University of Cambridge Institute for Sustainability Leadership

CLG Europe

Policy briefing

# Raising European climate ambition for 2030

## A CLG Europe position paper

November 2019

funded by

WE MEAN BUSINESS

## Corporate Leaders Group Europe

CLG Europe is a select group of leading European businesses, with a membership representative of Europe in both geography and sector. CLG Europe members have come together to work with policymakers and business peers to support stronger ambition and effective, accelerated action on climate change within the EU and globally. The group's work is aligned with the Paris Agreement and in support of the Sustainable Development Goals (SDGs).

CLG Europe is the sister group of UK-focused The Prince of Wales's Corporate Leaders Group, which has frequently defined the British business response to climate change.

The guiding mission of CLG Europe is to develop credible, ambitious positions amongst its membership and deploy effective strategic communications, thinking and action to engage with the highest levels of policy audiences and the wider business community. It acts to strengthen climate change policy and drive it into practice, both in Europe and, working with others, around the world.

CLG Europe is convened by the University of Cambridge Institute for Sustainability Leadership (CISL).

## The University of Cambridge Institute for Sustainability Leadership

The University of Cambridge Institute for Sustainability Leadership (CISL) is a globally influential Institute developing leadership and solutions for a sustainable economy. We believe the economy can be 'rewired', through focused collaboration between business, government and finance institutions, to deliver positive outcomes for people and environment. For over three decades we have built the leadership capacity and capabilities of individuals and organisations, and created industry-leading collaborations, to catalyse change and accelerate the path to a sustainable economy. Our interdisciplinary research engagement builds the evidence base for practical action.

## We Mean Business

We Mean Business is a global non-profit coalition working with the world's most influential businesses to take action on climate change. The coalition brings together international non-profit organisations: BSR, CDP, Ceres, The B Team, The Climate Group, CLG, WBCSD. We Mean Business provided financial support for the publication of this report.

## Author and acknowledgements

This policy briefing was prepared by Sanna Markkanen, Romain Pardo, Ursula Woodburn, Martin Porter, Eliot Whittington and Annabelle Roblin. We would like to thank CLG Europe members for their comments.

## Full members

acciona · Coca-Cola European Partners · DSM · EDF · Iberdrola · Interface · Signify · Stora Enso · Unilever

## Affiliate members

Anglian Water · GSK · Heathrow · INGKA (IKEA Retail business) · Sky · Tesco · Thames Water

# Position statement on behalf of CLG Europe and its members

**CLG Europe welcomes the clear and highly significant commitment from the President-elect of the European Commission, Ursula von der Leyen, to publish within her first 100 days in office a European Green Deal which will be her central priority and hallmark of her five-year term.**

As European business leaders we also strongly endorse the President-elect's commitment to set the EU on a path to becoming the world's first climate neutral continent, and to achieve this by 2050 at the latest.

The economic case for increased climate ambition is now as clear as the scientific one: the European Commission's own analysis shows that this is likely to lead to a net increase in GDP of 2%, an overall increase in employment and a reduction in costs linked to fossil fuel imports or health damages.

Europe's competitive advantage will depend on leading the global development of markets and industries in the value chains of the new smart, clean economy, so climate neutrality must be at the core of its wider economic and industrial strategy.

We therefore urge the European Council to confirm this goal at its next meeting, giving businesses like ours the long-term guidance we need to invest at the pace and scale necessary, as well as providing the necessary leadership to the international implementation of the Paris Agreement.

But a long-term vision for climate neutrality is not enough on its own, which is reflected in the President-elect's proposals for a European Green Deal.

Amongst the urgent measures included in this package of proposals is an increase of the EU GHG emissions reduction targets for 2030, from the current target of 40% to 50%, and potentially to 55%.

As the IPCC Special Report on the impacts of global warming of 1.5°C shows, the next ten years will be critical in determining a pathway towards a safe and sustainable future. To achieve climate neutrality by 2050, businesses must ramp up investments in the new, zero carbon economy without delay. A higher target for 2030 will help strengthen the case for this. In addition, it is critical that Europe shows leadership in updating and enhancing its emissions reduction target for 2030 and in submitting it to the UNFCCC secretariat in good time ahead of COP26.

**CLG Europe therefore welcomes moves from the European Commission to increase ambition and supports an increase of the emissions reductions target to at least 55% for 2030.**

A 55% target is in line with recent studies, suggesting that a minimum of 55% reductions for 2030 is both necessary to remain in line with the 2050 climate neutrality goal, and feasible from a technical and economic point of view, with early action being more cost-effective than delay. An increasing number of Member States are already convinced of the need to increase their ambition as well as that of the EU's in order to reach this target by 2030.

Increasing ambition would also demonstrate political willingness to respond to citizens' concerns, as more than nine in every ten EU citizens consider climate change to be a serious problem.[1] Pro-climate action sentiments are increasingly visible in consumer behaviour and voting patterns. Across Europe concern is rising and and there is a hunger for adequate solutions that face up to the scale of the challenge.

An increase in the emissions reduction target to 55% would likely need to be accompanied by additional action by the EU. This higher target will require accelerated investment and alignment of other policies and measures intended to enhance the EU's leadership in the markets and value chains of the new economy. Such actions should, however, deliver long-term economic benefits for the EU.

Through the European Green Deal and related proposed policies on energy, finance, agriculture and industry the EU has access to policy levers that can enable this transformation. By adopting this increase in ambition and reflecting it across these policies, a wave of innovation and investment can be unlocked.

Europe has been a global leader on climate change for decades. If the EU strengthens, clarifies and formalises its commitments for climate action, it can secure that leadership role and the economic and diplomatic benefits that come with it.

As business leaders who aspire to build the climate neutral economy of the future, we urge you to agree the necessary policy foundations and set the direction of travel that will provide us with the clarity and confidence to act as rapidly and boldly as possible.

# The business case for action

## Why CLG members are already setting strong targets

**CLG Europe members are already adopting targets in line with the science of climate change and in support of climate neutrality by 2050. By decarbonising their operations and value chains, these companies are not only lowering their own emissions but also playing a key role in accelerating emissions reductions in the entire economy.**

All CLG Europe members support the call for European climate neutrality by 2050, and as a requirement of membership they are either committed to deliver that target or better in their operations, or have taken a science-based target, or both.

Some members have adopted targets to achieve carbon neutrality, or even become carbon positive, as soon as the end of the next decade. **Signify,** for example, has set itself the goal to become carbon neutral in all its operations by 2020, while both **Unilever** and **Ingka group/IKEA** are taking steps to become carbon positive by 2030. With its Climate Take Back plan[2], **Interface** aims to contribute to reversing global warming by using materials that use waste carbon or sequester carbon for products like carbon-capturing tiles.

CLG Europe members are also working to unlock change in key parts of the system. In an effort to accelerate the shift to renewable energy and reduce their indirect emissions from the generation of purchased energy, **Coca-Cola European Partners, DSM, Ingka group/IKEA, Interface, Signify** and **Unilever** have all joined the RE100[3] initiative under which they commit to using 100% renewable energy. **Coca-Cola European Partners, Interface** and **Signify** aim to achieve this objective by 2020. Unilever, a founding signatory of the initiative, has already achieved 100% renewable energy in its factories, warehouses, distribution centres, offices, data facilities and research and development facilities across five continents. **Ingka group/IKEA** intends to have all its operations energy independent, producing as much renewable energy as it consumes by 2020.

As a result of these commitments, CLG Europe members are investing heavily in renewable energy. In order to achieve its target to lower its emissions by half by 2030, **Iberdrola** will have invested 16 billion euros in smart grids and 13 billion euros for renewables by the end of the 2018-2022 period. **EDF** is doubling its installed capacity of renewables in the next ten years.

To have an even more significant impact on the entire economy, CLG Europe members are committed to lowering GHG emissions that occur in their value chains both upstream and downstream. **ACCIONA** aims to reduce its emissions from purchased goods and services, capital goods, energy-related activities and upstream transportation and distribution by 16% by 2030, against a baseline from 2017. **Stora Enso** intends to have 70% of suppliers and downstream transportation suppliers set their own GHG reduction targets by 2025, with the aim that these suppliers all adopt science-based GHG reduction targets by 2030.

Companies are also taking action to reduce emissions across the entire life-cycle of their products. **Unilever** commits to reduce GHG emissions from the life-cycle of their products by 50% per consumer use by 2030 from a 2010 base-year. **Interface** has delivered on its Mission Zero® commitment, set in 1994, to eliminate its negative environmental impact by 2020 by becoming the first global flooring manufacturer to sell all products as carbon neutral across their full life-cycle.

In light of these commitments and actions, CLG Europe members recognise the important role of business in achieving an EU emissions reductions target of at least 55% by 2030 and are committed to playing a leading role in scaling up ambition for the transition towards a prosperous and climate neutral European economy.

# The scientific and economic case for action

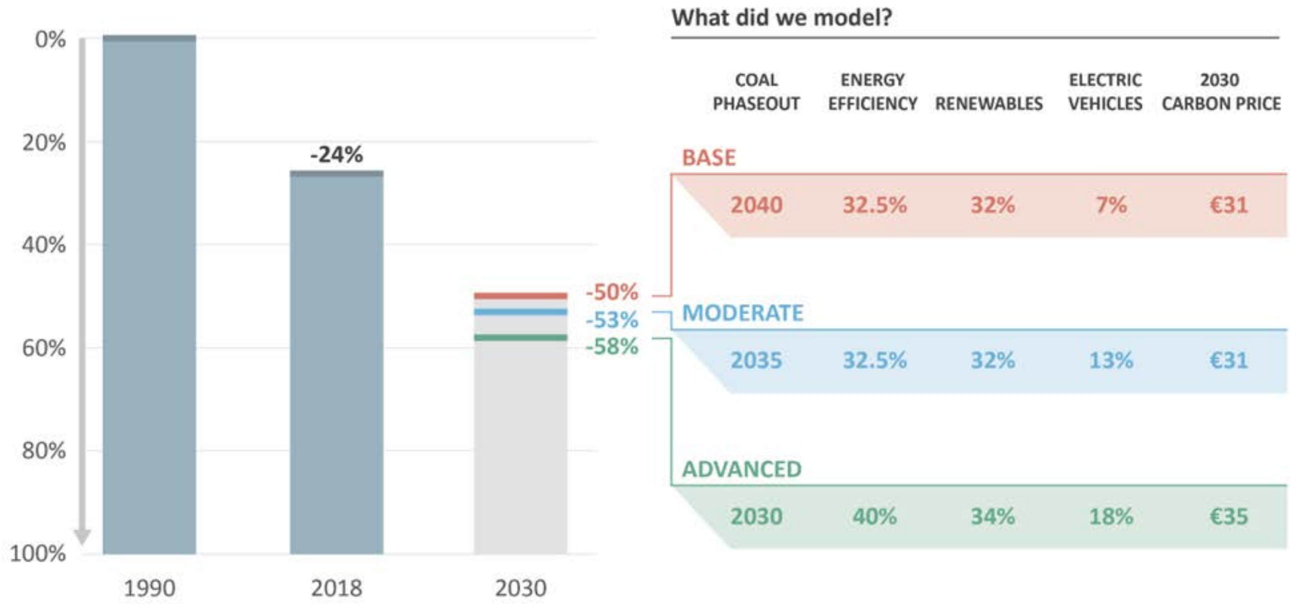
## Why CLG members believe the EU can and should achieve a 55 per cent emissions reduction target by 2030

### According to the IPCC Special Report on the impacts of global warming, pathways compatible with 1.5°C[4] global warming will require GHG emissions to reach net zero by 2050, declining by approximatively 45 per cent from 2010 levels by 2030.

The rationale for accelerating emissions reductions over the next decade is clear – without early and sustained action the scale of later emissions reductions will be unfeasibly sharp. Recent studies demonstrate that raising targets for 2030 is economically and politically feasible as well as environmentally desirable.

A report by ECF and Climact (2018) showcases results of the Carbon Transparency Initiative (CTI) 2050 Roadmap Tool project[5], which used a simulation model with currently available mitigation options to assess possible pathways to net zero by 2050. The CTI modelled more than 10 scenarios under three 'typical' pathways: a "shared efforts scenario" (comparable level of efforts maintained across sectors and levers), a "technology scenario" (which emphasises efficiency and innovative technologies, including CCS) and the "demand focus scenario" (which include a heavy use of demand-side levels to reduce the overall demand for energy and energy/emissions-intensive products, such as red meat). According to the results, the EU's GHG emissions (including 'LULUCF' or 'Land-use, Land-use change and Forestry') will need to be reduced by around 55-65 per cent by 2030, compared to 1990 levels, to set Europe on the right trajectory for net zero by 2050.

A recent publication by Sandbag (2019)[6] 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 per cent 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 per cent 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.




Source: Sandbag (2019) Halfway There: Existing policies put Europe on track for emission cuts of at least 50% by 2030.[6]

## Learn more on company commitments

ACCIONA: https://www.acciona.com/news/acciona-commits-reduce-greenhouse-gas-emissions-by-16-2030/

Coca-Cola European Partners: https://www.ccep.com/pages/09-action-on-climate

DSM: https://www.dsm.com/corporate/news/news-archive/2019/07-19-dsm-sets-science-based-reduction-targets-for-emissions.html

EDF: https://www.edf.fr/en/the-edf-group/who-we-are/strategy-cap-2030

Iberdrola: https://www.iberdrola.com/sustainability/against-climate-change

Interface: https://www.interface.com/EU/en-GB/sustainability/our-journey-en_GB

Signify: https://www.signify.com/global/sustainability/carbonneutral

Stora Enso: https://www.storaenso.com/en/newsroom/regulatory-and-investor-releases/2018/1/stora-enso-is-the-first-forest-products-company-to-set-ambitious-greenhouse-gas-reduction-targets

Unilever: https://www.unilever.com/sustainable-living/reducing-environmental-impact/greenhouse-gases/how-were-becoming-carbon-positive-in-our-operations/

## References

1 European Commission (2019). Special Eurobarometer 490: Climate change. Retrieved from https://data.europa.eu/euodp/en/data/dataset/S2212_91_3_490_ENG

2 More information is available at https://www.interface.com/US/en-US/campaign/climate-take-back/Four-Pillars-en_US

3 RE100 initiative: http://there100.org/

4 IPCC (2018). Global warming of 1.5 °C. Retrieved from https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_High_Res.pdf

5 ECF and Climact (2018) Net zero by 2050: From whether to how. Retrieved from https://europeanclimate.org/wp-content/uploads/2018/09/NZ2050-from-whether-to-how.pdf

6 Sandbag (2019) Halfway There: Existing policies put Europe on track for emission cuts of at least 50% by 2030. Retrieved from https://sandbag.org.uk/wp-content/uploads/2019/04/Halfway-There-March-2019-Sandbag.pdf

## Cambridge insight, policy influence, business impact

The University of Cambridge Institute for Sustainability Leadership (CISL) brings together business, government and academia to find solutions to critical sustainability challenges.

Capitalising on the world-class, multidisciplinary strengths of the University of Cambridge, CISL deepens leaders' insight and understanding through its executive programmes; builds deep, strategic engagement with leadership companies; and creates opportunities for collaborative enquiry and action through its leadership groups.

Over the past 30 years we have built up a leadership network of over 8,000 senior leaders and practitioners from business, government and civil society, who have an impact in every sector and on every continent. Their experience and insights shape our work, which is further underpinned by multidisciplinary academic research.

HRH The Prince of Wales is the Royal Founding Patron of CISL and has inspired and supported many of our initiatives.

**Head Office**
1 Trumpington Street
Cambridge, CB2 1QA
United Kingdom
T: +44 (0)1223 768850
E: info@cisl.cam.ac.uk

**EU Office**
The Periclès Building
Rue de la Science 23
B-1040 Brussels, Belgium
T: +32 (0) 2 894 93 19
E: info.eu@cisl.cam.ac.uk

**South Africa**
PO Box 313
Cape Town 8000
South Africa
T: +27 (0)82 829 6852
E: info.sa@cisl.cam.ac.uk

## Publication details



**Disclaimer**
The opinions expressed here are those of the authors and do not represent an official position of the Corporate Leaders Groups, CISL, the wider University of Cambridge, or clients.

**Reference**
Please refer to this publication as University of Cambridge Institute for Sustainability Leadership (CISL). (2019). *Raising European climate ambition for 2030 A CLG Europe position paper*, Cambridge, UK: CLG Europe.

**Copies**
This full document can be downloaded from the Corporate Leaders Groups' website: www.corporateleadersgroup.com

**Contact**
To obtain more information on the report, please contact Adele Williams:
E: adele.williams@cisl.cam.ac.uk
T: +44(0)1223 768451

November 2019