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) for 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 CO₂-equivalence, CO₂e, 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 CO₂e/kWh, reducing in five-year increments to 0g CO₂e/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 CO₂e 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

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