Carbon Market Watch consultation submission

Recognition and Accountability Framework: Draft Implementation Plan with respect to Net-Zero Pledges of non-State actors and Integrity Matters

Brussels, 31st October 2023

Carbon Market Watch welcomes the first Draft Implementation Plan from the Recognition and Accountability Framework. The introduction of UNFCCC guidelines for the net-zero pledges of non-state actors is a much-needed development: it is vital for non-state actors, which account for a significant proportion of global emissions, to be involved in climate action and held accountable for inaction.

There is a dire need for a clear and effective regulatory framework for the net-zero pledges of non-state actors. This is poignantly illustrated by our Corporate Climate Responsibility Monitor, a yearly report analysing the climate pledges of major companies, which has found that despite all companies analysed having set net-zero targets, their pledges only amount to a cut of 36% of their combined absolute emissions by the target year, which ranges from 2030 to 2050. This discrepancy is clearly inexcusable, as such pledges create an impression of meaningful climate action, while in reality the vast majority of the carbon pollution remains unchecked.

In order for the Framework to contribute to improving the accountability of non-state actor climate action, we recommend the following.

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No offsetting

If the UNFCCC wants to give recognition to non-state actors delivering on commitments, **it needs to ensure that the recognition given is justified**: that non-state actors are delivering real climate action. Otherwise, this recognition will legitimise greenwashing, thus directly working against the purpose of the framework. **Delivering real climate action means reducing emissions within the value chain.** As the Integrity Matters report states: "*High integrity carbon credits in voluntary markets should be used for beyond value chain mitigation* [BVCM] *but cannot be counted toward a non-state actor's interim emissions reductions required by its net zero pathway.*" (p. 19). **On these grounds, buying carbon credits for the purpose of offsetting and including this as part of a corporate climate strategy for within value chain mitigation should not be recognised as climate action.** There must be a clear *separation* between internal emission reductions, which are used to reach climate pledges or targets, and BVCM contributions, which serve to complement rather than replace internal emissions reductions.

Pledge and transition plan criteria

Aside from the net-zero pledges of non-state actors being verified, the UNFCCC can already set **a clear list of pledge, transition plan and progress reporting prerequisites that must be met before a pledge can qualify for verification**. This will serve as a quality control mechanism to only have high-quality pledges able to enter the recognition process. Pledge, transition and reporting criteria should at least include:

- Pledge must contain separate targets for reductions and removals;
- Pledge must contain targets that cover all emissions within the value chain, i.e. scopes 1-3. Provide overview of the non-state actors greenhouse gas emissions inventory (link to publicly disclosed annual GHG inventory);
- Public policy advocacy of the non-state actor must support the goals of the Paris Agreement and cannot form a barrier for climate action. Negative examples are anti-climate lobbying, membership in pro-fossil industry federation (made public through initiatives such as InfluenceMap), and non-commitment of divesting;
- Reporting on emission reductions must be done in both absolute terms (i.e. gross tonnes of greenhouse gas emissions) and as a share of total emissions (i.e. percentage reduction compared to a representative historic baseline);
- The reference point used to calculate reductions, i.e. the historic base-year, must be clearly stated, representative and justified;

- Absolute emission reductions must be reported separately from any emission reductions financed outside of their value chain, rather than one single aggregate number.
- Emissions reductions or removals part of the pledge of non-state actors cannot be claimed under a pledge if they already count towards the climate pledges of any other entity, either Parties or other non-state actors.

Consequences for non-compliance

Aside from recognizing and promoting climate action of non-state actors, the goal of a robust framework for accountability should also be to actually **hold non-state actors accountable for inaction.** Consequences for non-compliance should therefore complement the framework when the integrity and credibility it aims for is not met by non-state actors. The **UNFCCC should ensure that net-zero pledges registered in GCAP are flagged publicly if any issues are raised during the verification process or at any other stage.**

Furthermore, above a reasonable threshold for value chain emissions (for example, 50,000 tCO2 eq/year), having a net-zero pledge registered should be a prerequisite for non-state actors to engage with the UNFCCC in any capacity: attending climate conferences, intersessional meetings, expert workshops and other mandated work among UNFCCC Parties. Non-compliance with the Framework should automatically result in a revocation of UNFCCC privileges, such as observer status.

Process comments

According to the Framework itself, "How the Framework addresses recognition and accountability of individual members will be addressed in individual implementation plans under the Framework.". However, the Framework does not specify further how these implementation plans will be structured, how many implementation plans or iterations there will be, and which topics will be covered. This Draft Implementation Plan limits its scope to addressing where the pledges, transition plans and progress reports will be accessible and how to validate and verify this data. **This leaves out many essential requirements for accountability, with no clear view on when and how these omissions will be addressed.** A timeline of planned publication of the implementation plans is needed to make this process more transparent and accessible for stakeholders.

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