

Open letter from 92 CSOs:

To avoid taxonomy-enabled greenwashing, financial institutions must exclude fossil gas and nuclear energy from all their products and bonds marketed as sustainable or green

Dear banks, investors, and insurers,

On February 2nd, 2022, the European Commission proposed the inclusion of fossil gas and nuclear in the EU sustainable taxonomy¹. This decision concludes a two-year saga that transformed a “science-based” framework aimed at channeling investment towards sustainable activities into a highly politicized document that bends to the views of fossil gas and nuclear supporters.

This decision is unscientific and unjust, and responsible financial institutions must publicly commit to exclude fossil gas and nuclear energy from any of their products and bonds marketed as sustainable, green, or responsible.

Both fossil gas² and nuclear were excluded from the taxonomy in the final report of the expert group appointed by the EU Commission. The reasons for this exclusion were simple: gas power generation has significant GHG emissions, and there is still no proven sustainable solution for disposing of nuclear waste³. However, gas and nuclear lobbyists and European member states with important stakes in these industries disagreed, and the EU Commission deliberately allowed new fossil gas plants and nuclear power plants to be included in the EU Taxonomy.

Indeed, fossil gas and nuclear were so far the only two activities to benefit from a specific process. Nuclear energy was submitted to a review by the Joint Research Committee of the EU Commission, a group with ties to the nuclear industry⁴, which painted the waste disposal problem as solved. It did not consider the possibility of accidents and failed to account for the environmental risks in the supply chain for uranium⁵. Gas was allowed to depart from the GHG emission threshold for power generation and/or heat production and can emit 3 times more than other production methods included in the taxonomy⁶.

The choice to include fossil gas and nuclear in the EU taxonomy disregards the numerous warnings from scientists, NGOs and CSOs that such a decision would endanger the EU’s sustainable transition. On one hand, new taxonomy-compliant gas power plants releasing 270 gCO₂e/kWh would already emit more GHG than the current average carbon intensity of EU electricity production and 16 to 38

¹ For a detailed analysis of the delegated act, see [Reclaim Finance’s analysis](#).

² Fossil gas was included only if it does not emit more than 100gCO₂e/kWh. This threshold is well-below the current emissions of the best performing plants (210 to 230gCO₂e/kWh for cogeneration) and would require a massive use of carbon capture and storage to be reached. Providing the doubts on the efficiency of carbon capture technologies and their very high cost, such power plants are unlikely to be built and gas would be virtually excluded from the taxonomy.

³ The world has already produced about [250,000 to 300,000 tons](#) of super-toxic highly radioactive waste without having any geological facilities to store them.

⁴ See [Greenpeace’s investigation](#) on the ties of the JRC with the nuclear industry.

⁵ For an analysis of the JRC report, see the [report of the Okology Institute](#), of the [SCHEER group](#) and of the [German BASE](#). A summary is also available in [Reclaim Finance’s report](#).

⁶ Other electricity or heat production methods included in the taxonomy set a threshold of 100gCO₂e/kWh. In addition, the 270 gCO₂/kWh threshold for gas is in direct emissions at combustion point, while the 100gCO₂/kWh is in full lifecycle analysis: the [IPPC](#) finds that for fossil gas this represents a median 32% difference in emissions.

times the emissions of onshore wind power⁷, therefore blocking the EU power system from reaching carbon neutrality for decades⁸. On the other, nuclear waste still poses major sustainability problems⁹. In addition, new nuclear reactors will take a long time to start producing electricity, thus requiring the extension of fossil fuel power plants. Both nuclear energy and gas combustion further come with negative impacts on water availability and quality.

By including fossil gas and nuclear in the EU taxonomy after a non-transparent process, the Commission undoes four years of work by EU institutions and expert groups and damages the EU's sustainable finance flagship.

The EU's own Platform on Sustainable Finance, as well as many sustainable finance professionals and groups including the European organization Eurosif and the UN Principles for Responsible Investment¹⁰, have opposed the Commission's proposal to include fossil gas and nuclear and underlined it would both sap the confidence in the new framework and have detrimental environmental impacts. The EIB President indicated that the European bank will apply its own – more stringent – criteria¹¹. The European Consumers' Association (BEUC) summarized this by denouncing "unacceptable institutional greenwashing".

This position is shared by many of those who will be the prime users of the taxonomy: financial institutions. The IIGCC – an investor group made up of more than 370 institutions and with more than \$50 trillion of asset under management – opposed the inclusion of fossil gas, saying that it would “undermine the credibility of the taxonomy as well as the EU's own commitment to climate neutrality by 2050”. Several individual financial institutions took similar positions on gas and/or nuclear, like Mirova in France, Achmea or ABP in the Netherlands, Union Investment or GLS in Germany and Raiffeisen Bank International in Austria¹².

The responsibility now lies with financial institutions not to mislead their clients.

Even if the delegated act requires financial institutions to report their support to fossil gas and/or nuclear separately, Europeans have the right to expect that the sustainable products they are sold do not support fossil gas and nuclear and must not have to verify this themselves. The existing global green bond market excludes fossil fuels and nuclear power, similarly to several green retail finance labels¹³ in European countries: the EU taxonomy must not be a pretext to go backwards.

⁷ The 270gCO₂e/kWh is higher than the one set by the [European Investment Bank](#) for its loans (250 gCO₂e/kWh). It is well above the current average carbon intensity of electricity production in Europe (215 gCO₂e/kWh in 2020 [according to the IEA](#) and 226 gCO₂e/kWh in 2020 [according to Ember](#)) and the emissions of renewable energies (e.g. 8 to 83 g for photovoltaic energy and 7 to 16 for onshore wind energy in Europe in full lifecycle analysis, according to a [recent United Nations study](#)).

⁸ The investments required to build a gas-fired power plant generally take more than 10 years ([9 to 17 years](#) in several North American states, for example) to be amortized, and gas plants operate on average [25-30 years in Europe](#), up HYPERLINK "https://www.spglobal.com/marketintelligence/en/news-insights/trending/gfjqeFt8GTPYNK4WX57z9g2"to 40 to 50 years.

⁹ For more information on the various impacts of nuclear energy on the taxonomy objectives, see the [Platform on Sustainable Finance's report](#) and the EEB's [position paper](#).

¹⁰ See [the platform](#) by Elise Attal and Jan Vandermosten.

¹¹ See [Bloomberg's article](#) about President Hoyer's opinion on the taxonomy.

¹² The CEO of French Mirova has [spoken publicly](#) against the inclusion of gas in the taxonomy. Several [German financial players](#) and the [Austrian RBI](#) have spoken out against the inclusion of nuclear. [Dutch financial players](#) - including Achmea, [ABP](#), [ABN AMRO](#) and Triodos - issued statements against the inclusion of both energies.

The [Danish Folkesparekassen and Merkur Cooperative Bank](#) have also spoken out against the inclusion of gas.

¹³ Including the Nordic Green Swan Ecolabel or the French Greenfin label.

We, NGOs and CSOs ask financial institutions to publicly commit to exclude both fossil gas and nuclear from all their products and bonds marketed as sustainable, green, or responsible. This notably entails excluding these energies from ‘article 9’ funds¹⁴.

Europeans must not be deceived into believing they are supporting the sustainable transition by opting for a climate-aligned taxonomy while unknowingly supporting fossil gas and nuclear development instead.

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¹⁴ Article 9 fund (SFDR regulation) is defined as “a fund that has sustainable investment as its objective or a reduction in carbon emissions as its objective”.

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