General Principles of the FINAGREEN Label

The labelling methodology for virtuous agricultural projects and practices developed by Finagri **scientifically identifies practices and/or investments that generate added natural capital value at the farm level**.

The labelling process is intended to recognize not an existing asset, but rather **an asset in the making, created through practices and/or investments receiving funding**.

It is based on a methodology designed to meet investor expectations by **guaranteeing scientifically validated results supported by transparent mechanisms**. By aligning agricultural practices with rigorous standards and using precise impact indicators, it helps build lasting trust among stakeholders.

The Finagri Chair thus acts as a trusted third party, providing investors with a reliable framework to support projects with measurable and durable environmental impact.

The table below summarizes the fundamental principles of the FINAGREEN label. It was developed based on preliminary research conducted by the FINAGRI Chair. The Scientific Committee will further define its scope, assess its applicability and implementation modalities, and determine eligibility criteria and technical specifications based on these principles.

General Overview of the FINAGREEN Label
The FINAGREEN label (awarded by the Finagreen Associa aims to highlight the environmental outcomes generate agricultural operations. These results are primarily measured using direct, reliable accredited data to establish robust indicators. Based on t indicators, farms within a defined territory receive a na capital score to objectively assess their impact. The labelling process supports projects that provide con solutions to identified environmental issues, emphasizin creation—not the recognition—of a new asset built thr virtuous practices or targeted, financed investments.

Eligibility Criteria	
Eligible Projects	All forms of agriculture (agroecology, regenerative agriculture, permaculture, etc.) are eligible.
Project Size and Territorial Approach	Finagreen assesses project scale to ensure that the aggregation of farms achieves significant territorial-level impact. Finagreen also evaluates coherence among various projects to form territorial project groups with relevant, consistent, and structuring characteristics.
Compliance with FINAGRI Methodology	Mandatory ; see details below.
Intentionality	The farmer must voluntarily commit long-term to an environmentally transformative approach focused on measurable results.
Traceability and Transparency	The farmer must ensure: 1. That agroecological practices lead to measurable improvements. 2. That the use of allocated capital permanently meets label criteria. 3. That trust is fostered among investors and stakeholders.
Methodological Choices	
Holistic Approach	Substantial contribution to at least one main theme, plus mandatory associated themes, and optionally additional ones. An initial approach proposes soil quality as the main theme, with related mandatory themes: carbon, water, biodiversity, and pollution.

Contribution to Natural Capital Themes	11 themes have been identified to c natural capital: 1. Inland water flow regulation 2. Mega wildfires 3. Reduction of agricultural polluti 4. Soil protection 5. Carbon cycle regulation 6. Livestock and GHG emi reduction 7. Halting the 6th mass extinction 8. Genetic modification of organisms 9. Protection of marine resources 10. Adaptation of agri-food secto global change 11. Viable development of territories These environmental and social objec align with frameworks like the Sustair Development Goals and the Agreement.
Impact Approach	The objective is to measure the a impact of agricultural practices investments. The focus is on additionality, meaning the measured impact must be dir attributable to the newly impleme practices and investments, and no existing trends or "business as u initiatives.
Double Materiality	The concept of impact follows a log double materiality as defined by European Commission. It considers, or one hand, the risks that may affect company's value, and on the other, positive or negative social ar environmental effects of the comp activities on its stakeholders.
Baseline	An initial environmental reference p defined by the Scientific Council, ensure relevance of the starting point. This baseline serves as a benchmar compare the results achieved implementing new practices or investm with the initial situation, in order to mea progress made.
Intentionality	Actions undertaken must be aime achieving one or more iden environmental objectives.
Trajectory	The label is embedded in an im trajectory at the level of investi portfolios or grouped certified farm follows a logic of continuous improveme

Negative Externalities	Although the label's objective is to generate positive externalities, each farmer must implement a process to identify and limit material negative externalities for each theme. For each of these, destructive technologies (e.g., chemical fertilizers, pesticides, etc.) will also be identified. Carbon-related negative externalities must be specifically assessed and reduced using the Low Carbon Label methodology.
Permanence	Mechanisms are put in place to ensure that environmental outcomes are maintained over the long term.
Data	
Types of Data Used	The originality of the FINAGRI label lies in its predominant use of direct, reliable, and accredited data. In contrast, estimated data (from modeling or extrapolation) are considered less reliable and robust. Public data sources (e.g., national statistics, satellite databases, etc.) may also be used.
Data Principles	Data must comply with the FAIR principles: Findable, Accessible, Interoperable, Reusable
Data Measurement Method	Direct measurement is preferred (e.g., soil analyses, biomarkers, spectroscopy) rather than modeling, which is sometimes considered too vague or unstable.
Data Update Frequency	The update frequency is tailored to the type of data, agricultural cycles, and the needs of investors and auditors.
Data Format	Data must be structured: primarily derived from standardized direct measurements, integrated into usable, interoperable (with investors' systems), and reproducible formats.
Data Traceability	Traceability is ensured through: • documentation of methods, • preservation of metadata, • independent verification, and • integration and storage in a FINAGRI-owned database. A blockchain system, associated with the financial instrument, may further enhance traceability by ensuring integrity and transparency.
Protection of Sensitive Data	Sensitive data is protected through anonymization protocols and governance rules that regulate their use, ownership, and accessibility.

	Any sharing or pooling of such da subject to explicit agreements betw stakeholders (farmers, laborato investors).
Data Verification	Four levels of verification are implement 1. Annual review and validation o methodological framework anc data collection and verifica methods, conducted by Finagreen Scientific Committee entity responsible for the label) 2. Certification by ISO-accre third-party inspectors, who en that the methodology has properly applied by the agricul operator. 3. Compliance with ISO 1 accreditation standards laboratories, guaranteeing tech competence, traceab reproducibility, and admissibility of the data. 4. Data validation and forma performed by a data expert du its integration into FINAGRI-managed database/platform.
Indicators	
Indicators Used	The indicators focus on performance, means, and are expressed in tangible, environmental outcomes.
Characteristics of the Indicators	The indicators are objective, scientif based and accepted, technically validate The indicators are supported by the collected and verified. The indicators are defined relative trajectory to qualify the level performance. The indicators are mostly quantitative.
Construction of the indicators	Relevant indicators are defined for theme considered. When identifying key indicators, regulatory obligations to which investor subject are taken into account. The indicators are defined and approve the Finagreen Scientific Committee.
Required characteristics	Indicators based on reliable, verified traceable data. The indicators are consistent over time. They are comparable between farms.

Type of indicators	Direct indicators: derived from a single measurement (e.g.: pH, organic matter, amount of water used) Composite indicators: built from several data points (e.g.: OM/clay ratio, available water, fungi/bacteria ratio) Aggregated indicators: synthesis of multiple criteria structured by theme (carbon, water, pollution, biodiversity) or combined into an overall score (e.g.: Global Agro-Environmental Index)
Update frequency	Aligned with the data update frequency
Reporting on data and indicators	
Types of reporting and frequency	Three types of reporting are carried out: 1. Annual reporting on the methodology applied (with monitoring of changes) as defined by the Scientific Committee: structuring of formats accessible to different stakeholders, notably investors, transparency on calculation assumptions, data aggregation methods (black box), documentation on the scientific reliability of the data. 2. Mandatory annual reporting of indicators according to a standardized reporting model. Specific reporting is planned to document the aggregated trajectory of the portfolio, including any discrepancies and corrective actions undertaken. 3. Quarterly reporting on data traceability and data evolution. This reporting is calibrated to allow investors to meet the European requirements to which they are subject (notably CSRD and SFDR).
Operation of the label	
Transparency and scientific integrity	The FINAGRI methodology was established to meet investor expectations by ensuring scientifically validated results supported by transparent mechanisms. By aligning agricultural practices with rigorous standards and using precise impact (rather than input) indicators, it helps build lasting trust between stakeholders. The methodology is public and accessible online. The FINAGRI chair thus serves as a trusted third party, offering investors a reliable

	framework to support projects with measurable and lasting environmental impact.
Independence and conflict of interest management	The Finagreen Scientific Committe independent and composed of qua individuals. It is responsible for overse methodological robustness, indi development, and process integrity. The association implements procedures and policies on conflict interest to ensure transparency, inte and compliance of its members' actions.
Impact score at the farm level	Each farm receives an individual im score on a defined scale.
Impact score at the portfolio level	Individual scores are aggregated to pro a global rating of the portfolio.
Labelling and rating organization	Responsibility for labelling and ratir entrusted to the Finagreen associa created in 2020 by the FINAGRI chair, ensuring an independent, rigorous appr aligned with best scientific and fina practices.
Methodology review and improvement process	Complete revision of the framework evaluation methods at least every 3 yea

Deviations and removal from the portfolio	To preserve the integrity and credibility of the label, a rigorous process is planned in case of non-compliance with environmental criteria or insufficient achievement of the impact objectives defined at the time of labelling. - Detection of a deviation The project holder has a maximum of 6 months to implement corrective actions to restore the expected environmental impact (new audit carried out). - Final decision: If corrective actions are satisfactory and impact results are restored, the project may remain in the portfolio. If results remain insufficient or no credible action has been taken, the project is removed from the portfolio.
External audit of the label	Annual audit by an independent third-party organization.