Swaying the Green Tide: Evaluating the Influence of Business and NGO Lobbying on Sustainable policy outcomes in the EU: Insights from the EU Taxonomy Regulation.

Thesis for Master International Management and Public Policy

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Abstract

The European Union (EU) has committed to achieving climate neutrality by 2050, recognizing climate change as a serious threat. To facilitate this transition, the EU developed a taxonomy to distinguish between sustainable and unsustainable investments. This regulation aims to guide green investments, due to the significant role of the private sector in this transition. However, from its initial report in 2018 to the final Delegated Act in 2021, the Taxonomy underwent significant changes ascribed to lobbying by private interest groups (IGs).

This thesis examines the success of non-governmental organizations (NGOs) and business associations in influencing the outcomes of the Taxonomy 852 and the Delegated Taxonomy Act (2021). It explores the factors contributing to the varying levels of influence exerted by fossil fuel, agriculture, and NGO associations. The research is crucial for understanding the EU political landscape and the impact of lobbying on environmental regulations.

Given the ongoing academic debate and contradictory information about the EU's policy formulation process, this study investigates whether the EU structurally favours private interests or if other factors are at play. The thesis provides insights into the effectiveness of lobbying efforts and their impact on EU climate policies, highlighting the balance between private and public interests.

Using the preference attainment method, this research assessed the influence of private and public interest groups on four sub-issues of the Taxonomy. Findings indicate that private lobby groups had a 58% success rate, while NGO lobby groups achieved 0%. The private sector provided the most resources, had a significantly higher budget, and had more access to the Commission during the 2020 lobbying period. Media salience of the policy was low, which benefited private interests. Lobby staff size was negligible in determining influence. These factors underscore the comparative advantage of private sector lobbying in exerting their influence on the EU Taxonomy.

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Table of Contents

List of Figures and Tables

List of Abbreviations

CAP: Common Agricultural Policy
CSR: Corporate Social Responsibility
EC: European Commission
ECOS: Environmental Coalition on Standard
ESG: Environmental, Social and Governance
EU: European Union
HLEG: High Level Expert Group
IG: Interest groups
NGO: Non-Governmental Organization
T&E: Transport and Environment
TEG: Technical Expert Group
WWF: Worldwide Fund

1. Introduction

Climate change is among the biggest global threats facing humanity today (United Nations, 2023). According to a survey, 93% of European Union citizens perceive climate change as a serious problem (European Commission, 2023b). In response the EU has committed itself to achieving climate neutrality by 2050 (European Council, 2023). Finance has a key role to play in delivering this transition by providing funding to economic activities and ultimately supporting sustainable growth (European Commission, 2024). It is estimated that the EU requires an annual investment of €180bn to meet the 2030 climate targets. However, public funds alone are insufficient to bridge this gap, necessitating substantial capital flows from the private sector (European Commission, 2024). This substantial investment need, coupled with concerned EU citizens, has led to the integration of sustainable investment as a core component of the EU's climate mitigation efforts (European Commission, 2024).

Corporations are driven by profit maximization, which conflicts with implementing measures which negatively impact their profitability (Arnold, 2018). In general, their biggest contribution in climate change mitigation has been Environmental, Social and Governance (ESG) investment, which is crucial in combating climate change and integrates ESG considerations to seek financial returns while promoting long-term environmental or social values (Henry, 2017; Loayza, 2023; Stobierski et al., 2021). Recently, there has been a rise in instances of 'grey' corporations being involved in climate change scandals which had devastating ripple effects across the financial market (Hübel & Scholz, 2019). In 2015 Volkswagen's emissions scandal resulted in equity market value losses of more than $20bn, devastating Volkswagen, its investors, stakeholders and market competitors due to spillover effects (Hübel & Scholz, 2019). In 2017, insurers cleared a record $134bn for natural disaster compensation (Hübel & Scholz, 2019). This demonstrated the intrinsic link between disregard for ESG standards and negative financial market implications (Hübel & Scholz, 2019).

ESG ratings are associated with better risk management, long-term growth and positive stakeholder relationships and are key motivators in the investment decision-making process (Hübel & Scholz, 2019). As such, the institutional investors community, like, pension funds, endowments or more generally, insurance companies and individual investors, use ESG ratings to screen, benchmark, synthetically assess, and select investment opportunities that align their ambitions to key performance indicators. (Hübel & Scholz, 2019). ESG ratings have radically increased and

diversified across indicators to track the ESG-related information necessary for the demand for extra-financial performance compliance. (Hübel & Scholz, 2019).

The increased demand for ESG investments has superseded solely financially driven investments (Lorenzi, 2023). This trend has marked a profound shift in the way corporates and their related investments behaviour are made (The Financial Times, 2021). ESG-related investments are transforming into a core part of capital and liquidity allocations, that will secure and enhance overall stock valuations on a mid to long-term horizon (Grifo et al., 2021). This trend enhances long-term credibility in valuations, maintains attractiveness, and reduces reputation risk for shareholders (The Financial Times, 2021).

Therefore, corporates across all industries have become increasingly focused on adjusting models to adhere to the ESG standards to ensure attractiveness (Berg et al., 2022). This aims to ultimately retain optimal concentration of the investment liquidity from investors and the general financial community (Grifo et al., 2021). The ESG label has potential to become the ultimate assurance of sustainable risk and reward, in addition to providing financial benefits. (Berg et al., 2022). Consequently, companies are increasingly aiming for the 'green' rather than 'grey' label to attract and retain high investment levels, recognizing that this label is synonymous with long-term sustainability and financial success (Berg et al., 2022).

This may be impactful as the promise of high ESG ratings extends far beyond mere metrics and scores. It represents a completely novel post-industrial collective aspiration to construct an economic system where success is not merely measured in profit but in the well-being of our planet and its inhabitants (Laker, 2023).

However, this aspiration can only materialize if ESG investment is executed genuinely. The biggest hindrance to successful ESG investment has been greenwashing, which is the superficial efforts towards ESG without achieving significant improvements in performance or carbon footprint reduction (Yu et al., 2020).

The EU had identified the trend of greenwashing and aimed to rectify this through the EU's Action Plan on Sustainable Finance which is an indispensable in achieving the EU's climate goals (Och, 2020). Its aim is to reorient capital towards a more sustainable economy and "mainstreaming sustainability issues into financial decision-making" (Busch et al., 2021). Originally, the Action Plan ensued recommendations outlined by the High-Level Expert Group on Sustainable Finance (HLEG) which underscored the need for "no less than a transformation of the entire financial

system" to mitigate the challenges raised by climate change (EU High-Level Expert Group on Sustainable Finance, 2018, p2).

An integral aspect of the Action Plan was the formulation of a new taxonomy regulation. A regulation entails "a general application, are binding in their entirety and are directly applicable in all EU Member States (...) must be complied with fully to those it applies" (Article 297, Treaty on the Functioning of the European Union, 2007). It is binding in its entirety to *all* EU countries, superseding national law (European Union, 2007).

The taxonomy is an investment tool designed by the European Union (2020) that would facilitate sustainable investment, through a classification system called 'The Green List' based on scientific criteria that identify and define economic activities as sustainable. However, beyond serving as a guidance tool, it also sets out a set of stringent rules of what can be considered sustainable economic activities (European Union, 2020). By creating this common language, it constraints companies' abilities to engage in greenwashing, and diverts investment from unsustainable economic activities toward sustainable ones (Och, 2020).

The taxonomy regulation contains two types of text. Primarily, the European Commission (EC) proposes, and the Parliament and Council reach a consensus on the fundamental principles of the legislation; and secondly the EC oversees the technical details (Abousahl et al., 2021).

According to InfluenceMap (2020) there was an opportunity for corporate engagement on both levels. To aid in the formulation of the 'technical details', the EC assembled a Technical Expert Group (TEG) in 2018. The final report was published in March 2020, where the TEG outlined the criteria that determined the economic activities that are considered sustainable in-line with the EU's 2050 net-zero target (TEG, 2020). In November 2020, the EC proposed a delegated act on the taxonomy's climate change mitigation including the adaptation criteria (EC, 2022). Whilst to some extent, the Commission based its recommendations and thresholds on the groundwork done by the TEG, for some criteria, the thresholds outlined in the 2020 proposed act were considerably more lenient than those set out in the TEG report (Svälas, 2023). These were most evident in the areas of fossil fuel, bioenergy and agriculture, which was largely ascribed to lobbying (InfluenceMap, 2020).

The TEG recommendations had many disruptive implications across private sector industries and financial market stakeholders. Investors had to re-allocate their capital sustainably, as a strategic response to mitigate risks, capitalize on emerging opportunities, and align with

evolving societal and regulatory expectations, which incurs significant transaction costs (Myatt, 2020). Furthermore, using the taxonomy would prove to be highly labour-intensive due to the taxonomy's prescriptive nature, however, investors had requested a taxonomy earlier, to increase transparency, clarity and informed decision making, as with the rise of ESG investment it becomes increasingly important to have a clear classification of sustainable investment (Hodžić & Isaksson, 2023).

For companies there were also significant implications, with many corporations describing its implementation as an "impossible task" (Hancock & Bounds, 2023).

According to Westphal (2024), it establishes an accountability measure where companies will have to familiarize themselves with the taxonomy and will have to disclose their investments and economic activities, which poses an *administrative burden.* Additionally, there are obstacles associated to the technical evaluation criteria, as these must be verified at the level of individual activities. This means, for companies with many activities, that a high level of detail for the information will have to be collected, which imposes a financial and operational burden.

Coordination challenges arise because complying with the regulation will require corporations to employ experts in the field of sustainability. Involving various specialists from relevant fields poses a challenge in increasing the interconnectivity among pertinent business units for taxonomy reporting. This includes ensuring the seamless coordination of different departments, including the sustainability management, and the finance departments of the company in preparing the reported key metrics (Westphal, 2024).

Moreover, the taxonomy (2020) would create an earmark that would have diverted investments away from these industries toward more sustainable ones, prompting a significant cut in funding (Green Finance Platform, 2021). For traditional industries like agriculture and gas, with their reliance on fossil fuel and heavy manufacturing, this redirection of capital would be drastic as banking financial funding and external investment have been vital pillars in financing these industries (Fogarasi et al., 2014). Divestment can prompt a ripple effect jeopardizing their employment, ability to sustain operations and compete in global markets (Fogarasi et al., 2014).

These coordinative, administrative and financial implications pose a significant financial and time-consuming burden for large corporations and threaten their future profitability, giving them an incentive to lobby the taxonomy to minimize such implications.

The private sector is not solely interested in lobbying the taxonomy regulation. NGOs also engaged in lobbying, with preferences aiming for 'an effective and science-based EU taxonomy' (WWF, 2020).

EU NGOs including WWF, T&E and ECOS, were among the TEG that published the original recommendations for the taxonomy (TEG,2020). Thus, their lobbying centered predominantly around preserving their recommended thresholds (WWF, 2020). They were specifically adamant about preserving the 'Do No Significant Harm', where NGOs urged for nuclear energy and mineral gas to not be considered as sustainable. NGOs warned that considering the recommendations put forward by the private sector could threaten the climate integrity of the taxonomy (WWF, 2020).

Eurogas, Bioenergy Europe, and Copa Cogeca, focused heavily on including nuclear energy and mineral gas, and including their economic activities in the list of activities considered 'sustainable' (Green Finance Platform, 2021). Furthermore, their lobbying efforts focused on reducing the imposed thresholds, aiming for a lenient approach to their respective sectors (Platform on Sustainable Finance, 2022).

Examining the preference points of interest groups and the policy outcome of the taxonomy is crucial because interest group analysis is indispensable for understanding the EU policy outcomes (Dur, 2008). Thus, to gain a deeper understanding into the EU's political process the following question needs to be answered.

"Which lobby associations were more successful in attaining their preferred point in the outcome of the EU Taxonomy, and what factors led to the level of influence exerted by business associations and NGOs on the Taxonomy 852 and Delegated Act (2021)?"

Currently, there exists no previous comparative analysis between fossil fuel, agriculture, and NGO associations on this regulation, even though, as will be highlighted in the literature review, these are amongst the most influential lobby groups in the EU lobby setting. This research holds significance in various aspects. On a societal level it aims to provide insights into the actual achievements of fossil fuel, agriculture and NGO lobbying on Taxonomy 852 or the Delegated Act (2021). The taxonomy serves as a case study and may be representative of other environmental regulations by the EU. If an undue level of business influence did occur, it would be alarming as the domination of business in the decision-making process of climate change would not merely threaten climate change but could also undermine democracy and public interest (Corporate

Europe Observatory, 2020). On a scientific level, it contributes to EU lobbying literature, as the high number of contradictory statements in existing studies regarding taxonomy, valuable insights are indispensable to accurately navigate and understand the complexities of EU lobbying.

2. Literature Review

Understanding the dynamics between business interest groups, NGOs and the European Union requires a comprehensive review of academic literature examining their influence. Historically, the EU has been remarkably open to engaging with IGs, which has been facilitated by its multiple access points (Dur, 2008). This receptivity is rooted in the EU's complex governance structure, where influence derives from various sources primarily; public opinion, party politics, electoral dynamics, and the advocacy efforts of interest groups Hix & Hoyland, 2022). Recent studies demonstrate an exponential rise in IG participation within the EU policy making process, reflecting a trend that has intensified since the 1980s (Hanegraaff et al., 2023). The EU's multi-level governance provides an environment where interest groups can effectively advocate their agendas (Richardson & Mazey, 2015). This literature review aims to explore these dynamics comprehensively, clarifying how business interest groups navigate and shape EU policies outcomes.

A crucial definition within this research is the definition of influence, Andreas Dur (2008), asserts that influence remains a disputed concept. Even in a relatively small setting like the EU, influence takes different pathways and manifests differently, which creates a challenge for those trying to measure it. However, within the context of the taxonomy, the most appropriate influence definition is “an actor’s ability to shape a decision in line with her preferences, or, in other words, a causal relation between the preferences of an actor regarding an outcome and the outcome itself” (Nagel 1975: 29, as cited in Dur, 2008). The concept of influence will be further dissected in the methodology section.

Who is more influential in the lobbying process of the taxonomy, and what factors contributed to their influence is also a relevant to consider, in understanding EU policy outcomes. The success of business IGs in the EU lobbying arena has been extensively researched as their success raises significant normative questions (Hanegraaff et al., 2023). Business IGs constitute an estimated 40 percent of EU interest group representation with their relative weight exponentially rising. (Hanegraaff et al, 2023). Based on this, one might assume that their dominant

presence will result in substantial influence within the EU's policymaking environment, however this remains widely contested.

Kluver (2009), conducted research which analyzed over 2600 policy outcomes in the EU and concluded that business interests are prevalent but not more prevalent than preferences of NGO interest groups or other diffuse interests (Kluver, 2009). Which supports the pluralist notion that opposing interest groups naturally have equal access to power within the EU, regardless of their organisational nature (Hix & Hoyland, 2022). Yet, pluralism remains disputable. Olsen (1964), maintains that private interests remain overrepresented because there is motivation for joining an interest group whose preferences align only with the members within this specific group, and low interest in joining a group which seeks to benefit all of society. Private interests thus enjoy high levels of concentrated interests and well-organized members, resulting in higher levels of lobbying success even at the expense of public interest (Olsen as cited in Hix and Hoyland 2022).

De Bruyker and Stevens (2020) stipulate that the success of different interest groups is dependent on the level of media salience regarding a policy issue. If policies are highly technical and not media salient, business lobby organisations can exploit their resources to manipulate policy outcomes. They ascribe this to a lack of public pressure which increases the economic pressure that gives affluent private interest groups their competitive edge. Hermansson (2016) contends that business interest groups' success is grounded in the robust social network that exists between the EU and private industries. Private IGs have privileged access to the EU, which allows them a disproportionate level of influence to public interests, as increased face-to-face time results in stronger relationships and more opportunities to sway decision-making in their favour (Hermansson, 2016).

Rasmussen (2014) builds on this by arguing that additional to high levels of organization and motivation, business interest groups also possess indispensable resources including information, financial means, and staff, which play key roles in the economic aspects of policy formation. Scholars Leitner and Meissner (2018) perceive this as a form of organizational capture where business interest groups capture entire political organizations, institutions, and states by exploiting these resources. Additionally, business interest groups require a firmly established position within an interest group framework, financial resources, strong negotiation capacities and the ability to effectively advocate for the interests of their members (Eising, 2009).

Hanegraaff et al. (2023) ascribe the success of the private IG in the EU to several factors, including, that business lobbies dominate the EU lobbying space due to numbers, resources, and organization levels, and concentrated interests. They contend that business associations are more successful in the EU lobbying space, and that their influence has been increasing. This phenomenon occurs because the European economy has exponentially integrated into the global markets in the last decade. Businesses integrating into the global markets face higher stakes, incentivizing them to lobby and exert influence on policy outcomes (Hanegraaff et al., 2023). Simultaneously for the EU, it creates incentive to implement policies that favour business interests to maintain a competitive advantage within global markets (Hanegraaff et al., 2023).

Bouwen (2004) and Rasmussen (2014) take on a more nuanced approach. Rasmussen contends that this picture is incomplete and overgeneralized, and that corporations, although influential, lack the power to manipulate any policy outcome according to their preferences (Rasmussen, 2014). Bouwen perceives business influence on policy outcomes as the result of an exchange relationship, where "in return for access to the EU agenda-setting and decision-making process, the EU institutions demand certain goods crucial for their own functioning." (Bouwen, 2004, p340). These goods are different types of information and by this theory, public interest groups have equal access to the EU, when they possess the same level of relevant information as private IGs (Bouwen, 2004, p340). However, due to the discrepancy in resources businesses often possess more relevant policy information (Rasmussen, 2014).

Dur (2008) sketches the European Union as being highly accessible for *all* interest groups, being institutionally designed to rely on them. Political institutions in the EU shape the degree of influence exerted by IGs on policy outcomes. It suggests that the complex multi-level system of the EU, with various access points and institutions susceptible to lobbying, creates both opportunities and challenges for interest groups, potentially impacting their ability to influence EU policy outcomes (Dur, 2008). This insinuates that lobby influence occurs when lobby groups understand and navigate these access points, and the opportunities within the EU.

So where does business influence come in, regarding climate change policy? This question, according to Gullberg (2011), needs to be examined as business influence over environmental policy is particularly problematic. Specifically, because corporations in the EU have more access to the climate policy formation process than scientists and environmental organizations (Gullberg, 2011). She ascribes this 'access' to the EU being so resource-demanding which aligns with the

arguments by Bouwen (2004) and Dur(2008). This is problematic, as environmental organizations seek ‘natural resource conservation and the protection of environmental resources’ (Carter, 2011), whereas businesses seek to shape regulations to benefit their industry (Schmitter & Streeck, 1999). Industries (particularly agriculture and fossil fuel industry) have an interest in climate change policy, as it effects reputational and regulation risks and can restrict their profitability and industry vitality (Fagan-Watson et al., 2015). If you revert to the theory of actor's preferential points in terms of climate change, this will mean that if the policy outcomes are closer to the preferences of corporations than environmental organisations, policies will be ineffective in adequately addressing climate change (Fagan-Watson et al., 2015).

Corporate Social Responsibility (CSR) is on the rise, which is the “process with the aim to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, (...) and other members of the public sphere who may also be considered stakeholders” (Kraus & Brtitzelmaier, 2012). This implies that business interests need to go beyond profitability and include social and environmental interests. Research has indicated that in practice companies often do not comply with their CSR goals or policies set out by the European green deal (Eckert & Kovalevska, 2021).

This reality creates the need for sustainable policies to hold these companies accountable. However, if corporations can shape these policies to their preferences, it could have severe consequences for climate change mitigation in Europe.

3. Theoretical Framework

A major conclusion that can be drawn from the extensive empirical research regarding European interest politics is that EU lobbying is simultaneously diverse, complex and ever-evolving, creating a challenge for those intending to draw theoretical generalizations (Bouwen, 2004). When scouring the documents regarding business influences policy formation processes in the EU and where this influence stems from, a plethora of theories arise.

3.1 Lobby Success

Primarily, it should be established who is more influential in the EU lobbying arena. As touched on in the literature review, the notion that businesses IGs have been more successful in influencing the outcome of EU policy has gained significant academic support. Specifically, in climate policy, private IGs have been successful in achieving their preferred outcomes (Corporate Europe Observatory, 2024; Hanegraaff et al, 2023). The fact that EU lobbying is dominated by private interests is not axiomatic. Success within the EU lobbying arena is ascribed to a variety of factors. Which institution the policy is being lobbied in is crucial for example. Private interest groups have been remarkably successful when lobbying in the European Commission. As the Commission has been putting private interests in the driving seat and allowing them to dominate policies at their most fluid stage (Corporate Europe Observatory, 2013). Dur and De Bievre (2007) ascribe lobbying success to three determining factors; The institutional structure, the issue and the interest group.

The institutional structure of the EU refers to its institution characteristics which may facilitate success for big business. They specifically refer to the EU's intrinsically complex nature of the lobbying arena which creates a challenge for those attempting to monitor it. This in combination with the EU's lack of transparency regarding its lobbying process makes it difficult to establish an accountability mechanism to regulate big business (Dur & De Bievre, 2007; Corporate Europe Observatory, 2013). The EU is a democratic institution and accountable to EU citizens, however if EU citizens are unaware of the lobbying process, then voters will not demand accountability. That benefits concentrated interests because they know the lack of public awareness allows them to influence policies without voter accountability, as voters historically support diffuse interests (Dur and De Bievre, 2007).

Another factor is the 'characteristics of the policy', regulatory policies like the taxonomy often invoke division amongst interest groups, and lead to opposition from private interest due to

their financial and operational implications (Green Finance Platform, 2021). Furthermore, public salience is significant as a lack of public salience equates to a lack of pushback from the public which paves the way for private interest groups to exert their influence. Technicality is further identified as relevant, as highly technical issues require significant input which may advantage business interests as they often possess more relevant technical information (Dur & De Bievre, 2007; Bouwen, 2004).

The characteristics of the interest groups are also important. Interest groups that possess more resources often have a privileged position as the Commission is inherently dependent on policy expertise (Dur & De Bievre, 2007; Bouwen, 2004). Private interests according to Leitner and Meissner (2018) have a significant comparative advantage in terms of resources compared to public interest groups. Furthermore, due to their concentrated level of interests, it facilitates the mobilization of private interest groups which grants them an organizational advantage in the EU policy arena.

3.2 Resource Theory

Bouwen (2004) and Dur (2008) perceive business influence on policy outcomes as the outcome of a supply – demand side relationship, where the Commission is designed to be research dependent creating a vacuum which business can fill with their resources.

Lobbying is defined as "the strategic supply of politically relevant information to government representatives" (Alves, 2019, p308). Thus, information as a resource lies at the center of the lobbying influence. Dur and Bouwen assert that policy information serves as the most demanded resource by the EC (Bouwen, 2004), as the Commission is designed to rely on external policy expertise to ensure well-informed decision-making and effective implementation of policies (Zhelyazkova & Schrama, 2023). Bouwen's research (2004) emphasizes that access to policy information is crucial for influencing EU policymaking processes despite challenges in directly measuring influence. Information serves as the key to the Commission as it provides the basis for "two crucial issues in European public policy: legitimacy and compliance" (Bouwen, 2004, p341).

Dur (2008) agrees that policy expertise serves as the most leverageable resource for lobby associations, but that 'material' resources are also impactful. This is because policy expertise cannot be provided lest a group is economically affluent, and has qualified staff (De Bruyker & Stevens, 2020). Due to economic wealth allowing lobby groups to invest in research, hire experts

and qualified staff and be economically relevant. Furthermore, policy makers have little to gain but much to lose from opposing economically affluent groups (De Bruyker & Stevens, 2020).

Dur (2008) defines material resources as money, legitimacy, political support and lobby staff. Information, knowledge and expertise is identified as 'facilitating factors' for decision-makers but 'material resources' can strengthen a lobby association's position in terms of the 'political game'. This is owed to financial means enabling the delivery of exchangeable goods which the EC is reliant on. Moreover, he posits that financial means, lobby staff and political support can strengthen a commissioner's political position (Dur, 2008).

Dur acknowledge that not all lobby groups possess equal resources, despite the crucial role these resources play regarding their influence capacity. This recognition prompts the following hypothesis.

Hypothesis 1 (H1): The degree of resource possession a lobby group possesses correlates positively with the influence exerted in the context of the Taxonomy 852 and Delegated Act (2021).

3.3 Media Salience

De Bruyker and Hanegraaff (2023) acknowledge the importance of resource-possession concerning influence in the European Union yet assert that resource-possession is only relevant when combined with public support. Although resources are significant, public opinion also wields considerable influence within the EC, due to its democratic nature. Media salience has historically been deeply impactful in shaping how EU citizens perceive the EU and EU policies (Van Der Brug, 2016). Media salience is the amount of media attention a policy issue receives, it is influential because it impacts the priorities of voters (Stevens & De Bruycker, 2020). Policy issues that receive little media attention create an environment where decision-makers feel little public pressure, but much economic pressure from economically resourceful groups (Stevens & De Bruycker, 2020). For such 'quiet' policies, policy makers rely more on the "technical, legal and economic expertise to make technically sound, efficient and effective policy decisions" (Lucas et al., 2019 as cited in Stevens & De Bruycker, 2020, p733) In this setting, affluent lobby organizations can maximize their comparative advantage in providing relevant resources, when a policy receive limited coverage (Stevens & De Bruycker, 2020). However, resource dependency radically shifts when policies are media salient, because substantial media attention positively correlates with increased public pressure (Stevens & De Bruycker, 2020). When there is increased public pressure, resource dependency becomes less relevant as decision-makers can hardly deviate

from public preference as this threatens their democratic legitimacy and electoral retribution (Kluver, 2015; Mahoney, 2007). Thus, for issues that attract high levels of media attention policymakers become increasingly interested in "political support and information on public preferences, electoral consequences or moral concerns" over resources (Stevens & De Bruycker, 2020, p7).

According to polls citizens are concerned about lobbying (De Bruyker & Hanegraaff, 2023). Research indicates that citizens perceive lobbying negatively and view EU lobbying influence as something purchasable, similar to buying a car from an expensive dealership, where wealthy lobby groups 'buy' political influence (Grossman & Helpman, 1994 as cited in De Bruyker & Hanegraaff, 2023).

When EU policies are widely covered by the media, it spurs public interest which gives an edge to public interest groups like NGOs, as public pressure supersedes economic pressure (De Bruyker & Hanegraaff, 2023). They refer to this concept as the transmission perspective where "interest groups are not bargaining with policymakers over who gets what, when and how, but instead are aggregating and transmitting the views of their constituents to policymakers" (De Bruyker and Hanegraaff, 2023, p28). This is particularly evident in public interests whose successes are largely ascribed to their high level of public support and moral authority (De Bruyker & Hanegraaff, 2023).

Historically, NGOs have had more lobbying success when a policy enjoyed high levels of media attention. Conversely, when a policy lacks media coverage, it provides room for private interest groups to exert influence, out of public sight. This spurs the following hypothesis:

H2: The degree of media attention positively correlates with the lobbying success of NGOs and negatively correlates with the lobbying success of businesses in the context of the Taxonomy 852 and Delegated Act (2021).

3.4 Accessibility Theory

Accessibility contends that lobby groups' potential levels of influence depend on how many in person interactions their lobby group has with the EC. Hermansson (2016) acknowledges the relevance of resources but contends lobbying success in climate policy is more about who you know than what you own. According to Hermansson, having direct meetings, and increased access to the EC is an important indicator of lobby success. Within the EU lobbying process, 'insider'

business and industry groups, gain 'privileged accesses' to the policy-making processes and the decisionmakers involved which grants them disproportionate influence, behind closed doors (Hermansson, 2016).

Hermansson (2016) further asserts that private lobby groups have more access to the EU policy-making process whilst NGOs are kept at arms-length. He contends that there exists robust social network between the EU and the private sector, which he elucidates by measuring the number of meetings that occurred between certain industry representatives and the European Commision (Hermansson, 2015). Exclusive meetings with the EC are key because they allow industry representatives to directly influence policy outcomes (Hermansson, 2016). Douo ascribes this influence to the fact that within these meetings between the Commissioner and industry representatives exchange information that is crucial to the policy process (Douo, 2019). This is further elucidated by Juffer (2021) who posits that having a seat at the table equates to having a privileged position in the lobbying space. This robust social network results in higher level of contact between 'privileged' groups and central decision-makers in the EC, which prompts informal and formal channels of influence (Binderkrantz, 2005, Mulcahy, 2015). According to Belli & Beyers, (2023) the more robust this social network the higher the level of access to the EC. Which is crucial "access is generally considered one of the most crucial currencies in interest group politics. From an interest group perspective, obtaining access to the decision-making process is often seen as a precondition of political influence" (Bouwen, 2007 as cited in Belli&Beyers, 2023, p186). This prompts the following hypothesis:

H3: The degree of access a lobby association has to the European Commission positively correlates to its influence on the Taxonomy 852 or Delegated Act (2021).

4. Methodology

This thesis aims to evaluate to what extent the business lobbies and NGOs were able to exert influence over the taxonomy regulation. This chapter will focus on which methodologies were used and justifications for these choices.

4.1 Case Study and Case Selection

In accordance with a positivist hypothesis approach, this study aimed to systematically test and verify the relationship between independent and dependent variables through empirical observation and analysis (Park et al., 2020). Creswell and Creswell (2018, p. 436) define case study as the study of a "bounded system". According to them (2018, p.485), 'bounded' means “the case is separated out for research in terms of time, place, or some physical boundaries". In other words, it is possible to create limits around the object to be studied (Creswell and Creswell, 2018). A case study was selected since it seemed most appropriate due to its characteristic of being a small-N case study (Blatter & Haverland, 2014).

The cases Taxonomy 852 and 2021 Delegated Act were selected because there were a substantive number of relevant documents, and previous research available, making it a ‘trackable process’. Furthermore, these two legislations were particularly relevant to the private sector. The reasoning behind selecting the European Commission was straightforward, as the EC put forth both pertinent policies preceding the taxonomy and drafted the regulation itself (European Commission, 2020). Furthermore, the EC has been identified as the most important access point for private interests as it is the only European forum where the private sector can directly participate in policy formation (Bouwen, 2004).

Eurogas, Bioenergy, and Copa Cocega were selected as they, to a large degree, represent the fossil fuel, bioenergy and agriculture industries in the EU. Furthermore, regarding public interests, WWF (WorldWide Fund), ECOS (Environmental Coalition on Standards), and T&E (Transport and Environment) were selected as these NGOs were most involved in the lobbying process. Their stance as outlined in their 2022 letter was backed by 44 European NGO signatories and are thus representative of the general stance of EU NGOs (WWF, 2023). All selected interest groups and the EC have either implicitly or explicitly demonstrated their preferences and positions during the policy process of taxonomy regulation, making this a trackable process.

4.2 Research Design

Haverland and Blatter (2012) asserted that there are three appropriate methods for studying a small-N case study: Co-Variational Analysis, Causal Process Tracing and Congruence Analysis. For this research question Congruence Analysis (AS) was assessed to be the most suitable as it aims "to provide empirical evidence for the explanatory relevance or relative strength of one theoretical approach in comparison to other theoretical approaches (Haverland & Blatter, 2012, p144) It does this through the deduction of "sets of specific propositions and observable implications from abstract theories in a first step and then by comparing a broad set of empirical observations with these implications drawn from diverse theories." (Haverland & Blatter, 2012, p144) In this study this was most appropriate as a positivist hypothesis approach was applied and because it aims to establish which theory holds the most explanatory relevance. The way this was measured was by comparing the three different theories outlined (resources, media salience and accessibility) with the level of preference attainment achieved, and then establishing which theory if they held explanatory leverage.

The preferences of interest groups and the outcome were established by using a document analysis. However, document analysis has many traps that can lead to inaccurate or biased research outcomes (Owen, 2014). It is a valuable research method for policy research due to its ability to 'make use of policy documents to understand the nature and sources of problems that are complex' (Cardno, 2019, p625). It allows to delve into the multifaceted complexities behind policies through looking "behind the policy to know what forces brought it into being; to tap into policy history to know how it was constructed; and most importantly, to evaluate the way it is working to achieve its stated purposes." (Cardno, 2019, p 624). The predominant trap as identified by Karppinen and Hoe (2012) is the definition of a document, as it sets the framework of which types of documents will be employed. This research used a broad definition of document, defined as a 'written or audio-visual remains not produced or generated by the researcher' (Svyrtsen, 2004 as cited in Puppis & Natascha Just, 2012). This definition was selected to justify the use of a wide range of documents including reports, journal documents, news articles, and policy briefs, which enabled the establishment of all relevant points.

4.3 The Preference Attainment Method

Measuring the source of lobbying power is a challenging task, as "influence – in all its forms – is very complex and hard to observe. At best, our research designs capture only brief snapshots – however important – of influence in democratic systems" (Lowery, 2013, p19).

The definition of influence, as emphasized by Dur (2008), serves as a cornerstone in shaping the methodology for its measurement. An accurate definition of influence is "an actor's ability to shape a decision in line with her preferences, or, (…), "a causal relation between the preferences of an actor regarding an outcome and the outcome itself'" (Nagel, 1975, p 29). Dur (2008, p561) identifies three major challenges that arise with measuring influence which are "the existence of different channels of influence, the occurrence of counteractive lobbying and the fact that influence can be wielded at different stages of the policy process.". The existence of different channels of influence means that organizations exert influence not simply through direct lobbying but also through various other 'channels', which can be a limitation (Dur, 2008).

There are three methods of measuring influence, that to some extent eliminate these challenges; Process-tracing, determining influence, and determining the degree of preference attainment (Dur, 2008). Both process tracing and determining influence as methods are vague concepts thus carrying high levels of potential flaws, low validity and low variability (Dur, 2008; Choy, 2014). Thus, the preference attainment method was selected for this thesis which refers to the distance between the outcome of a political process and the ideal point of an actor, with the distance between these two points indicating the influence of the actor (Dur, 2008). This method was justifiable as the EC and the selected lobby groups have explicitly elucidated their initial preferred point, and the outcome has been published thus both the preferred stances and the outcome can be ascertained.

4.4 Model of Preference Attainment

The model of preference attainment was used to measure influence by the distance between an actor's ideal point (2) and the outcome (X). In the case of the EU taxonomy this will refer to the actor's ideal point and the outcome of the Taxonomy 852 and Delegated Act (2021). To demonstrate the outcome of the distance between these points, a number was assigned to represent the level of preference attained. The scale is as represented in table 1.

Table 1

Measuring Preferences

Preference Attainment	Score
0	Did not attain objective
1	Partially attained objective
2	Fully attained objective

Note. Mahoney, 2007, p. 49

The independent variable of resources (budget, staff and information supply) was measured using a variety of sources. The budget was measured using data from LobbyFacts, and InfluenceMap. LobbyFacts is a "non-profit research and campaign group whose declared aim is to expose any effects of corporate lobbying on EU policy making"" (Corporate Europe Observatory, 2024a), whereas InfluenceMap is a global non-profit thinktank researching climate change mitigation and finance (InfluenceMap, 2024) both are credible. This was justified as the budgets of the private lobby associations are spread over different lobby subgroups, and thinktanks have already calculated their total budget.

Lobby Staff was measured using data published by the EU's Transparency Register, and information supply was measured by the number of reports, and consultation papers published by the lobby groups. This might have resulted in repeated information being included. However, measuring the precise word count per lobby group or assessing the quality of the information supplied objectively was unfeasible.

The independent variable of media salience was measured by calculating the number of articles published by major media outlets within the EU and whether it was front page news, in 2020 when the taxonomy was being lobbied. Social media posts, television and radio coverage were excluded as they are less reliable, and less trackable (Al-Quran, 2022). The media outlets that were included were BBC, Le Monde, The Guardian, De Telegraaf, Der Spiegel, El Pais, Corriere Della Sierra, Politico Europe, EuroNews, Deutche Welle, RTBF, RTP, The Financial Times, and The Wall Street Journal, as they account for the highest number of EU readers, and are highly trusted by EU citizens (Barometer, 2023; Watson, 2024). These newspapers were thus representative of the wider media landscape in the EU (Fürst & Oehmer, 2021).

The independent variable of access to the EC, was measured by comparing how many formal meetings were held between the Commissioner for Sustainability and each respective lobby group, as this was an indicator of how much primary access the lobby group had into the EC

(Hermansson, 2016). All data is from the year 2020 as this is when the predominant amount of lobbying occurred.

4.5 Operationalization of Variables

Table 2 visualizes all forementioned data.

Table 2

Operationalization of Variables

Variable	Hypothesis	Indicator	Data	Source
Lobby Success	RQ	Preference attainment	Draft policy proposals, Reports, Final Taxonomy	European Commission, InfluenceMap, TEG
Resources	H1	Number of published documents, Staff, Budget	Reports, Budget submissions, Lobby staff size Consultation papers, Policy position papers	EU Transparency Register, Corporate Europe Observatory
Media attention	H2	Number of News articles published	News Articles	BBC, Le Monde, The Guardian, De Telegraaf, Der Spiegel, El Pais, Corriere Della Sierra, Politico Europe, EuroNews, Deutche Welle, RTBF, RTP, The Financial Times, The Wall Street Journal New York Times
Access	H3	Number of formal consultation meetings	Reports, transparency Register	Eu Transparency Register

Note: Created by Author

4.6 Reliability and Validity

The reliability and validity of research are crucial for establishing the credibility and the objectivity of research (Roberts & Priest, 2006). Validity of research concerns the interpretation of observations, and whether the conclusions drawn by the researcher are in fact supported by the data (Silverman, 2016). Reliability refers to the dependability of results, demonstrated by their ability to be consistently replicated with stable outcomes. (Silverman, 2016).

This thesis took the form of a case study which means that reliability is low but that the internal validity is high (Halkier, 2013). However, the preferences of the lobby groups were obtained either through credible and reputable thinktanks, or directly from the lobby groups website, position papers or consultations, thus increasing external validity (Averitt et al, 2021).

Even though the sources are well established, using a variety of sources to establish the same type of information can also be a potential weakness. The outcome of the taxonomy was based on the 2021 Delegated Act, Taxonomy 852 or as those outlined by InfluenceMap, the first two are primary sources, the final one is reputable.

The independent variables used to measure the resources, media salience and access were derived from the EU Transparency Register, credible media outlet websites, and official reports and are primary sources thus increasing internal validity, reliability and replicability (Silverman, 2016).

Regarding the theories, all the theories tested were developed by established scholars on the topic of EU lobbying, that being stated any theory is contestable. There is also a variety of ways to measure these theories which negatively affect their reliability and validity.

5. Analysis

This chapter will delve into the development of the policy, lobbying issues, and the preferences of the interest groups. This includes examining how the preferences of lobbying groups relate to the factors: resources, media salience, and access. Consequentially, the preference attainment scores of the different lobbying coalitions will be assesses and compared, providing insights to test the hypotheses.

5.1 Thresholds in Taxonomy

The primary policy issue for many interest groups was the thresholds integral to the classification system defining sustainable economic activities (Economic Commission, 2024). Initially, the taxonomy's thresholds were predominantly based on the recommendations of the TEG, imposing stringent criteria across the private sector. In its 2020 report, the TEG outlined thresholds to ensure high standards of environmental sustainability, prompting extensive debate and lobbying efforts from private lobby groups. Copa-Cocega, which represents the interest of the European Farmers, and the EU agriculture industry contested the threshold outlined in the taxonomy's original draft that "The TEG recommended that, in order to be considered environmentally sustainable, the agricultural sector should avoid or reduce GHG emissions through the application of essential management practices each year or by following a stated 30-year GHG benchmark reduction trajectory (-20% by 2030, -30% by 2040 and -40% by 2050)" (InfluenceMap, 2020, p8). They perceived this threshold as problematic as "Farmers that have already reduced emissions from production will find it harder to reduce them further than farmers who have not yet taken any steps to reduce emissions" (European Commission, 2020).

Bioenergy Europe also took issue with the criteria in the delegated act that aims to restrict the utilization of food and feed crops in biofuels for transportation, plastic manufacturing, and chemical production (InfluenceMap, 2020). Bioenergy argued that such restrictions could destabilize the bioenergy market, negatively impact rural economies, and hinder the development of bio-based products essential for a sustainable economy (InfluenceMap, 2020). They emphasized the importance of a balanced approach to maintain both sustainability and industry viability (Bioenergy, 2023). They further opposed the requirement for emissions from electricity production using bioenergy to decline to 0gCO2e/kWh by 2050, claiming its problematic due to current technological limitations and sustainability of current bio energy practices (Bioenergy, 2023).

Eurogas, extensively advocated “against the 100gCO2e/kWh threshold for electricity generation in order to accommodate the inclusion of unabated natural gas in the taxonomy.” (InfluenceMap, 2020). The threshold is within the taxonomy, which diverts investment from natural gas. Eurogas (2020) claimed that threshold hampers European economic development, undermines affordable financing and jeopardizes the EU’s energy supply security.

WWF, ECOs and T&E vehemently opposed the proposed altercations, claiming that the TEG’s recommendations are *all* scientifically founded and that altering them to the interests of private stakeholders would only weaken the taxonomy and threaten its climate integrity (WWF, 2020).

5.2 The Do No Significant Harm Clause

Another significant lobbying dispute emerged from the "Do No Significant Harm" (DNSH) principle within the taxonomy. This clause is important for the private sector because being included or excluded from these conditions can lead to substantial levels of divestment and reallocation of capital (WWF, 2020). The DNSH principle is a cornerstone of the taxonomy, stipulating that “an economic activity must not support or conduct operations that significantly harm any environmental objective, where relevant” (Taxonomy 2020/852, article 17). It delineates the specific conditions under which economic activities qualify as sustainable or not. The implications for businesses are profound, as compliance with DNSH criteria can influence investment decisions, access to funding, and overall market competitiveness (Platform on Sustainable Finance, 2022).

In the Taxonomy 852 mineral gas and nuclear energy were classified as “harmful” economic activities, which threatened the interests of the gas and bioenergy lobby. This spurred extensive lobbying by Eurogas and Bioenergy Europe to classify nuclear energy and mineral gas as fuels that ‘Do No Significant Harm’. WWF, T&E and ECOS vehemently opposed this concession, claiming that there is no such thing as a ‘sustainable fossil fuel’ (WWF, 2020). By allowing fossil fuels to be labelled as sustainable, the EU could channel billions of euros toward nuclear and mineral gas despite high emissions and radioactive waste, which they classify as ‘blatant greenwashing’ (WWF, 2022; T&E, 2023; ECOS, 2022). Despite the fierce objections of the public sector, the EC, included nuclear energy and mineral gas in the DNSH clause in the Taxonomy Delegated Act (2021), signifying a win for the private sector and a loss for the public sector (European Union, 2021.

5.3 Alignment with Previous Policies

The first proposal put forward by the TEG was aligned with the aims set out by the European Green Deal and was designed as an integral feature (TEG, 2020). However, private interest groups contested the fact that many of the criteria and definitions contrasted with those outlined in previous policies. Many large corporations contended that “The taxonomy disregards and contradicts existing, robust EU legislation” (Hancock & Bounds, 2023). Copa-Cocega claimed that the criteria in the TEG report contrasted with criteria in the Common Agricultural Policy (CAP) which was established by the EU to safeguard and support European Farmers (European Commission, 2022). Copa refers to the definition of sustainability defined less strictly within the CAP than in the TEG report. Copa argued that: "sustainability is already defined in sectorial regulation and must not be redefined for sustainable investment purposes" (COPA-COGEGA, 2024; European Commission, 2020). Furthermore, they vehemently opposed the inclusion of a 30-year trajectory that was not previously established in the CAP, and that springing a trajectory demanding with such a significant decrease in GHG emissions in a limited temporal frame is both unfair and unrealistic (InfluenceMap, 2020).

BioEnergy also raised this point, but rather the CAP focused on the Renewable Energy Directive (RED II), which was implemented in 2016 to maintain the EUs position as a leader in renewable energy and, support the EU in achieving its Paris Agreement targets (European Commission, 2018). Bioenergy argued that "The sustainability technical criteria proposed in the taxonomy should mirror the sustainability requirements agreed in RED II to maintain a sound investment environment" (Papagrigoraki & Leberle, 2019). The criteria they referred are the ‘general criteria’ as established by the RED II rather than the TEG criteria for 'advanced bioenergy feedstocks' (InfluenceMap, 2020). This is because the TEG criteria were more confining and would impose significant obstacles for the Bioenergy sector use of forest biomass which is imperative to the sector (Bioenergy, 2023).

Eurogas furthermore called for the “Efficient coordination of parallel legislative initiatives Avoid undue administrative burdens through the principles of proportionality and materiality” (European Commission, 2020). Claiming that contrasting definitions across EU legislations would aggravate the administrative burden thereby posing excessive operational and financial obstacles.

Copa-Cocega and Bioenergy argued that the lack of cohesion between policies was problematic for multiple reasons; it causes regulatory uncertainty and compliancy challenges

whilst undermining the aims previously set out by the CAP and RED II thus threatening the agricultural and bioenergy sector (BioEnergy Europe, 2023; Copa Cocega, 2024; European Commission, 2023). WWF, T&E and ECOs, on the other hand, insisted that the articles in the taxonomy should only be aligned with the aims of the European Green Deal which is reaching a climate-neutral Europe by 2050, rather than focus on the aims of other policies whose primary aim is protecting private industries (WWF, 2024; T&E, 2020; Crêpy & Porteron, 2024).

5.4 Science-Based Criteria

The policy issue of scientifically based criteria was mainly raised by NGOs. Article 19 of the taxonomy specifically states that all evidence must be 'scientifically sound' (European Union, 2020). WWF contended that the criteria as outlined by the TEG, report were all based on "Scientifically sound evidence" (Abbas, 2022). T&E's director of sustainable finance backed this stance and contended that *"Now everyone's focus will be to make sure the list of environmentally sustainable activities is science-based. A swarm of special interests will try to weaken these criteria in the new Sustainable Finance Platform. Hopefully, NGOs are allowed to form the backbone of that platform and are not just there for mere tokenism*" (T&E, 2020). ECOS (2020) further supported this and posited that science-based criteria are crucial for the classification system as without it, it allows for investors to continue greenwashing, and threatens the EU's climate policy credibility. Furthermore, in a consultation these three NGOs reminded the EC of its legal obligation to follow science-based advice (ECOS, 2022). This preference was according to WWF, T&E and ECOs not at all met as the 2021 Delegated Act contained concessions that were not scientifically sound. They referred to the concessions to label "gas-fired power, nuclear, the burning of trees, intensive logging, and other harmful activities as "sustainable"" (Abbas, 2023). As this would maintain unsustainable levels of investment which is deeply harmful for the environment.

Copa-Cogeca also backed this notion, yet they contended that the TEG report 2020 lacked scientific rigor and noted that for the EC to follow its legal obligation it should include their proposed recommendations for 30-year benchmark (InfluenceMap, 2020). Copa-Cocega did meet their preference as they perceived the 30-year benchmark as unsustainable, which was scrapped in Taxonomy 852 and the 2021 Delegated Act (InfluenceMap, 2020).

Table 3

Overview of Concessions to The Taxonomy

Initial recommendations	Apparent concessions to the Taxonomy 852 and Delegated Act	Lobby issue	Lobby group
Declining GHG concessions of -20% by 2030, -30% by 2040 and -40% by 2050	Removal of the declining GHG concessions	Alignment to previous policy Scientific Criteria	Copa Cocega Bioenergy
Requirement for Bioenergy to be limited to the the advanced bioenergy feedstocks	Removal of the requirement for bioenergy to be limited to the advanced bioenergy feedstocks.	Alignment to previous policy Scientific Criteria	Copa Cocega Bioenergy
Mineral Gas was excluded from the 'Do No Harm Clause'	Gas to be included in the 'Do No Harm Clause'	Scientific Criteria Do No Significant Harm Clause	Eurogas Bioenergy
Elimination of electricity generation threshold.	Maintenance of electricity generation threshold	Thresholds	Eurogas Bioenergy

Note: created by author based on InfluenceMap 2020, EU Taxonomy 852, Delegated Act (2021)

Table 4

Overview of Attainment Scores Per Issue

IG	Thresholds	DNSH clause	PP alignment	Scientific criteria	Overall score
Copa-Cogeca	2/2	0/2	1/2	0/2	3/8
Bio Energy	2/2	2/2	2/2	0/2	6/8
Eurogas	2/2	2/2	1/2	0/2	5/8
WWF	0/2	0/2	0/2	0/2	0/8
T&E	0/2	0/2	0/2	0/2	0/8
ECOs	0/2	0/2	0/2	0/2	0/8

Note: Created by author

As outlined in table 3, in the Taxonomy 852 and 2021 Delegated Act, it is apparent that many of the preference points of the private sector were met. Copa Cocega's preference to remove the 30-year benchmark was met as the benchmark was removed in Taxonomy 852, leaving predominantly qualitative criteria (European Commission, 2021). Furthermore, Bioenergy Europe's consultation to remove the requirement for emissions for electricity production using bioenergy to decline to 0gCO2e/kWh by 2050, was also conducted. In the 2021 Delegated Act, both nuclear energy and mineral gas were included in the DSNH clause. Moreover, the recommendation that the manufacture of bioenergy should solely be considered sustainable if it met the criteria for 'advanced bioenergy feedstocks' was replaced with the RED II criteria meaning their preferences were completely met.

Eurogas lobbied for the threshold of life cycle emissions lower than 100gCO2e/kWh to be removed with a decline toward 0gCO2e/kWh by 2050 (European Commission, 2021). There was a limited divergence from the original TEG recommendations in the outcome of the taxonomy as the threshold of life cycle emissions lower than 100gCO2e/kWh were preserved but the decline to 0gCO2e/kWh by 2050 has been eliminated. Their preferences were thus met to some extent. WWF, T&E and ECO's preferences were all not met as their preference was to completely maintain the thresholds outlined the TEG 2020 report. Although some TEG recommendations were retained in the Taxonomy 852 and the 2021 Delegated Act, according to WWF, T&E and ECOs, the final set of thresholds undermine the aim of the taxonomy completely thus giving them a final score of 0.

Table 4 demonstrates the outcome in preference attainment scores per policy issue. The highest score was achieved by the private interest groups, who were able to achieve their many preferred policy outcomes, with an overall 14/24 (58%). WWF, T&E and ECOs all achieved none of their preferred points resulting in overall score of 0. From this, it can be concluded that private interest groups were more successful in attaining their preferred points regarding Taxonomy 852 and 2021 Delegated Act.

6. Discussion

In this chapter, the factors that influenced the policy outcome of the taxonomy will be analysed. It involves elaborating on its resources, media salience, and access theory. Consequently, the preference attainment scores of the lobby coalitions will be compared to the level of resources, media salience, and access which will prove explanatory leverage for testing the hypotheses.

6.1 Resource Analysis

As elucidated in the theoretical framework, resources play a significant role in to what extent a lobby group will be able to exert influence (Bouwen, 2004; Dur, 2008). According to Dur (2008), policy expertise, financial means and staff are all relevant resources when measuring lobby group influence. According to H1, the number of resources should affect the amount of influence a policy group exerted over the outcome of taxonomy. Financial means are represented through lobby budgets as they are a good indicator of the number of financial resources allocated by lobby groups to influence policy decisions and legislative outcomes, as well as the general wealth a lobby group possesses (De Bruyker and Stevens, 2020).

Two data sets were used, first was the Lobbyfacts which is a project by Corporate Europe Observatory as it provides credible and updated information about organizations lobbying EU institutions from the EU transparency register (Corporate Europe Observatory & Lobby Control, 2024) ensuring validity in research. InfluenceMap and Lobbyfacts were selected because Copa-Cocega, Bioenergy, and Eurogas' lobby budgets are spread out over several lobby organisations, and they had already calculated their total budget (InfluenceMap, 2020). The data, displayed in table 5, demonstrate that the budget of the private lobby was significantly higher than those by the public lobby. The private lobby groups had a total budget of 82 million euros whereas the public lobby's budget was around 5.1 million, demonstrating that the private lobby had a budget that was around 16 times greater than the public sector. Data surrounding lobby budgets varies significantly

depending on the calculations, because many lobby groups also invest money in other lobby organisations and their total spending on lobbying is significantly higher than what they register in the EU Transparency Register (Arauzo et al., 2013). Moreover, the quality of the data in the Transparency Register is not uniformly high as it relies on self-reporting by organizations (Greenwood & Dreger, 2013). This demonstrates that lobby budgets could have acted as a potential source of influence in the taxonomy outcome.

Resource staff was also signalled as a significant resource regarding lobbying influence in the European Commission (Rasmussen, 2014). According to Stevens and De Bruycker, 2020, Staff can influence a policy with the necessary expertise or buy expertise for a specific issue. Staff serves as a good indicator of the overall scale of a lobby. Staff numbers were measured using employment data from the European Transparency Register. This self-reported data may act as a limitation, as actual figures could be significantly higher. Despite the expectation that the private lobby groups would have a higher number of staff employed as staff is usually an indicator of financial means (Stevens & De Bruycker, 2020). The data displayed in table 5 demonstrate a significant discrepancy between the number of people hired by WWF, ECOs an T&E compared to Copa Cocega, Bioenergy Europe and Eurogas. The public sector had employed a total of 109 people and the private sector had employed 35 people, meaning the public sector had a lobby force that was three times larger than the private sector. However, that private interest lobby groups often outsource lobbying to consultancy firms, this 'outsourced' staff is not included on the EU Transparency Register leading to significantly lower numbers (Huwyler, 2020). The data indicates, that in the case of the EU Taxonomy, lobby staff size did not grant more influence.

The final variable that was highlighted as relevant was the information supply exchanged between lobby groups and the EC. Measuring the amount of information exchanged between the lobby groups and the EC was measured by looking at the number of reports consultations published by each lobby group. Open letters, position papers and press releases were excluded at this information was sometimes already published in the consultations, and thus less relevance. Open letters, official statements, end notes and bibliographies were also excluded due to their lack of relevant information and their tendency to repeat information previously published in consultations. The private sector published a total of 188 documents and the public sector published 61, demonstrating a significant discrepancy. This means the private sector supplied more than double the amount of information compared to the public sector, accounting for 75.5% of the supplied

information. Which demonstrates that information supply was likely a contributing factor regarding business interest influence over the taxonomy.

Table 5

Total Lobby Resources 2020

Lobby Group	Lobby costs in Euros	Nr of lobby staff	Number of consultations and reports	Sector
Copa Cogeca	6,000, 000	18	21	
Bioenergy Europe	31 000 000	6	75	Private
Eurogas	45 000 000	11	82	
WWF	2,875,000	32	18	
ECOS	1,375,000	29	22	Public
T&E	850 000	48	21	

Note: Created by author based on InfluenceMap 2020, EU Lobby Facts, Transparency Register EU, WWF, ECOS, T&E, Copa Cocega, Bioenergy EU, Europegas official websites.

Thus, H1: "The degree of resource possession a lobby group possesses correlates positively with the influence exerted in the context of the Taxonomy 852 and Delegated Act (2021)." is generally substantiated.

6.2 Media Salience

As outlined in the theoretical chapter, media salience serves as a powerful counterforce to resource wealthy interest groups. According to Stevens & De Bruycker (2020), policies that are media salient tend to give more influence on public interest groups, whereas 'quiet' policies tend to be more influenced by private interest groups. Credible and popular newspapers were used to measure the level of media salience. Other forms of media were excluded from this measurement including radio, tv and social media, as these types of media are not easily quantifiable within the scope of this study. Instead, the number of mentions of the taxonomy by the most popular EU newspapers were measured, in 2020. As demonstrated in table 6, half of these newspapers did not publish any articles on the taxonomy, which signifies low media saliency (Andrews & Caren, 2011). Furthermore, the taxonomy was mentioned most by Politico Europe and the Financial times, it should be noted these are specialised in EU and financial news rather than 'general interest'.

Excluding those, the taxonomy was mentioned 0 to 5 times by major news outlets which demonstrates a lack of media saliency (Andrews & Caren, 2011). Finally, in 2020, the EU Taxonomy was not once front-page news, which reflects low media salience (Andrews & Caren, 2011). The hypothesis that - The degree of media attention positively correlates with the lobbying success of NGOs and negatively correlates with the lobbying success of businesses in the context of the Taxonomy 852 and Delegated Act (2021). - can thus be confirmed.

Table 6

Taxonomy Mentions in Published News Articles 2020

Media outlets	Taxonomy mentions
The BBC	0
Le Monde	5
The Guardian	1
De Telegraaf	0
Der Spiegel	5
El Pais	1
Corriere Della Sierra	1
Politico Europe	11
Euronews	0
Deutche Welle	0
RTBF	1
RTP	0
The Financial Times	21
The Wall Street Journal	0

Note: Created by author based on the official websites of the listed outlets.

6.3 Access Theory

Access is a crucial factor on how much influence interest groups, exert influence as it dictates their ability to interact with policymakers and shape the legislative agenda (Hermansson, 2016). Access is measured through the number of formal meetings held between the EC and the lobby groups in 2020 which is depicted in table 7. Informal meetings or other forms of communication were excluded as they are not registered and thus untraceable. The public interest groups had a total of 54 formal meetings in 2020 whereas the private sector had a total of 64

meetings. This implies that the private sector had 10 more opportunities or (18%) to exert influence over the taxonomy compared to the public sector which would yield significant bias (Hermansson, 2016). Informal meetings were excluded from this research, so the level of access could be much higher. This supports the theory that private sector interest groups have increased access to the European Commission. The hypothesis that - *The degree of access a lobby association has to the European Commission positively correlates to its influence on the Taxonomy 852 and Delegated Act (2021).* - can thus be confirmed

Table 7

Number of Formal Meetings 2020

Lobby groups	Number of formal meetings	Sector
Copa Cocega	3	
Bioenergy	30	Private
Eurogas	31	
WWF	24	
ECO	2	Public
T&E	28	

Note: Created by author based on InfluenceMap (2020) & Transparency Register (2020*).*

7. Conclusion

The EU Taxonomy is an unprecedented regulation, the first EU regulation that effectively addresses and targets greenwashing and unsustainable investments. Its terms will affect investors and companies around the EU, and it is likely to set a precedent for green investing well beyond Europe. But the high levels of detail and stringency also meant that the taxonomy became a deeply controversial policy for private interests. The private sector lobbying was successful in its outcome, as the final criteria in the Taxonomy 852 and the 2021 delegated act had strayed significantly in terms of leniency.

Eyebrows were raised within the scientific and NGO community who saw that their initial expert policy advice had been replaced with weaker more manipulatable classifications of sustainable activities, which aligned suspiciously close to the preferences echoed in the Commissions halls by business associations specifically the fossil fuel, bioenergy and agriculture industries (InfluenceMap, 2020). The expert, science-based advice from NGOs had either been scrapped or significantly minimized (WWF, 2022).

This was widely perceived as problematic as private interests often conflict with public interests (Hix and Hoyland, 2022). The altered clauses seemed to be more beneficial to Eurogas, Bioenergy Europe, and Copa Cogeca, than the European public (WWF, 2020). Thus, NGOs wrote an open letter addressed to the EU, calling them out for implementing environmental measures that were not in the interest of climate change mitigation.

The Commission with its reliance on external resources, and privileged access for the private sector creates an environment where corporate lobbying can thrive. Furthermore, given the low media salience of the issue, private interests were able to increase economic pressure. With the drastic rise of both public and private interest group participation in the EU policy arena, and the growing set of contradicting literature regarding lobby group influence, it is essential to examine policies at their most fluid stage, when lobbying can be most impactful.

This thesis utilized peer-reviewed theories and methods to attempt to underpin which lobby groups were successful in influencing both Taxonomy 852 and Delegated Act 2021 and which theories best explain this success. First the policy was divided into the four sub-issues that were lobbied, then Dur's preference attainment model was used to calculate the extent of influence by both groups on these issues. Dur, Bouwens, De Bruyker and Stevens, and Hermansson's theories

on what explains lobbying success, were then used to measure the factors that contributed to this outcome.

In the case of the EU Taxonomy, the private sector had demonstrated a higher level of lobbying success across the four sub-issues: thresholds, DNSH clause, alignment with previous policies and the science-based regulation. The public interest tried to defend the stringent rules set out by the TEG, whereas the private interest groups aimed for more lenient criteria for their respective industries specifically (fossil fuel, agriculture and bioenergy). In general, the private lobby organizations were able to effectively water down some of the criteria, however the nucleus of the taxonomy is still based on the TEG recommendations. This explains that private lobbying is still actively taking place.

Overall, the private interest groups had a success rate of 58%, whereas the NGOs had a 0% success rate in reaching their points of preference. According to the theoretical expectations this outcome is grounded in the private interest groups' advantage in resources and access and the policy's low level of media salience. Meaning all theories held explanatory relevance, leading to the confirmation of all hypotheses.

The disparity in success rates between private interest groups and NGOs in influencing the Taxonomy 852 and Delegated Act 2021 can be attributed to theoretical justifications. The highest level of congruence between the data was observed in the theory of resources (budgets, and information), and low media salience. Access theory had moderate congruence levels. The lowest level of congruence was explicit regarding the resource of lobby staff, which was negligible., The private sector's advantage in resources, including a larger lobbying budget and the provision of extensive policy information, played a significant role in their success. Despite NGOs having more lobby staff during the lobbying period, this advantage did not translate into success, indicating that staff alone was not sufficient.

The theories examined in this study provided valuable insights into the mechanisms driving the influence of corporate lobby groups in the EU. The findings underscore the importance of financial means, policy expertise, media salience, and privileged access in shaping interest group success in policy outcomes. In conclusion, the success of private interest groups in influencing the Taxonomy 852 and Delegated Act 2021 highlights the significant influence of resources, media salience and access in the lobbying process and emphasizes the need for further research into private lobby group success and contributing factors regarding climate policy.

7.1 Limitations

Although some limitations of the research methodology and data have already been briefly elucidated, it is important to elaborate on these to ensure comprehensive understanding of the study's scope and implications. As highlighted by Dur (2008), measuring influence in the EU is challenging because there are so many different channels of influence, it is almost impossible to identify and measure all of these. Only formal channels of influence were included in this research, despite other existing informal channels of influence in the EC, as these were unreported. Moreover, there were methodological flaws regarding the preference attainment model as all preferences are not always explicated or made public by interest groups.

Furthermore, this research primarily used quantitative data, leading to the exclusion or reduction of qualitative data, particularly evident in the difficulty of assigning numerical values to preference attainment scores. Some preferences may have also been ignored due to researcher bias, the same applies for policy sub issue selection.

It is also worth noting that the selected interest groups represent the interests of the private and public sector to some extent but not entirely. Other big industries such as transport and construction also lobbied on the taxonomy, but their specific interests were not included to fit the scope of the research. Although WWF, T&E and ECOS's, preferences were backed by 44 NGOs, there may have been other NGO preference points that were not considered for this research, meaning, the preferences were not generalizable across the whole public and private sector. Moreover, there is wide variety between resource possession among different public and private groups thus the lobby budgets and staff size are not representative of all the private and public interest groups in the EU.

Finally, there were some limitations regarding the variables used to measure the theoretical expectations. There are different ways of measuring the theories included in this research. Resources is a broad term that in other research also included other types of assets like specific types of information or policy proposals. Media salience was measured by the most read newspapers in the EU, however social media, radio and television were not included even though they account for a significant percentage of the EU media landscape. Furthermore, there are other newspapers that are popular in the EU but were not included in the research, however it is unlikely they would have published a high number of articles. Finally, the meetings that were included to measure access only included the formally registered meetings between the Commission and the

interest groups, even though, there are a significant number of informal meetings between them, these are however untraceable and thus not included in the research.

7.2 Future Research

By conducting research using a case study with congruence analysis, this thesis provides valuable insights into the representation of private and public sector lobbying groups in the case of the EU taxonomy. This approach could have been applied on a larger scope by including all interest groups involved in lobbying the taxonomy. Moreover, other factors that may have had theoretical relevance could be included in future studies. Furthermore, this thesis solely focused on the lobbying done in the European Commission. Lobbying also occurred in the European Parliament and Council and including these in future research can create valuable insights into the lobbying process for the Taxonomy 852.

Transparency has increased significantly regarding the EU lobbying process; however, the EU transparency register data is provided by the interest groups, and not legally binding, its data is thus imperfect (Corporate Europe Observatory, 2023a). The limited availability of data has limited the generalizability of these results. Therefore, future research should focus on recommendations to make lobbying activities more structured and transparent and improve the quality of data sets.

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