MANUAL FOR BEST PRACTICES UNDER AND INTERPRETATION OF –

AVIATION TECHNICAL SCREENING CRITERIA – THE EU TAXONOMY

EDITION: 1
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This Best Practices Manual is issued through a collaboration between AWG and IATA. It has been produced based on extensive consultations among aviation industry members and on the basis of engagement with relevant regulators and assessors. Without limiting its other uses, this guidance document has been prepared in the context of reporting requirements under the EU's CSRD regime.

This Best Practices Manual will be updated by AWG and IATA (reflecting engagement with industry members, regulators and external auditors) from time to time as events warrant.

DISCLAIMER:

THIS BEST PRACTICES MANUAL AND ITS CONTENTS ARE FOR GENERAL PURPOSES ONLY, DESIGNED TO AID THE INDUSTRY IN MEETING NEW REGULATORY REQUIREMENTS. BY USING THIS DOCUMENT, YOU HEREBY AGREE, ACKNOWLEDGE AND REPRESENT THAT YOU ARE SUBJECT TO THE PROVISIONS SET OUT IN ANNEX 1 (*DISCLAIMER*).

Drafted by Watson Farley & Williams LLP for AWG and IATA

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Revision table

Revision	Date	Section	Significant changes
Edition 1	15 January 2025	N/A	New issue

Section A – General

1 Introduction

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the **Taxonomy Regulation**) entered into force on 12 July 2020 and established a classification scheme for determining whether revenue, CapEx, OpEx and any associated financing in respect of an economic activity is considered environmentally sustainable (and, as applicable, in what proportion). Under the Taxonomy Regulation, the Commission is empowered to approve technical screening criteria for economic activities through delegated and implementing acts.

On 27 June 2023, the Commission introduced technical screening criteria for certain new economic activities (set out Annex 1 to the Delegated Regulation (EU) 2021/2139 (the **Delegated Act**), as introduced by the Commission Delegated Regulations (EU) 2023/2485, including Sections 3.21 Manufacturing of aircraft (the **Manufacturer Technical Screening Criteria**), 6.18 Leasing of aircraft (the **Lessor Technical Screening Criteria**), and 6.19 Passenger and air freight transport (the **Airline Technical Screening Criteria**, and together with the Manufacturer Technical Screening Criteria and the Lessor Technical Screening Criteria, the **Relevant Technical Screening Criteria**). The amended delegated acts including the Relevant Technical Screening Criteria apply from 1 January 2024.

The Relevant Technical Screening Criteria include errors and omissions that promote confusion as to their practical application. This Best Practices Manual (the **Best Practices Manual**) provides operational best practices and interpretation[1] that aviation participants may choose to adopt in the determination of whether economic activities meet the Relevant Technical Screening Criteria.

2 Further guidance

In December 2024, the Commission issued a notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act, and the EU Taxonomy Disclosures Delegated Act (the **First Relevant FAQ**). The First Relevant FAQ covers multiple sectors that fall under the Taxonomy Regulation but includes provisions that supplement the Relevant Technical Screening Criteria. The contents of the First Relevant FAQ have been factored into this Best Practices Manual and a copy of the First Relevant FAQ has been appended hereto at Annex 3 (*The First Relevant FAQ*).

ICF, as consultant to EASA, who in turn is supporting the Commission, has produced an analysis of eligible aircraft (the **ICF Document**), principally for 2024 reporting purposes. With their consent, we annex the ICF Document hereto (see Annex 4 (*ICF Eligible Aircraft Technology Paper*)), it being understood and agreed by ICF, with the concurrence of EASA, that parties may cite and otherwise make use of the ICF Document in such reporting and for related purposes. The ICF Document:

(a) outlines ICF's projections regarding the in-production aircraft models and associated engine variants that may be in scope for eligibility as Eligible Aircraft (subject to ongoing compliance with any DNSH requirements) under the Taxonomy Regulation;

(b) covers aircraft manufactured by Boeing, Airbus, ATR and Embraer S.A. (but does not cover any aircraft manufactured by COMAC);

(c) specifies that the information therein is not equivalent to an OEM self-declaration or CO2 certification (thereby confirming the primacy of OEM self-declarations and CO2 certification);

(d) confirms that the opinions therein in respect of CO2 margins are based on the information provided by aircraft OEMs and the use of PIANO software; and

(e) provides comfort that day one DNSH requirements are met in respect of the noted aircraft.

The ICF Document confirms that the aircraft types and engine variants listed below are likely to be eligible subject to self-declaration or CO2 certification under Taxonomy Regulation. The ICF Document also confirms that these aircraft types / engine variants are expected to meet the DNSH criteria (including DNSH (4) and (5) compliance in respect of noise, Nox and nvPM) of the Taxonomy Regulation. See the ICF Document for further details. Subject to confirmation to the contrary by either (a) a

[1] While most guidance is required to give effect to the Commission's perceived intention in a practical context, some guidance may have less direct textural support. Justification and alignment should be considered further, as should whether any points herein should instead be included within an FAQ document issued by the Commission.

frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), or (c) the relevant OEM, the following aircraft and engine models will be treated as Eligible Aircraft and Eligible Engines:

OEM	Aircraft model	Engine variant
Airbus	A319-100N	LEAP-1A
	A220-100, A220-300	PW1500G
	A320-200N, A321-200N	PW1100G, LEAP-1A
	A321N XLR	LEAP-1A
	A330-800, A330-900	Trent 7000
	A350-900, A350-1000	Trent XWB
	A321N XLR (PW1100G), A350F	Not yet certified
Boeing	737-8 MAX, 737-9 MAX	LEAP-1B
	787-8, 787-9, 787-10	GENX-1B, TRENT 1000
	737-7 MAX, 737-10 MAX, 777-8F, 777-8, 777-9	Not yet certified
Embraer	E190-E2, E195-E2	PW1900G
ATR	ATR42-600, ATR72-600	PW127

3 Scope

The scope of this Best Practices Manual is limited to operational best practices and interpretation in the determination of whether economic activities meet the Relevant Technical Screening Criteria.

Section 6.20 Air Transport Ground Handling Operations is not dealt with in this Best Practices Manual – please refer to Airports Council International's Taxonomy Regulation guidance for further insight on this section of the Taxonomy Regulation.

4 Interpretation

In this Best Practices Manual, where a term is not defined herein (including in Annex 2 (*Glossary*)), it will have the meaning given to such term in the Relevant Technical Screening Criteria.

Where there is no express definition in the Relevant Technical Screening Criteria and this Best Practices Manual does not expressly provide operational best practices and interpretation, aviation participants should adopt generally accepted practices and interpretation used in the aviation industry.

5 Revision

This Best Practices Manual has been issued by the Aviation Working Group (**AWG**) and the International Air Transport Association (**IATA**), with drafting by Watson Farley & Williams LLP.

The AWG and IATA may issue revisions to this Best Practices Manual to aid in or facilitate its use, interpretation, or application or to reflect changes in the Taxonomy Regulation or its application and further guidance and updates issued by the Commission (including the release of responses to frequently asked questions).

6 Referencing

Where this Best Practices Manual is referred to, including in correspondence or legal documentation, that reference should be to the Manual for Best Practices under and Interpretation of – Aviation Technical Screening Criteria – the EU Taxonomy, Edition 1, or, in short, the EU Taxonomy Aviation Best Practices Manual, Edition 1. If this document is revised, any reference should note the relevant edition.

7 Contact

For further information, please contact Jeffrey Wool, secretary general, AWG (jeffrey.wool@awg.aero) and Andrew Matters, Director, Policy & Economics, IATA (mattersa@iata.org).

Section B – Summary of Principal Requirements

8 Aircraft Lifecycle Analysis

The Relevant Technical Screening Criteria will apply to economic activities at various points in an aircraft's, an engine's, or an aircraft part's (as the case may be) lifecycle. These can broadly be summarised in three categories: (a) the initial recognition as an economic activity on day one of the aircraft's, engine's, or aircraft part's lifecycle, (b) subsequent recognition as an economic activity for events occurring during an aircraft's, engine's, or aircraft part's lifecycle after any day one/initial recognition and before an aircraft's, engine's, or aircraft part's end of life activities, and (c) any economic activity occurring at an aircraft's, engine's, or aircraft part's exit from, or end of its, lifecycle. Detailed below is our categorisation of such activities (noting that highlighted in brackets is an indication as to whether such activities are more applicable to OEMs, lessors and/or airlines.

Day one / initial recognition

(a) Manufacturing of aircraft (OEMs)

(b) Manufacturing of engines (OEMs)

(c) Sale of new aircraft (OEMs)

(d) Sale of new engines (OEMs)

(e) Provision of maintenance services (OEMs / MROs / airlines)

(f) Purchase of new aircraft from OEM (airlines / lessors)

(g) Purchase of an aircraft from other party (airlines / lessors)

Post-day one / ongoing events during aircraft lifecycle

(a) Use of the GRR (airlines / lessors)

(b) Continuing recognition (airlines / lessors)

(c) Change in Relevant Technical Screening Criteria (OEMs / airlines / lessors)

(d) SAF usage (airlines / lessors)

(e) Evolution in SAF usage requirements (airlines / lessors)

(f) Delivery of aircraft under operating lease (airlines / lessors)

(g) Delivery of aircraft under finance lease (airlines / lessors)

(h) DNSH criteria (airlines / lessors)

(i) Retrofit or modification of aircraft (airlines / lessors)

(j) Transfer of rights – internal transfer of rights (airlines / lessors)

(k) Transfer of rights – sale of an aircraft (airlines / lessors)

(l) Transfer of rights – external transfer (other than a sale) (airlines / lessors)

(m) Refinancing of aircraft (airlines / lessors)

(n) Aircraft ongoing airworthiness (airlines / lessors)

(o) Treatment of spare engines or aircraft parts (airlines / lessors)

(p) Redelivery of leased aircraft (airlines / lessors)

Exit / end of life

(a) Sale – derecognition considerations (airlines / lessors)

(b) Withdrawal from use – decommissioning and part-out (airlines / lessors)

(c) Corporate transactions / mergers and acquisitions (airlines / lessors)

We have set out further detail on the practical application of the best practices (detailed in Section C (*Best Practices*)) in Section D (*Aircraft Lifecycle Analysis*).

9 Summary of Principal Requirements

We set out below a high-level table of the principal criteria in the context of aircraft (including, as applicable, airframes, engines, and aircraft parts) for each of the Relevant Technical Screening Criteria and, where applicable, noting in each case whether such criteria is interpreted to be 'day one' or 'ongoing'.

The table below assumes no modification or retrofitting of the aircraft, which might then require the 'day one' criteria to be retested. Further, the relevant criteria are subject to change by future Delegated Regulation.

Further, as certain criteria are based on the technical criteria of the specific aircraft and how this compares with the aircraft being replaced, the basic unit of account for the Relevant Technical Screening Criteria is at an aircraft level.

#	Relevant Criteria	Manufacturer Technical Screening Criteria	Lessor Technical Screening Criteria	Airline Technical Screening Criteria
1	The fulfilment of the requirements in paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria[2]	day one / ongoing	day one / ongoing	day one / ongoing
2	DNSH – Climate Change Adaptation	day one	day one	Day one
3	DNSH – Protection of Water and Marine Resources	day one	N/A	N/A
4	DNSH – Transition to a Circular Economy[3]	day one	day one / ongoing	day one / ongoing
5	DNSH – Pollution Prevention and Control	day one	day one	day one
6	DNSH - Protection and Restoration of Biodiversity and Ecosystems	day one	N/A	N/A
7	Removal of a Non-Compliant Aircraft from Use or Fleet	N/A	day one	day one
8	SAF Requirements	N/A	ongoing	ongoing
9	Minimum Social Safeguards	day one	ongoing	ongoing

[2] The fulfilment of the requirements in paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria is principally tested on 'day one', but we have noted as both 'day one' and 'ongoing' due to the requirement that the aircraft be certified to use 100% SAF from 1 January 2028.

[3] The DNSH – Transition to a Circular Economy criteria for each of the Lessor Technical Screening Criteria and the Airline Technical Screening Criteria have both 'day one' and 'ongoing' requirements.

10 Summary of Technical Screening Criteria

We set out below high-level tables of the options for an 'environmentally sustainable' transaction under each of the Relevant Technical Screening Criteria (any aircraft meeting such requirements, being a **Compliant Aircraft**). Transactions under the Manufacturer Technical Screening Criteria includes manufacture, repair, maintenance, overhaul, retrofit, design, repurposing, and upgrading.

For the purpose of this paragraph 10, each of the following terms have the following meanings:

Eligible Aircraft means any aircraft that (1) is eligible in accordance with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria and (2) meets the relevant DNSH criteria under the applicable Relevant Technical Screening Criteria.

Grandfathered Aircraft means any aircraft that (1) is an Eligible Aircraft and (2) was purchased before 11 December 2023.[4]

Replacement Aircraft: any aircraft that (1) is an Eligible Aircraft, (2) was purchased on or after 11 December 2023, and (3) is paired with a non-Compliant Aircraft of at least 80% maximum take-off weight of the replacement aircraft and which was airworthy within the previous 6 months and within the fleet for not less than 12 months, which is permanently withdrawn from use or from the fleet[5] within 6 months of purchase of the Eligible Aircraft.

SAF Qualifying Aircraft means any aircraft using 5% SAF in 2022, increasing by 2% annually thereafter.

Zero-Emission Aircraft means any zero-emission aircraft that meets the relevant DNSH criteria in respect of the applicable Relevant Technical Screening Criteria.

Manufacturer Technical Screening Criteria

Option	Requirements (before 01/01/2028)	Requirements (from 01/01/2028)
1	Any Zero-Emission Aircraft	Any Zero-Emission Aircraft
2	Any Eligible Aircraft[6]	Any Eligible Aircraft[7] that is certified to operate on 100% SAF

Notes: The Commission have specified that the Manufacturer Technical Screening Criteria should be applicable until 2032 when the Manufacturer Technical Screening Criteria shall be subject to review to reflect technological developments.

Lessor Technical Screening Criteria

Option	Requirements (before 01/01/2028)	Requirements (from 01/01/2028)
1	Any Zero-Emission Aircraft	Any Zero-Emission Aircraft
2	Any Grandfathered Aircraft	Any Grandfathered Aircraft that uses 15% SAF in 2030, increasing by 2% annually thereafter
3	Any Replacement Aircraft	Any Replacement Aircraft that uses 15% SAF in 2030, increasing by 2% annually thereafter

[4] The number of "Grandfathered Aircraft" will be determined by multiplying the number of Eligible Aircraft controlled on 11 December 2023 by the GRR.

[5] Where a non-Compliant Aircraft is permanently withdrawn from the fleet, any revenue will be deemed 'environmentally sustainable' to the extent of the GRR.

[6] The share of Taxonomy compliance of Eligible Aircraft shall be limited by the GRR.

[7] The share of Taxonomy compliance of Eligible Aircraft shall be limited by the GRR.

Airline Technical Screening Criteria

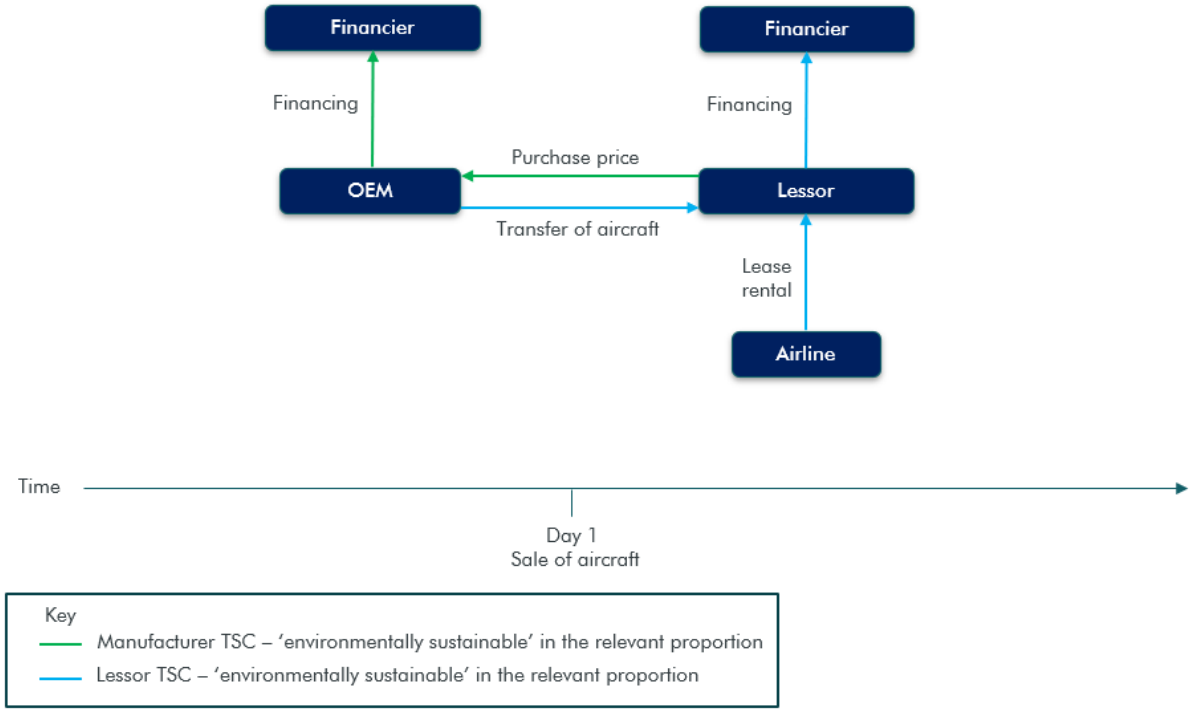
Option	Requirements (before 01/01/2028)	Requirements (from 01/01/2028)
1	Any Zero-Emission Aircraft	Any Zero-Emission Aircraft
2	Any Grandfathered Aircraft	Any Grandfathered Aircraft that uses 15% SAF in 2030, increasing by 2% annually thereafter
3	Any Replacement Aircraft	Any Replacement Aircraft that uses 15% SAF in 2030, increasing by 2% annually thereafter
4	Any SAF Qualifying Aircraft	Any SAF Qualifying Aircraft

Section C – Best Practices

11 Application and geographical scope of the Taxonomy Regulation

Where an 'economic activity' is deemed 'environmentally sustainable' pursuant to a Relevant Technical Screening Criteria, certain revenue, CapEx, OpEx, and any associated financing in the chain of transactions connected to such 'economic activity' will be considered 'environmentally sustainable'.

An example of such practical application in the context of the sale of a new aircraft to an aircraft lessor, and its contemporaneous leasing by the lessor to an airline, is as follows:



Notes: This example is provided in respect of the Lessor Technical Screening Criteria, but there would be substantially similar application for the Airline Technical Screening Criteria.

The Taxonomy Regulation will not be used extraterritorially, that is, to create obligations for entities not principally based in the EU other than to the extent that they are required to report under complementary requirements such as the CSRD. However, the extent to which it will apply to those with presence, or to transactional and financial activities, in the EU by such entities will need to be determined on a case-by-case basis.

Broadly speaking, a person outside of the EU can:

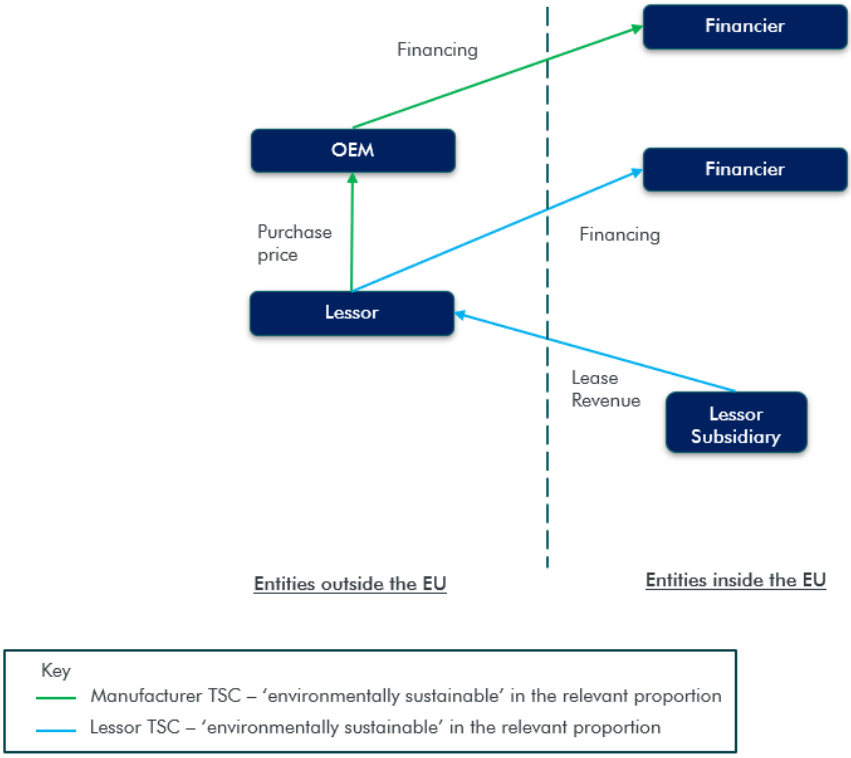
(a) receive, own, and transfer rights available to it under a Relevant Technical Screening Criteria (including revenue, CapEx, OpEx, and any associated financing in the chain of transactions connected to a Relevant Technical Screening Criteria);

(b) own aircraft that benefit from rights attached to it in relation to a Relevant Technical Screening Criteria; and

(c) receive, pass on, and make available 'environmentally sustainable' revenue, OpEx, CapEx, and financing.

Notes: Given the global nature of the aviation industry, the rights associated with the Relevant Technical Screening Criteria must continue to apply outside the EU (so that such rights are not lost, but also to provide for revenues that flow outside of the EU before returning to the EU).

An example of such practical application is as follows:



Notes: This example is provided in respect of the Lessor Technical Screening Criteria, but there would be substantially similar application for the Airline Technical Screening Criteria.

The Taxonomy Regulation applies to certain reporting requirements. However, professional advice is required on whether, and the extent to which, the Taxonomy Regulation applies to reporting for entities not principally based in the EU but with presence and transactional and financial activities in the EU, both (a) under EU reporting rules, or (b) by reference to EU reporting rules in standards applied for reporting outside the EU.

The Taxonomy Regulation will form the basis for other EU law. In addition to the above-mentioned reporting, there is an expectation that there will also be application to capital adequacy treatment and taxation.

12 Manufacturing and sale of aircraft and engines

Where an aircraft in production is intended to be a Zero-Emission Aircraft or an Eligible Aircraft, then such OEM can consider the production of such aircraft as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively. If the OEM becomes aware that such aircraft or engine in production will not meet the criteria, then such aircraft or engine in production will no longer be considered as 'environmentally sustainable' in any proportion.

Any revenue (including pre-delivery payments) from the sale of a Zero-Emission Aircraft, a Zero-Emission Engine, an Eligible Aircraft, or an Eligible Aircraft will be considered as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively.

Notes: Although the Manufacturer Technical Screening Criteria does not specify the "sale" of aircraft as falling within the scope of the economic activities outlined therein, it logically follows that the sale of such aircraft will be deemed to be an 'environmentally sustainable' economic activity.

In addition, all OpEx and CapEx in relation to the production of such aircraft or engine will be considered 'environmentally sustainable' in the same proportion. If such OpEx and CapEx relates to multiple aircraft or engines (which includes aircraft that are neither Zero-Emission Aircraft nor Eligible Aircraft or engines that are neither Zero-Emission Engines nor Eligible Engines), then such OpEx and CapEx will be considered 'environmentally sustainable' in the same proportion as (a) the value of the aircraft, engines, or aircraft parts to which such OpEx or CapEx applies in the proportion they are considered 'environmentally sustainable', to (b) the value of all remaining aircraft, engines, or aircraft parts to which such OpEx or CapEx applies.

Where an OEM obtains unsecured financing, then such financing will be considered 'environmentally sustainable' in the same proportion as (a) the value of the aircraft, engines, or aircraft parts in production in the proportion they are considered 'environmentally sustainable', to (b) the value of all aircraft, engines, or aircraft parts in production.

Notes: Capital and revenues connected with aircraft that are considered 'environmentally sustainable' should not be lost as a result of such capital and revenues being connected with other aircraft under a common financing.

Revenue arising from, and OpEx and CapEx arising in relation to, an aircraft in production that is intended to be a Zero-Emission Aircraft or an Eligible Aircraft (or an engine in production that is intended to be a Zero-Emission Engine or an Eligible Engine) will be considered as 'environmentally sustainable' provided that it did not arise at a time when the OEM became aware that such aircraft or engine would not meet the criteria. Any revenue, OpEx, or CapEx that arose in respect of an aircraft or engine that was intended to be a Zero-Emission Aircraft, an Eligible Aircraft, a Zero-Emission Engine, or an Eligible Engine (as applicable) but no longer qualifies as such will continue to be considered as 'environmentally sustainable' notwithstanding that the aircraft or engine itself no longer qualifies (provided that it arose at a time when the relevant aircraft or engine was intended to be a Zero-Emission Aircraft, an Eligible Aircraft, a Zero-Emission Engine, or an Eligible Engine (as applicable)).

Notes: Any revenue in connection with an aircraft or engine intended to be a Zero-Emission Aircraft, an Eligible Aircraft, a Zero-Emission Engine, or an Eligible Engine (as applicable) should not retrospectively lose its 'environmentally sustainable' status as it would have arisen at the time that such aircraft or engine met the criteria. To retrospectively revoke such status would discourage pre-delivery investment in Eligible Aircraft and Eligible Engines and runs contrary to the intention of the Taxonomy Regulation, which encourages such investment.

13 Applicable Relevant Technical Screening Criteria

The general rule is that the Manufacturer Technical Screening Criteria shall apply in respect of OEMs, the Lessor Technical Screening Criteria shall apply in respect of lessors, and the Airline Technical Screening Criteria shall apply in respect of airlines. However, OEMs, MROs, and airlines should use the Manufacturer Technical Screening Criteria to the extent that it is engaged in providing maintenance services to third-party aircraft.

If an aircraft is a Compliant Aircraft under the Lessor Technical Screening Criteria, then it will not also be a Compliant Aircraft for the purposes of the lessee airline unless it is also a Compliant Aircraft under the Airline Technical Screening Criteria, and vice versa.

If an aircraft is a Compliant Aircraft under the Airline Technical Screening Criteria, and the relevant airline leases such aircraft to another airline then (a) the rent and other lease receivables received by the lessor airline will be 'environmentally sustainable' to the same extent, but (b) the aircraft will only be a Compliant Aircraft for the purposes of the lessee airline where it also meets the criteria under the Airline Technical Screening Criteria as applied to it.

In the context of financing, revenue associated with a Relevant Technical Screening Criteria shall continue be 'environmentally sustainable' in the same proportion through any financing chains unless or until another technical screening criteria should then apply to that economic activity.

Notes: The Airline Technical Screening Criteria specifies that it does not include leasing of aircraft referred to in the Lessor Technical Screening Criteria, and so it can be interpreted that only one of either the Lessor Technical Screening Criteria or the Airline Technical Screening Criteria should apply in respect of an aircraft for a specific party. This approach appears to have been confirmed by the Commission in question 37 of the First Relevant FAQ.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

14 ICAO New Type Limit

Where there is a change to the ICAO New Type Limit, such change will not affect the relevant margin to the ICAO New Type Limit for the purposes of determining whether an aircraft meets the requirements in paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria.

Notes: The ICAO New Type Limit for the purposes of determining whether an aircraft paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria is fixed at the ICAO New Type Limit relevant on 1 January 2024. The Commission have specified that the Manufacturer Technical Screening Criteria should be applicable until 2032 when the Manufacturer Technical Screening Criteria shall be subject to review to reflect technological developments.

Further, the Commission have confirmed in question 43 of the First Relevant FAQ that the references to the ICAO New Type Limit are static for the purpose of the Taxonomy Regulation and any future changes have to be reflected in amendments to the Delegated Act.

15 Eligible Aircraft

In connection with the Relevant Technical Screening Criteria and the DNSH requirements set out in each of the Relevant Technical Screening Criteria, the ICF have published the ICF Document. The ICF Document details a list of aircraft which, using commercially available performance estimation products such as PIANO, details which aircraft are understood to be compliant with certain of the Relevant Technical Screening Criteria and the applicable DNSH requirements set out therein (subject to such aircraft meeting any ongoing DNSH requirements).

Aviation participants may confirm that an aircraft type is compliant or non-compliant by reference to the margins specified in paragraph (b) of the Manufacturer Technical Screening Criteria by reference to whether or not such aircraft type is confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

Aviation participants may confirm that an aircraft type is compliant or non-compliant by reference to paragraph (c) of the Manufacturer Technical Screening Criteria (i.e. the requirement for an aircraft to operate on 100% SAF) by reference to whether or not such aircraft type is confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, any guidance issued by ICF in its role as advisor to EASA (in a manner similar to the release of the ICF Document).

Where an engine or aircraft part can be installed on an aircraft type that has been confirmed as compliant in the manner specified above (i.e. in respect of engines, such engine constitutes an Eligible Engine), then such engine or aircraft part will also be deemed eligible or compliant to the same extent.

Notes: While it is theoretically possible for an aviation participant to determine an aircraft model's compliance by reference to the margins specified in paragraph (b) of the Manufacturer Technical Screening Criteria, there is significant risk of error. An aviation participant acting in accordance with, as applicable, guidance from the Commission or EASA, confirmations or declarations from the relevant OEM, or the ICF Document, removes the risk of error and ensures market consistency.

The Commission have confirmed that, in the absence of a certification process, OEMs may issue self-declarations when demonstrating compliance with aircraft's compliance with the CO2 emission margins under the ICAO New Type Limit. Any such declarations should be based on OEM's 'reasonable expectations' as to the aircraft's CO2 performance (which could be based on their tests and procedures performed during the design and development of aircraft). Such self-declarations are conditional on the aircraft being certified by 11 December 2026.

Notes: This approach has been confirmed by the Commission in question 41 of the First Relevant FAQ. However, to date, we are not aware of any OEMs making any such self-declarations.

16 Compliance with DNSH requirements

For 'climate change adaptation', an economic activity pursuant to a Relevant Technical Screening Criteria will be deemed compliant with the criteria set out in Appendix A to the Delegated Act.

Notes: This can only apply in respect of any period when a lessor or airline has operational control over the aircraft, and any operator of an aircraft is already required to comply with significant laws and guidance that assess and seek to reduce risk in relation to the operation of an aircraft.

For 'sustainable use and protection of water and marine resources', an economic activity pursuant to the Manufacturer Technical Screening Criteria will be deemed compliant with the criteria set out in Appendix B to the Delegated Act. This does not apply to economic activities pursuant to either the Lessor Technical Screening Criteria or the Airline Technical Screening Criteria.

For 'transition to a circular economy':

(a) with respect to the requirement that "*measures are in place to prevent generation of waste in the use phase (maintenance) and to manage any remaining waste in accordance with the waste hierarchy*":

(i) this requirement will only apply to a lessor or airline during any period where it has operational control over the aircraft (further noting that this requirement does not apply to an economic activity pursuant to the Manufacturer Technical Screening Criteria); and

(ii) a lessor or airline will be deemed to have complied with this requirement if they can demonstrate that such measures are in place to impose appropriate contractual requirements in any contract or agreement for services with any MRO (and, in respect of airlines, catering providers) in respect of the relevant aircraft or generally. In the context of a lessor, as this this is a requirement that only applies during periods of a lessor's operational control, it is not expected that such requirements will need to be reflected in any leasing arrangements;

Notes: A lessor or airline can only be responsible for the services it performs, and where a lessor or airline sub-contracts the performance of such services then imposing such obligation on the sub-contractor should be sufficient coverage.

(b) if a manufacturer, lessor or airline is not the OEM of the aircraft, such manufacturer, lessor or airline will not be required to comply with the manufacturing requirement that "*the activity assesses the availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and re-used components in products manufactured; (b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured; (c) waste management that prioritises recycling over disposal in the manufacturing process; (d) information on and traceability of substances of concern throughout the life cycle of the manufactured products*" (noting also that this requirement is not referred to in the Airline Technical Screening Criteria); and

Notes: These requirements concern products manufactured and the manufacturing process. As such, it follows that such DNSH requirements cannot be feasibly fulfilled, or evidenced, by manufacturers, lessors and airlines who are not also the relevant manufacturer.

(c) with respect to the requirement that "*Measures are in place to manage and recycle waste at the end-of life, including through decommissioning contractual agreements with recycling service providers, reflection in financial projections or official project documentation. These measures ensure that components and materials are segregated and treated to maximise recycling and reuse in accordance with the waste hierarchy, EU waste regulation principles and applicable regulations, in particular through the reuse and recycling of batteries and electronics and the critical raw materials therein. These measures also include the control and management of hazardous materials.*":

(i) this requirement will only apply at the time that the aircraft is 'permanently withdrawn from use' (see paragraph 17 (*Permanently withdrawn from use or the fleet*));

(ii) this requirement only applies to an aviation participant insofar as it is parting-out or decommissioning an aircraft (or engaging with a third-party provider to do so) – as such, this requirement does not apply to manufacturers, lessors or airlines selling an aircraft to another manufacturer, lessor or airline; and

(iii) a manufacturer, lessor or airline will be deemed to have complied with this requirement if they can demonstrate that such measures are in place to impose appropriate contractual requirements in any contract or agreement for services with a part-out or decommissioning services provider in respect of the aircraft.

Notes: A lessor or airline can only be responsible for the services it performs, and where a lessor or airline sub-contracts the performance of such services then imposing such obligation on the sub-contractor should be sufficient coverage.

For 'pollution prevention and control':

(a) an economic activity pursuant to the Relevant Technical Screening Criteria will be deemed compliant with the criteria set out in Appendix C to the Delegated Act;

(b) in interpreting whether an aircraft is in compliance with Appendix C of the Delegated Act, if an aircraft is in compliance with the REACH Regulations (or fulfils the measures required by the REACH Regulations) then such DNSH requirements are deemed to be met; and

Notes: Appendix C to the Delegated Act is applicable to a broad range of economic activities and is not specific to the aviation industry (as it refers to chemicals which are used in the aviation industry). In the aviation industry, participants look to the REACH Regulations with respect to their use of chemicals and

materials. If such chemicals and materials do not comply with the REACH Regulations then a participant may apply to use such chemicals and materials in accordance with the REACH Regulations. It cannot be the case that Appendix C of the Delegated Act was intended to cut across existing EU requirements on the aviation industry, particularly considering that the aviation industry is so focused on safety and the approach set out under the REACH Regulations has been approved by EASA. Further, question 136 of the First Relevant FAQ implies that this is the correct approach. In any event, to the extent that an aircraft type is referenced in the ICF Document (published by ICF as consultant to EASA), aviation participants can rely on this as confirmation that such aircraft types meet the day one DNSH requirements (absent any contrary confirmation from the Commission, EASA, or the relevant OEM).

(c) if:

(i) in respect of a lessor, such lessor is not made aware by the airline leasing the aircraft that the aircraft has been operated in a way that is not in compliance with the criteria set out in Appendix C to the Delegated Act; and

(ii) in respect of an airline, such airline is not aware of any operation of the aircraft in a way that is not in compliance with the criteria set out in Appendix C to the Delegated Act,

then an economic activity pursuant to the Relevant Technical Screening Criteria will be deemed compliant with the criteria set out in Appendix C to the Delegated Act.

Notes: A manufacturer, lessor or airline will only be aware in respect of its own actions, or where another party performing relevant actions confirms any non-compliance.

For 'protection and restoration of biodiversity and ecosystems', an economic activity pursuant to the Manufacturer Technical Screening Criteria will be deemed compliant with the criteria set out in Appendix D to the Delegated Act. This does not apply to economic activities pursuant to either the Lessor Technical Screening Criteria or the Airline Technical Screening Criteria.

Generally, when considering the 'day one' DNSH requirements, as detailed in paragraph 15 (*Eligible Aircraft*), pending the establishment of an industry certification regime, those aircraft which are treated as meeting any 'day one' DNSH requirements will be those confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

17 Permanently withdrawn from use or the fleet

An aircraft shall be considered as 'permanently withdrawn from use' where it has been removed from active service with the commitment of ultimate decommissioning subsequent to the removal (without performing any further operations by the original or any other operator except those facilitating the withdrawal). An aircraft being removed from active service shall be deemed to have occurred where an aircraft is not being, and there is no current intention for such aircraft to be, (a) operated, or (b) maintained (including, as applicable, maintenance required pursuant to the IATA Storage Guide). The removal from use shall be evidenced by the acceptance certificate or contract with the part-out or decommissioning services provider. Any evidence of the deregistration of the aircraft from the relevant aviation authority may serve as evidence of the withdrawal in combination with the acceptance certificate or contract with the part-out or decommissioning services provider.

With respect to withdrawal from use under the Airline Technical Screening Criteria, a permanent redelivery of an aircraft by an airline to a lessor may constitute a withdrawal from use if that aircraft is subsequently withdrawn from use by the lessor and that withdrawal from use was contemplated as part of the redelivery (i.e. in substance the withdrawal from fleet led to a withdrawal from use).

Any recycling of aircraft materials and parts into the secondary market will not affect the determination of whether an aircraft has been permanently withdrawn from use.

An aircraft shall be considered as 'permanently withdrawn from the fleet' where it has been removed from the lessor's or airline's in-service fleet without being returned to active service with that lessor or airline (this includes the sale of an aircraft or the redelivery of an aircraft by an airline to a lessor). In the case of the Lessor Technical Screening Criteria, this is achieved when the lessor no longer holds any ownership interest in the aircraft. In the case of the Airline Technical Screening Criteria, this is achieved when the airline no longer has operational control of the aircraft. However, a permanent withdrawal from the fleet cannot be achieved by the subleasing of an aircraft (where such aircraft remains on the airline's balance sheet) by an airline or transfers within an airline's group. This does not mean that the aircraft cannot be returned to active service in a similar or different commercial role,

provided that it is no longer owned or operated[8] by the same airline or lessor that seeks to benefit from the withdrawal.

While the sale of an aircraft from an airline to a lessor may be considered a permanent withdrawal from the fleet, this is subject to the proviso that the aircraft is not then operated by the airline after the sale (i.e. pursuant to a sale and leaseback transaction). If the aircraft is reacquired by the airline, the airline will have to demonstrate the fulfilment of the Airline Technical Screening Criteria at the time of such sale. Further, the sale of an aircraft may constitute a withdrawal from use if the aircraft is subsequently withdrawn from use and that withdrawal from use was contemplated as part of the sale (i.e. in substance the sale/withdrawal led to a withdrawal from use).

Notes: The sale of an aircraft and redelivery have been specifically confirmed by the Commission as constituting a withdrawal from the fleet in question 37 of the First Relevant FAQ.

In the case of either withdrawal from use or withdrawal from the fleet, moving the aircraft into a non-commercial role (such as the use of an aircraft for arial firefighting or humanitarian missions) with the same lessor or airline will not be sufficient to constitute withdrawal.

Notes: The Relevant Technical Screening Criteria should be interpreted to reflect the practicalities of aircraft retirement and decommissioning, and acknowledge that actual disassembly, dismantling, and recycling of aircraft materials and parts into the secondary market may take considerable time following retirement from operational service.

The requirement for an aircraft to be permanently withdrawn from use or the fleet within six months of delivery of the Compliant Aircraft shall mean six months before, or six months after, such delivery. The date of withdrawal from use will be determined by the applicable date specified in the relevant contract or, if later, the date of derecognition from the aviation participant's balance sheet.

The requirement for the aircraft being permanently withdrawn from use or the fleet to have a maximum take-off weight of at least 80% of that of the incoming Compliant Aircraft shall be assessed by reference to the certified maximum take-off weight of both aircraft (rather than the actual design-limited maximum take-off weight).

The requirement for the aircraft being permanently withdrawn from use or the fleet to have evidence of airworthiness shall be fulfilled by such aircraft having been airworthy not more than six months before its permanent withdrawal from use or the fleet.

An aircraft, engine or its parts will be deemed airworthy where the aircraft holds (a) a valid certificate of airworthiness or local equivalent (issued by EASA or an equivalent body), which dates back less than six (6) months prior to the delivery of the Compliant Aircraft, and (b) if applicable in such jurisdiction, a valid airworthiness review certificate or local equivalent (where such aircraft is being removed as a non-Compliant Aircraft to be replaced by an Eligible Aircraft, dating back less than six months prior to the delivery of the Eligible Aircraft).

Notes: As the delivery of the Compliant Aircraft can be before the date that the other aircraft is permanently withdrawn from use or the fleet, the airworthiness test should run from the date of its permanent withdrawal from use of the fleet. The meaning of airworthy has been confirmed by the Commission in question 40 of the First Relevant FAQ.

With respect to the application of the GRR to withdrawals, a commitment to withdraw permanently from use one non-Compliant Aircraft enables another aircraft to be compliant with the Taxonomy Regulation, whereas a commitment to withdraw permanently from the fleet one non-Compliant Aircraft enables only a share of another aircraft equivalent to the GRR to be compliant with the Taxonomy Regulation (in each case, provided that all other relevant conditions under the Relevant Technical Screening Criteria are met).

An aviation participant seeking to rely on a Relevant Technical Screening Criteria shall make its own determination in respect of permanent withdrawal from use or from its fleet and shall record any aircraft that are permanently withdrawn from use or its fleet.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

[8] Question 39 of the First Relevant FAQ makes reference to "*owned and operated*" (emphasis added), which we understand to be an error.

18 Determination of GRR

The GRR is applied to an aviation participant's fleet as a discount factor to reflect the objective to cap growth in the worldwide fleet.

To rely on certain provisions of the Relevant Technical Screening Criteria, an aviation participant must be able to utilise the GRR by calculating the proportion of (a) aircraft permanently withdrawn from use, to (b) aircraft delivered, at the global level averaged over the preceding 10 years as evidenced by verified data available from independent data providers. It has been determined that one GRR shall be calculated with respect to all conventional aircraft classified for commercial use rather than separate GRRs being calculated in respect of regional, narrowbody, and widebody aircraft.

To avoid error and inconsistency of calculation, Cirium, ICF or another independent party approved by the Commission, with the support of EASA, will calculate the GRR for the aviation industry on an annual basis at the start of each year (further detail regarding the metrics for the calculation of the GRR is detailed on EASA's website (link)). Every aviation participant is entitled to rely on such determination. The GRR for 2024 is 48% (which relates to the 10-year average from 1 January 2014 to 31 December 2023).

To avoid fluctuating calculations, the GRR will be fixed at the GRR in the calendar year that the aircraft is first determined, or following a period of ineligibility subsequently determined, as being a Compliant Aircraft. Where a new aircraft delivery is delayed until the following calendar year, the Relevant Technical Screening Criteria will be applied (including application of the GRR) as if such aircraft were delivered in the calendar year of its originally scheduled delivery date.

Where applicable tests are met, an airline or lessor may apply the GRR to Eligible Aircraft, such that all revenue in respect of such aircraft is deemed 'environmentally sustainable' to the extent of the GRR (as the GRR does not apply to OpEx and CapEx in such scenario), or for multiple Eligible Aircraft purchased in an accounting period, the GRR may be applied to such aircraft (with rounding to the nearest whole number of aircraft), to determine the number of Compliant Aircraft with 100% of revenue, OpEx, and CapEx being deemed 'environmentally sustainable'.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Notes: While it is possible for an aviation participant to determine the GRR, there is risk of error and inconsistency. Reliance on confirmations from the specified party removes the risk of error and ensures market consistency. This is further supported by question 36 of the First Relevant FAQ, which specifies the Commission and EASA's reliance on the Cirium data base and confirms the GRR for the reporting year ending in 2024.

19 Eligibility and transferability

The following eligibility, benefits or rights under the Taxonomy Regulation may be transferred at any time by an aviation industry participant to meet the requirements under the Relevant Technical Screening Criteria or to make available such rights to another aviation industry participant for it to meet the requirements under the Relevant Technical Screening Criteria:

(a) **Permanent withdrawal eligibility**

Where a lessor or airline has permanently withdrawn a non-Compliant Aircraft from use or the fleet (in accordance with the applicable requirements and paragraph 17 (*Permanently withdrawn from use or the fleet*)), such permanent withdrawal may be transferable (including by sale) at any time either within such aviation participant's fleet or to another lessor or airline to enable such lessor or airline to meet its requirement for permanent withdrawal from use or the fleet pursuant to the Relevant Technical Screening Criteria.

(b) **GRR eligibility**

Where the GRR applies under the Relevant Technical Screening Criteria, an airline or lessor is entitled to designate (determined in accordance with paragraph 18 (*Determination of GRR*)) such eligibility (or any proportion thereof where such ratio generates a fraction) may be transferable (including by sale of such eligibility or, where agreed by the transferor, with the sale of such aircraft) at any time (including before and after application to a specific aircraft) to any other Eligible Aircraft, whether such Eligible Aircraft is in its fleet or to any other airline or lessor for application to Eligible Aircraft in its fleet.

An airline or lessor shall record which of its Eligible Aircraft are deemed Compliant Aircraft pursuant to the GRR calculation.

Notes: The Commission's rationale for inclusion of the GRR is to ensure that the Relevant Technical Screening Criteria do not support new deliveries that would increase the global fleet (factoring in, on a global basis, all new deliveries, and decommissioned aircraft). As this is the limit, then the full limit should be available to the global market.

An airline or lessor should be able to evidence the eligibility of an aircraft, or any relevant permanent withdrawal, for the benefit of third parties when it is seeking to rely on a Relevant Technical Screening Criteria.

Once an Eligible Aircraft or any portion of it, has been deemed 'environmentally sustainable' by application of either (a) the permanent withdrawal from use or fleet of a non-Compliant Aircraft or (b) the GRR, then unless such eligibility, benefit or right is transferred in accordance with this paragraph 19, it will continue to be treated as such, notwithstanding any further changes to the Relevant Technical Screening Criteria.

Where an aircraft with such eligibility, benefit or right attached to it is sold, it will be at the election of the seller whether such right will be transferred with the aircraft to the buyer, or if it will be transferred (in any proportion) to other aircraft in the seller's fleet or to any other airline or lessor for application to its Eligible Aircraft in their fleets.

Where an aircraft is deemed 'environmentally sustainable' under a Relevant Technical Screening Criteria, such right cannot be transferred to a party that would rely on a different Relevant Technical Screening Criteria (i.e., a lessor cannot transfer such right to an airline, and vice versa). However, the rights detailed in sub-paragraphs (a) and (b) above are freely transferable between airlines and lessors. Therefore, in the context of a sale and leaseback transaction in respect of an aircraft that was previously deemed 'environmentally sustainable' under the Airline Technical Screening Criteria, the airline would sell the aircraft to the lessor without such right, but then could re-attach such right for its benefit on the leasing back of such aircraft (and the lessor would need to separately meet the Lessor Technical Screening Criteria requirements if it too wanted such aircraft to be deemed 'environmentally sustainable').

Notes: Such eligibility, benefits and rights accrue in favour of an aviation industry participant and, considering the treatment of the voluntary transfer of such eligibility, benefits and rights either within an airline's or lessor's fleet or to another airline's or lessor's fleet, it follows that such eligibility, benefits and rights shall not automatically attach to the relevant aircraft and, instead, will need to be transferred separately.

The creation and existence of such eligibility, benefits, and rights will not be affected by such person not having any presence, or transactional and financial activities, in the EU (as referenced in paragraph 11 (*Application and geographical scope of the Taxonomy Regulation*)).

A form of transfer agreement in respect of eligibility, benefits or rights is set out in Annex 8 (*Form of transfer agreement*).

A form of rights statement for recording the existence, and application, of such eligibility, benefits and rights within a fleet is set out in Annex 9 (*Form of rights statement*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

20 Sustainable aviation fuel

SAF is defined in Article 3(7) in the ReFuelEU Regulation as "*aviation fuels that are either: (a) synthetic aviation fuels; (b) aviation biofuels; or (c) recycled carbon aviation fuels*" and any SAF purchased in the EU will be required to meet ReFuelEU Regulation and/or EU ETS requirements. Otherwise, SAF purchased outside of the EU will be required to meet CORSIA requirements or, if not applicable, the appropriate standard in the relevant jurisdiction in which such SAF was purchased (e.g., US RFS).

Under the Relevant Technical Screening Criteria, SAF usage is the proportion (as a percentage) of (a) the quantity of SAF (measured in tonnes) purchased by the airline for its fleet (including purchases on a 'book and claim' basis), to (b) all fuel (measured in tonnes) used by Compliant Aircraft (for this purpose, 'environmentally sustainable' aircraft means those aircraft that are expected to constitute Compliant Aircraft, including where a SAF usage requirement applies) in its fleet. As SAF is often purchased on a 'book and claim' basis, all such purchases by the airline will count towards SAF purchased by the airline for its fleet. In the case of an airline group, the calculation of the SAF quantity should be limited to the fleet owned by the single operator and not on a cross-group basis (unless purchased by the group and allocated to a specific operator).

Notes: It is clear in the Relevant Technical Screening Criteria that SAF is determined on a fleetwide basis, whereas total fuel used is determined only by reference to specific Compliant Aircraft. In question 42 of the First Relevant FAQ, it has been stated that "*Only SAF purchased for use within the own fleet of the operator should be counted. SAF that has been re-sold to another operator should not be included in the calculations*". Unless the Commission confirms to the contrary, we have assumed that this is incorrect as it does not reflect the practical reality of how airlines purchase SAF (and we further assume that the Commission would not seek to implement an interpretation of the Relevant Technical Screening Criteria that would encourage further emissions encountered by forcing airlines to purchase and transport SAF themselves. Therefore, as SAF is often purchased on a 'book and claim' basis, all such purchases by the airline should count towards SAF purchased by the airline for its fleet.

At any time when a Compliant Aircraft is AOG or, in respect of the Lessor Technical Screening Criteria, is not subject to any lease, the SAF usage requirements will not apply and such aircraft will not be considered for the purpose of the proportionate calculation set out herein.

Notes: If an aircraft is AOG or not subject to a lease, it follows that it cannot be feasibly accounted for in the relevant calculations as it will not be using either SAF or any other aviation fuel.

Any financier or lessor in respect of an airline is entitled to rely on confirmations made to it by such airline in relation to SAF requirements under the Relevant Technical Screening Criteria.

Notes: As there is no register or other means for a financier or lessor to determine an airline's SAF usage, it must then rely on the information provided to it by the airline.

The SAF requirements under the Lessor Technical Screening Criteria will not apply in respect of leases where the lessee is located outside of the EU.

Notes: While SAF requirements should apply in respect of an airline seeking to rely on the benefit of the Airline Technical Screening Criteria, a lessor would not be able to rely on a compliance, nor would they be able to procure compliance, with applicable law undertaking in relation to SAF usage in respect of airlines outside of the EU (being those airlines that do not have their principle place of business within the EU and do not fall within the scope of the Commission's CSRD regime or the Taxonomy Regulation).

From 2030, the SAF usage requirement for Compliant Aircraft (excluding Zero-Emission Aircraft and SAF Qualifying Aircraft) of 15% SAF usage in 2030 (increasing by 2% annually) will apply to all Compliant Aircraft.

As a further comment, the Commission have confirmed that the level of the use or blending of SAF set out in the technical screening criteria under the Taxonomy Regulation should be regularly reviewed to take account of the emerging SAF technologies and the current and expected future availability of SAF in the market. This is particularly the case with the requirements around aircraft being certified to operate on 100% SAF as research and development continues in this area to work towards the ability for 100% SAF certified aircraft to be available.

21 Modification and retrofitting of aircraft

If an aircraft is subsequently modified or retrofitted then its compliance with the Relevant Technical Screening Criteria will be retested where either such aircraft:

(a) is an Eligible Aircraft and such retrofitting or modification is reasonably likely to materially affect any compliance with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria or the fulfilment of any of the DNSH requirements; or

(b) is a non-Eligible Aircraft and such retrofitting or modification is reasonably likely to cause such aircraft to comply with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria and fulfil the DNSH requirements in order for it to qualify as an Eligible Aircraft.

The aircraft's compliance with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria or the fulfilment of any of the DNSH requirements will be determined by the relevant OEM or MRO performing such retrofit or modification, or a technical consultancy provider.

Notes: Considering the nature and frequency of service bulletins and airworthiness directives generally, it would not be reasonable for every instance of modification and retrofitting to prompt retesting for a particular aircraft. Retesting can only be justifiably required where such modification or retrofitting was reasonably likely to impact the aircraft's status as an Eligible Aircraft.

Any aviation participant acting on the reliance of confirmations made to it by the OEMs, MROs, aviation authorities, or technical consultancy providers will be deemed in compliance with the Relevant Technical Screening Criteria.

If an aircraft becomes an Eligible Aircraft following modification or retrofitting, such Eligible Aircraft may be designated as a Compliant Aircraft where it meets the relevant requirements of the Relevant Technical Screening Criteria (including, if applicable, the withdrawal of a non-Compliant Aircraft from use or from its fleet).

Where an Eligible Aircraft has become a non-Eligible Aircraft, any applicable rights under the Taxonomy Regulation attached to that aircraft may be transferred to another aircraft in accordance with paragraph 19 (*Eligibility and transferability*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Notes: Where an aviation participant has either invested to modify or retrofit an aircraft to meet the technical criteria of the Relevant Technical Screening Criteria or modified or retrofitted an aircraft such that it no longer meets the technical criteria of the Relevant Technical Screening Criteria, then the aviation participant should be either rewarded for such investment or penalized (as applicable) accordingly.

22 Continuation of 'environmentally sustainable' status

An aircraft investment will be deemed 'environmentally sustainable' in respect of any period where it meets the applicable criteria in the Relevant Technical Screening Criteria (whether tested on a day one or ongoing basis). Therefore, an aircraft investment would only not be deemed 'environmentally sustainable' for any period where, depending on the applicable criteria in the Relevant Technical Screening Criteria, one of the following events occurs and continues:

(a) such aircraft does not meet the then applicable technical criteria (in accordance with paragraphs 15 (*Eligible Aircraft*), 16 (*Compliance with DNSH requirements*), and 21 (*Modification and retrofitting of aircraft*)),

(b) from 1 January 2028 to 31 December 2032, the aircraft is not certified to operate on a 100% blend of SAF (i.e. the requirement set out in paragraph (c) of the Manufacturer Technical Screening Criteria and further detailed in paragraph 20 (*Sustainable aviation fuel*)) (to be tested on an annual basis);

(c) it is determined that the applicable DNSH criteria in respect of the Relevant Technical Screening Criteria (excluding any 'day one' only requirements) are no longer satisfied (to be tested on an annual basis);

(d) any 'eligibility' right (or any proportion thereof) has been transferred to another aircraft (in accordance with paragraph 19 (*Eligibility and transferability*));

(e) if not already satisfied, another non-Compliant Aircraft is not permanently withdrawn from use or the fleet within six (6) months following delivery of the Eligible Aircraft (in accordance with the applicable requirements and paragraph 17 (*Permanently withdrawn from use or the fleet*)); and

(f) such aircraft investment does not meet the minimum social safeguards required pursuant to the Taxonomy Regulation (in accordance with paragraph 31 (*Minimum social safeguards*)) (to be tested on an annual basis).

In addition to the above, the designation of an aircraft as a Compliant Aircraft is to be retested by the relevant aviation participant in accordance with their own financial reporting period.

Where an aircraft investment fails any applicable criteria, it will be deemed 'environmentally sustainable' again for any period where it no longer fails such applicable criteria.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Notes: Investors require clarity as to exactly when an aircraft investment is deemed 'environmentally sustainable'. If an aircraft investment temporarily fails any applicable criteria, it should not mean that such aircraft investment cannot then be deemed 'environmentally sustainable' again for any period where it no longer fails such applicable criteria.

23 Engines and other aircraft parts

Where, and for so long as, a spare engine or aircraft part is or could be installed on, or a spare for, an aircraft that could be considered 'environmentally sustainable' pursuant to the Relevant Technical Screening Criteria, then the financing or leasing of such spare engine or part will be considered an 'environmentally sustainable' to the same extent. Any declaration or confirmation made in accordance with paragraphs 15 (*Eligible Aircraft*), 16 (*Compliance with DNSH requirements*), and 21 (*Modification and retrofitting of aircraft*) will apply in respect of any engine or aircraft part that could be installed on.

Where there is a spare engine portfolio servicing a fleet of aircraft, if a proportion of such aircraft are SAF Qualifying Aircraft, then the spare engine portfolio will be considered as 'environmentally sustainable' in the corresponding proportion (rounding to the nearest whole number).

For the purpose of this Best Practice Manual, an engine that is capable of installation on a Zero-Emission Aircraft, an Eligible Aircraft or a SAF Qualifying Aircraft is referred to as a **Zero-Emission Engine**, an **Eligible Engine**, or a **SAF Qualifying Engine**, respectively.

Where the economic activity relates to a spare engine or aircraft part, the requirement for the permanent withdrawal from use or the fleet will refer to the permanent withdrawal from use or the fleet of an engine or other aircraft part that could be installed on a non-Compliant Aircraft. The maximum take-off weight test will be determined by reference to aircraft that such engines or other parts could be installed on.

GRR applies to spare engines and aircraft parts in the same manner as it applies to aircraft.

Where an engine or aircraft part is purchased or leased as a spare, the SAF usage requirements will not apply for any period where such engine or aircraft part is not attached to an aircraft.

Notes: Both the Manufacturer Technical Screening Criteria and the Lessor Technical Screening Criteria provide that they extend to "*aircraft parts and equipment*", which would include engines and other aircraft parts, and so, by extension, the same should also apply to the Airline Technical Screening Criteria. Where the criteria under the Relevant Technical Screening Criteria is provided by reference to an aircraft, then engines and aircraft parts should be so considered by reference to the aircraft that such engines or aircraft parts could be installed on. Equally, it follows that any SAF usage requirements, which can only feasibly be applied to aircraft as a whole, should not apply to spare engines or aircraft parts. This approach, in particular with respect to the application of the GRR, has been confirmed by the Commission is question 37 of the First Relevant FAQ.

24 Revenue for other related services for aircraft

Revenue received in respect of the maintenance of aircraft, the supply of parts for aircraft, the management or servicing of aircraft, and other related services for aircraft, will all be considered 'environmentally sustainable' to the same extent as the revenue in respect of such aircraft or aircraft investment is considered 'environmentally sustainable' under the Relevant Technical Screening Criteria if connection to such aircraft or aircraft investment can be shown.

All revenue received in respect of the maintenance of aircraft and the supply of parts will all be considered 'environmentally sustainable' to the same extent as the revenue in respect of such Compliant Aircraft is considered 'environmentally sustainable' under the Manufacturer Technical Screening Criteria.

All revenue received in respect of the management or servicing of aircraft, and other related services for aircraft (not otherwise covered by another relevant technical screening criteria) will all be considered 'environmentally sustainable' to the same extent as the revenue in respect of such Compliant Aircraft is considered 'environmentally sustainable' under the Relevant Technical Screening Criteria.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Notes: As the Taxonomy Regulation is intended to apply to revenue streams, any payments made in connection with an aircraft or aircraft investment should be considered 'environmentally sustainable' to the same extent as the revenue in respect of such aircraft or aircraft investment is considered 'environmentally sustainable' under the Relevant Technical Screening Criteria.

25 Lessor managed aircraft and engines

Where a lessor's fleet includes its own aircraft/engines and/or aircraft/engines managed or serviced on behalf of other investors, such lessor may apply the provisions of the Lessor Technical Screening Criteria by reference to all or any portion of such aircraft/engines.

Any revenue, OpEx, or CapEx from such aircraft or engines will be applicable to the lessor only to the extent to which is already recognises such revenue, OpEx, or CapEx (as applicable) in its financial results.

Notes: The lessor shall determine the boundaries of the applicable aircraft pool by reference to its own management and servicing arrangements to the extent that such lessor is doing so in accordance with its current accounting practices.

26 Revenue in leasing and financing chains

Where any proportion of revenue under a lease or financing is considered as 'environmentally sustainable' in connection with a Relevant Technical Screening Criteria then the revenue in respect of any other leasing or financing in the chain of transactions to or from such lease or financing will also be 'environmentally sustainable' to the same extent (except to the extent that another Relevant Technical Screening Criteria should apply in respect of such financing or leasing).

Where it is not possible to directly calculate the relevant proportion of the financing that is 'environmentally sustainable' (e.g., where multiple financings have been securitized into a single financing), the financing will be deemed as 'environmentally sustainable' in the proportion of (a) the product, for each underlying financing, of (i) the principal amount of such financing and (ii) the relevant proportion of such financing deemed as 'environmentally sustainable', to (b) the sum of the total principal amount for all underlying financing.

Notes: As the Taxonomy Regulation is intended to apply to revenue streams, any payments made under a financing or leasing chain in connection with an aircraft or aircraft investment should be considered 'environmentally sustainable' to the same extent as the revenue in respect of such aircraft or aircraft investment is considered 'environmentally sustainable' under the Relevant Technical Screening Criteria.

27 Financing of multiple aircraft and engines

Where there is a financing of multiple aircraft or engines, then such financing will be 'environmentally sustainable' in the same proportion as (a) the value of the aircraft, engines, or aircraft parts financed pursuant to such financing that are 'environmentally sustainable' pursuant to the Relevant Technical Screening Criteria, to (b) the value of all aircraft, engines, or aircraft parts financed pursuant to such financing.

In respect of an unsecured financing, then such financing will be 'environmentally sustainable' in the same proportion as (a) the value of all aircraft, engines, or aircraft parts within its fleet that are 'environmentally sustainable' pursuant to the Relevant Technical Screening Criteria, to (b) the value of all aircraft, engines, or aircraft parts within its fleet.

Notes: Capital and revenues connected with aircraft that are considered 'environmentally sustainable' should not be lost as a result of such capital and revenues being connected with other aircraft under a common financing.

28 Refinancing of aircraft and engines

If any aircraft is refinanced, and such aircraft investment continues to meet the applicable criteria in the Relevant Technical Screening Criteria (in accordance with paragraph 22 (*Continuation of 'environmentally sustainable' status*)), then such refinancing shall also be deemed 'environmentally sustainable'.

Notes: The mere refinancing of an aircraft should not remove the 'environmentally sustainable' status of an aircraft investment.

29 Treatment of asset owning entities, ownership trusts, and joint ventures

Any benefit relating to an aircraft or aircraft investment being deemed 'environmentally sustainable' will apply equally to an asset owning entity or ownership trust, including any special purpose vehicles, as it applies to the party with the economic interest in respect of such asset owning entity or ownership trust, or any member of its group, but without double counting.

Additionally, in respect of any joint venture vehicle in which an aviation participant has a certain percentage interest, any benefit relating to an aircraft or aircraft investment being deemed 'environmentally sustainable' will apply in the same manner as a wholly-owned aircraft or aircraft investment but in a manner proportional to its percentage interest in the joint venture.

Notes: As long as there is no double counting, the benefit should be correctly applied to corporate and financial structures.

30 Airline approximation of specific aircraft revenue

Airlines are entitled to approximate revenue earned in respect of a specific aircraft, engines, or aircraft parts by multiplying total airline revenue by the proportion of the relevant asset's value on its balance sheet to the combined asset value of all aircraft, engines, and aircraft parts on its balance sheet. The airline can then determine its 'environmentally sustainable' revenue by reference to the relevant proportion of revenue considered as 'environmentally sustainable' for each aircraft, engine, or aircraft part deemed as 'environmentally sustainable' under any Relevant Technical Screening Criteria.

Notes: As airlines do not record revenue by reference to specific aircraft, there should be an appropriate method for determining 'environmentally sustainable' revenue for an airline.

31 Minimum social safeguards

The minimum social safeguards under the Taxonomy Regulation will apply in respect of:

(a) the manufacturer where the manufacturer intends to rely on the Manufacturer Technical Screening Criteria;

(b) the lessor where the lessor intends to rely on the Lessor Technical Screening Criteria; and

(c) the airline where the airline intends to rely on the Airline Technical Screening Criteria.

Notes: The aviation participant seeking to rely on the benefit of the Relevant Technical Screening Criteria should be the person that is required to comply with the minimum social safeguards.

32 Application of accounting policies

When reference is made to revenue, OpEx, and CapEx for Taxonomy Regulation purposes, the recognition of such amounts (including the date of receipt of such amounts, when, for example, referring to revenue) by any aviation participant should be made in accordance with the accounting policies of such aviation participant in line with either IFRS or the GAAP relevant to such aviation participant.

The date of recording or recognition for Taxonomy Regulation purposes of (a) a sale or purchase of an aircraft, (b) the provision of maintenance services, or (c) another event set out in the Relevant Technical Screening Criteria will, in each case, correspond with the relevant aviation participant's accounting policy for the recognition of such event and, in the case of an aircraft sale or purchase, the derecognition or recognition of assets onto its balance sheet.

When considering whether an aircraft or a spare engine is subject to a finance lease for Taxonomy Regulation purposes, such aircraft or spare engine will be treated as an aircraft owned by the airline where this is consistent with the GAAP accounting policies of the airline.

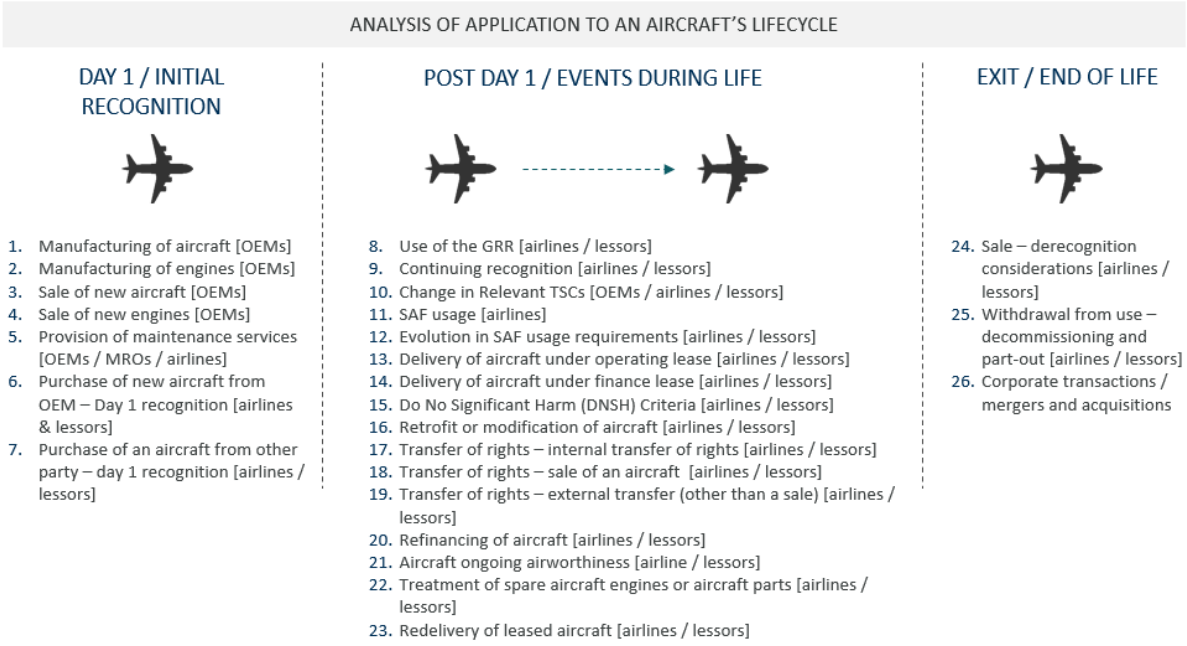
Notes: The Taxonomy Regulation does not specify the manner in which revenue, OpEx, and CapEx should be recognised for Taxonomy Regulation purposes and, as such, aviation participants should treat such revenue, OpEx, and CapEx in a manner consistent with its existing accounting policies.

33 Cost-based allocation of revenue to the Airline Technical Screening Criteria by logistics service providers

Logistics service providers are entitled to determine what constitutes 'environmentally sustainable' revenue out of revenue that relates to a package of different products and services provided to a customer (where not all those products and services generate 'environmentally sustainable' revenue when considered in isolation). This allocation is made by determining what portion of such products and services generate 'environmentally sustainable' revenue (represented by a percentage). This determination should be based on cost-data which evidences that those products and services are directly related to the 'environmentally sustainable' revenue. The resulting percentage is then applied to the total revenue amount that relates to the full package of such products and services in order to determine what portion of the revenue can be considered 'environmentally sustainable'.

Notes: Economic activities falling under the Airline Technical Screening Criteria are not always categorised in a manner that directly correlates to the definition of products and services provided by logistics service providers, meaning that revenue associated with the same is not always directly identifiable in relation to such economic activities. Transportation products and services offered to customers by logistics service providers typically contain several different activities across several modes of transportation (air, ocean, or road), transshipment, and sorting activities. As such products and services are sold as a full package to customers, there needs to be a method to enable the allocation of revenue between the different sections of the value chain in order to identify revenue that constitutes 'environmentally sustainable' revenue under the Airline Technical Screening Criteria.

Section D – Aircraft Lifecycle Analysis



34 Manufacturing of aircraft (OEMs)

Lifecycle analysis

This economic activity concerns the manufacture of aircraft and aircraft parts and equipment. As such, the Manufacturer Technical Screening Criteria applies here.

In accordance with paragraph 12 (*Manufacturing and sale of aircraft*), where an aircraft in production is intended to be a Zero-Emission Aircraft or an Eligible Aircraft, then such OEM can consider the production of such aircraft as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively. However, if the OEM becomes aware that any such aircraft in production will not meet the requirements to be a Zero-Emission Aircraft or Eligible Aircraft (as applicable), then such aircraft in production will no longer be considered as 'environmentally sustainable' in any proportion.

As detailed in paragraph 15 (*Eligible Aircraft*), pending the establishment of an industry certification regime, to be established in conjunction with regulators, and publicly-available OEM self-declarations, those aircraft which are treated to be Eligible Aircraft (subject to such aircraft meeting any ongoing DNSH requirements) will be those confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

Accounting considerations

From an accounting perspective:

(a) any recognition of revenue (and associated OpEx and CapEx, to the extent relevant) will be in line with either IFRS or the GAAP relevant to the reporting entity (in accordance with paragraph 32 (*Application of accounting policies*));

(b) any pre-delivery payments made in respect of a Zero-Emission Aircraft or an Eligible Aircraft will be considered 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively, where such payments are recognised as revenue in accordance with the OEM's accounting policies;

(c) OpEx and CapEx in relation to the production of a Zero-Emission Aircraft or an Eligible Aircraft (or an aircraft intended to be eligible as such) will be considered 'environmentally sustainable'

in the relevant proportion as determined in accordance with paragraph 12 (*Manufacturing and sale of aircraft*); and

(d) any unsecured financing obtained by an OEM will be considered 'environmentally sustainable' in the relevant proportion as determined in accordance with paragraph 12 (*Manufacturing and sale of aircraft*),

in each case, provided that such amounts were received or incurred at the time that the relevant aircraft was, or was intended to be, a Zero-Emission Aircraft or an Eligible Aircraft.

OEMs should record and track 'environmentally sustainable' aircraft, revenue, OpEx, and CapEx in the relevant proportions. Such recording and tracking shall be performed at the consolidated group level and, in all cases, shall be subject to external audit.

35 Manufacturing of engines (OEMs)

Lifecycle analysis

This economic activity concerns the manufacture of engines and aircraft parts and equipment. As such, the Manufacturer Technical Screening Criteria applies here.

In accordance with paragraph 12 (*Manufacturing and sale of aircraft*), where an engine in production is intended to be a Zero-Emission Engine or an Eligible Engine, then such OEM can consider the production of such engine as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively. However, if the OEM becomes aware that any such engine in production will not meet the requirements to be a Zero-Emission Engine or Eligible Engine, then such engine in production will no longer be considered as 'environmentally sustainable' in any proportion.

As detailed in paragraph 15 (*Eligible Aircraft*), pending the establishment of an industry certification regime, to be established in conjunction with regulators, those aircraft which are treated to be Eligible Engines (subject to such engines meeting any ongoing DNSH requirements) will be those confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

Accounting considerations

From an accounting perspective:

(a) any recognition of revenue (and associated OpEx and CapEx, to the extent relevant) will be in line with either IFRS or the GAAP relevant to the reporting entity (in accordance with paragraph 32 (*Application of accounting policies*));

(b) any pre-delivery payments made in respect of a Zero-Emission Engine or an Eligible Engine will be considered 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively, where such payments are recognised as revenue in accordance with the OEM's accounting policies;

(c) OpEx and CapEx in relation to the production a Zero-Emission Engine or an Eligible Engine will be considered 'environmentally sustainable' in the relevant proportion as determined in accordance with paragraph 12 (*Manufacturing and sale of aircraft*) by reference to the aircraft upon which they will be installed; and

(d) any unsecured financing obtained by an OEM will be considered 'environmentally sustainable' in the relevant proportion as determined in accordance with paragraph 12 (*Manufacturing and sale of aircraft*),

in each case, provided that such amounts were received or incurred at the time that the relevant engine was, or was intended to be, a Zero-Emission Engine or an Eligible Engine.

OEMs should record and track 'environmentally sustainable' aircraft, revenue, OpEx, and CapEx in the relevant proportions. Such recording and tracking shall be performed at the consolidated group level and, in all cases, shall be subject to external audit.

36 Sale of new aircraft (OEMs)

Lifecycle analysis

Whether the sale of a new aircraft constitutes an 'environmentally sustainable' economic activity falls under the Manufacturer Technical Screening Criteria. As set out in paragraph 12 (*Manufacturing and sale of aircraft*), any sale of a Zero-Emission Aircraft or an Eligible Aircraft will be considered as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively.

Accounting considerations

Any recognition of revenue (and associated OpEx and CapEx, to the extent relevant) will be in line with either IFRS or the GAAP relevant to the reporting entity (in accordance with paragraph 32 (*Application of accounting policies*)). Additionally, the date of recording such sale of an aircraft for Taxonomy Regulation purposes will correspond with the OEM's accounting policy for the recognition of the sale of new aircraft.

As detailed in paragraph 12 (*Manufacturing and sale of aircraft*), any revenue (including pre-delivery payments and the final delivery payment) arising from the sale of a Zero-Emission Aircraft or an Eligible Aircraft will be considered as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively, where such payments are recognised as revenue in accordance with the OEM's account policies. Further, all OpEx and CapEx in relation to the production of such aircraft will be considered 'environmentally sustainable' in the relevant proportion.

To the extent OpEx and CapEx relates to multiple aircraft (some of which are neither Zero-Emission Aircraft nor Eligible Aircraft), such OpEx and CapEx will be recognised in a proportionate manner in accordance with the methodology set out in paragraph 12 (*Manufacturing and sale of aircraft*).

OEMs should record and track Zero-Emission Aircraft, Eligible Aircraft, revenue, OpEx, and CapEx in the relevant proportions. Such recording and tracking shall be performed at the consolidated group level and, in all cases, shall be subject to external audit.

37 Sale of new engines (OEMs)

Lifecycle analysis

Whether the sale of a new engine constitutes an 'environmentally sustainable' economic activity falls under the Manufacturer Technical Screening Criteria. In accordance with paragraph 12 (*Manufacturing and sale of aircraft*), any sale of a Zero-Emission Engine or an Eligible Engine will be considered as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively.

Accounting considerations

Any recognition of revenue (and associated OpEx and CapEx, to the extent relevant) will be in line with either IFRS or the GAAP relevant to the reporting entity (in accordance with paragraph 32 (*Application of accounting policies*)). Additionally, the date of recording such sale of an engine for Taxonomy Regulation purposes will correspond with the OEM's accounting policy for the recognition of the sale of new aircraft.

In accordance with paragraph 12 (*Manufacturing and sale of aircraft*), any revenue (including pre-delivery payments and the final delivery payment) arising from the sale of a Zero-Emission Engine or an Eligible Engine will be considered as fully 'environmentally sustainable' and 'environmentally sustainable' in the proportion of the GRR, respectively, as applicable to the aircraft upon which the engine will be installed. Further, all OpEx and CapEx in relation to the production of such engine will be considered 'environmentally sustainable' in the relevant proportion.

To the extent OpEx and CapEx relates to multiple engines (some of which are neither Zero-Emission Engines or Eligible Engines), such OpEx and CapEx will be recognised in a proportionate manner in accordance with the methodology set out in paragraph 12 (*Manufacturing and sale of aircraft*).

OEMs should record and track 'environmentally sustainable' Zero-Emission Engines, Eligible Engines, revenue, OpEx, and CapEx in the relevant proportions. Such recording and tracking shall be performed at the consolidated group level and, in all cases, shall be subject to external audit.

38 Provision of maintenance services (OEMs / MROs / airlines)

Lifecycle analysis

As referenced in paragraph 10 (*Summary of Technical Screening Criteria*), the repair, maintenance and overhaul of aircraft falls within the scope of the Manufacturer Technical Screening Criteria. The application of the Manufacturer Technical Screening Criteria applies whether such activities are performed by an OEM, an MRO, or an airline.

Any maintenance services performed on any Zero-Emission Aircraft or any Zero-Emission Engine will be considered as 'environmentally sustainable'. Any maintenance services performed on any Eligible Aircraft or Eligible Engine will be considered as 'environmentally sustainable' in the proportion of the GRR, respectively.

As detailed in paragraph 15 (*Eligible Aircraft*), pending the establishment of an industry certification regime, to be established in conjunction with regulators, and publicly-available OEM self-declarations, those aircraft or engines which are treated to be Eligible Aircraft or Eligible Engines (in each case, subject to such aircraft or engines meeting any ongoing DNSH requirements) will be those confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

Accounting considerations

Any recognition of revenue (and associated OpEx and CapEx, to the extent relevant) will be in line with either IFRS or the GAAP relevant to the reporting entity (in accordance with paragraph 32 (*Application of accounting policies*)). Additionally, the date of recording such maintenance services for Taxonomy Regulation purposes will correspond with the aviation participant's accounting policy for the recognition of the sale of the provision of such services.

In accordance with paragraph 13 (*Applicable Relevant Technical Screening Criteria*), revenue received in respect of the maintenance services in respect of Zero-Emission Aircraft or Zero-Emission Engines will be considered 'environmentally sustainable' revenue and revenue received in respect of the maintenance services in respect of Eligible Aircraft or Eligible Engines will be considered 'environmentally sustainable' revenue in the proportion of the GRR.

Further, all OpEx and CapEx in relation to the maintenance services provided in respect of such aircraft or engine will be considered 'environmentally sustainable' in the same proportion. To the extent OpEx and CapEx relates to multiple aircraft or engines (some of which are neither Zero-Emission Aircraft or Zero-Emission Engines (as applicable) nor Eligible Aircraft or Eligible Engines (as applicable)), such OpEx and CapEx will be recognised in a proportionate manner in accordance with the methodology set out in paragraph 12 (*Manufacturing and sale of aircraft*).

OEMs, MROs, and airlines should record and track 'environmentally sustainable' revenue, OpEx, and CapEx in the relevant proportions. Such recording and tracking shall be performed at the consolidated group level and, in all cases, shall be subject to external audit.

39 Purchase of new aircraft from OEM (airlines / lessors)

Lifecycle analysis

Following the purchase of an aircraft by an airline or lessor from an OEM, the aircraft must meet the requirements of either the Airline Technical Screening Criteria or the Lessor Technical Screening Criteria (in accordance with paragraph 10 (*Summary of Technical Screening Criteria*)), as applicable, for the aircraft to be deemed to be a Compliant Aircraft. The application of the Airline Technical Screening Criteria and the Lessor Technical Screening Criteria to the particular use of the aircraft is discussed further in Section C (*Best Practices*) and should be used to assist with determination of compliance under the Relevant Technical Screening Criteria.

As detailed in paragraph 15 (*Eligible Aircraft*), pending the establishment of an industry certification regime, to be established in conjunction with regulators, and publicly-available OEM self-declarations, those aircraft which are treated to be Eligible Aircraft (subject to such aircraft meeting any ongoing DNSH requirements) will be those confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

Illustrative examples of the application of the Relevant Technical Screening Criteria to this element of lifecycle analysis are set out below in this paragraph 39.

The analysis set out in this paragraph (including the illustrative examples) can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

The date of recording such purchase for Taxonomy Regulation purposes will correspond with the aviation participant's accounting policy for the recognition of new assets onto its balance sheet following purchase.

If a purchased aircraft is deemed a Replacement Aircraft (and thus a Compliant Aircraft) and the paired non-Compliant Aircraft which it replaced was permanently withdrawn from the fleet (in accordance with paragraph 17 (*Permanently withdrawn from use or the fleet*)) in each case, such recording and tracking is to be performed at the consolidated group level and in all cases shall be subject to an external audit.

An owner's Compliant Aircraft is to be recorded and tracked at an aircraft-by-aircraft level where possible.

Illustrative examples

In each of the examples set out herein, the aircraft being purchased is **Aircraft A** and the aircraft being replaced is **Aircraft B**. In all cases, it is assumed that Aircraft B meets the technical specifications to be paired with Aircraft A for Taxonomy Regulation purposes (i.e. it (a) is a non-Compliant Aircraft, (b) has at least 80% of Aircraft A's certified maximum take-off weight, (c) has been airworthy for six (6) months prior to the purchase of Aircraft A, and (d) has been within the relevant fleet for at least 12 months prior to withdrawal).

Examples for purchase and withdrawal in the same reporting period

Scenario: Aircraft A is purchased on 31 March 2024 and Aircraft B is withdrawn from use at a later date but by 31 September 2024.

Approach:

- 100% of relevant revenue, OpEx, and CapEx associated with Aircraft A can be recognized. This is as the withdrawal from use was within six (6) months of the purchase of Aircraft A.
- The date of purchase is the date on which the asset is recognized as a fixed asset of the owner (for an owned fleet) or the delivery date (for an airline's leased fleet).
- If a part-out or decommissioning services provider is used, the date of derecognition of the asset upon transfer of Aircraft B is the date of the contract with the part-out or decommissioning services provider (unless the contract specifies a later acceptance date for decommissioning – see paragraphs 17 (*Permanently withdrawn from use or the fleet*) and 58 (*Withdrawal from use – decommissioning and part-out (airlines / lessors)*)).
- See paragraph 42 (*Continuing recognition (airlines / lessors)*) for commentary on criteria for assessing whether revenue, OpEx, and CapEx is relevant.

Scenario: Aircraft A is purchased on 31 March 2024 and Aircraft B is withdrawn from use before 31 March 2024.

Approach: 100% of relevant revenue, OpEx, and CapEx associated with Aircraft A can be recognized. This is true only if the withdrawal from use of Aircraft B has not already been paired with a different purchase and the withdrawal from use occurred after 11 December 2023 (i.e. the effective date for grandfathering of Eligible Aircraft under the Taxonomy Regulation).

Scenario: Aircraft A is purchased on 31 March 2024 and Aircraft B is withdrawn from fleet by 31 September 2024.

Approach:

- Relevant revenue associated with the sale of Aircraft A will be reduced by the GRR. The GRR applied to this sale will be the applicable GRR in the year of initial recognition and should not

be adjusted thereafter. 100% of relevant OpEx and CapEx associated with Aircraft A can be recognized as the application of the GRR is not required.

- The date of withdrawal from fleet is the date on which the person derecognizes the asset from its balance sheet (where the withdrawal occurs as a result of a sale) or the date of redelivery to owner (where the withdrawal occurs in connection with removal from airline's leased fleet).

Example for purchase and withdrawal within a different reporting period

Scenario: Aircraft A is purchased on 31 September 2024 and Aircraft B is withdrawn from use or from fleet by 31 March 2025.

Approach:

- Assuming a person has a £1 December year end, if that person is reporting its results for 2024 after 31 March 2025 it may treat Aircraft A as a Compliant Aircraft in its 2024 results (i.e. withdrawal is an adjusting subsequent event).
- If it is reporting its 2024 results before 31 March 2025, it may defer the recognition of Aircraft A as a Compliant Aircraft until its 2025 results but does not recognize Aircraft A as a Compliant Aircraft in its 2024 results.

40 Purchase of an aircraft from other party (airlines / lessors)

Lifecycle analysis

Following the purchase of an aircraft by an airline or lessor from another party (other than an OEM), the aircraft must meet the requirements of either the Airline Technical Screening Criteria or the Lessor Technical Screening Criteria (in accordance with paragraph 10 (*Summary of Technical Screening* Criteria)), as applicable, for the aircraft to be deemed to be a Compliant Aircraft (including the fulfilment of any ongoing DNSH requirements). The application of the Airline Technical Screening Criteria and the Lessor Technical Screening Criteria to the particular use of the aircraft is discussed further in Section C (*Best Practices*) and should be used to assist with determination of compliance under the Relevant Technical Screening Criteria.

As detailed in paragraph 15 (*Eligible Aircraft*), pending the establishment of an industry certification regime, to be established in conjunction with regulators, and publicly-available OEM self-declarations, those aircraft which are treated to be Eligible Aircraft (subject to such aircraft meeting any ongoing DNSH requirements) will be those confirmed as such by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.

Further, an aircraft can be purchased with certain rights attached at the discretion of the seller. Please refer to paragraphs 50 (*Transfer of rights – internal transfer of rights (airlines / lessors)*), 51 (*Transfer of rights – sale of an aircraft (airlines / lessors)*), and 52 (*Transfer of rights – external transfer (other than a sale) (airlines / lessors)*) for further discussion on this element of a purchase.

The illustrative examples of the application of the Relevant Technical Screening Criteria to a purchase of an aircraft from an OEM (set out above in paragraph 39 (*Purchase of new aircraft from OEM (*airlines / lessors)) apply equally to the purchase of an aircraft from another party.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

The date of recording such purchase for Taxonomy Regulation purposes will correspond with the aviation participant's accounting policy for the recognition of new assets onto its balance sheet following purchase.

If a purchased aircraft is deemed a Replacement Aircraft and the paired non-Compliant Aircraft which it replaced was permanently withdrawn from the fleet (in accordance with paragraph 17 (*Permanently withdrawn from use or the fleet*)), then any revenue connected with such Compliant Aircraft is deemed 'environmentally sustainable' to the extent of the GRR. The GRR is not required to be applied to related OpEx and CapEx associated with the aircraft. In all other circumstances for Compliant Aircraft, 100% of such aircraft's revenue, OpEx, and CapEx is deemed 'environmentally sustainable'. Further discussion on the application of the GRR is set out in paragraph 18 (*Determination of GRR*) and

commentary on ongoing revenue, OpEx, and CapEx recognition is set out in paragraph 42 (*Continuing recognition (airlines / lessors)*).

Revenue, OpEx, and CapEx deemed 'environmentally sustainable' may include, for example:

(a) rentals paid to the lessor under a lease (in accordance with paragraph 26 (*Revenue in leasing and financing chains*));

(b) revenue generated by an airline (in accordance with paragraph 26 (*Revenue in leasing and financing chains*);

(c) any financing of the CapEx (in accordance with paragraphs 26 (*Revenue in leasing and financing chains*), 27 (*Financing of multiple aircraft and engines*), and 28 (*Refinancing of aircraft and engines*)); and

(d) any revenue from any services (such as insurance, maintenance and management) in relation to the Compliant Aircraft (in accordance with paragraphs 24 (*Revenue for other related services for aircraft*), 25 (*Lessor managed aircraft and engines*), or 26 (*Revenue in leasing and financing chains*), as applicable).

Where an aircraft is a Compliant Aircraft at the time of sale, the selling party may record the revenue from such sale as 'environmentally sustainable' in the relevant proportion.

Airlines and lessors should record and track:

(e) 'environmentally sustainable' revenue, OpEx, and CapEx in the relevant proportions;

(f) aircraft determined as Compliant Aircraft (and, where the GRR is applicable, whether such benefit from the Relevant Technical Screening Criteria is applicable in whole or on a fractional basis, in accordance with paragraph 18 ((*Determination of GRR*));

(g) the existence or transfer of any benefit from the Relevant Technical Screening Criteria amongst their fleet in accordance with paragraphs 50 (*Transfer of rights – internal transfer of rights (airlines / lessors)*), 51 (*Transfer of rights – sale of an aircraft (airlines / lessors)*), and 52 (*Transfer of rights – external transfer (other than a sale) (airlines / lessors)*); and

(h) each non-Compliant Aircraft which has been withdrawn from use or from the fleet and which is connected to an Eligible Aircraft being designated a Compliant Aircraft (as detailed further in paragraph 17 (*Permanently withdrawn from use or the fleet*)),

in each case, such recording and tracking is to be performed at the consolidated group level and in all cases shall be subject to an external audit.

An owner's Compliant Aircraft is to be recorded and tracked at an aircraft-by-aircraft level where possible.

41 Use of the GRR (airlines / lessors)

Lifecycle analysis – initial GRR

As detailed in paragraph 18 (*Determination of GRR*), the GRR will be fixed at the GRR in the calendar year that the aircraft is first determined, or following a period of ineligibility subsequently determined, as being a Compliant Aircraft. As such, the initial calculations using GRR will apply the 2024 rate of 48%.

Airlines and lessors shall use such GRR to determine the number of Grandfathered Aircraft that can be nominated Compliant Aircraft (subject to the requirements of the Relevant Technical Screening Criteria being met) as of 11 December 2023. Such aviation participant must make a 'day one' election between two approaches of applying the GRR to their fleet by either (a) using the GRR to determine how many aircraft will be considered Compliant Aircraft (with rounding to the nearest whole number of aircraft), in respect of which 100% of such Compliant Aircraft's revenue, CapEx and OpEx will be considered 'environmentally sustainable' or (b) applying the GRR to each of their Compliant Aircraft, such that a percentage (equivalent to GRR) of all the Compliant Aircraft's revenue, CapEx and OpEx will be considered 'environmentally sustainable' (see paragraph 18 (*Determination of GRR*)). Illustrative examples of the application of the GRR to this element of the lifecycle are set out below.

The analysis set out in this paragraph can be equally applied to spare engines, Grandfathered Engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Illustrative example: use of GRR for incumbent fleet as of 11 December 2023

Assumptions

- The aviation participant has 500 aircraft and 25 spare engines on 11 December 2023. For these purposes, for airlines, no distinction is made between owned or leased as the Airline Technical Screening Criteria applies to both.
- 200 of these aircraft are Eligible Aircraft and 10 of these spare engines are Eligible Engines.

Option A result (using the GRR to determine number of Grandfathered Aircraft and Grandfathered Engines on 'day one')

- The number of Eligible Aircraft and Eligible Engines which are nominated to be compliant with the Taxonomy Regulation from 1 January 2024 is calculated by multiplying the number of Eligible Aircraft / Eligible Engines on 11 December 2023 (in this case, 200 and 10, respectively) by the GRR for 2024 (48%), which results in the number of Compliant Aircraft / Compliant Engines being 96 and 5, respectively.
- The aviation participant will keep a record identifying the Compliant Aircraft and Compliant Engines.
- From 1 January 2024 until the asset is withdrawn from use or from fleet, 100% of the revenue, OpEx, and CapEx of these Compliant Aircraft and Compliant Engines will be compliant with the Taxonomy Regulation. Upon withdrawal, these Compliant Aircraft and Compliant Engines will not be designated as non-Compliant Aircraft / non-Compliant Engines and will not be used as a pair to a newly purchased Eligible Aircraft to achieve compliance with the Taxonomy Regulation for that new aircraft.
- The aviation participant will need to track these Eligible Aircraft and Eligible Engines, particularly as they are withdrawn from use or from fleet.

Option B result (using the GRR to determine the portion of revenue, OpEx, and CapEx which is compliant with the Taxonomy Regulation for Grandfathered Aircraft and Grandfathered Engines on 'day one')

- By applying the GRR to all of the Eligible Aircraft and Eligible Engines, all of these Eligible Aircraft and Eligible Engines shall be nominated to be compliant with the Taxonomy Regulation from 1 January 2024 by a proportion equal to the GRR for 2024 (48%).
- The aviation participant will keep a record identifying the Compliant Aircraft and Compliant Engines (and noting the proportion in respect of which they are considered compliant with the Taxonomy Regulation).
- From 1 January 2024 until the asset is withdrawn from use or from fleet (a) 48% of the revenue and (b) 100% of the related OpEx and CapEx of these Compliant Aircraft and Compliant Engines will be compliant with the Taxonomy Regulation.
- The aviation participant will need to track these Compliant Aircraft and Compliant Engines, particularly as they are withdrawn from use or from fleet.

Lifecycle analysis – subsequent annual calculation of GRR

As referenced in in paragraph 18 (*Determination of GRR*), where applicable tests are met, an airline or lessor may apply the GRR to Eligible Aircraft purchased in an accounting period to determine the number of Compliant Aircraft with 100% of revenue, OpEx, and CapEx being deemed 'environmentally sustainable'.

As detailed in paragraph 17 (*Permanently withdrawn from use or the fleet*), a commitment to withdraw permanently from use one non-Compliant Aircraft enables another aircraft to be compliant with the Taxonomy Regulation, whereas a commitment to withdraw permanently from the fleet one non-Compliant Aircraft enables only a share of another aircraft equivalent to the GRR to be compliant with the Taxonomy Regulation (in each case, provided that all other relevant conditions under the Relevant Technical Screening Criteria are met).

An illustrative example of the application of the GRR to this element of the lifecycle is set out below.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Illustrative example: use of GRR for incumbent fleet as of 11 December 2023

Assumptions

- The aviation participant has 500 aircraft and has nominated 96 Grandfathered Aircraft as being Compliant Aircraft on 1 January 2024 (in accordance with Option A set out immediately above).
- In 2024, the aviation participant purchases 100 aircraft. Of these 100 aircraft:
    - 30 are Eligible Aircraft that have been paired with non-Compliant Aircraft which have been permanently withdrawn from use; and
    - 20 are Eligible Aircraft that have been paired with non-Compliant Aircraft which have been withdrawn from fleet.

  For the purpose of this example, there are no other withdrawals from the fleet in 2024.
- In 2025, the aviation participant purchases 80 aircraft. Of these 80 aircraft:
    - 15 are Eligible Aircraft that have been paired with non-Compliant Aircraft which have been withdrawn from use; and
    - 10 are Eligible Aircraft that have been paired with non-Compliant Aircraft which have been withdrawn from fleet.

  For the purpose of this example, in 2025, 25 aircraft which were Grandfathered Aircraft that were nominated as Compliant Aircraft on 1 January 2024 are also withdrawn from use or from fleet.

Result

Details of the fleet progression and the application of the GRR in 2024 and 2025 is as follows (further discussion on how the fact pattern below may be used to allocation revenue, OpEx, and CapEx as being compliant with the Taxonomy Regulation is set out in paragraph 42 (*Continuing recognition (airlines / lessors)*):

	Total Fleet	Number of 100% Compliant Aircraft	Number of proportionate Compliant Aircraft[9]	Total number of Compliant Aircraft
1 January 2024	500	96	-	96
Number of additions in 2024	100	30	20	50
Number of withdrawals in 2024	(50)	-	-	-
31 December 2024	550	126	20	146
Number of additions in 2025	80	15	10	25
Number of withdrawals in 2025	(50)	(25)	-	(25)
31 December 2025	580	116	30	146

[9] Noting that the revenue considered as being compliant with the Taxonomy Regulation in respect of these Compliant Aircraft will be reduced in manner proportionate to the GRR.

Accounting considerations

Airlines and lessors shall select, and record, which of such Grandfathered Aircraft are designated Compliant Aircraft to the extent of the GRR.

See paragraphs 39 (*Purchase of new aircraft from OEM (airlines / lessors)*) and 40 (*Purchase of an aircraft from other party (airlines / lessors)*) for the accounting considerations of such aircraft being designated Compliant Aircraft.

42 Continuing recognition (airlines / lessors)

Lifecycle analysis

The continuing recognition of aircraft as Compliant Aircraft throughout the life of the Aircraft primarily concerns, as applicable, the Airline Technical Screening Criteria and the Lessor Technical Screening Criteria (for discussion on the continuation of recognition in respect of aircraft being manufactured, please see paragraph 34 (*Manufacturing of aircraft (OEMs)*). As further detailed in paragraph 22 (*Continuation of 'environmentally sustainable' status*), a Compliant Aircraft will be deemed 'environmentally sustainable' in respect of any period where it meets the applicable criteria in the Relevant Technical Screening Criteria (whether tested on a day one or ongoing basis) and any economic activity in respect of such aircraft will also be deemed as 'environmentally sustainable' for the same period.

As set out in paragraph 21 (*Modification and retrofitting of aircraft*), if a non-Eligible Aircraft is retrofitted or modified such that it becomes an Eligible Aircraft (after retesting in respect of the Relevant Technical Screening Criteria), such Eligible Aircraft may be designated as a Compliant Aircraft where it meets the relevant requirements of one of the qualifying options set out in paragraph 10 (*Summary of Technical Screening* Criteria) (including, if applicable, the withdrawal of a non-Compliant Aircraft from use or from its fleet).

For aircraft in respect of which the Airline Technical Screening Criteria applies, a non-Eligible Aircraft may be designated as a Compliant Aircraft by meeting the SAF usage requirements of 5% in 2022 (increasing by 2% annually thereafter) (as referenced in paragraph 10 (*Summary of Technical Screening* Criteria)).

From 1 January 2030, insofar as either (a) the Airline Technical Screening Criteria applies or (b) the Lessor Technical Screening Criteria applies and the lessee airline is located within the EU (see paragraph 20 (*Sustainable aviation fuel*)), for any Eligible Aircraft to continue to qualify as a Compliant Aircraft (other than Zero-Emission Aircraft or, for airlines, SAF Qualifying Aircraft) it must be operated with a minimum share of SAF – corresponding to 15% in 2030 and increasing by 2% annually thereafter) (as referenced in paragraph 10 (*Summary of Technical Screening* Criteria)).

Designation of an aircraft as a Compliant Aircraft is to be retested during each financial reporting period applicable to the relevant aviation participant (and otherwise in accordance with the testing times detailed in paragraph 22 (*Continuation of 'environmentally sustainable' status*)).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Allocation of revenue, OpEx, and CapEx

From an accounting perspective, revenue, OpEx, and CapEx related to Compliant Aircraft in an aviation participant's fleet (for airlines, including those under both the Airline Technical Screening Criteria and the Lessor Technical Screening Criteria but, for lessors, only including those under the Lessor Technical Screening Criteria) is deemed 'environmentally sustainable' in the relevant proportion for the portion (on a pro-rated basis) of the financial period where it continues to meet the applicable requirements detailed in paragraph 22 (*Continuation of 'environmentally sustainable' status*).

'Environmentally sustainable' revenue, OpEx, and CapEx should be measured by reference to the specific portion of such revenue, OpEx, and CapEx that is attributable (either directly or indirectly) to the Compliant Aircraft (as detailed in paragraph 24 (*Revenue for other related services for aircraft*) a connection to such aircraft must be shown) – as the basis unit of account for measurement under the Taxonomy Regulation is at the specific asset level. This measurement requirement applies as it falls in line with the principles of the Taxonomy Regulation which relies on the ability to track specific assets through their lifecycle.

The manner of such allocation should be determined by the aviation participant recording such amounts in its financial reporting (as is consistent with established general accounting and auditing principles) and should be applied consistently. In determining its allocation basis, aviation participants will likely have reference to the basis by which they currently recognise revenue, OpEx, and CapEx and apply the most direct or relevant basis available in this context when allocating revenue, OpEx, and CapEx to the Compliant Aircraft. However, it is recommended that each aviation participant consult with its auditor to determine which is the most appropriate basis of allocation for these purposes.

As an example, if an airline's systems allow for the measurement of revenue between different aircraft types this may be used, i.e. the airline with a fleet segmented between A320ceos, A320neos and 787 MAXs may determine the portion of Compliant Aircraft in each segment and then use that portion when reporting the taxonomy-compliant revenue, OpEx, or CapEx from each segment. Similarly, an airline's systems may instead measure revenue on a jurisdictional basis or may distinguish between narrowbody and widebody fleets.

Each aviation participant should then apply the provisions of the Commission's Disclosure Delegated Act (link) when reporting its taxonomy-compliant revenue, OpEx, and CapEx. This will primarily be as revenue, OpEx, and CapEx key performance indicators using the formats set out in such act.

Components of revenue that may be included as compliant with the Taxonomy Regulation

The Commission's Disclosure Delegated Act (link) outlines what constitutes revenue that may qualify as compliant with the Taxonomy Regulation as "*the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy-aligned economic activities*".

As this definition is generic and applies to all non-financial entities, it is not exhaustive of the approach to all components of airline or lessor revenue. Ultimately, aviation participants should be able to demonstrate that the component of revenue is directly relevant to the Compliant Aircraft – either on a specific basis or by means of appropriate allocation (as discussed further above).

In any event, the approach adopted should be made in line with either IFRS or the GAAP relevant to the reporting aviation participant.

The following are suggested components of compliant revenue for airlines:

- Passenger / ticket revenue
- Revenue directly linked to ticket sales
- Cargo services revenue
- Ancillary aircraft revenue
- Wet leasing / subleasing revenue
- Maintenance revenue earned for servicing third-party aircraft – to the extent that aircraft is an Eligible Aircraft
- Profit on sale of aircraft (if such profit falls within the airline's revenue reporting)

The following are suggested components of compliant revenue for lessors:

- Aircraft and spare engine lease revenue
- Aircraft and spare engine maintenance revenue (including any payments of end-of-lease compensation)
- Profit on sale of traded assets (if such profit falls within the lessor's revenue figure)

Revenue derived from the provision of maintenance services to third-party aircraft should be assessed by reference to the Manufacturer Technical Screening Criteria. Further discussion can be found on this point in paragraph 38 (*Provision of maintenance services (OEMs / MROs / airlines)*).

Components of OpEx that may be included as compliant with the Taxonomy Regulation

The Commission's Disclosure Delegated Act (link) outlines what constitutes OpEx that may qualify as compliant with the Taxonomy Regulation as "*direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such asset*". Further, such OpEx may only qualify as compliant with the

Taxonomy Regulation to the extent that it is "*related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development*". It may also include "*the part of OpEx for the adaptation of economic activities to climate change in accordance with Annex II*" of the Delegated Regulation (EU) 2021/2139.

As this definition is generic and applies to all non-financial entities, it is not exhaustive of the approach to all components of airline or lessor OpEx. Ultimately, aviation participants should be able to demonstrate that the component of OpEx is directly relevant to the Compliant Aircraft – either on a specific basis or by means of appropriate allocation (as discussed further above).

In any event, the approach adopted should be made in line with either IFRS or the GAAP relevant to the reporting aviation participant. Further, there should be no double counting with CapEx associated with the same asset or economic activity.

The following are suggested components of compliant OpEx for airlines:

- Aircraft maintenance / repair / management costs (excluding capitalized maintenance)
- Maintenance sub-contracting
- Shop visit costs
- Storage costs
- Aircraft contractor costs
- Aircraft leasing costs
- Wet leasing costs associated with Compliant Aircraft
- Depreciation, amortization and impairments of CapEx that is compliant with the Taxonomy Regulation
- Decommissioning costs / non-capitalized cargo conversion costs
- IT costs and training costs related to the above

The following are suggested components of compliant OpEx for lessors:

- Leasing expenses
- Selling, general and administrative expenses costs attributable to aircraft
- Maintenance costs
- Shop visit costs
- Non-capitalized cargo conversion costs
- Storage costs
- Contractor costs
- Depreciation, amortization and impairment of CapEx that is compliant with the Taxonomy Regulation
- Decommissioning costs

OpEx derived from the provision of maintenance services to third-party aircraft should be assessed by reference to the Manufacturer Technical Screening Criteria. Further discussion can be found on this point in paragraph 38 (*Provision of maintenance services (OEMs / MROs / airlines)*).

Components of CapEx that may be included as compliant with the Taxonomy Regulation

The Commission's Disclosure Delegated Act (link) outlines what constitutes CapEx that may qualify as compliant with the Taxonomy Regulation as, for non-financial undertakings applying IFRS, covering costs that are accounted based on under relevant account standards including those related to property, plant & equipment and to leases. For non-financial entities applying national GAAP, CapEx shall cover the costs accounted under the applicable GAAP that correspond to the costs included in the capital expenditure by non-financial undertakings applying IFRS. Further, such CapEx shall only be compliant with the Taxonomy Regulation to the extent that it is "*related to assets or processes that are associated with Taxonomy-aligned economic activities*". They may also include CapEx that forms "*part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become*

Taxonomy-aligned" or be "*related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions*".

As this definition is generic and applies to all non-financial entities, it is not exhaustive of the approach to all components of airline or lessor CapEx. Ultimately, aviation participants should be able to demonstrate that the component of CapEx is directly relevant to the Compliant Aircraft – either on a specific basis or by means of appropriate allocation (as discussed further above).

In any event, the approach adopted should be made in line with either IFRS or the GAAP relevant to the reporting aviation participant. There should be no double counting with OpEx associated with the same asset or economic activity.

The following are suggested components of compliant CapEx for airlines:

- Additions to aircraft / spare engine assets
- Capitalized maintenance
- Capitalized operating lease obligations
- Capitalized pre delivery payments
- Cargo conversion costs
- Capitalized intangible asset costs attributable to relevant aircraft

The following are suggested components of compliant CapEx for lessors:

- Additions to aircraft / spare engine assets
- Capitalized maintenance
- Capitalized pre delivery payments
- Cargo conversion costs
- Capitalized intangible asset costs attributable to relevant aircraft

43 Change in Relevant Technical Screening Criteria (OEMs / airlines / lessors)

Lifecycle analysis

There may be instances in the future when the Taxonomy Regulation is amended, or there may be a change to its application and interpretation, and such amendment or change amends or alters the Relevant Technical Screening Criteria. Where an amendment or alteration applies:

(a) to the Airline Technical Screening Criteria and/or the Lessor Technical Screening Criteria, any aircraft deemed to be a Compliant Aircraft would need to be reconsidered; or

(b) to the Manufacturer Technical Screening Criteria, the manufacturing of any aircraft in production deemed to be, or intended to be, either a Zero-Emission Aircraft or an Eligible Aircraft would need to be reconsidered,

in each case, by reference to the relevant criteria, and the perceived intention, of the amended Relevant Technical Screening Criteria.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Any consequential accounting considerations should be considered in further detail by reference to the relevant criteria, and the perceived intention, of the amended Relevant Technical Screening Criteria.

The AWG and IATA may issue revisions to this Best Practices Manual following any update or amendment that would otherwise prompt reconsideration in accordance with this paragraph 43.

44 SAF usage (airlines / lessors)

Calculation of usage levels

Paragraph (e) of the Airline Technical Screening Criteria outlines an option for an aircraft to qualify as a Compliant Aircraft by being a SAF Qualifying Aircraft (see paragraph 10 (*Summary of Technical Screening Criteria*)). As detailed in paragraph 20 (*Sustainable aviation fuel*), an airline's SAF usage is measured by the proportion (as a percentage) of (a) the quantity of SAF (measured in tonnes) purchased by the airline for its fleet (including purchases on a 'book and claim' basis), to (b) all fuel (measured in tonnes) used by Compliant Aircraft (for this purpose, 'environmentally sustainable' aircraft means those aircraft that are expected to constitute Compliant Aircraft, including where a SAF usage requirement applies) in its fleet. Further discussions around SAF can be found in the Commission Staff Working Document (see Annex 6 (*Commission Staff Working Document*)).

With regard to the minimum SAF usage requirements for Compliant Aircraft referenced in paragraph 10 (*Summary of Technical Screening Criteria*), compliance with the required minimum percentage of SAF used can be evidenced by the SAF quantities purchased for use by the airline's entire fleet (i.e. it does not have to be specifically evidenced that a particular Compliant Aircraft meets such minimum requirements). In practical terms, the SAF requirement can be fulfilled by attributing an adequate quantity of SAF, purchased at the fleet level during the given year, to the Compliant Aircraft within the fleet. However, as detailed in paragraph 10 (*Summary of Technical Screening Criteria*), in the case of an airline group, the calculation of the SAF quantity should be limited to the fleet owned by the single operator (whether purchased by that single airline directly or as allocated following group procurement) and not on a cross-group basis (unless purchased by the group and allocated to a specific operator).

The verification of SAF-related data will be supported by the ReFuelEU Regulation and EU ETS reporting requirements (or, for SAF purchased outside of the EU, CORSIA reporting requirements or, if not applicable, the appropriate reporting requirements in the relevant jurisdiction in which such SAF was purchased).

Eligibility of SAF used

For SAF attributed for the purposes of the Taxonomy Regulation, airlines and lessors may rely on the SAF purchased and used as reported in the monitoring, reporting and verification systems established under the EU ETS and ReFuelEU Regulation. SAF purchased outside of the EU will be required to meet CORSIA requirements or the appropriate standard in the relevant jurisdiction in which such SAF was purchased (e.g., US RFS).

Achieving compliance solely through SAF usage

As detailed in paragraph 10 (*Summary of Technical Screening Criteria*), paragraph (e) of the Airline Technical Screening Criteria identifies that aircraft which do not meet the other Airline Technical Screening Criteria may still be deemed as a Compliant Aircraft if they are operated on a minimum level of SAF (5% in 2022, increasing by 2% annually thereafter). This criteria applies separately to the other Airline Technical Screening Criteria.

Compliance by lessors

With regard to any SAF related requirement under the Lessor Technical Screening Criteria, lessors may rely on confirmations made by airlines in relation to their SAF usage.

As lessors cannot require an airline outside of the EU to meet SAF usage requirements under the Taxonomy Regulation, the SAF usage requirements under the Lessor Technical Screening Criteria will only apply to the extent that the airline has its principal place of business in the EU or is in scope of the CSRD regime or Taxonomy Regulation.

At any time when an aircraft is AOG, or a Compliant Aircraft under the Lessor Technical Screening Criteria is off-lease, the SAF usage requirements will not apply.

45 Evolution in SAF usage requirements (airlines / lessors)

SAF certified aircraft

From 1 January 2028 to 31 December 2032, for an aircraft to continue to be recognised as an Eligible Aircraft under the Manufacturer Technical Screening Criteria, that aircraft model must be certified to

operate on 100% SAF. The Commission anticipates that this will only apply if a 100% certification regime is in place by that date.

SAF usage

Insofar as the Airline Technical Screening Criteria applies, for an aircraft to be considered as a SAF Qualifying Aircraft, the airline must use 5% SAF in 2022, increasing by 2% annually thereafter (as set out in paragraph 10 (*Summary of Technical Screening Criteria*)). Otherwise, for an aircraft to be considered as a Grandfathered Aircraft or a Replacement Aircraft, the airline must, from 1 January 2030, use 15% SAF in 2030, increasing by 2% annually thereafter. As detailed in paragraph 20 (*Sustainable aviation fuel*), this requirement only applies under the Lessor Technical Screening Criteria to the extent the airline is located in the EU.

The SAF usage percentage applicable to aircraft will be calculated in accordance with paragraph 44 (*SAF usage (airlines / lessors)*) above.

As set out in paragraph 20 (*Sustainable aviation fuel*), at any time when a Compliant Aircraft is AOG or, in respect of the Lessor Technical Screening Criteria, is not subject to any lease, the SAF usage requirements will not apply.

Where engines or aircraft parts are purchased or leased as spares, the SAF usage requirements will not apply for any period where such engines or aircraft parts are not attached to an aircraft (see paragraph 23 (*Engines and other aircraft parts*)).

Other

If the SAF usage criteria not met in a particular calendar year in order for an aircraft to qualify as a Compliant Aircraft (under the applicable requirements set out in paragraph 10 (*Summary of Technical Screening Criteria*)), then the associated revenue, OpEx, and CapEx for that aircraft will not be considered 'environmentally sustainable' for that year. This shall not affect revenue, OpEx, and CapEx being considered 'environmentally sustainable' in respect of any subsequent year provided that the SAF usage criteria is satisfied in such subsequent year.

Insofar as the Airline Technical Screening Criteria applies, invoices for the purchase of SAF can be used to evidence the quantity of SAF purchased by that airline.

Insofar as the Lessor Technical Screening Criteria applies, lessors can rely on confirmations of the SAF usage by the relevant airline.

46 Delivery of aircraft under operating lease (airlines / lessors)

Lifecycle analysis

As referenced in paragraph 13 (*Applicable Relevant Technical Screening Criteria*), generally the Lessor Technical Screening Criteria shall apply in respect of lessors and the Airline Technical Screening Criteria will apply in respect of airlines.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Airlines

Airlines will apply the Airline Technical Screening Criteria to both owned and leased aircraft which they control and upon which they earn revenue. Aircraft leased under finance leases will be treated as an owned aircraft where this is consistent with the GAAP accounting policies of the airline (see paragraph 47 (*Delivery of aircraft under finance lease (airlines / lessors)*) for further discussion on finance leasing arrangements).

For aircraft operated under an operating lease, the aircraft will have to meet the requirements of the relevant Airline Technical Screening Criteria (in accordance with paragraph 10 (*Summary of Technical Screening Criteria*) on the date of delivery under the lease in order to qualify as a Compliant Aircraft.

A permanent redelivery of an aircraft to a lessor will constitute a withdrawal from fleet for the airline. Such redelivery of that aircraft may also constitute a withdrawal from use if that aircraft is subsequently withdrawn from use and that withdrawal from use was contemplated as part of the redelivery (i.e. in substance the withdrawal from fleet led to a withdrawal from use). In such cases, the withdrawal from

use must occur within six (6) months of the purchase of the new aircraft if that new aircraft is to be considered a Replacement Aircraft.

As referenced in paragraph 23 (*Engines and other aircraft parts*), where an engine is leased as a spare, the SAF usage requirements will not apply for any period where such engine is not attached to an aircraft.

Lessors

Where the lease is an operating lease, lessors will apply the Lessor Technical Screening Criteria in determining whether the aircraft can be deemed a Compliant Aircraft.

Subject to the continuation of an aircraft's 'environmentally sustainable' status (see paragraph 22 (*Continuation of 'environmentally sustainable' status*) for further discussion on this point), an aircraft's day one recognition as a Compliant Aircraft will not be impacted by the subsequent leasing by the lessor of such aircraft under an operating lease.

On delivery of an aircraft by a lessor to the lessee airline, the SAF usage requirements will apply in accordance with paragraph 20 (*Sustainable aviation fuel*). However, for any period of time that a Compliant Aircraft is off-lease, the SAF usage requirements will not apply.

As referenced in paragraph 23 (*Engines and other aircraft parts*), where an engine is leased as a spare, the SAF usage requirements will not apply for any period where such engine is not attached to an aircraft.

Accounting considerations

For each of airlines and lessors, any revenue, OpEx, and CapEx related to the Compliant Aircraft is deemed 'environmentally sustainable' in the relevant proportion for the portion (on a pro-rated basis) of the financial period where it continues to meet the applicable requirements detailed in paragraph 22 (*Continuation of 'environmentally sustainable' status*).

Classification of revenue under any other leasing in the chain of transactions to or from the lease in question as 'environmentally sustainable' shall only be classified as such to the same extent provided that another Relevant Technical Screening Criteria should not apply in respect of such leasing (see paragraph 26 (*Revenue in leasing and financing chains*)).

47 Delivery of aircraft under finance lease (airlines / lessors)

Lifecycle analysis

As referenced in paragraph 13 (*Applicable Relevant Technical Screening Criteria*), generally the Lessor Technical Screening Criteria shall apply in respect of lessors and the Airline Technical Screening Criteria will apply in respect of airlines.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Airlines

Airlines will apply the Airline Technical Screening Criteria to aircraft which are leased under finance leases where, in consistency with the GAAP accounting policies of the airline, such aircraft is recognised as an aircraft asset on the airline's balance sheet (as per paragraph 32 (*Application of accounting policies*)).

On the date of delivery of the aircraft under the finance lease, the aircraft must meet the requirements of one of the options under the Airline Technical Screening Criteria for the aircraft to be deemed a Compliant Aircraft.

As referenced in paragraph 23 (*Engines and other aircraft parts*), where an engine is leased as a spare, the SAF usage requirements will not apply for any period where such engine is not attached to an aircraft.

Lessors

Where an aircraft is being leased under a finance lease, lessors will continue to apply the Lessor Technical Screening Criteria up to the point at which the aircraft has been derecognised from the lessor's fixed asset balance in accordance with its GAAP accounting policies (as per paragraph 32 (*Application of accounting policies*)).

On the date of delivery of the aircraft under the finance lease, the aircraft is treated as permanently withdrawn from the lessor's fleet in accordance with the requirements of paragraph 17 (*Permanently withdrawn from use or the fleet*).

Accounting considerations

For each of airlines and lessors, any revenue, OpEx, and CapEx related to the Compliant Aircraft is deemed 'environmentally sustainable' in the relevant proportion for the portion (on a pro-rated basis) of the financial period where it continues to meet the applicable requirements detailed in paragraph 22 (*Continuation of 'environmentally sustainable' status*).

Classification of revenue under any other leasing in the chain of transactions to or from the lease in question as 'environmentally sustainable' shall only be classified as such to the same extent provided that another Relevant Technical Screening Criteria should not apply in respect of such leasing (see paragraph 26 (*Revenue in leasing and financing chains*)).

48 DNSH criteria (airlines / lessors)

Lifecycle analysis

The Delegated Act specifies the DNSH requirements to be met to ensure that the airline's or lessor's economic activity and the relevant aircraft can be considered as an Eligible Aircraft. Airlines and lessors are required to document its considerations of the following:

- **Climate Change Adaption**: the airline or lessor should document how the physical climate change risks of its activity of purchasing, leasing, or operating Compliant Aircraft has been assessed. This assessment does not have to be reperformed for each aircraft but reviewed routinely to ensure that it remains valid. See Appendix A of the Delegated Act for further detail on such assessments.
- **Transition to a Circular Economy**: the airline or lessor should ensure that measures are in place, both generally and with regard to the Compliant Aircraft, to satisfy the transition to a circular economy DNSH requirements in their Relevant Technical Screening Criteria. See below for illustrative examples of how a checklist may be constructed to facilitate such a review.
- **Pollution Prevention and Control**: the airline or lessor should ensure that measures are in place within the aviation participant, both generally and with regard to the Compliant Aircraft, to satisfy the pollution prevention and control DNSH requirements in their Relevant Technical Screening Criteria. See below for illustrative examples of how a checklist may be constructed to facilitate such a review.

The following are key considerations in determining whether an aircraft meets the DNSH criteria:

- Consider whether it relates to an aircraft type confirmed as complying with the 'day one' DNSH requirements by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.
- In interpreting whether an aircraft complies with Appendix C of the Delegated Act (the 'pollution prevention and control' DNSH requirements), if an aircraft is in compliance with the REACH Regulations (or fulfils the measures required by the REACH Regulations) then such DNSH requirements are deemed to be met.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Recognition of an aircraft as an Eligible Aircraft (and the treatment of associated revenue, OpEx, and CapEx being considered 'environmentally sustainable') is dependent upon the fulfilment of the DNSH requirements.

Illustrative example – airline DNSH checklist

Considerations	Yes / No
Airline has documented its climate change adaption assessment in line with Appendix A of the Delegated Act in relation to the airline's taxonomy-compliant activity.	
Aircraft under consideration is confirmed as complaint with 'day one' DNSH requirements by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.	
Spare engine under consideration is capable of installation on an aircraft which is confirmed as complaint with 'day one' DNSH requirements by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.	
Relevant activities of the aircraft (maintenance, operation of transport services, catering services) are being continually performed in line with EASA standards, or equivalent applicable regulatory standards, such that waste prevention / management requirements are being met. Where activities are performed by third-parties, contractual obligations are in place requiring the third-party to conform to relevant regulatory requirements.	
Ongoing activity of the aircraft does not inhibit the ability to manage and recycle waste at the end of the asset's life.	
Upon decommissioning of the aircraft, contractual provisions will be included with the relevant part-out or decommissioning services provider to ensure the permanent withdrawal from use of the aircraft will be in line with DNSH requirements and relevant EU regulatory standards, or relevant applicable standards where non-EU part-out or decommissioning services provider is engaged. This includes standards in relation to the treatment of hazardous materials and critical raw materials. Should the asset be sold, the sales agreement will include obligation on the buyer that this DNSH requirement is met.	
As above, the aircraft complies with relevant pollution requirements, including those requirements referred to in Article 9(2) of Regulation (EU) 2018/1139.	
The aircraft complies with the noise level and engine emission requirements as set out in the DNSH section of the Airline Technical Screening Criteria.	

Illustrative example – lessor DNSH checklist

Considerations	Yes / No
Lessor has documented its climate change adaption assessment in line with Appendix A of the Delegated Act in relation to the airline's taxonomy-compliant activity.	
Aircraft under consideration is confirmed as complaint with DNSH requirements by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.	
Spare engine under consideration is capable of installation on an aircraft which is confirmed as complaint with DNSH requirements by either (a) a frequently asked questions document (or other guidance) issued by the Commission, (b) EASA (on its	

Considerations	Yes / No
website or otherwise), (c) the relevant OEM, or (d) absent the foregoing, the ICF Document.	
Relevant maintenance activities impacting the aircraft by the lessor or lessee are performed in line with EASA standards, or equivalent applicable regulatory standards. The obligations on the lessee is clearly set out in the lease contract. Where activities are performed by third-parties, contractual obligations are in place requiring the third-party to conform to relevant regulatory requirements.	
Ongoing activity of the aircraft does not inhibit the ability to manage and recycle waste at the end of the asset's life.	
The lessor, in determining the end-of-life use of the aircraft, will assess the availability of techniques (and will, where feasible, adopt those techniques) to reuse and use raw materials and components in new products, design for high durability, recyclability, easy disassembly, and adaptability of the asset.	
The prioritisation of recyclability waste management in the manufacturing processes for this aircraft type has been confirmed by OEM in relation to aircraft type (i.e. aircraft specific confirmation not required).	
Information on the traceability of components in the product will be maintained.	
Upon decommissioning of the aircraft, contractual provisions will be included with the relevant part-out or decommissioning services provider to ensure the permanent withdrawal from use of the aircraft will be in line with DNSH requirements and relevant EU regulatory standards, or relevant applicable standards where non-EU part-out or decommissioning services provider is engaged. This includes standards in relation to the treatment of hazardous materials and critical raw materials. Should the asset be sold, the sales agreement will include obligation on the buyer that this DNSH requirement is met.	
As above, the aircraft complies with relevant pollution requirements, including those requirements referred to in Article 9(2) of Regulation (EU) 2018/1139.	
The aircraft complies with the noise level and engine emission requirements as set out in the DNSH section of the Airline Technical Screening Criteria.	

49 Retrofit or modification of aircraft (airlines / lessors)

Lifecycle analysis

As outlined in paragraph 21 (*Modification and retrofitting of aircraft*), an aircraft is subsequently modified or retrofitted then its compliance with the Relevant Technical Screening Criteria will be retested where such retrofitting or modification is likely to materially affect its compliance with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria or the fulfilment of any of the DNSH requirements. In such case, the aircraft's compliance as an Eligible Aircraft will be determined by the relevant OEM or MRO performing such retrofit or modification, or a technical consultancy provider (failing such confirmation, an aviation participant can assess compliance in accordance with the alternative approach set out in paragraph 21 (*Modification and retrofitting of aircraft*)).

Following retrofitting or modification, an Eligible Aircraft can become a non-Eligible Aircraft or a non-Eligible Aircraft can become an Eligible Aircraft.

Where a non-Eligible Aircraft has become an Eligible Aircraft, such aircraft must meet the other requirements of either the Lessor Technical Screening Criteria or the Airline Technical Screening Criteria (each detailed further in paragraph 10 (*Summary of Technical Screening Criteria*)), as applicable, for the aircraft to be deemed a Compliant Aircraft, including withdrawing another non-Compliant Aircraft from the fleet or use.

Where an Eligible Aircraft has become a non-Eligible Aircraft, any applicable rights attached to that aircraft may be transferred to another aircraft in accordance with paragraph 19 (*Eligibility and*

transferability) – as further discussed in paragraphs 50 (*Transfer of rights – internal transfer of rights (airlines / lessors)*), 51 (*Transfer of rights – sale of an aircraft (airlines / lessors)*), and 52 (*Transfer of rights – external transfer (other than a sale) (airlines / lessors)*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Where a non-Eligible Aircraft has become a Compliant Aircraft, revenue in respect of such retrofitting or modification will be deemed 'environmentally sustainable' in the proportion of the GRR. Further, revenue, OpEx, and CapEx in connection with the such Compliant Aircraft will be deemed 'environmentally sustainable' as described further in paragraph 39 (*Purchase of new aircraft from OEM (airlines / lessors)*).

50 Transfer of rights – internal transfer of rights (airlines / lessors)

Lifecycle analysis

Transfer of Compliant Aircraft status

Subject to any specific aircraft meeting the Relevant Technical Screening Criteria (as set out in paragraph 10 (*Summary of Technical Screening Criteria*)) and subject to the application of the GRR where relevant (see paragraph 18 (*Determination of GRR*)), lessors and airlines may each determine which Eligible Aircraft in its fleet are designated as Compliant Aircraft.

As detailed further in paragraph 19 (*Eligibility and transferability*), the aviation participant may transfer such designation between Eligible Aircraft in its fleet by deselecting the Eligible Aircraft currently designated as the Compliant Aircraft and designating another Eligible Aircraft currently designated as the Compliant Aircraft.

If the currently designated Compliant Aircraft is a Replacement Aircraft, it must have the same eligibility profile as the other Eligible Aircraft so that such other Eligible Aircraft may be designated a Compliant Aircraft (as set out in the definition of Replacement Aircraft in paragraph 10 (*Summary of Technical Screening Criteria*)).

Transfer following a permanent withdrawal

As detailed further in paragraph 19 (*Eligibility and transferability*), where a lessor or airline has permanently withdrawn an aircraft from use or the fleet (in accordance with paragraph 17 (*Permanently withdrawn from use or the fleet*)), such permanent withdrawal will be transferable at any time to an Eligible Aircraft in accordance with the Relevant Technical Screening Criteria (as set out in paragraph 10 (*Summary of Technical Screening Criteria*). Subject to the aircraft receiving the benefit of such withdrawal meeting the Relevant Technical Screening Criteria, the airline or lessor may determine which aircraft in its fleet receives the benefit of such withdrawal.

General notes on internal transfer of rights

An airline or lessor may transfer such designation in its discretion, for example, in connection with the financing, due to the occurrence of an insured event or in connection with a sale of the aircraft.

As detailed further in paragraph 19 (*Eligibility and transferability*), once an aircraft has been deemed 'environmentally sustainable' it will continue to be treated as such until such eligibility, benefit or right is transferred in accordance with paragraph 19 (*Eligibility and transferability*) at the airline's or lessor's discretion (including in connection with a future third-party sale).

In accordance with paragraph 11 (*Application and geographical scope of the Taxonomy Regulation*), a person within such aviation participant's group outside of the EU can receive, own and transfer rights and benefits available to it under a Relevant Technical Screening Criteria (including revenue, CapEx, OpEx, and any associated financing in the chain of transactions connected to a Relevant Technical Screening Criteria).

An illustrative example of an internal transfer of rights and the application of the relevant rules under the Taxonomy Regulation is set out below.

When transferring such rights, an aviation participant may do so by documenting the same separately in the form of transfer agreement set out in Annex 8 (*Form of transfer agreement*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

An airline or lessor shall record which of its Compliant Aircraft are deemed 'eligible' pursuant to the GRR calculation and should keep sufficient records so as to evidence an aircraft's eligibility, or permanent withdrawal, in the event that such rights are subject to a third-party transfer. Please see Annex 9 (*Form of rights statement*) for a form of rights statement for recording the existence, and application, of such eligibility, benefits and rights within a fleet.

Revenue, OpEx, and CapEx shall be deemed 'environmentally sustainable':

(a) in respect of a Compliant Aircraft until it is deselected as such; and

(b) in respect of another Eligible Aircraft from the point that it is selected as such.

To the extent the GRR applied to the revenue of the original Eligible Aircraft, the same GRR shall apply to the other Eligible Aircraft once designated a Compliant Aircraft.

Illustrative example

- An airline takes delivery of two Eligible Aircraft (**Aircraft A** and **Aircraft B**) from an OEM. The airline withdraws a non-Compliant Aircraft (**Aircraft C**) from its fleet and therefore designates Aircraft A as a Compliant Aircraft (but not Aircraft B).
- Revenue, OpEx, and CapEx in respect of Aircraft A is 'environmentally sustainable' for the purpose of the Taxonomy Regulation, but not for Aircraft B.
- The airline wants to finance Aircraft B and attach the rights of Aircraft A instead to Aircraft B.
- The airline decides to deselect Aircraft A as a Compliant Aircraft and the airline allocates such rights to Aircraft B, following which Aircraft A is not a Compliant Aircraft and Aircraft B is a Compliant Aircraft.
- The airline is permitted to do this provided that Aircraft B meets the same criteria as Aircraft A for compliance with the Airline Technical Screening Criteria as a Replacement Aircraft. Such as Aircraft C must have had a certified maximum take-off weight of at least 80% of Aircraft A's certified maximum take-off weight for Aircraft A to be designated a Compliant Aircraft. Therefore, the certified maximum take-off weight of Aircraft C must have had a certified maximum take-off weight of at least 80% of Aircraft B.
- This example assumes that continuing recognition considerations (see paragraph 22 (*Continuation of 'environmentally sustainable' status*)) have not impacted the designation of Aircraft A as a Compliant Aircraft at the time such compliant status is transferred to Aircraft B.

51 Transfer of rights – sale of an aircraft (airlines / lessors)

Lifecycle analysis

Transfer of Compliant Aircraft status

Subject to any specific aircraft meeting the Relevant Technical Screening Criteria (as set out in paragraph 10 (*Summary of Technical Screening Criteria*)) and subject to the application of the GRR where relevant (see paragraph 18 (*Determination of GRR*)), lessors and airlines may each determine which Eligible Aircraft in its fleet are designated as Compliant Aircraft.

As detailed further in paragraph 19 (*Eligibility and transferability*), the aviation participant which is selling a Compliant Aircraft may either:

(a) sell such aircraft as a Compliant Aircraft (and relinquish the benefit of such rights under the Taxonomy Regulation), provided that the purchaser of the aircraft relies on the same Relevant Technical Screening Criteria pursuant to which such aircraft is established to be a Compliant Aircraft (i.e., a lessor cannot transfer such right to an airline, and vice versa); or

(b) deselect such aircraft as a Compliant Aircraft (and retain such rights to designate another Eligible Aircraft in its fleet as a Compliant Aircraft, subject to the fulfilment of the applicable Relevant Technical Screening Criteria) and sell such aircraft as an Eligible Aircraft only, without any such rights under the Taxonomy Regulation attached.

With regard to the proviso set out in sub-paragraph (a) above, although this restriction will apply in a sale and leaseback transaction (in that such rights cannot be transferred from the airline to the lessor), the airline would sell the aircraft to the lessor without such right, but then would re-attach such right for its benefit on the leasing back of such aircraft (so that the benefit is not lost).

If an aircraft is sold as a Compliant Aircraft, then the considerations set forth in paragraph 22 (*Continuation of 'environmentally sustainable' status*) shall apply as to whether such aircraft remains a Compliant Aircraft following transfer.

General notes on the transfer of rights in the context of an aircraft sale

In accordance with paragraph 11 (*Application and geographical scope of the Taxonomy Regulation*), a person outside of the EU can receive, own and transfer such right of, and the benefits under the Taxonomy Regulation associated with, an aircraft to be a Compliant Aircraft.

Regardless as to whether a person is outside of the EU, if a person seller sells an Eligible Aircraft as a Compliant Aircraft, it should be able to demonstrate to the purchaser that it is selling such Compliant Aircraft with rights under the Taxonomy Regulation attached. If such seller is a person is outside of the EU, the purchaser must acquire records in respect of such aircraft from the seller at the time of purchase to sufficiently evidence the aircraft's eligibility and capability of being designated as a Compliant Aircraft if the purchaser intends to designate it as such.

When transferring such rights, an aviation participant may do so by documenting the same separately in the form of transfer agreement set out in Annex 8 (*Form of transfer agreement*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

The date of recording such sale / purchase of an aircraft for Taxonomy Regulation purposes will correspond with the aviation participant's accounting policy for the recognition of the sale / purchase of new aircraft.

If an Eligible Aircraft is sold as a Compliant Aircraft, the aviation participant seller shall be entitled to treat the sale proceeds revenue as 'environmentally sustainable' under the Taxonomy Regulation, in such proportion of the applicable GRR (if applicable).

However, if an Eligible Aircraft is deselected as a Compliant Aircraft, the aviation participant seller shall not be entitled to treat the sale proceeds revenue as 'environmentally sustainable' under the Taxonomy Regulation.

Airlines and lessors shall be required to record the designation of Eligible Aircraft in their fleet as Compliant Aircraft and such records shall be subject to external audit.

52 Transfer of rights – external transfer (other than a sale) (airlines / lessors)

Lifecycle analysis

As detailed further in paragraph 19 (*Eligibility and transferability*), the rights associated with either (a) the permanent withdrawal of a non-Compliant Aircraft from use or from the fleet (in accordance with the applicable requirements and paragraph 17 (*Permanently withdrawn from use or the fleet*)) or (b) the eligibility of designating certain Eligible Aircraft as Compliant Aircraft (in accordance with paragraph 18 (*Determination of GRR*)) may be transferred from one aviation participant to another. The aircraft in respect of which such rights are applied must nonetheless meet the other requirements of the Relevant Technical Screening Criteria.

Where an aircraft is deemed 'environmentally sustainable' under a Relevant Technical Screening Criteria, such right cannot be transferred to a party that would rely on a different Relevant Technical Screening Criteria (i.e., a lessor cannot transfer such right to an airline, and vice versa). For the avoidance of doubt, this does not apply to aircraft that are withdrawn from use (in accordance with

paragraph 17 (*Permanently withdrawn from use or the fleet*)), as such rights arise independently of the Relevant Technical Screening Criteria and, as such, can be traded freely.

In accordance with paragraph 11 (*Application and geographical scope of the Taxonomy Regulation*), a person outside of the EU can receive, own and transfer such rights under, and the benefits associated with, the Taxonomy Regulation.

An illustrative example of an external transfer of rights and the application of the relevant rules under the Taxonomy Regulation is set out below.

When transferring such rights, an aviation participant may do so by documenting the same separately in the form of transfer agreement set out in Annex 8 (*Form of transfer agreement*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Revenue, OpEx, and CapEx in respect of Eligible Aircraft that is designated a Compliant Aircraft following a transfer of rights under the Taxonomy Regulation which enables such designation shall be 'environmentally sustainable' from the time of designation as a Compliant Aircraft.

Both the transferor and transferee of rights under the Taxonomy Regulation (whether, in each case, a person located within the EU or not) must have sufficient records to demonstrate that such rights under the Taxonomy Regulation exist and have been transferred and that the relevant aircraft meet the Relevant Technical Screening Criteria. Such records shall be subject to external audit. Please see Annex 9 (*Form of rights statement*) for a form of rights statement for recording the existence, and application, of such eligibility, benefits and rights within a fleet.

Illustrative example

- A lessor (**Lessor 1**) is withdrawing a non-Compliant Aircraft (**Aircraft 1**) from use but is not acquiring a new Eligible Aircraft. A second lessor (**Lessor 2**) has recently acquired an Eligible Aircraft (**Aircraft 2**) but has no non-Compliant Aircraft to withdraw from use or its fleet.
- Lessor 1 may transfer the rights under the Taxonomy Regulation associated with Aircraft 1 to Lessor 2 in order that Lessor 2 can designate Aircraft 2 as a Compliant Aircraft, provided that the requirements for a Replacement Aircraft are met (such as the certified maximum take-off weight of Aircraft 1 being certified as at least 80% of the certified maximum take-off weight of Aircraft 2).
- Both Lessor 1 and Lessor 2 must be able to prove that the aircraft had met recognition criteria under the Relevant Technical Screening Criteria and that it has selected to transfer the eligibility upon sale (i.e. has not retained it or transferred it to another aircraft).

53 Refinancing of aircraft (airlines / lessors)

Lifecycle analysis

As set out in paragraph 28 (*Refinancing of aircraft and engines*), unless an event described in paragraph 22 (*Continuation of 'environmentally sustainable' status*) otherwise applies, the refinancing (i.e. a change of the external source of finance, such as secured bank debt) of an aircraft will not affect the determination of an aircraft as a Compliant Aircraft.

Further, a non-Compliant Aircraft can be determined as a Compliant Aircraft at the time of its refinancing where rights have been transferred to it in accordance with paragraphs 50 (*Transfer of rights – internal transfer of rights (airlines / lessors)*), 51 (*Transfer of rights – sale of an aircraft (airlines / lessors)*), and 52 (*Transfer of rights – external transfer (other than a sale) (airlines / lessors)* and/or such aircraft otherwise meets the requirements of either the Lessor Technical Screening Criteria or the Airline Technical Screening Criteria (each detailed further in paragraph 10 (*Summary of Technical Screening Criteria*)) for the aircraft to be deemed a Compliant Aircraft.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

As referenced in in paragraph 28 (*Refinancing of aircraft and engines*), a refinancing will be deemed 'environmentally sustainable' by reference to applicable Compliant Aircraft and in accordance with paragraphs 26 (*Revenue in leasing and financing chains*) and 27 (*Financing of multiple aircraft and engines*).

54 Aircraft ongoing airworthiness (airlines / lessors)

Lifecycle analysis

For the safe and legal operation of an aircraft, it must be considered as airworthy under the regulations applicable to the airline's or lessor's operations. As detailed in paragraph 17 (*Permanently withdrawn from use or the fleet*), to demonstrate airworthiness in accordance with the Taxonomy Regulation, the aircraft must hold (a) a valid certificate of airworthiness or local equivalent (issued by EASA or an equivalent body) and (b) if applicable in such jurisdiction, a valid airworthiness review certificate or local equivalent.

The concept of aircraft airworthiness requires consideration when paring a non-Compliant Aircraft with an Eligible Aircraft to meet the criteria for a "Replacement Aircraft" (as referenced in paragraph 10 (*Summary of Technical Screening Criteria*)). In such case, the non-Compliant Aircraft must have been airworthy for the six-month period prior to its permanent withdrawal from use or from the fleet (with the certificate of airworthiness dating back less than six months prior to the delivery of the Eligible Aircraft).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

55 Treatment of spare engines or aircraft parts (airlines / lessors)

Lifecycle analysis

As detailed in paragraph 23 (*Engines and other aircraft parts*), for so long as a engine or aircraft part is or could be installed on, or a spare for, an aircraft that could be considered 'environmentally sustainable' pursuant to the Relevant Technical Screening Criteria such engine or aircraft part will also meet the requirements of the Relevant Technical Screening Criteria to the same extent (and will be subject to the same requirements as that aircraft upon which it could be installed, including the application of the GRR – see paragraph 18 (*Determination of GRR*)). Although, for airlines, the application of spare engine portfolios to a fleet of aircraft (which includes SAF Qualifying Aircraft) should be noted (discussed further in paragraph 23 (*Engines and other aircraft parts*)).

In the context of permanent withdrawal from use or from the fleet of an engine or aircraft part, the requirements under the Relevant Technical Screening Criteria will apply to an engine or aircraft part that can be installed on a non-Compliant Aircraft.

Where engines or aircraft parts are purchased or leased as spares, the SAF usage requirements under the Relevant Technical Screening Criteria (set out in paragraph 10 (*Summary of Technical Screening Criteria*)) will not apply for any period where such engines or aircraft parts are not attached to an aircraft.

Accounting considerations

Any engine or aircraft part that is subject to the rules set out in the Taxonomy Regulation will follow a consistent accounting approach where such approach concerns aircraft under the Taxonomy Regulation, unless otherwise stated in Section C (*Best Practices*).

56 Redelivery of leased aircraft (airlines / lessors)

Lifecycle analysis

As set out in paragraph 17 (*Permanently withdrawn from use or the fleet*), an aircraft is considered 'permanently withdrawn from the fleet' where it has been removed from the lessor's or airline's in-service fleet without being returned to active service with the same lessor or airline.

Insofar as the Airline Technical Screening Criteria applies, a permanent redelivery of an aircraft to a lessor will constitute a withdrawal from fleet for the airline. Such redelivery of that aircraft may also

constitute a withdrawal from use if that aircraft is subsequently withdrawn from use and that withdrawal from use was contemplated as part of the redelivery (i.e. in substance the withdrawal from fleet led to a withdrawal from use). In such cases, the withdrawal from use must occur within six (6) months of the purchase of the new aircraft if that new aircraft is to be considered a Replacement Aircraft.

Insofar as the Lessor Technical Screening Criteria applies, the redelivery of a Compliant Aircraft from an airline to a lessor will not affect its treatment as a Compliant Aircraft under the Lessor Technical Screening Criteria.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Insofar as the Airline Technical Screening Criteria applies, where a Compliant Aircraft is redelivered to the lessor, such redelivery will remove a Compliant Aircraft from the airline's fleet for the purposes of calculating its 'environmentally sustainable' revenue in accordance with paragraph 26 (*Revenue in leasing and financing chains*).

Insofar as the Lessor Technical Screening Criteria applies, at any time when an Eligible Aircraft is off-lease, the SAF usage requirements will not apply. Further, when a Compliant Aircraft is off-lease, the lessor will receive no revenue in respect of such aircraft.

57 Sale – derecognition considerations (airlines / lessors)

Lifecycle analysis

As set out in paragraph 17 (*Permanently withdrawn from use or the fleet*), in order for the sale of a non-Compliant Aircraft to qualify as permanently withdrawn from use or from the fleet for the purpose of enabling an Eligible Aircraft to be designated as a Compliant Aircraft under the Replacement Aircraft requirements (as set out in paragraph 10 (*Summary of Technical Screening Criteria*)), it must:

(a) have at least 80% of the certified maximum take-off weight of the replacement Eligible Aircraft;

(b) have been in the aviation participant's fleet for at least 12 months prior to its withdrawal from its fleet;

(c) have been airworthy within the previous six (6) months prior to its permanent withdrawal from use (see paragraph 17 (*Permanently withdrawn from use or the fleet*) for more detail on evidencing airworthiness); and

(d) be permanently withdrawn from use or from the fleet within six (6) months of purchase of the Eligible Aircraft (either before or after the purchase of the Eligible Aircraft).

For a further discussion on the particular requirements of withdrawal from use or from the fleet, please see paragraph 17 (*Permanently withdrawn from use or the fleet*). However, when considering sales, the sale of an aircraft to another airline within the same airline group shall not be considered withdrawal from the fleet.

A sale may constitute a withdrawal from use if the aircraft is subsequently withdrawn from use and that withdrawal from use was contemplated as part of the sale (i.e. in substance the sale/withdrawal led to a withdrawal from use). In such cases, the withdrawal from use must occur within six (6) months of the purchase of the new aircraft if that new aircraft is to be considered a Replacement Aircraft.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

The sale of an aircraft will be recognised in line with the seller's accounting policies (i.e., when the asset is derecognised from its balance sheet).

A sale to a related party, joint venture, subsidiary, or managed entity will only be deemed a sale if it is treated as a sale for financial reporting purposes.

A sale will be considered as part of a linked transaction where it is treated as such in accordance with applicable accounting principles.

Where an aircraft is sold then the seller will determine whether any rights or benefits under the Taxonomy Regulation then attaching to the aircraft are also transferred in accordance with paragraph 19 (*Eligibility and transferability*).

Any withdrawal from use or from fleet made by way of sale shall be evidenced by an agreement. Additionally, such withdrawal must be reflected in the airline's or lessor's financial statements and on its balance sheet.

58 Withdrawal from use – decommissioning and part-out (airlines / lessors)

Lifecycle analysis

As set out in paragraph 17 (*Permanently withdrawn from use or the fleet*), in order for the decommissioning and part-out of a non-Compliant Aircraft to qualify as permanently withdrawn from use for the purpose of enabling an Eligible Aircraft to be designated as a Compliant Aircraft under the Replacement Aircraft requirements (as set out in paragraph 10 (*Summary of Technical Screening Criteria*)), it must:

(a) have at least 80% of the certified maximum take-off weight of the replacement Eligible Aircraft;

(b) have been in the aviation participant's fleet for at least 12 months prior to its withdrawal from its fleet;

(c) have been airworthy within the previous six (6) months prior to its permanent withdrawal from use (see paragraph 17 (*Permanently withdrawn from use or the fleet*) for more detail on evidencing airworthiness); and

(d) be permanently withdrawn from use or from the fleet within six (6) months of purchase of the Eligible Aircraft (either before or after the purchase of the Eligible Aircraft).

For a further discussion on the particular requirements of withdrawal from use, please see paragraph 17 (*Permanently withdrawn from use or the fleet*). However, when considering the decommissioning and part-out of an aircraft, any recycling of parts or materials from the aircraft into the secondary market will not affect any determination that it has been permanently withdrawn from use.

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Accounting considerations

Any withdrawal from use via decommissioning shall be evidenced by an acceptance certificate or contract with the part-out or decommissioning services provider. Any evidence of the deregistration of the aircraft from the relevant aviation authority may serve as evidence of the withdrawal in combination with the acceptance certificate or contract with the part-out or decommissioning services provider. Additionally, such withdrawal must be reflected in the airline's or lessor's financial statements and on its balance sheet.

The date of permanent withdrawal from use is the date of the contract with the part-out or decommissioning services provider or the date of the acceptance certificate thereunder. If later, the date of derecognition from the entities' balance sheet will be the date of permanent withdrawal.

59 Corporate transactions / mergers and acquisitions (airlines / lessors)

Lifecycle analysis

The acquisition of an airline or lessor platform through a corporate merger, or other similar, merger and acquisition transaction shall not impact on the designation of any such aircraft within the fleet of such airline or lessor as Compliant Aircraft, i.e. they shall remain Compliant Aircraft after acquisition if designated as such prior to such transaction. This assumes that there is no transfer of any rights over the aircraft as contemplated by paragraph 19 (*Eligibility and transferability*) or as further discussed in paragraphs 50 (*Transfer of rights – internal transfer of rights (airlines / lessors)*) to 52 (*Transfer of rights – external transfer (other than a sale) (airlines / lessors)*).

To the extent of the aircraft in the fleet of an airline or lessor platform which is purchased by way of an asset purchase, i.e. the purchase of the aircraft themselves, shall remain Compliant Aircraft following

such acquisition shall be subject to whether such aircraft are sold as Compliant Aircraft or are deselected as Compliant Aircraft prior to such as discussed in paragraphs 19 (*Eligibility and transferability*) and 51 (*Transfer of rights – sale of an aircraft (airlines / lessors)*).

The analysis set out in this paragraph can be equally applied to spare engines and Compliant Engines (in accordance with paragraph 23 (*Engines and other aircraft parts*)).

Section E – Annexes

ANNEX 1
DISCLAIMER

1. Deemed acceptance

By using this Best Practices Manual, the Summary Document, any appendices to either, or any information provided by or attributed to any OEM in connection with the Relevant Technical Screening Criteria (**OEM Information**), you hereby agree and represent that (a) this Best Practices Manual, the Summary Document, any OEM Information (the **Relevant Materials**) and their use are governed by English law and that the courts of England have exclusive jurisdiction, and (b) agree to comply with the provisions of this paragraph and paragraphs 2 and 3 below.

2. Non-reliance

2.1 The use of any Relevant Materials is limited to the evidencing of alignment with any Relevant Technical Screening Criteria subject to and in accordance with the provisions of this Best Practices Manual.

2.2 Except as permitted by paragraph 2.1, you will not rely on the accuracy or completeness of any OEM Information, or otherwise in relation to the Relevant Technical Screening Criteria, this Best Practices Manual, or the Summary Document.

2.3 Any OEM Information will not be construed as any representation, recommendation, advice or assurance by the relevant OEM or any other person in respect of the actual, current or future design, manufacture, or other processes in respect of any item of aircraft equipment.

2.4 Nothing under any OEM Information is intended to amount to advice on which you should rely.

2.5 You must obtain professional or specialist advice before taking, or refraining from, any action on the basis of the content made available under any OEM Information.

3. Waiver and disclaimer of liability

3.1 This paragraph 3 sets out the liability provisions that govern your use of the Relevant Materials but will in no way be construed as limiting the generality of paragraph 2 above. These provisions do not seek to exclude or limit in any way the liability of any Protected Party to you to the extent it would be unlawful to do so.

3.2 All implied conditions, warranties, representations, or other terms that may apply to this Best Practices Manual, or any content made available under it are hereby excluded to the maximum extent permitted by applicable law.

3.3 Neither AWG, nor IATA, nor any of AWG or IATA's members, nor any OEM, nor any of their respective affiliates, shareholders, officers, directors, employees, advisors, sub-contractors, support service providers and agents (each, a **Protected Party**), will be liable for any loss or damage to you or any other person whether in contract, tort (including negligence), for breach of statutory duty, or otherwise, even if foreseeable, arising under or in connection with (a) use of or reliance on the Relevant Materials, (b) any unavailability of OEM Information, or (c) the accuracy or completeness of any content made available in relation to the Relevant Materials.

3.4 Without limiting the above provisions of this paragraph 3, no Protected Party will be liable for (a) loss of profits, sales, business or revenue, (b) loss of agreements or contracts, (c) loss of business, opportunity, goodwill or reputation, (d) loss of anticipated savings, (e) business interruption, or (f) any indirect or consequential loss or damage whether or not foreseeable, even where the likelihood of such loss or damage has been advised.

3.5 To the maximum extent permitted by law, any user of the Relevant Materials waives any and all claims against any Protected Party in connection with the use of any Relevant Materials.

ANNEX 2
GLOSSARY

aircraft means, as applicable, a widebody aircraft, a narrowbody aircraft, and regional aircraft.

aircraft model means the aircraft model as specified by the relevant OEM.

airline means airlines and any other operator of aircraft.

Airline Technical Screening Criteria has the meaning given to such term in paragraph 1 (*Introduction*).

affiliate means a subsidiary or a holding company of a person or any other subsidiary of that holding company.

AOG means 'aircraft on ground', where such aircraft cannot be flown in revenue service for maintenance and safety reasons.

aviation authority means each authority or government entity which, under the laws of the state of registration of the relevant aircraft from time to time:

(a) has control or supervision of civil aviation in that state; or

(b) has jurisdiction over the registration, airworthiness, or operation of, or other matters relating to, the relevant aircraft.

aviation participant means an airline, a lessor, an OEM, an MRO, a financier to the aviation industry, and any other person in the aviation industry.

AWG has the meaning given to such term in paragraph 5 (*Revision*).

Best Practices Manual has the meaning given to such term in paragraph 1 (*Introduction*).

CapEx means capital expenditure in line with accounting standards.

chain of transactions means:

(a) in respect of leasing, all leasing of the aircraft from the owner of such aircraft to the operator of such aircraft, and

(b) in respect of financing, means any financing provided by a financier that directly or indirectly is used to finance the aircraft.

control means, in relation to a person, the power to direct the management and the policies of the person concerned whether through the ownership of voting capital, by contract or otherwise.

Compliant Aircraft means any aircraft that meets the Relevant Technical Screening Criteria (summarised in paragraph 10 (*Summary of Technical Screening Criteria*)).

Compliant Engine means, as applicable, a Zero-Emission Engine, an Eligible Engine or, solely for the purpose of the Airline Technical Screening Criteria, a SAF Qualifying Engine.

CORSIA means the Carbon Offsetting and Reduction Scheme for International Aviation.

CSRD means the Corporate Sustainability Reporting Directive.

Delegated Act has the meaning given to such term in paragraph 1 (*Introduction*).

delivery means, as applicable:

(a) delivery of a new aircraft by the OEM to a buyer;

(b) delivery of a used aircraft by a seller to a buyer; or

(c) delivery of an aircraft by a lessor to a lessee.

DNSH means the 'do no significant harm' section of the Relevant Technical Screening Criteria.

Eligible Aircraft has the meaning given to such term in in paragraph 10 (*Summary of Technical Screening Criteria*).

Eligible Engine has the meaning given to such term in paragraph 23 (*Engines and other aircraft parts*).

'**environmentally sustainable**' is an activity or asset that meets the Relevant Technical Screening Criteria as well as the substantial contribution, DNSH and minimum safeguards criteria under the Taxonomy Regulation.

EU means the European Union.

EU ETS means the European Union's Emissions Trading System was established pursuant to Directive 2003/87/EC.

finance lease means a finance lease as determined in accordance with IFRS 16.

First Relevant FAQ has the meaning given to such term in paragraph 2 (*Further guidance*).

fleet means:

(a) in respect of an airline, any aircraft that the airline has operational control over; and

(b) in respect of a lessor, any aircraft that the holds any ownership or management interest in.

GAAP means generally accepted accounting principles.

Grandfathered Aircraft has the meaning given to such term in in paragraph 10 (*Summary of Technical Screening Criteria*).

Grandfathered Engine means an engine capable of installation on a Grandfathered Aircraft.

group means, as applicable, the lessor or the airline and its respective affiliates (and, for the avoidance of doubt, insofar as the reference to "group" concerns an airline's group, includes two or more undertakings which form part of a single economic entity).

GRR means the replacement ratio referred to in paragraph (b) of the Manufacturer Technical Screening Criteria.

holding company means, in relation to a person, any other person in respect of which it is a subsidiary.

IATA has the meaning given to such term in paragraph 5 (*Revision*).

IATA Storage Guide means the then newest edition of IATA's Guidance for Managing Aircraft Airworthiness for Operations During and Post Pandemic.

ICAO means The International Civil Aviation Organization.

ICF means EASA's International Cooperation Forum.

ICF Document has the meaning given to such term in paragraph 2 (*Further guidance*).

IFRS means the International Financial Reporting Standards.

lessor means aircraft leasing companies and any entity which is leasing, or will lease aircraft, to airlines.

Lessor Technical Screening Criteria has the meaning given to such term in paragraph 1 (*Introduction*).

Manufacturer Technical Screening Criteria has the meaning given to such term in paragraph 1 (*Introduction*).

maximum take-off weight means the full-certified maximum take-off weight for the aircraft type.

MRO means any person that provides maintenance, repair, and overhaul services in relation to aircraft.

narrowbody aircraft means aircraft, other than those principally produced for private or commercial business aviation, with a maximum take-off weight greater than 60 tons and less than or equal to 150 tons.

OEM means the original equipment manufacturer.

OEM Information has the meaning given to such term in Annex 1 (*Disclaimer*).

OpEx means operational expenditure in line with accounting standards.

part-out or decommissioning services provider means any person that provides services in relation to the part-out or decommissioning of aircraft.

person means any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government entity, agency, organization or other entity whether or not having separate legal personality.

Protected Party has the meaning given to such term in Annex 1 (*Disclaimer*).

REACH Regulation means Regulation (EC) No 1907/200642.

ReFuelEU Regulation means Regulation (EU) 2023/2405.

regional aircraft means aircraft, other than those principally produced for private or commercial business aviation, with a maximum take-off weight greater than 5.7 tons and less than or equal to 60 tons.

Relevant Technical Screening Criteria has the meaning given to such term in paragraph 1 (*Introduction*).

Relevant Materials has the meaning given to such term in Annex 1 (*Disclaimer*).

Replacement Aircraft has the meaning given to such term in in paragraph 10 (*Summary of Technical Screening Criteria*).

retrofitting means the installation of an aircraft part (or aircraft parts) that are different in design to those aircraft parts included in the aircraft or engine at the time of delivery from the OEM.

revenue means revenue in line with accounting standards.

SAF means sustainable aviation fuel.

SAF Qualifying Aircraft has the meaning given to such term in in paragraph 10 (*Summary of Technical Screening Criteria*).

SAF Qualifying Engine has the meaning given to such term in paragraph 23 (*Engines and other aircraft parts*).

subsidiary means an entity of which a person has direct or indirect control or owns directly or indirectly more than fifty per cent. (50%) of the voting capital or has a similar right of ownership and control.

Summary Document means the best practices under and interpretation of certain aviation technical screening criteria under the EU Taxonomy: summary document PowerPoint presentation issued through a collaboration between IATA and AWG.

Taxonomy Regulation has the meaning given to such term in paragraph 1 (*Introduction*).

technical consultancy provider means any provider of technical consultancy services to the aviation industry.

transfer means any sale, disposal, grant or other transfer of rights.

US RFS means the renewable fuel standard provided for under the US's Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007.

where feasible means to the extent reasonably practicable having regard to cost, time and other practical consequences.

widebody aircraft means aircraft, other than those principally produced for private or commercial business aviation, with a maximum take-off weight greater than 150 tons.

Zero-Emission Aircraft has the meaning given to such term in in paragraph 10 (*Summary of Technical Screening Criteria*).

Zero-Emission Engine has the meaning given to such term in paragraph 23 (*Engines and other aircraft parts*).

ANNEX 3
THE FIRST RELEVANT FAQ

The First Relevant FAQ can be accessed here. Otherwise, as of 15 January 2024, the questions set out in the First Relevant FAQ that are relevant for the purpose of this Best Practices Manual are as follows:

The activity in Section 3.20. covers the manufacturing, installation, or maintenance, or repair of electric vehicle charging stations and supporting electric infrastructure for the electrification of transport that is installed primarily to enable electric vehicle charging. Any activity included in Section 7.4. is excluded from this activity.
The installation of electric charging points in buildings and parking areas, which will include most private EV charging points, is covered under Section 7.4. The criteria set in that section are appropriate for that kind of installation.
The installation of other recharging points (e.g. publicly accessible ones along a road) is covered under Section 6.15. The criteria in that section are meant to cover both smaller and larger installations, and several contain the indication 'where relevant'. There will be cases – especially for smaller installation, e.g. a single recharging point in an already built area – where those criteria are not relevant.
Recharging points can also be part of energy activities under Section 4.9. That section explicitly requires compliance with the TSC under Section 6.15. ('subject to compliance with the technical screening criteria under the transport Section of this Annex'), so as to ensure that this kind of investment is consistently treated as part of a transport or energy project.

General questions on aviation criteria in Annex I to the Taxonomy Climate Delegated Act

36. What is the data source and methodology for calculating the global replacement ratio (GRR) to be applied in the substantial contribution criteria to climate change mitigation in Section 3.21. 'Manufacturing of aircraft', points (b) and (c), Section 6.18. 'Leasing of aircraft' points (b) and (c), and Section 6.19. 'Passenger and freight air transport' points (b), (c) and (d)?

The global replacement ratio is calculated based on the proportion of aircraft permanently withdrawn from use to aircraft delivered at the global level averaged over the preceding 10 years as evidenced by verified data available from independent data providers. The ratio is recalculated for each reporting year, as the GRR is dynamic and the underlying data will change each year.

The GRR sets the limit on the number of aircraft that could be replaced in a given year. The 10-year average will be calculated by dividing the total number of retirements by the total number of deliveries, at the global level, over the 10-year period. The GRR must be based on aircraft delivered from an Original Equipment Manufacturer (OEM) to its initial operator, and aircraft permanently withdrawn from use (referred to as 'retired').

The calculation of GRR is based on conventional aircraft classified for commercial use. This is to mirror the aircraft types identified in Sections 3.21., 6.18. and 6.19. in Annex I to the Taxonomy Climate Delegated Act.

Aircraft initially delivered to commercial operators and subsequently leaving the commercial fleet via transactions to non-commercial operators are treated as retired only when such aircraft are permanently withdrawn from use, and not when they are merely transferred to non-commercial operations. This is because the GRR has to reflect the share of aircraft that truly ceased operations.
With an aim to promote consistency and comparability, the Commission aims to publish the global replacement ratio (GRR) with the support of EASA, in line with recital 11 of the Taxonomy Climate Delegated Act.

The GRR for the reporting year ending in 2024 is 48%[65]. It was calculated based on the aircraft delivered and withdrawn in the 10-year period from 1 January 2014 to December 2023.
For the purposes of calculating the above GRR, the Commission and EASA relied on Cirium data base, which is an independent aviation specialist data provider within a FTSE100 corporate RELX. Its Fleets Analyzer product is widely recognised and used by industry to obtain accurate and independent aircraft fleet and aircraft events data.

37. How should the Global Replacement Ratio (GRR) be applied in the substantial contribution criteria in Section3.21. 'Manufacturing of aircraft' points (b) and (c), Section 6.18. 'Leasing of aircraft' points (b) and (c), and Section 6.19. 'Passenger and freight air transport' points (b), (c) and (d)?

Application of GRR based on eligible activity

EU Taxonomy alignment requires that a manufacturer, lessor, and operator of an aircraft each fulfil their respective substantial contribution criteria and DNSH criteria of their respective activities that are Taxonomy-eligible. Consequently, an aircraft claimed by a lessor to be EU Taxonomy-compliant under Section 6.18. 'Leasing of Aircrafts', which is then leased to an airline, cannot be automatically claimed by that airline to be EU Taxonomy-compliant. The airline will have to demonstrate the compliance with the technical screening criteria of Section 6.19. 'Passenger and freight air transport'.

Application of GRR based on eligible aircraft

The annually calculated GRR will be applied, where relevant, to aircraft that meet all the respective conditions set out in the technical screening criteria, including the margins listed in the Section 3.21. point (b) of the substantial contribution criteria, and the DNSH criteria.

Application of GRR to the aircraft deliveries in the Section 6.18. point (c) and Section 6.19 points (c) and (d)[66]

One of the conditions for an aircraft to be EU Taxonomy-compliant under Section 6.18. point (c), and Section 6.19 points (c) and (d), is that a non-compliant aircraft is permanently withdrawn from the use (retired) or withdrawn from the fleet. The action of withdrawing an aircraft from a fleet includes the sale of an aircraft or the handing back of an aircraft on operating lease from the airline to a lessor.

The sale of an aircraft from an operator to a leasing company may be considered a permanent withdrawal from the fleet provided that the aircraft is not operated by the vendor after the sale . Should the aircraft be acquired again by the initial seller, the operator will have to demonstrate the fulfilment of the Taxonomy criteria upon the delivery to claim Taxonomy-alignment.

Permanent withdrawals from use (retirements) or from the fleet must occur within 6 months of a delivery of the compliant aircraft.

A commitment to withdraw permanently from use one aircraft enables another aircraft to be EU Taxonomy-compliant provided that all other conditions are met. A commitment to withdraw permanently from the fleet one aircraft enables only a share of another aircraft equivalent to the GRR to be EU Taxonomy-compliant provided that all other conditions are met.

Application of GRR to aircraft deliveries prior to the application of the Delegated Regulation in Section 6.18. point (b) and Section 6.19. points (b) and (d)

[65] The details of the GRR calcululation are available at the EASA website at: https://www.easa.europa.eu/en/eu-taxonomy-sustainable-activities

[66] Under Activity 6.18, the lessor ensures that aircraft in point (b) or (c) is operated on sustainable aviation fuels (SAF) consistently with the criteria specified in point (d) and paragraph 2 of Section 6.19 of this Annex.

To claim Taxonomy-alignment for Sections 6.18. point (b) and Section 6.19. point (b), lessors or aircraft operators who received eligible aircraft before 11 December 2023 (i.e. the application date of the Delegated Regulation) will be obliged to apply the GRR to that respective eligible aircraft in their fleet (whereas a non-eligible aircraft are excluded from the application of the GRR).

Application of GRR to aircraft parts and equipment and provision of related services.

The share of Taxonomy-compliance of eligible aircraft parts and equipment, as well as the provision of related services shall be limited by the replacement ratio.

38. What is meant by 'aircraft withdrawal from use' in the context of Section 6.18. 'Leasing of aircraft' point (c) and Section 6.19. 'Passenger and freight air transport' point (c)?

An aircraft can be considered as 'withdrawn from use' when it has been removed from active service with the commitment of ultimate scrapping subsequently to the removal, without performing any further operations by the original or any another operator.

The removal should be certified by the acceptance certificate or contract with the relevant specialized tear down facility, which confirms the commitment of the aircraft operator with respect to the aircraft retirement. The date of withdrawal from use should be the date of the aircraft acceptance certificate or contract with the teardown facility.

Aircraft considered as withdrawn from use (retired) should be removed from the relevant Civil Aviation Authority (CAA) aircraft registry and not added to any other registry subsequently. During deregistration, the aircraft owner will specify the reason for deregistering the aircraft, which is recorded in the CAA aircraft registry, and could serve as a proof for verification purposes. It is the responsibility of the aircraft operator or aircraft lessor to ensure that the aircraft is de-registered in order to demonstrate compliance with the TSCs. This proof could be used in combination with the acceptance certificate from the tear down facility.

Some aircraft are moved to non-commercial operations before they are eventually retired. This often happens when aircraft leave commercial service and undergo refurbishment to serve non-commercial purposes, like aerial firefighting or humanitarian missions. In this case, aircraft should not be treated as withdrawn from use when they leave the commercial fleet.

39. What is meant by 'aircraft withdrawal from the fleet' in the context of Section 6.18. 'Leasing of aircraft' point (c) and Section 6.19. 'Passenger and freight air transport' point (c)?

'Aircraft withdrawal from the fleet' takes place when the aircraft has been permanently removed from the operator's or lessor's in-service fleet without it being returned to active service in that existing fleet. This does not mean that the aircraft cannot be returned to active service in a similar or different commercial role provided it is no longer owned and operated by the same aircraft operator or lessor that claims EU Taxonomy-alignment by removing this particular aircraft from the fleet.

If an aircraft is converted to a non-commercial role within the same operator, it is still considered as remaining in its fleet. It is considered withdrawn from the fleet only once it permanently changes the operator and owner.

If an operator removes an aircraft from its fleet by sub-leasing it to another operator but the aircraft remains on its financial statements (balance sheets), such aircraft should not be considered as withdrawn from the fleet.

If an aircraft were to be sold to another airline but within the same airline group[67], such aircraft should not be considered as withdrawn from the fleet.

40. What is meant by 'airworthiness of aircraft' in the context of Section 6.18. 'Leasing of aircraft' point (c) and Section 6.19. 'Passenger and freight air transport' point (c)?

Section 6.18. point (c) and Section 6.19. point (c) require that a non-compliant aircraft that is withdrawn from the fleet or from use has a proof of airworthiness dating back less than 6 months prior to the delivery of the compliant aircraft. To demonstrate airworthiness of the withdrawn aircraft, the lessor or aircraft operator should provide a valid Certificate of Airworthiness (CofA), issued by EASA or equivalent regulatory body, together with a valid Airworthiness Review Certificate (ARC) or equivalent. In order to maintain a valid CofA, the aircraft must have a valid ARC , which must be reviewed or extended on a 12 monthly basis. If there is any lapse in a valid ARC, the CofA ceases to be valid.

The validity of CofA should date back less than 6 months prior to the delivery of the compliant aircraft. This requirement is introduced in order to exclude aircraft already withdrawn from active service but whose withdrawal was not triggered by EU Taxonomy compliance.
For example, if a compliant aircraft was delivered on 31 May 2024 and a non-compliant aircraft was withdrawn from service on 30 June 2024, the ARC of a non-compliant aircraft must be valid at least until 1 December 2023 (i.e. less than 6 months before 31 May 2024). This means in practice that any non-compliant aircraft with the ARC validity expiring before that date of 1 December 2023 would not qualify.

The adherence to the above-described process confirms that the non-compliant aircraft meets the airworthiness requirements as specified by the certification body and proves that the aircraft has undergone a thorough airworthiness review and meets all the applicable safety standards and regulations within the last 12 months.

41. What are the conditions for manufacturers' issuance of self-declaration of the aircraft's compliance with the margins to the New Type limit of the ICAO CO_2 emissions standard referred to in Section 3.21. 'Manufacturing of aircraft' point (b)?

Aircraft manufacturers should demonstrate that the metric values of CO_2 emissions of compliant aircraft conform with the required margins to the New Type limit of the ICAO standard referred to in Section 3.21. point (b), based on the results of the CO_2 emissions certification of the aircraft. In a transition period until 11 December 2026, in the absence of a certificate on the metric values of CO2 emissions confirming the required margin to the New Type limit of the ICAO standard, aircraft manufacturers may rely on issuing a self-declaration when demonstrating compliance. Such self-declaration should be based on aircraft manufacturers' reasonable expectations as to the aircraft CO2 performance which could be based on their tests and procedures performed during the design and development of the aircraft. The validity of the self-declaration by an Original Equipment Manufacturer (OEM) is conditional on the aircraft being certified by 11 December 2026.

To that end, as part of the self-declaration, it is recommended that OEMs initiate the CO_2 certification process or – for aircraft types for which EASA is not the responsible certificating authority – the EASA validation process, without undue delays. It is recommended to plan for completion of CO_2 certification activities within the timeframe foreseen in the Taxonomy Climate Delegated Act. Aircraft manufacturers can ask EASA for assistance when initiating the CO_2 certification process.

[67] An airline group is to be considered as two or more undertakings which form part of a single economic entity.

42. What is the relationship between the Taxonomy Sustainable Aviation Fuels (SAF) reporting required for Sections 6.18. 'Leasing of aircraft' and Section 6.19. 'Passenger and freight air transport' and the existing reporting and verification mechanisms, notably CORSIA, the EU ETS and the ReFuelEU Aviation Regulation?

Section 6.18. points (b) and (c), and Section 6.19. points (d) and (e) require that aircraft are operated with a minimum use of sustainable aviation fuels (SAF), as from a certain date, in order to be Taxonomy-compliant.

SAF is defined in Article 3(7) ReFuelEU Aviation Regulation (EU) 2024/2305.

Section 6.18. points (b) and (c), and Section 6.19. points (d) and (e) set the calculation formula for the SAF use requirement, which is calculated as a ratio of the quantity (expressed in tonnes) of SAF purchased at the fleet level divided by the total aviation fuel used by the compliant aircraft, multiplied by 100.

The calculation formula refers to purchase as a proxy for use, to facilitate compliance and to allow economic operators to demonstrate compliance with supporting invoices. Only SAF purchased for use within the own fleet of the operator should be counted. SAF that has been re-sold to another operator should not be included in the calculations, as it would not be used in the fleet operations of the operator claiming compliance. Moreover, in the case of an airline group, the calculation of the SAF quantity should be limited to the fleet owned by the single operator (e.g. at subsidiary, and not at the group level).

As regards reporting on Taxonomy-aligned turnover KPIs, operators should not double count the use of SAF at fleet level. Where a sub-set of compliant aircraft meets criteria on SAF use, only the turnover derived from the operation of that sub-set of compliant aircraft should be considered Taxonomy-aligned.

When demonstrating compliance with the minimum share of SAF attributed to the compliant aircraft, , aircraft lessors and operators may rely on the amount of Taxonomy-eligible SAF purchased and used as reported in the monitoring, reporting and verification (MRV) systems established under the EU ETS and ReFuelEU Aviation.

The Commission is also currently assessing the feasibility of extending the Union Database for Biofuels[68] to cover consumption of SAF by aircraft operators which could facilitate the traceability, purchase, supply and consumption of SAF.

43. How will the margins of the New Type limit of the ICAO CO_2 emissions standard that is referenced in the substantial contribution criteria of Section 3.21. 'Manufacturing of aircraft' evolve over time if the ICAO standard evolves?

The margins applied in the technical screening criteria refer to the New Type limit defined in Volume 3 (CO_2 emissions) of the environmental protection standard of the International Civil Aviation Organization (ICAO) contained in Annex 16 to the Chicago Convention, first edition. This means that the reference is static and any future changes in the ICAO standards have to be reflected in the amendments to the Delegated Act.

In line with the transitional nature of the activities and in order to take account of the market evolution of aircraft technologies, the TSC for aircraft manufacturing should be applicable until 2032, and well before that date those TSC should be reviewed to ensure compliance with Article 10(2) of the Taxonomy Regulation in line with technological developments. The review should also take into account the evolution of international regulation (e.g. those set by ICAO relating to aircraft environmental standards).

[68] Union Database for Biofuels - Public wiki - Union Database for Biofuels Info-site - EC Public Wiki.

44. The sunstantial contribution criteria in Section 3.21. 'Manufacturing of aircraft' points (b) and (c), other than the criterion on zero direct CO_2 emissions, refer to the end of 2032. It is unclear which criteria will apply after that date. Could you clarify the timeline after 2032? Will there be any review or will the zero-emission tailpipe criterion apply automatically?

In line with the transitional nature of the activities and in order to take account of the market evolution of aircraft technologies, the TSC for Section 3.21. 'Manufacturing of aircraft' should be applicable until 2032. By that date those TSC should be reviewed to ensure compliance with Article 10(2) of the Taxonomy Regulation in line with technological developments. Furthermore, the level of the use or blending of SAF set out in the TSC should be regularly reviewed to take account of the emerging SAF technologies and the current and expected future availability of SAF in the market.

45. The substantial contribution criteria of Section 3.21. 'Manufacturing of aircraft'require that, from 2028 to the end of 2032, aircraft must be certified as operating on 100% blend of sustainable aviation fuels (SAF). How will this criterion apply in case there is no official certification for 100% SAF yet (currently only for blends up to 50%)?

As of 2024 there is no jet fuel quality standard that allows 100% SAF. The use of 100% SAF on a commercial flight is therefore currently not allowed for safety reasons. The sustainable fuel component can be blended with conventional jet fuel to a maximum of 50% for most pathways as per jet fuel quality standards (ASTM D7566)[69].

Given the increased importance of SAF and the need to use SAF in the future at higher than 50% blending ratios, international industry started working in April 2021 on a standardised specification for 100% SAF at ASTM International. The definition of the fuel standard requires airframe and engine original equipment manufacturers (OEMs) to ensure that the fuel can be safely used and operated worldwide.

There is no agreement either on the timeline for finalising this work or on which SAF development pathway will be selected. Several OEMs have pledged to make their aircraft 100% SAF compatible by 2030. To encourage progress in this area, the aviation TSC included in the EU Taxonomy brought forward the industry baseline from 2030 to 2028. OEMs are currently carrying out the necessary research and testing to evaluate the effects of 100% SAF on aircraft operations and emissions. Ensuring safety in any technological advancement is of paramount importance in the aviation sector. OEMs must therefore ensure that airframes and jet engines are fully compatible with the future 100% SAF technical fuel specifications so that 100% SAF flights cansafely operate worldwide. This work depends on the progress made inthe ongoing work on the 100% SAF technical specification under ASTM International. To this end, two ASTM task forces are active: the first is working to extend the existing jet fuel quality standard ASTM D7566 'Standard Specification for Aviation Turbine Fuel Containing Synthesized Hydrocarbons' to allow 100% Drop-In SAF; and the second is examining the possibility of a completely new jet fuel standard for zero or low aromatic 100% Non-Drop-In SAF. The industry still needs to decide which pathway it will select.

With these considerations in mind, the level of the use or blending of SAF represented in the TSC shuld be reviewed regularly in order to take account of the emerging SAF technologies and the current and expected future availability of SAF in the market.

[69] Please see the ICAO website for allowed levels of the SAF blend for each SAF production pathway: Conversion processes (icao.int).

The generic DNSH criteria to climate change adaptation mention ‘adaptation solutions that can reduce the identified physical climate risk’ in the list of steps involved in the performance of a robust CRVA. The term ‘reduce’ here means that physical climate risks material to the economic activity are reduced to the level that the activity may be continued without major avoidable[81] climate-related disruptions in the present and for the lifetime of the activity.

132. The generic DNSH criteria for climate change adaptation in Appendix A state that 'the economic operator implements physical and non-physical solutions'. Should both conditions always be satisfied before an adaptation solution is eligible (given that the word ‘and’ is used)?

Appendix A requires economic operators to identify adaptation solutions that reduce the most important identified physical climate risks that are material to that activity. These adaptation solutions can be either physical or non-physical solutions depending on the physical climate risk the operator is facing.

As an example of a physical adaptation solution[82], an operator located in a region prone to heat waves may decide to install green roofs or green facades on its buildings in order to keep indoor temperatures low during hot periods and to improve water retention around the buildings by minimizing rainwater run-off.

In contrast, a company operating in landfill gas capture and use that is located in a zone at risk of being affected by wildfires may, as a non-physical solution, implement awareness campaigns to reduce wildfire-generating behavior[83].

Generic DNSH criteria for pollution prevention and control

133. Appendix C was amended on 27 June 2023. What do these amendments entail?

Appendix C sets the generic DNSH criteria for the objective of pollution prevention and control relating to the use and presence of chemicals. More precisely, it addresses the manufacture, use, and presence of substances of very high concern (SVHCs) and of other hazardous substances referred to in relevant EU legislation.

[81] The term ‘avoidable’ in this context means (i) there are solutions/technologies available that can eliminate or reduce the specific identified climate change related risk to the required level to avoid disruption; and (ii) the cost of eliminating or reducing the risk to the required level to avoid disruptions is not exceeding the benefit (e.g., the value of the avoided damage and loss taking into account their severity and likelihood and applying the precautionary principle). In cases where the risk is deemed ‘not avoidable’ based on these factors, attempt should be given to (i) reduce the risk and impact on the operation of the activity to the highest attainable level and (ii) shorten the recovery time; and the residual risk should be accounted for.

[82] The main categories of physical solutions are physical infrastructure and technological solutions, as well as nature-based and ecosystem-based approaches.

[83] The main categories of non-physical solutions are governance and institutional solutions (including initiation or changes of practices, processes and process management, planning, monitoring and cooperation systems and similar) economics and financial solutions (including insurance), as well as knowledge and behavioral change related approaches.

Appendix C was amended on 27 June 2023 to clarify, among other matters, the conditions for derogations that were laid down in points (f) and (g) of that appendix.

The former derogation allowing the use of certain hazardous substances, which was based on the concept of 'essential use for society' has been revised. Under the revised derogation, operators have to assess and document that there are no other suitable alternative substances or technologies in the market and, if there are no such alternatives, assess and document that the hazardous substances are only used under controlled conditions[84].

That derogation concerns both substances that have been identified as substances of very high concern in accordance with Article 59 (1) REACH (revised point (f) of Appendix C) and substances that meet the criteria of the hazard classes or hazard categories mentioned in Article 57 REACH (new paragraph added after point (f) of Appendix C). The amendment also introduced a 0.1% (weight by weight) concentration limit as regards the use of the substances in mixtures and articles.

The conditions for the derogations should be assessed and documented depending on the use of the chemical substance(s) in question.

Point (g) of Appendix C has been deleted and replaced by a new paragraph added after point (f). It is a separate paragraph, because its scope is different from that of points (a) to (f). As opposed to the new paragraph, points (a) to (f), include the situation of the 'use of substances'; they are not limited to the situations of their 'manufacture' or 'placing on the market'. The new paragraph clarifies that the economic activity must not lead to the manufacture, presence in the final product or output, or placing on the market of substances that meet the criteria of the hazard classes or hazard categories mentioned in Article 57 REACH Regulation, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions. Given the fact that the new paragraph does not refer to the 'use of substances', provided that the use of a substance referred to in the new paragraph does not result in its presence in the final product or output, or placing on the market, the ban set out in that new paragraph does not apply to such use.

134. What chemical substances are covered under point (f) of Appendix C as amended on 27 June 2023?

Point (f) concerns substances identified as substances of very high concern (SVHCs) according to Article 57 of the REACH Regulation in accordance with the procedure laid down in paragraphs (2) to (10) of Article 59 of the REACH Regulation. These substances can be found in the candidate list of SVHCs managed by the European Chemicals Agency (ECHA).

135. What chemical substances are covered under the last paragraph of Appencix C, added after point (f), as amended on 27 June 2023?

The additional new paragraph added after point (f) concerns substances that meet the criteria of the Classification, labelling and packaging of substances and mixtures Regulation (CLP Regulation) for one of the hazard classes or hazard categories mentioned in Article 57 of the REACH Regulation. The C&L (classification and labelling) inventory provides information on the hazard classifications of substances in line with the CLP Regulation, with harmonised classifications (assessed by authorities and concluded by the Commission) as well as self-classifications (assessed and concluded by the undertakings). Hazard classification of substances covered by the new paragraph added after point (f)

[84] Please refer to FAQ 136 of this Commission Notice.

is therefore publicly available. Manufacturers and importers of hazardous substances are obliged by the CLP Regulation to self-evaluate their substances and report this classification to ECHA which makes it available in the C&L inventory. The Commission acknowledges that for substances without a harmonised classification, there may be differences in self-classification submitted by different undertakings. Moreover, the entries are currently not subject to verification or quality control.

136. Point (f) and the new paragraph under point (f) in Appendix C provide an exemption according to which operators using the corresponding substances, have to assess and document the 'absence of suitable alternatives' substances or technologies on the market and their 'use under controlled conditions'. How does 'absence of suitable alternatives' and 'use under controlled conditions' have to be interpreted and fulfilled by operators in order to comply with that exemption?

Absence of suitable alternatives

In the context of Appendix C, an alternative to a substance is considered as 'suitable' if all four of the following criteria are met:

- it is safer (meaning its use entails a lower risk to human health and the environment compared to the risk of using the substance),
- it is technically feasible (meaning it provides the functionality and level of technical performance required necessary for the use),
- it is economically feasible for an economic operator (meaning that the use does not lead to a negative economic impact of a magnitude that would jeopardise the economic viability of operations related to the use for which exemption is sought), and
- it is available, meaning that an analysis of alternatives must be carried out from the perspective of the production capacities for the alternative substances and the feasibility of alternative technologies, as well as in the light of the legal and factual requirements for putting them into circulation.

The absence of suitable alternatives can be demonstrated as follows:

- For substances listed in Annex XIV to the REACH Regulation (i.e. some of the substances in Appendix C point f)), if an operator has obtained an authorisation for his useof the substance, that authorisation is proof of lack of suitable alternatives. This means that the operator covered by a granted authorisation does not need to perform any further assessment with regard to compliance with the criterion on 'the absence of suitable alternatives. The documentation to be provided should at least include the authorisation number, the authorisation decision, and all documentations proving compliance that is required in the authorisation decision.
  If an application for authorisation has been submitted before the latest application date of the substance, as specified in Annex XIV, the operator does not need to perform any further assessment while waiting for the decision on authorisation. Until a decision is taken on the application for authorisation, the operator may provide the analysis of alternatives submitted within the application. If a Socio-Economic Assessment Committe (SEAC) opinion confirming the lack of alternatives has already been issued, it may also be submitted.

- For uses (i) of a substance listed in Annex XIV to the REACH Regulation that do not require an authorisation, or (ii) of a substance identified in accordance with Article 59(1) of the REACH Regulation (Candidate List of substances of very high concern), or (iii) of a substance meeting the criteria laid down in Article 57 of the REACH Regulation (as registered in the ECHA C&L

inventory), the possible alternatives need to be assessed and the assessment and its outcome documented. The operator:

- should provide summary of alternative substances and technologies for their use of the substance, including a justification why those are not suitable for at least one of the four cumulative criteria (i.e., not safer, and/or not technically feasible and/or not economically unfeasible for the operator, and/or not available on the EU market).
- can choose to follow the relevant parts of the ECHA guidance on analysis of alternatives[85] in the context of applications for authorisation to help in his assessment of alternatives. This guidance is in some instances very specific to REACH authorisations requirements, however, relevant sections to consult are in particular:
    - **3.6** 'How to determine the technical feasibility of alternatives';
    - **3.7.1** 'General considerations on assessing and comparing the risks';
    - **3.8** 'How to determine the economic feasibility of alternatives';
    - **3.10** 'Concluding on the suitability and availability of alternatives'.

Use under controlled conditions

A substance is used under controlled conditions when the risks arising from the operator's subjective use and use conditions (exposure scenarios) have been assessed and managed such that risk management measures and conditions of use that minimise exposure and emissions by the operator are in place. On that base, the operator must in particular perform risk management measures such as to minimise the exposures and emissions of the substance that give rise to serious risks from both a human health and environmental perspectives during the use phase. If the risk of the use of the substance by the operator is common to many operators and, as a result, that risk already was assessed previously by another body (supplier, authority, competitor, …) and risk management measures and operational conditions were defined accordingly, then the compliance with these could be sufficient for the purpose of Taxonomy. If the use is not covered by an existing risk assessment, the operator has to perform and document his own risk assessment first.

Overall, existing EU and national legal requirements on chemicals, products and waste legislation are set to limit humans' exposure to the substance and its emissions to the environment, as well as any risks resulting from that exposure and emissions. If an operator has already carried out such a risk assessment and management and consequenly minimised the emissions and exposures ensuing from a given use in accordance with the applicable requirements of EU and national legislation on the protection of workers, consumers, the general public and the environment, then that operator should be considered to be in compliance with the 'controlled conditions' requiement of Appendix C.

To demonstrate compliance with the 'controlled conditions' exemption, operators have to provide documentation demonstrating that they have in place risk assessment and management processes that minimise emissions and exposures to substances, as well as the risks resulting from these emissions and exposures, in line with relevant existing legal requirements. If based on specific legal requirements[86] the operator has performed or appropriately used a risk assessment and followed the resulting risk

[85] ECHA (2021), Guidance on the preparation of an application for authorisation: https://echa.europa.eu/documents/10162/17235/authorisation_application_en.pdf/8f8fdb30-707b-4b2f-946f-f4405c64cdc7?t=1610451346310.

[86] An overview of applicable EU chemicals legislation is provided by ECHA in EUCLEF (the EU Chemicals Legislation Finder).This searchable database provides an overview of existing obligations for each chemical substance.

management process and documented it, that documentation should be considered as proof of compliance.

Depending on the substance's specific use and hazardous properties, the operator could put in place the following (non-exhaustive) list of measures to demonstrate compliance with 'controlled conditions':

- the preparation of chemical safety reports and the use of appropriate risk management measures in accordance with Article 14 of the REACH Regulation;
- measures listed in Articles 5(5) and 10 (1) of the Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens, mutagens or reprotoxic substances at work;
- provisions following Article 15 of Directive 2010/75/EU on the emission limit values and the equivalent parameters and technical measures that are based on the Best Available Techniques (BAT). Operators can apply such measures if the use of the substance is covered by a BAT conclusion or a Best Available Techniques Reference Document (BREF).

By default, the exemption of 'controlled conditions' is deemed to be met if the operator fulfils the measures listed in Article 18(4) of the REACH Regulation on 'strictly controlled conditions' and documents it.

For a substance listed in Annex XIV to the REACH Regulation, for which an authorisation has been granted, adherence to the conditions of the authorisation concerning risk management measures and fulfilment of the requirements in Article 60(10) of the REACH Regulation are deemed sufficient to fulfil the criterion on the use under controlled conditions for those authorised uses.

This means that an operator to whom an authorisation of this kind has been granted does not need to perform any further assessment of compliance with the criterion on use under controlled conditions. The documentation to be provided should at least include the authorisation number, the authorisation decision, the chemical safety report for their use in line with the authorisation decision and documentation proving compliance that is required in the authorisation decision and Article 60(10) of the REACH Regulation.

If an application for authorisation was submitted before the latest application date of the substance, specified in Annex XIV, the operator may, while waiting for the decision on authorisation, refer to the chemical safety report provided with the application for authorisation including justification of the application of appropriate risk management measures if it justifies those emissions and exposure is minimised in line with the requirements of the REACH Regulation.

Justification that emissions/exposures are minimised may be provided. For instance, in case there is a Committee for Risk Assessment (RAC) opinion concluding that the exposure/emissions are minimised, reference to that opinion may also be provided.

137. The Taxonomy Climate and Environmental Delegated Acts state that 'the Commission will review the exceptions from the prohibition from manufacturing, placing on the market or use of the substances referred to in point (f) once it will have published horizontal principles on essential use of chemicals.' As the Commission published the Communication on the essential uses of

chemicals on 22 April 2024[87], how does this affect the application of the derogation under point (f) of Appendix C?

The concept of essential use for society is described in Commission Communication C(2024) 1995. However, the concept has not yet been introduced into any of the pieces of chemicals legislation which Appendix C refers to, nor into the Taxonomy regulation itself. The current derogation conditions to be met are therefore the 'absence of suitable alternative' and 'use under controlled condition', as described in FAQ 136 of this Commission Notice.

138. As part of the amendments of 27 June 2023, a concentration limit of 0.1% weight by weight (w/w) was introduced for chemical substances covered by point (f) of Appendix C. How should the 0.1% w/w threshold be applied? Is there a difference between imported articles and EU manufactured ones?

The 0,1% threshold applies to the concentration of the substances in mixtures and in articles. There is no difference in this respect between imported articles and articles manufactured in the EU.
Where a product is composed of (an assembly of) several articles or of a combination of articles and mixtures, the 0,1% concentration should be determined separately for each article and mixture. Note that articles assembled in a product may be made of different materials.

Generic DNSH criteria for the Protection and Restoration of Biodiversity and Ecosystems

139. Which mapping tools or database source should be used to check the proximity of sites to biodiversity sensitive areas, such as the Natura 2000 network of protected areas?

The Natura 2000 viewer shows the boundaries of all Natura 2000 sites. Clicking on a given site brings up the 'standard data form', which describes the habitats and species protected in the site.

See:

- Natura 2000 viewer
- About the Natura 2000 viewer
- List of Natura 2000 sites, which lists the Natura 2000 sites in all Member States, with links to the map viewer, standard data forms and management plans.

140. What distance criteria to biodiversity sensitive areas should be used?

For Natura 2000 sites, there is no distance beyond which the impacts can be considered non-significant. For example, a river dam could have detrimental effects on Natura 2000 sites located further downstream or a mining project could affect wetlands several kilometres away. Possible negative effects need to be assessed on a case-by-case basis in view of the site-specific conservation objectives. The Court of Justice of the EU (CJEU) has confirmed in several rulings that Article 6(3) of the Habitats

[87] Communication from the Commission of 22 April 2024. Guiding criteria and principles for the essential use concept in EU legislation dealing with chemicals, C(2024) 1995 final: https://environment.ec.europa.eu/document/download/fb27e67a-c275-4c47-b570-b3c07f0135e0_en?filename=C_2024_1995_F1_COMMUNICATION_FROM_COMMISSION_EN_V4_P1_3329609.PDF.

ANNEX 4
ICF ELIGIBLE AIRCRAFT TECHNOLOGY PAPER

The ICF Document can be accessed here. Otherwise, as of 15 January 2024, the ICF Document is as follows:

EU Taxonomy for aviation eligible aircraft technology

An analysis by ICF

The objective of this analysis

The EU Taxonomy is a classification system established by the European Union to define which economic activities are considered environmentally sustainable. This document outlines ICF's projections regarding the in-production aircraft models and associated engine variants (aircraft) which may be in scope for eligibility under the EU Taxonomy for Aviation (EUTA) (commission delegated regulation (EU) 2023/2485) subject to aircraft manufacturer (OEM) self-declaration and CO_2 certification.[1]

[1] ICF has provided technical assistance to EASA on the EUTA, guidance on EUTA is available from the European Commission's FAQs and EASA.

The requirements of the EU Taxonomy for Aviation

The EUTA outlines technical screening criteria for activities to be considered environmentally sustainable relating to, amongst other, the manufacturing of aircraft, leasing of aircraft and passenger and freight air transport. This states that only aircraft with zero tailpipe emissions fulfil criteria for "Substantial contribution to climate change mitigation". For activities relating to aircraft that are not zero tailpipe emission technology a set of criteria is established for an activity to be considered "transitional" as referred to in Article 10(2) of Regulation (EU) 2020/852.

For an aircraft having maximum take-off mass greater than 5,7 tons[2] to be eligible under Activities 3.21, 6.18 and 6.19 it must meet minimum environmental performance characteristics regarding CO_2 emissions alongside the relevant do no significant harm (DNSH) criteria[3]. Table 1 represents ICF's projections for the in-production aircraft that may be eligible under these requirements.

[2] Other than produced for private or commercial business aviation.

[3] An aircraft is compliant when it meets all the technical screening criteria and the DNSH requitements under the relevant activity.

Sources

Determination of margin to ICAO CO_2 New Type Standard is based on the information provided by Aircraft OEMs and estimated CO_2 Metric Value (MV) performance using commercially available performance estimation products such as PIANO. Reviews of compliance with the do no significant harm (DNSH) requirements were conducted using public available aircraft and engine certification databases available through EASA regarding noise levels, and emissions during the landing-take-off cycles for nitrogen oxides (NOx) and non-volatile Particulate Matter (nvPM).

Disclaimer

The information provided in this analysis is for general information purposes only and does not constitute legal, financial or professional advice of any kind. No representation or warranty is given regarding the accuracy or completeness of the analysis or its suitability for any particular purpose. The analysis, including but not limited to the estimates and opinions given, should not be relied upon as a substitute for professional advice. Users of this information are encouraged to seek independent advice. ICF disclaims all liability for any decisions or actions taken based on the information in this analysis. This information is provided based on interpretation of the delegated regulation (EU) 2023/2485 and known aircraft characteristics as at the date of writing which may be subject to change. This document is only applicable to reporting on activities in the financial year commencing 2024. Any analysis contained herein does not imply endorsement or verification by any third parties mentioned herein.

Limitations of applicability

The information provided in table 1 is not to be considered as equivalent to an aircraft OEM self-declaration or CO_2 certification.

In-production aircraft likely to be eligible and self-declared or CO_2 certified

Table 1: Aircraft likely to be eligible subject to self-declaration or CO_2 certification under EU Taxonomy for Aviation

Aircraft CO_2 eligibility			Aircraft DNSH (4) and (5) Compliance		
Aircraft Model	**Engine Variant**	**CO_2**	**Noise**	**NOx**	**nvPM**
A220-100	PW1500G	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A220-300	PW1500G	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A319-100N	LEAP-1A	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A320-200N	PW1100G, LEAP-1A	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A321-200N	PW1100G, LEAP-1A	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A321N XLR	LEAP-1A	EASA CO_2 Certified	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A321N XLR (PW1100G)			Project Aircraft, not yet certified		
A330-800	Trent 7000	EASA CO_2 Certified	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A330-900	Trent 7000	EASA CO_2 Certified	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A350-900	Trent XWB	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A350-1000	Trent XWB	EASA CO_2 Certified	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
A350F			Project Aircraft, not yet certified		
737-7 MAX			Project Aircraft, not yet certified		

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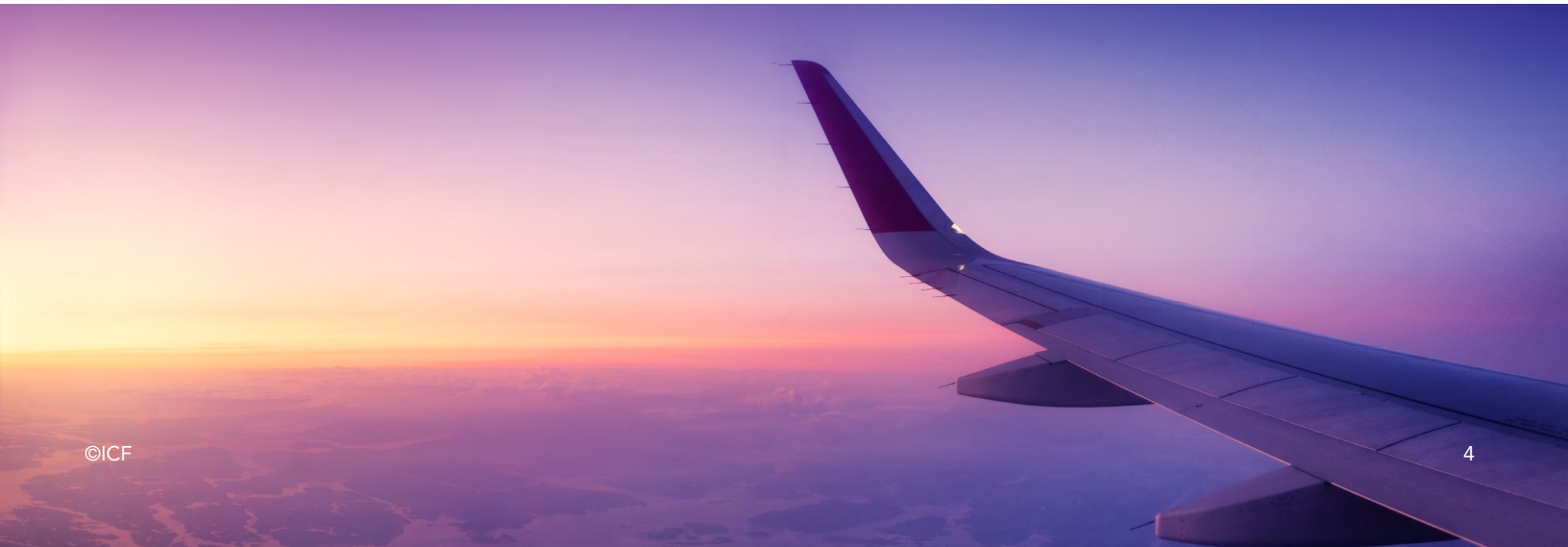
737-8 MAX	LEAP-1B	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
737-9 MAX	LEAP-1B	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
737-10 MAX			Project Aircraft, not yet certified		
787-8	GENX-1B, TRENT 1000	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
787-9	GENX-1B, TRENT 1000	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
787-10	GENX-1B, TRENT 1000	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
777-8F			Project Aircraft, not yet certified		
777-8			Project Aircraft, not yet certified		
777-9			Project Aircraft, not yet certified		
E190-E2	PW1900G	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
E195-E2	PW1900G	Likely eligible	Meets EUTA Ch. 14 margin	Yes (CAEP/8)	Yes (CAEP/11)
ATR42-600	PW127	Likely eligible	Meets EUTA Ch. 14 margin	Not applicable	Not applicable
ATR72-600	PW127	Likely eligible	Meets EUTA Ch. 14 margin	Not applicable	Not applicable

Project aircraft are aircraft yet to be formally certified by the aircraft manufacturer's indigenous aviation certification authority.

All aircraft listed comply with section 5a (3.21, 6.18 & 6.19) (pollution prevention and control) of the EU Taxonomy DNSH criteria.

Engines variants listed represent all certified engine variants of the same family and assume compliance with the EU Taxonomy criteria, unless otherwise stated.



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The CO_2 performance technical screening criteria

EUTA aircraft technology CO_2 criteria requires additional margin to the International Civil Aviation Organization (ICAO) New Type standard. Certification to the ICAO standard is not required by EUTA until 11 December 2026 and verified data on CO_2 performance is not available prior to certification. As such, data regarding which aircraft meet the CO_2 EUTA technical screening criteria is limited to those aircraft which have already been CO_2 certified. In advance of certification to meet EUTA CO_2 criteria, aircraft OEMs are required to self-declare aircraft which meet the criteria but are not yet certified. The self-declaration process is expected to be launched in 2025. Table 1 outlines ICF's opinion of aircraft that are likely to meet the criteria and are likely to be self-declared and/or CO_2 certified. The opinion is based on data provided by the aircraft OEMs, and estimated CO_2 Metric Value (MV) performance against the EUTA requirement using commercially available performance estimation products such as PIANO.

Do no significant harm (DNSH) technical screening criteria

Aircraft technology

EUTA DNSH regarding pollution prevention and control requires, amongst others, that aircraft must comply with the latest appropriate noise and emissions certifications. Aircraft listed in Table 1 comply with the margin to applicable ICAO emissions standard for noise (Chapter 14), NOx (CAEP/8) and nvPM (CAEP/11) unless otherwise stated. Details of the tests can be found on the EASA Noise Certification Noise Levels webpage for noise certification details of Jet and heavy propellor aircraft and additional details can be found on engine emission performance on the ICAO Aircraft Engine Emissions Databank (EEDB, hosted by EASA).

Aircraft manufacturing

It is ICF's understanding that major commercial aircraft OEMs comply with existing environmental regulations in relation to the manufacture of aircraft and their associated components. The Boeing Company, Airbus S.A.S., ATR-GIE Avions de Transport Regional, and Embraer S.A. all adhere to the principles of ISO 14001, an internationally recognized standard for environmental management systems. This compliance underscores their commitment to reducing the environmental impact of their manufacturing processes, ensuring regulatory compliance, and driving continual improvement in environmental performance.

It is therefore assumed that the below aircraft OEMs with aircraft listed in table 1 conform to the DNSH requirements relating to transition to a circular economy and pollution prevention and control.

Aircraft OEM ISO 14001 Certificates
The Boeing Company
Airbus S.A.S.
ATR-GIE Avions de Transport Regional
Embraer S.A. [4]

[4] Link to Embraer's third party verifier – qe.eagle.org/qenetcert/ECert.Abs_ccd1

For more information, please contact:

Ben Chapman
Principal, Aviation Consultant
Ben.Chapman@icf.com

Tim Boon
Senior Associate, Aviation
Tim.Boon@icf.com

x.com/ICF
linkedin.com/company/icf-international
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About ICF

ICF is a global consulting services company, but we are not your typical consultants. We help clients navigate change and better prepare for the future.

Our experts have been embedded in every corner of the energy industry for over 40 years, working at the intersection of policy and practice. We work with the top global utilities, plus all major federal agencies and relevant energy NGOs, to devise effective strategies, implement efficient programs, and build strong relationships with their customers. From creating roadmaps to meet net zero carbon goals to advising on regulatory compliance, we provide deep industry expertise, advanced data modeling, and innovative technology solutions, so the right decisions can be made when the stakes are high.

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ANNEX 5
RELEVANT TECHNICAL SCREENING CRITERIA

The Relevant Technical Screening Criteria is set out in full in the Delegated Act (which can be accessed in full here and here). Otherwise, as of 15 January 2024, the Relevant Technical Screening Criteria are as follows:

(b) products, equipment, systems and software that are installed in an infrastructure dedicated to the extraction, transport, distribution, storage, manufacturing or transformation of fossil fuels.

3. Switchgears with insulating or breaking medium using, or whose functioning relies on gases with a Global Warming Potential above 10 are not compliant.

For all power ranges, switchgears containing SF6 are not compliant.

4. All products, equipment and systems comply with mandatory energy and material efficiency performance requirements laid down in Directive 2009/125/EC of the European Parliament and of the Council[*10]. Manufacturers refer to the latest applicable performance requirements in the Union.

Do no significant harm ("DNSH")

(2)	Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(3)	Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to this Annex.
(4)	Transition to a circular economy	The activity assesses the availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and reused components in products manufactured; (b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured; (c) waste management that prioritises recycling over disposal in the manufacturing process; (d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.
(5)	Pollution prevention and control	The activity complies with the criteria set out in Appendix C to this Annex.
(6)	Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.

3.21. **Manufacturing of aircraft**

Description of the activity

Manufacture, repair, maintenance, overhaul, retrofitting, design, repurposing and upgrade of aircraft and aircraft parts and equipment[*11].

The economic activities in this category could be associated with a NACE code, in particular C30.3 and C33.16, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Where an economic activity in this category does not fulfil the substantial contribution criterion specified in point (a) of this Section, the activity is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852, provided it complies with the remaining technical screening criteria set out in this Section.

Technical screening criteria

Substantial contribution to climate change mitigation

The activity manufactures, repairs, maintains, overhauls, retrofits, designs, repurposes or upgrades one of the following:

(a) the aircraft with zero direct (tailpipe) CO_2 emissions;

(b) until 31 December 2027, the aircraft, other than produced for private or commercial business aviation, meeting the margins specified below and limited by the replacement ratio to ensure that the delivery does not increase the worldwide fleet number:

  (i) having maximum take-off mass greater than 5,7 t and less than or equal to 60 t and a certified metric value of CO_2 emissions of at least 11 % less than the New Type limit of the International Civil Aviation Organization (ICAO) standard'[12];

  (ii) having a maximum take-off mass greater than 60 t and less than or equal to 150 t and a certified metric value of CO_2 emissions of at least 2 % less than the New Type limit of the ICAO standard;

  (iii) having a maximum take-off mass greater than 150 t and a certified metric value of CO_2 emissions of at least 1,5 % less than the New Type limit of the ICAO standard.
  The share of Taxonomy compliance of eligible aircraft shall be limited by the replacement ratio. The replacement ratio shall be calculated based on the proportion of aircraft permanently withdrawn from use to aircraft delivered at the global level averaged over the preceding 10 years as evidenced by verified data available from independent data providers.
  In the absence of a certificate on the metric values of CO_2 emissions confirming the required margin to the New Type limit of the ICAO standard, the aircraft manufacturer shall deliver a declaration that the aircraft meets the required level of performance and margins of improvement with the condition that the aircraft is certified by 11 December 2026;

(c) from 1 January 2028 to 31 December 2032, the aircraft meeting the technical screening criteria set out in point (b) of this subsection that is certified to operate on 100 % blend of sustainable aviation fuels.

Do no significant harm ("DNSH")

(2)	Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(3)	Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to this Annex.
(4)	Transition to a circular economy	The activity assesses the availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and re-used components in products manufactured; (b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured; (c) waste management that prioritises recycling over disposal in the manufacturing process; (d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.

		Measures are in place to manage and recycle waste at the end-of life, including through decommissioning contractual agreements with recycling service providers, reflection in financial projections or official project documentation. These measures ensure that components and materials are segregated and treated to maximise recycling and reuse in accordance with the waste hierarchy, EU waste regulation principles and applicable regulations, in particular through the reuse and recycling of batteries and electronics and the critical raw materials therein. These measures also include the control and management of hazardous materials.
(5)	Pollution prevention and control	The activity complies with the criteria set out in Appendix C to this Annex. The aircraft complies with Article 9(2) of Regulation (EU) 2018/1139. The aircraft referred to in points (b) and (c) of this Section complies with the following standards: (a) amendment 13 of Volume I (noise), Chapter 14 of Annex 16 to the Chicago Convention, where the sum of the differences at all three measurement points between the maximum noise levels and the maximum permitted noise levels specified in 14.4.1.1, 14.4.1.2 and 14.4.1.3, shall not be less than 22 EPNdB; (b) amendment 10 of Volume II (engine emissions), Chapters 2 and 4, of Annex 16 to the Chicago Convention.
(6)	Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to this Annex.

[*1] Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC (OJ L 151, 14.6.2018, p. 1).

[*2] Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles (OJ L 60, 2.3.2013, p. 52).

[*3] As referred to in Article 4(1), point (a), of Regulation (EU) 2018/858.

[*4] As defined in Article 4(1), points (a) and (b) of Regulation (EU) 2018/858.

[*5] Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO_2 emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011 (recast) (OJ L 111, 25.4.2019, p. 13).

[*6] As defined in Article 4 of Regulation (EU) No 168/2013.

[*7] Regulation (EU) 2019/1242 of the European Parliament and of the Council of 20 June 2019 setting CO_2 emission performance standards for new heavy-duty vehicles and amending Regulations (EC) No 595/2009 and (EU) 2018/956 of the European Parliament and of the Council and Council Directive 96/53/EC (OJ L 198, 25.7.2019, p. 202).

[*8] Commission Regulation (EU) No 548/2014 of 21 May 2014 on implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to small, medium and large power transformers (OJ L 152, 22.5.2014, p. 1).

[*9] Commission Regulation (EU) 2019/1781 of 1 October 2019 laying down ecodesign requirements for electric motors and variable speed drives pursuant to Directive 2009/125/EC of the European Parliament and of the Council, amending Regulation (EC) No 641/2009 with regard to ecodesign requirements for glandless standalone circulators and glandless circulators integrated in products and repealing Commission Regulation (EC) No 640/2009 (OJ L 272, 25.10.2019, p. 74).

[*10] Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (recast) (OJ L 285, 31.10.2009, p. 10).

[*11] The activity includes manufacturing of parts and equipment and provision of related services, as well as Maintenance, Repair and Overhaul (MRO), to the extent that these can be linked to an eligible aircraft type and improves or maintains the level of efficiency of the aircraft.

[*12] Volume 3 (CO_2 emissions) of the environmental protection standard of the International Civil Aviation Organization (ICAO) contained in Annex 16 to the Chicago Convention, first edition.';

(3) in Section 4.4., subsection 'Technical screening criteria', subsection 'Do no significant harm' ("DNSH")', point (5) is replaced by the following:

'(5) Pollution prevention and control	Measures are in place to minimise toxicity of anti-fouling paint and biocides as laid down in Regulation (EU) No 528/2012 of the European Parliament and of the Council[*1].

[*1] Regulation (EU) No 528/2012 of the European Parliament and of the Council of 22 May 2012 concerning the making available on the market and use of biocidal products (OJ L 167, 27.6.2012, p. 1).';

(4) in Section 4.9., subsection 'Technical screening criteria', point 2, point (c) is replaced by the following:

'(c) installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to Commission Regulation (EU) No 548/2014 and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AA0 level requirements on no-load losses set out in standard EN 50588-1[*1].

[*1] CEI EN 50588-1 Medium power transformers 50 Hz, with highest voltage for equipment not exceeding 36 kV.';

(5) in Section 4.26., subsection 'Technical screening criteria', subsection 'Additional criteria pertaining to Do no significant harm ("DNSH")', point (3) is replaced by the following:

'(3) Sustainable use and protection of water and marine resources	The activity complies with the criteria set out in Appendix B to this Annex. Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed, in accordance with a water use and protection management plan, developed in consultation with stakeholders concerned. In order to limit thermal anomalies associated with the discharge of waste heat, operators of inland nuclear power plants utilising once-through wet cooling by taking water from a river or a lake control:

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

[*4] Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species (OJ L 317, 4.11.2014, p. 35).';

(21) Section 6.17. is amended as follows:

(a) in subsection 'Description of the activity', the first paragraph is replaced by the following:

'*Description of the activity*

Construction, modernisation, maintenance and operation of infrastructure that is required for zero tailpipe CO_2 operation of aircraft or the airport's own operations, and for provision of fixed electrical ground power and preconditioned air to stationary aircraft as well as infrastructure dedicated to transhipment with rail and water transport.';

(b) in subsection 'Technical screening criteria', subsection 'Substantial contribution to climate change mitigation', point (d) is added:

'(d) the infrastructure and installations are dedicated to transhipping freight with rail and water transport: terminal infrastructure and superstructures for loading, unloading and transhipment of goods.';

(22) the following Sections 6.18., 6.19., and 6.20. are added:

'6.18. **Leasing of aircraft**

Description of the activity

Renting and leasing of aircraft and aircraft parts and equipment[*1].

The economic activities in this category could be associated with a NACE code, in particular N77.35, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Where an economic activity in this category does not fulfil the substantial contribution criterion specified in point (a) of this Section, the activity is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852, provided it complies with the remaining technical screening criteria set out in this Section.

Technical screening criteria

Substantial contribution to climate change mitigation
The activity consists of renting or leasing of one of the following: (a) the aircraft with zero direct (tailpipe) CO_2 emissions; (b) the aircraft delivered before 11 December 2023, complying with the technical screening criteria referred to in Section 3.21., subsection 'Substantial contribution to climate change mitigation', points (b) or (c); (c) the aircraft delivered after 11 December 2023 complying with the technical screening criteria referred to in Section 3.21., subsection "Substantial contribution to climate change mitigation", points (b) or (c) and with the commitment that another non-compliant aircraft in the fleet is either: (i) permanently withdrawn from use within 6 months of delivery of the compliant aircraft, in which case, the replacement ratio does not apply; or

(ii) permanently withdrawn from the fleet within six months of delivery of the compliant aircraft in which case the share of Taxonomy compliance of eligible aircraft is limited by the replacement ratio as set out in Section 3.21;

whereby the aircraft permanently withdrawn from use or from the fleet:

(i) is non-compliant with the margins set out in Section 3.21., subsection "Substantial contribution to climate change mitigation", point (b);

(ii) has at least 80 % of maximum take-off weight of the compliant aircraft;

(iii) has remained in the fleet within at least 12 months prior to its withdrawal;

(iv) has a proof of airworthiness dating back less than 6 months prior to the delivery of the compliant aircraft.

The lessor ensures that aircraft in point (b) or (c) is operated on sustainable aviation fuels (SAF) consistently with the criteria specified in point (d) and paragraph 2 of Section 6.19 of this Annex.

Do no significant harm ("DNSH")

(2)	Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(3)	Sustainable use and protection of water and marine resources	N/A
(4)	Transition to a circular economy	Measures are in place to prevent generation of waste in the use phase (maintenance) and to manage any remaining waste in accordance with the waste hierarchy. The activity assesses the availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and re-used components in products manufactured; (b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured; (c) waste management that prioritises recycling over disposal in the manufacturing process; (d) information on and traceability of substances of concern throughout the life cycle of the manufactured products. Measures are in place to manage and recycle waste at the end-of life, including through decommissioning contractual agreements with recycling service providers, reflection in financial projections or official project documentation. These measures ensure that components and materials are segregated and treated to maximise recycling and reuse in accordance with the waste hierarchy, EU waste regulation principles and applicable regulations, in particular through the reuse and recycling of batteries and electronics and the critical raw materials therein. These measures also include the control and management of hazardous materials.

(5)	Pollution prevention and control	The activity complies with the criteria set out in Appendix C to this Annex. The aircraft complies with the relevant requirements referred to in Article 9(2) of Regulation (EU) 2018/1139. The aircraft referred to in subsection "Substantial contribution to climate change mitigation", points (b) to (c), complies with the following standards: (a) for aircraft other than freighter: amendment 13 of Volume I (noise), Chapter 14 of Annex 16 to the Chicago Convention, where the sum of the differences at all three measurement points between the maximum noise levels and the maximum permitted noise levels specified in 14.4.1.1, 14.4.1.2 and 14.4.1.3, shall not be less than 22 EPNdB; for freighter aircraft: amendment 13 of Volume I (noise), Chapter 14 of Annex 16 to the Chicago Convention; (b) amendment 10 of Volume II (engine emissions), Chapters 2 and 4, of Annex 16 to the Chicago Convention.
(6)	Protection and restoration of biodiversity and ecosystems	N/A

6.19. **Passenger and freight air transport**

Description of the activity

Purchase, financing and operation of aircraft including transport of passengers and goods.

The economic activity does not include leasing of aircraft referred to in Section 6.18.

The economic activities in this category could be associated with several NACE codes, in particular H51.1 and H51.21, in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

Where an economic activity in this category does not fulfil the substantial contribution criterion specified in point (a) of this Section, the activity is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852, provided it complies with the remaining technical screening criteria set out in this section.

Technical screening criteria

Substantial contribution to climate change mitigation
The activity is performed using one of the following: (a) the aircraft with zero direct (tailpipe) CO_2 emissions; (b) until 31 December 2029, the aircraft acquired before 11 December 2023, complying with the technical screening criteria specified in Section 3.21., subsection "Substantial contribution to climate change mitigation", points (b) or (c); (c) until 31 December 2029, the aircraft acquired after 11 December 2023, complying with the technical screening criteria specified in Section 3.21., subsection "Substantial contribution to climate change mitigation", points (b) or (c), and with the commitment that another non-compliant aircraft in the fleet is either: (i) permanently withdrawn from use within 6 months of delivery of the compliant aircraft in which case, the replacement ratio does not apply; or

(ii) permanently withdrawn from the fleet within 6 months of delivery of the compliant aircraft in which case, the share of Taxonomy compliance of eligible aircraft is limited by the replacement ratio as set out in Section 3.21;

whereby the aircraft permanently withdrawn from use or from the fleet:

(i) is non-compliant with the margins defined in Section 3.21., subsection "Substantial contribution to climate change mitigation", point (b);

(ii) has at least 80 % of maximum take-off weight of the compliant aircraft;

(iii) has remained in the fleet within at least 12 months prior to its withdrawal;

(iv) has a proof of airworthiness dating back less than 6 months prior to the delivery of the compliant aircraft;

(d) from 1 January 2030, the aircraft meeting technical screening criteria specified in points (b) or (c) above and operated with a minimum share of sustainable aviation fuels (SAF), corresponding to 15 % in 2030 and increased by 2 percentage points annually thereafter;

(e) the aircraft operated with a minimum share of sustainable aviation fuels (SAF), corresponding to 5 % SAF in 2022, with the percentage of SAF increasing by 2 percentage points annually thereafter.

The SAF use requirement referred to in points (d) and (e) is calculated with reference to the total aviation fuel used by the compliant aircraft and SAF used at the fleet level. Operators calculate compliance as the ratio of the quantity (expressed in tonnes) of SAF purchased at the fleet level divided by the total aviation fuel used by the compliant aircraft multiplied by 100. SAF are defined in a regulation on ensuring a level playing field for sustainable air transport.

Do no significant harm ("DNSH")		
(2)	Climate change adaptation	The activity complies with the criteria set out in Appendix A to this Annex.
(3)	Sustainable use and protection of water and marine resources	N/A
(4)	Transition to a circular economy	Measures are in place to prevent generation of waste in the use phase (maintenance, operation of transport services with regards to catering waste) and to manage any remaining waste in accordance with the waste hierarchy. Measures are in place to manage and recycle waste at the end-of life, including through decommissioning contractual agreements with recycling service providers, reflection in financial projections or official project documentation. These measures ensure that components and materials are segregated and treated to maximise recycling and reuse in accordance with the waste hierarchy, EU waste regulation principles and applicable regulations, in particular through the reuse and recycling of batteries and electronics and the critical raw materials therein. These measures also include the control and management of hazardous materials.

(5)	Pollution prevention and control	The activity complies with the criteria set out in Appendix C to this Annex. The aircraft complies with the relevant requirements referred to in Article 9(2) of the Regulation (EU) 2018/1139. The aircraft compliant with the technical screening criteria in points (b) to (e) complies with the following standards: (a) for aircraft other than freighter: amendment 13 of Volume I (noise), Chapter 14 of Annex 16 to the Chicago Convention, where the sum of the differences at all three measurement points between the maximum noise levels and the maximum permitted noise levels specified in 14.4.1.1, 14.4.1.2 and 14.4.1.3, shall not be less than 22 EPNdB; for freighter aircraft: amendment 13 of Volume I (noise), Chapter 14 of Annex 16 to the Chicago Convention; (b) amendment 10 of Volume II (engine emissions), Chapters 2 and 4, of Annex 16 to the Chicago Convention.
(6)	Protection and restoration of biodiversity and ecosystems	N/A

6.20. **Air transport ground handling operations**

Description of the activity

Manufacture, repair, maintenance, overhaul, retrofitting, design, repurposing and upgrade, purchase, financing, renting, leasing and operation of equipment and service activities incidental to air transportation (ground handling), including ground services activities at airports and cargo handling, including loading and unloading of goods from aircraft.

The economic activity includes:

(a) vehicles for aircraft marshalling and other services within the apron;

(b) equipment for passenger boarding, including passenger shuttles, mobile steps;

(c) equipment for baggage and freight handling including belt loaders, baggage tractors, airport pallet trucks lower deck loaders, main deck loaders;

(d) equipment for catering including cool container dollies, excluding equipment with refrigeration units powered by an internal combustion engine;

(e) maintenance equipment including maintenance stands and platforms;

(f) pushback tugs;

(g) de-icing equipment for aircraft and engine de-icing;

(h) snow ploughs and other snow clearance and surface de-icing equipment;

(i) non-autonomous taxiing.

The economic activity does not include vehicles for transport of passengers and crew and for aircraft refuelling used within the airport covered in Sections 3.3., 6.3. and 6.6 of this Annex.

ANNEX 6
COMMISSION STAFF WORKING DOCUMENT

The Commission Staff Working Document can be accessed here.

ANNEX 7
INDUSTRY ENGAGEMENT – ICF PRESENTATION

EU Taxonomy industry workshop

A focus on the GRR, OEM self-declaration & definitions

Ken Engelstad – EASA
Ben Chapman – ICF
Tim Boon – ICF
Sam Lever – ICF

18/07/2024

Agenda

- Welcome & Introductions (EASA)
- Presentation and discussion (ICF)
  - Global Replacement Ratio
  - OEM Self-Declaration
  - Definitions of Airworthiness and Withdrawal from Fleet/Use
- AOB (ALL)
- Next steps (EASA)

→ Welcome & Introductions

Ken Engelstad – EASA

→ Global Replacement Ratio

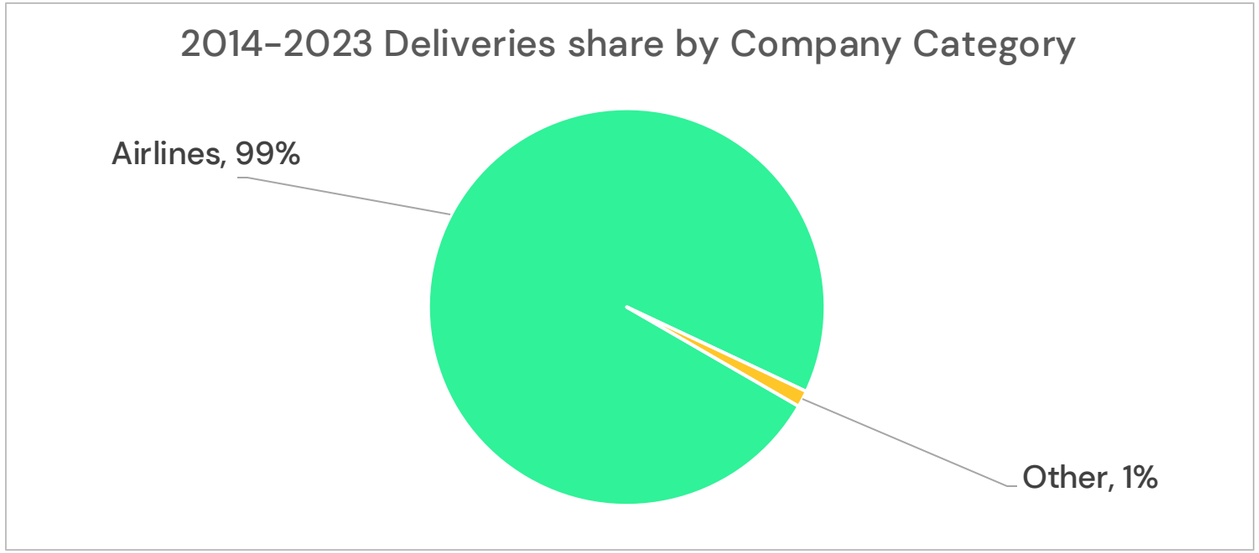
Ben Chapman – ICF

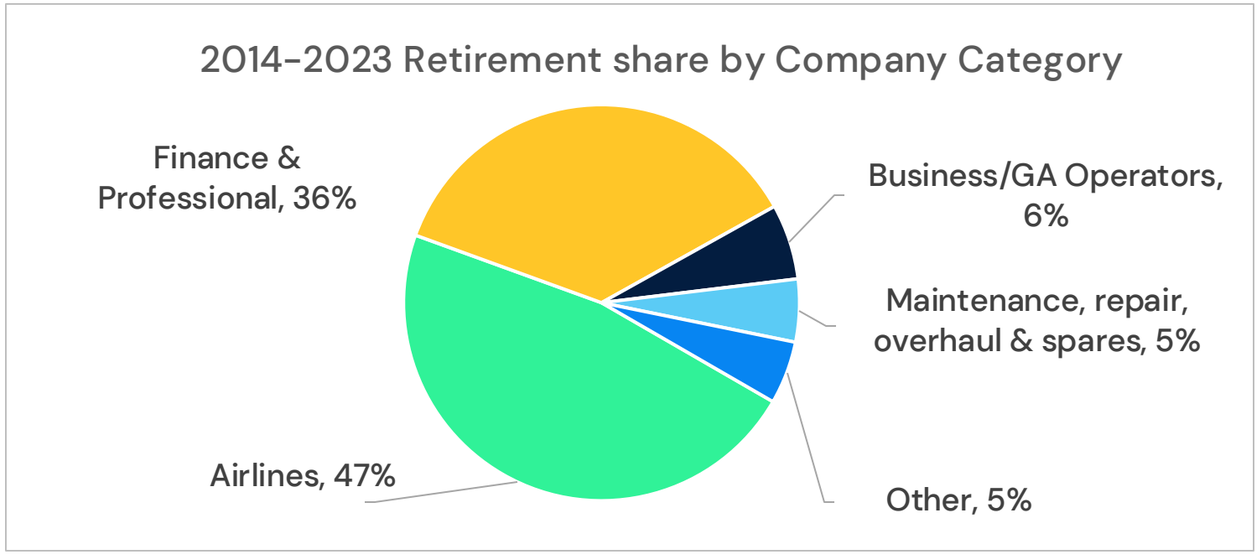
EASA
European Union Aviation Safety Agency

GRR Data Sources & Calculation

- For the purposes of the GRR Cirium has been identified as the most appropriate independent data provider.

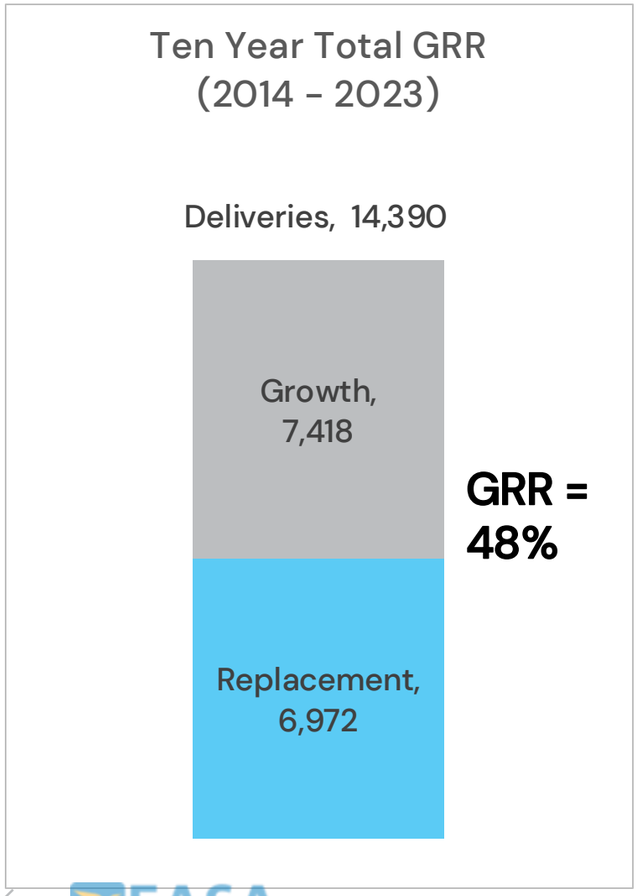
- Non-commercial operators
  - Exclude aircraft which are not delivered to airlines or lessors.
  - Include all aircraft delivered to an Airline or Lessor.
  - Aircraft moving to non-commercial use are counted as withdrawn from use when they retire.
  - Exclude non-commercial aircraft types.

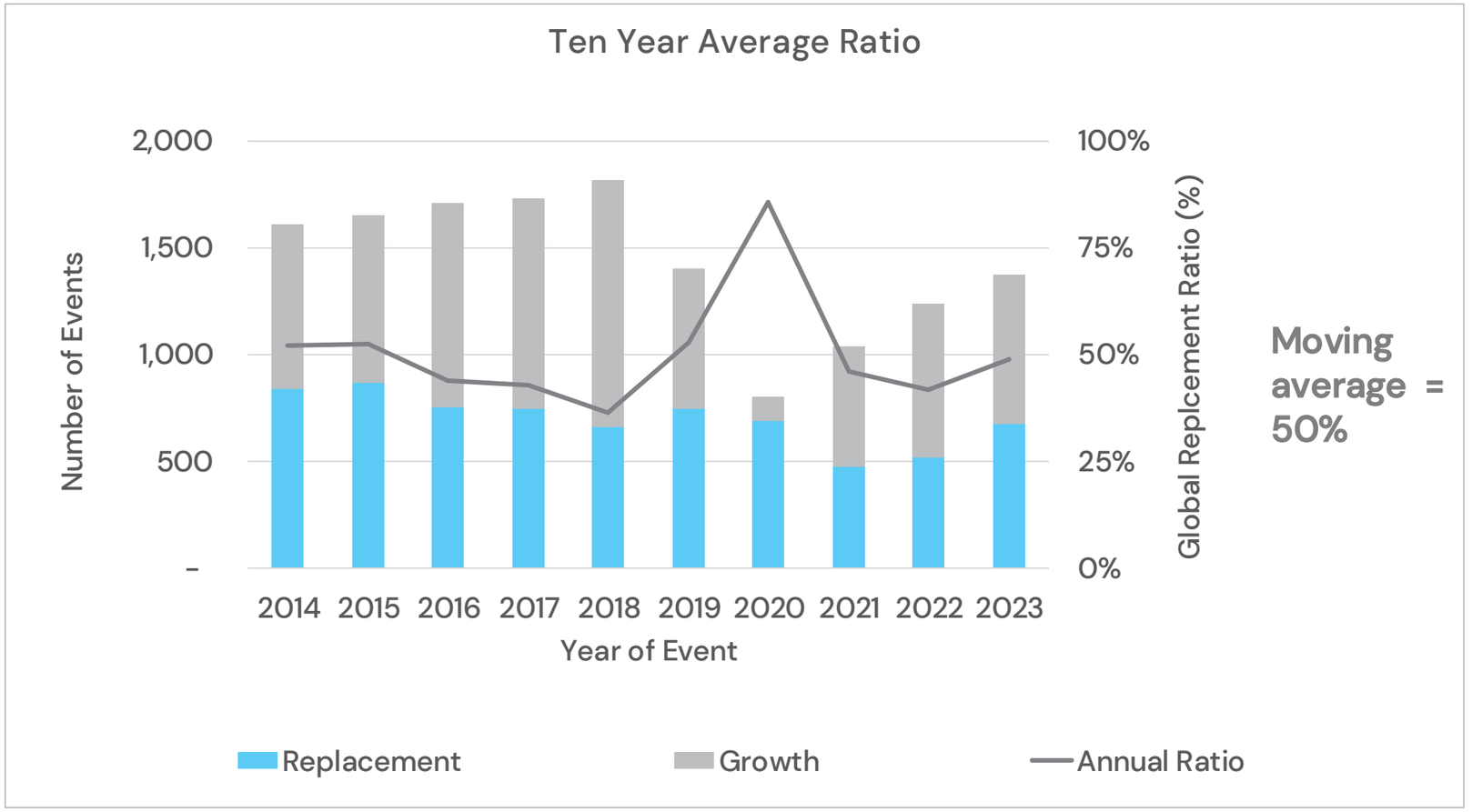




GRR Data Sources & Calculation

The 10-year average will be calculated by dividing the total number of retirements and the total number of deliveries in the period.





A single 10-year ratio (left) and 10 one-year ratios (right).

GRR Data Sources & Calculation

- With only A330neo aircraft CO_2 Certified, OEM Self-Declaration is required.

(to be discussed further in the next section)

- To determine expected levels of Taxonomy compliance, estimates are required regarding Self-Declaration Plausibility.

- ICF used 3rd party emissions and noise estimates to establish pre-self-declaration plausibility using:
  - PIANO (CO_2 Metric Value). (to be discussed further in the next section)
  - ICAO Engine Emission Databank (NO_X, nvPM)
  - EASA Noise Database (Noise)

- Currently all new generation aircraft are expected to meet the requirements.

Considerations in calculation & application

- EU taxonomy compliance requires that a manufacturer, lessor, and operator each fulfil their respective criteria.

- The Global Replacement Ratio will be calculated at the start of each year to set the limit of aircraft that could be considered for replacement for the given year.
  - Historically calculated GRR's will not be retroactively updated to include retroactive retirements entering the data as Cirium identifies undeclared past withdrawals from use.

- For operating leases:
  - The lessor handles capital expenditure (capex) and must meet the EU taxonomy criteria.
  - The airline can claim the operational expenditure (opex) associate with the aircraft if it meets its own criteria.

- The action of withdrawing an aircraft from a fleet includes the sale of an aircraft and the handing back of an aircraft on operating lease from the airline to a lessor.
  - (to be discussed)

Application – Aircraft delivered after 11 December 2023.

- A commitment for one permanent withdrawal from use enables one compliant aircraft*
- A commitment for one permanent withdrawal from the fleet enables only a portion (GRR equivalent) of a compliant aircraft.*
- The number of compliant aircraft facilitated by several withdrawals is computed by multiplying the number of withdrawals by the GRR**.

Metric	IAG Group	Lufthansa Group	Wizz Air	AerCap	Method of Application
2025 eligible deliveries (ED)	37	28	72	195	All eligible technology acquisitions
Removals (REM)	7	2	24	55	
Retirements (RET)	15	12	3	35	
2025 GRR	47%	47%	47%	47%	
Compliance Limit	17.4	13.2	33.8	91.7	GRR * ED
Compliance Credit for Removals (CC REM)	3.3	0.9	11.3	25.9	GRR * REM
Compliance Credit for Retirements (CC RET)	15.0	12.0	3.0	35.0	RET
Total 2025 Compliant Limit (CL)	18.3	13	14.3	60.9	Min of GRR * ED and GRR * (CC REM + CC RET)

* provided all other conditions are met.
** the table is given as an example to illustrate the calculation methodology

Application – Aircraft delivered before 11 December 2023.

- Eligible aircraft for inclusion under EU taxonomy that has already been delivered prior to 11 December 2023 will have the 2024 GRR applied to the relevant in-service Airline or Lessor fleet to establish the number which are EU Taxonomy compliant*.

Lufthansa**	Aircraft	Not Eligible	Eligible
11 Operators	309	137	172
Global Replacement Ratio			48%
Asset Limit (eligible aircraft x GRR)			82

* provided all other conditions are met.
** the table is provided as an example to show the eligibility

OEM Self-Declaration

Tim Boon – ICF

European Union Aviation Safety Agency

Introduction

Standardised Data Reporting Format

Ensures consistency and accuracy.

Light Validation Process

Includes plausibility checks to reduce OEM burden.

Link to CO2 Certification/ Validation:

Initiate CO2 certification process at EASA.

Certification Timeline:

Voluntary certification for 3 years.

Mandatory certification by 2027 against ICAO NT standard.

Digital Data Submission

A purpose-built portal is proposed to be created to allow OEMs to submit their declarations.

This site allows secure transfer of sensitive data between the OEMs and EASA.

Implement automated checks within the portal to flag any inconsistencies or missing information within the submitted data.

Standardised Data Reporting Format

The template enables OEMs to declare compliance to the minimum required margins to the ICAO CO_2 new-type limit for one or more aeroplane types at the same time.

An estimated CO_2 metric value and optional comments can be provided voluntarily by the OEMs for each aircraft.

The goal is to facilitate the verification process.

OEMs would formally commit to plan for CO_2 certification of affected aircraft within the timeframe required by the taxonomy regulation.

Self-Declaration / Data Submission

Self-Declaration Submission

OEMs submit CO2 performance and related data to EASA.

EASA uses this along with existing aircraft environmental certification data to determine taxonomy compliance.

CO2 Certification Requirements

Formal CO_2 certification is needed for confirmed ‘taxonomy compliant’ status.

Interim Compliance Status

If self-declaration appears as plausible and other taxonomy criteria (e.g., DNSH on noise & emissions) are met:

EASA marks the aircraft’s status as ‘plausible’, ‘no objection’, or similar.

CO_2 Certification

OEMs are recommended to plan for CO_2 certification

Certification must be initiated and completed within the required timeframe as set out by the Delegated Act.

Initiating Certification Process

OEMs are recommended to start the CO_2 certification process once commencing the EASA self-declaration validation procedure.

Applies to aircraft types not certified by EASA.

Mid-Term Verification

CO_2 certification may take over 12 months so EASA will provide a mid-term verification of the self-declaration claims.

Self-Declaration/Taxonomy Portal Template

OEMs must complete an online template hosted by EASA.

The template allows for information for multiple type variants to be input at the same time.

Captures only the necessary data which includes – Aircraft / Engine type designators, MTOM, Yes/No tickboxes, metrical value (optional).

Sample Template

EASA Manufacturer Self-Declaration of CO_2 Performance for the EU Taxonomy

MOVE

Aircraft	Engine
Aircraft Type Certificate Holder: Airbus S.A.S.	Engine Type Certificate Holder: Rolls Royce
Aircraft Type Designation: A350-941	Engine Type Designation: Trent XWB-84
Aircraft TCDS No: EASA.A.151	Engine TCDS No EASA.E.111
Aircraft Variant (if applicable):	Engine Modification No (if applicable)
Aircraft Modification No (if applicable):	Engine Modification Description (if applicable)
Aircraft Modification Description (if applicable)	

Propeller (if applicable)	Declared CO_2 Performance of the Aircraft
Propeller Type Certificate Holder:	Aircraft max. MTOM (kg): 280000
Propeller Type Designation:	☑ The manufacturer hereby confirms to plan for completion of CO2 certification of this aircraft with EASA by 11 December 2026, as specified in the EU taxonomy technical screening
Propeller TCDS No:	☑ The manufacturer declares that this aircraft meets the minimum margin to the New Type limit of the ICAO CO2 Standard as specified in the EU taxonomy technical screening criteria.
Propeller Modification Number (if applicable):	*Note: An estimated CO_2 metric value according to ICAO Annex 16 Volume III can be provided voluntarily below, to facilitate plausibility checks of this declaration*
Propeller Modification Description (if applicable):	CO_2 Metric Value (kg/km): *(optional)* 1.700
	CO_2 Metric Value (% margin to NT Limit): *(calculated from MTOM and CO_2 Metric Value)* 1.6%
	ICAO CO_2 New-Type Limit: 1.728 / Minimum margin to NT Limit in EU Taxonomy: 1.5%

Focal Point for Self-Declaration		Remarks (optional)
Manufacturer:		
First Name:	Last Name:	
Job Title:	Email address:	

ICF proprietary and confidential. Do not copy, distribute, or disclose.

EASA Verification and Integrity Assurance

Initial Screening

- Check submitted data for completeness and adherence to standardized format.
- Perform plausibility checks on the data.

Data Verification

- Use pre-compiled CO2 performance information from software like PIANO.
- Utilise publicly accessible information where practicable.
- Recommendation for EASA Contractor.
- Consider using an EASA contractor for processing, verification, and plausibility check.

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Plausibility checks by use of PIANO

PIANO aircraft performance models	Available for most large aircraft types Easy-to-use function to estimate CO_2 metric values
Compilation of CO_2 metric estimates	Compile list of aircraft types with CO_2 metric value estimated from PIANO
Plausibility checks	Use compiled list to determine if compliance with taxonomy criteria is plausible. Primary means for checking OEM-declared CO_2 performance.
Handling doubt in CO_2 performance	Request additional clarification from OEM or EASA CO_2 emission experts Challenges arrive if no PIANO model or public information is available for an aircraft type.
Limits of Plausibility Checks	Difficult or impractical beyond engineering/expert judgement until CO_2 certification is completed.

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Verification Language

Clear Language

Ensure Language in OEM self-declaration is clear and unambiguous

Distinguish between ICAO CO2 standard certification and EU Taxonomy compliance verification.

Preventing confusion

Clarify what is plausible vs. what is vertified under ICAO CO2 type standard.

Some aircraft may lack reference data, making plausibility checks impractical without additional certification efforts.

Term Usage

Use terms like ‘plausible’ or ‘no objection’ cautiously during initial verification before certification.

Avoid ambiguity and provide clear indication of declared CO2 performance.

Ongoing OEM Responsibility

Emphasize OEM’s responsibility for accuracy of information provided

Support EASA and the European Commission in implementing the EU Taxonomy to identify compliant aircraft.

ICF proprietary and confidential. Do not copy, distribute, or disclose.

→ Definitions – Airworthiness and Withdrawal

Sam Lever – ICF

EASA
European Union Aviation Safety Agency

Airworthiness Definition

Section 6.18 (c) (iv) of the delegated act:

"…the aircraft delivered after 11 December 2023 complying with the technical screening criteria… has a proof of airworthiness dating back less than 6 months prior to the delivery of the compliant aircraft…"

For safe and legal operation of an aircraft, it must be certified as airworthy under the regulations of the operator's country.

Meet the approved type design

Maintained I.A.W. relevant maintenance regulations

Aircraft Certificate of Airworthiness

Certificates of airworthiness will be used to verify an aircraft's airworthiness status:

- This must be accompanied by a valid Airworthiness Review Certificate (ARC)
- Both must be dated within the 6 months prior to withdrawal

Withdrawal From Use Definition

Section 6.18 & 6.19 of the delegated act refers to:

*"aircraft delivered after 11 December 2023 complying with the technical screening criteria… has been permanently **withdrawn from use**"*

Withdrawal from Use

- The aircraft has been removed from active service with no intention of returning to active service
  - i.e. being sent for scrapping
- This will be certified with an acceptance certificate or contract with the tear down facility.
- Can additionally be confirmed by confirmation of deregistration
- Date of withdrawal from use will be the date on the certifying document.
- Must be done within 6 months of the delivery of a taxonomy compliant aircraft

Withdrawal From Fleet Definition

Section 6.18 & 6.19 of the delegated act refers to:

"aircraft delivered after 11 December 2023 complying with the technical screening criteria… has been permanently ***withdrawn from the fleet****"*

Withdrawal from Fleet

- The aircraft has been removed from the fleet with no intention of returning to service in that existing fleet
  - i.e. being sold to another commercial operating entity or being converted to a different commercial operating role
- No limit on the aircraft moving to another commercial fleet
- Date of withdrawal from fleet will be the date of transfer to the new operator
- Must be done within 6 months of the delivery of a taxonomy compliant aircraft

→ Next Steps & Comments

Ken Engelstad – EASA

Get in touch with us:

Ken Engelstad - EASA

Policy officer – Sustainable Aviation
+49 221 89990-5059
ken.engelstad@easa.europa.eu

Tim Boon - ICF

Senior Associate
+44 20 3096 5507
tim.boon@icf.com

linkedin.com/company/icf-international
twitter.com/ICF
facebook.com/ThisIsICF

About ICF

About ICF ICF (NASDAQ:ICFI) is a global consulting and technology services company with approximately 9,000 employees, but we are not your typical consultants. At ICF, business analysts and policy specialists work together with digital strategists, data scientists and creatives. We combine unmatched industry expertise with cutting-edge engagement capabilities to help organizations solve their most complex challenges. Since 1969, public and private sector clients have worked with ICF to navigate change and shape the future.

ANNEX 8
FORM OF TRANSFER AGREEMENT

THIS ELIGIBILITY RIGHTS ASSIGNMENT AGREEMENT (this "**Agreement**") is made as of [*Insert date*]

AMONG:

(1) **[*INSERT NAME OF TRANSFEROR*],** a company [incorporated][organized] under the laws of [•] with its address at [•] ("**Transferor**"); and

(2) **[*INSERT NAME OF TRANSFEREE*],** a company [incorporated] [organized] under the laws of [•] with its address at [•] ("**Transferee**").

BACKGROUND

(A) Pursuant to:

(i) the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the "**Taxonomy Regulation**"); [and]

(ii) [Section 3.21 (*Manufacturing of aircraft*) of the technical screening criteria for economic activities (set out in Annex 1 to the Delegated Regulation (EU) 2021/2139, as introduced by the Commission Delegated Regulations (EU) 2023/2485 (the "**Delegated Regulations Annex**")) (the "**Manufacturer Technical Screening Criteria**"); and][10]

(iii) Section [6.18 (*Leasing of aircraft*)/6.19 (*Passenger and freight air transport*)] of the technical screening criteria for economic activities (set out in the Delegated Regulations Annex) (the "**[Lessor/Airline] Technical Screening Criteria**"),

the Transferor has accrued certain rights and benefits that it intends to transfer to the Transferee.

(B) The parties have agreed (i) that with effect from the date hereof the Transferor shall assign, transfer and convey to the Transferee the Eligibility Rights (as defined below) and (ii) to enter into this Agreement to give effect to the same.

NOW IT IS HEREBY AGREED as follows:

1 **Definitions and Interpretation**

1.1 In this Agreement the following expressions shall have the following meanings:

["**[Aircraft 1/Engine 1]**" means [one (1) [*insert aircraft model*] aircraft with manufacturer's serial number [•]] [one (1) [*insert engine model*] engines with manufacturer's serial number [•]].

"**[Aircraft 2/Engine 2]**" means [one (1) [*insert aircraft model*] aircraft with manufacturer's serial number [•]] [one (1) [*insert engine model*] engines with manufacturer's serial number [•]].][11]

["**Compliant [Aircraft/Engine]**" means an [aircraft/engine] that meets the relevant requirements under the [Manufacturer/Lessor/Airline] Technical Screening Criteria.][12]

"**Eligible [Aircraft/Engine]**" means any [aircraft/engine capable of installation on an aircraft] that (1) is eligible in accordance with paragraphs (b) and (c) of the [Manufacturer Technical

[10] Note: Retain for transfers of GRR rights.
[11] Note: Retain for transfers of permanent withdrawal rights.
[12] Note: Retain for transfers of GRR rights.

Screening Criteria][13] and (2) meets the relevant do no significant harm criteria under the [Manufacturer/Lessor/Airline] Technical Screening Criteria.][14]

["**Eligibility Rights**" means any and all rights and benefits under the Taxonomy Regulation arising in respect of:

(a) [the permanent withdrawal from use of [Aircraft 1/Engine 1] in accordance with the [Lessor/Airline] Technical Screening Criteria;

(b) the permanent withdrawal from the Transferor's fleet of the [Aircraft/Engine] in accordance with the [Lessor/Airline] Technical Screening Criteria; and][15]

(c) the right and eligibility to designate [[*insert percentage*] ([●]%)[16] of][17] [*insert number*] ([●]) Eligible [Aircraft/Engine[s]] as Compliant [Aircraft/Engine[s]] pursuant to, and in accordance with the requirements of, the GRR applicable to the year [2024] and the [Manufacturer/Lessor/Airline] Technical Screening Criteria.

["**GRR**" means the replacement ratio referred to in paragraph (b) the Manufacturer Technical Screening Criteria.][18]

1.2 In this Agreement, unless the contrary intention is stated, a reference to:

(a) each of the "Transferor", the "Transferee", or any other person includes, without prejudice to the provisions of this Agreement restricting transfer or assignment, any successor or permitted assignee or transferee;

(b) words importing the plural shall include the singular and vice versa;

(c) a Clause is, unless otherwise specified, a reference to a Clause of this Agreement; and

(d) any law, or to any specified provision of any law, is a reference to such law or provision as amended, substituted or re-enacted.

2 Assignment

2.1 For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transferor hereby assigns, transfers and conveys absolutely and with full title guarantee all of its current and future, actual and contingent rights, title, benefit and interest in and to the Eligibility Rights to the Transferee, and the Transferee accepts such assignment, free and clear from any security interests.

2.2 The Transferor hereby represents and warrants for the benefit of the Transferee that it has full power and authority to effect such assignment, transfer and conveyance set out herein.

3 Miscellaneous

3.1 Partial Invalidity

If, at any time, any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining

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[13] Note: Include definition if not defined in the Recitals.
[14] Note: Retain for transfers of GRR rights.
[15] Note: Retain for transfers of permanent withdrawal rights.
[16] Note: Insert percentage up to the maximum GRR for the applicable year (being 48% for 2024).
[17] Note: Retain for transfers of the GRR percentage in respect of a set number of Eligible Aircraft. Delete when right to designate an aircraft as fully compliant is being transferred.
[18] Note: Retain for transfers of GRR rights.

provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

3.2 Variation

The terms of this Agreement shall not be varied otherwise than by an agreement in writing duly executed by or on behalf of all the parties.

3.3 Governing Law

This Agreement and all non-contractual obligations arising hereunder are governed by and shall be construed in accordance with the laws of England.

3.4 Assignment and Transfer

3.4.1 This Agreement will be binding upon and inure to the benefit of each party hereto and its successors and permitted assigns and transferees.

3.4.2 No party may assign or transfer any of its rights or obligations under this Agreement (and any purported assignment or transfer in breach of this Clause 3.4.2 shall be void *ab initio*).

3.5 Third Parties

3.5.1 A person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

3.5.2 The consent of any third party is not required for any variation or termination of this Agreement.

3.6 Counterparts

This Agreement may be executed in two or more counterparts, each of which will be an original, but all of which will constitute but one and the same instrument.

3.7 Further Assurances

Each party hereto agrees that it shall, at any time and from time to time, promptly and duly execute and deliver any and all such further instruments and documents and take such further action as may be reasonably required in order to obtain the full benefits of this Agreement and to implement the rights and powers herein granted.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement on the date first above written.

[*Signature page follows*]

EXECUTION PAGE

SIGNED

by _____

[INSERT NAME OF TRANSFEROR]

Name: _____

Title: _____

SIGNED

by _____

[INSERT NAME OF TRANSFEREE]

Name: _____

Title: _____

ANNEX 9
FORM OF RIGHTS STATEMENT

[●]
(the "**Company**")

TAXONOMY REGULATION RIGHTS STATEMENT

Date: [●]

1 Reference is made to:

(a) the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the "**Taxonomy Regulation**");

(b) Section 3.21 (*Manufacturing of aircraft*) of the technical screening criteria for economic activities (set out in Annex 1 to the Delegated Regulation (EU) 2021/2139, as introduced by the Commission Delegated Regulations (EU) 2023/2485 (the "**Delegated Regulations Annex**")) (the "**Manufacturer Technical Screening Criteria**"); and

(c) Section [6.18 (*Leasing of aircraft*)/6.19 (*Passenger and freight air transport*)] of the technical screening criteria for economic activities (set out in the Delegated Regulations Annex) (the "**[Lessor/Airline] Technical Screening Criteria**").

2 In this letter the following expressions shall have the following meanings:

"**Eligible Aircraft**" means an aircraft that (1) is eligible in accordance with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria and (2) meets the relevant do no significant harm criteria under the [Lessor/Airline] Technical Screening Criteria.

"**Eligible Engine**" means an engine capable of installation on an aircraft that (1) is eligible in accordance with paragraphs (b) and (c) of the Manufacturer Technical Screening Criteria and (2) meets the relevant do no significant harm criteria under the [Lessor/Airline] Technical Screening Criteria.

"**GRR**" means the replacement ratio referred to in paragraph (b) the Manufacturer Technical Screening Criteria.

3 The Company hereby confirms as follows:

(a) in accordance with the [Lessor/Airline] Technical Screening Criteria, the following non-compliant aircraft and non-compliant engines have been withdrawn from use:

Aircraft/Engine model	Manufacturer's serial number	Maximum take-off weight (if applicable)	Date of withdrawal
[●]	[●]	[●]	[●]

(b) in accordance with the [Lessor/Airline] Technical Screening Criteria, the following non-compliant aircraft and non-compliant engines have been withdrawn from the Company's fleet:

Aircraft/Engine model	Manufacturer's serial number	Maximum take-off weight (if applicable)	Date of withdrawal
[●]	[●]	[●]	[●]

(c) in accordance with the [Lessor/Airline] Technical Screening Criteria, the following Eligible Aircraft and Eligible Engines have been deemed to be compliant aircraft and compliant engines, respectively, under the Taxonomy Regulation by being paired with the withdrawn aircraft or engines (as applicable) identified below:

Eligible Aircraft/Eligible Engine model	Manufacturer's serial number	Maximum take-off weight (if applicable)	Manufacturer's serial number of paired non-compliant aircraft/engine (listed in 3(a) or 3(b) above)
[●]	[●]	[●]	[●]

(d) the following Eligible Aircraft and Eligible Engines have been deemed to be compliant aircraft and compliant engines, respectively, under the Taxonomy Regulation in the following proportions in accordance with the Taxonomy Regulation pursuant to the application of the GRR applicable to the year [●]:

Aircraft/Engine model	Manufacturer's serial number	Proportion of compliance
[●]	[●]	[●]

(e) [following the application of the GRR applicable to the year [●] as detailed in paragraph 3(d) above,] the Company has the right under the Taxonomy Regulation to elect for [[●] per cent. ([●]%) of] [●] Eligible Aircraft and [●] Eligible Engines to be deemed to be compliant aircraft and compliant engines, respectively (it being noted that the Company has not yet applied such rights as of the date of this letter); and

(f) as of the date of this letter, the following aircraft and engines in the Company's fleet constitute 'environmentally sustainable' aircraft and engines for the purpose of the Taxonomy Regulation, pursuant to the [Lessor/Airline] Technical Screening Criteria, in the following proportions and by qualifying under the following limb of the [Lessor/Airline] Technical Screening Criteria:

Aircraft/Engine model	Manufacturer's serial number	Proportion of compliance	Limb of the [Lessor/Airline] Technical Screening Criteria
[●]	[●]	[●]	[(a)/(b)/(c)/(d)/(e)][19]

4 This letter and all non-contractual obligations arising hereunder are governed by and shall be construed in accordance with the laws of England.

SIGNED

by _____

[INSERT NAME OF COMPANY]

Name: _____

Title: _____

[19] Note: Delete as applicable (noting that (e) is only relevant to the Airline Technical Screening Criteria).

ANNEX 10
WORKED EXAMPLES

Example 1 – Asset financing by a lessor of five aircraft on lease to an airline

Scenario:

- The lessor enters into a purchase agreement with the OEM for it or its nominee to purchase five new aircraft directly from the OEM.
- The aircraft are scheduled for delivery, and deliver, from the OEM to the lessor in 2025.
- The lessor will finance the purchase of all five aircraft pursuant to an asset financing structure.
- The asset finance structure will consist of a loan from the bank to a member of the lessor's group.
- The member of the lessor's group has agreed to lease by way of operating lease all five aircraft to an airline immediately following delivery from the OEM.
- The type of aircraft being purchased from the OEM is listed in the ICF Document (and therefore confirmed as compliant by reference to the margins specified in paragraph (b) of the Manufacturer Technical Screening Criteria and the day-one DNSH requirements) and the OEM has not made the lessor aware of any non-compliance with the same (as detailed in paragraph 15 (*Eligible Aircraft*)).
- The aircraft are in compliance with the REACH Regulations and therefore in compliance with Appendix C of the Delegated Act (as detailed further in paragraph 16 (*Compliance with DNSH requirements*)).
- In 2025, the lessor will sell three non-Compliant Aircraft in 2025 and remove two non-Compliant Aircraft from its fleet (in each case, in accordance with the requirements of paragraph 17 (Permanently withdrawn from use or the fleet) and as discussed further in paragraphs 57 (*Sale – derecognition considerations (airlines / lessors)*) and 58 (*Withdrawal from use – decommissioning and part-out (airlines / lessors)*)), each of which (a) are of at least 80% certified maximum take-off weight of the Eligible Aircraft being purchased, (b) are airworthy and (c) have been in the lessor's fleet for more than 12 months (in accordance with the requirements referenced in paragraph 10 (*Summary of Technical Screening Criteria*)). See also paragraph 54 (*Aircraft ongoing airworthiness (airlines / lessors)*) for particular discussion on the airworthiness requirements.
- The lessor intends to use the eligibility that arose from the sale and removal of the five non-Compliant Aircraft for the purposes of the financing of the five purchased Eligible Aircraft.
- Cirium, ICF, or another independent party approved by the Commission has confirmed that the GRR for 2025 is 40% (see paragraph 18 (*Determination of GRR*) for further discussion on the determination of the GRR).

Position:

- As a result of being listed in the ICF Document and being in compliance with REACH Regulations, each of the five aircraft being purchased from the OEM are Eligible Aircraft.
- In accordance with paragraphs 13 (*Applicable Relevant Technical Screening Criteria*) and 46 (*Delivery of aircraft under operating lease (airlines / lessors)*), the lessor will be seeking to rely on, and apply the requirements of, the Lessor Technical Screening Criteria when determining whether (a) the aircraft being purchased can qualify as Compliant Aircraft and (b) the delivery of the aircraft under an operating lease, and the associated revenue, will be considered 'environmentally sustainable'.
- If the five non-Compliant Aircraft are sold or removed from fleet (as applicable) and the five Eligible Aircraft are delivered within a six-month period in 2025, the lessor can rely on paragraph (c) of the Lessor Technical Screening Criteria (i.e. the Replacement Aircraft criteria) and specify each of the five Eligible Aircraft as Compliant Aircraft (in accordance with the requirements referenced in paragraphs 10 (*Summary of Technical Screening Criteria*)).
- In accordance with paragraph 24 (*Revenue for other related services for aircraft*), 100% of any revenue earned by the lessor in relation to the three Compliant Aircraft (other than revenue for maintenance services, which would be assessed by reference to the Manufacturer Technical Screening Criteria) that replaced the non-Compliant Aircraft withdrawn from use shall be deemed to be 'environmentally sustainable'.

- Further, 40% of any revenue earned by the lessor in relation to the two Compliant Aircraft (other than revenue for maintenance services, which would be assessed by reference to the Manufacturer Technical Screening Criteria) that replaced the non-Compliant Aircraft withdrawn from the fleet shall be deemed to be 'environmentally sustainable' (in accordance with the application of the GRR, as discussed further in paragraph 41 (*Use of the GRR (airlines / lessors)*)).
- Further, 100% of the CapEx and OpEx in respect of each of the Compliant Aircraft shall be deemed to be 'environmentally sustainable' (as the GRR only applies to the revenue in respect of the two Compliant Aircraft that replaced the non-Compliant Aircraft withdrawn from the fleet).
- Further discussion on the lifecycle analysis and accounting considerations associated with the purchase of a new aircraft from an OEM can be found in paragraph 39 (*Purchase of new aircraft from OEM (airlines / lessors)*).
- Assuming that the 5 Compliant Aircraft are each of equal value, 76%[20] of the loan will be considered as 'environmentally sustainable' (in accordance with paragraph 26 (*Revenue in leasing and financing chains*)).
- Unless there is a change in the Lessor Technical Screening Criteria (see paragraph 43 (*Change in Relevant Technical Screening Criteria (OEMs / airlines / lessors)*)), the economic activity set out in this example will continue to be deemed 'environmentally sustainable' in the relevant proportions in respect of any period where the economic activity continues to meet the applicable tests in the Relevant Technical Screening Criteria in accordance with paragraph 22 (Continuation of 'environmentally sustainable' status) (and as discussed further in paragraph 42 (*Continuing recognition (airlines / lessors)*).

[20] Noting that this is comprised of 100% of the revenue in respect of the three Compliant Aircraft that replaced the two non-Compliant Aircraft that were withdrawn from use and 40% of the revenue in respect of the two Compliant Aircraft that replaced the two non-Compliant Aircraft that were withdrawn from the fleet.

Example 2 – Securitization of a loan portfolio

Scenario:

- The bank in Example 1 decides to securitize its loan portfolio, which is comprised of four loan portfolios, pursuant to a note issuance.
- The only loan portfolios deemed 'environmentally sustainable' in any portion in the bank's portfolio are the loan in Example 1 (being 'environmentally sustainable' in a proportion of 76%) and another loan (which is 100% 'environmentally sustainable').
- Each of the four loans have an equivalent value (comprising 25% each of the total loan portfolio).

Position:

- In accordance with the allocation methodology set out in paragraph 27 (*Financing of multiple aircraft and engines*), 44% of the note issuance will be deemed as 'environmentally sustainable' (as one quarter of the portfolio is 76% 'environmentally sustainable', one quarter of the portfolio is 100% 'environmentally sustainable', and half of the portfolio is not 'environmentally sustainable' in any portion).
- As detailed in paragraph 26 (*Revenue in leasing and financing chains*), revenue arising from the 'environmentally sustainable' loans will be 'environmentally sustainable' in the same proportion as the applicable loan. Where it is not possible to calculate the proportion of the revenue that relates to such loans, then that revenue will be 'environmentally sustainable' in a proportion of 44%.
- Unless there is a change in the Lessor Technical Screening Criteria (see paragraph 43 (*Change in Relevant Technical Screening Criteria (OEMs / airlines / lessors)*)), the investment will continue to be deemed 'environmentally sustainable' in the relevant proportions in respect of any period where the underlying economic activity continues to meet the applicable tests in the Relevant Technical Screening Criteria in accordance with paragraph 22 (*Continuation of 'environmentally sustainable' status*) (and as discussed further in paragraph 42 (*Continuing recognition (airlines / lessors)*).

Example 3 – Asset financing by an airline of an aircraft

Scenario:

- An airline enters into a purchase agreement with a third party for it or its nominee to purchase a used aircraft from a third party.
- The aircraft will be sold to the airline in Q4 2024.
- The airline will finance the purchase of the aircraft pursuant to an asset financing structure.
- The asset finance structure will consist of a loan from the bank to an orphan special purpose vehicle to enable it to purchase the aircraft at delivery, and a finance lease to the airline.
- The type of aircraft being purchased from the third party is listed in the ICF Document (and therefore confirmed as compliant by reference to the margins specified in paragraph (b) of the Manufacturer Technical Screening Criteria and the day-one DNSH requirements) and the OEM has not made the parties aware of any non-compliance with the same (as detailed in paragraph 15 (*Eligible Aircraft*)).
- The aircraft is in compliance with the REACH Regulations and therefore in compliance with Appendix C of the Delegated Act (as detailed further in paragraph 16 (*Compliance with DNSH requirements*)).
- The airline will in Q1 2025 permanently withdraw from use a non-Compliant Aircraft (in accordance with the requirements of paragraph 17 (*Permanently withdrawn from use or the fleet*) and as discussed further in paragraphs 57 (*Sale – derecognition considerations (airlines / lessors)*) 58 (*Withdrawal from use – decommissioning and part-out (airlines / lessors)*)) that (a) is of at least 80% certified maximum take-off weight of the Eligible Aircraft being purchased, (b) is airworthy, and (c) has been in the airline's fleet for more than 12 months (in accordance with the requirements referenced in paragraphs 10 (*Summary of Technical Screening Criteria*)). See also paragraph 54 (*Aircraft ongoing airworthiness (airlines / lessors)*) for particular discussion on the airworthiness requirements.
- The airline intends to use the eligibility that arose from the removal from use of the non-Compliant Aircraft for the purposes of the financing of the purchased Eligible Aircraft.

Position:

- As a result of being listed in the ICF Document and being in compliance with REACH Regulations, the aircraft being purchased is an Eligible Aircraft.
- In accordance with paragraphs 13 (*Applicable Relevant Technical Screening Criteria*), the airline will be seeking to rely on, and apply the requirements of, the Airline Technical Screening Criteria when determining whether the Eligible Aircraft being purchased can qualify as a Compliant Aircraft.
- If the non-Compliant Aircraft is removed from use within six months of the Eligible Aircraft being sold to the airline, the airline can rely on paragraph (c) of the Airline Technical Screening Criteria (i.e. the Replacement Aircraft criteria) and specify the Eligible Aircraft as a Compliant Aircraft (in accordance with the requirements referenced in paragraphs 10 (*Summary of Technical Screening Criteria*)).
- 100% of the loan will be considered as 'environmentally sustainable' (in accordance with paragraph 26 (*Revenue in leasing and financing chains*)).
- In accordance with paragraph 24 (*Revenue for other related services for aircraft*), any revenue earned in relation to services (other than revenue for maintenance services, which would be assessed by reference to the Manufacturer Technical Screening Criteria) provided in respect of the Compliant Aircraft will be deemed as 'environmentally sustainable'.
- In accordance with paragraph 24 (*Revenue for other related services for aircraft*), any revenue earned in relation to services provided in respect of the loan will be deemed as 'environmentally sustainable'.
- The airline will include the Compliant Aircraft in the determination of its 'environmentally sustainable' revenue in accordance with paragraph 30 (*Airline approximation of specific aircraft revenue*).
- Further discussion on the lifecycle analysis and accounting considerations associated with the purchase of an aircraft from a third party can be found in paragraph 40 (*Purchase of an aircraft from other party (airlines / lessors)*).

- Unless there is a change in the Airline Technical Screening Criteria (see paragraph 43 (*Change in Relevant Technical Screening Criteria (OEMs / airlines / lessors)*)), the economic activity set out in this example will continue to be deemed 'environmentally sustainable' in the relevant proportions in respect of any period where the economic activity continues to meet the applicable tests in the Relevant Technical Screening Criteria in accordance with paragraph 22 (*Continuation of 'environmentally sustainable' status*) (and as discussed further in paragraph 42 (*Continuing recognition (airlines / lessors)*).

Example 4 – Asset financing by a lessor of the purchase of an engine and the transfer of permanent withdrawal rights

Scenario:

- A lessor enters into a purchase agreement with another lessor (the **seller**) for the purchase of a used engine.
- The engine was purchased by the seller under a purchase agreement with the relevant OEM in Q1 2022.
- The engine will be purchased by the lessor from the seller in Q3 2024.
- The lessor will finance the purchase of the engine pursuant to an asset financing structure.
- The asset finance structure will consist of a loan from the bank to the lessor, with an intra-group loan from the lessor to a member of the lessor's group.
- The engine being purchased is capable of installation on a type of aircraft listed in the ICF Document (and therefore confirmed as compliant by reference to the margins specified in paragraph (b) of the Manufacturer Technical Screening Criteria and the day-one DNSH requirements) and the OEM has not made the parties aware of any non-compliance with the same (as detailed in paragraph 15 (*Eligible Aircraft*)).
- The engine is in compliance with the REACH Regulations and therefore in compliance with Appendix C of the Delegated Act (as detailed further in paragraph 16 (*Compliance with DNSH requirements*)).
- The seller will, in Q2 2025, permanently withdraw from use a non-Compliant Engine (in accordance with the requirements of paragraph 17 (*Permanently withdrawn from use or the fleet*) and as discussed further in paragraphs 57 (*Sale – derecognition considerations (airlines / lessors)*) and 58 (*Withdrawal from use – decommissioning and part-out (airlines / lessors)*)) that (a) is capable of installation on an airframe that is of at least 80% certified maximum take-off weight of the airframe upon which the Eligible Engine being purchased can be installed on, (b) is airworthy, and (c) has been in the seller's fleet for more than 12 months (in accordance with the requirements referenced in paragraphs 10 (*Summary of Technical Screening Criteria*)). See also paragraph 54 (*Aircraft ongoing airworthiness (airlines / lessors)*) for particular discussion on the airworthiness requirements.
- In connection with the sale of the Eligible Engine from the seller to the lessor, the seller will also transfer to the lessor its rights and benefits arising under the Taxonomy Regulation as a result of the permanent withdrawal of the non-Compliant Engine to the lessor pursuant to a transfer agreement in accordance with paragraph 19 (*Eligibility and transferability*).
- The lessor intends to use the eligibility arising from the purchase of the Eligible Engine and the transfer of the right of permanent withdrawal from the seller to the lessor for the purposes of the financing of the purchased Eligible Engine.

Position:

- In accordance with paragraph 23 (*Engines and other aircraft parts*), the provisions of the Lessor Technical Screening Criteria apply equally to an engine that is capable of installation on an aircraft as they do for aircraft.
- As a result of being capable of installation on an airframe listed in the ICF Document and being in compliance with REACH Regulations, the engine is an Eligible Engine.
- In accordance with paragraph 13 (*Applicable Relevant Technical Screening Criteria*), the lessor will be seeking to rely on, and apply the requirements of, the Lessor Technical Screening Criteria when determining whether the Eligible Engine being purchased can qualify as a Compliant Engine.
- The eligibility rights in respect of the removal of the non-Compliant Engine will need to be transferred by the seller to the lessor in accordance with paragraph 19 (*Eligibility and transferability*) (noting also the form of transfer agreement set out in Annex 8 (*Form of transfer agreement*)) – either as part of the sale (see paragraph 51 (*Transfer of rights – sale of an aircraft (airlines / lessors)*) or by way of separate transfer (see paragraph 52 (*Transfer of rights – external transfer (other than a sale) (airlines / lessors)*).
- Assuming the transfer of the eligibility rights has been carried out (as noted above), if the non-Compliant Engine is removed from use within six months of the lessor's purchase of the Eligible

Engine the lessor can rely on paragraph (c) of the Lessor Technical Screening Criteria (i.e. the Replacement Aircraft criteria) and specify the Eligible Engine as a Compliant Engine.

- 100% of the loan will be considered as 'environmentally sustainable' (in accordance with paragraph 26 (*Revenue in leasing and financing chains*)).
- In accordance with paragraph 24 (*Revenue for other related services for aircraft*), any revenue earned in relation to services (other than revenue for maintenance services, which would be assessed by reference to the Manufacturer Technical Screening Criteria) provided in respect of the Compliant Engine will be deemed as 'environmentally sustainable'.
- Further, any revenue earned in relation to services provided in respect of the loan will be deemed as 'environmentally sustainable'.
- Further discussion on the lifecycle analysis and accounting considerations associated with the purchase of an engine from a third party can be found in paragraph 40 (*Purchase of an aircraft from other party (airlines / lessors)*).
- Unless there is a change in the Lessor Technical Screening Criteria (see paragraph 43 (*Change in Relevant Technical Screening Criteria (OEMs / airlines / lessors)*)), the economic activity set out in this example will continue to be deemed 'environmentally sustainable' in respect of any period where the economic activity continues to meet the applicable tests in the Relevant Technical Screening Criteria in accordance with paragraph 22 (*Continuation of 'environmentally sustainable' status*) (and as discussed further in paragraph 42 (*Continuing recognition (airlines / lessors)*).