Recommendation on Operationalisation
Working Group 1: Net Zero Finance & Disclosure of Climate Risks
April 15, 2022

Executive summary on relevant template questions

5. 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.

Accountability is critical to pressuring and incentivising R2Z partners to meet their commitments. We recommend:

Clear mechanisms of accountability be considered, including:
- Transparency of partner review processes, especially:
  - An 'under review' category / conditional approval
  - Those partners which may be 'delisted' in future reviews
- Guidance to R2Z partner initiatives on how to hold their members accountable and monitor progress;
- Improved digitalisation of existing data/ R2Z reporting

Recognition of early movers to build momentum and celebrate steps on the race to zero. But recognition needs to be balanced against risks of greenwashing. Ideas for recognition include:
- Introducing a R2Z leadership board that evaluates R2Z partners against the starting line criteria/ leadership practice (or both)
- Running an annual summit to celebrate and highlight exceptional progress
- Introduce a best-practice guide on the R2Z criteria with case study exemplars
- Develop digital media strategy to ramp up R2Z social media presence that highlights leaders

6. 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? (See leadership practice)*

We provide a table of the different R2Z financial partners in R2Z. We have been limited by time and the availability of information on websites. We do notice different levels of ambition across R2Z financial partners and contrasting levels of resources e.g., some partners have additional workstreams, while others rely only on their members undertaking a commitment. We recommend the EPRG/ R2Z team undertake its own, more critical assessment across the relevant financial R2Z partners, using our table as a starting point.

Detailed recommendations and alternative views are as follows:

5. Accountability and recognition

Recommendation	Rationale
Accountability	
Outline R2Z's method and mechanism of accountability.	It is not clear what happens if R2Z partners member's do not submit credible plans, or when the starting line criteria are not being met. Accountability is critical to pressuring and incentivising members to meet their commitments.
Establish an R2Z partner review process	R2Z should ensure that partner initiatives are being clear about which members of the partner initiative meet the minimum criteria, and/or recommend partner initiatives to begin to implement 'de-listing' processes for members that do not meet minimum criteria where delisting processes are not already in place. Members meeting R2Z criteria should be public/transparent. A dedicated 'Monitoring and Tracking' team may be required in R2Z to undertake accountability work. Dedicated interaction with representatives from each partner organisation are also critical.
Increase frequency of reporting for R2Z partners **Alternative views**	The frequency of reporting on partners from R2Z is an area lacking consensus among the group. For some members of the working group, 6-monthly partner reviews/ reports should be undertaken. For others, the burden of reporting and practical limitations of existing timelines on partner reporting in the starting line criteria needed to be taken into account.
Be more transparent about partnership review process	R2Z could be more transparent about the partnership review process (including the overall number of applications that were not accepted into R2Z) and make it more public/transparent when an entity has received a 'conditional approval'. As partner initiatives are reviewed annually against the revised criteria, also be transparent about their approval/delisting.

Taxonomy **Alternative views**	Using the EU/UK Green Taxonomy as a comparison point, R2Z could have a global 'green finance taxonomy'. There was concern that the taxonomies may not be the best representation of defining "green" and should not be used as a comparison point.
Digitalisation of data	There is a potential role for R2Z to pool and digitize data
Recognition	
Increase recognition of early movers	Increasing recognition of leadership attributes of partner initiatives or members was discussed as one way to continue to build momentum and celebrate steps beyond the minimum criteria. The recognition should not be based on just commitments but based on actions to avoid greenwashing. For example, it should be based on the IPCC's latest report and early acceleration of actions toward achieving 1.5 degrees.
Leadership board **Alternative views**	A leadership board could be an effective way to raise attention on R2Z partners and success stories (rather than an awards ceremony). This could be a digital tool on the R2Z website. Some felt this should track partners against the starting line criteria, while others felt that leadership practices should be tracked.
Annual summit	An annual summit could facilitate peer-to-peer learning and be an opportunity to showcase R2Z leadership.
Best-practice guide	A best practice guide could provide examples of specific elements of the criteria and attribute these to R2Z members. Such a guide may encourage actors to come forward with innovation, because they feel this is being recognised.
Media strategy	Frequent messaging on strong performing partners is important and this may in turn increase the need for more frequent reporting e.g., short-term social media timeframes.