

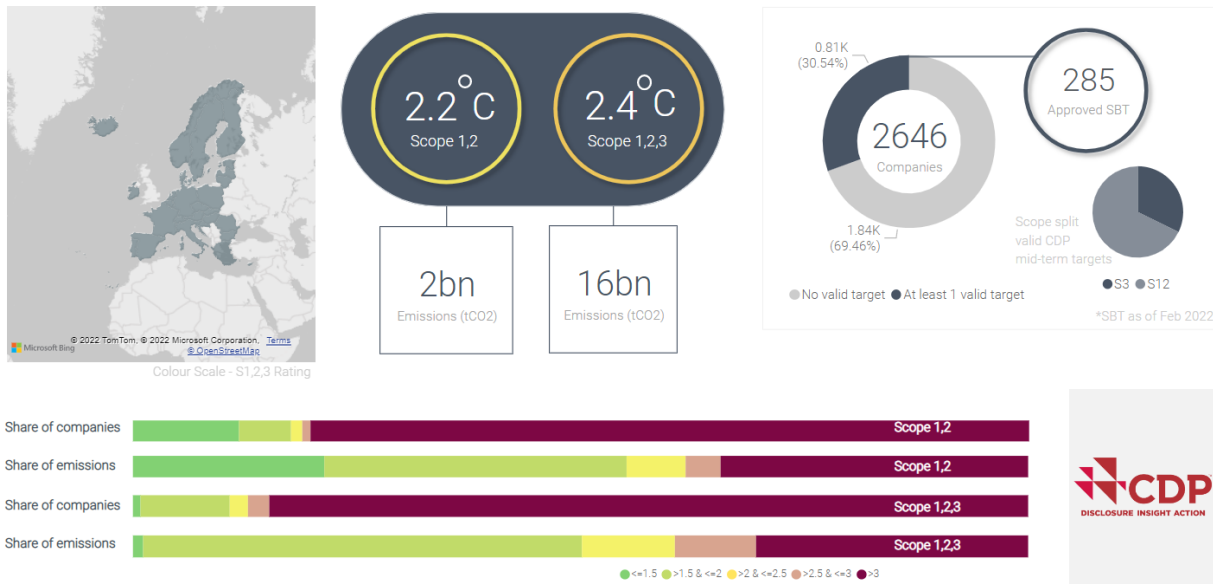
**Tackling the climate and energy crises at once  
EU Environment Council on Fit-for-55  
28 June 2022**

Europe's leadership is vital towards limiting the global temperature increase to 1.5°C in line with the Paris Agreement. The 2021 IPCC report already found that temperatures in Europe are set to rise more quickly than expected and that weather and climate extremes are getting worse and becoming more common, which can significantly disrupt societies, ecosystems and the economy. The upcoming Environment Council on 28<sup>th</sup> June will address the challenge of achieving our EU climate targets while ensuring energy efficiency and security.

CDP recognizes the challenging times that the continent (and the world) is facing, with the war against Ukraine and its dire consequences as well as the protracted pandemic. In order to achieve the EU climate goals and make the transition to an energy- and resource-secure, nature-positive economy, the highest effort, ambition, and collaboration are needed across all areas and key stakeholders, notably companies, capital market actors, sub-national jurisdictions, and national governments.

A first step for the transition is to measure and manage environmental and climate impacts. In the EU27 and EFTA countries, over 4,000 companies are already taking this key first step by disclosing relevant environmental and climate information through CDP. They are joined by over 130 cities and 26 regions. Some of these have already moved from disclosure to action by setting ambitious climate change mitigation targets. For the transformation of the entire economy, all companies and cities urgently need to set and implement emissions reduction targets in line with science.

By February 2022, more than 280 companies had an approved 1.5°C, science-based emission reduction target in place. However, this is far from sufficient and constitutes a mere fraction of the European market. When scrutinising all mid-term targets reported (or the lack thereof) by companies disclosing on climate through CDP and the science-based targets initiative (SBTi), it is evident that while almost half of European companies' emissions (over 2,600 were evaluated) have set targets at 2°C or below, Europe is still not on track to meet the 1.5°C goal. Overall, mid-term targets set by companies put them on a 2.4°C temperature pathway – keeping in mind that those with 1.5°C aligned targets covering their direct and indirect emissions only make up a small proportion in the sample – which means that not enough companies in Europe are working towards reducing their emissions throughout their value chain. Emissions from the average company's supply chain are four times as high as those from its direct operations.



Source: CDP-WWF temperature rating methodology<sup>i</sup>

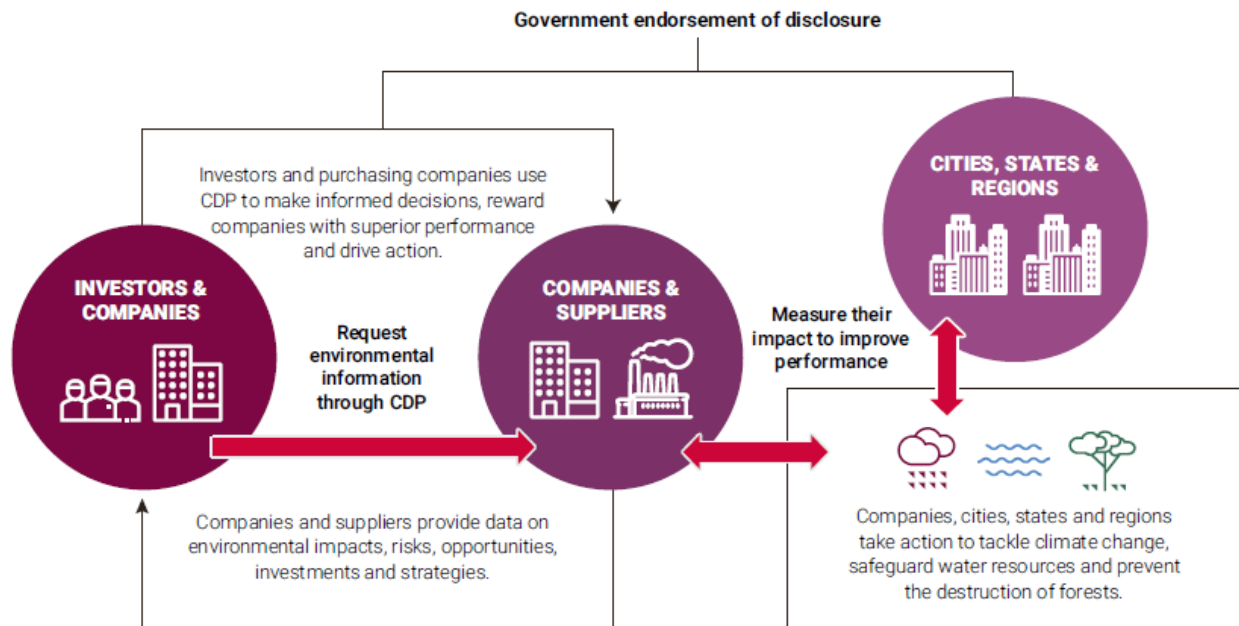
**This makes emission reduction and energy efficiency targets set by the EU and member states ever more important as governments send a clear signal to the market as well as level the playing field for companies with 1.5°C-aligned transition plans.**

Science-based targets defined by the SBTi, of which CDP is a partner, have become global best practice in setting near-term emission targets. Since the SBTi's launch in 2015, more than 2,500 companies have joined, and over 1,400 companies have had their targets approved globally. Recognizing the need for credible long-term climate trajectories in addition to near-term SBTs, the SBTi launched the first framework for companies to set net-zero targets in October 2021: the Net-Zero Standard. While more than 1,100 companies have made a public commitment to achieve net-zero emissions by 2050, including across their value chain, there is still a wide gap that urgently needs to be closed, especially across energy intensive sectors.

In this crucial decade of action, we need to ensure that ambition is met with actual implementation. Setting a target must be complemented by an execution plan, meaning having a thorough climate transition roadmap in place for a company, a city or a region. This is followed by a regular review of the progress made to meet set targets. A lack of progress towards agreed goals may prompt a shift in the implementation process. The degree of ambition of the target is determined according to the best available science.

Collaboration in the private sector as well as at state, region and city-levels is pivotal to delivering effective climate and environmental action. CDP brings together companies, capital market actors, sub-national jurisdictions and national governments and provides the mechanism for driving target-setting, implementation, tracking and adjustment to higher ambition, in line with science. For 20 years we have driven systemic change and continue to do so towards a net-zero, nature-positive, resilient and energy efficient as well as resource-secure economy and society.

European governments can support transparency and decisive environmental action through an endorsement of CDP's disclosure system. In fact, several, including France, Italy and the Netherlands are already actively doing so. A government endorsement provides a strong signal of support for CDP's charitable work with companies and sub-national jurisdictions to set and implement climate and nature targets in line with science.



This includes onboarding companies and sub-national jurisdictions onto major initiatives such as SBTi, SBTn, RE100, Race to Zero, Race to Resilience, the European Climate Pact, and many others<sup>1</sup>. In Europe (EU 27 + EFTA), as of June 2022 more than 550 companies have approved near-term SBTs and 25 cities in SBTn are considered fully aligned with a science-based target, i.e., had both a net zero long-term (by 2050) target and a mid-term target that was aligned with a 1.5°C global pathway. Over 85 companies made commitments to RE100 and more than 360 have committed to net-zero targets with a total of eight having gotten them approved. Over 320 companies, non-profits, cities and regions joined the European Climate Pact helping the EU to meet its goal to be the first climate-neutral continent in the world by 2050.

Endorsing CDP means supporting the continuous work we started 20 years ago with companies, cities and regions to decrease their dependency on fossil fuels, to scale energy efficiency initiatives, and to build nature-based solutions. By disclosing the relevant climate and environmental information through CDP, all corporates are well prepared for obligations coming

<sup>1</sup> 23 EU27 + EFTA cities had either a net zero long-term (by 2050) target or a mid-term target that was aligned with a 1.5°C global pathway. Based on this check, the SBTN considers these cities' targets to be partially aligned with a science-based target. In 2021, the [Science-Based Targets Network \(SBTN\)](#) core city partners undertook a high-level check of cities' targets reported through CDP-ICLEI Track to assess if they were aligned with the goals of the Paris Agreement and a 1.5°C global pathway. Cities' targets were checked against the SBT methodologies in the [SBTN's Guide for Cities](#). The check assumed the data reported was correct, it did not verify the data or methodology used to set the target and it did not consider use of carbon removals or carbon credits. Each cities' target was checked by at least two independent reviewers to ensure confidence in the check outcome. Please note this check is not validation of cities' targets but aims to provide an indication of a city target's alignment with a 1.5°C global pathway. A full target validation process is currently in development and expected from 2023 onwards.

into force under the Corporate Sustainability Reporting Directive, as well as further requirements expected from the European Sustainability Reporting Standards.

Find out more about CDP Government Partnerships here: [Government partnerships – CDP](#)

<sup>i</sup> [CDP-WWF temperature rating methodology - CDP](#)