Joint NGO Statement – Ten Priorities for the European Commission's Climate Taxonomy Delegated Acts

May 2020

Following the release of the Technical Expert Group (TEG) final report on the EU Sustainable Taxonomy, we, a coalition of experts, scientists, think tanks, and environmental, social justice, human rights, and health NGOs representing millions of EU and non-EU citizens, and working with millions of people in the Global South, are writing to reiterate our support for an EU sustainable taxonomy rooted in climate and environmental science to boost the development of fully sustainable economic activities, accelerate the shift from brown to green, and reduce the risk of greenwashing.

Many of us contributed extensively to the Commission's consultation and also issued a joint <u>letter</u> in June of 2019, outlining ten priorities we thought the taxonomy should reflect. We are returning to those priorities below to point out further steps the Commission should take to ensure the taxonomy Delegated Act on climate mitigation fully responds to the climate crisis. As current news headlines demonstrate, crises require determined responses based on scientific evidence and anchored in well-functioning democratic institutions.

In addition to these ten priorities, we warmly welcome the TEG's call to complement the sustainable taxonomy with an unsustainable taxonomy, which is crucial to reliably identify risky sectors and accelerate their transition. We also support an independent, science-based EU Platform to set up and regularly review the taxonomy's technical screening criteria.

A. Economic activities to be improved with tighter criteria

1. Bioenergy

We welcome the TEG's recognition that the bioenergy criteria in the revised Renewable Energy Directive are severely flawed and completely inadequate as a basis for classifying green investments. We also welcome the feedstock-based approach: when it comes to bioenergy's climate impacts, what matters is *what* is burnt, not *how* it was produced. However, the Commission should go further: the TEG's proposal would still allow many feedstocks which will increase emissions compared to fossil fuels, for example tree trunks, stumps, energy crops and so called 'low indirect land-use change-risk' food and feed crops, and would allow the use of fuels based on fossil carbon.

2. Forestry

The taxonomy relies on the notion of sustainable forest management, which entails cutting less than the annual growth and giving equal consideration to environmental and social aspects, as well as economic ones. However, logging operations and forest management should not qualify if: they reduce forests' carbon sink function overall, thus harming the climate, or lead to irreversible forest degradation or

biodiversity loss. Forest management should generally be adapted to the respective site/soil/forest conditions. A highly referenced April 2019 study published in Nature concluded that "restoring natural forests is the best way to remove atmospheric carbon". The Commission should accordingly tighten forestry criteria.

Concretely, one of our main concerns is the lack of action to protect natural forests against deforestation or severe degradation. Afforestation or reforestation of forests is insufficient to replace forests lost to deforestation or which are highly degraded. Protecting existing natural forests, restoring and enriching biodiversity, as well as the carbon storage potential to generate forests that are resilient, are important. The taxonomy's 'do-no-harm' element should therefore be an underlying requirement.

3. Hydropower

We believe that the TEG's 'do no significant harm' criteria should be tightened for hydropower within the EU, where the almost 20.000 dams which already exist are heavily disrupting freshwater ecosystems and where lower-impact and viable renewable alternatives exist. Greenfield hydropower plants should therefore no longer be developed in Europe and there should instead be a refocus on retrofits. Outside the EU, hydropower should never affect freshwater ecosystems of high ecological importance nor take place in protected areas. It should only be developed when alternatives such as solar, wind or demand-side energy efficiency are unfeasible. This should be based on comprehensive energy scenario analyses, basin-wide impact assessments, and cost-benefit analyses which give nature, water conservation, and human rights the same weight as economic, climate, and energy issues.

4. Passenger Cars and Vans

The final TEG taxonomy report allows for vehicles with tailpipe emission intensity of 50 g CO2/km to be eligible until 2025. This threshold allows for vehicles that are incompatible with the EU's 2050 targets to be regarded as taxonomy-compliant. Instead, the threshold for this activity should be set at 0g of CO2/km from the date of the Taxonomy's entry into force so that only vehicles compatible with the EU's carbon neutrality target are eligible.

5. Cross-cutting 'do no significant harm' criteria on biodiversity

We raised concerns about the interim TEG taxonomy report, that have been largely addressed by the TEG: it mainstreamed the 'do no significant harm' minimum requirement for most economic activities that they should not harm protected areas like UNESCO World Heritage Sites and Key Biodiversity Areas. However, the 'do no significant harm' criteria for infrastructure still need to be improved further.

B. Economic activities to be removed from the EU sustainable taxonomy

6. Biofuels and biogas use in transport

Under the TEG's proposals, trucks, coaches, and vessels that use liquid biofuels or biogas would be eligible. But such vehicles and vessels can also use fossil diesel or gas, so a truck could use advanced biofuels one day and diesel the next. In practice, it is extremely unlikely that a financial market participant would monitor every vehicle or vessel refuelling in a fleet. Even if they did, there would be no independent verification or enforcement in place to ensure the Taxonomy criteria were met.

The taxonomy should therefore exclude any trucks, coaches, and ships (as well as the related refuelling infrastructure) that can also run on fossil diesel or gas.

7. Livestock

We recommend to not include livestock activities in the taxonomy for the time being as it is difficult to assess livestock's greenhouse gas emissions. The industry as a whole is highly carbon-intensive, emissive, polluting, and strongly linked to deforestation. In addition, there are major animal welfare and human health concerns. Including livestock risks slowing down the transition to a more sustainable, plant-based diet, as required in Paris-compliant climate scenarios. Organic livestock could be an exception and could therefore be included.

C. Economic activities that were rightly excluded and should not be reincluded

8. Nuclear power

Nuclear power was rightly excluded by the TEG as it significantly harms the taxonomy's pollution prevention and circular economy objectives, due to long term impacts of nuclear waste with regards to the "do no significant harm principle". As highlighted in the TEG report there is an international consensus that a safe, long-term technical solution is still needed to address this problem. It is also responsible for some of the worst man-made disasters in recent times.

Several national and regional ecolabelling schemes exclude nuclear power, as well as most green sovereign bond issues to date; to avoid damage to the EU Ecolabel's reputation, and given expectations of retail investors, we agree that this exclusion is justified.

9. Fossil fuels (including gas)

Fossil fuels clearly operate on emissions that are far beyond the 100 gCO2/KWh threshold identified by the TEG. The TEG has correctly excluded them and the TEG threshold should not be weakened: it will actually have to be tightened in a few years, as rightly proposed by the TEG. Mid-stream oil and gas is also excluded and should not be reincluded.

10. Incineration

The TEG has rightly excluded waste incineration as it undermines upper-tier activities of the waste hierarchy which are more protective of the climate. Indeed, as the circular economy is one of the taxonomy's objectives, it is important to note that much of what is currently used as incinerator feedstock can and will have to be recycled or composted. By recognising the environmental impact and lock-in caused by incineration, the TEG recommendation is consistent with the hierarchy of the EU Waste Framework Directive.

Sincerely,







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RIVERS WITHOUT BOUNDARIES



Russian Social-Ecological Union Friends Of the Earth Russia







TRANSPORT & ENVIRONMENT

























WWF European Policy Office,

Sebastien Godinot, Economist

.ausgestrahlt - together against nuclear energy,

Matthias Weyland, Managing Board

Fair Finance Guide Netherlands (Eerlijke Geldwijzer),

Peter Ras, Project Lead

Transport and Environment,

Luca Bonaccorsi, Director of Sustainable Finance and Digital Engagement

Zero Waste Europe,

Janek Vahk, Climate, Energy and Air Pollution Programme Coordinator

Youth and Environment Europe,

Nathan Méténier, External Relations Officer

Polish Zero Waste Association,

Anna Komar, Vice President

SREDINA - Association of citizens,

Aleksandra Zujic, Project Coordinator

Green Liberty,

Janis Brizga, Chair

Ekologiya i Mir,

Andrey Artov, Board Member

Humusz Szövetség,

Csilla Urbán, President

Polish Ecological Club Pomerania Branch,

Maria Weber, Board Member

ZERO - Association for the Sustainability of the Earth System,

Susana Fonseca, Member of the Board

World Animal Protection Netherlands,

Dirk-Jan Verdonk, Country Director

Humusz Waste Prevention Alliance,

György Szabó, Zero Waste Program Manager

Profundo,

Jan Willem van Gelder, Director

Naturefriends International,

Andrea Lichtenecker, Executive director

VšĮ "Žiedinė ekonomika",

Domantas Tracevičius, Director

Terra Cypria,

Stalo Demosthenous, Policy & Communication Officer

Dutch Animal Coalition,

Sandra Beuving, Advisor Public Affairs

Zero Waste France,

Laura Chatel, Senior Policy Officer

United Kingdom Without Incineration Network (UKWIN),

Shlomo Dowen, National Coordinator

Stop Waste Incineration Protect the Environment,

Lindsey Williams, Secretary of SWIPE

Herts WithOut Waste (HertsWOW),

Dr John Webb, Co-ordinator

Noarc21,

Colin Buick, Chairperson

Fair Finance International,

Kees Kodde, Coordinator Fair Finance International

Hnutí DUHA - Friends of the Earth Czech Republic

Ivo Kropáček, Waste Expert

Health Care Without Harm Europe,

William Clark, Executive Director

Estwatch,

Uku Lilleväli, Board Member

Oikos - cooperação e desenvolvimento,

José Luís Monteiro, Project Officer

CAN Europe,

Wendel Trio, Director

Leave it in the Ground Initiative (LINGO),

Kjell Kühne, Director

Environmental Paper Network - Finance Working Group,

Merel van der Mark, Coordinator of the Finance Working Group

ECOS

Justin Wilkes, Executive Director

Rivers without Boundaries International Coalition,

Eugene Simonov, Coordinator

NABU,

Lief Miller, Chief Executive

Gastivists Collective,

Kjell Kühne, Collective Member

Friends of the Siberian Forest,

Andrey Laletin, Chair

Socio-ecological Union International,

Sviatoslav Zabelin, Coordinator

Birdlife International,

Ariel Brunner, Senior Head of Policy

"Dront"Ecological Center,

Askhat Kayumov, Chairman of the Council

Partnership for Policy Integrity,

Mary S. Booth, Director

Facing Finance

Thomas Küchenmeister, Managing Director

Oil Workers' Rights Protection Organization Public Union

Mirvari Gahramanli, Chairperson

NGO BROC,

Anatoly Lebedev, Chairman of the Board

Organising Committee of the Animal Protection Party,

Mikhail Yurchenko, Chairman

Reclaim Finance

Paul Schreiber, chargé supervision of financial actors

Kola Environmental Centre,

Elena Kruglikova, Coordinator

"The third planet from the Sun" Youth public ecological movement,

Vyazov Evgeniy, Chairman

Terra-1530,

Petru Botnaru, Director

Kola Environmental Centre,

Yuri Ivanov, Project Coordinator

Biodiversity Conservation Center,

Alexey Zimenko, Director General

Biodiversity Conservation Center

Alexey Zimenko, Director General

EcoLur Informational NGO,

Inga Zarafyan, President

"Green Leaf", Karelian Ecological Journal,

Ludmila Vladimirovna Morozova, Chief Editor

Rivers Without Borders Coalition

Sukhgerel Dugersuren, Mongolia Coordinator

Elena Kreuzberg

Biodiversity and Environmental Expert, Freelance

350.org,

Nick Bryer, Associate Director - European Campaigns

International Rivers,

Maureen Harris, Programs Director

Fundación Renovables

Fernando Ferrando, President

Ecological North West Line (ENWL),

Vladimir Levchenko, Moderator

Russian Social-Ecological Union (RSEU),

Alexander Esipenok, Council Co-Chair

SEE Change Network,

Garret Patrick Kelly, Principal

Get Jump

Igor Shradyuk, Founder

Bluelink.info

Nataliya Dimitrova, Chair of the Board

Both ENDS,

Niels Hazekamp, Senior Policy Advisor

Red Tree Heritage Institute,

Leon Kebe, Director

Foundation to Support Civil Initiatives

Muazama Burkhanova, Chair, PhD, environmental specialist

Dinarica

Zoran Mateljak, Director

Oyu Tolgoi Watch,

Sukhgerel Dugersuren, Chair

Neuer Weg Association,

Neuer Weg Association /Romania Deputy Chair,

Environment East Gippsland inc,

Jill Redwood, Coordinator

Fair Finance Guide Deutschland,

Richard Buch, Project Coordinator

European Public Health Alliance (EPHA),

Sascha Marschang, Secretary General (Acting)

Society for Responsible Design,

Greg Campbell, Convenor

Eko-Zadar,

Željka Jurlina, Project Assistant

Fern,

Linde Zuidema, Senior Policy Advisor

Forum Ökologie & Papier

Evelyn Schönheit, Environmental Scientist

Milieudefensie - Friends of the Earth Netherlands,

Jonas Hulsens, Senior policy officer, Forests & climate justice

Fundacja "Rozwój TAK - Odkrywki NIE"

Kuba Gogolewski, Project Coordinator and Senior Finance Campaigner

ActionAid International,

Neelanjana Mukhia, Head of Global Engagement

CEE Bankwatch Network,

Petr Hlobil, Strategic Area Director - Energy and Media,

Sinergia Animal,

Tomas Schweiger, President

ECOPANA,

Fabien Techene, Executive Director

Alliance for Empowering Rural Communities (AERC),

Richard Matey, Executive Director

Greenpeace European Unit,

Magda Stoczkiewicz, Deputy Director

Abibinsroma Foundation,

Robert Tettey Kwami Amiteye, Director

Abibiman Foundation,

Kenneth Nana Amoateng, Director

Association Žmergo,

Association Žmergo Executive director

Euronatur

Gabriel Schwaderer, Executive Director

Riverwatch

Ulrich Eichelmann, Ecology and Conservation Expert

Renourish,

Renourish Founder

Tajik Social and Ecological Union,

Tajik SEU Chairman of Board

Nick Meynen,

Policy Officer for Environmental and Economic Justice