September 30th 2025

There is no room for fossil fuel developers in any sustainable finance categories

Dear Commissioner Albuquerque,
Dear Commissioner Séjourné,

The review of the SFDR (Sustainable Finance Disclosure Regulation), initiated two years ago, is coming to an end with the publication of the proposal for a revised regulation by the European Commission announced for Q4 2025.

We are keen to see this regulation evolve significantly to “restore trust in the market” and stop “bear[ing] significant greenwashing risks” (1). We therefore call on the European Commission to respond to the expectations of EU citizens, retail investors, civil society, and financial stakeholders by offering sufficient safeguards to prevent greenwashing, **notably by making the exclusion of companies developing new fossil fuel projects (2) a minimum criterion across all SFDR product categories** (3).

As pointed out by three separate national financial market supervisors, all SFDR categories should be “based on objective minimum criteria” (4). A unique set of baseline exclusions is particularly necessary for the fossil fuel sector, as there is a broad scientific consensus on the need to halt the development of new fossil fuel projects to limit global warming to 1.5°C (5). President von der Leyen herself stated, when presenting the Draghi report: “*the only way to ensure our long-term competitiveness is to shift away from fossil fuels and towards a clean, competitive, and circular economy*.” (6).

Indeed, developing new fossil fuel projects - a long-term investment incompatible with global climate goals - is a clear indication that a company is not planning to transition. Oil and gas majors are currently raising their oil and gas production growth targets, maintaining the majority of their investments in fossil fuel development and only marginally investing in sustainable energy (7).

Excluding companies developing new fossil fuel projects from all SFDR product categories aligns with citizens’ and retail investors' expectations (8). Over the years, several scandals have revealed the disconnect between the presence of such companies in funds that included sustainability messaging and the expectations of citizens and retail investors (9). As a result, national sustainable fund labels have been increasingly integrating related exclusions in order to remain credible (10).

This easily understandable and implementable criteria (11) would significantly clarify the aims of the SFDR and help restore trust among retail investors, in line with the feedback received by the Commission in the September 2023 “Targeted Consultations on the SFDR Assessment” (12).

Simply aligning the SFDR’s minimum criteria with the recent ESMA Guidelines on fund names (13) or replicating the criteria of the Climate Benchmark Regulation is clearly insufficient to guarantee credibility. We highlight that the current Climate Transition Benchmark (CTB) does

not include any fossil fuel exclusions, and we advocate strongly for a strict exclusion of companies developing new fossil fuel projects to serve as reference for all future SFDR categories (14).

Given the elements above, we, the signatories of this letter, call on you to ensure the exclusion of companies developing new fossil fuel projects from all future SFDR fund categories.

Yours sincerely,

Signatories:

EU-based NGOs & Associations

- Association of Ethical Shareholders Germany
- Associació Renovem-nos
- ASUFIN - Asociación de usuarios financieros
- BankTrack
- BLOOM
- CEE Bankwatch Network
- Centre for Transport and Energy
- Client Earth
- Climate & Company
- Climate Action Network (CAN) Europe
- Christians for Future Germany
- Deutsche Umwelthilfe
- EcoCitizen
- Ecologistas en Acción
- ECOS (Environmental Coalition on Standards)
- Ecoserveis Association
- Facing Finance
- Fair Finance Guide Sweden
- Fair Finance Institute
- FairFin
- Federación de Consumidores y Usuarios CECU
- Finance Watch
- Finanzwende
- Fridays for Future Spain
- Italian Federation of Christian-inspired international volunteer organizations (FOCSIV)
- France Nature Environnement
- Friends of the Earth France
- Grandparents for Climate Denmark
- Grandparents for Future
- Grandparents for Future Austria
- Greenpeace EU Unit
- Green Legal Impact Germany e.V.
- Greentervention
- Institut Rousseau

- International Federation for Human Rights (FIDH)
- Just Shift
- KOO - Co-ordination office of the Austrian Bishops‘ Conference for international development and mission
- Laudato Si' Movement
- LES COLLECTIFS
- Milieudefensie - Friends of the Earth Netherlands
- Mission Possible (former RTON)
- Nordic Center for Sustainable Finance
- Notre Affaire à Tous
- Parents for Future
- Plataforma por un Nuevo Modelo Energético
- Positive Money Europe
- Pour un Réveil Écologique
- Printemps Écologique
- re.boot
- Reclaim Finance
- ReCommon
- Revo Prosperidad Sostenible
- Réseau Action Climat
- Rinascimento Green
- ShareAction
- SÜDWIND Institut
- Transport & Environment (T&E)
- Urgewald
- Wikirate International
- Workshop for All Beings
- World Benchmarking Alliance (WBA)
- WWF European Policy Office

Non-EU NGOs & Associations

- Climate Alliance Switzerland
- Coal Action Network
- Oil Change International
- Partnership for Policy Integrity
- Shift: Action for Pension Wealth & Planet Health (Makeway)
- Youth Ecological and Security Zone (EcoZ)

Financial Institutions & Corporate Actors

- Arbeitskreis Kirchlicher Investoren (AKI)
- Banque Wormser Frères
- CCOO (Confederación Sindical de Comisiones Obreras), FP
- Climate Bonds Initiative
- Cric e.V.
- Dorval Asset Management
- Ecofi

- EthikBank eG
- Ethius Invest
- FEBEA
- Goodvest
- Green-Got
- Helios by Younited
- Ircantec
- La Corriente Coop
- Les Acteurs de la Finance Responsable
- Les Nouveaux Géants
- Mouvement Impact France
- Ököfinanz-21 e.V.
- Pax-Bank für Kirche und Caritas eG
- Shareholders for Change
- Sustainable Banking Coalition
- Tomorrow
- Trusteam Finance

Academics & Experts

- Belinda Bell, Co-director, Finance for Systemic Change, University of Cambridge
- Josef Baumüller, Researcher, Vienna University of Technology
- Dominique Bourg, Honorary Professor, University of Lausanne
- Gunther Capelle-Blancard, Professor of Economics, University Paris 1 Panthéon-Sorbonne
- Jézabel Couppey-Soubeyran, Senior Lecturer & scientific advisor, University of Paris I Panthéon-Sorbonne & Veblen Institute
- Anna Creti, Professor, Université Paris Dauphine
- Alain Grandjean, Chairman of the Board, The Other Economy
- Paula Haufe, Doctoral Researcher, German Advisory Council on Global Change's & Witten/Herdecke University
- Catherine Karyotis, Lecturer and Researcher, Neoma Business School
- Willem Klok, Researcher, Eindhoven University of Technology
- Jean Jouzel, Retired scientist (climatologist), former vice-chair of the Scientific Working Group of the Intergovernmental Panel on Climate Change (IPCC)
- Olivier Laffitte, Attorney-at-Law, Deyla Partners
- Julien Lefournier, Associate Expert, Energy and Prosperity Chair
- Noam Leandri, Research Fellow, ESSCA EU Asia Institute
- Karen Maas, Endowed Professor of Accounting & Sustainability, Open University & Heerlen and Impact Centre Erasmus
- Lydia Marsden, Research Fellow in Sustainable Finance, University College London
- Nicolas Mottis, Full Professor, Ecole Polytechnique
- Clemens Mueller, Assistant Professor, Erasmus University Rotterdam
- Romain Poivet, Climate Engagement Lead, World Benchmarking Alliance
- Philippe Quirion, Researcher in economic, CNRS
- Dr Pieter Pauw, Professor, Eindhoven University of Technology
- Alexandre Rambaud, Senior lecturer, AgroParisTech

- Christophe Revelli, Professor of Sustainable and Impact Finance, Kedge Business School
- Josh Ryan-Collins, Professor in Economics and Finance, UCL IIPP
- Simon Schairer, Doctoral researcher, Witten/Herdecke University
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- Johannes Stangl, PhD Candidate, Complexity Science Hub
- Christophe Thibierge, Professor of Sustainable Finance, ESCP Business School
- Mathijs van Dijk, Professor of Finance, Erasmus University Rotterdam
- Dr Joscha Wullweber, Professor, Witten/Herdecke University
- Corinna Wilkening, Attorney-at-Law, LL.M.

Notes:

(1) Joint Letter to the Commission on the Revision of the SFDR, from BAFIN, AFM and FMA.

(2) Exclude companies that develop: new upstream projects and related large-scale infrastructure (LNG terminals and pipelines); new coal mines, mine extensions and related infrastructure; new coal-fired power generation.

(3) As proposed by the EU Platform on Sustainable Finance in its briefing note on SFDR (December 2024) and by WWF and Urgewald in a joint briefing 'From greenwashing to clarity: Excluding fossil fuels in SFDR categories' (May 2025). This exclusion should apply to all SFDR categories with ESG characteristics or claims (including any "sustainable", "transition", "impact" and "ESG-collection" categories). The exclusion of companies based on their current corporate activity, instead of using an approach that relies on revenue exclusions by business classification, generates incentives for the companies to change their behaviour. A criteria addressing fossil fuel expansion is science-based and gives companies the opportunity to be re-included in the fund categories when their expansion activities are stopped.

(4) Joint Letter to the Commission on the Revision of the SFDR, from BAFIN, AFM and FMA.

(5) To limit global warming to 1.5°C, there is no room for new fossil fuel projects (no new coal mines, no new oil and gas fields, no new coal and gas-fired power plants). Consuming currently exploited coal, oil and gas reserves would largely exhaust the remaining carbon budget to keep global warming to 1.5 or even 2°C. Fossil fuel production must enter a phase of decline, in a fundamental shift with current production plans. This entails going beyond ending new projects to retire several assets early - especially those tied to coal and coal power generation. The Net Zero Emissions by 2050 (NZE) scenario from the International Energy Agency (IEA) has highlighted since 2022 that new LNG export infrastructure is not necessary under a 1.5°C climate scenario and that operational LNG export capacities are sufficient to meet current and future demand.

(6) Statement by President von der Leyen at the joint press conference with Mario Draghi on the report on the future of EU competitiveness, 9 September 2024.

(7) See Reclaim Finance's assessment of oil and gas companies' climate strategies, 2024.

(8) For example, 6 out of 10 French people surveyed by YouGov think that a 'responsible' investment should not invest in companies developing fossil fuel projects. Similarly, 64% of those polled think that 'responsible' funds that include such companies are greenwashing.

(9) For example, a collaborative investigation led in 2022 by a dozen European media outlets, including Investico, Follow the Money and Le Monde, discovered that most of the financial players who promise to put their investors' savings into green assets are in reality still financing polluting companies. Several other investigations and research led to similar findings. In this context, it is not surprising that a 2024 IFOP survey commissioned by the French Investment Forum discovered that 75% of the French population agreed that responsible investment products are mainly a marketing tool that will not change the way their savings are used.

(10) Major European voluntary fund labels like the French Socially Responsible Investment (SRI) and Greenfin labels and the Belgian Toward Sustainability label (TSL) exclude all companies developing new coal, oil and gas production. European fund labels - including SRI, Greenfin, TSL, FNG Siegel, Nordic Swan.. - use revenue-based thresholds excluding fossil fuel companies.

(11) There are no real technical obstacles to adopting such a criterion. It will be up to data and index providers to adapt their offers to investors, and to investors themselves to adapt their internal tools. Free-to-use databases are already available for financial institutions and market players to identify the companies and assets to be excluded. Indeed, the Global Coal Exit List (GCEL) and Global Oil and Gas Exit List (GOGEL) are free, transparent, and publicly available databases provided by the German organization Urgewald. They are updated annually and are already extensively utilised within the finance industry. Both GCEL and GOGEL have a unique focus on expansion activities in the fossil sector and are tailored to the specific needs of financial institutions.

(12) In its summary report on this consultation, the Commission wrote that:
"*A large majority of respondents stressed the importance of categories being easily understandable by retail investors. They called for simple and comparable disclosures to help retail investors grasp the products' investment goals, strategies used to achieve them, and ESG performance monitoring*."

(13) The ESMA Guidelines on fund names represent progress insofar as they explicitly recognize the need for strict criteria—including exclusions—to justify ESG claims. However, their actual impact remains questionable. Some asset managers have renamed funds instead of meeting the conditions required to retain their names. Furthermore, these rules perpetuate the risk of greenwashing by creating fund naming categories with particularly low requirements - for example with terms such as "transition", "governance" and "social". The significant differences in standards between funds that reference ESG, climate, or sustainability in their naming will confuse savers. Even the most informed investors might struggle to distinguish a truly sustainable fund from one merely labelled as "transition".

(14) The EU Platform on Sustainable Finance recommends updated exclusions from the Benchmark regulation that would feature an explicit exclusion of all companies developing new fossil fuel projects for all SFDR categories.