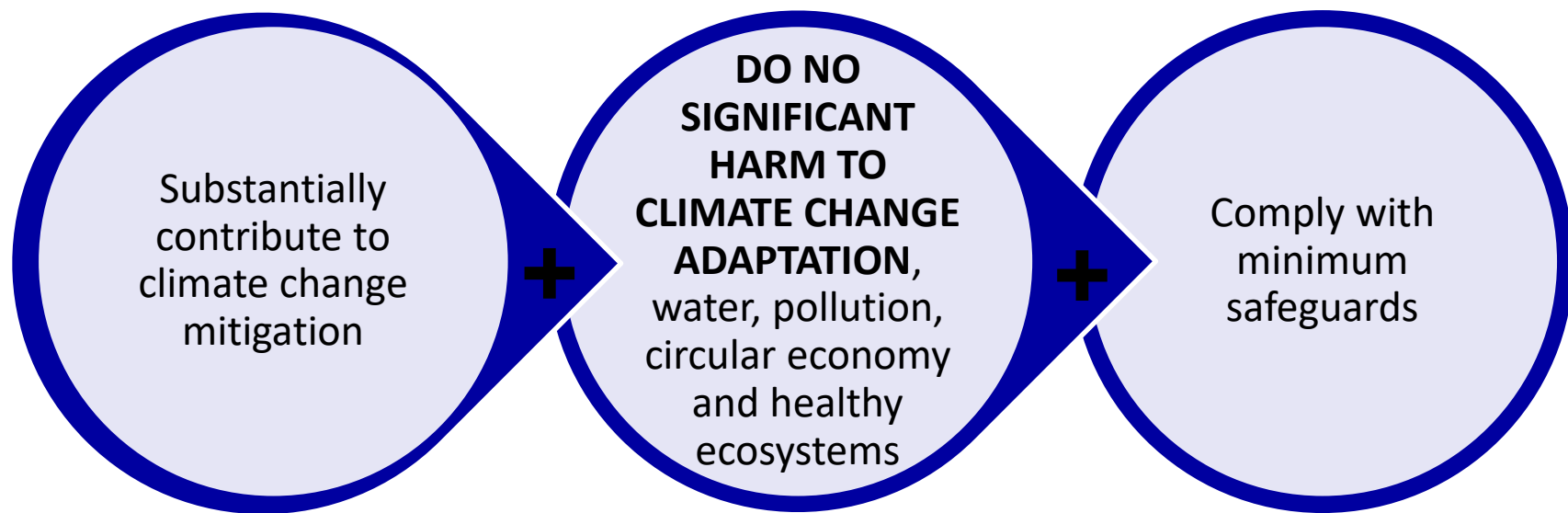
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# Adaptation at a glance – route 1



## Adaptation at a glance – route 2



# Assessing chronic and acute physical climate risks

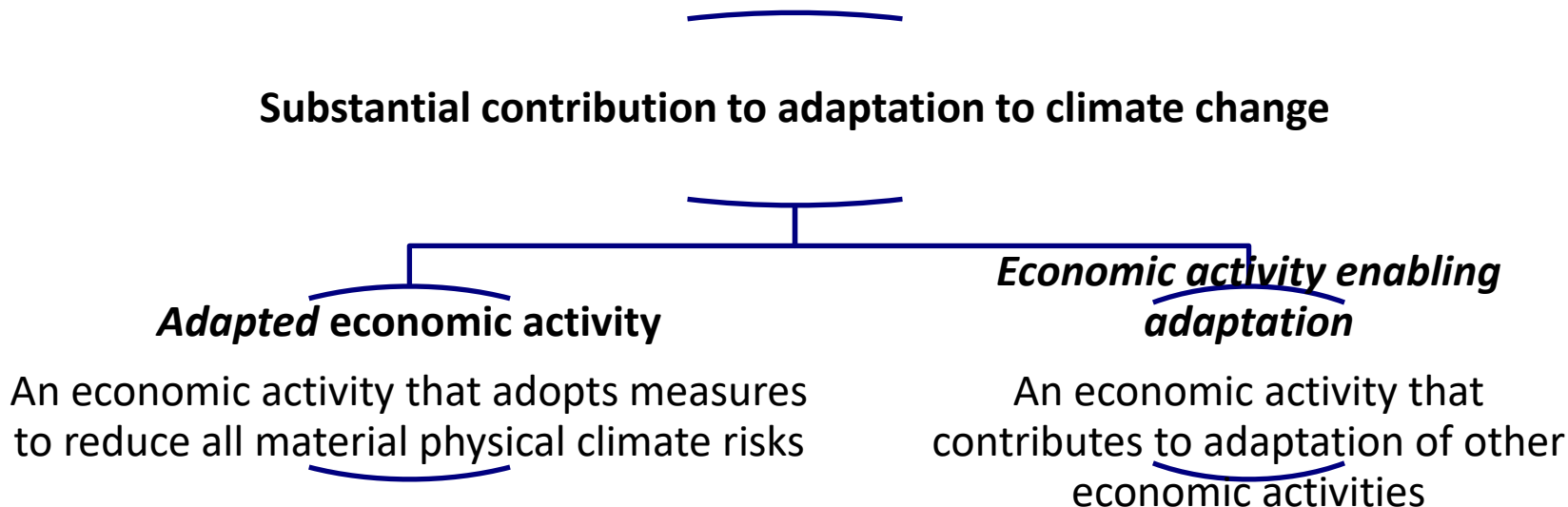
	I. Change in temperature	II. Change in wind	III. Change in water	IV. Change in land
Chronic	<ul style="list-style-type: none"> <li>• Changing temperature patterns</li> <li>• Heat stress</li> <li>• Temperature variability</li> </ul>	<ul style="list-style-type: none"> <li>• Changing wind patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Changing rainfall patterns</li> <li>• Hydrological variability</li> <li>• Precipitation variability</li> <li>• Ocean acidification</li> <li>• Saline intrusion</li> <li>• Sea level rise</li> <li>• Water stress</li> </ul>	<ul style="list-style-type: none"> <li>• Coastal erosion</li> <li>• Soil degradation</li> <li>• Soil erosion</li> <li>• Solifluction</li> </ul>
Acute	<ul style="list-style-type: none"> <li>• Heat wave</li> <li>• Cold wave/frost</li> <li>• Wildfire</li> </ul>	<ul style="list-style-type: none"> <li>• Cyclone</li> <li>• Hurricane</li> <li>• Storm</li> <li>• Tornado</li> <li>• Typhoon</li> </ul>	<ul style="list-style-type: none"> <li>• Drought</li> <li>• Coastal flood: coastal</li> <li>• Fluvial flood</li> <li>• Pluvial flood</li> <li>• Flash/surface flood</li> <li>• Glacial lake outburst</li> </ul>	<ul style="list-style-type: none"> <li>• Avalanche</li> <li>• Landslide</li> <li>• Subsidence</li> </ul>

# Adaptation assessment is process based

- Adaptation means reducing physical climate risks relevant to a given location and context
- **Not possible to draw a list of adaptation activities**
- So, adaptation is process based – aimed at understanding and responding to **location- and context-specific physical climate risk**
- It uses **qualitative screening criteria**
- These are applicable to all economic activities



# Two types of adaptation activities



# Type 1 - Screening criteria

1

**Reduce all material physical climate risk** - to the extent possible

REQUIRES:

- ✓ Climate risk assessment based on robust climate data to identify all material physical climate risk
- ✓ Adaptation plan with measures required to reduce all material risks –executed within 5 years

2

**Support system adaptation** - Do not increase the risks of an adverse climate impact on other people, nature and assets

REQUIRES:

- ✓ Consistency with sectoral, regional, and/or national adaptation efforts
- ✓ Consideration of 'nature-based-solutions' over 'grey' measures

3

**Monitor adaptation results**

REQUIRES:

- ✓ Adaptation indicators to measure results
- ✓ Updated assessments of physical climate risks undertaken at the appropriate frequency

# Type 1: What can be counted

Only the expenditure of adaptation measures (not activity revenues)

For large investments implemented in phases, the investments in each phase can be counted if part of a full adaptation programme executed within 5 years

For example, a corporate adopting an adaptation plan to reduce material physical climate risk to its headquarters and production sites





## Type 2: Activities enabling adaptation

An economic activity that enables adaptation of other economic activities e.g.

- Fire and other emergency services for weather-related disasters
- Earth observation systems, satellite observation systems for weather and climate related observation
- Communication technologies for dissemination of weather- and climate-related information
- Research, Development and Innovation in adaptation technologies

It is itself *adapted* to the negative effects of climate-related hazards



## Type 2 - Screening criteria

1

**Supporting adaptation of other economic activities**

MUST BE:

- ✓ Technology, product, practice, or governance process that remove information, financial, technological and capacity barriers to adaptation by others

2

**Support system adaptation**

REQUIRES:

- ✓ An assessment of the physical climate risks that the economic activity will contribute to address based on robust climate data;
- ✓ An assessment of the effectiveness of the contribution of the economic activity to reducing those risks

3

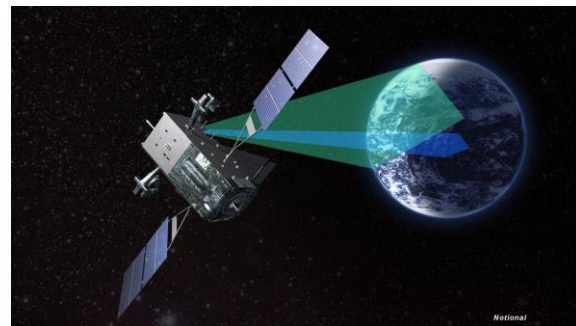
**It is adapted**

REQUIRES:

- ✓ In the case of infrastructure linked to an activity enabling adaptation, that infrastructure must also meet the screening criteria A1, A2 and A3.

## Type 2: What can be counted

- Expenditure and/or revenues linked to the specific economic activity
- For example:
  - revenues linked to developing technologies for early warning system for flood risk
  - investments in drought resistant crop R&D



# Type 1 or Type 2?

- Economic activities are not categorised as type 1 or type 2 – this is left to the discretion of the user
- Some economic activities can be either type, depending on their purpose e.g.
  - Conservation forestry
  - New construction
- What is key is the *primary objective* of the actor engaged in that activity



# DNSH to adaptation – screening criteria

To be applied to economic activities making a substantial contribution to any of the 5 environmental objectives (other than adaptation)

1

**Reduce all material physical climate risk** - to the extent possible and on a best effort basis

REQUIRES:

- ✓ Climate risk assessment based on robust climate data to identify material physical climate risk
- ✓ Adaptation plan with measures required to reduce all material risks –executed within 5 years

2

**Support system adaptation** - Do not increase the risks of an adverse climate impact on other people, nature and assets

REQUIRES:

- ✓ Consistency with sectoral, regional, and/or national adaptation efforts
- ✓ Consideration of 'nature-based-solutions' over 'grey' measures

# Download the report

[https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy\\_en](https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy_en)



## Summary Report

- Guidance for investors and companies



## Technical Annex

- Detailed criteria with detailed rationale



## Taxonomy spreadsheet

- Tables for economic classification systems

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