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To:	Delegations
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Subject:	EU submission of an updated Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) - Approval

Delegations will find in the Annex the EU submission on the abovementioned subject, as approved by the Council at its 4129th meeting held on 4 and 5 November 2025.

ANNEX

SUBMISSION BY THE DANISH PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

5 November 2025

Subject: The nationally determined contribution of the European Union and its Member States

This submission consists of four sections: 1) Background, 2) the European Union's nationally determined contribution (NDC), 3) progress on climate action, and 4) the Information provided to facilitate Clarity, Transparency and Understanding (ICTU) of the NDC.

I. BACKGROUND

1. The European Union (EU) and its Member States submitted their intended nationally determined contribution (INDC) on 6 March 2015, together with an annex containing quantifiable and qualitative information on the INDC, in line with decisions taken at the 20th session of the Conference of the Parties (COP) in Lima.

2. The EU's INDC became its NDC when the EU ratified the Paris Agreement in October 2016, with a target of at least 40% economy-wide reduction of greenhouse gas (GHG) emissions by 2030, compared to 1990 levels.

3. In 2019, the EU launched the European Green Deal as its growth strategy consisting of a package of policy initiatives, setting the EU on the path to a green transition, with the goal of reaching climate neutrality by 2050, putting social fairness and solidarity at its heart, leaving no person and no place behind. Under the European Green Deal all policy areas are meant to contribute to fighting climate change and support measures across economic sectors covering energy, transport, industry, buildings, environment, agriculture, sustainable finance, circular economy, health and more.

4. In December 2019, the European Council (heads of state or government of the EU Member States, the European Council President, and the President of the European Commission) endorsed the objective of achieving a climate-neutral EU by 2050, in line with the Paris Agreement.

5. On 5 March 2020, the Council of the European Union adopted a long-term low GHG emission development strategy of the EU and its Member States reflecting this climate neutrality objective and submitted it to the UNFCCC Secretariat.

6. On 11 December 2020, the European Council endorsed a new and more ambitious EU climate target for 2030 applicable to the EU and its 27 Member States of "a net domestic reduction of at least 55% in GHG emissions by 2030 compared to 1990" and submitted it to the UNFCCC Secretariat as an updated and enhanced NDC on 18 December 2020[1].

[1] https://unfccc.int/sites/default/files/NDC/2022-06/EU_NDC_Submission_December%202020.pdf.

7. On 30 June 2021, the EU adopted a regulation setting out a binding objective of climate neutrality in the EU by 2050 at the latest, aiming to achieve negative emissions thereafter, and establishing the legal framework for achieving climate neutrality, known as the European Climate Law[2]. This regulation confirmed the domestic reduction of net GHG emissions by at least 55% by 2030 compared to 1990, setting it as a legally binding target. Furthermore, it amended the existing framework to establish the European Scientific Advisory Board on Climate Change, an independent body of senior scientific experts to inform the EU's decision making on climate ambition.

8. On 16 October 2023, the EU submitted its updated NDC of at least 55% net GHG emissions reductions by 2030, compared to 1990 levels, with the complete ICTU information, including information on the policy frameworks (i.e. the "Fit for 55" package (FF55)), assumptions and methodologies underpinning the domestic implementation of the NDC.

9. On 6 February 2024, the European Commission published a Communication on the EU climate target for 2040[3], including a recommendation for an intermediate 2040 target, taking into account the scientific advice by the European Scientific Advisory Board on Climate Change, and a detailed impact assessment and report on the carbon budget[4].

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2 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality.

3 EUR-Lex - 52024DC0063 - EN - EUR-Lex.

4 https://climate-advisory-board.europa.eu/reports-and-publications/scientific-advice-for-the-determination-of-an-eu-wide-2040/scientific-advice-for-the-determination-of-an-eu-wide-2040-climate-target-and-a-greenhouse-gas-budget-for-2030-2050.pdf/@@download/file.

10. On 29 January 2025, the European Commission published the Communication "A Competitiveness Compass for the EU" laying out measures to shape and strengthen the single market, including by encouraging demand for products and services that will be key in economy of the future. It will further promote high consumer protection standards, a social market economy and decarbonisation as an integral part of European competitiveness. The Communication also highlighted that changing climate and extreme weather events increasingly threaten economic security and acknowledges the need for adaptation to the inevitable impacts of climate change.

11. The Communication "A Clean Industrial Deal" published by the European Commission on 26 February 2025 lays out the European Commission's plans to accelerate decarbonisation while securing the future of manufacturing in Europe by boosting strategic resilience and competitiveness.

12. On 2 July 2025, the European Commission proposed an amendment to the EU Climate Law, setting out a binding EU net emissions reductions target for 2040 of 90%, including a possible limited contribution of high-quality international credits under Article 6 of the Paris Agreement.

13. On 5 November 2025 the Council of the EU agreed upon its position on the European Commission proposal amending the EU Climate Law[5] including a legally binding net emissions reduction target for 2040, including an adequate contribution of high-quality international credits under Article 6 of the Paris Agreement in a way that is both ambitious and cost-effective. Following the setting of the target for 2040, and in line with foreseen legislative reviews, the European Commission will draft proposals for a policy framework needed to deliver the 2040 target in a fair and cost-efficient manner.

[5] Pending a final agreement between co-legislators.

II. THE EU AND ITS MEMBER STATES' NATIONALLY DETERMINED CONTRIBUTION

14. With this submission, and informed by the outcomes of the first Global Stocktake (GST), the EU communicates in advance of COP30 a successive NDC representing a progression beyond its current NDC and requests the UNFCCC Secretariat to include this NDC and relevant information contained in this submission, in the NDC Synthesis Report.

15. In response to decision 6/CMA.3 on common time frames for NDCs and 1/CMA.5 on GST, the EU and its Member States, acting jointly, aim to achieve an *indicative* contribution of a reduction of net GHG emissions of between 66.25-72.5% compared to 1990 by 2035. This is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the Council of the European Union.

16. The Secretariat is kindly requested to maintain as active this NDC in the NDC registry as the NDC of the EU and each of its Member States and to maintain as active in the NDC registry the current NDC for 2030. Both NDCs should be clearly reflected in the NDC registry entry page for EU and each of its Member States.

III. PROGRESS IN CLIMATE ACTION OF THE EU AND ITS MEMBER STATES

17. Overall, provisional data for 2023 shows that the EU's net GHG emissions are currently in line with a linear reduction from 2020 to the EU's 2030 target of reducing GHG emissions by at least 55% compared with 1990 levels. The EU emission reductions in 2023 are clearly linked to the acceleration of the energy transition, providing a solid basis for the future and increasing confidence that the EU can meet its climate targets in a fair and competitive manner. The EU's emission reductions are compatible with science and the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report pathways and the call for deep, rapid and sustained reductions in global GHG emissions of 43% by 2030 from 2019 levels.

a) The EU's contribution to the global efforts agreed in the outcome of the first Global Stocktake

18. The outcome of the first Global Stocktake (GST) agreed at COP28 in Dubai provided concrete actions to accelerate ambition to support the transformation of energy systems in line with keeping the 1.5ºC temperature limit within reach. For the first time, the transition away from fossil fuels and the decarbonisation of energy systems are recognised by all Parties as being at the heart of the solution for the climate crisis and the successful implementation of the Paris Agreement.

19. The GST also emphasised the importance of conserving, protecting and restoring nature and ecosystems towards achieving the Paris Agreement temperature goal, including through enhanced efforts towards halting and reversing deforestation and forest degradation by 2030, and other terrestrial and marine ecosystems acting as sinks and reservoirs of GHG and by conserving biodiversity.

20. The GST noted the importance of transitioning to sustainable lifestyles and sustainable patterns of consumption and production in efforts to address climate change, including through circular economy approaches.

21. The GST strongly encouraged Parties to prepare ambitious economy wide NDCs covering all GHGs and aligned with limiting global warming to 1.5ºC.

22. All Parties are called to contribute to all global efforts agreed in the GST recognising the need for deep, rapid and sustained reductions in GHG emissions in line with 1.5°C pathways.

23. Below, examples of how the EU is contributing to these global efforts are presented:

i) Tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030

24. The EU agreed to increase ambition on energy savings through an enhanced target to reduce final energy consumption at EU level by 11.7% in 2030 compared to the projections of the 2020 EU Reference Scenario and a new target to ensure that the share of energy from renewable sources in the EU's gross final consumption of energy in 2030 is at least 42.5%, with an additional endeavour to increase the share of energy from renewable sources in the EU's gross final consumption of energy in 2030 to 45%. This increased ambition, adopted as part of the REPowerEU Plan to phase out the dependency on Russian fossil fuels, will lead to an accelerated energy transition in the EU, with renewable energy and energy efficiency, together with energy savings, being the most efficient levers to increase the EU's energy security and progress on the path to climate neutrality both in the short and long term.

25. The main driver of Europe's changing energy mix is the rapid installation of renewable energy capacity. The EU built 50 gigawatts (GW) of new solar power capacity in 2023 - the highest in any year to date - and 15 GW of new wind capacity. The combined solar and wind energy capacity in the EU in 2023 was close to 480 GW[6], on top of which we can add 152 GW of hydropower installed capacity. According to ENTSO-E's latest available information[7], at least 46 GW of new solar power capacity, and 14 GW of wind energy capacity have been added in the EU in 2024[8]. To integrate and boost its security of electricity supply, the EU has set an electricity interconnection target of at least 15% by 2030[9].

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6 Eurostat "Electricity production capacities by main fuel groups and operator".
7 ENTSO-E Transparency Platform.
8 This is an estimate that does not include off-grid capacity added to the system. ENTSO-E Power Statistics "Net Generating Capacity".
9 This means that each EU Member State should have electricity infrastructure in place that would allow it to import, from its neighbouring EU Member States, an equivalent of at least 15% of the electricity production capacity on its territory.

26. The Renewable Energy Directive introduces a binding target of renewable fuels of non-biological origin (RFNBO) used for final energy and non-energy purposes in the industry sector. At least 42% of the hydrogen used for final energy and non-energy purposes in industry by 2030 should come from renewable sources, and 60% by 2035. The Directive also sets an indicative target to increase the average share of renewable sources in the amount of energy sources used for final energy and non-energy purposes in the industry sector by 1.6 percentage points. Additionally, it sets a sub-target of 5.5% advanced biofuels, biogas and renewable fuels of RFNBO consumption in transport, of which at least 1% should be RFNBOs.

27. In the buildings sector, an indicative target of 49% for the share of renewable energy by 2030, with heating and cooling targets to increase by 0.8 percentage points per year until 2025 and by 1.1 percentage points from 2026 to 2030.

28. In response to these measures, in 2023, renewable energy sources made up to 45.3% of gross electricity consumption in the EU, more than 4 percentage points higher than the previous year (41.2% in 2022). In 2023, renewable energy was the leading source in electricity production (44%). In 2024, it is estimated that renewable electricity generation increased to 47% of the net electricity generation in the EU.

29. The Energy Efficiency Directive also introduces the obligation for the public sector to play an exemplary role. EU's public bodies must reduce their combined total final energy consumption by at least 1.9% each year compared to 2021 and renovate at least 3% of the total floor area of their heated and/or cooled buildings annually.

30. In 2023, the final energy consumption decreased to 894 million ton of oil equivalent, representing a 5.7% reduction compared to 2021[10].

[10] EUROSTAT.

ii) Accelerating efforts towards the phase-down of unabated coal power

31. The EU and its Member States agreed that the energy sector should be predominantly free of fossil fuels well ahead of 2050 underlining the importance of aiming to achieve a fully or predominantly decarbonised global power system in the 2030s, leaving no room for new coal power[11].

32. Coal produced 11% of the EU's electricity in 2024 – the lowest share for this fossil fuel in any year to date[12]. Solar power (304 TWh) overtook coal-based power (269 TWh) for the first time in 2024, meaning coal has fallen from being the third largest power source in 2019 to the 6th largest in 2024[13].

iii) Accelerating efforts globally towards net zero emission energy systems, utilizing zero- and low-carbon fuels well before or by around mid-century

33. In 2023, the primary energy mix in the EU, meaning the range of energy sources available, consisted of five different sources: Crude oil and petroleum products (36%), natural gas (21%), renewable energy (20%), nuclear energy (12%) and solid fossil fuels (10%)[14].

34. Decarbonising the industry sector is key towards reaching the Paris Agreement goals. Europe is accelerating its industrial decarbonisation and leading the way in avoiding emission lock-ins in hard-to-abate industry sectors through developing, scaling and deploying near zero technologies inter alia through the Clean Industrial Deal. The EU Emissions Trading System (ETS1) creates an important financial incentive for the industry to decarbonise, which resulted in almost -50% GHG emissions in the industry sector between 2005 and 2023[15].

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11 https://data.consilium.europa.eu/doc/document/ST-14285-2023-INIT/en/pdf.
12 Fraunhofer based on ENTSO-E Transparency Platform.
13 European Electricity Review 2025 | Ember.
14 EUROSTAT.
15 2024 Carbon Market Report: a stable and well-functioning market, driving emissions from power and industry installations to a historic reduction of 16.5% - European Commission.

35. The EU has agreed to the FuelEU Maritime and the RefuelEU Aviation proposals to complement emissions trading for maritime and aviation to support the sectors' transition to sustainable fuels by aircraft and ships.

36. The FuelEU Maritime sets maximum limits for the yearly average GHG intensity of the energy used by ships above 5,000 gross tonnage calling at European ports, regardless of their flag. Targets will ensure that the GHG intensity of fuels used in the sector will gradually decrease over time, starting with a 2% decrease by 2025, 14.5% decrease by 2035, and reaching up to an 80% reduction by 2050.

37. The ReFuelEU Aviation promotes the increased use of sustainable aviation fuels (SAF). It sets requirements for aviation fuel suppliers to gradually increase the share of SAF blended into the conventional aviation fuel supplied at EU airports to 2% from 2025 and 70% from 2050[16].

iv) Transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science

38. The EU and its Member States highlighted the importance of achieving the global phase out of unabated fossil fuels and a peak and decline in their consumption already in this decade to deliver the necessary mitigation as indicated by IPCC. The EU and its Member States also underlined the importance for the energy sector to be predominantly free of fossil fuels well ahead of 2050, and the importance of aiming to achieve a fully or predominantly decarbonised global power system in the 2030s, leaving no room for new coal power, since cost effective zero emissions measures are already widely available in that sector, which provide multiple benefits, inter alia, for sustainable development, human health and air quality, job creation as well as energy security and of the phasing out of existing global unabated coal power generation in energy systems consistent with keeping the 1.5ºC temperature goal within reach.

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16 https://transport.ec.europa.eu/transport-modes/maritime/decarbonising-maritime-transport-fueleu-maritime_en.

39. The EU and its Member States underscore that the global renewable energy and energy efficiency targets must go hand in hand with energy savings and the phase out of fossil fuel energy production and consumption globally. The EU and its Member States have underpinned these overarching targets with concrete policies and measures towards an ecological planning.

40. In 2024, it is estimated that emissions-free sources produced 73% of EU electricity, of which 47.3% was from renewable sources[17] and 23.4% from nuclear[18]. Wind and hydro power accounted for more than two-thirds of the total electricity generated from renewable sources (39% and 30% respectively), while the remaining one-third of electricity generated from renewable sources came from solar (22%), combustible fuels (8%) and only around 0.5% from geothermal energy.

41. Natural gas demand declined by 18% in the period August 2022 and December 2024 (compared to the 5-year pre-crisis average), overachieving the voluntary target of 15%[19].

42. In the transport sector, a package of legislation supports decarbonisation. This includes legislation on reducing emissions from cars, vans, and heavy-duty vehicles[20], and an emissions trading system addressing fossil fuel emissions in road transport[21] in addition to buildings (ETS2).

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17 EUROSTAT.
18 EUROSTAT.
19 REPowerEU - 2 years on (europa.eu).
20 See paragraph 54 below for more information.
21 See paragraph 55 below for more information.

v) Accelerating zero- and low-emission technologies, including, inter alia, renewables, nuclear, abatement and removal technologies such as carbon capture and utilization and storage, particularly in hard-to-abate sectors, and low-carbon hydrogen production

43. The EU and its Member States underline that emission abatement technologies which do not significantly harm the environment, exist at limited scale and are to be used to reduce emissions mainly from hard-to-abate sectors and that removal technologies are to contribute to global negative emissions, and emphasise that they should not be used to delay climate action in sectors where feasible, effective and cost-efficient mitigation alternatives are available, particularly in this critical decade.

44. The EU highlights that in the context of implementing all of the energy related global efforts agreed as part of the GST, in a nationally determined manner, while respecting each countries' energy mix, Parties have been called to contribute to global efforts to accelerate zero and low emission technologies. For example, renewable energy sources delivered 44% and nuclear power plants delivered 23% of the total electricity production in the EU in 2023.

45. The EU recognises the progress reached in the development of emission abatement technologies and their potential role in the future in reducing emissions mainly from hard-to-abate sectors, to accelerate the decarbonisation and achieve climate neutrality by 2050.

46. The European Commission's projections, reflecting the EU RFNBO targets from the Renewable Energy Directive indicate a renewable hydrogen consumption of 3-4 Mt H2 by 2030.

47. The European Commission is working towards establishing by 2026 an EU CO_2 aggregation platform that supports companies capturing CO_2 to procure CO_2 value chain services.

48. The European Commission is working towards putting in place non-price criteria in public procurement as a clear incentive for manufacturers to ramp up sustainable and resilient production, building on the experience of the Net Zero Industry Act for clean tech. An Industrial Accelerator Act will be released in 2025 to establish a low-carbon product label, and a revision of the Public Procurement Framework will be proposed in 2026.

vi) Accelerating and substantially reducing non-carbon-dioxide emissions globally, including in particular methane emissions by 2030

49. The EU F-gases Regulation which entered into force in 2024 introduces stricter restrictions for the use of hydrofluorocarbons (HFC), including a significantly tightened EU HFC phase-down schedule and a legally binding commitment to a total HFC phase out by 2050.

50. Under the assumptions for the EU Methane Regulation, aiming at reducing methane emissions in the EU and across the globe, combined with the assumptions of the FF55, 77% of methane emissions from the EU oil, gas, and coal sector projected for 2030 can be reduced cost-effectively[22]. Methane emissions from agriculture are addressed through the Effort Sharing Regulation.

51. In addition, the EU Methane Regulation combined with the FF55 will also directly work towards the quantification and elimination of the significantly larger methane emissions linked to EU fossil fuel consumption but occurring outside of the EU. Neither the scale of these emissions nor the emissions reductions associated with this action are known with any certainty, however private sector estimates put these at 6.5 Mt of methane emissions in 2022 (193.7 Mt CO_2-eq) and directly attributable reductions at 1.9 Mt of methane in 2031 (56.62 Mt CO_2-eq), which is in addition to business-as-usual reductions of 2.8 Mt of methane (83.44 Mt CO_2-eq)[23].

52. More broadly, the EU directly contributes to methane emissions quantification and abatement globally, including as the co-chair of the Global Methane Pledge and a significant funder of international methane action directly and through the UNEP International Methane Emissions Observatory & Climate and Clean Air Coalition.

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22 EU Methane Regulation (2024/1787), recital 6.

23 Rystad Energy/Clean Air Task Force "Impact of EU methane import performance standard", November 13 2023, slide 44. CO2e conversions made using a GWP100 of 29,8 per IPCC AR6 guidelines for fossil methane.

vii) Accelerating the reduction of emissions from road transport on a range of pathways, including through development of infrastructure and rapid deployment of zero and low emission vehicles

53. EU Member States have legally binding 2030 targets to reduce GHG emissions from sectors including domestic transport, agriculture, waste, buildings under the Effort Sharing Regulation[24]. The EU adopted legislation to cover road transport and buildings and additional sectors - mainly small industry not included in ETS1[25] - under a separate emissions trading system (ETS2)[26].

54. The EU adopted legislation to reduce CO_2 emissions by 55% for new cars and by 50% for new vans from 2030 (baseline 2021), and to reduce CO_2 emissions from 2035 for new cars and vans by 100%. In addition, the EU also adopted legislation to reduce CO_2 emissions from new heavy-duty vehicles by 45% from 2030, 65% from 2035, 90% from 2040, with a specific sub-target of 90% reduction by 2030 and 100% reduction by 2035 for urban buses (baseline 2019).

55. In 2023, battery electric vehicles were the most popular alternative to petrol and diesel cars, representing more than 14.6% of all new cars sold in the EU. Plug-in hybrid electric cars represented another 7.7%. So, over 1 in 5 new cars sold in Europe can now be charged electrically.

56. While economy-wide GHG emissions are on a clear decreasing path in the EU, transport emissions are still well above 1990 levels. Road transport represent almost three quarters of total transport GHG emissions, including international aviation and maritime, and 30% of total net GHG emissions, including international aviation and maritime. The lion's share of road GHG emissions are caused by light duty vehicles: Cars and, to a lesser extent, vans made up more than 70% of such emissions.

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24 Publications Office.

25 Context provided in section b) Progress made in the implementation of the EU's 2030 NDC.

26 https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets2-buildings-road-transport-and-additional-sectors_en.

57. The EU adopted legislation on the deployment of alternative fuels infrastructure in 2023 to support the transition towards more sustainable modes of transport, and to put the EU on track for the full decarbonisation of the transport sector by 2050. The regulation sets a number of mandatory national targets for the deployment of alternative fuels infrastructure in the EU, for road vehicles, vessels and stationary aircrafts.

58. The EU acknowledges the role of rail infrastructure, public transport, and active mobility as significant levers to promote modal shift and ultimately reduce road transport emissions. In 2023, 429 billion passenger-kilometres were registered via rail, up from 386 billion in 2022 (+11.2%). This is the highest number reported by main rail undertakings since the start of the data collection in 2004.

viii) Phasing out inefficient fossil fuel subsidies that do not address energy poverty or just transitions, as soon as possible

59. The EU and its Member States have called for phasing out fossil fuel subsidies that do not address energy poverty or just transition, as soon as possible. This commitment has been reaffirmed in several Council Conclusions and is reflected in legal instruments such as the Energy Efficiency Directive[27], which calls on Member States to eliminate fossil fuel subsidies that are incompatible with the objective of climate neutrality.

60. The current subsidies are set within an EU-wide framework in which carbon pricing has been progressively extended across the economy. These subsidies have therefore also played a role in supporting a smooth climate transition, particularly in key vulnerable sectors.

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27 Directive (EU) 2023/1791.

61. Fossil fuel subsidies in the EU remained relatively stable (around EUR 57-62 billion) in the period of 2015-2021 and were falling just before the 2022 energy crisis[28].

62. This positive trend stopped when subsidies were increased during the crisis to mitigate the impact of the unprecedentedly high energy prices on the affordability of energy for citizens/firms. As a result, an increase in fossil fuel subsidies of almost 120% occurred in 2022 (EUR 136 billion) and continued even if started to moderate in 2023 (EUR 111 billion), as many of the crisis measures were prolonged due to the still elevated prices compared to historical price levels. Almost half of these measures (43%) are however temporary and will be terminated by the end of 2025.

63. The European Commission's 2024 Report on Energy subsidies in the EU[29] identified the need for more commitment and aims to foster more decisive long-term policies to phase out fossil fuels. This work will progress in several tracks, including in the European Commission assessment of the National Energy and Climate Plans (NECPs).

ix) Conserving, protecting and restoring nature and ecosystems including enhanced efforts towards halting and reversing deforestation and forest degradation by 2030, and other terrestrial and marine ecosystems

64. The European Green Deal plays a key role in protecting, conserving and enhancing the EU's natural capital, as well as protecting the health and well-being of citizens from environment-related risks and impacts. The EU works on many different fronts to tackle the climate and nature crises and maximise climate and biodiversity measures' alignment in NDCs and National Biodiversity Strategies and Action Plans (NBSAPs).

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28 The EU27 level fossil fuel subsidy estimate is based on a bottom-up inventory approach, aggregating direct budgetary transfers and tax expenditures to fossil fuels in all member states. COM(2025) 17 final REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS 2024 Report on Energy subsidies in the EU.

29 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2025:17:FIN.

65. The FF55 reinforced the Land Use, Land Use Change and Forestry (LULUCF) sector, notably by setting the carbon sinks target to -310 Mt CO_2-eq by 2030, i.e. increasing net removals in the land sector by an additional 42 Mt of CO_2-eq compared to the average of 2016-2018, with specific targets to different Member States. It also improves the monitoring, through techniques such as remote sensing, and calls for assessing synergies with halting and reversing biodiversity loss.

66. In addition to the FF55, several other European Green Deal initiatives aim to maintain and increase carbon sinks and stocks as well as the resilience of the LULUCF sector while contributing to protecting biodiversity and promoting ecosystem services and the transition to a resource efficient circular economy and a sustainable bioeconomy.

67. Increasing carbon removals will be a vital complement to continued ambitious emissions reductions to achieve economy-wide climate neutrality in the EU by 2050 and negative emissions beyond. To this end, the first EU-wide voluntary framework for the certification of permanent carbon removals, carbon farming and carbon storage in products[30] seeks to promote the removal and storage of carbon dioxide, as well as emission reductions from peatlands, wetlands, water and marine resources and agricultural soils, through industrial processes, long-lived carbon storage products and carbon farming. In the case of carbon farming, the Union certification framework should also promote the uptake of activities that generate co-benefits for biodiversity, thereby contributing to achieving the nature restoration targets set out in Union law. The Union certification framework will result in an unambiguous positive climate impact.

[30] Regulation (EU) 2024/3012.

68. The European Common Agricultural Policy, implemented in European Member States in different ways through National Strategic Plans, contributes to reducing GHG emissions from the agricultural sector through measures such as eco-schemes, agri–environment–climate commitments and (non)-productive investment schemes. These subsidy schemes support for example: Permanent grassland, the construction of new landscape (woody) elements, soil health, peatland areas and on-farm investments that reduce energy use, increase energy efficiency, or enable the shift to renewable energy[31].

69. The revision of the Renewable Energy Directive reinforced the sustainability criteria for bioenergy, with the aim of minimising the negative impacts on biodiversity and LULUCF sinks. This revision improved the consistency between the LULUCF Regulation and the Renewable Energy Directive incentives to use biomass for energy.

70. Recognising the interdependence between climate change and biodiversity loss, as recognised by IPBES and IPCC, underscoring the need to have an integrated approach on these matters to tackle both existential crises, and taking forward the CBD COP16 decision on climate and biodiversity[32], the EU reiterates its commitment to respect the biodiversity targets embedded in the European Commission Communication on EU Biodiversity Strategy for 2030, in line with the Kunming-Montreal Global Biodiversity Framework (under the Convention on Biological Diversity). The EU Biodiversity Strategy highlighted the need to step up efforts to address the direct and indirect drivers of biodiversity and nature loss. It reiterated the call for a full integration of biodiversity objectives into other sectors such as agriculture, fisheries and forestry and for a coherent implementation of EU measures in these fields.

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31 https://agriculture.ec.europa.eu/media/news/estimating-climate-change-mitigation-potential-cap-strategic-plans-2024-11-22_en#:~:text=The%2031%20million%20tonnes%20of,enhanced%20carbon%20sequestration%20per%20year.

32 CBD/COP/DEC/16/22.

71. The EU Forest Strategy for 2030 aims to contribute to achieving the EU's biodiversity objectives as well as GHG emission reduction target of at least 55% by 2030 and climate neutrality by 2050 at the latest. It recognises the central and multifunctional role of forests, and the contribution of foresters and the entire forest-based value chain for achieving a sustainable and climate neutral economy by 2050 and preserving lively and prosperous rural areas.

72. In parallel, the Farm to Fork Strategy is aiming to make food systems fair, healthy and environmentally friendly. Putting our food systems on a sustainable path also brings new opportunities for operators in the food value chain. New technologies and scientific discoveries, combined with increasing public awareness and demand for sustainable food, will benefit all stakeholders. Contributing to achieving climate neutrality by 2050, the strategy intends to shift the current EU food system towards a sustainable model.

73. The Regulation on Nature Restoration (Nature Restoration Law) came into effect in August 2024. The law, which aims to restore the EU's biodiversity and stop further biodiversity loss across land and sea is crucial to reach climate neutrality by 2050 and adapt to climate change, and helps enhancing food security for EU citizens through peatlands and marine habitats restoration, the reversal of pollinating insects decline, and the improved connectivity of rivers and forests. In doing so, the law will support the achievement of other European ambitions, such as water security and resilience. It is also a key instrument to help the EU and its Member States meet international biodiversity commitments set by the Kunming-Montreal Global Biodiversity Framework, including by aiming to enhance biodiversity mainstreaming in climate measures, to ensure they are not detrimental to nature, also through promoting nature-based solutions.

74. The law sets in motion a process for continuous and sustained recovery of nature across the EU's Member States' land and sea while supporting more sustainable economic development in multiple sectors, fostering sustainable agricultural production and working hand in hand with the development of renewable energy.

75. As an overall target to be reached at the EU level under this law, Member States shall put in place restoration measures in at least 20% of the EU's land areas and 20% of its sea areas by 2030. By 2050, such measures should be in place for all ecosystems that need restoration.

76. Recognising the contribution of deforestation and forest degradation to the global climate crisis in multiple ways, increasing GHG emissions, permanently removing carbon sink capacities, decreasing the climate change resilience of the affected area and substantially reducing its biodiversity and resilience, the EU is supporting global efforts to halting and reversing deforestation and forest degradation through Deforestation-free Products[33]. Under the Regulation, any operator or trader who places these commodities on the EU market, or exports from it, must be able to prove that the products do not originate from recently deforested land or have contributed to forest degradation.

77. Considering that the ocean is critical for energy, data, and strategic resources as well as regulating Earth's climate, the European Commission adopted an "Oceans Pact" aiming at a holistic approach and collaboration across Member States, regions, and with relevant stakeholders including fishers, blue economy professionals, innovators, investors, scientists, and civil society.

x) Sustainable patterns of consumption and production

78. On the basis of the 2020 Circular Economy Action Plan, the EU has adopted several legislative measures targeting the design of products, empowering consumers, encouraging a sustainable consumption, and focusing on resource-intensive sectors, such as electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, and more.

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[33] Regulation 2023/1115.

79. The Ecodesign for Sustainable Products Regulation (ESPR) came into effect in July 2024 and the ESPR working plan for 2025-2030 was adopted in April 2025. Work is now on-going to develop delegated acts setting sustainability requirements for specific product groups. Building on the success of the Ecodesign Directive, ESPR will make products more sustainable, energy-efficient and circular, thereby contributing to reducing emissions from production and consumption.

80. Next to this, the EU is implementing product-specific regulations for batteries and packaging & packaging waste, that will help significantly improve the sustainability of these product chains. The electrification of society needed to mitigate climate change will lead to an exponential growth of the use of batteries and waste batteries. The Regulation on batteries and waste batteries[34], which entered into force 17 August 2023, provides the essential framework for handling the whole life cycle of batteries, sourcing and recovering of materials and thereby bring forward the circular economy, zero pollution, clean energy transition and strategic autonomy ambitions of the EU.

81. Other pieces of EU legislation, such as the Packaging and Packaging Waste Regulation, the Batteries Regulation, the Directive on End-of-Life Vehicles, the revision of the Waste Framework Directive on Textiles and Food waste also contribute to decreasing the GHG emissions from the production and consumption of products, by setting design sustainability requirements, promoting reuse of materials, expanding Extended Producer Responsibility schemes and tackling the end of life of products (minimising incineration and land-fill emissions).

[34] Regulation 2023/1542.

82. The revised Industrial Emissions Directive, which entered into force in August 2024, aims at minimising the impact of pollution on people's health and the environment by reducing harmful industrial and intensive livestock emissions across the EU. In 2026, the EU will start work on a Circular Economy Act. The act will enable the free movement of circular products, secondary raw materials and waste within the EU Single Market. It will also foster a higher supply of high-quality recycling and stimulate demand for secondary materials and circular products while bringing down feedstock costs. New raw material sources like recycled and bio-based materials will increasingly substitute virgin fossil materials in for example plastics.

b) Progress in implementation of the EU's 2030 NDC

83. The FF55 policy framework underpinning the implementation of our 2030 target is in place except the Revision of the Energy Taxation Directive which is underway. These policies include the EU ETS Directive, a new ETS for buildings, road transport and additional sectors (ETS2), the Effort Sharing Regulation, CO_2 standards for cars and vans, the LULUCF Regulation, the Carbon Removals and Carbon Farming Certification Framework Regulation, the Carbon Border Adjustment Mechanism (CBAM), the Social Climate Fund, FuelEU Maritime, the Alternative Fuel Infrastructure Regulation, ReFuelEU Aviation, the Energy Efficiency Directive, the Renewable Energy Directive, the Energy Performance of Buildings Directive, the Updated rules to decarbonise gas markets and promote hydrogen as well as the EU Methane Regulation for the energy sector. The EU remains on track towards meetings its climate commitments.

84. Carbon pricing under the EU Emissions Trading System (ETS) Directive[35] is the cornerstone of the EU's climate action and a key policy instrument to help reduce emissions cost-effectively. By 2023, the EU ETS1 has helped drive down emissions from electricity and heat generation and industrial production by 47.6% compared to 2005 levels. The EU revised the ETS Directive in 2023 to align the system with the EU's 2030 climate target. It is now in force.

85. With the 2023 revision, the ambition of the EU ETS1 has been increased through adjusting the EU ETS1 cap downwards and intensifying the annual reductions in the cap from 2024 onwards. The linear reduction factor of the EU ETS 1 will be 4.4% from 2028.[36] The cap on emissions, in connection with the corresponding linear reduction factor, have been tightened to bring emissions down by 62% below 2005 levels by 2030. In parallel, the revision also introduces a gradual phase-out of free allowances for products covered by the CBAM from 2026 to 2034, reinforcing the carbon price signal, while preventing carbon leakage, and incentivising the decarbonisation of industrial production.

86. In addition, the scope of carbon pricing has been expanded. Since 1 January 2024, the EU ETS1 covers maritime transport. Emissions from all large ships entering EU ports are included, regardless of the flag they fly, in respect of 100% of emissions that occur between two EU ports and when ships are in EU ports and 50% of emissions from voyages starting or ending outside the EU. Allowances for the maritime sector are subject to full auctioning, thereby ensuring consistency of the carbon price signal.

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[35] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (consolidated text).

[36] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (consolidated text), Article 9.

87. The EU ETS1 system's scope has also been expanded to emissions from non-domestic intra-EU flights to and from the EU's nine outermost regions as well as departing flights from these outermost regions to Switzerland and the UK. This represents an extension of carbon pricing coverage of 7%. The system's application to aviation has been strengthened further. Free allowances for aircraft operators will be gradually phased out by the end of 2025 and the monitoring and reporting of non-carbon dioxide climate effects of aviation starts in 2025. As of 1 January 2025, aircraft operators have the added obligation of monitoring and reporting their non-CO_2 effects as part of the EU ETS1, including soot particles, water vapor, nitrous oxides and oxidised sulphur species.

88. Under the revised ETS Directive, a new and separate emissions trading system for emissions from fuel combustion in buildings, road transport and additional sectors (EU ETS2) was created. The new system covers emissions upstream - fuel suppliers are required to monitor and report the quantities of fuels that they release for consumption in the sectors that fall under the scope of EU ETS2, and will be required to buy and surrender the allowances for the corresponding emissions. All allowances under the EU ETS2 will be auctioned, with the revenue going to the newly established Social Climate Fund and the EU Member States towards supporting climate action in these sectors.

89. Established under the Regulation on the Governance of the Energy Union and Climate Action (Governance Regulation)[37], the NECPs are central strategic planning tools that outline how EU Member States will reach the climate and energy objectives for 2030. They outline how the EU Member States intend to address decarbonisation, energy efficiency, energy security, internal energy market, research, innovation and competitiveness, following consultations with citizens, businesses and regional authorities.

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[37] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council.

90. Member States submitted NECPs in 2019 for the period 2021-2030 and updated ones in 2024. The European Commission's assessment (May 2025) shows that the EU is currently on course to reduce net GHG emissions by around 54% by 2030, compared to 1990 levels.

c) Action on climate resilience and adaptation

91. Rising temperatures, shifting weather patterns, sea-level rise, and extreme events affect all continents - rich and poor, north and south. To address its own impacts, the European Commission's Communication on the European Green Deal announced a more ambitious EU Strategy on Adaptation to Climate Change[38], adopted in February 2021.

92. In October 2021, the EU submitted its Adaptation Communication to the Paris Agreement. The document systematises the latest developments on adaptation at the EU level, in particular the 2021 EU Adaptation Strategy. In addition, the EU and its Member States have in place respective national adaptation plans, policies or planning processes.

93. The EU underscores the essential and complementary nature of mitigation and adaptation actions to tackle climate change. Enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change can bring about numerous co-benefits, including in terms of mitigation and is, therefore, a strong priority for the EU. This is developed in the EU Strategic Agenda of 2024-2029.

94. At the same time, there are limits as to when adaptation is no longer possible, either technically, economically, or socially. Therefore, the EU continues pursuing ambitious mitigation action, where adaptation co-benefits can also be achieved, as shown in numerous projects and initiatives (examples in section 4 of ICTU).

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[38] https://ec.europa.eu/commission/presscorner/detail/en/ip_21_663. Instrumental to adaptation is the Climate-ADAPT platform. It aims to support Europe in adapting to climate change helping users to access and share data and information on: expected climate change in Europe; current and future vulnerability of regions and sectors; EU, national and transnational adaptation strategies and actions; adaptation case studies and potential adaptation options; tools that support adaptation planning (https://climate-adapt.eea.europa.eu/en).

95. The first EU BTR, submitted in December 2024, provides an overview of EU adaptation actions and ambitions[39]. The EU is stepping up to meet the climate challenge and has set the long-term vision: "that in 2050, the EU will be a climate-resilient society, fully adapted to the unavoidable impacts of climate change."

96. The European Climate Law provides for continuous progress in enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change. It also provides for the relevant EU institutions and the Member States to ensure that policies on adaptation in the EU and in Member States are coherent, mutually supportive, provide co-benefits for sectoral policies, and work towards better integration of adaptation to climate change in a consistent manner in all policy areas,

97. The EU Adaptation Strategy from 2021 aims to deliver the 2050 vision of a climate-resilient EU by making adaptation smarter, improving knowledge and managing uncertainty; more systemic, supporting policy development at all levels and sectors; faster, speeding up adaptation across the board; and by stepping up international action, increasing support for international climate resilience and preparedness.

98. In the face of evolving reality and the COP28 outcome, the EU and its Member States have further developed their approaches to prepare for climate impacts and increase resilience.

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39 https://unfccc.int/documents/644477.

99. The first-ever European Climate Risk Assessment (EUCRA), published in 2024 has exposed that the EU and its Member States are not sufficiently prepared and that many of the risks identified have reached critical levels and require urgent and decisive action to be taken. The EUCRA systematic risk assessment process has identified and assessed 36 major climate risks for Europe, that may require action at national, European or transnational level. They are grouped into five broad clusters: ecosystems, food, health, infrastructure, and economy and finance. Depending on their nature, each of these risks alone has the potential to cause significant environmental degradation, economic damage, social emergencies and political turbulences, with their combined effects even more impactful. In addition, the assessment found that all EU outermost regions face critical risks to their marine ecosystems from ocean warming and marine heatwaves that require urgent action.

100. The European Environment Agency's report "Assessing the costs and benefits of climate change adaptation" (2023)[40] highlights that decision-makers need to understand their benefits and costs compared to not acting at all and summarises the main assessment concepts, key methods and related challenges and constraints, and provides practical examples of approaches relevant to the EU.

101. More efforts are required on active risk assessment, using adverse scenarios in stress testing of instruments, and with respect to the EU financial architecture. Risk exposure is becoming part of national policy priority setting, while deploying scarce resources.

102. The European Commission will prepare in 2026 a European Climate Adaptation Plan, to support Member States notably on preparedness and planning and ensure regular science-based risk assessments, in addition to their ongoing and planned national efforts. Coupled with the first European Climate Risk Assessment, this will help prepare future legislation on climate resilience and preparedness.

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[40] Assessing the costs and benefits of climate change adaptation | Publication and reports | Discover the key services, thematic features and tools of Climate-ADAPT Climate-ADAPT.

103. In March 2025 the European Commission launched the Preparedness Union Strategy to support Member States and enhance Europe's capability to prevent and respond to emerging threats. It calls on factoring in preparedness and resilience considerations in the EU budget programmes from the start, to help reduce vulnerabilities and exposure to risks, reducing the cost of remedial action. The EU and Member States must therefore improve their resilience and step up their preparedness, regularly updating climate risk assessments and improving critical infrastructure resilience by design. In this context, new policies, legislation and programmes will be prepared or reviewed with a preparedness and security perspective in mind, consistently identifying potential impacts of the preferred policy option on preparedness and security.

104. Aimed at strengthening water management to address climate risks, pollution, and drought while boosting economic competitiveness, the European Commission adopted a European Water Resilience Strategy (3 June 2025). The strategy was developed through broad consultation and stakeholder engagement and is expected to set efficiency targets, mobilise significant investment, and introduce new governance structures to safeguard water resources across the EU.

105. Future EU adaptation policies must be designed with transformational measures in mind, accompanied by appropriate support for affected communities so that no-one is left behind. To achieve that, the Communication on managing climate risks in Europe suggests a) improving governance, b) providing tools for empowering risk owners, c) harnessing structural policies, and d) setting the right precon-ditions for financial resilience.

106. The Communication on managing climate risks also highlights that the EU Mission on Adaptation to Climate Change serves as best practice for all interested parties and will be further leveraged to respond to Europe’s climate risks. The EU Mission on Adaptation to Climate Change focuses on supporting EU regions, cities and local authorities in their efforts to build resilience against the impacts of climate change. The Communication also acknowledges the role of R&I to provide knowledge and solutions to the greatest challenges ahead.

d) Climate Action for people

107. According to a survey[41] published in June 2025, a large majority of Europeans continue to view climate change as a serious global threat, with 85% of citizens identifying it as a major problem.

108. Human rights, democracy and the rule of law remain the EU's common compass and core values. Conscious that the effects of climate change and environmental degradation are felt most acutely by women and girls, as well as other segments of the population who contribute the least to them and who are in vulnerable or marginalised situations, the EU is committed to promoting a human rights-based and gender, youth and children transformative approaches to climate action, promoting social justice, fairness and inclusiveness in the global transition towards climate neutrality, full, equal and meaningful participation and engagement of women, youth and children in climate-related decision-making recognising different needs of women and girls, men and boys, in their respective diverse situations and conditions and fully meeting our human rights obligations when taking action to address climate change.

109. The EU Adaptation Strategy from 2021 highlights the need to achieve resilience in a just and fair way, so that the benefits of climate adaptation are widely and equitably shared. It also considers that men and women, older people, persons with disabilities, displaced persons, or socially marginalised have different adaptive capabilities. Adaptation measures therefore need to involve those groups in all their diversity and consider their situation.

110. Responding to the findings of the European Climate Risk Assessment, the European Commission's Communication on managing climate risks from March 2024 is subtitled: "protecting people and prosperity". This Communication highlights that: "climate risks are especially felt by the most vulnerable people due to a range of socio-economic factors such as income, gender, age, disability, health, and social exclusion (particularly affecting migrants, ethnic minorities, and Indigenous Peoples)".

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41 Climate change - June 2025 - - Eurobarometer survey.

111. In order to contribute to the transition towards a climate-neutral economy in a just way, the EU established the Social Climate Fund (SCF). Its regulation stipulates that: “women are disproportionately affected by energy poverty and transport poverty, in particular single mothers, who represent 85% of single parent families, as well as single women, women with disabilities, and elderly women living alone”. The regulation also foresees that Member States should develop their Social Climate Plans in a wide stakeholder consultation in an inclusive and accessible way.

112. The EU acknowledges that youth and children are not only particularly vulnerable to climate change, but can also act as an important agent of change that can drive ambitious climate action going forward.

113. The EU recognises climate education and training as a strategic enabler for the green transition, essential for fostering an informed understanding of the climate crisis, building resilience to disinformation and creating a sustainability-skilled workforce to meet the growing demands of the growing green-tech labour market. Building resilience to disinformation is crucial, as it threatens climate ambition, fuels polarisation, and undermines the public support we urgently need.

114. Existing EU initiatives, such as the “Education for Climate Coalition”, the “GreenComp” European sustainability competence framework and the Council Recommendation on Learning for green transition and sustainable development, support Member States in embedding climate education across formal education, vocational training and lifelong learning systems.

115. In addition, the European Climate Pact brings individuals, communities and organisations together to fight climate change and adapt to its consequences and help to build a more sustainable future. Launched by the European Commission as part of the European Green Deal, the Pact is a movement of people united by a shared mission to build a more sustainable Europe and help the EU to become climate-neutral by 2050.

116. The Climate Pact is an opportunity to: Learn about climate change, develop and implement solutions and connect with others, and maximise the impact of these solutions.

e) Involving and empowering all governance levels, to implement climate action

117. The EU Regulation on the Governance of the Energy Union and Climate Action[42] requires EU Member States to actively engage all levels of government, as well as a broad range of stakeholders, in shaping climate and energy policies, as it recognises, that 37% of worldwide emissions can be reduced only through multilevel cooperation[43], hence climate policy needs national and subnational cooperation at regional, city and municipal level. This inclusive approach empowers local and regional authorities to contribute meaningfully to national and EU climate goals.

118. Further underscoring this commitment, some Member States[44] have endorsed the Coalition for High Ambition Multilevel Partnerships for Climate Action, a global coalition promoting a multilevel climate governance model.

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42 Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council.

43 https://urbantransitions.global/wp-content/uploads/2019/09/Climate-Emergency-Urban-Opportunity-report.pdf.

44 Belgium, Bulgaria, Denmark, Finland, France, Germany, Hungary, Italy, Netherlands, Poland, Portugal, Sweden.

f) Making financial flows consistent with a climate neutral and climate resilient future

119. Becoming climate neutral by 2050 and climate resilient calls for substantial amounts of public and private investments in the EU. Energy system investment needs are estimated at around EUR 565 billion per annum (equivalent to 3.3% of GDP) in 2021-2030 and EUR 660 billion per annum (equivalent to 3.2% of GDP) on average over 2031-2050 (against EUR 250 billion over 2011-2020, or 1.7% of GDP, a decade with relatively low investments in the energy system), and yearly spending for transport to about EUR 785 billion in 2021-2030 and EUR 870 billion in 2031-2050 (equivalent to 4.2% of GDP, a similar proportion of GDP as in 2011-2020)[45].

120. The society-wide costs and benefits of avoided damage caused by climate change cannot be calculated accurately, but an estimate of the scale should be enough to warrant decisive and effective action. A conservative estimate is that worsening climate impacts could reduce EU GDP by about 7% by the end of the century. If global warming remains beyond the 1.5ºC for a longer period, the cumulative additional reduction in GDP for the EU and its Member States could amount to EUR 2.4 trillion in the period from 2031 to 2050[46].

121. This highlights the importance of further aligning financial flows with climate neutrality and enhancing resilience in the EU, as also called for in the Article 2.1(c) of the Paris Agreement. Given the scale of investment needed, the involvement of the private sector in financing the climate transition will be necessary and substantial. Over the last five years, in addition to the economic incentives for private investment provided by the EU ETS1 carbon pricing, the EU has put together a Sustainable Finance Framework aimed at facilitating private investments in sustainable activities. In the EU's policy context, sustainable finance is understood as a key lever to support economic growth while reducing pressures on the environment to help reach the climate, biodiversity and environmental objectives of the European Green Deal, taking into account social and governance aspects.

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45 The Climate Action Progress Report 2024.
46 EUCRA.

122. Overall, signs of aligning financial flows with the Paris Agreement goals are encouraging, with many market actors embracing the opportunities offered by the EU's sustainable finance framework. For example, in 2023 around 600 European companies reported capital investments into Taxonomy-aligned activities of EUR 191 billion – a number which increased in the first four months of 2024 to EUR 249 billion, signalling significant growth. In order to facilitate the implementation of the sustainable finance framework and its impact, the European Commission has put forward proposals to simplify sustainability rules, to better integrate competitiveness and climate goals, to attract green investments and boost competitiveness, to create a more favourable business environment, to help companies grow, innovate, and create jobs. The proposals will reduce complexity of EU requirements for all businesses and focus our regulatory framework on the largest companies which are likely to have a bigger impact on the climate and the environment, while still enabling companies to access sustainable finance for their clean transition.

123. The European Commission has developed criteria to incorporate rigorous environmental requirements (i.e. Ecolabel certified) in Green Public Procurement (GPP) whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.

124. On 25 June 2025, the European Commission adopted a new State aid framework supporting the Clean Industrial Deal, to enable Member States to push forward the development of clean energy, industrial decarbonisation and clean technology.

i) Use of revenues from the Emissions trading scheme

125. Since 2013, auctioning has been the default method for distributing allowances in the EU ETS1. This approach implements the 'polluter pays' principle, ensuring that those who emit GHGs pay for the right to do so. From 2023, Member States are obliged to use an amount equivalent to 100% of their emission trading revenues on domestic and international expenditure related to the climate transition, including its social dimension. Since 2020, the EU ETS1 revenue is also used to fund innovation – via the Innovation Fund and investments via the Modernisation Fund. In 2023, the total EU ETS1 revenue amounted to EUR 43.6 billion. Most of this revenue accrues to Member States' national budgets with EUR 7.4 billion raised for these funds.

126. The Innovation Fund is the EU fund to support innovation in low- and zero-carbon techniques, processes and technologies that contribute significantly to the decarbonisation of the sectors covered by the EU ETS1 and contribute to zero pollution and circularity objectives, including projects aimed at scaling up such techniques, processes and technologies. The Innovation Fund, will be an essential element of a future proposal by the European Commission under the EU's Clean Industrial Deal focusing on the decarbonisation of energy intensive industries and the manufacturing of clean technologies.

127. The Modernisation Fund supports investments in lower-income Member States with financial assistance, generated through the EU ETS1, to modernise their energy systems and improve energy efficiency.

128. In order to contribute to the transition towards a climate-neutral economy in a fair way, leaving no one behind the EU established the SCF to support vulnerable households, micro-enterprises and transport users in coping with the price impacts of the new EU ETS2 for the buildings and road transport and fuels for additional sectors. Overall, the aim is to address challenges linked to energy poverty for vulnerable households and micro-enterprises and support vulnerable transport users. In principle a maximum amount of EUR 65 billion should be made available for the period 2026-2032 in line with the articles set out in its Regulation. To finance these measures and investments in support of the most vulnerable groups, the SCF will pool revenues from the auctioning of allowances from the EU ETS2[47] as well as 50 million allowances from the existing EU ETS1[48].

ii) Mainstreaming climate action in the EU Budget

129. The EU budget 2021-2027 – both the Multiannual Financial Framework and the Next Generation EU instrument – is an important enabler of the green transition. It is currently projected that in the period up to 2027 the EU budget will contribute EUR 658 billion to climate action. This represents 34.3% of the EU's total budget and exceeds its 30% climate spending target.

130. The EU's Recovery and Resilience Facility – the centrepiece of Next Generation EU, the EU's recovery instrument from the COVID-19 pandemic – has a value of up to EUR 648 billion and enables Member States to significantly increase climate investments. To qualify for the Facility's grants (EUR 357 billion) and loans (EUR 291 billion), Member States have prepared recovery and resilience plans setting out investments and policy reforms that contribute to the Facility's six policy objectives including the green transition. Each national plan must spend a minimum of 37% of its total allocation on measures contributing to climate objectives (such as initiatives that promote energy efficiency, sustainable mobility, and renewable energy).

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47 https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets2-buildings-road-transport-and-additional-sectors_en.

48 https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/about-eu-ets_en.

131. In addition, in 2023 and 2024, Member States complemented their recovery and resilience plans with new chapters on REPowerEU in response to the energy crisis, through new or scaled-up reforms and investments to help phase out the EU's dependency on Russian fossil fuels and accelerate the clean energy transition.

132. At least 30% of the InvestEU programme's target of EUR 372 billion for mobilising additional investment over the period 2021-27 is expected to contribute to meet the EU climate objectives.

133. Horizon Europe is the EU's key funding programme for research and innovation. Research and innovation enable the green transition by testing and demonstrating solutions, developing breakthrough innovations and knowledge for policies based on the latest scientific evidence. Horizon Europe will devote during the 2021-2027 timeframe at least 35% of its EUR 95.5 billion budget to support climate action objectives.

134. The LIFE Programme, with an investment package of EUR 243 million is the EU's funding instrument for the environment, energy and climate action. Its general objective is to facilitate the transition towards a sustainable, circular, energy-efficient, renewable energy-driven, climate-neutral, and resilient economy and to protect, restore and enhance our environment, halt and reverse biodiversity loss and stop the degradation of ecosystems. Within its four subprogrammes, the LIFE subprogramme on Climate Change Mitigation and Adaptation supports the implementation of the Green Deal by contributing to the objectives and targets set out in the EU Climate Law.

135. A share of 40% of the EU's total Common Agricultural Policy financial allocation (from 2023 until 2027) should contribute to achieving climate objectives. Moreover, at least 25% of the funds allocated annually to direct payments (Pillar I) are earmarked for eco-schemes (payments for climate, environment, and animal welfare), and at least 35% of the funds from Pillar II (European Agricultural Fund for Rural Development) are dedicated to activities related to the environment and climate.

iii) Cohesion policy

136. Member States have allocated respectively 56.9% (EUR 22.2 billion) of their Cohesion Fund (CF) and 32.6% (EUR 69.9 billion) of their European Regional Development Fund (ERDF) allocations to climate action.

137. The Just Transition Fund (JTF) mobilises EUR 19.2 billion of EU investments to help the people and places that suffer the most from the transition to climate neutrality. In addition to JTF, the other two pillars of the Just Transition Mechanism will mobilise EUR 28 billion from public and private investments to address the social and economic effects of the transition.

g) International cooperation

138. The results of the GST from COP28 set the minimum expectation for action from the entire global community and put others on the trajectory that the EU is already on. The EU will continue to contribute to building the means and momentum for increased global action and persuade and support other countries to follow suit.

139. Building on the success and potential of the Global Gateway, international cooperation will expand to new areas, in line with the global efforts agreed as part of the GST, and new sustainable technological opportunities, bearing in mind alignment with the Paris Agreement and the Sustainable Development Goals. The EU and its Member States will further strengthen green diplomacy in bilateral, plurilateral (G7, G20, OECD, Climate Club, among others) and multilateral fora and partnerships.

140. Climate finance will remain at the heart of the EU's contribution to global climate action. The EU, together with its Member States and the European Investment Bank (EIB), is the biggest contributor of public climate finance to developing and emerging economies, with a contribution of EUR 28.6 billion in 2023 and mobilising an additional EUR 7.2 billion of private finance. In 2023 alone, the EU contributed EUR 8.4 billion (USD 9.1 billion) in bilateral and multilateral public finance for adaptation in developing countries.

141. –The EU and its Members States will contribute towards the achievement of the NCQG – New Collective Quantified Goal on Climate Finance - adopted at COP29, through bilateral, plurilateral and multilateral cooperation, in line with the provisions of the Paris Agreement.

142. The EU intensified its diplomacy around the world to amplify its efforts to replicate the success of the EU ETS1 by encouraging and supporting other jurisdictions to introduce or improve their own carbon pricing mechanisms. The gradual implementation of the EU CBAM also incentivises governments to enhance their climate ambition through pricing measures to reduce emissions and for industries to reduce their GHG emissions, based on a methodology that has potential for international application.

143. In the context of international activities related to climate research and systematic observation, the EU and its Member States are contributing to the scientific knowledge base and to the activities of IPCC as well as to the observational capacities provided by the World Meteorological Organisation and the Global Climate Observing System, through the National Meteorological and Hydrological Services.

144. Copernicus, the EU's flagship Earth observation programme, offers free and openly accessible information services that draw global data from satellites and ground-based, airborne, and seaborne measurement systems. Copernicus helps service providers, public authorities, and other international organisations to improve citizens' quality of life. In a volatile geopolitical environment, the EU will continue to develop stable partnerships with like-minded countries. The Green Alliances and Green Partnerships concluded with partners since 2021, together with bilateral partnerships implemented by Member States, will sustain the EU and partners' pathways to climate neutrality. It will broaden and deepen partnerships with reliable international suppliers, including neighbourhood countries, to ensure its long-term energy security and predictability of supply throughout the energy transition. This will help reduce external dependencies and costs while de-risking supply chains.

145. Trade agreements can help advance climate goals and achieve our targets while ensuring that the international trading system remains fair and non-discriminatory. Similarly, trade policy can drive innovation, promoting sustainable value chains and creating market access for clean technologies and products. The European Commission has announced a range of new trade partnerships – the clean trade and investment partnerships (CTIPs) – to bolster the EU's competitiveness, diversify supply chains and boost economies. They are meant to complement the EU's vast network of trade agreements through a faster, more flexible and more targeted approach, tailored to the EU's and its partners' concrete business interests. The first CTIP was launched with South Africa in March 2025. The agreement will focus on investment, the clean energy transition, skills and technology, and on developing strategic industries along the entire supply chain.

146. Candidate and potential candidate countries will be supported in aligning with and adopting the EU’s climate and energy acquis, including the European Climate Law. This includes implementation of the commitments made through the Energy Community to deliver 2030 climate and energy targets and climate neutrality by 2050 within a framework based on the Energy Union Governance Regulation. Commitment to and transition in line with the 2040 milestone will also be an important factor in the accession process of future EU Member States.

147. Furthermore, the EU supports cooperation between relevant international organisations, recognising the importance of a coordinated global approach to addressing the triple planetary crises of climate change, biodiversity loss and pollution, as well as land degradation. The EU and its Members States are of the view that policy coherence across the three Rio Conventions should be enhanced at different levels to foster implementation and achieve the respective goals and targets.

IV. INFORMATION NECESSARY FOR CLARITY, TRANSPARENCY AND UNDERSTANDING (ICTU) OF THE EU'S NDC

148. In 2018, in Katowice, at the first session of the COP serving as the meeting of the Parties to the Paris Agreement (CMA1), Parties agreed guidance on the information necessary for clarity, transparency and understanding (ICTU) as applicable to their NDCs.

149. This part provides ICTU of the EU's and its Member States' NDC as of the date of this submission. Further updates will be submitted upon the adoption of domestic policies that support the implementation of the EU's NDC.

INFORMATION TO FACILITATE CLARITY, TRANSPARENCY AND UNDERSTANDING OF THE NATIONALLY DETERMINED CONTRIBUTION OF THE EUROPEAN UNION AND ITS MEMBER STATES FOR THE TIMEFRAME 2026-2035		
Information necessary for clarity, transparency and understanding of the EU NDC		
Para	*Guidance provided by CMA 1*	*ICTU applicable to the EU's NDC*
1	**Quantifiable information on the reference point (including, as appropriate, a base year):**	
(a)	Reference year(s), base year(s), reference period(s) or other startingpoint(s);	1990
(b)	Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other startingpoint(s), and, as applicable, in the target year;	Quantification of the reference indicator will be based on national totals reported in the National Inventory Report by the EU and may be updated due to methodological improvements to the GHG inventory.
(c)	For strategies, plans and actions referred to in Article 4, paragraph 6, of the Paris Agreement, or polices and measures as components of nationally determined contributions where paragraph 1(b) above is not applicable, Parties to provide other relevant information;	Not applicable.
(d)	Target relative to the reference indicator, expressed numerically, for example in percentage or amount of reduction;	An economy-wide net emissions reduction target by 2040 compared to 1990, including an adequate contribution of high-quality international credits under Article 6 of the Paris Agreement in a way that is both ambitious and cost-efficient, leading to an indicative contribution of an economy wide net reduction of between 66.25-72.5% in GHG emissions by 2035 compared to 1990. The range for the indicative target in 2035 is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the Council of the European Union.

(e)	Information on sources of data used in quantifying the reference point(s);	Quantification of the reference indicator will be based on data reported in the National Inventory Report by the European Union.
(f)	Information on the circumstances under which the Party may update the values of the reference indicators.	Values may be updated due to methodological improvements to the GHG inventory.
2	**Time frames and/or periods for implementation:**	
(a)	Time frame and/or period for implementation, including start and end date, consistent with any further relevant decision adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);	A single year target in 2040, leading to an indicative contribution of a reduction of net GHG emissions of between 66.25-72.5% compared to 1990 by 2035. The range for the indicative target in 2035 is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the EU's Council.
(b)	Whether it is a single-year or multi-year target, as applicable.	A single year target in 2040, leading to an indicative contribution of a reduction of net GHG emissions of between 66.25-72.5% compared to 1990 by 2035. The range for the indicative target in 2035 is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the EU's Council.
3	**Scope and coverage:**	
(a)	General description of the target;	The target is an economy-wide net emissions reduction target by 2040 compared to 1990, including an adequate contribution of high-quality international credits under Article 6 of the Paris Agreement in a way that is both ambitious and cost-efficient, leading to an indicative contribution of an economy wide net reduction of between 66.25-72.5% in GHG emissions by 2035 compared to 1990. The range for the indicative target in 2035 is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the Council of the European Union.

		Geographical scope: EU and its Member States (Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden)[1]. As indicated in paragraph 13 of the above submission, following the setting of the target for 2040, and in line with the foreseen reviews, the European Commission will prepare a climate policy architecture beyond 2030, and prepare the proposals for this policy framework that will be needed to deliver the 2040 target in a fair and cost-efficient manner.
(b)	Sectors, gases, categories, and pools covered by the nationally determinedcontribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines;	Further details in accordance with IPCC guidelines in the Biennial Transparency Reports by the EU. **Sectors covered:** • Energy • Aviation o Emissions from civil aviation are included in respect of CO_2 emissions from flights subject to effective carbon pricing through the EU ETS (which, up to 31 December 2026, comprises flights within the European Economic Area, departing flights to Switzerland and departing flights to the United Kingdom). [Placeholder: any broader scope would result from the amendment of the EU ETS Directive by

[1] Including EU outermost regions (Guadeloupe, French Guiana, Martinique, Mayotte, Reunion, Saint Martin (France), Canary Islands (Spain), Azores and Madeira (Portugal)).

		the Council and the European Parliament, based on the legislative proposal due to be adopted by July 2026[2].] • Maritime ○ Maritime navigation is included in respect of emissions from domestic navigation activities and emissions subject to effective carbon pricing through the EU ETS. The extension of the EU ETS to maritime emissions covers CO_2 emissions, from ships above 5000 gross tonnage, as well as methane and nitrous oxide emissions as from 1 January 2026. It applies to 50% of emissions from voyages starting or ending outside the EU, and all emissions from voyages within the EU and emissions from ships within EU ports. • Other energy source categories in accordance with IPCC guidelines. Industrial processes and product use. • Agriculture. • Waste. • LULUCF (see Section 5e for further information on this sector). **Gases:** • Carbon Dioxide (CO_2) • Methane (CH_4) • Nitrous Oxide (N_2O) • Hydrofluorocarbons (HFCs) • Perfluorocarbons (PFCs) • Sulphur hexafluoride (SF_6) • Nitrogen trifluoride (NF_3)

[2] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14549-EU-emissions-trading-system-for-maritime-aviation-and-stationary-installations-and-market-stability-reserve-review_en.

(c)	How the Party has taken into consideration paragraph 31(c) and (d) of decision 1/CP.21; (Sources, sinks and if any categories are excluded)	The EU's NDC is economy-wide and therefore complies with this provision.
(d)	Mitigation co-benefits resulting from Parties' adaptation actions and/oreconomic diversification plans, including description of specific projects,measures and initiatives of Parties' adaptation actions and/or economic diversification plans.	Not applicable.
4	Planning processes:	
(a)	Information on the planning processes that the Party undertook to prepare its nationally determined contribution and, if available, on the Party's implementation plans, including, as appropriate: Domestic institutional arrangements, public participation and engagement with local communities and indigenous peoples, in a gender-responsive manner; Contextual matters, including, inter alia, as appropriate: a) National circumstances, such as geography, climate, economy, sustainable development, and poverty eradication b) Best practices and experience related to the preparation of the Nationally Determined Contribution c) Other contextual aspirations and priorities acknowledged when joining the Paris Agreement	The EU NDC is prepared on the basis of the outcome of the political debate launched by the European Commission Communication "Securing our future Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society" and the position of the Council of the European Union on the EU Climate Law amendment. That Communication was prepared following an extensive impact assessment[3], as well as stakeholder input, collected via public consultation[4]. The target was also based on the advice of the ESABCC. The EU NDC is prepared in the context of the EU's commitment to gender equality and cross-cutting priorities, as articulated in commitments such as: The commitment to create and maximise synergies between the social, environmental, and economic dimensions of sustainable development[5]; integrating the dimensions of

[3] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024SC0063.
[4] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13793-EU-climate-target-for-2040/public-consultation_en.
[5] Council conclusions of 9 April 2019, Towards an ever more sustainable Union by 2030.

		human rights and gender equality by Member States into their national plans, strategies under the EU Energy and Climate Governance Regulation[6], the European Pact on Gender Equality[7] and the EU's support for adoption of the United Nations Declaration on the Rights of Indigenous Peoples[8]. The EU aims to achieve gender-balanced participation and encourage the full, equal, effective and meaningful participation and leadership of women and girls at all levels of climate action and decision-making. The EU will also continue to support meaningful engagement of youth and children in climate change decision-making processes, as well as climate education and training, and increase public awareness on climate change. We also emphasise the importance of their autonomy and sustained capacity building. The EU welcomes the recognition by the UN Human Rights Council and General Assembly that the right to a clean, healthy and sustainable environment is a human right and will actively engage in discussions advancing this right and promote inclusion and non-discrimination. The EU recognises the contribution of environmental human rights defenders, who are facing unprecedented levels of threats and attacks. All EU legislative acts are subject to a public consultation before adoption by the European Parliament and the Council of the European Union. The governance arrangements are set out in Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action. This includes an enhanced governance system related to integrated planning, reporting and monitoring in climate and energy

6 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12265-2030-Climate-Target-Plan/public-consultation.
7 Council conclusions of 7 March 2011 on European Pact for Gender Equality (2011 -2020).
8 Council conclusions of 15 May 2017 on Indigenous Peoples.

		policy fields, including with respect to climate and energy targets, policies, measures and projections, inventories and provisions for multi-level public participation as well as public consultations to be held by Member States in the preparation of the integrated NECPs that implement their policy targets up to 2030. These legal acts include review clauses in line with the five-year cycle of increasing ambitious climate action under the Paris Agreement. The EU is also implementing measures to support the implementation of Art. 2.1(c) of the Paris Agreement, these include among others the EU ETS, or the EU Sustainable Finance Framework, including on financial market policy and is continuing to work on further making finance flows consistent with a low GHG emission and climate resilient development pathway.
(b)	Specific information applicable to Parties, including regional economic integration organizations and their member States, that have reached an agreement to act jointly under Article 4, paragraph 2, of the Paris Agreement, including the Parties that agreed to act jointly and the terms of the agreement, in accordance with Article 4, paragraphs 16–18, of the Paris Agreement	The EU and its Member States hereby notify the UNFCCC Secretariat of the intention to act jointly under Article 4.2 of the Paris Agreement with accordance the legislation set out in section 3(a) above, which describe how the EU and its Member States shall be responsible for achieving this NDC. [placeholder for post-2030 policy framework].
(c)	How the Party's preparation of its nationally determined contribution has been informed by the outcomes of the global stocktake, in accordance with Article 4, paragraph 9, of the Paris Agreement;	The EU has set its climate targets for 2030 and 2050 in Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality (the European Climate Law). The European Climate Law requires an intermediate 2040 target to be proposed by the European Commission at the latest six months after the GST under the Paris Agreement. On 6 February 2024, the European Commission published a Communication on the EU's climate target for 2040, including a recommendation for an intermediate 2040 target, taking into account

		the scientific advice by the European Scientific Advisory Board on Climate Change, and a detailed impact assessment and report on the carbon budget. [placeholder for post-2030 policy framework] The EU's contribution to the global efforts agreed in GST is described in section III.
(d) (i) (ii)	Each Party with a nationally determined contribution under Article 4 of the Paris Agreement that consists of adaptation action and/or economic diversification plans resulting in mitigation co-benefits consistent with Article 4, paragraph 7, of the Paris Agreement to submit information on: How the economic and social consequences of response measures have been considered in developing the nationally determined contribution; Specific projects, measures and activities to be implemented to contribute to mitigation co-benefits, including information on adaptation plans that also yield mitigation co-benefits, which may cover, but are not limited to, key sectors, such as energy, resources, water resources, coastal resources, human settlements and urban planning, agriculture and forestry; and economic diversification actions, which may cover, but are not limited to, sectors such as manufacturing and industry, energy and mining, transport and communication, construction, tourism, real estate, agriculture and fisheries BS	Carbon farming and soil reduction emissions reduction as agricultural adaptation measures, and quantification of co-benefits: • Rewetting and restoring peatlands and wetlands to reduce carbon oxidation and increase carbon sequestration (total EU mitigation potential ($MtCO_2$-eq/yr) 51 - 54 Mt CO_2-eq/yr)*. • Agroforestry and mixed farming, integrating trees or shrubs with crop and/or livestock management. • Implementing soil protection measures like catch crops, cover crops, conservation tillage, and hedgerows. • Reforestation respecting ecological principles for biodiversity and sustainable forest management (8 – 235 Mt CO_2-eq/yr)*. • Improving fertiliser use efficiency to cut nitrous oxide emissions (19 Mt CO_2-eq/yr)*. *quantification of co-benefits: Carbon farming | Making agriculture fit for 2030 (ref. Tab 1) Energy efficiency measures Adapting buildings and infrastructure to withstand extreme weather conditions (e.g., retrofitting homes for heatwaves) often leads to improved energy efficiency, which in turn reduces emissions. This can be quantified by estimating the energy savings and corresponding emissions reductions. Adaptation measures in the building sector

		contribute to both resilience and mitigation goals but present potential trade-off that need a case-by-case assessment. The EU has worked to promote the integration of climate change adaptation in building standards, has established directives to increase energy efficiency and performance and developed policies to encourage renovation of buildings that leads to improved resource and energy efficiency. The European Commission produced EU-level guidance on the climate resilience of buildings in March 2023. Sustainable agriculture Practices such as agroforestry and soil carbon sequestration are common adaptation measures to build resilience against droughts or floods. These practices can also mitigate emissions by storing carbon in soils. Nature Based Solutions (NbS) When thoughtfully integrated into policy and planning, NbS do far more than mitigate climate change or reduce disaster risks. They offer a broad spectrum of benefits: Improving public health, creating green jobs, revitalising urban spaces, purifying water and air, and fostering social inclusion. The EU promotes NbS protecting, restoring and sustainably managing natural carbon sinks and reservoirs including in the European Green Deal, the EU Biodiversity Strategy for 2030, and the Farm to Fork Strategy. The Nature-based Urban Innovation, H2020 NATURVATION project, developed key resources on NbS for climate, including an urban nature atlas with almost 1,000 examples of NbS from across 100 European cities that contribute to adapt the urban system to climate change and European assessment maps of benefits of NbS for reducing Urban Heat islands for the 775 urban areas across EU.

		NetworkNature is an EU funded Horizon Europe project, which serves as the main resource for the NbS community, creating opportunities for local, regional and international cooperation to maximise the impact and spread of NbS. A wealth of NbS resources and case studies can be found on the NetworkNature webpage. For instance, the project OPERANDUM developed Open-Air Laboratories and the GeoIKP platform to validate and monitor NbS for reducing hydro-meteorological risks using geospatial and socio-environmental data.
5	**Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals:**	
(a)	Assumptions and methodological approaches used for accounting for anthropogenic greenhouse gas emissions and removals corresponding to the Party's nationally determined contribution, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA;	The European Union will account for anthropogenic emissions and removals corresponding to its NDC scope in accordance with decision 4/CMA.1. The accounting for anthropogenic emissions and removals is based on the data contained in the EU GHG inventory, which is compiled in accordance with the IPCC Guidelines and the reporting guidelines, procedure and modalities under the Enhanced Transparency Framework.
(b)	Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the nationallydetermined contribution;	Not applicable. EU's NDC is an absolute, economy-wide, GHG emissions reduction target.
(c)	If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in accordance with Article 4,paragraph 14, of the Paris Agreement, as appropriate;	See 5 (d), below.
(d)	IPCC methodologies and metrics used for estimating anthropogenic greenhouse gas emissions and removals;	Methodologies: IPCC Guidelines 2019. Metrics: Global Warming Potential on a 100-year time horizon in accordance with IPCC's 5th Assessment Report.

(e)	Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable: i. Approach to addressing emissions and subsequent removals from natural disturbances on managed lands; ii. Approach used to account for emissions and removals from harvested wood products Approach used to address the effects of age-class structure in forests;	[placeholder for post-2030 policy framework]
(f)	Other assumptions and methodological approaches used for understanding the nationally determined contribution and, if applicable, estimating corresponding emissions and removals, including:	
(i)	How the reference indicators, baseline(s) and/or reference level(s), including, where applicable, sector-, category- or activity-specific reference levels, are constructed, including, for example, key parameters, assumptions, definitions, methodologies, data sources and models used;	[placeholder for post-2030 policy framework]
(ii)	For Parties with nationally determined contributions that contain non-greenhouse-gas components, information on assumptions and methodological approaches used in relation to those components, as applicable;	Not applicable. The EU's NDC is an absolute, economy-wide GHG emissions reduction target.
(iii)	For climate forcers included in nationally determined contributions not covered by IPCC guidelines, information on how the climate forcers are estimated;	[placeholder for post-2030 policy framework]

(iv)	Further technical information, as necessary;	Not applicable.
(g)	The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable.	In order to facilitate the achievement of the EU 2040 target an adequate contribution towards the 2040 target of high quality international credits under Article 6 of the Paris Agreement in a way that is both ambitious and cost-efficient, supporting the EU and third countries in achieving net GHG reduction trajectories compatible with the Paris Agreement objective to hold the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels - the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in EU law. Norway, Iceland and Liechtenstein have been participating in the EU ETS1 since 2008, and an agreement linking the EU and Swiss ETS entered into force in 2020. The EU is continuing to explore the possibilities to link the EU ETS with other robust ETS. The EU will account for its cooperation through the EU ETS with these and any other Parties in a manner consistent with the guidance adopted by the CMA.
6	**How the Party considers that its nationally determined contribution is fair and ambitious in the light of its national circumstances:**	
(a)	How the Party considers that its nationally determined contribution is fair and ambitious in the light of its national circumstances.	The EU's NDC is both ambitious and fair as it will set one of the world's largest fossil fuel-dependent and industrialised economies, on a pathway to climate neutrality by 2050, while considering fairness and solidarity across Member States with diverse national circumstances. The current EU 2030 target is 55%. The EU and its Member States, acting jointly, are committed to a legally binding target of a reduction of net GHG emissions by 2040, including an adequate contribution of high-

		quality international credits under Article 6 of the Paris Agreement in a way that is both ambitious and cost-efficient, based on which the EU in 2035 has an *indicative* contribution of an economy wide net reduction of between 66.25-72.5% in GHG emissions compared to 1990 levels. The range for the indicative target in 2035 is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the Council of the European Union. In order to propose the EU 2040 climate target, the European Commission considered the best available and most recent scientific evidence, including the latest reports of the IPCC and the ESABCC; the social, economic and environmental impacts, including the costs of inaction; the need to ensure a just and socially fair transition for all; cost-effectiveness and economic efficiency; competitiveness of the Union's economy, in particular small and medium-sized enterprises and sectors most exposed to carbon leakage; best available cost-effective, safe and scalable technologies; energy efficiency and the 'energy efficiency first' principle, energy affordability and security of supply; fairness and solidarity between and within Member States; the need to ensure environmental effectiveness and progression over time; the need to maintain, manage and enhance natural sinks in the long term and protect and restore biodiversity, including in the marine environment; investment needs and opportunities; international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the UNFCCC; existing information on the projected indicative Union GHG budget for the 2030-2050 period. The European Climate Law creates a system for assessing progress and provides a legal basis for taking further action if needed. It provides

		predictability for investors and other economic actors and ensures that the transition to climate neutrality is irreversible. Achieving this target will require the full implementation of the agreed 2030 framework and ensuring the competitiveness of the European industry. The EU is currently discussing a Clean Industrial Deal aimed at driving decarbonisation and enhancing competitiveness of European industries while ensuring a just transition that leaves no one behind, and a level playing field with international partners. The EU has a long track record of delivering on its climate policies. Its total GHG emissions (excluding LULUCF and international aviation) decreased by 1 516 Mt CO_2-eq since 1990 reaching its lowest level during this period in 2022 (3 133 Mt CO_2-eq). The EU has progressively decoupled its GDP from its GHG emissions compared to 1990, with a GDP increase of 67% alongside a decrease in emissions of about 34% over the same period. A climate neutral, inclusive and resilient economy aims to ensure the long-term prosperity and well-being of EU citizens. However, public policy and funds, as well as social dialogue, will have to tackle challenges for certain groups and regions, supporting decarbonisation investments by households. Addressing social concerns will require a clear policy focus on fairness, solidarity and social policies that not only alleviate the direct impact of carbon pricing where needed, but also allow low-income households to make the effective transition towards no carbon emissions. [placeholder for post-2030 policy framework]

(b)	Fairness considerations, including reflecting on equity;	The EU and its Member States have steadily decreased its GHG emissions since 1990. The EU met its emission reduction commitments in both first and second commitment periods of the Kyoto Protocol. The EU's delivery in the second commitment period reflected a reduction of approximately 19% below the base year levels, surpassing the committed 8% reduction target. In accordance with the IPCC, to limit warming to 1.5°C with no or limited overshoot, global CO_2 emissions need to reach net-zero around 2050**.** In 2020, the EU committed to climate neutrality by 2050 in its long-term strategy to the UNFCCC and submitted an ambitious NDC with a 2030 climate target of at least 55% reduction of net emissions of GHG as compared to 1990. By committing to these targets, the EU is making its fair and equitable contribution towards a path aiming to limit the global temperature increase to 1.5°C above pre-industrial levels, in line with the IPCC recommendations, the most ambitious interpretation of the Paris Agreement and reinforcing the EU's commitment towards its implementation. The EU's emission reductions are aligned with science and the IPCC as well as the call for deep, rapid and sustained reductions in global GHG emissions of 43% by 2030 and 60% by 2035. The EU achieved a net 8% reduction in GHG emissions in 2023 compared to the emissions of the previous year. This marks the largest annual reduction in decades (excluding the exceptional, temporary decline due to the pandemic in 2020), a cut largely driven by the growth in renewable energy generation and fall in coal and gas use**.** In 2023, net emissions were 37% below 1990 levels. In the same period, global emissions have risen by over 50%. During that period, the EU's emissions reductions outpaced those of any other major developed or developing economy.

		The target is an economy-wide net emissions reduction target by 2040 compared to 1990, including an adequate contribution of high-quality international credits under Article 6 of the Paris Agreement in a way that is both ambitious and cost-efficient, leading to an indicative contribution of an economy wide net reduction of between 66.25-72.5% in GHG emissions by 2035 compared to 1990. The range for the indicative target in 2035 is based on indicative linear trajectories from, on the one hand, the EU's climate targets for 2030 and 2050, and, on the other hand, the EU's climate target for 2030 and the 2040 climate target from the position of the Council of the European Union. By submitting this NDC, the EU's commitments are: • Consistent with the IPCC emissions trajectories and the GST's call for deep, rapid, and sustained reductions in GHG emissions in line with 1.5°C; • responding to the GST to set absolute, economy-wide reduction targets covering all GHG, sectors, and categories; and • aligned with steep and credible emissions reductions toward their respective mid-century net zero goals, consistent with a linear or steeper trajectory. According to the latest UNEP Emissions Gap Report, the EU share of global GHG emissions lies at 6%. The EU cannot solve the climate crisis on its own. International cooperation remains at the heart of the EU's contribution to global climate action and the EU will continue to call on the countries with the largest share of emissions to commit to the highest possible ambition.

(c)	How the Party has addressed Article 4, paragraph 3, of the Paris Agreement;	This NDC represents a progression of ambition compared to its previous NDC. See 6a.
(d)	How the Party has addressed Article 4, paragraph 4, of the Paris Agreement	The EU complies with this provision by having an absolute economy-wide target.
(e)	How the Party has addressed Article 4, paragraph 6, of the Paris Agreement.	Not applicable.
7	**How the nationally determined contribution contributes towards achieving the objective of the Convention as set out in its Article 2:**	
(a)	How the nationally determined contribution contributes towards achieving the objective of the Convention as set out in its Article 2;	The EU considers its NDC to be in line with the objective of the UNFCCC and long-term goal of the Paris Agreement, as explained in 6a and 6b.
(b)	How the nationally determined contribution contributes towards Article 2,paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement.	