RACE TO ZERO

Interpretation Guide

Race to Zero Expert Peer Review Group

Version 2.0 June 2022

This document provides additional guidance regarding how the Expert Peer Review Group interprets the Race to Zero criteria, and how Partners and their members can expect to implement these criteria.
This interpretation guide seeks to provide additional clarity and transparency regarding the Race to Zero application and review process. Given the complexities of applying the broad Race to Zero criteria in a consistent and fair way across the many different regions, sectors and actor types joining Race to Zero, the Expert Peer Review Group uses these interpretation points as "rules of thumb" that guide the deliberation and judgement which each case requires.

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Legend:
Black writing applies to all Race to Zero members
Green writing applies specifically to corporate members
Orange writing applies specifically to financial institutions
Blue writing applies specifically to subnational governments

Cross-cutting principles

Race to Zero outlines clear starting line criteria and leadership principles for its members to meet, managed by their Partner initiatives. In approaching these criteria, Partners and their members are urged to follow the cross-cutting principles stated below, which are woven into the text of the five "Ps".

Scientific integrity

Recognise the clarity and irrefutability of scientific alerts and understand that these warnings signal a 'code red for humanity'. Commit to the Race to Zero with integrity.

Fair share, equity & justice

Consider the broader societal/social consequences and impacts of mitigation actions, including on race, gender and intergenerational equity. Seek to enable all actors to contribute to the global transition toward (net) zero through engagement, information sharing, access to finance, and capacity building. Develop pledges, plans, and actions in consideration of justice, drawing notably on the Sustainable Development Goals and Articles 2 & 4 of the Paris Agreement, as well as its Preamble.

Resilience & Adaptation

Mitigation and adaptation are two sides of the same coin. Members joining Race to Zero are urged to consider also joining the sibling campaign Race to Resilience.

2030 Sectoral Breakthroughs

To help catalyse real world action in line with these overarching criteria, the Climate Champions launched the 2030 Breakthroughs to clarify further the path to halving emissions by 2030. Collectively, these Breakthrough pathways articulate what is needed to deliver systems change and to achieve a resilient, zero carbon world. Identify which are the most relevant sectors to your operations in which you can contribute towards Breakthrough goals.

Responsible claims

Claiming false pledges, leadership, or achievements destroys trust amongst peers, the public, and governments, undermining progress. Hold each other to account by claiming responsibly what your targets, actions and progress are, in line with the Lexicon.

Starting line criteria & leadership principles

Pledge

[Pledge at the head-of-organisation level to reach (net) zero GHGs as soon as possible, and by 2050 at the latest, in line with the scientific consensus on the global effort needed to limit warming to 1.5C with no or limited overshoot, recognising that this requires halting deforestation and phasing down and out all unabated fossil fuels as part of a global, just transition.*
Set an interim target to achieve in the next decade, which reflects maximum effort toward or beyond a fair share of the 50% global reduction in CO2 by 2030.
Targets must cover all material greenhouse gas emissions:
1. Including scopes 1, 2 and 3 for businesses and other organisations;
2. Including all territorial emissions for cities and regions;
3. For financial entities, including all portfolio/financed/facilitated/insured emissions;
4. Including land-based emissions.]

Interpretation points
The "Pledge" criterion encompasses the scientific principle that reaching a balance between sources and sinks (as stated in the Paris Agreement Article 4.1) is a goal for the world, and that individual entities' (net) zero targets are a means toward that goal, though not the only ones.

Key guidance for interpreting this criterion include:
Starting line criteria - interpretation points

1. **End target and claiming net zero**
    a. The minimum pledge for participation in Race to Zero is to reach net zero by midcentury. Per the Lexicon, EPRG defines this as follows. It is important to note that the definition emphasises immediate reduction down to a minimal residual level of emissions:
        i. Net zero: An actor reduces its emissions following science-based pathways, with any remaining GHG emissions attributable to that actor being fully neutralised by like-for-like removals (e.g. permanent removals for fossil carbon emissions) exclusively claimed by that actor, either within the value chain or through purchase of valid offset credits.
    b. In the transition to (net) zero, prioritise reducing real world emissions, limiting any residual emissions to those that are not feasible to eliminate. In addition, clearly specify what high quality credits are used to make what, if any, compensation or neutralisation claims, clarifying how sinks and credits are used both on the path to (net) zero, and after (net) zero is obtained.
    c. Any neutralisation of unabated emissions must transition to permanent removals of any residual emissions in order for a Race to Zero entity to claim a (net) zero status. While the transition to net zero status is under way, a claim of "carbon neutrality" may be more appropriate.
    d. The "Pledge" criterion sets the minimum goal as "(net) zero by 2050, noting that absolute zero and net negative are also desirable end points. EPRG notes the value of differentiating the "end state" to be achieved from the

transition to that end state. *Please refer to the [Race to Zero Lexicon](#) for further details.*

2. **Scope**
    a. Net Zero targets should cover on average 90% of emissions including scope 3 upstream and downstream, or the equivalent territorial scope, where they are material to total emissions and where data availability allows them to be measured sufficiently. This includes land use emissions.
    b. Scope 3 for financial institutions should mean including portfolio/ loanbook/insured/ facilitated emissions, which are composed of the investee companies and/or clients' emissions, including the Scope 3 of the underlying investee companies and/or clients.
    c. Different networks and initiatives will operationalize the materiality and measurability of Scope 3 emissions in different ways. EPRG looks for all networks and initiatives to follow best practices appropriate for actor-type, sector, and region.
    d. While EPRG recognizes that data availability is a limitation, it interprets "sufficiently" to imply a low bar for inclusion. Furthermore, EPRG considers it incumbent on actors setting (net) zero pledges to work to expand data availability to capture all non-trivial emissions over time as part of their overall effort to reach net zero.
    e. Targets should, where possible, refer to primary or representative emissions data from actors within their value chain (including S1, S2 and S3 upstream and downstream emissions) or territory. If such data are unavailable, organizations should use secondary data including reasonable proxies based on precautionary principles while setting targets for greater data completeness and expanded coverage.

[Emissions associated with service provision]

At present, the business service industry (e.g. accountants, lawyers, advertisers, consultants, etc.) has focussed on operational issues: measuring and reducing emissions associated with direct operations (Scope 1) and indirect up-stream sources such as energy use (Scope 2). But an increasing number of service providers are rethinking their business models in ways that more actively take responsibility for the emissions their services might enable or facilitate. Service providers often have substantial influence over such emissions and are therefore urged to more holistically consider, measure and set targets for their downstream emissions, taking responsibility for emissions arising from their clients' business activities.

- **Financed and facilitated emissions:**
    - Emissions associated with lending, underwriting and investment activities are more than 700 times higher (CDP), on average, than a financial institution's direct emissions.
    - Financing priorities must therefore critically include managing climate-related financial risks, decarbonizing existing portfolios, and mobilising the capital required to accelerate the climate transition.
    - For financial institutions, use sector-specific targets that drive emissions reductions and do not simply shift investment from high-emitting to low-emitting sectors.

- **Advertised emissions**:
    - The concept of Advertised Emissions is an effective approach for advertising and public relations firms. Advertisers and agencies should choose *not* to advertise certain products in the same way that financial institutions can choose *not* to invest in certain industries. They are very similar concepts - reporting companies, advertisers and agencies, like financial institutions - have influence over the emissions that result from their decisions - more emissions or less emissions.
    - The Client Disclosure Reports, for instance, require PR & Advertising agencies to disclose their revenue by client industry. The purpose of these disclosures is to build transparency in 'true' Scope 3 for an industry whose product is mainly intangible.

- **Serviced emissions:**
    - Corporates in the professional services industry (i.e. consulting firms) should follow a similar approach to the Advertised emissions in so far as they should recognise the influence they wield over their clients, who themselves may be heavy emitters.
    - Leveraging the power of advocacy is critical to achieving a faster transition. Members in Race to Zero are therefore all urged to consider the potential wider impact they have through their industry regarding emitting GHGs, and to take responsibility for reducing those emissions as fast as possible.

3. **Fair share and equity in timelines & rates of emissions reductions**
    a. While there is widespread consensus that actors should contribute a "fair share" to global climate targets, there remain multiple ways to operationalize this concept. EPRG requires Race to Zero members to explain how they are operationalizing the idea of "fair share" in order to generate greater transparency around this idea and encourage experimentation that can lead to best practice. We also encourage all entities to be bold and shoulder the greatest responsibility, and to consider the established principles around equity in international law.
    b. Different sectors and different actors will move at different speeds, reflecting their unique opportunities and constraints. The Race to Zero does not have a single way of operationalizing this division. Rather, EPRG requires partner networks and initiatives to operationalize "fair share" in a science-based fashion as appropriate for their members, and to explain and justify how they do this. Three salient examples:
        i. Some initiatives simply require all members to reduce emissions by 50 percent or more by 2030. For example, over 800 Certified B Corporations from over 50 countries - nearly one quarter of the global B Corp community - have pledged to reach Net Zero by 2030, 20 years ahead of the Paris Agreement targets.
        ii. Some initiatives use climate models to generate scenarios for how the world reaches 1.5C, and then assign individual entities emissions reduction pathways, including interim targets, that reflect a share of

the overall reductions calculated in that scenario. For example, the Science Based Targets Initiative uses scenarios to determine sectoral pathways to 1.5C, and then assigns participating companies a target based on their share of the market in a given sector. In this way it relies on climate models to determine what individual entities' shares should be. See discussion below on what criteria climate scenarios should meet.

   iii. Some initiatives assign different targets to entities at different stages of development. For example, C40's Deadline 2020 program includes cities from both the global North and South. Because many cities in the latter are still growing, they are on slower pathways to halving emissions, but, at the same time, the cities from the Global North that are part of the initiative have more accelerated timeframes, in many cases halving emissions before 2030 (all cities aim to reach net zero before 2050).

c. The carbon budget for a subnational government may vary based on responsibility, capacity, and intergenerational justice, and these equity considerations are expected to be considered when calculating a city or region's emissions reductions plan.

d. One key dimension, amongst others, informing "fair share" is the time by which actors reach a state of (net) zero emissions.
   i. Many actors in Race to Zero can and must go beyond 50% of emissions reductions by 2030, and must achieve an end state net zero well before 2050, as part of the requirement for entities in the campaign to contribute their fair share of achieving net zero as soon as possible.
   ii. In parallel, developing country actors may require more flexibility on their pathway to net zero and may find it challenging to halve their emissions by 2030. Race to Zero recognises regional and sectoral disparities and, whilst requiring all actors to go as fast and as far as possible, expects targets to account for such factors.

e. 2050 as a deadline
   i. At a minimum, all carbon emissions must be (net) zero by 2050, with other gases following soon thereafter, as articulated in the IPCC Report on Global Warming of 1.5C, and in the IPCC's 6th Assessment Report.
   ii. The requirement to have an interim target that reflects a fair share of the 50% reduction by 2030 is explained in the IPCC Report on Global Warming of 1.5C. We note that a 50 percent reduction by 2030 implies average annual reductions of approximately 7 percent following the 'Carbon Law' as a rapid roadmap for global decarbonisation. However, the EPRG also recognises that change may not be linear, in particular for hard-to-abate sectors, and that 7%/year may be more/less ambitious depending on baseline, sector and geography.

4. Appropriate scenarios .

a. Different climate scenarios project different pathways to net zero. For example, some include levels of "overshooting" global temperature goals.

The most ambitious scenarios envision no overshoot, while others include substantial levels.

b. Race to Zero requires entities to set targets that are aligned to scenarios that meet certain criteria. Scenarios should:
    i. Be based in the latest, widely recognized climate science, such as those scenarios created by the IPCC or IEA.
    ii. Provide for no or limited overshoot.
    iii. Not harm achievement of other SDGs, especially with regard to biodiversity and food security.
    iv. Not make unrealistic assumptions on development and deployment of future technologies.
c. There is widespread scientific consensus that prevention is the best medicine. Reliance on the development of future capacities to reduce temperatures is risky, and could not only prove infeasible but also come with undesirable side effects. Many of the technologies that are currently suggested to enable future temperature drawdown are still in development.
d. Additionally, many climate impacts will not be reversible on reasonable timescales. Therefore, even if future technologies allow the world to reverse previous warming, it will not be possible to similarly reverse some of the essentially permanent effects of that warming.
e. Race to Zero urges its members to accelerate the deployment of market-ready, existing technologies such as energy efficiency and renewable energy as part of their fair share contribution to achieving a global net zero state.
f. In parallel, Race to Zero encourages its members to contribute to developing carbon dioxide removal technologies and other ways of neutralising greenhouse gases, as part of their fair share contribution to achieving a global net zero state.

5. Phase down & out of fossil fuels

a. Race to Zero notes that “fossil fuel phase down and out” does not refer to a single universal date for all entities and sectors, but should instead be aligned to a global, science-based, just transition. For example, the IEA 2021 Net Zero scenario envisions an immediate halt on building new coal plants and a phaseout of coal-fired electricity generation by 2030 in OECD countries and 2040 in non-OECD countries, as well as no new oil and gas fields.
b. Race to Zero members must restrict the development, financing, and facilitation of new fossil fuel assets in line with appropriate scenarios (see above). **Across all scenarios, this includes no new coal projects**.
c. Guidance for phasing down and out fossil fuels must be carefully crafted to avoid perverse outcomes, such as inhibiting activities that would involve engaging with fossil fuel assets in order to accelerate their phaseout, or simply passing fossil fuel assets from one owner to another. For instance, Race to Zero does not wish to disincentivize the financing of companies or assets with fossil fuel-related activity where the purpose of that finance is to accelerate phaseout or decarbonization of related infrastructure. However, where there is no transition plan, divestment may be the only way to drive net zero alignment. Partner initiatives should explicitly state how they approach such issues.

6. Halting deforestation

a. Set commitments to achieve and maintain operations and supply chains free of deforestation by 2025 at the latest, guided by for example, the definitions and principles from the Accountability Framework initiative (AFi). Support healthy landscapes across value chains and surrounding/impacted areas, avoiding or reducing with a view to phasing out activities that lead to ecosystem degradation, including wetlands' drainage and degradation of soil and water resources.

7. **Absolute vs intensity emissions**
   a. In most cases, absolute emissions targets are necessary for ensuring real-world reductions. However, there are certain areas in which intensity-based metrics are also appropriate, such as for sectors for which absolute growth is needed to drive decarbonization (e.g. renewable energy).
   b. In addition, for finance institutions and others with "indirect" emissions, intensity targets may be helpful for tracking the process of decarbonization. For example, putting additional investment into the steel sector to finance the development of zero-carbon production technology may lead to a temporary increase in absolute financed emissions, but represents an activity that is needed to drive transformative decarbonization, which could be traced by measuring the carbon intensity of the steel sector over time. .
   c. Including both absolute and intensity targets and metrics provides the most clarity.

Leadership principles - interpretation points

8. **More ambitious targets**
   a. Going beyond net zero, entities can set targets for absolute zero or climate positive / net negative outcomes. Please refer to the Lexicon for further details.

9. **Cumulative emissions**
   a. Cumulative emissions refer to the total emissions of an actor over time. They are therefore an important component of an entity's fair share responsibility to reduce global emissions.
   b. Organisations should focus their emissions reduction efforts on hot spots, while not neglecting to address the cumulative effects of other contributions.
   c. However, there is not yet a well-defined practice for accounting of cumulative emissions and targets for reducing cumulative emissions also risk being misleading if comparing entities that have existed for different periods of time. Refer to the principles around 'fair share' when considering setting a cumulative emissions target.
   d. Entities in the Race to Zero are therefore encouraged to estimate with integrity and transparency their cumulative emissions and set targets for their neutralisation in order to achieve a global net zero state.

10. **Other gases**
    a. Entities are increasingly encouraged to address other greenhouse gases, in particular methane, to accelerate the transition to 1.5C, as per IPCC, AR6, Working Group III, SPM, pg. 22.

    b. If oil and gas entities are included, they should be required to make pledges around methane leakages, methane reductions, and emission reductions aligned with the 1.5C pathway. There is also a need to to establish a more robust baseline of emissions

11. **Pledging twin targets**
    a. As part of the starting line, entities should identify what percentage of emissions reductions will be achieved by absolute emissions reductions and what will require neutralisation via high-quality removals. Entities can go beyond this basic clarification and proactively set removals targets that go above and beyond their emissions reductions targets, and do not substitute for them. Differentiating these objectives can provide additional clarity and transparency regarding the "Pledge" criterion.
    b. In parallel to the above claims for an end state net zero, Race to Zero members are urged to compensate for emissions which they are incapable of abating in a given year, on their pathway to the end state net zero (so long as these compensations are in no way a delay of or replacement for emissions reductions efforts). Members might wish to celebrate these achievements and Race to Zero requests that they do so in line with the guidelines outlined here, for example by describing themselves as carbon neutral and on the path to achieving a state of net zero.
    c. The definition of residual emissions remains a critical ongoing area of work. As such, EPRG does not impose a single definition, but rather asks networks and initiatives to explain and justify their approach to defining emissions that are "not feasible to eliminate." In general, approaches to this question should be based in science, for example, by relying on robust scenarios generated by climate models that involve little to no overshoot. EPRG seeks to ensure consistency across networks and initiatives in this dimension.

Please refer to the Race to Zero Lexicon for further details.

12. **Protecting nature**
    a. Encourage immediate contributions to the preservation and restoration of natural sinks, not necessarily linked to compensation or neutralization claims. Ensure that any credits achieve robust outcomes for additionality, permanence, and accounting, and do not undermine social justice or harm biodiversity.
    b. Support conservation of forests, wetlands and other ecosystems in areas in which the company operates or sources materials, including by:
        i. Participating in relevant landscape and jurisdictional initiatives;
        ii. Investing in/contributing to conservation projects following high quality principles proposed by recognized organisations; and,
        iii. Supporting conservation finance mechanisms, including at landscape and jurisdictional levels.

13. **Carbon markets**
    a. To enhance climate ambition and contribute to global net-zero, companies should contribute to mitigation beyond their value-chains. Members are required to prioritise internal emissions reductions in line with global efforts to halve emissions by 2030 and reach global net zero by 2050 through deep decarbonization. In parallel - but by no means as a substitute for reducing

their own emissions - entities are encouraged to contribute beyond their value chain or territory to a global net zero state by mobilising resources towards protecting biodiversity, building resilience and removing carbon to compensate for unabated emissions on their pathway towards the end state net zero.

b. Where carbon credits are purchased (whether they are from within the value chain or beyond the value chain), they should be of high quality and should be independently verified against standards to ensure that they deliver real and quantifiable mitigation e.g., by (a) applying accurate, conservative baselines, (b) ensuring additionality, (c) including measures to fully address the risk of reversals, (d) minimising and account for leakage, (e) without double counting.
c. Companies should report transparently on the use of carbon credits, verification standards used, and the quantity and quality of gross emissions and credits retired.
d. Companies should pay a fair price for carbon credits- and enhance transparency- to account for the costs developing countries and private project developers incur in ensuring high integrity supply.
e. Companies should seek to purchase carbon credits which support the most urgent and underfinanced parts of the low carbon transition, for example, restoring peatlands, ending deforestation and conversion of other natural ecosystems, and which deliver co-benefits linked to wider Sustainable Development Goals, including biodiversity and local livelihoods (for example by ensuring that rural communities are able to engage in and benefit from carbon markets). Investments should seek to align with the NCS conservation hierarchy and IUCN guidance on NBS.
f. Where purchasing avoided deforestation carbon credits, companies are encouraged to purchase units at or nested within a jurisdictional level where supply is available. Projects can continue to take place and should be encouraged while the jurisdictional mechanisms are put in place.
g. EPRG notes the rapid development of standards in the carbon markets space, including through the Voluntary Carbon Markets Initiative and the Integrity Council on the Voluntary Carbon Markets, and looks to update this interpretation guide as specific standards that meet the Race to Zero criteria become available.

14. Setting sectoral targets

a. Members in the Race are encouraged to set, beyond their starting line pledge, specific sectoral targets relevant to the sectors they mostly work in.
b. Various reports and extensive guidance is available for specific sectoral targets, including the Champions' 2030 Breakthroughs, the Glasgow Breakthroughs, and specific sectoral reports such as the One Earth Climate Model Decarbonization Pathway or others that show at least the same level of ambition.

Plan

[Within 12 months of joining, publicly disclose a Transition Plan, City Plan, or equivalent which outlines how all other Race to Zero criteria will be met, including what actions will be taken within the next 12 months, within 2-3 years, and by 2030.]

Interpretation points

EPRG acknowledges that plans are often iterative, especially when entities first embark on their net zero transformation. Nonetheless, for transparency and to ensure a clear pathway is mapped out for actions to be taken in the next 12 months, 2-3 years and by 2030, Race to Zero requires entities to publish an official Transition Plan, City/Region Plan or equivalent carbon reduction plan, within 12 months. Ultimately, these plans should be embedded at the heart of an entity's whole strategic model, rather than a separate, climate-only plan.

1. **Transition plan content**:
    a. Transition plans should specify at least:
        i. The amount and nature of planned GHG reductions and removals, both internal (ie territorial or within the value chain) and external;
        ii. Governance arrangements around these actions, including who is responsible for deciding and implementing on the different elements of the plan, if applicable;
        iii. How the activities will be financed, if applicable;
        iv. How the proposed activities depart from Business as Usual, and how and when the plan will be updated.
    b. Entities's plans should be guided by the following headline principles, to include content around:
        i. Foundations (ambition & strategy including feasibility)
        ii. Processes (what actions are taken & how decisions are made to reduce emissions)
        iii. Policies (sectoral policy i.e. coal policy, deforestation policy etc., as well as plans for lobbying & engagement)
        iv. Metrics & targets (clear timeline, plans for measuring & monitoring progress)
        v. Accountability (clear governance structures, disclosure, performance incentives, etc.)
        vi. Engagement (clients, counter-parties, peers in the industry, policy makers, regulators, industry associations, consumers, etc.) in order to demonstrate that engagement is in line with stated objectives
    c. EPRG notes the rapid development of specific guidance on transition plans, including by regulatory bodies and by the Glasgow Financial Alliance for Net Zero, and looks to update this interpretation guide as specific guidance emerges that meets the Race to Zero criteria.

2. **City/region plans**:
    a. Climate Action Plans (for cities or states/regions) can be integrated within more general plans (e.g. strategic plan documents), or be a stand alone plan submitted by a local government.

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3. **Timelines**
    a. Members are expected to specify a base year for their emissions reduction targets.
    b. Include in your Transition Plan a timeframe within which actions will be taken (especially in the next 12 months, 2-3 years and by 2030), and outline efforts for any plans to remove carbon from the atmosphere. Update your

    plan on a regular basis, demonstrating progress made and updated ambition where relevant.
  c. Clarify whether scope coverage in target setting relates separately to interim and long term targets.
  d. Specify action to phase out non-CO2 gases (other than methane) with both 2030 and 2050 targets.
  e. Continue reviewing & updating your ambition: Review your pledge on a 5-year cycle, in line with the Paris Agreement.

4. **Impact**
   a. Articulate how your plan differs from Business As Usual, with sustained increases in non-fossil capex and/or investment in non-CO2 GHG reductions.
   b. Entities' plans should address the initiative's approach to the Race to Zero leadership practices.

5. **Internal versus external reductions and removals**
   a. In the plan, clearly specify what emissions reductions are being taken within your value chain and territory, and what additional contributions you may be making to global mitigation efforts.

6. **Supporting a just transition**
   a. Race to Zero is founded on the spirit of radical collaboration and therefore expects its members to support each other in racing to halving global emissions by 2030.
   b. In particular, financial institutions (and other corporates) are urged to invest in emerging markets and developing economies in order to mobilise flows of funding directed towards local projects to build capacity, strengthen resilience.

Proceed

[Take immediate action through all available pathways toward achieving (net) zero, consistent with delivering your interim targets. Where relevant, contribute to sectoral breakthroughs.]

<u>Interpretation points</u>
The urgency implied by the IPCC's Special Report on Global Warming of 1.5C means that we are now in a "decisive decade." Pledges and plans must therefore be matched by immediate actions. While full plans may take time to formulate and need to be iterative to adapt to necessary ambition and evolving capacity over time, all entities have available a number of "no regrets" measures to reduce emissions immediately. "Analysis paralysis" should not prevent immediate action.

1. **Urgency**
   a. EPRG interprets "immediate" to mean within months, not more than a year.
   b. In all cases, entities should explain how the immediate actions they are taking link to interim and longer term targets they are aiming for.

2. **Concrete actions**

a. EPRG does not consider issuing a plan alone to be sufficient for the "Proceed" criterion to be met.
b. Immediate actions should lead to tangible outcomes, be transformative for the most emissions-intensive part of your business, and should reflect your commitment to racing towards both your short-term and long term targets.
c. The types of specific actions required to meet the "Proceed" criterion vary by actor and sector. In general, these should be things that can be done *now* (prioritising emissions-intensive activities) that will have a direct impact on reducing emissions. Examples may include:
    i. Adopting a new policy with immediate effect.
    ii. Update management standards and standards related to products and processes to mobilise decarbonization across products and processes in the value chain.
    iii. Installing or purchasing new equipment.
    iv. Changing processes or business models.

3. **Equity**
    a. In taking action, consider that the overarching challenge is to achieve a global net zero state. Members must therefore encourage and empower others (relevant stakeholders, seek to empower those in your ecosystem to implement Race to Zero plans, including through financing, capacity building, knowledge-sharing and access to resources.

Publish

[Report publicly progress against both interim and longer-term targets, as well as the actions being taken, at least annually. Report in a standardised, open format, and via platforms that feed into the UNFCCC Global Climate Action Portal.

Interpretation points

Transparency

1. Transparently report and use credibly sourced and comparable proxies and methodologies. Moreover, any exclusion of emissions from quantitative scope 3 targets above the proposed 90% inclusion should be motivated and explained.
2. Organisations should also develop and publish measurable plans to narrow data gaps in their targets and target monitoring, expand coverage of Scope 3 emissions, and improve overall data quality over time.
3. Reporting may be done through any public channel, in a standardized and open format, ideally including those that feed into the UNFCCC's Global Climate Action Portal. This aggregator relies on partnerships with data providers like CDP, ICLEI, and others (see: https://climateaction.unfccc.int/views/about.html), but EPRG recognizes that not all types of entities yet have a ready path to reporting to this platform.
4. Reports should provide clarity both on progress toward interim targets as well as the steps entities are taking to deliver that progress.
5. Reports should disclose the trade associations an entity is affiliated to, and should highlight how an entity is aligning its policy activities with its net-zero operations.
6. Entities are encouraged to report their carbon credits and efforts beyond their value chain (or equivalent) as separate to their operational emissions reductions.

7. Encourage organisations to publicly report negative impacts related to the company that do not fall under Scopes 1-3, and to identify opportunities to drive these down.
8. Provide information on remaining emissions that are particularly challenging, and highlight the challenges faced with reducing such emissions. Provide insight into the support sought, and where relevant or possible, suggest what support would be most welcomed to overcome these obstacles.
9. "Annually" means within 12 months of joining Race to Zero, but also in line with the reporting cycle of the network initiative. So if a network or initiative has an annual disclosure cycle, entities joining Race to Zero should report in the next one that arises after they join.

Carbon credits

10. For corporates and financial institutions, report on use of carbon credits and other market instruments such as RECs, SAF certificates etc. relevant to your sector.

Claims

11. Claim targets in line with the Race to Zero lexicon, to avoid confusion between an entity's own emissions reduction progress and the progress towards a global net zero state.
12. When reporting emissions reductions achieved, clearly specify what emissions reductions have occurred within your value chain and territory, and what additional reductions you have contributed to beyond that. For the latter, specify what you have done, for example what carbon credits you have purchased.

Persuade

[Within 12 months of joining, align external policy and engagement, including membership in associations, to the goal of halving emissions by 2030 and reaching global (net) zero by 2050.]

Interpretation points

1. "Align" means ensuring that all external engagement activities (e.g. lobbying, public relations campaigns, membership in associations that engage in public policy advocacy, etc.) are consistent with the objectives outlined in Pledge for halving emissions by 2030 and reaching global net zero by 2050.
2. To align, entities will likely need to implement internal governance changes (e.g. giving explicit guidance and requirements to public affairs departments).
3. Proactively engage in supporting climate policies at the subnational (e.g., city and state climate action plans, sector specific policies, etc) and national level (NDCs, LTS, sector-specific policies) that are consistent with the other Race to Zero criteria
4. Within 12 months of joining, publicly disclose your trade association affiliations and ensure a governance mechanism is in place to provide accountability and alignment to the global across all policy and engagement actions. If your associations persist in not aligning with scientific pathways, publicly remove yourself from such a trade association.