

Statement by the Chair of the EU Platform on Sustainable Finance, Nathan Fabian

3rd February 2022

The Platform notes the European Commission's decision on nuclear and gas energy transitional technical screening criteria in the adopted Complementary Delegated Act (CDA) but regrets that the criteria are now weaker than the previous draft.

The Platform's [recent report to the Commission](#) said the draft fossil gas energy criteria did not set a performance level for substantial contribution to climate change mitigation and were not environmentally sustainable; and nuclear energy criteria did not fulfil the Taxonomy DNSH requirements. There may be a role for these activities in a transitioning economy but with the weak technical screening criteria in the CDA, their place is not in the green Taxonomy.

The evident departure from a science-based approach to determining when transitioning energy activities do or do not make a substantial contribution to climate change mitigation targets, risks weakening the integrity of sustainable finance. Rather, this is a time for clarity on the environmental performance needed to accelerate financing of the transition.

The legal mandate of the Platform is to advise the Commission on criteria for green and sustainable economic activities.

While acknowledging that the Commission itself was developing the draft nuclear and gas energy criteria and not the Platform, members understood that the substance of the Platform's advice on environmental performance and Taxonomy usability would always be a primary input for the Commission.

The Platform and the previous *Technical Expert Group* provided clear recommendations on science-based fossil gas performance criteria for climate change mitigation on several occasions from 2019 - 2022. The CDA sets one criterion for gas energy in line with these consistent and robust recommendations, but then sets alternative criteria that are weaker than the existing *Do No Significant Harm* criteria for climate change mitigation and are premised on actions long into the future.

The CDA outcome shows that the criteria setting process under the Taxonomy and the role of Platform advice must be clarified and ultimately become a standardised, transparent, evidence-based approach, explicitly referencing environmental science.

Disclosure requirements

The Platform welcomes the additional disclosure for corporate and financial products, to break out their exposure to nuclear and gas energy in the numerator and denominator of each KPI. This will allow investors to distinguish these specific CDA activities and their criteria more easily from the green and sustainable activity criteria already in law.

Clarification to the market will be needed that turnover cannot be recognised as green for sustainable finance purposes until an activity's own performance is green. For technical screening criteria which only promise future emissions reductions, only capital expenditure with a robust and detailed plan following Taxonomy Regulation Article 8 requirements can be reported as green.

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The Platform plays an important role in supporting Taxonomy use in practice and will continue to provide input to the Commission on disclosure guidance for financial and non-financial undertakings, including at financial product level in the coming weeks.

Next steps

Platform members are committed to supporting a robust, science-based and usable green taxonomy. Members who are able, will honour their commitment to deliver the remaining scientific and technical recommendations in the following areas within weeks:

- A model for extending the Taxonomy to cover intermediate performance (Amber), activities requiring urgent transition away from significant harm, and no-significant impact categories.
- Criteria for activities that make a substantial contribution to the remaining four environmental objectives*.

The Platform will also shortly deliver the long-awaited Social Taxonomy blueprint.

Ends.

**Remaining four environmental objectives*

- Transition to a circular economy
- Pollution prevention and control
- Sustainable use and protection of water and marine resources
- Protection and restoration of biodiversity & ecosystems