

## 2.4

# INTRODUCTION TO CLIMATE CHANGE

## The Paris Agreement

### Important notice

This unit is part of a package of learning materials designed to support understanding of foundational concepts relating to climate-related financial disclosures. These learning materials do not constitute application or regulatory guidance for the preparation of climate-related financial disclosures and are not intended to represent legal or professional advice. We encourage you to seek your own professional advice to find out how the Corporations Act 2001 (Corporations Act) and other relevant laws may apply to you and your circumstances, as it is your responsibility to determine your obligations and comply with them.



### Key topics

- › Paris Agreement goals
- › Nationally Determined Contributions (NDCs)
- › Global Stocktakes
- › Adaptation communications

## Relevance for climate-related disclosures

The Paris Agreement goals drive national emissions reduction targets, decarbonisation pathways, and adaptation actions, which may in turn inform entities' climate-related risks and opportunities.

In this unit, you will learn about the Paris Agreement—the most important agreement for global climate action.

## Overview

The Paris Agreement is a landmark climate agreement that was adopted at the 21<sup>st</sup> Conference of the Parties in Paris, France in 2015 (COP21). It is a legally binding international treaty that requires all countries to take action to mitigate and adapt to climate change. Module 2, Unit 5 has detailed information about these terms.

The Paris Agreement sets a core goal to limit global temperature rise. Additional goals aim to increase our resilience and ability to adapt to climate change, and to provide finance for mitigation and adaptation. Developed countries must support developing countries to achieve these goals.

Every five years, countries need to submit NDCs that explain the actions they intend to take on climate change. The level of ambition in NDCs needs to increase each time.

Countries are expected to periodically submit adaptation communications to explain their adaptation priorities, needs, plans and actions.

Progress is monitored through the enhanced transparency framework (ETF) and Global Stocktakes.



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## What is the background to the Paris Agreement?

The Kyoto Protocol, adopted in 1997 at the third session of the Conference of the Parties (COP3) in Kyoto, Japan, was the first time the global community set binding greenhouse gas emissions reductions targets. However, only developed countries were required to set targets.<sup>1</sup>

At COP17 in Durban, South Africa in 2011, governments agreed to work to develop a new agreement by 2015 at the latest that would be a universal greenhouse gas reduction protocol and would raise the level of action to reduce emissions.<sup>2</sup>

## What is the Paris Agreement?

The Paris Agreement, adopted in 2015 by 195 Parties at COP21 in Paris, is a legally binding international treaty under the UNFCCC. It took effect in 2016. The Paris Agreement is a critical milestone in international climate negotiations because it is the first agreement to require all signatories to take climate action. The Paris Agreement goals set the direction for global action. As large volumes of greenhouse gases are emitted from business and industry activities, reducing greenhouse gas emissions from these activities is necessary to achieve the Paris Agreement goals. Actions by signatories to achieve these greenhouse gas emissions reductions may contribute to climate-related risks, but also opportunities, for businesses and other entities.

## What are the Paris Agreement goals?<sup>3</sup>

Figure 1 summarises the goals and they are explained in full below in Table 1.

Figure 1 Paris Agreement goals

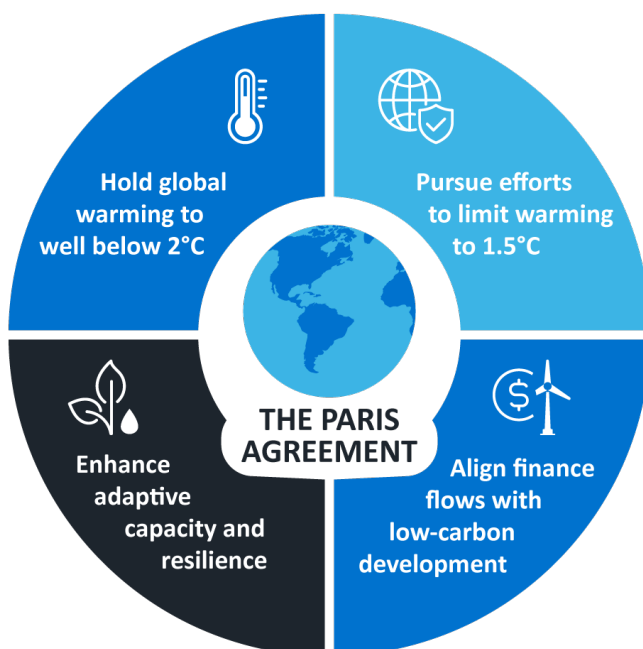


Table 1: Paris Agreement goals in detail

Goal: Hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

## Temperature

To support this goal, global emissions must peak as soon as possible and then rapidly decline.<sup>4</sup>

<b>Adaptation</b>	<p>Goal: Increase the ability to adapt to the impacts of climate change and foster climate resilience and low greenhouse gas emissions development.</p> <p>This goal was bolstered at COP28 in Dubai, United Arab Emirates in 2023 through adoption of the United Arab Emirates Framework for Global Climate Resilience. This framework sets targets for adaptation actions, risk assessment, planning, implementation and monitoring of progress<sup>5</sup></p>
<b>Finance</b>	<p>Goal: Make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.</p> <p>A new collective quantified goal on climate finance (NCQG) was agreed at COP29 in Baku, Azerbaijan in 2024. It was agreed to increase climate finance to developing countries to US\$300 billion annually by 2035 and to work towards a goal of US\$1.3 trillion annually by 2035.<sup>6</sup></p>

## What are the requirements of Parties to the Paris Agreement?

The Paris Agreement sets five-year cycles for climate action and has a range of implementation mechanisms.

### Nationally Determined Contribution

Countries are required to submit an NDC every five years from 2015. NDCs are climate action plans that state how a country aims to reduce its emissions and build climate resilience to align with the Paris Agreement goals. For developed countries, NDCs should include economy-wide absolute emissions reduction targets and developing countries are encouraged to adopt economy-wide targets over time.<sup>7</sup> Countries can update their NDCs at any time if they increase their level of ambition. They are recorded in a public registry maintained by the UNFCCC Secretariat.<sup>8</sup> For lower income countries, NDCs can include unconditional and conditional targets for reducing greenhouse gas emissions. Unconditional targets and actions can be achieved with the country's own resources, while conditional targets and actions are those needing international support.

Countries are also encouraged to develop long-term low greenhouse gas emission development strategies (LT-LEDS) to provide the long-term framework for NDCs.<sup>9</sup>

### Ratchet Mechanism

The term ratchet mechanism does not officially appear in the Paris Agreement. It is commonly used to refer to the requirement for each NDC round to include higher levels of ambition than the previous round, that is, to be 'ratcheted' up and reflect the country's highest possible ambition. This means countries cannot submit a weaker NDC than their previous NDC.

### Support for developing countries

The Paris Agreement recognises 'common but differentiated responsibilities and respective capabilities'<sup>10</sup> relating to unique national circumstances. This means that while all countries must contribute to the goals, specific commitments are tailored to individual circumstances and should reflect countries' historical emissions and economic capacity.

Developed countries are required to assist developing countries in mitigation and adaptation through finance, technology and capacity-building support.<sup>11</sup>

## Enhanced Transparency Framework

The Paris Agreement establishes an enhanced transparency framework (ETF) that builds on transparency arrangements of the UNFCCC. This provides guidelines on how Parties should report their progress against the Paris Agreement including progress towards their NDCs, including their emissions reduction targets and adaptation measures. It includes technical expert and peer review processes.<sup>12</sup>

Many of the rules for how the Paris Agreement is implemented were agreed at COP24 in Katowice, Poland in 2018.<sup>13</sup> The Paris Rulebook includes guidelines on implementation of the ETF. Countries agreed to report through biennial transparency reports (BTRs) with the first of these submitted in December 2024.<sup>14</sup>

## Global Stocktake

Every five years, countries undertake a Global Stocktake to assess progress towards the goals set under the Paris Agreement and to inform updates to NDCs.<sup>15</sup> The stocktake makes a global assessment of progress on climate action, identifies gaps and outlines actions to advance the goals of the Paris Agreement. The first Global Stocktake concluded at COP28 in Dubai, United Arab Emirates in 2023. It found that although there had been progress on climate action, the world was not on track to limit global warming to 1.5°C above pre-industrial levels, and that the window for meaningful change was quickly closing.<sup>16</sup>

## Adaptation communications

The Paris Agreement goal on climate adaptation and resilience is supported through the implementation mechanisms described above. Countries are encouraged to submit and update periodically an adaptation communication, which covers adaptation priorities, needs, plans and actions.<sup>17</sup> Adaptation action is expected to be science-informed, consider social aspects of implementation such as gender and vulnerable groups, and incorporate Indigenous knowledge where appropriate.

Adaptation communications should be submitted as a component of, or in conjunction with, other documents like the country's National Adaptation Plan and NDC. They are recorded in a public registry. Unlike NDCs, adaptation communications are voluntary and intended not to create additional burden for developing countries in particular. In September 2025, the Australian Government released the National Climate Risk Assessment and National Adaptation Plan. For further information, please refer to Module 2 Unit 8 and Module 3 Unit 8.<sup>18</sup>

### Key takeaways

- › The Paris Agreement is a legally binding international treaty that requires countries to take action to limit global temperature rise and adapt to climate change.
- › Countries communicate their actions through five-yearly mandatory NDCs and voluntary adaptation communications.
- › Progress by countries towards the goals set under the Paris Agreement is measured through five-yearly Global Stocktakes.

<sup>1</sup> United Nations Climate Change [The Kyoto Protocol - Status of Ratification](#)

<sup>2</sup> United Nations Climate Change [Essential Background - Durban outcomes](#)

<sup>3</sup> United Nations Framework Convention on Climate Change (2015, December 12) [Paris Agreement](#), Article 2

<sup>4</sup> United Nations Framework Convention on Climate Change (2015, December 12) [Paris Agreement](#), Article 4.1

<sup>5</sup> United Nations Framework Convention on Climate Change (2024, March 15) [Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on its fifth session, held in the United Arab Emirates from 30 November to 13 December 2023](#), pp23-24

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- <sup>6</sup> United Nations Climate Change (2024, November 24) [COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods](#)
- <sup>7</sup> United Nations Framework Convention on Climate Change (2015, December 12) [Paris Agreement](#), Article 4.2-4.3
- <sup>8</sup> United Nations Climate Change [NDC Registry](#)
- <sup>9</sup> United Nations Framework Convention on Climate Change (2015, December 12) [Paris Agreement](#), Article 4.19
- <sup>10</sup> United Nations Framework Convention on Climate Change (2015, December 12). [Paris Agreement](#), Article 4.3
- <sup>11</sup> United Nations Framework Convention on Climate Change (2015, December 12). [Paris Agreement](#), Articles 9, 10 & 11
- <sup>12</sup> United Nations Climate Change [Reporting and Review](#)
- <sup>13</sup> United Nations Climate Change [The Katowice climate package: Making The Paris Agreement Work For All](#)
- <sup>14</sup> United Nations Climate Change [Biennial Transparency Reports](#)
- <sup>15</sup> United Nations Framework Convention on Climate Change (2015, December 12) [Paris Agreement](#), Article 14
- <sup>16</sup> United Nations Climate Change [Outcome of the First Global Stocktake](#)
- <sup>17</sup> United Nations Framework Convention on Climate Change (2015, December 12) [Paris Agreement](#), Article 7.10
- <sup>18</sup> Department of Agriculture, Water and the Environment (2021) [National Climate Resilience and Adaptation Strategy 2021 – 2025 Positioning Australia to better anticipate, manage and adapt to our changing climate](#), Department of Agriculture, Water and the Environment, Canberra



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