FINAL - Policy, Advocacy & Engagement

This document lays out the draft suggestions from the working group focused on Policy, Advocacy & Engagement

Questions

How, if at all, is this topic currently reflected in the Race to Zero starting line criteria, lexicon, and interpretation guide? What are the strengths and weaknesses of the current starting line criteria approach?

The topic of Policy, Advocacy and Engagement (PAE) is not currently explicitly reflected in the Race to Zero starting line criteria, lexicon, and interpretation guide, and that from the PAE working group (WG) perspective is one of the weaknesses of the current starting line criteria approach. However, some of the strengths of the criteria do implicitly allude to some policy advocacy and engagement: the focus on robust and transparent targets, i.e., 1.5-C alignment of the near term (2025-2030) and long-term (2050) pledges ("Pledge"); the requirement to have a roadmap to meet the stated commitment ("Plan)", and to transparently disclose ("Publish").

In the following responses, the PAE WG aims to build on the strengths of the existing starting line criteria, and aspires to bridge the gaps by offering a new criteria and approach for this topic. Therefore most of the comments discuss *additions* to the current R2Z instruments, and not *amendments*, but inevitably, such amendments will also be discussed. .

In practice, is this topic addressed consistently across the various Race to Zero partners? What different approaches can be seen? To what extent can a frontier of best practice(s) be defined?

- In general the call to lead through policy advocacy was commonly held- see, for example, leadership criteria of CDP, requirements by BA1.5, calls by PRI and more. In addition, supporting these calls, there exist a variety of established and emerging standards: AAA, the recent Global Standard for Responsible Climate Lobbying and the Influance Map annual scoring system.

- Indeed, writing on the subject is plentiful, with a good brief by LSE released just last month (see links to all below). Regulation often deals with the limits and transparency of 'direct' lobbying (See LSE 2022, below), 'Indirect lobbying' by affiliation or through financing and other means is not captured as well. Finally voluntary disclosure, such as CDP, will often include requests around indirect lobbying and governance elements.

- The leading approaches consider advocacy as a constitutive element of alignment of an entity with targets set. Given the locality and changing context by industry and geography, as well as multitude of ways through which advocacy can be affected, it is often felt that constitutive elements of criteria/best practices must be:

    - assignment of responsibility within the governance system of an entity,

    - in a transparent and accessible way,

    - over alignment of all company actions, as well as;

    - specific duties around allocation of funding or other influence by affiliation- trade associations, supply chains, public and research bodies.

- Finally, bodies such as CDP and influenceMap, among others, also held a scale of developing engagement, from a minimum of assuring no negative advocacy, to ensuring that all entity influence points align with its vision and ending with leadership actions associated with allocating resources and actively advocating positive climate policy.

- While the group is mostly aligned around this perception, there were some discussions around what would be considered a minimum (no negative lobbying and governance in place, for example) to what should be considered a leadership action (such as allocation of resources and active lobbying). The definition of 'best practice' was felt to reflect an unambitious minimum by some.

- In addition, some members consider best practices to focus around transparency of the action, as opposed to the content, i.e. an annual report of company climate influence action under direct responsibility of assigned member of both the executive and operational levels. Others felt that content should be included. Here again the question was raised as to whether 'content' should be transparency- stakeholder engagement principles (such as those associated with ILO 169 known as Free, Informed, Prior Consent, or FPIC)- or also actual content such as forestry, youth rights and so on. This last was considered by some to be overly localized and increasingly impossible to pinpoint.

However, members of the group are in agreement that:

- Efforts and focus in the international climate community to date have not kept up with true impact points of lobbying, nor have they been adequately reflected and associated with reputational costs of involved entities.

- Whatever the distance between minimum and leadership, they are on a timescale, meaning that 'leadership actions' should become a minimum for all, given time.

How can Race to Zero best address this topic in its minimum criteria (the floor below which members may not fall)? How should Race to Zero encourage leadership on this issue (the stretch goals which members should aim for)? Where do we see inspiring examples of leadership? What guidance can it provide to Partners for driving upward convergence? How could RtZ and its Partners expect these strengthened and enhanced criteria to be operationalised by members?

The PAE WG aims to respond to the three aforementioned questions through the following inputs (i) Offer a new minimum criterion as the fifth "P"; (ii) enhance and build on the existing starting line criteria; (iii) offer a new leadership practice (iv) as a cross-cutting function, suggest key related concepts/terms that we think would be helpful to include in the interpretation guide and the lexicon. These three elements are captured in Table 1 below.

Suggested Criteria and Approach for Policy, Advocacy and Engagement

Table 1:

Criteria	Race to Zero Starting Line and Leadership Practices	Interpretation Guide	Terms for Lexicon
(i) *Introduce new* minimum starting line criterion	**Policy**: Within 12 months of joining ensure governance structure which provides executive and operational accountability for the alignment of internal and external direct and indirect policy actions with Paris Aligned pledge and plan especially with regards to direct and indirect policy and advocacy engagement.	'Paris Aligned Pledge'= Paris Alignment 1.5C temperature commitment, as defined by the latest IPCC report and defined by the SBTi Meaning and examples of direct and indirect policy and advocacy engagement (see LSE Policy Brief listed below as a helpful source on this) Audience for direct and indirect policy and advocacy engagement per constituency, for example: - Companies: legislators, supply chain - Financial institutions: investor portfolios	"Paris-Alignment" (IPCC definition) "Governance"
(ii) *Enhance* existing minimum starting line criterion (note: highlighted is addition)	<u>**Plan**</u>: '*Within 12 months of joining, explain what actions will be taken [...]*<mark>*, including governance structures (that either exist or will be put into place) and policy actions to ensure coherence of policy action, including on advocacy*</mark>*, especially in the short- to medium-term*.'	As an example, if the industry/trade association you are part of is mobilizing against a robust climate policy that you actually support/not opposed to, then, as a company, make a clear statement that your trade group does not represent your views on specific policies where any	

		misalignment exists; or in some way distance yourself from the trade association. See WRI guidance #3 https://www.wri.org/insights/how-write-impactful-corporate-climate-statement

(Note there are certain US companies that did release such statements showing support for Build Back Better in the US) |
| | **Proceed**: '*Take immediate action toward achieving (net) zero, consistent with delivering interim targets specified<mark>, in particular ensure accountable governance and alignment of policy actions with interim targets for coherent action</mark>'* | Update existing interpretation points on Proceed to reflect this change. |
| | **Publish**: '*Commit to report publicly both progress against interim and long-term targets, as well as the actions being taken, <mark>including those to ensure coherence, alignment and accountability of governance and policy action across and outside the organization</mark>, at least annually. To the extent possible, report via platforms such as CDP that feed into the UNFCCC Global Climate Action Portal.'* | Update existing interpretation points on Publish to reflect this change.

<mark>Note that the group was split as to the viability of requesting much of the annual reporting as a minimum given possible burden on SMEs in particular. Potentially as a leadership Practice</mark> |
| (iii) *New* leadership practice | As the next frontier of climate leadership, organizations proactively engage in supporting Paris-Aligned climate policies at the subnational (e.g., city and state climate action plans, sector specific policies, etc) and national level (NDCs, | <mark>Examples of how organizations proactively engage in supporting Paris-Aligned climate policy. See discussion above regarding positions on leadership vs. minimum, though group is aware also of burden on</mark> |

LTS, sector-specific policies)   different types of organization.

Table Notes/ Caveats

- *These recommendations apply to all organizations, but mostly use the private sector lens. To be further tailored for other constituencies including subnational governments, investors, higher ed, others (see more in "Additional Comments" below).*

- *Within the interpretation guide, 'Plan' and 'proceed' require amendment. Process for doing so is through guidance of the Champions and the EPRG.*

- *Specific policy content could be constrained by geography, political context and sector. Therefore these suggestions have focused on governance, under the assumption that accountable, transparent governance place tools in the hands of those more capable of utilizing them- local civil society. However, referencing support for list below might be seen as acceptable policy alignment yardsticks, and could be included in interpretation guide and lexicon:*
  - *Climate Action Pathways*
  - *In line with Champions 'Race to Zero Breakthrough' concepts*
  - *Globally accepted scientific pathways*

- **What prevents entities from making greater progress on this issue? What would address those barriers? As required, give separate answers for cities, regions, companies, financial, healthcare and educational institutions, and other Race to Zero actor-types).**

  Ignoring malevolent intervention, the three main barriers for such action are:

  1. Locality and industrial context mean that content guidence for 'climate positive' intervention is almost impossible to create on a global scale.
  2. The majority of R2Z members are SMEs and do not have the capacity to re create many of the governance instruments alluded to.
  3. 'Advocacy and engagement' are broad terms and defining transparency around them- to what FPIC should be applied and how reporting is to happen are still not well researched enough.

Any other comments

Given the composition of the PAE WG, most members have experience with or interface with companies and to an extent with financial institutions. So while the recommendations provided could be applied to any organization/constituency, mostly these are geared towards companies. Therefore, the PAE WG strongly suggests that these recommendations are used as baseline and through expert and public consultation these are tailored by actor type (subnational governments, higher ed, investors, others) and subsequently reflected in the interpretation guide. It was also noted that the group would strongly recommend this criteria to serve as a

bridge between the Race to Zero and Race to Resilience as, more than any other, it crosses both issues.

The group would also note the time constraints of the interaction, which we recommend be adapted in the future, did not allow or plan for any interaction between the different groups.

References/Background Documents

- Group Google Drive includes many others: https://drive.google.com/drive/folders/1fkweIkTjAW9UZdVwhQLRLem46MybTJX-

- AAA Framework for Climate Policy Leadership. Available online at: https://www.aaaclimateleadership.org/

- Global Standard on Responsible Corporate Climate Lobbying. Available online at: https://climate-lobbying.com/

- InfluenceMap: The A-List of Climate Policy Engagement 2021. Available online at: https://influencemap.org/report/The-A-List-of-Climate-Policy-Engagement-2021-b3ac0399b2dc64056cee06e3d6324e6f

- LSE Grantham Research Institute on Climate Change and the Environment, Company Lobbying and Climate Change: Good Governance for Paris-Aligned Outcomes. Available online at: https://www.lse.ac.uk/granthaminstitute/publication/company-lobbying-and-climate-change-good-governance-for-paris-aligned-outcomes/

- Race to Zero Starting Line and Leadership Practices 2.0. Available online at: https://racetozero.unfccc.int/wp-content/uploads/2021/04/Race-to-Zero-Criteria-2.0.pdf