

THE INCLUSION OF GAS & NUCLEAR UNDERMINES THE CREDIBILITY OF THE EU TAXONOMY

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Eurosif acknowledges the approval in principle of the Taxonomy Complementary Delegated Act (DA) [\[Link\]](#) and understands the political context and motivations which led to the inclusion of natural gas & nuclear energy in the EU Taxonomy framework. Nevertheless, we regret the probability that this decision will adversely impact both the credibility and usefulness of the framework for sustainable investors, thereby hampering the very objectives of the EU Green Deal it is seeking to support.

The European Commission's decision to include natural gas & nuclear energy undermines the credibility of the EU Taxonomy and may diminish its usefulness as an investment tool

At its inception, the aim of the EU Taxonomy was to provide private investors with a list of sustainable business activities, thereby facilitating sustainable investment. In view of the original objective and intent of the EU Taxonomy it is doubtful that natural gas & nuclear energy should have a place on this list – even when qualified as transitional activities.

There are doubts about the robustness of the Technical Screening Criteria for natural gas & nuclear energy activities

The inclusion of these activities disregards the scientific basis applied to other activities with a role to play in climate change mitigation. Besides, it contravenes the principle of technological neutrality enshrined in the Taxonomy Regulation. The Platform on Sustainable Finance has stated in its feedback [\[Link\]](#) to the Complementary DA that *“The Technical Screening Criteria (TSCs) differ in fundamental ways to the TSCs in the [...] Climate Delegated Act and are not consistent with the provisions of the Taxonomy Regulation”* The Platform also highlights that *“the TSCs do not ensure no significant harm”*. This remains the case even following the technical adjustments made by the European Commission. Moreover, it will only be possible to verify compliance with the Technical Screening Criteria for natural gas & nuclear energy years after Taxonomy-compliant projects are undertaken.

The Complementary DA is not necessary to make the climate mitigation and adaptation Delegated Acts work

The Complementary DA is a superfluous addition to the EU Taxonomy framework and not an essential or core element of it. While it may undermine the credibility of the framework it should leave its other components, such as the Climate Delegated Act, unscathed.

The Complementary DA is not likely to result in sustainable investors financing natural gas & nuclear energy projects to a greater extent

The inclusion of natural gas & nuclear energy in the EU Taxonomy is unlikely to have a significant influence on the way in which investors view these activities, nor will it be a determining factor as to whether they invest in them.

Finally, we acknowledge that the final version of the Complementary DA features significant improvements to the entity-level disclosures, ensuring they reflect exposures to natural gas & nuclear energy adequately and removing exemptions from reporting for banks. We look forward to similar enhancements being made to the Taxonomy-related product disclosures under SFDR.

Victor van Hoorn, Executive Director of Eurosif

"Adding natural gas and nuclear energy to the EU Taxonomy to make them transitional activities is not likely to dramatically change institutional investors' views of these sectors and therefore translate in lower funding costs. The inclusion however does send a wrong signal about how rigorous some of the EU policy and regulatory tools will be in aligning the objectives of the EU Green Deal with available scientific evidence. And it is likely we will see different parts of the financial markets making different uses of the EU Taxonomy."

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