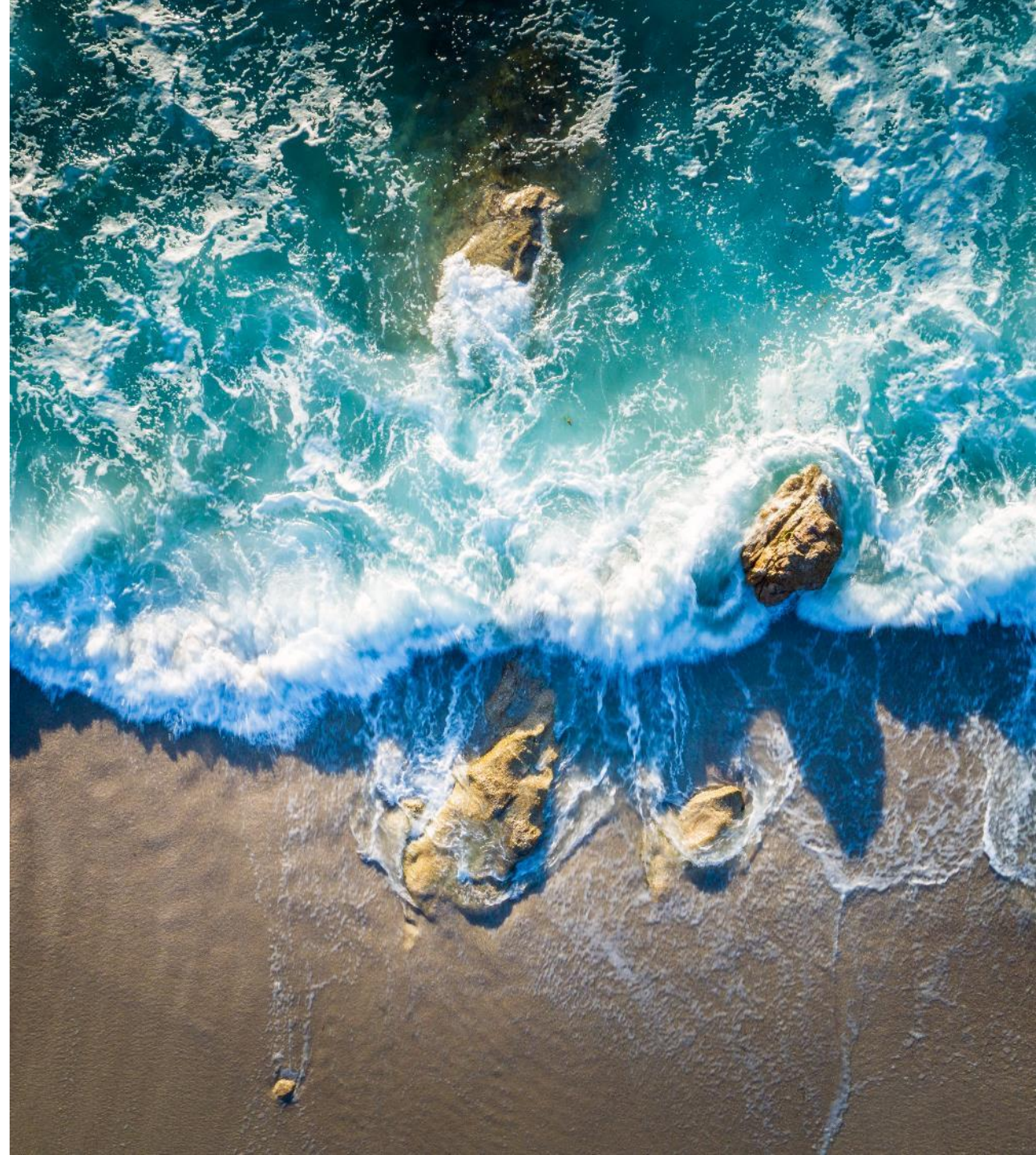




How to be Green?
The investor's perspective.

Market developments

- Carbon neutrality by 2050
- Need for additional investments for 480 billion euros per year by 2030
- Rise of the green capital market
- Sustainable finance instruments currently less than 10% but growing rapidly
- ESG growth funds have 4 times faster growth than non-ESG
- Lack of standardisation and transparency may lead to short-term solutions or greenwashing



What is green?

- Context – Taxonomy Regulation
- Principles of the Taxonomy:
 - ❖ Pan-European legal act
 - ❖ Classification system
 - ❖ Framework for common understanding
- Green = Environmentally sustainable



What is environmentally sustainable?

- Environmentally sustainable =
 1. Contributes substantially to one of the six environmental objectives; AND
 2. Does no significant harm (DNSH) to other 5 environmental objectives; AND
 3. Complies with minimum safeguards



What is environmentally sustainable?

➤ Environmentally sustainable =

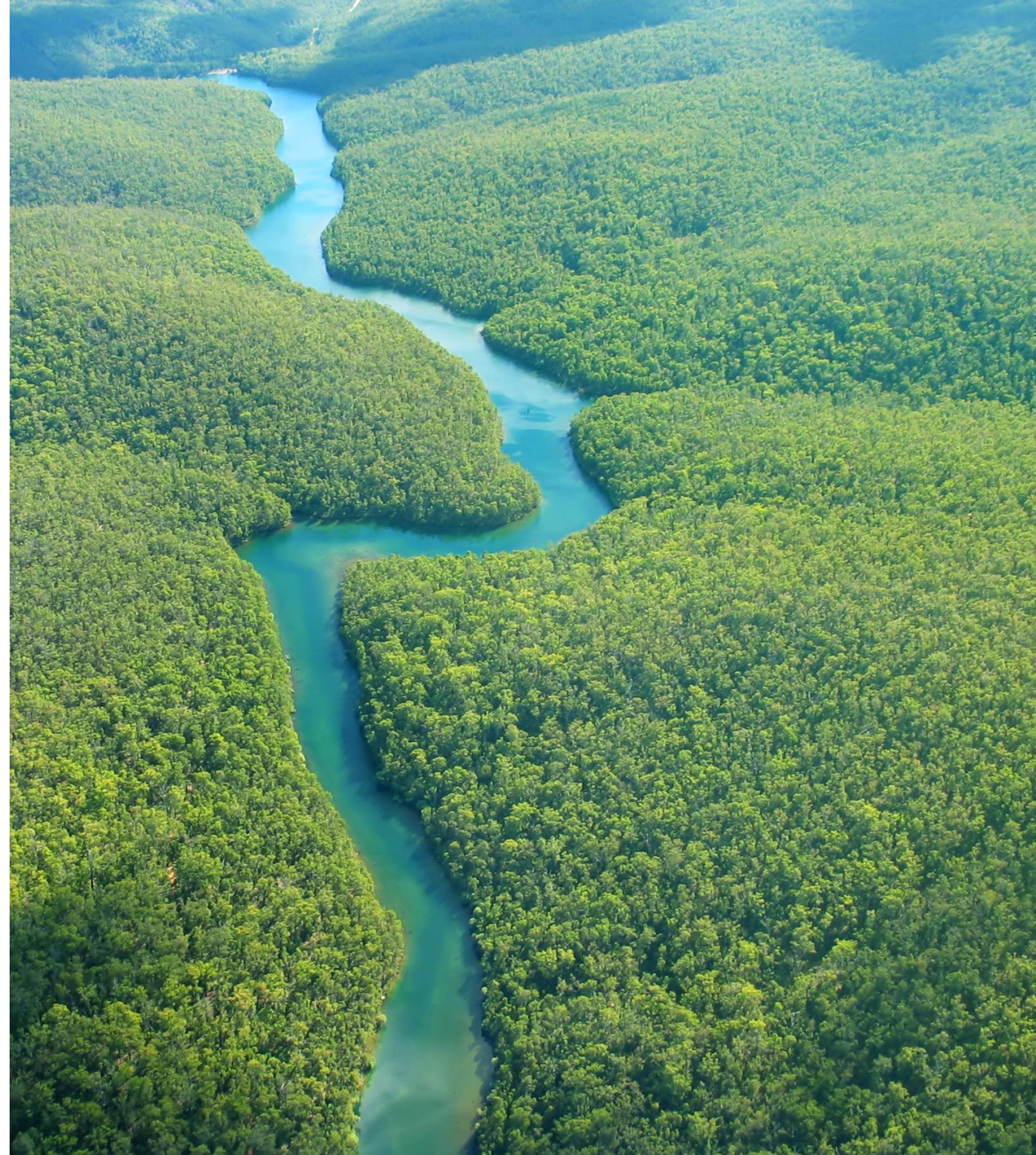
1. Contributes substantially to one of the six environmental objectives; AND
2. Does no significant harm (DNSH) to other 5 environmental objectives; AND
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What is an environmental objective?

➤ Environmental objectives:

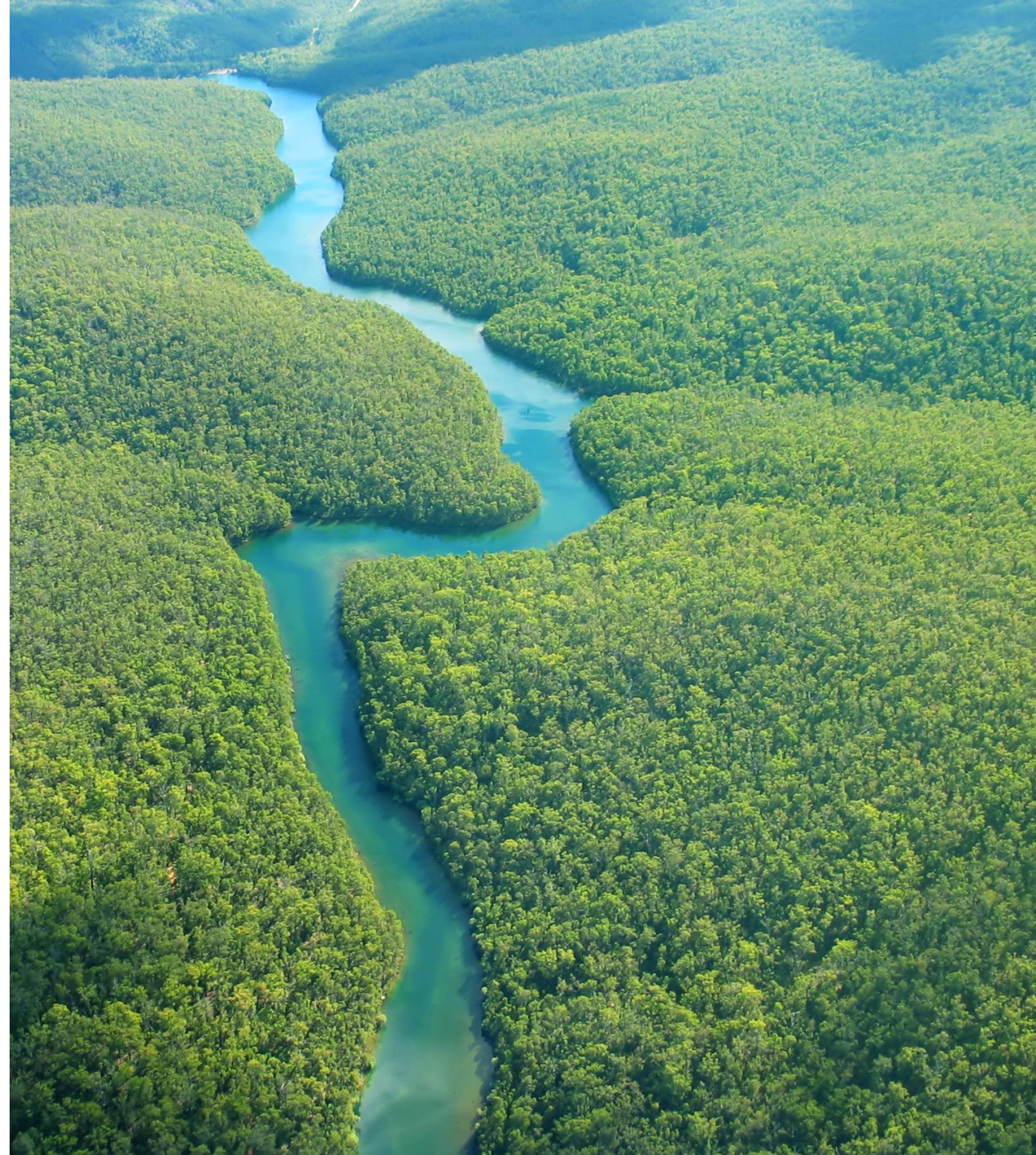
1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems



How to contribute to an environmental objective?

➤ Climate change mitigation = *stabilising GHG concentrations in the atmosphere by avoiding/ reducing/removing GHG emissions by:*

- generating, transmitting, storing, distributing renewable energy;
- improving energy efficiency;
- increasing clean or climate-neutral mobility;
- switching to the use of sustainably sourced renewable materials;
- increasing the use of environmentally safe CCU and CCS technologies;
- strengthening land carbon sinks;
- establishing energy infrastructure required for enabling the decarbonisation of energy systems;
- producing clean and efficient fuels from renewable or carbon-neutral sources



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What is contributing „substantially“?

- Substantial contribution = Threshold based on the Technical Screening Criteria (TSC)
- Separate TSCs for each environmental objective
- TSCs provides thresholds based on economic sectors and activities
- TSCs do not include all economic sectors



What is environmentally sustainable?

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2. Does no significant harm (DNSH) to other 5 environmental objectives; AND
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How to not do (significant) harm?

- DNSH norms and standards listed in the TSC
- No harm to climate change mitigation:
 - ❖ *Direct GHG emission = <270g CO₂e/kWh (electricity generation from hydropower)*
 - ❖ *Monitoring plan in place for CO₂ leakages (storage and transport of CO₂)*
- No harm to water: *EIA or other risk assessment + water use and protection management plan*
- No harm to circular economy: *Assess availability of and, where feasible, use highly durable and recyclable equipment and components that are easy to dismantle and refurbish (electricity generation from wind power)*



What is environmentally sustainable?

➤ Environmentally sustainable =

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2. Does no significant harm (DNSH) to other 5 environmental objectives; AND
3. Complies with minimum safeguards



What are minimum safeguards?

- OECD Guidelines for Multinational Enterprises - *Recommendations to multinational enterprises on responsible business conduct.*
- UN Guiding Principles on Business and Human Rights - *31 principles on how to address negative impacts on human rights by transnational corporations and other businesses.*



How to be green?

Q: How to be a green company?

A: To be a „green company“ you need to be environmentally sustainable company:

- i. contribute substantially to an environmental objective, while
- ii. not causing harm to any other environmental objective (DNSH), and
- iii. adhering to the minimum safeguards.

➤ Environmentally sustainable company = Taxonomy-aligned company



How to be green? Checklist.

1. Analyse if you (can) contribute to an environmental objective with your activity
2. Check if your economic sector and activity are qualified in the TSC
3. Determine the substantial contribution criteria that must be met
4. Determine the DNSH requirements that need to be complied with
5. Determine which minimum safeguards apply and if they can be followed



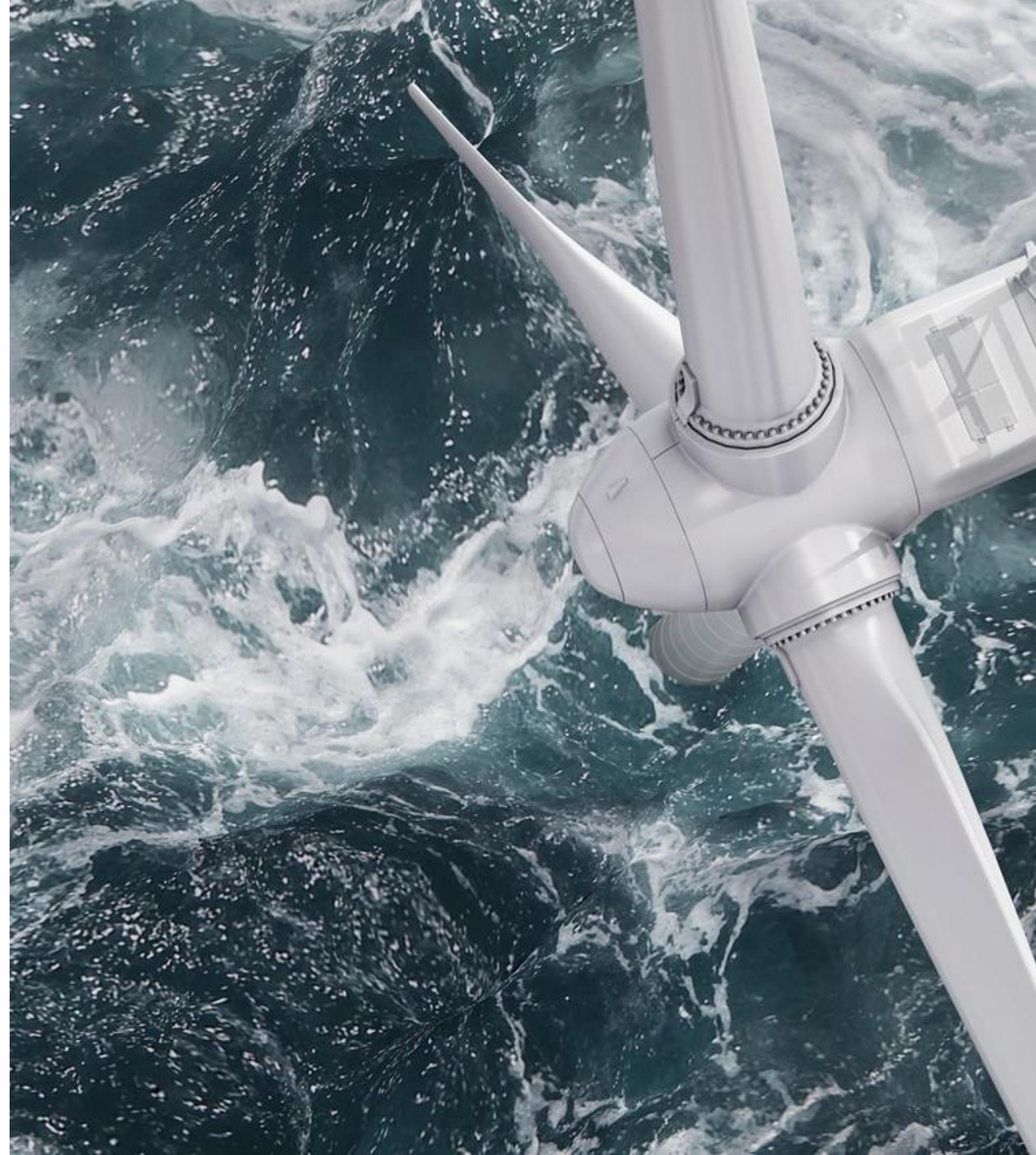
How to be green?

Climate change mitigation

Example: Activity – Wind farm operations

1. Analyse if you contribute to environmental objective

- Climate change mitigation = *Stabilising GHG concentrations in the atmosphere by avoiding/reducing/removing GHG emissions by:*
 - generating, transmitting, storing, distributing renewable energy;
 - improving energy efficiency;
 - increasing clean or climate-neutral mobility;
 - switching to the use of sustainably sourced renewable materials;
 - increasing the use of environmentally safe CCU and CCS technologies;
 - strengthening land carbon sinks;
 - establishing energy infrastructure required for enabling the decarbonisation of energy systems;
 - producing clean and efficient fuels from renewable or carbon-neutral sources



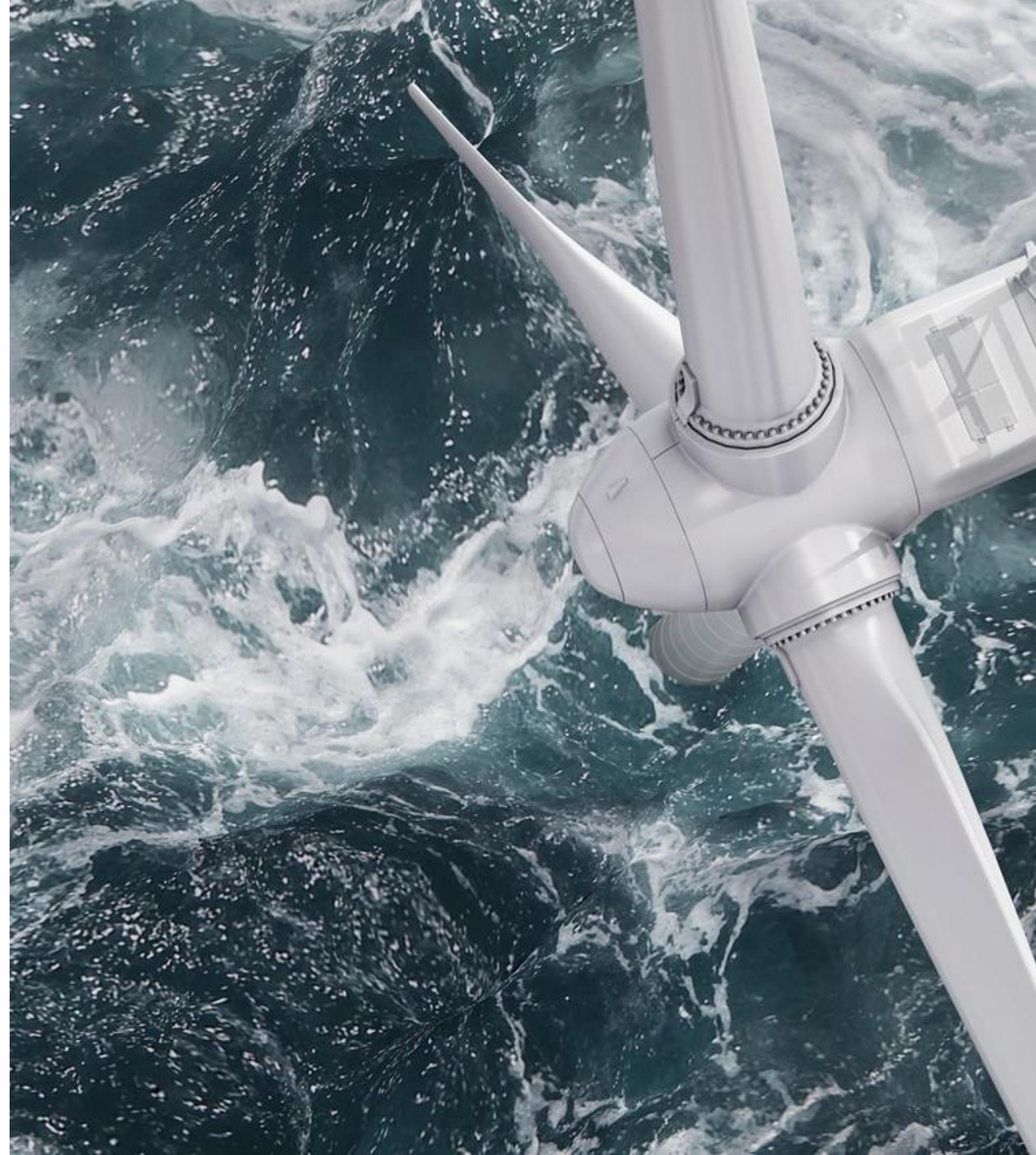
How to be green?

Climate change mitigation

Example: Activity – Wind farm operations

1. Analyse if you contribute to environmental objective

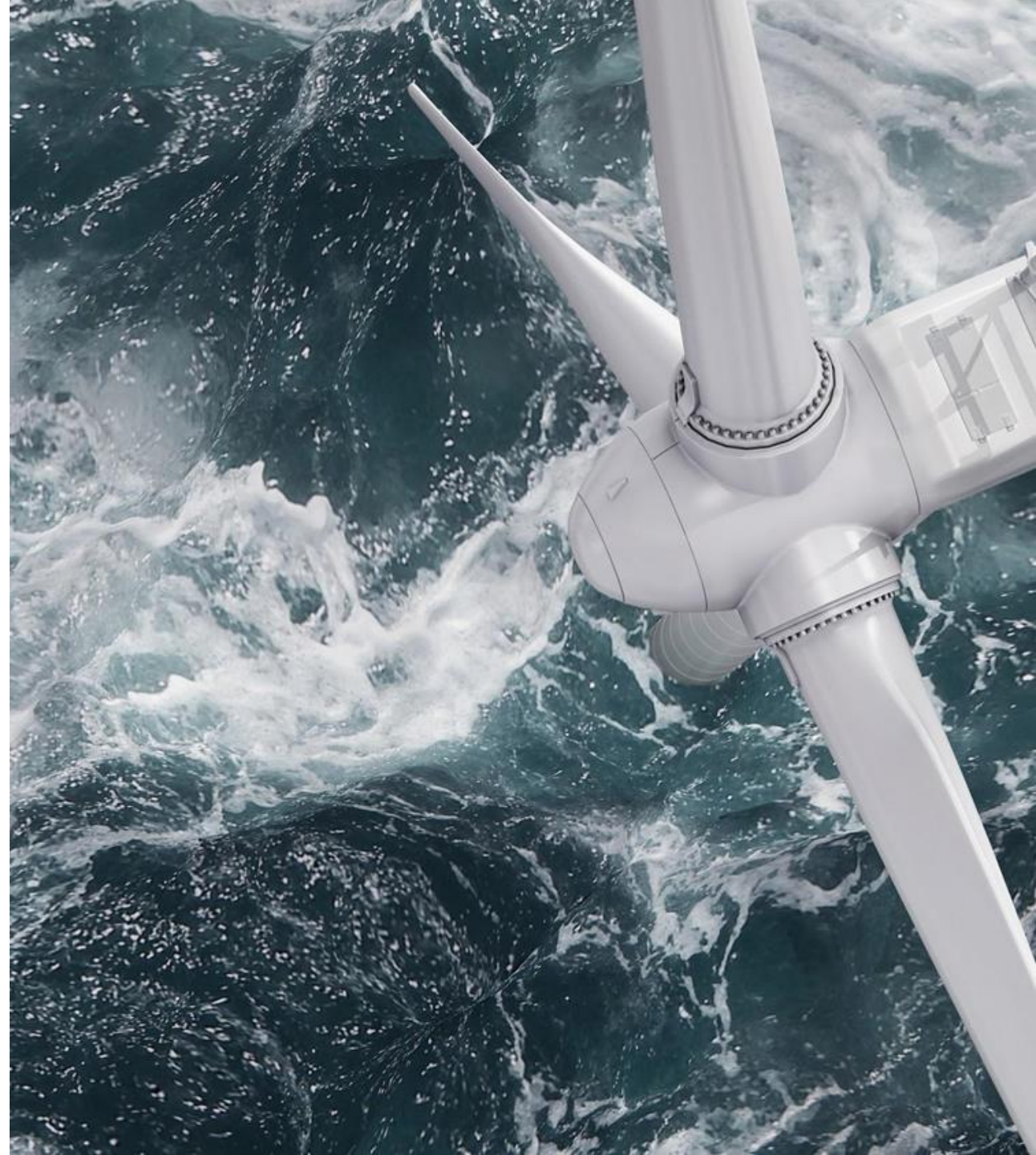
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How to be green?

Climate change mitigation

2. Check if your economic sector/activity are qualified in the TSC:
 - TSC 4.3. „Electricity generation from wind power“:
„Construction or operation of electricity generation facilities that produce electricity from wind power (could be associated with several NACE codes, in particular D35.11 and F42.22).“
3. Determine the substantial contribution criteria:
 - TSC: *„The activity generates electricity from wind power.“*
4. Determine the DNSH requirements:
 - TSC: Requirements set for climate adaptation, water, circular economy and biodiversity objectives
5. Follow the applicable OECD Guidelines and UN Guiding Principles



How to be green?

Climate change mitigation

Example: Activity – Hydrogen production through electrolysis

1. Analyse if you contribute to environmental objective

- Climate change mitigation = *Stabilising GHG concentrations in the atmosphere by avoiding/reducing/removing GHG emissions by:*
- generating, transmitting, storing, distributing renewable energy;
 - improving energy efficiency;
 - increasing clean or climate-neutral mobility;
 - switching to the use of sustainably sourced renewable materials;
 - increasing the use of environmentally safe CCU and CCS technologies;
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How to be green?

Climate change mitigation

Example: Activity – Hydrogen production through electrolysis

1. Analyse if you contribute to environmental objective

- Climate change mitigation = *Stabilising GHG concentrations in the atmosphere by avoiding/reducing/removing GHG emissions by:*
- generating, transmitting, storing, distributing renewable energy;
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 - increasing clean or climate-neutral mobility;
 - switching to the use of sustainably sourced renewable materials;
 - increasing the use of environmentally safe CCU and CCS technologies;
 - strengthening land carbon sinks;
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 - producing clean and efficient fuels from renewable or carbon-neutral sources



How to be green?

Climate change mitigation

2. Check if your economic sector/activity are qualified in the TSC
 - TSC 3.10. „Manufacture of hydrogen “: *Manufacture of hydrogen and hydrogen-based synthetic fuels (could be associated with NACE code C20.11).*
3. Determine the substantial contribution criteria
 - TSC: *„Life-cycle GHG emissions savings requirement of 73.4% for hydrogen [resulting in life-cycle GHG emissions lower than 3tCO₂e/tH₂] relative to a fossil fuel comparator of 94g CO₂e/MJ. GHG emission savings are verified in line with Directive (EU) 2018/2001, or by and independent third party.“*
4. Determine the DNSH requirements
 - TSC: Requirements set for climate adaptation, water, pollution prevention and biodiversity objectives
5. Follow the applicable OECD Guidelines and UN Guiding Principles



How to be green?

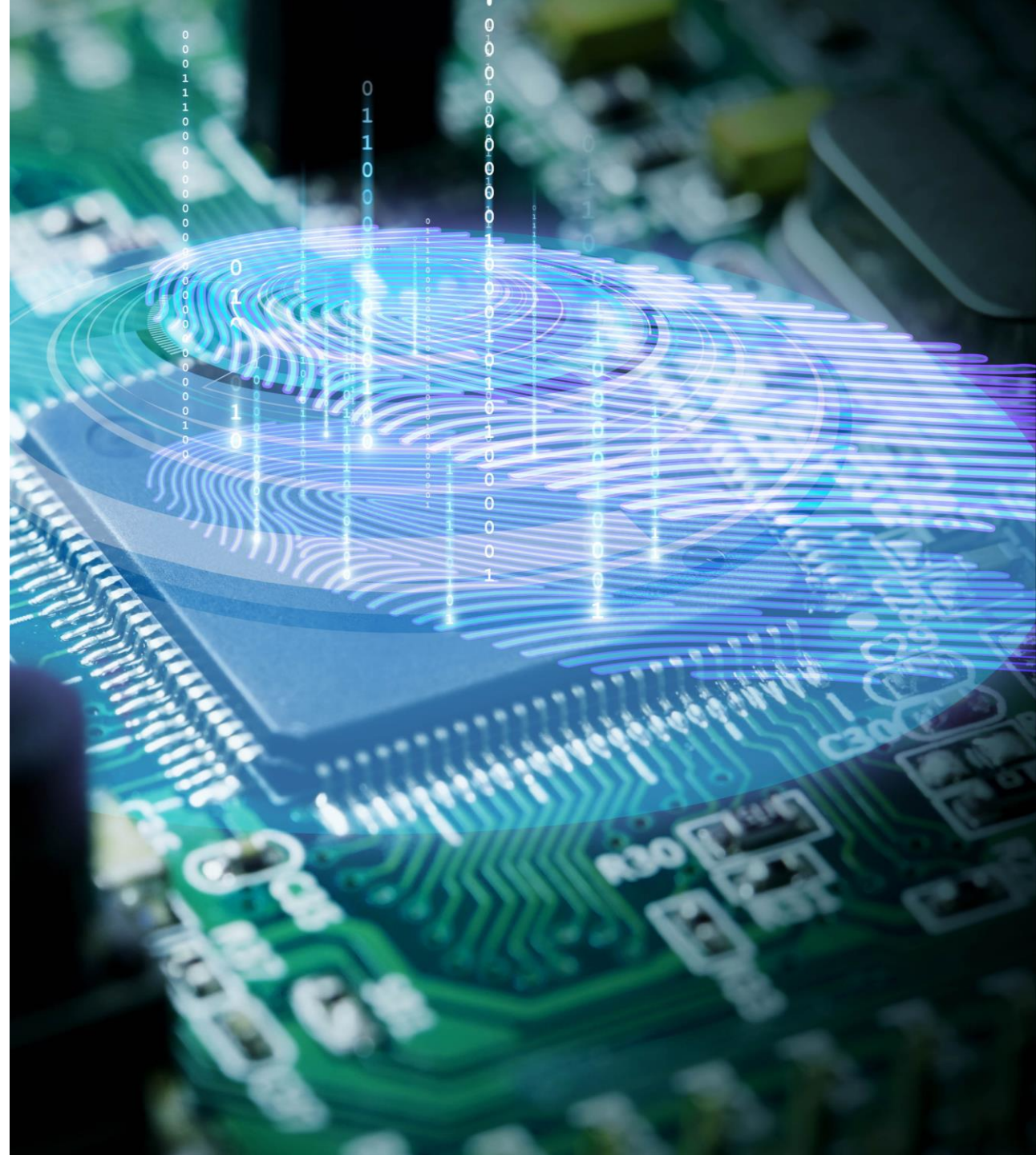
Transition to circular economy

- No technical screening criteria yet to determine whether you contribute substantially to the objective or not...
- ...BUT we can assume that the basis for the criteria will be the Circular Economy Action Plan which focuses on the following key product value chains:
 1. Electronics and ICT
 2. Batteries and vehicles
 3. Packaging
 4. Plastics
 5. Textiles
 6. Construction and buildings
 7. Food water and nutrients
- Highlighting the need to apply eco-design and implement circular business models.



Practical need to align with the Taxonomy

- Applying for public funding (e.g., Recovery and Resilience Facility measures)
- Fundraising from private investors who aim to do green/sustainable investments
- Partial implementation of the Taxonomy (e.g., SmartCap Green Fund)
- Sustainability reporting from 2025 for companies meeting 2/3 following criteria:
 - > 250 employees and/or
 - > €40M Turnover and/or
 - > €20M Total Assets





Questions?



Thank you!

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