## How will the European Union's Green Deal protect our future if its definitions of Greenness are not aligned with its own ambition of net zero greenhouse gases by 2050?

Dear President von der Leyen, Dear First Executive Vice-President Timmermans, Dear Commissioner McGuinness,

We are writing to alert you of a critical oversight in the European Commission's legislative process: The thresholds that define the Greenness of activities underlying the <u>European Green Deal</u>, the so called <u>'EU Taxonomy for Sustainable Activities'</u>, have been disconnected from the <u>European Union's own objective of net zero greenhouse gas emissions by 2050</u> against the explicit advice of the relevant EU expert group. Accurately discriminating Green activities from activities with low or negative environmental impact and substantiating the thresholds of Greenness over time towards net zero greenhouse gas emissions by 2050 is a crucial policy instrument, which is expected to protect our future via Greener decision making by asset owners, investment managers, banks, retail investors, and public institutions.

For over two years already, the <u>EU has been working towards becoming a net zero greenhouse gas economy by 2050</u> – an ambition in line with the <u>EU's commitment to the UN Paris Agreement</u> that sets out to avoid dangerous climate change by holding global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. The EU's net zero greenhouse gas objective lies at the heart of the <u>European Green Deal</u>, and its importance is recognised in the Commission's own proposal for a <u>first European Climate Law</u>. By turning the net zero objective into a legally binding target, this European Climate Law will ensure that the EU's transition to climate neutrality is both predictable and irreversible. Indeed, we congratulate your Commission for comprehensively integrating the EU's established aim of becoming a <u>net zero greenhouse gas economy by 2050</u> into <u>the EU Paris-aligned Benchmarks legislation (2020/1818) published Thursday, December 3rd 2020.</u>

In support of the <u>European Green Deal</u>, the proposed European Climate Law and the EU's 2050 net zero greenhouse gas ambition, the <u>European Commission's Technical Expert Group (TEG)</u> for <u>Sustainable Finance</u> proposed science-based technical screening criteria that define under which conditions energy generation options can be considered 'Green'. These criteria included an initial ceiling to the greenhouse gas intensity of energy production that declines towards net zero by mid-century (expressed in CO<sub>2</sub>-equivalence, CO<sub>2</sub>e, per kWh). Specifically, the TEG proposed in their final report that the technical screening criteria for energy generation that can be defined as Green should be <u>"set at <100g CO<sub>2</sub>e/kWh, reducing in five-year increments to 0g CO<sub>2</sub>e/kWh by 2050" (TEG Report, p. 21)</u>. Due to the importance of the net-zero 2050 ambition for the success of the <u>European Green Deal</u> and in turn for the success of the <u>UN Paris Agreement</u>, the notion of a declining ceiling in line with "net-zero CO<sub>2</sub>e in 2050" was reiterated 24 times in the <u>Technical Annex to the TEG Final Report on EU Taxonomy</u>.

Despite the utmost importance of tightening technical screening criteria over time, the 529 pages of the draft delegated act on the Taxonomy and its annexes (<u>published</u> by your Commission on November 20th 2020) omit any reference to it. We assume this omission can only be an unfortunate administrative oversight in these extraordinary times that, however, needs urgent correction. As recommended by the TEG, the EU Taxonomy for sustainable economic activities and its definitions of Greenness must be aligned with the EU's long-term, strategic goals, and by extension with the Paris Agreement. By failing to do so, the draft taxonomy disregards the EU's established aim of becoming a <u>net zero greenhouse gas economy by 2050</u>, your proposal for a <u>first European Climate Law</u>, relevant scientific research as reported inter alia by the Intergovernmental Panel on Climate Change (IPCC) and the in-depth advice provided by the Commission's own technical expert group.

We, 123 scientists from 27 countries, including the full complement of professors serving on the <u>Technical Expert Group (TEG)</u> for <u>Sustainable Finance</u> appointed by the Juncker commission, scientists appointed by your Commission to the <u>Platform for Sustainable Finance (PSF)</u>, leading scientists serving the Intergovernmental Panel on Climate Change (IPCC) and many others, are deeply concerned about this oversight. The current situation results in a disconnect between the definitions that will guide the implementation of the <u>European Green Deal</u> and the EU's ultimate climate objective of becoming a <u>net zero greenhouse gas economy by 2050</u>. As we are sure you are fully aware, this disconnect is particularly troubling at a time when global climate leadership and environmental integrity is ever more urgent.

We hope you can attend to and resolve this matter at your earliest convenience.

Yours sincerely.

Andreas Hoepner and Joeri Rogeli on behalf of the 123 scientists listed below

Andreas Hoepner, University College Dublin (IE), Member in Personal Capacity of the EU Technical Expert Group for Sustainable Finance & the EU Platform for Sustainable Finance | Joeri Rogeli, Imperial College London (GB) / International Institute for Applied Systems Analysis (AT), Coordinating Lead Author IPCC SR1.5 | Alexander Bassen, University of Hamburg (DE), Member of the German Council on Sustainable Development & Member of the Sustainable Finance Council of the German Government) | Stefano Battiston, University of Zurich (CH), Lead Author IPCC AR 6 Chapter on Finance and Investments | Monica Billio, Head of Department of Economics (IT), Ca' Foscari University of Venice | Charles Cho, Professor of Accounting, Schulich School of Business (CA), Former Head of the Accounting and Management Control Department at ESSEC Business School (FR) | Theodor Cojoianu, Queen's University Belfast (GB) / University College Dublin (IE), Member of the EU Platform for Sustainable Finance | Heleen de Coninck, Radboud University / Eindhoven University of Technology (NL), Coordinating Lead Author IPCC SR1.5 | Ottmar Edenhofer, Potsdam Institute for Climate Impact Research (DE), Former co-chair IPCC WG3 | Fabrizio Ferraro, Head of Strategic Management Department, IESE Business School (ES) | Rajna Gibson Brandon, University of Geneva (CH), Former Board Member of Swiss Re | Céline Guivarch, CIRED / Ecole des Ponts Paris (FR), TechLead Author IPCC AR6 | Jean-Charles Hourcade, CIRED / CNRS (FR), Lead Author IPCC SR1.5 | Alex Koberle, Imperial College London (GB), Lead Author IPCC AR6 | Giovanna Michelon, Head of Accounting Group, University of Bristol (GB) | Irene Monasterolo, Vienna University of Economics and Business (AT), Lead Author, G20 TF2 Chapter on Climate Change and Environment | Loriana Pelizzon. Head of Financial Market Department, Goethe University Frankfurt (DE) | Joana Portugal Pereira, Federal University of Rio de Janeiro (BR), Lead Author IPCC AR6 | Zacharias Sautner, Professor of Finance & Former Head of Finance Department, Frankfurt School of Finance & Management (DE) I Vasile Strat, Dean of Bucharest Business School, Bucharest University of Economic Studies (RO) | Henri Waisman, CIRED (FR), Coordinating Lead Author IPCC SR1.5 | Dariusz Wójcik, Professor at the University of Oxford (GB), Chair of the Global Network on Financial Geography | Carol Adams, Durham University GB | Catalin Albu, Bucharest University of Economic Studies (RO) | Nadia Albu Bucharest University of Economic Studies (RO) | Francisco Ascui, University of Edinburgh (GB) | Ralf Barkemeyer, Kedge Business School (FR) | Enrico Benetto, Luxembourg Institute of Science and Technology (LU) | Pascual Berrone, IESE Business School (ES) | Giuliana Birindelli, Università degli Studi 'G. d'Annunzio' Chieti (IT) | Alexander Blasberg, Universitaet Duisburg (DE) | Timo Busch, University of Hamburg (DE) | Norah Campbell, Trinity College Dublin (IE) | Maria Ceu Cortez, University of Minho (PT) | Marius Claudy, University College Dublin (IE) | Sarah-Jane Cullinane, Trinity College Dublin (IE) | Sabine Doerry, Luxembourg Institute of Socio-Economic Research (LU) | Sayed Fadel, Ahlia University (BH) | Chirs Godfrey, University of Manchester (GB) | Maretno Harjoto, Pepperdine University (US) | Esther Hennchen, University College Dublin (IE) | Ane Jensen, Aarhus University (DK) | Kristina Kalasinskaite, Vilniaus Universitetas (LT) | Donncha Kavanagh, University College Dublin (IE) | Christian Klein University Kassel (DE) | Maarten Kleinhans, Universiteit Utrecht (NL) | Joanna Krasodomska, Cracow University of Economics (PL) | Mario La Torre, Sapienza University of Rome (IT) | Markus Leippold, University of Zurich (CH) | Qian Li, Cardiff University (GB) | Ming-Tsung Lin, University of Essex (GB) | Kerstin Lopatta, University of Hamburg (DE) | Gunnar Luderer, Potsdam Institute for Climate Impact Research & Technical University of Berlin (DE) | Rebecca Maughan, University College Dublin (IE) | Sean McGarraghy, University College Dublin (IE) | Cal Muckley, University College Dublin (IE) | Jenny Nelson, Imperial College London (GB) | Martha O'Hagan, Trinity College Dublin (IE) | Vera Palea, University of Torino (IT) | Mary Parkinson, University College Dublin (IE) | Saphira Rekker, University of Queensland (AU) | Joan Enric Ricart, IESE Business School (ES) | Nick Robins, London School of Economics and Political Science (GB) | Fernanda Rodrigues, Universidade de Aveiro (PT) | Bill Rutherford, Imperial College London (GB) | Frank Schiemann, University of Hamburg (DE) | Michael Schmitt, Heinrich Heine Universitaet Duesseldorf (DE) | Kim Schumacher, Tokyo Institute of Technology (JP) | Florinda Silva, University of Minho (PT) | Rüdiger Simon, Heinrich Heine Universitaet Duesseldorf (DE) | Norah Storey, Waterford Institute of Technology (IE) | Anita Suurlaht, University College Dublin (IE) | Sebastian Utz, University of St. Gallen (CH) | Antoon Vandevelde, Katholieke Universiteit Leuven (BE) | Andrew Vivian, Loughborough University (GB) | Chendi Zhang, University of Exeter (GB) | Claudio Baccianti, Tilburg University (NL) | Carolin Baier, Catholic University of Eichstaett-Ingolstadt (DE) | Julian Barg, Western University (CA) | Tobias Bauckloh, Universität Kassel (DE) | Lara Behrmann, University of Bonn (DE) | Andrea Berger, University College Dublin (IE) | Guia Bianchi, Sant'Anna School of Advanced Studies (IT) | Thomas Cauthron, Universität Kassel (DE) | Giulia Chersoni, Università di Torino (IT) | Jan Christ, Ruhr Universität Bochum (DE) | Romain David, University of Liège (BE) | María del Mar Martínez-Bravo, University of Almería (ES) | Federico Drogo, University of Torino (IT) | Ignacio Duran, ESADE Business School (ES) | Ana Flávia Trevizan, University of Lisboa (PT) | Felix Freese, Heinrich Heine Universität Duesseldorf (DE) | Yumeng Gao, University College Dublin (IE) | Sergio Garcia-Vega, University College Dublin (IE) | Leonhard Gebhardt, University of Potsdam & HTW Berlin (DE) | Jody Grewal, University of Toronto (CA) | James Hodson, Josef Stefan Institute (SI) | Jia Hui Li, Freie Universität Berlin (DE) | Leonhard Kehrberger, Cambridge University (GB) | Robin Lamboll, Imperial College London (GB) | Fabian Mändli, University of Lausanne (CH) | Marcel Metzner, University of Oxford

(GB) | Simon Nadal, University of Oxford (GB) | Lucrezia Nava, ESADE Business School (ES) | Ifigenia Paliabelos, Universität Hamburg (DE) | Diego Pérez Guisande, University College Dublin (IE) | Thomas Pioch, Universität Hamburg (DE) | Ellen Quigley, Cambridge University (GB) | Moustafa Ramadan, Reading University (GB) | Thiyagaraj Rangasamy, Sri Ramakrishna college of Arts & Science (IN) | Sofie Reyners, Katholieke Universiteit Leuven (BE) | Maurizio Riesner, Universität Duisburg-Essen (DE) | Kyoko Sakuma-Keck, Université Libre de Bruxelles (BE) | Fabiola Schneider, University College Dublin (IE) | Hanna Setterberg, Stockholm School of Economics (SE) | Theresa Spandel, Universität Hamburg (DE) | Loukas Spanos, University of Athens (GR) | Nele Terveen, TUM School of Management (DE) | Raphael Tietmeyer, Universität Hamburg (DE) | Michael Urban, University of Oxford (GB) | Pia Vaittinen, Hanken School of Economics (FI) | Gabija Zdanceviciute, University College Dublin (IE) | Xiaoyan Zhou, University of Oxford (GB)