

Mr. Valdis Dombrovskis
Vice-President for the Euro and Social Dialogue
Rue de Spa 2,
1000 Brussels
Belgium

Brussels, 13 July 2018

Subject: Technical Working Group on Sustainable Finance

Dear Vice-President, Dear Mr. Dombrovskis,

The International Association of Oil and Gas Producers (IOGP) – which represents companies producing 40% of the world's oil and gas, and 90% of Europe's indigenous supplies, and FuelsEurope, representing the voice of the whole EU refinery industry - are following with great interest developments in the area of sustainable finance.

We deeply appreciate the attention that the EU Commission is paying to stakeholders. Their involvement in this process can make an important contribution to EU goals on climate change.

The establishment of a robust, credible and technology-neutral taxonomy that encourages the needed investments is fundamental in this framework. **Therefore, we would like to express our concerns regarding the Technical Working Group on Sustainable Finance which has just been set-up and, more particularly, its composition.**

We understand that the European Commission has received a very high number of applications, with many of excellent quality. Yet, this should not be at the expense of setting up a balanced expert group with the appropriate level of representativeness of the key economic actors at stake. When looking at the composition of the group, we hardly see any representative from energy production sector (producers, refineries, transport) who, being at the heart of the transition, are developing technologies that could play an important role for the decarbonisation process. Access to investments will be of critical importance, meaning the ability to draw on expertise in the sector is a core part of this next phase of work at EU level.

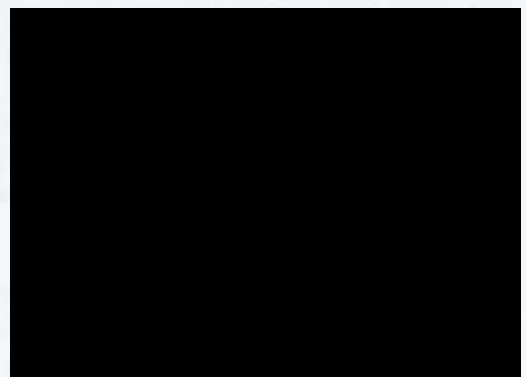
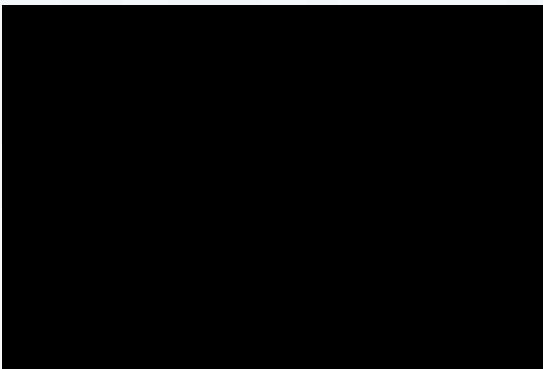
IOGP and FuelsEurope member companies are not only directly involved in the financial markets (e.g. by managing pension funds themselves) but also actively involved in improving disclosure on climate-related information (e.g. via TCFD, IPIECA). Our members are best placed to contribute to the work of determining environmentally sustainable economic activities within our sector.

The oil & gas industry is working to help the EU reach its commitment under the Paris Agreement and its 2030 climate and energy objectives. Gas is a part of the solution to rapidly address the risks of climate change and other pressing global challenges highlighted by the UN Sustainable Development Goals. This is recognised in the '*Sustainable Development Scenario*' published by the International Energy Agency (IEA), in which natural gas becomes the largest single fuel in the global energy mix, helping to deliver the EU and global goals of climate stabilisation, better air quality and affordable access to energy.

The IEA also highlights that specific sectors will continue to be mainly dependent on oil by the mid-century and low-carbon liquid fuels will keep playing an important role in the future energy mix. Technology and collaboration across industries will have to facilitate the production of these low-carbon liquid fuels. Refiners are developing their vision 2050 according to which key investments will be implemented to produce high-quality and renewable hydrocarbons, fully fungible with conventional diesel/gasoline and suitable for use in engines without blending limits. The whole industry will evolve, aiming at becoming part of a decarbonising cluster of industries – FuelsEurope and Concawe, the scientific division of the European Petroleum Refiners Association, can provide more technical details.

There is no doubt that all efforts to further mobilise investments in support of a sustainable economy are very much needed and you can count on the contribution of the oil & gas industry to this process. Yet this collective effort starts by ensuring the right framework conditions. We therefore hope the European Commission will be able to reconsider including representatives from the oil & gas industry in this expert group. Some oil and gas energy companies have applied for the position of an expert, for instance. We are available to discuss any of these issues in detail, should you or someone in your team be available.

Yours sincerely,



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