


EU Taxonomy DNSH2 – Physical Climate Risk Assessment

Tool for EU Taxonomy Climate Change Mitigation Act (Annex I) Reporting





How do we identify material physical risks and how vulnerable are our economic activities?

How does an EU Taxonomy-compliant reporting look like?

Which scientifically based thresholds are suitable for risk identification?

The EU Taxonomy, under DNSH 2, necessitates companies to carry out a materiality assessment of 28 acute and chronic physical risks associated with their economic activities, as well as their value chain.

Your input:

- You have identified relevant economic activities and provided associated address data for relevant sites.

What we do:

- We perform a consideration of the entire value chain in accordance with the proportionality principle.
- We integrate site-specific parameters, such as existing adaptation solutions, to assess vulnerability.

When applying our customized tool, you will be provided with an in-depth analysis of whether climate-related physical hazards pose a material physical risk to the economic activities.

What you can expect:

- Management summary with key findings
- Customized report with in-depth analysis for all required sites
- Methodological approaches, definitions and sources

Setting for physical climate risk analysis

Introduction

The analysis follows the EU Taxonomy, C2 and Annex I, to determine whether economic activity in physical climate risk and chronic physical risk of 28 hazards. The climate impact assessments are available under a separate section of the report. The methodology is detailed in the report, which can be found in the report.

Scope of work

2021-2030

All 28 acute and chronic physical hazards were assessed.

- Identification of economic activities and their associated climate risk.
- Collection of CLINT-specific addresses of assets (production sites) with associated economic activities.
- Carrying out the climate risk assessment based on site-specific approaches (see following slides).

Scope

The focus of the analysis is on the economic activities of CLIENT's production sites they depend on (does not cover value chain dependencies).

IPCC climate scenarios

State-of-the-art climate science according to the most recent IPCC report on peer-reviewed scientific publications referring to the RCP 8.5 and SSP5 8.5 scenario respectively.

Source: PwC | IPCC: Intergovernmental Panel on Climate Change | IEP: International Geosphere and Biosphere Programme | SSP: Shared Socioeconomic Pathways

All Reporting Periods | Physical Climate Risk Analysis | April 2023

EU Taxonomie Physical Risk Assessment - DNSH Annex A: Climate Change Mitigation Requirements

Hazard Type	Hazard Name	Potential Material Risk
Solid mass-related	Avalanche	No
Solid mass-related	Coastal erosion	No
Solid mass-related	Landslide	No
Solid mass-related	Soil degradation	No
Solid mass-related	Soil erosion	No
Solid mass-related	Soilification	No
Solid mass-related	Subsidence	No
Temperature-related	Changing temperature (air, fresh water, marine water)	Ref
Temperature-related	Cold wave (frost)	No
Temperature-related	Heat stress	No
Temperature-related	Heat wave	No
Temperature-related	Prolonged thawing	No
Temperature-related	Temperature variability	Ref
Temperature-related	Wildfire	No
Water-related	Changing precipitation patterns & types (rain, hail, snow/ice)	No
Water-related	Drought	No
Water-related	Flood (coastal, flood, inland, urban, urban)	No
Water-related	Glacial lake outflow	No
Water-related	Heavy precipitation	No
Water-related	Chosen acidification	No
Water-related	Precipitation in dry	No
Water-related	Saline intrusion	No
Water-related	Sea level rise	No
Water-related	Water stress	No
Wind-related	Changing wind pattern (rain, hail, snow)	No
Wind-related	Tornado	No
Wind-related	Tropical Cyclone	No

EU Taxonomie Physical Risk Assessment - DNSH Annex A: Climate Change Mitigation Requirements

Overview of Relevant Hazards

Site	Hazards
Site 1	Water stress, Storm (hazards), Sand, Dust
Site 2	Water stress, Storm (hazards), Sand, Dust, Flood (coastal, flood, inland, ground water)
Site 3	Drought, Storm (hazards), Sand, Dust, Water stress
Site 4	Water stress, Storm (hazards), Sand, Dust, Drought

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What makes the PwC tool beneficial for your ESG reporting activities?

The tool supports clients in conducting a climate-related physical risk and vulnerability assessment in line with the requirements of the EU Taxonomy



Utilizing state-of-the-art climate science, including associated scenarios and time horizons, to assess climate risks



Applying the proportionality principle to identify relevant economic activities



Assessing potential material risks and integrating asset-specific vulnerabilities



Recommending adaptation measures based on a review of existing solutions



Documenting and integrating the risk assessment process into relevant reporting standards and deriving strategic implications, such as site selection and adaptation planning



What is unique about our solution?

Based on the latest data of the 6th IPCC report

Tailored to requirements of EU Taxonomy regulations

Cost-efficient analysis



- Utilizing hazard-specific approaches that cover all 28 acute and chronic hazards
- Conducting a materiality assessment based on identified physical climate risks using predetermined thresholds
- Providing highly detailed results through the use of geolocation-specific data
- Incorporating the latest IPCC climate scenarios (SSP scenarios) that reflect the most relevant pathways in 2030, 2050, and 2100
- Deriving adaptation solutions to mitigate material climate risks and ensuring transparent documentation for audit-proof ESG reporting



Do you have questions? Please contact our expert



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You would like to learn more
about the application?

For detailed information on our
physical risk assessment visit our
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Further insights on our Sustainability
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