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Subject:	Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law) - Analysis of the final compromise text with a view to agreement

I. INTRODUCTION

1. On 4 March 2020, the Commission adopted its proposal for a Regulation establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law)¹, which aims to set in legislation the objective of a climate-neutral EU by 2050. On 17 September 2020, the Commission proposed to enhance the EU's 2030 climate ambition and amended its legislative proposal² by inserting therein a new net emission reduction target for 2030 of at least 55% compared to 1990 levels.

¹ Doc. 6547/20.

² Doc. 10868/20.

2. The European Economic and Social Committee adopted its opinions on the initial proposal and the amended proposal on 15 July 2020 and 29 October 2020, respectively. The Committee of the Regions adopted its opinion on 2 July 2020.
3. The European Parliament adopted its amendments on the proposal for the draft European Climate Law on 7 October 2020³ based on the draft report of the Rapporteur Jytte Guteland (S&D, SE).
4. On 23 October 2020, the Council (Environment) reached agreement on a partial General Approach on the proposed European Climate Law⁴, and on 17 December 2020 approved its General Approach on the proposal⁵.
5. In total six trilogues were held on the abovementioned proposal during the German and Portuguese Presidencies with the aim of reaching an agreement between the European Parliament and the Council at first reading.
6. The sixth and final trilogue was held on 20 April 2021 based on a four-column document reflecting the mandate agreed at the meeting of the Permanent Representatives Committee on 14 April 2021 (Annex to document 7772/21). As a result, an agreement *ad referendum* was reached between the institutions on an overall compromise package. The outcome of the trilogue is set out in the consolidated text contained in Annex 1 of this note.⁶
7. The Commission indicated during the final trilogue that it intends to make two statements, which will be entered into the minutes of the Council which adopts the legislative act. The draft statements are set out in Annex 2.

³ Doc. 11497/20.

⁴ Doc. 12261/20.

⁵ Doc. 14171/20.

⁶ Changes to the initial Commission proposal are marked as ***bold italics***, deletions as **█**

II. MAIN ELEMENTS OF THE FINAL COMPROMISE PACKAGE

The final compromise package agreed provisionally with the Parliament includes the following main elements:

a) 2030 target

- Art. 3(1): The Parliament dropped its request for a 60% reduction target and accepted the concept of a target of “net” greenhouse gas emission reductions, i.e. to include removals in the calculation of the at least -55% target for 2030. However, it was agreed to limit the contribution of net removals to the 2030 target to 225 Mt CO₂ Equivalent. The purpose of the solution, which is without prejudice to the upcoming revision of relevant EU legislation in the June package, is to ensure that sufficient reduction efforts are deployed until 2030 to reach the target of a domestic reduction of net greenhouse gas emissions by at least 55% compared to 1990. For the sake of clarity, the figure of 225 Mt was inserted in the operative part of the text.
- Recital 17aa: A new recital was inserted, which explains that the figure of 225 Mt corresponds to the Commission’s assessment of the net carbon sink resulting from the existing commitments under Article 4 of the LULUCF Regulation in 2030.
- Art. 3(2): According to the new provision, the Commission has to monitor the legislative procedures for the relevant proposals and may take the necessary measures, including the adoption of legislative proposals, should the foreseen outcome not deliver a result in line with the 2030 target.
- As part of the overall compromise, the Commission intends to make a statement that it intends to take into account, in its upcoming June Package, the need to reverse the current declining trend of sinks. The draft statement is set out in Annex 2 to this note.

b) Climate neutrality objective/Scope

- Recital 12: It was agreed to include a clarification that the climate neutrality objective encompasses Union-wide emissions and removals regulated in Union law (similar to previously existing text in Article 2 (1)), and that these may be subject to review in the context of the revision of the relevant climate and energy legislation.
- Article 1, first subparagraph: The words “regulated in Union law” were added also to this Article as a clarification.
- Article 2(1): The wording was aligned with the existing formulation in recital 12 to clarify that greenhouse gas emissions and removals shall be balanced “within the Union”.
- The Parliament dropped its amendments calling for climate neutrality at national level.

c) Negative emissions

- Article 2(1): The aspirational goal for the EU to achieve negative emissions after 2050 that was included in recital 12 was taken on board also in the operative part.

d) Union indicative greenhouse gas (GHG) budget, 2040 target and indicative trajectory

- Article 3(2b): The Parliament accepted the Council’s latest compromise proposal on the GHG budget with the addition that the budget should distinguish between emissions and removals.
- Article 3(3) point (j): The wording was changed to refer to “existing” instead of “available” information on the indicative greenhouse gas budget, adding also a cross-reference to paragraph 2b.

- Article 3(3) points (d) and (fa): Consequent to the compromise found on the GHG budget, the Council text on the 2040 target and the indicative trajectory was maintained. The list of criteria in Article 3 (3) therefore relates to the 2040 target. Two elements were added to the list, in points (d): a reference to the “energy efficiency first” principle, and (fa): a reference to natural sinks and biodiversity.

e) **European Scientific Advisory Board on Climate Change**

- Articles 2aa and 2b: The provisions were divided between two Articles for legal and budgetary reasons: the provisions on the establishment and institutional set-up in Article 2aa will amend the EEA Regulation while the tasks of the board in Article 2b remain part of the European Climate Law proper.
- When it comes to substance, it was agreed that the number of scientific experts on the Advisory Board will be 15, chosen for a mandate of four years, with no more than two members having the nationality of the same Member State.
- The Advisory Board acts independently but is anchored in the EEA and has to consult its Management Board when establishing its annual work programme.

f) **Sectoral partnerships and roadmaps**

- Article 8a and recital 3e: The Council’s latest compromises proposed in the mandate were agreed on without changes.

g) **Financial flows, MFF, stress tests**

- Article 5(4) and recital 17c and Article 4a (2) and recital 14aa: The Council’s latest compromises in the mandate were agreed on without changes.
- Recital 17: A sentence was added to the end of the recital indicating that (in the context of the upcoming revision of existing climate and energy legislation) the Commission intends to assess the impacts of the introduction of additional European measures that could complement existing measures, such as market-based measures that include a strong solidarity mechanism (based on a Parliament amendment proposing a new provision in Article 2a(2b)).

h) Fossil fuel subsidies

- Art. 10 (1) point 6b (new): It was agreed to amend Art. 17 (4) of the Governance Regulation with a requirement for the Commission to include in implementing acts a methodology for the Member States' reporting on phasing out of energy subsidies (reporting in itself is already required under Article 25 of the Governance Regulation).
- Recital 17f: The language of the recital concerning efforts to phase out energy subsidies was slightly strengthened.

i) Consequential amendments to the Governance Regulation

- Art. 10(1) point 6a (new) amending Art. 17 (2) point (a) of the Governance Regulation / Art. 10(1) point 6c (new) amending Art. 29 (1) point (b) of the Governance Regulation: To maintain the five-year cycle for assessment of national measures, the compromise was to add a reference to Member States' progress towards the Union's climate neutrality objective as an element in the already existing biennial reporting obligations under the Governance Regulation. The Parliament dropped its amendments calling for climate neutrality at national level.

j) Other issues

- The Parliament dropped its amendments on Access to justice, the Energy Charter Treaty and on changes to the Effort Sharing Regulation. On Access to justice, the Commission has indicated that it will also make a statement (see Annex 2 to this note).
- Review clause: It was agreed to delete the first indent of Art. 9a as it duplicated provisions in Articles 5 and 6.
- It was agreed to refer to the long-term temperature goal of the Paris Agreement instead of specific figures, consistently throughout the text.
- The Parliament accepted the Council's compromise suggestions to streamline a large number of recitals not linked to the operative part.

III. CONCLUSION

8. The Permanent Representatives Committee is invited to:

- approve the final compromise the text set out in Annex 1 of this note, subject to legal-linguistic revision;
- take note of the Commission draft statements in Annex 2 of this note;
- authorise the Presidency to inform the European Parliament that, should the European Parliament adopt its position at first reading, in accordance with Article 294 paragraph 3 of the Treaty, in the form set out in the text contained in Annex 1 to this note (subject to legal/linguistic revision by both institutions), the Council would, in accordance with Article 294, paragraph 4 of the Treaty, approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the European Parliament's position.

REGULATION (EU) 2021/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

**establishing the framework for achieving climate neutrality and amending Regulations (EC)
No 401/2009 and (EU) 2018/1999 (European Climate Law)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

¹ OJ C , , p. .

² OJ C , , p. .

Whereas:

(-1) The existential threat posed by climate change requires enhanced ambition and increased climate action by the Union and Member States. The Union is committed to stepping up efforts to tackle climate change and to delivering on the implementation of the 2015 Paris Agreement on climate change following the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (the ‘Paris Agreement’)³ guided by its principles and on the basis of the best available scientific knowledge, in the context of the long-term temperature goal of the Paris Agreement.

(1) The Commission has, in its Communication of 11 December 2019 entitled ‘The European Green Deal’⁴, set out a new growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive, leaving no one behind.

³ *OJ L 282, 19.10.2016, p. 4.*

⁴ Commission Communication - The European Green Deal, COM(2019)0640 of 11 December 2019.

- (2) The Intergovernmental Panel on Climate Change’s (IPCC) Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways⁵ provides a strong scientific basis for tackling climate change and illustrates the need to ***rapidly step up climate action and to continue the transition to a climate-neutral economy***. It confirms that greenhouse gas emissions need to be urgently reduced, and that climate change needs to be limited to 1.5°C, in particular to reduce the likelihood of extreme weather events ***and of reaching tipping points***. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services’ (IPBES) 2019 Global Assessment Report⁶ showed worldwide erosion of biodiversity, with climate change as the third most important driver of biodiversity loss⁷.
- (3) A fixed long-term objective is crucial to contribute to economic and societal transformation, ***high-quality*** jobs, ***sustainable*** growth, and the achievement of the United Nations Sustainable Development Goals, as well as to ***reach in a just, socially balanced***, fair and cost-effective manner the ***long-term*** temperature goal of the 2015 Paris Agreement on climate change following the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (the ‘Paris Agreement’).

⁵ IPCC, 2018: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)].

⁶ IPBES 2019: Global Assessment on Biodiversity and Ecosystem Services.

⁷ European Environment Agency’s The European environment – state and outlook 2020 (Luxembourg: Publication Office of the EU, 2019).

- (3a) It is also necessary to address the growing climate-related risks to health, including more frequent and intense heatwaves, wildfires and floods; food and water safety and security threats; and the emergence and spread of infectious diseases. As announced in its Communication of 24 February 2021 on Forging a climate-resilient Europe – the new EU Strategy on adaptation to climate change, the Commission has launched a European climate and health observatory under Climate-ADAPT, to better understand, anticipate and minimise the health threats caused by climate change.***
- (3d) This Regulation respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union, in particular Article 37 thereof which seeks to promote the integration into the policies of the Union of a high level of environmental protection and the improvement of the quality of the environment in accordance with the principle of sustainable development.***

(3e) Climate action should be an opportunity for all sectors of the economy in the Union to help secure industry leadership in global innovation. Driven by the Union’s regulatory framework and efforts made by industry, it is possible to decouple economic growth from greenhouse gas emissions. For example, Union greenhouse gas emissions were reduced by 24% between 1990 and 2019, while the economy grew by 60% over the same period. Without prejudice to binding legislation and other initiatives adopted at Union level, all sectors of the economy - including energy, industry, transport, heating and cooling and buildings, agriculture, waste and land use, land-use change and forestry, and whether or not covered by the EU ETS - should play a role in contributing to the achievement of climate neutrality within the Union by 2050. In order to enhance involvement of all economic actors, the Commission should facilitate sector-specific climate dialogues and partnerships by bringing together key stakeholders in an inclusive and representative manner, so as to encourage sectors themselves to draw up indicative roadmaps and to plan their transition towards achieving the Union’s climate neutrality objective by 2050. Such roadmaps could make a valuable contribution in assisting sectors in planning the necessary investments towards the transition to a climate-neutral economy and could also serve to strengthen sectoral engagement in the pursuit of climate-neutral solutions. Such roadmaps could also complement existing initiatives, including the European Battery and Clean Hydrogen Alliances, which foster industrial collaboration in the transition to climate neutrality.

- (4) The Paris Agreement sets out a long-term *temperature* goal **■**⁸, and *aims to strengthen the global response to the threat of climate change by increasing the ability to adapt* to the adverse impacts of climate change⁹ and *by* making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development¹⁰. *As the overall framework for the Union’s contribution to the Paris Agreement, this Regulation should ensure that both the Union and Member States contribute to the global response to climate change as referred to in the Paris Agreement.*
- (5) The Union’s and the Member States’ climate action aims to protect people and the planet, welfare, prosperity, *the economy*, health, food systems, the integrity of eco-systems and biodiversity against the threat of climate change, in the context of the 2030 agenda for sustainable development and in pursuit of the objectives of the Paris Agreement, and to maximize prosperity within the planetary boundaries and to increase resilience and reduce vulnerability of society to climate change. *In this light, the Union and Member States’ actions should be guided by the precautionary and 'polluter pays' principles established in the Treaties, and should also take into account the 'energy efficiency first' principle of the Energy Union and the 'do no harm' principle of the European Green Deal.*

⁸ Article 2.1.a of the Paris Agreement.

⁹ Article 2.1.b of the Paris Agreement.

¹⁰ Article 2.1.c of the Paris Agreement.

- (6) Achieving climate neutrality should require a contribution from all economic sectors *for which emissions or removals of greenhouse gases are regulated in Union law.*
- (6a) *In light of the importance of energy production and consumption on greenhouse gas emissions, it is essential to ensure a transition to a safe, sustainable, affordable and secure energy system relying on the deployment of renewables, a well-functioning internal energy market and the improvement of energy efficiency, while reducing energy poverty. The digital transformation, technological innovation, and research and development are also important drivers for achieving the climate-neutrality objective.*
- (7) The Union has **■** in place a regulatory framework to achieve *the* 2030 greenhouse gas emission reduction target *agreed in 2014, before the entry into force of the Paris Agreement*. The legislation implementing this target consists, inter alia, of Directive 2003/87/EC of the European Parliament and of the Council¹¹, which establishes a system for greenhouse gas emission allowance trading within the Union, Regulation (EU) 2018/842 of the European Parliament and of the Council¹², which introduced national targets for reduction of greenhouse gas emissions by 2030, and Regulation (EU) 2018/841 of the European Parliament and of the Council¹³, which requires Member States to balance greenhouse gas emissions and removals from land use, land use change and forestry.

¹¹ 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 (OJ L 275, 25.10.2003, p. 32).

¹² Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

¹³ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1).

(7a) The Emissions Trading System is a cornerstone of the Union’s climate policy and its key tool for reducing emissions in a cost-effective way.

- (8) In addition, the Commission has, in its Communication of 28 November of 2018 entitled ‘A Clean Planet for all: A European strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy’, presented a vision for achieving net-zero greenhouse gas emissions in the Union by 2050 through a socially-fair and cost-efficient transition.
- (9) The Union has, through the ‘Clean Energy for All Europeans’ package¹⁴ been pursuing an ambitious decarbonisation agenda notably by constructing a robust Energy Union, which includes 2030 goals for energy efficiency and deployment of renewable energy in Directives 2012/27/EU¹⁵ and (EU) 2018/2001¹⁶ of the European Parliament and of the Council, and by reinforcing relevant legislation, including Directive 2010/31/EU of the European Parliament and of the Council¹⁷.
- (10) The Union is a global leader in the transition towards climate neutrality, and is determined to help raise global ambition and to strengthen the global response to climate change, using all tools at its disposal, including climate diplomacy.

¹⁴ COM(2016)0860 of 30 November 2016.

¹⁵ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

¹⁶ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

¹⁷ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

- (10a)** The Union should continue its climate action and international climate leadership after 2050, in order to protect people and the planet against the threat of dangerous climate change, in pursuit of the *long-term* temperature *goal* set out in the Paris Agreement and following the scientific *assessments* of the IPCC, *IPBES*, as well as *the Advisory Board*, and *the assessments of other international bodies*.
- (10b)** *The risk of carbon leakage remains in respect of those international partners that do not share the same standards of climate protection as the European Union. The Commission therefore intends to propose a carbon border adjustment mechanism for selected sectors, to reduce such risks in a way which is compatible with the rules of the World Trade Organization. Furthermore, it is important to maintain effective policy incentives in support of technological solutions and innovations enabling the transition to a competitive climate neutral EU economy, while providing investment certainty.*

- (11) The European Parliament called for the necessary transition to a climate-neutral society by 2050 at the latest and for this to be made into a European success story¹⁸ and has declared a climate and environment emergency¹⁹. ***It has also repeatedly called on the Union to increase its 2030 climate target, and for that increased target to be part of the European Climate Law.*** The European Council, in its Conclusions of 12 December 2019²⁰, has agreed on the objective of achieving a climate-neutral Union by 2050, in line with the objectives of the Paris Agreement, while also recognising that it is necessary to put in place an enabling framework ***that benefits all Member States and encompasses adequate instruments, incentives, support and investments to ensure a cost-efficient, just, as well as socially balanced and fair transition, taking into account different national circumstances in terms of starting points.*** ***It also noted*** that the transition will require significant public and private investment. ***On 6 March 2020, the EU submitted its long-term low greenhouse gas emission development strategy, and on 17 December 2020, its Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change following their approval by the Council.***

¹⁸ European Parliament resolution of 15 January 2020 on the European Green Deal (2019/2956(RSP)).

¹⁹ European Parliament resolution of 28 November 2019 on the climate and environment emergency (2019/2930(RSP)).

²⁰ Conclusions adopted by the European Council at its meeting on 12 December 2019, EUCO 29/19, CO EUR 31, CONCL 9.

(12) The Union should aim to achieve a balance between anthropogenic economy-wide emissions *by sources* and removals *by sinks of greenhouse gases domestically within the Union by 2050 and, as appropriate, achieve negative emissions thereafter. This objective should encompass Union-wide greenhouse gas emissions and removals regulated in Union law; these may be subject to review in the context of the revision of the relevant climate and energy legislation. Sinks include natural and technological solutions, as reported in its greenhouse gas inventories to the UNFCCC. Solutions that are based on carbon capture and storage (CCS) and carbon capture and use (CCU) technologies may play a role for decarbonisation, especially for the mitigation of process emissions in industry, for the Member States that choose this technology.* The Union-wide 2050 climate-neutrality objective should be pursued by all Member States collectively, and the Member States, the European Parliament, the Council and the Commission should take the necessary measures to enable its achievement. Measures at Union level will constitute an important part of the measures needed to achieve the objective.

(12a) *In its conclusions of 8 and 9 March 2007 and of 23 and 24 October 2014, the European Council endorsed the Union's greenhouse gas emissions reduction target for 2020 and the 2030 climate and energy policy framework, respectively. The provisions of this Regulation on the determination of the Union's climate target for 2040 are without prejudice to the role of the European Council, as set out in the Treaties, in defining the Union's general political direction and priorities for the development of the Union's climate policy.*

(12c) Carbon sinks play an essential role in the transition to climate neutrality in the Union, and in particular the agriculture, forestry and land use sectors make an important contribution in that context. As announced in the Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system of 20 May 2020, the Commission will promote a new green business model to reward land managers for greenhouse gas emissions reductions and carbon removals in the upcoming carbon farming initiative. Furthermore in the Commission Communication of 11 March 2020 on A new Circular Economy Action Plan for a cleaner and more competitive Europe, the Commission has committed to developing a regulatory framework for certification of carbon removals based on robust and transparent carbon accounting to monitor and verify the authenticity of carbon removals, while ensuring no negative impacts on the environment, in particular biodiversity, on public health or on social or economic objectives.

(12d) *The restoration of ecosystems would assist in maintaining, managing and enhancing natural sinks and promote biodiversity while fighting climate change. Furthermore, the "triple role" of forests (sink, storage and substitution) contributes to the reduction of carbon emissions release to the atmosphere, while ensuring that forests continue to grow and provide many other services.*

█ (moved to recital 10a)

(14) Adaptation is a key component of the long-term global response to climate change. *The adverse effects of climate change can potentially exceed the adaptive capacities of Member States.* Therefore, Member States and the Union should enhance their adaptive capacity, strengthen resilience and reduce vulnerability to climate change, as provided for in Article 7 of the Paris Agreement, as well as maximise the co-benefits with other █ policies and legislation. Member States should adopt comprehensive national adaptation strategies and plans *based on robust climate change and vulnerability analyses, progress assessments and indicators, guided by the best available scientific evidence. The EU should seek to create a favourable regulatory environment for national policies and measures put in place by Member States to adapt to climate change. Improving climate resilience and adaptive capacities to climate change requires shared efforts by all sectors of the economy and society, as well as policy coherence and consistency in all relevant legislation and policies.*

(14a) Ecosystems, people and economies in all regions of the EU will face major impacts from climate change, such as extreme heat, floods, droughts, water scarcity, sea level rise, thawing glaciers, forest fires, wind throws and agricultural losses. Recent extreme events have already had substantial impacts on ecosystems, affecting carbon sequestration and storage capacities of forest and agricultural land. Enhancing adaptive capacities and resilience taking into account the Sustainable Development Goals help to minimise climate change impacts and to address unavoidable impacts in a socially balanced manner and to improve living conditions in impacted areas. Preparing early for such impacts is cost-effective and can also bring considerable co-benefits for ecosystems, health and the economy. Nature-based solutions, in particular, can benefit climate-change mitigation, adaptation and biodiversity protection.

(14aa) The relevant programmes established under the Multiannual Financial Framework provide for the screening of projects to ensure that such projects are resilient to the potential adverse impacts of climate change through a climate vulnerability and risk assessment, including through relevant adaptation measures, and that such projects integrate the cost of greenhouse gas emissions and the positive effects of climate mitigation measures in the cost-benefit analysis. This contributes to the integration of climate-change-related risks and climate change vulnerability and adaptation assessments into investment and planning decisions under the EU budget.

- (15) In taking the relevant measures at Union and national level to achieve the climate-neutrality objective, Member States and the European Parliament, the Council and the Commission should *inter alia* take into account: the contribution of the transition to climate neutrality to **public health, the quality of the environment and** the well-being of citizens, the prosperity of society, **employment** and the competitiveness of the economy; **the energy transition, strengthened energy security and tackling energy poverty;** food security and affordability; **the development of sustainable and smart mobility and transport systems;** fairness and solidarity across and within Member States considering their economic capability, national circumstances, **such as the specificities of islands,** and the need for convergence over time; the need to make the transition just and socially fair **through appropriate education and training programmes;** best available scientific evidence, in particular the findings reported by the IPCC; the need to integrate climate change related risks into investment and planning decisions; cost-effectiveness and technological neutrality in achieving greenhouse gas emissions reductions and removals and increasing resilience; progression over time in environmental integrity and level of ambition.

- (16) The transition to climate neutrality requires changes across the entire policy spectrum and a collective effort of all sectors of the economy and society, as illustrated by the Commission in its Communication ‘The European Green Deal’. The European Council, in its Conclusions of 12 December 2019, stated that all relevant Union legislation and policies need to be consistent with, and contribute to, the fulfilment of the climate-neutrality objective while respecting a level playing field, and invited the Commission to examine whether this requires an adjustment of the existing rules.
- (17) As announced in its Communication ‘The European Green Deal’, the Commission assessed the Union’s 2030 target for greenhouse gas emission reduction, in its Communication “Stepping up Europe’s 2030 climate ambition - Investing in a climate-neutral future for the benefit of our people”²¹, on the basis of a comprehensive impact assessment and taking into account its analysis of the integrated national energy and

²¹ COM(2020)0562.

climate plans submitted to the Commission in accordance with Regulation (EU) 2018/1999 of the European Parliament and of the Council²². In light of the 2050 climate-neutrality objective, by 2030 greenhouse gas emissions should be reduced and removals enhanced, so that net greenhouse gas emissions, that is emissions after deduction of removals, are reduced economy-wide and domestically by at least 55 % by 2030 compared to 1990 levels. ***The European Council endorsed this target in its conclusions of 10/11 December 2020. It also provided initial guidance on its implementation.*** This new 2030 Union climate target is a subsequent target for the purposes of point (11) of Article 2 of Regulation (EU) 2018/1999, and therefore replaces the 2030 Union-wide target for greenhouse gas emissions set out in that point. In addition, the Commission should, by 30 June 2021, assess how the relevant Union legislation implementing the 2030 climate target would need to be amended in order to achieve such net emission reductions. ***In implementation of the new 2030 Union climate target, the Commission has announced a revision of relevant climate and energy legislation which will be adopted in a package covering inter alia renewables, energy efficiency, land use, energy taxation, CO2 emission performance standards for light-duty vehicles, effort sharing and the emissions trading system. The Commission intends to assess the impacts of the introduction of additional European measures that could complement existing measures, such as market-based measures that include a strong solidarity mechanism.***

²² 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 (OJ L 328, 21.12.2018, p. 1).

- (17aa) According to Commission assessments, the existing commitments under Article 4 of Regulation 2018/841 result in a net carbon sink of 225 MtCO₂Eq in 2030. In order to ensure that sufficient mitigation efforts are deployed until 2030, it is appropriate to limit the contribution of net removals to the Union 2030 climate target to that level. This is without prejudice to the revision of the relevant Union legislation in order to enable the achievement of the target.*
- (17c) Expenditure under the Union budget and the European Union Recovery Instrument contributes to climate objectives, by dedicating at least 30% of the total amount of the expenditure to supporting climate objectives, on the basis of an effective methodology and in accordance with sectoral legislation.*
- (17f) In the light of the objective of achieving climate neutrality by 2050 and in view of the international commitments in the Paris Agreement, continued efforts are necessary to ensure the phasing out of energy subsidies which are incompatible with that objective, in particular for fossil fuels, without impacting efforts to reduce energy poverty.*

- (18) To ensure the Union and the Member States remain on track to achieve the climate-neutrality objective and progress on adaptation, the Commission should regularly assess progress, ***building upon information as set out in Article 7 including information submitted and reported under Regulation (EU) 2018/1999. In order to allow a timely preparation for the global stocktake as referred to in Article 14 of the Paris Agreement, the results of this assessment should be published by 30 September every five years, starting in 2023. This implies that the reports under Articles 35 and 29(5) of that Regulation and, in the applicable years, the related reports under Articles 29(1) and Article 32 should be submitted to the European Parliament and the Council at the same time as the results of that assessment.*** Should the collective progress made by Member States towards the achievement of the climate-neutrality objective or on adaptation be insufficient or Union measures inconsistent with the climate-neutrality objective or inadequate to enhance adaptive capacity, strengthen resilience or reduce vulnerability, the Commission should take the necessary measures in accordance with the Treaties. The Commission should also regularly assess relevant national measures, and issue recommendations where it finds that a Member State's measures are inconsistent with the climate-neutrality objective or inadequate to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change.

(18b) Scientific expertise and the best available, up-to-date evidence, together with information on climate change that is both factual and transparent, is imperative and needs to underpin the Union's climate action and efforts to reach climate neutrality by 2050. A European Scientific Advisory Board on Climate Change ('the Advisory Board') should be established to serve as a point of reference on scientific knowledge relating to climate change by virtue of its independence and scientific and technical expertise. The Advisory Board should complement the work of the EEA while acting independently in discharging its tasks. Its missions should avoid any overlapping with the mission of the IPCC at international level. Regulation (EC) No 401/2009 of the European Parliament and of the Council²³ should therefore be amended in order to establish the Advisory Board. National climate advisory bodies can play an important role in providing expert scientific advice on climate policy to the relevant national authorities, among other possible tasks, as prescribed by the Member State concerned in those Member States where they exist. Therefore, Member States that have not already done so, are invited to establish a national climate advisory body.

²³ ***Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network (OJ L 126, 21.5.2009, p. 13).***

(19) The Commission should ensure a robust and objective assessment based on the most up to date scientific, technical and socio-economic findings, and representative of a broad range of independent expertise, and base its assessment on relevant information including information submitted and reported by Member States, reports of the European Environment Agency, best available scientific evidence, including the reports of the IPCC, *the IPBES and other international bodies, as well as the Advisory Board and the Earth observation data as provided by the European Earth observation programme Copernicus. The Commission should further base its assessment on a indicative, linear trajectory linking the Union’s climate targets for 2030 and 2040, when adopted, with the Union’s climate-neutrality objective and serving as an indicative tool to estimate and evaluate collective progress towards the achievement of the Union’s climate-neutrality objective. The indicative, linear trajectory does not prejudge any decision to determine a Union climate target for 2040.* Given that the Commission has committed to exploring how the EU taxonomy can be used in the context of the European Green Deal by the public sector, this should include information on environmentally sustainable investment, by the Union and Member States, consistent with Regulation (EU) 2020/852 [Taxonomy Regulation]²⁴ when such information becomes available. The Commission should use European statistics and data where available and seek expert scrutiny. The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work programme.

²⁴ ***Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.6.2020, p. 13).***

- (20) As citizens and communities have a powerful role to play in driving the transformation towards climate neutrality forward, strong public and social engagement on climate action should be ***both encouraged and*** facilitated ***at all levels, including at national, regional and local level in an inclusive and accessible process***. The Commission should therefore engage with all parts of society, ***including stakeholders representing different sectors of the economy***, to enable and empower them to take action towards a climate-neutral and climate-resilient society, including through ***the*** European Climate Pact.
- (21) In order to provide predictability and confidence for all economic actors, including businesses, workers, investors and consumers, to ensure ***a gradual reduction of greenhouse gas emissions over time and*** that the transition towards climate neutrality is irreversible, ***the Commission should propose a Union intermediate climate target for 2040, if appropriate, at the latest within six months after the first global stocktake carried out under the Paris Agreement. The Commission may make proposals to revise the intermediate target, taking into account the findings of the assessments referred to in Article 5 and 6 as well as the outcomes of the global stocktake and of international developments, including on common time frames for nationally determined contributions. As a tool to increase the transparency and accountability of the Union’s climate policies, the Commission should, when making its legislative proposal for the 2040 target, publish the projected indicative Union’s greenhouse gas budget for the period 2030-2050, defined as the indicative total volume of net greenhouse gas emissions that are expected to be emitted in that period, as well as the methodology underlying the indicative budget.***

(22) In line with the Commission’s commitment to the principles on Better Law-Making, coherence of the Union instruments as regards greenhouse gas emissions reductions should be sought. The system of measuring the progress towards the achievement of the climate-neutrality objective as well as the consistency of measures taken with that objective should build upon and be consistent with the governance framework laid down in Regulation (EU) 2018/1999 *taking into account all five dimensions of the Energy Union*. In particular, the system of reporting on a regular basis and the sequencing of the Commission’s assessment and actions on the basis of the reporting should be aligned to the requirements to submit information and provide reports by Member States laid down in Regulation (EU) 2018/1999. Regulation (EU) 2018/1999 should therefore be amended in order to include the climate-neutrality objective in the relevant provisions.

- (23) Climate change is by definition a trans-boundary challenge and a coordinated action at Union level is needed to effectively supplement and reinforce national policies. Since the objectives of this Regulation, namely to achieve climate neutrality in the Union by 2050, cannot be sufficiently achieved by the Member States alone, but can rather, by reason of the scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.
- (23e) As indicated in its Communication on the European Green Deal, the Commission adopted on 9 December 2020 a Communication on a Sustainable and Smart Mobility Strategy – putting European transport on track for the future. The strategy sets out a roadmap for a sustainable and smart future for European transport, with an action plan towards an objective to deliver a 90% reduction in emissions from the transport sector by 2050,***

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

This Regulation establishes a framework for the irreversible and gradual reduction of **anthropogenic** greenhouse gas emissions **by sources** and enhancement of removals by **sinks regulated** in **Union law**.

This Regulation sets out a binding objective of climate neutrality in the Union by 2050 in pursuit of the long-term temperature goal set out in Article 2 of the Paris Agreement, and provides a framework for achieving progress in pursuit of the global adaptation goal established in Article 7 of the Paris Agreement. It also sets out a binding Union **target of a net domestic reduction in** greenhouse gas **emissions** for 2030.

This Regulation applies to anthropogenic emissions **by sources** and removals by **sinks** of the greenhouse gases listed in Part 2 of Annex V to Regulation (EU) 2018/1999.

Article 2

Climate-neutrality objective

1. Union-wide **greenhouse gas** emissions and removals **■** regulated in Union law shall be balanced ***within the Union*** at the latest by 2050, thus reducing emissions to net zero by that date ***and the Union shall aim to achieve negative emissions thereafter.***
2. The relevant Union institutions and the Member States shall take the necessary measures at Union and national level respectively, to enable the collective achievement of the climate-neutrality objective set out in paragraph 1, taking into account the importance of promoting ***both*** fairness and solidarity among Member States ***and cost-effectiveness in achieving this objective.***

■

Article 2aa

Amendments to Regulation (EC) No 401/2009

Regulation (EC) No 401/2009 is amended as follows:

(1) *A new Article 10a shall be added:*

'Article 10a

European Scientific Advisory Board on Climate Change

- 1. A European Scientific Advisory Board on Climate Change (the 'Advisory Board') is hereby established.*
- 2. The Advisory Board shall be composed of 15 senior scientific experts covering a broad range of relevant disciplines. Members of the Advisory Board shall meet the criteria set out in paragraph 3. No more than two members of the Advisory Board shall hold the nationality of the same Member State. Their independence shall be beyond doubt.*

3. *The Management Board shall designate the members of the Advisory Board for a term of four years, which shall be renewable once, following an open, fair and transparent selection procedure. In its selection of the Advisory Board members, the Management Board shall seek to ensure a varied disciplinary and sectoral expertise, as well as gender and geographical balance. The selection shall be based on the following criteria:*
- (a) scientific excellence;*
 - (b) experience in carrying out scientific assessments and providing scientific advice in the fields of expertise;*
 - (c) broad expertise in the field of climate and environment sciences or other scientific fields relevant for the achievement of the Union's climate objectives;*
 - (d) professional experience in an inter-disciplinary environment in an international context.*
4. *The members of the Advisory Board shall be appointed in a personal capacity and shall give their positions completely independently of the Member States and the European Institutions. The Advisory Board shall elect its chairperson from among its members for a period of four years and shall adopt its rules of procedure.*

5. *The Advisory Board shall complement the work of the EEA while acting independently in discharging its tasks. The Advisory Board shall establish its annual work programme independently, and when doing so it shall consult the Management Board. The chairperson of the Advisory Board shall inform the Management Board and the Executive Director of this programme and its implementation.'*

(2) *In Article 11, the following paragraph is added:*

'5. The Agency's budget shall also include the expenditure relating to the Advisory Board.'

Article 2b

Scientific advice on climate change

- 1. The European Scientific Advisory Board on Climate Change established in Regulation 401/2009 ('the Advisory Board') shall serve as a point of reference for the Union on scientific knowledge relating to climate change by virtue of its independence and scientific and technical expertise.*
- 2. The tasks of the Advisory Board shall include:*
 - (a) considering the latest scientific findings of the IPCC reports and scientific climate data in particular with regard to information relevant to the EU;*
 - (aa) providing scientific advice and issuing reports on existing and proposed Union measures, climate targets and indicative greenhouse gas budgets, and their coherence with the objectives of this Regulation and the Union's international commitments under the Paris Agreement;*
 - (b) contributing to the exchange of independent scientific knowledge in the field of modelling, monitoring, promising research and innovation contributing to reducing emissions or increasing removals;*

- (c) *identifying actions and opportunities needed to successfully achieve the European climate targets;*
- (d) *raising awareness on climate change and its impacts, as well as stimulating dialogue and cooperation between scientific bodies within the Union, complementing existing work and efforts.*

3. *The Advisory Board shall be guided in its work by the best available and most recent scientific evidence, including the latest reports of the IPCC, IPBES and other international bodies. It shall follow a fully transparent process and make its reports available to the public. It may take into account, where available, the work of the national climate advisory bodies as referred to in paragraph 4.*

4. *In the context of enhancing the role of science in the field of climate change policy, each Member State is invited to establish a national climate advisory body, responsible for providing expert scientific advice on climate policy to the relevant national authorities as prescribed by the Member State concerned. Where a Member State decides to establish such an advisory body it shall inform the EEA thereof.*

Article 3

Intermediate climate targets

1. In order to reach the climate-neutrality objective set out in Article 2(1), the binding Union 2030 climate target shall be a ***domestic*** reduction of net greenhouse gas emissions (emissions after deduction of removals) by at least 55% compared to 1990 levels by 2030. *(ex. Article 2a(1))*

In implementing the target referred to in the previous sentence, relevant Union institutions and Member States shall prioritise swift and predictable emission reductions and, at the same time, enhance removals by natural sinks.

In order to ensure that sufficient mitigation efforts are deployed until 2030, for the purpose of this regulation and without prejudice to the revision of Union legislation referred to in Article 3(2) [the June package], the contribution of net removals to this target shall be limited to 225 MtCO₂Eq. In order to enhance the Union's carbon sink in line with the objective of achieving climate neutrality by 2050, the Union shall aim to achieve a higher volume of carbon net sink in 2030.

2. By 30 June 2021, the Commission shall review relevant Union legislation in order to enable the achievement of the target set out in paragraph 1 of this Article and the climate-neutrality objective set out in Article 2(1) and consider taking the necessary measures, including the adoption of legislative proposals, in accordance with the Treaties. *(ex. Article 2a(2))*

Within the framework of this and future reviews, the Commission shall assess in particular the availability under Union law of adequate instruments and incentives for mobilising the investments needed, and propose measures as necessary.

Upon adoption of the Commission legislative proposals, the Commission shall monitor the legislative procedures for the different proposals and may report to the European Parliament and to the Council on whether the foreseen outcome of these legislative procedures, considered together, would achieve the target set out in paragraph 1. Should the foreseen outcome not deliver a result in line with the target set out in paragraph 1, the Commission may take the necessary measures, including the adoption of legislative proposals, in accordance with the Treaties.

- 2a. *With a view to achieving the climate neutrality objective as set out in Article 2 (1), a Union-wide climate target for 2040 shall be set. To that end, at the latest within six months after the first global stocktake as referred to in Article 14 of the Paris Agreement, the Commission shall make a legislative proposal, as appropriate, based on a detailed impact assessment, to amend this Regulation to include the Union's 2040 climate target, taking into account the findings of the assessments referred to in Articles 5 and 6 and the outcomes of the global stocktake.*

- 2b. When making its proposal for the 2040 target as referred to in paragraph 2a, the Commission shall at the same time publish in a separate report the projected indicative Union's greenhouse gas budget for the period 2030-2050, defined as the indicative total volume of net greenhouse gas emissions (expressed as CO₂ equivalent and providing separate information on emissions and removals) that are expected to be emitted in that period without putting at risk the Union's commitments under the Paris Agreement. The indicative budget shall be based on the best available science, take into account the advice of the Advisory Board as well as, where adopted, the relevant Union legislation implementing the 2030 climate target. The methodology underlying the indicative budget shall also be published.**
3. When **proposing the Union's climate target for 2040** in accordance with paragraph 2a, the Commission shall consider the following:
- (-a) the best available and most recent scientific evidence, including the latest reports of the IPCC and the Advisory Board;**
 - (-aa) the social, economic and environmental impacts, including the costs of inaction;**
 - (-ab) the need to ensure a just and socially fair transition for all;**

- (a) cost-effectiveness and economic efficiency;
- (b) competitiveness of the Union's economy, *in particular SMEs and sectors most exposed to carbon leakage*;
- (c) best available *cost effective, safe and scalable technologies*;
- (d) energy efficiency *and the 'energy efficiency first' principle*, energy affordability and security of supply;
- (e) fairness and solidarity between and within Member States;
- (f) the need to ensure environmental effectiveness and progression over time;
- (fa) the need to maintain, manage and enhance natural sinks in the long-term and protect and restore biodiversity*;
- (g) investment needs and opportunities;

■

- (i) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the United Nations Framework Convention on Climate Change;
- (j) *existing information on the projected indicative Union's greenhouse gas budget for the period 2030-2050 referred to in paragraph 2b.*

5. *Within six months after the second global stocktake, the Commission may propose to revise the Union's climate target for 2040 in accordance with Article 9a of this Regulation.*

6. *The provisions of this Article shall be kept under review in the light of international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement, including with regard to the outcomes of international discussions on common time frames for nationally determined contributions.*

Article 4

Adaptation to climate change

1. The relevant Union institutions and the Member States shall ensure continuous progress in enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change in accordance with Article 7 of the Paris Agreement.
 - 1-aa. The Commission shall adopt an EU Strategy on adaptation to climate change in line with the Paris Agreement and shall regularly review it in the context of the process set out in Article 5(2)(b).*
 - 1a. The relevant Union institutions and the Member States shall also ensure that policies on adaptation in the Union and in the 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, including relevant socioeconomic and environmental policies and actions, where appropriate, as well as into the Union's external action. They shall focus, in particular, on the most vulnerable and impacted populations and sectors, and identify shortcomings in this regard in consultation with civil society.*

2. Member States shall ***adopt*** and implement adaptation strategies and plans, ***taking into consideration the EU strategy on adaptation to climate change and*** based on robust climate ***change*** and vulnerability ***analyses***, progress assessments ***and indicators, guided by the best available scientific evidence. In their strategies, Member States shall take into account the particular vulnerability of the relevant sectors, inter alia agriculture, water and food systems, food security, and promote nature-based solutions and ecosystem-based adaptation. Member States shall regularly update the strategies and include the updated information in the report to be submitted under Article 19(1) of Regulation 2018/1999.***
- 2a. ***The Commission shall adopt within one year of the entry into force of this Regulation guidelines setting out common principles and practices for the identification, classification and prudential management of material physical climate risks when planning, developing, executing and monitoring projects and programmes for projects.***

Article 5

Assessment of Union progress and measures

1. By 30 September 2023, and every 5 years thereafter, the Commission shall assess, together with the assessment foreseen under Article 29(5) of Regulation (EU) 2018/1999:
 - (a) the collective progress made by all Member States towards the achievement of the climate-neutrality objective set out in Article 2(1) **■** ;
 - (b) the collective progress made by all Member States on adaptation as referred to in Article 4.

The Commission shall submit the conclusions of that assessment, together with the State of the Energy Union Report prepared in the respective calendar year in accordance with Article 35 of Regulation (EU) 2018/1999, to the European Parliament and to the Council.

2. By 30 September 2023, and every 5 years thereafter, the Commission shall review:
 - (a) the consistency of Union measures with the climate-neutrality objective set out in Article 2(1) **■** ;
 - (b) the *consistency* of Union measures *with ensuring* progress on adaptation as referred to in Article 4.

3. Where, based on the assessment referred to in paragraphs 1 and 2, the Commission finds that Union measures are inconsistent with the climate-neutrality objective set out in Article 2(1) or ***inconsistent with ensuring*** progress on adaptation as referred to in Article 4, or that the progress towards either the climate-neutrality objective or on adaptation as referred to in Article 4 is insufficient, it shall take the necessary measures in accordance with the Treaties **■** .
4. The Commission shall assess ***the consistency of*** any draft measure or legislative proposal, ***including budgetary proposals, with*** the climate-neutrality objective set out in Article 2(1) ***and the 2030 and 2040 targets*** before adoption, and include this analysis in any impact assessment accompanying these measures or proposals, and make the result of that assessment public at the time of adoption. ***The Commission shall also assess whether these draft measures or legislative proposals including budgetary proposals, are consistent with ensuring progress on adaptation as referred to in Article 4. In making its proposals, the Commission shall endeavour to align them with the objectives of this Regulation. In any case of non-alignment, the Commission shall provide the reasons as part of the assessment referred to in this paragraph.***

Article 6

Assessment of national measures

1. By 30 September 2023, and every 5 years, thereafter the Commission shall assess:
 - (a) the consistency of national measures identified, on the basis of the National Energy and Climate Plans, ***national long-term strategies and*** the Biennial Progress Reports submitted in accordance with Regulation (EU) 2018/1999, as relevant for the achievement of the climate-neutrality objective set out in Article 2(1) with that objective **■** ;
 - (b) the ***consistency*** of relevant national measures ***with ensuring*** progress on adaptation as referred to in Article 4, ***taking into account the national adaptation strategies referred to in Article 4(2)***.

The Commission shall submit the conclusions of that assessment, together with the State of the Energy Union Report prepared in the respective calendar year in accordance with Article 35 of Regulation (EU) 2018/1999, to the European Parliament and to the Council.

2. Where the Commission finds, under due consideration of the collective progress assessed in accordance with Article 5(1), that a Member State's measures are inconsistent with that objective ■ or *inconsistent with ensuring* progress on adaptation as referred to in Article 4, it may issue recommendations to that Member State. The Commission shall make such recommendations publicly available.
3. Where a recommendation is issued in accordance with paragraph 2, the following principles shall apply:
 - (a) the Member State concerned shall, *within six months of receipt of the recommendation, notify the Commission on how it intends to* take due account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States;

- (b) *after the submission of the notification referred to in point (a) of this paragraph*, the Member State concerned shall set out, in its *following* progress report submitted in accordance with Article 17 of Regulation (EU) 2018/1999, in the year following the year in which the recommendation was issued, how it has taken due account of the recommendation. If the Member State concerned decides not to address a recommendation or a substantial part thereof, that Member State shall provide the Commission its reasoning;
- (c) the recommendations should be complementary to the latest country-specific recommendations issued in the context of the European Semester.

Article 7

Common provisions on Commission assessment

- 2. *The Commission shall base its first and second assessment referred to in Articles 5 and 6 on an indicative, linear trajectory which sets out the pathway for the reduction of net emissions at Union level linking the Union's 2030 target for climate as referred to in Article 3(1), the Union's climate target for 2040, when adopted, and the climate-neutrality-objective as set out in Article 2(1).*
- 1. *The Commission shall base any assessment thereafter on an indicative, linear trajectory linking the Union's climate target for 2040, when adopted, and the climate-neutrality objective as set out in Article 2(1).*
1. In addition to the national measures referred to in Article 6(1)(a), the Commission shall base its assessment referred to in Articles 5 and 6 on at least the following:
- (a) information submitted and reported under Regulation (EU) 2018/1999;
 - (b) reports of the European Environment Agency (EEA), *the Advisory Board and the Commission's Joint Research Centre (JRC)*;
 - (c) European *and global* statistics and data, including *those from the European Earth observation programme Copernicus and data on reported and projected losses from adverse climate impacts and estimates on the costs of inaction or delayed action*, where available; and

- (d) *the* best available scientific evidence, including the latest reports of the IPCC, *the IPBES and other international bodies*; and
- (e) any supplementary information on environmentally sustainable investment, by the Union and Member States, including, when available, investment consistent with Regulation (EU) 2020/852 [Taxonomy Regulation].

2. The EEA shall assist the Commission in the preparation of the assessment referred to in Articles 5 and 6, in accordance with its annual work programme.

Article 8

Public participation

- 1.** The Commission shall engage with all parts of society to enable and empower them to take action towards a ***just and socially fair transition to a*** climate-neutral and climate-resilient society. The Commission shall facilitate an inclusive and accessible process at all levels, including at national, regional and local level and with social partners, ***academia, the business community***, citizens and civil society, for the exchange of best practice and to identify actions to contribute to the achievement of the objectives of this Regulation. In addition, the Commission may also draw ***on the public consultation and*** on the multilevel climate and energy dialogues as set up by Member States in accordance with ***Articles 10 and 11*** of Regulation (EU) 2018/1999.
- 2.** ***The Commission shall use all appropriate instruments including the European Climate Pact to engage citizens, social partners and stakeholders, and foster dialogue and the diffusion of science-based information about climate change and its social and gender equality aspects.***

Article 8a

Sectoral roadmaps

The Commission shall engage with sectors of the economy within the Union that choose to prepare indicative voluntary roadmaps towards achieving the Union's climate neutrality objective by 2050. The Commission shall monitor the development of such roadmaps. Its engagement shall involve the facilitation of dialogue at Union level, and the sharing of best practice among relevant stakeholders.



Article 9a

Review

Within six months after each global stocktake under the Paris Agreement, the Commission shall submit a report to the European Parliament and to the Council, together with the conclusions of the assessments referred to in Articles 5 and 6, on the operation of this Regulation, taking into account:

- the best available and most recent scientific evidence, including the latest reports of the IPCC and the Advisory Board;*
- international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement.*

The Commission's report may be accompanied, where appropriate by legislative proposals to amend this Regulation.

Article 10

Amendments to Regulation (EU) 2018/1999

Regulation (EU) 2018/1999 is amended as follows:

- (1) in Article 1(1), point (a) is replaced by the following:
 - ‘(a) implement strategies and measures designed to meet ***the objectives and targets of the Energy Union and the long-term Union greenhouse gas emissions commitments consistent with the Paris Agreement, in particular*** the Union’s climate-neutrality objective as set out in Article 2 of Regulation .../... [Climate Law], **■** and for the first ten-year period, from 2021 to 2030, in particular the Union’s 2030 targets for energy and climate;’;

(2) in Article 2, point 7 is replaced by the following:

‘(7) ‘projections’ means forecasts of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system, including at least quantitative estimates for a sequence of six future years ending with 0 or 5 immediately following the reporting year.’;

(3) in Article 3(2), point (f) is replaced by the following:

‘(f) an assessment of the impacts of the planned policies and measures to meet the objectives referred to in point (b) of this paragraph, including their consistency with Union’s climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law], the long-term greenhouse gas emission reduction objectives under the Paris Agreement and the long-term strategies as referred to in Article 15.’;

(4) in Article 8(2), the following point (e) is added:

‘(e) the manner in which existing policies and measures and planned policies and measures contribute to the achievement of the Union’s climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law].’;

(5) Article 11 is replaced by the following:

‘Article 11

Multilevel climate and energy dialogue

Each Member State shall establish a multilevel climate and energy dialogue pursuant to national rules, in which local authorities, civil society organisation, business community, investors and other relevant stakeholders and the general public are able actively to engage and discuss the achievement of the Union’s climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law] and the different scenarios envisaged for energy and climate policies, including for the long term, and review progress, unless it already has a structure which serves the same purpose. Integrated national energy and climate plans may be discussed within the framework of such a dialogue.’;

(5b) in Article 15, paragraph 1 is replaced by the following:

‘1. By 1 January 2020, and subsequently by 1 January 2029 and every 10 years thereafter, each Member State shall prepare and submit to the Commission its long-term strategy with a 30 years perspective and consistent with the Union’s climate-neutrality objective. Member States should, where necessary, update those strategies every five years.’;

(6) In Article 15(3), point (c) is replaced by the following:

‘(c) achieving long-term greenhouse gas emission reductions and enhancements of removals by sinks in all sectors in accordance with the Union's climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law], ***in the context of necessary reductions and enhancements of removals by sinks according to the Intergovernmental Panel for Climate Change (IPCC) to reduce the Union's greenhouse gas emissions in a cost-effective manner and enhance removals by sinks in pursuit of the long-term temperature goal in the Paris Agreement so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases within the Union and, as appropriate, achieve negative emissions thereafter;***’

(6a) In Article 17 paragraph 2 point (a) is replaced by the following:

2. The integrated national energy and climate progress report shall cover the following elements:

(a) information on the progress accomplished towards reaching the objectives, including progress towards the Union's climate-neutrality objective, targets and contributions set out in the integrated national energy and climate plan, and towards financing and implementing the policies and measures necessary to meet them, including a review of actual investment against initial investment assumptions;

(6b) *In Article 17, paragraph 4 is replaced by the following:*

'4. *The Commission, assisted by the Energy Union Committee referred to in point (b) of Article 44(1), shall adopt implementing acts to set out the structure, format, technical details and process for the information referred to in paragraphs 1 and 2 of this Article, including a methodology for the reporting on the phasing out of energy subsidies, in particular for fossil fuels, pursuant to Article 25(d).'*

(6c) *In Article 29 paragraph 1 point (b) is replaced by the following:*

'(b) the progress made by each Member State towards meeting its objectives, including progress towards the Union's climate-neutrality objective, targets and contributions and implementing the policies and measures set out in its integrated national energy and climate plan;'

(7) Annex I, Part 1, is amended as follows:

(a) in section A, point 3.1.1., point (i) is replaced by the following:

‘(i) Policies and measures to achieve the target set under Regulation (EU) 2018/842 as referred in point 2.1.1 and policies and measures to comply with Regulation (EU) 2018/841, covering all key emitting sectors and sectors for the enhancement of removals, with an outlook to the climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law]’;

(b) in Section B, the following point 5.5. is added:

‘5.5. The contribution of planned policies and measures to the achievement of the Union’s climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law]’;

(7a) *Article 45 is replaced by the following:*

The Commission shall report to the European Parliament and to the Council within six months of each global stocktake agreed under Article 14 of the Paris Agreement on the operation of this Regulation, its contribution to governance of the Energy Union, its contribution to the long-term goals of the Paris Agreement, progress towards the achievement of the 2030 climate and energy targets and Union’s climate-neutrality objective set out in Article 2(1) of Regulation .../... [Climate Law], additional Energy Union objectives and the conformity of the planning, reporting and monitoring provisions laid down in this Regulation with other Union law or decisions relating to the UNFCCC and the Paris Agreement. The Commission reports may be accompanied by legislative proposals where appropriate.

(8) in Annex VI, point (viii) of point (c) is replaced by the following:

‘(viii) an assessment of the contribution of the policy or measure to the achievement of the Union’s climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law] and to the achievement of the long-term strategy referred to in Article 15;’.

Article 11

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

Draft statements by the Commission:

LULUCF sink and 2030 target

The EU land use, land use change and forestry (LULUCF) sector both emits greenhouse gases and absorbs CO₂ in its soil and biomass. Restoring and growing our land carbon sink - the ability to absorb CO₂ by our natural environment such as trees - is crucial to our climate goals.

We need a growing sink in order for the EU to achieve climate neutrality by 2050. Reversing the current trend requires significant short-term action. The Commission Communication “Stepping up Europe’s 2030 climate ambition - Investing in a climate-neutral future for the benefit of our people” estimates that it is needed and possible to reverse the current trend and increase the carbon sink to levels above 300 million tons CO₂eq. by 2030.

The Commission will make proposals to revise the LULUCF Regulation, in line with this ambition.

Access to Justice

The EU and its Member States are parties to the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the ‘Aarhus Convention’).

When performing their obligations under Regulation (EU) 2018/1999 concerning the involvement of the public in the preparation of the national energy and climate plans and the consultations on the long-term strategies, Member States should ensure that the public concerned is granted access to justice in case of breach of such obligations in line with the case law of the Court of Justice of the European Union, and in full respect of the obligations Member States have undertaken as parties to the Aarhus Convention.