

Business and Investor Sign on Letter Calling on the EU to Set a Greenhouse Gas Emissions Reduction Target of at least 90% by 2040

Dear Environment and Climate Ministers,

CC: European Council, European Commission, Members of the European Parliament,

We write to you as business leaders and investors, who have been long-term proponents of the EU setting robust climate targets. These targets provide us with a clear course to step up action and investments to transition towards more sustainable business models and rapidly lower our emissions. Ultimately, climate risk is an economic and financial risk.

The endorsement by the European Commission of a 90 per cent greenhouse gas emissions reduction in its Communication is a step in the right direction.¹ A robust target that is backed by a smart, ambitious and coherent package of supporting policies will decarbonise our economies, drive innovation and economic opportunity for companies in all sectors. It will enable the creation of quality jobs and cost savings that citizens rightly expect, while improving the health and well-being of its people. A well-designed target should also be consistent with the just transition where costs and benefits are equitably distributed and the most vulnerable are protected.

We call on the EU to build on the recommendations of the European Scientific Advisory Board on Climate Change (ESABCC)² and the Commission's Communication, to set a target of at least 90 per cent net reduction in greenhouse gas emissions by 2040 compared to 1990 levels. This science-based target reflects the urgency and benefits of near-term action, enabling steep emission reductions before 2040. 90% should be considered as the floor rather than the ceiling for ambition. Mitigation should be considered the absolute priority with actions to step up the decarbonisation of all economic sectors, accelerate the clean energy transition and increase energy efficiency. Coherently with the prioritisation of mitigation, the maximum share of emissions expected to be eliminated through nature-based carbon removals and technological removals should be assessed. Having clarity on the role these solutions are expected to play would improve transparency and accountability by making the assumed maximum carbon removal reliance explicit.

The debate on the target comes in a period of reflection on the EU's future strategic agenda. **A robust climate target and decarbonisation of our economies will improve the EU's resilience to shocks, energy security and competitiveness. The target, and climate more broadly, should be considered as a central element of the overall strategy to achieve these objectives.**

Increasing the EU's Competitive Sustainability

The evidence shows that the global economic opportunity from the development of clean technologies alone is enormous.³ **Integrating the target into a comprehensive industrial strategy, guided by a**

‘competitive sustainability’ approach, will allow the EU to lead the global race of development of sustainable industrial ecosystems and industries.⁴ This should first be done with a focus on the most cost-and energy-efficient options and an integrated approach, bringing together innovation, infrastructure, interconnected value chains and initial deployment of climate neutral technologies on the single market. Such an approach will also enable the EU to unlock the wall of private capital needed to meet its investment needs. At the same time, policies should support an increased supply and demand for low carbon materials.

Enhancing Energy Security with the Clean Energy Transition

The target will support the EU’s overall strategy to deeply enhance energy security for citizens and businesses by accelerating the clean energy transition and energy efficiency. The Commission’s Communication demonstrates that a target of 90% would correspond to a full decarbonisation of electricity in the second half of the 2031-2040 decade. We call for the EU to set a policy environment that will phase out fossil fuels, accelerate electrification and the decarbonisation of the power sector with renewables and low-carbon electricity, ensure access to flexible energy infrastructure, and large scale roll out of energy efficiency measures in industry and buildings. In this context, robust carbon pricing should continue to incentivise investments in decarbonised energy and solutions. Fossil fuels subsidies should be eliminated, freeing up finance to be reallocated for the development of clean technologies.

Stepping up Implementation

As we enter two decisive decades to achieve climate neutrality by 2050, the **EU needs to build on the legacy of the Green Deal and an effective implementation of the Fit for 55 Package.** Businesses are ready to play a key role in translating climate targets into concrete action with the support of enabling measures and policies. They are taking action to decarbonise their operations and value chains by increasing efficient use of energy, switching to low-carbon energy, transitioning to electric vehicles and developing low-carbon materials. Meanwhile, many investors are setting net zero strategies and working to integrate climate risks and opportunities into their individual investment decisions and processes *(Please refer to the Annex below for more information)*

Harnessing the Decarbonisation Potential of the Circular Economy

The EU should **harness the opportunities presented by the circular economy and eco-design to tackle emissions stemming from the production of materials.** Developing and rapidly scaling up circular economy solutions through systemic circular designs, repair, reuse and recycling can reduce the demand for raw material extraction and emissions from energy-intensive production processes. The European Commission’s report on critical raw materials and the circular economy highlights the important role that circularity can play in ensuring security of supply, whilst also greatly reducing energy use.⁵

Building Synergies between Climate and Nature

Businesses recognise that nature restoration and sustainable land use will play a key role in increasing the EU's ability to mitigate and adapt to climate change. We cannot reach our climate targets without nature or indeed our nature targets without tackling climate. **The 2040 climate target should create a clear signal to businesses and national governments of the importance in investing in nature-based solutions and the transition to a nature positive economy.**

Strengthening the EU's International Leadership

Agreements from the first Global Stocktake concluded at COP28 have underlined the importance of accelerating emissions reductions. **A strong target will allow the EU to maintain its climate commitments and play a leading role to phase out fossil fuels, triple the rate of deployment of renewables and double energy efficiency rates globally.**⁶ The EU should also deploy trade policies in line with climate objectives to create larger markets for more sustainable products and materials.

As business leaders, we are ready to continue the dialogue on the target with policymakers. By working hand in hand, we believe that the EU can set and achieve a robust 2040 target for the benefit of climate, people and the economy.

Yours sincerely,

Signatory businesses and investors:

1. **Caspar Herzberg**, CEO, AVEVA
2. **Luc Rémont**, CEO, EDF
3. **Miguel Stilwell d'Andrade**, CEO, EDP
4. **Markus Rauramo**, President and CEO, Fortum Corporation
5. **Kristian Elgey**, CEO, HH Global
6. **Ignacio S. Galán**, Executive Chairman, Iberdrola
7. **Jesper Brodin**, CEO, Ingka Group (IKEA)
8. **Kasper Fangel**, Group CEO, ISS
9. **Gene Murtagh**, CEO, Kingspan Group
10. **Alexander Birken**, CEO, Otto Group
11. **Alistair Phillips Davies**, CEO, SSE plc
12. **Hein Schumacher**, CEO, Unilever
13. **Anna Borg**, CEO, Vattenfall
14. **Jose Angel Tejero Santos**, Chief Financial & Sustainability Officer, ACCIONA
15. **Ramon Arratia**, Global VP & Chief Sustainability Officer, Ball Corporation
16. **Alessandro Brussi**, CFO, Danieli C. Officine Meccaniche S.p.A.
17. **Javier Losada**, Chief Sustainability Officer, Inditex
18. **David Ducarme**, COO and Deputy CEO, Knauf Insulation
19. **Mirella A. Vitale**, Senior Vice-President, ROCKWOOL Group
20. **Daniel Schmid**, Chief Sustainability Officer, SAP
21. **Joe Franses**, Vice President Sustainability, Coca Cola Europacific Partners
22. **Matt Brittin**, President EMEA, Google
23. **Tim Christophersen**, VP Climate Action, Salesforce
24. **Harry Verhaar**, VP Global Public & Government Affairs, Signify
25. **Viktoria Karsberg**, VP Head of Corporate Identity and Group Communications, SSAB
26. **Fleming Voetmann**, Vice President, External Relations & Sustainability, VELUX
27. **Leyla Ertur**, Head of Sustainability, H&M Group
28. **Linda Skogsberg**, Sustainability Communications Lead, Polestar
29. **Francesc Casajuana Cuscó**, General Counsel, DANONE S.A.
30. **Joakin Bystrom**, CEO, Absolicon
31. **Sebastian von Stauffenberg**, CEO, AGI AG für Isolierungen
32. **Jens Munch Holst**, CEO, Akademiker Pension
33. **Jesus Llinares**, CEO, ANDREU WORLD
34. **Eva Halvarsson**, CEO, AP2 (Andra AP-fonden)
35. **Fredric Nyström**, Head of Sustainability & Governance, AP3 - Third Swedish National Pension Fund
36. **Johan Florén**, Chief ESG and Communication Officer, AP7 (Sjunde AP-fonden)
37. **Davide Dal Maso**, CEO, Avanzi
38. **Josef Mikl**, CEO, Batimat Isoliertechnik
39. **Frederic Capdeville**, CEO, Bricocenter Italia
40. **Kenneth Van den Bergh**, CEO, Carbon+Alt+Delete
41. **Roland Felder**, Managing Director, Carl Rinke GmbH & Co. KG
42. **Andrei Brumaru**, CEO, Carmistin
43. **Suvi Kaksonen**, COO, CEMAsys
44. **Peter Sweatman**, CEO, Climate Strategy

45. **Lenka Mynářová**, Chairman of the board, Datamar International s.r.o.
46. **Carlota Esguevillas**, Head of Responsible Investment, EdenTree Investment Management
47. **Ophélie Mortier**, CSIO, DPAM
48. **Yves Desmet**, CEO, D&D ISoltechnics
49. **Anna Varpula**, Director of Responsible Investment, Elo Mutual Pension Insurance Company
50. **As Tempelman**, CEO, Eneco
51. **Eduardo Calderon**, CEO, Enerfip España S.L.
52. **Aleksandra Palinska**, Executive Director, Eurosif - the European Sustainable Investment Forum
53. **Germán Granda**, Managing Director, Forética
54. **Marko Guček**, CEO, GoOpti, d.o.o.
55. **David Blood**, Senior Partner, Generation Investment Management LLP
56. **Gerald Cooney**, Chair, Greater Manchester Pension Fund
57. **John David**, Head of Greenbank, Greenbank
58. **Joanna Price**, Chief Corporate Affairs Officer, Heineken N.V.
59. **Darius Maikštėnas**, Chair of the Management Board and CEO, Ignitis Group
60. **Ilkay Özkisaoglu**, DER Social CEO, IMBEO Passionate B2B Partnerships
61. **Remco Boerefijn**, CEO, IPCOM
62. **Konrad Maurer**, President, Issol Suisse
63. **Sergio Andreis**, Executive Director, Kyoto Club
64. **Angel Batalla**, Founder & CEO, Last Mile Team
65. **Giannalberto Cancemi**, CEO, Leroy Merlin Italia
66. **Jacek Hutyra**, Chief ESG Officer, Leroy Merlin Polska
67. **Patrick O'Hara**, Director of Responsible Investment and Engagement, LGPS Central
68. **Roy Bedlow**, Chief Executive, Low Carbon
69. **Markus Biland**, General Manager, MABI AG
70. **Gert Ysebaert**, CEO, Mediahuis
71. **Ignacio Muñoz de Juan**, CEO, Molecor Tecnología, S.L.
72. **Eric Pedersen**, Head of Responsible Investments, Nordea Asset Management
73. **Paul Ashton**, Managing Director, Powertherm Contract Services Ltd
74. **Antonio Potenza**, CEO, Proodos Impact Capital
75. **Lars Hugo Linden**, CEO, Ragn-Sells
76. **Alberico Tremigliozi**, CEO, Re2n srl
77. **Andrea Bori**, CEO, Riva e Mariani Group SpA
78. **Daniele Battilocchio**, CEO, SICOI Srl Società Benefit
79. **Christian Pho Duc**, CTO, SMARTENERGY Group AG
80. **Leonardo Moreno**, CEO, SOLARPACK
81. **Emine Isciel**, Head of Climate and Environment, Storebrand Asset Management
82. **Maurizio Fieschi**, CEO, Studio Fieschi & soci Srl
83. **Enrique Tombas**, CEO and President, Suma Capital SGEIC
84. **Joana Borges Coutinho**, Managing Partner, Sustain Azores Lda
85. **Sandra Metoyer**, Head of Sustainable Investments, Velliv
86. **George Latham**, Managing Partner, WHEB Asset Management

Business and investor networks and associations:

87. **Rachel Solomon Williams**, Executive Director, Aldersgate Group

88. **Aron Cramer**, President and CEO, BSR
89. **Tomas Sercovich**, CEO, Business in the Community Ireland
90. **Sherry Madera**, CEO, CDP
91. **Ana Struna Bregar**, CEO, CER Sustainability Business Network
92. **Helen Clarkson**, CEO, Climate group
93. **Tuuli Kaskinen**, CEO, Climate Leadership Coalition
94. **Ursula Woodburn**, Director, Corporate Leaders Group Europe
95. **Andreas Guertler**, Foundation Director, EiiF
96. **Adrian Joyce**, Secretary General, EuroACE - Energy Efficient Buildings
97. **Monica Frassoni**, President, European Alliance to Save Energy (EU-ASE)
98. **Stephanie Pfeifer**, CEO, Institutional Investors Group on Climate Change (IIGCC)
99. **Bjørn K. Haugland**, CEO, Skift
100. **David Atkin**, CEO, Principles for Responsible Investment (UNPRI)
101. **Valérie Séjourné**, Managing Director, Solar Heat Europe
102. **Gonzalo Sáenz de Miera**, President, Spanish Green Growth Group
103. **Sabine Nallinger**, Managing Director, Stiftung KlimaWirtschaft
104. **Dragos Tuta**, Founder & President, Sustainability Embassy Romania
105. **Magali Frankl**, Director, The Shift
106. **María Mendiluce**, CEO, We Mean Business Coalition
107. **Peter Bakker**, CEO, World Business Council for Sustainable Development
108. **Lukáš Rolf**, Director, Změna k lepšímu z.s. (Change for the Better)

Signatory businesses and investors



CARMISTIN

CEMA_{sys}



DPAM
DEGROEF PETERCAM ASSET MANAGEMENT



forética



generation



Greenbank

ignitis
group



IPCOM
insulation solutions

ISOL
SUISSE



LastMile^{TEAM}



MEDIAHUIS



POWER THERM
CONTRACT SERVICES LTD



RAGN SELLS



riva&mariani



storebrand

STUDIO FIESCHI
& SOCI
sostenibilità su misura

Suma Capital
GROWING TOGETHER

sustainazores

Velliv

WHEB



SOLAR
PACK

HEINEKEN



low
carbon
powering tomorrow

Business and investor networks and associations:



ANNEX: Businesses and Investors are Taking Action

Over 400 companies globally have committed to reach net-zero emissions by 2040 under the Climate Pledge;⁷ likewise, over 300 investors have committed to transitioning their investments to achieve net zero portfolio emissions by 2050 or sooner under the Paris Aligned Asset Owners and Net Zero Asset Managers initiatives.⁸ In the EU, RE100 member companies reported 67 TWh of electricity consumption in the 2022-2023 reporting cycle, 84% of which was recognised as renewable electricity consumption. More than 130 companies are part of the EV100 and EV100+ initiatives, with companies acting towards transitioning their fleets to electric vehicles by 2030 for light commercial vehicles and by 2040 for heavy duty vehicles.⁹ Investors, asset managers and financial institutions are also calling for an enabling policy environment to raise transition finance for net zero investments, by providing policy priorities for the EU until 2030 and for the EU 2040 climate targets.^{10 11} These are just some of the many examples of how the private sector is ready to continue working towards a transition to a sustainable and resilient economy.

¹ European Commission, February, 2024. “2040 climate target”. https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2040-climate-target_en

² European Scientific Advisory Board on Climate Change, July 15, 2023. “Scientific Advice for the Determination of an EU-Wide 2040 Climate Target and a Greenhouse Gas Budget for 2030–2050.” <https://climate-advisory-board.europa.eu/reports-and-publications/scientific-advice-for-the-determination-of-an-eu-wide-2040>.

³ IEA, January 12, 2023. “The World Is Entering a New Age of Clean Technology Manufacturing, and Countries’ Industrial Strategies Will Be Key to Success - News.” <https://www.iea.org/news/the-world-is-entering-a-new-age-of-clean-technology-manufacturing-and-countries-industrial-strategies-will-be-key-to-success>.

⁴ University of Cambridge Institute for Sustainability Leadership (CISL). (2022). *The Competitive Sustainability Index: New Metrics for EU Competitiveness for an Economy in Transition*. Cambridge, UK: Cambridge Institute for Sustainability Leadership. Retrieved from: <https://www.cisl.cam.ac.uk/competitive-sustainability-index>

⁵ European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Bobba, S., Claudiu, P., Huygens, D. et al. (2018), *Report on critical raw materials and the circular economy*, Publications Office, <https://data.europa.eu/doi/10.2873/167813>

⁶ We Mean Business Coalition, January 16, 2024. “Fossil to Clean: Scaling Clean Energy Solutions.” <https://www.wemeanbusinesscoalition.org/fossil-to-clean/>.

⁷ The Climate Pledge “Be the Planet’s Turning Point.” <https://www.theclimatepledge.com/>

⁸ The Net Zero Asset Managers Initiative. <https://www.netzeroassetmanagers.org/>

⁹ Climate Group. "About EV100." <https://www.theclimategroup.org/about-ev100%2010>

¹⁰ Principles for Responsible Investment (UNPRI). EU 2030 Policy Roadmap: <https://www.unpri.org/eu-policy/pris-2030-eu-policy-roadmap/12165.article>

¹¹ Principles for Responsible Investment (UNPRI). Policy brief on EU 2040 climate targets. <https://www.unpri.org/policy/eu-policy>