EU Taxonomy must be credible, robust, and based on science

PRESS RELEASE

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The EU Taxonomy should contain technical screening criteria that ensure sustainable investments are aligned with the Paris Agreement, and rule out greenwash. A credible and robust climate investment taxonomy can rely on science, and years of technical evidence, according to a new paper launched today.

Meeting the EU's climate goals requires the rapid alignment and mobilisation of finance at a massive scale. The goal of the EU Taxonomy is to identify investments that make a **substantial contribution** to climate change mitigation, or adaptation, and **avoid harming environmental objectives**. A robust taxonomy will also protect the savings of Europe's citizens against future climate risks and help pension funds avoid investments in what will become stranded assets.

This December, the European Commission is finalising its draft technical screening criteria for economic activities that are considered sustainable by the EU Taxonomy. Climate Strategy's briefing paper highlights the strengths of the Commission's draft, and where it can still be improved.

The briefing identifies five main themes:

1. **Life-cycle emissions of green power generation must be kept below 100g CO2e/kWh** and reduce over time in sync with the EU's increased climate ambitions to deliver net-zero emissions by 2050.
2. **Only bioenergy from advanced feedstocks should be considered** and thresholds must be aligned with future revisions to the Renewable Energy Directive.
3. **Emissions reduction trajectories can be included in Farm Sustainability Plans,** and afforestation of carbon-rich land should be excluded.
4. **Expert recommendations need to be reinstated** for hydrogen, heat-pump and ammonia production; single-use plastics must be capped; and RDF-combustion excluded from cement.
5. **Adaptation investments should be ring-fenced in financial reports**, and the flexibility required in adaptation practices should not be used as a green loophole for lower mitigation criteria.

Finally, in categories where scientific input is lacking, like shipping and livestock, a precautionary principle is required. The Platform on Sustainable Finance can develop robust technical screening criteria for the EU Taxonomy in areas where progress to date is insufficient.

Peter Sweatman, Chief Executive of Climate Strategy & Partners said "*Europe is leading the world in the development of the language of sustainable finance. Having science-based thresholds in the*

EU Taxonomy will ensure sustainable investments are aligned with the Paris Agreement, and protect European savers and pensioners against unseen climate investment risks."

The EU Taxonomy is the basis for transparent reporting and monitoring on climate spending that has been developed by technical experts. This unequivocal tool is urgently required as public and private sector promoters, project-financiers, companies and Government officials work together to identify investment projects to align recovery investments with the objective of achieving climate neutrality by 2050.

Notes to editors

To download report please click here. For more information, please contact: Climate Strategy: Mauricio Yrivarren, info@climatestrategy.es, +34 91 047 1969

About Climate Strategy & Partners

Climate Strategy & Partners is a leading consultant in climate finance, energy efficiency investments and the corporate strategies and Government policies required to up-scale both. For 11 years, the Climate Strategy team has been providing global companies, banks and Governments advice on how to accelerate the economic transition to a low carbon economy. Climate Strategy's chief executive, Peter Sweatman, has authored or co-authored fifteen white papers, is the rapporteur to the G20's Energy Efficiency Financial Task Group (EEFTG) and the EU Commission and UN Environment Finance Initiative's Energy Efficiency Financial Institutions Group (EEFIG). Climate Strategy has supported energy transition policy development in Mexico, France, UK and Spain and continues to implement leading low carbon business solutions for global clients.

More information can be found at www.climatestrategy.com