

EU Ecolabel Criteria for Financial Products

Technical report and criteria proposal (1st Draft)

First sub-group meeting on Criterion 1.1
Webinar, 21st May 2019

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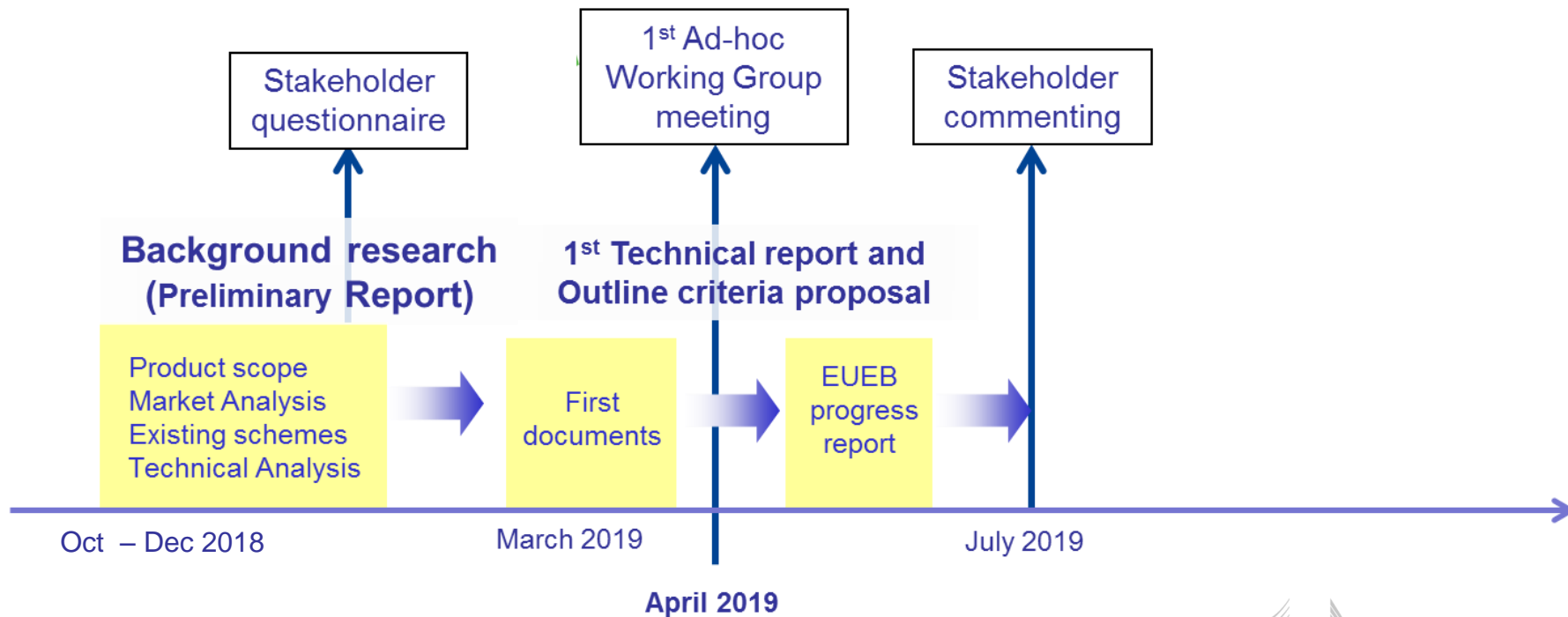
Agenda

1.	Opening and welcome Tour-de-table/introduction, checking audio connections	10.00 - 10.10
2.	Update on the EU Ecolabel for Financial Products and rationale for sub-group	10:10 -10:20
3.	Presentation and identification of crucial aspects of the ToR a. Development of work plan (Template Table 1) and reporting structure	10:20 - 11:50
4.	Sub-group organization (agenda, dates and location) of the next meetings	
5.	Reporting to larger stakeholder working group (when)?	11:50 - 12:00
6.	Summary and next steps – close of meeting	

EU Ecolabel for Financial Products

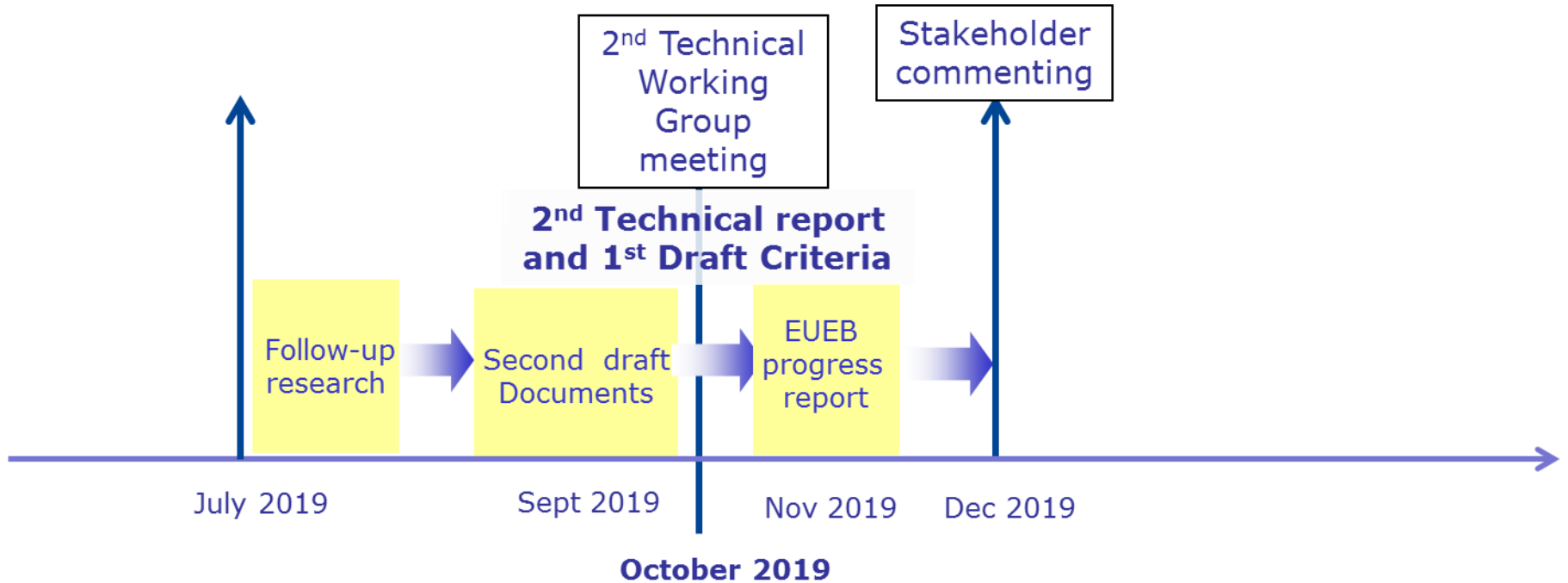
- **March 2018** - European Commission **Sustainable Finance Action Plan** to achieve the EU climate and energy targets by 2030, **adopted**.
- The EU Ecolabel criteria to correspond approximatively to the top best (10 – 20 %) environmentally performing products according to the **EU Ecolabel Regulation 66/2010**
 - Unified labelling criteria at EU level
 - Encourage investments in the sustainable economic activities (**EU Taxonomy**)
 - Enhanced transparency and greater investors' confidence in the market
- Packaged Retail Investment and Insurance Products (PRIIPs) and possibly other retail financial products will be within the scope of the EU Ecolabel
- Exact scope and number of product groups to be defined after the first AHWG meeting

Work Plan and Milestones

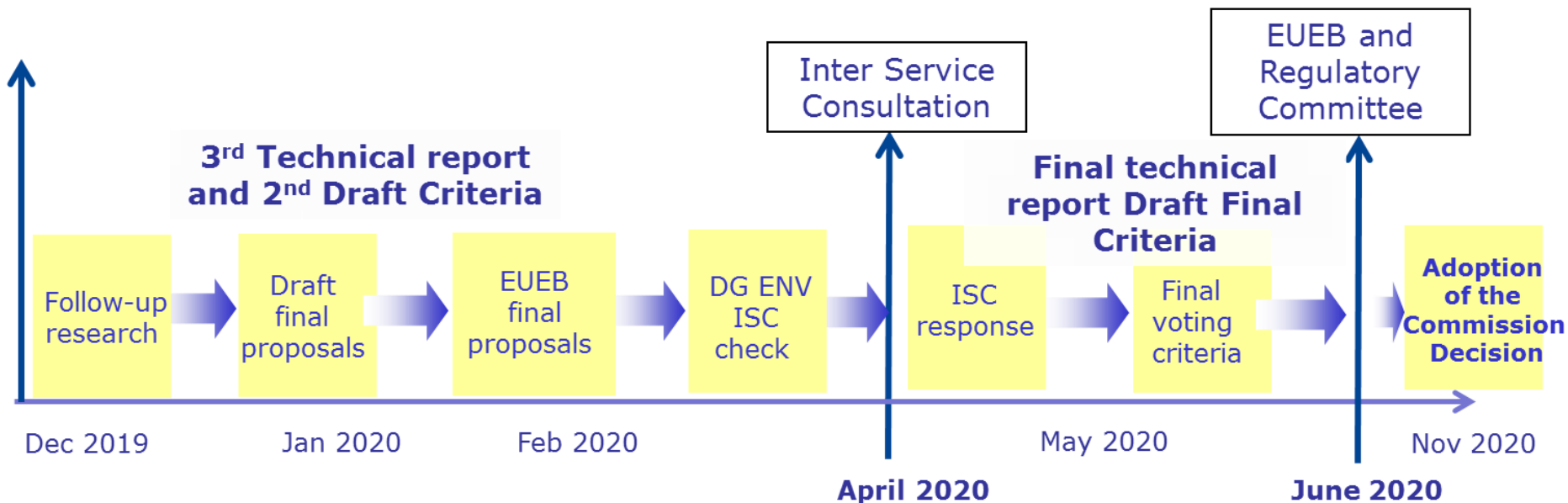


6th May,
End comments

Work Plan and Milestones



Work Plan and Milestones



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EU Ecolabel for Financial Products

Criterion 1.1: Thresholds on green investment portfolio

Criterion 1: Thresholds on green investment portfolio and economic activities

- Investment portfolios for different products will have different asset classes (e.g IFs comprising company shares (equities), bonds (issued by private corporations, governments and other public authorities), real estate and fund units or shares).
- It is important to determine what proportion of the total investment in these underlying assets should be verified as green
- It may be possible to require that the EU Ecolabel could only be obtained if portfolios are invested in 'green bonds', as defined by the [EU GBS requirements for 'Green Projects'](#) (March 2019)

Criterion 1: Thresholds on green investment portfolio and economic activities

1st Proposal for Criterion 1: thresholds on green investment portfolio and economic activities

1.1 Investment portfolio greenness thresholds

The investment portfolio of the financial product shall meet the below mentioned threshold for the proportion of total portfolio asset value invested in green activities. This proportion of total portfolio asset value shall be verified based on the company economic activities related to the equities or bonds that are held and the use of proceeds of the bonds that are held.

Portfolio holdings

70% of the total portfolio asset value shall be invested in green economic activities as defined in point 1.2. All portfolio assets must be included in the total.

Assets held by the portfolio

Equities and bonds shall comply with the following thresholds:

- a. Equities: At least 90% of the direct holdings (in terms of number of issuers) of the company have a turnover of at least 50% from green economic activities as defined by point 1.2
- b. Bonds: At least 70% of value of all the bonds held in the portfolio shall be green and those bonds that contribute to greenness thresholds must be fully compliant with the EU GBS

Verification of greenness is not required for any other assets but they must still be included in the total portfolio asset value that must meet the portfolio threshold²⁶.

Criterion 1: Thresholds on green investment portfolio and economic activities

Assessment and verification

The applicant shall provide the following documentation showing the minimum percentage to be invested in green activities:

- the green investment policy of the applicant,
- portfolio statement and prospectus including:
 - a) complete listing of the portfolio assets for the financial product, and
 - b) evidence that at least 70% of the listed portfolio assets are invested in green activities,
 - c) an audit report on the latest annual financial statements.

EU GBS certificates shall be accepted as proof of compliance to criterion 1.

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EU Ecolabel for Financial Products

Sub-group on Criterion 1.1.

Rationale for the sub-group

- Strictness of thresholds for the greenness of an investment portfolio
- Possible 'shut-out' effect for the uptake of the EU Ecolabel
- Better consideration of operational and technical issues
 - minimize administrative (audit) burden and cost of the EU Ecolabel

Terms of reference of the sub-group

- Presentation and identification of crucial aspects of the ToR
 - Development of work plan and reporting structure

Work Plan for sub-group on Criterion 1.1

Action	Lead	Interlinked action	Timeline
1. Review green investment thresholds in existing national labels and schemes, the EU Ecolabel	X	Y in collaboration with X	
2. Assess the need for thresholds at both the portfolio level and at the holding level	Z	P	
3. Provide clarity on the parameter (turnover, revenue, revenue breakdown by sales, or sales) applied to thresholds at the holding/company level			

Next Steps

- Some information on expectations from 1st subgroup meeting and deadline – **Monday 3rd June 2019**
- Presentation of progress at next EUEB meeting – June 2019
- Second drafts Technical report and criteria proposals – September 2019
- Second ad-hoc Working Group Meeting – October 2019

Comments using the BATIS system

Written comments and supporting documentation are to be submitted via the BATIS system at the latest by **Monday 3rd June 2019.**



The screenshot shows a web browser window with the URL <http://eippcb.jrc.ec.europa.eu/batis/>. The page header includes the European Commission logo and the text "JOINT RESEARCH CENTRE Institute for Prospective Technological Studies (IPTS) BAT Information System European IPPC Bureau". Below the header, the navigation path is "BATIS > User Login Workspace" and the page title is "User Login". The main content area contains a login form with the instruction "Please enter your username and password to login to BATIS". The form has two input fields: "Username:" and "Password:". A blue "Login" button is positioned to the right of the password field. Below the form, there is a link: "Forgot your user login and/or password? Click [here](#)".

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