

## Annex: CEO letter on EU 2030 GHG emission targets

### Supporting Evidence and Business and Investor Actions

#### 1. Why the EU should set a 2030 GHG target of at least 55%

The impacts of climate change are already being felt. We are seeing the [consequences of 1°C of global warming](#) through more extreme weather, rising sea levels and diminishing Arctic sea ice, among other changes. To maintain safe temperature thresholds, there is an [urgent need for action](#) to address the gap between the EU's current emissions path and the one we need to be on. **To be in line with the Paris Agreement, the EU needs to raise the ambition of its current 2030 greenhouse gas emissions reductions target.**

An increase in the EU's 2030 greenhouse gas emissions reductions target to at least 55% is feasible and desirable according to scientific evidence:

- CLIMACT's recent [report](#) (2020) uses the [CTI 2050 Roadmap Tool](#) to test different scenarios on reaching 55% and 65% targets ("excluding land use, land-use change, and forestry (LULUCF) and international bunkers") and **finds that the EU can reduce its emissions by 55% or 65% by 2030**, highlighting the key requirements to do so.
- A [publication by Sandbag](#) (2019) uses the E3ME model to estimate the likely extent of GHG emissions reductions by 2030 following three scenarios. The 'baseline' scenario, which includes current and announced policies and plans, as well as total coal phase-out across the EU by 2040, would lead to 50% reduction in GHG emissions (excluding LULUCF). The 'moderate' and 'advanced' scenarios, which involve the faster phasing out of coal, higher energy efficiency and renewable targets, a minor increase to carbon price, and a more extensive electrification of the transport sector could achieve **GHG emissions reductions of 53-58% by 2030**. The more ambitious reductions in the 'moderate' and 'advanced' scenarios can be delivered without new technological innovation by strengthening and synchronising existing policies.
- The study "[2050 Holistic & Efficient Roadmap for a Zero-Emissions EU Energy](#)", developed by [Swedish energy consultancy AFRY](#), shows a least-cost path where the European Union, reaches a **59% CO<sub>2</sub> emissions reduction by 2030** in the EU compared to 1990. This is mainly due to the progressive uptake of renewable energy, which replaces fossil fuels for economic efficiency.

There is growing political momentum supporting an EU2030 target of at least 55%: [The German Presidency of the Council of the European Union](#) has put climate ambition at the forefront of their agenda and Chancellor Angela Merkel has reaffirmed her support for raising the EU's emissions reduction target for 2030 from 40% to 50% or even 55%.

On 17 September, the Commission presented their 2030 Communication on '[Stepping up Europe's 2030 climate ambition](#)' based on a comprehensive [Impact Assessment](#). The

Impact Assessment demonstrates that a ‘balanced, realistic, and prudent pathway to climate neutrality by 2050 requires an emissions reduction target of at least 55% by 2030’ and that achieving this target is both realistic and feasible.

## **2. Business support for climate ambition and a green recovery (commitments, initiatives, collaborations)**

To date hundreds of companies around the world have committed to bold climate commitments, including setting a [science-based emission reduction target](#), boosting energy productivity with [EP100](#), electrifying vehicle fleets with [EV100](#), and switching to 100% renewable electricity with [RE100](#). New initiatives like [Business Ambition for 1.5](#), [Transform to Net Zero](#) and [The Climate Pledge](#) are taking this ambition to new heights. This growing wave of climate action and ambition also translates to widespread support for a green recovery from business, investors, governments, and civil society.

### **Green recovery**

Globally [over 1,200 leading businesses](#) have so far called on government leaders, through a series of open letters, to ensure long-term stimulus spending puts the economy on a positive course to a resilient, zero-carbon future that leaves no-one behind. These include:

- Over [150 global corporations](#), all part of the [Science-Based Targets initiative](#) and with a collective market capitalization of over \$2.4 trillion, signed a statement urging governments around the world to align their Covid-19 economic aid and recovery efforts with the latest climate science in the largest ever UN-backed CEO-led climate advocacy effort. This included cement maker LafargeHolcim, power utility EDF, Indian tech giant Wipro and truck maker Scania.
- 75 CEOs of Europe’s biggest global companies joined the “[European Alliance for Green Recovery](#)” along with Ministers from 11 countries and MEPs. These companies were joined by 50 CEOs from [the finance sector](#) including Société Générale, Banco Santander, BNP Paribas Asset Management, Allianz, Axa and PensionDanmark.
- Similar statements and initiatives were published in many EU member states including in [Germany](#), [France](#), [Spain](#), [Slovenia](#), and the [Netherlands](#)
- In the US, CEOs and representatives from more than [330 businesses](#) called on Congress to prioritize resilience and climate solutions to create jobs and reduce emissions in US economic recovery and stimulus plans.
- National statements were also issued in [UK](#), [Japan](#) and [Australia](#).

There were also a number of focussed business initiatives:

- On innovation and clean technology, the [Solar Impulse Foundation and 12 major players](#) in the economic and industrial world committed to a clean economic recovery. Air France, Air Liquide, BNP Paribas, Breitling, Covestro, Engie, LVMH, Movin'On, Nestlé, Schneider Electric, Soprema and Solvay have committed to implementing this change through concrete actions using clean technologies.
- On energy, a coalition of [40 global companies](#), led by the [Energy Transitions Commission](#), called on governments to support “a massive wave of investments in renewable electricity” as part of Covid-19 recovery plans to accelerate the transition to net zero emissions. In the EU specifically, [50+ major companies](#) called for corporate sourcing of renewables to be built into the EU’s Covid-19 economic stimulus package.
- On clean mobility, [nine members of the EV100 initiative](#) called for EU vehicle emissions rules to be retained and strengthened in response to the coronavirus crisis, while [21 major British businesses](#) so far have called on the UK Government to accelerate the switch to electric vehicles as the next step in the UK’s green recovery.

### **Support for stronger EU targets**

In advance of the current letter, many business and investor groups have already set out support for an increase in the EU’s 2030 climate target.

- CLG Europe welcomed the moves from the European Commission to increase ambition and supported an increase of the emissions reductions target to at least 55% for 2030 in a [position statement](#) published in November 2019.
- CDP’s recent [opinion paper](#) on European climate ambitions supports an EU GHG emissions reduction 2030 target of at least 55% and emphasises the role of businesses in achieving carbon neutrality by 2050, which is further supported by the [Science Based Target initiative’s report](#). However, CDP also underlines that a “2030 target of 60-65% reductions is closer to the required 1.5C emission reduction trajectory for the EU.”
- Based on the [IPCC special report](#) and a [New Climate Institute study](#), IIGCC’s [position](#) also supports the at least 55% target as with a lower cut, it is unlikely for the EU to attain net zero emissions by 2050 and limit global warming to 1.5 degrees. The IIGCC report highlights that higher EU ambitions can foster global climate ambitions ahead of COP26.

The economy-wide EU climate target for 2030 must be a minimum of at least 55% reductions from a 1990 baseline to remain in line with the 2050 climate neutrality goal. Many of the letter signatories have Science Based Targets (SBTs) in line with either well below 2C or 1.5C trajectories for 2030 or 2035, targets which would support progress towards an EU-wide ambition of at least 55%. Due to variations in baseline years and level of ambition in SBTs,

corporate emissions reductions targets for 2030 will vary from the headline figure required for the EU. The letter does not commit companies to a corporate 55% emissions reduction target, but letter signatories recognise the importance of increased EU ambition on the 2030 climate target to achieve climate neutrality by 2050.

### **Business action on climate**

A wide range of initiatives exist to support and develop business action on climate change including:

- [CLG Europe](#) is the leading cross-sectoral business voice convened across the EU in support of a climate neutral economy. It is one of [CISL's Corporate Leaders Groups](#) which bring together business leaders committed to supporting the transformation to competitive, sustainable, inclusive economies that will deliver net-zero carbon emissions by 2050.
- [Science-based Targets](#) initiative (SBTi): the benchmark for business to set ambitious climate targets aligned with science.
- [Business Ambition for 1.5](#) a campaign by UNGC, SBTi and others working with companies to commit to reduce emissions aligned with holding temperature rise to 1.5°C and reach net zero by 2050 at the latest.
- [The Climate Pledge](#) calls on signatories to be net zero carbon across their businesses by 2040 — a decade ahead of the Paris Agreement goal of 2050.
- [Race to Zero](#) brings together many of the above campaigns to unite leading businesses with cities, regions, universities and investors under the direction of UNFCCC to generate momentum for a net zero transition.
- [EP100](#) is a global initiative by the Climate Group, bringing together 95 energy-smart companies committed to doing more with less to improve their energy productivity. EP100 is delivered in partnership with the Alliance to Save Energy and in association with the World Green Building Council's Net Zero Carbon Buildings Commitment.
- [EV100](#) is a global initiative led by the Climate Group, which brings together 85 companies committed to making electric transport the new normal by 2030. Members are increasing demand, influencing policy, and driving mass roll-out – helping to make electric cars more rapidly affordable for everyone.
- [RE100](#) is a global initiative bringing together over 240 of the world's most influential businesses committed to 100% renewable power. Led by the Climate Group in partnership with CDP, the group has a total revenue of over US\$5.4 trillion and operates in a diverse range of sectors.
- The [Solar Impulse Foundation](#) aims to identify clean, efficient and profitable solutions in order to accelerate their implementation and the transition to a sustainable economy. The Foundation can support political and economic decision-makers in their

efforts to achieve environmental targets and encourage them to adopt more ambitious energy regulations, necessary for large-scale implementation.

- In Norway, [Skift](#) is bringing together some of the most climate ambitious businesses to accelerate the transition to a low-carbon economy and support the Norwegian government in delivering on its national climate commitments by 2030.

### **Investor action on climate**

Investor action on climate change is also coordinated and delivered through a number of collaborations:

- [Climate Action 100+](#) is a five-year initiative led by investors to engage over 160 companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. To date, 450 investors with more than \$40 trillion in assets under management have signed on to the initiative. Climate Action 100+ investors are calling on the 40 oil and gas companies, 23 mining and metals companies, and 26 transportation companies to create long-term energy transition plans, with aligned short and medium term target
- [The Investor Agenda](#) has been developed by seven investor organisations to support the global investor community in accelerating and scaling up the actions that are critical to tackling climate change, in achieving the goals of the Paris Agreement. It brings together and promotes the actions that investors around the world are taking in line with the Paris Agreement, managing the risks of climate change, and building a low-carbon economy, across four thematic areas: investment, corporate engagement, disclosure and policy advocacy.
- The Global Investor Coalition on Climate Change (GIC) is a joint initiative of four regional groups that represent investors on climate change and the transition to a low carbon economy: AIGCC (Asia), Ceres (North America), IGCC (Australia/NZ) and IIGCC (Europe).
- The [Net-Zero Asset Owner Alliance](#) represents nearly \$5 trillion assets under management, and is an international group of 29 institutional investors delivering on a bold commitment to transition their investment portfolios to net zero GHG emissions by 2050.