



Die EU-Perspektive auf den Beitrag des Finanzsektors für eine nachhaltige und klimagerechte Entwicklung

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The Case for Sustainable Finance

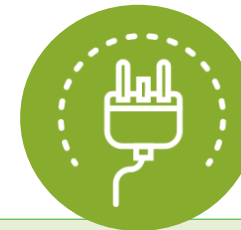
The EU committed to **three ambitious climate and energy targets for 2030** in line with the UN 2030 Agenda, the SDGs and the Paris Agreement. In its **long-term strategy**, the EU strives for **net-zero GHG emissions by 2050**.



Minimum **40%** cut in greenhouse gas emissions compared to 1990 levels



At least a **32%** share of renewables in final energy consumption



At least **32,5%** energy savings compared with the business-as-usual scenario

Public money →

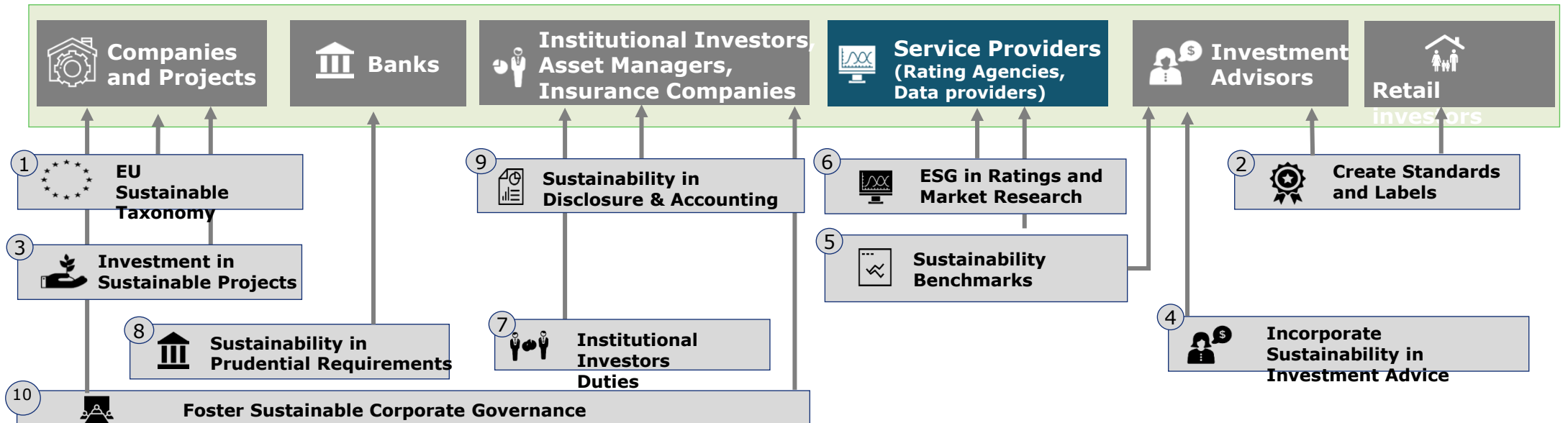
The yearly investment gap to meet these targets is estimated to be **between € 175 to 290 billion.**


← **Private money**

Public supporting schemes alone will not be sufficient to meet those investment needs. The private sector will have to play a huge role and a smart policy framework is needed to incentivise private investment.

Action Plan on Financing Sustainable Growth

Mapping and links of the 10 actions along the investment chain



1  **Reorienting capital flows** towards sustainable investment

2  **Mainstreaming sustainability into risk management**

3  **Fostering transparency and long-termism**

The Legislative Proposals

The most urgent actions from the AP were taken forward as Legislative Proposals in May 2018.

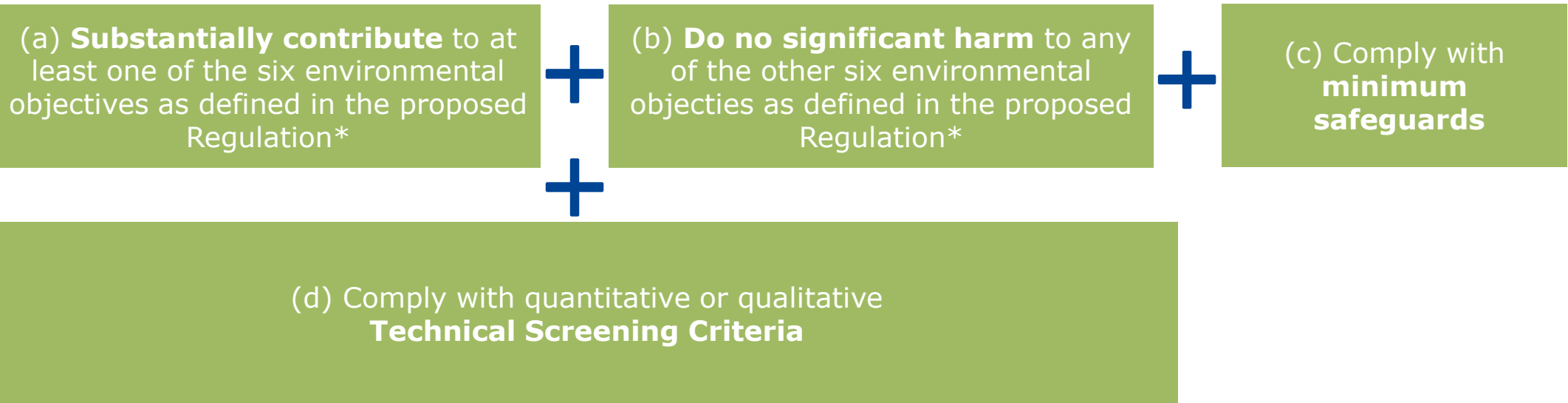


The Taxonomy Proposal

What is the Taxonomy?

What is set out in the Proposal?

A list of economic activities that are considered environmentally sustainable for investment purposes. **The framework to develop the taxonomy.** For an economic activity to be on the list, it has to comply with four conditions:



*The six environmental objectives as defined in the proposed Regulation are: (1) climate change mitigation; (2) climate change adaptation; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy, waste prevention and recycling; (5) pollution prevention and control; (6) protection of healthy ecosystems.

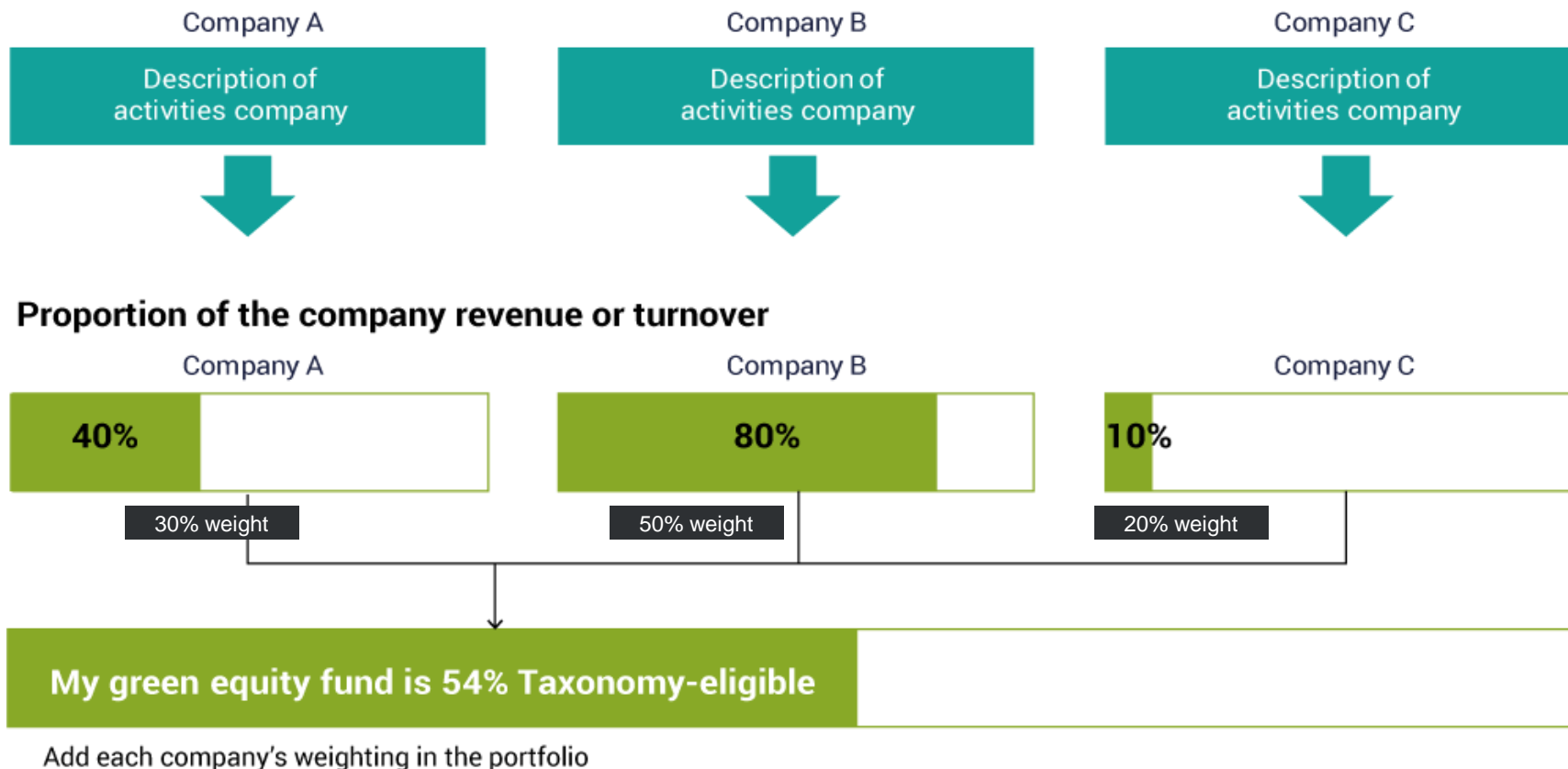
24.2 Freight rail transport

Sector classification and activity	
Macro-Sector	H - Transport and storage
NACE Level	4
Code	H49.2.0
Description	Freight Rail Transport
Mitigation criteria	
Principle	Demonstrate substantial GHG emission reduction
Metric	CO ₂ e emissions per tonne- kilometre (gCO ₂ e/tkm)
Threshold	<ul style="list-style-type: none">• Zero direct emissions trains (e.g. electric, hydrogen) are eligible.• Other trains are eligible if direct emissions per tkm are 50% lower than average reference CO₂ emissions of HDVs as defined for the Heavy Duty CO₂ Regulation, to be reviewed in 2025.• Rail that is dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels is not eligible even if meeting the criteria above.

Do no significant harm assessment	
(3) Water	Ensure that draining from the tracks is not released into water bodies, for example, by constructing basins for drainage water that lead to a water treatment plant before released into water bodies.
(4) Circular Economy	Ensure end-of-life management for the rolling stock, e.g. reuse and recycle of parts like batteries, in compliance with EU and national legislation on hazardous waste generation, management and treatment.
(5) Pollution	<ul style="list-style-type: none"> • Engines for the propulsion of railway locomotives (RLL) and engines for the propulsion of railcars (RLR) must comply with latest applicable standards (currently stage V) of Non-Road Mobile Machinery Regulation . • Minimise noise and vibrations of rolling stock, thresholds in line with Regulation 1304/2014 Noise TSI : <ul style="list-style-type: none"> ○ Electric locomotives <84dB at 80km/h & <99 at 250 km/h; ○ Diesel locomotives <85 at 80km/h; ○ Electric multiple units <80dB at 80km/h & <95 at 250 km/h; ○ Diesel Multiple Units <81dB at 80km/h & <96 at 250 km/h; ○ Coaches <79dB at 80km/h; ○ Wagons <83dB at 80km/h
(6) Ecosystems	

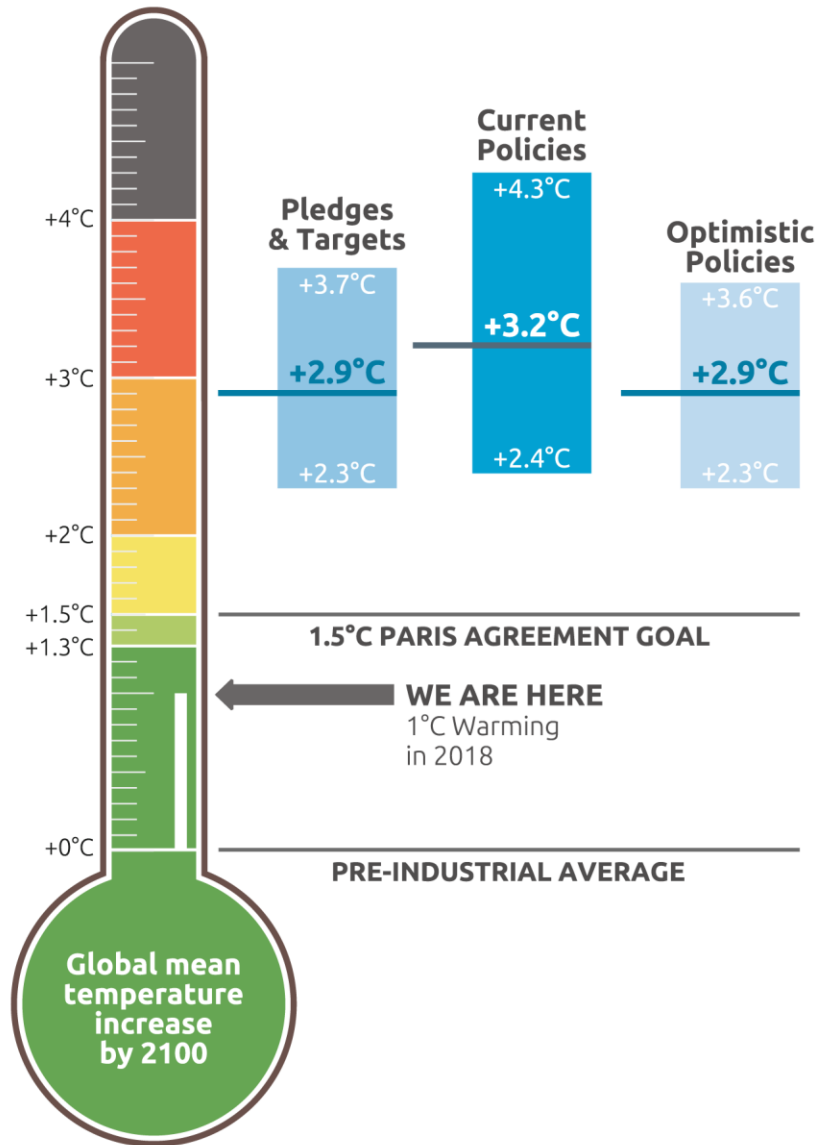
The Taxonomy in practice: Equities

How to apply the taxonomy to an equity portfolio



EU Taxonomy is a list of economic activities with performance criteria for their contribution to six environmental objectives and DNSH criteria addressing ESG risks.

IS	IS NOT
A list of economic activities and relevant criteria with substantial contribution to environm. sustainability	A rating of good or bad projects (many are grey) or companies (could demonstrate their share of green)
Describing stand-alone “environmentally sustainable” activities	Reflecting systemic sustainability through interlinkages (e.g. waste hierarchy)
Trigger are net-zero-carbon and / or transitional	Dark green
Flexible to adapt to different investment styles and strategies, e.g. by ESG-oriented funds	A mandatory list to invest in
Making a judgement on environmental performance, based on latest scientific and industry experience	Making a judgement on financial performance (financial return or financial risk)
Dynamic, responding to changes in technology, science, new activities and data	Inflexible or static



CAT warming projections

Global temperature increase by 2100

September 2019 Update