

# *What does ‘Paris-aligned’ mean for governments and companies?*

*JRC Summer School on Sustainable Finance – 27.06.2024*

# *Global ambition*

# Where are we at? What should we do?

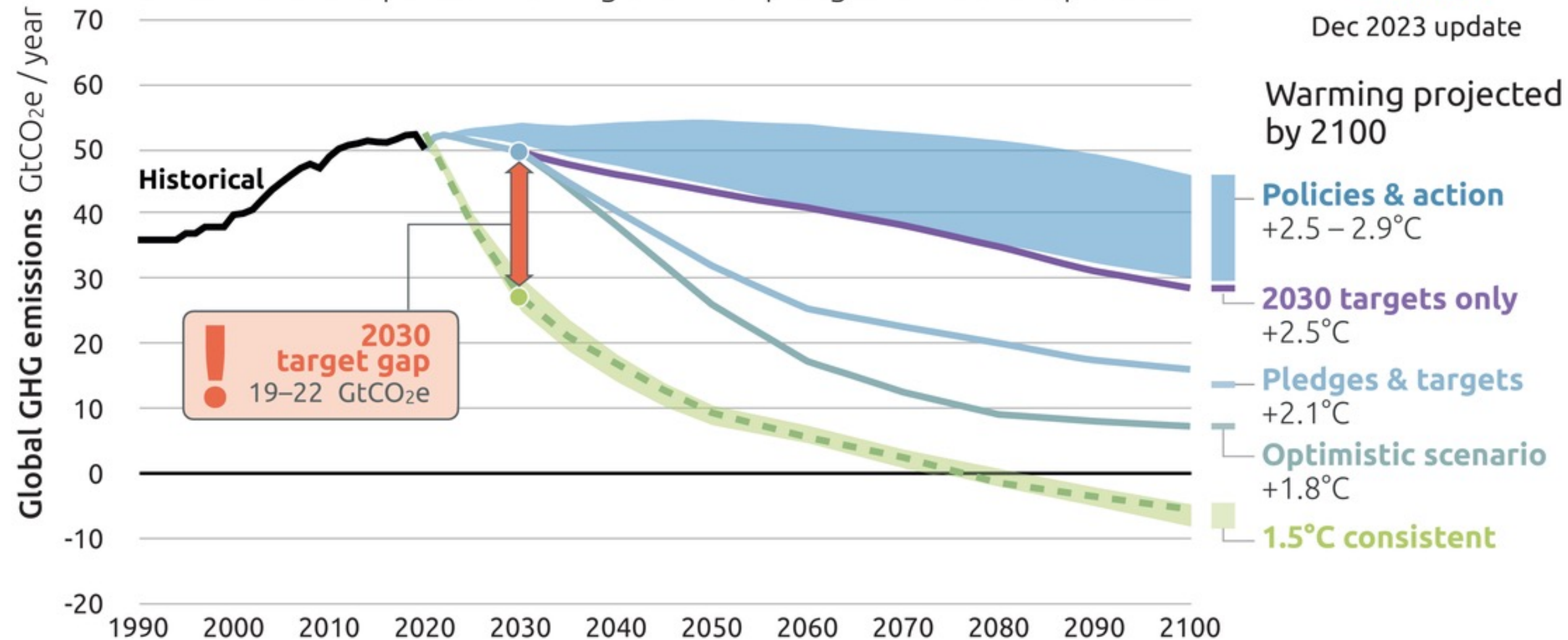
Climate Action Tracker - <https://climateactiontracker.org/global/temperatures/>



Dec 2023 update

## 2100 WARMING PROJECTIONS

Emissions and expected warming based on pledges and current policies

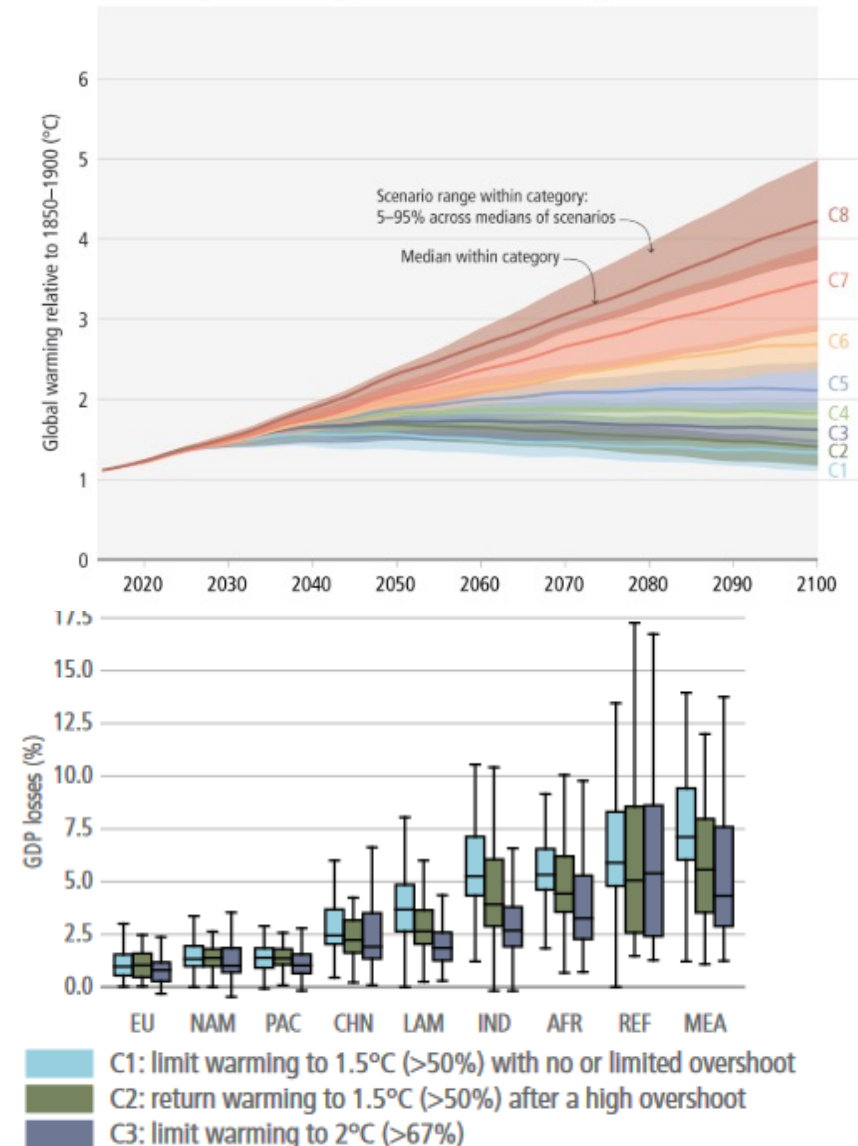


# *National ambition*



# Globally cost-optimal scenarios

a. Median global warming across scenarios in categories C1 to C8



These scenarios **assume globally cost-optimal implementation**

⇒ Measures are distributed **spatially** based on where it's the cheapest

⇒ Measures are distributed **in time** based on assumed prices and their evolution over time relative to economic growth

As a result:

⇒ The geographical distribution **does not reflect equity consideration**

⇒ The time distribution **does not factor intergenerational justice.**

⇒ The model describes cost optimal implementation but **does not tell who should pay**

Figure 3.35 | a: regional mitigation costs in the year 2050

# Domestic pathway – based on cost-efficiency

the European Union's total GHG emissions excl. LULUCF MtCO<sub>2</sub>e/yr

Displayed values

Percent

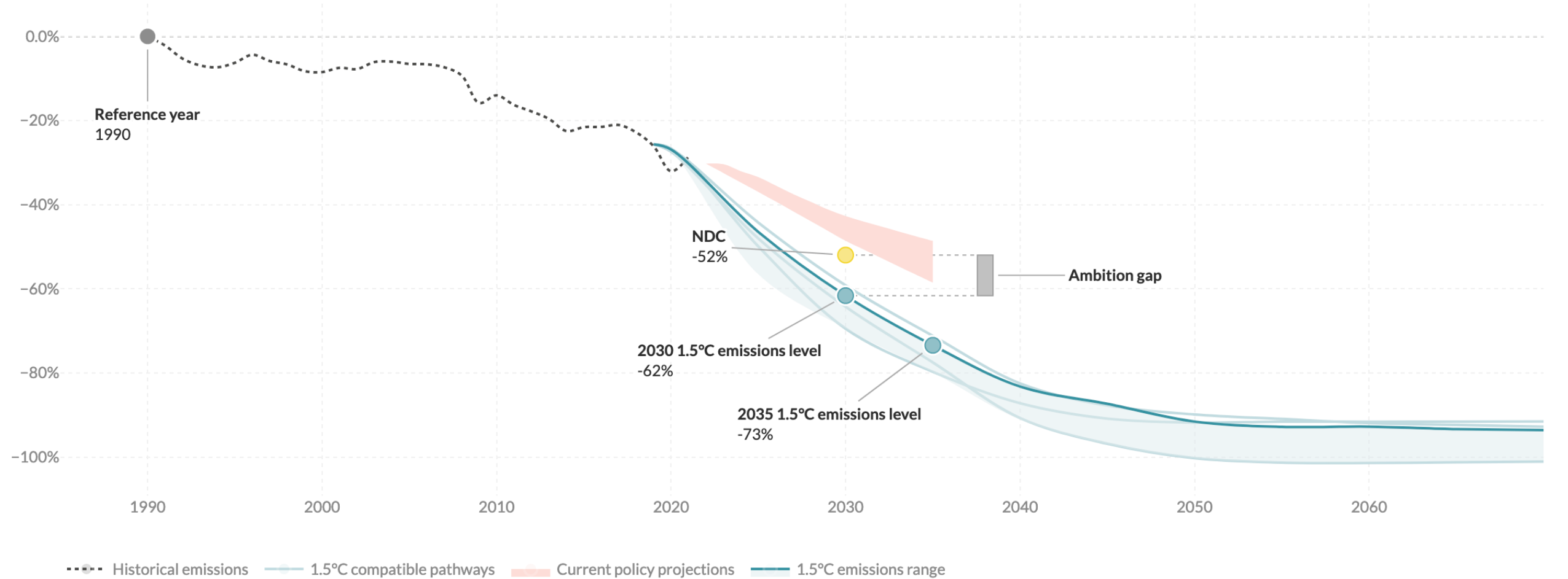
MtCO<sub>2</sub>e/yr

Reference Year

1990

2010

2015



\*Net zero emissions excl LULUCF is achieved through deployment of BECCS; other novel CDR is not included in these pathways

[Info](#)

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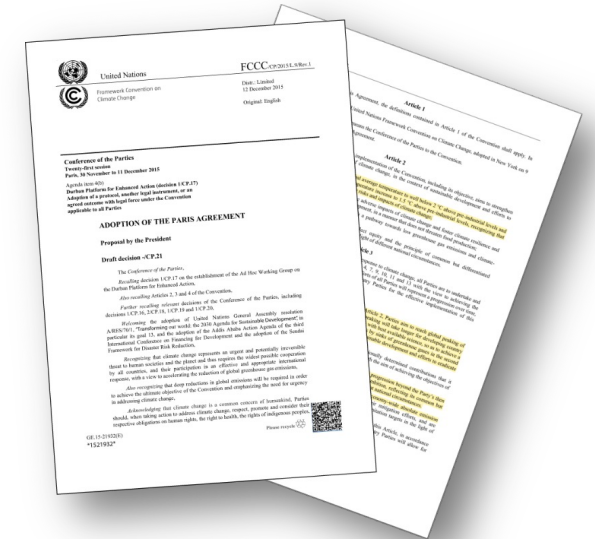
## Ambition is linked to fairness

Countries are to pledge Nationally Determined Contributions, of the “**highest possible ambition**”.

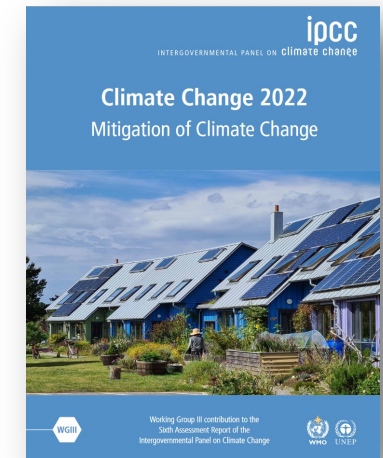
“This Agreement will be implemented to reflect **equity and the principle of common but differentiated responsibilities and respective capabilities**, in the light of different **national circumstances**.”

Countries are requested to justify how their pledge is “**fair and ambitious**”,

Equity and fairness concerns are being raised in national and regional courts that are increasingly being asked to determine if the climate actions pledged by states are adequate in relation to their fair share (The Supreme Court of the Netherlands 2019; European Court of Human Rights 2020; German Constitutional Court 2021), **as it is only in relation to such a ‘fair share’ that the adequacy of a state’s contribution can be assessed in the context of a global collective action problem**”



*Paris Agreement, 2015*



*IPCC, 2023*

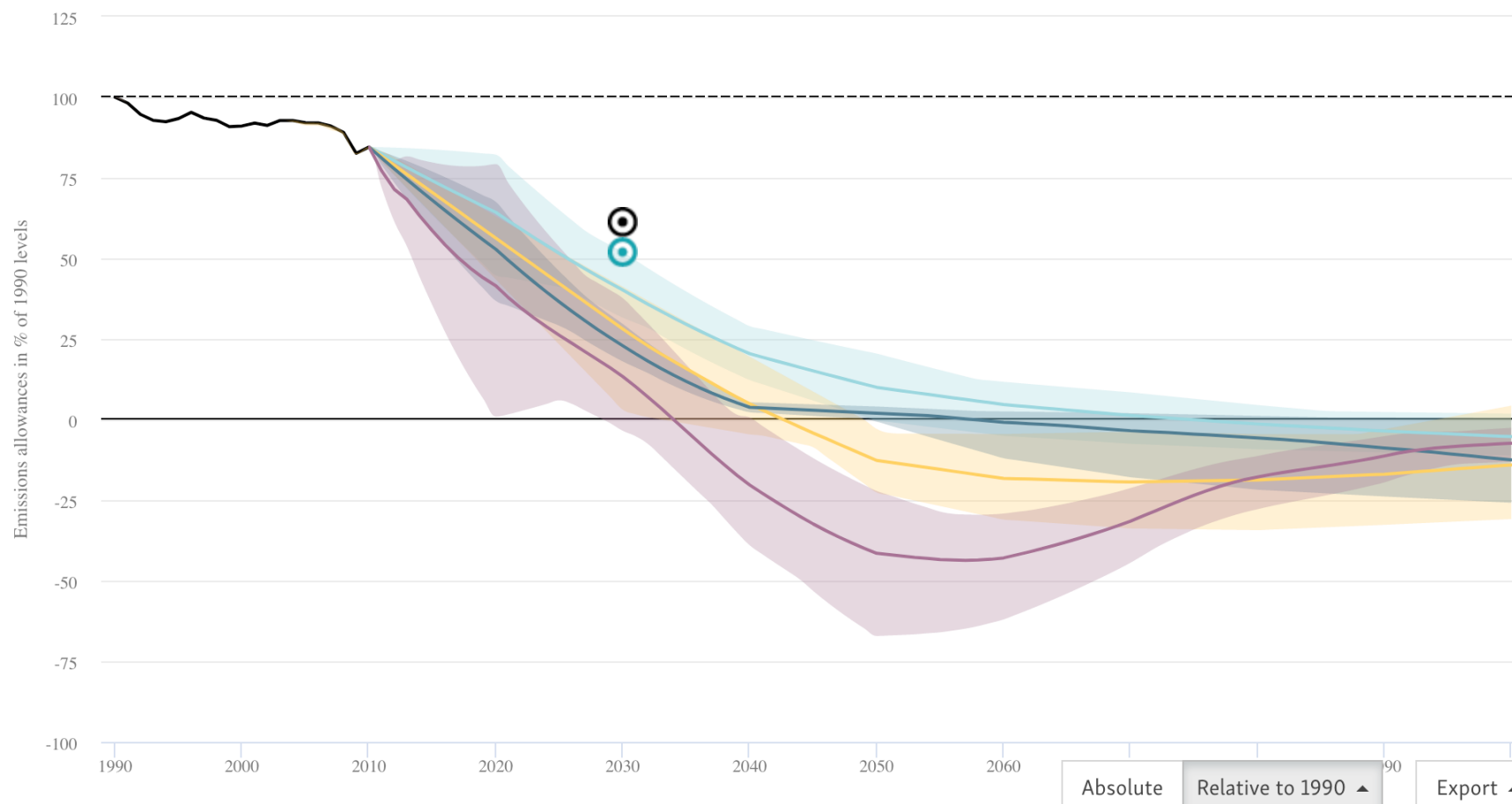
# *Paris-aligned national emissions targets*



Allocated emissions ranges and averages for:

- CER: Constant emissions ratio
- GDR: Greenhouse development rights
- CAP: Capability
- CPC: Equal cumulative per capita
- EPC: Equal per capita

## EUROPEAN UNION (27)



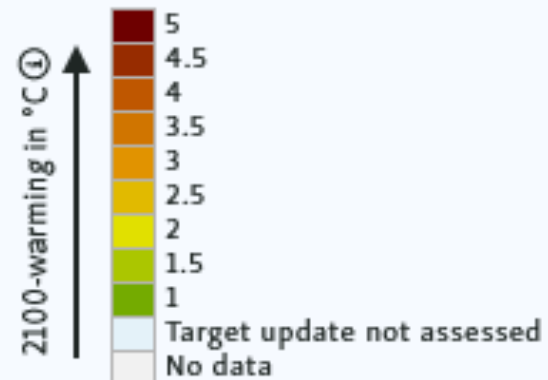
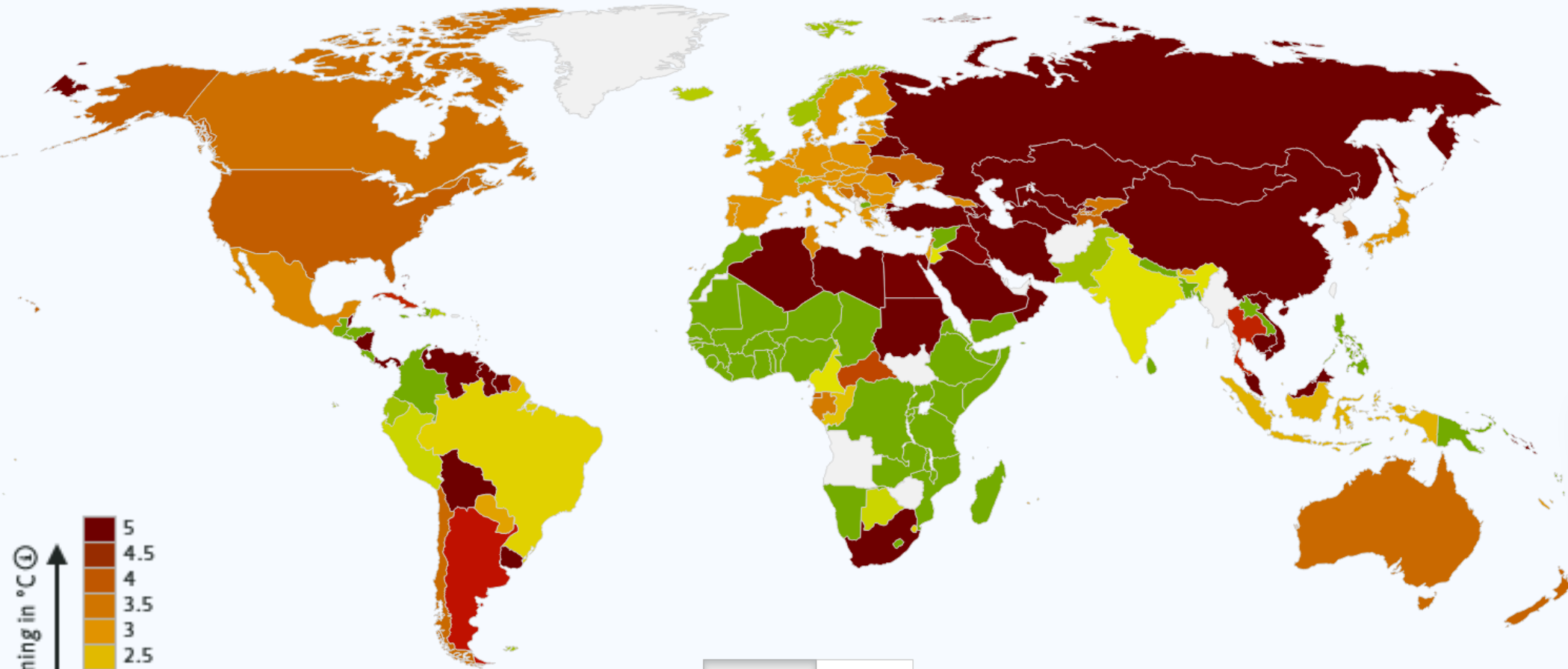
Robiou du Pont, et al. **Equitable mitigation to achieve the Paris Agreement goals.** *Nature Climate Change*, (2017).



How much global warming is each country's pledge leading to? ⓘ

Export ▾

Emissions target source ▾ ⓘ



Unconditional	Conditional
First NDC	Updated NDC

What does this mean? ⓘ

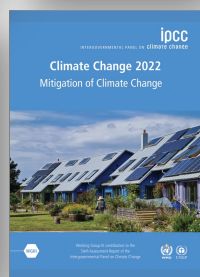
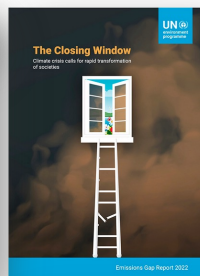


Robiou du Pont, et al.,  
**Warming assessment of  
the bottom-up Paris  
Agreement emissions  
pledges**, *Nature  
Communications*, (2018)





# For what impact?



Government  
objectives



Litigation



ESG analytics

Media and  
UN/IPCC reports

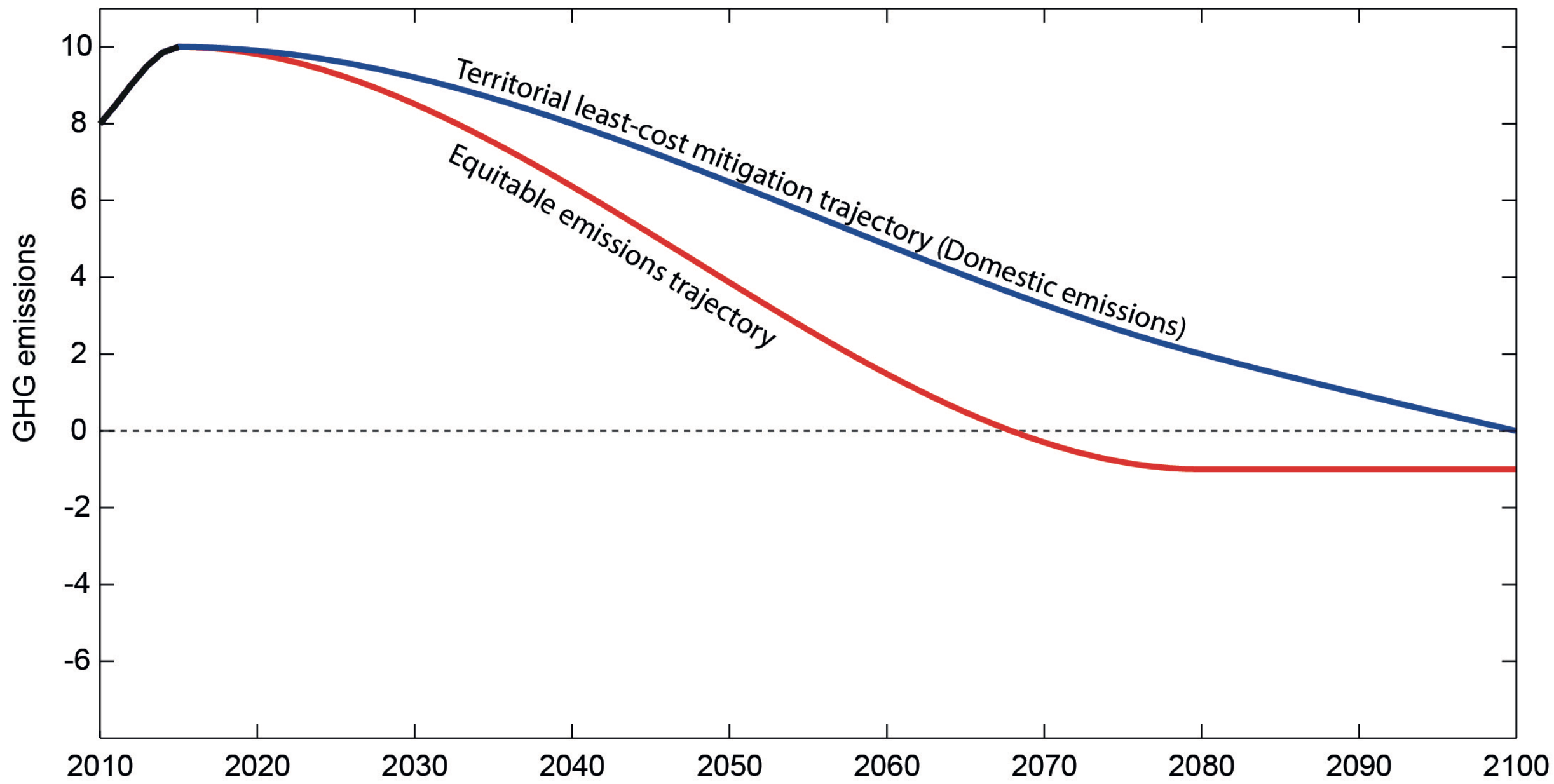
International  
negotiations (COPs)

*Equitable mitigation support*



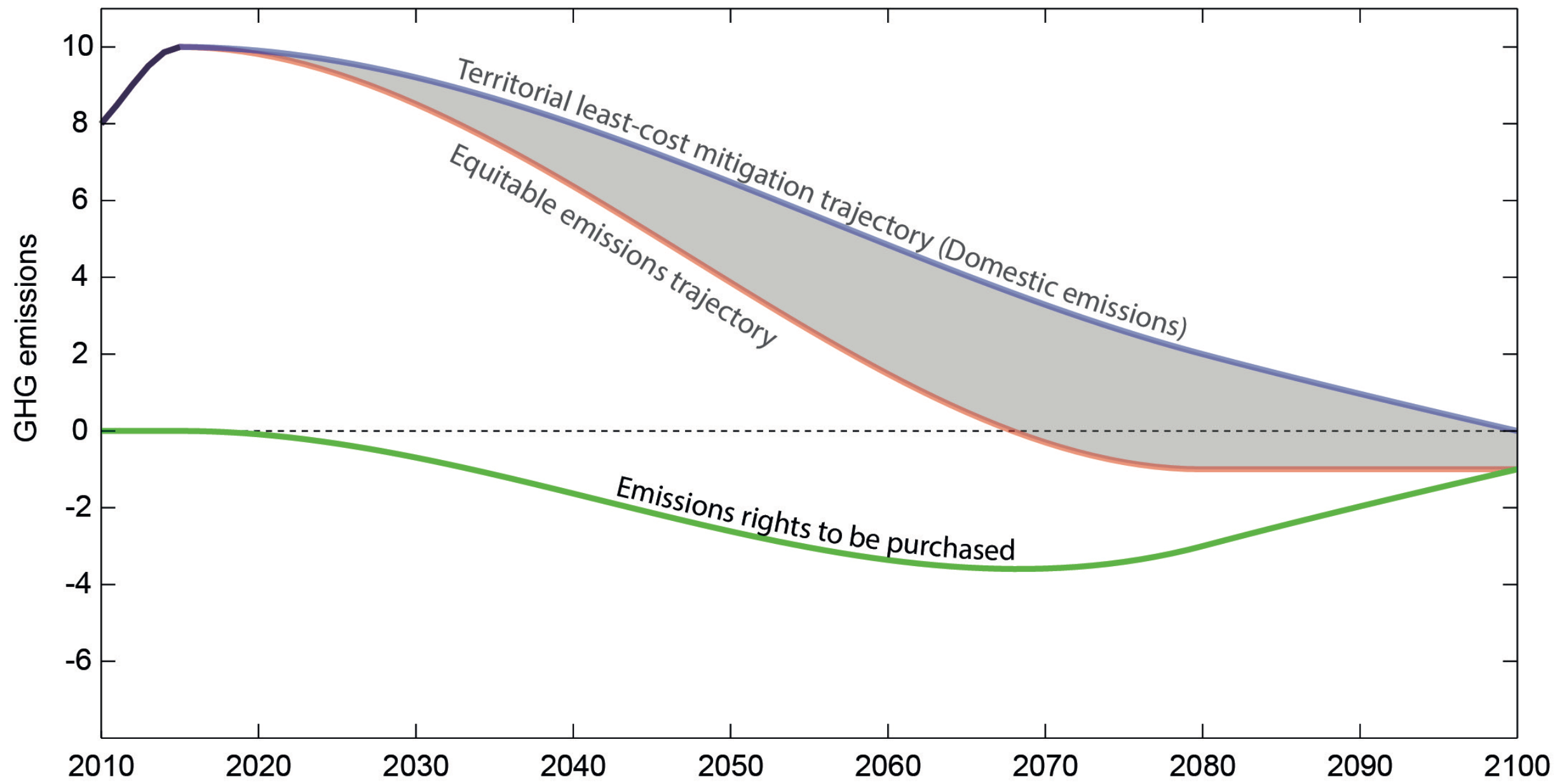


# Equitable mitigation support – developed country



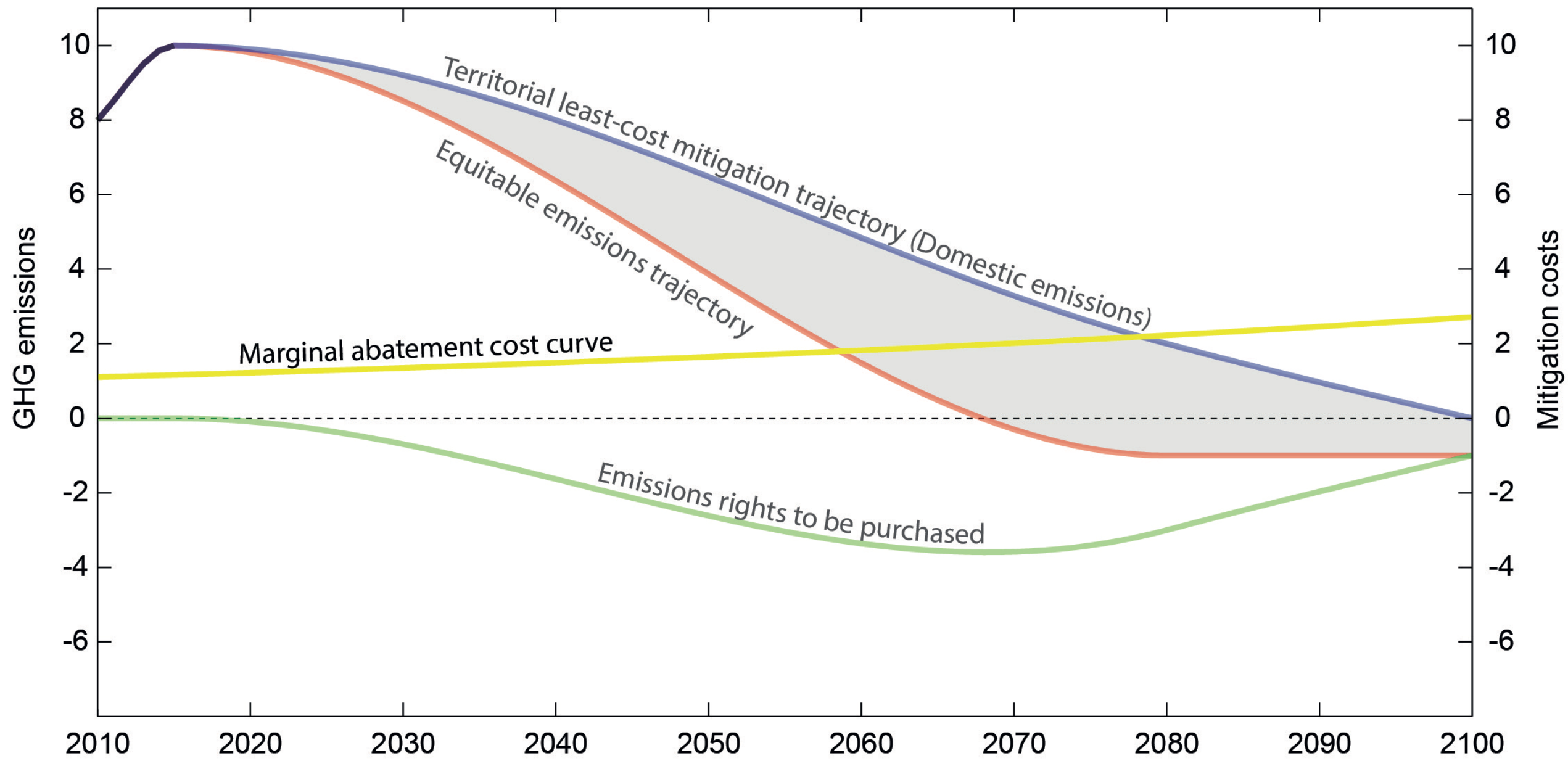


# Equitable mitigation support – developed country



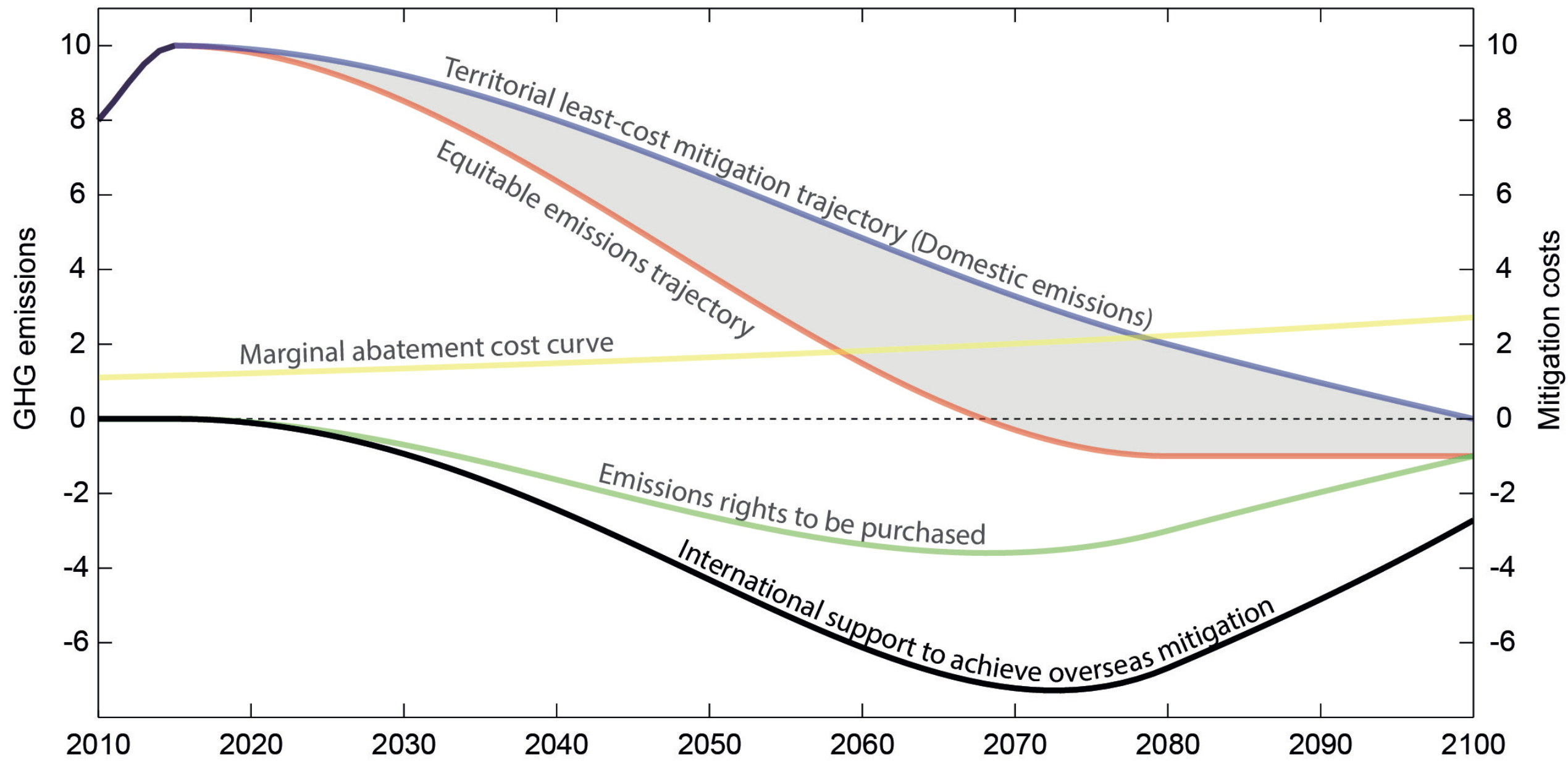


# Equitable mitigation support – developed country



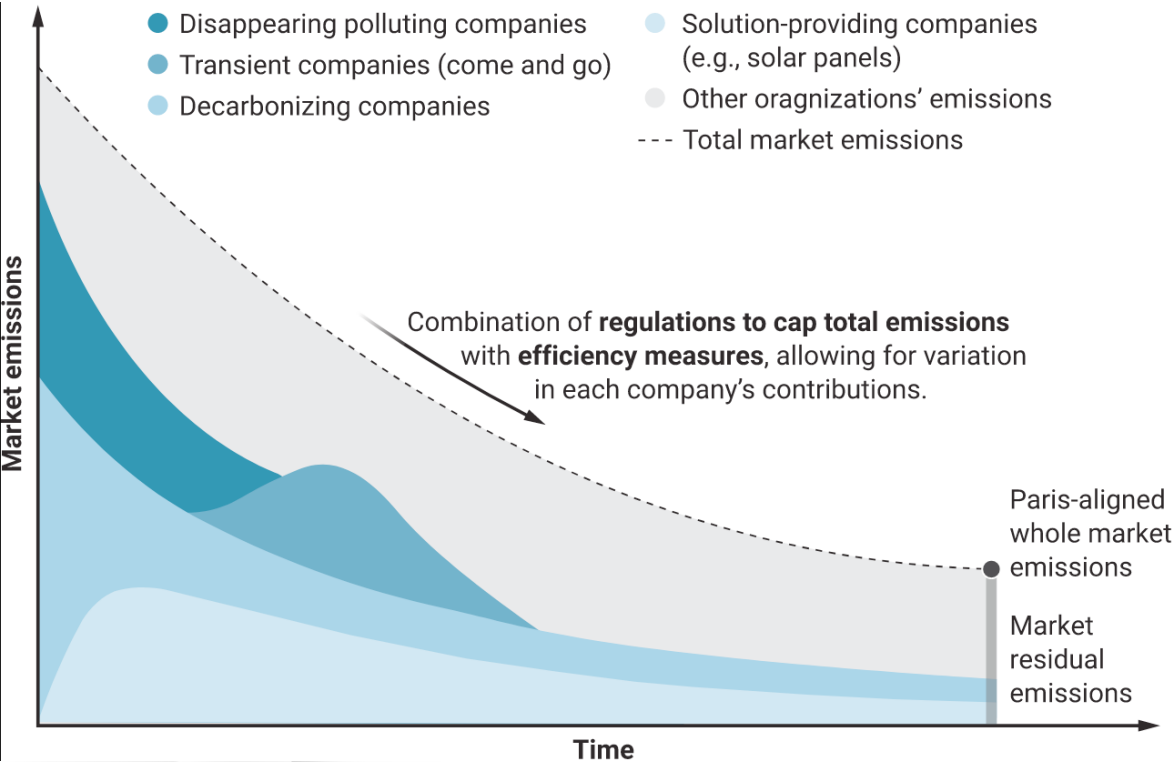


# Equitable mitigation support – developed country



*Paris-aligned corporate targets?*

# Market regulations for innovative competition



- **Top-down formulas** that allocate the remaining emissions space across existing companies **distorts competition** in favour of incumbents, at the expense of future innovators.

- Regulating emissions targets for individual companies should not negatively affect the green innovation and the production of needed green solutions (e.g. solar panels).

- Conceptually, the absence of a quantitative approach to determine Paris-aligned corporate emissions reflects the fact that **we do not know what is needed from individual companies in the transition. Emissions targets are insufficient** to capture the role and ambition of individual companies in the transition.

- Previous research has shown that the **pressure from observers and regulators decreases on an actor that adopts voluntary target, even if unambitious**. Relying on voluntary targets is insufficient.

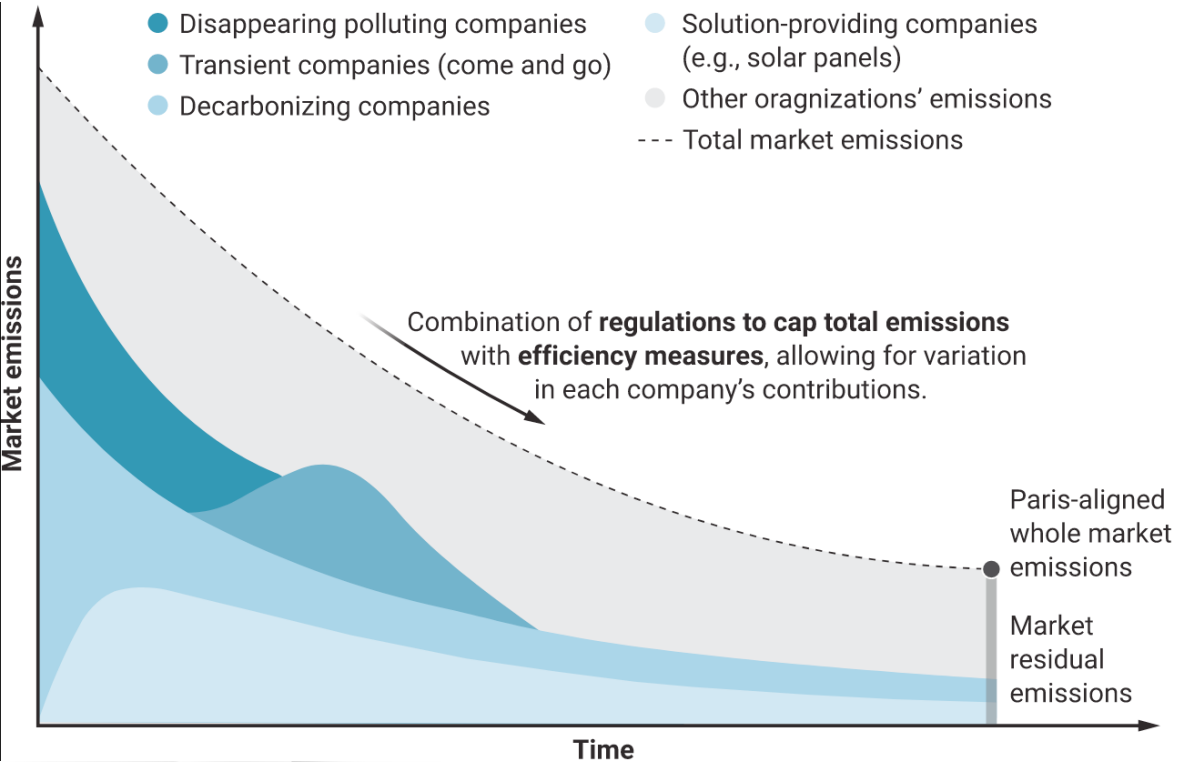
- **We challenge the claim that the corporate emissions targets of the Science Based Targets initiative are aligned with the Paris Agreement.** Assessing Paris-alignment for companies (including for the CSDDD) needs to consider more than emissions targets.



Robiou du Pont, Rogelj, Hsu, van Vuuren, Hoepner. **Corporate emissions targets and the neglect of future innovators. Science, 2024.**



# Market regulations for innovative competition



**Relying solely on businesses' individual emissions pledges to align markets with the Paris Agreement can delay market regulations that enable needed innovation and investments.**

⇒ Need to regulate markets with **bottom-up** measures through **innovation**

⇒ Need to regulate **total emissions** through **top-down demand/production** side measures, cap & trade etc.

⇒ Need to consider the **usefulness** of products and innovation for the transition

⇒ Independent initiatives can help assess **best practices** and convey the most ambitious companies' needs to regulators and assess the collective consistency of companies' strategies



Robiou du Pont, Rogelj, Hsu, van Vuuren, Hoepner. **Corporate emissions targets and the neglect of future innovators. Science, 2024.**

## Court orders Royal Dutch Shell to cut carbon emissions by 45% by 2030

Oil giant told plans should be brought into line with Paris climate agreement



Pending questions, upcoming research:

- ⇒ **Implication for litigation against companies?**
- ⇒ **Corporate activities and objectives cannot be Paris-aligned, but some can be designated as Paris-incompatible.**
- ⇒ **How can we characterize good, acceptable and negative activities?**
- ⇒ **How to combine regulations: dynamic standards, cap-and-trade, border mechanisms, subsidies...?**
- ⇒ **Governance: can companies can be agents to improve global fairness and enable effective support?**

 20 YEARS OF  
Business & Human Rights  
Resource Centre

18 Jun 2024  
Sherpa, Notre  
Affaire à Tous,  
France Nature  
Environnement,  
ZEA, Amnesty  
International France,  
et les villes de Paris,  
Arcueil, Bègles, Bize-  
Minervois, Correns,  
Grenoble, La  
Possession, Mouans-  
Sartoux, Nanterre,  
Sevran, Vitry-le-  
François,  
Energynews

Article

## France: Legal actions against TotalEnergies and EDF admissible, Paris Court of Appeal rules

[Read more](#)

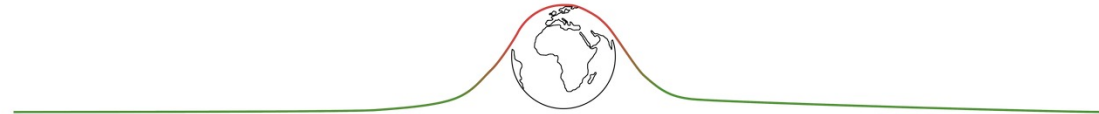
"TotalEnergies and EDF: NGO actions upheld on appeal," 19 June 2024

The Paris Court of Appeal has ruled that the NGOs' actions against TotalEnergies and EDF are admissible, paving the way for an in-depth examination of these multinationals' due diligence plans...

TotalEnergies (formerly Total)



## Scientific assessment of fair and ambitious climate targets



### ACTORS

How much effort should different actors contribute to reduce emissions?



### Impacts

Explore the impact of our research on decisions making processes

