

Label  
**TRANSITION ÉNERGÉTIQUE  
ET ÉCOLOGIQUE  
POUR LE CLIMAT**

pour les investisseurs qui s'engagent

**S**trongly committed to ecological transition thanks to an ambitious law passed in August 2015, and building on the success of the COP21 and the signing of the Paris Climate Agreement, at the end of 2015 France adopted an innovative green finance tool: the Energy and Ecological Transition for the Climate (Transition énergétique et écologique pour le climat – TEEC) label.

It is the first public label for private investments in the green economy. The TEEC label guarantees the transparency and environmental commitment of financial products, thus meeting the expectations of a growing number of investors who are eager to contribute to financing ecological transition.



MINISTÈRE  
DE LA TRANSITION  
ÉCOLOGIQUE  
ET SOLIDAIRE

[WWW.ECOLOGIQUE-SOLIDAIRE.GOUV.FR](http://WWW.ECOLOGIQUE-SOLIDAIRE.GOUV.FR)

## CONTENTS

An ambitious public label  
for green finance

p. 3

A wide range of eligible funds

p. 3

The TEEC labelling process  
in practice

p. 4

Governance that is attentive  
to market developments

p. 10

15 investment funds have already  
received the TEEC label

p. 11

Find out more

p. 12

## AN AMBITIOUS PUBLIC LABEL FOR GREEN FINANCE

The Energy and Ecological Transition for the Climate (TEEC) label was established by the State in order to ensure that investment funds contribute to financing energy and ecological transition. It is awarded on the basis of stringent specifications and represents a benchmark for investors wishing to participate in financing the green economy.

It complements the large range of financial tools provided for by the law of 17th August 2015 on energy transition for green growth; the TEEC label's objective is to increase

investments benefiting energy and ecological transition and combating climate change, either by promoting existing "green" investment funds or by encouraging the creation of new ones.

An ambitious public label, the TEEC's intention is to be applied to financial funds from other EU countries or non-EU countries.

15 investment funds have already received the TEEC label (see list p. 11) and some institutional investors such as IRCANTEC publicly support it.

## A WIDE RANGE OF ELIGIBLE FUNDS

The TEEC label's targets are a wide range of investment funds dedicated to financing the green economy:

- listed funds: funds falling under Directive 2009/65/EC regarding UCITS;
- unlisted funds: Alternative Investment Funds (AIFs), private equity and infrastructure creation AIFs; bond funds.

For funds with unlisted assets, the assets of the funds consist of securities that are issued by issuers, or receivables from issuers that are predominantly based in the EU. For listed and bonded equity funds, this geographical restriction is lifted.

# THE TEEC LABELLING PROCESS

## *in practice*

### How do you get the label?

Candidate portfolio management companies applying for the TEEC label apply to a certifying body of their choice from among the listed organisations on the Ministry for an Ecological and Solidary Transition website.

The certifying body checks the investment fund's compliance with the label's framework based on the evaluation procedures defined by the control and monitoring guidelines.

It either issues the label or not depending on the fund's compliance with the criteria set out within the framework.

### THE BODIES RESPONSIBLE FOR ISSUING THE TEEC LABEL

Novethic, EY France, and Afnor Certification have been selected to issue the TEEC label.

As of 1<sup>st</sup> October, 2016, the energy and ecological transition for the climate label is open to any structure, provided that it is certified by Cofrac.

### What are the labelling criteria?

An investment fund must respect four categories of criteria to receive the TEEC label:

- 1 the green portion;
- 2 exclusions;
- 3 ESG controversies;
- 4 effective impact on energy and ecological transition.

# 1 THE GREEN PORTION

## A glossary of activities eligible for labelled funding\*

The label framework lists 8 categories of activities falling within the scope of energy and ecological transition and the fight against climate change (“eco-activities”) that are eligible for funding from the candidate fund:

- Energy;
- Construction;
- Circular economy;
- Industry;
- Clean transport;
- Information and communication technology;
- Agriculture and forestry;
- Adapting to climate change.

## A majority share in the distribution of the candidate fund is reserved for these activities

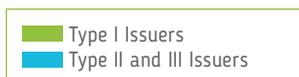
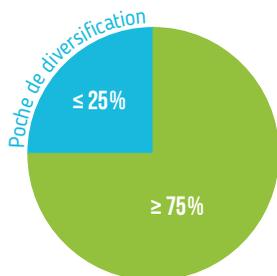
The framework defines the rules for the fund’s distribution among its various investment pockets, each of which is characterised by the strength of the green portion of the issuers they have invested in.

\* This glossary is based on that of the Climate Bond Initiative (CBI), with some adjustments in order to reflect the opinions of the stakeholders who have been consulted and the positions of national public policies.

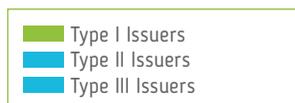
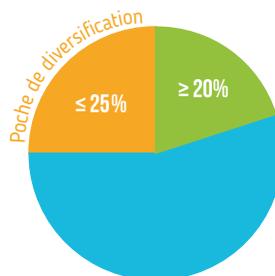


## PORTFOLIO ALLOCATION THRESHOLDS BETWEEN VARIOUS INVESTMENT POCKETS

*Fund invested in unlisted securities*



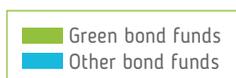
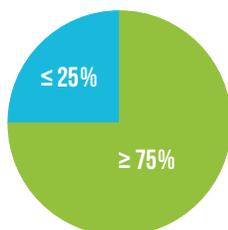
*Fund invested in listed securities*



**The I, II, and III categories of issuers are defined according to the weight of eco-activities in their turnover:**

- **Type I issuers:** companies achieving over 50% of their turnover in eco-activities;
- **Type II issuers:** companies achieving between 10% and 50% of their turnover in eco-activities;
- **Type III issuers:** companies achieving between 0% and 10% of their turnover in eco-activities;

*In the case of bond funds*



In the context of the TEEC label, a green bond must meet the three following criteria:

- comply with the International Capital Market Association's (ICMA) Green Bond Principles (GBP);
- finance projects that fall strictly within the TEEC label's glossary of activities;
- do not finance excluded activities.

## 2 EXCLUSIONS

The TEEC label framework excludes certain economic activities that conflict with energy and ecological transition, or that are currently controversial, from the scope of potentially labelled investment funds. This means activities relating to:

- exploration, production, and exploitation of fossil fuels;
- the whole of the nuclear industry.

### Partial exclusions are also defined, these cover:

- companies distributing, transporting, and producing equipment and services resulting in 33% or more of their revenue coming

from customers in sectors that are strictly excluded as defined above;

- companies making 33% or more of their revenue within one of the following areas of activity:
  - waste storage sites or landfill sites that do not capture GHGs;
  - incineration without energy recovery;
  - energy efficiency for non-renewable energy sources and energy savings related to optimising the extraction, transmission, and generation of electricity from fossil fuels;
  - logging, unless managed sustainably, and peatland agriculture.



### 3 ESG CRITERIA IN PORTFOLIO CONSTRUCTION AND PORTFOLIO LIFE

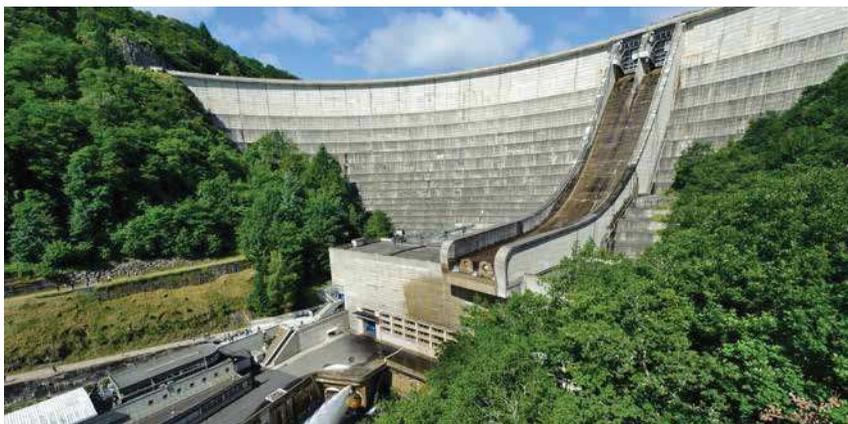
Label candidate funds must actively monitor controversies in environmental (E), social (S), and governance (G) matters, and demonstrate their impact on the creation and life of the portfolio. They describe their monitoring and management processes for ESG controversies, and the corresponding means they have implemented. If necessary, they provide a list of companies that have been excluded due to recognised controversy, and the list of companies that are under-weighted in the portfolio due to ESG controversy.

Issuers breaching the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (known as the Ottawa Treaty, 1997) and the Convention on Cluster Munitions (known as the Oslo Process, 2008) are excluded.

#### Commitment to transparency in financial management

Certain financial management practices are questionable due to transparency concerns:

- the use of derivative financial instruments must be limited to techniques enabling the efficient management of the securities portfolio, and must not have the effect of significantly or permanently impairing the fund's investment policy;
- the fund calculates the turnover rate of its portfolio, defined as half of the sum of capital purchases and sales over the last 12 months/ average net assets over this period.



## 4 POSITIVE IMPACT ON ENERGY AND ECOLOGICAL TRANSITION

### Measuring impact

The candidate fund must have implemented a mechanism to measure the effective contribution of its investments to energy and ecological transition.

It shall provide information on the organisational methods implemented for this purpose, particularly human resources, the impact evaluation method, and the impact indicators chosen.

If necessary, it shall provide insurance certificates or verification, by an external third party organisation, of the indicators produced and a comparison of the chosen indicators with possible benchmarks, if they exist.

### Reporting

The fund measures the effective contribution of its investments to energy and ecological transition within at least one of the four following fields:

- climate change;
- water;
- natural resources;
- biodiversity.

For funds being created, the fund indicates the environmental impact indicators it intends to implement and monitor in at least one of these four fields.



# GOVERNANCE THAT IS ATTENTIVE

## *to market developments*

A TEEC label committee has been established to provide its opinion to the Environment Minister on the developments of the labelling process as well as on how the system will work. It proposes changes to the label's framework and to the control and

monitoring guidelines intended for certifying bodies.

Flexibility in TEEC label governance makes it possible to adapt to changes in economic conditions and market developments.

### *THE TEEC LABEL COMMITTEE: 20 MEMBERS DIVIDED INTO 4 COLLEGES*

The label committee comprises:

- 5 State representatives, including the commissioner-general for sustainable development (commissaire général au développement durable) who chairs the committee;
- 5 representatives of the professional or non-professional investors and portfolio management companies;
- 5 civil society representatives;
- 5 individuals qualified in financial asset management or certification.

### *AN EVOLVING FRAMEWORK*

Several major changes to the framework were made following the labelling committee's first meeting on 28th June, 2017.

Among these are;

- extending the label to cover bank loans;
- redesigning the "circular economy" category, making it possible to specify the "products that were eco-designed" and "economy of functionality" sub-categories;
- integrating the organic food industry with reference to European regulations on organic products and their labelling, and to organic products that are the subject of bilateral recognition with non-EU countries;
- removing the 75% threshold for investments in European companies for listed, and establishing a threshold defined as a "majority" for unlisted (over 50%).

## 15 INVESTMENT FUNDS *have already received the TEEC label*

- **Axa WF Planet Fund**, presented by Axa Investment Managers.
- **Crédit Mutuel-CIC Green Bonds**, presented by Crédit Mutuel-CIC Asset Management.
- **Demeter 4 infra**, presented by the Demeter Partners management company.
- **Eiffel Energy Transition**, presented by the Eiffel Investment Group.
- **HGA Obligations Vertes**, presented by the Humanis Gestion d'Actifs management company.
- **Infragreen II**, presented by the RGreen Invest management company.
- **Infragreen III**, presented by the RGreen Invest management company.
- **LBPAM Responsable Action Environnement**, presented by La Banque Postale Asset Management.
- **Mirova Eurofideme 3**, presented by the Mirova management company.
- **Mirova Europe Environmental Equity Fund**, presented by the Mirova management company.
- **Mirova Green Bond Global**, presented by the Mirova management company.
- **Omnès Capital Capenergie 3**, presented by Omnès Capital.
- **Predirec EnR 2030**, presented by the Acofi Gestion management company.
- **Sycomore Eco Solution**, presented by the Sycomore management company.
- **Transition énergétique France**, presented by Acofi Gestion.

The current list of TEEC labelled funds is available on the Ministry for an Ecological and Solidary Transition website.

## FIND OUT MORE:

- Website for the Ministry for an Ecological and Solidary Transition:  
[www.ecologique-solidaire.gouv.fr](http://www.ecologique-solidaire.gouv.fr)  
Section: Public policies > Green economy> Financing the green economy  
> The energy and ecological transition for the climate label
- Framework and control and monitoring guidelines for the Energy and Ecological Transition for the Climate label:  
**documents available to download on the Ministry for an Ecological and Solidary Transition website**
- To begin a labelling process, contact one of the certifying bodies:
  - Novethic: [www.novethic.fr](http://www.novethic.fr)
  - EY France: [www.ey.com](http://www.ey.com)
  - Afnor: [www.afnor.org](http://www.afnor.org)
- Follow us at:  [@LabelITEEC](https://twitter.com/LabelITEEC)



**Ministry for an Ecological  
and Solidary Transition**

92055 La Défense Cedex

Tel: 33 (0)1 40 81 21 22

[WWW.ECOLOGIQUE-SOLIDAIRE.GOUV.FR](http://WWW.ECOLOGIQUE-SOLIDAIRE.GOUV.FR)