

# **Riders on the delegated act storm: power struggles and expertise in the dismantling of the EU Taxonomy**

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## **Abstract**

Presented as a “science-based” voluntary market-transparency tool to define sustainable economic activities, the EU Taxonomy quickly proved controversial. When the European Commission classified gas and nuclear activities as sustainable via a delegated act, it provoked outrage within its own advisory body, the Platform on Sustainable Finance (PSF). This article analyzes the Taxonomy’s contested evolution, explaining how dismantling pressures disrupted the co-production of knowledge – the ideational alignment between science and politics – within the PSF. Two factors are examined: the role of self-undermining feedback effects (whereby interest groups anticipating policy losses shift lobbying strategies) and the Commission’s strategies to stabilize knowledge co-production through the (re)orchestration and calibration of PSF advice. These factors are analyzed across three policy sequences (2016-2024), drawing on fifteen semi-structured interviews and a longitudinal analysis of PSF composition. The article explains why the carbon-intensive industry intensified dismantling pressures during the Taxonomy implementation, how the Commission accommodated them by calibrating PSF advice in delegated acts, and why this calibration led to conflicts between the Commission and the PSF, ultimately prompting the Commission to reorchestrate the Platform.

## **Introduction**

Since the mid-2010s, EU authorities have introduced regulations potentially influencing the valuation of hundreds of billions of euros in financial assets to promote sustainable economic activities (Smolenska, this issue)<sup>1</sup>. Presented by the European Commission as a science-based voluntary market transparency tool, the EU Taxonomy for sustainable activities is a cornerstone of the EU sustainable finance framework—a classification system that delineates the criteria under which economic activities contribute to the 2050 net-zero goal and other environmental objectives beyond climate<sup>2</sup>.

On 1 January 2022, six months after its adoption, the EU Taxonomy catapulted from the confines of niche sustainable finance policy circles to the headlines of the Financial Times. The newspaper leaked the Commission’s Complementary Climate Delegated Act, which outlined the criteria for classifying gas and nuclear activities as sustainable<sup>3</sup>. This delegated act sparked significant controversy: within a month, the Chair of the Platform on Sustainable Finance (PSF), the expert body advising the Commission on Taxonomy criteria, criticized it as an "evident departure from a science-based approach...which risks weakening the integrity of sustainable finance."<sup>4</sup> Later, NGOs representatives within the PSF wrote an open letter expressing their discontent<sup>5</sup>, announced their resignation from the Platform, initiated legal action<sup>6</sup> and launched an independent "science-based" taxonomy project<sup>7</sup>. Criticism also arose from member states, with Austria and Luxembourg systemically opposing nuclear energy’s inclusion and challenging it at the European Court of Justice<sup>8</sup>. In short, the gas and nuclear

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<sup>2</sup> [https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities\\_en](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en)

<sup>3</sup> Mehreen Kahn, “Brussels proposes green label for nuclear and natural gas”, Financial Times, 1st January 2022

<sup>4</sup> Statement by the Chair of the EU Platform on Sustainable Finance, Nathan Fabian 3rd February 2022. <https://ieep.eu/wp-content/uploads/2022/11/Statement-on-CDA-3rd-Feb-2022.pdf>

<sup>5</sup> Civil Society experts leaving the EU Platform on Sustainable Finance, Brussels, 13 September 2022, [https://wwfeu.awsassets.panda.org/downloads/220913\\_eu\\_platform\\_expert\\_letter\\_to\\_commissioner\\_mcguinness\\_2\\_.pdf](https://wwfeu.awsassets.panda.org/downloads/220913_eu_platform_expert_letter_to_commissioner_mcguinness_2_.pdf)

<sup>6</sup> Valentina Romano, “NGOs sue Commission for ‘absurd’ inclusion of gas in EU green taxonomy”, Euractiv, 18 April 2023. <https://www.euractiv.com/section/energy-environment/news/ngos-sue-commission-for-absurd-inclusion-of-gas-in-eu-green-taxonomy/>

<sup>7</sup> <https://science-based-taxo.org/>.

<sup>8</sup> Nikolaus J. Kurmayer “Austria, Luxembourg to take green label for nuclear and gas to EU courts”, 3 February 2022. [https://www.euractiv.com/section/politics/short\\_news/austria-luxembourg-to-take-green-label-for-nuclear-and-gas-to-eu-courts/](https://www.euractiv.com/section/politics/short_news/austria-luxembourg-to-take-green-label-for-nuclear-and-gas-to-eu-courts/)

controversy marked an early manifestation of policy dismantling pressures<sup>9</sup> on the EU sustainable finance agenda as it presents a clear attempt at reducing the intensity of the EU Taxonomy by loosening regulatory standards (Knill et al., 2012).

Against this background and aligned with this special issue's overarching theme of "puzzling" and "powering" in EU sustainable finance policies (Mertens and Van der Zwan, this issue), this article analyzes the contested evolution of the EU Taxonomy. It explains why dismantling attempts emerged and how they undermined the co-production of knowledge within the PSF.

Established in October 2020, the Platform on Sustainable Finance (PSF) is one of many groups in the Register of Commission Expert Groups<sup>10</sup>. Overseen by DG FISMA (which provides secretariat support), the PSF comprises unpaid members appointed through open calls for two-year mandates (2020–2022; 2023–2025; the third mandate starts in Fall 2025). As the Commission's primary expert body, the PSF drafts Taxonomy delegated acts and advises on sustainable finance policies. It aimed to balance scientific rigor with industry acceptability: its mixed membership (academia, NGOs, think tanks, EU institutions, and business representatives) embodies this effort at knowledge co-production. Knowledge co-production entails a dynamic of co-legitimation between knowledge and politics, where specific mechanisms ensure "ideational alignment between science and politics occurs during the making of policy" (Littoz-Monnet, 2020: 23). Nevertheless, the Commission retains discretion to deviate from PSF-proposed criteria when introducing delegated acts.

I examine two factors explaining how dismantling pressures undermined knowledge co-production within the PSF. First, tracing self-undermining feedback effects across policy sequences, I pinpoint when carbon-intensive industry representatives mobilized against the Taxonomy and assess their destabilizing impact on PSF knowledge co-production. Second, I scrutinize the Commission stabilization strategies: (re)orchestrating scientific deliberation within the PSF and calibrating its advice to align with political constraints during delegated act drafting.

Taken together, these two factors explain why dismantling pressures by the carbon-intensive industry gained traction during the implementation stage of the policy process, how the

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<sup>9</sup> Policy dismantling refers to cases where policy commitment decreases or reduces rather than increases or expands (Bauer et Knill 2014).

<sup>10</sup><https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3731>

Commission accommodated them by calibrating the PSF advice in delegated acts, why this calibration triggered intense conflicts between the Commission and the PSF how it prompted Commission-led reorchestration of the PSF during its second mandate.

The methodological entry point and primary empirical focus of this research is on the PSF. I conducted eleven semi-structured interviews with PSF members (see list of interviewees at the end of the article) and performed longitudinal analysis of PSF meeting participation to trace compositional evolution across Taxonomy policy sequences (see methodological annex<sup>11</sup>).

This focus entails limitations, as PSF members generally had only second-hand knowledge of internal dynamics within Member States and the Commission. To address this, I conducted four supplementary interviews with representatives from the Member States Expert Group on sustainable finance and triangulated data using legislative texts, delegated acts, press coverage, and stakeholder documents (see methodological annex).

Section 1 outlines and ties the theoretical framework with the policy dismantling literature. Section 2 applies this framework to three key sequences in the EU Taxonomy's institutional development. Section 3 discusses empirical findings and proposes future research avenues. The conclusion examines to which extent comparable dismantling pressures are fueling the recent Omnibus legislative package.

## **Policy dismantling and knowledge co-production in the EU sustainable finance strategy**

### Dismantling EU environmental policies

While policy expansion predominates over dismantling, Jordan et al. (2013) argue this agenda holds significant potential for regulatory policies, which face higher dismantling risks than redistributive policies. Dismantling regulatory measures often aligns with policymakers' preferences: dismantling benefits are concentrated on a limited set of often powerful actors, i.e. carbon-intensive industries, while costs diffuse broadly. Climate policies, inherently regulatory, exemplify this dynamic, frequently undergoing scaling back or dismantling. Yet

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<sup>11</sup> <https://zenodo.org/records/14671489>

they remain understudied from this perspective, particularly at the EU level (Jordan & Moore, 2020, p. 16; Schaub et al., 2024, p. 222).

According to Knill et al. (2020, p. 249), applying Bauer and Knill's (2012) distinction, EU environmental policy dismantling typically occurs "by non-decision or default (...) rather than openly and directly reducing policy requirements defined in existing legislation." Burns et al. (2020, p. 9) present a mixed assessment. While identifying "some dismantling by default" they find no overt legislative attempts to weaken existing regulations. However, their conclusion highlights "worrying signals" regarding post-study developments and unexamined delegated legislation (Burns et al., 2020, p. 15). This aligns with Lenschow et al.'s (2020, p. 346) call for "very fine-grained analyses of dismantling that include implementing measures and enforcement patterns to detect environmental policy subordination to economic objectives since the 2007 Global Financial Crisis."

This article answers this call by analysing the emergence and effects of dismantling pressures on knowledge co-production within the PSF. It combines Historical Institutionalism (HI) and Science and Technology Studies (STS) insights while considering specific EU procedures. First, applying HI and the concept of "self-undermining feedback effects", I explain shifts in perceived gains and losses among influential interest groups across policy sequences: those who supported (or declined to oppose) the Taxonomy's initial adoption during the ordinary legislative procedure later generated dismantling pressures by opposing delegated acts. Second, through Littoz-Monnet's (2020) STS framework, I argue the Commission tried to stabilize Taxonomy knowledge co-production by orchestrating scientific deliberation within the PSF and calibrating its advice when drafting delegated acts. In other words, I examine the interplay between shifting interest group strategies and Commission stabilization efforts across three policy sequences to analyze dismantling dynamics on the EU Taxonomy.

#### Self-undermining feedback effects and changing lobbying strategies

As policymakers confront evolving problems "overlooked and/or created by each preceding 'solution'" (Hecl, 1974, p. 287), analyzing the trajectory of the EU sustainable finance strategy advances understanding of the contingently generated feedback effects across policy sequences (Bonoli & Palier, 2007). Crucially, how problems were constructed and categorized throughout the policymaking process "empower competing constituencies and create changing

patterns of political participation” (Daviter, 2018, p.91). In essence, reciprocal feedback exists between policy problem resolution and power dynamics within policy communities. Specifically, while interest groups shape policy formulation, these policies simultaneously restructure interest group dynamics (Pierson, 1993, p. 598; Galvin & Hacker, 2020).

To analyze the interplay between dismantling pressures and knowledge co-production in the EU Taxonomy, I focus on self-undermining feedback effects where “policy choices at  $t_1$  have social consequences that *reshape* actors' preferences or capacities at  $t_2$  in ways that diminish those policies' bases of political support and expand the opposing coalitions (Jacobs & Weaver 2014: 444)”. These effects spur changes counter to initial policy goals, such as rolling back programs or governance structures. Under Jacobs and Weaver (2014: 446) typology, the core mechanism generating such effects across Taxonomy policy sequences activates when powerful groups anticipate policy losses<sup>12</sup>.

Interest group representatives participating in expert platforms are motivated by distinct incentives: influencing policy outcomes, accessing exclusive information, networking, and reputation-building (Junk, 2016). Yet participation entails risks. As unpaid members, groups must invest material and human resources to produce expertise. Reputational costs also arise if final outcomes contradict their principles. In the PSF context, I argue that industries perceive losses when they believe that new standards threaten their profitability while NGOs perceive losses when policy outcomes deviate from advocacy goals.

When policymakers are motivated by conflicting motives (e.g., environmental protection vs. financial profitability, as with the EU Taxonomy; Ahlström & Monciardini, 2022), new governance systems are more prone to “enmesh in mutually contentious interpretations” (Lindner and Rittberger, 2003, p. 451). Consequently, during implementation, interest groups fearing policy losses are likely to contest the rules governing the new institution to change their dominant interpretation and application (Jacobs & Weaver, 2014). Strategies diverge: industries typically pursue quiet lobbying (insider influence via participation in expert groups and the policy process), while NGOs combine quiet tactics with loud outsider strategies like media campaigns (Weiller & Brändli, 2015; Trapp & Laursen, 2017). Begemann et al. (2025) show that the conflicts between environmental and business coalitions shaped forestry criteria

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<sup>12</sup> Jacobs & Weaver's two remaining mechanisms—losses in mass cognition and menu expansion—apply more readily to policy domains involving significant electoral and social coalition dynamics

and altered policy sequence dynamics. This article complements this insight by analyzing two self-undermining feedback effects operating across Taxonomy sequences: how carbon-intensive industries' emerging loss perceptions shifted their passive stance during the ordinary legislative procedure to quiet lobbying during delegated acts adoption and how the resulting dismantling pressures reshaped NGOs preferences, leading them to engage in loud outsider lobbying.

The next subsections detail two Commission strategies to stabilize PSF knowledge co-production amid these conflicts.

### Orchestrating scientific deliberation in the PSF

When delegating policy knowledge production to expert groups, the Commission follows two main motivations (Gornitzka & Sverdrup, 2008; Coen, 2009; Hunter & Boswell, 2015). First, it seeks better regulatory outcomes amid resource constraints and policy complexity. This was evident in the "science-based" EU Taxonomy, requiring granular evidence to create and align standards with intersecting regulations. For example, the Platform on Sustainable Finance (PSF) deliberated biodiversity impacts of forest deadwood, clinker-clay sustainability in cement, social taxonomy principles, and interoperability with other EU and international reporting frameworks.

Second, the Commission aims to legitimize policymaking. For expert groups like the PSF developing voluntary science-based criteria, legitimacy derives from knowledge co-production, whereby representation of business interests (e.g., regulated industries) is balanced against scientific considerations (e.g., NGOs, academia) (Krick et al., 2019). The mixed membership of the EU's sustainable finance expert groups (HLEG, TEG, PSF)—featuring civil society, industry, and academia, with EU financial regulators observing—embodies this dynamic (Ahlström & Monciardini, 2022; Seabrooke & Strenstrom, 2023).

However, formulating or justifying policy through science-based knowledge is not a foolproof strategy against controversy. In contested policy domains like climate governance, knowledge co-production often fragments as competing interests generate counter-expertise (Weingart, 1999; Plehwe, 2015). Consequently, the Commission risks reputational damage when expert group participants criticize policy outcomes or propose criteria uncalibrated for political

acceptance. Such conflicts may trigger institutional reassertion of control over expert bodies (Hunter & Howell, 2015; Jacquot, 2020; Hesstvedt & Christensen, 2023).

To stabilise knowledge co-production, policymakers *orchestrate* expert deliberation to ensure that their “dominant narratives are not contested” (Littoz-Monnet, 2020: 33). This involves shaping the settings of expert deliberation through *ex-ante* composition, procedural rules-setting and strategic data provision. Politicians typically prefer *ex-ante* mechanisms due to their discreet nature and lower legitimacy costs, while bureaucrats rely on *ex-post* interventions during and after deliberations (Hesstvedt & Christensen, 2023, p. 342).

As DG FISMA selects PSF members, oversees its secretariat, and chairs meetings, it holds significant orchestration capacity. Yet, as the Commission operates at the intersection of the political and administrative spheres (Mérand, 2021), the Commission’s prioritization of *ex-ante* versus *ex-post* mechanisms remains unclear. Giamporcaro et al. (2023, p. 22) observed successful consensual deliberation in the High-Level Expert Group (HLEG), orchestrated through a combination of *ex-ante* and *ex-post* mechanisms. However, they caution that the PSF’s broader scope, ten times larger membership, and heightened interest diversity make similar outcomes unlikely.

#### Calibrating the PSF expertise: Riders on the delegated act storm

Implementing the Taxonomy Regulation requires EU authorities to adopt precise norms and standards defined and updated via delegated acts. The PSF’s primary role is to advise the Commission by drafting technical criteria for delegated acts. Delegated acts are a critical component of EU secondary legislation, supplementing and implementing the broader principles and objectives outlined in primary legislation, such as directives and regulations. They provide flexibility to adapt rules to technological or policy developments, particularly since the European Parliament (EP) and Council may only veto, not amend, delegated acts within strict timelines. Consequently, EU treaties reserve delegated acts for non-essential technical aspects<sup>13</sup>.

Though the threat of EP/Council vetoes should theoretically compel the Commission to accommodate legislative preferences (Christiansen & Dobbels, 2013), vetoes are rarely exercised in practice (Brandsma, 2016; Papadopoulos, 2023). The Council typically secures its

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<sup>13</sup> Article 290, Treaty on the Functioning of the EU (TFEU)

preferences during drafting, while the EP often abstains from vetoes due to time constraints, expertise gaps, or strategic trade-offs for concessions elsewhere (Yordanova & Zhelyazkova, 2020). This dynamic, as Stack (2015: 84) notes, creates avenues for powerful interest groups, such as those of the carbon-intensive industry, to influence delegated acts.

Consequently, industries with strong national ties engage in quiet insider lobbying, securing supportive alliances within the Council. These national connections also influence the European Parliament (EP): MEPs prioritize national preferences over European party lines when issues are high-salience and Council outcomes uncertain (Costello & Thomson, 2016). Furthermore, industries may bypass DG FISMA to lobby other Directorates-General (DGs) more aligned with their interests—leveraging the fact that delegated acts are formally proposed by the College of Commissioners, not solely DG FISMA.

Expert groups, like the PSF, are expected to *calibrate* their expertise to enhance political acceptability. Calibration involves adapting technical advice to policy debates, requiring experts to “show their awareness of existing political constraints and issue findings or recommendations that do not only inform policy, but also support the policy process (Littoz-Monnet, 2020: 34)”. Yet, if the PSF is perceived as failing to do so, the Commission retains room for maneuver to calibrate its advice before introducing delegated acts. Unlike orchestration, which shapes deliberation settings, calibration modifies deliberation outcomes for enhanced acceptability in later policy stages<sup>14</sup>. As Burns and Tobin (2020) note, since the euro crisis, the Commission increasingly uses delegated acts to dismantle environmental policies “*by the back door*” following growing political resistance to its climate agenda. Interacting frequently with Parliament and Council, the Commission’s substantive policy priorities are often secondary to avoid reputational damage from legislative vetoes.

This article analyzes how the European Commission diluted and bundled Taxonomy criteria—notably for electricity generation from gas and nuclear energy—to calibrate PSF advice and secure necessary support for delegated acts. In the TV series *Parlement*<sup>15</sup>, Samy, the main protagonist, observes that the Commission is trying to dismantle his “blue deal” legislative

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<sup>14</sup> While Littoz-Monnet’s definition centers on self-calibration by experts, this article extends the concept to include sponsor-driven calibration—specifically, the European Commission’s modification of PSF advice. This change reflects a distinct empirical context: unlike Littoz-Monnet’s case study (the independent European Group on Ethics), the Commission exerts direct institutional control over the PSF as its Taxonomy-drafting advisory body

<sup>15</sup> *Parlement* TV series, produced by Noé Debré, season 3, episode 6.

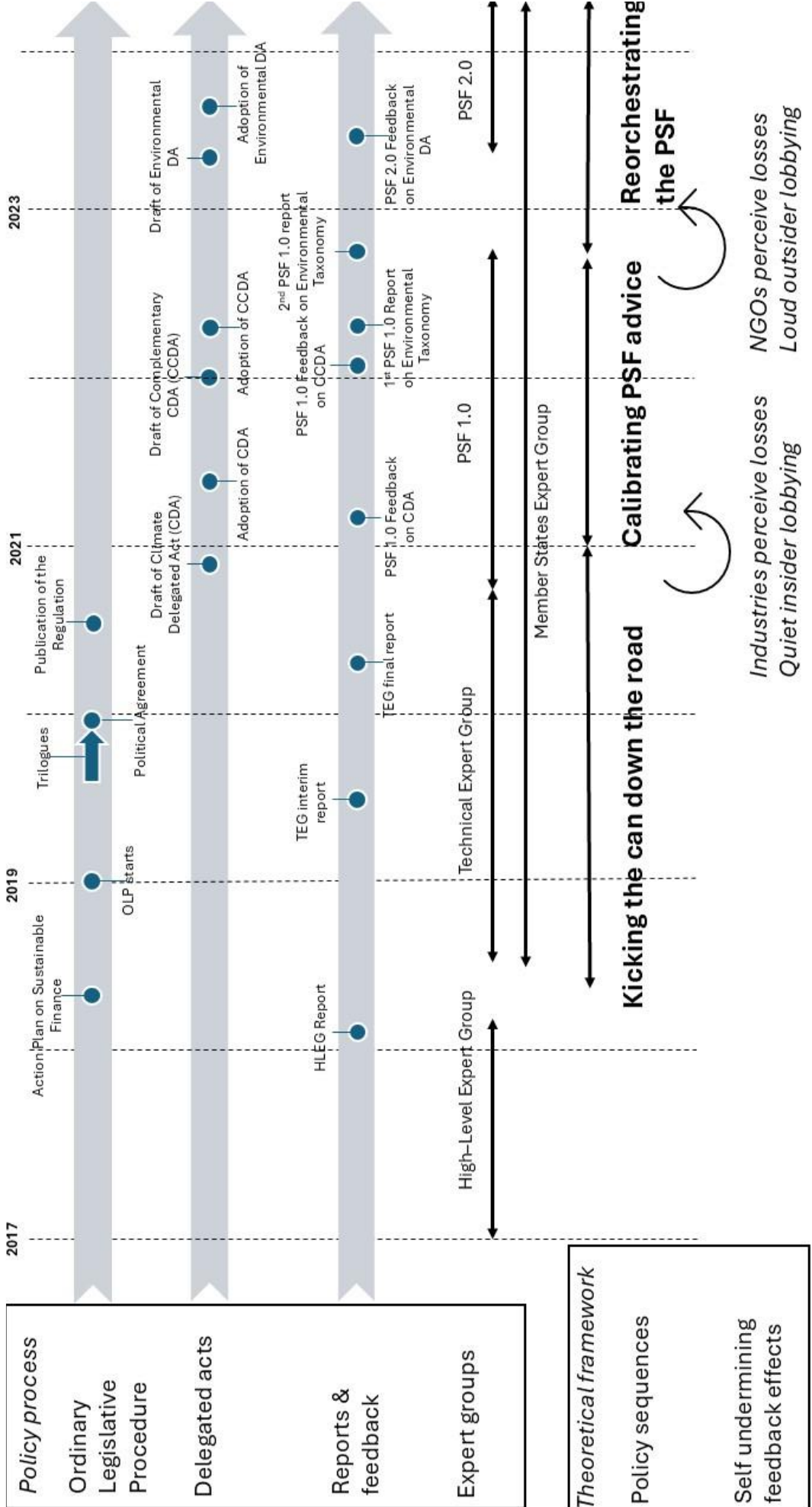
package by introducing different elements – a strategy called “Riders”- in a delegated act that, together, weaken the proposal. Because the different policy proposals bundled by the Commission catered to various interests of Parliament members, Samy could not find a voting majority to veto the delegated act.

In this article, I show that the Commission acted similarly by calibrating the PSF advice in the Taxonomy’s Complementary Climate Delegated Act: the gas and nuclear “Riders” fragmented voting coalitions and prevented vetoes. By diluting regulatory standards, these “Riders” also contributed to the dismantling of the EU Taxonomy. This is why calibration provoked outrage among PSF participants, prompting the Commission to reorchestrate its deliberation procedures during its second mandate.

## **2. A drama in three acts: sequencing the EU Taxonomy**

Figure 1 applies the theoretical framework to the Taxonomy policy process from the High-Level Expert Group's establishment to the close of the first von der Leyen Commission (2017–2024). In the first sequence, “Kicking the Can Down the Road”, the Juncker Commission strategically bypassed irreconcilable preferences among EU legislators, deferring contentious issues to the newly created PSF. This triggered the first self-undermining feedback effect: rising profitability loss perceptions among carbon-intensive industry stakeholders who shifted from passive stance during the ordinary legislative procedure to quiet insider lobbying and pursued dismantling strategies during policy implementation. In the second sequence, “calibrating policy advice”, the Commission attempted—unsuccessfully—to reconcile its science-based orchestration of the PSF with calibrating advice to accommodate dismantling pressures. This culminated in the gas and nuclear controversy, provoking the second feedback effect: NGOs’ reputational loss perceptions triggering loud outsider lobbying. In the third sequence, “Reorchestrating the PSF”, the Commission deployed reorchestration strategies to manage these tensions, significantly altering PSF composition and procedures.

Figure 1: Theoretical framework & the Taxonomy policy process



## 2.1 A speedy process lacking clarity: kicking the can down the road.

The impetus for the EU Taxonomy emerged when DG FISMA established the High-Level Expert Group (HLEG) on Sustainable Finance in December 2016, driven by three factors. First, the inclusion of financial topics at COP21 in Paris revealed that the Capital Markets Union (CMU) agenda lacked an environmental dimension (Interview 02). This prompted DG FISMA, whose expertise predominantly focuses on financial securities, to identify a targeted product for development: the green bond (Interview 11). However, defining green bond specifications requires clear criteria for sustainability, necessitating a classification system—specifically, a taxonomy (Interview 11; HLEG Report, pp 15–16) (Interview 11, HLEG report<sup>16</sup>, pp. 15–16). Second, China’s green finance advocacy at G20 meetings served as a "wake-up call," with EU policymakers fearing China would dominate global standard-setting (Di Leo et al., 2025; Interview 02). Third, post-Brexit competition among EU financial centers intensified, making green finance uniformized standards a strategic tool to attract financial institutions (Lavery et al., 2019). This set of factors explains why DG FISMA took the policy lead on the Taxonomy, framing it as a “green finance” topic. Unlike earlier EU environmental taxonomies such as Natura 2000, which were primarily driven by environmental experts (Weber & Christophersen, 2002), the development of the EU Taxonomy was spearheaded by "a division of geeky people whose main expertise relies on financial securities" (Interview 11).

According to Ahlström & Monciardini (2022), during the initial phase of the EU sustainable finance agenda (2012–2017), typically opposed interest groups (financial institutions and NGOs) aligned in supporting the Commission’s initiatives, enabling knowledge co-production within the HLEG and TEG. This alignment stemmed from the *"hybridity of sustainable finance"* as a concept and specialized green finance think tanks' ability to bridge finance and environmental NGOs. This alliance hinged on maintaining a "win-win" frame where environmental protection and financial profitability advanced concurrently.

The HLEG report, published one year after the group's creation, exposed fault lines in this fragile alliance over two key aspects of the Taxonomy's scope and content. First, it framed the EU Taxonomy as a "green taxonomy" focused exclusively on defining environmentally

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<sup>16</sup> [https://finance.ec.europa.eu/document/download/2e65cb1e-bd47-4441-816a-d89ec61eef45\\_en?filename=180131-sustainable-finance-final-report\\_en.pdf](https://finance.ec.europa.eu/document/download/2e65cb1e-bd47-4441-816a-d89ec61eef45_en?filename=180131-sustainable-finance-final-report_en.pdf)

sustainable activities. Alternative designs—such as "dirty" taxonomies listing harmful activities or "shaded" taxonomies including transition activities—were considered but rejected by the HLEG due to anticipated industry and member state opposition (Interview 04). Negotiators believed that maintaining the "win-win" narrative was essential to secure industry buy-in, as they feared that a "red" exclusion list of dirty activities would provoke firms and member state resistance (Interview 01). Furthermore, DG FISMA needed to "sell the project from an internal market perspective" (Interview 02), aligning with both the Capital Markets Union agenda and DG FISMA's institutional mandate. A shaded taxonomy with exclusionary "red" lists risked being perceived as industrial policy—exceeding DG FISMA's competencies.

Second, rather than proposing substantial elements for defining sustainability criteria, the HLEG report only established procedural guidelines and recommended creating technical working committees with experts from relevant DGs, civil society, the private sector, and HLEG members to draft detailed Taxonomy screening criteria. Following the report, the Commission's Sustainable Finance Action Plan largely adopted these recommendations. Indeed, addressing contentious definitional issues, such as whether nuclear energy is sustainable, risked delaying the proposal beyond mid-2018—an untenable timeline for the outgoing Juncker Commission (Interviews 01, 02).

Instead, the Commission deferred contentious decisions by maintaining vague procedural guidelines and establishing two expert groups: the Technical Expert Group (TEG) and the Member States Expert Group (MSEG). The main task of the TEG was to support the Commission in formulating the Taxonomy Regulation and its initial delegated acts while negotiations were still ongoing between the Parliament and the Council (cf. Figure 1). In parallel, the aim of the MSEG was to test the political acceptability of its proposals at the national level and mitigate delegated acts veto risks (Interview 13).

Despite DG FISMA's cautious approach, the Taxonomy's scope (green, shaded or dirty design) and content (substantial definitions of sustainability) became contentious within and between legislative bodies. First, within the TEG, the coalition identified by Ahlström & Monciardini (2022)—financial regulators, public investors, civil society, and most financial industry representatives—advocated for a shaded taxonomy, albeit for divergent reasons. Civil society representatives sought to mitigate greenwashing risks by advocating for a "red list", financial

supervisors<sup>17</sup> and regulators feared green financial bubbles without mature green bond market (Interview 11), and the financial industry perceived a shaded taxonomy as expanding investment opportunities and strengthening prudential risk assessment<sup>18</sup> (Interviews 01, 02). Consequently, the TEG final report on the Taxonomy Regulation recommended the future Platform on Sustainable Finance develop a shaded taxonomy<sup>19</sup>. To expedite political agreement, the Commission once again "kicked the can down the road." It adopted a prioritization strategy, initially focusing on developing green criteria for the most emitting activities while leaving room for a shaded and social taxonomy in later stages of the process, as requested by the European Parliament during the ordinary legislative procedure (Interview 01). Consequently, while the Taxonomy Regulation provides guidelines for a green taxonomy, article 26 underlines that, within three years, the Commission "shall publish a report" describing potential criteria for activities that "significantly harm environmental sustainability" and address "other sustainability objectives, such as social objectives."<sup>20</sup>

Second, efforts by certain Member States, such as France and Finland, to include nuclear energy as a sustainable activity faced resistance from the European Parliament's ENVI and ECON Committees, triggering six trilogues between September–December 2019<sup>21</sup>. During these trilogues, Luxembourg, Austria, and Germany diverged from the Council's position on nuclear. To secure agreement, the Commission framed nuclear as a technical issue for subsequent delegated act, excluding it from the Climate Delegated Act. More generally, the Commission refrained from resolving substantial conflicts between legislators over the definition of a sustainable economic activity. Instead, the Taxonomy Regulation develops a procedural framework: to be aligned with the Taxonomy, an economic activity must prove to "significantly contribute" to one of the six Taxonomy objectives while Doing No Significant

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<sup>17</sup> "Eurosystème reply to the European Commission's public consultations on the Renewed Sustainable Finance Strategy and the revision of the Non-Financial Reporting Directive", June 8, 2020. p20. [https://www.ecb.europa.eu/pub/pdf/other/ecb.eurosystemreplyeuropeancommissionpublicconsultations\\_20200608~cf01a984aa.en.pdf](https://www.ecb.europa.eu/pub/pdf/other/ecb.eurosystemreplyeuropeancommissionpublicconsultations_20200608~cf01a984aa.en.pdf)

<sup>18</sup> Azoulay Orith, "Why we need a shaded taxonomy from green to brown and in between" The European Files, 28 October 2019. <https://www.europeanfiles.eu/non-classe/why-we-need-a-shaded-taxonomy-from-green-to-brown-and-in-between>

<sup>19</sup> EU Technical Expert Group on Sustainable Finance, Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, Brussels, March 2020, p.51

<sup>20</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

<sup>21</sup> Council of the European Union, "Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (Regulation on Sustainable Finance - taxonomy) - Revised mandate for negotiations with the European Parliament", Interinstitutional File: 2018/0178 (COD), 15056/19, Brussels, 14 December 2019

Harm (DNSH) to the five others and complying with existing legislation. Beyond these general principles, this procedural framework lacked clear guidelines:

"Article 19 of the Taxonomy Regulation contained numerous specifications for developing technical screening criteria, making it nearly impossible to fulfil all requirements. This article resulted from a political compromise between the European Parliament and the Council, with insufficient time for clarification" (Interview 02).

Moreover, the TEG—lacking non-financial industry members—recognized that “the necessary expertise was not present at the table” (Interview 02) to draft criteria for the first Climate Delegated Act. In response, between December 2018 and March 2020, the TEG organized over 200 hearings<sup>22</sup>, mostly with industry experts, and conducted public consultations revealing escalating divergences between the TEG and industry representatives. These consultations and debates, particularly regarding Article 19 on Technical Screening Criteria, marked a turning point. Industry stakeholders "started to wake up" on the Taxonomy as they transitioned from passive disinterest during the first legislative steps to active engagement during the implementation phase (Interview 01, 02, 11; cf. Begemann et al. (2025) on forestry). As an MSEG participant noted, “everyone wanted to defend their national industry when delegated acts started to be drafted, because they realized that it was there that the political game was going to be played" (Interview 13). For instance, business interests dominated the consultations, providing more than half of the responses for the Climate Delegated Act and focusing on criteria related to "agriculture and forestry" "electricity, gas, steam and air conditioning supply," and "manufacturing" for the climate mitigation objective<sup>23</sup>. Additionally, the Swedish and Finnish governments sent letters to the Commission to plead the case of the forestry industry regarding Taxonomy criteria, with Finland’s Finance Minister declaring forestry so firmly a question of national interests<sup>24</sup>.

In sum, to secure political consensus on the Taxonomy Regulation before its mandate expired, DG FISMA employed two strategies to “kick the can down the road”. First, it maintained a

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<sup>22</sup> List of additional experts invited to taxonomy workshops. Retrieved on [https://finance.ec.europa.eu/system/files/2019-06/sustainable-finance-taxonomy-workshops-list-invited-experts\\_en.pdf](https://finance.ec.europa.eu/system/files/2019-06/sustainable-finance-taxonomy-workshops-list-invited-experts_en.pdf)

<sup>23</sup> Commission Staff Working Document, Impact Assessment Report Accompanying the document Commission Delegated Regulation (EU) .../... supplementing Regulation (EU) 2020/852. Brussels, 4.6.2021 SWD(2021), 152 final. p.68

<sup>24</sup> Pekka Vanttinen “Environmentalists ‘up in arms’ about Finnish-Swedish defence of forest industry”, Euractiv, 31 May 2021. Nikolaus J. Kurmayer and Pekka Vanttinen “Finland set to reject EU taxonomy rules over biomass”, Euractiv, 22 November, 2021.

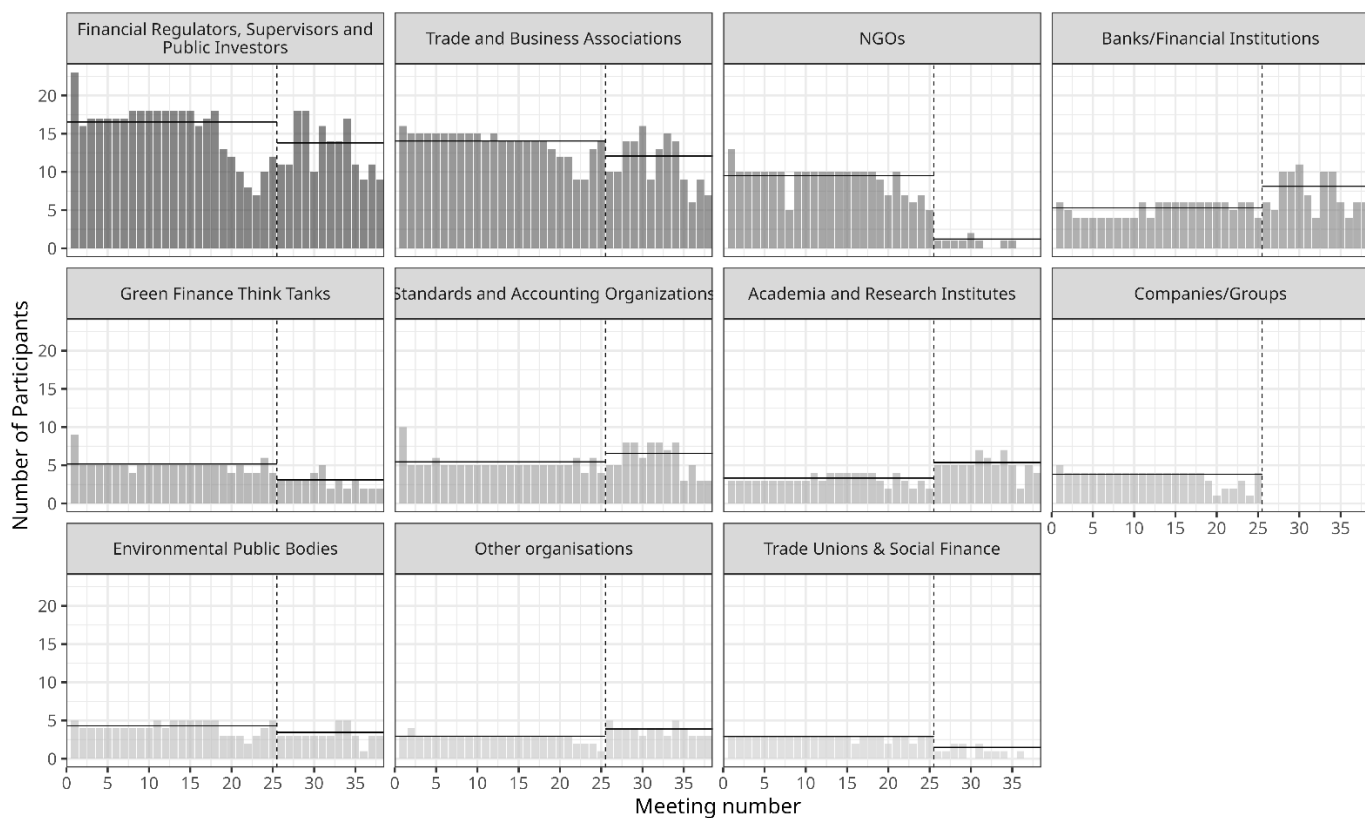
"win-win" frame by prioritizing a green taxonomy, which was minimizing industry resistance, while leaving a shaded taxonomy open for other stakeholders, such as TEG members and MEPs. Second, it drafted Article 19 with deliberately vague criteria guidelines, reframing contentious issues such as nuclear energy as technical matters for subsequent delegated acts. This approach led a former TEG member to conclude that the "Taxonomy political process was speedy but lacked accuracy" (Interview 02).

This strategy generated two critical downstream effects. First, the PSF inherited responsibility for resolving persistent political tensions that extended far beyond the expertise in financial securities of DG FISMA, its sponsor institution. Second, the TEG's consultation triggered a self-undermining feedback effect: carbon-intensive industry stakeholders started to fear policy losses, as they perceived that Taxonomy criteria could undermine their financing and competitiveness. In reaction, they turned to quiet insider lobbying and forged alliances with member states to dismantle Taxonomy criteria during delegated acts adoption.

## 2.2 Calibrating the PSF advice

When the PSF succeeded the TEG and began operating in October 2020, "there was a lot of self-congratulations and patting on the back" (Interview 11). The Taxonomy Regulation had entered into force months prior, and the Commission prepared to publish its draft Climate Delegated Act within weeks. During its first mandate (October 2020-October 2022), the PSF was significantly larger than the TEG, with around 150 representatives compared to the latter's 38. By its second mandate (February 2023-March 2025), the Commission had reorchestrated the PSF's size, composition and objectives in response to mounting tensions (cf. "Reorchestrating the PSF" section below). Figure 2 illustrates the PSF's composition, capturing two dimensions of its mixed membership during its first mandate.

### Figure 2: The evolution of the PSF membership



Source: Author, elaborated from the minutes of PSF meetings. For more details, see the methodological appendix online

First, the commitment to knowledge co-production—bridging environmental science and business interests—is evident in the balanced representation of business federations, NGOs, financial firms, and green finance think tanks. Second, substantial participation by EU public bodies (Financial Regulators, Supervisors and Public investors as well as the Environmental Public Bodies) underscores the imperative to align Taxonomy criteria with existing EU policies.

PSF participants operated through four groups<sup>25</sup>. The largest, the Technical Working Group, divided into ten sectoral subgroups<sup>26</sup> focused on high-emission industries. Building on the TEG’s work for the Climate Delegated Act, these subgroups developed technical screening criteria for the remaining four Taxonomy objectives (circular economy, biodiversity, pollution prevention, and water resources) for the forthcoming Environmental Delegated Act.

<sup>25</sup> The four groups were tasked to develop the Technical Screening Criteria (Technical Working Group), create a “shaded” (negative and low impact activities group) and social taxonomy (Social Taxonomy Group), and ensure the practicability of criteria (Data and Usability Group)

<sup>26</sup> Agriculture; Forestry; Manufacturing; Energy; Transportation; Water and Waste; Information and Communication Technology; Buildings; Financial and Insurance Activities; Professional, Scientific, and Technical Activities

Subgroup composition reflected knowledge co-production dynamics, mostly comprising environmental NGOs, such as WWF and BirdLife, industry representatives including Eurofer and Airbus, and academics. Deliberations on criteria followed a binary pattern: NGOs and academics “produced most of the scientific data” (Interview 01) and advocated high-ambition standards, while industry representatives emphasized technical feasibility and global competitiveness implications (Interview 05, 08).

Most subgroups experienced smooth deliberations with minimal scientific disagreement among PSF members. According to interviewees, subgroup chairs were instructed to strictly adhere to a nine-step methodology developed by the Commission's Joint Research Centre (Canfora et al., 2022) for establishing Taxonomy criteria. Participants were directed to use "recognized state-of-the-art scientific work" (p. 26) as benchmarks when setting ambition levels. Criteria misaligned with fundamental scientific knowledge were systematically excluded by chairs (Interview 08). In other words, DG FISMA orchestrated PSF deliberation within a rigorous scientific framework:

“For most of the topics, such as furniture, plastic, textile and chemicals, there was no big scientific debate. How can you contest clear evidence on well-known topics on which there is a lot of data such as chemicals (Interview 10)?”

In fact, the only epistemic issue noticed by interviewees that derailed PSF deliberation was related to the impact of diet for the agriculture sector:

“Despite a very long list of scientific evidence, vegetarianism and vegan regimes did not make it (for both the climate and biodiversity significant contributions) because there was no consensus around the table; it was a clash of worldviews (Interview 10).”

Moreover, one representative from a federation of industries mentioned that the Commission orchestration strategies significantly altered their typical lobbying strategies:

“I did not see anyone playing the one-issue messengers, unlike other Commission’s consultations I have been taking part in. The chair of my subgroup was constantly reminding us that environmental science must prevail over economic considerations. To be influential, it was important to be perceived as and to talk like an expert. I was learning

by doing and I realized that I could not try to create loopholes within the regulation. I tried to do so but it did not fly (Interview 05).”

Similarly, industry representatives struggled to define coherent preferences, limiting their capacity to strongly oppose NGO-advocated criteria. A key explanation lies in the Commission's consistent practice across EU expert groups: predominantly appointing representatives from business federations rather than individual companies (Cohen, 2009):

“It was hard to act like a lobbyist because you are looking for indicators about the 10% best performer within the same industrial domain. It is difficult to act at a federation level only for the best 10%. And even for my own firm, which has sites that are among the best and worst performers (Interview 05)”

Additionally, PSF members leveraged existing practices of public investment banks when establishing criteria, mitigating scientific disagreements:

“In my subgroup, we did not exchange research papers, it wasn't really an academic debate, but rather experts' discussions on figures and numbers that were based on criteria that public banks, such as the European Investment Bank, were already using, or past reports or companies' experience (Interview 08)”

In sum, academics, business representatives, and NGO engaged in effective deliberation and reached consensus on numerous criteria, while EU institutions forged links with existing frameworks. DG FISMA's orchestration of the PSF's composition and deliberative processes, anchored in rigorous scientific frameworks, proved essential to these outcomes.

However, this dynamic faced mounting pressure following controversies within subgroups developing criteria for the Climate Delegated Act, and later during adoption of the Complementary Climate Delegated Act concerning nuclear and gas. These controversies emerged from self-undermining feedback effects originating in prior policy sequences, causing significant destabilization of knowledge co-production between experts and policymakers (Littoz-Monnet, 2020).

First, in November 2020, one month after the PSF's launch, the Commission released the draft Climate Delegated Act, which significantly deviated from the March 2020 TEG report. Former TEG members within the PSF expressed strong discontent, noting that forestry criteria were

diluted due to intense lobbying by Nordic countries and industry groups (cf. supra), while other criteria on energy, agriculture and transport faced delays or weakening (Interview 02 and 06)<sup>27</sup>. These issues persisted in the Environmental Delegated Act. In forestry, Nordic lobbying triggered conflicts with NGOs, delaying biodiversity criteria as subgroup chairs sought consensus amid dissent (Interviews 01, 03, 06, Begemann, 2025)

Second, according to all PSF and MSEG members interviewed, the inclusion of gas and nuclear energy marked a turning point in the governance of the EU Taxonomy: “it changed the working atmosphere, making it contentious. Every meeting turned into a battle (Interview 20).” The nuclear energy issue made PSF participants uncomfortable, as nuclear waste is at odds with DNSH criteria on pollution prevention while Central and Eastern Member States opposed nuclear inclusion, arguing it excluded their heavily fossil-fuel-dependent industries, such as aluminum production in Greece.<sup>28</sup> Fifty-one MEPs from these regions formed a cross-party coalition protesting to the College of Commissioners<sup>29</sup>. Simultaneously, German industry—fearing competitive disadvantage against French nuclear-reliant firms—lobbied for gas inclusion<sup>30</sup>. In other words, industry stakeholders engaged in quiet insider lobbying by forging alliances with MEPs and member states to ensure that Taxonomy standards would not trigger competitive disadvantage.

Following intensive lobbying by industries and member states, the nuclear energy issue escalated from DG FISMA to the European Commission's top leadership. As Bas Eickhout—co-rapporteur for the Taxonomy Regulation—noted, it became *Chefsache* (top-level priority)<sup>31</sup>. Ursula von der Leyen personally assumed control of the dossier, strategically bundling nuclear and gas into a single Complementary Climate Delegated Act (Interviews 01, 02, 10, 11)<sup>32</sup>. This

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<sup>27</sup> Summary of the public feedback on the draft delegated act. Retrieved on [https://finance.ec.europa.eu/system/files/2021-04/210427-summary-feedback-draft-delegated-act-taxonomy-regulation\\_en.pdf](https://finance.ec.europa.eu/system/files/2021-04/210427-summary-feedback-draft-delegated-act-taxonomy-regulation_en.pdf)

<sup>28</sup> Bulgaria, Croatia, Cyprus, Czechia, Greece, Hungary, Malta, Poland, Romania, and Slovakia. Frédéric Simon, “Brussels postponed green finance rules after 10 EU states wielded veto”, Euractiv, 29 January 2021 <https://www.euractiv.com/section/energy-environment/news/brussels-postponed-green-finance-rules-after-10-eu-states-wielded-veto/>

<sup>29</sup> Joint MEP’s Letter on Taxonomy and EU Financing Mechanisms, 23 October 2020, Brussels, retrieved on [https://www.politico.eu/wp-content/uploads/2020/10/Letter-on-Taxonomy-and-EU-Financing-Mechanisms-1.pdf?utm\\_source=POLITICO.EU&utm\\_campaign=9b7bba01b3-EMAIL\\_CAMPAIGN\\_2020\\_10\\_26\\_06\\_00&utm\\_medium=email&utm\\_term=0\\_10959edeb5-9b7bba01b3-190493261](https://www.politico.eu/wp-content/uploads/2020/10/Letter-on-Taxonomy-and-EU-Financing-Mechanisms-1.pdf?utm_source=POLITICO.EU&utm_campaign=9b7bba01b3-EMAIL_CAMPAIGN_2020_10_26_06_00&utm_medium=email&utm_term=0_10959edeb5-9b7bba01b3-190493261)

<sup>30</sup> Nikolaus J. Kurmayer, “German industry scores gas win in EU taxonomy”, Euractiv, 2 February 2022

<sup>31</sup> German concept for top leadership issue. Quoted in Frédéric Simon and Kira Taylor, op.cit.

<sup>32</sup> See also, Frédéric Simon and Kira Taylor, “Gas and nuclear: Fate of EU green taxonomy ‘now in the hands of von der Leyen’”, Euractiv, 10 December 2021

constituted the Commission's "Riders" to secure voting majorities in the Council and Parliament. Effectively, the Commission calibrated the complementary climate delegated act for political acceptance by bundling together gas and nuclear as transitional activities to preempt reputational damage from potential vetoes.

PSF members drafting the Environmental Delegated Act recognized that this calibration diluted the Taxonomy standards, prompting a shift in their lobbying strategies. NGOs like WWF complemented insider tactics (PSF participation) with outsider mobilization: symbolically exiting the 9th PSF plenary (Figure 2) and launching media campaigns criticizing the Commission<sup>33</sup>. The PSF Chair and Vice-Chairs further condemned the College of Commissioners in an April 2021 letter, citing "deep concerns about the environmental soundness of recent Technical Screening criteria, as regards economic activities related to fossil fuels, forestry and bioenergy [...] pointing out the risk of considerable departure from a science-based approach<sup>34</sup>".

This significant backlash prompted a response from the Commission-managed PSF secretariat, instructing participants to calibrate knowledge production as Taxonomy criteria must be both "science-based" and "politically acceptable" (Interviews 01, 02, 03, 06, 08, 10, 11). Commissioner McGuinness (DG FISMA) publicly affirmed this stance: "the underpinning of the Taxonomy has to be science-based, but you cannot divorce the science from the real world and real concerns<sup>35</sup>". Following the Joint Research Centre's December 2021 report concluding nuclear waste complied with DNSH criteria, the Commission sent the draft Complementary Climate Delegated Act on December 31st, 2021, at 10 pm, requesting PSF feedback within twelve days. This timing and content provoked intense backlash within the PSF:

"The Commission's outrageous timing forged unlikely alliances within the PSF. Everyone, including industry representatives and respected think tanks such as the Club of Rome, was furious, except for a few members like Business Europe. (Interview 01)"

By mid-January, the PSF submitted a 44-page report citing a Euratom study indicating nuclear waste disposal remains unresolved, while proposing stricter CO<sub>2</sub> thresholds for the gas industry

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<sup>33</sup> Frédéric Simon, NGOs walk out on EU green finance group over forestry, bioenergy rules, Euractiv, 22 April 2021

<sup>34</sup> Platform for sustainable Finance Letter to Valdis Dombrovskis and Mairead McGuinness, Brussels, 9 April 2021.

<sup>35</sup> Frédéric Simon, "EU spells out criteria for green investment in new 'taxonomy' rules", Euractiv, 21 April 2021 <https://www.euractiv.com/section/energy-environment/news/eu-spells-out-criteria-for-green-investment-in-new-taxonomy-rules/>

than the Commission's draft.<sup>36</sup> In response, the Commission demanded removal of Euratom Treaty references and added two less stringent gas criteria, allowing industry choice during a transition period (Interview 02).

NGO representatives then lobbied Parliament for a veto. Despite rejection by ENVI and ECON committees<sup>37</sup>, they abandoned efforts after plenary vote simulations revealed the Commission's "Riders" bundling strategy with gas and nuclear secured a majority (Interviews 01, 03). The February 2022 Russian invasion of Ukraine and resulting inflation further favored adoption as the Ukrainian energy minister lobbied for gas inclusion in the Taxonomy to counter energy price surges, and to secure financial benefits from gas transit operations<sup>38</sup>. Following the plenary's approval of the Complementary Climate Delegated Act, NGO PSF members resigned and launched an independent "science-based" taxonomy (cf. Introduction).<sup>39</sup> The Complementary Climate Delegated Act also affected the Member States Expert Group, leading some representatives to form an informal group of "ambitious member states"<sup>40</sup> highlighting their divisions on the issue. All MSEG interviewees noted that their gas and nuclear files was elevated to ministerial or head of state level, bypassing their purview (Interviews 4, 9, 7 and 14).

In sum, DG FISMA's scientific orchestration of PSF deliberations derailed industries' lobbying strategies and enhanced deliberative capacity among participants, enabling consensus on most Taxonomy criteria—except for nuclear energy, transport, agriculture, and forestry. However, this knowledge co-production was undermined by industry resistance to TEG and PSF criteria during delegated act adoption. To prevent vetoes, the Commission calibrated PSF expertise, diluting and bundling criteria ("Riders") to secure voting majorities. This calibration strategy generated a significant self-undermining feedback effect: NGOs shifted from quiet insider lobbying to vocal outsider campaigns, directly threatening the Taxonomy's "science-based" legitimacy.

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<sup>36</sup> 100g/m3 to make sure that unabated gas would not qualify. Source : Platform for Sustainable Finance, Response to the Complementary Delegated Act, 21<sup>st</sup> January 2022. Retrieved on [https://finance.ec.europa.eu/system/files/2022-01/220121-sustainable-finance-platform-response-taxonomy-complementary-delegated-act\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-01/220121-sustainable-finance-platform-response-taxonomy-complementary-delegated-act_en.pdf)

<sup>37</sup> Nikolaus J. Kurmayer, "Parliament shows some teeth on EU taxonomy", Euractiv, 14 June 2022

<sup>38</sup> Cédric Vallet, Tensions stoked as the European Parliament deems gas and nuclear energy 'sustainable', Le Monde, 8 July 2022

<sup>39</sup> Frédéric Simon, "Kyiv calls on EU to 'positively consider' green label for gas, nuclear", Euractiv, 5 July 2022

<sup>40</sup> This group was formed following national positions on the CCDA and included Netherlands, Austria, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Luxembourg, Portugal, Spain, Sweden. Source: Interview 4

### 2. 3. Reorchestrating the PSF

With the nuclear and gas sequence, the Commission realized that tensions with the PSF were reaching a breaking point:

“FISMA underestimated the potential repercussion that the Platform could create [...]. The Platform was a hardliner, NGOs members kept bashing on the Commission representatives, they expressed strong views, withdrew...it became political positioning and signalling. It made the Commission more wary about the platform, which was increasingly perceived as an enemy. That’s why, drafts were leaked, and Commission gave short timelines (Interview 11)”

Following the Complementary Climate Delegated Act controversy, the Commission adopted a preemptive stance, seeking to regain control through further calibration of PSF advice and reorchestration of its perimeter, composition, and deliberative procedures during the second mandate. First, while PSF members acknowledged DG FISMA's secretariat continued support for the Taxonomy’s science-based approach, other Commission Directorates-General (e.g., GROW, AGRI, ENER) deployed representatives to Technical Working Groups to advance counter-expertise aligned with sectoral economic interests (Interviews 02, 06, 08). This pressure from other DGs—coupled with top-level calibration of delegated acts— during policy implementation may reveal deficient horizontal coordination within the Commission DGs during the Taxonomy’s ordinary legislative procedure (cf. Gornitzka & Sverdrup, 2008).

Second, the Commission deferred politically contentious files and progressively narrowed the PSF’s scope. Despite the PSF publishing reports on shaded and social taxonomies in March 2022 for future delegated acts, the Commission effectively "buried them deep", wasting "hundreds of hours of expert work" as the Taxonomy became a "toxic political file" (Interview 01). Moreover, half the Technical Screening Criteria advised by the PSF for the Environmental Delegated Act (March/November 2022) underwent calibration in Commission proposals. Criteria for high-impact sectors (single-use plastic packaging, forestry, fossil-powered transport, aviation, and biodiversity offsets) were diluted or included contrary to PSF

recommendations, while others (e.g., chemical manufacturing, food/beverages) were excluded.<sup>41</sup>

Third, by the end of the PSF first mandate in November 2022, the Commission reorchestrated its composition and policy objectives. At the outset of the second mandate, the Commission explicitly informed PSF members that their role would be strictly advisory and that it had no plans to release new criteria before the mandate's end (Interview 08). The PSF's primary focus shifted to enhancing user-friendliness to maximize Taxonomy adoption by firms. Figure 3 illustrates this reorchestration of PSF composition between mandates, reflecting revised policy priorities. Notable changes include the departure of advocacy NGOs and industry associations, alongside increased representation from financial firms and financial standards/accounting organizations.

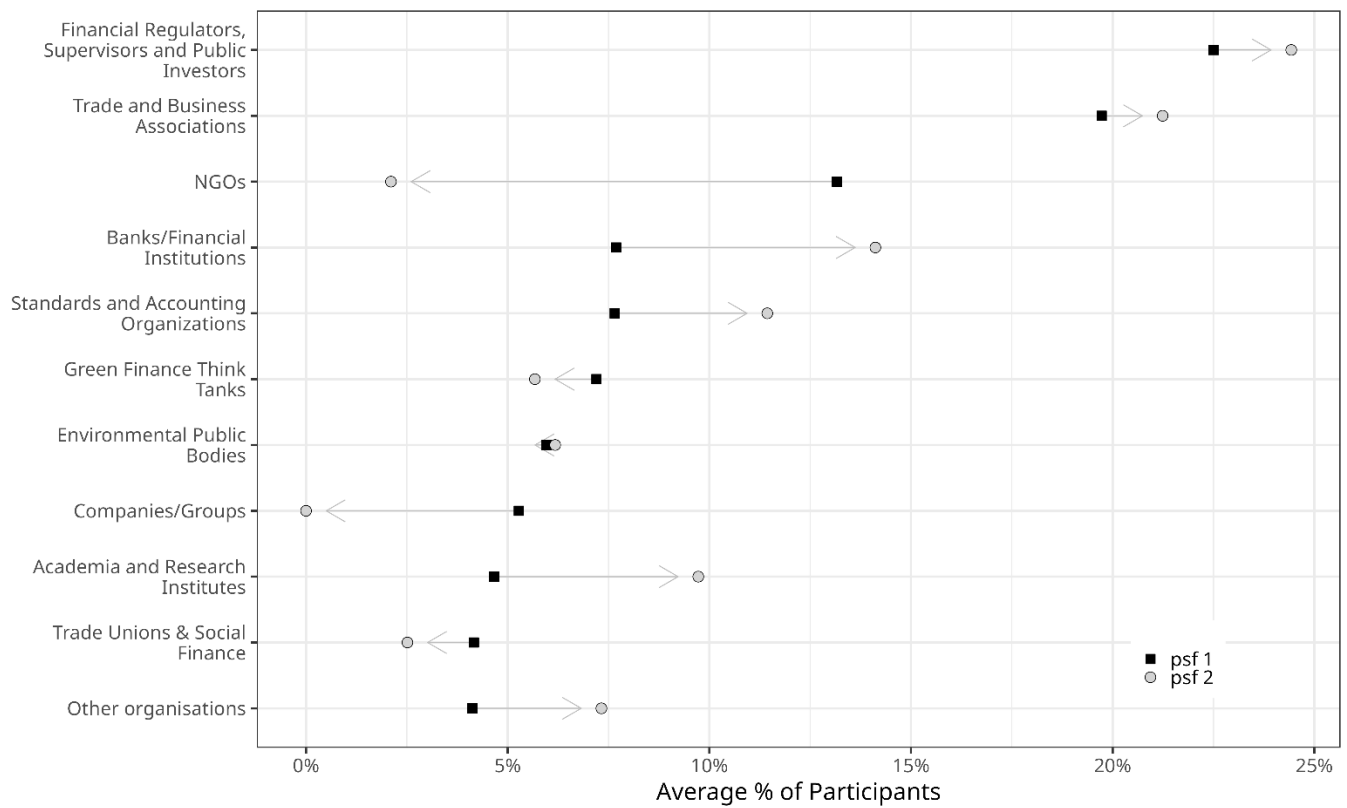
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<sup>41</sup> This synthesis was created by compiling the data from the following documents: "Joint Civil Society Organisations' Analysis and Recommendations: Draft Taxonomy Delegated Act (DA) on the four remaining environmental objectives and the climate mitigation and adaptation objectives" May 2023, retrieved on [https://wwfeu.awsassets.panda.org/downloads/joint\\_civil\\_society\\_organisations\\_briefing\\_on\\_the\\_environmental\\_taxonomy\\_draft\\_delegated\\_act.pdf](https://wwfeu.awsassets.panda.org/downloads/joint_civil_society_organisations_briefing_on_the_environmental_taxonomy_draft_delegated_act.pdf)

"Platform Response to the Call for Feedback on the draft Taxonomy Delegated Acts published on 5<sup>th</sup> April, 2023". Retrieved on [https://finance.ec.europa.eu/system/files/2023-05/230503-sustainable-finance-platform-response-draft-taxonomy-delegated-acts\\_en.pdf](https://finance.ec.europa.eu/system/files/2023-05/230503-sustainable-finance-platform-response-draft-taxonomy-delegated-acts_en.pdf)

European Commission "Staff working document", Brussels, 4.7.2023, SWD(2023) 239 final/2. Retrieved on [https://ec.europa.eu/finance/docs/law/taxonomy-regulation-delegated-act-2022-staff-working-document\\_en.pdf](https://ec.europa.eu/finance/docs/law/taxonomy-regulation-delegated-act-2022-staff-working-document_en.pdf)

Figure 3. The PSF reorchestration (first and second mandate).



The removal of advocacy NGOs from the PSF's second mandate fundamentally transformed knowledge co-production dynamics and member lobbying strategies:

“In my opinion, the NGO advocacy tactics in the first PSF were counterproductive. They played a more political role rather than really contributing to the platform. Why going against the master? What can you get and how far can you get? It was quite silly, in a similar way than their “independent science-based taxonomy”. Maybe it was the worst, it was very upsetting and damaging at home. How to convince firms to use our criteria when they are so criticized from within? (Interview 07)”.

This green finance think tank member also emphasized that shifting advocacy strategies during the PSF’s second mandate did not constitute submission to Commission proposals. For instance, when providing feedback on the sustainable aviation criteria in the Environmental

delegated act, members of the second iteration of the PSF contested the Commission's proposal while maintaining publicly restrained criticism<sup>42</sup>.

In sum, the Taxonomy's third policy sequence reflects Commission efforts to preempt reputational damage from NGO's loud outsider campaigns. Through further calibration of PSF advice and reorchestration of its scope, composition, and deliberative procedures during the second mandate, the Commission sought to restore institutional control over its expert group.

### **3. Policy dismantling and the future of EU sustainable finance**

This section explores how the article's insights could inform new research agendas on the Taxonomy's developments and, more broadly, on the political economy of EU sustainable finance.

The first key insight reveals that environmental policy dismantling increasingly diverges from the patterns identified by Knill et al. (2020, p. 249), who contend that dismantling in this domain occurs primarily through non-decision or default. Instead, the dismantling of the Taxonomy is achieved through a reduction in the intensity of policy instruments. Bauer and Knill (2012) characterize such intensity reductions along two dimensions: the lowering of standards and the narrowing of the target group. The dilution of Taxonomy standards during the climate and environmental delegated acts exemplifies the former dimension. By 2025, Ursula von der Leyen started her second mandate at the Commission by announcing a new "Omnibus" legislative package aimed at removing "overlapping, unnecessary, or disproportionate rules that create barriers for EU companies."<sup>43</sup> A central component of this package seeks to reduce the number of companies subject to reporting requirements by 80%, thereby further diminishing the intensity of the sustainable finance agenda. However, as the Omnibus process will likely take years and EU Taxonomy criteria remain under development and continuous revision, whether EU sustainable finance policy will be dismantled is still undecided, allowing for sustained academic scrutiny.

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<sup>42</sup> Platform Response to the Call for Feedback on the draft Taxonomy Delegated Acts published on 5th April, 2023, p.21. [https://finance.ec.europa.eu/document/download/828c1ef8-47ca-424f-b732-6232def29276\\_en?filename=230503-sustainable-finance-platform-response-draft-taxonomy-delegated-acts\\_en.pdf](https://finance.ec.europa.eu/document/download/828c1ef8-47ca-424f-b732-6232def29276_en?filename=230503-sustainable-finance-platform-response-draft-taxonomy-delegated-acts_en.pdf)

<sup>43</sup> [https://commission.europa.eu/news/commission-proposes-cut-red-tape-and-simplify-business-environment-2025-02-26\\_en](https://commission.europa.eu/news/commission-proposes-cut-red-tape-and-simplify-business-environment-2025-02-26_en)

The second insight reveals that managing political disagreements during Taxonomy policy sequences resulted in conflicts being relocated to new arenas and triggered alterations to the EU constitutional order. To secure compromise on the Taxonomy Regulation before the end of its term, the Juncker Commission reframed persistent political disagreements as technical issues, delegating their resolution to delegated acts. This "kicking the can down the road" strategy produced two enduring consequences warranting further academic scrutiny. First, resolving political conflicts through delegated acts undermines the European Parliament by precluding the formation of counter-majorities via amendments. This paves the way for future research on the constitutional implications of this strategy, specifically concerning the balance of power between EU legislators and the Commission. Second, since delegated acts legally require distinguishing technical matters from political ones, opponents of classifying gas and nuclear energy under the Taxonomy argued this constituted a political decision—ultimately challenging it before the European Court of Justice (cf. Introduction). Future research could investigate this new sequence of judicialization—its scale, driving factors, and normative implications—mirroring dynamics observed during the euro area crisis (Saurugger & Fontan, 2019).

Third, the shift in the Platform on Sustainable Finance's (PSF) composition between its two mandates may signal an ongoing transformation within the EU sustainable finance expert field. On the one hand, seeking to mitigate reputational risks, the Commission reorchestrated the Platform's composition and objectives for its second mandate. This involved replacing NGOs engaged in outsider lobbying with green finance think tanks focused on less adversarial advocacy, alongside organizations specializing in accounting standards. On the other hand, NGO members increasingly perceived reputational losses associated with the Taxonomy's weakened standards. This perception led them to reconsider their participation in the PSF. However, the extent to which this compositional change is driven by the Commission's reorchestration versus NGOs' reputational considerations remains unclear.

Fourth, carbon-intensive industries fearing to be included in a "red list" or to be at competitive disadvantage, successfully managed to impose their preferences thanks to a rear back fight during the passing of delegated acts, triggering dismantling pressures on the EU Taxonomy. When asked about their biggest surprise about the Taxonomy process, PSF and MSEG interviewees highlighted "very high-level political interference", wherein carbon-intensive industries successfully leveraged high-level access to member-state leadership and the

Commission to weaken criteria. Begemann et al. (2025) corroborates this finding, identifying "the domination of high politics" as pivotal in watering down forestry standards—a pattern replicated across sectors. This aligns with broader analyses of "climate obstruction" (Aklin & Mildenerger 2020; Bonneuil et al. 2021; Brulle et al. 2024), demonstrating how incumbent industries facing transition risks exploit political and administrative channels to derail stringent norms or regulations.

## **Conclusion**

How did dismantling pressures emerge and subsequently undermine the co-production of knowledge within the PSF—the Commission’s sustainability advisory body—during the EU Taxonomy legislative process?

First, fundamental disagreements about environmental norms were sidelined by the Juncker Commission early in the legislative process (2016-2020) and deferred to expert committees through a "kick the can down the road" strategy. This policy sequence generated a self-undermining feedback effect: carbon-intensive industry stakeholders, anticipating policy losses, started discreet insider lobbying to dismantle standards during delegated acts implementation. Second, while the Commission’s initial orchestration of PSF deliberations under a rigorous scientific mandate effectively built consensus, this approach was destabilized when the Commission calibrated the PSF’s advice to accommodate industry and Member States’ preferences during the adoption of delegated acts (2020–2022). This triggered a second self-undermining feedback effect: NGOs fearing reputational losses responded with confrontational outsider lobbying, further eroding trust and fracturing knowledge co-production within the PSF. Third, seeking to stabilize knowledge co-production, the Commission reorchestrated the PSF’s scope and composition to prioritize "politically acceptable" advice

These findings reveal a critical tension underlying the Taxonomy between the creation of robust science-based sustainability standards and the accommodation of the policy preferences of carbon-intensive industries and Member States. Following the Taxonomy delegated acts controversies, the Omnibus legislative package signals a decisive prioritization of business interests over environmental imperatives. The striking copy-paste pattern between business federations’ position papers and the Commission omnibus proposal is a good example of this

dynamic<sup>44</sup>. Moreover, the increased influence of conservative and far right-wing parties in Parliament and Council created a permissive political environment for overt dismantling. This may explain the Commission's pivot to primary legislation (the Omnibus) rather than delegated acts, abandoning discreet dismantling strategies for direct regulatory rollback.

### **List of interviews**

All interviews lasted between 30 minutes and 2 hours and were conducted between January and April 2024 in Brussels or online. Affiliations are vague to preserve anonymity.

Interview 1: Large advocacy NGO, PSF

Interview 2: EU institution, PSF

Interview 3: Large advocacy NGO, PSF

Interview 4: MSEG member

Interview 5: Industry representative, PSF

Interview 6: Large advocacy NGO, PSF

Interview 7: Green Finance think tank, PSF

Interview 8: Industry representative, PSF

Interview 9: MSEG member

Interview 10: Large advocacy NGO, PSF

Interview 11: EU institution, PSF

Interview 12: Academic, PSF

Interview 13: MSEG member

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<sup>44</sup>[https://reclaimfinance.org/site/wp-content/uploads/2025/03/Analysis-of-Omnibus-final-proposal\\_Content-and-link-to-lobbying.pdf](https://reclaimfinance.org/site/wp-content/uploads/2025/03/Analysis-of-Omnibus-final-proposal_Content-and-link-to-lobbying.pdf)

Interview 14: MSEG member

Data availability: The data and methodological approach related to this article can be found at <https://zenodo.org/records/14671489>

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