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ASIAN INFRASTRUCTURE INVESTMENT BANK

















COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING

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Version 4 –5 December 2023

Background

The Common Principles for Climate Mitigation Finance Tracking consist of a set of definitions and guidelines and a list of eligible activities that allow for consistent accounting and reporting of financial flows for climate change mitigation finance.

The Common Principles have been developed by the Joint Climate Finance Tracking Group of multilateral development banks (MDBs)[1] and a group of representatives of the International Development Finance Club (IDFC) member banks, based on their experience and knowledge of climate change mitigation activities and available low-carbon technologies. The MDBs and the IDFC (in its Green Finance Mapping) commit to applying the Common Principles in their tracking and reporting of climate change mitigation finance.[2] They invite other institutions to adopt the methodology and foster increased transparency, consistency and credibility while reporting financial flows that contribute to climate change mitigation.

The Paris Agreement[3] sets the goal of holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C. Supporting this goal, the *Special Report on Global Warming of 1.5°C* [4] by the Intergovernmental Panel on Climate Change (IPCC), which summarises the current scientific understanding of climate change, highlights the grave consequences that a temperature rise above 1.5°C would entail, and indicates that structural changes in many sectors of the economy will be needed to avoid such a scenario. In light of its findings, the report highlights the need to undertake action as early as possible to yield substantial results by 2030.

The Common Principles have been strengthened in the context of the Paris Agreement. Updating the Principles, including the list of eligible activities, has involved (i) consideration of new mitigation activities that are required in order to achieve the structural changes in the economy pointed out by the IPCC as necessary to achieve the goals of the Paris Agreement, and (ii) avoidance of identifying as climate mitigation finance activities that, despite reducing greenhouse gas (GHG) emissions in the short term, risk locking in emissive technologies over long periods of time and run counter to the structural changes needed, thereby undermining the long-term temperature goal.

[1] The MDBs involved are the African Development Bank; Asian Development Bank; Asian Infrastructure Investment Bank; Council of Europe Development Bank; European Bank for Reconstruction and Development; European Investment Bank; Inter-American Development Bank Group; Islamic Development Bank; New Development Bank; and the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and Multilateral Investment Guarantee Agency of the World Bank Group.

[2] For climate change adaptation finance tracking and reporting, the MDBs and IDFC members apply the Common Principles for Climate Change Adaptation Finance Tracking.

[3] https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.

[4] https://www.ipcc.ch/sr15/.

The Common Principles are designed for use in ex-ante assessments[5] and focus on the type of activity to be executed, not on its purpose, the origin of the financial resources, or its actual mitigation impact. The list of eligible activities is presented by sector in tables 2–12. Policy actions, technical assistance and programmes in support of the eligible activities are also eligible, provided that the link to eligible activities is clear or sufficiently demonstrated.[6]

Operationalisation of the Common Principles

Between 2021 and 2023, the MDBs and IDFC members have adopted different approaches to implementing the Common Principles. The MDBs have used the list of eligible activities in tables 2–12 as an exhaustive list, considering only activities in the list as being eligible for climate mitigation finance. IDFC members by contrast have used the list as a guide, aiming to apply the list to the extent possible. This means that for the first two years of operationalisation, climate finance numbers may not have been directly comparable between the IDFC and the MDBs. In 2023, the MDBs and the IDFC worked together to adjust the list based on their respective experience.[7] The aim at the end of this two–year operationalisation period was to have a common list of eligible activities, considered an exhaustive list by both the MDBs and the IDFC. The MDBs and the IDFC commit to maintaining an open and transparent exchange of information around institutional experience and learning, as well as to discussing improvements to the Common Principles.

The list of eligible activities will be reviewed regularly to ensure that it accounts for technology developments that may enable deeper decarbonisation of economic activities. Thus, the current list includes some activities that may not be eligible in the future as the transition to an economy with net-zero GHG emissions progresses. A major review of the methodology will be completed by the end of 2026, whilst this version captures the minor adjustments made in 2023.

The MDBs will use the Common Principles for reporting on climate change mitigation finance in their *Joint Report on Multilateral Development Banks' Climate Finance*. IDFC members will use this version of Common Principles to report their climate change mitigation finance starting in 2024. Other methodologies and taxonomies for tracking climate mitigation finance have been developed or are under development, and the MDBs and the IDFC will continue to monitor these developments in the future, including international efforts at harmonisation. The MDBs and the IDFC (in its Green Finance Mapping) may choose to use one or more of these other methodologies in conjunction with the Common Principles, provided in so doing the institutions claiming to comply with the Common Principles continue to comply fully with the eligibility criteria in this document.

Definition of climate change mitigation and classification of eligible activities

An activity can be classified as climate change mitigation where the activity, by avoiding or reducing GHG emissions or increasing GHG sequestration, contributes substantially to the stabilisation of GHG concentrations in the atmosphere at a level which prevents dangerous

[5] The MDBs and IDFC determine whether a project should be identified as climate mitigation finance for the purpose of reporting prior to activity implementation.

[6] Each eligible activity is understood to include policy actions, technical assistance and programmes carried out in its support, which are not listed separately. Only policy actions, technical assistance and programmes that cannot be directly linked to eligible activities described elsewhere are listed separately.

[7] The adjustments focused on refinements of the Common Principles mainly to bring further clarity and consistency.

anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement.[8]

The Common Principles recognise that a substantial contribution to climate change mitigation can involve the following three categories of climate change mitigation activities:

(1) Negative- or very-low-emission activities, which result in negative, zero or very low GHG emissions and are fully consistent with the long-term temperature goal of the Paris Agreement, e.g., carbon sequestration in land use or some forms of renewable energy.
(2) Transitional activities, which are still part of GHG-emissive systems, but are important for and contribute to the transition towards a climate-neutral economy, e.g., energy efficiency improvement in manufacturing that directly or indirectly uses fossil fuels.
(3) Enabling activities, which are instrumental in enabling other activities to make a substantial contribution to climate change mitigation, e.g., manufacture of very-low-emission technologies.

Table 1 summarises the principles of eligibility under each mitigation category. Tables 2–12 define activities that are eligible within the scope of these categories.

Table 1: Summary of eligibility principles for the three categories of activities

Category of activity	Summary of eligibility principles[9]
Negative or very low emissions	• Have negative or near-zero relative GHG emissions
Transitional	• Lack technologically or economically feasible very-low-emission alternatives available; • Comply with high performance country- or sector-specific standards, benchmarks or thresholds for GHG emissions or emission-intensity that significantly exceed expected performance in a sector or activity;[10] • Do not hamper the development or deployment of very-low-emission activities; and • Do not lead to a lock-in of GHG-emission-intensive assets that is inconsistent with the long-term goal of net-zero GHG emissions.
Enabling	• Are necessary for developing or implementing other eligible climate mitigation activities; • Do not hamper the development or deployment of negative- or very-low-emission activities; and • Do not lead to a lock-in of GHG-emission-intensive assets that is inconsistent with the long-term goal of net-zero GHG emissions.

[8] For some activities in the eligibility tables, reducing other non-GHG climate forcing emissions may be relevant to consider in assessments of eligible activities. An example is black carbon, a short-lived climate pollutant emitted by combustion of a fuel containing carbon, such as biomass used in cookstoves.

[9] Eligibility principles may not be universally applicable to all activities. Exceptions are defined in criteria and guidance included in tables 2–12.

[10] These may be based on published sources or defined by the reporting institution, and may be absolute performance indicators, or relative performance improvement indicators using a plausible assessment of relative GHG emissions against a baseline scenario.

Recognising that institutions may wish to set specific quantitative thresholds according to individual mandates and specific circumstances in the areas of their operation, or apply thresholds set in other standards or taxonomies, no fixed quantitative requirements are established.

In some cases, it may be challenging or not appropriate to calculate a reduction in relative GHG emissions (for example, on account of difficulties in defining the baseline scenario), whereas there may be suitable benchmarks for intensity metrics—such as tonnes of carbon dioxide equivalent (CO_2e) or gigajoules of energy per unit of output or outcome—and comparison with such benchmarks may be adequate for assessing the likely mitigation impact. To accommodate such cases, some eligibility criteria (specified in tables 2–12, for example in agriculture, forestry, land use, fisheries, manufacturing, and ICT) allow the option of substituting the reduction in relative GHG emissions with that in the intensity of CO_2e emissions or energy consumption or meeting a high-performance threshold for CO_2e emissions as defined in standards, taxonomies, regulations or benchmarks.

Where absolute emissions are already very low in the baseline and it is not possible to reduce the emissions much further, demonstration of a substantial reduction in relative GHG emissions is not required. Two examples are addition of renewable energy generation capacity in a system already dominated by very-low-carbon electricity and increasing the energy efficiency of electric equipment using largely renewable energy. For the former, it may be sufficient to demonstrate very low absolute emissions (such as tonnes of CO_2e emitted per gigawatt-hour), and for the latter it may be sufficient to demonstrate a substantial reduction in the intensity of energy consumption (such as kilowatt-hours per lumen).

Paris alignment and climate finance

The MDBs, IDFC and other financial institutions are working on developing approaches to align activities with the goals of the Paris Agreement. The methodology for tracking climate change mitigation finance outlined in this document and the MDB and IDFC Paris alignment approaches are separate methodologies. Not all activities consistent with countries' low-carbon and climate-resilient development pathways satisfy the principles and criteria in the Common Principles. Activities that are aligned with the Paris Agreement goals may therefore include those that are relatively neutral in terms of GHG emissions and some emitting activities in addition to those tracked as "climate mitigation finance" (as defined by the Common Principles). Examples include a new vaccine programme and training of new teachers that do not meet the criteria in this methodology.

Also, meeting the climate change mitigation eligibility criteria in this methodology does not automatically imply that the activity is aligned with the countries' low-carbon, climate-resilient development pathways. For example, a hydropower project (that complies with the climate change mitigation eligibility criteria) may be inconsistent with a country's resilient development pathway if such investment increases the probability of electricity shortages as a result of falling rainfall in the coming years.

As specific methodologies for Paris alignment are developed, institutions will set up processes to ensure that activities reported as contributing to climate change mitigation also be consistent with such pathways.

Scope of application

- **Scope and boundaries:** Climate change mitigation activities can consist of a stand-alone project (which can be for investment, technical assistance, or research and development), multiple stand-alone projects under a larger programme, a component of a stand-alone project, a policy programme or action in a broader policy package, a programme financed through a financial intermediary, a programme focused on communication or awareness-raising, or an activity to prepare one of the foregoing projects or programmes. Climate finance tracking may be applied to a range of different financial instruments, such as loans, guarantees, equity and bonds.[11]

  The application of the Common Principles is voluntary and open to any financial institution willing to track and report climate mitigation finance. Committing to the Common Principles does not exclude the financing of activities that are not compliant with their criteria. However, the MDBs and the IDFC commit to applying the Common Principles in their respective, group-based tracking and reporting of climate change mitigation finance.

- **Exclusion of activities in support of upstream and midstream activities in the fossil fuel industry, electricity generation from coal or peat, and those that lead to deforestation:** Upstream activities involve exploration or production of fossil fuels and midstream activities include natural gas processing, storage, transport, liquefaction and regasification, and crude oil refining. Activities that are otherwise eligible but support these activities, such as carbon capture and utilisation for enhanced oil recovery, are not eligible. Exceptions are the use of waste gas and reduction of fugitive emissions from existing gas infrastructure.[12] Activities that lead directly or (where feasible to assess) indirectly to deforestation over time are also ineligible, other than small scale tree clearance.

- **Greenfield and brownfield activities:** The Common Principles distinguish between greenfield and brownfield activities where eligibility and criteria differ. Greenfield activities relate to projects in new sites or in existing facilities where the vast majority of a plant and equipment is new and where, in the case of projects in existing facilities, all the critical items of equipment are decommissioned, or projects that primarily acquire and deploy new appliances or equipment. Brownfield activities relate to projects that modify existing facilities, equipment, appliances, systems or processes. Where there is gradual replacement or retrofit of a whole facility dedicated to the same activity over a longer period of time, this may be considered as a series of brownfield projects.

  In recognition of the role that new, highly efficient, and low-carbon activities can play in mitigating climate change, the updated Common Principles introduce criteria and guidance to determine the circumstances under which greenfield activities are eligible activities and help prevent a long-term lock-in of high-GHG-emission infrastructure and activities. In particular, such greenfield investments may enable structural changes required for meeting the long-term temperature goal, support emerging technologies

[11] Guidance on how the MDBs track climate finance in different types of financial instrument is contained in Annex E of the *2022 Joint Report of Multilateral Development Banks' Climate Finance*.
[12] Specific cases are covered in 2.5 (waste gas), 2.13 (reduction of fugitive emissions, waste gas), and 4.10 (waste gas as feedstock).

with significant climate mitigation potential, meet global high-performance standards or high-efficiency benchmarks, or significantly exceed national or regional standards.

In all cases and particularly relevant to greenfield facilities, whether land costs and other costs are integral to climate change mitigation should be assessed, and if they are not and yet comprise a significant share of the total cost, they are not counted as climate finance.

Overarching principles

- **Conservativeness:** Where data are unavailable or there are uncertainties about the data, the principle of conservativeness, where it is preferable to under-report rather than over-report climate change mitigation finance, should be followed. Where the same project, sub-project or project component contributes to both climate change mitigation and climate change adaptation, however they are tracked, there should be no double-counting.
- **Granularity:** The Common Principles require mitigation activities to be disaggregated from non-mitigation activities as far as reasonably possible so that a clear correlation between financial flows and the actual mitigation activity can be established. When disaggregation is needed but not possible using project-specific data, a more qualitative assessment, experience-based assessment, or both can be used to identify the proportion of the project finance that covers climate change mitigation activities, consistent with the conservativeness principle.
- **Complementarity**: Reporting institutions should seek to ensure that only climate change mitigation activities that neither conflict with nor undermine the wider objectives of the Sustainable Development Goals be considered and reported.

Specific requirements and guidance when applying the eligibility principles and criteria

- **National context:** The Common Principles acknowledge that the development pathways in individual countries that collectively enable the world to achieve low—and ultimately net-zero—GHG emissions depend on different national circumstances and capabilities. Assessment of potential mitigation activities should consider, where appropriate and to the extent possible, country-appropriate technology benchmarks (including those derived from regional benchmarks) in order to facilitate progress towards national goals and avoid risks of locking in emission-intensive technologies and practices over the long term.
- **GHG assessment:** Where GHG assessments are required to demonstrate eligibility, these should follow, where appropriate, the "International Financial Institution (IFI) Framework for a Harmonised Approach to Greenhouse Gas Accounting"[13] and the harmonised standards or approaches adopted by the IFI Technical Working Group on Greenhouse Gas Accounting.[14] Where IFI standards or approaches do not exist, relevant alternative methodologies or standards may be applied. Where lifecycle emissions are considered material and relevant for assessing eligibility, they may be based, where appropriate, on

[13] https://unfccc.int/sites/default/files/resource/International%20Financial%20Institution%20Framework%20for%20a%20Harmonised_rev.pdf.
[14] https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies.

literature references rather than project-specific information. Emissions associated with the rebound effect may also be considered within GHG assessments, where such emissions are feasible to assess and deemed material.

Where a GHG assessment is not feasible, e.g., where data are not available or no suitable methodology exists, the assessment may be substituted by the use of appropriate proxy approaches ensuring adoption of widely accepted international practices and implementation of the principle of conservativeness.

The Common Principles recommend that scope 3 emissions be quantified for activities where those emissions are expected to be material and relevant. Quantification should be carried out to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis.

- **Baseline scenario:** To assess the impact of projects and where required for a GHG assessment, the baseline scenario should follow the approach of the "IFI Framework for a Harmonised Approach to Greenhouse Gas Accounting" and the harmonised standards or guidelines adopted by the IFI Technical Working Group on Greenhouse Gas Accounting. Additional guidance on defining baselines is provided within certain categories in the eligibility list, and in some cases an alternative baseline scenario is proposed.

- **Energy and resource efficiency:** When considering brownfield energy or resource efficiency investments as climate finance, old technologies must be replaced well before the end of their lifetimes with new technologies that are substantially more efficient. Alternatively, for greenfield projects, new technologies or processes must enable substantially higher system-efficiency compared to those normally used in greenfield projects.

- **Mixed greenfield and brownfield projects:** In some projects, there may be both greenfield and brownfield components. Where there is a physical expansion of an existing site, a significant increase in output capacity, or a significant extension of the expected life of the site, facility or the equipment, the activity should be disaggregated into brownfield and greenfield components whereby the one corresponding to such an increase or extension should be considered as greenfield development and must meet criteria defined for greenfield activities. Where possible, the proportion of the project that is considered as greenfield should be based on the incremental investment costs associated with the increase in cumulative outputs. Where this approach is not possible, then the proportions of investments in greenfield and brownfield may be apportioned by comparing cumulative outputs before and after the project.

- **Carbon offsetting:** The Common Principles require climate mitigation activities to contribute substantially to avoiding or reducing GHG emissions within the defined scope and boundaries of the project, programme or investment. Any purchased carbon credits or other market-based instruments, such as renewable energy credits, to offset GHG emissions directly generated by the activity cannot generally be used as an eligible

mitigation approach at the project level, with certain narrowly limited exceptions. Where the activity has no or low direct emissions or direct emissions do not make the activity ineligible—such as a manufacturing plant burning sustainably harvested biomass for heat generation—and has high scope 2 emissions even after adopting energy efficiency improvement measures, purchasing energy with very low lifecycle GHG emissions by, for example, signing a power purchase agreement with a renewable energy provider or paying a renewable energy premium for electricity consumed, as a means of achieving a substantial reduction in scope 2 emissions, may be eligible, if the contractual arrangement results in an increase in the amount of such energy generated through, for example, new capacity addition or reduced curtailment.

- **Use of renewable energy:** There are cases where a project generates renewable energy and uses it. In such cases, the following activities may be tracked as climate mitigation finance:
  (i) On-site production of renewable energy is eligible provided it has very low lifecycle GHG emissions.[15]
  (ii) Costs associated with conversion of existing equipment to use renewable energy are eligible.
  (iii) New equipment or appliances using renewable energy are eligible if one or more of the following conditions are satisfied:
    - The equipment or appliance is designed specifically to use renewable energy. An example is a solar cooker.
    - The equipment or appliance using renewable energy and equipment generating renewable energy is integrated in a package and switching to another source of energy for the appliance or equipment in the package is not possible without altering the integrity of the package.
    - The equipment or appliance uses the best available technology or matches or surpass country-appropriate technology benchmarks in performance.[16]
    - The use of electricity in a particular application is relatively rare in the region.
- **Types of financing instruments:** Provided they meet the conditions described in Annex C.5 of the *2022 Joint Report of Multilateral Development Banks' Climate Finance*, advisory services, equity, grants, bonds, guarantees, investment loans, refinancing, working capital, lines of credit, policy-based lending, and results-based financing may be considered as climate finance for reporting purposes.[17]

List of eligible activities

A list of eligible activities is provided in 11 tables with screening criteria (indicated by the word "shall") and guidance for each activity. ***Every activity is required to meet all the criteria specified unless indicated otherwise***. In some cases, not all criteria need to be satisfied and the document indicates which criteria need to be met and under what conditions. "Guidance" provides recommendations that should be followed as much as possible where relevant or highlights issues to consider but is not intended as a universal requirement. Illustrative examples may also be included under "guidance." In addition, the following should be taken into account in reading and interpreting tables 2–12:

[15] More details are provided in activity 2.1.
[16] More details on end-use efficiency improvement in equipment and appliances are provided in activity 9.5.
[17] The IDFC members may use the definitions of the financing instruments set out in the above annex unless they have their own definitions.

- With the exception of the column for category, all other columns in the tables use inclusive "or"—equivalent to "and/or" for the series of options presented—unless stated otherwise. For example, if A, B or C are listed as eligible activities, carrying out any one of these activities and meeting the corresponding criteria would be sufficient for eligibility.
- The phrase "low carbon" is used to denote projects or materials that have low levels of CO_2e emissions associated with them.
- Where an activity proposed is replacement of a chemical compound with another with much lower global warming potential, the phrase "a reduction in CO_2e emissions" is used.
- The word "resource" is used to denote materials or water as opposed to energy, such as materials of construction. Resource efficiency improvement refers to reducing the amount of materials or water consumed.
- The word "energy" comprises electricity, heat and fuels, and should not be considered to be synonymous with electricity. Therefore, fuel economy standards represent a type of energy efficiency standards.
- Some tables have opening text to explain how to interpret the table entries and any departure from the general approach in the Common Principles.

The phrase "potentially eligible activities include" is used to provide examples. The examples that follow should not be taken as an exclusive or exhaustive list of eligible activities.

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Table 2: Energy

Category	Eligible activity	Screening Criteria and Guidance
Renewable energy generation	2.1. Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy or cooling	Criteria: • GHG emissions of the renewable energy shall be substantially lower than corresponding GHG emissions from fossil fuel generation without carbon capture and storage or utilisation. • First-generation liquid biofuels shall be excluded unless they are sourced from waste or from biomass meeting certain criteria. The eligible biomass shall be supplied from sustainable and socially acceptable sources, as demonstrated through compliance with internationally accepted sustainability certifications, and the activity shall not interfere with food security. • All expenditures through the life of assets generating renewable energy that meets the above criteria shall be eligible. Guidance: • Analysis of GHG emissions should take account of material lifecycle sources, such as where scope 3 emissions or scope 1 emissions during construction are expected to be material. • Examination of material lifecycle sources is typically relevant for hydropower involving construction of a new reservoir or expanding the capacity of an existing reservoir, geothermal energy, and bioenergy (such as solid biomass and liquid biofuels). • Examination of GHG emissions is not necessary for forms of energy that are widely recognised to have very low lifecycle emissions, such as solar, wind, and tidal energy. • For carbon capture and storage or utilisation, see activity 12.5. • Lifecycle expenditures are eligible, from site preparation and installation of equipment to maintenance, operation, repairs, upgrading, rehabilitation, and decommissioning. • Examples of internationally recognised sustainability certification schemes for first-generation biofuels include those developed by the Round Table on Responsible Soy Association (RTRS), Bonsucro, and the Roundtable on Sustainable Palm Oil (RSPO). For more information on the eligibility of biomass, see activity 5.10. • For bioenergy involving solid biomass as a fuel (to be burned) or feedstock (such as sugarcane to produce bioethanol), GHG emissions during transport should be included, as well as emissions from feedstock production (tilling, fertiliser use) and energy used during processing, where any one of them is material.

Category	Eligible activity	Screening Criteria and Guidance
		• Direct land-use changes should be included in the lifecycle GHG emissions analysis if they are deemed to make a material difference, and indirect land-use changes should also be considered where they are feasible to assess and expected to be material.
Renewable energy generation	2.2. Joint use of renewable energy and fossil fuel to supply electricity, heat, mechanical energy or cooling	Criteria: • The criteria for renewable energy with low lifecycle GHG emissions in activity 2.1 shall apply. • GHG emissions from such joint use shall be substantially lower than corresponding GHG emissions from fossil fuel generation without carbon capture and storage or utilisation meeting the same demand. • Where separate sources of generation are financed together (such as solar energy backed up by diesel generation), only that for renewable energy shall be eligible. • Where equipment is shared by both renewable and non-renewable energy sources (such as co-firing of renewable and non-renewable fuels) and separation of project components is not possible, financing should be apportioned according to the share of energy input or output, as appropriate, that is renewable. Guidance: • Where fossil fuel combustion is an integral part of renewable energy production, fossil fuel consumption should be minimised. • Two examples of renewable energy production potentially requiring integrated fossil fuel consumption are concentrated solar power and energy production from biomass. For the latter, cash flows and other analyses should be used to ensure that biomass is the main fuel, supplemented by fossil fuels only when necessary (such as during a cold start or in highly oscillating operation).
Lower-carbon hydrogen and derivatives	2.3. Production, transport, or storage of low-carbon hydrogen or low-carbon products made from it	Criteria: • Hydrogen produced by electrolysis of water using very-low-carbon electricity shall be eligible. • Hydrogen produced by steam reforming of natural gas with carbon capture followed by storage or utilisation of captured CO_2 in a manner consistent with the criteria for activity 12.5 shall be eligible. • Hydrogen manufactured by electrolysis of water using grid electricity or by any other technology shall be eligible, provided the entity applying the Common Principles demonstrates a substantial

Category	Eligible activity	Screening Criteria and Guidance
		reduction in relative GHG emissions compared to efficient steam reforming of natural gas, taking scope 3 emissions into account where they are expected to be material. • The production of materials from low-carbon hydrogen shall have low absolute GHG emissions. • Where the end-use is as a transport fuel, transport and storage of all such hydrogen shall be eligible irrespective of carbon intensity. • In all other cases, where transport or storage is shared between low-carbon hydrogen and non-low-carbon gases, financing shall be apportioned according to the share of transported or stored gases that are low in carbon intensity. Guidance: • See activities 4.9 for use. • As stated in the last bullet in activity 8.6, use of hydrogen as a fuel in transporting passengers or freight and associated infrastructure are eligible irrespective of the hydrogen's carbon intensity. Production of hydrogen, however, is eligible only if it satisfies one of the first three criteria above. • Apportioning of financing for storage of low-carbon hydrogen should use the expected average share of low-carbon hydrogen over the economic life of the storage facility. One exception is storage of any form of hydrogen as part of the refuelling infrastructure for transport in activity 8.6, which is fully eligible. • Potentially eligible activities include electrolysis of water using renewable energy meeting the criteria in activity 2.1 to produce hydrogen, production of ammonia or methanol from such hydrogen in a manner that is not carbon-intensive, and production of a synthetic liquid fuel by reacting low-carbon hydrogen and captured CO_2.
Lower-carbon energy generation	2.4. Brownfield displacement of a carbon-intensive fuel with a different, lower-carbon fuel to supply electricity, heat, mechanical energy or cooling	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, taking into account material lifecycle sources, such as where scope 3 emissions are expected to be material. • Where the lower-carbon fuel is a fossil fuel in electricity generation, the activity shall not be eligible.

Category	Eligible activity	Screening Criteria and Guidance
		• Where the lower-carbon fuel is a fossil fuel, the entity applying the Common Principles shall demonstrate that there will be no life extension of the equipment generating energy to supply heat, mechanical energy or cooling. • Where the lower-carbon fuel is a fossil fuel and there is no life extension but there is capacity expansion and there are reasonable grounds to suspect that the proposed activity may deter the expansion of renewable energy with low lifecycle GHG emissions as defined in activities 2.1 and 2.2, the activity shall not be eligible. Guidance: There is no specific guidance.
Lower-carbon energy generation	2.5. Use of waste gas as a feedstock or fuel to supply electricity, heat, mechanical energy or cooling energy	Criteria: • Utilisation of abandoned coal mine methane, or associated gas shall decrease relative GHG emissions substantially. • Utilisation of coalbed methane, associated gas from greenfield oil production, and methane from mines currently producing coal shall all be ineligible. • The entity applying the Common Principles shall demonstrate that utilisation of associated gas from brownfield oil production will not extend the life of oil production by making it more financially attractive. • With the exception of biogas, if there are reasonable grounds to suspect that the proposed activity may deter expansion of renewable energy with low lifecycle GHG emissions as defined in activities 2.1 and 2.2, the activity shall not be eligible. Guidance: • Examples of waste gas include landfill methane, abandoned mine methane, associated gas currently being flared or vented, and biogas from municipal sewage, wastewater, or agricultural activities. • Associated gas is the gas that is produced with oil and requires separation from oil. It is different from the natural gas that may be found within the same operation in a brownfield oil reservoir but not associated with oil production, the use of which is not eligible. • See biogas and landfill gas in Table 7: Solid waste management for additional information and guidance.

Category	Eligible activity	Screening Criteria and Guidance
		• Financing needed to construct or modify the infrastructure to transport or utilise eligible waste gas is eligible after apportioning the financing to reflect the share of infrastructure utilisation associated with the waste gas over the life of the infrastructure. If such apportioning cannot be carried out with a reasonable degree of certainty, such financing is not eligible. • For examples of sources and uses of waste biogas in other sectors, see activities 6.4, 6.5, 7.6, 7.9, and 8.9.
Efficient energy generation	2.6. Brownfield conversion from production of electricity, or from desalination only, to joint generation or delivery for use of electricity, heat, mechanical energy, cooling, or desalination	Criteria: • The efficiency of combined processes shall be substantially higher than those of individual processes carried out separately. • Electricity generation shall not be eligible if it is one of the new activities in the joint generation. Where one or more of the production processes involve combustion of a fossil fuel without carbon capture or utilisation, the entity applying the Common Principles shall demonstrate that no viable lower-carbon alternatives are available. Guidance: For carbon capture and storage or utilisation, see activity 12.5.
Energy efficiency	2.7. Brownfield energy-efficiency improvement in energy production to supply electricity, heat, mechanical energy or cooling	Criteria: • The entity applying the Common Principles shall demonstrate a substantial improvement in energy efficiency or a substantial reduction in relative GHG emissions. • Where the production process involves combustion of a fossil fuel without carbon capture or utilisation, the entity applying the Common Principles shall demonstrate that no viable lower-carbon alternatives are available. Guidance: For carbon capture and storage or utilisation, see activity 12.5.
Energy storage and network stability	2.8. Energy storage or measures to improve network stability or flexibility that increase consumption of very-low-carbon energy	Criteria: • In case of direct connection to renewable energy plants, renewable energy so enabled shall meet the same criteria for low lifecycle GHG emissions as in activity 2.1. • Storage of fossil fuels shall not be eligible.

Category	Eligible activity	Screening Criteria and Guidance
		• Where energy being stored is not entirely very low in carbon intensity but the storage is dedicated to increasing renewable energy capacity, the entity applying the Common Principles shall demonstrate how the objective will be achieved. • Where storage is shared between very-low-carbon energy and other energy sources, financing shall be apportioned according to the share of stored energy that is very low in carbon intensity. • Storage of previously wasted heat shall not extend the life of assets generating heat by combusting fossil fuels. • The entity applying the Common Principles shall demonstrate that storage will not significantly increase GHG emissions over the short or medium term. • Measures, such as smart grid technologies, that increase network stability or flexibility but have only marginal effects on integration or uptake of renewable energy shall not be eligible. • Where storage is pumped storage requiring construction of a new reservoir or capacity expansion of an existing reservoir, the entity applying the Common Principles shall demonstrate that lifecycle emissions of the new reservoir are low, as defined in activity 2.1. <u>Guidance</u>: • Energy storage should increase the use of very-low-carbon energy by enabling capacity expansion of renewable energy generation, reduction in the curtailment of very-low-carbon energy, or increasing the utilisation rate of very-low-carbon energy generation. • With respect to the third criterion, the share of climate financing may be apportioned on the basis of increased renewable capacity compared to the capacity of the storage facility. For storage considered to be an integrated part of the transmission and distribution system, the guidance for determining the share in activity 2.9 should be used. • With respect to the sixth criterion, storage investments with a very long economic life, such as pumped storage plants, may support renewable development over decades while still supporting the optimisation of highly emitting energy sources in the short term. If such activity results in delaying the development of additional renewable generation in the short or medium term, the criterion is not met. • The activities that are deemed eligible on account of their increasing grid stability or flexibility should significantly enhance stability or flexibility. • Potentially eligible activities include the following:

Category	Eligible activity	Screening Criteria and Guidance
		– for energy storage, behind-the-meter battery storage and electric vehicles; and – for increasing network stability, installation of equipment such as power system stabilizers, series compensation, static reactive power compensators and synchronous condensers.
Transport of electricity	2.9. Greenfield transmission or distribution of electricity that supports delivery of non-nuclear, very-low-carbon electricity	Criteria: • Non-nuclear, very-low-carbon electricity shall be either renewable electricity meeting the criteria for lifecycle GHG emissions in activity 2.1, or fossil-fuel-based generation with carbon capture and storage or utilisation as described in activity 12.5. • Apportionment of financing eligible for climate mitigation finance shall differ by type of investment: (1) If the transmission or distribution system is dedicated to or is required for the evacuation of non-nuclear, very-low-carbon electricity or reducing its curtailment, the financing of such investment shall be fully eligible. Where such investment is a part of a larger investment program, eligible financing shall be apportioned according to the capacity required for the evacuation of the non-nuclear, very-low-carbon electricity. Any additional capacity beyond the above shall be apportioned as described below depending on the nature of the investment. (2) Financing of general transmission or distribution investments within an existing grid shall be apportioned according to the share of additional electricity delivered that can be characterised as non-nuclear, very-low-carbon electricity during a 10-year period comprising five years before and five years after the start of the operation of the new infrastructure. (3) Financing of a new grid system not connected to an existing system shall be apportioned according to the share of non-nuclear, very-low-carbon electricity delivered at the start of the operation of the grid and in the five following years. (4) Financing of interconnections between grid systems, including transborder transmission of electricity, shall be apportioned according to the weighted average of the share of new non-nuclear, very-low-carbon electricity in the respective grids during the 10-year period described in (2), weighted according to the expected flows of electricity (in both directions where applicable). • The entity applying the Common Principles shall demonstrate that the grid in which transmission or distribution infrastructure is being built will either maintain or increase the share of non-

Category	Eligible activity	Screening Criteria and Guidance
		nuclear, very-low-carbon electricity delivered. The only exception is a new grid system for which historical comparison is not possible. <u>Guidance</u>: • An electricity grid may be an interconnected transmission or distribution network with common market or dispatch rules that regulate electricity flows, an isolated grid, a mini-grid, or a micro-grid. A country may have several grids; conversely a single grid may cover several countries. • The share of additional electricity delivered that meets the definition of non-nuclear, very-low-carbon electricity in the five years after the start of the operation may be calculated from gigawatt-hours planned to be dispatched in the most recent power system expansion plan; or alternatively using data on generation plants under construction, committed projects, and other plants likely to come online and assuming appropriate load factors. The share from the past five years may be calculated using available dispatch data from ministries or utilities. If such data are not available, capacity data and representative load factors suitable for the location and technology of each relevant plant may be used. • New meters and other pieces of equipment installed at the retail end in a greenfield distribution system may be considered part of the system even if they are handled by retail rather than distribution companies. They may be eligible under this activity with appropriate apportionment of financing if they do not meet the criteria in activity 2.12. • Potentially eligible activities include: – extending access to unelectrified areas by connecting them to a power system that is following a decarbonization plan (case 2 in the second bullet in the criteria) or by using locally produced renewable electricity in a new mini-grid (case 3); and – strengthening the grid backbone infrastructure aimed at enabling the flow of additional renewable electricity (case 1).
Transport of heating and cooling energy	2.10. Greenfield high-efficiency transmission or distribution of heat or cooling energy	<u>Criteria</u>: • The financing ear-marked for installation of advanced pilot systems (control and energy management systems) shall be eligible. • Apart from the above, energy transport systems to carry energy largely from greenfield energy generation facilities fuelled by fossil fuels shall not be eligible.

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • The project should use the best available technology or, if the best available technology is commonly used, emerging technology with even higher efficiency. • Metering infrastructure considered to be part of an eligible distribution network is eligible. For other types of metering infrastructure, see activity 2.12.
Energy transport	2.11. Brownfield efficiency improvement or reduction of CO_2e emissions in transmission or distribution of electricity, heat, cold, low-carbon gases, or CO_2	Criteria: The entity applying the Common Principles shall demonstrate a substantial improvement in energy efficiency or a substantial reduction in relative CO_2e emissions in the supply chain itself. Guidance: • A substantial improvement in energy efficiency in the case of technical loss reduction in transmission or distribution of electricity, heat, cold, low-carbon gases, or CO_2 is demonstrated by comparing the reduction in technical losses before and after the project intervention. • Metering infrastructure considered to be part of a distribution network is eligible only if it meets the requirements of activity 2.12. Metering infrastructure that does not meet these requirements is not eligible. • Where this activity transports electricity, heat, or cold from fossil fuel combustion, special attention should be paid to avoiding a carbon lock-in to ensure alignment with the Paris Agreement. An example of a procedure to examine the potential for a carbon lock-in of a district heating or cooling system can be found in annex 4 of the *Methodology to determine the Paris Agreement alignment of EBRD investments*. • Potentially eligible activities include technical loss reduction in transmission or distribution of electricity, which may comprise reactive power compensation plans and upgrading of transmission or distribution facilities to higher voltage levels or transformation to direct current; reduction of sulphur hexafluoride (SF_6) emissions in electricity transmission and distribution; 2.10 and reducing gas shrinkage in pipeline transport.
Energy transport and sale	2.12. Activities targeting customers of energy systems that support a reduction in consumption or enhanced uptake of renewable energy	Criteria: No specific criteria

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • The reduction of collection losses involves reducing accounts payable over and above those due to the standard time lag between billing and payment. • See activity 12.12 for treatment of activities that increase energy tariffs. • Activities that connect new customers in a greenfield distribution system without measures that support a reduction in consumption or enhanced uptake of renewable energy may be eligible under activity 2.9 or 2.10. • Potentially eligible activities include: – activities that reduce commercial or collection losses; – installation of calibrated meters in households who currently do not have meters or who have tampered meters; – installation of pre-paid meters; – installation of individual household meters for consumers who are currently sharing meters; – installation of smart meters with two-way communication, or other energy monitoring or control devices that enable consumers to actively manage their energy consumption; – measures that enable management of consumer demand at short time intervals and increase the flexibility of the electricity grid and its ability to accommodate an increasing share of variable renewable energy generation, such as through time-of-use pricing, load shifting, or through electricity market operators that provide "virtual power plant" services; – installation of smart grid devices that permit the implementation of the above measures, such as control devices that respond to remote signals or time-of-use pricing; and – installation of two-way metering devices or other consumer connection infrastructure that enable the installation of decentralized renewable energy systems such as solar rooftop units on the consumers' premises.
Fugitive emissions	2.13. Reduction of fugitive GHG emissions in existing energy transport or storage infrastructure, or flaring of fugitive emissions from a closed coal mine where	Criteria: In the case of flaring, the entity applying the Common Principles shall demonstrate that economic utilisation of gas in activity 2.5 is not viable. Guidance: There is no specific guidance.

Category	Eligible activity	Screening Criteria and Guidance
	methane utilisation is not commercially viable	

Table 3: Mining and metal production for climate action

Category	Eligible activity	Screening Criteria and Guidance
Mining for climate action	3.1. Projects that support mining of minerals or metal ores prevalently used in or critical for renewable energy, technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions	Criteria: • Minerals classified by the International Energy Agency (IEA) as being critical for "clean energy transitions" shall be eligible, subject to apportionment rules in the next criterion. • Financing shall be apportioned according to rules that differ depending on whether end-users have been identified: – Where end-users are known, financing shall be apportioned according to the share of production that will be used in clean energy transition activities in the end-use markets. – Where end-users are not known, financing shall be apportioned according to the share of new global production that will be needed for clean energy transition activities in the IEA's net-zero-emissions-by-2050 scenario over the expected life of the mine or from the start of the project operation to 2050, whichever period is shorter. • The supported mining activities shall adhere to a long-term strategy for reducing GHG emissions through: – long-term decarbonisation of electricity generated or purchased from the grid, including integration of renewable energy; and – efficient use of energy and resources, including, where economically viable and technically feasible, treatment and recycling of mining waste. Guidance: • A list of minerals identified as critical minerals for clean energy transitions by the IEA is available at The role of critical minerals in clean energy transitions. • End-users are known if there are contracts with buyers who are end-users, or who in turn have contracts with end-users (of processed minerals or metal ores). • Materials that can be recycled include tailings and wastewater. • Greenfield mining and processing should use best available technologies that are economically viable to maximise recycling and treatment of mining waste and minimise GHG emissions.
Metal production for climate action	3.2. Projects that support production of metals or alloys prevalently used in or critical for renewable energy,	Criteria:

Category	Eligible activity	Screening Criteria and Guidance
	technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions	• Production of metals or alloys from the minerals classified by the IEA as being critical for "clean energy transitions" shall be eligible, subject to apportionment rules in the next criterion. • Financing shall be apportioned according to rules that differ depending on whether end-users have been identified: – Where end-users are known, financing shall be apportioned according to the share of production that will be needed for clean energy transition activities in the end-use markets. – Where end-users are not known, financing shall be apportioned according to the share of new global production that will be used in clean energy transition activities in the IEA's net-zero-emissions-by-2050 scenario over the expected life of the smelter or the refinery or from the start of the project operation to 2050, whichever period is shorter. • The supported processes for production of metals or alloys shall adhere to a long-term strategy for reducing GHG emissions through: – long-term decarbonisation of electricity generated or purchased from the grid, including integration of renewable energy; and – efficient use of energy and resources, including, where economically viable and technically feasible, treatment and recycling of residues for re-use. • Activities devoted to recycling of used metals or alloys shall be eligible, provided that the entity applying the Common Principles demonstrates a substantial reduction in lifecycle GHG emissions. Guidance: • A list of minerals identified as critical minerals for clean energy transitions by the IEA is available at The role of critical minerals in clean energy transitions. • Production processes falling under this activity are smelting and refining of minerals. • End-users are known if there are contracts with buyers who are end-users of metals or alloys, or who in turn have contracts with end-users. • Materials that can be recycled and treated in the third criterion include slag. • Greenfield refining and smelting should use best available technologies that are economically viable to maximise recycling and treatment of residues and minimise GHG emissions.

Category	Eligible activity	Screening Criteria and Guidance
		• Eligible recycling activities in the last criterion range from collection and separation of materials containing metals or alloys to be recycled to final finishing for use by manufacturers using metals or alloys. See also activity 12.1 on circular economy systems. • Demonstration of a substantial reduction in relative GHG emissions in the last criterion includes consideration of the sourcing of scrap metals. As an example of potentially ineligible activities, importing scrap metals involving long-distance shipping may not materially reduce lifecycle emissions.

Table 4: Manufacturing

Category	Eligible activity	Screening Criteria and Guidance
Energy efficiency	4.1. Brownfield industrial energy or resource-use efficiency improvement	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (e.g., tCO_2e/unit of output), or energy intensity (e.g., gigajoules/unit of output). Guidance: • Relative GHG emissions are reduced through energy savings, decreased carbon intensity, decreased use of virgin materials, or decreased waste generation. • Potentially eligible activities include installation of more efficient equipment, changes in processes resulting in energy savings, resource-use efficiency measures, and implementation of energy-efficiency plans.
Efficient energy generation	4.2. Brownfield conversion from production of one type of energy to joint generation, or delivery for use of electricity, heat, mechanical energy, cooling, or desalination	See activity 2.6.
Energy and resource efficiency	4.3. Highly efficient or low-carbon greenfield manufacturing facilities or greenfield supplementary equipment or production lines at an existing manufacturing facility	Criteria: • The entity applying the Common Principles shall demonstrate a substantially lower carbon intensity or energy intensity of the greenfield manufacturing facility or greenfield supplementary equipment or production lines at an existing manufacturing facility against a selected benchmark. • The financing provided for a greenfield facility shall be apportioned according to the share of the total finance devoted to enabling high efficiency in a manner consistent with the principles of conservativeness and granularity. • Components of activities that use fossil fuels shall not be eligible. Guidance: • The benchmark for defining low carbon or low energy intensity should be based on available documentation for the global or regional top tier of efficient production as applicable. Benchmarks should allow activities involving a fossil fuel as a source of heat for the sector in question only where

Category	Eligible activity	Screening Criteria and Guidance
		renewable energy resources on the scale required are not available. Benchmarks should allow activities involving a fossil fuel as a feedstock for the sector in question only where the use of a non-fossil-fuel feedstock is relatively rare. • Where a project includes fossil fuels, their continued use for the lifetime of the project should be consistent with a credible decarbonisation pathway for that sector.
Electrification	4.4. Brownfield replacement of equipment or processes based on fossil fuels with electrical equipment or process components	Criteria: • Eligible projects shall be for industrial equipment, processes, or components where electrification is relatively rare and enables structural changes required for long-term decarbonisation. • The entity applying the Common Principles shall demonstrate that electrification of the process is a widely recognised pathway to decarbonisation. Guidance: An example is switching an industrial fossil-fuel-based furnace or boiler to equipment that runs on electricity.
CO_2e-emission reduction	4.5. Retrofit of existing industrial infrastructure resulting in avoidance of industrial GHGs, a switch to industrial GHGs with lower global warming potential, or implementation of technologies or practices that minimise leakages	Criteria: Where the activity involves a switch to a new industrial GHG, the entity applying the Common Principles shall demonstrate that the replacing industrial GHG has lower global warming potential and the resulting reduction in relative GHG emissions is substantial. Guidance: Potentially eligible industrial GHGs with lower global warming potential include natural refrigerants, hydrofluorocarbons (HFCs) with lower global warming potential, hydrofluoroolefins (HFOs), or HFC-HFO blends.
Resource demand management	4.6. Improvements to existing industrial processes, new processes, or advanced manufacturing technology solutions, leading to a reduction in consumption or a reduction in waste of non-energy resources	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, taking account of material lifecycle sources, such as where scope 3 emissions are expected to be material. Guidance: • The boundaries for GHG assessment can be limited by excluding certain stages or activities in the supply chain based on, for example, the materiality of the emissions from the emission sources or the ability of the project to influence the sources of emissions.

Category	Eligible activity	Screening Criteria and Guidance
	through changes in processes or process inputs	• When a project replaces primary resources with secondary or alternative resources without increasing energy consumption, demonstration of a substantial reduction in the resource use may substitute demonstration of a substantial reduction in relative GHG emissions.
Energy storage	4.7. Energy storage or smart industrial-scale solutions to increase integration of very-low-carbon energy or use of previously waste energy	Criteria: For energy storage, see activity 2.8 for criteria. Guidance: • For energy storage, see activity 2.8 for guidance. • An example of storage of previously wasted energy in manufacturing is use of molten salt in thermal storage.
Support for low-carbon development	4.8. Projects that support production of components, equipment or infrastructure dedicated exclusively to utilisation in the renewable energy, energy efficiency improvement, or other low-carbon technologies	Criteria: The entity applying the Common Principles shall demonstrate support to manufacturing eligible products, product components, equipment or appliances that are needed for eligible climate change mitigation activities. Guidance: There is no specific guidance.
Lower-carbon hydrogen and derivatives	4.9. Use of low-carbon hydrogen or low-carbon products made from it, or use of any hydrogen in processes previously using a fossil fuel	Criteria: • Low-carbon hydrogen or low-carbon products made from it shall satisfy the criteria in activity 2.3. • Where a combination of low-carbon hydrogen or products derived from such hydrogen meeting the criteria in activity 2.3 and their non-low-carbon equivalents are used, financing shall be apportioned according to the share of low-carbon chemicals. • The use of non-low-carbon hydrogen shall be eligible only if used in hydrogen-fuelled vehicles or when the application is in a process in which hydrogen replaces a fossil fuel (see activity 8.6). Guidance: With respect to the last criterion, with the exception of hydrogen-fuelled vehicles, processes currently using hydrogen would be eligible only if they use low-carbon hydrogen meeting the criteria in activity 2.3.
Lower-carbon energy generation	4.10. Use of waste gas as a feedstock or as a fuel to	Criteria: See activity 2.5 for criteria.

Category	Eligible activity	Screening Criteria and Guidance
	supply electricity, heat, mechanical energy or cooling	Guidance: • Non-energy uses include use of waste gas as a feedstock for production of fertilisers or petrochemicals. • See activity 2.5 for additional guidance.

Table 5: Agriculture, forestry, land use and fisheries

In this table, the distinction between greenfield and brownfield applies only to equipment and machinery used. Otherwise, given the complex interplay of natural systems and management practices in various land- and water-based activities, distinguishing between greenfield and brownfield activities is not considered appropriate.

To demonstrate GHG emission reductions or sequestration in agriculture, forestry or livestock projects, methodologies approved by the IPCC should be used, such as those included in the Ex-ante Carbon-balance Tool (EX-ACT). For specific sectoral projects or programmes specialised assessment tools such as the Global Livestock Environmental Assessment Model (GLEAM) or those of other reputed institutions, may be applied. There may be instances where GHG assessment is not feasible, due to factors such as the complex interplay of GHG emissions and diversity of management practices in the agriculture sector. In such cases, proxy approaches may be used in a manner that upholds the principle of conservativeness in line with best international practices. Potential impacts due to leakage should be considered in GHG assessments where feasible to assess.

Category	Eligible activity	Screening Criteria: and Guidance
Agriculture: energy efficiency	5.1. Reduction in energy consumption in operations	Criteria: • For brownfield activities the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (e.g., tCO_2e/unit of output), or energy intensity (e.g., gigajoules/unit of output). • For greenfield activities, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity, or energy intensity against a selected benchmark. Guidance: • Potentially eligible activities include increasing energy efficiency of crop production and increasing use of energy-efficient equipment for agricultural processing and storage. • Examples of operations are traction, irrigation, pumping, pest management, harvesting, post-harvest crop processing, crop drying, crop cooling, storage, and transport. For transport, see activities related to goods transport in Table 8: Transport.
Agriculture: carbon sequestration	5.2. Agricultural projects that contribute to increasing the carbon stock in the soil or avoiding loss of soil carbon through erosion control measures	Criteria: The entity applying the Common Principles shall demonstrate a substantial increase in the above- or below-ground carbon stock.

Category	Eligible activity	Screening Criteria: and Guidance
		Guidance: • Where appropriate, trade-offs between higher carbon and nitrogen levels in the soil on the one hand and higher emissions of nitrous oxide on the other should be addressed through appropriate management practices.[18] • In peatland restoration, trade-offs between avoided carbon loss and increased methane emissions should be addressed through appropriate management practices.[19] • For activities or policy interventions that enable peatland conservation (e.g., activities preventing mining of peat and drainage of peatlands), evidence of contribution to peatland conservation should be provided. • Potentially eligible activities include degraded land rehabilitation, erosion control measures, reduced tillage intensity and cover crops, crop rotation, higher inputs of organic matter to soil, processing and application of manure/digestate preferably with biogas capture for energy, perennial cropping systems, cultivation of deep rooting species, circular/integrated activities that enhance carbon stock, fire management, and peatland restoration and conservation.
Agriculture: GHG-emission reduction	5.3. Reduction of GHG emissions from agricultural practices or technologies	Criteria: • If data are available to enable calculations, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (e.g., tCO_2e/unit of output). • If the foregoing calculations are not feasible for a lack of data or the number of farms is large, the entity applying the Common Principles shall use other relevant proxies (see examples in the guidance below) to demonstrate eligibility. Guidance: • Potentially eligible activities include more efficient nitrogen fertiliser use (by improving the rate, type, timing, placement, or precision of application), manure management including anaerobic digestion, drainage management, improved crop breeds and biotechnology that reduce emissions, water management in paddy rice, and soil conservation practices.

[18] Higher levels of carbon and nitrogen can lead to higher emissions of nitrous oxide from soil, potentially offsetting mitigation benefits of higher soil-carbon content, because the soil organic carbon and nitrogen cycles are closely linked. It is therefore important to manage these trade-offs through optimised practices specific to the soil composition in each situation.

[19] Draining peatland increases peat oxidisation and hence emissions of CO_2 and nitrous oxide. Any management practices that lower the water table lead to losses of carbon and nitrogen from peatlands. Responsible management of peatlands, including rewetting, can help maintain peatland ecosystem services while supporting the improvement of local livelihoods and their adaptation to the changing conditions. However, drained peat soils do not typically emit methane while rewetted peatlands may emit more methane. It is therefore important to manage these trade-offs through optimised practices specific to the peat composition in each situation.

Category	Eligible activity	Screening Criteria: and Guidance
		• Examples of proxies in the second criterion include a substantial reduction in synthetic fertiliser usage per unit of output and internationally accepted sustainability certifications that promote improved agricultural practices with climate mitigation co-benefits.
Livestock: GHG-emission reduction	5.4. Projects that reduce methane or other GHG emissions from livestock	Criteria: • If data are available to enable calculations, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (e.g., tCO_2e/unit of output). • If the foregoing calculations are not feasible for a lack of data or the number of farms is large, the entity applying the Common Principles shall use other relevant proxies (see examples in the guidance below) to demonstrate eligibility. • Introduced species shall not contribute to intact ecosystem degradation. Guidance: • Potentially eligible activities include manure management with biodigesters, wastewater management, improved feeding practices, feed production with reduced GHG emissions or improved quality, local feed production including use of agricultural residues, investments in reducing feed losses along the value chain, improved animal welfare (such as reduced mortality and morbidity), improved animal husbandry (genetics, breeding, and herd population management), sourcing low-emission feeds or forage, and using feed additives (improved feed conversion efficiency, enteric methane inhibitor, improving nutrient efficiency). • Examples of proxies in the second criterion include improvement in the feed conversion ratio and internationally accepted sustainability certifications that promote improved agricultural practices with climate mitigation co-benefits. • Activities that improve the feed conversion ratio by converting grazing systems to intensive systems with off-farm feed inputs are excluded.
Livestock: carbon sequestration	5.5. Livestock projects that improve carbon sequestration through rangeland management	Criteria: The entity applying the Common Principles shall demonstrate a substantial increase in the above- or below-ground carbon stock. Guidance: Potentially eligible activities include improved pasture management to increase soil carbon stocks and reduce erosion, improved grazing management, circular or integrated activities that enhance carbon stock, promotion of silvopastoralism, and nitrification-inhibiting practices in pastures.

Category	Eligible activity	Screening Criteria: and Guidance
Forestry: GHG-emission reduction and carbon sequestration	5.6. Forestry or agroforestry projects that sequester carbon through sustainable forest management, avoided deforestation or avoided land degradation	Criteria: • The entity applying the Common Principles shall demonstrate a substantial increase in the above- or below-ground carbon stock, or a substantial reduction in relative GHG emissions or carbon intensity (e.g., tCO_2e/unit of output). • Activities that drain intact ecosystems or degrade hydrological systems shall not be eligible. Guidance: • Evidence of human-assisted natural regeneration should be provided. • Potentially eligible activities include afforestation (plantations) and reforestation on previously deforested land (applying international best practices), and circular or integrated activities that enhance carbon stock, supply chains that promote sustainable agroforestry, restoration of degraded natural land-based habitats, biosphere conservation, policy interventions that explicitly protect carbon stocks (e.g., through land-use zoning, enforcement of sanctions on deforestation, or sustainable intensification of land use), maintaining healthy forests, switching from conventional logging to reduced-impact logging, selective logging, land degradation prevention measures and fire risk mitigation.
Marine and other water habitats: GHG-emission reduction	5.7. Projects that reduce GHG emissions from the degradation of marine ecosystems or other water-based ecosystems	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (e.g., tCO_2e/unit of output). • Activities that drain intact ecosystems or degrade hydrological systems shall not be eligible. Guidance: • Evidence for human-assisted natural regeneration should be provided. • Potentially eligible activities include restoration and protection of healthy marine habitats or mangroves, reforestation of seaweeds or kelp and habitat protection programmes.
Fisheries and aquaculture: GHG-emission reduction	5.8. Projects that reduce CO_2e intensity in fisheries or aquaculture	Criteria: • For brownfield activities, if data are available to enable calculations, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (e.g., tCO_2e/unit of output), or energy intensity (e.g., gigajoules/unit of output) compared to a business-as-usual baseline. • For greenfield activities, if data are available to enable calculations, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity, or energy intensity against a selected benchmark.

Category	Eligible activity	Screening Criteria: and Guidance
		• If the foregoing calculations are not feasible for a lack of data or the number of farms is large, the entity applying the Common Principles shall use other relevant proxies (see examples in the guidance below) to demonstrate eligibility. • Introduced species or technologies shall not contribute to degradation or destruction of intact ecosystem or native fisheries. Guidance: • Potentially eligible activities include improved energy efficiency in the fisheries or aquaculture value chain, e.g., through more efficient fishing fleets, equipment and machinery; and activities that reduce emissions by using sustainable feeds. • Examples of proxies include improvement in the feed conversion ratio and internationally accepted sustainability certifications that promote improved aquacultural practices with climate mitigation co-benefits.
Food and diets: resource use efficiency	5.9. Projects that reduce food losses or waste or promote lower-carbon diets	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (tCO_2e/unit of output). Guidance: Potentially eligible activities include: • food waste utilisation (circular-economy systems; see also activity 5.4); • policy interventions resulting in reduced food waste; • Investments in avoided food losses along the value chain (e.g., improved handling and storage infrastructure, more efficient logistics, and better-managed cold-chain infrastructure to reduce crop or food spoilage); and • activities supporting the value chain of low-GHG products—for example, plant-based proteins (such as pulse production and trading and pulse protein extraction) and other alternative proteins (such as insect-based proteins), reformulation of products with lower-GHG ingredients, and products applying sustainability certifications with mitigation benefits.
GHG reduction through biomaterial production	5.10. Projects that contribute to reduction of GHG emissions through production of	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (tCO_2e/unit of output). • Biomass shall be supplied from sustainable and socially acceptable sources, as demonstrated through compliance with internationally accepted sustainability certifications, and the activity shall not interfere with food security.

Category	Eligible activity	Screening Criteria: and Guidance
	biomaterials/bioenergy from biomass	<u>Guidance:</u> • In demonstrating GHG emissions reductions for forest-sourced biomass used in biomaterials production, the biomass should be accounted as carbon that has been removed from the forest—per agriculture, forestry and other land use (AFOLU) as defined and covered by the IPCC guidelines for national GHG inventories—and consequently the biomaterials produced shall be considered carbon sinks that substitute for fossil-based or energy-intensive materials. • Baseline emissions should consider scope 3 emissions where they are expected to be material or adversely affect relative GHG emissions, which may also require setting the assessment boundary outside the physical limits of the project to adequately represent the baseline. • Two examples of internationally accepted sustainability certifications for forest-sourced biomass are the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC). • Activities that fall under activity 5.10 involve the production of biomaterials or bioenergy with lower GHG emissions and substitution of more carbon-intensive materials or energy sources downstream with such biomaterials or bioenergy. For other examples of bioenergy, see activities 2.1 and 7.6. • Potentially eligible activities include production of bioenergy from biomass residues otherwise burned on site or not used as an energy source; production of bio-plastics from cereals by-products; production of asphalt from lignine; production of durable fibrous biomass products replacing plastics or other petroleum-based products (e.g., clothing); and other biomass materials (e.g., wood based products) replacing energy-intensive materials (e.g., concrete, steel, or synthetic fibres); and manufacturing of biomaterial-based products (e.g., biochar, furniture) that are long-lasting and store carbon during their useful lifetime. • Direct land-use changes should be included in the lifecycle GHG emissions analysis if they are deemed to make a material difference, and indirect land-use changes should also be considered where they are feasible to assess and expected to be material.

Table 6: Water supply and wastewater

For the purposes of Table 6, "water supply" refers to potable water.

Category	Eligible activity	Screening Criteria: and Guidance
Energy and resource efficiency and demand management in water supply	6.1. Brownfield energy efficiency improvement in water supply systems through deployment of low-energy-consumption technologies or equipment, promotion of better auditing practices, or reduction of water losses	Criteria: The entity applying the Common Principles shall demonstrate a substantial increase in energy efficiency or a substantial reduction in relative GHG emissions. Guidance: For water supply activities involving infrastructure that is well within its original economic lifetime, energy efficiency improvements, including non-revenue water (NRW) reduction, will be assessed as a brownfield activity. Projects that include components for both NRW reduction and water-supply-system expansion will be disaggregated into brownfield and greenfield components whereby the one corresponding to the water supply system expansion (i.e., an increase in the actual volume of water supplied) should be considered as a greenfield development under activities 6.2, 6.3, or 6.4 below.
Lower-carbon water supply	6.2. Lower-carbon greenfield water supply projects that replace tanker use or local coping mechanisms with a piped utility water supply system	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions. Guidance: • For projects that replace water boiling with treatment by a utility at a water treatment plant, the treatment technology will need to be the best locally available technology to prevent the continued lock-in of highly emissive behaviours or technologies. • Potentially eligible activities include: – replacement of tanker use for water service delivery to end users with a piped network; – reduction in household- or neighbourhood-level pumping (groundwater or surface water extraction, or pumping for distribution) powered by diesel fuel with a piped network that uses energy more efficiently; and – reduction in household boiling or other emissive household treatment options with access to treated water.

Category	Eligible activity	Screening Criteria: and Guidance
Energy efficiency and demand management in water supply	6.3. Greenfield water supply projects meeting high energy efficiency standard or making use of demand management	Criteria: The entity applying the Common Principles shall demonstrate that the relevant equipment meet at least one of the following three criteria: i) it substantially exceeds applicable energy efficiency requirements where such a legal framework is enforced; ii) it employs the best technology available in the country in the absence of such a legal framework, or iii) it is a zero-emission system, such as gravity-fed pipelines. Guidance: Potentially eligible activities include: • requiring the most energy efficient technologies available locally for treatment, pipes, or pumping (groundwater or surface water extraction, or pumping for distribution); • using gravity-based systems instead of pumping; • employing rainwater harvesting and utilisation; • locating water treatment plants, desalination plants, storage equipment, or other infrastructure where the need for pumping or additional treatment is reduced; • using the best available technology in water supply sector (such as installing smart pumps and variable-frequency drives); and • making use of load or demand management.
Energy and resource efficiency and GHG-emission reduction in water supply and wastewater management	6.4. Greenfield and brownfield projects that promote improved operation and maintenance to reduce water losses, promote energy savings, or meet or exceed wastewater treatment targets	Criteria: The entity applying the Common Principles shall demonstrate the specific focus of the operation and maintenance program targeting substantial energy efficiency improvement, water savings, or reduced emissions from improved wastewater treatment. Guidance: • The improved operation and maintenance program can be either a dedicated energy efficiency, water savings, or wastewater treatment target program, or a part of an overall program to improve operation and maintenance across all metrics for the utility. For the latter, only the portion of the operation and maintenance program dedicated to energy efficiency or water savings is eligible. • For use of biogas from anaerobic digestion of wastewater or sludge, see activity 2.5. • Potentially eligible activities include: – training programs that emphasise leak detection and prevention, improved maintenance, or energy efficiency improvements; – programs implementing supervisory control and data acquisition (SCADA) systems expected to reduce water losses or reduce energy use; and

Category	Eligible activity	Screening Criteria: and Guidance
		– programs ensuring that the levels of removal of biochemical oxygen demand (BOD) or five-day biochemical oxygen demand (BOD5), chemical oxygen demand (COD), or nitrogen[20] reach or exceed their targets.
GHG-emission reduction in wastewater management	6.5. Greenfield projects that reduce methane or nitrous oxide emissions through wastewater, fecal sludge or septage collection and treatment	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions. • The treatment system shall remove BOD. If there is no treatment of the collected wastewater, fecal sludge or septage—that is, no BOD is removed—as part of the project, the activity shall not be eligible. • For projects using anaerobic treatment technologies only, anaerobic treatment projects that would otherwise generate an appreciable amount of methane shall use it in energy generation or production processes, or, if use of methane is not economically viable, flare methane to release carbon dioxide. Appropriate mitigation measures shall be put in place to minimise and control methane leakage. Guidance: • In the GHG assessment, the project scenario should account for both direct emissions from treatment and emissions from energy use for collection and treatment. • Collected wastewater, fecal sludge or septage should be treated soon after collection. • For use of biogas from anaerobic digestion of wastewater or sludge, see activity 2.5.
Energy efficiency and GHG-emission reduction in wastewater management	6.6. Brownfield projects for wastewater that reduce emissions through energy efficiency improvements or improved treatment targets	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions. Guidance: • Less energy-intensive wastewater treatment technologies may have different rates of BOD/BOD5, COD, or nitrogen removal from the existing baseline technology. When switching from a more energy-intensive to a less energy-intensive treatment technology, the GHG analysis should reflect both changes in emissions due to energy demand for treatment and changes in direct emissions from treated wastewater for different levels of treatment. When comparing a baseline with project scenarios, the rate of removal and the effluent quality should be the same or higher in the project. • Projects that aim to improve treatment standards of BOD, BOD5, COD or nitrogen should result in relative emission reductions of methane or nitrous oxide. The GHG analysis should reflect both changes

[20] For wastewater, fecal sludge or septage systems that are ex-ante expected to result in relative GHG emissions reductions through collection and treatment, reaching or exceeding their targeted levels of BOD, BOD_5, COD or nitrogen removal are necessary for ensuring net emission reductions of methane or nitrous oxide.

Category	Eligible activity	Screening Criteria: and Guidance
		in direct emissions due to improved treatment standards and changes in emissions from different energy demand for treatment. When comparing a baseline with project scenarios, the rate of removal and the effluent quality should be the same or higher in the project.
GHG-emission reduction in wastewater collection	6.7. Greenfield or brownfield projects that improve latrines or collection of wastewater, fecal sludge, or septage	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions once treatment of the collected material is taken into account. Guidance: • The project will be investing only in a collection (and not treatment) system, which in isolation would likely increase relative GHG emissions due to electricity or fuel usage. If the project is linked to an existing wastewater treatment plant or a treatment plant that will be built through a separate project implemented by a different entity, then the direct and indirect emissions from treatment should also be accounted for in assessing whether the activity would qualify for mitigation finance, because a reduction in relative GHG emissions due to treatment at the treatment plant level would only be possible due to the investment in the collection system. • Gravity-based collection systems as part of a wastewater treatment system in greenfield projects are eligible if they result in near zero energy-related GHG emissions due to a lack of energy use. • Increased collection rates from existing latrines and septic tanks in isolation may lead to an increase in relative GHG emissions from increased electricity use (from sewers) or fuel use (from vacuum trucks), although the increased treatment rate may lead to an overall reduction in relative GHG emissions for the project or activity. A reduction in time wastewater, fecal sludge, or septage spends in anaerobic conditions, such as septic tanks or latrines, can in isolation lead to a reduction in relative GHG emissions. Both of these factors should be included in the overall GHG analysis for brownfield projects targeting a higher collection rate. • These types of activities are often combined with building or improving latrines with reduced anaerobic conditions compared to the baseline scenario. Investments in latrine improvement are eligible for mitigation finance when they result in a substantial reduction in relative GHG emissions and are combined with investments in wastewater, fecal sludge, or septage collection that lead to a substantial reduction in relative GHG emissions through collection and treatment.
Efficient use of wastewater	6.8. Wastewater reuse	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions between the wastewater reuse activity and the expected activity to be replaced or prevented.

Category	Eligible activity	Screening Criteria: and Guidance
		Guidance: • Some wastewater reuse technologies, such as tertiary treatment for aquifer recharge, can be highly energy-intensive. The analysis of GHG emissions should capture the high level of energy intensity where applicable. • Potentially eligible activities include: – greywater reuse and blackwater reuse after treatment at the building or local level; – treated wastewater reuse for irrigation; – treated sludge as a fertiliser replacement; and – nature-based solutions using retention ponds or constructed wetlands as part of integrated flood risk management.

Table 7: Solid waste management

For all eligible activities in this table, the entity applying the Common Principles should demonstrate the following to the extent possible and applicable:

- For investments in new waste infrastructure or expansion or replacement of the existing infrastructure, in particular for residual waste treatment and disposal (activities 7.9, 7.10, and 7.12), the entity has appropriately considered the waste hierarchy principle through national legislation (e.g., prevention and recycling objectives and targets, waste disposal objectives and targets) and waste management plans (e.g., plans and measures to increase waste prevention, recycling and material recovery while developing residual waste management infrastructure), and can demonstrate that the activity will not result in long-term lock-in of overcapacities, which would in return deter or reduce the impact of current or future waste prevention and recycling or material-recovery measures. For this purpose, the entity has adopted good practice, which bases the design capacity of waste management facilities on long-term waste generation forecasts for the relevant catchment area as well as on relevant waste management objectives and targets as defined in national legislation and waste management plans. The eligible activities apply to municipal solid waste or similar waste, which includes household, garden, park, commercial, and institutional waste.
- The entity has applied the proximity principle to the waste sourcing and transport system. The proximity principle is about treating and disposing of waste in reasonable proximity to where it had been generated to reduce CO_2e emissions from waste transport.

Category	Eligible activity	Screening Criteria and Guidance
Waste collection and transport	7.1. Separate collection and transport of source-segregated waste fractions	Criteria: • The activity shall support recovery of eligible materials aimed at preparing them for reuse or recycling, including recovery and valorisation of bio-waste. • Separately collected waste fractions shall not be subsequently mixed where doing so may affect their potential for subsequent reuse, recycling, or material recovery. • Where the activity does not use specialised equipment and facilities, financing shall be apportioned as described in the guidance below. Guidance: • Specific examples of eligible materials for recovery and associated processes and infrastructure can be found in activities 7.3–7.8. • Source segregation and separate collection of recyclable waste may be in single or co-mingled material fractions. • Potentially eligible activities include the deployment or operation of (i) waste collection equipment, e.g., bins and containers (including underground systems); (ii) waste collection and transport vehicles; (iii) technological equipment and applications of information and communications technologies, e.g., for collection route optimisation, pay-as-you-throw schemes, product tracking and take-back systems; and (iv) construction or

Category	Eligible activity	Screening Criteria and Guidance
		operation of infrastructure for separate waste collection, e.g., civic amenity centres, vehicle depots, and vehicle washing, maintenance and repair facilities. • Only the portion of the investment associated with eligible material recovery activities is eligible. If there is no specialised equipment (e.g., if waste collection vehicles or vehicle depots are used for both residual waste collection and separate waste collection), the financing is apportioned according to the proportion of the waste that is separately collected for eligible material recovery activities.
Waste storage and transfer	7.2. Temporary storage, bulking, or transfer of separately collected, source-segregated waste fractions	Criteria: • The activity shall support recovery of eligible materials aimed at preparing them for reuse or recycling, including material recovery and valorisation of bio-waste. • Separately collected waste fractions shall not be subsequently mixed where doing so may affect their potential for subsequent material recovery, reuse or recycling. • Where the activity does not use specialised equipment and facilities, financing shall be apportioned as described in the guidance below. Guidance: • Specific examples of eligible materials for recovery and associated processes and infrastructure can be found in activities 7.3–7.8. • Source segregation and separate collection of recyclable waste may be in single or co-mingled material fractions. • Potentially eligible activities include construction or operation of temporary storage, bulking, or transfer facilities and ancillary equipment and vehicles. • Only the portion of the investment associated with eligible material recovery activities is eligible. If there is no specialised equipment (e.g., balers specific to recycling), the financing is apportioned according to the proportion of the waste destined to eligible material recovery activities.
Product reuse	7.3. Repair and reconditioning of products or product components to enable their reuse	Criteria: • The entity applying the Common Principles shall demonstrate that the activity satisfy all the conditions below: – Products would otherwise be discarded. – Products shall be put back to their original use. – Products shall not be intended for reuse in any activity contrary to the Common Principles. – The activity shall not compromise the ability to recover and recycle the products or their associated materials at the end of their useful life. • If the activity involves the repair of products that are at the end of their design life meeting obsolete energy efficiency standards, the entity applying the Common Principles shall additionally demonstrate a reduction in

Category	Eligible activity	Screening Criteria and Guidance
		relative GHG emissions over the products' extended life compared to a new replacement product that meets current international or national energy efficient product standards. Guidance: • "Repair" and "reconditioning" are activities that aim to restore a product to a usable state by fixing or replacing faulty parts. • Potentially eligible activities include financing of construction or operation of facilities, workshops, or equipment to check, clean, recondition or repair recovered products or components in preparation for re-use.
Material recovery from solid waste	7.4. Material recovery from separately collected waste involving mechanical processes	Criteria: • The activity shall be principally aimed at recovering secondary materials from waste in preparation for reuse or recycling. • Recovered materials shall be suitable for reuse or recycling. • The feedstock shall be segregated at source and collected separately (in single or co-mingled material fractions) and shall not be subsequently mixed where doing so may affect their potential for recovery and subsequent reuse or recycling. Guidance: • Examples of materials recovered through this activity include metals, glass, plastics, paper and cardboard, wood, textiles and textile fibres, bricks and other inert construction materials. • Potentially eligible activities include: (i) Greenfield projects— construction or operation of new material recovery facilities applying mainly mechanical processes (such as dismantling, separation, sorting, crushing, shredding, and cutting) or organised processes to process waste into secondary materials in preparation for recycling; and (ii) Brownfield projects—modification, replacement or upgrading of existing facilities that enable higher rates of material recovery or improved output quality, such as through the installation of equipment for optical, ballistic, or magnetic separation.
Material recovery from solid waste	7.5. Material recovery from separately collected or pre-sorted waste involving processes other	Criteria: • The activity shall be aimed at recovering secondary materials from waste in preparation for reuse or recycling. • Recovered materials shall be suitable for reuse or recycling. • Where the material recovery process or connected upstream and downstream processes require a significant amount of energy input (e.g. thermochemical processes such as pyrolysis and gasification), the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions compared to a relevant

Category	Eligible activity	Screening Criteria and Guidance
	than mechanical processes	baseline scenario, taking account of scope 3 emissions that are expected to be material. On how to assess scope 3 emissions, see the guidance below. • The feedstock used shall be separately collected or pre-sorted waste and shall not be mixed where doing so may affect their potential for recovery and subsequent reuse or recycling. <u>Guidance</u>: • Examples of typical feedstock used in this activity are plastic and rubber waste, spent oils, lubricants, solvents and other chemicals produced by households and businesses. • Potentially eligible activities include: (i) Greenfield projects— construction or operation of new facilities applying physico-chemical, chemical or thermochemical processes (e.g., re-refining and chemical recycling plants including solvent-based purification, chemical depolymerisation or thermal depolymerisation through pyrolysis or gasification); and (ii) Brownfield projects—modification, replacement or upgrading of existing facilities that enable higher rates of material recovery or improved output quality. • Where technically and economically viable, mechanical recycling should be given preference to chemical recycling. • While the main objective of the activity is the recovery of materials and substances, the use of process outputs for meeting own energy needs is allowed as long as all other criteria are fully met. For the sake of clarity, activities where the main objective is the recovery of fuels or energy from fossil feedstock are not eligible. • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis.
Recovery and valorisation of bio-waste	7.6. Anaerobic digestion of separately collected bio-waste	<u>Criteria</u>: • The bio-waste shall be segregated at source and collected separately. • The produced biogas shall be used productively (see examples below in the guidance). • The digestate produced shall be used as a natural fertiliser or soil conditioner (directly or after composting) or, where it can be demonstrated that there is no market for such use, it shall be used for other purposes (e.g. as backfilling or cover material) but shall not be incinerated. • Appropriate mitigation measures including a monitoring plan shall be put in place to control methane leakages from relevant processes in industrial-scale facilities. For small-scale anaerobic digestion units (e.g., in small farms), appropriate mitigation measures shall be applied that are technically and economically feasible.

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers and retail premises; and comparable waste from food processing plants. • Co-processing with other types of biodegradable waste and residues (e.g., from agriculture) is allowed where doing so does not negatively affect methane yields or the quality and potential use of the digestate. • Examples of productive use of biogas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities include: (i) Greenfield projects—construction or operation of new plants and small-scale units for anaerobic digestion of bio-waste, for biogas treatment or utilisation, or for the treatment of digestates for use as fertilisers or soil conditioners; and (ii) Brownfield projects—modification, replacement or upgrading of existing facilities resulting in – improved methane yields from the anaerobic digestion process (e.g., by enabling co-digestion of bio-waste with other biodegradable feedstock such as agricultural residues and manure); – reduced methane leakages (e.g., sealed digestate storage tanks); – enhanced biogas utilisation (e.g., through biogas conversion to bio-methane and its compression for use as a fuel or injection in a natural gas grid); or – enhanced digestate utilisation (e.g., through additional composting and storage). • Specific guidance and examples of methods for monitoring methane emissions from anaerobic digestion plants can be found in *Methane emissions from biogas plants: Methods for measurement, results and effect on greenhouse gas balance of electricity produced*, available at https://www.ieabioenergy.com/wp-content/uploads/2018/01/Methane-Emission_web_end_small.pdf, and *Best Available Techniques (BAT) Reference Document for Waste Treatment* (section 6.6.2), available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf.
Recovery and valorisation of bio-waste	7.7. Composting of separately collected bio-waste	Criteria: • The bio-waste shall be segregated at source and collected separately. • Where national legislation requirements on fertilising products are met, the compost produced shall be used as a natural fertiliser or soil conditioner or, where it is not meeting the environment, health and safety standards or it can be demonstrated that there is no market for such use, it shall be used for other purposes (e.g., as backfilling or cover material) but shall not be incinerated. • Appropriate mitigation measures including a monitoring plan shall be in place to control methane emissions from relevant processes in industrial-scale facilities. For small-scale composting schemes, appropriate mitigation measures shall be applied that are technically and economically feasible.

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers or retail premises; and comparable waste from food processing plants. • Co-processing with other types of biodegradable waste and residues (e.g., from agriculture) is allowed where doing so does not negatively affect the quality or potential use of the compost. • Potentially eligible activities include: (i) Greenfield projects—(a) construction or operation of new composting plants, including equipment for the conditioning of composts for use as fertilisers or soil conditioners; and (b) deployment of household and community-based composting schemes; and (ii) Brownfield projects—modification, replacement or upgrading of existing facilities resulting in a reduction of methane emissions from composting plants (e.g., equipment for active aeration of windrows) or improvements in compost quality (e.g., equipment for compost conditioning and valorisation). • Where technically and economically viable, anaerobic digestion should be given preference to composting. • Specific guidance and examples of methods for monitoring methane emissions from large-scale biological waste treatment plants can be found in *Best Available Techniques (BAT) Reference Document for Waste Treatment*, available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf.
Recovery and valorisation of bio-waste	7.8. Other types of recovery and valorisation of bio-waste	Criteria: • The bio-waste shall be segregated at source and collected separately, and not subsequently mixed in a way that would negatively affect the recovery processes or the quality of the products. • Recovered materials or biofuels shall meet relevant international or national industry-specific legislation, regulations, standards, or user specifications for the intended use. • Where the material recovery or valorisation process or connected upstream or downstream processes require a significant amount of energy input in the project or the baseline scenario, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions compared to a relevant baseline scenario, taking account of scope 3 emissions that are expected to be material. On how to assess scope 3 emissions, see the guidance below. Guidance: • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, markets, offices, restaurants, wholesale, canteens, caterers or retail premises; and comparable waste from food processing plants. • Co-processing with other types of biodegradable waste and residues (e.g., from agriculture) is allowed where doing so does not negatively affect the potential use of the process outputs and residues.

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		• Examples of recovery and valorisation activities include the production or extraction of bio-based materials, biofuels, nutrients, or chemicals from bio-waste. • Potentially eligible activities include implementation or operation of greenfield and brownfield projects that adopt technologies and processes for the recovery and valorisation of bio-waste other than those included in activities 7.6 and 7.7, such as production of biodiesel from vegetable oils, production of food and feed ingredients (protein, fats, peptides), and fertiliser manufacture (struvite and ammonium sulphate) from urban biowaste. • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis.
Treatment of mixed residual waste	7.9. Mechanical or biological treatment of mixed residual waste	<u>Criteria</u>: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions compared to the alternative waste management and disposal method, taking account of scope 3 emissions that are expected to be material. On how to assess scope 3 emissions, see the guidance below. • Materials recovered in the mechanical separation stage shall be suitable for recycling. • Where the feedstock contains a material amount of biowaste fractions and where the treatment outputs are to be landfilled, biological treatment shall be compulsory to stabilise organic components and thus minimise methane emissions from landfills. • In addition, where the activity concerns anaerobic digestion of the organic waste fraction or production of refuse-derived fuel (RDF) or solid-recovered fuel (SRF), the following criteria shall apply: • For anaerobic digestion of the organic waste fraction, the produced biogas shall be used productively. Further, appropriate mitigation measures and a monitoring plan shall be in place to minimise and control methane leakages from relevant facilities. • For production of RDF or SRF, the fuel so produced shall be suitable for use as an alternative fuel. <u>Guidance</u>: • Mechanical-biological treatment plants (MBT) are designed to treat mixed municipal waste and similar residual waste streams and can have many different design configurations. Plant configurations always combine mechanical sorting (upstream or downstream in the process) with biological treatment of the bio-waste fraction (e.g., anaerobic treatment with biogas recovery, aerobic treatment or composting or bio-drying).

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		• Where the mixed waste feedstock treated contains no or only insignificant amounts of bio-waste (as in mixed construction and demolition waste or mixed industrial waste) plants perform solely a material recovery function, similar to facilities under activity 7.4. • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, markets, offices, restaurants, wholesale, canteens, caterers or retail premises; and comparable waste from food processing plants. • Examples of materials recovered by mechanical separation include metals, plastics, paper and cardboard. • Examples of productive use of biogas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities include: (i) Greenfield projects—construction or operation of facilities including mechanical processes for sorting and separating waste and biological treatment processes for the bio-waste fraction; and (ii) Brownfield projects—modification, replacement or upgrading of existing facilities that result in – higher material recovery rates or improved output quality; – reduced methane leakages; – enhanced biogas utilisation (e.g., through biogas conversion to bio-methane, its compression and injection in a natural gas grid); or – enhanced digestate utilisation (e.g., through additional lines for treatment of separately collected bio-waste). • Eligible financing is limited only to plant components and processes with a climate mitigation impact, which include: (i) mechanical separation of recyclable materials, (ii) mechanical separation of RDF or SRF, (iii) mechanical separation and biological treatment of the biodegradable fraction, and (iv) renewable energy production. Where separation of financing is possible, the entire investment cost of the relevant plant components (e.g., biological treatment and energy recovery facilities) shall count towards eligible financing. Where separation of financing is not possible (e.g., mechanical sorting plant) financing shall be apportioned according to the waste throughput capacity and the eligible financing shall be the percent share of the sum of relevant process output fractions (see points i–iii above). In the case of RDF/SRF, the eligible financing shall be limited to the percent share of its renewable (biogenic) fraction (organics, paper, cardboard). • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis.

Category	Eligible activity	Screening Criteria and Guidance
		• Specific guidance and examples of methods for monitoring methane emissions from anaerobic digestion plants can be found in *Methane emissions from biogas plants: Methods for measurement, results and effect on greenhouse gas balance of electricity produced*, available at https://www.ieabioenergy.com/wp-content/uploads/2018/01/Methane-Emission_web_end_small.pdf, and *Best Available Techniques (BAT) Reference Document for Waste Treatment*, available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf.
Treatment of mixed residual waste	7.10. Waste incineration with energy recovery (waste-to-energy) from mixed residual waste, RDF or SRF	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions compared to the alternative of waste management and disposal, taking account scope 3 emissions that are expected to be material. On how to assess scope 3 emissions, see the guidance below. • In greenfield projects, the entity applying the Common Principles shall use an appropriate combination of best available techniques for the energy recovery components of the incineration plant, and in particular implement combined heat and power where this is economically viable under local conditions. Guidance: • Potentially eligible activities include: (i) Greenfield projects—construction or operation of waste incineration plants with highly efficient energy recovery in the form of electricity or heat or cooling and material recovery from incineration bottom ash; and (ii) Brownfield projects—modification, addition or upgrading of a process technology that results in enhanced energy recovery or material recovery. • Waste incinerators recover energy from mixed waste streams including renewable and fossil fractions. Eligible financing refers only to the renewable energy component. Given that a separation of financing is not possible, financing shall be apportioned according to the plant's renewable and fossil energy generation capacities. • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis. • Specific guidance and examples of best available techniques for improving energy efficiency in waste incinerators in the European Union can be found in *Best Available Techniques (BAT) Reference Document for Waste Incineration*, available at https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/best-available-techniques-bat-reference-document-waste-incineration-industrial-emissions.

Category	Eligible activity	Screening Criteria and Guidance
Landfill gas capture, abatement and utilisation	7.11. Landfill gas capture, abatement or utilisation as part of closure of old landfills, landfill cells or dumpsites	Criteria: • The captured landfill gas shall be used productively, or where doing so is not economically viable, flared. • Appropriate mitigation measures including a monitoring plan shall be in place to control methane emissions from the landfill body and possible leakages from relevant landfill gas management facilities. Guidance: • Examples of productive use of landfill gas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities are limited to: (i) installation or operation of landfill gas capture and abatement systems (e.g., extraction wells and piping systems, blower-flare systems, containment and capsulation measures, including permanent landfill cover layers and bio-filters with a landfill-gas-emission abatement function), and (ii) landfill gas treatment and utilisation systems (e.g., facilities for energy production, or to upgrade to bio-methane, compress for use as a vehicle fuel or injection in a natural gas grid). • Guidance on best practice concerning landfill gas emission control and utilisation is available from various international and national organisations, including *Landfill Operational Guidelines 3rd Edition*, available at iswa_-_landfill_operational_guidelines_3rd_edition.pdf (wehrle-werk.de), and "Landfill gas control - Guidance on the landfill gas control requirements of the Landfill Directive" and links contained therein to further guidance documents recommended by EU member states, available at https://ec.europa.eu/environment/waste/landfill/pdf/guidance%20on%20landfill%20gas.pdf.
Landfill gas capture, abatement and utilisation	7.12. Landfill gas capture, abatement or utilisation in new sanitary landfills or landfill cells	Criteria: • The entity applying the Common Principles shall demonstrate that the new sanitary landfill will result in a substantial reduction in relative GHG emissions compared to the relevant baseline scenario for waste management and disposal. • The captured landfill gas shall be used productively, or where utilisation is not economically viable, flared. • Appropriate mitigation measures including a monitoring plan shall be in place to control methane emissions from the landfill body and possible leakages from relevant landfill gas management facilities. Guidance: • Examples of productive use of landfill gas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock.

Category	Eligible activity	Screening Criteria and Guidance
		• Potentially eligible activities are limited to the installation or operation of landfill gas capture, treatment and utilisation systems, and the containment and capsulation measures required for the collection and management of landfill gas if the baseline has no GHG emission control measures in the jurisdiction. – Examples of landfill gas capture systems are extraction wells and piping systems, blower-flare systems, and where the activity includes the closure of previously filled cells, also permanent landfill cover layers or bio-filters with landfill-gas-emission abatement functions. – Examples of landfill gas treatment and utilisation systems are facilities to produce energy or to upgrade the captured landfill gas to bio-methane and compress it for use as a vehicular fuel or for injection in a natural gas grid. – Examples of the containment and capsulation measures are the landfill cells that contain and capture the waste from which the landfill gas is extracted. • Guidance on best practice concerning landfill gas emission control and utilisation is available from various international and national organisations, including *Landfill Operational Guidelines 3rd Edition*, available at iswa_-_landfill_operational_guidelines_3rd_edition.pdf (wehrle-werk.de), and "Landfill gas control - Guidance on the landfill gas control requirements of the Landfill Directive" and links contained therein to further guidance documents recommended by EU member states, available at https://ec.europa.eu/environment/waste/landfill/pdf/guidance%20on%20landfill%20gas.pdf.
Energy efficiency	7.13. Brownfield projects aimed at improving energy efficiency in waste management facilities	Criteria: • Energy efficiency interventions shall be eligible only for waste management plants that are eligible under the Common Principles (activities 7.1–7.12). • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions from the energy efficiency improvement. Guidance: • Potentially eligible activities include the modification, retrofitting or upgrading of existing plant equipment aimed at increasing energy efficiency. • The entity applying the Common Principles should demonstrate that the activity will not result in long-term lock-in effects in cases where energy efficiency improvement is part of a larger replacement, modernisation or capacity extension project for an existing residual waste treatment facility, because such effects would deter waste prevention or more efficient resource management in accordance with the waste hierarchy principle. • Examples of best available techniques for increasing energy efficiency in various types of waste management installations in the European Union can be found in *Best Available Techniques (BAT) Reference Document for Waste Treatment*, available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-

Category	Eligible activity	Screening Criteria and Guidance
		11/JRC113018_WT_Bref.pdf, and *Best Available Techniques (BAT) Reference Document for Waste Incineration*, available at https://publications.jrc.ec.europa.eu/repository/handle/JRC118637.

Table 8: Transport

Category	Eligible activity	Screening Criteria and Guidance
Urban and rural transport	8.1. Urban and rural public transport projects	Criteria: • The entity applying the Common Principles shall demonstrate a modal shift from a higher-carbon mode, except where the activity improves the performance of an eligible existing public transport system. • Road infrastructure shall be eligible for the case of dedicated public transport infrastructure. Guidance: • Modal shift includes prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of public transport services are eligible. • For road infrastructure projects where the cost of the dedicated infrastructure is not well defined or disaggregated cost information is not available, financing is proportional to the share of infrastructure dedicated to public transport. • Activities that improve the performance of an existing public transport system are eligible. These activities are exempt from demonstrating a modal shift. • Potentially eligible activities include buses, bus rapid transit, tram, metro, cable car, monorail, rail transit, and ferry used in public transport. • Technology-substitution projects (without a modal shift) are addressed in activity 8.6.
Urban and rural transport	8.2. Non-motorised transport (NMT) or electric personal mobility	Criteria: Road infrastructure shall be eligible for the case of dedicated NMT infrastructure. Guidance: • Both fleets and infrastructure that are fundamental to the operation are eligible. • For road infrastructure projects where the cost of the dedicated infrastructure is not well defined or disaggregated cost information is not available, financing is proportional to the share of infrastructure dedicated to NMT schemes. • Two examples of NMT are bicycles and pedestrian mobility.
Low-carbon inter-urban transport	8.3. Inter-urban railway projects for freight or passengers	Criteria: • The entity applying the Common Principles shall demonstrate a modal shift from a higher-carbon mode, except when the activity improves the performance of an eligible existing railway system.

Category	Eligible activity	Screening Criteria and Guidance
		• Activities dedicated to transport of fossil fuels or blended fossil fuels (where a high proportion of the blended fuel is a fossil fuel) shall not be eligible. Guidance: • Modal shift includes prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of transport services are eligible. • Activities that improve the performance of an eligible existing railway system are eligible and are exempt from demonstrating a modal shift. • For the criterion excluding the eligibility of activities "dedicated to the transport of fossil fuels or blended fossil fuels," dedication refers to fleets or infrastructure being acquired or built with the explicit intention of transporting or storing fossil fuels, even if the actual use additionally serves other purposes. • Blended fossil fuels refer to mixtures of fossil fuels and biofuels, such as a mixture of gasoline and bioethanol or petroleum diesel and biodiesel. • Technology-substitution projects (without a modal shift) are addressed in activity 8.6.
Low-carbon inter-urban transport	8.4. Bus or coach public passenger transport	Criteria: The entity applying the Common Principles shall demonstrate a modal shift from a higher-carbon mode. Guidance: • Modal shift includes prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of transport services are eligible. • Technology-substitution projects (without a modal shift) are addressed in activity 8.6.
Low-carbon mode and efficiency improvement in maritime and inland waterway transport	8.5. Water transport projects for freight or passengers, or efficiency improvement	Criteria: • The entity applying the Common Principles shall demonstrate – a shift from a higher-carbon to a lower-carbon mode, or – a substantial reduction in GHG emissions, except where the activity improves the efficiency of an eligible existing inland waterway or short-sea shipping system. • In all cases, activities dedicated to transport of fossil fuels or blended fossil fuels (where a high proportion of the blended fuel is a fossil fuel) shall not be eligible.

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • Modal shift includes prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of transport services are eligible. • For the criterion excluding the eligibility of activities "dedicated to the transport of fossil fuels or blended fossil fuels," dedication refers to fleets or infrastructure being acquired or built with the explicit intention of transporting or storing fossil fuels, even if the actual use additionally serves other purposes. • Potentially eligible activities include inland waterway, short-sea-and deep sea shipping infrastructure and fleets. • Potentially eligible efficiency improvements include technical efficiency measures (such as improvements in design, propulsion, machinery and operation), route optimisation services, ship-to-ship route exchanges, enhanced monitoring systems, introduction of digitisation, and port-call synchronisation. • Activities that improve the efficiency of an eligible existing inland waterway or short-sea shipping system are exempt from demonstrating either a modal shift or a substantial reduction in emissions.
Low-carbon vehicles and associated infrastructure	8.6. Land-based, airborne, or waterborne vehicles transporting passengers or freight with zero or low direct emissions, or associated infrastructure	Criteria: Activities dedicated to transport of fossil fuels or blended fossil fuels (where a high proportion of the blended fuel is a fossil fuel) shall not be eligible. Guidance: • Direct emissions refer to tailpipe emissions. • Vehicles and associated infrastructure cover all modes. Innovative low-carbon aviation activities are covered in Table 11: Research, development and innovation. • Vehicles, trains, or waterborne vessels or infrastructure that is fundamental to the operation of transport services are eligible. • For the criterion excluding the eligibility of activities "dedicated to the transport of fossil fuels or blended fossil fuels," dedication refers to any otherwise eligible vehicles or associated infrastructure being acquired or built with the explicit intention of transporting or storing fossil fuels, even if the actual use additionally serves other purposes. • Potentially eligible activities include electric, hydrogen, hybrid, and plug-in hybrid vehicles and associated infrastructure.
Low-carbon fuels for transport	8.7. Transport operations using	Criteria:

Category	Eligible activity	Screening Criteria and Guidance
	biofuels or synthetic fuels with low lifecycle GHG emissions	• Lifecycle GHG emissions shall not exceed the level of GHG emissions from the current fuel mix. • GHG emissions shall be substantially lower than corresponding GHG emissions of transport relying on fossil fuels. • For eligibility of biofuels, see activity 2.1. • Projects involving biofuel vehicles shall target fuel blends with significant shares of biofuels. When blended, only the portion of non-first-generation biofuel shall be eligible as climate finance. • Both fleets and infrastructure that are fundamental to the transport operation are eligible. Guidance: • For guidance on biofuels, see activity 2.1. • Synthetic fuels with low lifecycle GHG emissions (or e-fuels) are those that use low-carbon feedstocks of hydrogen and CO_2. Examples are hydrogen in activity 4.9, captured CO_2 in activity 12.5, and CO_2 from direct air capture.
Transport demand management policy and systems	8.8. Transport demand management policy or associated intelligent transport systems (ITS)	Criteria: Investments related to policy actions or ITS that are expected to lead to substantially decreased overall travel demand or modal shifts to more efficient modes shall be eligible. Guidance: Potentially eligible activities include policy or systems leading to reduction in use of personal or freight transport and shifting from private car use to mass transit NMT, e.g., transit-oriented development (TOD), low- or zero-emission zone, mobile sharing application providing access to alternative modes such as bicycles and scooters, and investments in ICT to increase traffic operational efficiency or enable shared mobility.
Low-carbon fuels for transport	8.9. Use of waste gas as a transport fuel	Criteria: For eligible waste gas, see activities 2.5, 6.4, 6.5, 7.6, and 7.9. Guidance: For guidance on eligible waste gas, see activities 2.5, 5.10, 7.6, and 7.9.
Air Traffic management	8.10. Efficient air traffic management	Criteria:

Category	Eligible activity	Screening Criteria and Guidance
		The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions to ensure that an increase in air traffic that may result from the activity does not negate the GHG-emission-intensity benefits. Guidance: There is no specific guidance.
Efficiency and renewable energy in aviation	8.11. Efficient airport system operations or on-site renewable energy generation	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions from energy efficiency or other GHG reduction measures. • For eligibility of on-site renewable energy generation, see activity 2.1. Guidance: • Potentially eligible activities include: – higher operational efficiency of aircraft movements in the airfield and in the landing and take-off cycle; and – energy efficiency improvements in equipment. • Criteria for ground transport activities (such as bus fleets, car fleets and people-movers) are covered in activities 8.6 and 8.7 above. • Criteria for airport buildings are covered in activities 10.1 and 10.2.

Table 9: Buildings, public installations and end-use energy efficiency

Category	Eligible activity	Screening Criteria and Guidance
Energy efficiency, on-site renewable energy, CO_2e-emission reduction, and carbon sinks in buildings	9.1. Measures that reduce net energy consumption, resource consumption or CO_2e emissions, or increase plant-based carbon sinks in greenfield and brownfield buildings and associated grounds	Criteria: • The party executing the activity shall commit to adopting measures that substantially reduce net energy consumption, resource consumption, or CO_2e emissions, or increase carbon sinks in the project design. • Where the eligible activity produces renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in eligible activity 2.1 or 2.2. Guidance: • The portion of the financing estimated to be dedicated to the above measures is eligible. • Potentially eligible activities include the following: – Building design for lower energy consumption or GHG emissions – Use of building materials with low embedded GHG emissions (including low-carbon cement, and sustainable timber, bamboo, and wood), – Construction of building structures for high energy efficiency, such as advanced thermal protection of the building envelope, windows with low thermal conductivity/low-emissivity façade glazing, passive energy design, green roofs and green walls partially or completely covered with vegetation, thermal mass storage systems, and active or passive façade shading elements – Energy efficiency improvement in assets in existing buildings, such as mechanical and electrical systems; heating, ventilation and air-conditioning (HVAC); induction stoves; indoor and exterior lighting; and pumping and heat exchanger stations – Installation of high-efficiency vertical (elevators, escalators) and horizontal (travellator) transport systems; on-site high-efficiency transformers and systems for compensation of reactive power; passive or active filters of harmonics; high-efficiency appliances and equipment; and high-efficiency motors, pumps, fans, and drives with variable speed drives – Adoption of energy-management systems – Substitution or retrofit of existing heating, cooling or distributed power generation sources for higher efficiency, such as replacement of existing heating or cooling with higher-efficiency boilers or chillers, recovery and use of waste heat, and conversion to cogeneration or tri-generation.

Category	Eligible activity	Screening Criteria and Guidance
		– Digital or other smart solutions and electrification infrastructure (e.g., charging stations for electric vehicles; see also activity 8.6) and smart electric meters – Addition of on-site renewable energy sources (e.g., solar photovoltaic, solar thermal collector) – Installation of heat pumps – Prevention or reduction of use of cooling agents, or replacement of cooling agents with those with lower global warming potential, or adoption of technologies and practices that minimise hydrofluorocarbon (HFC) leakages – Measures to minimise methane leakages.
Energy efficiency, renewable energy, CO_2e-emission reduction, and carbon sinks in green buildings	9.2. Measures that reduce net energy consumption, resource consumption or CO_2e emissions, or measures that increase plant-based carbon sinks in new or retrofitted buildings and associated grounds, enabling certification standards to be met	<u>Criteria</u>: • The party executing the greenfield activity shall commit to meeting green building certification criteria, as established by a certification agency that is recognised by the financial institutions involved in financing. • The certification standards eligible for climate finance shall be characterised by the following: – Statement of clear, comprehensive and stringent climate performance requirements – Quality control by at least two independent experts from certifying entities at each stage of certification – Final certification post-construction <u>Guidance</u>: • A local benchmark may serve as the baseline for energy, resource, or GHG emissions intensity. • Examples of internationally recognised certifications are the Excellence in Design for Greater Efficiencies (EDGE), Building Research Establishment Environmental Assessment Method (BREEAM), certificate issued by the German Sustainable Building Council (DGNB), Haute Qualité Environnementale (HQE), GREEN STAR, and the Leadership in Energy and Environmental Design (LEED). • National or international certification programmes (such as EU Energy Efficiency Directive, the EU Energy Performance Directive, and the EU Energy Performance Certificates) can be used as appropriate. • If the activity comprises a large number of small buildings, certification of every building may be substituted by certification of a representative sample of buildings in the activity in combination with legally binding covenants—to follow equivalent technical specifications and design that

Category	Eligible activity	Screening Criteria and Guidance
		ensure a comparable climate mitigation impact required for certification—for the remaining buildings not subject to certification.
Energy efficiency, on-site renewable energy, CO_2e-emission reduction, and carbon sinks in public areas and installations	9.3. Measures that reduce net energy consumption, resource consumption or CO_2e emissions, or increase plant-based carbon sinks in public areas or installations	Criteria: • The party executing the activity shall commit to adopting measures that substantially reduce net energy, resource consumption or CO_2e emissions, or increase carbon sinks as part of the project design. • Where the eligible activity uses renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in eligible activity 2.1 or 2.2. Guidance: • The portion of the financing estimated to be dedicated to the above measures is eligible. • Potentially eligible activities include efficient lighting in streets and public areas, establishment of public parks with trees serving as carbon sinks, and efficient irrigation of local vegetation.
End-use energy efficiency	9.4. Brownfield stand-alone end-use energy efficiency improvement or CO_2e-emission reduction in existing appliances or equipment	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in net energy consumption, resource consumption, or CO_2e emissions. Guidance: This activity covers end-use efficiency improvement not covered in activity 9.1 or other sector tables.
End-use energy efficiency	9.5. New or replacement stand-alone energy efficient appliances or equipment	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in net energy consumption, resource consumption, or CO_2e emissions. • The activity shall use the best available technology or match or surpass country-appropriate technology benchmarks in performance. • Where highly efficient new appliances or equipment use a fossil fuel as the source of energy, the entity applying the Common Principles shall demonstrate that the activity represents the development solution with the least GHG emissions, does not create carbon lock-in (e.g., lifetime is short) and documents that neither electric nor lower-carbon alternatives are feasible. • Electrification of appliances or equipment previously combusting a fossil fuel shall be eligible without the need for a demonstration of a substantial reduction in net energy consumption,

Category	Eligible activity	Screening Criteria and Guidance
		resource consumption, or CO_2e emissions where electrification is relatively rare for that type of appliance or equipment. Guidance: • This activity covers end-use efficiency improvement not covered in activity 9.1 or 9.2 or other sector tables. • Potentially eligible activities include installation of highly efficient refrigerators with refrigerants with low global warming potential.

Table 10: Information and communications technology (ICT) and digital technologies

Category	Eligible activity	Screening Criteria and Guidance
Energy efficiency, renewable energy and CO_2e-emission reduction	10.1. Energy efficiency improvement, renewable energy deployment, or CO_2e-emission reduction in existing data centres	Criteria: • The entity applying the Common Principles shall demonstrate a substantial reduction in net CO_2e emissions or carbon intensity. • Where the eligible activity involves renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in eligible activity 2.1. Guidance: Potentially eligible activities include installing efficient information technology (IT) equipment, improving the efficiency of cooling systems, enhancing the data centre insulation, and switching to cooling agents with lower global warming potential.
Energy efficiency and renewable energy	10.2. Greenfield data centres that meet best international practices for energy efficiency or that are supplied largely by on-site renewable energy generation	Criteria: The eligible activity shall meet at least one of the following criteria: 1. Energy efficiency performance of the data centre complies with internationally recognised best practice guidelines or is substantially better than market standards or benchmarks. 2. Data centre buildings meet the criteria provided for greenfield buildings in activity 9.2. 3. The activity does not meet the first criterion above but energy consumed is largely or entirely from on-site renewable energy generation that meets the same criteria for low lifecycle GHG emissions as in activity 2.1 or 2.2. Guidance: • If the greenfield data centre meets both criteria 1 and 2, the entire financing for the greenfield data centre is eligible. • If the greenfield data centre meets criterion 1 only, the financing should be apportioned to reflect the share associated with costs of the IT equipment and auxiliary equipment, e.g., cooling and power equipment. • If the greenfield data centre meets criterion 2 only, the criteria and guidance for activity 9.2 are applicable and the financing for the building itself, but not IT equipment and auxiliary equipment, is eligible. • If the greenfield data centre meets criterion 3 only, the financing should be apportioned to reflect the share associated with costs of the on-site renewable energy.

Category	Eligible activity	Screening Criteria and Guidance
		• An example of internationally recognised best practice guidelines is *2019 Best Practice Guidelines for the EU Code of Conduct on Data Centre Energy Efficiency* (JRC), available at https://e3p.jrc.ec.europa.eu/publications/2023-best-practice-guidelines-eu-code-conduct-data-centre-energy-efficiency.
Energy efficiency	10.3. Telecommunications networks with energy efficiency levels that meet best international practices	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or that energy efficiency performance is substantially better than best market standards or benchmarks. Guidance: • Where feasible, analysis of GHG emissions should take account of material lifecycle sources, including where scope 3 emissions are expected to be material, such as additional energy consumption in data centres to deal with increased data traffic. • Potentially eligible activities include the adoption of emerging telecommunications technologies, changes in processes resulting in energy savings, resource-use efficiency measures, and implementation of energy-efficiency plans leading to a reduction in relative GHG emissions. • Two examples of standards that can be used to assess energy efficiency improvement are: – *Operational energy Efficiency for Users (OEU); Technical Global KPIs for Fixed Access Networks (ETSI)*, available at https://www.etsi.org/deliver/etsi_gs/OEU/001_099/012/01.01.01_60/gs_OEU012v010101p.pdf; and – ETSI ES 203 228 V1.2.1 (2017-04): *Environmental Engineering (EE); Assessment of mobile network* energy *efficiency* (ETSI), available at https://www.etsi.org/deliver/etsi_es/203200_203299/203228/01.02.01_60/es_203228v010201p.pdf.
Electronic service delivery	10.4. Digitisation of service delivery or internal operations, leading to a substantial reduction in travel or material use	Criteria: The entity applying the Common Principles shall demonstrate either of the following: • The activity supports a large-scale transformation of service delivery or operations, leading to a substantial reduction in relative GHG emissions in the long term, taking into account material lifecycle sources such as where scope 3 emissions are expected to be material. • The activity is the first of its kind, i.e., no similar activity has been implemented previously in a certain geographical area or for a targeted sub-group and has the potential to enable a substantial reduction in relative GHG emissions in the long term, taking into account material lifecycle sources such as where scope 3 emissions are expected to be material.

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • If the old service delivery model is not terminated, the continued use of non-electronic service delivery should be accounted for in the determination of relative GHG emissions. • Potentially eligible activities include application of e-government, telemedicine, mobile money, and teleworking.

Table 11: Research, development and innovation

Category	Eligible activity	Screening Criteria and Guidance
Research, development and innovation	11.1. Research on or development of renewable energy, energy efficiency improvement, low-carbon technologies, or other technologies instrumental to achieving full decarbonisation	Criteria: • Research, development and innovation activities shall carry out at least one of the following: – Directly support other activities identified in the Common Principles for climate change mitigation. – Support activities with the principal objective of mitigating climate change but that are not on the current eligibility list because they are new, innovative technologies or practices that are still far from commercialisation. • In all cases, activities shall aim to promote substantially lower GHG emissions compared with current practices, except where the current practice is already low in carbon and activities focus on development of equally low- or lower-emission technologies with new advantages, such as lower cost. • Activities that support low-carbon technologies but also directly support exploration, extraction, processing or transport of fossil fuels, or fossil fuel power generation (with the exception of technologies for carbon capture and storage), shall not be eligible. Guidance: For carbon capture and storage or utilisation, see activity 12.5.

Table 12: Cross-sectoral activities

Category	Eligible activity	Screening Criteria and Guidance
Energy and resource-use efficiency	12.1. An activity that enables a reduction in energy or material use across a supply chain (upstream or downstream) through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, taking account of material lifecycle sources such as where scope 3 emissions are expected to be material. Guidance: The boundaries for GHG assessment can be limited by excluding stages or activities in the supply chain where emissions are expected to remain unchanged by the activity. Any exclusion should be justified.
Waste heat recovery	12.2. Recovery for use or utilisation of process waste heat	Criteria: The entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (e.g., tCO_2e/unit of output), or energy intensity (e.g., gigajoules/unit of output). Guidance: • Waste heat utilised is a by-product of another activity, the primary output of which is not heat. Examples of activities from which waste heat is recovered include industrial processes, metro systems, wastewater treatment plants, and data centres. • The recovered waste heat may be used by the entity generating such heat; may be combined across more than one entity, such as through urban planning or district energy networks; or may be used by a third party. • Potentially eligible activities include installing new equipment or improving processes to recover or use waste heat.

Category	Eligible activity	Screening Criteria and Guidance
Demand reduction	12.3. An activity aimed at demand-side management	Criteria: The entity applying the Common Principles shall demonstrate a link between the activity and a reduction in demand for energy or resources. Guidance: • The activity may be an investment project, policy, program, or technical assistance. • The activity is for demand-side management measures not already covered in the first 10 tables. • Potentially eligible activities include: – restraints on vehicle movements through parking policies or location- or time-specific charges or bans on certain categories of vehicles, and – attachment of remote devices by utilities to air conditioning units to turn them off and cycle during peak demand.
Energy transition	12.4. Direct financing, policy actions, programs, or technical assistance to support closure of fossil fuel plants or other activities involving fossil fuel extraction, processing or transport, including support to workers or communities affected by such closure	Criteria: • Decommissioning of a fossil fuel plant shall take place well before the end of its economic life. • Where financing is provided to decommission a fossil fuel plant and demand for the services or goods provided by the plant is not falling, the entity applying the Common Principles shall demonstrate that the system that includes the replacement for the decommissioned fossil fuel plant is on a path to declining fossil fuel intensity. • Where financing is provided to terminate fossil fuel extraction, the entity applying the Common Principles shall demonstrate that the relevant entity (country, state, province, or company) will be producing less of the fossil fuel in question overall. • For activities in support of workers or communities affected by closures the activity shall be explicitly linked to the closure of a fossil fuel plant or termination of activities devoted to extraction, transport, or combustion of fossil fuels. • Retraining of workers for comparable jobs in fossil fuel plants or activities involving fossil fuel extraction, processing or transport shall not be eligible. Guidance: • The second criterion is intended to ensure that a decommissioned fossil fuel plant will not be replaced by another plant with a comparable or higher GHG-emissions intensity. For example, financing provided to help decommission a grid-connected coal-fired power plant well before the

Category	Eligible activity	Screening Criteria and Guidance
		end if its economic life would be eligible if the fossil fuel intensity of electricity generation in the grid is declining. • The third criterion is similarly intended to ensure that the overall extraction of a given fossil fuel decline. For example, the state government of a major coal-producing state may commit to reducing coal production despite having plentiful remaining reserves, resulting in many retrenched workers. Support provided to such workers would potentially be eligible. • Two examples of emissive activities being terminated are coal mining and railway dedicated to transporting fossil fuels.
GHG-emission reduction	12.5. Carbon capture, transport, storage, or utilisation	<u>Criteria:</u> • Carbon capture of emissions from combustion of fossil fuels to generate electricity shall be eligible only if there is permanent storage of CO_2 or utilisation that enables long-term storage. • Where the activity involves utilisation, the project's output shall replace raw materials. Further, the entity applying the Common Principles shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (e.g., tCO_2e/unit of output), taking account of material lifecycle sources such as where scope 3 emissions or scope 1 emissions during construction are expected to be material. • Where transport or storage is shared between captured CO_2 and other gases, financing shall be apportioned according to the share of stored or transported gases that is captured CO_2, provided that if its end-use is known, it is also eligible for climate mitigation finance. • Single-use utilisation of captured CO_2 without further conversion shall not be eligible. <u>Guidance:</u> • The last bullet refers to such uses of CO_2 as in greenhouses and carbonated drinks. • Potentially eligible activities include financing provided specifically to enable separation of oxygen from air for oxyfuel with post-combustion capture and storage or eligible utilisation; and pre-combustion capture.
Policy support and technical assistance for climate change mitigation	12.6. National, subnational or territorial cross-sectoral policy actions that aim to lead to climate change mitigation actions or	<u>Criteria</u>: Policy actions or technical support shall be for activities that will lead to an increase in carbon sinks or a substantial reduction in relative GHG emissions, or if the sector concerned is already low in CO_2e emissions, at a minimum not increase the current level of emissions.

Category	Eligible activity	Screening Criteria and Guidance
	technical support for such actions	Guidance: • Policies that largely support activities not eligible in the Common Principles are not eligible. • Policy actions should be excluded if, even if they refer to mitigation of global warming, they are unlikely to have mitigation effects in practice. • Potentially eligible policy actions include those supporting the Nationally Determined Contributions (NDCs), long-term emission-reduction strategies, climate action plans, Nationally Appropriate Mitigation Actions (NAMAs), and plans for scaling up zero- or low-emission technologies and measures.
Policy support and technical assistance for energy or resource-use efficiency	12.7. Policy actions, programs, or technical assistance for establishing more stringent energy or resource-use efficiency standards or more stringent enforcement of efficiency standards	Criteria: No specific criteria apply. Guidance: Potentially eligible activities include setting new or tighter energy efficiency standards, certification schemes, and procurement schemes.
Monitoring	12.8. Systems or transparency tools for monitoring GHG emissions	Criteria: Systems or transparency tools shall be expected to lead to an improvement in gathering data and information on GHG emissions. Guidance: Systems or transparency tools for monitoring GHG emissions can be implemented at the national, subnational, sector or entity level.
Energy efficiency and renewable energy	12.9. Energy audits aimed at identifying scope for increasing energy efficiency or on-site renewable energy generation	Criteria: • The project document shall show that the audit will have a specific focus on reducing energy consumption or GHG emissions. • Where the audit identifies renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in activity 2.1 or 2.2.

Category	Eligible activity	Screening Criteria and Guidance
		Guidance: • The energy audit can be either a dedicated energy audit or part of an overall entity audit. For the latter, only the portion of the audit dedicated to the energy audit will be eligible. This would also apply to auditing potential sources of direct GHG emissions with the objective of reducing them. • Potentially eligible audits include identification of: – Potential sources of energy savings and implementation of measures for such savings; – Potential sources of reductions in direct GHG emissions and implementation of measures for such reductions; – Potential sources of energy savings or reductions in direct GHG emissions with a view to implementing measures to achieve such savings or reductions in follow-up or future activities; and – Potential use of renewable energy (beyond what is currently dispatched to the local grid).
Policy support and technical assistance for low-carbon development	12.10. Policy actions, programs, or technical assistance for establishing fiscal incentives for scaling up investments in or deployment of low-carbon technologies and measures	Criteria: Fiscal incentives for promotion of natural gas to replace coal or oil shall not be eligible. Guidance: Fiscal incentives can be provided at the national, subnational or sector level.
Policy support and technical assistance for carbon pricing	12.11. Policy actions, programs, or technical assistance that target carbon prices or other payments that have the equivalent effects	Criteria: The activity shall increase the effective prices paid by end-users for or the costs of producing goods and services with high lifecycle GHG emissions. Guidance: • Potentially eligible activities include carbon taxes, cap-and-trade systems, fossil fuel subsidy reforms, raising excise taxes on fossil fuels, and shadow carbon prices used for sector planning purposes.
Policy support and technical assistance for lower-carbon urban development	12.12. Policy actions, programs, or technical assistance for reducing unplanned low-density urban development	Criteria: • The entity applying the Common Principles shall demonstrate that the activity is undertaken specifically to reduce unplanned low-density urban development compared to a business-as-usual scenario.

Category	Eligible activity	Screening Criteria and Guidance
	or promoting densification, leading to avoidance of a long-term lock-in of a higher-carbon built environment	• The entity applying the Common Principles shall demonstrate that the activity will reduce energy needs or increase carbon pools through more efficient urban systems, limit the expansion of urban land compared to the baseline, or do both. Guidance: • Compared to the urban development scenario without the policy, the eligible activity should be expected to: – reduce overall direct and indirect energy demand through more efficient urban systems and land use; or – increase carbon pools in surrounding undeveloped natural or agricultural land. • Potentially eligible activities include: – Promotion of mixed use and high-rise compact development, e.g., permitting higher floor area ratios, removing existing development restrictions in core urban areas to allow higher density and mixed use, and redevelopment or retrofit of underused urban districts using compact growth strategies; and – Containment of urban expansion, e.g., integrated urban spatial or zoning plans identifying higher development potential for core urban areas, low or no development potential for peripheral areas, and demarcated green zones.
Capacity building and information dissemination	12.13. Education, training, capacity building or awareness-raising focused on climate change mitigation	Criteria: No specific criteria apply. Guidance: • Capacity building and awareness-raising activities can be provided at the national, subnational, community, sector or customer level. • Potentially eligible activities include consumer awareness campaigns about food waste, energy efficiency, recycling, and fossil fuel subsidies.
CO_2e-emission reduction	12.14. Programmes or systems that provide incentives or tools to units or teams within entities to manage and minimise GHG	Criteria: Programme goals shall aim at minimising CO_2e emissions and contributing to the goal of achieving full decarbonisation.

Category	Eligible activity	Screening Criteria and Guidance
	emissions and contribute to the entity's decarbonisation goals	Guidance: Potentially eligible activities include green procurement, payment of a premium for products with low-carbon footprints, energy performance contracting, internal carbon budgets or prices, and targets for reducing CO_2e emissions at the entity or unit level.
Information dissemination	12.15. Articulation of entity-level climate action or decarbonisation plans	Criteria: Plans shall pursue the goal of reducing relative CO_2e emissions substantially and ultimately achieving full decarbonisation. Guidance: There is no specific guidance.
Support for climate change mitigation	12.16. Technical services required to develop or implement climate change mitigation finance projects	Criteria: Technical services shall directly support other eligible activities in the Common Principles. Guidance: There is no specific guidance.
	12.17. Carbon trading or financial services or instruments	Criteria: • Carbon trading services shall directly support other eligible activities in the Common Principles. • Carbon trading or financing instruments shall directly support carbon assets from eligible activities in the Common Principles. Guidance: • Carbon trading services concern establishment of services required to develop or implement climate change mitigation finance projects. • Carbon trading or financing instruments include carbon funds and are for purchase, sale, trade, finance, guarantees or technical assistance for activities related to carbon assets. • Carbon assets may be defined under international regulatory framework and standards under Article 6 of the Paris Agreement. These may also be defined by mechanisms such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) of the ICAO or by international independent standards (such as Climate Action Reserve, Gold Standard, and Verra) eligible under CORSIA or the voluntary carbon markets.