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Topic	Transparency and Pillar 3
Article	449a
Paragraph	-
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COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2022/2453 - ITS on ESG disclosures
Article/Paragraph	Annex II/ Annex XL
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Disclose name of institution / entity	No
Type of submitter	Individual
Subject matter	ESG P3- Template 7 - Adapted activities and enabling activities in Climate Change Adaptation (CCA)
Question	When filling the Template 7, should adapted activities and enabling activities be considered as mutually exclusive?
Background on the question	According to the Regulation (EU) 2022/2453 adapted activities are activities, which “shall cover those that are not enabling activities”, which implies a mutual exclusivity between adapted activities and enabling activities with regard to Climate Change Adaptation (CCA). However, the Draft Commission Notice published on 19. Dec. 2022 (DRAFT COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the Disclosures (europa.eu), Question 19) figured out, there are Adapted-enabling activities, which “are economic activities that combine the types 1 and 2 outlined above as they can make a substantial contribution to CCA by: becoming adapted themselves (adapted activity), and enabling other activities to make a substantial contribution (enabling activity).” This inconsistent formulation about this point within the framework of Pillar III ESG Disclosures and Taxonomy needs to be clarified.
Final answer	According to Article 11(1) of the Regulation (EU) 2020/852 (the Taxonomy)

an economic activity shall qualify as contributing substantially to climate change adaptation where that activity:

“(a) includes adaptation solutions that either substantially reduce the risk of the adverse impact of the current climate and the expected future climate on that economic activity or substantially reduce that adverse impact, without increasing the risk of an adverse impact on people, nature or assets; or

(b) provides adaptation solutions that, in addition to satisfying the conditions set out in Article 16, contribute substantially to preventing or reducing the risk of the adverse impact of the current climate and the expected future climate on people, nature or assets, without increasing the risk of an adverse impact on other people, nature or assets.”

Article 16 of the Taxonomy sets the criteria for qualification as an enabling activity.

In addition, one of the substantial contribution criteria to climate change adaptation as per Delegated Regulation (EU) 2021/2139, relates to the classification as an enabling activity:

“In order for an activity to be considered as an enabling activity as referred to in Article 11(1), point (b), of Regulation (EU) 2020/852, the economic operator demonstrates, through an assessment of current and future climate risks, including uncertainty and based on robust data, that the activity provides a technology, product, service, information, or practice, or promotes their uses with one of the following primary objectives:

(a) increasing the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities

(b) contributing to adaptation efforts of other people, of nature, of cultural heritage, of assets and of other economic activities.”

Therefore adapted and enabling activities cannot be considered mutually exclusive.

For the specific purpose of reporting the information in Template 7 of Regulation (EU) 2022/2453 (ITS on ESG disclosures), the instructions to column j specify that adapted activities shall cover those that are not enabling activities, meaning that activities which only satisfy Article 11(1)(a) of the Taxonomy Regulation shall be disclosed in this column. Economic activities that fulfill the criteria of Article 16, including activities defined in Article 11(1)(b), of the Taxonomy Regulation shall be disclosed in the column k of Template 7.

Link

https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2023_6776

