

AWG principles applicable to EU taxonomy on green financing**(summary - see full letter to European Commission dated 25.02.2021)**

AWG submitted a [letter](#) to the EU Commission on principles for the EU taxonomy on green financing applicable to aviation financing and leasing.

In that letter, AWG expresses support for a single international system for classification of green aircraft financing and leasing, to avoid conflicting national or regional standards, based on 5 principles:

- **Principle 1 – feasible improvement standard**

‘Environmentally sustainable’ in the context of ‘the sale, lease and operation of aircraft’ should be measured in terms of feasible and meaningful improvement. The use of less carbon-intensive aircraft should be considered to ‘contribute substantially’ to climate change mitigation. The physics of flight, safety testing requirements, and the practicalities of production compel this standard.

- **Principle 2 – incentive standard**

The classification of an aviation-related activity as ‘environmentally sustainable’, and its potential economic and social benefits, should be an incentive for selecting a less carbon-intensive option, having regard to all material selection factors: including, availability, CapEx, OpEx, seating/cargo capacity, safety, and operational requirements. That incentive should not be limited to new aircraft, but, rather, should be based on meaningful reduction in CO2 emissions.

- **Principle 3 – aircraft class differentiation standard**

Aircraft classes (regional, single-aisle, wide-body and subcategories thereof) should be used in connection with the ‘best performance’ criteria for green-financing qualifying ‘transitional activities’. Best performance is a technical concept, not numerically capped.

- **Principle 4 – ICAO certification standard**

Whether an aircraft meets the applicable ‘best performance’ threshold should be determined with reference to ICAO aeroplane CO2 emissions certification. That is a UN-endorsed, internationally recognized standard. It is based on the technical characteristics of an aircraft without consideration of its utilization, which financiers and lessors cannot control.

- **Principle 5 – data-based self-reporting standard**

Monitoring and regulation should be centered on data-based self-reporting standard. That is the simplest and least costly approach. The objective nature of the ICAO certification standard (principle 4) makes that feasible. Determination should be made at the time of financing or leasing. The AWG carbon calculator could be used to report supplemental information in a consistent and comparable manner.