

DO NO SIGNIFICANT HARM HANDBOOK

WHAT, WHY AND HOW OF 'DNSH' ACROSS ENVIRONMENTAL
AND SOCIAL SUSTAINABILITY-RELATED FACTORS



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INTRODUCTION

This guide focuses on the ‘Do No Significant Harm’ (“DNSH”) principle and technical screening criteria of the EU Taxonomy¹ and how they may be implemented and disclosed in practice. As investors gain a better understanding of how and to what extent investments substantially contribute to an environmental objective, they must ensure that these investments avoid significantly harming any of the environmental objectives, as well as adhere to minimum social safeguards. This is necessary in order to avoid economic activities benefitting from an investment, while on the one hand substantially reducing greenhouse gases or contributing to adaptation measures, and on the other, causing harm to the environment. The DNSH criteria are based primarily on minimum regulatory requirements and best practices within the European Union.

However, a notable challenge arises for financial market participants (“FMPs”), because DNSH disclosures generally fail to adequately address the DNSH qualitative and quantitative criteria. The DNSH challenges are surmountable, as most of the criteria are tied to existing minimum regulatory requirements as well as best practices, and furthermore, allow for international equivalency. This guide demonstrates how key economic factors can not only effectively address the DNSH disclosure challenges, but also illustrates how they may use the EU Taxonomy to guide strategic environmental goals and related decision-making, throughout the life cycle of that economic activity.

The overarching aim of the DNSH guide is to assist FMPs to evaluate DNSH criteria applied to the EU Taxonomy, and to instill awareness among actors in the economy of the benefits of sharing DNSH data at the earliest stage possible. Our DNSH case study (the “Case Study”) is representative of a new construction project, pre-construction stage, located in a coastal urban area within the EU. The due diligence process for the Case Study concerns the entire value chain of the activity including the operations, products, services and supply chains.

¹The EU Taxonomy was developed by a Technical Expert Group (“TEG”) convened by the European Commission during 2018 as part of an ambitious package of measures supporting its comprehensive strategy on sustainable finance. The European Commission has taken the recommendations of the TEG as the basis for the Delegated Acts (Annex I and II) published in April 2021, supplementing the Taxonomy Regulation (EU 2020/852). These Annexes provide detailed qualitative and quantitative technical screening criteria that define the thresholds for ‘substantial contribution’ to two climate objectives and ‘do no significant harm’ to two climate and four environmental objectives. Further development of the EU Taxonomy is being undertaken by the Sustainable Finance Platform with additional Technical Screening Criteria (“TSC”) to be published at the end of December 2021.

The Case Study underlines how owners and developers of large construction and infrastructure projects, can at minimal cost, greatly improve their DNSH and other relevant ESG (sustainability-related) disclosures and thereby enable Real Estate Investment Trusts and other investors to incorporate their sustainable projects into their EU Taxonomy aligned and / other sustainable investment portfolios.

FMPs need to know how, and to what extent, the EU Taxonomy technical screening criteria have been applied. EU Taxonomy eligible activities may include ongoing revenue-generating operations, capital expenditure ("CapEx") and / or operational expenditure ("OpEx"). Strategic decisions made early in the development pre-construction stage by developers and planners will ease the disclosure burden on all stakeholders and ensure the environmental ambitions of the project are rewarded.

All references in this guide to SFDR Final Draft Level 2 include the proposed changes contemplated by the Taxonomy Regulation's draft Regulatory Technical Standards.

Definitions used within are set out in [Schedule 1 – Definitions on page 45](#).



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1. BACKGROUND AND THE PRINCIPLE OF 'DO NO SIGNIFICANT HARM'

The European Green deal is the European Commission's roadmap of the major policy and legislative proposals required to make Europe carbon-neutral by 2050. It builds on the European Commission's Action Plan on Financing Sustainable Growth (the "Action Plan") which imposes a number of regulatory requirements on asset managers. The European Green Deal is a road map for making the EU's economy sustainable and further moves sustainable objectives to the core of EU policy. It proposes a Renewed Sustainable Finance Strategy to ensure that the EU's financial systems support the transition of businesses towards sustainability in the context of recovery. It focuses on three main areas:

1. Strengthening the foundations for sustainable finance by creating an enabling framework, with appropriate tools and structures
2. Increasing opportunities for citizens, financial institutions and corporates to enhance sustainability
3. Reducing and managing climate and environmental risks while ensuring social risks are taken into account where relevant

The principle of 'do no harm' underpins the European Green Deal, which includes a green oath that requires future European Commission initiatives to uphold this principle.

As part of the Action Plan, the European Commission has published a raft of legislation which includes the SFDR and the Taxonomy Regulation. The SFDR seeks to avoid divergent measures across EU Member States to ensure end-investors are offered standard and comparable information, in order to make an informed decision and to determine what activities are environmentally sustainable. It lays down harmonised rules on transparency for financial market participants, based on the type of financial products (SFDR Articles 6, 8 and 9) that are being marketed. In addition, the Taxonomy Regulation provides a

framework to classify environmentally sustainable economic activities. The Taxonomy Regulation establishes the conditions to create a unified classification system and sets out the criteria and factors to be taken into account for a product or activity to be deemed 'environmentally sustainable'. In keeping with the green oath that underpins the Green Deal, both the SFDR² and the Taxonomy Regulation³ apply the principle of 'Do No Significant Harm'.

The SFDR introduced the principle of 'do not significantly harm' which considers an investment to be a "Sustainable Investment" if it contributes to an environmental or social objective and does not significantly harm any other environmental or social objective as set out in the SFDR. This means that financial products that have a sustainable investment objective must also consider the adverse impact indicators as part of their disclosures of 'no significant harm' to sustainability objectives.

The Taxonomy Regulation provides for a framework to classify a Sustainable Investment. It sets out the criteria and factors to be considered for a product or activity to be deemed 'environmentally sustainable', however it does not set out the technical screening criteria for social objectives. The Taxonomy Regulation sets out a list of economic activities with performance criteria for their contribution to six environmental objectives, namely:

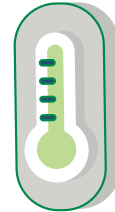
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention, control and protection
6. Restoration of biodiversity and ecosystems (the "Environmental Objectives")

² The SFDR seeks to harmonise ESG disclosures to enable investors to make informed choices. The SFDR requires financial market participants and financial advisers to disclose how they integrate sustainability risks in their investment decision making process and advisory processes.

³ The Taxonomy Regulation sets out the criteria and factors to be considered for a product or activity to be deemed environmentally sustainable.



**CLIMATE CHANGE
MITIGATION**



**CLIMATE CHANGE
ADAPTATION**



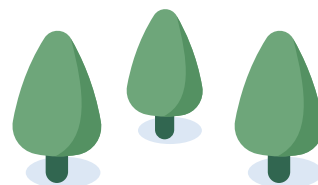
**SUSTAINABLE USE
OF WATER AND
MARINE RESOURCES**



**CIRCULAR
ECONOMY**



**POLLUTION
PREVENTION**



**HEALTHY
ECOSYSTEM**

In order for an activity to qualify as being 'environmentally sustainable', it must contribute substantially to one of the Environmental Objectives, while also complying with each of the following criteria:

- **No Significant Harm:** The activity does not significantly harm any of the Environmental Objectives
- **Technical Screening Criteria:** The activity must comply with technical screening criteria for each relevant Environmental Objective
- **Minimum Social and Governance Safeguards:** The activity must comply with minimum social and governance contained in the Taxonomy Regulation

The regulatory technical standards, under the SFDR Final Draft Level 2, further specify the details of the content and presentation of the DNSH disclosure requirements to ensure consistency between the DNSH principles of the SFDR and the Taxonomy Regulation. To provide greater coherence between the DNSH provisions in the Taxonomy Regulation and the SFDR, the SFDR Final Draft Level 2 proposes that DNSH disclosures take the adverse impact indicators into account and also advocates for sustainable investments to ensure alignment with the minimum safeguards set out in the Taxonomy Regulation as further detailed below.

The overall objective of the DNSH disclosures is to ensure that FMPs disclose adequate information about how their sustainable investments adhere to the precautionary principle of DNSH so that neither the environmental, nor the social objective is significantly harmed. The objective is to allow end investors to compare financial products across the EU.

The Taxonomy Regulation requires companies within the scope of the Non-Financial Reporting Directive ("NFRD") (and proposed amendment by the Corporate Sustainability Reporting Directive ("CSRD")) to disclose certain indicators about the extent to which their activities are environmentally sustainable according to the EU Taxonomy. These disclosure obligations are specified by a separate Commission delegated act (referred to as "Article 8 delegated act") and include requirements to disclose on DNSH. These key performance indicators ("KPIs") relate to turnover, CapEx and

OpEx and the delegated act specifies the content, methodology and presentation to be disclosed by financial and non-financial companies. These requirements are complementary to the information that companies have to disclose according to the NFRD itself.

Compared to the NFRD sustainability reporting requirements, the principal novelties of the CSRD proposal are to:

- Extend the scope of the reporting requirements to additional companies, including all large companies and listed companies (except listed micro-companies)
- Require assurance of sustainability information, including DNSH, minimum social safeguards ("MSS") and adverse sustainability impacts ("ASI")
- Include the double materiality concept as a key pillar within companies' reporting
- Specify in more detail the information that companies should report, and require them to report in line with mandatory EU sustainability reporting standards
- Ensure that all information is published as part of companies' management reports, and disclosed in a digital, machine-readable format

2 PRACTICAL APPLICATION OF 'DO NO SIGNIFICANT HARM'

The SFDR Final Draft Level 2⁴ introduces a requirement for both SFDR Article 8 (which promotes environmental or social characteristics) and SFDR Article 9 (which has a sustainable investment objective) financial products to conduct a DNSH evaluation on their Sustainable Investments (the "DNSH Test").

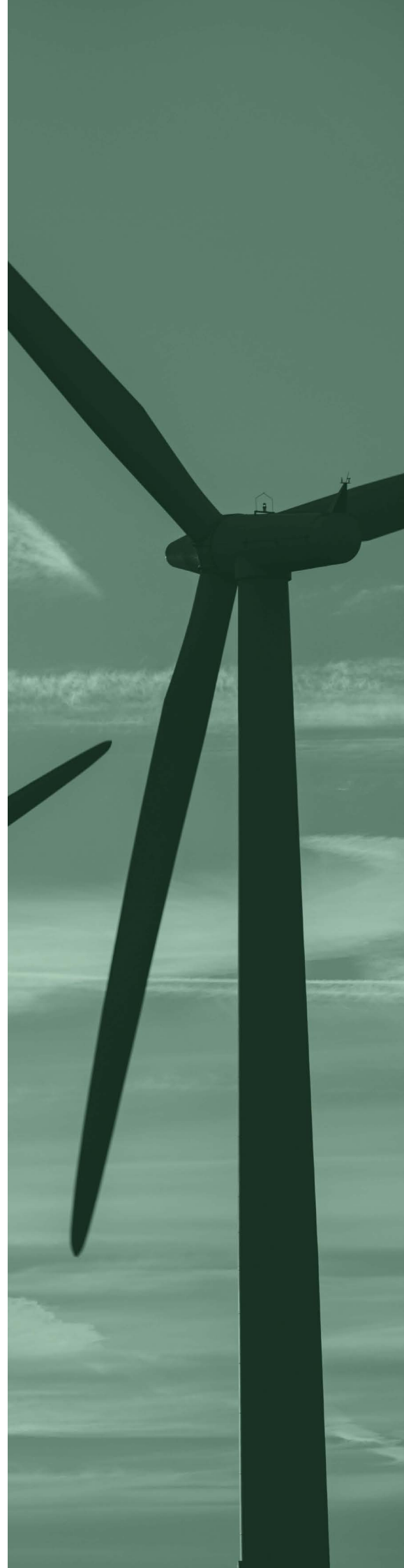
In order for the FMP to comply with the required disclosures on the application of the DNSH Test, they will have to update the pre-contractual, periodic and website disclosures of all Article 8 and Article 9 financial products ahead of the anticipated implementation date of the SFDR Final Draft Level 2 on 1 January 2022.

To apply the DNSH Test, depending on the financial product as defined by the SFDR, the FMP must:

- For SFDR 'Article 8 financial product', explain how the adverse social and environmental impact indicators in Table 1 of Annex I of SFDR Final Draft Level 2, i.e. the PASI statement of the SFDR Final Draft Level 2 and any relevant indicators from Tables 2 and 3 are taken into account
- For SFDR 'Article 9 financial product' ensure the alignment of Sustainable Investments with Article 18 of the Taxonomy Regulation on minimum safeguards

The inclusion of the Taxonomy Regulation's minimum safeguards as part of the overall sustainability analysis ensures that compliance with minimum safeguards is a condition for economic activities to qualify as being environmentally sustainable. In practice, this means that all financial products making Sustainable Investments are required to ensure that they invest in companies whose activities are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

⁴ The SFDR Final Draft Level 2 builds upon and clarifies how best to comply with the SFDR. The SFDR and the SFDR Final Draft Level 2 complement each other and should be read together. The SFDR Final Draft Level 2 is in draft form and remains subject to change, including changes under the Delegated Act.



Investors will carry out a simple five-stage process for all financial products that have a sustainable investment objective. This five-stage process may be applied to environmentally sustainable products, i.e. EU Taxonomy including:

Step One	Identify eligible revenue, CapEx and OpEx of eligible economic activities (those listed in the Taxonomy).
Step Two	Demonstrate substantial contribution to one or more of the six EU Taxonomy environmental objectives – screening tests for EU Taxonomy should be carried out based on a collection of thresholds by economic activities within a particular sector. Some economic activities have no screening criteria, i.e. are automatically eligible and so all revenue in that activity would qualify, subject to meeting DNSH screening criteria and MSS.
Step Three	Carry out a 'no significant harm' assessment to environmental objectives and validate that no significant harm criteria are met on the remaining EU Taxonomy environmental objectives in accordance with the technical screening criteria.
Step Four	Carry out a due diligence for social objectives and safeguards to ensure there are no negative impacts on minimum safeguards referred to in Article 18 of the Taxonomy Regulation. As noted above for EU Taxonomy aligned products, investors need to ensure that any negative impacts on the minimum safeguards stipulated in the Taxonomy Regulation, the OECD guidelines, the UN Guiding Principles on Business and Human Rights and Labour Rights conventions are avoided.
Step Five	Calculate revenue, CapEx, OpEx of the activities that meet all of the above steps and are aligned with the EU Taxonomy.

A similar five-stage process, in line with the SFDR Final Draft Level 2, may be carried out for all other financial products that have a sustainable investment objective, such as those that promote environmental and social characteristics.

We note that Article 47 of the SFDR Final Draft Level 2 appears to require that the DNSH Test be applied to all investments of an Article 9 financial product for the purpose of website disclosures. However, both the pre-contractual (Article 23a) and periodic report (Article 67a) disclosure requirements only require the DNSH Test to be applied to the Sustainable Investments proportion of an Article 9 financial product's portfolio. It remains to be seen whether the European Supervisory Authorities ("ESAs") or the European Commission will clarify this point.

3 DNSH DRIVERS AND CHALLENGES

The DNSH Test will enable investors to focus on what they do best – understanding the risk and return of an investment. By screening out economic activities that do not meet the DNSH Test and that undermine environmental and social objectives, investors can avoid risks to their reputation. It further ensures greater consistency with environmental and social objectives, and companies will be rewarded financially by investors that are increasingly looking for sustainable investment opportunities.

The application of the DNSH Test poses a number of challenges to asset managers and investee companies alike. In particular, from our research of a broad number of asset managers, one of the key challenges identified is a lack of readily available data.

There is currently no common reporting standard when it comes to ESG data. Working groups are being set up to establish harmonised reporting framework, in particular the European Financial Reporting and Advisory Group's ("EFRAG's") Project Task Forces on European sustainability reporting standards ("PTF-ESRS") and Reporting on Risks & Opportunities and linkage to the Business ("PTF-RNFRO"), as well as international organisations such as the World Economic Forum are looking to implement common standards.

However, until such time as a common standard is available to assist underlying companies to improve their sustainability-related disclosures, obtaining adequate data remains a challenge for FMPs. Robust, comparable and reliable data is key to identifying and assessing sustainability risks and to steer FMPs and their products towards the objectives of the Paris Agreement and the European Green Deal. Obtaining necessary data is also expensive, leading to unnecessary costs and competition concerns – in particular for small asset managers. The availability of raw harmonised ESG data will allow for better comparability, increase transparency, lower barriers and costs, generate efficiency, reduce complexity and attract new players. As the establishment of the European Single Access Point ("ESAP") as a common European Green Deal dataspace to support Green Deal priorities takes shape within the EU data strategy, the hope is that this will advance the sharing, distribution and consumption of reliable ESG data.



4 CASE STUDY: HOW TO APPLY THE EU TAXONOMY TO INVESTMENTS

Article 3 of the Taxonomy Regulation states:

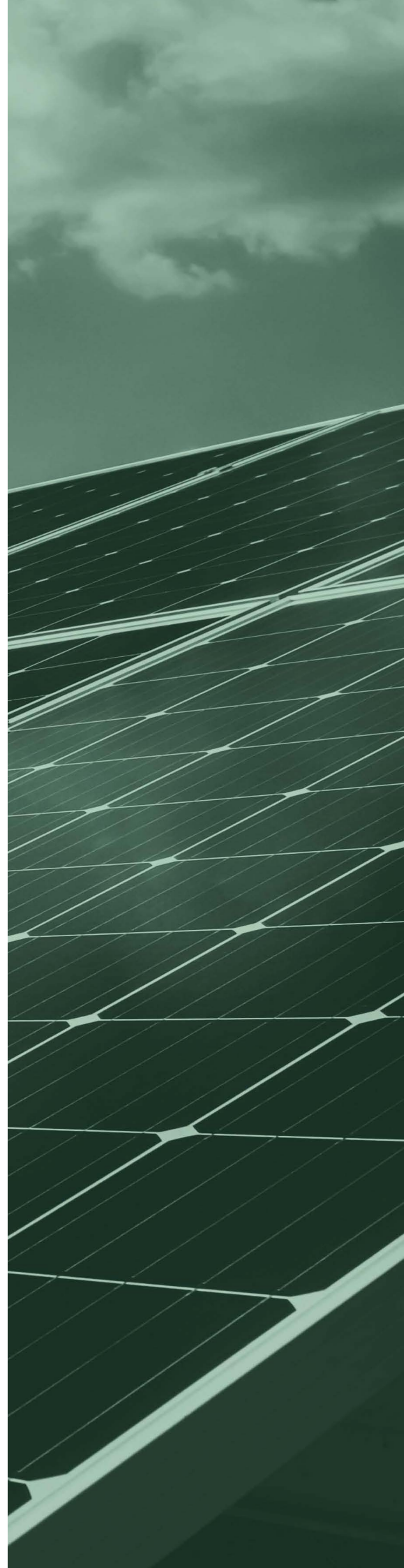
"For the purposes of establishing the degree to which an investment is environmentally sustainable, an economic activity shall qualify as environmentally sustainable where that economic activity...

- a. Contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16;
- b. Does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17;
- c. Is carried out in compliance with the minimum safeguards laid down in Article 18; and
- d. Complies with technical screening criteria that have been established by the Commission in accordance with Article 10 (3), 11(3), 12(2), 13(2), 14(2) or 15(2)."

Marketing your investment as environmentally sustainable, as outlined in the [Practical Application of DNSH](#) section, involves the five separate steps below:







Step One	Identify eligible revenue, CapEx and OpEx of eligible economic activities (those listed in the Taxonomy).
Step Two	Demonstrate substantial contribution to one or more of the six EU Taxonomy environmental objectives – screening tests for EU Taxonomy should be carried out based on a collection of thresholds by economic activity. Some economic activities have no screening criteria, i.e. are automatically eligible and so all revenue in that activity would qualify, subject to meeting DNSH screening criteria and MSS.
Step Three	Carry out a 'Do No Significant Harm' assessment to environmental objectives and validate that no significant harm criteria are met on the remaining EU Taxonomy environmental objectives in accordance with the technical screening criteria.
Step Four	Carry out a due diligence for social objectives and safeguards to ensure there are no negative impacts on minimum safeguards referred to in Article 18 of the Taxonomy Regulation. As noted above for EU Taxonomy aligned products, investors need to ensure that any negative impacts on the minimum safeguards stipulated in the Taxonomy Regulation, the OECD guidelines, the UN Guiding Principles on Business and Human Rights and Labour Rights conventions are avoided.
Step Five	Calculate revenue, CapEx, OpEx of the activities that meet all of the above steps and are aligned with the EU Taxonomy.

This Case Study demonstrates how to apply the third step, specifically. It shows how to apply the detailed technical criteria referred to in order to show that your investment does no significant harm to the other environmental objectives. While it does not apply steps 1, 2, 4 and 5 above, it shows the methodology of how to apply the detailed Taxonomy criteria and therefore should be instructive in applying each step.



4.1 Criteria for Causing Significant Harm to an Environmental Objective

Article 17 of the Taxonomy Regulation provides that an economic activity is held to cause significant harm to an environmental objective:

ENVIRONMENTAL OBJECTIVE		CONDITIONS FOR CAUSING 'SIGNIFICANT HARM'
	(1) Climate Change Mitigation	Where that activity leads to significant greenhouse gas emissions.
	(2) Climate Change Adaptation	Where that activity leads to an increased adverse impact of the current climate and the expected future climate, on the activity itself or on people, nature or assets.
	(3) The Sustainable Use and Protection of Water and Marine Resources	Where that activity is detrimental: <ul style="list-style-type: none"> a. To the good status or the good ecological potential of bodies of water, including surface water and groundwater; or b. To the good environmental status of marine waters.
	(4) Circular Economy Including Waste Prevention and Recycling	Where: <ul style="list-style-type: none"> a. That activity leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources such as non-renewable energy sources, raw materials, water and land at one or more stages of the life cycle of products, including in terms of durability, reparability, upgradability, reusability or recyclability of products; b. That activity leads to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or c. The long-term disposal of waste may cause significant and long-term harm to the environment.
	(5) Pollution Prevention and Control	Where that activity leads to a significant increase in the emissions of pollutants into air, water or land, as compared with the situation before the activity started
	(6) The Protection and Restoration of Biodiversity and Ecosystems	Where that activity is: <ul style="list-style-type: none"> a. Significantly detrimental to the good condition and resilience of ecosystems; or b. Detrimental to the conservation status of habitats and species, c. Including those of EU interest.



4.2 The Taxonomy Review Process

In order to assess an investment for DNSH compliance, it is necessary to break the financial product down into its constituent economic activities. These economic activities are listed in Annexes I and II to the Taxonomy Regulation Delegated Act⁵ (the "Delegated Act") and it is necessary to perform a separate review for each activity.

The Delegated Act sets out the technical screening criteria for the following nine areas of economic activity, which are then broken down further in the Annexes into sub-activities laid down in the NACE Revision 2 classification system of economic activities, as outlined in Schedule 2 to this Case Study:

- Forestry
- Environmental protection and restoration activities
- Manufacturing
- Energy
- Water supply, sewerage, waste management and remediation activities
- Transport
- Construction and real estate
- Information and communication
- Professional, scientific and technical activities

In addition to the list above, Annex II of the Delegated Act, which relates to climate change adaptation, also specifies the applicable technical screening criteria for the following activities:

- Financial and insurance activities
- Education
- Human health and social work activities
- Arts, entertainment and recreation

The substantial contribution of each economic activity to one of the environmental objectives must then be identified and assessed by applying the detailed technical criteria in the Delegated Act. Currently there are only screening criteria for climate change mitigation and climate change adaptation.

Using the technical screening criteria set out in the Delegated Act, the activity must then be assessed for compliance with the DNSH principle, i.e. the activity must not harm any of the other five environmental objectives.

The activity must then be assessed for compliance with the minimum social safeguards set out in Article 18 of the Taxonomy Regulation (Step Four).

This five-step process must be repeated for each constituent economic activity which makes up the investment.

⁵ At the time of publishing, this legislation is still under review by the European Parliament and Council. This will be updated to reflect the proper legislative reference once finalised.

Financial product / investment / company
broken down into economic activities

Economic activity identified as making
a substantial contribution to an
environmental objective

Does the economic activity meet the
DNSH criteria for that activity?

Is the activity compliant with
the minimum social safeguards
laid down in Article 18?

Calculate the alignment
with the Taxonomy

4.3 Case Study Summary

For the purposes of the Case Study, we are analysing a development project to be constructed on lands that previously constituted a brownfield site on reclaimed land. Pursuant to a Strategic Development Zone Order, these lands were designated as a Strategic Development Zone ("SDZ") in order to cater for future mixed use development.

A planning scheme has been published to help shape the delivery of the SDZ lands. It sets out a detailed framework to deliver several thousand residential units, with an estimated housing yield equating to a residential population of several thousand persons, together with commercial floor space of up to 100,000 sqm, thus potentially providing increased employment opportunities to the public on a phased basis. In addition, the planning scheme seeks to provide a mix of supporting social infrastructure delivered in tandem with the new residential development.

The proposed development will create an urban environment of exceptional quality, with a strong emphasis on socially and environmentally friendly infrastructure to support the residential and commercial units. Community, education and public amenities form an integral part of the physical and transportation infrastructure.

In order to assess the Case Study for compliance with the Taxonomy Regulation, it is necessary to carry out an assessment for each economic activity that forms part of the project. The complete list of economic activity categories is listed at Schedule 2 to this guide.

While the above Case Study is at a very early planning and design stage, this Case Study estimates that the following economic activities require assessment for this project:

- Environmental protection and restoration activities
- Electricity generation using solar photovoltaic technology
- Electricity generation using concentrated solar power ("CSP") technology
- Electricity generation from geothermal energy
- Transmission and distribution of electricity
- District heating / cooling distribution
- Installation and operation of electric heat pumps
- Cogeneration of heat / cool and power from solar energy
- Cogeneration of heat / cool and power from geothermal energy
- Construction, extension and operation of water collection, treatment and supply systems
- Construction, extension and operation of waste water collection and treatment
- Collection and transport of non-hazardous waste in source segregated fractions
- Urban and suburban transport, road passenger transport
- Operation of personal mobility devices, cycle logistics
- Transport by motorbikes, passenger cars and commercial vehicles
- Infrastructure for personal mobility, cycle logistics
- Infrastructure enabling road transport and public transport
- Infrastructure for water transport
- Construction of new buildings
- Installation, maintenance and repair of energy efficiency equipment
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- Installation, maintenance and repair of renewable energy technologies
- Acquisition and ownership of buildings
- Education

For the purposes of this Case Study, we will assume that the project makes a substantial contribution to the climate change adaptation objective under the EU Taxonomy, i.e. that Step Two has been identified and proven in relation to each constituent economic activity that makes up the investment.

The next step, Step Three, is to show that each constituent economic activity does no significant harm to the remaining objectives which are outlined as follows:

- Climate change mitigation
- The sustainable use and protection of water and marine resources
- Circular economy including waste prevention and recycling
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

We have taken three of the potential constituent economic activities from the Case Study by way of example and applied the detailed DNSH criteria from the Delegated Act, in each case. These activities are the following:

Activity One [\(Section 4.4\) Construction of New Buildings](#)

Activity Two [\(Section 4.5\) Infrastructure for Personal Mobility, Cycle Logistics](#)

Activity Three [\(Section 4.6\) Acquisition and Ownership of Buildings](#)

The background of the entire page is a photograph of several wind turbines. The turbines are dark in color, and their blades are spread out against a bright, slightly hazy sky. The perspective is from a low angle, looking up at the turbines, which creates a sense of height and scale. The overall tone of the image is clean and modern, with a focus on renewable energy.

Activity One

4.4 The Application of the Taxonomy Delegated Act DNSH Technical Screening Criteria to the Construction of New Buildings

The Case Study will involve the construction of a new urban quarter, which, once completed, will provide several thousand new homes together with a number of commercial, social and educational facilities. Under the Taxonomy Regulation, the construction of such new buildings is a regulated activity.

For the purposes of this Case Study, we have used 'climate change adaptation' as the environmental objective which the construction of new buildings in the Case Study will make a substantial contribution to.

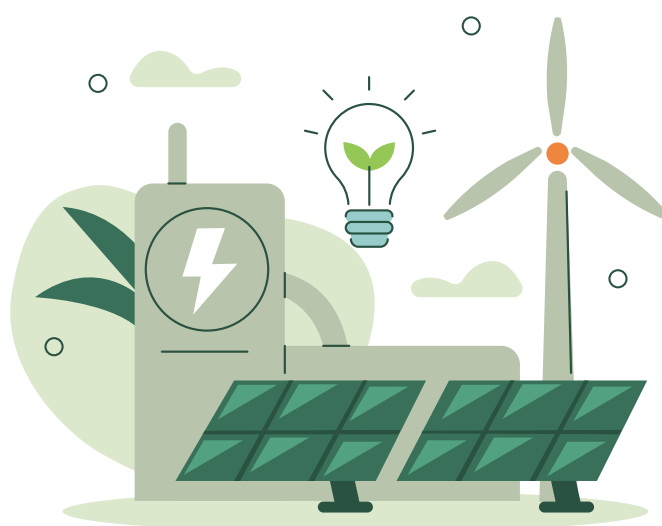
In order for the construction of new buildings on the Case Study to make a substantial contribution to the objective of climate change adaptation, the Case Study must be shown to have implemented physical and non-physical adaptation solutions that substantially reduce the most important physical climate risks that are material to the Case Study. The methodology for carrying out this assessment is set out in Schedule 3.

Once it has been established that the construction of new buildings contributes substantially to climate change adaptation, it is then necessary to apply the DNSH criteria in relation to the other five environmental criteria being:

- Climate change mitigation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

DNSH Category: Climate Change Mitigation

DNSH CATEGORY SPECIFIC CRITERIA (1)	The Case Study buildings are not dedicated to the extraction, storage, transport or manufacture of fossil fuels.
Application to the Case Study on the basis of publicly available information to investors	The Case Study comprises a mixture of residential, commercial and social buildings, none of which are dedicated to the extraction, storage, transport or manufacture of fossil fuels.
Will further Due Diligence be required outside of the publicly available information?	No
Estimated Pass, Fail or Other	Pass



DNSH CATEGORY SPECIFIC CRITERIA (2)	The Primary Energy Demand ("PED") setting out the energy performance of the building resulting from the construction does not exceed the threshold set for the nearly zero-energy building ("NZEB") requirements in national regulation implementing Directive 2010/31/EU. The energy performance is certified using an as built Energy Performance Certificate ("EPC").
Application to the Case Study on the basis of publicly available information to investors	<p>All new residential buildings that are occupied in Ireland after 31 December 2020 are required to be NZEBs pursuant to the EU Energy Performance of Buildings Regulations 2019 (S.I. No. 183/2019) which implement Directive 2010/31/EU into Irish law and which are incorporated into the Irish Building Regulations.</p> <p>In practice, this means that the several thousand residential units, which form the vast majority of buildings resulting from this construction process, will be NZEBs and that renewable sources (including energy from renewable sources produced on-site or nearby) must, in general, provide 20% of the primary energy use. As a result of these requirements, residential buildings will, by virtue of complying with the Irish Building Regulations, typically obtain an A2 BER rating. If the residential units do not meet these standards they will not comply with the Irish Building Regulations and will therefore not be capable of being occupied.</p> <p>The non-residential buildings that will be constructed in this project will similarly be subject to the Irish Building Regulations, which require that all new non-residential buildings be NZEB's and that renewable sources of energy (including energy from renewable sources produced on-site or nearby) must in general provide 20% of the primary energy use. As a result of these requirements, non-residential buildings will, by virtue of complying with the Irish Building Regulations, typically obtain an A3 BER rating.</p>
Will further Due Diligence be required outside of the publicly available information?	Certificates of compliance with the Irish Building Regulations will be produced to the Building Control Authority (in this case the local council) and once approved by them will confirm NZEB status.
Estimated Pass, Fail or Other	Pass subject to certificate of compliance with the Irish Building Regulations and Building Energy Rating certificates being provided.

DNSH Category: Sustainable Use and Protection of Water and Marine Resources

DNSH CATEGORY SPECIFIC CRITERIA (1)	<p>Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the EU, in accordance with the following technical specifications:</p> <ul style="list-style-type: none"> a. Wash hand basin taps and kitchen taps have a maximum water flow of 6 litres / min; b. Showers have a maximum water flow of 8 litres / min; c. WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3.5 litres; d. Urinals use a maximum of 2 litres / bowl / hour. Flushing urinals have a maximum full flush volume of 1 litre.
Application to the Case Study on the basis of publicly available information to investors	Specifications for the fit-out of the Case Study are not yet available.
Will further Due Diligence be required outside of the publicly available information?	Yes. The design specifications for the Case Study will be required to be obtained in order to assess whether the project meets this criterion.
Estimated Pass, Fail or Other	TBA

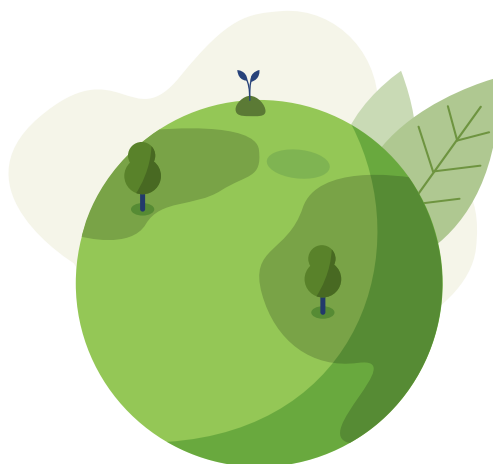
DNSH CATEGORY SPECIFIC CRITERIA (2)	To avoid impact from the construction site, the Case Study should identify and address environmental degradation risks related to preserving water quality and avoiding water stress with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan should be developed for the potentially affected water body or bodies, in consultation with relevant stakeholders. Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.
Application to the Case Study on the basis of publicly available information to investors	An Environmental Impact Assessment Report prepared for the Case Study sets out the requirement on the Contractor to develop a Construction Environmental Management Plan, which will incorporate a water use and protection management plan. This plan will ensure compliance with the legislative requirements set out in, among other legislation, the Water Framework Directive 2000/60/EC.
Will further Due Diligence be required outside of the publicly available information?	Yes. It will be necessary to obtain a copy of the water use and protection management plan contained within the Contractor's Construction Environmental Management Plan to ensure it includes an assessment of the impact of the construction process on nearby water bodies in accordance with the technical standards set out in Annex V of the Water Framework Directive 2000/60/EC.
Estimated Pass, Fail or Other	TBA

DNSH Category: Transition to a Circular Economy

DNSH CATEGORY SPECIFIC CRITERIA (1)	<p>At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol⁶. Operators should limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>
Application to the Case Study on the basis of publicly available information to investors	<p>The Environmental Impact Assessment Report prepared for the Case Study states that no demolition will be required on this project. However, site preparation and clearance will be required, which will involve the removal of approximately 13,500 m³ of soil (waste category 17 05 04). It is anticipated that this soil will comprise up to 25% hazardous waste and 75% non-hazardous waste and shall be removed to a suitably licenced landfill facility.</p> <p>The report further states that a Construction Waste Management Plan will be prepared once a Contractor is appointed to the project. The Construction Waste Management Plan will be prepared in accordance with Best Practice Guidelines on the Preparation of Waste Management Plans for Construction & Demolition Projects (DoEHLG 2006). This is a set of Irish Best Practice Guidelines which predate the EU Construction and Demolition Waste Management Protocol.</p> <p>The Draft Construction and Environmental Management Plan prepared for the Case Study sets out the minimum information to be contained within the Construction Waste Management Plan.</p>

⁶ The EU Construction and Demolition Waste Management Protocol is a set of non-binding guidelines which were created in order to help those involved in the construction industry handle waste in line with the waste hierarchy, i.e. with a priority for the prevention and reuse of waste as higher ranking options than recycling and recovery, and to therefore contribute to resource efficiency.

<p>Will further Due Diligence be required outside of the publicly available information?</p>	<p>Yes. It will be necessary to review the Building Contract entered into with the Contractor to ensure it contains a clause requiring the Contractor to submit a Construction and Demolition Waste Management Plan in accordance with ISO 20887 and the EU Construction and Demolition Waste Management Protocol.</p> <p>It will also be necessary to then obtain a copy of the Construction Waste Management Plan prepared by the Contractor in advance of the works being carried out to ensure it provides for at least 70% of the non-hazardous construction waste generated on site to be prepared for reuse, recycling and other material recovery in accordance with EU Construction and Demolition Waste Management Protocol.</p>
<p>Estimated Pass, Fail or Other</p>	<p>TBA</p>



DNSH CATEGORY SPECIFIC CRITERIA (2)	Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 ⁷ or other standards for assessing the disassemblability or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.
Application to the Case Study on the basis of publicly available information to investors	The documentation prepared to date for the Case Study pre-dates ISO 20887 and therefore does not contain any references to it.
Will further Due Diligence be required outside of the publicly available information?	Yes. It will be necessary to: <ul style="list-style-type: none"> a. Obtain the design specifications to ascertain whether the building design and construction techniques used support resource efficiency, and result in buildings that are adaptable, flexible and dismantlable to enable future reuse and recycling of resources (with reference to ISO 20887); b. Review the Building Contract entered into with the Contractor to ensure it contains a clause requiring the Contractor to submit a Construction and Demolition Waste Management Plan in accordance with ISO 20887; and c. Review the specification/scope of works contained within the Building Contractor and Professional Team appointments to ensure that all parties with design liability are contractually required to deliver designs that support circularity with reference to ISO 20887.
Estimated Pass, Fail or Other	TBA

⁷ This is a technical document that sets out the principles of disassembly and adaptability. The document also sets out potential strategies for integrating these principles into the design process.

DNSH Category: Pollution Prevention and Control

<p>DNSH CATEGORY SPECIFIC CRITERIA (1)</p>	<p>The construction of new buildings in the Case Study must not lead to the manufacture, placing on the market or use of:</p> <ul style="list-style-type: none"> a. Substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 (Recast Regulation on Persistent Organic Pollutants), except in the case of substances present as an unintentional trace contaminant; b. Mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 (Regulation on Mercury); c. Substances, whether on their own, in mixture or in articles, listed in Annex I or II to Regulation (EC) No 1005/2009 (Regulation on Substances that Deplete the Ozone Layer); d. Substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU (Recast Regulation on the restriction of the use of certain hazardous substances in electrical and electronic equipment), except where there is full compliance with Article 4(1) of that Directive; e. Substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 (Regulation on the registration, evaluation, authorisation and restriction of chemicals), except where there is full compliance with the conditions specified in that Annex; f. Substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 (Regulation on the registration, evaluation, authorisation and restriction of chemicals) and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society; and g. Other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006 (Regulation on the registration, evaluation, authorisation and restriction of chemicals), except where their use has been proven to be essential for the society.
<p>Application to the Case Study on the basis of publicly available information to investors</p>	<p>Given the early design stage of the Case Study, the documentation prepared to date does not detail the chemical make-up of the building components and materials used in construction.</p>

Will further Due Diligence be required outside of the publicly available information?	Yes. It will be necessary to obtain the design specifications for the Case Study in order to assess whether the project meets this criterion. Furthermore, the construction contracts will contain warranties that no such materials will form part of the new buildings as specifications may not be as detailed as to set out every component part.
Estimated Pass, Fail or Other	TBA

DNSH CATEGORY SPECIFIC CRITERIA (2)	Building components and materials used in the construction that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m ³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 (Regulation on the registration, evaluation, authorisation and restriction of chemicals) and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m ³ of material or component, upon testing in accordance with CEN/EN 16516 ⁸ or ISO 16000-3 ⁹ or other equivalent standardised test conditions and determination methods.
Application to the Case Study on the basis of publicly available information to investors	Given the early design stage of the Case Study, the documentation prepared to date does not detail the chemical make-up of the building components and materials used in construction.
Will further Due Diligence be required outside of the publicly available information?	Yes. It will be necessary to obtain the design specifications for the Case Study in order to assess whether the project meets this criterion. Furthermore, the construction contracts will contain warranties that no such materials will form part of the new buildings as specifications may not be as detailed as to set out every component part.
Estimated Pass, Fail or Other	TBA

⁸ This is a technical document that sets out methods for determining the levels of volatile organic compounds in indoor air.

⁹ This is a technical document that sets out methods for determining the levels of formaldehyde and other carbonyl compounds in air.

DNSH CATEGORY SPECIFIC CRITERIA (3)	Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants, for example using standard ISO 18400 ¹⁰ .
Application to the Case Study on the basis of publicly available information to investors	<p>The construction site is located on a brownfield site. The Environmental Impact Assessment Report prepared for the Case Study states that a Preliminary Site Assessment ("PSA") and Detailed Site Assessment ("DSA") have been prepared to support the assessment of land contamination for the proposed Case Study and are included in the Environmental Impact Assessment Report. The investigations on the soil were carried out in accordance with BS 10175:2011+A1:2013¹¹.</p> <p>A draft construction and environmental management plan has been prepared which addresses the anticipated contamination on site and proposes a number of solutions to ensure the site is fit for purpose as well as proposing a number of measures to protect: (a) people using the site; and (b) the surrounding environment. However, the plan makes no reference to ISO 18400 as the Environmental Impact Statement and plan predated the Taxonomy Delegated Act.</p>
Will further Due Diligence be required outside of the publicly available information?	Yes. The PSA and DSA do not refer to ISO18400-203 (Investigation of potentially contaminated sites) or ISO 18504 (Soil-Quality Sustainable Remediation), both of which are key standards relevant to this Case Study. It will therefore be necessary to seek representations from the members of the Professional Team who carried out the site investigations to confirm that their investigations were carried out in accordance with these standards. It will also be necessary to obtain certification from the local council confirming that the remediation work on the site has been completed to the required standard and that the site is fit for purpose.
Estimated Pass, Fail or Other	TBA

¹⁰ This is a technical document that sets out general guidance on the use of different site investigation and soil sampling strategies for the collection of information on the properties of the soil on site.

¹¹ This is a technical document that sets out the UK's code of practice for the investigation of potentially contaminated sites.

DNSH CATEGORY SPECIFIC CRITERIA (4)	Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.
<p>Application to the Case Study on the basis of publicly available information to investors</p>	<p>The draft Construction and Environmental Management Plan (part of the Environmental Impact Assessment Report) sets out a draft dust minimisation plan to reduce dust emission during the course of construction.</p> <p>It describes relevant measures to minimise the potential for noise and vibration disturbance to the surrounding area which will be employed by the contractor to ensure construction noise criteria are not exceeded. BS 5228 (2009+A1:2014) Code of practice for noise and vibration control on construction and open sites – noise and vibration was also referred to in the consideration of noise mitigation measures.</p> <p>The Contractor will take specific noise and vibration abatement measures and comply with the recommendations of the above guidance. BS 5228 includes guidance on several aspects of construction site practices, including, but not limited to:</p> <ul style="list-style-type: none"> • Selection of quiet plant • Control of noise sources • Screening • Liaison with the public • Monitoring • Working hours <p>Works will not be undertaken outside of normal working hours without the written permission of the local council. During the construction phase noise and vibration monitoring will be carried out at the nearest sensitive locations to ensure compliance with limit values. Noise monitoring will be conducted in accordance with the International Standard ISO 1996: 2007¹².</p> <p>The Draft Construction and Environmental Management Plan states that every effort will be made to prevent pollution incidents associated with spills during the construction of the proposed Case Study. The risk of oil/fuel spillages will exist on the site and any such incidents will require an emergency response procedure, the steps of which are set out in the Draft Construction and Environmental Management Plan.</p> <p>The Draft Construction and Environmental Management Plan states that the contractor will be required to implement the following specific mitigation measures, for release of hydrocarbons, polluting chemicals, sediment / silt and contaminated waters control:</p>

¹² This is a technical document that sets out various acceptable methods for determining sound pressure levels.

	<ul style="list-style-type: none"> Storage of sand / gravel / soil will be kept away from watercourses or hydrological pathways to a nearby protected body of water and grading adjacent to these kept to a minimum Surface water run-off to be collected in silt / gravel traps prior to discharge to the surface water drainage network; Visual checks of the site and all silt / gravel traps carried out during weekly audits and maintenance procedures applied All chemicals/fuel etc. will be stored in bunded containers and storage to have sufficient bunding for all liquids stored (110% of the capacity of the largest drum) All refuelling to take place in bunded enclosures Spill Kits to be maintained on site Implementation of the spill response procedure (to be prepared by main contractor) Spill incidents to be reported Oil interceptors to be installed on surface water drainage network No foul sewer discharge to enter the surface water drainage network Tool box talks to be carried out by contractor with all staff before work commences to identify issues. <p>The Environmental Impact Assessment Report prepared for the Case Study states that there should be a contingency plan for pollution emergencies addressing the following:</p> <ul style="list-style-type: none"> Containment measures Emergency discharge routes List of appropriate equipment and clean-up materials Maintenance schedule for equipment Details of trained staff, location and provision for 24-hour cover Details of staff responsibilities Notification procedures to inform the Environmental Protection Agency ("EPA") or environmental department of the local council Audit and review schedule Telephone numbers of statutory water consultees List of specialist pollution clean-up companies and their telephone numbers.
Will further Due Diligence be required outside of the publicly available information?	No
Estimated Pass, Fail or Other	Pass

DNSH Category: Protection and Restoration of Biodiversity and Ecosystems

<p>DNSH CATEGORY SPECIFIC CRITERIA (1)</p>	<p>An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU (Directive on the assessment of the effects of certain public and private projects on the environment) and the required mitigation and compensation measures for protecting the environment must be implemented.</p> <p>For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, must be conducted and based on its conclusions the necessary mitigation measures implemented.</p>
<p>Application to the Case Study on the basis of publicly available information to investors</p>	<p>The Environmental Impact Assessment Report prepared for the Case Study states that it was prepared in accordance with the following statutory instruments, the last of which implements Directive 2011/92/EU (Directive on the assessment of the effects of certain public and private projects on the environment) into Irish law:</p> <ul style="list-style-type: none"> • Environmental Impact Assessment ("EIA") Directive (2014/52/EU) • European Communities (Environmental Impact Assessment) Regulations, 1989 (S.I. No. 349 of 1989), as amended • Planning and Development Regulations 2001 (SI No. 600 of 2001), as amended • European Union (Planning and Development) (Environmental Impact Assessment) Regulations 2018 (S.I. No. 296 of 2018) <p>The report also addresses the fact that a number of Natura 2000 protected areas as well as a number of Special Areas of Conservations are located in close proximity to the Case Study site. The report outlines that various mitigation measures will have to be taken during the life of the Case Study in order to comply with Article 3 of the Habitats Directive.</p> <p>Construction is just beginning at the Case Study, and therefore it cannot yet be said whether all of the mitigation measures requested in the Environmental Impact Assessment Report have been implemented.</p> <p>The Environmental Impact Assessment Report prepared for the Case Study states that the Case Study is approximately 20 metres from the a nearby body of water that forms part of the Natura 2000 network. It sets out an assessment of the impact of the Case Study on the protected areas surrounding the site and states the various mitigation measures to be undertaken to ensure the continued protection of the protected areas.</p>

Will further Due Diligence be required outside of the publicly available information?	Yes. It will be necessary to ensure that: (a) the scope of works of the construction team; and (b) the specifications for the Case Study contain the mitigation steps required under Article 3 of the Habitats Directive. It may also be necessary to obtain representations from the relevant members of the construction team to confirm that they have in fact complied with these requirements.
Estimated Pass, Fail or Other	Ex ante documentation indicates potential Pass; however further information on the sites location relative to sensitive and protected sites to be outlined. Further information on alignment with EU Taxonomy may be evaluated from the Contractor Specification requirements and associated method statements.

DNSH CATEGORY SPECIFIC CRITERIA (2)	<p>The new construction is not built on one of the following:</p> <ul style="list-style-type: none"> a. Arable land and crop land with a moderate to high level of soil fertility and below ground biodiversity as referred to in the EU Land Use and Coverage Area frame survey; b. Greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the International Union for Conservation of Nature's Red List of Threatened Species; or c. Land matching the definition of forest as set out in national law used in the national greenhouse gas inventory, or where not available, is in accordance with the Food and Agriculture Organization of the United Nations definition of forest.
Application to the Case Study on the basis of publicly available information to investors	The Environmental Impact Assessment Report states that the "subject site comprises vacant, brownfield lands which are strategically located in a designated regeneration area". This criterion is satisfied as the Case Study is occurring on a brownfield site.
Will further Due Diligence be required outside of the publicly available information?	No
Estimated Pass, Fail or Other	Pass

Activity Two

4.5 Application of the Taxonomy Delegated Act DNSH Technical Screening Criteria to Infrastructure for Personal Mobility, Cycle Logistics

The overall scheme layout of the Case Study has been designed with a high level of permeability to both pedestrian and cycling traffic as well as strong connectivity to public transport routes. Design proposals for the scheme have been developed with a focus on sustainable transport modes, with priority being afforded to the design of pedestrian and cycling facilities, followed by that of public transport infrastructure, and then other vehicular movements, in that order. Under the Taxonomy Regulation, the development of infrastructure for personal mobility and cycle logistics is a regulated activity if it involves the "construction, modernisation, maintenance and operation of infrastructure for personal mobility, including the construction of roads, motorway bridges and tunnels and other infrastructure that are dedicated to pedestrians and bicycles, with or without electric assist" as per the description of activity 6.13 in Annex II of the Delegated Act.

For the purposes of this Case Study, we have used 'climate change adaptation' as the environmental objective to which the development of infrastructure for personal mobility and cycle logistics will make a substantial contribution.

In order for this economic activity to make a substantial contribution to the objective of climate change adaptation, the Case Study must be shown to have implemented physical and non-physical adaptation solutions that substantially reduce the most important physical climate risks that are material to the Case Study. The methodology for carrying out this assessment is set out in [Schedule 3](#).

Once it has been established that the development of infrastructure for personal mobility and cycle logistics contributes substantially to climate change adaptation, it is then necessary to apply the DNSH criteria in relation to the other five environmental criteria being:

- Climate change mitigation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

DNSH Category: Climate Change Mitigation

DNSH CATEGORY SPECIFIC CRITERIA	The development of infrastructure for personal mobility and cycle logistics has been designated as "not applicable" to climate change mitigation as per Taxonomy Regulation Delegated Act 2021, Annex II, page 221.
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DNSH Category: Sustainable Use and Protection of Water and Marine Resources

DNSH CATEGORY SPECIFIC CRITERIA	<p>a. Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>b. Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.</p>
Application to the Case Study on the basis of publicly available information to investors	The Environmental Impact Assessment Report sets out the requirement upon the Contractor to develop a Construction Environmental Management Plan, which will incorporate a water use and protection management plan. This plan will ensure compliance with the legislative requirements set out in, among other legislation, the Water Framework Directive 2000/60/EC.
Will further Due Diligence be required outside of the publicly available information?	<p>Yes. It will be necessary to obtain a copy of the water use and protection management plan contained within the Contractor's Construction Environmental Management Plan to ensure it includes an assessment of the impact of the construction process on nearby water bodies in accordance with the technical standards set out in Annex V of the Water Framework Directive 2000/60/EC.</p> <p>The requirements of Delegated Act are detailed but in summary they require detailed ecological and chemical monitoring of the surface water and groundwater on the site and their impact on nearby water bodies. Annex V of the Delegated Act sets the definition of the "good water status" and "good ecological potential" that must be achieved in order for the Case Study to be considered to do no significant harm to the sustainable use and protection of water and marine resources.</p>
Estimated Pass, Fail or Other	TBA

DNSH Category: Transition to a Circular Economy

DNSH CATEGORY SPECIFIC CRITERIA	<p>At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.</p> <p>Operators must limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p>
Application to the Case Study on the basis of publicly available information to investors	<p>The Environmental Impact Assessment Report states that no demolition will be required on this project. However, site preparation and clearance will be required, which will involve the removal of several thousand m3 of soil (waste category 17 05 04).</p> <p>The report further states that a Construction Waste Management Plan will be prepared once a Contractor is appointed to the project. The Construction Waste Management Plan will be prepared in accordance with Best Practice Guidelines on the Preparation of Waste Management Plans for Construction & Demolition Projects (DoEHLG 2006). This is a set of Irish Best Practice Guidelines which predate the EU Construction and Demolition Waste Management Protocol.</p> <p>The Draft Construction and Environmental Management Plan prepared for the project sets out the minimum information to be contained within the Construction Waste Management Plan.</p>
Will further Due Diligence be required outside of the publicly available information?	<p>Yes. It will be necessary to review the Building Contract entered into with the Contractor to ensure it contains a clause requiring the Contractor to submit a Construction and Demolition Waste Management Plan in accordance with ISO 20887 and the EU Construction and Demolition Waste Management Protocol.</p> <p>It will also be necessary to then obtain a copy of the Construction Waste Management Plan prepared by the Contractor in advance of the works being carried out to ensure it provides for at least 70% of the non-hazardous construction waste generated on site to be prepared for reuse, recycling and other material recovery in accordance with EU Construction and Demolition Waste Management Protocol.</p>
Estimated Pass, Fail or Other	<p>TBA</p>

DNSH Category: Pollution Prevention and Control

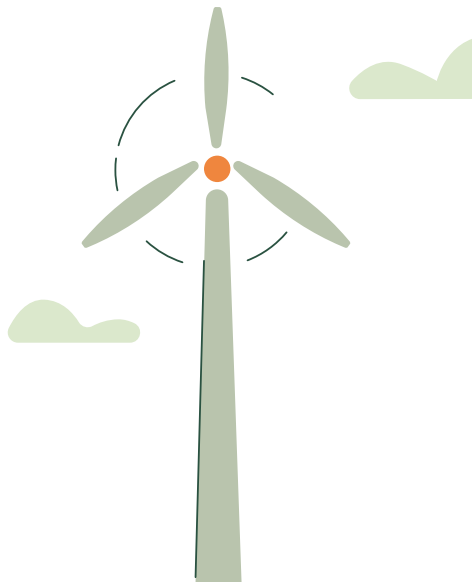
DNSH CATEGORY SPECIFIC CRITERIA	Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.
<p>Application to the Case Study on the basis of publicly available information to investors</p>	<p>Planning Conditions:</p> <p>The developer must comply and procure compliance with certain conditions which form a part of the final grant in respect of the applicable planning permission. These conditions operate to mitigate the risk of noise, dust and pollutant emissions during the construction and maintenance phases of the Case Study.</p> <p>The relevant conditions are as follows:</p> <ul style="list-style-type: none"> • The developer shall comply with the requirements set out in the Codes of Practice from the Drainage Division, the Transportation Planning Division and the Noise & Air Pollution Section. • During the construction and demolition phases, the proposed Case Study shall comply with British Standard 5228 'Noise Control on Construction and open sites' Part 1. Code of practice for basic information and procedures for noise control. • Noise levels from the proposed Case Study shall not be so loud, so continuous, so repeated, of such duration or pitch or occurring at such times as to give reasonable cause for annoyance to a person in any premises in the neighbourhood or to a person lawfully using any public place. In particular, the rated noise levels from the proposed Case Study shall not constitute reasonable grounds for complaint as provided for in B.S. 4142. Method for rating industrial noise affecting mixed residential and industrial areas. • During demolition works on the site, all necessary steps to contain dust shall be taken so as to prevent or limit dust been carried to occupiers of other buildings in the locality. • During the construction phase of the Case Study, best practicable means shall be employed to minimise air blown dust been emitted from the site • Watering down of the site shall be carried out where necessary to minimise dust transfer into neighbouring premises. • As a requirement of the Transport Planning Division, prior to the commencement of development and on the appointment of a Main Contractor, a Construction Environmental Management Plan ("CEMP") must be submitted to the planning authority for written agreement. • This CEMP must provide details of the implementation of construction environmental management and mitigation measures and the intended construction practice for the Case Study including a detailed Construction Traffic Management Plan, hours of working, noise and dust management measures and off-site disposal of construction / demolition waste. <p>Environmental Impact Assessment Report:</p> <p>Noise</p> <ul style="list-style-type: none"> • The EIAR provides an analysis of noise and vibration impact arising out of the Case Study.


	<ul style="list-style-type: none"> The EIAR indicates that construction will generally commence at 7am – 7pm on a Monday to Friday basis and 7am – 2pm on Saturdays. No works are anticipated on Sundays and Bank Holidays. In exceptional circumstances where construction work is required outside of these standard hours, the local council will be consulted in advance and local residents will be informed as to timing and duration of the works. The EIAR states that the Contractor must take specific noise and vibration abatement measures and comply with the recommendations of BS 5228-1 and 2:2009+A1:2014 (British Standards, 2014) Code of Practice which include mitigation measures such as the following: <ul style="list-style-type: none"> a. Selection of quiet plant b. Control of noise sources c. Screening d. Liaison with the public e. Monitoring f. Working hours During the construction phase of the Case Study noise and vibration monitoring will be conducted at the nearest sensitive locations to ensure compliance with the required limit values – such monitoring is to be completed in accordance with the International Standard ISO 1996: 2007: Acoustics – Description, measurement and assessment of environmental noise. <p>Dust</p> <ul style="list-style-type: none"> The EIAR includes a draft dust minimisation plan which will be implemented and continuously monitored over a 30-day average period during the Case Study process to assess the efficacy of the measures being adopted. <p>Natura Impact Assessment:</p> <ul style="list-style-type: none"> The Natura Impact Statement ("NIS") provides that provides that certain mitigation measures are present in the CEMP to control dust emissions during construction, including but not limited to: <ul style="list-style-type: none"> a. Silt traps in gullies b. Good site housekeeping – i.e. daily clean-ups, use of disposal bins and the proper use, storage and disposal of waste and their containers to prevent groundwater contamination c. Spraying of exposed earthwork activities and site haul roads during dry weather d. Provision of wheel washes at exit points e. Control of vehicle speeds and speed restrictions f. Appropriate hoarding where required
Will further Due Diligence be required outside of the publicly available information?	Yes. Further due diligence would be required by the investor to ensure that the developer has complied and is continuing to comply with the terms of the planning permission and in addition, to confirm that the mitigation measures outlined in the Contractor's CEMP are being implemented on the ground the during construction phase.
Estimated Pass, Fail or Other	Potential pass

DNSH Category: Protection and Restoration of Biodiversity and Ecosystems

DNSH CATEGORY SPECIFIC CRITERIA	<ol style="list-style-type: none"> An EIA or screening has been completed in accordance with Directive 2011/92/EU (Directive on the assessment of the effects of certain public and private projects on the environment). Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.
Application to the Case Study on the basis of publicly available information to investors	<p>The Environmental Impact Assessment Report states that it was prepared in accordance with the following statutory instruments, the last of which implements Directive 2011/92/EU (Directive on the assessment of the effects of certain public and private projects on the environment) into Irish law:</p> <ul style="list-style-type: none"> EIA Directive (2014/52/EU) European Communities European Communities (EIA) Regulations, 1989 (S.I. No. 349 of 1989), as amended Planning and Development Regulations 2001 (SI No. 600 of 2001), as amended European Union (Planning and Development (EIA) Regulations 2018 (S.I. No. 296 of 2018) <p>The report outlines that various mitigation measures will have to be taken during Case Study in order to comply with Article 3 of the Habitats Directive. Construction is still ongoing at the Case Study and therefore it cannot yet be said whether all of the mitigation measures requested in the Environmental Impact Assessment Report were implemented.</p> <p>The Environmental Impact Assessment Report sets out an assessment of the impact of the Case Study on the protected areas surrounding the site. It also states the various mitigation measures to be undertaken to ensure the continued protection of the protected areas.</p>

<p>Will further Due Diligence be required outside of the publicly available information?</p>	<p>Yes. It will be necessary to ensure that (a) the scope of works of the construction team and (b) the specifications for the Case Study contain the mitigation steps required under Article 3 of the Habitats Directive. It may also be necessary to obtain representations from the relevant members of the construction team to confirm that they have in fact complied with these requirements.</p>
<p>Estimated Pass, Fail or Other</p>	<p>Potential Pass. Ex ante documentation indicates a potential pass, however further information on the sites location relative to sensitive sites is to be outlined.</p> <p>Further information on alignment with EU Taxonomy may be evaluated from the Contractor Specification requirements and associated method statements.</p>



The background of the entire page is a photograph of several wind turbines. The turbines are dark in color, and their long blades are spread out against a sky filled with soft, white clouds. The perspective is from a low angle, looking up at the turbines, which creates a sense of height and scale. The overall tone of the image is somewhat muted, with a greenish-grey tint.

Activity Three

4.6 Application of the Taxonomy Delegated Act DNSH Technical Screening Criteria to the Acquisition and Ownership of Buildings

Although the Case Study is at an early stage of its life cycle, an additional activity which will be relevant to potential investors in the Case Study following completion is the acquisition and ownership of buildings, which involves "buying real estate and exercising ownership of that real estate" as per the description of sub-activity 7.7 in Annex II of the Delegated Act.

While it seems strange to consider this at such an early stage of a project, by the time investors wish to buy and indeed sell the residential and commercial buildings which are the subject of this Case Study, they will have to be screened in accordance with the Taxonomy Regulations and therefore it make complete sense for investors to ensure that the Case Study will pass all such tests.

DNSH Category: Climate Change Mitigation

DNSH CATEGORY SPECIFIC CRITERIA	<ul style="list-style-type: none"> a. The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels. b. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate ("EPC") class C. As an alternative, the building is within the top 30% of the national or regional building stock expressed as operational Primary Energy Demand ("PED") and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. <p>For buildings built after 31 December 2020, the PED defining the energy performance of the building resulting from the construction does not exceed the threshold set for the NZEB requirements in national regulation implementing Directive 2010/31/EU (the "Energy Performance in Buildings Directive").</p> <p>The energy performance is certified using an as built EPC.</p>
Application to the Case Study on the basis of publicly available information to investors	<ul style="list-style-type: none"> a. Although no buildings have been constructed at this stage of the Case Study, no buildings are to be dedicated to the extraction, storage, transport or manufacture of fossil fuels. b. No buildings in the Case Study will have been constructed prior to the cut-off point of 31 December 2020 that would fall under the former assessment criteria. <p>The buildings in the Case Study will be constructed following 31 December 2020, and therefore be subject to the NZEB requirements that flow from Directive 2010/31/EU.</p>
Will further Due Diligence be required outside of the publicly available information?	<p>Yes. As the buildings in the Case Study will have been constructed following the stated cut-off point of 31 December 2020, an investor (through its technical advisor) must satisfy itself that the buildings are in compliance with the threshold outlined in the Energy Performance in Buildings Directive as evidenced by an EPC.</p>
Estimated Pass, Fail or Other	<p>Potential Pass. It is likely that a Pass rating will be obtained due to the NZEB standards being mandated by the Energy Performance in Buildings Directive.</p>

DNSH Category: Sustainable Use and Protection of Water and Marine Resources

DNSH CATEGORY SPECIFIC CRITERIA	The acquisition and ownership of buildings has been designated as "not applicable" to sustainable use and protection of water and marine resources as per the Delegated Act, Annex II.
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DNSH Category: Transition to a Circular Economy

DNSH CATEGORY SPECIFIC CRITERIA	The acquisition and ownership of buildings has been designated as "not applicable" to Transition to a circular economy as per Taxonomy Regulation Delegated Act 2021, Annex II, page 256.
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DNSH Category: Pollution Prevention and Control

DNSH CATEGORY SPECIFIC CRITERIA	The acquisition and ownership of buildings has been designated as "not applicable" to pollution prevention and control as per the Delegated Act, Annex II.
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DNSH Category: Protection and Restoration of Biodiversity and Ecosystems

DNSH CATEGORY SPECIFIC CRITERIA	The acquisition and ownership of buildings has been designated as "not applicable" to protection and restoration of biodiversity and ecosystems as per the Delegated Act, Annex II.
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SCHEDULE 1 – DEFINITIONS

Article 8 Financial Product	A financial product as referred to in Article 8(1) of Regulation (EU) 2019/2088
Article 9 Financial Product	A financial product as referred to in Article 9(1), (2) or (3) of Regulation (EU) 2019/2088
ASI	Adverse Sustainability Impacts
Biodiversity-Sensitive Areas	Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in the Annex of Commission Delegated Regulation (EU) .../... of ... ¹³ supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation, and for determining whether that economic activity causes no significant harm to any of the other environmental objectives
Board	The administrative, management or supervisory body of a company
CapEx	Capital Expenditure
CEMP	Construction Environmental Management Plan
CSP	Concentrated Solar Power
CSRD	Corporate Sustainability Reporting Directive
Delegated Act	The Taxonomy Regulation Delegated Act ¹⁴ , including Annexes I and II
DNSH	Do No Significant Harm
DSA	Detailed Site Assessment
EFRAG	European Financial Advisory Group
EIAR	Environmental Impact Assessment Report
Environmental Objective	Environmental Objective as defined in Article 9 of the Regulation (EU) 2020/852
ESAs	European Supervisory Authorities
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
EFRAG	European Financial Reporting and Advisory Group

¹³ Final Regulation remains to be finalised and adopted.

¹⁴ At the time of publishing, this legislation is still under review by the European Parliament and Council. This will be updated to reflect the proper legislative reference once finalised.

EPA	Environmental Protection Agency
EPC	Energy Performance Certificate
ESAP	European Single Access Point
FMP	Financial market participant as defined in point (1) of Article 2 of Regulation (EU) 2019/2088
Financial Product	A financial product as defined in point (12) of Article 2 of Regulation (EU) 2019/2088
Greenhouse Gas (GHG) Emissions	Greenhouse gas emissions as defined in point (1) of Article 3 of Regulation (EU) 2018/842 of the European Parliament and of the Council
Hazardous Waste	Hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council and radioactive waste
Irish Building Regulations	Building Control (Amendment) Regulations 1997-2015 and the Building Regulations 1997-2021
MSS	Minimum Social Safeguards
NFRD	Non-Financial Reporting Directive (Directive 2014/95/EU)
NIS	Natura Impact Statement
Non-renewable Energy Sources	Energy sources other than those referred to in definition 21
NZEB	Nearly Zero-Energy Building
OpEx	Operational Expenditure
PASI Statement	Principal adverse sustainability impacts statement as required under Article 4 of the SFDR
PED	Primary Energy Demand
Protected Area	An area designated under the European Environment Agency's Common Database on Designated Areas ("CDDA")
PSA	Preliminary Site Assessment
PTF-ESRS	Project Task Force on European sustainability reporting standards
PTF-RNFRO	Project Task Force on Reporting on Risks & Opportunities
Renewable Energy Sources	Renewable energy sources as referred to in Article 2(1) of Directive (EU) 2018/2001 of the European Parliament and of the Council
RTS	Regulatory Technical Standards
SDZ	Strategic Development Zone

SFDR Final Draft Level 2**Soil Degradation**

SFDR Final Report on draft Regulatory Technical Standards

The diminishing capacity of the soil to provide ecosystem goods and services as desired by its stakeholders, according to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services ("IPBES") as referred to in paragraph 100 of Decision No 1386/2013/EU

SFDR

Sustainable Finance Disclosure Regulation (EU) 2019/2088

Sustainable Investment

A sustainable investment as defined in point (17) of Article 2 of Regulation (EU) 2019/2088

TR

Taxonomy Regulation (EU) 2020/852

TBA

To be assessed

TEG

Technical Expert Group

TSC

Technical Screening Criteria

Threatened Species

Endangered species (flora and fauna) listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Commission Delegated Regulation (EU) .../... [Commission Delegated Regulation referred to in the Definition of Biodiversity-Sensitive Areas].

SCHEDULE 2 – LIST OF ANNEX I & II TAXONOMY-ELIGIBLE ACTIVITIES

1. Forestry

Afforestation

Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event

Forest management

Conservation forestry

2. Environmental Protection and Restoration Activities

Restoration of wetlands

3. Manufacturing

Manufacture of renewable energy technologies

Manufacture of equipment for the production and use of hydrogen

Manufacture of low carbon technologies for transport

Manufacture of batteries

Manufacture of energy efficiency equipment for buildings

Manufacture of other low carbon technologies

Manufacture of cement

Manufacture of aluminium

Manufacture of iron and steel

Manufacture of hydrogen

Manufacture of carbon black

Manufacture of soda ash

Manufacture of chlorine

Manufacture of organic basic chemicals

Manufacture of anhydrous ammonia

Manufacture of nitric acid

Manufacture of plastics in primary form

4. Energy

Electricity generation using solar photovoltaic technology

Electricity generation using concentrated solar power ("CSP") technology

Electricity generation from wind power

Electricity generation from ocean energy technologies

Electricity generation from hydropower

Electricity generation from geothermal energy

Electricity generation from renewable non-fossil gaseous and liquid fuels

Electricity generation from bioenergy

Transmission and distribution of electricity

Storage of electricity

Storage of thermal energy

Storage of hydrogen

Manufacture of biogas and biofuels for use in transport and of bioliquids

Transmission and distribution networks for renewable and low-carbon gases

District heating/cooling distribution

Installation and operation of electric heat pumps

Cogeneration of heat / cool and power from solar energy

Cogeneration of heat / cool and power from geothermal energy

Cogeneration of heat / cool and power from renewable non-fossil gaseous and liquid fuels

Cogeneration of heat / cool and power from bioenergy

Production of heat / cool from solar thermal heating

Production of heat / cool from geothermal energy

Production of heat / cool from renewable non-fossil gaseous and liquid fuels

Production of heat / cool from bioenergy

Production of heat / cool using waste heat

5. Water Supply, Sewerage, Waste Management and Remediation Activities

Construction, extension and operation of water collection, treatment and supply systems

Renewal of water collection, treatment and supply systems

Construction, extension and operation of waste water collection and treatment

Renewal of waste water collection and treatment

Collection and transport of non-hazardous waste in source segregated fractions

Anaerobic digestion of sewage sludge

Anaerobic digestion of bio-waste

Composting of bio-waste

Material recovery from non-hazardous waste

Landfill gas capture and utilisation

Transport of CO₂

Underground permanent geological storage of CO₂

6. Transport

Passenger interurban rail transport

Freight rail transport

Urban and suburban transport, road passenger transport

Operation of personal mobility devices, cycle logistics

Transport by motorbikes, passenger cars and commercial vehicles

Freight transport services by road

Inland passenger water transport

Inland freight water transport

Retrofitting of inland water passenger and freight transport

Sea and coastal freight water transport, vessels for port operations and auxiliary activities

Sea and coastal passenger water transport

Retrofitting of sea and coastal freight and passenger water transport

Infrastructure for personal mobility, cycle logistics

Infrastructure for rail transport

Infrastructure enabling road transport and public transport

Infrastructure for water transport

Airport infrastructure

7. Construction and Real Estate

Construction of new buildings

Renovation of existing buildings

Installation, maintenance and repair of energy efficiency equipment

Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Installation, maintenance and repair of renewable energy technologies

Acquisition and ownership of buildings

8. Information and Communication

Data processing, hosting and related activities

Computer programming, consultancy and related activities

Programming and broadcasting activities

9. Professional, Scientific and Technical Activities

Engineering activities and related technical consultancy dedicated to adaptation to climate change

Close to market research, development and innovation

10. Financial and Insurance Activities

Non-life insurance: underwriting of climate-related perils

Reinsurance

11. Education

12. Human Health and Social Work Activities

13. Residential care activities

14. Arts, Entertainment and Recreation

Creative, arts and entertainment activities

Libraries, archives, museums and cultural activities

Motion picture, video and television programme production, sound recording and music publishing activities.



SCHEDULE 3 – METHODOLOGY FOR ASSESSING SUBSTANTIAL CONTRIBUTION TO THE OBJECTIVE OF CLIMATE CHANGE ADAPTATION

The following methodology is used for assessing whether a particular economic activity (e.g. the construction of new buildings) makes a substantial contribution to the objective of climate change adaptation:

A robust climate risk and vulnerability assessment should be carried out. The purpose of this assessment is to identify, using the Climate Risk Table¹⁵ reproduced below, the physical climate risks that are material to the Case Study.

When carrying out the assessment, the following steps should be taken:

	TEMPERATURE RELATED	WIND RELATED	WATER RELATED	SOLID MASS RELATED
C H R O N I C	Changing temperature (air, freshwater, marine water)	Changing wind patterns	Changing precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion
	Heat stress		Precipitation or hydrological variability	Soil degradation
	Temperature variability		Ocean acidification	Soil erosion
	Permafrost thawing		Saline intrusion	Solifluction
			Sea level rise	
			Water stress	
A C U T E	Heat wave	Cyclone, hurricane, typhoon	Drought	Avalanche
	Cold wave/frost	Storm (including blizzards, dust and sandstorms)	Heavy precipitation (rain, hail, snow/ice)	Landslide
	Tornado		Flood (coastal, fluvial, pluvial, ground water)	Subsidence
			Glacial lake outburst	

¹⁵ The list of climate related hazards in this table is non-exhaustive and contributes only an indicative list of most widespread hazards that are to be taken into account as a minimum in the climate risk and vulnerability assessment.

Step One

The construction process on the Case Study should be reviewed at a high level to identify which of the risks from the Climate Risk Table may affect the performance of the economic activity during its expected lifetime.

Step Two

If the conclusion of this review is that the construction process on the Case Study is at risk from one or more of the risks listed in the Climate Risk Table, then it will be necessary to conduct a climate risk and vulnerability assessment to determine the extent of those risks.

Step Three

Having identified the extent of the physical climate risks, an assessment should be made to identify adaptation solutions that could be deployed to reduce the identified risk. The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that for:

- Activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale
- All other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments. Given the scale of the Case Study, it is quite possible that it will fall into this category and will therefore be subject to a much more detailed assessment.

The climate risk and vulnerability assessment must be based on best practice and available guidance, taking into account the state of the art science for such assessments and related methodologies in line with the most recent reports from the United Nations Intergovernmental Panel on Climate Change, scientific peer-reviewed publications and open source¹⁶ or paying models.

Step Four

Following the climate risk and vulnerability assessment, the adaptation solutions that are identified and which are to be implemented must:

- Not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities;
- Favour nature-based solutions or rely on blue infrastructure (such as ponds or wetlands) or green infrastructure (such as hedgerows, natural grasslands or ecological parks) to the extent possible;
- Be consistent with local, sectoral, regional or national adaptation plans and strategies;
- Be monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met; and
- If the solution implemented is an activity which is regulated under the Taxonomy Regulation, then that solution must also comply with the do no significant harm technical screening criteria for that activity.

¹⁶ For example, Copernicus services managed by the European Commission.

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