

Exclude fossil fuel expansion from future SFDR fund categories

14 November 2025

Dear Vice President Ribeiro,
Dear Vice President Séjourné,
Dear Commissioner Albuquerque,
Dear Commissioner Dombrovskis,
Dear Commissioner Hoekstra,
Dear Commissioner Roswall,

The climate COP30 started this week in Brazil, with high stakes to deliver on climate commitments and scale up finance. In a challenging geopolitical context, **the EU needs to demonstrate consistency and leadership** to maintain its credibility, inspire other countries to act, and ensure that global climate efforts are strengthened.

However, EU consistency on private finance is at risk. In the forthcoming review of the Sustainable Finance Disclosure Regulation (SFDR), which governs €18 trillion in investments, **the Commission needs to ensure that all the future fund categories exclude companies developing new fossil fuel projects.** Otherwise, these categories risk undermining the Commission's climate credibility and the coherence of the EU transition finance framework.

Failing to do so would also mean that the SFDR review does not effectively address the greenwashing risks highlighted by the Council, and would make it less supportive of the green transition of EU companies, **missing the opportunity to contribute fully to the Clean Industrial Deal and the Savings and Investment Union.**

Our recommendation builds on the following elements:

- **Feasibility:** The Commission has already included the exclusion of companies developing new fossil fuel projects in the draft proposal for the SFDR sustainable category. It can thus be mirrored in the other categories – **at the very least, in the transition fund category**, so that it can remain conducive to achieving the Paris Agreement objectives.
- **Flexibility:** All SFDR fund categories will remain optional. This leaves ample flexibility for investors.
- **Clarity:** Baseline fossil fuel exclusions will improve retail investors' ability to understand and trust SFDR fund categories and help unlock retail investments.
- **Political alignment:** President von der Leyen stated in her 2025 State of the Union speech, on EU dependency on fossil fuels: "*(...) We know what brings prices down: clean homegrown energy*". EU sustainable investments should focus on clean energy, not on fossil energy.
- **Timing:** Planned for publication in the middle of COP30, the Commission's SFDR proposal should not send a contradictory message regarding the EU's commitment to the clean energy transition.

We thank you for your consideration of our recommendation. Yours sincerely,

Signatories:

Reclaim Finance
WWF
The Sustainable Banking Coalition
Positive Money Europe
ShareAction
Coal Action Network
Rinascimento Green
FAIR - Financer Accompagner Impacter Rassembler
Federación de Consumidores y Usuarios CECU
Renovem-nos
Wikirate International
KOO Austria
Laudato Si' Movement
Climate Alliance Switzerland
Just Shift
ActionAid Denmark
Notre Affaire à Tous
Greentervention
Urgewald
Mission Possible
ReCommon
Printemps écologique
Transport & Environment (T&E)
Facing Finance
SfC-Shareholders for Change
Fondazione Finanza Etica
France Nature Environnement
FrankBold
CEE Bankwatch Network