

# Paris Agreement - Northmore Gordon

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### # Paris Agreement

The Paris Agreement is a legally binding international treaty adopted at COP 21 in Paris on 12 December 2015, entering into force on 4 November 2016. It commits 196 Parties to limiting global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. For businesses, the agreement establishes the policy framework driving emissions-reporting obligations, renewable-energy targets, carbon-reduction schemes and climate-risk disclosure requirements. Organizations increasingly face investor, customer and regulatory pressure to align operations with Paris Agreement goals, making emissions measurement and transition planning essential business functions rather than optional sustainability initiatives.

### ## Related guidance

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[Scope 1, 2 and 3 emissions](#)

[Certificates](#)

[Government schemes](#)

[Certificate trading](#)

[Measurement and verification](#)

### ### What is the Paris Agreement and why does it matter for businesses?

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### ### How does the Paris Agreement structure climate action, and what does this mean for organizational planning?

The Paris Agreement operates on a 5-year cycle of increasingly ambitious climate action, with countries submitting nationally determined contributions (NDCs) that outline their climate commitments. This cyclical structure creates a predictable regulatory timeline for businesses. Organizations should align their emissions-reduction roadmaps and reporting cycles with these 5-year periods to demonstrate progress aligned with national climate policy. We help clients develop transition pathways and emissions inventories that support both corporate net-zero commitments and compliance with evolving national NDCs, ensuring alignment with the Paris Agreement's progressive ambition framework.

### What are nationally determined contributions and how do they affect organizations?

Nationally determined contributions (NDCs) are climate-action plans submitted by countries under the Paris Agreement, outlining their emissions-reduction targets and strategies. NDCs establish the regulatory baseline for industrial emissions reporting, renewable-energy mandates, and carbon-pricing mechanisms within each jurisdiction. Organizations operating across multiple countries must track relevant NDCs to understand their applicable compliance obligations. For example, Australian businesses may be subject to NGER reporting thresholds, energy-efficiency schemes and carbon-credit requirements that flow from Australia's NDC commitments. We assist organizations in mapping their exposure to NDC-driven regulations across jurisdictions and preparing evidence for compliance.

### How does the Paris Agreement connect to corporate emissions reporting and climate-risk disclosure?

The Paris Agreement created the international policy momentum for mandatory corporate emissions reporting and climate-risk disclosure. In Australia, this translates to NGER reporting obligations, sustainability-reporting requirements under ASIC's regime (applicable to large listed entities), and NSW Climate Change Mitigation and Adaptation Plans for licensed premises. The agreement's 1.5-degree goal underpins the science-based target methodologies that investors and regulators increasingly expect organizations to adopt. We provide emissions-inventory support, boundary-statement preparation, climate-risk assessment and transition-pathway development to help organizations demonstrate Paris Agreement alignment in their sustainability disclosures and regulatory filings.

### What role do renewable energy and carbon credits play in meeting Paris Agreement commitments?

The Paris Agreement's emissions-reduction targets drive demand for renewable-energy certificates, carbon credits and environmental instruments that demonstrate genuine abatement. These instruments—including ACCUs, STCs, LGCs, REGOs and renewable-energy attributes—provide evidence of emissions reductions and renewable-energy generation that organizations can use to support climate claims and meet transition-pathway targets. However, purchasing certificates alone does not reduce an organization's physical emissions; they represent contractual attributes that must be properly accounted for under GHG Protocol standards. We help clients assess renewable-certificate pathways, manage environmental-attribute due diligence and construct credible emissions inventories that distinguish physical reductions from purchased instruments, ensuring Paris Agreement-aligned reporting.

### How can organizations align their energy-optimization and decarbonization strategies with Paris Agreement goals?

The Paris Agreement's 5-year cycle and national emissions-reduction targets create business opportunity for organizations to develop competitive advantage through early decarbonization. Energy audits, measurement and verification, renewable-heat feasibility assessments and electrification studies identify opportunities to reduce operational emissions while improving efficiency and cost. These improvements align with Paris Agreement-mandated national policies including renewable-energy targets, building-efficiency standards and industrial-decarbonization requirements. Our six-stage delivery approach—assess, build the case, capture value, deliver, procure and perform—systematically connects technical opportunity identification with investment decisions, funding pathways and ongoing performance tracking to translate Paris Agreement policy into credible business outcomes.

### What is the relationship between the Paris Agreement and Australian climate-change requirements for licensed premises?

The Paris Agreement's goal of limiting warming to 1.5 degrees Celsius informs Australia's national emissions-reduction commitments, which drive NSW EPA's Climate Change Mitigation and Adaptation Plan (CCMAP) requirements for licensed premises. Licensed facilities meeting the 25,000-tonne CO<sub>2</sub>-e threshold in Scope 1 and 2 emissions must prepare CCMAPs with publication deadlines of either 31 March 2027 or 31 August 2027, depending on licensee type. This requirement directly reflects Australia's Paris Agreement obligations. We provide CCMAP assessment and planning support, including emissions inventory development, opportunity assessment and transition-pathway planning to help licensed premises demonstrate compliance with both national Paris Agreement commitments and NSW regulatory requirements.

### How does the Paris Agreement influence corporate sustainability-reporting standards that organizations must follow?

The Paris Agreement accelerated the development of climate-focused sustainability-reporting standards, including ASIC's mandatory sustainability-reporting regime for large Australian listed entities (applicable to financial years commencing from 1 January 2025 onwards) and the GHG Protocol standards for corporate inventories, value-chain accounting and product-lifecycle emissions measurement. These standards operationalize Paris Agreement commitments by requiring organizations to quantify, disclose and set reduction targets for Scope 1, 2 and 3 emissions. We help organizations develop documented boundary statements, establish baseline emissions inventories, conduct climate-risk and scenario analysis, and prepare transition pathways that satisfy sustainability-reporting requirements while demonstrating credible Paris Agreement alignment.