Open letter: Avoid fossil fuel greenwashing in EU funds

Dear Members of the European Council,

Dear Members of the European Parliament,

In the context of the review of the Sustainable Finance Disclosure Regulation (SFDR) (1), the 133 signatories of this letter call on you to ensure all funds commercialized in the EU that claim to be in the “ESG basics”, “transition” or “sustainable” categories exclude companies developing new fossil fuel projects (“fossil fuel developers”).

We welcome the exclusion of fossil fuel developers introduced by the European Commission in two of the three proposed SFDR categories – *i.e.* the “sustainable” and “transition” categories. With this criterion, the Commission acknowledges that the continued expansion of fossil fuels is not compatible with claims regarding sustainability, climate, and the transition. Failing to do so would have been a blatant disregard of climate science (2) and recent court rulings on greenwashing (3).

The exclusion of fossil fuel developers also aligns with the EU energy security and competitiveness priorities. As highlighted by President von der Leyen when presenting the Draghi report: “the only way to ensure our long-term competitiveness is to shift away from fossil fuels and towards a clean, competitive, and circular economy.” (4).

Yet, the proposal still allows fossil fuel developers to be included in the “ESG basics” category. Given the hugely damaging impact of fossil fuel development, including its role in pushing us well-past goals to limit global warming (5) and in jeopardizing sustainable development goals (SDGs) (6), it is difficult to see how any fund making any type of environmental claim can justify such inclusion.

European investors – and especially non-expert retail investors – would reasonably assume that fossil fuel developers are not included and would be misled by funds in the proposed “ESG basics” category. In fact, surveys show that savers and citizens consider that funds claiming to be “responsible” or “green” should not include these companies (7) and the ESMA guidelines on fund names already provide for the exclusion of fossil fuels from funds using “environment” in their name. It should be reminded that SFDR categories are always voluntary. Investors keep full flexibility outside of them, they could invest in any company through funds that are not classified.

Excluding fossil fuel developers from all SFDR categories is even more necessary given that the “Do No Significant Harm” (DNSH) principle was removed as such from the revised regulation. This principle was enshrined in the first SFDR to ensure funds making ESG claims do not support activities detrimental to EU sustainability goals. Its removal means that new guarantees – especially sufficient minimum exclusions - are needed across new categories.

Here, the “ESG basics” category stands out with very limited exclusions that do not prevent significant harm to the environment (8).

Given the elements above, we, the signatories (9) of this letter, urge you to support the exclusion of companies developing new fossil fuel projects from all future SFDR fund categories. This implementable exclusion is essential to ensure alignment with EU climate commitments, prevent greenwashing and restore investor trust with a more coherent framework (10).

Yours sincerely,

CSOs:

- Advocates for the Future
- ActionAid Denmark
- ActionAid Italy
- Allen+
- AnsvarligFremtid (Denmark)
- Attac Italia
- BankTrack
- Bellona Europa
- Biodiversity Conservation Center
- CEE Bankwatch Network
- Clean Air Action Group
- Client Earth
- Climate Action Network (CAN) Europe
- Climate Alliance Switzerland
- Climate & Company
- Climate Reality Project Europe
- Coal Action Network
- Creatura Think & Do Tank ry
- Debt Observatory in Globalisation (ODG)
- Deutsche Umwelthilfe e.V.
- ECCO Think Tank
- EcoCitizen
- Ecologistas en Acción
- EcoZ - Youth Ecological and Security Zone
- EEB - European Environmental Bureau
- EKOenergy ecolabel
- EUREC - The Association of European Renewable Energy Research
- EuroNatur
- Facing Finance
- Fairfin

- Fair Finance International
- Fair Finance Institute
- Fairwatch Italy
- Federación de consumidores y usuarios CECU
- Fédération CFDT Banques et Assurances
- Finanzwende
- Focsiv Italian federation Christian Organisations international volunteers
- Frank Bold
- Friends of the Earth France
- Friends of the Earth Cyprus
- Friends of the Earth Denmark - NOAH
- Friends of the Earth Netherlands - Milieudefensie
- Fundación Renovables
- Germanwatch
- Global Witness
- Grandparents For Future Austria
- Green Finance Observatory
- Innovation pour le Développement et la Protection de l'Environnement
- Jubilee Australia Research Centre
- Just Finance International
- Just Shift
- KOO - Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Zusammenarbeit und Weltkirche
- La Corriente Soc. Coop.
- Laudato Si Movement
- Legambiente
- Limity jsme my
- Lithuanian Consumers Alliance
- MATERIALITY
- Mission Possible
- Mothers Rise Up
- Natuur & Milieu
- Notre Affaire à Tous
- Operation Noah
- Partnership for Policy Integrity
- Parents For Future Austria
- Polish Green Network
- Positive Money Europe
- Pour un réveil écologique
- Printemps écologique
- Reclaim Finance

- ReCommon
- Red "Gas No Es Solución"
- Rinascimento Green
- Renovem-nos
- REVO Prosperidad Sostenible
- ShareAction
- Shift: Action for Pension Wealth & Planet Health
- Stand.earth
- Stowarzyszenie Ekologiczne EKO-UNIA
- T&E (Transport & Environment)
- Urgewald
- Veblen Institute for Economic Reforms
- Wikirate
- Workshop for All Beings
- WWF EU
- ZERO - Associação Sistema Terrestre Sustentável
- 350.org

Financial institutions and organizations from the financial sector:

- Arbeitskreis Kirchlicher Investoren (AKI)
- Association of Ethical Shareholders Germany
- Dorval Asset Management
- Ecofi
- EthikBank eG
- Febea
- Fondazione Finanza Etica
- GLS Investments
- Goodvest
- Helios
- Shareholders for Change
- Sustainable Banking Coalition

Academics:

- Aaron Rittmeier, Researcher, University of Applied Sciences Darmstadt
- Anna Creti, Professor, Climate Economics Chair
- Christel Dumas, Professor, ICHEC Brussels Management School
- Christophe Revelli, Professor, KEDGE Business School
- Christophe Thibierge, Professor in Sustainable Finance, ESCP Business School
- Daniela Soto, Postdoctoral researcher, University of Sussex
- Ellen Quigley, Research Professor, University of Cambridge

- Gael Imad'Eddine, Professor, Université de Lille
- Gunther Capelle-Blancard, Professor of Finance, University Paris 1 Panthéon-Sorbonne
- Hugues Chenet, Associate Professor of Sustainability, IESEG School of Management and University College London
- Janina Urban, PhD candidate, University Witten/Herdecke
- Jean Jouzel, Retired scientist and former member of the IPCC
- Jézabel Couppey-Soubeyran Associate, Professor & Scientific advisor, Université Paris 1 Panthéon-Sorbonne
- Johannes Lundberg, Postdoctoral Researcher
- Josef Baumüller, Researcher, Technical University of Vienna
- Joscha Wullweber, Heisenberg Professor of Politics/ Political Economy, Transformation and Sustainability Director of the International Center for Sustainable and Just Transformation [tra:ce] Faculty of Economics and Society, Witten/Herdecke University Member of the German Advisory Council on Global Change (WBGU)
- Karen Maas, Professor of Accounting & Sustainability, Impact Centre Erasmus/Open University Heerlen
- Laurence Scialom, Professor of Economics and Finance, University Paris Nanterre
- Lydia Marsden, Research, Fellow in Sustainable Finance, University College London
- Mathijs van Dijk, Professor of Finance, Erasmus University Rotterdam
- Paula Haufe, Researcher, Witten/Herdecke University & German Advisory Council on Global Change (WBGU)
- Roland Pérez, Profesor, University of Montpellier
- Simon Schairer, Doctoral researcher, Witten/Herdecke University
- Thorsten Sellhorn, Professor of Accounting and Auditing, LMU Munich, Germany
- Willem Klok, PhD student, Technische Universiteit Eindhoven

Other experts:

- Guillaume Kerlero de Rosbo, Director of ecological studies, Institut Rousseau
- Gulnaar Zafar, Lawyer, FILE
- Hauke Doerk, Campaigner, Climate and Energy, Umweltinstitut München
- Jerome Taraska, Associate director, Carbon Disclosure Project (CDP)
- Julien Lefournier, Associate Expert, Chaire Energie et Prospérité
- Martin Hiller, Founding Partner, Millwater Partners GmbH
- Nima Sepehr Sadeghian, Finance officer, Beyond Fossil Fuels e.V
- Rayna Popova, Project manager, WWF Bulgaria
- Wolfgang Haas, Consultant, United Nations Development Programme (UNDP)

Notes:

(1) The European Commission published its proposal to review the SFDR on 20 November 2025.

(2) As the IPCC notes, scientific studies show that the consumption of currently exploited coal, oil and gas reserves would result in emissions exceeding the remaining carbon budget for limiting global warming to 1.5°C and even 2°C. In fact, a significant proportion of these reserves should not be extracted and a rapid and significant reduction in fossil fuel production is needed, as identified by the United Nations Production Gap Report 2025. These findings mean that no new fossil fuel production should be developed. The immediate end to fossil fuel development is thus a common characteristic of credible 1.5°C scenarios, including those developed by the IPCC and the International Energy Agency (IEA), as acknowledged in an analysis from the French Institute for Sustainable Finance (IFD) composed of major financial institutions. Additionally, and in spite of IEA calls to shift their business model, it should be noted that oil and gas companies are still focused on expanding fossil fuel production while they are backtracking on their renewable and climate commitments.

(3) For example, the oil major TotalEnergies was recently convicted for greenwashing after claiming to be committed to climate action and to be transitioning while expanding its fossil fuel production. Similarly, in 2024 the Dutch Court of Appeal noted that oil and gas companies should take into account the negative consequences of fossil fuel expansion and that Shell's investment plan is at odds with this.

(4) Statement by President von der Leyen at the joint press conference with Mario Draghi on the report on the future of EU competitiveness, 9 September 2024.

(5) See footnote 2.

(6) Fossil fuel non-Proliferation Treaty, "Fossil fuel addiction subverts every single sustainable development goal", *Stockholm50*, 2022

(7) A survey published by the European consumer organization BEUC in October 2025 to inform the SFDR review shows that a clear majority of retail investors (62%) would exclude fossil fuel developers. A previous survey carried out in France during the review of the French SRI label reached similar results.

(8) In the Commission's proposal, the sole exclusion directly related to environmental impact is the exclusion of coal companies (i.e. companies deriving more than 1% of their revenue from exploration, mining, extraction, distribution or refining of hard coal and lignite). While this exclusion is very relevant, it is quite insufficient to prevent fossil fuel harm to the environment. The negative impact of fossil fuel development beyond coal is too massive to be ignored.

(9) Signatories of this letter include 87 civil society organizations (CSOs), 12 financial institutions or organizations from the financial sector, 25 academics, and 9 other experts.

(10) See the open letter "There is no room for fossil fuel developers in any sustainable finance categories" sent to Commissioners Albuquerque and Séjourné by more than 120 signatories in September 2025.