EXIMBANK GREEN FINANCE FRAMEWORK v3

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04 December 2023

EXIMBANK GREEN FINANCE FRAMEWORK v3 was prepared in English and Hungarian, Hungarian version is for informational purposes only.
In the event of discrepancies between the English and the Hungarian version, the English version shall prevail

Contents

Abbreviations 4
1 Introduction 5
1.1 Responsible financing 6
2 The Framework 7
2.1 Fundamentals 7
2.2 Structure 7
2.3 Related rules, guidelines 9
2.4 Exclusions 11
2.5 Direct financing and financing through financial intermediaries 11
3 Use of proceeds 13
3.1 Transactions selected based on international standards (A) 15
3.1.1 EU Taxonomy (A.1.) 15
3.1.2 CB Taxonomy (A.2.) 22
3.2 Transactions selected based on national regulations and principles of MNB (B) 26
3.2.1 Renewable energy production 26
3.2.2 Energy storage 28
3.2.3 Electromobility 29
3.2.2 Sustainable real estate investment 30
3.2.3 Energy efficiency - technology 32
3.2.4 Sustainable agriculture 33
3.3 Transactions selected based on MDB's guidelines (C) 34
3.3.1 EIB (C.1.) 34
3.3.2 MIGA (C.2.) 36
3.4 Process for project evaluation and selection 39
3.5 Pre-screening and selection 39
3.6 Validation 40
3.7 Documentation used for pre-screening and validation 41
4 Management of proceeds 42
4.1 Monitoring 42
5 Reports 44
6 Green bonds 47
List of Annexes 49
Annex 1 - Renewable energy production 50
Annex 2 – Manufacturing 71
Annex 3 - Sustainable real estate 73

Annex 4 - Electromobility 79
Annex 5 - Waste management 83
Annex 6 - Water management 88
Annex 7 - Pre-screening 95
Annex 8 - Environmental impact indicators 99
Appendix 1 - TSC regulation, Annex 1 100
Appendix 2 - MNB sustainable real estate investment criteria (complies with EU Taxonomy) 106
Appendix 3 - MNB sustainable real estate investment criteria for SME debtor (does not comply with EU Taxonomy) 107
Appendix 4 - MNB sustainable real estate investment criteria for large corporate debtors and project financing (does not comply with EU Taxonomy) 108
Appendix 5 - Investments serving Environmental Objectives related to sustainable agriculture under section 3.3.5: 109
Appendix 6 - EXIM social impact assessment checklist 113
Appendix 7 - Eximbank environmental and social impact assessment checklist 115

Abbreviations

A list of frequently used abbreviations in this document is given below:

CB taxonomy: Climate Bonds Taxonomy[1]

CBI: Climate Bonds Initiative[2]

DNSH: Do no significant harm

ECA: Export credit agency

EII: Environmental Impact Indicator

EIB: European Investment Bank[3]

ESCO: Energy Service Company

EU: European Union

EXIM: Two legal entities, i.e. the state-owned Hungarian Export-Import Bank Zrt. (Eximbank Zrt.) and Hungarian Export Credit Insurance Company Zrt. (MEHIB Zrt.)[4]

Eximbank Hungarian Export-Import Bank Plc.

GBP: Green Bond Principles[5] prepared by International Capital Market Association (ICMA)

GHG: Greenhouse gases

GLP: Green Loan Principles[6] prepared by the Loan Market Association (LMA)

ILO: International Labour Organization[7]

MDB: Multilateral development bank

MIGA: Multilateral Investment Guarantee Agency[8]

MNB: National Bank of Hungary[9]

MSS: Minimum Social Safeguards

OECD: Organization for Economic and Cooperation Development[10]

SDG: Sustainable Development Goals[11]

SPO: Second party opinion

TEG: Technical expert group on sustainable finance

TSC: Technical screening criteria

UN United Nations[12]

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[1] CBI_Taxonomy_Tables-08A (1).pdf (climatebonds.net), September 2021
[2] https://www.climatebonds.net/
[3] https://www.eib.org/en/index
[4] https://exim.hu/
[5] Green-Bond-Principles-June-2022-060623.pdf (icmagroup.org)
[6] Green_Loan_Principles_23_February_2023.pdf (lma.eu.com)
[7] https://www.ilo.org/global/lang--en/index.htm
[8] Homepage | Multilateral Investment Guarantee Agency | World Bank Group (miga.org)
[9] https://www.mnb.hu/web/fooldal
[10] Home page - OECD
[11] https://unis.unvienna.org/unis/hu/topics/sustainable_development_goals.html
[12] https://unis.unvienna.org/unis/hu/topics/un-general.html

1 Introduction

In 2021, Eximbank decided to establish a Green Finance Framework (hereinafter: **Framework**) in line with international and Hungarian regulations as the basis of its sustainability financing programme. The Framework defines, in accordance with the prevailing GLP, the green loan purposes that can be financed, the evaluation and selection of eligible projects, the rules for the use of loan proceeds, and the content of the annual public reporting on placement activities carried out in compliance with the Framework's conditions. In view of the changes in the GLP, all loans originated, extended or refinanced after 9 March 2023 must fully align with the new GLP effective as of 9 March 2023. All transactions completed prior to 9 March 2023 should be reviewed in conjunction with the GLP in force at the time of origination or extension of the loan.

In elaborating the Framework, Eximbank also took into account the rules established by the international taxonomies and development banks for sustainability financing, the EU and domestic programs supporting green financing as well as the goals set in Hungary's climate strategies[13] and the related programs. With the expansion of the Framework, EXIM's intention is to encourage the sustainability related development of Hungarian enterprises, to support the implementation of their sustainable investments in line with the goals of the Paris Agreement, and to facilitate the transition of the enterprises to sustainable operations. Taking into account our green aspirations, we say "no" to certain sectors, with the aim of limiting the financing of non-sustainable activities and to reduce our exposure to coal power generation. Although undertakings are encouraged to explain their overarching strategy relating to environmental sustainability, the Framework is focussed on projects rather than borrowers. However, EXIM can request the explanation of borrowers in controversial industries in a much more transparent manner.

Before the publication of the previous versions of the Framework, Eximbank requested an external review (SPO) by an external independent expert in terms of compliance with GLP, EU Taxonomy and the CB Taxonomy. Eximbank made the SPO document based on the external review by Deloitte Zrt. publicly available on the EXIM website. Eximbank also submitted the description of the Framework to the MNB and requested a review of compliance with the MNB's Preferential Capital Requirement principles. Since the SPO and MNB approvals issued for the previous version of the Framework will not apply to this amended version of the Framework, Eximbank requested a new SPO for approval to publicly demonstrate the compliance with (1) the new version of the GLP effective as of March 9 2023, (2) the EU Taxonomy and the CB Taxonomy and (3) the new version of the MNB's Preferential Capital requirement principles effective as of September 9 2023[14]. The new version of the Framework will be submitted to MNB again for review.

The Framework is reviewed as necessary, but at least every two years. Some elements of the Framework may change based on the experience of the previous period, the changes in international and domestic regulations in the meantime and the possible expansion of the loan purposes.

[13] Act XLIV of 2020 on Climate Protection and the National Clean Development Strategy
[14] tajekoztato-zvt-20230906-public.pdf (mnb.hu)

1.1 Responsible financing

Consistency with UN's Sustainable development Goals (SDGs)

The Framework was developed in accordance with the objectives of the 2015 Paris Agreement. The 2015 Paris Agreement on climate change as well as the UN's Sustainable Development Goals call for action to reduce greenhouse gas emissions and create a low-carbon and climate resilient economy. Hungary is setting a good example, despite being responsible for only about 0.15% of global GHG emissions. Hungary has already made ambitious commitments in the first and second commitment periods of the Kyoto Protocol, which it has even exceeded significantly.

At the same time, it must be borne in mind that climate change is not the only environmental and social challenge facing the world and Hungary, and that this requires concerted global action. In 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development to comprehensively address these key challenges. The 17 Sustainable Development Goals, adopted unanimously, set a new universal benchmark for development by ensuring that no one is left behind. The following SDGs and associated indicators provide a benchmark against which to measure progress.

The Framework takes these goals into account and associates them with the relevant financing goals.

Consistency with EU policy

When developing and reviewing the Framework, we take into account the climate protection efforts of the EU as well. The goal of the Framework is in line with the vision of a climate neutral EU.

2 The Framework

2.1 Fundamentals

Green loans are defined as any type of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) made available exclusively to finance, re-finance or guarantee, in whole or in part, new and/or existing eligible Green Projects and which are aligned to the four core components of the GLP. Loans entered into by companies whose business are exclusively focused on the green economy ("pure play") are considered as green loan if they are explicitly aligned with the GLP and the green eligibility criterias of the related taxonomies or MDBs.

Revolving loan can also be recognised as green provided the eligible category (or categories) of Green Projects for which the loan proceeds may be utilised is sufficiently identifiable and the loan satisfies all four core components of the GLP. Eximbank and undertakings shall determine on a case-by-case basis how best to document the use of proceeds requirement in relation to the relevant revolving loan agreement, and agree whether any additional reporting requirements and/or other conditions will apply at the point of drawdown under the revolving loan agreement.

Green loans can be used to refinance assets that have a longer operating lifetime than a loan's tenor. Eligible projects would qualify for refinancing as long as they are in use, follow the relevant eligibility criteria at the time of the refinancing, and are still assessed as making a meaningful impact.

2.2 Structure

Based on its current business activities, potential development directions and regulators, Eximbank focuses on the following sustainability areas:

- Use of renewable energy sources in production
- Investments in energy efficiency
- Electromobility
- Sustainable real estate investments
- Sustainable agriculture
- Water management, hydropower utilisation, wastewater treatment
- Recycling, reuse and waste management in production processes (circular economy)

The purpose of the Framework is to align with the four main components of the GLP principles, which are:

Use of proceeds	• Description of the utilisation and earmarking of **loans allocated to green projects** • **Demonstration of** clear **environmental benefits** • **Assessment and possible quantification of environmental benefits** • **Definition of green project types.**

Process for project evaluation and selection	The borrower **must provide** clear information • The environmental sustainability **objective(s)** of the green projects • **Complementary information** on the processes the risk are identified and managed in connection to the relevant project(s) The borrower **encouraged to**

	• Position the information above within the context of their overarching objectives, strategy, policy and/or processes relating to environmental sustainability • Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria, including, if applicable, exclusion criteria, and also disclose any green standards or certifications referenced in project selection • Have a process in place to identify mitigants to known or potential material risks of negative social and/or environmental impacts from the relevant project(s).

Management of proceeds	• The proceeds of a green loan should be credited to a dedicated account • **Records of green loan placements** broken down by project category in a transparent and integrated manner • **Continuous up-to-date reporting of the net green loan portfolio** in line with the changes in the loan portfolio • Development of an internal procedure for tracking proceeds.

Reporting	• **Annual reporting** on the use of loans • **Comprehensive description** of the projects, the level of resources allocated and the expected **impact** • Use of **qualitative and quantitative measures** and results, with a presentation of the main underlying **methodologies**

The Framework applies separate sets of criteria, based on **international (A)** and **national (B)** standards, rules, taxonomies as well as **(C) multilateral development bank** guidelines, for the Use of proceeds, and a single uniform set of rules for the Process for project evaluation and selection, the Management of proceeds and Reporting. Therefore, it combines the three types of criteria in one single document, except for the Use of proceeds sections and the relevant annexes.

During the sustainable financing, Eximbank supports and prefers compliance with the international taxonomies, especially the EU Taxonomy. However, in the case of dedicated credit purposes that are not covered by the rules of international taxonomies or, in the case where the implementation of international taxonomies is limited in terms of the way of use, the rules and acceptance conditions of (i) the national taxonomy or (ii) the multilateral development banks are applied.

Eximbank has made important steps to support the strong growth of its sustainable financial portfolio, therefore, it also considers the bond financing as an opportunity. Although the Green Loan Principles are closely aligned with the basic structure of the Green Bond Principles, some of the conditions of its main components differ. The special conditions for bonds are detailed in a separate chapter of the Framework (see chapter 6).

2.3 Related rules, guidelines

In addition to the GLP, the following strategic documents have also been taken into account in the drafting of the Framework:

- The United Nations' Sustainable Development Goals[15] (SDGs)
- The latest version of the GBP[16] (with June 2022 Appendix 1), effective from June 2021
- The latest version of the European Taxonomy of Sustainable Activities (EU Taxonomy[17]) and its technical annex[18], which were prepared by the Technical Expert Group (TEG) established by the European Commission, both documents effective from March 2020
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 *on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088*[19] (hereinafter: Taxonomy Regulation)
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council *by establishing the technical screening criteria (TSC) for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives*[20] (hereinafter: TSC Regulation)
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards *economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities*[21]
- The latest version of the Climate Bonds Taxonomy[22] (CB Taxonomy), which sets out guidelines for a rapid transition to a low-emission economy, effective from September 21
- The latest version of the Principles of the National Bank of Hungary (MNB) on "Preferential Capital Requirements for Green Corporate and Municipal Financing"[23] (MNB Preferential Capital Requirements Principles), effective from 6 September 2023.

Changes to the GLP, GBP, EU Taxonomy, CB Taxonomy, MDB's guidelines and MNB Principles will be reflected in the revised and supplemented versions of the Framework. Additions to the Framework will also be made as the market requires and whenever our experience and processes in green finance allow

[15] Resolution adopted by the General Assembly on Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development (A/RES/71/313), Annex. 2017. 07.06.
[16] Green-Bond-Principles-June-2022-060623.pdf (icmagroup.org)
[17] Sustainable finance: TEG final report on the EU taxonomy | Knowledge for policy (europa.eu)
[18] Technical annex to the TEG final report on the EU taxonomy (europa.eu)
[19] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=HU
[20] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139
[21] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1214
[22] CBI_Taxonomy_Tables-08A (1).pdf (climatebonds.net), September 2021
[23] tajekoztato-zvt-20230906-public.pdf (mnb.hu)

for the inclusion of new financing purposes in the Framework. Regardless of the need for amendment, the full Framework will be reviewed at least every two years.

The Second Party Opinion issued for this version will (pursuant to international market practice) no longer apply to any amended versions of the Framework.

2.4 Exclusions

General exclusions
In addition to the transactions excluded from financing listed in the Annex to the Eximbank Business Regulations, Eximbank expressly excludes the financing of investments under the Framework in the following cases: ▪ the exploration, production or use of fossil fuels for the production of energy[24], ▪ investments resulting in the destruction of forests, degradation of surface water or groundwater, danger to biodiversity, ▪ violation of human rights and social groups.

2.5 Direct financing and financing through financial intermediaries

Direct finacing

Eximbank operates the programme (evaluation, selection, management of proceeds, monitoring) in accordance with the rules and procedures laid down in the Framework.

Financing through financial intermediaries

The partner follows the detailed rules established by Eximbank in placing each individual loan, while the selection/evaluation, documentation requirements, monitoring rules are at the discretion of Eximbank. The documentation and disbursement control and monitoring tasks are (partly) delegated by Eximbank to the partner financial institution, subject to preliminary or subsequent control. Thus, in the case of green exposures, the same compliance control, green categorisation, green ratio checks, disbursement, registration, reporting and monitoring procedures apply for refinancing transactions as for direct loan transactions.

If the partner financing intermediary has a green financing framework that has been reviewed by an independent external party and, where applicable, approved by the MNB for eligibility for the preferential capital scheme in accordance with the MNB's Preferential Capital Requirements Principles for Green Corporate and Municipal Financing, Category B, point 9), Eximbank will carry out a prior review of the framework of the subject financial intermediary. It then concludes an agreement with the financial intermediary setting out the scope of eligible transactions (green category, green ratio). The conditions for the agreement are therefore: an SPO issued by an independent external party, authorisation by the MNB (under point 12), and a prior assessment of the framework by Eximbank. Thereafter, the financial intermediary will finance and monitor the transactions in line with its own rules and procedures. It will provide Eximbank with the data on the placements and the results of the

[24] Except the measures set in the COMMISSION DELEGATED REGULATION (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1214&from=EN

monitoring in sufficient detail to enable the annual report to be drawn up in a consolidated structure with the content described in this Framework.

Acceptable external experts:

In order to verify the green loan purpose, the TSCs, the DNSH conditions and the green ratio, an external independent expert opinion is required in most cases.

In the case of **direct transactions**, such an opinion must be obtained from a firm on Eximbank's list of acceptable external experts, at the client's expense. The list is regularly updated and made available to its clients by Eximbank.

In the case of **financial intermediaries**, Eximbank announces general rules for experts (chamber membership, qualified expert, etc. depending on the green loan purpose), while the selection / acceptance of the expert is the task of the refinancing partner. Eximbank reserves the right to require the involvement of an expert from its own list for loans above HUF 1 billion.

3 Use of proceeds

In general, Eximbank supports both zero-emission and transition-related transactions[25] (see: TEG Final Report, March, 2020). Eligible transactions are classified into the following main categories:

A. Transactions selected based on international standards and taxonomies

Transactions selected on the basis of international standards and which comply with the provisions of

- the EU Taxonomy (A.1.) or
- in the CB Taxonomy (A.2.).

The transactions meet the requirements of the aforesaid international taxonomies.

B. Transactions selected based on national regulations and principles of MNB

Transactions complying with national legislation, government and MNB principles that partially meet the requirements of the taxonomies (do not achieve the minimum efficiency increase / CO_2 reductions set out in the taxonomy or do not meet the DNSH criteria as set out in the above taxonomies).

The transactions meet the requirements of the national standards, and partially the requirements of the international taxonomies.

C. Transactions selected based on MDB's guidelines

Transactions selected on the basis of the rules applied by the following MDBs of which are currently included in the Framework:

- EIB
- MIGA

The transactions meet the requirements of multilateral development banks.

Eximbank cooperates effectively with the above MDBs in order to be able to diversify its favorable funding sources with the support of refinancing agreements concluded with EIB or other financial institutions, providing the guarantee of MIGA. Therefore, transactions supported on the basis of the Framework are compliant with the climate financing principles of MDBs[26] at the time of the approval of the Framework.

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[25] ***Green activities:*** Activities that are ***already low carbon*** (i.e., activities associated with sequestration or very low and zero emissions). These activities require capital to increase their development and wider deployment. The technical screening criteria for these activities are likely to be stable and long-term.
Greening of activities: Activities that contribute to a ***transition to a net-zero emissions economy*** in 2050 but are not currently close to a net-zero carbon emissions level. These activities are critical to the economy but must significantly enhance their performance beyond the industry average, without lock-in to carbon-intensive assets or processes. The technical screening criteria for these activities will be subject to regular revision, approaching zero over time.

[26] 2020-Joint-MDB-report-on-climate-finance-Report-final-web.pdf (worldbank.org)

The undertakings and transactions must comply with the MDB's guidelines and criteria, which are contained in the non-public contracts concluded between the MDB and Eximbank. The guidelines and criteria of the goals to be financed by Eximbank in the frame of individual financing programs are in the relevant product descriptions and financing agreements signed by financial intermediaries and Eximbank.

The goals selected based on the MDB's guidelines contribute to Eximbank's business and ESG strategic objectives. In addition to the goals listed in section 3.3, any activity can be financed based on the conditions set by the EIB or MIGA, which contributes to the climate protection and economic goals defined in the programs announced by the government, in the national strategic documents, and in the international development guidelines.

Additional sets of rules applied to the accepted transactions

Eximbank will seek to ensure that the transaction financed is – where measurable – in line with the OECD Guidelines for Multinational Enterprises[27], the UN Guidelines on Business and Human Rights[28] and the minimum social safeguards (MS) set out in the International Labour Organisation (ILO) Declaration[29].
*Compliance is monitored through a **social impact assessment** for transactions selected based on*

- *international standards and taxonomies, or*
- *national regulations and principles of MNB.*

[27] http://mneguidelines.oecd.org/guidelines/
[28] https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
[29] https://www.ilo.org/declaration/lang--en/index.htm

3.1 Transactions selected based on international standards (A)

3.1.1 EU Taxonomy (A.1.)

3.1.1.1 Renewable energy production

EU taxonomy objective:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Construction of facilities that generate electricity, produce heat/cool energy from the following resources:

- Solar energy (solar heat and photovoltaic solar energy)
- Wind energy
- Geothermal energy (including heat pumps)
- Gases from landfills and wastewater treatment plants, biogases
- Waste heat
- Bioenergy (biomass, biogas)
  - In case of energetic utilization of biomass from agriculture and forestry, the biomass used shall meet the criteria defined in paragraphs (2)-(5) or (6)-(7) of Article 29 of Directive (EU) 2018/2001.

Manufacture of renewable energy technologies for the production of "energy from renewable energy sources" or "renewable energy"

- "Energy from renewable energy sources" or "renewable energy":
  Energy from non-fossil renewable energy sources, namely: wind energy, solar (solar heat and photovoltaic solar) energy and geothermal energy, ambient, tidal, wave and other ocean energy, energy from hydropower, energy from gases generated by biomass, landfill and wastewater treatment plants, and biogas energy.[30]

The sections on transactions eligible for financing can be found in Annex 1 to this document:

Transactions:	**Relevant sections of the TSC Regulation:**
Electricity generation	
Solar energy (solar heat and photovoltaic solar energy)	4.1. and 4.2.
Wind energy	4.3.
Geothermal energy	4.6.
Bioenergy	4.8.
Production of heat/cool energy	
Solar energy	4.21.
Geothermal energy	4.22.
Bioenergy	4.24.
Waste heat	4.25.

[30] DIRECTIVE (EU) 2018/2001 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2018 on the promotion of the use of energy from renewable sources

Manufacture of renewable-technology	3.1.

Detailed criteria for renewable energy production selected on the basis of the EU Taxonomy (TSC and DNSH)

- *are set out in Annex 1 to this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.1.1.2 Energy storage

EU taxonomy objective:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Construction of facilities that store electricity, thermal (heat/cool) energy

- Technology-neutral: all stationary equipment for the storage of electricity or thermal energy using physical or chemical technology is acceptable,
- The energy storage can be connected to public electricity or thermal energy transmission or distribution networks,
- The energy storage can serve to regulate the production of renewable power plants or heating plants (e.g. with a direct power plant connection or through an aggregator), or to support the energy use of a specific consumption location.
- Chemical energy storage solutions are acceptable for renewable energy storage.
- In case of electricity storage facilities with a nominal capacity of 0.5 MW or more, the purpose of the loan can be verified by presenting an electricity storage permit.

The sections on transactions eligible for financing can be found in Annex 1 to this document:

Transactions:	**Relevant sections of the TSC Regulation:**
Energy storage (heat and electricity)	4.10 and 4.11.

Detailed criteria for renewable energy production selected on the basis of the EU Taxonomy (TSC and DNSH)

- *are set out in Annex 1 to this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.1.1.3 Manufacture of hydrogen

EU taxonomy objective:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Manufacture of hydrogen and hydrogen-based synthetic fuels.

Activities should fulfil the below criterias:

- The activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen [resulting in life-cycle GHG emissions lower than 3tCO2e/tH2] and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94g CO2e/MJ in analogy to the approach set out in Article 25(2) of and Annex V to Directive (EU) 2018/2001.
- Life-cycle GHG emissions savings are calculated using the methodology referred to in Article 28(5) of Directive (EU) 2018/2001 or, alternatively, using ISO 14067:2018119 or ISO 14064-1:2018120.
- Quantified life-cycle GHG emission savings are verified in line with Article 30 of Directive (EU) 2018/2001 where applicable, or by an independent third party.
- Where the CO2 that would otherwise be emitted from the manufacturing process is captured for the purpose of underground storage, the CO2 is transported and stored underground, in accordance with the technical screening criteria set out in Sections 5.11 and 5.12 of the TSC regultions.

The sections on transactions eligible for financing can be found in Annex 2 to this document:

Transactions:	**Relevant sections of the TSC Regulation:**
Manufacture of renewable-technology	3.10.

Detailed criteria for renewable energy production selected on the basis of the EU Taxonomy (TSC and DNSH)

- *are set out in Annex 2 to this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.1.1.4 Sustainable real estate

EU taxonomy objective:

Climate change mitigation

UN SDG:

<u>Transactions eligible for financing:</u>

Construction of new residential property, industrial or commercial real estate

- The primary energy demand determining the energy performance of the building resulting from the construction is at least 10% below the threshold for near-zero energy buildings set in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. Energy performance is to be demonstrated by an Energy Performance Certificate (EPC) for the finished building.
- In the case of buildings larger than 5 000 m^2, the building resulting from the construction must undergo an air-tightness and thermal integrity test on completion.
- In the case of buildings larger than 5 000 m^2, the whole life-cycle global warming potential (GWP) of the building resulting from the construction has been calculated for each stage of the life cycle and will be communicated to investors and clients upon request.

Purchase and ownership of residential property, industrial or commercial real estate

- Buildings constructed before 31 December 2020 must have at least an Energy Performance Certificate (EPC) of Class A. Alternatively, the building must be in the top 15% of the national or regional building stock expressed as an operational primary energy demand (PED) and certified by appropriate evidence.
- In the case of buildings built after 31 December 2020, the building must meet the criteria for *new buildings* relevant at the time of purchase.
- It must operate effectively through energy performance monitoring and assessment.

Renovation of existing residential property, industrial and commercial real estate

- The building upgrade must meet the requirements for major building upgrading, or, as an alternative
- The upgrade will result in a reduction in primary energy demand (PED) of at least 30%.
- If renewable energy is used, the conditions for "Renewable Energy Production" must be met.

In case of <u>municipalities and small and micro enterprises</u> where the contracted amount does not exceed 1 million euros:

Construction, purchase and ownership of residential property, industrial or commercial real estate

- the calculated value of the energy characteristic of the building is no more than 68 kWh/m²/year, **<u>and</u>**
- the energy certification of buildings is at least "A+".

Purchase of a building plot for the construction of a new building can be eligible, if the new building is built on the plot and its occupancy permit is issued within 4 years of its purchase.

Renovation or purchase and renovation of existing residential property, industrial and commercial real estate that meet one of the following conditions:

- the energy certification of buildings is worse than "A+", but renovations is going to result an energy certification of at least "A+" or better; **<u>and</u>** the calculated value of the energy characteristic of the building is no more than 68 kWh/m²/year.
- the building was verifiably built before 1990 and renovations is going to result an energy certification of at least "A+" or better; **<u>and</u>** the calculated value of the energy characteristic of the building is no more than 68 kWh/m²/year.

	▪ The upgrade will result in a reduction in primary energy demand (PED) of at least 30%. ▪ The renovation is considered a significant renovation according to the EKM regulation on 9/2023. (V. 25.) and this is confirmed by an independent technical expert report.

The sections on transactions eligible for financing can be found in Annex 3 to this document:

Transactions:	**Relevant sections of the TSC Regulation:**
Construction of new buildings	7.1.
Renovation of existing buildings	7.2.
Acquisition and ownership of buildings	7.7.

Detailed criteria for financing sustainable real estate investments selected on the basis of the EU Taxonomy (TSC and DNSH)

- *are set out in Annex 3 to this document.*

The compliance of investments with sustainability criteria is to be verified

- *as per Appendix 2 of this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.1.1.5 Sustainable transport

EU taxonomy objective:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Procurement of vehicles with zero direct (exhaust) CO_2 emissions for urban and suburban passenger transport.

- Vehicles are classified into the following categories:
  - Bus
  - Trolleybus
  - Tram
  - Suburban railway

Procurement of vehicles for the transport of goods by road with zero direct (exhaust) CO_2 emissions.

- Vehicles are classified into the following categories:
  - Lorry: a motor vehicle with a load area suitable for the carriage of goods, including so-called light commercial vehicles with a maximum permissible weight of 3.5 tonnes
  - Heavy goods vehicles: tractors and semi-trailers, including large commercial vehicles with a gross vehicle weight exceeding 3.5 tonnes

Exclusions: The vehicles are used for the transport of fossil fuels

The sections on transactions eligible for financing can be found in Annex 4 to this document:

Transactions:	**Relevant sections of the TSC Regulation:**
Transport	
Urban and suburban transport, road passenger transport	6.3.
Freight transport services by road	6.6.

Detailed criteria for financing sustainable transport selected on the basis of the EU Taxonomy (TSC and DNSH)

- *are set out in Annex 4 to this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.1.2 CB Taxonomy (A.2.)

3.1.2.1 Sustainable waste management

CB taxonomy objective:

Waste and pollution control

UN SDG:

Transactions eligible for financing:

Municipal solid waste as defined in Section 2 (1) 43 of Act CLXXXV of 2021 on Waste, and similar commercial and industrial waste

- *preparation for reuse*[31]
- *recycling*[32]
- *other utilisation*

In general, according to the classification and definitions in Annex 1 of Decree 72/2013 (VIII) of the Ministry of Rural Development (VM) on the Register of Waste, all named municipal wastes, which include: household waste and commercial, industrial and institutional waste similar to household waste (for details see Annex 5).

Subcategories:

- **RE-USE**
  Material reuse facilities that refurbish or clean equipment parts or products for reuse in their original function

- **RECYCLING**
  Facilities used for the recycling of materials (metals, plastics, glass and paper)

- **PREPARATION**
  Containers for waste. Facilities used for the collection, sorting and recycling of waste

General exclusions

- Commercial and industrial waste that does not fit into the categories of the Decree[33]

Exclusions by subcategory:

- Products are restored to their original use by prior processing.
- In the case of waste electrical and electronic equipment (WEEE), the product is not covered by an ecolabelling scheme, or it is covered by such scheme but does not meet the three lowest energy use categories.

- Secondary raw materials are not sold after waste processing.

- Containers are not made from 100% recycled materials
- The facility does not support source separation of waste

[31] A recovery operation, including cleaning, repair and inspection, whereby a product or component that has become waste is prepared for reuse without any other pre-treatment

[32] A recovery operation whereby waste is transformed into a product or material for its original use or for other purposes; this includes the processing of organic materials but excludes energy recovery and processing into a material for use in landfilling operations

[33] The Climate Bonds Standard & Certification Scheme's Waste Management Criteria, Background Paper, December 2019, Box 1: types of waste Crit Waste Management Criteria.pdf (climatebonds.net)

	(facilities with a high percentage of reusable or recyclable materials)	▪ Facilities processing mixed waste do not separate waste components
	▪ **WASTE STORAGE** Waste storage facilities for a specific waste processing facility/asset (possibilities for storage / bulk storage)	▪ All waste stored is not transferred to the waste processing facility/asset

Detailed criteria for financing sustainable waste management selected on the basis of the CB Taxonomy (eligibility criteria, adaptation and resilience)

- *are set out in Annex 5 to this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.1.2.2 Sustainable water management

Environmental objective of the CB Taxonomy:

Water infrastructure

Environmental objectives of the EU:

Climate change mitigation

Sustainable use and protection of aquatic and marine resources

UN SDG:

Transactions eligible for financing:

Water monitoring, storage, treatment, distribution, desalination, flood protection, water conservation

Subcategories:

- **WATER MONITORING**
  E.g. smart grids, early warning systems in case of storms, droughts, floods or dam bursts, water quality or quantity monitoring processes

- **WATER STORAGE**
  E.g. rainwater harvesting systems, stormwater management systems, water distribution systems, infiltration ponds, reservoirs, groundwater recharge systems, sewer systems, pumps, sand dams

- **WATER TREATMENT**
  E.g. drinking water treatment, water recycling systems, waste water treatment plants, manure and sludge treatment plants, ecological retention systems

- **WATER DISTRIBUTION**
  E.g.: Rainwater harvesting systems, gravity-fed sewer systems, pumped sewer or water distribution systems, terraced systems, drip or rotary irrigation systems

- **WATER DESALINATION**
  E.g. seawater desalination equipment, brackish water desalination equipment

- **FLOOD DEFENCE**
  E.g. surge barriers, pumping stations, dams, gates

- **NATURE BASED SOLUTIONS**
  E.g.
  - ❖ Water extraction from aquatic ecosystems, aquifer storage, snowpack run-off, groundwater recharge, coastal wetlands
  - ❖ Flood protection through ecological retention, restoration of coastal wetlands, relocation of assets
  - ❖ Drought protection through aquifer storage, recharge zone management and wetland management
  - ❖ Water treatment with natural filtration systems, forest and fire protection
  - ❖ Stormwater management through permeable surfaces, erosion control systems and evaporation systems

Exclusions

Storage, treatment, distribution, natural based solutions:

- The client cannot provide adequate proof that negative net greenhouse gas emissions are not expected
- Negative net greenhouse gas emissions are expected, and the client has not been able to estimate and mitigate the greenhouse gas impact through appropriate procedures over the lifetime of the project/asset.

Water desalination:

- The average carbon intensity of the energy used for energy supply is above 100g CO_2/kWh over the lifetime of the asset

Detailed criteria for financing sustainable water management selected on the basis of the CB Taxonomy (eligibility criteria, vulnerability and adaptation)

- *are set out in Annex 6 to this document.*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.2 Transactions selected based on national regulations and principles of MNB (B)

3.2.1 Renewable energy production

EU taxonomy objective:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Construction of facilities that generate electricity, produce heat/cool energy from the following resources:

- Solar energy (solar heat and photovoltaic solar energy)
- Wind energy
- Geothermal energy (including heat pumps)
- Waste heat
- Gases from landfills and wastewater treatment plants, biogases
- Bioenergy (biomass, biogas)
  - In case of energetic utilization of biomass from agriculture and forestry, the biomass used shall meet the criteria defined in paragraphs (2)-(5) or (6)-(7) of Article 29 of Directive (EU) 2018/2001.

Manufacture of renewable energy technologies for "energy from renewable energy sources" or "renewable energy"

- "Energy from renewable energy sources" or "renewable energy":
  Energy from non-fossil renewable energy sources, namely: wind energy, solar (solar heat and photovoltaic solar) energy and geothermal energy, ambient, tidal, wave and other ocean energy, energy from hydropower, energy from gases generated by biomass, landfill and sewage treatment plants, and biogas energy.[34]

Special conditions may be applied to investments in renewable energy production by agricultural enterprises

- The financier will verify the renewable energy investment plan and its implementation against the documentation detailed in the Rural Development Programme for a similar purpose.

The sections on transactions eligible for financing can be found in Annex 1 to this document:

Transactions:	Relevant sections of the TSC Regulation:
Electricity generation	
Solar energy (solar heat and photovoltaic solar energy)	4.1. and 4.2.
Wind energy	4.3.
Geothermal energy	4.6.
Bioenergy	4.8.
Production of heat/cool energy	
Solar energy	4.21.
Geothermal energy	4.22.
Bioenergy	4.24.
Waste heat	4.25.
Manufacture of renewable-technology	3.1.

[34] DIRECTIVE (EU) 2018/2001 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2018 on the promotion of the use of energy from renewable sources

The environmental impact assessment and social impact assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 7 of this document.*

3.2.2 Energy storage

EU taxonomy objective:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Construction of facilities that store electricity, thermal (heat/cool) energy

- Technology-neutral: all stationary equipment for the storage of electricity or thermal energy using physical or chemical technology is acceptable,
- The energy storage can be connected to public electricity or thermal energy transmission or distribution networks,
- The energy storage can serve to regulate the production of renewable power plants or heating plants (e.g. with a direct power plant connection or through an aggregator), or to support the energy use of a specific consumption location.
- Chemical energy storage solutions are acceptable for renewable energy storage.
- In case of electricity storage facilities with a nominal capacity of 0.5 MW or more, the purpose of the loan can be verified by presenting an electricity storage permit.

The sections on transactions eligible for financing can be found in Annex 1 to this document:

Transactions:	**Relevant sections of the TSC Regulation:**
Energy storage (heat and electricity)	4.10 and 4.11.

The environmental impact assessment and social impact assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 7 of this document.*

3.2.3 Electromobility

Environmental objectives of the EU:

Climate change mitigation

UN SDG:

<u>Transactions eligible for financing:</u>

Procurement of vehicles with zero direct (exhaust) CO_2 emissions for urban and suburban passenger transport.

- Vehicles are classified into the following categories:
  - Bus
  - Trolleybus
  - Tram
  - Suburban railway

Procurement of vehicles for the transport of goods by road with zero direct (exhaust) CO_2 emissions.

- Vehicles are classified into the following categories:
  - Lorry: a motor vehicle with a load area suitable for the carriage of goods, including so-called light commercial vehicles with a maximum permissible weight of 3.5 tonnes
  - Heavy goods vehicles: tractors and semi-trailers, including large commercial vehicles with a gross vehicle weight exceeding 3.5 tonnes

<u>Exclusions</u>

- The vehicles are used for the transport of fossil fuels

The environmental impact assessment and social impact assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per <u>Appendix 7</u> of this document.*

3.2.2 Sustainable real estate investment

Environmental objectives of the EU:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Construction of new residential property, industrial or commercial real estate

Criteria are the same as in section 3.1.2

OR

The building has one of the following ratings currently still in effect:

- According to BREEAM NC 2016 version: Final rating with a Very Good grade or higher
- According to LEED v4 BD+C version: Gold grade or higher
- According to DGNB International System Version 2020: Silver (final) grade or higher

Acquisition and ownership of residential property, industrial or commercial real estate

Criteria are the same as in section 3.1.2

OR

The following criteria are met **simultaneously**:

- The building has an energy quality certificate issued in accordance with Govt. Decree No 176/2008 (VI. 30.) certifying a CC rating or higher
- The building has one of the following ratings:
  - BREEAM In-Use 2015 - Asset part: Excellent grade or higher
  - - BREEAM In-Use v6 - Asset part - Very Good rate or higher
  - According to LEED 2009 O+M version: Platinum grade or higher
  - According to LEED v4 O+M version: Gold grade or higher
  - According to DGNB Buildings In Use", Version 2020: Silver or higher

  as an alternative:
- The building has one of the following previously obtained ratings:
  - Final rating as per BREEAM NC 2013, Excellent grade or higher
  - - Final rating as per BREEAM NC 2016, Very Good grade or higher
  - According to LEED 2009 for New Construction version: Platinum grade or higher
  - According to LEED v4 BD+C version: Gold grade or higher
  - According to DGNB International System Version 2018: Gold (final) grade or higher
  - According to DGNB International System Version 2020: Silver (final) grade or higher

Renovation of existing residential property, industrial and commercial real estate

Criteria are the same as in section 3.1.2

OR

The following criteria are met simultaneously:

- The upgrade will result in a reduction in primary energy demand (PED) of at least 30%.
- The building has one of the following ratings currently still in effect:
  - According to BREEAM RFO 2015 version: Final rating with a Very Good grade or higher
  - According to LEED v4 BD+C version: Gold grade or higher
  - According to DGNB Renovation, Version 2016 (SBV16) version: Gold or higher

In case of municipalities and small and micro enterprises where the contracted amount does not exceed 1 million euros:

Construction, purchase and ownership of residential property, industrial or commercial real estate

- the calculated value of the energy characteristic of the building is no more than 68 kWh/m²/year, **and**
- the energy certification of buildings is at least "A+".

Purchase of a building plot for the construction of a new building can be eligible, if the new building is built on the plot and its occupancy permit is issued within 4 years of its purchase.

	Renovation or purchase and renovation of existing residential property, industrial and commercial real estate that meet one of the following conditions: ▪ the energy certification of buildings is worse than "A+", but renovations is going to result an energy certification of at least "A+" or better; **and** the calculated value of the energy characteristic of the building is no more than 68 kWh/m²/year. ▪ the building was verifiably built before 1990 and renovations is going to result an energy certification of at least "A+" or better; **and** the calculated value of the energy characteristic of the building is no more than 68 kWh/m²/year. ▪ The upgrade will result in a reduction in primary energy demand (PED) of at least 30%. ▪ The renovation is considered a significant renovation according to the EKM regulation on 9/2023. (V. 25.) and this is confirmed by an independent technical expert report.

The compliance of investments with sustainability criteria is to be verified

- *Appendix 3 or Appendix 4 of this document applies (optional).*

The Social Impact Assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 6 of this document.*

3.2.3 Energy efficiency - technology

Environmental objectives of the EU:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

*Investment resulting in energy efficiency improvements, including upgrading of **existing** technologies, production processes, facilities and infrastructure.*

- The energy efficiency improvement must reach **30%** compared to the period before the investment, in the following way:
  - The improvement results from an actual reduction in primary energy demand, and
  - The reduction in net primary energy demand through renewable energy sources may not be taken into account in the measurement
- Improvement in specific energy efficiency (e.g. product produced / total energy consumption) is also acceptable as improvement, in which case the final energy consumption cannot decrease due to the increase in production volume, but there is a possibility of decrease in the specific energy consumption.
- If renewable energy is used, the conditions for "Renewable Energy Production" must be met.

Individual energy efficiency measures:

- Individual modernization measures can be:
  - energy efficiency measures for buildings defined in points 1.1.1. and 1.1.6., 1.2.1. and 1.2.6., 1.3.1. and 1.3.6., 2.1.1., 2.2.1., 2.3.1., 2.4.1., 2.5.1., 2.6.1., 2.7.1., 2.8.1., 2.9.1. , 2.10.1., 2.11.1., 2.12.1. of Part I., 17/2020. (XII. 21.) MEKH Decree Annex 1 (EKR catalog)
  - energy efficiency measures to improve the energy efficiency of technological processes defined in Part III., 17/2020. (XII. 21.) MEKH Decree Annex 1 (EKR catalog)

The environmental impact assessment and social impact assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 7 of this document.*

3.2.4 Sustainable agriculture

Environmental objectives of the EU:

Climate change mitigation

UN SDG:

Transactions eligible for financing:

Sustainable agricultural asset or other environmental sustainability investment

Improvements related to digital transition in agriculture

- VP2-4.1.8-21 financier's decision required
- One of the conditions is to select and complete at least one measure from the list of environmental objectives in Appendix 5 per farming sector and per category during the period

Other asset procurements

- Soil conservation management assets
- Mechanical weed control assets
- Turf management assets
- One of the conditions is to select and complete at least three measures from the list of environmental objectives in Appendix 5 per farming sector during the period

The environmental impact assessment and social impact assessment (Minimum Social Safeguards - MSS)

- *is to be carried out as per Appendix 7 of this document.*

3.3 Transactions selected based on MDB's guidelines (C)

3.3.1 EIB (C.1.)

3.3.1.1 Renewable energy production	
Environmental objectives: Climate change mitigation **ENSZ SDG:** 	**<u>Transactions eligible for financing:</u>** *Construction of facilities that generate electricity, produce heat/cool energy from the following resources:* ○ Heat pump ○ Energy storage

<table>
<tr><th colspan="2">3.3.1.2 Sustainable real estate</th></tr>
<tr><td>Environmental objectives:
Climate change mitigation</td><td rowspan="2"><u>Transactions eligible for financing:</u>

Construction of new industrial or commercial real estate
▪ The primary energy demand determining the energy performance of the building resulting from the construction is at least 10% below the threshold for near-zero energy buildings set in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. Energy performance is to be demonstrated by an Energy Performance Certificate (EPC) for the finished building.
▪ In the case of buildings larger than 5 000 m^2
All eligible cost categories relate to the construction of new buildings, if the energy threshold is 10% below the level implementing the Near Zero Energy Building (NZEB) standard defined in [Member State's] building regulations at the time the final beneficiary applies for building permits.
▪ In the case of buildings larger than 5 000 m^2
a. After completion, the final beneficiary performs an airtightness test and informs investors and customers of any deviation from the performance level defined in the design phase or any defect in the building insulation.
b. After completion, the final beneficiary conducts a heat resistance test and informs investors and customers of deviations from the performance level defined in the design phase or of defects in the building insulation. If the final beneficiary has robust and traceable quality control processes during construction, heat resistance testing is not required.

Renovation of existing industrial and commercial real estates
▪ The building upgrade meets the requirements for major building upgrades, or as an alternative
▪ The modernization results in a reduction of primary energy demand (PED) of at least 30%.
▪ If renewable energy is used, the conditions for "Renewable energy production" must be met.</td></tr>
<tr><td>ENSZ SDG:
 
  </td></tr>
<tr><td>Exclusions:</td><td>▪ Financing of residential property
▪ Financing the purchase and rental of real estate</td></tr>
</table>

3.3.2 MIGA (C.2.)

3.3.2.1 Renewable energy production	
Environmental objectives: Climate change mitigation	**<u>Transactions eligible for financing:</u>** *Construction of facilities that generate electricity, produce heat/cool energy from the following resources:* Production or use of low-carbon hydrogen ▪ Hydrogen manufactured by electrolysis of water using very-low-carbon electricity or by steam reforming of natural gas with carbon capture and storage or utilisation of captured CO2 shall be eligible. ▪ For hydrogen manufactured by electrolysis of water using grid electricity or by any technology with material GHG emissions to be eligible, the entity applying the Common Principles shall demonstrate a substantial reduction in net GHG emissions relative to efficient steam reforming of natural gas, taking scope 3 emissions into account where they are expected to be material.
ENSZ SDG:   	

3.3.2.2 Energy efficiency – equipment, technology

Environmental objectives:

Climate change mitigation

ENSZ SDG:

Transactions eligible for financing:

Investment resulting at least 15% (absolute) energy efficiency energy improvement, including the modernization of existing technologies, production processes and facilities, infrastructures. (A minimum 30% improvement in energy efficiency is not expected in connection with this loan goal.)

- The investment or measure results in a significant improvement in energy efficiency or a significant reduction in net GHG emissions.
  - The reduction of the net primary energy demand through renewable energy sources cannot be taken into account in the measurement
- In the case of improvement, an improvement in specific energy efficiency (for example, produced product/total energy consumption) is also acceptable if the production volume increases and because of this the final energy consumption cannot decrease, but the specific energy consumption can.
- If renewable energy is used, the conditions for "Renewable energy production" must be met.

3.3.2.3 Sustainable real estate	
Environmental objectives: Climate change mitigation	**Transactions eligible for refinancing:** *Construction of new residential or industrial and commercial properties* ▪ The primary energy demand, which determines the energy efficiency of the building resulting from the construction, is at least 10% lower than the threshold value defined in the national measures implementing the European Parliament and Council Directive 2010/31/EU for buildings with almost zero energy demand. Energy efficiency must be proven with the energy efficiency certificate (EPC) of the finished building. *Purchase and ownership of residential and industrial or commercial real estate* ▪ Buildings built before December 31, 2020 have at least a class A energy certificate (EPC). Alternatively, the building is in the top 15% of the national or regional building stock expressed as operational primary energy demand (PED) and proven by appropriate evidence. ▪ In the case of buildings built after December 31, 2020, the building meets the criteria defined for the construction of new buildings and relevant at the time of purchase. *Renovation of existing residential and industrial or commercial properties* ▪ The building modernization meets the requirements for major building modernizations. ▪ Measures that reduce net energy consumption, resource use or CO2 emissions, or: ○ increase plant-derived carbon absorbers in greenfield and brownfield buildings and related areas; ○ increase plant-derived carbon absorbers in new or existing buildings and related areas - by applying building rating systems; ○ increase the number of carbon sinks of plant origin in public areas or facilities; ▪ Brown-field, separate (end-user) energy efficiency improvement measure or CO2 emission reduction measure in existing appliances or equipment; ▪ Modernization of new separate energy-efficient devices or equipment, or their replacement. If renewable energy is used, the conditions for "Renewable energy production" must be met.
ENSZ SDG:  	

3.4 Process for project evaluation and selection

Eximbank's Green Finance Programme provides financing for developments where all or part of the investment falls into one of the green categories defined in the Framework (transactions selected on the basis of international standards and taxonomies, transactions selected based on national regulations and principles of MNB), transactions selected based on MDB's guidelines.

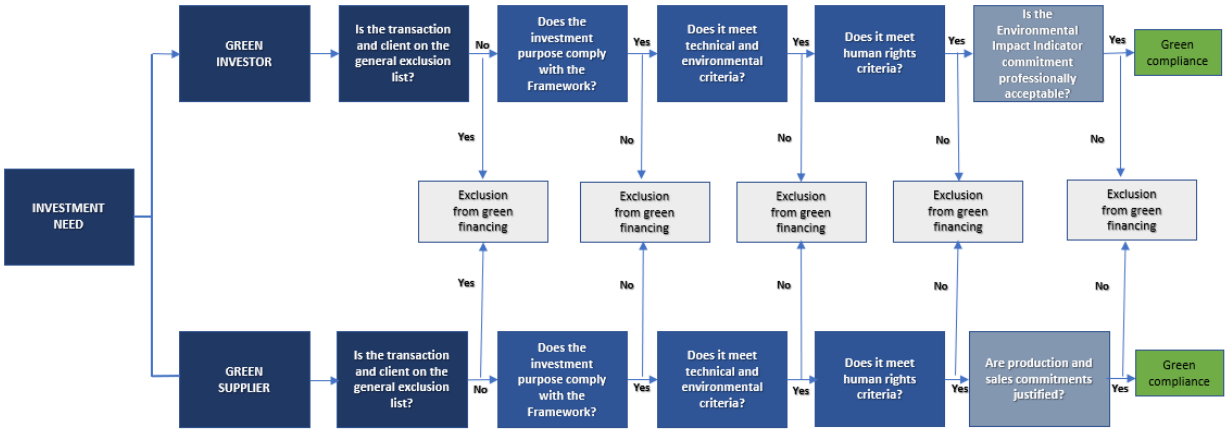
Transactions subject to bond financing are evaluated in accordance with GBP expectations. GBP expectations are detailed in the sixth chapter of the Framework, given that they differ from GLP expectations.Out of the total amount of investment loans granted by Eximbank, Eximbank keeps a separate record of disbursements for which the costs claimed are verified as having been incurred in relation to the green loan purpose. While the conditions set out in the Framework are assessed for green loan purposes only, the DNSH or, where not stipulated, the environmental impact (based on the Eximbank Environmental Impact Assessment Questionnaire) and compliance with the MSS criteria must be examined for the entire investment.

The classification of transactions into individual green categories and the compliance assessment is a multi-stage process.

3.5 Pre-screening and selection

The relevant departments in the Business Division identify potential transactions, review the proposed project with their clients, and perform pre-screening for compliance with the Framework's criteria. It is the responsibility of the clients to provide the information and data necessary for pre-screening. In structuring the transaction, the relevant organizational unit of the Business Division may seek the assistance of the organisational unit responsible for ESG Center Organisational Subunit (hereinafter: ECOS), which may also request the advice of experts responsible for the technical support of sustainability financing. ECOS may also issue a non-binding, preliminary opinion on compliance with the conditions of the Framework.

The decision tree[35]:



ECOS is the department responsible for sustainability issues. The experts recruited by ECOS are senior experts involved in the following areas: Technical experts, Risk Management, Business Division, Business Development.

Issuance of ECOS opinion/decision is the task and responsibility of the Head of ECOS, taking into account the opinion of the experts.

3.6 Validation

Before a credit decision is taken, ECOS verifies the compliance of the pre-filtered transactions with the conditions of the Framework for both direct financing and refinancing. It is the clients' responsibility to provide the information and data necessary for decision-making.

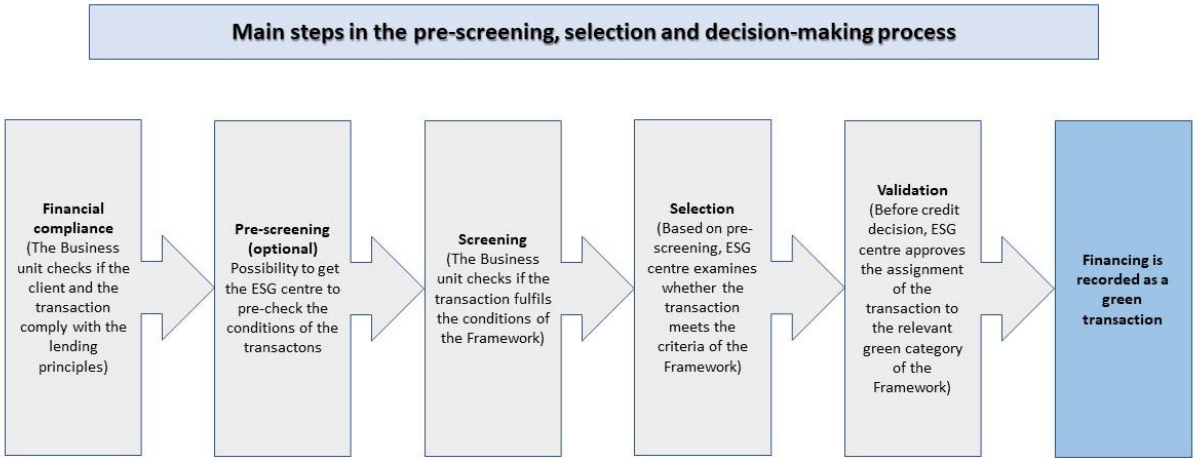
Inclusion of transactions in the Framework might require the submission of the opinion of an external, independent expert approved by Eximbank, as required and in accordance with the decision by ECOS.

The projects financed must comply with the relevant general bank lending policy and meet the client and transaction qualification criteria, in addition to which they must pass the general compliance tests and at least the tests conducted based on the Eximbank Environmental and/or Social Impact Assessment Questionnaire. In all cases, the transaction approval criteria must include the green financing category, the technical screening criteria that form the basis for accepting the application, the green ratio (i.e. the proportion allocated to the green loan purpose from the loan), the type of EII to be achieved as a result of the project, as well as the level of EII commitment, the unit of measure. These parameters will be recorded in the internal record-keeping systems (green category, green ratio, EII, monitoring date[36]).

[35] Green suppliers: companies that supply technology for the activities specified in the loan objectives listed in the chapter on the use of resources, or manufacture or produce related equipment and devices

[36] The first monitoring takes place after activation, examining the fractional calendar year following the year of the activation, and then every full calendar year thereafter. Monitoring is due by the end of February every year.

In the period preceding the annual sustainability report, ECOS examines the compliance of transactions with the criteria for each green category as part of the annual green monitoring. It is the clients' and the financial intermediaries' obligation to provide the information and data necessary for the examination.



3.7 Documentation used for pre-screening and validation

The range of documents to be submitted by the client may vary widely – depending on the type of the transaction – but the basic principle is that the client is required to have the planned investment prepared at the time of pre-screening to a level that allows its content, technical and financial background may be examined and assessed by the employees of the financier (Eximbank or refinancing partner) as well as by the expert(s) involved, if any, also from the point of view of its compliance with the Framework.

An illustrative, non-exhaustive list of the documents to be requested is set out in **Annex 6**, which may be extended on a case-by-case basis, depending on the complexity of the transaction. In the case of refinancing, the documents to be requested are basically stored by the financing partner financial institution, which also has the duty to report their content to Eximbank. However, Eximbank reserves the right to request the original of any document from the partner financial institution or the borrower at any time.

4 Management of proceeds

Eximbank keeps a record of the transactions financed under the Green Finance Programme in its internal databases (Lending and Account Management System). The database contains at least the following information (in addition to the mandatory information required for all Eximbank loan transactions):

- The exact classification of the green loan purpose, including whether it belongs to the "A", "B" or (C) set of criteria, and its correlation with the MNB reporting categories
- Green loan purpose ratio
- Total amount disbursed and the share of this amount allocated to the green loan purpose
- Expected Environmental Impact Indicators (EIIs)
- Periodic monitoring results

It is the client's responsibility to use the disbursed loans for the purposes defined in the relevant loan agreement. The amounts used for the approved green purposes must always be recorded in the client's accounting records and investment documentation in a clearly identifiable manner. For each disbursement, the proportion of the amount allocated to green loan purposes may be different from the Green Ratio agreed for the project as a whole, but it must at least reach the Green Ratio agreed in the loan documentation when the total amount is disbursed.

To draw down the proceeds, the client must provide supporting documents (invoices) certifying the utilisation, which must be suitable for clearly identifying the eligible costs allocated to the green loan purposes. If necessary, an independent expert must be involved to verify the use of the proceeds, at the discretion of the financier (Eximbank or refinancing partner) or ECOS. In the internal record-keeping systems, the share of the total amount of the loan disbursed for the green loan purpose can be clearly identified at any point in time.

4.1 Monitoring

Except in cases regulated otherwise in the loan decision, Eximbank monitors the sustainability objectives of ongoing and completed investments and the fulfillment of the DNSH and MSS criteria annually,, based on the supporting documents obtained from the customer, for the fractional calendar year of the activation, and after that annually examining the full calendar years during the existence of the loan agreement. The monitoring is due by the end of February each year, by sending a statement filled out by the customer regarding the Green investment.

Eximbank takes into account the data contained in the monitoring statement submitted for the fractional year in proportion to the calendar year, that is, the amount of key indicator undertaken by the customer is also evaluated proportionally (in proportion to the fractional year). Failure to comply with the key indicator level contained in the monitoring statement for the previous year will not be sanctioned during the first, fractional year period.

In the case of refinanced operations, the monitoring is carried out and reported to Eximbank by the partner financial institution, in accordance with Eximbank's requirements. Eximbank reserves the right,

however, to carry out extraordinary monitoring in justified cases, and to verify the monitoring tasks and documentation carried out by the partner financial institution, using a predefined sampling method.

The annual monitoring is based on a declaration to be submitted annually, in which the debtor confirms that the ex-ante TSC, DNSH/sustainability and MSS declarations are still valid. For the annual monitoring, the debtor also reports on the actual value of the committed EIIs after the investment is completed. ECOS may stipulate the involvement of an independent expert to confirm the monitoring report. The status of the ongoing investment is evaluated according to the business as usual risk monitoring procedure, which is described in the internal regulation on monitoring of Eximbank.

If, between two monitoring dates, there is a change that jeopardises the fulfilment of the declarations, the debtor is obliged to inform Eximbank accordingly without delay. This may be the case if the investment is significantly behind the original schedule, the green ratio is not met based on the actual costs of the investment, the actual indicator does not reach or exceeds the continuous performance criterion, legal proceedings have been initiated or are expected to be initiated against the debtor in relation to environmental pollution or human rights issues.

ECOS may also, at its own discretion, engage an independent expert if it considers that the monitoring declaration is incomplete or if at any time during the life of the loan it has information suggesting that the debtor is not respecting its contractual obligations, regardless of whether or not the debtor has provided information to that effect.

Based on the information submitted or received in the course of the monitoring, Eximbank records in the registration system the date of the annual monitoring and the actual value of the EIIs, and checks their possible deviation from the commitments. In case of deviation/non-compliance, Eximbank takes a decision, with due regard to the circumstances of the specific transaction and the extent of the deviation:

a) if it considers that the green loan purpose cannot be met, it permanently removes the transaction from the green loans register;

b) if Eximbank considers that the deficiency or the unfulfilled commitments can be rectified, it will temporarily remove the transaction from the green loans register, but once the correction has been made / the conditions are met, the transaction may be reinstated in the green loans register.

5 Reports

Borrowers financed by Eximbank must keep up-to-date and readily available information on the use of proceeds until the total amount of the loan is disbursed, as well as on any material changes that may occur after that period. This is a contractual obligation: the borrower is obliged to keep separate records of green expenditure and to provide Eximbank with up-to-date information on a quarterly basis or at any time at Eximbank's request. These include a precise description of the investments related to the green loan purposes, the related costs, documents and permits, as well as the expected environmental impact of the achievement of the loan purpose. The environmental impact undertaken must be specified in qualitative and, where possible, quantitative performance indicators, including the methodology used for the calculation (in the absence of a methodology provided by Eximbank). The definition of the EIIs is a mandatory element of the loan agreement. Borrowers must report this information to Eximbank for the annual monitoring at the intervals required by Eximbank (by default, annually). In the event of a significant change during the year, the debtor is obliged to submit an extraordinary report to Eximbank. Examples of the quantitative indicators required/recommended for each loan purpose are given in Annex 7. The debtor's reporting obligation continues until the total loan amount is repaid in full; failure to do so is grounds for termination of the contract. In the event of non-reporting, the loan will no longer be registered as a green exposure.

Eximbank's annual report on Green Exposures covers each Green Exposure from the signing of the loan agreement until the last principal and interest payment is made or the loan is terminated. A precondition for the inclusion of the exposures in the portfolio is the acceptance of the transaction under this Framework and the entry into force of the loan agreement. As set out in the monitoring section, in the event of non-compliance with the commitments / conditions, Eximbank will temporarily or permanently exclude the exposure related to the transaction from the green portfolio.

With regard to banking confidentiality, Eximbank will only provide loan agreement / client level reporting for internal use, to the external expert requested to issue the SPO or to the MNB. An exception to this rule is when the client authorises Eximbank to provide a specific set of data on the fulfilment of the loan agreement or the green loan purpose. This may be necessary in cases where Eximbank enters into an agreement with an international financial institution to refinance the green portfolio and the refinancer wishes to audit elements of the portfolio on its own authority.

The portfolio-level external report summarises the following information by green loan purpose:

- amount contracted (EUR)
- of which refinancing transaction
- number of transactions
- amount placed (EUR)
- amounts contracted but not yet placed (EUR)
- aggregated committed EII values (quantitative values)
- aggregated actual EII values/year (quantified values) only after completion of the investments
- textual summary of qualitative environmental impacts

For the transactions selected according to international rules and taxonomies and MDB’s guidelines, Eximbank also provides a separate report indicating the set of rules applied.

In case of transactions where international (EU and CBI) taxonomies and the regulations and principles of MNB are not sufficient, credit purposes that were not detailed in the chapter of use of funds, are also taken into account.

Those transactions are included separately in the reports, together with the with a detailed set of conditions of the MDB's guidelines as the basis of the acceptance, thereby ensuring compliance with GLP principles.

The scope of credit goals focuses on the following main categories:

- Renewable energy generation
- Energy efficiency
- Agriculture, forestry, fisheries, aquaculture and land-use
- Low carbon road vehicles fleet
- Waste collection and transport
- Other waste recovery/ recycling
- Other green projects (Sectors and activities)
- Water supply
- Waste water treatment
- CO2e-emission reduction
- GHG-emission reduction

If more than one green loan purpose is financed (e.g. renewable energy and energy efficiency), the report must include the above in proportion to the amounts disbursed for the loan purpose.

The internal report at portfolio level contains the following information by loan purpose and by transaction:

- client's name
- client segment
- sector
- direct/refinanced
- date of contracting
- date of last monitoring
- contracted loan amount
- currency
- loan amount for green loan purposes
- amount disbursed for green loan purposes
- amount still to be disbursed for green loan purposes
- investment status (completed yes/no)
- committed EII values (quantitative values)
- actual EII values/year (quantified values) only after completion of the investments
- textual summary of qualitative environmental impacts
- development lifetime
- DNSH / environmental impact status
- MSS status

The annual report also includes the methodology used for calculating key EIIs (e.g. GHG) and the methodology used for summaries (e.g. conversions).

Some examples of Environmental Impact Indicators (EIIs) capturing environmental impacts are provided in **Annex 7** (Eximbank takes into account the ICMA publication "Handbook - Harmonised Framework for Impact Reporting"[37] to develop the measurement of environmental impacts).

[37] https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf

6 Green bonds

In alignment with its sustainability strategy, Eximbank aims to contribute to the further advancement of the sustainable finance market by refinancing the green bond issues which support the UN Sustainable Development Goals, and, at the same time, help the Hungarian undertakings to achieve their goals in transforming their operations in a climate friendly manner.

The green bonds to be financed by Eximbank have to be aligned with the ICMA Green Bond Principles (GBP[38]), which is the collection of voluntary guidelines and recommendations that promote transparency and disclosures. The GBP provides the green bond issuers and Eximbank with guidance on the key parameters involved in launching a credible green bond programme.

Green bonds in general are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects (see Use of Proceeds section above) and which are aligned with the four core components of the GBP. Eximbank is financing/purchasing green bonds, the combination of green and social projects is basically excluded. Eximbank does not practically limit the type of green bonds to be supported, i.e. each of the four types of green bonds explained in the GBP Appendix I can be involved.

The issuer of a green bond should clearly communicate to Eximbank the environmental sustainability objectives of the project and the perceived social and environmental risks associated with the projects. The issuers are encouraged to provide information on their overarching strategy related to sustainability, and to have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s).

The net proceeds of the green bond (practically, the amount emanated from Eximbank when it purchases green bonds) should be credited to a sub-account and tracked by the issuer in an appropriate manner. The issuer has to attest that its internal process linked to its investment operations properly ensures the monitoring of the green investments and allocated amounts.

In order to facilitate the transparency and quality of the green bond issued, an external advisor has to assess the alignment with the four components of the GBP. The eligibility of green bonds as a framework has to be confirmed by an external advisor, who issues the so-called Second Party Opinion. Eximbank will decide on a case-by-case basis, that the issuer's management of proceeds shall be supplemented or not by the use of an external auditor, or other third party, to verify the internal tracking method and the allocation of funds from the green bond proceeds. Issuers should refer to and adopt, where possible, the guidance and impact reporting templates provided in the Harmonised Framework for Impact Reporting[39].

In terms of reporting bond issuers should make and keep readily available up to date information on the disbursement of funds, to be renewed annually until full allocation, and as necessary thereafter in the event of material developments.

[38] Sustainable Finance | ICMA » ICMA (icmagroup.org)
[39] Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf (icmagroup.org)

Communicating the expected impact of projects is also particularly appreciated. Eximbank recommends in line with the provisions of the GBP to use, where feasible, quantitative performance measures of expected impact. Issuers are obliged to report on both the use of green bond proceeds, as well as the expected environmental impacts on an annual basis.

The issuer should provide an allocation report that indicates the equivalent amount of the green bond proceeds allocated to eligible projects/expenses. Issuers should have in place a formal internal process for the allocation of an amount equivalent to the net proceeds to Eligible Green Projects and reports on the allocation of proceeds. The key characteristics of the project evaluation and selection process are explained within the report and are subject to external verification.

The issuer should also prepare an impact report that illustrates the environmental impact achieved as a result of the allocation of the amount equivalent to the proceeds to green projects.

Issuers are welcome to report throughout the life of the bond and are encouraged to make available the latest report either on their website or in another publicly available space, with the date that it was prepared. Such dated impact reports should be available for the lifetime of the bond. It is recommended that issuers clearly communicate the location on their website of their dated impact reports, of their Green bond framework and/or their Market Information Template.

The use of proceeds to be renewed annually until full allocation. The annual report should include a list of the projects to which green bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. Eximbank expects from the issuer the use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination.

It is obligatory for the issuer to obtain an outside input, i.e. a post-issuance to verify the internal tracking method and the allocation of funds from the Green Bond proceeds to eligible Green Projects. Issuers should make external reviews publicly available on their website and/or through any other accessible communication channel as appropriate and if feasible.

The future changes of the GBP will be reflected in the next versions of this section. Furthermore, Eximbank is intending to align to the European green bond standard - the EU green bond standard to be implemented in the next years is aiming at encouraging market participants to issue and to invest in EU green bonds and improve the effectiveness, transparency, comparability and credibility of the market.

List of Annexes

Annex 1: Compliance of transactions eligible for financing with regard to renewable energy production with the provisions of Article 3(b) (DNSH) and (d) (TSC) of the Taxonomy Regulation

Annex 2: Compliance of transactions eligible for financing with regard to manufacturing with Article 3(b) (DNSH) and (d) (TSC) of the Taxonomy Regulation

Annex 3: Compliance of transactions eligible for financing with regard to energy efficiency with Article 3(b) (DNSH) and (d) (TSC) of the Taxonomy Regulation

Annex 4: Compliance of transactions eligible for financing with regard to electromobility with Article 3(b) (DNSH) and (d) (TSC) of the Taxonomy Regulation

Annex 5: Compliance of transactions eligible for financing with regard to municipal solid waste with the requirements of the 'Waste and pollution control' section of the CB Taxonomy

Annex 6: Compliance of transactions eligible for financing with regard to water treatment with the “Water supply and treatment” section of the CB Taxonomy

Annex 7: Pre-screening, certification, monitoring

Annex 8: Examples of potential key environmental impact indicators

Annex 1 - Renewable energy production

Detailed conditions for transactions eligible for financing in respect of **renewable energy production** and compliance with Article 3 (b) (DNSH) and (d) of the Taxonomy Regulation (TSC regulation):

Electricity generation using solar photovoltaic technology[40]
TSC regulation Annex I. Section 4.1.

Description of the activity:

- Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic technology.
- Typical NACE codes: D35.11 and F42.22
- If the above economic activity is an integral element of the 'Installation, maintenance and repair of renewable energy technologies', the following TSCs defined for the latter activity shall be used:
  TSC regulation Annex 1. Section 7.6 Installation, maintenance and repair of renewable energy technologies

  Description of the activity: Installation, maintenance and repair of renewable energy technologies, on-site.

  The economic activities in this category could be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

  An economic activity in this category is an enabling activity as referred to in Article 10 (1), point (i), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

  Technical screening criteria

Substantial contribution to climate change mitigation
The activity consists in one of the following individual measures, if installed on-site as technical building systems: a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; b) installation, maintenance and repair of solar hot water panels and the ancillary technical equipment; c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment;

[40] Solar radiation can produce electricity in certain electrochemical media. The radiation entering the solar cells through the protective glass meets the silicon layer there and is absorbed, generating free electrons. As a result of the electron exit, an electric field is generated in the semiconductor silicon layer and in the conductive, intermediate layer below it, which forces the released electrons to move, which creates electricity.

▪	d) installation, maintenance and repair of wind turbines and the ancillary technical equipment; e) installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment; f) installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment; g) installation, maintenance and repair of high efficiency micro CHP (combined heat and power) plant; h) installation, maintenance and repair of heat exchanger/recovery systems.	
	Do no significant harm, DNSH	
	(2) Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A. to this Annex.
	(3) Sustainable use and protection of water and marine resources	N/A
	(4) Transition to a circular economy	N/A
	(5) Pollution prevention and control	N/A
	(6) Protection and restoration of biodiversity and ecosystems	N/A

TSC:
Substantial contribution to climate change mitigation by generating electricity from solar photovoltaic technology.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A to this document.
Sustainable use and protection of water and marine resources:
N/A
Transition to a circular economy:
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.
Pollution prevention and control:
N/A
Protection and restoration of biodiversity and ecosystems
The activity complies with the criteria listed in Appendix 1.D. to this document.

Electricity generation using concentrated solar power technology[41] **TSC regulation Annex I. Section 4.2.**
Description of the activity:
▪ Construction or operation of electricity generation facilities that produce electricity using concentrated solar power technology. ▪ Typical NACE codes: D35.11 and F42.22
TSC:
Substantial contribution to climate change mitigation by generating electricity from concentrated solar power technology.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria listed in Appendix 1.B. to this document.
Transition to a circular economy:
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.
Pollution prevention and control:
N/A
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

[41] There are two common types of concentrated solar power plants. In one, the parabolic plane mirrors heat a fluid (usually mineral oil) flowing in a pipeline, in the other, the mirrors focus on a tower and heat the heat storage material in the tower (usually molten salt). With this heat, it is possible to generate electricity with steam boilers and turbines in a similar way to conventional thermal power plants. The realistically achievable efficiency of CSP power plants is 23-35%. Power plants using concentrated solar energy have a much higher capacity than solar panels, they produce much more energy, they do not need a battery, they can generate electricity even at night, but they need a lot of water to operate them.

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Electricity generation from wind power
TSC regulation Annex I. Section 4.3.

Description of the activity:

- Construction or operation of electricity generation facilities that produce electricity from wind power.
- Typical NACE codes: D35.11 and F42.22
- If the above economic activity is an integral element of the 'Installation, maintenance and repair of renewable energy technologies', the following TSCs defined for the latter activity shall be used:
  TSC regulation Annex 1. Section 7.6 Installation, maintenance and repair of renewable energy technologies

  Description of the activity: Installation, maintenance and repair of renewable energy technologies, on-site.

  The economic activities in this category could be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006

  An economic activity in this category is an enabling activity as referred to in Article 10 (1), point (i), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

  Technical screening criteria

Substantial contribution to climate change mitigation	
The activity consists in one of the following individual measures, if installed on-site as technical building systems: a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; b) installation, maintenance and repair of solar hot water panels and the ancillary technical equipment; c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment; d) installation, maintenance and repair of wind turbines and the ancillary technical equipment; e) installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment; f) installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment; g) installation, maintenance and repair of high efficiency micro CHP (combined heat and power) plant; h) installation, maintenance and repair of heat exchanger/recovery systems.	
Do no significant harm, DNSH	
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A to this Annex.
(3) Sustainable use and protection of water and marine resources	N/A
(4) Transition to a circular economy	N/A
(5) Pollution prevention and control	N/A

■	(6) Protection and restoration of biodiversity and ecosystems	N/A

TSC:
Substantial contribution to climate change mitigation by generating electricity from wind power.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council[42], requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848[43] in relation to the relevant criteria and methodological standards for that descriptor – this is not relevant in Hungary.
Transition to a circular economy:
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.
Pollution prevention and control:
N/A
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria set out in Appendix 1.D. to this document[44]. In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors – this is not relevant in Hungary.

[42] Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

[43] Commission Decision (EU) 2017/848 of 17 May 2017 laying down criteria and methodological standards on good environmental status of marine waters and specifications and standardised methods for monitoring and assessment, and repealing Decision 2010/477/EU (OJ L 125, 18.5.2017, p. 43).

[44] Practical guidance for the implementation of this criterion is contained in the European Commission notice C(2020) 7730 final "Guidance document on wind energy developments and EU nature legislation", (version of 4.6.2021: https://ec.europa.eu/ environment/nature/natura2000/management/docs/wind_farms_en.pdf).

Electricity generation from geothermal energy TSC regulation Annex I. Section 4.6.
Description of activity:
▪ Construction or operation of electricity generation facilities that produce electricity from geothermal energy. ▪ Typical NACE codes: D35.11 and F42.22
TSC:
Substantial contribution to climate change mitigation. 1. Life-cycle GHG emissions from the generation of electricity from geothermal energy are lower than 100 g CO2e/kWh. o Life-cycle GHG emission savings are calculated using (i) Commission Recommendation 2013/179/EU or, alternatively (ii) ISO 14067:2018 or ISO 14064-1:2018. o Quantified life-cycle GHG emissions are verified by an independent third party.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria listed in Appendix 1.B. to this document.
Transition to a circular economy:
N/A
Pollution prevention and control:
For the operation of high-enthalpy[45] geothermal energy systems, adequate abatement systems are in place to reduce emission levels in order not to hamper the achievement of air quality limit values set out in ▪ Directive 2004/107/EC of the European Parliament and of the Council[46] and ▪ Directive 2008/50/EC of the European Parliament and of the Council[47].
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

[45] Enthalpy is the rate of change in the temperature of a reaction at constant pressure. While entropy is used to measure the disorder or randomness of a chemical process, enthalpy is used to measure the change in heat of a chemical reaction or the change in the internal energy of a reaction.

[46] Directive 2004/107 / EC of the European Parliament and of the Council of 15 December 2004 relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air (OJ L 23, 26.1.2005, p. 3).

[47] Directive 2008/50 / EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe (OJ L 152, 11.6.2008, p. 1).

Electricity generation from bioenergy
TSC regulation Annex I. Section 4.8.

Description of activity:

- Construction and operation of electricity generation installations that produce electricity exclusively from biomass, biogas or bioliquids, excluding electricity generation from blending of renewable fuels with biogas or bioliquids.
- NACE code: D35.11

TSC:

Substantial contribution to climate change mitigation.

1. The following criteria are met:
   - agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001,
   - forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7, of that Directive
2. The greenhouse gas emission savings from the use of biomass are at least 80 % in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001.
3. Where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria of the TSC regulation Annex I. as follows:
   - Criteria of Section 5.6 listed below:

5.6. Anaerobic digestion of sewage sludge

Description of the activity

Construction and operation of facilities for the treatment of sewage sludge by anaerobic digestion with the resulting production and utilisation of biogas or chemicals.

The economic activities in this category could be associated with several NACE codes, in particular E37.00 and F42.99 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Technical screening criteria

Substantial contribution to climate change mitigation	
1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. 2. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry.	
Do no significant harm, DNSH	
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A. to this Annex.
(3) Sustainable use and protection of water and marine resources	

	The activity complies with the criteria set out in Appendix 1.B .to this Annex.
(4) Transition to a circular economy	N/A
(5) Pollution prevention and control	Emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment[48]. No significant cross-media effects occur. Where the resulting digestate is intended for use as fertiliser or soil improver, its nitrogen content (with tolerance level ± 25 %) is communicated to the buyer or the entity in charge of taking off the digestate.
(6) Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix 1.D. to this Annex.

and

- Criteria 1 and 2 of Section 5.7 listed below:

5.7. Anaerobic digestion of bio-waste

Description of the activity

Construction and operation of dedicated facilities for the treatment of separately collected bio-waste[49] through anaerobic digestion with the resulting production and utilisation of biogas and digestate and/or chemicals.

The economic activities in this category could be associated with several NACE codes, in particular E38.21 and F42.99 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006

Technical screening criteria

Substantial contribution to climate change mitigation
1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. 2. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry. 3. The bio-waste that is used for anaerobic digestion is source segregated and collected separately.

[48] Implementing Decision (EU) 2018/1147.
[49] As defined in Article 3 (4) of Directive 2008/98 / EC.

4. The produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment. 5. In the dedicated bio-waste treatment plants, the share of food and feed crops[50] used as input feedstock, measured in weight, as an annual average, is less than or equal to 10 % of the input feedstock.	
Do no significant harm, DNSH	
Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A. to this Annex.
Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix 1.B. to this Annex.
Transition to a circular economy	N/A
Pollution prevention and control	For anaerobic digestion plants treating over 100 tonnes per day, emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment[51]. No significant cross-media effects occur. The produced digestate meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 for digestate or CMC 3 for compost, as applicable, in Annex II to Regulation (EU) 2019/1009, or national rules on fertilisers or soil improvers for agricultural use. The Nitrogen content (with tolerance level ± 25 %) of the digestate used as fertiliser or soil improver is communicated to the buyer or the entity in charge of taking off the digestate.
Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix 1.D. to this Annex.

4. Points 1 and 2 do not apply to electricity generation installations with a total rated thermal input **below 2 MW** and using gaseous biomass fuels.
5. For electricity generation installations with a total rated thermal input **from 50 to 100 MW**, the activity

   - applies high-efficiency cogeneration technology, or
   - for electricity-only installations, the activity meets an energy efficiency level associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best

[50] As defined in Article 2 (40) of Directive (EU) 2018/2001.
[51] Implementing Decision (EU) 2018/1147.

available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion[52]. 6. For electricity generation installations with a total rated thermal input **above 100 MW**, the activity complies with one or more of the following criteria: a) attains electrical efficiency of at least 36 %; b) applies highly efficient CHP (combined heat and power) technology as referred to in Directive 2012/27/EU of the European Parliament and of the Council[53]; c) uses carbon capture and storage technology. Where the CO2 that would otherwise be emitted from the electricity generation process is captured for the purpose of underground storage, the CO2 is transported and stored underground in accordance with the technical screening criteria set out in Sections 5.11 and 5.12, respectively, of this annex.
DNSH:
Climate change adaptation:
The activity complies with the criteria set out in Appendix 1.A. to this Annex.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria set out in Appendix 1.B. to this Annex.
Transition to a circular economy:
N/A
Pollution prevention and control:
▪ For installations falling within the scope of Directive 2010/75/EU of the European Parliament and of the Council[54], emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion plants[55]. No significant cross-media effects occur. ▪ For combustion plants with thermal input greater than 1 MW but below the thresholds for the BAT conclusions for large combustion plants to apply, emissions are below the emission limit values set out in Annex II, part 2, to Directive (EU) 2015/2193. ▪ For plants in zones or parts of zones not complying with the air quality limit values laid down in Directive 2008/50/EC, measures are implemented to reduce emission levels taking into account the results of the information exchange[56] which are published by the Commission in accordance with Article 6, paragraphs 9 and 10, of Directive (EU) 2015/2193.

[52] (EU) Implementing Decision 2017/1442.

[53] Directive 2012/27 / EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125 / EC and 2010/30 / EU and amending Directives 2004/8 / EC and 2006/32 / EC (OJ L 315, 14.11.2012, p. 1).

[54] Directive 2010/75 / EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

[55] (EU) Implementing Decision 2017/1442.

[56] The final technology report resulting from the exchange of information with Member States, relevant industries and non-governmental organizations shall include technical information on the best available techniques for reducing the environmental impact of medium combustion plants and on the emission levels and associated costs available through best available and emerging technologies. version: https://circabc.europa.eu/ui/group/06f33a94-9829-4eee-b187-21bb783a0fbf/library/9a99a632-9ba8-4cc0-9679-08d929afda59/details

▪ For anaerobic digestion of organic material, where the produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment, it meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 in Annex II to Regulation (EU) 2019/1009 or national rules on fertilisers or soil improvers for agricultural use. ▪ For anaerobic digestion plants treating over 100 tonnes per day, emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment[57]. No significant cross-media effects occur.
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria set out in Appendix 1.D to this Annex.

[57] Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 laying down conclusions on best available techniques (BAT) for waste management in accordance with Directive 2010/75 / EU of the European Parliament and of the Council (OJ L 208, 8.8.2018, p. 1). 17, p. 38).

Storage of electricity **TSC regulation Annex I. Section 4.10.**
Description of activity:
▪ Construction and operation of facilities that store electricity and return it at a later time in the form of electricity. The activity includes pumped hydropower storage. ▪ Where an economic activity is an integral element of the 'Installation, maintenance and repair of renewable energy technologies' as referred to in Section 7.6 of the TSC regulation, the technical screening criteria specified in Section 7.6 apply ▪ This category is an enabling activity.
TSC:
Substantial contribution to climate change mitigation. Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of the TSC regulation. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in Section 3.10 of the TSC regulation, re-electrification of hydrogen is also considered part of the activity.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
In case of pumped hydropower storage not connected to a river body, the activity complies with the criteria set out in Appendix 1.B. to this document. In case of pumped hydropower storage connected to a river body, the activity complies with the criteria for DNSH to sustainable use and protection of water and marine resources specified in Section 4.5 of the TSC regulation (Electricity production from hydropower).
Transition to a circular economy:
A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.
Pollution prevention and control:
N/A
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

Storage of thermal energy **TSC regulation Annex I. Section 4.11.**
Description of activity:
▪ Construction and operation of facilities that store thermal energy and return it at a later time in the form of thermal energy or other energy vectors. ▪ Where an economic activity is an integral element of the 'Installation, maintenance and repair of renewable energy technologies' as referred to in Section 7.6 of the TSC regulation, the technical screening criteria specified in Section 7.6 apply ▪ This category is an enabling activity.
TSC:
Substantial contribution to climate change mitigation. The activity stores thermal energy, including Underground Thermal Energy Storage (UTES) or Aquifer Thermal Energy Storage (ATES).
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
For Aquifer Thermal Energy Storage, the activity complies with the criteria set out in Appendix 1.B. to this document
Transition to a circular economy:
A waste management plan is in place and ensures maximal reuse, remanufacturing or recycling at end of life, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.
Pollution prevention and control:
N/A
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

Production of heat/cool from solar thermal heating
TSC regulation Annex I. Section 4.21.

Description of activity:

- Construction and operation of facilities producing heat/cool from solar thermal heating technology.
- Typical NACE code: D35.30
- If the above economic activity is an integral element of the 'Installation, maintenance and repair of renewable energy technologies', the following TSCs defined for the latter activity shall be used:
  TSC regulation Annex 1. Section 7.6 Installation, maintenance and repair of renewable energy technologies

  Description of the activity: Installation, maintenance and repair of renewable energy technologies, on-site.

  The economic activities in this category could be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006

  An economic activity in this category is an enabling activity as referred to in Article 10 (1), point (i), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

  Technical screening criteria

Substantial contribution to climate change mitigation	
The activity consists in one of the following individual measures, if installed on-site as technical building systems: a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; b) installation, maintenance and repair of solar hot water panels and the ancillary technical equipment c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment; d) installation, maintenance and repair of wind turbines and the ancillary technical equipment; e) installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment; f) installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment; g) installation, maintenance and repair of high efficiency micro CHP (combined heat and power) plant; h) installation, maintenance and repair of heat exchanger/recovery systems.	
Do no significant harm, DNSH	
(2) Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A. to this Annex.
(3) Sustainable use and protection of water and marine resources	N/A
(4) Transition to a Circular economy	N/A

	(5) Pollution prevention and control	N/A
■	(6) Protection and restoration of biodiversity and ecosystems	N/A

TSC:
Substantial contribution to climate change mitigation by producing heat/cool from solar thermal heating technology.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
N/A
Transition to a circular economy:
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.
Pollution prevention and control
N/A
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria set out in Appendix 1.D to this Annex.

Production of heat/cool from geothermal energy **TSC regulation Annex I. Section 4.22.**
Description of the activity:
▪ Construction or operation of facilities that produce heat/cool from geothermal energy. ▪ NACE code: D35.30
TSC:
Substantial contribution to climate change mitigation. 1. The life-cycle GHG emissions from the generation of heat/cool from geothermal energy are lower than 100 g CO2e/kWh. o Life-cycle GHG emissions are calculated based on (i) project-specific data, where available, using Commission Recommendation 2013/179/EU or, alternatively (ii) using ISO 14067:2018 or ISO 14064-1:2018. o Quantified life-cycle GHG emissions are verified by an independent third party.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria listed in Appendix 1.B. to this document.
Transition to a circular economy:
N/A
Pollution prevention and control:
For the operation of high-enthalpy geothermal energy systems, adequate abatement systems are in place to reduce emission levels in order not to hamper the achievement of air quality limit values set out in Directives 2004/107/EC and 2008/50/EC.
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

Production of heat/cool from bioenergy
TSC regulation Annex I. Section 4.24.

Description of the activity:

- Construction and operation of facilities that produce heat/cool exclusively from biomass, biogas or bioliquids, and excluding production of heat/cool from blending of renewable fuels with biogas or bioliquids.
- NACE code: D35.30

TSC:

Substantial contribution to climate change mitigation.

1. The following criteria are met during the operation producing heat/cool energy
   - agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001,
   - forest biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7, of that Directive.
2. The greenhouse gas emission savings from the use of biomass are at least 80 % in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001.
3. Where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria of the TSC regulation Annex I. as follows:
   - Criteria of Section 5.6 listed below:

5.6. Anaerobic digestion of sewage sludge

Description of activity

Construction and operation of facilities for the treatment of sewage sludge by anaerobic digestion with the resulting production and utilisation of biogas or chemicals.

The economic activities in this category could be associated with several NACE codes, in particular E37.00 and F42.99 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Technical screening criteria

Substantial contribution to climate change mitigation	
1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. 2. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry.	
Do no significant harm, DNSH	
2) Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A. to this Annex.
3) Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix 1.B .to this Annex.
(4) Transition to a circular economy	N/A

(5) Pollution prevention and control	Emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment[58]. No significant cross-media effects occur. Where the resulting digestate is intended for use as fertiliser or soil improver, its nitrogen content (with tolerance level ± 25 %) is communicated to the buyer or the entity in charge of taking off the digestate.
6) Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix 1.D. to this Annex.

and

- Criteria 1 and 2 of Section 5.7 listed below.

5.7. Anaerobic digestion of bio-waste

Description of the activity

Construction and operation of dedicated facilities for the treatment of separately collected bio-waste[59] through anaerobic digestion with the resulting production and utilisation of biogas and digestate and/or chemicals.

The economic activities in this category could be associated with several NACE codes, in particular E38.21 and F42.99 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Technical screening criteria

Substantial contribution to climate change mitigation
1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. 2. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in chemical industry. 3. The bio-waste that is used for anaerobic digestion is source segregated and collected separately. 4. The produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment. 5. In the dedicated bio-waste treatment plants, the share of food and feed crops[60] used as input feedstock, measured in weight, as an annual average, is less than or equal to 10 % of the input feedstock.

[58] Implementing Decision (EU) 2018/1147.
[59] As defined in Article 3 (4) of Directive 2008/98 / EC.
[60] As defined in Article 2 (40) of Directive (EU) 2018/2001.

Do no significant harm, DNSH	
Climate change adaptation	The activity complies with the criteria set out in Appendix 1.A. to this Annex.
Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix 1.B .to this Annex.
Transition to a circular economy	N/A
Pollution prevention and control	For anaerobic digestion plants treating over 100 tonnes per day, emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment[61]. No significant cross-media effects occur. The produced digestate meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 for digestate or CMC 3 for compost, as applicable, in Annex II to Regulation (EU) 2019/1009, or national rules on fertilisers or soil improvers for agricultural use. The Nitrogen content (with tolerance level ± 25 %) of the digestate used as fertiliser or soil improver is communicated to the buyer or the entity in charge of taking off the digestate.
Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix 1.D. to this Annex.

4. Points 1 and 2 do not apply to electricity generation installations with a total rated thermal input **below 2 MW** and using gaseous biomass fuels.

DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A to this document.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria listed in Appendix 1.B to this document.
Transition to a circular economy:
N/A
Pollution prevention and control:

[61] Implementing Decision (EU) 2018/1147.

- For installations falling within the scope of Directive 2010/75/EU, emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion plants[62], ensuring at the same time that no significant cross-media effects occur.

- For combustion plants with thermal input greater than 1 MW but below the thresholds for the BAT conclusions for large combustion plants to apply, emissions are below the emission limit values set out in Annex II, part 2, to Directive (EU) 2015/2193.

- For plants in zones or parts of zones not complying with the air quality limit values laid down in Directive 2008/50/EC, results of the information exchange[63], which are published by the Commission in accordance with Article 6, paragraphs 9 and 10 of Directive (EU) 2015/2193 are taken into account.

- For anaerobic digestion of organic material, where the produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment, it meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 in Annex II to Regulation (EU) 2019/1009 or national rules on fertilisers or soil improvers for agricultural use.

- For anaerobic digestion plants treating over 100 tonnes per day, emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment[64]. No significant cross-media effects occur.

Protection and restoration of biodiversity and ecosystems:

The activity complies with the criteria listed in Appendix 1.D to this document.

[62] (EU) Implementing Decision 2017/1442.

[63] The final technology report resulting from the exchange of information with Member States, relevant industries and non-governmental organizations shall include technical information on the best available techniques for reducing the environmental impact of medium combustion plants and on the emission levels and associated costs available through best available and emerging technologies.
(Version 2021.6.4: https://circabc.europa.eu/ui/group/06f33a94-9829-4eee-b187-21bb783a0fbf / library / 9a99a632-9ba8-4cc0-9679-08d929afda59 / details).

[64] Implementing Decision (EU) 2018/1147.

Production of heat/cool using waste heat **TSC regulation Annex I. Section 4.25.**
Description of the activity:
▪ Construction and operation of facilities that produce heat/cool using waste heat. ▪ NACE code: D35.30
TSC:
Substantial contribution to climate change mitigation by producing heat/cool from waste heat.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
N/A
Transition to a circular economy:
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.
Pollution prevention and control:
Pumps and the kind of equipment used, which is covered by Ecodesign and Energy labelling ▪ comply, where relevant o with the top class requirements of the energy label laid down in Regulation (EU) 2017/1369, and o with implementing regulations under Directive 2009/125/EC, ▪ and represent the best available technology.
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

Annex 2 – Manufacturing

Manufacture of renewable energy technologies TSC regulation Annex I. Section 3.1.
Description of the activity:
▪ Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001. ▪ Typical NACE codes: C25, C27 and C28 ▪ Enabling activity
TSC:
Substantial contribution to climate change mitigation by manufacturing renewable energy technologies.
DNSH:
Substantial contribution to climate change mitigation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria listed in Appendix 1.B. to this document.
Transition to a circular economy:
▪ The activity assesses the availability of and, where feasible, adopts techniques that support: o Reuse and use of secondary raw materials and re-used components in products manufactured; o Design for high durability, recyclability, easy disassembly and adaptability of products manufactured; o Waste management that prioritises recycling over disposal, in the manufacturing process; o Information on and traceability of substances of concern throughout the lifecycle of the manufactured products.
Pollution prevention and control:
The activity complies with the criteria listed in Appendix 1.C. to this document.
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

Manufacture of hydrogen **TSC regulation Annex I. Section 3.10.**
Description of the activity:
▪ Construction and operation of facilities that produce heat/cool using waste heat. ▪ NACE code: C20.11
TSC:
Substantial contribution to climate change mitigation.
DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
The activity complies with the criteria listed in Appendix 1.B. to this document.
Transition to a circular economy:
N/A
Pollution prevention and control:
The activity complies with the criteria set out in Appendix C to this Annex. ▪ Emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the relevant best available techniques (BAT) conclusions, including: o the best available techniques (BAT) conclusions for the production of chlor-alkali121 and the best available techniques (BAT) conclusions for common waste water and waste gas treatment/management systems in the chemical sector; o the best available techniques (BAT) conclusions for the refining of mineral oil and gas. ▪ No significant cross-media effects occur.
Protection and restoration of biodiversity and ecosystems:
The activity complies with the criteria listed in Appendix 1.D. to this document.

Annex 3 - Sustainable real estate

Detailed conditions for transactions eligible for financing in respect of **energy efficiency** and compliance with Article 3 (b) (DNSH) and (d) of the Taxonomy Regulation (TSC regulation):

Construction of new buildings **TSC regulation Annex I. Section 7.1.**
Description of the activity:
▪ Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realise the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis. ▪ Typical NACE codes: F41.1, F41.2, and F43
TSC:
Construction of new buildings, for which: 1. The Primary Energy Demand (PED) [65], defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council[66]. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5 000 m2[67], upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity[68], and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5 000 m2[69], the life-cycle Global Warming Potential (GWP) [70] of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.

[65] The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m2 per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

[66] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

[67] For residential buildings, the testing is made for a representative set of dwelling/apartment types..

[68] The testing is carried out in accordance with EN13187 (Thermal Performance of Buildings - Qualitative Detection of Thermal Irregularities in Building Envelopes - Infrared Method) and EN 13829 (Thermal performance of buildings. Determination of air permeability of buildings. Fan pressurisation method) or equivalent standards accepted by the respective building control body where the building is located.

[69] For residential buildings, the calculation and disclosure are made for a representative set of dwelling/apartment types.

[70] The GWP is communicated as a numeric indicator for each life cycle stage expressed as kgCO2e/m2 (of useful internal floor area) averaged for one year of a reference study period of 50 years. The data selection, scenario definition and calculations are carried out in accordance with EN 15978 (BS EN 15978:2011. Sustainability of construction works. Assessment of environmental

DNSH:
Climate change adaptation:
The activity complies with the criteria listed in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix 1.E. to this document: (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. To avoid impact from the construction site, the activity complies with the criteria set out in Appendix 1.B. to this document.
Transition to a circular economy:
At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol[71]. Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887[72] or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantleable to enable reuse and recycling.
Pollution prevention and control:

performance of buildings. Calculation method). The scope of building elements and technical equipment is as defined in the Level(s) common EU framework for indicator 1.2. Where a national calculation tool exists, or is required for making disclosures or for obtaining building permits, the respective tool may be used to provide the required disclosure. Other calculation tools may be used if they fulfil the minimum criteria laid down by the Level(s) common EU framework (version of 4.6.2021: https://susproc.jrc.ec.europa.eu/product-bureau/product-groups/412/documents), see indicator 1.2 user manual.

[71] EU Construction and Demolition Waste Protocol (version of 4.6.2021: https://ec.europa.eu/growth/content/eu-construction-anddemolition-waste-protocol-0_en).

[72] ISO 20887:2020, Sustainability in buildings and civil engineering works - Design for disassembly and adaptability - Principles, requirements and guidance (version of 4.6.2021: https://www.iso.org/standard/69370.html).

Building components and materials used in the construction comply with the criteria set out in Appendix 1.C. to this document. Building components and materials used in the construction that may come into contact with occupiers[73], emit less than 0,06 mg of formaldehyde per m3 of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m3 of material or component, upon testing in accordance with CEN/EN 16516[74] or ISO 16000-3:2011[75] or other equivalent standardised test conditions and determination methods[76]. Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants, for example using standard ISO 18400[77]. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.
Protection and restoration of biodiversity and ecosystems
The activity complies with the criteria set out in Appendix 1.D. to this document. The new construction is not built on one of the following: (a) arable land and crop land with a moderate to high level of soil fertility and below ground biodiversity as referred to the EU LUCAS survey[78]; (b) greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List[79] or the IUCN Red List[80]; (c) land matching the definition of forest as set out in national law used in the national greenhouse gas inventory, or where not available, is in accordance with the FAO definition of forest[81].

[73] Applying to paints and varnishes, ceiling tiles, floor coverings, including associated adhesives and sealants, internal insulation and interior surface treatments, such as those to treat damp and mould.

[74] CEN/TS 16516: 2013, Construction products - Assessment of release of dangerous substances - Determination of emissions into indoor air.

[75] ISO 16000-3:2011, Indoor air — Part 3: Determination of formaldehyde and other carbonyl compounds in indoor air and test chamber air — Active sampling method (version of 4.6.2021: https://www.iso.org/standard/51812.html).

[76] The emissions thresholds for carcinogenic volatile organic compounds relate to a 28-day test period.

[77] ISO 18400 series on Soil quality — Sampling

[78] JRC ESDCA, LUCAS: Land Use and Coverage Area frame Survey version of 4.6.2021: https://esdac.jrc.ec.europa.eu/projects/lucas

[79] IUCN, The IUCN European Red List of Threatened Species (version of 4.6.2021: https://www.iucn.org/regions/europe/our-work/ biodiversity-conservation/european-red-list-threatened-species).

[80] IUCN, The IUCN Red List of Threatened Species (version of 4.6.2021: https://www.iucnredlist.org).

[81] Land spanning more than 0,5 hectares with trees higher than five meters and a canopy cover of more than 10 %, or trees able to reach those thresholds in situ. It does not include land that is predominantly under agricultural or urban land use, FAO Global Resources Assessment 2020. Terms and definitions.(version of 4.6.2021: http://www.fao.org/3/I8661EN/i8661en.pdf).

Renovation of existing buildings TSC regulation Annex I. Section 7.2.
Description of the activity:
▪ Construction and civil engineering works or preparation thereof. ▪ Typical NACE codes: F41 and F43 ▪ Transitional activity
TSC:
Substantial contribution to climate change mitigation. ▪ The building renovation complies with the applicable requirements for major renovations[82]. ▪ Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %[83].
DNSH:
Climate change adaptation:
The activity complies with the criteria set out in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix 1.E. to this document: ▪ Wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min. ▪ Showers have a maximum water flow of 8 litres/min. ▪ WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres. ▪ Urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.
Transition to a circular economy:
▪ At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol[84]. ▪ Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and

[82] As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

[83] The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.

[84] EU Construction and Demolition Waste Protocol (version of 4.6.2021: https://ec.europa.eu/growth/content/eu-construction-and demolition-waste-protocol-0_en)

taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. ▪ Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887[85] or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantleable to enable reuse and recycling.
Pollution prevention and control:
▪ Building components and materials used in the construction complies with the criteria set out in Appendix 1.C. to this document. ▪ Building components and materials used in the building renovation that may come into contact with occupiers[86] emit less than 0,06 mg of formaldehyde per m3 of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m3 of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011[87] or other equivalent standardised test conditions and determination methods[88] ▪ Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.
Protection and restoration of biodiversity and ecosystems:
N/A

[85] ISO 20887:2020, Sustainability in buildings and civil engineering works - Design for disassembly and adaptability - Principles, requirements and guidance (version of 4.6.2021: https://www.iso.org/standard/69370.html).
[86] Applying to paints and varnishes, ceiling tiles, floor coverings (including associated adhesives and sealants), internal insulation and interior surface treatments (such as to treat damp and mould).
[87] ISO 16000-3:2011, Indoor air — Part 3: Determination of formaldehyde and other carbonyl compounds in indoor air and test chamber air — Active sampling method (version of 4.6.2021: https://www.iso.org/standard/51812.html)..
[88] The emissions thresholds for carcinogenic volatile organic compounds relate to a 28-day test period.

Acquisition and ownership of buildings **TSC regulation Annex I. Section 7.7.**
Description of the activity:
▪ Buying real estate and exercising ownership of that real estate. ▪ Typical NACE codes: L68 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.
TSC:
1. For buildings **built before 31 December 2020**, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15 % of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. 2. For buildings **built after 31 December 2020**, the building meets the criteria specified in Section 7.1 of this document that are relevant at the time of the acquisition. 3. Where the **building is a large non-residential building** (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment[89].
DNSH:
Climate change adaptation:
The activity complies with the criteria set out in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
N/A
Transition to a circular economy:
N/A
Pollution prevention and control:
N/A
Protection and restoration of biodiversity and ecosystems:
N/A

[89] This can be demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system in accordance with Article 14 (4) and Article 15 (4), of Directive 2010/31/EU.

Annex 4 - Electromobility

Detailed conditions for transactions eligible for financing in respect of **electromobility** and compliance with Article 3 (b) (DNSH) and (d) of the Taxonomy Regulation (TSC regulation):

Urban and suburban transport, road passenger transport **TSC regulation Annex I. Section 6.3.**
Description of the activity:
▪ Purchase, financing, leasing, rental and operation of urban and suburban transport vehicles for passengers and road passenger transport, which direct (tailpipe) CO2 emissions are zero[90] and comply with the latest EURO VI standard. ▪ Typical NACE codes: H49.31, H49.39, N77.39 and N77.11
TSC:
Substantial contribution to climate change mitigation by purchasing urban and suburban transport vehicles for passengers and road passenger transport, which direct (tailpipe) CO2 emissions are zero[91] and comply with the latest EURO VI standard.
DNSH:
Climate change adaptation:
The activity complies with the criteria set out in Appendix 1.A .to this document.
Sustainable use and protection of water and marine resources:
N/A
Transition to a circular economy:
Measures are in place to manage waste, in accordance with the waste hierarchy, both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein).
Pollution prevention and control:
▪ For road vehicles of categories M, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 of the European Parliament and of the Council[92] and as can be verified from the European Product Registry for Energy Labelling (EPREL).

[90] This includes Motor buses with type of bodywork classified as 'CE' (low-floor single-deck vehicle), 'CF' (low-floor double-deck vehicle), 'CG' (Articulated low-floor single-deck vehicle), 'CH' (Articulated low-floor double-deck vehicle), 'CI' (open top single deck vehicle) or 'CJ' (open top double deck vehicle), as set out in point 3 of part C of Annex I to Regulation (EU) 2018/858..

[91] This includes Motor buses with type of bodywork classified as 'CE' (low-floor single-deck vehicle), 'CF' (low-floor double-deck vehicle), 'CG' (Articulated low-floor single-deck vehicle), 'CH' (Articulated low-floor double-deck vehicle), 'CI' (open top single deck vehicle) or 'CJ' (open top double deck vehicle), as set out in point 3 of part C of Annex I to Regulation (EU) 2018/858..

[92] Regulation (EU) 2020/740 of the European Parliament and of the Council of 25 May 2020 on the labelling of tyres with respect to fuel efficiency and other parameters, amending Regulation (EU) 2017/1369 and repealing Regulation (EC) No 1222/2009 (OJ L 177, 5.6.2020, p. 1).

▪ Where applicable, vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type approval set out in accordance with Regulation (EC) No 595/2009.
Protection and restoration of biodiversity and ecosystems:
N/A

Freight transport services by road TSC regulation Annex I. Section 6.6.
Description of the activity:
▪ Purchase of vehicles designated as category N1, N2[93] or N3[94] falling under the scope of EURO VI[95], which direct (tailpipe) CO2 emissions are zero[96], heavy duty vehicles of category N2 or N3, whose emissions are below 1 g CO2-kWh as determined in accordance with Regulation (EC) No 595/2009 and its implementing measures. ▪ Typical NACE codes: H49.4.1, H53.10, H53.20 and N77.12
TSC:
▪ Substantial contribution to climate change mitigation by purchasing vehicles of category N1, N2[97] or N3[98] falling under the scope of EURO VI [99]., step E or its successor, for which direct (tailpipe) CO2 emissions are zero[100], and heavy duty vehicles of category N2 or N3, with emissions of less than 1 g CO2-kWh as determined in accordance with Regulation (EC) No 595/2009 and its implementing measures. ▪ Vehicles are used to transport non-fossil fuels.
DNSH:
Climate change adaptation:
The activity complies with the criteria set out in Appendix 1.A. to this document.
Sustainable use and protection of water and marine resources:
N/A
Transition to a circular economy:
▪ Vehicles of category N1, N2 and N3 are both of the following: (a) reusable or recyclable to a minimum of 85 % by weight; (b) reusable or recoverable to a minimum of 95 % by weight[101]. ▪ Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.

[93] As referred to in Article 4(1), point (b)(ii), of Regulation (EU) 2018/858.
[94] As referred to in Article 4(1), point (b)(iii), of Regulation (EU) 2018/858.
[95] As set out in Regulation (EC) No 595/2009.
[96] This includes Motor buses with type of bodywork classified as 'CE' (low-floor single-deck vehicle), 'CF' (low-floor double-deck vehicle), 'CG' (Articulated low-floor single-deck vehicle), 'CH' (Articulated low-floor double-deck vehicle), 'CI' (open top single deck vehicle) or 'CJ' (open top double deck vehicle), as set out in point 3 of part C of Annex I to Regulation (EU) 2018/858.
[97] As referred to in Article 4(1), point (b)(ii), of Regulation (EU) 2018/858.
[98] As referred to in Article 4(1), point (b)(iii), of Regulation (EU) 2018/858.
[99] As set out in Regulation (EC) No 595/2009.
[100] This includes Motor buses with type of bodywork classified as 'CE' (low-floor single-deck vehicle), 'CF' (low-floor double-deck vehicle), 'CG' (Articulated low-floor single-deck vehicle), 'CH' (Articulated low-floor double-deck vehicle), 'CI' (open top single deck vehicle) or 'CJ' (open top double deck vehicle), as set out in point 3 of part C of Annex I to Regulation (EU) 2018/858.
[101] As set out in Annex I to Directive 2005/64/EC.

Pollution prevention and control:
▪ For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL). Vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type-approval[102] set out in accordance with Regulation (EC) No 595/2009. ▪ Vehicles comply with Regulation (EU) No 540/2014.
Protection and restoration of biodiversity and ecosystemsBiológiai sokféleség és ökoszisztémák védelme és helyreállítása:
Tárgytalan

[102] Commission Regulation (EU) No 582/2011 of 25 May 2011 implementing and amending Regulation (EC) No 595/2009 of the European Parliament and of the Council with respect to emissions from heavy duty vehicles (Euro VI) and amending Annexes I and III to Directive 2007/46/EC of the European Parliament and of the Council (OJ L 167, 25.6.2011, p. 1)..

Annex 5 - Waste management

Alignment of transactions eligible for financing with regard to **municipal solid waste** in accordance with the chapter „Control of waste and Pollution" of the CB taxonomy:

<table>
<tr><th colspan="2">1. Waste collection</th></tr>
<tr><td colspan="2">The development of low carbon waste processing assets requires organised, regular, waste collection services. The service providing the basic infrastructure for waste management includes containers used for collection and vehicles used for transport to waste treatment facilities.</td></tr>
<tr><th>Assets</th><th>Eligibility criteria</th></tr>
<tr><td>ISO containers, recycling bins, wheeled bins, green/ garden waste containers</td><td>Made from 100% recycled and recyclable materials.
Containers for residual waste will not be eligible unless part of an investment that also includes separate containers for material recycling.

Support source segregation of waste.</td></tr>
<tr><td>Collection vehicles</td><td>Must meet CBI Transport Criteria
<table>
<tr><th>Asset type</th><th>Asset specifics</th><th>Paris agreement compilant</th></tr>
<tr><td>Vehicles</td><td>Various vehicles with no direct emissions, e.g. <u>waste collection vehicles</u> or construction vehicles (electric)</td><td>yes</td></tr>
</table></td></tr>
</table>

<table>
<tr><th colspan="2">2. Waste storage</th></tr>
<tr><td colspan="2">The impact of waste treatment or storage facilities is small in terms of reducing the mitigation impact compared to processing facilities. Therefore, in order to reduce the requirements for the investor while maximising the positive impact of the overall waste management system, storage facilities will automatically meet the criteria for an eligible transaction if they are intended to support transactions covered by this chapter (e.g. metal recycling).</td></tr>
<tr><th>Assets</th><th>Eligibility criteria</th></tr>
<tr><td>Facilities for storage and bulk</td><td>CB Taxonomy dedicates to the appropriate waste treatment facilities discussed in the „Waste and pollution control" section.

Dedicated to eligible waste processing asset(s) downstream. Those downstream assets do not need to be certified but do need to meet the criteria for that asset type. All waste stored must be transferred to those assets.</td></tr>
</table>

<table>
<tr><td>Collection vehicles</td><td>Must meet CBI Transport Criteria<table>
<tr><th>Asset type</th><th>Asset specifics</th><th>Paris agreement compilant</th></tr>
<tr><td>Vehicles</td><td>Various vehicles with no direct emissions, e.g. <u>waste collection vehicles</u> or construction vehicles</td><td>yes</td></tr>
</table></td></tr>
</table>

3. Waste sorting

An intermediate process which is followed by recycling. It has a relatively small impact in terms of reducing impact on mitigation, but is often required for the recycling of clean, isolated materials, in which case it meets the eligibility criteria.

Assets	Eligibility criteria
Sorting facilities	Facilities sorting mixed recyclables into separate glass, metal, plastic, paper, etc. are eligible for certification where the outputs are demonstrated via invoices or weighbridge tickets to go to facilities that are or would be certifiable under CBI's criteria.

4. Recycling and reuse

Assets include facilities for the processing of segregated, recycled waste into secondary raw materials and facilities for the resale, repair or refurbishment of goods, equipment and appliances. Recycling is one of the sectors with the highest net reduction in environmental impact. Renovation, reuse and recycling of materials have direct benefits, preventing them from ending up in landfills and indirectly reducing the extraction and processing of new materials.

In case of reuse, the right is limited to restoring the products to their original use (e.g. if an electric kettle were used as a garden decoration where it was not previously needed and a replacable kettle is still needed, reuse would not bring any tangible benefits).

Assets	Eligibility criteria
Facilities processing recyclable waste fractions	The secondary raw materials (such as steel, aluminum, glass, plastics) cease to be waste after being processed and are sold as secondary raw materials.

into secondary raw materials	
Facilities for the collection, sorting, cleaning, refurbishment and / or repair of products.	The products are put back to their original use without any further pre-processing required. For waste electrical and electronic equipment, the product is covered by an ecolabelling scheme and only those products meeting the three lowest energy use categories are eligible.

Certificate required for eligibility

The table below detailing the criteria indicates whether an examination of eligibility criteria and / or an analysis of adaptation and resilience is required for each objective

- marked with an orange circle: required
- marked with a green circle: not required

Eligible activity types	Example use of proceeds	Mitigation	Adaptation & resilience
Reuse	Facility repairing and/or reusing products or components for same purpose for which they were designed.	🟢	🟠
Recycling	Facilities for the production of recycled glass, metal, paper and plastics.	🟢	🟠
Waste collection	Containers provided for waste.	🟠	🟠
Composting	Facility producing compost via green waste such as food, garden or yard wastes.	🟠	🟠
Anaerobic Digestion	Facility, garden or yard processing food or other organic matter for the production of biogas and fermentation.	🟠	🟠
Pre-sorting	Facilities for segregating mixed recyclables into separate, saleable streams.	🟢	🟠
Waste Incineration or Gasification & Energy Recovery	Facility producing electric and/or heat via the combustion of municipal solid waste.	🟠	🟠
	Municipal solid waste or facility for the production of electricity and / or heat by the incineration of mixed residual waste.	🟠	🟠
Decommissioned Landfill only, with Gas Capture & Energy Generation	Project to capture biogas from non-operational landfill.	🟠	🟠

Waste management – standards for adaptation and resilience (in case of all transactions)

The municipal waste management has the potential to improve the resilience of ecosystems to climate change by preventing waste, emissions and other pollutants from entering the environment. And conversely, climate change can influence the resilience of assets and facilities by the increasing number and intensity of weather events, coastal inundation, and more extreme temperatures.

Therefore, specific requirements about climate change adaptation and resilience are included to ensure that waste management facilities are resilient to climate change, and waste management assets/projects have no negative impact on climate resilience of areas in, or beyond that in, which they are operated.

The climate risk posed to the waste management sector is more about asset level resilience and hence the siting of facilities. Therefore, those seeking certification for waste management assets and projects will be required to conduct a climate risk assessment and have an adaptation plan where high risks are identified – assessed via the adaptation and resilience checklist.

Borrowers must demonstrate that:

- Climate related risks and vulnerabilities to the asset are identified
- Impacts in the asset to ecosystems and stakeholders are identified
- Strategies are provided to mitigate and adapt to the climate risks and vulnerabilities identified to protect the asset

See checklist:

- Waste Management Background Paper[103], section 3.8 table 16

[103] Waste Management Background Paper_August2022.pdf (climatebonds.net)

Grouping in attachment 1 of the 72/2013 (VIII.) VM decree on the list of wastes

20 01	**waste fractions collected separately (except 15 01)**
20 01 01	paper and cardboard
20 01 02	glass
20 01 25	cooking oil and fat
20 01 08	biologically degradable kitchen and canteen waste
20 01 10	clothing
20 01 11	textiles
20 01 34	batteries and accumulators other than those mentioned in 20 01 33
20 01 36	discarded electrical and electronic equipment, other than 20 01 21, 20 01 23 and 20 01 35
20 01 39	plastics
20 01 40	metals
20 02	**wastes from gardens and parks (including cemetery waste)**
20 02 01	biologically degradable waste
20 03	**other municipal waste**
20 03 01	other municipal wastes, including mixed municipal wastes
20 03 02	waste from market
20 03 07	municipal bulky waste

Annex 6 - Water management

Alignment of transactions eligible for financing with regard to **water management** in accordance with the chapter „Water supply and water treatment" of the CB taxonomy:

Aspects of water infrastructure assessment

In the context of applying the water infrastructure criteria, the project must be assessed from two perspectives:

- impact on climate change (mitigation assessment), and
- capacity and contribution to adaptation and resilience to climate change (vulnerability assessment and adaptation plan).

New project vs extension and modification of an existing device

Guidelines to be followed in case of extension or modification of an existing device:

- If the operation of an existing facility is improved, the facility is modified, the valuation should be limited to the use of credit in general, not the whole facility should be considered and scored
- If the service life of each component required to modify an existing facility is no longer than that of the entire facility, the service life of the latter shall be used for benchmark
- In case of projects dependent on other systems (e.g. electricity supplied by other institutions), the project must include only the investment in question

Assets covered (or not covered) by the criteria

- If renewable energy is used, the conditions for "Renewable energy production" must be met.

Certificate required for eligibility

The tables below detailing the criteria indicate whether an impact assessment and / or an analysis of adaptation and flexibility is required for each objective.

- marked with an orange square: required
- marked with a green circle: not required

Eligible activity types	Example use of proceeds	Mitigation	Adaptation & resilience
Water monitoring	Stormwater warning systems	●	●
	Floodwater warning systems		
	Dam failure warning systems		
	Drought warning systems		
Water storage	Improving energy efficiency or shifting to low carbon fuel sources	■	■
	Improving water management and efficiency, e.g., by reducing leaks, reducing urban run-off		
	Installation or upgrade of water capture and storage infrastructure (excluding the examples listed above)		
Water treatment	Shift from anaerobic to aerobic wastewater treatment	■	■
	Generating electricity from sewage (methane)		
	Waste energy recovery	●	■
	Improving energy efficiency or shifting to low carbon fuel sources	■	■
	Installation or upgrade of water treatment infrastructure		

Water desalination	Application of reverse osmosis desalination with onsite low carbon energy		
	Osmosis technology application		
	Multistage distillation desalination		
Water distribution	Installation or upgrade of water irrigation systems		
Flood defence	Construction or upgrade of flood defence infrastructure		
	Flood monitoring and warning systems		

Eligible activity types	**Example use of proceeds**	**Mitigation**	**Adaptation & resilience**
Water storage	Active snowpack management		
	Using parks, natural areas for storm water management		
	Creating groundwater recharge areas for aquifer storage		
Flood defence	Restoration of riparian wetlands for flood storage		
	Creation of safe delta flood zones		
	Altering flow mechanics to reduce the force of flood stage flows		
Draught defences	Use of pumps to transfer waters to / from natural aquifers		
	To create metering / monitoring systems		
	Planting / removing vegetation to control running water		

	temperature and evaporative heat		
Water treatment	Management of wetlands using native plants		
	Management and integration of existing natural features and ecosystems for water quality treatment		
Storm water management	Removal of pavement, creation of new substrate to improve groundwater absorption & reduce runoff		
	Creation of wetland retention ponds		
Ecological restoration / management	Development of an environmental flows regime		
	Restoration of hydrological function, aquatic species / communities		
	Help reduce sediment transport		

Water management – Impact assessment

The purpose of the impact assessment:

- Make transparent the impact of the use of the loan on GHG emissions and the extent of the reduction over the life of the project / asset.

For transactions marked in orange, the credit is eligible for the green definition if

- Net GHG emissions are not expected. The borrower must certify the statement and provide supporting documentation. This may include projects in which the investment is not expected to affect energy use.
- Negative net GHG emissions are expected and the borrower has estimated the GHG emission reduction effect over the life of the project / asset.

Information provided by the borrower

The borrower must describe:

- Calculations and assumptions used to calculate the emission baseline
- Comparison of projected emissions over the life of the project / asset and the associated GHG reduction impact to the emission baseline
- A credible, independently verifiable method for monitoring actual emissions and mitigation over the tenor of the loan
- If the asset or project is related to nature-based solutions, it shall have associated monitoring systems for the implementation and evaluation of the asset management plans and mitigation effects.

Uncertainty of assessment

Both baseline and projected releases are theoretical approaches that involve significant uncertainties. Therefore, the assessment should include conservative assumptions, values and procedures to ensure that GHG reductions / removals are not overestimated.

Acceptable methods for determining baseline values and to the estimated performance compared to the baseline values

The issuance base proposed by the borrower may be determined on the basis of “business as usual” OR the standard performance default value for a new asset. The baseline values vary depending on the type of infrastructure; the methods used to calculate the baseline include infrastructure-specific principles for calculating the baseline emission.

Baseline values can be determined by reliable methods; such as (but not limited to):

- The UNFCCC’s Clean Development Mechanism (CDM)
- Climate Action Reserve
- American Carbon Registry
- National approach or any other robust methodology

Most credible GHG reporting programs come from the Protocol of the World Resources Institute and the World Business Council on Greenhouse Gas Protocol, which set a global standard for measuring, managing and reporting GHG emissions. Therefore, the use of a methodology compliant with the WRI / WBCSD GHG protocol is strongly recommended. Information on the protocol is available at:

About WRI & WBCSD | Greenhouse Gas Protocol (ghgprotocol.org)

Water Management - Vulnerability Assessment and Adaptation Plan

The survey on adaptation and flexibility shows:

- How effective and thorough is the borrower's vulnerability assessment and adaptation plan

Vulnerability Assessment Document (s):

- Describe the methods and processes used to analyze and diagnose vulnerabilities, and list item by item the relevant climate risks and impacts that may have been identified and may occur during the life of the project.

Adaptation plan document (or documents):

- It includes a risk management plan with reference to the vulnerability assessment, describing the responses to address the climate impacts described in the vulnerability assessment (how to reduce or avoid risks).

Conducting assessment

It is recommended that the borrower first assess its vulnerability and adaptation plan itself, collect the underlying documentation, and then send it to the verifier.

The verifier shall then perform the analysis and evaluation on this basis.

Methodology of assessment

The borrower's vulnerability assessment and adaptation plan is conducted using a scorecard methodology.

The scorecard contains a series of binary questions. The total score for each part of the scorecard determines whether the project is eligible for certification under the conditions of the adaptation and flexibility components of the water treatment criteria.

The scorecard consists of the following three main parts:

- How users share water for a particular pool or aquifer
- How the loan is used
- Does the use of the loan take into account changes in the hydrological system over time

The project must achieve 60% of the potential score in each part of the scorecard.

Scorecard questions and detailed explanations are provided in Chapter 4.3. and Annex 1. of the Water Infrastructure Criteria Document[104].

[104] https://www.climatebonds.net/files/files/Water%20Criteria%20Document%20Final_17Jan21.pdf

Annex 7 - Pre-screening

PRE-SCREENING - DIRECT FINANCING
The following documents are expected from the client: ▪ The client's declaration of having read and understood the taxonomy regulations issued in relation to sustainable financing, being familiar with the relevant rules and complying with the requirements, and having read and complying with the terms of the EXIM Business Regulations, the Green Finance Framework and the relevant product information notices. ▪ **The most possible comprehensive general description of the planned project / investment.** ▪ **Description of the technical content, implementation timeframe and structure of the investment project.**
The documents submitted must show: ▪ How the investment or part of it will contribute to the achievement of certain energy efficiency increase or environmental sustainability objectives. ▪ What technical and/or technological solutions, equipment, materials and methods they intend to use to achieve the objectives set and what are the documents supporting the achievement of these objectives (calculations, studies, expert opinions, etc.).
If the investment cannot fully be classified as a transaction under the Framework: ▪ The presentation of the investment must also show what proportion/percentage of the investment is covered by the technical content related to the achievement of the objective under the Framework. ▪ In the case of complex investments, monitoring and verification of the percentage of completion is also required at the time of disbursements or, if justified by the size of the proposed loan, EXIM may require, as a condition for issuing a binding offer, the involvement of an external expert, independent of the investor, to certify compliance with the requirements of the Framework and to monitor the investment on an ongoing basis.

PRE-SCREENING - REFINANCING
In the event of any uncertainty about compliance with the Framework: ▪ In addition to the technical content, EXIM may request additional documents, if available to the financing financial institution (the range of the documents to be requested must be defined with the involvement of EXIM's technical experts, in consultation with the financing bank).
Range of documents considered necessary, which may vary depending on the purpose and technical content of the investment: 1. Feasibility study (if any) 2. Environmental Impact Assessment (if any) 3. In the case of greenfield investments, the technical and environmental studies and due diligence investigations (EDD, TDD) carried out during site selection 4. Implementation schedule 5. Project budget 6. Plans, technical specifications - Concept plans - basic design *(Project dependent)* - Building permit plans 7. Authority-issued permits 8. Minutes of consultations with utility service providers, utility consents 9. Contract for use of the technology *(Project dependent)* 10. Energy efficiency study 11. Description of technology *(Project dependent)* 12. Equipment list *(Project dependent)* 13. Presentation of the operation and maintenance forecast (CAPEX/OPEX), justification of expected savings in maintenance costs and energy consumption by appropriate methodology (calculations, statistics, etc.)

SC / DNSH / MSS / ESG CERTIFICATES
Main rule for documents to be submitted: ▪ The investor may involve an independent expert of its choice, acceptable to EXIM, in the preparation of the declarations of compliance with the criteria, or EXIM may even require the mandatory involvement of such an expert.
Examples of documents to be submitted: ▪ In the case of energy efficiency investments (renovation of existing buildings), submission of a certificate/study issued by an approved verifier company company with appropriate certification confirming that the investment technically meets the requirements for major building upgrades and that the investment to be carried out will result in a reduction of primary energy demand of at least 30%. ▪ In the case of investments related to technological upgrading, if new machinery/equipment is procured, the manufacturer's documents certifying the technical parameters to prove that the equipment installed as part of the investment project meets the requirements of the Framework, and the client's declaration confirming that it is suitable for achieving the energy efficiency and sustainability targets (if necessary, supported by a comparative analysis and calculations, which can be carried out by the client's own experts as well). ▪ Validation of calculations/assessments/studies prepared by an external expert accepted by EXIM for complex investments and building energy renovation projects, demonstrating the achievement of the investment objectives (degree of energy savings, specific energy efficiency improvement targets, etc.).

MONITORING
Annual monitoring of compliance with the criteria: ▪ The client must submit a declaration as to whether there have been any changes to the declarations submitted in connection with the borrowing (SC / DNSH / MSS / ESG) or whether the conditions set out therein continue to apply with regard to compliance with the criteria set out in the Framework. ▪ The client must inform EXIM without delay between each monitoring date if a criterion is not met
Meeting the energy efficiency target as part of the annual monitoring: The client must demonstrate with sufficient credibility the achievement of the energy efficiency target set at the start of the investment. Depending on the nature of the investment, this can be done, for example, as follows: ▪ If renewable energy sources are integrated: the certified amount of energy produced from renewable energy sources to replace the energy consumption from the previous source (this will also allow to determine the level of reduction of CO_2 and GHG emissions to the environment). ▪ If renovations concern building energy: proof of reduced energy use, supported by annual energy consumption invoices.

- If electric vehicles are purchased/operated: proof of the cumulative annual result based on the annual mileage of the vehicles in relation to the previous emissions.
- Submission of the official environmental audit report.
- Where appropriate, the involvement of an external expert to assess the energy efficiency indicators and to provide a comparative analysis against the pre-investment situation.

Annex 8 - Environmental impact indicators

EXAMPLES OF POTENTIAL KEY ENVIRONMENTAL IMPACT INDICATORS	
Financing targets	**EII**
Renewable energy production	▪ Annual GHG emissions reduced/eliminated; tonnes of CO_2 equivalent ▪ Annual renewable energy production; MWh/GWh ▪ Renewable energy system capacity increase; MW
Manufacture of renewable energy technologies	▪ Renewable technology capacity sold
Energy efficiency renovation of real estate	▪ Annual savings on energy consumption (in terms of unit cost); kWh ▪ Annual greenhouse gas emissions reduction/elimination; tonnes of CO_2 equivalent
Sustainable transport	▪ Number of vehicles ▪ Vehicles' annual mileage ▪ Number of passengers transported ▪ Quantity of goods transported; tonnes
Waste management	▪ Waste processing efficiency, % ▪ Amount of waste processed, tonnes
Water management	▪ Volume of water used/treated, m^3
Increasing the energy efficiency of existing technologies, production processes, buildings	▪ Annual savings on energy consumption (in terms of unit cost); kWh ▪ Annual greenhouse gas emissions reduction/elimination; tonnes of CO_2 equivalent
Procurement / manufacturing of more energy-efficient new technologies, production processes, real estate	▪ Annual savings on energy consumption (in terms of unit cost); ▪ Annual greenhouse gas emissions reduction/elimination; tonnes of CO_2 equivalent

Appendix 1 - TSC regulation, Annex 1

Technical screening criteria for determining the conditions under which a specific economic activity is considered to make a significant contribution to climate change mitigation and for determining whether the specific economic activity does not significantly compromise other environmental objectives

APPENDIX 1.A GENERIC CRITERIA FOR DNSH TO CLIMATE CHANGE ADAPTATION

I Criteria

The physical climate risks that are material to the activity have been identified from those listed in the table in Section II of this Appendix by performing a robust climate risk and vulnerability assessment with the following steps:

a. screening of the activity to identify which physical climate risks from the list in Section II of this Appendix may affect the performance of the economic activity during its expected lifetime;
b. where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II of this Appendix, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;
c. assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

a. for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

b. for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios[105] consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports[106], scientific peer-reviewed publications, and open sourcee[107] or paying models.

For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most

[105] Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.
[106] Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, https://www. ipcc.ch/reports/.
[107] Such as Copernicus services managed by the European Commission.

important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.

For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.

The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions[108], or rely on blue or green infrastructure[109] to the extent possible.

II. Classification of climate-related hazards[110]

	Temperature related	**Wind related**	**Water related**	**Solid mass-related**
Chronic	Changing temperature (air, freshwater, marine water)	Changing wind patterns	Variable precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion
	Heat stress		Precipitation or hydro-logical variability	Soil degradation
	Temperature variability		Ocean acidification	Soil erosion
	Permafrost thawing		Saline intrusion	Solifluction
			Sea level rise	
			Water stress	
Acute	Heat wave	Cyclone, hurricane, typhoon	Drought	Avalanche
	Cold wave/frost	Storm (including blizzards, dust and sand storms)	Heavy precipitation (rain, hail, snow/ice)	Landslide
	Wildfire	Tornado	Flood (coastal, fluvial, pluvial, groundwater)	Subsidence
			Sudden overflow of glacial lakes	

Appendix 1.B: GENERIC CRITERIA FOR DNSH TO SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES

[108] Nature-based solutions are defined as 'solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions'. Therefore, nature-based solutions benefit biodiversity and support the delivery of a range of ecosystem services. (version of 4.6.2021: https://ec.europa.eu/research/environment/index.cfm?pg=nbs).

[109] See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Green Infrastructure (GI) — Enhancing Europe's Natural Capital (COM/2013/0249 final).

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

Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council[111] and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.

Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council[112] and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.

[111] Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1). For activities in third countries, in accordance with applicable national law or international standards which pursue equivalent objectives of good water status and good ecological potential, through equivalent procedural and substantive rules, i.e. a water use and protection management plan developed in consultation with relevant stakeholders which ensures that 1) the impact of the activities on the identified status or ecological potential of potentially affected water body or bodies is assessed and 2) deterioration or prevention of good status/ecological potential is avoided or, where this is not possible, 3) justified by the lack of better environmental alternatives which are not disproportionately costly/technically unfeasible, and all practicable steps are taken to mitigate the adverse impact on the status of the body of water.

[112] Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).

Appendix 1.C: GENERIC CRITERIA FOR DNSH TO POLLUTION PREVENTION AND CONTROL REGARDING USE AND PRESENCE OF CHEMICALS

The activity does not lead to the manufacture, placing on the market or use of:

a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council[113], except in the case of substances present as an unintentional trace contaminant;

b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council[114];

c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council[115];

d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council[116] , except where there is full compliance with Article 4(1) of that Directive;

e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council[117] , except where there is full compliance with the conditions specified in that Annex;

f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society;

g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.

[113] Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169, 25.6.2019, p. 45).
[114] Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008 (OJ L 137, 24.5.2017, p. 1).
[115] Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer (OJ L 286, 31.10.2009, p. 1).
[116] Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (HL L 174., 2011.7.1., 88. o.).
[117] Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC. (OJ L 396, 30.12.2006, p. 1).

Appendix 1.D: GENERIC CRITERIA FOR DNSH TO PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

An Environmental Impact Assessment (EIA) or screening[118] has been completed in accordance with Directive 2011/92/EU[119].

Where an EIA was conducted, the necessary mitigation and compensation measures to protect the environment have been implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, or other protected areas), an appropriate assessment[120], where applicable, has been conducted and the necessary mitigation measures[121] have been implemented, in line with the conclusions thereof.

[118] The process by which the competent authority determines whether an environmental impact assessment is required for projects listed in Annex II to Directive 2011/92/EC (in accordance with Article 4(2) of the Directive).

[119] For activities in third countries, in accordance with equivalent applicable national law or international standards requiring the completion of an EIA or screening, for example, IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks.

[120] In accordance with Directives 2009/147/EC and 92/43/EEC. For activities located in third countries, in accordance with equivalent applicable national law or international standards, that aim at the conservation of natural habitats, wild fauna and wild flora, and that require to carry out (1) a screening procedure to determine whether, for a given activity, an appropriate assessment of the possible impacts on protected habitats and species is needed; (2) such an appropriate assessment where the screening determines that it is needed, for example IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources. Biodiversity Conservation and Sustainable Management of Living Natural Resources.

[121] Those measures have been identified to ensure that the project, plan or activity will not have any significant effects on the conservation objectives of the protected area.

Appendix 1.E: TECHNICAL SPECIFICATIONS[122] FOR WATER SUPPLY INSTALLATIONS

1. The flow rate is recorded at the standard reference pressure 3 – 0/+ 0,2 bar or 0,1 – 0/+ 0,02 for products limited to low pressure.

2. The flow rate at the lower pressure 1.5 – /+ 0.2 bar is ≥ 60 % of the maximum available flow rate.

3. For mixer showers, the reference temperature is 38 ± 1 °C.

4. Where the flow has to be lower than 6 L/min, it complies with the rule set out in point 2.

5. For taps the procedure described in clause 10.2.3 of EN 200 is followed, with the following exceptions:

a) for taps that are not limited to low pressure applications only: apply a 3 – 0/+ 0,2 bar pressure to both the hot and the cold inlets, alternatively;

b) for taps that are limited to low pressure applications only: apply a 0,4 – 0/+ 0,02 bar pressure to both the hot and the cold inlets and fully open the flow control.

[122] Reference to EU standards is available at EU level to assess technical specifications of products: EN 200 - "Sanitary tapware. Single taps and combination taps for water supply systems of type 1 and type 2. General technical specification"; EN 816 "Sanitary tapware – Automatic shut-off valves PN 10"; EN 817 "Sanitary tapware. 'Mechanical mixing valves (PN 10). General technical specifications"; EN 1111 "Sanitary tapware Thermostatic mixing valves (PN 10) General technical specifications"; EN 1112 "Sanitary tapware Shower outlets for sanitary tapware for water supply systems of type 1 and type 2. General technical specifications"; EN 1113 "Sanitary tapware Shower hoses for sanitary tapware for water supply systems of type 1 and type 2. General technical specification", including a method to test the resistance to flexing of the hose; EN 1287 – "Sanitary tapware. Low pressure thermostatic mixing valves. General technical specifications"; EN 15091 "Sanitary tapware Electronic opening and closing of sanitary tapware".

Appendix 2 - MNB sustainable real estate investment criteria **(complies with EU Taxonomy)**

II. számú függelék.xlsx

Appendix 3 - MNB sustainable real estate investment criteria for SME debtor (does not comply with EU Taxonomy)

MNB sustainable real estate investment criteria for SME debtor
(Does not comply with EU Taxonomy)

III. számú függelék.xlsx

Appendix 4 - MNB sustainable real estate investment criteria for large corporate debtors and project financing **(does not comply with EU Taxonomy)**

IV. számú függelék.xlsx

Appendix 5 - Investments serving Environmental Objectives related to sustainable agriculture under section 3.3.5:

- Carbon sequestration and greenhouse gas emission reduction (category 1)
  - ❖ arable land:
    - ➢ grassland planting (planting of a grassland mixture of at least 3 native grass species and other grass-forming species) on 5% of the arable area of the farm
    - ➢ **in the case of spring-sown crops, covering the soil with cover crops (using at least three species) or leaving the stubble in place on at least 50% of the arable area until at least 28 February.**
    - ➢ cultivation of soil-building crops (temporary grassland, legume fodders or a mixture thereof) on 20% of the arable area of the facility
    - ➢ stubble mulching - leaving the residue of the pre-harvested forage crop on at least 35% of the soil surface, and applying appropriate stubble management
    - ➢ rotation or no-tillage (minimum tillage, no-till/direct seeding) cultivation method applied on at least 50% of the arable area of the facility (50% for minimum tillage, 20% for no-tillage)
    - ➢ establishment of an agroforestry system: planting of woody crops in strips on arable land
  - ❖ grassland areas:
    - ➢ At least 10% but not more than 15% of the area must be left unmown in varying places, per mowing.
    - ➢ Use of a rotational grazing system.
    - ➢ Pasture afforestation: 100 trees (of native species) per hectare.

- Soil protection, reduction of soil erosion (category 2)
  - ❖ arable land:
    - ➢ Subdivision of a large field into smaller units by strip seeding parallel to the contour lines, with the slope length of the strips: min. 35 m, max. 120 m
    - ➢ **Creation of hedgerows or wooded strips with native species for erosion control purposes, or braided hedges or soil bunds, along watercourses, or where furrow or ditch erosion occurs**
    - ➢ In the case of plots directly adjacent to the shoreline of watercourses, canals and stagnant water, the establishment and maintenance of grassland or woodland (of native species) at least 12 m wide along the entire length of the plot adjacent to the shoreline, on which no pesticides and no artificial or organic fertilisers may be applied.
    - ➢ **In the case of spring-sown crops, covering the soil with cover crops (using at least three species) or leaving the stubble in place on at least 50% of the arable area until at least 28 February.**

- Establishment of plant strips for erosion control purposes (if the area is designated as an erosion risk area by the Agricultural Plot Identification System (MEPAR), this is to be established along the contour line):
  - at plot borders (where runoff is concentrated) min. 9 m wide
  - along contour lines within plots or along erosion hazard areas (min. 9 m wide), e.g.: where furrow or ditch erosion occurs

❖ grassland areas:
- At least 10% but not more than 15% of the area must be left unmown in varying places, per mowing.
- All mechanical work on waterlogged ground is prohibited.
- Planting of native species hedgerows or field hedgerows along plot borders.

o Increasing soil organic matter content (category 3)

❖ arable land:
- Rotation or no-tillage (minimum tillage, no-till/direct seeding) cultivation method applied on at least 50% of the arable area of the facility (50% for minimum tillage, 20% for no-tillage)
- Stubble mulching - leaving the residue of the pre-harvested forage crop on at least 35% of the soil surface, and applying appropriate stubble management
- In the case of spring-sown crops, covering the soil with cover crops (using at least three species) or leaving the stubble in place on at least 50% of the arable area until at least 28 February.
- Application of organic manure at least once in 5 years in accordance with Decree 59/2008 (IV. 29.) of the Ministry of Agriculture and Rural Development (FVM) or organic manure, pelleted organic manure, compost, compost tea (determined in accordance with FVM Decree 36/2006) or soil microbiological preparations (preparations containing free-living nitrogen-fixing bacteria [preparations containing Azotobacter, Azospirillium, Rhizobium species], preparations containing root zone bacteria and stubble-breaking preparations).
- Maintaining at least 15% of grassy legume fodder crop and at least 5% of green fallow in the crop structure each year.

❖ grassland areas:
- At least 10% but not more than 15% of the area must be left unmown in varying places, per mowing.
- A minimum width of 6 m of unmown area must be created per plot.
- Pasture afforestation: 100 trees (of native species) per hectare (to be specified).
- Planting of native species hedgerows or field hedgerows along plot borders (to be specified).

o Improving the quantity and quality of water, in particular through water retention (category 4)

❖ arable land:

- Creating and developing regional water retention facilities in low-lying areas suitable for water retention, by ensuring the collection and retention of water for as long as possible, and by creating temporary or permanent open water surfaces.
- In the case of plots directly adjacent to the shoreline of watercourses, canals and stagnant water, the establishment and maintenance of grassland or woodland (of native species) at least 12 m wide along the entire length of the plot adjacent to the shoreline, on which no pesticides and no artificial or organic fertilisers may be applied.
- Retention (non-drainage) of excess water in low-lying areas and rewetting of areas.
- Agrotechnological practices that improve the soil's capacity to absorb and retain water:
    - medium-depth loosening on two occasions during the first 5 years of the commitment period
    - in the case of spring-sown crops, covering the soil with cover crops (using at least three species) or leaving the stubble in place on at least 50% of the arable area until at least 28 February.
    - stubble mulching - leaving the residue of the pre-harvested forage crop on at least 35% of the soil surface, and applying appropriate stubble management
    - rotation or no-tillage (minimum tillage, no-till/direct seeding) cultivation method applied on at least 50% of the arable area of the facility (50% for minimum tillage, 20% for no-tillage)

- grassland areas:
    - Creating seasonal wetlands by retaining excess water from the area and by rewetting the areas.
    - Pasture afforestation: 100 trees (of native species) per hectare (to be specified).
    - Planting of native species hedgerows or field hedgerows along plot borders (to be specified).

- Improving and protecting biodiversity and ecosystems (category 5)
    - arable land:

        - Increasing crop diversity in the crop structure, cultivation of arable crops with at least 20% insect pollination (e.g. autumn or spring vetch, buckwheat, scorpionweed, crimson clover, mustard, radish, sweet fennel, legumes, etc.)

- Sowing of native perennial wildflower species mixtures, provided that they are sown on a minimum area of 0.5 hectares and maintained for at least 3 years (combining seed dispersal + mowing).
- Creation and maintenance of a pesticide-free border consisting of at least 3 native species or flowering herbaceous species for the protection of small game and bee pasture on at least 25% of the arable land, at least 6 m wide and 50 m long during the commitment period. Professional installation of bird boxes and T-stands in these areas, in accordance with the relevant standards.
- A total area equivalent to 10% of the arable land resulting from a combination of the following measures:
    - a field protection forest strip of native species, consisting of at least three rows of trees and one row of shrubs
    - plot border – for bee and game pasture protection (min. 9 m wide and min. half a hectare in total)
    - creation of grass and shrub strips (min. 9 m wide, min. half a hectare)
    - in the case of plots directly adjacent to the shoreline, the establishment and maintenance of grassland or woodland (of native species) at least 12 m wide along the entire length of the plot adjacent to the shoreline, on which no pesticides and no artificial or organic fertilisers may be applied.
    - Establishment of wetland and/or maintenance of ecological status of the habitat, as specified in MePAR
    - fallow land - during the period of fallowing, the land must be covered by green fallow or by preserving the residual fallow

❖ grassland areas:

- Timing and diversification of mowing of grassland (phased mowing of areas, in part of the site, on an alternating basis) adapted to the function of the grassland as a bee pasture.
- At least 10% but not more than 15% of the area must be left unmown in varying places, per mowing.
- A minimum width of 6 m of unmown area must be created per plot.
- Use of a rotational grazing system.

Appendix 6 - EXIM social impact assessment checklist[123]

The questionnaire was prepared within the EXIM Green Framework, taking into account the DNSH criteria set out in Article 17 of the Taxonomy Regulation and in accordance with the minimum safeguards set out in Article 18 of the same Regulation, in order to assess the observance of the Do No Significant Harm (DNSH) principle.

In answering the questions below, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights must be taken into account in order to ensure alignment with the MSS criteria detailed in Article 3(c) of the EU Taxonomy.

MINIMUM SAFEGUARDS REGARDING SOCIAL AND HUMAN RIGHTS

a) Social impact assessment (or an equivalent document or report, etc.) carried out to assess the effects on the people concerned:

☐ Yes
☐ No

b) I declare that the project will not have a detrimental effect on the people affected by the project:

☐ Yes
☐ No

c) I declare that we have taken into account efforts to prevent or mitigate adverse human rights impacts during the implementation of the given project:

☐ Yes
☐ No

d) I declare that the following key human rights and social factors have been taken into account for the purpose of reviewing the related human rights and social impacts:

- affected communities: including information provision, and complaint mechanism, etc.
- indigenous and vulnerable groups
- the physical integrity of specific persons
- child labour
- forced labour
- discrimination
- occupational health
- corporate complaint mechanism

[123] Applicable in respect of all purposes where a DNSH assessment as per Annex I of the EU Taxonomy TSC Regulation is mandatory (A. Transactions selected on the basis of international standards and taxonomies)

☐ Yes (please enlist the main factors):
☐ No

e) I declare that, in relation to the given project, I have procedures in place to ensure that the rules on commitments undertaken in the course of the project will be complied with after the project has been completed:

☐ Yes
☐ No

Please briefly describe the process:

SUBMISSION OF DOCUMENTS

Submission of the relevant documentation (impact assessments and equivalent documents, other studies) to EXIM is necessary to support the authenticity of the replies given to the questionnaire.

In order for EXIM to be convinced that an activity complies with the principle of doing no significant harm (DNSH), i.e. that it does not cause significant harm in relation to the six environmental objectives covered by the taxonomy regulation and that it meets the basic requirements of the minimum safeguards, additional information may be requested.

Appendix 7 - Eximbank environmental and social impact assessment checklist[124]

The questionnaire was prepared within the Eximbank Green Framework, by taking into account the environmental impact assessment criteria set out in Article 17 of the taxonomy regulation and the minimum safeguards set out in Article 18 of the same regulation, in order to assess observance of the "do no significant harm" principle.

1. GENERAL ESG CRITERION RELATED TO CLIMATE CHANGE MITIGATION[125]

☐ Not relevant

a) I declare that the activity in question does no significant harm in terms of climate mitigation, as it does not result in significant greenhouse gas emissions:

☐ Yes

☐ No

2. GENERAL ESG CRITERION RELATED TO ADAPTATION TO CLIMATE CHANGE

☐ Not relevant

a) I declare that no significant physical climate risk has been identified in relation to the activity, i.e. there is no chronic or acute climate risk associated with it:

☐ Yes

☐ No

3. GENERAL ESG CRITERIA FOR THE SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES

☐ Not relevant

a) I declare that the activity does no significant harm in respect of the sustainable use and protection of water and marine resources and is not detrimental to the good condition or good ecological potential of bodies of water, whether surface or groundwater, or to the good environmental condition of marine waters:

☐ Yes

☐ No

b) An environmental impact assessment has been carried out that includes an assessment of the effects and risks to water in accordance with Directive 2000/60 / EC:[126]

☐ Yes

☐ No

4. GENERAL ESG CRITERIA FOR THE TRANSITION TO THE CIRCULAR ECONOMY

☐ Not relevant

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[124] Applicable in respect of all purposes where there is no DNSH test according to EU Taxonomy TSC Regulation Annex 1 (B. Transactions chosen on the basis of national regulations and MNB directives), and furthermore, there is no separate MNB checklist

[125] ESG refers to Environmental, Social and Governance criteria. The aim of these criteria is to enable money and capital market participants to assess the activities of economic entities (companies, corporations, countries) objectively in terms of sustainability.

[126] https://eur-lex.europa.eu/legal-content/HU/TXT/HTML/?uri=LEGISSUM:l28002b

a) I declare that the activity in question does not significantly harm the circular economy (including waste prevention and recycling):

☐ Yes

☐ No

b) I declare that the activity does not give rise to significant efficiency problems in respect of the use of materials or the direct or indirect use of natural resources:

☐ Yes

☐ No

c) I declare that the activity does not significantly contribute to the production and incineration of waste:

☐ Yes

☐ No

d) I declare that the activity does not result in long-term waste disposal problems and does not cause significant and long-term damage to the environment:

☐ Yes

☐ No

5. GENERAL ESG CRITERIA FOR THE PREVENTION AND REDUCTION OF POLLUTION

☐ Not relevant

a) I declare that the activity does not significantly impede the prevention and reduction of pollution and does not significantly increase the release of pollutants into the air, water or soil:

☐ Yes

☐ No

6. GENERAL ESG CRITERIA FOR THE PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

☐ Not relevant

a) I declare that the given activity does not significantly harm or impede the protection and restoration of biodiversity and ecosystems:

☐ Yes

☐ No

b) I declare that the activity is not detrimental to the conservation status of habitats and species, including habitats and species of interest to the EU:

☐ Yes

☐ No

7. MINIMUM SAFEGUARDS REGARDING SOCIAL AND HUMAN RIGHTS

a) Social impact assessment (or an equivalent document or report, etc.) carried out to assess the effects on the people concerned:

☐ Yes
☐ No

b) I declare that the project will not have a detrimental effect on the people affected by the project:

☐ Yes
☐ No

c) I declare that we have taken into account efforts to prevent or mitigate adverse human rights impacts during the implementation of the given project:

☐ Yes
☐ No

d) I declare that the following key human rights and social factors have been taken into account for the purpose of reviewing the related human rights and social impacts:

- affected communities: including information provision, and complaint mechanism, etc.
- protection of indigenous and vulnerable groups
- physical integrity of the persons concerned
- ban on child labour
- ban on forced labour
- avoidance of discrimination
- occupational health considerations
- operation of a corporate complaint mechanism

☐ Yes (please underline the main factors):
☐ No

e) I declare that, in relation to the given project, I have procedures in place to ensure that the rules on commitments undertaken in the course of the project will be complied with after the project has been completed:

☐ Yes
☐ No

SUBMISSION OF DOCUMENTS

The submission of the relevant documentation to Eximbank is necessary to support the authenticity of the replies given to the questionnaire[127].

[127] *Documents determined through prior consultation with Eximbank, e.g. project feasibility study, list of facilities, construction plan, special official permits related to the green target, environmental study, in the case of an energy efficiency investment, an energy savings preliminary assessment provided to the borrower by the energy auditor or energy audit organisation, etc., as required.*