



FRENCH MINISTRY OF ECOLOGY AND INCLUSIVE TRANSITION

# "Energy and Ecological Transition for the Climate" Label

## Criteria Guidelines

June 2018

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## Foreword

As a result of the discussions that took place at the Banking and Finance Conference on Energy Transition of June 2014 a label has been created that makes it possible to specifically identify investment funds contributing to the energy and ecological transition.

The creation of such a label is one of the public policies called for by Article 2 of Energy Transition for Green Growth Law of August 2015.

Its creation has been guided by a desire to promote "green" funds in order to further steer savings towards energy and ecological transition and the fight against climate change, either by drawing attention to existing investment funds or by giving rise to the creation of such funds. It is a guarantee, for investors and individual savers in particular, of the quality and transparency of the environmental characteristics of the funds distinguished in this way and of their contribution to the energy and ecological transition and the fight against climate change.

As a public label, the "Energy and Ecological Transition for the Climate" Label must be ambitious. In addition, although covered by French legal standards, this label can be applied to financial funds from other countries in the European Union or non-member countries.

To successfully create the label, a working group bringing together the representatives of all the stakeholders worked from October 2014 to August 2015 to draw up a general system and a draft Criteria Guidelines, plus a draft framework inspection and monitoring plan applicable to the "Energy and Ecological Transition for the Climate" Label.

The first version of this Criteria Guidelines resulting from this work was submitted for public consultation from 22 September 2015 to 11 October 2015 by the French Ministry for Environment, Energy and the Sea. Revisions to update and improve the Criteria Guidelines will be planned as often as the Label Committee considers necessary.

## Description and structure of the Criteria Guidelines

The Criteria Guidelines sets out the criteria for the labelling of candidate funds. A criterion describes one of the label's measurable requirements. These are stipulated by sets and sub-sets of criteria for some types of certification unit. For each criterion or sub-criterion there is a quantitative or qualitative indicator, making it possible to evaluate whether or not the criterion has been met.

The methods used for the assessment and approval of the principles and criteria, whether compulsory or discretionary, are described in the requirements summary chart and in the monitoring framework plan.

The Criteria Guidelines centres on the following concepts:

- Eligibility criteria in terms of scope;
- Pillars – Label criteria;
- Definition of the activities falling within the scope of the energy and ecological transition and the fight against climate change;
- Strict and partial exclusions;
- Requirements for the use of derivative instruments within the framework of "Energy and Ecological Transition for the Climate" management.

# Content of the Criteria Guidelines

## 1. ELIGIBILITY CRITERIA FOR CANDIDATE FUNDS

Title	Requirements	Information required, standard to be met	Checks to be carried out during the certification request
<b>I. Eligible funds</b>	<p>Are eligible:</p> <ul style="list-style-type: none"> <li>i. Funds falling under UCITS V Directive<sup>1</sup>;</li> <li>ii. Alternative Investment Funds (AIFs) having no major leverage effect<sup>2</sup> as defined in the AIFM Directive<sup>3</sup>. For funds marketed in France, this means all Alternative Investment Funds falling under section 2, chapter IV, title I, of section II of the French Monetary and Financial Code excluding, at the present time Sociétés d'Epargne Forestière (SEF) [Forestry Investment Companies];</li> <li>iii. In formation private equity and infrastructure AIFs.</li> </ul>	<p>Prospectus, Key Investor Information Document [KIID] and fund regulations (for funds in formation).</p>	<p>Verify that funds marketed in France have been registered / approved in the AMF's GECO [Gestion Collective (Collective Management)] database and in the equivalent databases for funds marketed in other European Union countries.</p> <p>Verify that the fund is:</p> <ul style="list-style-type: none"> <li>- Either a UCITS falling under the scope of UCITS V<sup>1</sup> Directive;</li> <li>- Or an Alternative Investment Fund falling under the scope of the AIFM Directive, authorised for marketing in the European Union, the substantial direction of a fund's leverage effect being assessed using the definition given in the Commission's Delegated Regulation (EU) No. 231/2013 of 19 December 2012<sup>3</sup>.</li> </ul>
<b>II. Funds' assets</b>	<p>Fund assets are comprised of securities issued by issuers or claims on issuers, the majority of which have their registered head office in the European Union, with the exception of bond funds to which this geographical constraint does not apply.</p> <p>Debt securities issued by States, local and regional authorities and government or international public agencies can be included in eligible funds insofar as the rules set out under criterion 1.2 b) are strictly adhered to.</p>	<p>Investment rules and types of eligible assets.</p>	<p>Audit the fund's assets for existing funds or the fund's regulations for funds in formation in order to verify the registered office of the asset issuers.</p> <p>In the case of bond funds, verify that the fund management company is a member of The 'Green Bond Principles' set out by the International Capital Market Association (ICMA).</p>
<b>III. Special cases</b>	<p>a) Funds of funds or multi-management funds</p> <p>Funds of funds must be invested 90% at minimum in funds having the "Energy and Ecological Transition for the Climate (EETC)" Label. The remaining 10% should not be invested in non-label funds but in transferable securities or money market instruments as defined in Article 50 (2)(a) of the aforementioned UCITS Directive.</p> <p>b) Feeder funds</p> <p>Feeder funds are eligible for the label given that the master fund is labelled.</p>	<p>Portfolio statement and prospectus.</p> <p>Portfolio statement indicating, for each fund, the name of the label obtained or sought, and prospectus.</p>	<p>Check the composition of the portfolio in terms of the eligibility of the underlying funds, namely:</p> <ul style="list-style-type: none"> <li>- That the funds invested are labelled;</li> <li>- The 90% EETC labelled funds ratio is being respected.</li> </ul> <p>In the event that compliance with a quantitative standard is required and the candidate fund does not have a history sufficient to demonstrate its compliance with the standard, the criterion is considered to be met once the candidate fund commits, within the framework of the internal monitoring procedures put in place by the portfolio management company to ensure the fund's compliance with regard to the EETC Criteria Guidelines, to comply with the standard in the 12 months that follow the awarding of the label.</p> <p>In order to assess "long-lasting" compliance with a quantitative standard, the certification body, examines the mean, arithmetical or geometrical as appropriate, of the monthly averages for this standard for the 12 months preceding the application for label request.</p>

<sup>1</sup> Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC concerning the coordination of the legal, regulatory and administrative provisions pertaining to certain Undertakings for Collective Investment in Transferable Securities (UCITS) as regards depositary functions, remuneration policies and sanctions, known as the UCITS V Directive.

<sup>2</sup> The Commission's Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council concerning special dispensations, general operating conditions, depositories, the leverage effect, transparency and monitoring.

<sup>3</sup> Directive No. 2011/61/EU of the European Parliament and of the Council of 8<sup>th</sup> June 2011 concerning the managers of Alternative Investment Funds and amending Directives 2003/41/EC and 2009/65/EC in addition to regulations (EC) No.1060/2009 and (EU) No. 1095/2010, known as the AIFM – Alternative Investment Fund Managers - directive [FIA Directive in France]).

## 2. LABEL CRITERIA BY PILLAR

Criteria	Information required, standard to be met	Checks to be carried out during certification and renewal audits
<b>PILLAR I - FUND'S OBJECTIVES AND METHODOLOGY FOR THE SELECTION OF ASSETS CONTRIBUTING TO THE ENERGY AND ECOLOGICAL TRANSITION</b>		
<p><b>Criterion 1.1</b> - The general, financial and specific environmental objectives sought through the consideration of environmental criteria as part of the investment policy must be clearly described in the documents given to investors.</p>	<p><b>The candidate shall provide the following information or answer the following questions while specifying the marketing materials in which this information appears (the term "marketing materials" should be understood in its broadest sense: prospectuses, website, transparency code, etc.):</b></p> <ul style="list-style-type: none"> <li>i. What are the general objectives (impact on companies) sought through the consideration of environmental criteria in the investment policy, notably with regard to desired outcomes (see Pillar III)? How are these defined and described to investors?</li> <li>ii. Do you have any financial objectives (medium-term extra-performance, risk reduction, or profitability/risk arbitrage, etc.) or objectives of any other type (ethical, etc.) linked to the consideration of environmental objectives? If the answer is yes, what are these and how are they defined and described to investors?</li> <li>iii. Which environmental objectives are sought by the consideration of environmental criteria in the investment policy? How are these objectives defined and described to investors?</li> </ul>	<p>Check the accuracy, completeness, adequacy and quality of the information provided by the candidate with regard to the documentation required and the questions asked.</p> <p>Check that the documentation addresses points (i) to (iii).</p> <p>Any candidate fund that does not declare any precise environmental objectives, notably those specified under Pillar III, does not meet this criterion.</p>
<p><b>Criterion 1.2</b> - The methodology for evaluating the "green share" of the portfolio must be described clearly and coherently.</p>	<p><b>a) The candidate fund's management company shall:</b></p> <ul style="list-style-type: none"> <li>i. Provide the documentation accessible to investors describing the method for estimating the portion of turnover supporting the energy and ecological transition for each existing or target portfolio constituent for existing funds or funds in formation respectively;</li> <li>ii. Describe how the implementation of this method influences its investment policy.</li> </ul>	<p>Check the accuracy, completeness, adequacy and quality of the documentation provided by the candidate with regard to the documentation required and the questions asked.</p> <p>Check that the method for estimating the "green" share of turnover is accessible to investors and can be understood by them.</p> <p>Check that methodology is reviewed on an annual basis at minimum.</p> <p>A candidate fund that declares a methodology for "green share" identification that does not make it possible to achieve a selection of assets contributing to the energy and ecological transition does not meet this criterion.</p>

Criteria	Information required, standard to be met	Checks to be carried out during certification and renewal audits
<p><b>b) The fund shall provide and publish a full and up to date inventory (including the number of securities and the most recent valuations accepted) of its portfolio, notably specifying:</b></p> <p><b>For private equity funds fully or partially invested in unlisted securities:</b></p> <ul style="list-style-type: none"> <li>- That at least 75% of the fund's total assets under management is invested in companies for which turnover supporting the energy and ecological transition in accordance with the classification set out in appendix 1 is at least 50%.</li> <li>- The source of the information used to answer the previous question.</li> </ul> <p><b>For bond funds:</b></p> <ul style="list-style-type: none"> <li>- That the percentage of assets under management invested in green bonds must be at least 75% of the fund's total assets under management. Within the meaning of the EETC label, a green bond is defined as simultaneously meeting the following three criteria: <ul style="list-style-type: none"> <li>▪ The bond must comply with the Green Bond Principles (GBP) set out by the International Capital Market Association (ICMA);</li> <li>▪ The bond must finance projects strictly falling under the classification set out in appendix 1;</li> <li>▪ The obligation shall not finance any excluded activities (see appendix 2).</li> <li>▪ The source of the information used to answer the previous question.</li> </ul> </li> </ul> <p><b>For Reals Estate Collective Investment Schemes – RECIS' (OPCIs):</b></p> <ul style="list-style-type: none"> <li>- That at least 60% of assets under management are invested in green real estate as defined by the reference system in Appendix 1. The green share is made up of 100% of real estate assets (buildings, RECIS shares, listed real estate companies, companies owning buildings);</li> <li>- The remaining 40% should not finance excluded activities (see Appendix 2);</li> <li>- The source of the information used to answer the previous point.</li> </ul> <p><b>For Real Estate Investment Trusts – REITs (SCPIs):</b></p> <ul style="list-style-type: none"> <li>- That at least 90% of assets under management are invested in green real estate as defined by the reference system in Appendix 1. The green share is made up of 100% of real estate assets (buildings, OPCI shares, listed real estate companies, companies owning buildings);</li> <li>- The remaining 10% should not finance excluded activities (see Appendix 2);</li> <li>- The source of the information used to answer the previous point.</li> </ul> <p><b>Special case of bonds aiming partly projects from the classification set out in appendix 1 and partly projects with social or societal value-added</b></p> <ul style="list-style-type: none"> <li>- The bond takes into account only projects from the classification set out in appendix 1 only.</li> </ul> <p><b>For all other funds invested in listed securities:</b></p> <ul style="list-style-type: none"> <li>- That the percentage of assets under management invested in companies for which turnover supporting the energy and ecological transition in accordance with the classification set out in appendix 1 is strictly above 50%, must be equal to or greater than 20% of the fund's total assets under management (Category 1);</li> <li>- That the percentage of assets under management invested in companies for which turnover supporting the energy and ecological transition in accordance with the classification set out in appendix 1 is strictly below 10% or invested in other debt securities, must be equal to or less than 25% of the fund's total assets under management (Category 3);</li> <li>- That the portfolio's remaining assets under management are comprised of companies for which turnover supporting the energy and ecological transition in accordance with the classification set out in appendix 1, is within the range [10%; 50%] (Category 2);</li> <li>- In the case of diversified funds incorporating green bonds, the assets under management for these bonds shall fall within the Category 1 assets under management;</li> <li>- The source of the information used to respond to the four previous points.</li> </ul>	<p>Check that the method for estimating the green share is transparent, clear and sufficiently referenced to be verifiable (existence of evidence and audit trails).</p> <p>Check, by sampling, that the "green shares" estimated are statistically acceptable.</p> <p>In order to assess "long-lasting" compliance with a quantitative standard, the certification body examines the mean, arithmetical or geometrical as appropriate, of the monthly averages for this standard for the 12 months preceding the application for label request.</p> <p>For private equity funds, calculations must be made by comparing the prices of the investments (and not their valuation) to the paid-up commitments.</p> <p>For RECIS' and REITs (OPCI and SCPI) : For buildings having a label or certification in the context of a new construction, renovation or operation, the certification body verifies:</p> <ul style="list-style-type: none"> <li>- that the certificate attesting to the obtaining of this certification / label was issued less than 5 years ago by an independent certification body;</li> <li>- that the life cycle analysis has been carried out or verified by an independent third party;</li> <li>- that the energy label has been issued according to a certification process based on the completion of a thermal study and that energy consumption is at least 30% lower than local standards.</li> </ul> <p>For building compounds having actions to improve their performance, the certification body verifies:</p> <ul style="list-style-type: none"> <li>- that the system for measuring and monitoring final energy consumption and greenhouse gas emissions is in operating phase (measuring and verifying its actual performance) and at least once a year;</li> <li>- that the action plan for an overall reduction in final energy consumption and greenhouse gas emissions during the operating phase is 40% in 2025, 55% in 2030 compared to 2013 (or at a given later date);</li> <li>- the action plan is budgeted and includes annual</li> </ul>	

Criteria	Information required, standard to be met	Checks to be carried out during certification and renewal audits
<p><b>c) For funds in formation, the management company shall describe the investment policy that it intends to implement for the candidate fund, notably specifying:</b></p> <p><b><i>Special case of private equity funds in the process of fund raising:</i></b></p> <ul style="list-style-type: none"> <li>- The percentage of anticipated assets under management in companies for which turnover supporting the energy and ecological transition in accordance with the classification set out in appendix 1 is at least 50%. This percentage must be at least 75% of the fund's total assets under management.</li> </ul> <p><b><i>Special case of deb-based infrastructure funds in the process of fund raising:</i></b></p> <ul style="list-style-type: none"> <li>- The percentage of anticipated assets under management in green bonds (in accordance with the definition given in 1.2.b) must be at least 75% of the fund's total assets under management.</li> </ul>	<p>intermediate objectives .</p> <ul style="list-style-type: none"> <li>- an annual reporting of the achievement of the intermediate objectives is verified by an independent third party.</li> </ul> <p>For green bond funds or diversified funds containing green bonds, check that each of the fund's bond components is subject to an independent third-party verification making it possible to ensure that these components comply with The "Green Bond Principles" of the International Capital Market Association (ICMA) and the CBI [Climate Bond Initiative] eligibility criteria where they exist</p>	<p>Check the accuracy, completeness, adequacy and quality of the documentation provided by the candidate with regard to the documentation required and the questions asked.</p> <p>Check that candidate fund regulation complies with the requirements provided for.</p>
<p><b>d) Special case of funds of funds or multi-management funds</b></p> <p>The rules set out under the previous points shall apply.</p>	<p>Check that the method chosen to ensure transparency allows for verification that criterion 1.2 is met.</p>	

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**Criterion 1.3** - Assets that run counter to the energy and ecological transition are excluded.

No investment shall be made in companies, projects or activities pertaining to the excluded sectors set out in appendix 2, with the exception of their green bonds as defined above.

Check the accuracy, completeness, adequacy and quality of the information required.

In order to assess "long-lasting" compliance with a quantitative standard, the certification body, examines the mean, arithmetical or geometrical as appropriate, of the monthly averages for this standard for the 12 months preceding the application for label request.

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**PILLAR II – CONSIDERATION OF ESG CRITERIA IN THE CONSTRUCTION AND LIFE OF THE PORTFOLIO**

<p><b>Criterion 2.1</b> - Application of the principles of corporate social responsibility involves actively monitoring the environmental (E), social (S) and governance (G) controversies of underlyings and the fund shall demonstrate their impact on the construction and life of the portfolio</p>	<p>Issuers contravening the conventions on the prohibition of the use, storage, production and relocation of anti-personnel mines and their destruction (known as the 1997 Ottawa Convention) and concerning cluster munitions (known as the 2008 Oslo Convention) are excluded.</p> <p><b>For existing funds, the fund shall provide and publish:</b></p> <ul style="list-style-type: none"> <li>- A description of the ESG controversy active monitoring and management process used and of the corresponding resources mobilised. The fund shall notably specify its ex-ante and ex-post mechanisms for addressing controversy and the measures taken (where appropriate, the fund shall distinguish between majority or minority holdings);</li> <li>- The frequency with which these mechanisms are adjusted, if necessary;</li> <li>- The list of the companies that have been excluded due to proven, serious and repeated controversies as well as the duration of the exclusion;</li> <li>- The list of companies under-weighted in the portfolio due to an ESG controversy and the magnitude of the under-weighting with regard to the initial situation.</li> </ul> <p><b>For funds in formation, the fund shall provide and publish:</b></p> <ul style="list-style-type: none"> <li>- A description ESG controversy of the active monitoring and management process used and the corresponding resources mobilised in the actual investment phase, in order to anticipate and manage ESG controversies. The fund will notably specify its ex-ante and ex-post controversy mechanisms and the measures taken (the fund shall distinguish between majority or minority holdings);</li> <li>- A description of the commitments undertaken on the matter with regard to its subscribers;</li> <li>- The frequency with which these mechanisms will, if necessary, be adjusted;</li> </ul>	<p>Check the accuracy, completeness, adequacy and quality of the information required.</p> <p>A candidate fund that has not put this type of mechanism in place does not meet this criterion.</p>
<p><b>Criterion 2.2</b> – Some of the fund's financial management practices must be transparent</p>	<p><b>a) The use of derivative financial instruments must be limited to techniques allowing for the effective management of the portfolio of securities in which the candidate fund is invested (see appendix 5 for the detailed information required).</b></p> <p>If the candidate fund uses derivative instruments, it should specify:</p> <ul style="list-style-type: none"> <li>- Their type;</li> <li>- The objective(s) pursued and their compatibility with the fund's long-term management objectives;</li> <li>- The potential limits in terms of exposure (in amount and duration).</li> </ul> <p>The use of derivative instruments should not result in the significant or lasting alteration of the fund's investment policy.</p> <p><b>b) The fund shall calculate the rotation rate of its portfolio defined as:</b></p> <p>Half of the sum of capital purchases and sales over the last 12 months / the average of net assets over the period. A rotation rate above [2] must be justified by particular, objective and quantified market conditions: Modification of the fund's investment strategy, substantial market volatility, substantial volatility of movements in the fund (subscriptions and redemptions), etc.</p> <p>This criterion does not apply to private equity funds nor to funds in formation.</p>	<p>Check the accuracy, completeness, adequacy and quality of the documentation provided by the candidate with regard to the documentation required and the questions asked.</p> <p>Check the accuracy of the method used and the information required.</p>

### PILLAR III – HIGHLIGHTING POSITIVE IMPACTS ON ENERGY AND ECOLOGICAL TRANSITION

<p><b>Criterion 3.1</b> - The fund must have put in place a mechanism for measuring the actual contribution of its investments to the energy and ecological transition</p>	<p>The fund shall provide information on the organisation put in place to measure the environmental impact of its investments. The fund shall specify:</p> <ul style="list-style-type: none"><li>i. The resources, in particular the human resources, deployed;</li><li>ii. The method for evaluating the impact and the impact indicators chosen;</li><li>iii. Where applicable:<ul style="list-style-type: none"><li>▪ Assurance or verification certificates issued by an external third-party organisation for the indicators produced;</li><li>▪ A comparison of the indicators chosen with potential benchmarks, if they exist.</li></ul></li></ul> <p>Details of the information to be provided are presented in appendix 4.</p> <p>The fund shall specify, on the basis of the impacts recorded through the indicators provided, that the impacts obtained are consistent with the fund's objectives as described within the framework of criterion 1.1 above.</p>	<p>Check the accuracy, completeness, and adequacy of the information required.</p> <p>Check that the method for indicator development is transparent, clear and sufficiently referenced to be auditable (existence of evidence and audit trails).</p>
<p><b>Criterion 3.2</b> - The fund shall report on indicators of impacts that benefit the energy and ecological transition</p>	<p><b>a) For existing funds</b></p> <p>The fund shall measure the actual contribution of its investments and comment on its development, in one of the four areas below, not necessarily exclusively:</p> <ul style="list-style-type: none"><li>i. Climate change;</li><li>ii. Water;</li><li>iii. Natural resources;</li><li>iv. Biodiversity.</li></ul> <p>For more information on the proposed indicators, please see appendix 4.</p> <p><b>b) For funds in formation</b></p> <p>The fund will indicate which environmental impact indicators it intends to implement and monitor in at least one of the four areas set out above.</p>	<p>Verify that the indicators provided are genuine and indicate the corresponding level of assurance.</p>

## Appendix 1 - Definition of activities falling within the scope of the energy and ecological transition

Activities directly or indirectly contributing to "green growth" through the development of renewable energies (wind, solar, geothermic, hydraulic, marine, from biomass, etc.), the energy efficiency of industrial buildings and processes, the circular economy, clean transport, agriculture and forestry, infrastructure for adapting to climate change, and so forth, fall within the scope of the energy and ecological transition. These are "activities that produce goods and services aimed at protecting the environment or managing natural resources, i.e. intended to measure, prevent, limit or address environmental damage to water, air and soil and the problems surrounding waste, noise and ecosystems for the well-being of Mankind" (international definition from the OECD and Eurostat).

The activities eligible within the context of the Energy and Ecological Transition for the Climate (EETC) label are those strictly appearing in the taxonomy as presented in section 2 of this appendix.

This taxonomy is based on that of the Climate Bond Initiative<sup>4</sup> (CBI), give or take a few amendments, as detailed in section 1 of this appendix.

### 1/ Differences between the EETC label taxonomy and that of the CBI

The EETC label taxonomy is the same as that of the CBI as drawn up in October 2015, give or take a few amendments to take account of both the considerations of the stakeholders consulted and national public policy guidelines.

These amendments fall into four categories:

- Certain activities that appear in the CBI taxonomy have been excluded from the EETC label taxonomy **[A]**;
- The descriptions of certain activities appearing in the CBI taxonomy have been specified **[B]**;
- Certain activities considered by the CBI taxonomy as requiring additional work ("More Work Required"), which are therefore not currently eligible, have been deemed eligible by the EETC taxonomy **[C]**, the other activities from this same taxonomy remaining excluded from the EETC label. These activities have therefore been retained in the label taxonomy, but with a slightly different wording;
- A "Services" category has been added to the "Energy", "Buildings" and "Industry" sectors.

**[A]**

Area	Specific category and activity	Description
Transport	Fuel efficient vehicles (private cars and commercial fleets)	Energy efficiency measures for all carbon-intensive sources of energy. Highly efficient conventional vehicles that meet mandatory emission standards plus additional hurdle rate (to be determined)
Information and Communications Technology	Broadband	Fibre-optic cable investments

<sup>4</sup> <https://www.climatebonds.net/standards/taxonomy2>

[B]

Area	Specific category and activity	Description	
Renewable energies	Solar energy	Photovoltaic solar electricity	Development, construction and operation of generation facilities
Renewable energies	Solar energy	Concentrated solar power plant	Development, construction and operation of generation facilities
Renewable energies	Wind energy	Wind farms	Development, construction and operation of generation facilities
Renewable energies	Hydroelectricity	Run-of-river and small hydroelectric power stations <15MW ("small project" threshold defined by the "Clean Development Mechanism"- CDM – established by the Kyoto protocol)	Small hydroelectric facilities that require small or no reservoirs.
Energy	Hydroelectricity	Large hydroelectric facilities >20 MW in temperate zones	In accordance with the European regulations in effect <sup>5</sup> or equivalent
Energy	Geothermal	Geothermal Heat Pump (GHP) Technology	GHP used for energy storage, renewable energies, waste heat recovery, energy efficiency, intelligent demand management/smart grids, district energy systems
Energy	Energy Storage	Hydroelectric energy storage systems	Pumped Storage Hydroelectric Power Stations (PSHPS)
Energy	Energy Storage	New technologies	Technologies which increase energy storage options (hydrogen obtained through electrolysis for example)

**Building certified or labelled less than 5 years ago for new construction**

Building having :

- 1) an environmental certification for new construction or an environmental label issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago years by an independent third party;
- 2) a life-cycle analysis (according to the ISO 14 040 standard) carried out or verified less than 5 years ago by an independent third-party organization, which makes it possible to characterize the various environmental indicators of the project, in particular the impact on climate change (including greenhouse gas emissions), the consumption of natural resources, the production of waste, and this over the entire life cycle analysis of the building (from construction to deconstruction through operation phase);
- 3) an energy label issued in accordance with a certification process based on a thermal study, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by a independent third party. This energy label certifies the achievement of energy performance above local standards: energy consumption must meet the threshold of the local standard - 30%.

Building

Green buildings

Tertiary

**Building certified or labelled less than 5 years ago for renovation or operation**

Building having :

- 1) an environmental certification for renovation or operation (or an environmental label issued through a certification process), recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party;
- 2) an energy label for renovation or operation issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party. This energy label attests to the achievement of energy performance aimed at minima a reduction of the overall primary energy consumption of the building by 30% compared to its state before renovation.

**A defined set of buildings (in its entirety) subject to improvement actions with:**

- 1) a minimum annual measurement and monitoring of its final energy consumption and its greenhouse gas emissions during the operating phase (measurement and verification of

<sup>5</sup> Compliance Report assessing application of article 11 b (6) of the Emissions Trading Directive to these types of projects.

Area	Specific category and activity	Description
		<p>its actual performance);</p> <p>2) an action plan for an overall reduction of its final energy consumption and greenhouse gas emissions in the operating phase of 40% in 2025, 55% in 2030 compared to 2013 (or at a given later date). The action plan must be budgeted and include annual intermediate objectives ;</p> <p>3) an annual reporting of achievement of these intermediate objectives verified by an independent third party.</p>
		<p><b>Building certified or labeled less than 5 years ago for new construction</b></p> <p>Building having :</p> <p>1) an environmental certification for new construction or an environmental label issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago years by an independent third party;</p> <p>2) a life-cycle analysis (according to the ISO 14 040 standard) carried out or verified less than 5 years ago by an independent third-party organization, which makes it possible to characterize the various environmental indicators of the project, in particular the impact on climate change (including greenhouse gas emissions), the consumption of natural resources, the production of waste, and this over the entire life cycle analysis of the building (from construction to deconstruction through operation phase);</p> <p>3) an energy label issued in accordance with a certification process based on a thermal study, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by a independent third party. This energy label certifies the achievement of energy performance above local standards: energy consumption must meet the threshold of the local standard - 30%.</p>
Building	Green buildings	Residential
		<p><b>Building certified or labelled less than 5 years ago for renovation or operation</b></p> <p>Building having :</p> <p>1) an environmental certification for renovation or operation (or an environmental label issued through a certification process), recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party;</p> <p>2) an energy label for renovation or operation issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party. This energy label attests to the achievement of energy performance aimed at minima a reduction of the overall primary energy consumption of the building by 30% compared to its state before renovation.</p>
		<p><b>A defined set of buildings (in its entirety) subject to improvement actions with:</b></p> <p>1) a minimum annual measurement and monitoring of its final energy consumption and its greenhouse gas emissions during the operating phase (measurement and verification of its actual performance);</p> <p>2) an action plan for an overall reduction of its final energy consumption and greenhouse gas emissions in the operating phase of 40% in 2025, 55% in 2030 compared to 2013 (or at a given later date). The action plan must be budgeted and include annual intermediate objectives ;</p> <p>3) an annual reporting of achievement of these intermediate objectives verified by an independent third party.</p>
Building	Energy-efficiency technology and products manufacturing and supply	Operational performance will recognise the special purpose products needed to ensure that the buildings meet industry standards
		High performance HVAC (Heating, Ventilation and Air Conditioning) systems

Area	Specific category and activity	Description	
Building	Energy capture systems	Systems that increase overall energy efficiency	Collective heat systems, district heating networks, ... with energy capture
Circular economy	Technologies and products	Products based on renewable resources, biopolymers and biodegradable	Packaging materials, materials including secondary raw materials (from recycling), biobased products ...
Circular economy	Technologies and products	Products from eco-design	Products / technologies based on an eco-design process (ISO 14 062 type) leading to proven environmental gains
Circular economy	Technologies and products	Durability, repairability and reuse of products	Reconditioned products (such as household appliances), products whose repairability is guaranteed ...
Circular economy	Technologies and products	Products/technologies that reduce and capture greenhouse gas (GHG) emissions	Recovery and valorization of methane from waste storage, methods of agricultural production aimed at quantifiably and significantly reducing the consumption of fertilizers, technologies related to the capture and storage of CO2 excluded fossil activities ...
Circular economy	Services	Reparation	
Circular economy	Services	Economy of functionality	Any model leading to a billing / remuneration directly linked to a service rendered, leading to proven environmental gains (at least 5% reduction of certain environmental impacts, without aggravation), particularly in terms of preservation of resources and waste management.
Circular economy		Waste management	Recycling and reuse of materials
Industry	Energy-efficient products	Manufacturers	Energy-efficient products Energy-efficient technological projects
Transport	Rail transport systems (merchandise and passengers)	Operations	New developments and improvements
Transport		Infrastructure	Rail tracks and assets
Transport		Manufacturing	Non-diesel rolling stock production
Transport	Electric -vehicles (private cars and fleets)	Infrastructure	Charging infrastructure
Transport	Electric -vehicles (private cars and fleets)	Manufacturing	Electric-vehicle manufacturers or diversified manufacturers contributing specially to electric-vehicle manufacturing
Transport	Fuel-efficient vehicles (private cars and fleets)	Infrastructure	Charging infrastructure
Transport	Bus with High Level of Service [BHLS]	Operations	Components of any BHLS project with a Bronze, Silver or Gold BRT (Bus Rapid Transit) standard (definition given by the Institute of Transportation and Development Policy) or equivalent

**[C] (CBI wording)**

Area	Specific category and activity	Description	
Renewable energies	Carbon capture	Carbon capture and storage	
Energy	Bioenergy	Methanisation	Anaerobic digestion of organic matter
Renewable energies/Building/Industry	Services	Design and realisation of energy-related savings, renovation and risk management projects (of the EDCS [Electronic Draft Capture Service] type)	
Waste management/pollution control	Waste to energy	Incineration with energy capture	
Waste management/pollution control	Waste to energy	Waste gasification	Gasification systems which use the heat emitted for cooling or heating, and where emission levels are lower than a specified threshold amount
Waste management/pollution control	Carbon capture and storage	Proven technology for carbon sequestration	
Waste management/pollution control	Carbon capture and storage	Algae farms using CO <sub>2</sub> waste	
Waste management/pollution control	Landfill gas capture		
Transport	Electric vehicles; fuel-efficient vehicles; alternative fuel vehicles	Infrastructure	Charging infrastructure
Transport	Biofuels	Inedible feedstock	Minimum GHG savings rate must be specified
Transport	Biofuels	Inedible feedstock	Feedstock must comply with international standards dealing with the following cases: land-use, carbon footprint, food competition issues
Transport	Biofuels	Advanced biofuels	For example, gas from anaerobic digestion or from agricultural waste and sewage used to power heavy-goods vehicles.
Agriculture & Forestry	Agriculture	Organic agriculture, including seeds and fertilisers	
Adaptation to climate change	Water	Infrastructure upgrades	Sufficient extra water storage capacity to cope with droughts
Adaptation to climate change	Water	Infrastructure upgrades	Efficient water infrastructure, for example with low leakage rates for pipe networks, water conserving fixtures, or grey water systems, so as to maximize use of scarce water resources.
Adaptation to climate change	Water	Infrastructure upgrades	Rooftop capture and storage.
Adaptation to climate change	Water	Infrastructure upgrades	Design of water inlets for varying water levels and strengthening to withstand turbulent flows.
Adaptation to climate change	Water	Infrastructure upgrades	Construction of reservoir overflows to avoid failure

## 2/ The classification chosen within the framework of the EETC label

### 1. Energy

- Solar energy
- Wind energy
- Bioenergy
- Hydraulic energy
- Geothermal energy
- Other renewable energies
- Energy distribution and management
- Energy storage
- Carbon capture
- Services

### 2. Building

- Green buildings
- Energy efficiency
- Energy capture systems
- Services

### 3. Circular economy

- Technologies and products
- Services
- Waste energy valorization
- Waste management

### 4. Industry

- Energy-efficient products
- Energy-efficient systems and processes
- Cogeneration, tri-generation, etc.
- Waste heat recovery
- Reduction of GHGs not linked to energy production
- Eco-efficient industrial processes
- Services

### 5. Transport

- Freight and railway transport system
- Urban rail transport system
- Electric vehicles
- Hybrid vehicles
- Alternative fuel vehicles
- Bus Rapid Transit
- Bicycle transport
- Biofuels
- Aviation biofuel
- Transport logistics

### 6. Information and Communications Technology

- Data centres running on renewable energies
- Low-carbon facilities
- Products and technologies running on smart grid
- Substitution technologies

### 7. Agriculture & forestry

- Agriculture
- Forestry activities emitting less carbon and linked to carbon sequestration
- Low GHG emission agriculture, sequestering carbon and climate resilient

### 8. Adaptation

- Water adaptation
- Infrastructures

## Energy

Area	Specific category and activity	Description
Solar energy	Photovoltaic solar electricity	Development, construction and operation of generation facilities
	Concentrating solar power plant	Development, construction and operation of generation facilities
	Infrastructure and manufacturing	Operational production or production infrastructure entirely dedicated to the development of solar energy
	Transmission	Energy transmission facilities entirely dedicated to solar source electricity generation infrastructures listed in the classification
Wind energy	Wind farms	Development, construction and operation of generation facilities
	Infrastructure and manufacturing	Operational production or manufacturing facilities fully dedicated to the development of wind energy
	Transmission	Energy transmission facilities entirely dedicated to wind power generation infrastructures
Bioenergy	Renewable feedstocks	Bioenergy from sources that do not deplete existing terrestrial carbon pools
	Infrastructure and manufacturing	Operational production or production infrastructure fully dedicated to the development of bioenergy
	Methanisation	Anaerobic digestion of organic matter
	Networks	Energy transmission infrastructure (power lines, transport lines, pipelines, etc.) entirely dedicated to bioenergy
Hydroelectricity	Run-of-river and small hydroelectric power stations <15MW ("small project" threshold defined by the Clean Development Mechanism - CDM – established by the Kyoto protocol)	Small hydroelectric facilities that require small or no reservoirs
	Large hydroelectric facilities >20MW in temperate zones	In accordance with the European regulations in effect <sup>6</sup> or equivalent
	Re-powering of existing major hydroelectric systems	New infrastructure applied to existing facilities in order to improve the efficiency and energy production of existing hydroelectric facilities
Geothermal	Geothermal electricity	Development, construction and operation of geothermal energy generation facilities
	Geothermal Heat Pump (GHP) Technology	GHP used for energy storage, renewable energies, waste heat recovery, energy efficiency, intelligent demand management/smart networks and district energy systems
Other renewable energies	Sea and ocean-derived energy sources	Development, construction and operation of generation facilities
Energy distribution	Transmission and grid infrastructure	New or additional energy transmission and distribution infrastructure (power lines, transport lines, pipelines etc.) required to connect eligible renewable energies to national grids and systems
		New or additional infrastructure required to support the integration of renewable energies and energy efficiency systems and their load-balance

<sup>6</sup> Compliance Report assessing application of article 11 b(6) of the Emissions Trading Directive to these types of projects.

## Energy

Area	Specific category and activity	Description
	Smart systems and meters	Systems and meters that support improved energy management
	Heating management	Geothermal heat pumps
Energy storage	Hydroelectric energy storage systems	Pumped Storage Hydroelectric Power Stations (PSHPS)
	Geothermal heat storage	Examples include molten salt heat storage; GHP technology for heat storage
	New technologies	Technologies which increase energy storage options (hydrogen obtained through electrolysis for example)
Carbon capture	Carbon capture and storage	
Services	Energy services	Design and realisation of energy-related savings, renovation and risk management projects (of the EDCS [Electronic Draft Capture Service] type)

## Building

Area	Specific category and activity	Description
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Green buildings	Tertiary	<p><b>Building certified or labeled less than 5 years ago for new construction</b>  Building having :</p> <ol style="list-style-type: none"> <li>1) an environmental certification for new construction or an environmental label issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago years by an independent third party;</li> <li>2) a life-cycle analysis (according to the ISO 14 040 standard) carried out or verified less than 5 years ago by an independent third-party organization, which makes it possible to characterize the various environmental indicators of the project, in particular the impact on climate change (including greenhouse gas emissions), the consumption of natural resources, the production of waste, and this over the entire life cycle analysis of the building (from construction to deconstruction through operation phase);</li> <li>3) an energy label issued in accordance with a certification process based on a thermal study, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party. This energy label certifies the achievement of energy performance above local standards: energy consumption must meet the threshold of the local standard - 30%.</li> </ol> <p><b>Building certified or labeled less than 5 years ago for renovation or operation</b>  Building having :</p> <ol style="list-style-type: none"> <li>1) an environmental certification for renovation or operation (or an environmental label issued through a certification process), recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party;</li> <li>2) an energy label for renovation or operation issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party. This energy label attests to the achievement of energy performance aimed at minima a reduction of the overall primary energy consumption of the building by 30% compared to its state before renovation.</li> </ol> <p><b>A defined set of buildings (in its entirety) subject to improvement actions with:</b></p> <ol style="list-style-type: none"> <li>1) a minimum annual measurement and monitoring of its final energy consumption and its greenhouse gas emissions during the operating phase (measurement and verification of its actual performance);</li> <li>2) an action plan for an overall reduction of its final energy consumption and greenhouse gas emissions in the operating phase of 40% in 2025, 55% in 2030 compared to 2013 (or at a given later date). The action plan must be budgeted and include annual intermediate objectives ;</li> <li>3) an annual reporting of achievement of these intermediate objectives verified by an independent third party.</li> </ol>
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	Residential	<p><b>Building certified or labeled less than 5 years ago for new construction</b>  Building having :</p> <ol style="list-style-type: none"> <li>1) an environmental certification for new construction or an environmental label issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago years by an independent third party;</li> <li>2) a life-cycle analysis (according to the ISO 14 040 standard) carried out or verified less than 5 years ago by an independent third-party organization, which makes it possible to characterize the various environmental indicators of the project, in particular the impact on climate change (including greenhouse gas emissions), the consumption of natural resources, the production of waste, and this over the entire life cycle analysis of the building (from construction to deconstruction through operation phase);</li> <li>3) an energy label issued in accordance with a certification process based on a thermal study, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by a independent third party. This energy label certifies the achievement of energy performance above local standards: energy consumption must meet the threshold of the local standard - 30%.</li> </ol> <p><b>Building certified or labelled less than 5 years ago for renovation or operation</b>  Building having :</p> <ol style="list-style-type: none"> <li>1) an environmental certification for renovation or operation (or an environmental label issued through a certification process), recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party;</li> <li>2) an energy label for renovation or operation issued under a certification process, recognized internationally or by a Member State of the European Union and issued less than 5 years ago by an independent third party. This energy label attests to the achievement of energy performance aimed at minima a reduction of the overall primary energy consumption of the building by 30% compared to its state before renovation.</li> </ol> <p><b>A defined set of buildings (in its entirety) subject to improvement actions with:</b></p> <ol style="list-style-type: none"> <li>1) a minimum annual measurement and monitoring of its final energy consumption and its greenhouse gas emissions during the operating phase (measurement and verification of its actual performance);</li> <li>2) an action plan for an overall reduction of its final energy consumption and greenhouse gas emissions in the operating phase of 40% in 2025, 55% in 2030 compared to 2013 (or at a given later date). The action plan must be budgeted and include annual intermediate objectives ;</li> <li>3) an annual reporting of achievement of these intermediate objectives verified by an independent third party.</li> </ol>
Energy efficiency technology and products manufacturing and supply	Operational performance will recognise the special purpose products needed to ensure that the buildings meet industry standards as LEED and BREEAM	Thermal insulation materials High performance HVAC (Heating, Ventilation and Air Conditioning) systems Centralised energy control systems; home energy displays and smart meters Advanced, efficient appliances and lighting (e.g. LED) Advanced materials (e.g. reflective roof materials/systems)
Energy capture systems	Systems that increase overall energy efficiency	Collective heat systems, district heating networks, ... with energy capture
Services	Energy services	Design and realisation of energy saving, thermal renovation and energy-related risk management projects (of the EDCS type)

## Circular economy - Circular economy activities must meet the eligibility criteria of the EETC label and be compatible with sectoral exclusions

Area	Specific category and activity	Description
Technologies and products	Products based on renewable resources, biopolymers and biodegradable	Packaging materials, materials including secondary raw materials (from recycling), biobased products ...
	Products from eco-design	Products / technologies based on an eco-design process (ISO 14 062 type) leading to proven environmental gains
	Durability, repairability and reuse of products	Reconditioned products (such as household appliances), products whose repairability is guaranteed ...
	Products/technologies that reduce and capture greenhouse gas (GHG) emissions	Recovery and valorization of methane from waste storage, methods of agricultural production aimed at quantifiably and significantly reducing the consumption of fertilizers, technologies related to the capture and storage of CO2 excluded fossil activities ...
	Services	Reparation
Waste energy valorization	Economy of functionality	Any model leading to a billing / remuneration directly linked to a service rendered, leading to proven environmental gains (at least 5% reduction of certain environmental impacts, without aggravation), particularly in terms of preservation of resources and waste management.
	Incineration with level R1 energy capture in accordance with the European Directive <sup>1</sup> or equivalent	
Waste management	Waste gasification	Gasification systems which use the heat emitted for cooling or heating, and where emission levels are lower than a specified threshold amount
	Industrial recycling	
	Recycled products	
	Composting	

## Industry

Area	Specific category and activity	Description
Energy-efficient products	Manufacturers	Energy-efficient products Energy-efficiency technological projects Renewable energy products
	Assets	Industrial energy efficiency
Energy-efficient processes and systems		Controlled and monitored compressed air systems Valve tightening and improvement Variable speeds; speed control Insulation of distributed systems Membrane reuse Network security Improvement in HVAC efficiency
Cogeneration/Tri-generation/Combined Heat and Power		
Waste heat recovery		
Reduction of GHG not linked to energy		Fugitive emissions
Industrial processes	Improvements in eco-efficiency / cleaner production	For example, "green cement", cement produced with less clinker; automation comparing one production technology with another
Services	Energy services	Design and realisation of energy-related savings, renovation and risk management projects (of the EDCS type)
Organic agro-food industry	Food transformation certified in organic farming	Criteria on the supply in organic products entering the transformation : products in conformity with to the European regulations relative to organic products and to their labeling or having a bilateral recognition by non-member countries of the European Union or controlled and certified by a third party recognized and overseen directly by the European Commission.

## Information and Communications technologies

Area	Specific category and activity	Description
Data-centres running on renewable energies		Approved low carbon sources only, as appear in the classification
Low-carbon infrastructure		Renewable energy powered mobile base station
Products and technologies that support smart grid applications		
Substitution technologies		Conferencing software and centres directly dedicated to the reduction of business travel by air and by road

## Transport

Area	Specific category and activity	Description
Rail transport systems (merchandise and passengers)	Operations	New developments and improvements
	Infrastructure	Rail tracks and assets
	Manufacturing	Non-diesel rolling stock production
Urban rail systems (metro, tram etc.)	Operations	New developments
		Improvements
	Manufacturing	Non-diesel rolling stock
Electric vehicles (private car and fleets)	Infrastructure	Rail tracks and assets
	Manufacturing	Charging infrastructure
		Electric-vehicle manufacturers or diversified manufacturers contributing specially to electric-vehicle manufacturing
Fuel-efficient vehicles (private cars and fleets)	Infrastructure	Charging infrastructure
	Manufacturing	Hybrids
Alternative fuel vehicles (private cars and fleets)	Infrastructure	Charging infrastructure
	Manufacturing	Hydrogen, biodiesel, biogas-powered vehicles etc.
Bus with High Level of Service [BHLS]	Operations	Components of any BHLS project with a Bronze, Silver or Gold BRT (Bus Rapid Transit) standard (definition given by the Institute of Transportation and Development Policy) or equivalent
	Infrastructure	
	Manufacturing	
Bicycle transport	Manufacturing	Bicycles and spare parts (including electric bicycles)
	Infrastructure	Bicycle infrastructure in cities, financing for bicycle development plans
Biofuels	Inedible feedstock	Minimum GHG savings rate must be specified
		Feedstock must comply with international standards dealing with the following cases: land-use, carbon footprint, food competition issues
	Advanced biofuels	For example, gas from anaerobic digestion or from agricultural waste and sewage used to power heavy-goods vehicles
Aviation biofuel	Production and treatment facilities	Technologies dedicated to aviation fuels – e.g. bio-kerosene production (subject to compliance with feedstock standards)
Transport logistics		Systems and technologies that improve the scheduling and efficient movement of rail, river, maritime or any other passenger or freight transport

## Agriculture and forestry

Area	Specific category and activity	Description
Agriculture	Organic agriculture, including seeds and fertilisers	
Forestry activities that: - Avoid or substantially reduce carbon emissions - Substantially sequester carbon	Assets certified by international standards	Forest plantation and sustainable forest management with internationally recognised certificates (Verified Carbon Standard, Programme for the Endorsement of Forest Certification Schemes, Forest Stewardship Council, etc.).
	Reforestation and planting on degraded and non-forested land	Subject to governance criteria and to compliance with international standards which ensure the sustainability of investments
	Replanting and reforestation on previously forested land	
	Reducing Emissions from Deforestation and Forest Degradation (REDD)	
Agriculture that: - Reduces GHG emissions - Improves the sequestration of carbon stored in soils - Improves climate resilience	Reduced water usage	Further research required to define the threshold
	Verifiable reduction in fertiliser use	E.g. fertiliser management system (with NO <sub>2</sub> reduction)
	No-till farming (verifiable)	Reduced emissions or enhanced removal in terrestrial carbon pools
	Pasture management (verifiable)	Pasture management reducing CH <sub>4</sub> emissions
	Intensive agriculture efficiencies	E.g. Managing the manure of dairy cows (CH <sub>4</sub> ); processes for milk in order to reduce the transportation weight of agricultural products, etc.
	Intelligent management systems	Infrastructure and methods for the efficient spreading of fertiliser (i.e. reduced NO <sub>2</sub> ) and improved CO <sub>2</sub> sequestration. E.g. intelligent machinery, geographical information systems (GIS)
Resilience	Infrastructure to provide greater resilience in the face of more severe storms	

## Adaptation

Area	Specific category and activity	Description
Water	Efficiency	Technology
		Systems improvements – e.g. for water utilities
	Recycling	
	Infrastructure improvements	Sufficient extra water capacity to cope with droughts
		Efficient water infrastructure, for example with low leakage rates for pipe networks, water conserving fixtures, or grey water systems, so as to maximize use of scarce water resources
		Rooftop capture and storage
		Design of water intakes for varying water levels and strengthening to withstand turbulent flows
	Construction of reservoir overflows to avoid failures	
Resilience infrastructure	Increased dam heights, enlarged floodgates, de-silting of gates and expanded installation capacity to accommodate increased river flows at hydroelectric power plants; upstream land management to reduce erosion and siltation	
Infrastructure	Bridges	Changes to address higher levels of flooding
		Higher standards of design and maintenance to accommodate greater thermal expansion on expansion joints and paved surfaces, and to prevent materials degradation
	Rail	Provision for increased thermal expansion, and adapted maintenance procedures, warning systems and management procedures where buckling of rail track movements might occur
		Enhanced design standards for stations, bridges, viaducts, electrified tracks with overhead cables, train platforms, illuminated signs and panels and other railway infrastructure for expected wind speed increases and heavy rain
		Wind fences for railway infrastructure
		Circuit breaker protection for overhead lines
		Improved air conditioning, cooling and natural ventilation systems for underground tunnels, vehicles and metro stations, including temperature monitoring, and adequate power supply
		Signalling equipment and other electronic systems designed for increased occurrence of lightning strikes
		Measures to deal with increased temperatures and heat waves such as large windows, tinted windows to protect from the sun, white painted roofs, improved thermal insulation; cooling systems and air conditioning (ideally without fluorinated gases)
	Vehicles with an improved power supply designed to respond to higher electrical demand (for air conditioning) and with the capacity to withstand higher wind speeds	
Coastal floods/storm surges		
Infrastructure to protect against strong rainfall		

## Appendix 2 - Strict and partial exclusions

Companies having certain business activities are excluded from the investment scope of labelled funds. These are companies having activities pertaining to:

- The exploration-production and exploitation of fossil fuels;
- The entire nuclear sector, namely the following activities: uranium extraction, uranium concentration, refining, conversion and enrichment, the production of nuclear fuel structures, construction and use of nuclear reactors, treatment of spent nuclear fuel, nuclear decommissioning and radioactive waste management.

### Partial exclusions:

- Service companies and companies involved in the distribution / transportation and the production of equipment and services are excluded, in so far as 33% [inclusive] or more of their turnover comes from clients from the strictly excluded sectors (as defined above).
- Companies making 33% [inclusive] or more of their turnover from one of the following activities are excluded:
  - Storage and landfill centres without GHG capture;
  - Incineration without energy recovery;
  - Energy efficiency for non-renewable energy sources and energy savings linked to optimising the extraction, transportation and production of electricity from fossil fuels;
  - Logging, unless managed in a sustainable fashion as defined in appendix 1, and peatland agriculture.

## Appendix 3 - Portfolio allocation thresholds between the various allocation categories

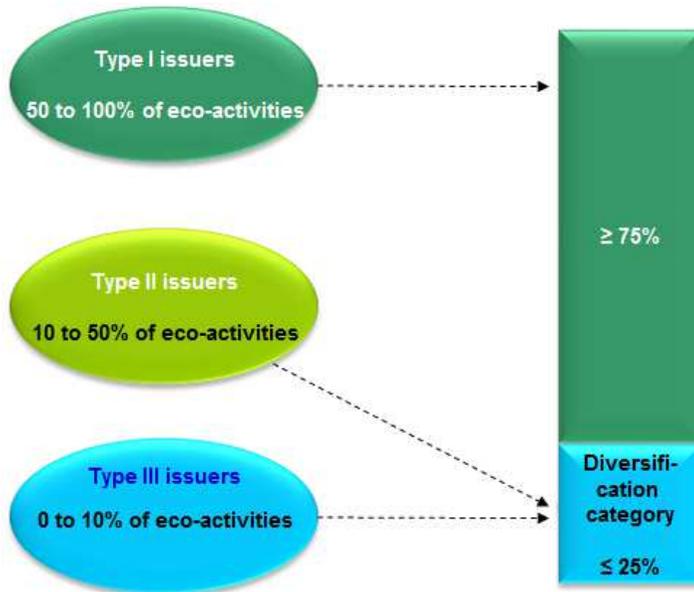
These thresholds define the rules on minimum allocation between three investment "categories", distinguished by the "intensity" of the "green share" of the turnover of the issuers in which each "category" is invested. The "investment" category corresponds to the portion of the portfolio's assets under management invested in type I, II or III companies (see below).

- Type I companies: those in which over 50% of turnover comes from eco-activities, as defined by the chosen taxonomy (see Appendix 1);
- Type II companies: those in which 10% to 50% excluded of turnover comes from eco-activities;
- Type III companies: those in which less than 10% of turnover comes from eco-activities.

### Funds invested in unlisted securities

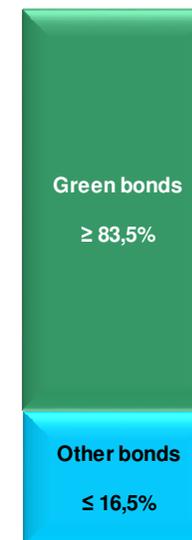
The labelling thresholds for unlisted funds regarding the green dimension are: At least **75%** [inclusive] of assets under management must be invested in EETC companies (companies for which eco-activities represent at least **50%** of turnover).

Diagram of the various company/project company attributes and their anticipated weighting in a labelled unlisted fund portfolio.



### Special case of bond funds

A bond fund must invest at least 75% [inclusive] of its assets under management in green bonds as defined in criterion 1.2.b. The remaining 25% can be invested in other bonds or other debt securities provided these are in no way connected to excluded activities, in accordance with criterion 1.3.

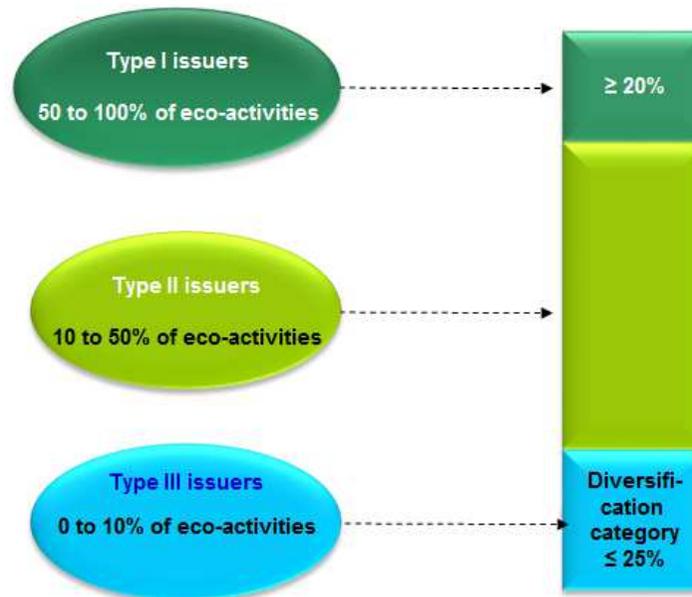


**For funds invested in listed securities**

The criteria and labelling thresholds for listed funds concerning the "green share" are, for the first year:

- A category comprising type I issuers, which should represent at least 20% [inclusive] of the portfolio's assets under management;
- A category comprising type II issuers, the portion of which, in terms of assets under management, depends on the two other categories;
- A so-called "diversification" category, comprising type III issuers or other debt securities, which must represent 25% or less of the portfolio's assets under management;
- In the case of diversified funds incorporating green bonds, as defined in the second eligibility criterion ("Fund Assets") and in the section regarding green bond funds under criterion 1.2b) of the Criteria Guidelines, the assets under management pertaining to these bonds shall count against the assets under management of the first category listed above.

Diagram of the various issuer attributes and their expected weighting in a labelled listed fund portfolio

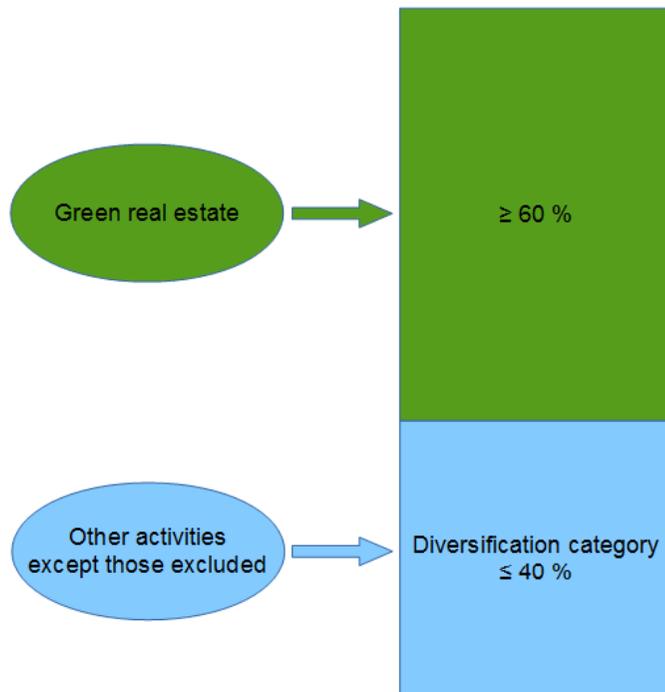


## Special cases for OPCIs and SCPIS

Diagram of the OPCI and SPCI pockets in a labelled fund

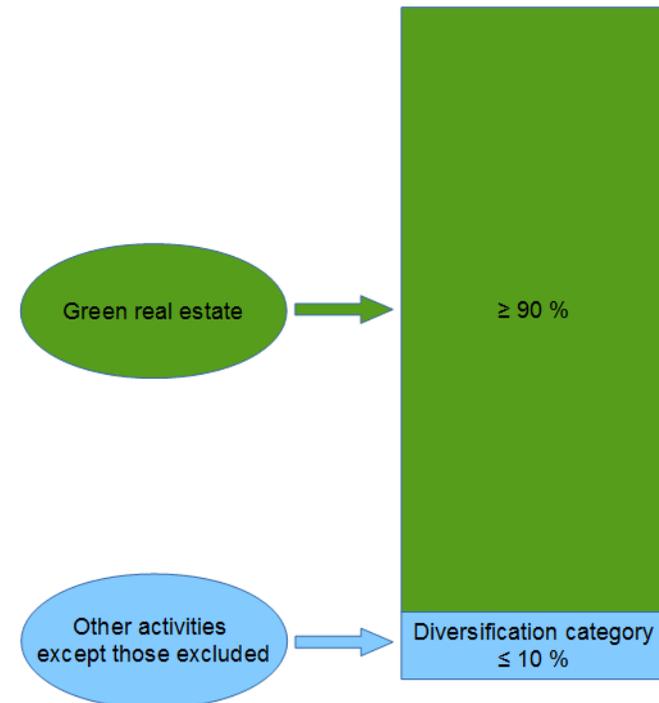
### For RECIS' (OPCIs)

The fund invests at least 60% of its assets under management in green real estate as defined by the criteria guidelines in Appendix 1. The green part is made up of 100% of real estate assets (buildings, OPCI shares, listed real estate companies, companies with buildings). The remaining 40% may be invested in other bonds or other debt securities, provided that they do not relate to the excluded activities, in accordance with criterion 1.3.



### For REITs (SCPIS)

The fund invests at least 90% of its assets under management in green real estate as defined by the criteria guidelines in Appendix 1. The green part is made up of 100% of real estate assets. The remaining 10% may be invested in other bonds or other debt securities, provided that they do not relate to the excluded activities in accordance with criterion 1.3.



## Appendix 4 - Information to be submitted regarding environmental impact measurements

The requested information below is accompanied, where appropriate, by indicator verification certificates produced by independent third-party organisations.

For each indicator provided, the fund must give:

- Its coverage in number of issuers and assets under management;
- Its scope;
- Its calculation method (indicating the potential changes in method or scope from one year to another);
- The potential difficulties encountered in its creation and the reasons for which one or more additional indicators are being proposed;
- An analysis of its trend over the past three years (however, it is accepted that for the first two years for which a fund is certified the indicators will only respectively concern the year N, then N and N-1).

For at least one reporting field, the fund must define its actual performance through the production of at least one of the indicators proposed below and through the comparison, where appropriate, with the reference index, if one exists. The production of additional indicators, related where appropriate to an activity unit, which would be considered more relevant, is encouraged.

Reporting field	Objectives	Suggested indicators
<b>Climate change</b>	Measure the GHG emissions of investments <i>or</i> Ensure that portfolio composition is compatible with the "+2°C" scenarios.	- Statement of scope 1 and 2 GHG standardised emissions + Tier one suppliers and products sold (annual tCO <sub>2</sub> eq, or other GHGs if applicable) proportionally to turnover (tCO <sub>2</sub> eq/EUR million or USD million of turnover). If data for scope 3 emissions is not available, one will focus on scope 1 and 2 emissions to begin with; - CO <sub>2</sub> emissions avoided (in tonnes/year); - Compatible with "+2° C" climate performance indicator.
<b>Water</b>	Reduce water consumption while maintaining its quality level	- Total water consumption equal to the total measured volume of withdrawn water less the total volume of discharge (liquids, steam). It includes water taht is also a raw material in products or manufacturing and conditioning processes. The results can be provided in relation to an activity unit; - Volume of reused water from collected and treated used water, in relation to, where appropriate, an activity unit.
<b>Natural resources</b>	Preserve natural resources	- Consumption of natural resources including critical resources (t/EUR million or USD million of turnover); - Share of renewable energies in the energy mix; - Production of raw materials from recycling.
<b>Biodiversity</b>	Preserve the biodiversity of ecosystems	- Percentage of issuers disclosing their expenditure on biodiversity / number of companies represented in the portfolio; - Average expenditure of issuers committed to biodiversity, compared to turnover. - Land conversion area of all portfolio activities (specify type of conversion, eg grassland -> artificialization, or other); - Surface rehabilitation and restoration of soil outside the regulatory obligations related to the sequence "avoid, reduce, compensate".

## Appendix 5 - Requirements for the use of derivative instruments within the framework of a EET4C-certified fund

For bonds as for equities, the use of derivative instruments is permitted but under certain conditions. These derivative instruments are used as a supplement to a portfolio invested in "Energy and Ecological Transition for the Climate (EET4C)" compliant securities.

Fund management entails two components:

- The selection of the securities in the portfolio,
- The construction of the portfolio (management of the life of the fund).

Derivative instruments are primarily used to construct the portfolio.

### 1. Bonds

For fixed income fund management, the use of derivatives does not respond to an investment logic but to a technical objective: the portfolio is invested in fixed-income products that are screened as EET4C-compliant, then the fund managers use derivative instruments to adjust the portfolio (either temporarily or to fine tune the duration of the fixed-income portfolio). Insofar as this concerns instruments for financial adjustment, derivatives on organised markets (futures contracts and options) may be used in coherence with the fund's policy. Regarding over-the-counter instruments, the fund manager must analyse the EET4C quality of the counterparties.

The bond portfolio (cash + derivatives) should not seek a net short position in fixed-income risk or in credit risk.

### 2. Equities

- Use of derivatives for hedging: this must be authorised in accordance with the fund's policy on "Energy and Ecological Transition for the Climate". There must be no conflict with the EET4C nature of the fund. The portfolio is still invested in EET4C screened securities but performance takes account of equity market risk neutralisation.
- Use of derivatives for exposure: use for exposure must only take place on a temporary basis. The fund's *reporting* and the supplements potentially provided must allow each management company to explain how it is proceeding and in particular to demonstrate the temporary nature of the use of derivatives for exposure. Additionally:
  - Exposure to a security or to an index may be possible, notably in order to respond to a strong movement of liabilities (subscriptions or redemptions);
  - In the case of a security, the underlying instrument should be EET4C-compliant;
  - In the case of an index, provisional exposure to the fund's reference index may be possible, even when this index is not EETC.

Using derivatives to sell short non-EET4C securities (for example, naked put on non-EET4C securities) is improper.

Finally, regarding over-the-counter instruments, the fund manager must analyse the EET4C quality of the counterparties.

In order to show that the fund's practices regarding derivatives comply with the present requirements, the fund must provide a technical document on the use of derivatives which presents:

- For interest rate and credit derivatives, the interest rate and credit sensitivities (cash + derivatives) for the past three net asset values;
- For equity derivative, the list of derivative transactions over the past three months, with an indication of the strategy followed for each transaction (hedging, anticipated movement of liabilities, other exposure);
- For over-the-counter derivatives, the EET4C analysis carried out on all of the counterparties used over the last 12 months.

## Appendix 6 – List of documents to submit

- The fund's Prospectus, Key Investor Information Document and investment regulation (for funds in formation);
- Marketing material, reporting (the most recent) and management report;
- Itemised portfolio statement in accordance with the requirements set out in criterion 1.2 (excluding funds of funds);
- For funds of funds only, the portfolio statement in accordance with the requirements set out in eligibility criterion III;
- Summary document addressing the information requirements of criteria 1, 2.1, 3.1 and 3.2;
- Technical document on the use of derivative instruments;
- Technical document on the rotation rate.