### The 5th P (Persuade) Handbook

A Handbook for *non-state actors* to align their advocacy, policy and engagement with **net zero goals**.

### **Intro**duction

PAGE	TITLE	DESCRIPTION	LEAD AUTHOR(S)	SUPPORTING AUTHOR(S)
03	Call to action	A call to action for ambitious net zero policy and regulation.	UN Climate Change High- Level Champions	
05	Foreword	A forward from our UN Climate Change High-Level Champions, HE Razan Al Mubarak and Dr. Mahmoud Mohieldin.	UN Climate Change High-Level Champions	
07	Executive Summary	A Handbook to support Race to Zero Partners and members to implement the 5th P (Persuade)	Race to Zero	

### Why Persuade?

11	Benefits of the 5th P - Persuade	Role and benefits of non-state actors in aligning advocacy, policy and engagement with net zero goals and activating the ambition loop.	Race to Zero (Tessa Vincent)	AAA Network
13	Race to Zero	Overview of how engaging in Race to Zero demonstrates leadership on 5th P action	Race to Zero (Tessa Vincent)	Race to Zero (Tessa Ferry)

### How can you persuade?

	Terr carry ou persuade.			
19	Guidance and Frameworks	Background on evolution of the 5th P. Brief reference to Pivot Point & regulation aims of the campaign.	Race to Zero (Tessa Vincent)	British Standards Institution (Emily Faint)
21	Disclosure	Guidance on how to disclose on the 5th P	Influence Map (Will Aitcheson)	CDP (Arminel Lovell & Laura Parry & Amir Sokolowski)
23	Business Persuasion	The role of business in persuasion, with case studies and resources - in particular the RPE framework.	We Mean Business Coalition (Dominic Gogol)	SME Climate Hub (Johan Falk)
27	Finance Persuasion	The role of finance in persuasion, with case studies and resources.	Aviva (Tom Tayler)	Ceres (Kirsten Spalding)

**How** can you persuade?

PAGE	TITLE	DESCRIPTION	LEAD AUTHOR(S)	SUPPORTING AUTHOR(S)
31	Cities, States & Regions	The role of cities, states and regions in persuasion, with case studies and resources.	CDP (Arminel Lovell & Laura Parry) & Under2 Coalition Urszula Kasperek	EPRG & Stockholm Environment Institute (Derik Broekhoff) & R2Z (Tessa Ferry)
35	Health Persuasion	The role of health in persuasion, with case studies and resources. framework.	Health Care Without Harm (Josh Karliner)	
37	Education Persuasion	The role of education in persuasion, with case studies and resources.	Race to Zero Universities and Colleges (Fiona Goodwin)	
40	Net Zero Service Providers	How professional services can be mobilised to support climate action and net zero goals.	Oxford Net Zero (Alexis McGivern)	Net Zero Lawyers Alliance (Georgina Beasley)

### What policy asks/engagement actions should be made?

		3 3		
45	Policy	Carbon taxes, removal of harmful subsidies and strengthened NDCs.	Race to Zero (Tessa Vincent)	Race to Zero (Tessa Ferry)
47	Road to Regulation	Movement from voluntary action to regulation & a Taskforce for Net Zero Regulation, and pillars of net zero regulation.	EPRG & Oxford University (Professor Tom Hale)	Oxford Net Zero (Lucilla Dias and Kaya Axelsson)
51	Breakthroughs	Overview of 2030 breakthroughs and Marrakech Partnership Climate Action Pathways.	Race to Zero (Tessa Vincent)	Climate Champions (Emmanuelle Pinault)
53	Built Environment	Overview of sector, with policy asks and case studies.	Climate Champions (Will Wild)	Climate Champions (Nadine Abu-Odeh)
55	Energy	Overview of sector, with policy asks and case studies.	Climate Champions (Luciano Caratori)	CISL (Katherine Quinn)
58	Industry  ICT & mobile  Cement & concrete	Overview of sector, with policy asks and case studies.	Climate Champions (Catherine McFarlane & Harald Friedl & Steven Moore)	Tech Zero (Sophia Kesteven) & GCCA (Claude Lorea)
61	Nature  Land-use  Ocean Food systems	Overview of sector, with policy asks and case studies.	Climate Champions (Nady Mahmoud & Ignace Beguin)	Climate Champions (Irene Suarez & Puninda Thind)
65	Transport  Land  Maritime  Aviation	Overview of sector with policy asks and case studies.	Climate Champions (Mohamed Hegazy, Katharine Palmer & Jane Eisenhardt)	
69	Associations	How to activate trade associations to align with net zero goals.	Climate Action for Associations (Alison Heppenstall & Mehak Sudan)	InfluenceMap (Will Aitchison)
73	Employees	Why persuading employees to adopt sustainable behaviours is a key part of delivering net zero.	Giki (Jo Hand & Richard Campbell)	
77	Events	Running sustainable events and moving into positive standards to achieve net zero.	Positive Impact Events (Fiona Pelham)	UK Centre for Events Leeds Beckett University (Dr James Musgrave)
79	CSOs	The importance of non-state actors aligning with CSO activity.	WWF & ACA (Luli Pesqueira)	Climate Champions (Lina Dabbagh)

CONTENTS CONTENTS CONTENTS CONTENTS

Delivering the just transition to a global resilient net-zero world needs the creation of a supportive and aligned policy and regulatory environment.

Actively supporting and calling for ambitious resilient net zero policies and regulation that takes into consideration the need for a just transition, and different national circumstances, shows a serious commitment to tackling climate change.

Non-state actors can *lead the way*.

### **JOIN THE RACE TO ZERO**

The UN Climate Change High Level Champions call on all non-state actors to:



This 'Call to Action' builds off the HLEG recommendations, AAA Framework and RPE Framework and is supported by:

(if not already in) and follow the 5 Ps framework: Pledge, Plan, Proceed, Publish and Persuade. Race to Zero Partners are listed here.

















You can support too, by adding your logo here

### ALIGNI YOUR ADVOCACY, POLICY A



Commit to align your governance, advocacy, engagement and policies with a just transition to net zero, particularly through climate transition plans;



horizontally (e.g business to business) and vertically (e.g. investor to government; city, state or region to national government) for external net zero policies and regulation:



your associations (trade or other) to net zero advocacy, by influencing association activities or changing membership as a last resort:



ALLOCATE SPENDING

to advance (not obstruct) net zero policies and engagement;



Disclose at least annually how you are aligning your advocacy, policy and engagement with net zero goals, in the context of just transition; and



DEVELOP POLICIES

including principles of a just transition, that enable & incentivise other non-state actors to take climate action (e.g. subnational powers).









**Dr. Mahmoud Mohieldin,** UN Climate Change High-Level Champion from the COP27 Presidency

Race to Zero's Partners and 11,000+ members have strengthened norms on net zero and have demonstrated leadership through implementing pledges & accelerating action — all of which is already driving emissions reductions in the real economy.

However, delivering a just and inclusive global transition to a resilient net zero society also requires a supportive policy and regulatory environment. All non-state actors and governments have a critical role to play to activate ambitious climate policy that will limit warming to 1.5°C. We all win or lose this race, together.

In particular, non-state actors have an important role to align their advocacy activities with net zero goals, in the context of just transition, and to call on governments for ambitious net zero policy and regulation through what's widely become known as the 'Ambition Loop'.

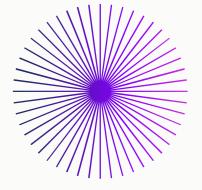
Many non-state actors are leading the way on net zero advocacy, making a tangible difference in persuading stakeholders and governments to achieve the goals of the Paris Agreement.

These leaders are committing their internal governance and policies to align with net zero goals and issuing ambitious climate transition plans. Leading businesses and financial institutions are making their voices heard through participating in positive climate campaigns, or influencing net zero aligned regulation. Leading cities, states and regions are using their jurisdictional powers to create ambitious net zero policy and incorporating principles of a just transition.

Non-state leaders are aligning their associations, such as trade or membership groups, with net zero goals and allocating their spending to advance net zero policy. They are also transparently disclosing progress on net zero advocacy at least annually through, for example, issuing position statements on their advocacy activities or at least disclosing association affiliations.

In support of the progress made by many Race to Zero Partners and members, the campaign last year introduced its 5th P (Persuade) to align the policy and advocacy work of non-state actors with their net zero pledges, plans, proceedings and publications. With this Handbook, we aim to go one step further in supporting Partners and members to implement 'persuasion'.

For those Race to Zero Partners and members who are starting or developing this complex process, we hope you find this publication useful. Most importantly, we hope you join us in our **call to action** to mobilise non-state actors to support ambitious net zero policy and regulation, in the context of just transition and in light of different national circumstances..



FOREWORD FOREWORD OF

Race to Zero sets out criteria that members should work towards in order to deliver the collective goal of halving global emissions by 2030, and reaching net zero by 2050 at the latest. In June 2022, the 5th criterion - 'Persuade' - was added, following an extensive and wide ranging consultation with experts and Race to Zero Partners.

The 5th P was added in recognition of the fact that voluntary action alone is not sufficient to keep global warming to less than 1.5C. The creation of a supportive and climate aligned regulatory and policy environment is critical to enable all actors to achieve net zero, in the context of just transition and in the light of different national circumstances.

One year after the 5th P was introduced, this Handbook provides a resource to support Partners, and members, to integrate the 5th P into their plans, frameworks, and activities. The purpose of the Handbook is to consolidate existing critical resources on net zero advocacy, policy, and engagement and to summarise best practice. The Handbook also aims to recognise leadership and 'pockets of the future in the present', by showcasing case studies from Race to Zero members on the action they are taking to align with the 5th P. We hope you can learn from these leadership examples.

The Handbook is split into three key sections.

At the starting line, Race to Zero requires all actors, within 12 months of joining, to: "align external policy and engagement, including membership in associations, to the goal of halving global emissions by 2030 and reaching global (net) zero by 2050". Race to Zero also encourages leadership in terms of activating the ambition loop and advocating for appropriate regulation.



### A. WHY

A 10-point case is made for net zero aligned advocacy, policy and engagement. Benefits include helping to achieve an organisation's climate goals, reducing risk and costs, meeting civil society and/ or consumer demands, unlocking finance, avoiding reputational damage, engaging employees, creating a level playing field, helping to shape the regulatory track, and ensuring representative organisations are acting responsibly. Overall, actively supporting ambitious net zero policies shows a non-state actors' serious commitment to tackling climate change.

### B. HOW

We highlight key recommendations and resources, such as the HLEG recommendations Race to Zero's criteria the ISO Net Zero Guidelines, RPE Framework, Global Standard on Responsible Climate Lobbying, AAA Framework for Climate Policy Leadership - all of which support non-state actors in aligning their advocacy, policy and engagement with net zero goals. Having engaged with our Race to Zero community, we point to specific resources developed by leading organisations, relevant to the contexts of different actors in the Race.

We also heard from our Partners, and some members, that clear guidance on who to disclose to on the 5th P, and how, would be useful. The chapter on 'Disclosure', shaped by Influence Map and CDP, provides suggestions to Partners and members on what information they could consider disclosing as a member of the Race to Zero. This section also recognises that different actor types have different disclosure capacities in relation to the 5th P.

### C. WHAT

In the final section of the Handbook, we provide insight into the 'Policy Asks', including on net zero regulation and breakthrough policies, that might help to achieve net zero by 2050. We also explore 'Engagement Actions', including with associations, employees, events and civil society.

Overall, this Handbook is a collective effort from contributors around the world. While we point to the different strengths and capacities of non-state actors to engage in **advocacy** and **policy**, we also recognise the commonality of all actors to **engage** their stakeholders - civil society, citizens, employees, shareholders, supply chains and more - on the need to halve emissions by 2030 and achieve net zero by 2050 at the latest. Coordinated action on climate policy can ensure that we have the right rules in place to meet climate goals - and bring everyone along.

O7 EXECUTIVE SUMMARY EXECUTIVE SUMMARY

### SECTION A



In this section we explore the benefits of adopting the 5th P 'Persuade' and provide an overview of those in the Race to Zero who are *leading the way*.

### 1. Benefits of the 5th P 'Persuade'

Actively supporting and calling for ambitious net zero policies shows a serious commitment to tackling climate change. Drawing from existing resources, we share 10 reasons why non-state actors should engage in net zero advocacy, policy and engagement.

We thank the AAA Network, for inspiring many of these reasons.

### Benefits of a climate friendly positive environment

- 1. Achieving your organisation's climate goals. Success in meeting the climate goals of your organisation will depend on policy that supports, rather than hinders, a low-carbon economy.
- 2. Getting ahead of the regulatory track (and helping to shape it). A climate public policy response is inevitable and non-state actors can play a critical role in shaping it, and developing best practices that can be adopted by national governments.
- **3.** Creating a level playing field. Comprehensive climate policy that takes into consideration different national circumstances, in particular in least developing countries, ensures that all actors are playing by the same rules, and that there is no unfair advantage in not taking action.
- **4. Reducing costs.** The longer we delay with net zero aligned policy, the more drastic and expensive the inevitable policy response will be.
- **5. Reducing risk.** Climate policy is essential for mitigating climate-related risks to your organisation and ecosystem.

### Benefits for your organisation in engaging in climate advocacy

- **6. Avoiding criticism, reputational damage or bad press.** Pressure is growing, from the media and from civil society organisations, against those who are undertaking negative climate lobbying.
- 7. Engaging with civil society. Civil society is calling out for change. A significant majority (71%) believe companies should support and push governments to act decisively on climate change.
- **8. Unlocking finance.** Climate policy alignment is increasingly important for unlocking finance and meeting climate aligned investor pressure.
- **9. Engaging your employees.** As the chapter from Accelerator **Giki** demonstrates, employees want to learn, and be part of organisations who are cutting emissions.
- 10. Ensuring representative organisations are acting responsibly. The chapter by Climate Action for Associations and Influence Map illustrates how non-state actors can amplify their voice even further, through influencing their associations to align with net zero.

BENEFITS OF THE 5TH P - PERSUADE

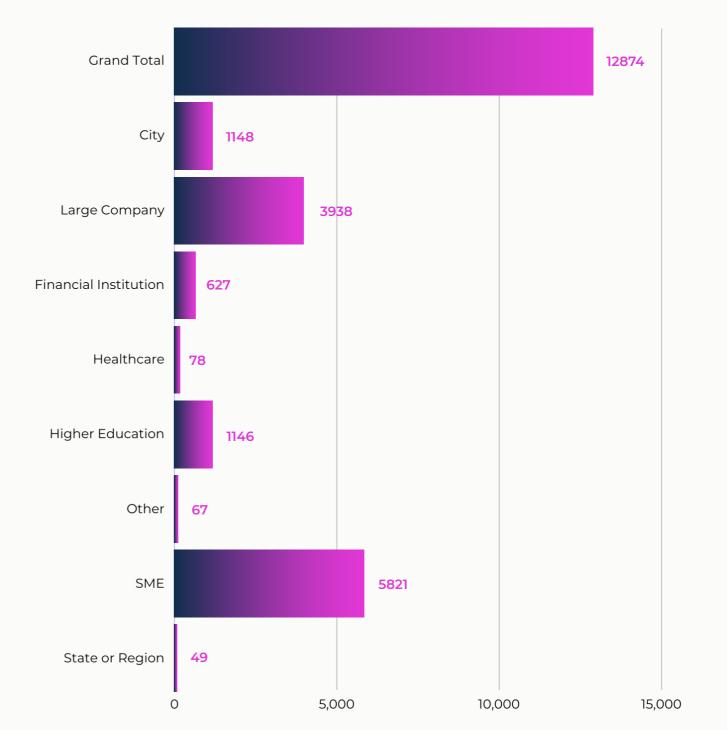
BENEFITS OF THE 5TH P - PERSUADE

BENEFITS OF THE 5TH P - PERSUADE

emissions by 2030 and achieving net zero by 2050 at the latest. With over 11,000 actors in the Race, we view this community as leaders on non-state action across the 5Ps: Pledge, Plan, Persuade, Proceed, Publish and Persuade. You can see below how to engage in the Race to Zero. To find out more information you can view our website here.

Race to Zero is the largest campaign for non-state actors to contribute to halving

# RACE TO ZERO



RACE TO ZERO

# HOW TO JOIN RACE TO ZERO













Net Zero Financial Service Providers Exchange Group





FINANCIAL

National Parks

ALIGN POLICY AND ENGAGEMENT INCLUDING MEMBERSHIP & **ASSOCIATIONS** TO NET ZERO GDALS

PERSUADE

REPORT PUBLICLY ON YOUR TARGETS AND ACTIONS FEEDING INTO THE UNFCCC GLOBAL CLIMATE AUTION PORTAL

PUBLISH

TAKE ACTION TO ACHIEVE NET ZERO CONSISTENT WITH YOUR TARGETS AND CONTRIBUTING TO SECTOR BREAKTHROUGHS



PUBLICLY DISCLOSE A TRANSITION PLAN INCLUDING ACTIONS BY & 2030

Paris Aligned Asset Owners

Net Zero Banking Alliance

Net Zero Insurance Alliance

**Net Zero Investment Consultants** 



IMPLEMENT NET ZERO

PLEDGE TO REACH NET ZERO NO LATER THAN 2050 CONTRIBUTE TO HALVING EMISSIONS

PLEDGE

BY 2030

SUPPORT 2030 BREAKTHROUGHS

100% OF PROJECTS COMPLETED IN 2030 OR AFTER ARE NET ZERO CARBON IN OPERATION WITH >40% REDUCTION IN EMBODIED CARBON

TO MAKE ZERO-EMISSION VEHICLES ACCESSIBLE, AFFORDABLE & SUSTANABLE IN ALL REGIONS.

ZERO EMISSIONS FUELS 5% OF INTER-NATIONAL SHIPPING & 15% OF DOMESTIC SHIPPING FUELS BY 2030

SUSTAINABLE AVIATION FUEL (SAF) TO MAKE UP 13-15% OF FUELS BY 2030

MORE THAN IDGT CO2e MITIGATED PER YEAR THROUGH NATURE BASED SOLUTIONS BY 2030 INCLUDING THE PROTECTION MORE ON R22 (45MHa) SUSTAINABLE MANAGEMENT (2BHa) AND RESTORATION (350MHa) OF LAND DEMAND SIDE FOOD

SYSTEM ACTION

HLEG

### SECTION B



This section outlines how non-state actors can consider implementing the 5th P (Persuade).

First, we draw together key guidance and frameworks that support the 5th P. Next, we explore how each actor in the Race - from businesses, to investors, cities, states and regions, to hospitals and universities - can adopt the 5th P.

### 1. Guidance and Frameworks

Last year in June 2022, a new criterion was added to the Race to Zero criteria – **the 5th P ('Persuade')** to acknowledge the role of non-state actors in policy and engagement.

At the starting line, Race to Zero requires all actors to: "align external policy and engagement, including membership in associations, to the goal of halving global emissions by 2030 and reaching global (net) zero by 2050".\* Race to Zero also encourages leadership in terms of activating the ambition loop and advocating for appropriate regulation.

Beyond Race to Zero's criteria, there are many resources encouraging net zero aligned policy and engagement. You can see those listed on the next page:



### Guidance Description At COP27, the United Nations High Level Expert Group on Net **HLEG recommendations** Zero Emissions Commitments of Non-State Entities released their important report Integrity Matters. Their chapter 'Aligning Lobbying and Advocacy' reflects Race to Zero criteria but arguably takes us further by noting that alignment of external policy and engagement efforts "means INTEGRITY MATTERS: NET ZERO COMMITMENTS lobbying for positive climate action and not lobbying against it". BY BUSINESSES, FINANCIAL INSTITUTIONS, The High-Level Expert Group's 'Accelerate the Road to Regulation' **CITIES AND REGIONS** chapter recommends establishing a Task Force on Net Zero Regulation. **RPE Framework** Launched by We Mean Business Coalition, in alignment with Race to Zero's 5th P, the RPE Framework helps companies match their climate advocacy to their climate ambition. This will raise standards, improve alignment and ultimately increase the number of companies advocating responsibly to policy makers. The International Standards Organisation (ISO) Net Zero **ISO Net Zero Guidelines** Guidelines, also launched at COP 27, embeds the need for proactive engagement, policy and advocacy that enables climate action. The Guidelines were developed in a consensus-led International Workshop Agreement process in the international standards system by convening more than 1200 organizations and experts from over 100 countries providing critical guidance to national standard setter organisations on how to integrate Net Zero Guidelines credible net zero action, in a competition law compliant manner. The Global Standard on Responsible Climate Lobbying was a Global Standard on step-change for investors and companies in responsible climate Responsible Climate lobbying. It is a helpful resource to facilitate good governance Lobbying and assessment of corporate lobbying alignment with the Paris Agreement. Where there is misalignment, corrective action should be taken. To develop support for net zero standards, policy and regulation, **Pivot Point Report** Race to Zero last year released The Pivot Point Report, which The \* called for the groundswell of voluntary climate action to become ground-rules for the economy. The report, like this 5th **Point** P Handbook, was the result of radical collaboration and includes many contributions on what 'good' net zero regulation looks like. The AAA Framework for Climate Policy Leadership is a helpful AAA Framework framework for corporate non-state actors to adopt - and has for Climate Policy informed our corresponding 'Call to Action'. **Leadership** · Advocate for policies consistent with achieving net zero emissions by 2050; · Align your trade associations' climate policy advocacy with the goal of net zero emissions by 2050; and Allocate advocacy spending to advance climate policies, not obstruct them.

GUIDANCE AND FRAMEWORKS GUIDANCE AND FRAMEWORKS

Race to Zero EPRG Interpretation guide

<sup>&</sup>quot;Align" means consistency with the organisation's short-term target and long-term pledge. 
"Policy" activities might include lobbying to government and public relations campaigns. 
"Engagement" might include membership in associations and events.

### 2. Disclosure

### INFLUENCE MAP (WILL AITCHISON) AND CDP (ARMINEL LOVELL, LAURA PARRY & AMIR SOKOLOWSKI)

Although the above frameworks all consider what non-state actors should disclose when it comes to enacting the 5th P, we heard from Race to Zero Partners and members in consultation for this Handbook that suggestions are needed on (a) how Partners could encourage members to disclose and (b) how members in the Race might disclose. With support from Influence Map and CDP, we are sharing initial recommendations on how to structure disclosure of information in relation to policy and advocacy activities. These recommendations can support Partners to consider how best to implement the 5th Pin line with their own governance arrangements.



21 DISCLOSURI

### **FOR PARTNERS**

- Publish a commitment statement in line with the 5th P, covering aspects of our Race to Zero criteria and call to action.
- Encourage members to report through CDP, Second Nature or SME Climate Hub, and ensure your reporting tools reflect the guidance below and the 4th P (Publish) of the Race to Zero.
- Audit the alignment assessments of associations, for companies and investors with >250 employees.

### FOR MEMBERS

1. Issue a commitment statement in line with the 5th P, covering aspects of our Race to Zero criteria and call to action.

### 2. Explain how you are aligning your advocacy with net zero goals:

- Disclose governance processes to align advocacy, policy and engagement with net zero goals, including board, senior management or senior government level responsibility.
- Annually disclose all your positions and engagement activities on specific climate policies, including a review of the net zero alignment of this activity.
- · Annually disclose association affiliations and collaborative climate frameworks.
  - For companies and investors with >250 employees, disclose a complete and accurate account of the positions and engagement activities of industry associations on specific climate policies, including a review of the 1.5C alignment of this activity, as part of wider annual lobbying disclosure.
  - **a.** Review the **30 most influential cross-sector industry associations** engaged on climate policy globally, as identified by InfluenceMap, if memberships are retained to these groups. For companies and investors operating in key sectors (see 'Associations' in this Handbook,
  - **b.** p.25), additionally review **all 30 associations** assessed by InfluenceMap in their sector, if memberships are retained to these groups.
- Disclose annual climate advocacy spending, including on advertising and public relations, both directly and to third parties.
- For cities and states and regions, annually disclose how you are proactively supporting climate policies at the subnational and national level consistent with net zero, through one of the official Race to Zero reporting platforms (for cities: CDP-ICLEI Track, GCoM's My Covenant and for states and regions: CDP States and Regions guestionnaire).

### $ightarrow \,$ DO YOU WANT TO LEAD THE RACE?

Race to Zero encourages leadership where possible. As such you may want to consider:

- · Share with Race to Zero your leadership case study on the 5th P;\*
- Explain in transition plans and annual disclosures specific policies and regulations that are needed to cut emissions in line with a 1.5C scenario (HLEG recommendations, p. 25);
- Ensure reviews of associations disclose escalation steps conducted to change positions of misaligned industry associations; (Race to Zero EPRG Interpretation Guide):
- For companies and investors with >250 employees, disclose and review the climate policy positions and 1.5C alignment of all industry associations where memberships are retained, including those not yet assessed by InfluenceMap.

### RESOURCES

- CDP Corporate Climate Change Questionnaire
- CDP States and Regions Questionnaire
- CDP-ICLEI Track Cities Questionnaire
- InfluenceMap's Best Practice Briefing and detailed methodology
- Global Standard on Responsible Climate Lobbying

DISCLOSURE

<sup>\*</sup> A significant amount of advocacy information, such as best practices, training and case studies, can be shared without risk of any competition law concerns (Competition & Markets Authority)

### 3. Business Persuasion

WE MEAN BUSINESS COALITION (DOMINIC GOGOL) & SME CLIMATE HUB (JOHAN FALK)



### **3.1 THE ROLE OF BUSINESS IN PERSUASION**

Corporate advocacy is essential to bring about science-based climate policy that unlocks investment and delivers action at scale in order to accelerate the shift in demand and supply from fossil fuels towards climate solutions. Corporate climate leaders should use their powerful voices, activities and associations to call for ambitious actions by governments.

We have seen time and again the power of companies' collective voice to provide a platform of support for governments to set ambitious climate policies. Notable examples include the **letter** signed by 408 companies calling on the U.S. to set a stronger NDC; or more recently, at COP27, over 100 businesses signing a **statement** calling on governments to prioritise actions consistent with the Paris Agreement, and more organisations committing to the **WeCanDolt campaign**.

However, this positive story is only one side of the coin. Special interest groups continue to undermine climate policy and implementation. What can be done to correct such misalignment?

### **3.2 HOW BUSINESSES CAN ADOPT THE 5TH P**

The enormous uptake of voluntary climate action commitments through the UN Race to Zero is one of the great successes since the Paris Climate Agreement. The number of companies setting science-based targets through the Science Based Targets initiative (SBTi) is approaching 5,000, and more than 6,000 smaller businesses have made similar commitments through the SME Climate Hub.

Yet when it comes to advocacy, there is a major gap between corporate climate ambition and companies practising responsible policy engagement (RPE). In November 2022 Ceres published an analysis of climate-related lobbying showing that although half of S&P 100 companies in the U.S. have science-based targets, yet only 19% publicly supported the Inflation Reduction Act. That is the gap we need to close between corporate climate targets and corporate climate advocacy.

At COP27, the We Mean Business Coalition launched a taskforce bringing together partners, including Race to Zero, and other experts to create a global framework and repository of existing Responsible Policy Engagement (RPE) standards and tools. The RPE Taskforce has collected, analysed, and mapped existing standards, tools and guidance through the year. **The final framework** includes 31 tools and builds off the work of 40 organisations, initiatives, companies and universities. You can read more about these tools **here**.

By developing this framework, We Mean Business hope this framework will raise standards, improve alignment, and ultimately increase the number of companies advocating responsibly for policies that will enable business and economies to align with the 1.5°C pathway and deliver a net zero economy by mid-century. We need every company to use its voice and engage responsibly to help – not hinder – ambitious climate policy.

BUSINESS PERSUASION
BUSINESS PERSUASION
BUSINESS PERSUASION
24



### 3.3 CASE STUDIES

### H&M Group

**H&M Group**, SBTi partner and Fashion Charter for Climate Action signatory, engages with policymakers and trade associations to drive positive environmental change, advocating for policy reforms such as renewable electricity generation and transparent energy certificate systems to support industry-wide impact.



Microsoft, partner of SBTi and Exponential Roadmap Initiative, is working with stakeholders to integrate justice into their climate advocacy agenda, supporting an equitable climate transition through a dual commitment to net zero and climate justice.



**CEOs of 55 African businesses** issued a **climate action statement**, calling on global actors to secure Africa's climate sustainability and reinforcing their own commitment to climate action within the industry, with the support of the UN Global Compact.

# Taking ambition to the next level

The Business Pledge for Just Transition

27 major businesses, including Race to Zero members and SBTi partners Acciona, Enel, Engie, Iberdrola, Ørsted, and Sodexo Iberia, have joined the Business Pledge for Just Transition and Decent Green Jobs, coordinated by the B Team, signalling their commitment to build decent green jobs in every country of operation and supporting a just transition.



Hostelería #PorElClima works in cities across Spain including Barcelona, Zaragoza, Valencia, Vitoria and Madrid to help decarbonize the hospitality industry. This is done in collaboration with hospitality associations, public institutions, Mayor's offices and project partner Coca-Cola Spain who offers both finance and technical support. Cities carry out an emissions analysis of their hospitality establishments which are then shared with public institutions to align the actions with the city's climate policies and emission reduction activities at hospitality establishments.



**Unilever,** partner of SBTi and Exponential Roadmap Initiative, ensures that their direct and indirect lobbying aligns with their 1.5°C ambition, supporting policies that accelerate change towards a low-carbon economy, while also championing the importance of aligning indirect climate lobbying through trade associations.



Race to Zero Accelerator and Pledge to Net Zero signatory, Aldersgate Group, wrote a private letter to UK Government ahead of the Spring Statement with 30 business signatories, calling for increasing the scope of mandatory transition plans to include large, private companies. The intervention was welcomed by the Government and in the 2023 Green Finance Strategy, the UK Government committed to consulting on the introduction of disclosure requirements for the UK's largest companies' transition plans, if they have them.



Paris-based small business and SME Climate Hub signatory **Vianova** supports low-carbon mobility solutions to gradually remove the use of cars in cities and enables governments and companies to turn complex data into mobility intelligence to make global transport safer, greener and more efficient.

### 4. Finance Persuasion:

AVIVA (TOM TAYLER) & CERES (KIRSTEN SPALDING)

### 4.1 THE ROLE OF FINANCE IN PERSUASION

Finance has a vested interest in an orderly and just transition to net zero. Achieving the goals of the Paris Agreement, Kunming-Montreal Framework, and SDGs will mitigate risks that threaten long-term economic growth, financial stability, and market integrity.

Financial institutions can turbo-charge the transition. They lend to, underwrite the risks of, and invest capital in the whole economy, from governments to small businesses. Through their stewardship and engagement, they can encourage transition and ambition. But there are limits to what downstream engagement can achieve in the face of market failures that mean cashflows and valuations do not reflect the true cost of activity that is undermining our ability to achieve global goals and when systemic risks are not properly understood, integrated, or accounted for. Policy interventions are needed to correct market failures and manage systemic risks.



CONTINUED...

Finance therefore needs to also engage in persuasion to advocate for the enabling conditions to support achievement of their net zero and sustainability ambitions. Foremost among these are measures to internalise the costs of emitting greenhouse gases onto corporate balance sheets such as carbon taxes, emissions trading schemes, and phasing out fossil fuel subsidies. But policy measures aligned with a just and nature positive transition to net zero will be needed across sectors and issues and will include fiscal measures, incentives, disclosures and transition plans, consumer education, and a supportive regulatory and supervisory architecture. The policy dependency at the heart of every net zero pledge invokes a responsibility on financial institutions to use their huge influence to urge governments and regulators to create and implement policy environmental and regulatory systems that are catalysts for, as opposed to barriers opposing, a successful transition.

### 4.2 HOW FINANCE CAN ADOPT THE 5TH P

We identify helpful tools that provide specific guidance for financial institutions to align their advocacy and engagement with net zero goals.

Guidance	Description
Converging on Climate Lobbying (PRI, UNEP FI, UN Global Compact)	This document serves as a guide for investors when engaging with investee companies on climate policy lobbying. It explains why investors should engage on this topic, suggests questions to ask investee companies and provides examples of corporate practice and PRI signatory case studies that showcase investor action (see Appendix B).
Investor Expectations on Corporate Climate Lobbying (IIGCC & PRI)	Developed by the PRI with IIGCC and members of the PRI's collaborative engagement on corporate climate lobbying practices, this statement on policy engagement has been signed by 74 investors with more than US\$4.5 trillion in assets under management. It stipulates that as signatory investors.
Net Zero Investment Framework - p 22 (Paris Aligned Investment Initiative - IIGCC, Ceres, Asia Investment Group on Climate Change and Investor Group on Climate Change)	<ul> <li>This section of the framework provides guidance on policy advocacy and market engagement. In particular:</li> <li>Investors should ensure that direct and collective policy advocacy supports policy and regulation relevant for achieving global net zero emissions by 2050 or sooner.</li> <li>Collectively or directly engage with policymakers and regulators on [topics such as carbon pricing]</li> <li>This advocacy may be delivered through activities such as meetings, letters, responding to consultations, and media activity, as well as ensuring trade association advocacy is consistent with net zero goals [with more detail provided].</li> </ul>
The Investor Agenda - Policy Advocacy (The Partners)	This web-page, and associated materials presents the actions investors can take in the focus area of 'Policy Advocacy' within the Investor Climate Action Plans (ICAPs) Guidance.

FINANCE PERSUASION FINANCE PERSUASION 28



### 4.3 CASE STUDIES



Aviva Investors, Net Zero Asset Managers (NZAM) member, is advocating for reforms needed to match the scale of the climate challenge. Their Act Now – A Climate Emergency Roadmap for the International Financial Architecture outlines clear policy asks for each of the institutions within the IFA, going beyond the Bretton Woods institutions to include the crucial regulation and supervision of global finance whilst underscoring risks to the integrity and stability of the financial system posed by the long-term physical impacts the current three-degrees-plus trajectory would produce by the end of the century.



Through Influence Map Insights, a small number of financial institutions, most notably Aviva, Legal & General, AXA and Nordea, are bucking industry trends and engaging on sustainable finance policy with mostly ambitious positions. InfluenceMap also maintains the world's leading database assessing corporate climate policy engagement (LobbyMap), covering over 400 companies and 200 industry associations globally. This database feeds data and analysis to the Climate Action 100+ (CA100+) initiative. This recent AP7 climate lobbying review is also among one of the first from the financial sector.

### RAILPEN

Railpen, member of Paris Aligned Asset Owners, responded to public policy consultations in July 2022 on climate-related disclosures on risks, opportunities and transition planning, including from the UK Transition Plan Taskforce, the Glasgow Financial Alliance on Net Zero (GFANZ) and the International Sustainability Standards Board (ISSB) with a view to enhance and standardise the form and substance of climate considerations in corporate and financial disclosures.



NZ Super Fund has worked closely with the Treasury and the other Crown Financial Institutions (CFIs) to develop the Crown Responsible Investment Framework that was announced by the Minister of Finance in late 2021. This Framework includes a commitment to reporting against common carbon metrics. NZ Super Fund has reported on progress against their own commitments in detail through its 2022 Climate Change Report and has signed the 2022 Global Investor Statement to Governments on the Climate Crisis.



Signed by 603 investors globally, including and with \$41 trillion USD in AUM, the Global Investor Statement to Governments on the Climate Crisis advocates for governments to enact ambitious policies that would leverage the private capital required to effectively address climate change, containing the most ambitious policy recommendations from investors to date and calling for enhanced NDC's, effective implementation of the Methane Pledge, strengthened climate disclosure frameworks and increased climate financing - especially to developing countries.

# Freedom to Invest

Freedom to Invest, a statement coordinated by Ceres and We Mean Business Coalition and released in March 2023 at Ceres Global, hundreds of investors and companies are reminding policymakers that they must be free to consider all material financial risks and opportunities, including those related to the climate crisis, to plan for the long-term and build a stronger, more resilient economy.

### 5. Cities, States & Regions Persuasion

CITIES RACE TO ZERO (ARMINEL LOVELL), UNDER2 COALITION (URSZULA KASPEREK) AND RACE TO ZERO'S EXPERT PEER REVIEW GROUP (DERIK BROEKHOFF)



### **5.1 THE ROLE OF CITIES AND REGIONS IN PERSUASION**

Cities, states and regions are powerful entities for persuasion. They can both influence decision-making at the national government level, but also have sovereign powers themselves. While Race to Zero's starting line criteria focuses on "external" policy and engagement, we heard from cities, states and regions' representatives that they are also policy makers and can create the enabling conditions to incentivise and drive action by non-state actors within their jurisdictions.

Collaboration with national governments and non-state actors is critical for cities, states and regions to reach their net zero goals. **Analysis** from CDP shows that more than one in four cities report that their city-wide emissions reduction target is conditional on the success of a component of policy outside of their control. Similar **analysis** from the Coalition for Urban Transitions suggests that roughly one third of urban mitigation potential is directly within the control of local governments; one third depends primarily on national and state-level action; and another third will require collaborative approaches at all levels of government.

Cities, states and regions are starting to use their influence to address emissions outside of their direct control; three in four cities and nearly two in three states and regions are collaborating with business, or intend to do so within the next two years, on energy, finance, building and transport-related climate actions. However, cities, states and regions need to expand their persuasive influence further and faster to deliver tangible climate action.

### 5.2 HOW TO ALIGN POLICY & ENGAGEMENT WITH NET ZERO GOALS AS A CITY

Much of this is derived from C40's 'Powering inclusive Climate Action in Cities' publication.

To realise plans for equitable climate action most effectively, cities should use the full range of powers at their disposal.

### Most cities wield important executive powers. These include:

- Setting the city's overall vision and strategy, budget and staffing, which can be used to drive effective climate action.
- · In turn, influencing the agendas and commitments of other actors;
- Enhancing cross-departmental collaboration, and creating new institutional mechanisms for greater coordination and oversight.

### Soft powers are also critical. These include:

· Convening, coalition building, political actions and leveraging the mayor (or equivalent leadership) profile to deliver inclusive climate action.

### Engagement with national governments is also a critical method for 'persuasion' and includes a broader policy dialogue. In particular:

- · Cities should advocate for a seat at the table and control over key policy areas and budgets to deliver solutions closer to where people live and work;
- In some cases, it can be more impactful for national governments to take more urgent action and create an enabling policy environment for local level implementation;
- · Cities should **advocate** for targeted national policies and enabling approaches that enhance the capacities of local government and increase city finance and investment.

### Finance policy engagement is also key to achieve net zero city commitments:

- · Cities access funding for climate action in different ways. For example, some cities have integrated the climate emergency in their budget while others access innovative finance opportunities to enhance cities' climate action.
- Financing climate action to reach net zero for cities should be aligned with other aspects of citizen livelihood and inclusively engage groups such as women and youth.

CITIES STATES & REGIONS PERSUASION CITIES STATES & REGIONS PERSUASION

# 5.3 HOW TO ALIGN POLICY & ENGAGEMENT WITH NET ZERO GOALS AS A STATE OR REGION

More than 75% of the world's countries have subnational regional governments - and countries that have regional governments are responsible for over 90% of all greenhouse gas emissions. Subnational action (such as setting targets for renewable energy, or support for ZEVs) can support plans at national level or be a testing ground for additional action that later is implemented on the national level. Recent analysis indicated that states and regions are ahead of their national governments particularly for coal phase out and carbon pricing (e.g. Quebec in Canada). Other key sectors where states and regions hold powers include agriculture, buildings and transport.

Therefore, where jurisdictional powers allow, states and regions should use their powers to:

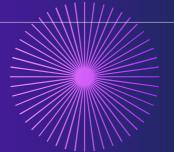
- Set regulations that drive net zero in relevant sectors, while working with the business affected to ensure maximum buy-in from bottom up;
- Lead by example by showcase that effective and inclusive regulation is possible to other states and the national government to drive ripple effect within their geography;
- Advocate for resources and capacity to drive effective enforcement of regulations set at national level, but executed locally.
- Be active in flagging any challenges to the national government that may arise from holding the enforcement powers to meeting the net-zero targets; and
- Actively promote their regulatory successes to states and regions across the Coalitions that they are part of to promote good practice and show the possible outcomes.

In instances where states and regions have limited jurisdictional powers, they should execute their soft powers:

- Set policies, programmes and projects that work towards achievement net-zero targets across all of the branches of the government;
- Join convenings, coalitions, political actions and leveraging the leadership to deliver effective leadership and delivery of inclusive climate action.

Subnational (state, regional and local) governments also have a key role to provide the infrastructure (such as roads, buildings, etc.) that supports economic development, alleviates poverty, helps to address climate change, and improves well-being in regions and cities. This is why states and regions should also use their fiscal and investment powers to drive delivery of net zero goals through:

- · Allocating budgets in a way which supports delivery of net-zero targets;
- Setting ambitious procurement policy across all of the branches of the government (especially
  with respect to infrastructure) to drive fair practices that align with net-zero targets while
  ensuring just transition;
- Set taxation and levies in their power to drive behaviour that aligns with achievement of netzero goals.



### **5.4 CITY, STATES AND REGIONS CASE STUDIES**



The Forum of the Secretaries of the Environment of Brazilian Capital Cities, or CB27 – a collaboration between the 26 Brazilian state capitals and Brasília, the national capital - have taken collective climate action and advocacy to change the policy discourse. The Forum's goal is to strengthen and coordinate the actions of the heads of its departments of the environment, exchange ideas and experience, and drive progressive environmental agendas.



The cities of **Tshwane, Johannesburg, Cape Town and Durban** have been working together to assess the legal feasibility of municipal by-laws to implement building energy efficiency requirements that are more stringent than national regulations. Their **legal feasibility assessment** will strengthen both the design and impact of these bylaws and ensure compliance with national regulations.



The PJM Cities and Communities Coalition in the U.S. (including Alexandria, VA; Arlington County, VA; Charlottesville, VA; Chicago IL; Cincinnati, OH; Columbus; OH; Dayton, OH; Delaware County, PA; Newark, NJ; Philadelphia, PA; Pittsburgh, PA; Richmond, VA and Washington, DC) advocates for the advancement of decarbonization and energy storage through policy statements, op-eds, and joint letters. They also have engaged with the U.S. Federal Energy Regulatory Commission calling for increased funding to frontline communities.



Under2Coalition's initiative the **Net Zero Futures Policy Forum**, open to states, regions and other interested governments, is an international partnership focused on addressing the practical challenges of achieving net zero and focuses on collaborative action to develop new policy solutions, specifically engaging on issues related to carbon sequestration, transport, and green hydrogen.



The 2022 C40 World Mayors Summit in Buenos Aires provided an important platform for Argentina's cities to collaborate on climate policy action. The "Federal Road to the Summit" initiative, proposed by the Buenos Aires City Government, engaged local governments, legislatures, youth, and civil society organisations to promote collaborative climate action, culminating in the Federal Urban Forum and the Declaration of Argentine Cities, which has amplified local voices and best practices on the international stage.



The Metropolitan Area of Guadalajara (AMG)'s unique governance model, SIDmetro, allows for decisions to be made in a coordinated manner between representatives of the federal and state government, local congress, citizens and each of the 9 municipalities that are part of the AMG (El Salto, Guadalajara, Ixtlahuacán de los Membrillos Juanacatlán San Pedro Tlaquepaque, Tlajomulco de Zúñiga, Tonalá, Zapopan and Zapotlanejo). AMG's climate action plan, PACmetro, coordinates and promotes climate actions proposed by various state, metropolitan and municipal actors to enable the metropolis to mitigate and adapt to climate change and coordinate synergistically the implementation of 101 actions.



California has approved Clean Air Act waivers for heavy-duty truck regulations, including the Advanced Clean Trucks (ACT) rule, which mandates increasing new truck sales to 55-75% zero-emissions by 2035. California's commitment to zero-emission vehicles extends beyond trucks, with a regulation in place to achieve 100% zero-emission vehicle sales for cars by 2035, supported by significant financial incentives and a dedicated budget of over \$5 billion for transitioning to cleaner trucks and buses. Eight states have moved to adopt or are working to adopt ACT and follow California's lead while

CITIES STATES & REGIONS PERSUASION CITIES STATES & REGIONS PERSUASION

### 4. Health Persuasion

**HEALTH CARE WITHOUT HARM (JOSH KARLINER)** 

### 4.1 THE ROLE OF THE HEALTH SECTOR IN PERSUASION

With the health sector making up a growing proportion of global greenhouse gas emissions—it's share increased from 4.4% in 2014 to 5.2% in 2019—hospitals, health systems and the global health care supply chain have an important role to play in moving the world toward net zero.

A leadership cohort of hospitals and health systems have joined the Race to Zero through **Health Care Without Harm** and are on the cutting edge of efforts to align the health sector with the ambition of the Paris Agreement. More than 70 institutions in 25 countries, representing over 14,000 hospitals and health centres have come on board.

However, the ambition of these leaders to decarbonize and build climate resilience in their own institutions, inspiring and important as it may be, is not enough to tip the scales toward a net zero trajectory for the sector, let alone the broader economy it depends upon. Rather, the power of Race to Zero health care members is to persuade the rest of the health care sector and the broader economy on which it depends, to decarbonise.



# 4.2 HOW TO ALIGN POLICY & ENGAGEMENT WITH NET ZERO GOALS AS A HEALTHCARE INSTITUTION

The health sector makes up 10% of world GDP. It has a seat in every government at every level, everywhere in the world. It employs tens of millions of doctors and nurses, who poll after poll find are the most respected spokespeople in most societies. It also has a rich history of advocacy for environmental health and social justice that dates back hundreds of years. It therefore has tremendous persuasive potential when it comes to climate.

We are seeing this persuasive power unveil itself in real time. Race to Zero and Healthcare Without Harm's members contributed to the establishment of the COP26 Health Programme which secured commitments from more than 52 national ministries of health to climate resilient, sustainable, low carbon health care (see case study). Today the commitments emerging from COP26 have grown to 69 national health ministries, with 24 government health systems pledging net zero health care. This effort has been consolidated under a WHO led initiative called the **Alliance for Transformative Action on Climate and Health**. G7 health ministers have endorsed this approach. Collectively these commitments cover more than half (48% of all health care emissions). The national level commitments, which must now be transformed into policy and regulation, are also creating space for voluntary action to achieve net zero health care.

The potential to persuade runs well beyond the decarbonization of health systems themselves. The sector is also increasingly advocating for policies that protect public health from the climate crisis. This is particularly important when it comes to the need for society to end its dependency on fossil fuels and foster a just transition to clean and healthy energy. **WHO estimates** that ambient (outdoor) air pollution, which is primarily driven by fossil fuel combustion, caused 4.2 million premature deaths worldwide in 2019. Harvard University-led **research suggests** that more than 8 million people a year die from fossil fuel pollution. The engagement of health professionals and the institutions they work for as advocates for clean air and a healthy climate in their communities, their countries and the world can further add a powerful dimension to a growing multisector movement for climate justice.



The U.S. Health Care Climate Council formed by Race to Zero Partner Healthcare Without Harm, uplifts the unified voice of 21 leading health systems representing over 600 hospitals and 10,000 health centers in 43 states, with more than 1.3 million employees serving over 81 million patients annually. The Climate Council uses its unified voice to set and track climate goals, share best practices with one another and the broader sector, and collectively advocate for policies. Several Climate Council members have joined Race to Zero.

The Council has pursued a number of advocacy initiatives, including ones joining other sectors to secure strong climate provisions in what became the Inflation Reduction Act, infrastructure legislation, and securing federal funding for renewable energy microgrids for hospitals. The Council also lent the persuasive power of many leading US hospitals to support the US government joining the COP26 Health Programme. Since then several policy, regulatory and voluntary initiatives have been initiated by HHS and others to support the implementation of the commitment by the U.S. which accounts for 27% of global health care emissions.



As an international humanitarian organisation, **ALIMA** works closely with local organisations. As a part of their **climate advocacy efforts**, they have rallied partner NGO's to individually take steps towards climate action. This ultimately led to 5 NGOs committing towards a sustainable, resilient and low-carbon development model, to develop their capacity to respond to and prepare for the present and future consequences of the climate crisis, all the while strengthening their medical action in favour of vulnerable populations and communities.

HEALTH HEALTH 36

### 5. Education Persuasion

RACE TO ZERO FOR UNIVERSITIES AND COLLEGES (FIONA GOODWIN)



### **5.1 THE ROLE OF THE EDUCATION SECTOR IN PERSUASION**

The education sector has a crucial role on a global scale in developing and influencing climate related science and research as well as ensuring our young people are equipped with the knowledge and skills they need to thrive in a changing climate.

Whilst the education sector is made up of both public and private institutions, they take their moral and social responsibility seriously and are held to account by their students. Whilst institutions themselves act towards net-zero some educational institutions themselves directly influence governments. The academics and scientists within institutions, however often serve on committees, steering groups etc. which informs and influences government policy both at a regional, national and international levels.

The Race to Zero Expert Review Group, which sets the criteria for all Race to Zero signatories, is itself made up of scientists and academics from global educational institutions. The Intergovernmental Panel on Climate Change (IPCC) which is the United Nations body for assessing the science related to climate change is also made of scientists and academics from universities across the world. Therefore, the expertise that educational institutions hold is influencing the world on how we reach net zero in a credible and transparent way.

### 5.2 WHAT POLICY & ENGAGEMENT LOOKS LIKE FOR EDUCATIONAL INSTITUTIONS

### Policy

- Encouraging the uptake of climate research by government departments, policy makers and research funders.
- Putting forward academics/scientists to government advisory groups regionally, nationally and internationally.
- · Engaging with a national education sector body to encourage climate advocacy.
- · Establishing a University/College Policy Engagement Team.
- Putting forward academics/scientists to the media to provide expert advice, knowledge and insight.
- · Leveraging expertise across institutions this enables unique evidence-based perspectives and insights
- · Working with industry bodies and civil society organisations to develop skills and action for a net-zero world.
- Developing appropriate curriculum and green skills education to ensure students are being taught the skills, knowledge and expertise that they will need which ensures that government policies can be met.
- Pioneering technology, innovation and entrepreneurship to provide solutions to the issues the world is facing and using their campus as test-beds for climate policies and technologies.
- Convening, engaging and mobilising key actors, stakeholders and communities in achieving net-zero. Education institutions are a crucial partner to support other Race to Zero signatories and can galvanise momentum.

### **Engagement**

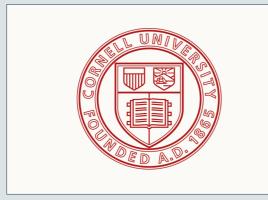
- Providing speakers for climate and net-zero events for the general public to increase awareness and engagement, especially in making complex areas simple to understand.
- Providing a trusted voice for climate change research that informs policy.
- Working collectively with other educational institutions to collaborate on climate action, research, knowledge and best practice across disciplines and institutions regionally and internationally.
- Publishing briefing papers of key climate change topics to inform policy-making and international climate negotiations.
- Making research accessible to the media and wider general public.
- Taking action on the operations, curriculum and research within their own campuses to show leadership to being net-zero.

EDUCATION EDUCATION 3

### **5.3 CASE STUDIES**



Researchers from the **University of Leeds** have created a climate model emulator that helps understand the impact of emission reduction targets on global warming. Their **findings**, presented in the **Intergovernmental Panel on Climate Change Special Report on 1.5°C**, played a crucial role in shaping international climate policies, leading to the adoption of net-zero targets in the UK, France, and New Zealand.



Cornell University played a crucial role in influencing New York State's perspective on including renewable energy projects owned by private companies, universities, municipalities, and other third parties towards the state's renewable energy procurement mandate. They argued against the removal of Renewable Energy Certificates, highlighting the potential negative impact on private investment, demonstrating the significant influence universities can have on policies at various levels. Further information here.



In alliance with the Monterrey Metropolitan Collaboration Initiative and Alliance for Climate Action, **Tecnológico de Monterrey** advocated for 16 municipalities to join the Race To Zero commitment. Currently they have a net zero commitment by no later than 2050 and are working together with the state and municipal governments and other NGO's in the elaboration of the Nuevo Leon's and Monterrey's Metropolitan Area Climate Action Plan (PAC NL-ZMM).



University College of London has used their leading research to support the business case for shipping stakeholders to invest in green vessels and infrastructure whilst advancing public awareness around the climate-related impacts of maritime transport and encouraging governments to align with international policies that deliver on ambitious targets to reduce shipping emissions in line with IPCC science.

### 6. Net Zero Service Providers

OXFORD NET ZERO (ALEXIS MCGIVERN) AND NET ZERO LAWYERS ASSOCIATION (GEORGINA BEASLEY)

Services providers, e.g, legal, consulting, accounting, PR, financial services, and other professionals, represent an important **point of leverage** in the Race to Zero by virtue of their influence over other non-state actors' implementation of their net zero strategies. Services providers can advocate for higher climate ambition and accelerated implementation by promoting initiatives, policies and alignment; sharing best practices and working with net zero standards grounded on science to move beyond incrementalism.



EDUCATION NET ZERO SERVICE PROVIDERS 4

### **6.1 WHY ARE SERVICE PROVIDERS IMPORTANT?**

- Thought leadership: Service providers can share guidance and best practice from across their portfolio
  of different non-state actors. True alignment with high-integrity net zero can be a value add and a
  competitive edge for services providers.
- Access: Service providers often reach deep into business where others cannot, i.e., where public pressure is lacking.
- Networks: Strong connections with policymakers, businesses, investors and customers can be leveraged
  for accelerating and inspiring systems transformation. There can also be an opportunity to collaborate
  across networks of service providers.
- **Transparency and accountability:** Service providers can support disclosure and reports and support for non-stakeholders advancing on the transition to net zero.
- Standardising the net zero vision: There is still pending work for defining what net zero looks like for the different service providers and how to to achieve it. Race to Zero's Expert Peer Review Group is convening experts and partners around this topic to explore alignment on net zero efforts from service providers.
- Scaling new governance and standards: The wide reach of service providers who work across businesses can be pivotal for scaling new governance and standards, such as the new net zero guidance. Many large service providers have a centralised handbook, set of tools, and resources that their employees work with. By embedding the latest net zero guidance into these tools, service providers can, with little effort, scale climate integrity with clients.
- **Geographic networks:** Global service providers can help sharing best practices within their profession and with clients across their different offices across all jurisdictions in which they are based.

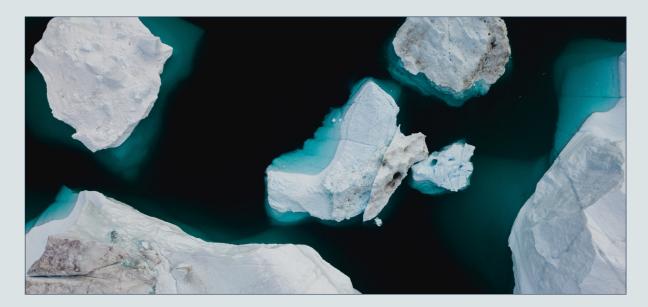
### **6.2 THE CHALLENGE FOR SERVICE PROVIDERS**

There can be a double edged sword for service providers by promoting high integrity net zero work with some clients while simultaneously maintaining clients who are not aligned to net zero, and in some cases who are holding back or obstructing climate policy. This approach can lead to reputational and recruitment risks as it may represent a mission misalignment for the firm, especially as awareness rises on the role of enabled emissions and the importance of partnership. Other service providers, especially consultancies, have started to form new mission-driven boutique firms calling for transformational change.

# **6.3 EXAMPLES OF EFFORTS ACROSS THE 5TH P: SERVICE PROVIDERS GUIDING THEIR SECTORS TOWARDS HIGHER INETZERO INITEGRITY:**

- Advertising and public relations groups: Clean Creatives published an "F List" of advertising and public relations groups accused of spreading climate misinformation.
- Legal: Law Students for Climate Accountability and Net Zero Lawyers Alliance, have provided better guidance on how lawyers can navigate the pressures of anti-competition claims when it comes to net zero (more below from NZLA).
- Consultancy: Guidance from thought leaders on being an 'activist consultant' aims to align sustainability consulting towards immediate systems change
- **Financial and professional services: TheCityUK** advocacy group formed by financial and professional services working on enabling the net zero transition by focusing on how private finance can accelerate the green transition.
- Financing pressures: HSBC shows collaboration between Real Estate Finance Team and Sustainable Finance.

Building from these, Race to Zero's Expert Peer Review Group is developing guidance on net zero service provision by COP28. Please get in touch with Saurabh Jain saurabhjain@climatechampions.team if you wish to be involved.



### Competition Law - Net Zero Lawyers Alliance (NZLA)

Competitor collaboration is required to achieve the immediate and deep emissions reductions needed to limit warming to below 1.5°C, including overcoming "first mover disadvantage" in switching to clean energies, new technologies, and green solutions.

However, private sector action is currently being inhibited by fears of falling foul of competition law as applied to industry and alliance collaboration on climate. This acts as a barrier to mobilising investment in transition to achieve the Paris Agreement goals.

Competition lawyers play a critical role in removing that barrier through the legal advice they provide and the strategies they engage in to seek to resolve any genuine uncertainty and, where required, in law reform of law and enforcement policy. Existing competition laws permit much of the climate collaboration required, either because the collaboration falls outside existing legal restrictions or is subject to exceptions for legitimate cooperation benefiting consumers and society in the long run. Lawyers should support their clients to navigate existing laws to facilitate the execution of their climate ambitions within the boundaries of the law, as it evolves. For the limited range of collaboration activity that raises uncertainty or real risk, lawyers play a critical role in helping regulators provide clarity and guidance to the private sector, including in relation to net zero agreements.

Lawyers have significant client, sectoral and jurisdictional reach, providing legal services across transition systems. They are often the trusted advisor and final arbiter in the corporate decision chain. Lawyers serving to interpret and apply the law in a manner that enhances rather than inhibits their clients' commitments to transition to net zero, and working to reform where barriers arise, are powerful facilitators of transition.

NET ZERO SERVICE PROVIDERS

NET ZERO SERVICE PROVIDERS

NET ZERO SERVICE PROVIDERS

1 42

### SECTION C



At the launch of the "Integrity Matters Report" the UN Secretary General said that we "must rapidly regulate, design policies, pass legislation and approve budgets to limit warming to 1.5°C". What are the key policies and regulations needed to be prioritised to accelerate the just transition? What kind of infrastructure and regulation is needed to achieve net zero by 2050 at the latest? Furthermore, what engagement actions can be taken to ensure we are collaboratively moving towards a 1.5°C future?

While we by no means capture all the answers, this section of the Handbook brings to life 'Policy Asks' and 'Engagement Actions' non-state actors could take to contribute to halving global emissions by 2030.

SECTION C / WHAT? SECTION C / WHAT?

### 1.1 Net Zero Policy

What do we mean by net zero policy? Non-state actors in the Race to Zero will undoubtedly engage or be impacted by a range of policy decisions. Below we identify three key areas that have attracted some international attention, with corresponding initiatives that non-state actors could get behind if they choose to support: carbon pricing, phasing out environmentally harmful subsidies, or calling for stronger nationally determined contributions (NDCs).



### 1.1.1 CARBON PRICING

Carbon pricing is a policy instrument available for tackling climate change and "where implemented, carbon pricing instruments have incentivised low-cost emissions reduction measures". (IPCC, p. 34). Carbon pricing can take many forms, such as a **carbon tax** or an **emissions trading scheme**. The FASTER Principles for Successful Carbon Pricing (World Bank and OECD) suggests six key characteristics of successful carbon pricing: fairness; alignment of policies and objectives; stability and predictability; transparency; efficiency and cost-effectiveness and reliability and environmental integrity. Others note the importance of carbon pricing at **sufficient levels** (see **here** too). **Non-state actors could support carbon pricing, by exploring initiatives such as the Carbon Pricing Leadership Coalition**, which brings together leaders from government, private sector, academia, and civil society to expand the use of carbon pricing policies.

### 1.1.2 PHASE OUT ENVIRONMENTALLY HARMFUL SUBSIDIES

Annually, the world spends around U.S. \$697 billion on directly subsidising fossil fuels. If indirect costs were included (such as contribution to climate change and foregone consumption tax), these subsidies would be 6.8% of global GDP (Nature). Removing fossil fuel subsidies and using the revenue gain for better targeted social spending, reductions in inefficient taxes, and productive investments could promote sustainable and equitable outcomes (IMF). Other environmentally harmful subsidies exist across agriculture, fisheries, water, energy and transport (OECD). Public acceptance for removing subsidies may be higher than introducing a carbon tax, especially if revenue is recycled to favourable outcomes (Nature). With the Paris Agreement's calls for mobilising finance, "it is clear that environmentally harmful subsidies deserves G7 and global community attention" (OECD). The Global Biodiversity Framework's target 18 also recognises t repurposing or eliminating incentives harmful for biodiversity. Non-state actors could support campaigns, such as the UNDP's "Don't Choose Extinction campaign" to phase out environmentally harmful subsidies.

### $ightarrow \,$ 1.1.3 Calling for Stronger NDCS

All 193 Parties to the Paris Agreement have issued a nationally determined contribution (NDC) and and 176 have communicated new or updated NDCs, representing a share of around 92% of greenhouse gas emissions. But the quality and ambition vary (UNFCCC). Unfortunately, research shows that current commitments will increase emissions by around 10% by 2030 compared to 2010 levels (UNFCCC). WRI states that beyond the urgency of addressing the climate crisis, countries will benefit in many other ways from enhancing their NDCs, such as:

- Taking advantage of major shifts in technology and costs;
- · Achieving synergies with the SDGs;
- Sending signals to attract climate finance and investment

Civil society organisations (CSOs) such as WRI provide critical resources to guide countries in enhancing NDCs, such as their 'State of Nationally Determined Contributions' report. Climate Watch and Climate Action Tracker are helpfully tracking progress across NDCs.

Under the Paris Agreement, NDCs are critical to ensuring collective national frameworks are in place to rapidly drive down emissions. **Non-state actors should call for stronger NDCs.** 

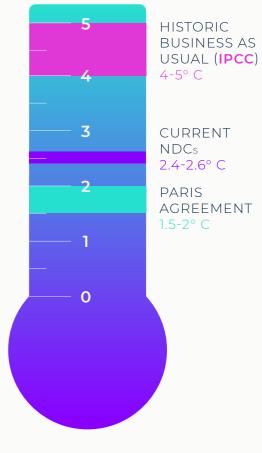


IMAGE WITH THANKS FROM WRI & UNEP EGR 2022

NET ZERO POLICY

### 1.2 The Road to Regulation

RACE TO ZERO EXPERT PEER REVIEW GROUP CO-CHAIR (PROFESSOR TOM HALE) AND OXFORD NET ZERO (LUCILLA DIAS AND KAYA AXELSSON)

What does the road to regulation look like, and how will we get there? This section explores background on net zero proliferation around the globe, and four governance tools to steer net zero targets towards higher integrity: voluntary standards, orchestration campaigns, standard-setting bodies and regulations. It then makes the case for a Net Zero Regulation Taskforce and explores some areas of regulation that taskforce might develop, such as: mandatory transition plans, public procurement and regulating net zero claims.

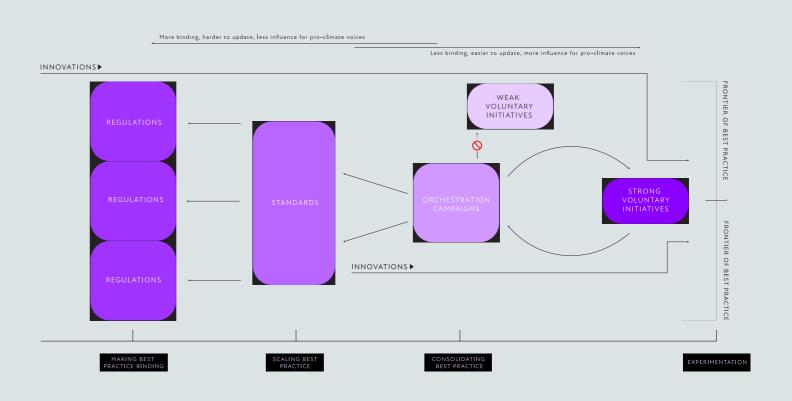
### (A) BACKGROUND ON NET ZERO REGULATION

Net-zero targets now cover over 90 percent of global GDP and 45 percent of the world's largest firms. While the proliferation of net-zero targets represents progress toward mobilising action toward global climate goals, net-zero targets vary enormously in quality.

In response, we see a proliferation of four governance tools that seek to steer net-zero targets toward higher integrity. **Voluntary standards** can set a high level of rigour and push forward the frontier of best practice but lack the ability to compel action. **Orchestration campaigns** from the UN or other legitimate entities can promote convergence around higher standards, and international **standard-setting bodies** can reach greater scale and mobilise the broader accreditation industry to ensure compliance. However, both of these tools remain voluntary.

**Regulations**, in turn, can mandate action and level the playing field, but may differ across jurisdictions and will only be as strong as the political economy of the jurisdiction allows. As efforts to operationalize net zero deepen and evolve in the decades to come, building a "conveyor belt" that links the different kinds of governance tools together can help create a high-integrity governance ecosystem around net zero.

Best practices and innovations forged by leadership coalitions, often through voluntary action, can be supported and promoted by orchestration campaigns, mainstreamed through standards, and made mandatory through regulation. In this way the "groundswell" of voluntary targets can, with appropriate rules and standards, help shape the "ground rules" for the economy overall to better align to the goals countries have set in the Paris Agreement.



THE ROAD TO REGULATION THE ROAD TO REGULATION 48

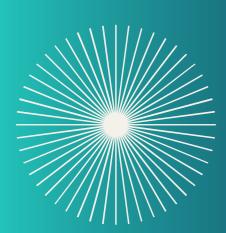
### **(B) A MET ZERO REGULATION TASKFORGE**

Now is the time for regulators to step up. Indeed, the UN High-Level Expert Group's report explicitly calls on them to incorporate its recommendations into economic rules. It also proposes a new process and governance structure to help them do so, a global Task Force on Net Zero Regulation.

And I call on all other Governments to build a net-zero regulatory environment to fit their needs and national circumstances. I will closely follow the proposed Task Force on Net-Zero Regulations. I ask that its leadership and membership are as diverse and representative as this high-level group.

- Antonio Guterres

Such a Task Force would bring regulators together across both regulatory domains and jurisdictions to discuss how best to operationalize net zero alignment, whether the issue is disclosure, procurement, advertising, product standards, or anything else. While no panacea, such a Task Force could be a powerful tool to help reduce fragmentation by giving regulators a forum in which they could align their approaches. It could also help push for scientific integrity by exposing regulatory decisions to international scrutiny, and by ensuring a voice for experts and civil society. Finally, it would also create a seat at the table for developing countries who may be affected by the unilateral moves by the G7 regulators, for example disclosure rules that apply to a company's global footprint.



### (C) FORMS OF REGULATION

Regulations are critical for levelling the playing field, bringing up the tail of net zero committers and scaling net zero standards and high-integrity action across the global economy. The disclosure of climate-related risks through regulation has been the main instrument for driving progress and creating new regulatory domains. However, measurement and disclosure are only a starting line. Alongside, mandatory transition plans, procurement standards, regulation of net zero claims and developing consistent terminology (to avoid greenwashing allegations), are powerful and needed tools that regulators can use to align the economy with the Paris Agreement.

### 1. MANDATORY CORPORATE TRANSITION PLANS

Mandatory corporate transition plans represent a critical next step in advancing the momentum generated by the disclosure of climate risks. These plans require companies to outline their net zero pathways and provide regular monitoring to ensure progress. As of 2022, financial institutions operating in Brazil must establish and monitor a verifiable transition policy (Conselho Monetário Nacional, 2021). In the EU, from 2024 onwards, large companies and entities that trade in the market must establish and disclose their targets and progress towards a low carbon transition (The European Parliament and the Council of the European Union, 2022). Aiming to standardise the transition plans developed by the private sector, the UK has launched the Transition Plan Taskforce (Transition Plan Taskforce, 2022) The new standard is planned to inform the disclosure of transition plans by firms listed in the UK market, as well as influence global disclosure standards set by the International Sustainability Standards Board (ISSB) and the Task Force on Climate-Related Financial Disclosures (TCFD) (Transition Plan Taskforce, 2023).

### 2. DUBLIC PROCUREMENT

Public procurement accounts for 12% of global GDP (The World Bank, 2020), making it a significant factor in the global economy. Aligning procurement standards with net zero goals is essential to achieving climate targets. By conditioning contracts on firms and products that meet defined net zero standards, procurement helps ensure the consistency of net zero practices in companies. In a recent move, Canada has taken a step in this direction. Procurements exceeding 25 million Canadian dollars can now require companies to measure their GHG emissions, adopt a science-based transition plan, and participate in a net-zero voluntary initiative such as the Net-Zero Challenge (Government of Canada, 2022). Momentum for initiatives like this is growing. The Net-Zero Government Initiative illustrates this scenario. Canada, along with 18 other nations, including Australia, France, Germany, Japan, Korea, the UK and the USA, have all committed to net zero national government operations by 2050. As part of their efforts, these countries are expected to announce their respective pathways for reaching this goal during COP28 (The Office of the Federal Chief Sustainability Officer, USA, 2022).

### 3. REGULATION OF NET ZERO CLAIMS

As the number of products claiming to be carbon neutral or net zero rises, so does the concern over their credibility. To combat greenwashing and ensure transparency, regulations are being developed to ensure that sustainability claims can only be made if they are backed by concrete actions and verifiable data. One notable example of such regulation is the EU Taxonomy, which specifically applies to financial products. Under this regulation, financial products can only be labelled as contributing to the climate transition if they have taken substantial steps towards mitigation (The European Parliament and the Council of the European Union, 2020). In France, products and services that claim to be "carbon neutral" are required to publicly disclose the direct and indirect GHG emissions associated with the product or service, mitigation targets, and offsetting practices (Republic of France, 2021).

Oxford Net Zero has just released a mapping of the state of implementation of net zero regulations in G20 countries, including the use of transition plans, procurement standards and regulation of net zero claims, which is available here. Oxford Net Zero is working in tandem with Race to Zero's Net Zero Policy and Regulation community, which is a community of 50+ representatives mobilising non-state actors to:

- Regularly share information on leading examples of net zero policy and regulation
- · Mobilise net zero aligned policy and regulation within major economies and
- · Support research into the design of a Taskforce on Net Zero Regulation.

To find out more, get in touch with Race to Zero's Policy Engagement Lead **Tessa Vincent** or Oxford Net Zero's Policy Engagement Lead, **Kaya Axelsson** and Net Zero Policy Researcher **Lucilla Dias** 

THE ROAD TO REGULATION THE ROAD TO REGULATION 50

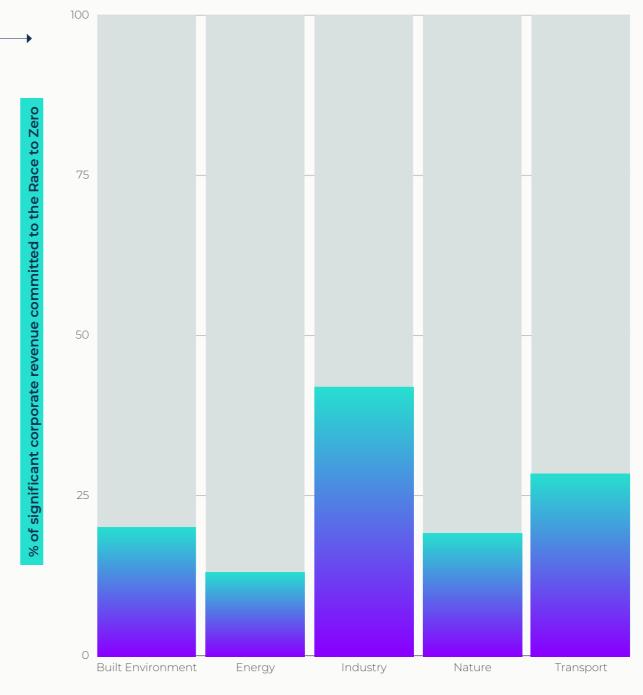
### 1.3. Sectoral Breakthroughs

Race to Zero is committed to aligning with the Breakthroughs.

Our criteria promotes sectoral targets in line with the 2030 Breakthroughs under 'Pledge' and contributes to sectoral breakthroughs under 'Plan'. Strengthening the connection between Race to Zero and the 2030 Breakthroughs is fundamental to accelerating delivery.

The 2030 Breakthroughs are a robust and ambitious framework for driving systems transformations by non-state actors and governments, originated in the Marrakech Partnership Climate Action Pathways. The 2030 Breakthroughs outline clear, simple sectoral goals by 2030 and a set of priority actions and policies that need to be put in place to achieve those outcomes and to inform non-state actor advocacy. We outline breakthrough policies and case studies below.





Find out more here

### WHAT IS A BREAKTHROUGH?

A "breakthrough" is a moment that marks a significant advance in the transformation of an economic sector or natural system. A breakthrough can represent a critical new level of infrastructure or technology deployment, reduction in production cost, improved health of a natural ecosystem, or a shift in societal norms. Achieving a breakthrough is only possible when actors converge on a common set of clear, simple goals. A "breakthrough policy" is a change in policy that would mark a significant advance in a particular sectorand in the just transition to the 1.5 aligned Climate Action Pathways developed by the Marrakech Partnership.

SECTORAL BREAKTHROUGHS SECTORAL BREAKTHROUGHS 52

### Built **Environment**

### CLIMATE CHAMPIONS BUILT ENVIRONMENT SECTOR LEAD (WILL WILD)

The buildings and construction sector represents almost 40% of global operational energy and process-related CO2 emissions. Despite efforts to decarbonise, global emissions are increasing, driven by the growth of the sector. Stakeholders in the sector are historically characterised by being very fragmented and siloed. For this reason, policy represents a key lever for change. The opportunity for policy makers transcends beyond simply setting regulation and includes: provision of information, setting financial incentives, and leading action on municipal projects. Governments are called upon to join the Buildings Breakthrough, 'Near-zero emission and resilient buildings are the new normal by 2030', and to achieve this the sector should ensure "all new projects completed from 2030, are net zero carbon in operation, with >40% reduction in embodied carbon".



### Breakthrough Policies - Built Environment **Policy Lever** 1. By 2025, all countries have developed a national decarbonisation National and pathway for new and existing buildings. Governments should align with sub-national the UNFCCC Human Settlements emissions target of halving emissions by governments in 2030. Pathways must address embodied and operational carbon emissions collaboration with of buildings and outline the role of value chain stakeholders. Pathways must non-state actors, have provisions for clean energy, resilience and circularity in construction (a supported by strong example is here). research and finance institutions. 2. By 2025, all countries implement mandatory building energy codes National and ensuring a minimum energy performance standards of all new buildings sub-national and ideally aiming for zero-carbon codes along the building lifecycle. governments; Cities 3. By 2025, Mandate whole life carbon assessments of new buildings and National and major refurbishments, making data publicly available. This should be sub-national supported with a documented pathway showing implementation of whole governments in life carbon limits on projects aligned with a Paris Agreement trajectory. collaboration with Governments should establish national databases and guidelines to align non-state supply-side assessments and facilitate knowledge-sharing. actors; Cities 4. By 2025, demonstrate leadership by delivering all new municipal projects National and to be net zero carbon in operation, with >40% reduction in embodied sub-national carbon in line with the 2030 Breakthrough Outcome. Governments must governments; Cities lead the way with public procurement. 5. **Unlocking finance** by establishing a policy and regulatory environment National that incentivises, and where necessary derisks, private sector investment in governments in close financing of near zero emission and resilient buildings and the retrofit of collaboration with existing building stock to ambitious minimum energy performance standards. public and private



To tackle emissions from the built environment, the city of Montreal has implemented a Roadmap Towards Zero-emission Buildings by 2040. This new sector specific regulation requires that all buildings in Montreal be fueled by renewable energy by 2040 and all new city construction must reach net zero by 2025. There is a clear willingness of cities and municipalities across Quebec to commit to the fight against climate change, and Montreal's announcement has already influenced neighbouring cities and municipalities in the province to impose new obligations for building owners with the objective to reduce GHG emissions.

finance institutions.

BUILT ENVIRONMENT BUILT ENVIRONMENT 54

### **Energy**

### CLIMATE CHAMPIONS' ENERGY SECTOR LEAD (LUCIANO CARATORI) AND CISL (KATHERINE QUINN)

Direct emissions from the energy sector represent around 33% of global emissions (IPCC, 2022). To reach 1.5, oil and gas production and consumption need to substantially decline by 2030. When including energy use in all sectors, the global energy system fossil fuel CO2 emissions account for approximately two-thirds of annual global anthropogenic GHG emissions.

The electricity sector remains the single largest source of direct emissions in the energy sector (IPCC, 2022). The underlying trends in the power sector are headed in the right direction. There is an accelerating shift to renewables within the electricity sector, reaching now over 28% of global power generation, but this trend needs to accelerate to reach ambitious 2030 or 2050 targets (IEA, 2021).

Annual global investment in renewable energy, energy efficiency and transition-related technologies hit a record high in 2022 to an estimate of 1.3 trillion USD, 19% above 2021, surpassing for the first time annual investments in fossil fuel upstream, downstream and infrastructure (IRENA, 2023). In 2023, for every dollar invested in fossil fuels, 1.7 USD will be invested in these technologies, compared to a ratio of approximately 1:1 in 2018 (IEA, 2023a).

However, key bottlenecks persist holding back clean energy systems to reach their full potential and rapidly phase-out of fossil fuel generation.

Clean energy transitions transcend decarbonization and involve profound transformations in social, environmental, and economic aspects, in employment, in markets and the production system, as well as in consumption, in technology, and in financing, with positive and negative impacts.

These transformations pose challenges both for communities where activities are going to be phased out, such as hydrocarbons, as well as for those in which activities are expected to be scaled-up, such as mining for key transition minerals and metals.

Breakthrough policies can assist with the clean energy transitions, maximising positive impacts and minimising potential negative impacts to leave no one behind.



### Breakthrough Policies - Energy

1a. By 2025: Phase out inefficient fossil fuel subsidies which encourage wasteful consumption and replace the remaining fossil fuel subsidies with clean energy access subsidies, providing targeted support for those who need it.

Fossil fuel subsidies distort market prices and slow down the penetration of clean energy sources by artificially enhancing competitiveness of fossil fuels. Those fossil fuel subsidies currently aimed at promoting energy access by the most vulnerable population should be replaced by energy access subsidies to ensure access to affordable, reliable, sustainable, and modern energy for all.

1b. In parallel, by 2025 implement and extend carbon pricing mechanisms to the power sector when these are not in place and tax all direct and indirect emissions from fossil fuels.

Fossil fuel subsidies must be eliminated and negative externalities of fossil fuel consumption must be taxed in whole. Comprehensive carbon pricing mechanisms provide adequate signals for economy-wide decarbonisation.

2a. By 2025: Avoid new investments in fossil fuel infrastructure which could result in stranded assets or preserve carbon lock-in and commit a managed phase out of fossil fuel assets.

Medium- and long-term planning in the energy sector needs to carefully assess the effects on new infrastructure investments which could increase committed emissions and/or prolong carbon intensive assets lifetime compromising a 1.5°C compatible future.

2b. By 2023: Establish Methane emissions reduction targets towards 2025 and 2030.

Methane has a disproportionate impact on near-term temperature and methane emissions reductions could be particularly important in relation to near- and medium-term temperatures (IPCC, 2022). Stringent regulations supporting methane emissions reduction targets should be put in place aiming for at least 50% methane emissions reduction for the oil and gas sector by 2025 when compared to 2020 and at least 75% methane emissions reductions by 2030 when compared to 2020, including zero non-emergency

3a. By 2023: Remove barriers for the development and construction of electricity transmission and clean power generation infrastructure, minimise market distortions and promote investment in flexibility and ancillary services.

Review and improve regulations and processes to accelerate permitting for the construction of renewable energy and transmission infrastructure, and harmonise processes and criteria among national and sub-national jurisdictions, as well as cross-border interconnections, when convenient and possible. Ensure inclusive community engagement and social and environmental integrity to gain social license for large-scale projects.

3b. By 2025: Establish Energy Efficiency targets, Renewable Energy targets for power generation and for total final energy consumption.

When feasible, 100% clean power targets should be established simultaneously with electrification of end use sectors and energy efficiency policies. In those sectors where electrification is technically or economically non feasible, establish targets substitute fossil fuels with net zero fuels, such as sustainable biofuels and hydrogen derivatives.

### **Policy Lever**

National and sub-national governments in collaboration with non-state actors, supported by research and finance institutions.

National governments

National and subnational governments, and independent energy regulators; Cities

ENERGY ENERGY 56

Breakthrough Policies	Policy Lever
3c. By 2025: Prepare electricity distribution systems for an electrified future.	
Electricity currently represents barely 20% of the global final energy consumption. In addition to the need for increasing clean power generation and transmission capacity, the electrification of energy services also poses challenges for the electricity distribution systems.	
4. By 2025: Embed transition strategies and targets for a managed phase-out of fossil fuel consumption and production into Long-term Low Emissions Development Strategies (LT-LEDS) and Nationally Determined Contributions (NDCs), including just energy transition principles.	National governments
NDCs and LT-LEDS should explicitly include commitments on the phase out of fossil fuels, along with a roadmap to achieve this, with clear medium- and long-term objectives. These should include transparent national roadmaps and mainstreaming a just transitions approach into all decarbonization efforts.	



Science Based Targets initiative (SBTi) member, **Enel**, developed the **Futur-e program** to engage local governments, businesses and communities to identify opportunities to reuse Enel's existing buildings and assets in ways that would promote innovation, job creation and circular economy as they repurpose fossil fuel power stations and decommission their mine.



State and local government leaders in **Utah** collaborated to initiate talks with Rocky Mountain Power, which resulted in the "community renewable energy act," authorising the utility to create a renewable electricity bulk purchase program for cities. Residents in participating cities now receive renewable, generated electricity by default.



City leaders in **Des Moines, Iowa** adopted a **24/7 Carbon Free Electricity (CFE) resolution,** the first city in the U.S. to commit to sourcing 100% carbon-free electricity every hour of every day by 2035. They did so by initiating discussions and creating a partnership with their investorowned utility, MidAmerican Energy.

### Industry

CLIMATE CHAMPIONS' INDUSTRY LEAD (CATHERINE MCFARLANE), CEMENT AND CONCRETE LEAD (HARALD FRIEDL) AND SOPHIA KESTEVEN (TECH ZERO)

Approximately 30% GHG emissions come from the products, materials and services we use in our daily lives; whether it's cement in our buildings, steel in our cars, groceries, healthcare products, or digital devices. Reaching Net Zero across industry requires scaling clean production processes and shifting to renewable energy where possible. This section will focus on examples from Technology and Cement sectors. Many more sectors, such as Steel, Metals & Mining, Healthcare, Consumer Goods, can be found on our website and the **Industry Climate Action Pathway**.

The technology sector currently accounts for around 4% of global greenhouse gas emissions, and its growth is unlikely to slow down. 80% of sector GHG emissions reduction can be achieved by operators and suppliers switching to 100% renewable energy sources. The sector has already been a significant driver of additional renewable electricity beyond their own power needs, investing in power purchase agreements and innovating on digital solutions to accelerate improvements in energy efficiency and grid optimisation to achieve 24/7 carbon-free energy. As the technology industry underpins almost every other sector, it's crucial that those who are developing, offering, and implementing tech solutions are able to do so in a net zero-aligned way, and with the right policies to support their work.

Production of cement, the key ingredient in concrete, accounts for around **7% of global CO2 emissions**. Concrete is a critical material in the construction of bridges, tunnels, flood defences due to its strength and resilience. The world's leading cement and concrete manufacturers have joined forces by pledging to cut CO2 emissions by **25% by 2030**. Breakthrough policy can enable and accelerate emissions reduction across the cement and concrete value chain.



57 ENERGY INDUSTRY

Breakthrough Policies - Industry, ICT & Mobile	Policy Lever
1. By 2025: Energy policies that develop, commercialise, and deploy carbon free electricity generation, grids and demand efficiency and advance smarter energy markets. Guarantees of origin for all renewable energy projects, enabling direct clean energy PPAs. Local policies to extend the reach of renewable energy through grids to reach remote communities.	National and sub-national governments
2. By 2025: Improve access to data through open data reform. Governments should provide access to open climate data as it becomes available, ensuring data sets that could help non-state actors tangibly reduce emissions are readily available.	International institutions National governments
<ul> <li>3. By 2025: Explore tangible policy incentives for operational solutions that incentivise innovation, for example:</li> <li>Development of municipal waste systems that support the collection and recycling of electronic waste; and</li> <li>Harmonised global policy frameworks for the description of green bonds.</li> <li>Vouchers given to businesses for green improvements (heat pumps, insulation, solar panels or digital tools to lower energy bills);</li> </ul>	National and sub-national governments
4. By 2025: Set out a clear, robust and ambitious approach to disclosure and standard setting, increasing the scope of mandatory reporting to include all businesses.	National governments

Breakthrough Policies - Industry, Cement & Concrete	Policy Lever
1. By 2025: Support carbon capture utilisation and storage: supporting the provision of, and access to transport and storage infrastructure and ensuring fair recognition of all carbon capture technologies with adapted carbon accounting.	National /subnational governments
2. By 2025: Ensure policies promote circularity through replacement of fossil fuels by waste in cement kilns. This is termed co-processing because both energy and raw material is recovered and reused. Policies should recognise and promote co-processing in the waste hierarchy. Policies should improve access to waste as alternative fuels and materials; a ban on landfill, promoting the collection, sorting, pre-treatment, recovery, recycling and co-processing of waste.	National /subnational governments
3. By 2025: Low carbon public procurement to send clear and workable demand signals through the complex construction value chain to stimulate a green premium for low carbon and near zero carbon products thereby enabling the materials industry to have requisite confidence to bring to market these products	National /subnational governments
4. By 2025: Use appropriate carbon pricing mechanisms to create a level playing field on carbon costs and avoid carbon leakage through adequate carbon pricing mechanisms.	National /subnational governments
5. By 2025: Policies to require use of supplementary cementitious materials in all public works where technically possible so as to enable this carbon reduction lever to be maximised and not be hindered by old custom and practice.	National /subnational governments

### **CASE STUDIES**



SME Climate Hub and Tech Zero member Magway develops a system to decarbonize supply chains using linear motors, presenting a case study to Transport Scotland and engaging with local and central government departments to demonstrate the technology's potential impact and the need for sustainable supply chains. Find out more here.



Exponential Roadmap Initiative member BT Group collaborated with the UK Electric Fleets Coalition to create a supportive policy environment for decarbonizing commercial fleets, advocating for the ban on sales of new internal combustion vehicles and the Zero Emission Vehicle mandate.



Race to Zero Accelerator GSMA formed a Renewables Project Group to raise awareness of challenges and opportunities for the private sector to support public sector decarbonization targets, with a deep dive on Malaysia. They collaborated with the UN Global Compact in Malaysia to hold a pilot roundtable with mobile operators, government departments, and the electricity utility provider to address barriers to accessing renewables.



Tech Zero member Vodafone has cut its Scope 1-3 emissions by 26% since 2017. Vodafone is transparent in how its values and net zero ambitions underpins both their internal policies and external policy engagement. Vodafone is also a founding member of the European Green Digital Coalition which "brings together ICT sector companies to work together with EU policymakers and experts to drive investment in—and implementation of—digital solutions in action against climate change."



INDUSTRY 6

### **Nature**

### CLIMATE CHAMPIONS (NADY MAHMOUD & IGNACE BEGUIN, IRENE SUAREZ & PUNINDA THIND)

Nature is our life source: providing a stable climate, food and wellbeing. More than \$44 trillion of economic value generation (more than half of the world's total GDP) is dependent on nature (**WEF**). But right now, nature is not being valued. We must protect, manage and restore nature to leverage its unique capacity to provide viable and scalable climate solutions and a more abundant, stable planet.

Nature provides resilience and at least a third of the mitigation and removal opportunity required to achieve a 1.5°C pathway. Key actions, such as shifting to healthy sustainable diets, minimising food loss and waste, regenerative grazing, forestry, and farming, as well as, rapidly restoring and protecting nature, the rights of indigenous peoples, and deploying urban nature at scale, are needed. Every country, city and citizen, every financial institution, company and civil society organisation has a role to play to support the 2030 Breakthrough to mitigate over 10Gt of CO2e each year by 2030, and the policies underpinning that direction of travel and to enhance adaptation with Sharm El Sheikh Adaptation Agenda.

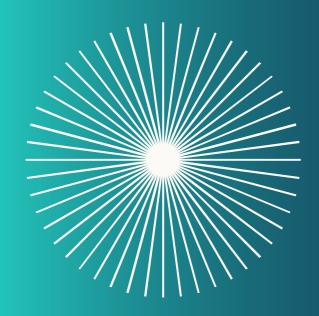


Breakthrough Policies - Nature Food Systems	Policy Lever
1. By 2025, encourage food systems transformation (particularly dietary shifts) to be incorporated into Nationally Determined Contributions.	International institutions and national governments
2. By 2025 apply true cost accounting to food policy, especially to meat in high-consuming countries, and use findings to drive tax/ VAT policies, which also subsidise the shift to sustainable healthy diets e.g. fruit and vegetable subsidies.	National governments
3. By 2030: repurpose US\$600 billion per year in agricultural subsidies to align with climate-oriented support, with the guiding principles of increasing the efficient use of land and other natural resources while building resilience and reducing emissions.	International institutions, national governments and financial institutions
4. By 2025: update and/ or develop science-based dietary guidelines for the general public to shape healthy food choices and align procurement policies	Local governments and health institutions
5. By 2030: ensure aligned policies to halve food loss and waste, including mandated measurement among food companies, government support for consumer awareness campaigns (e.g. Love Food Hate Waste) and investment signals for food waste reduction innovation.	National and local governments

Breakthrough Policies - Oceans	Policy Lever
By 2025, further include ocean-based climate solutions in NDCs	National Governments
By 2030, 30% of fully and highly protected MPAs are designated and implemented.	National Governments
By 2030: all ocean areas under national jurisdiction are sustainably managed.	National & local
<ul> <li>By 2030: Increase public funding and de-risk mechanisms for investing in coastal ecosystems. This includes:</li> <li>To deliver on the Mangrove Breakthrough, Protecting the remaining intact mangrove ecosystems, enhancing their resilience, and implementing science-based ecological restoration protocols; and Implementing, in all aspects of project design, social safeguards to protect and enhance community member rights, knowledge, and leadership to achieve fair and equitable benefit sharing</li> </ul>	Local governments and health institutions

NATURE NATURE 62

Breakthrough Policies - Land Use	Policy Lever
Governments have enhanced NDCs with nature-based solutions	National Governments
By 2025 strengthen institutions and governance through capacity-building and technology transfer to more effectively implement Paris aligned climate policies towards a nature positive future	National & local governments
Enact coherent policy systems (including natural capital accounting, accreditation systems and incentives), secure IPLC rights and mandate climate and nature related disclosure on risks, impacts and opportunities	National & local governments
By 2030, Conserve 30% of earth's land and inland waters	National & local governments
By 2030, Restore 350 MHa of degraded and deforested landscapes	National & local governments
Local governments collaborate with partners to triple investments in nature-based solutions to increase their proportion of tree canopy and green space benefiting the most vulnerable, providing climate resilience, mitigating heat,improving hazard protection for communities and infrastructure,	Local governments



### **CASE STUDIES**

## **Orsted**

SBTi member Ørsted aims for all new renewable energy projects commissioned from 2030 to have a net-positive biodiversity impact, and they encourage other renewable energy developers to set ambitious biodiversity goals and lobby for stronger biodiversity criteria in renewable energy tenders.

# **TESCO**

**Tesco**, SBTi member and a founding member of the global coalition Champions 12.3 - which advocates for achieving the United Nations Sustainable Development Target to halve food waste by 2030 - has called for the UK Government to introduce mandatory food waste reporting as a part of their climate policy engagement.

### **Schroders**

The Finance Sector on Deforestation Action (FSDA), which unites signatory organisations to address nature-related risks and opportunities by tackling deforestation, (in line with UNSG HLEG report recommendation 7), includes many financial members of the Race to Zero. It shows a commitment to: Call on policy makers and regulators to adopt policies and pursue actions that provide an appropriate enabling environment, including via enforcement as to illegal deforestation and, where necessary, adoption and implementation of policies to curb legal deforestation. You can read about Aviva's efforts biodiversity here, and Schroder's deforestation free commitments here.



SBTi member Salesforce advocates for policies that protect and enhance natural ecosystems, and they joined Business for Nature to call for nature-related assessments and disclosure requirements for organisations by the end of the decade.



NATURE NATURE 6

### **Transport**

### CLIMATE CHAMPIONS (MOHAMED HEGAZY, KATHARINE PALMER & JANE EISENHARDT)

Land transport is a significant GHG contributor, with an estimated 6.2 GtCO2e or 72% of transport emissions in 2020 coming from road vehicles. **Transforming the global transportation system** requires reducing travel [Avoid]; a shift to active modes and shared public transport [Shift], as well as phasing out internal combustion engines and transitioning to zero-emissions vehicles [Improve]. This crucial shift also requires the right kind of policies to support public health outcomes, improved access to opportunities (jobs and education), and resilient transport infrastructure.

In Aviation, despite the fact that flight emissions are included in existing policy, such as the Paris Agreement and the Chicago Convention, to date only 9 countries have been identified as having policies supporting advanced Sustainable Aviation Fuel (SAF) development. Increased government support for SAF is needed to accelerate emissions reductions.

For Maritime, international shipping produces around 3% of global GHG emissions and these emissions are increasing. Without significant action, the sector's emissions will grow almost 50% by 2050, making it much harder to achieve the Paris Agreement targets. Although there has been progress in commitments to decarbonize from industry and governments, zero-emission fuels will not overcome barriers to achieve scale without supportive policies.

All together, these policy interventions should also form part of supporting the Marrakech Partnership's Transport Climate Action Pathway.

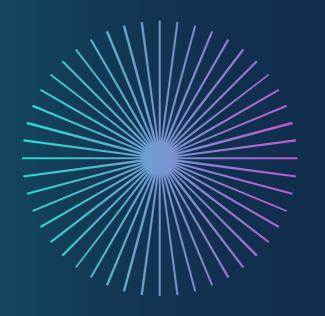


Breakthrough Policies - Transport, Land	Policy Lever
Reduce Transport Demand and Distance through  1. By 2025: Cities developing and deploying Sustainable Urban Mobility Plans (SUMP) that integrate land use, travel demand and modal share and those with >1 million inhabitants have decarbonising urban transport plans in line with the Paris Agreement.  2. By 2030: Inducing modal shifts to be less car dependent, especially in urban areas.	Local governments
Shift to More Environment Friendly and Lower Carbon Modes of Transport through 3. By 2050: Set binding targets to double modal shift in freight (electric rail) and passenger mobility (public transport).	National governments & Local governments
Electrify land based vehicles and railes through setting supply targets and limiting fleet purchases to  4a. By 2030: Zero-emission buses to make 60% of new sales  4b. By 2030: Zero-emission trucks to make 35-40% of new sales  4c. By 2035: Zero-emission cars to make 100% of new sales in leading markets  5. By 2025: Define coherent (mobility, energy, real estate) policy measures allowing the fast deployment of charging infrastructure in urban and suburban landscape.	National governments & Local governments
Resilient Transport Systems, Infrastructure and Vehicles <i>through</i> adoption of new technology, design and materials  3. By 202x: Reduce transport and energy infrastructure exposure and vulnerability to climate risk	National governments & Local governments

Breakthrough Policies - Transport, Aviation	Policy Lever
Increase policy incentives for sustainable aviation fuels (SAF) making up 13 - 15% of fuels globally by 2030, with a goal of 100% of fuels globally by 2050.	
Regulatory mechanisms and clear demand signals to reduce production costs of sustainable aviation fuels.	
Scale up investment and policy to support sustainable biomass sources that do not impact food crops and natural ecosystems.	



TRANSPORT TRANSPORT TRANSPORT 5 6



### Breakthrough Policies - Transport, Maritime **Policy Lever** 1. By MEPC80 in July 2023: International institutions Adopt a revised IMO Greenhouse Gas Strategy that: National governments · Sets the level of ambition aligned to a 1.5-degree trajectory with full decarbonization no later that 2050 and ambitious, robust interim targets for 2030 and 2040 (60% and 90% respectively) · Recognises that these targets are on a full 'well-to-wake' or lifecycle accounting basis encompassing the whole fuel supply chain from production to consumption onboard. Recognises within the strategy the elements required to ensure that the transition is just and equitable. 2. By 2025: Deliver policy measures that will make zero emission shipping the International default choice by 2030 by adopting a package of policy measures, including institutions a meaningful market-based measures and a GHG fuel standard that take National effect by 2025 governments

### **CASE STUDIES**



**General Motors**, member of SBTi, aims to produce only EVs by 2035, with 30 new plug-in models arriving by 2025, a \$27 billion investment.



University College of London, from Race to Zero Universities and Colleges, is the leading authority on greenhouse gas emissions from ships. It has provided critical research on the sources and amounts of emissions from maritime transport, as well as pathways for the sector's decarbonisation. Their research has been instrumental in demonstrating 'Persuasion' by:

- Supporting the business case for shipping stakeholders to invest in green vessels and infrastructure by using rigorous and transparent research that demonstrates financial and technical feasibility;
- Using knowledge exchange to advance public awareness around the climaterelated impacts of maritime transport and increase public pressure for action; and
- Encouraging governments and providing evidence to justify them joining calls for international policies that deliver on a quantifiable and ambitious target to reduce shipping emissions in line with IPCC science.



Cities Race to Zero member, **London**, will reduce citizens dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041.



The Clean Skies for Tomorrow Coalition, formed by stakeholders in the European aviation industry, developed a comprehensive policy package to support the EU's RefuelEU initiative and the UK Government. The package aims to promote the widespread adoption of sustainable aviation fuels by implementing strategies that enhance both the supply and demand aspects of the market, signed by Race to Zero Members Deutsche Post DHL Group, Heathrow Airport, Ørsted, and Velocys, Inc.



TRANSPORT TRANSPORT TRANSPORT 68

### 2. Engagement

Race to Zero's criteria encourages actors in the Race to align their external policy and engagement with net zero goals. But what do we mean by engagement? In this section we explore some engagement actions that actors in the Race to Zero could take. We unpack how non-state actors can influence (or be influenced by) their associations, employees, events, and wider civil society.



### CLINAATE ACTION THROUGH ASSOCIATIONS

### CLIMATE ACTION FOR ASSOCIATIONS (MEHAK SUDAN & ALISON HEPPENSTALL) AND INFLUENCEMAP (WILLIAM AITCHISON)

Reviewing and managing the influence of representative organisations is a critical element of the 5th 'P' and must be a core focus for all members of Race to Zero.

Representative organisations have differing purposes which impact their influence, capabilities, and objectives. It is recognized that industry associations that conduct advocacy to governments on behalf of their members have a powerful influence over climate policy. [i] [ii] All representative organisations interact differently with the 5th 'P', however they all share a responsibility for leading and supporting the memberships that they represent.

### A bridge between public and private sector actors

Representative organisations [particularly trade and professional bodies] have a top-down and bottom-up opportunity when it comes to climate policy. Climate Action for Associations (CAFA) calls this the influence sandwich.

The diagram below shows representative organisations sitting at the heart of the conversation and can lead and influence both a top down and bottom-up approach.

RO's often proactively participate in the consultation process for new standards and legislation

RO's use influence of representation to shape climate policy and support for the industry/profession it represents

Members of RO's push their RO's to represent their needs, deliver the support they require and drive climate policy

Members of RO's also use organisational infrastructure to promote semiindependant campaigns & form splinter groups





Representative **Organisations** (RO's)



Standards, Legislation and support provided to RO's to cascade to their respective members

RO's can aid policy implementation via: Updating accreditation requirements (if they play this role)

RO's implement member-facing climate policies, including both cascading government policy and introduction internal **RO** policies

Some RO's have a mechanism for members to establish communities of interest, often autonomously

CAFA insists that representative organisations must lead by example and get their own house in order by simultaneously pushing their member constituents to take credible climate action, whilst lobbying for legislation, change, standards and support.

### The implementation of policies for Representative Organisations therefore flows as follows.

- 1. Their internal policy position.
- 2. The establishment of a policy surrounding the expectation and requirements of their members to implement Race to Zero criteria.
- Representing and advocating externally the needs of their members to government to ensure policies, finances, frameworks, legislations etc are in place to support the industry it represents in line with the 5th P.

ENGAGEMENT

### 1. INTERNAL POLICY POSITION ON THE 5TH 'P'

**CAFA** calls out that membership organisations can and should take a far more ambitious position and proactively lead and shift industries and professions instead of placating their member organisations and/ or bowing to pressure from government.

In CAFA's experience, more times than not, membership organisations are filled with intent and ambition, many with public good and social impact at the core of their business purpose. However, many also face challenges in operationalizing ambition due to reasons such as the lack of capacity, skill, budget, resources, confidence, data relating to the climate impact of their members, industry and value chain.

There are many trade associations, professional bodies and other representative groups that already take and or are introducing a pro-climate action policy position. This can be seen through the Confederation of British Industry (CBI), World Cement Association (WCA) and Chartered Institute of Internal Auditors (Chartered IIA) all who have evolved their position in recent years to support ambitious climate policy and proactively engage their members and challenge government.[iii]

CAFA has prepared a guide[iv] for representative organisations on proclimate policy alignment with the 1.5-degree goal in line with ISO Net Zero Guidelines and Race to Zero criteria. It includes actions that representative organisations ought to take internally, externally, and while engaging with members to implement 5th 'P' criteria.



- [i] "85% of respondents perceived industry associations as 'very influential' or 'influential' [...] 72% of respondents perceived alliances/coalitions as 'very influential' or 'influential' Global Standard, Responsible Lobbying Consultation: Results (2020), p.12.
- [ii] "It is often industry associations that are doing most of the lobbying, rather than individual companies" OECD, Lobbying In the 21st Century: Transparency, Integrity, and Access (2021), p.113.
- iii] https://www.lse.ac.uk/granthaminstitute/explainers/what-is-climate-change-lobbying/
- [iv] Climate Action for Associations Pro-Climate Policy Guide for Trade and Representative Membership Organisations
- [vi] "Where an association's membership is divided on an issue, the position lobbied may risk becoming the 'lowest common denominator,' since oppositional voices are often the loudest. This trend appears to be particularly salient in the context of climate change lobbying, where an industry association can adopt a position that directly contradicts a member company's broader sustainability agenda." Ibid.



### 2. EXTERNAL POLICY POSITION ON THE 5TH 'P'

Negative lobbying by industry groups is strikingly misaligned with the 5th 'P' and currently outweighs the influence of more supportive associations. The opposition to climate policy is not isolated to associations representing fossil fuel sectors, for example **many cross-sector associations** representing business at country or continent level also consistently push for weaker climate policy.

To explain this, in 2021 **the OECD** identified a "lowest common denominator" trend seen a lot within member organisations, where the group takes a position aligned with its most conservative constituent, which often becomes a barrier to supportive climate policy advocacy. [v]

The institutional investor-led **Global Standard for Responsible Climate Lobbying** is clear that i) reviewing an organization's links to third parties that are engaging with climate policy and ii) acting to ensure their activity is aligned with the Paris Agreement are critical steps companies should take to ensure overall policy engagement is compatible with 1.5C.

To galvanise more support for climate policy through associations, the Global Standard also proposes that entities create or participate in coalitions that have the specific purpose of lobbying in support of the goal of restricting global temperature rise to 1.5°C above pre-industrial levels.

CAFA is collecting the climate action policy status and advancements of representative organisations and benchmarking these to demonstrate best practice and to provide proactive steps representative organisations can take to drive bolder pro-climate policy.

# 3. KEY RESOURCES FOR RACE TO ZERO INDUSTRY ASSOCIATION REVIEWS

**InfluenceMap** tracks the climate policy influencing activities of over **250 industry associations** globally, which will be used by Race to Zero company and investor members to review their activity and take action on misalignments identified.

Over 70 ClimateAction100+ focus companies published an industry association review as of April 2023. InfluenceMap has evaluated these reviews to provide guidance on better practice in line with the Global Standard's expectations on disclosure and action.

To implement their 'publish' requirements by June 2024, company and investor Race to Zero members with over 250 employees should disclose a complete and accurate account of the positions and engagement activities of key industry associations on specific climate policies and review of the 1.5C alignment of this activity, as part of wider annual lobbying disclosure.

- 1. All companies and investors > 250 employees should review the 30 most influential cross-sector industry associations engaged on climate policy globally, if memberships are retained to these groups
- 2. Companies and investors > 250 employees in the following sectors should additionally review all associations assessed by InfluenceMap in their sector, if memberships are retained to these groups. Sector scope of requirement: automobiles, transportation, energy, utilities, metals & mining, construction materials, chemicals, agriculture & land use.

See **here** for a link to resources on how to conduct an industry association review and which associations assessed by InfluenceMap must be included.

ENGAGEMENT ENGAGEMENT STATE OF THE STATE OF

### **Activating** Employees

GIKI (JO HAND)

# ENGAGING EMPLOYEES TO ADOPT SUSTAINABLE BEHAVIOURS IS A KEY PART OF DELIVERING NET ZERO.

Employees are a vital constituency to deliver corporate net zero commitments. As a result, engaging, upskilling and motivating employees to adopt sustainable behaviours and choices is becoming a crucial part of corporate sustainability strategies.

Jessica Hyde, Global Corporate Citizenship Strategy Lead at Accenture, a Race to Zero member is leading the strategy on corporate citizenship across a company of 738,000 employees. Her responsibilities include a strategy to significantly increase the engagement of the global workforce on environmental action – considering holistic impacts across carbon, waste, water, and biodiversity. This includes learning, volunteering, innovating – and understanding and reducing personal impact.

"Just like the digital transition, we need everyone to have sustainability knowledge now. We need to upskill our people on sustainability, just as we did on digital."

For more and more companies, engaging, educating and motivating employees to adopt sustainable behaviours at home and at work is becoming increasingly important, both as part of a sustainability strategy, as well as to deliver broader business benefits.

### EMPLOYEE ENGAGEMENT IS CRUCIAL TO DELIVER NET ZERO

Employees' influence over corporate emissions across Scopes 1, 2 & 3 is significant. From macro decisions including choice of energy suppliers, product design, materials choice, supplier selection, or selection of sites and leased or purchased assets; through to micro decisions, on individual travel, including business flights, food choices in the canteen, or turning off equipment after use.

Furthermore, building sustainable behaviours at work, helps people understand the benefits of cutting carbon at home too. The IPCC 6th Assessment report published in 2022 shows that 40-70% of required emissions reductions can be achieved through changing 'demand side strategies'. The COP27 Implementation Plan also notes 'the importance of transition to sustainable lifestyles and sustainable patterns of consumption and production for efforts to address climate change.'

The growing awareness that employees play such a crucial role in the global transition to net zero is a key driver for many companies in building an employee engagement programme. There are also significant business benefits.



ACTIVATING EMPLOYEES ACTIVATING EMPLOYEES ACTIVATING EMPLOYEES 74

### THE BUSINESS IMPERATIVE

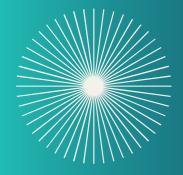
Cutting carbon typically has associated cost savings. Energy efficiency and waste reduction are frequently cited as quick wins in terms of carbon and cost savings. Business flights are also a major cost and contributor to scope 3 emissions for many companies. An economy return flight from London to New York has the same carbon footprint as over 16,000 virtual meetings.

Retention and recruitment are also major challenges for many firms. In 2022, we found that 73% want to work for a firm with a strong environmental commitment (Giki Survey, 2022). This is confirmed by new research from Paul Polman in 2023, the Net Positive Employee Barometre, which cites the problem for firms of 'conscious quitters', a growing number of people leaving companies which don't fit their values on climate and sustainability.

Staff demand is a key driver for employee engagement. At NatWest Group (a Race to Zero member), where climate change is a key strategic priority, the bank-wide employee engagement programme, now embedded in compulsory climate training, was initiated, and continues to be led by the employee-led Sustainable Futures Network.

Clients, customers and partners are also key drivers. As more questions and requirements arise around sustainability, the need to upskill employees in order to deliver goods and services sustainably is a consideration for many client or customer facing businesses (see Adobe case study on the next page).

As awareness grows around the crucial role sustainable behaviours play at home and at work in delivering net zero, employee engagement is becoming a new frontier within corporate sustainability strategies. Those who are embracing it are already seeing the benefits of increased knowledge and action on sustainability.



### **CASE STUDIES**



Adobe (Science Based Targets Initiative member) has embraced the opportunity of engaging employees on climate change, by running Giki's Sustainability Games with their partners and customers. Both have been hugely successful in deepening relationships, understanding and action around sustainability. Sarah Gunderson, Director Partner Sales - UKI & MEA, led the project which ran just before COP27: "Our aim was to build partnerships with sustainability at their core and to foster a culture of sustainability in our partnership organisations. Together we took over 1,400 steps to reduce our carbon footprint and saved 102 tonnes of carbon which equate to 5,100 trees planted or 247 short haul flights!". Find out more here.



A small group of employees who wanted to 'do more' on sustainability identified that many staff at NatWest (Net Zero Banking Alliance member) were previously unaware of their carbon footprint. They understood the importance of sustainable behaviours and wanted to help people across the bank upskill and build knowledge to help achieve net zero faster. The Sustainable Futures Network (SFN), a bank-wide employee network whose purpose is to support colleagues to embed sustainability at home and work, helped bridge the gap between grass-roots enthusiasm and the bank's overarching sustainability strategy. NatWest worked with Giki to raise awareness of environmental issues across the organisation, feed into strategic thinking and help colleagues understand and learn more about sustainable living. Find out more here.



Artisan Dental (SME Climate Hub member) has rallied employees and community members to identify and implement practices to lower GHG emissions. They have offered stipends to employees for using sustainable modes of transport to work (EVs, public transit, bikes) and launched a Sustainable Supplier survey to understand suppliers' carbon footprints and opportunities for GHG reduction. They have also purchased sustainable products, installed air hand dryers, established an employee eco-challenge and hosted sustainability webinars. This, as well as their energy efficiency efforts, has ultimately led to Artisan Dental being the first US dental office to achieve carbon neutrality.



Forster Communications (SME Climate Hub Member) implemented a comprehensive three-year sustainability program called the Climate Positive Plan, which not only involved reducing operational carbon emissions but also encouraging employees to reduce CO2 emissions, ensuring client commitments to emissions reductions, and collaborating with industry networks. They adopted measures such as becoming a meat and dairy-free office, screening suppliers for net zero targets, and promoting renewable energy usage, resulting in 80 percent of the team using 100 percent renewable energy at home.

ACTIVATING EMPLOYEES ACTIVATING EMPLOYEES ACTIVATING EMPLOYEES

### **Engaging through Events**

POSITIVE IMPACT EVENTS (FIONA PELHAM, CEO AND ISO 20121 CHAIR)
UK CENTRE FOR EVENTS LEEDS BECKETT UNIVERSITY (DR JAMES
MUSGRAVE, HEAD OF CENTRE)

\*The term 'events' covers a vast number of activities which businesses spendbudget and time on including: Internal meetings, Attending Conferences, Sponsorship of sport, culture, music and other events, Exhibiting at trade shows, Attending exhibitions, Annual General Meetings, Product launch events, Client hospitality, Networking events and more



### EVERY STRATEGY FOR ADVANCING RACE TO ZERO COMMITTMENTS WILL INCLUDE EVENTS

Enabling the (majority SME) event supply chain to act will support all Race to Zero actors to address scope 3 emissions.

Data on the UK marketplace shows direct spend on business events is between £19.4bn and £31b in 2019, with leisure events adding a further £30bn. This is expected to increase by 43% by 2026.\* The size, differing geographic locations, purpose and attendee/participant behaviour means every event is different and there is not one 'tidy carbon reduction action plan' for every event to follow. However, the resources below show you what actions can be taken. Moreover, events are levers for behaviour change, opportunities for creativity and they enable new thinking and inspiration.

### Resources to advance your Race to Zero commitment through your events:

- · Use ISO 20121 (which aligns with ISO Net Zero guidelines)
- Learn from a global community of event professionals in action on sustainability
- · Request your **event supply chain** join The Race to Zero
- · Consider human and child rights and safeguarding at your event
- Identify the **role of plastic** at your event
- · Gain C level buy in for your event to advance SDGs including SDG 13
- Share your best practice learnings from your event
- Educate yourself on sustainable event practices

### Resources to encourage the events you attend (eg speak at, exhibit at etc) advance Race to Zero commitments:

- Email the event organiser to encourage the **event supply chain** join The Race to Zero
- · Use your social media, website or event presentation to **encourage action** on The Race to Zero

The event supply chain goes beyond the event planning companies, and since 2021 over 170 members of the event sector supply chain including venues, caterers and others, have made a Race to Zero commitment and used free resources provided by Race to Zero Accelerator Positive Impact.

### Global examples of best practice from event planning companies in the Race to Zero:





**Copenhagen Event Company**, a Danish event planning company, have spent strategic planning time considering to what extent the Race To Zero commitment calls for rethinking the business model of the company itself in an awareness of the fact that events are part of a polluting industry.



**Italian Special Occasions**, an Italian event planning company, supply event attendees with reusable water bottles, the profits of which go to community based projects that prioritise education for disadvantaged children



**Encore**, a global event production company, has created a company internal Sustainability Sharepoint, combined with the development of a company wide training programme on what Race to Zero means.

EVENTS EVENTS EVENTS 7.8

# Civil Society, Youth & Other Actors for Advocacy

ALLIANCES FOR CLIMATE ACTION (LULI PESQUEIRA)
CLIMATE CHAMPIONS (LINA DABBAGH)

"If everyone is moving forward together then success takes care of itself."

- HENRY FORD



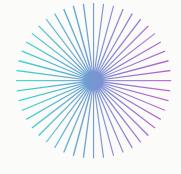
### WHY WE NEED MORE CROSS-STAKEHOLDER COLLABORATION

Achieving the fundamental shifts required in policy, behaviour, and business that are required to achieve a low carbon and resilient economy, cannot be single-handedly realised by any sector or stakeholder. In the past two decades, collective action has evolved from an abstract ideal to a concrete way of working. Alliances, coalitions and partnerships have made great strides in setting the climate emergency on the public agenda, mobilising resources for capacity and training, and connecting actors and organisations in ways not seen before. Cross-stakeholder collaboration is essential for deploying and ensuring the adoption of new technologies, mainstreaming green finance, ensuring life-cycle product design, and uptaking novel ways of living, working and travelling. Only by collectively embracing a new set of norms and values across society, will we manage to quarantee a thriving future.

### BREAKING THE SILOS FOR IMORE SUCCESSFUL ADVOCACY STRATEGIES

Civil society organisations, youth and indigenous peoples, are essential actors in advocating for climate action. These organisations mobilise public opinion and put pressure on governments to take action on climate change. They organise protests, campaigns and provide important knowledge and insights into the impacts of climate change in communities. Civil society, youth and indigenous peoples also play a significant role in raising awareness about the urgency of the climate crisis, beyond administrations, and opening up new spaces for conversation with traditionally excluded groups. They have a detailed understanding of the political process and levers, as well as the tools and knowledge that other non-state actors are less equipped to embark on to advocate for the fundamental transformation that is required to limit the rise of global temperature.

Non-state actors can find powerful partners in civil society organisations, youth and indigenous peoples. Together, these actors can bring a diverse set of resources and perspectives to the table, which can lead to more effective advocacy strategies.



ADVOCACY

### EXAMPLES OF SUCCESSFUL COLLABORATION

There have been several successful examples of collaboration between businesses, cities, regions and civil society in advocating for climate action.



### Alliances for Climate Action (ACA)

The Alliance for Climate Action, led by WWF, is a network of alliances between state, local, and regional governments; companies and investors; academia and cultural institutions; tribal organisations and faith communities; healthcare institutions, and civil society active in ten countries to drive climate action and achieve the goals of the Paris Agreement.

### As Race to Zero Accelerators, the Alliances have successfully advocated for the adoption of:

- Increased renewable electricity and an effective carbon pricing system: In Japan, 303 non-state actors in the Japan Climate Initiative are calling on the government to supply the vast majority of electricity from renewable energy sources by 2035, and to introduce highly effective carbon pricing system earlier than planned to ensure that the 2030 emission reduction target is achieved and further raised to the next level.
- Public engagement: The **alliance in Viet Nam (VCCA)** launched a podcast series (Race to Zero, Be a Hero) with the participation of members from private sector Unilever, Clime Capital, Ørsted, Pizza 4 P', and Epson to raise awareness and public interest in GHG emission reductions, Net Zero, and a 1.5°C target at national and subnational levels.
- Low Carbon Buildings: In South Africa, C40 Cities and the Green Building Council SA collaborated with city officials of ACA-SA member cities Cape Town, eThekwini, Johannesburg, and Tshwane to develop policies and codes for all new buildings to be net-zero by 2030.
- Transforming value chains: In Argentina, AACA signatories, Quilmes (a beverage company) and CADER (the trade association of renewable energy companies and suppliers) are working together to expand renewable energy in the Quilmes value chain. Quilmes factories are already powered by 100% renewable energy and is exploring opportunities with CADER to expand the renewable energy supply through its value chain.
- Building capacities to advocate: In Mexico, the ACA Mexico has provided media training for ten members including city, business, and grass roots organisation representatives to become spokespersons and more confidently engage in advocacy actions, e.g. for the creation of an Air Quality Agency in the State of Nuevo León, as concrete measure to achieve Race to Zero commitment.
- Advocacy for coal-phase out: The Alliances in South Africa and Viet Nam have been active in advocating for stronger climate policies at the national and international levels and have called for a phase-out of coal-fired power plants to show consistency with net-zero and Just Energy Transition Partnerships (JETP) commitments.

### **CASE STUDIES**



Business Declares, a Race to Zero Partner and coalition of like-minded business leaders working to accelerate action to address climate change, biodiversity, loss and social injustice, uses the power of advocacy to galvanise financial and political climate leadership. One of the avenues through which they have mainstreamed net zero alignment is through their campaigns.



Financial Times has called for better business and political leadership and has showcased leadership stories amongst businesses and financial leaders, such as Triodos Bank, Wholegrain Digital, Invivo, Leap, Bates Well and Giki, to encourage greater corporate climate action. After the success of these campaigns and in recognizing the critical role that public-private partnerships play in accelerating climate action, Business Declares officially onboarded the Financial Times as a member in 2022.



Comunidad #PorElClima, a Race to Zero Accelerator, with the support of 13 driving entities and 11 collaborators from Latin America and Spain including Iberdrola, the Red Cross Spain and the Spanish Office for Climate Change and Fundación Biodiversidad, launched ambiciónCOP to increase the participation of Latin American and Spanish Civil Society at COP and advocate for greater climate ambition. This free and open access platform facilitates information in Spanish on key policy asks and climate agreements so that non-government actors can accelerate net zero action and align efforts to the political agreements reached at climate summits.



Science Based Targets initiative member Seventh Generation worked with over 150 cities and 8 states in partnership with Sierra Club and The Solutions Project to campaign for 100% renewable, just and equitable energy production. They also worked with community activists to help pass the Climate Leadership & Community Protection Act (CLCPA), which requires New York to generate 100% carbon-free electricity by 2020 and be 100% carbon-neutral by 2050.



ADVOCACY ADVOCACY ADVOCACY 82

### **Appendix** / Further Resources

### BENEFITS

AAA Framework for Climate Policy Leadership

### **RACE TO ZERO**

- Race to Zero website
- 5 Ps poster

### **GUIDANICE AND FRAMEWORKS**

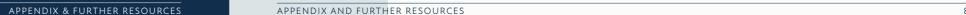
- Race to Zero criteria, 2022
- HLEG recommendations, 2022
- ISO Net Zero Guidelines, 2022
- Global Standard on Responsible Climate Lobbying
- Pivot Point Report, 2022
- AAA Framework for Climate Policy Leadership

### DISCLOSURE

- CDP, Corporate Climate Change Questionnaire
- CDP, States and Regions Questionnaire
- CDP-ICLEI, Track Cities Questionnaire
- InfluenceMap, Best Practice Briefing and detailed methodology
- Global Standard on Responsible Climate Lobbying

### BUSINESS PERSUASION

- RPE Framework
- Ceres, Blueprint for Responsible Policy Engagement on Climate Change, 2022
- Ceres, Responsible Policy Engagement Analysis, 2021
- WRI, CDP, WWF, Ceres, The Climate Group, UNEP, The Global Compact, Guide for Responsible Corporate Engagement in Climate Policy, 2013
- InfluenceMap, Net Zero and the Need for New Leadership in Corporate Climate Advocacy, 2023
- WRI, Seven barriers to U.S. businesses leadership on climate
- InfluenceMap, The A-List of Climate Policy Engagement, 2021
- InfluenceMap, Lobby Map Methodology
- OECD, Draft public consultation targeted update of the OECD guidelines for multinational enterprises, 2023
- London School of Economics Grantham Institute, Company Lobbying and Climate Change Good Governance for Paris Aligned Outcomes, 2022



### FINANCE PERSUASION

- Global Standard on Responsible Climate Lobbying
- CA100+, Investor Resources on Corporate Climate Policy Engagement
- UNPRI, Converging on Climate Lobbying, 2018
- The Investor Agenda, Policy Advocacy
- Influence Map, Finance and Climate Change, 2022
- UNEP FI, Investor Expectations on Corporate Climate Lobbying
- FCA, Finance for positive sustainable change: governance, incentives and competence in regulated firms, 2023
- Race to Zero, Nature and tackling deforestation

### CITIES, STATES AND REGIONS PERSUASION

- ACCC, City Engagement Tracker
- ACCC, City Engagement Guidance
- Driving Climate Action Through Utility Integrated Resource Plans: A North Carolina Case Study of Local Government Leadership
- WRI, How Some U.S. Cities Are Working to Align Energy Markets with Their Clean Energy Goals
- C40 Cities, NDC Ambition Handbook
- C40 Cities, Urban Climate Action Impacts Framework
- CDP, Collaboration between cities, states, regions, businesses and national governments is vital to prevent irreversible climate change, 2021
- CDP, Working Together to beat the Climate Crisis
- Global Covenant of Mayors for Climate & Energy
- Our Climate
- Broekhoff, D., Piggot, G. and Erickson, P., 2018. Building Thriving, Low-Carbon Cities: An Overview of Policy Options for National Governments. Coalition for Urban Transitions. London and Washington, D.C.
- Broekhoff, D., Webb, M., Gençsü, I., Picciariello, A. and Scott, A. (2021).
   Decarbonising Electricity: How Collaboration between National and City Governments Will Accelerate the Energy Transition. Coalition for Urban Transitions, London and Washington, DC.
- Broekhoff, D., P. Erickson, and C. Lee, 2015. What Cities Do Best: Piecing Together an Efficient Global Climate Governance. Stockholm Environment Institute, Working Paper No. 2015-15.

### HEALTH PERSUASION

- Health Care Without Harm
- Climate Action Accelerator
- WHO, Alliance for Transformative Action on Climate and Health

### → EDUCATION PERSUASION

- Race to Zero Universities and Colleges
- Oxford University, Guidance on Policy Engagement

### **NIET ZERO SERVICE PROVIDERS**

- Oxford Net Zero
- Net Zero Lawyers Alliance
- Robert J. Brulee and Carter Werthman, The role of public relations firms in climate change politics, 2021
- The City UK, Enabling the Net Zero Transition: the role of financial and related professional services, 2022
- HSBC, Towards Net Zero in the UK commercial real estate

### **NIET ZERO POLICY**

- Climate Watch
- IPCC, Sixth Assessment Report (AR6)
- WRI, State of Nationally Determined Contributions, 2022
- WRI, Stepping up NDCs- Resources
- Global Subsidies Initiative
- Friends of Fossil Fuel Subsidy Reform

### **ROAD TO REGULATION**

- Oxford Net Zero
- Financial Times & Prof Tom Hale, Can a new task force bring more rigour and cohesion to regulating net zero? 2023
- Professor Tom Hale, Governing Net Zero: The Conveyor Belt, 2021
- The Pivot Point Report, 2022

### 2020 BREAKTHROUGHS

- 2030 Breakthroughs
- Marrakech Partnership Climate Action Pathways

### BUILT ENVIRONMENT

- 2022 Buildings Global Status Report Section 9 (UNEP/ GlobalABC)
- Global and regional roadmaps (UNEP/ GlobalABC)
- Policy Asks (We Mean Business Coalition)
- NDC Ambition Handbook (C40)
- A guide for incorporating buildings actions into NDCs (UNEP/ GlobalABC)
- Decarbonising the building sector 10 key measures (UNEP/GlobalABC)
- Carbon Risk Real Estate Monitor
- Buildings Energy Efficiency Policy Package (IEA)
- WorldGBC's Global Policy Principles (WorldGBC)

### **ENERGY**

- Agora Verkehrswende. (2019). Distribution grid planning for a successful energy transition – focus on electromobility.
- Batlle, C., Rodilla, P. and Mastropietro, P. (2021). Markets for Efficient Decarbonization: Revisiting Market Regulation and Design," in IEEE Power and Energy Magazine, vol. 19, no. 1, pp. 20-28, Jan.-Feb. 2021,

APPENDIX & FURTHER RESOURCES APPENDIX AND FURTHER RESOURCES 8

### **ENERGY** (continued)

- (Custodian Agencies) IEA, IRENA, UNSD, World Bank, WHO. (2022). Tracking SDG 7: The Energy Progress Report 2022. World Bank, Washington DC.
- European Commission (2023). Accelerating permitting for renewable energy. 2023 Flagship Technical Support Project.
- G20. (2009). G20 Leaders Statement: The Pittsburgh Summit.
- GFANZ. (2022). The Managed Phaseout of High-emitting Assets.
- IEA. (2020). Implementing Effective Emissions Trading Systems.
- IEA (2021), Global Energy Review 2021.
- IEA (2022a). Fossil Fuels Consumption Subsidies 2022.
- IEA (2022b). World Energy Outlook 2022.
- IMF. Fossil Fuel Subsidies.
- (IPCC) Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change
- IRENA& CPI (2023), Global landscape of renewable energy finance, 2023, International Renewable Energy Agency, Abu Dhabi.
- Muñoz Cabré, M. & Vega-Araújo, J. (2022). Considerations for a just and equitable energy transition. Stockholm Environment Institute.
- Pototschnig, A. (2022). Adequacy and Capacity Remuneration Mechanisms. Florence School of Regulation.
- Pototschnig, A., Glachant, J-M., Meeus, L. & Ranci Ortigosa, P. (2022). Recent energy price dynamics and market enhancements for the future energy transition. Florence School of Regulation.
- World Bank. (2022). State and Trends of Carbon Pricing 2022.

### **INDUSTRY**

- A Snapshot into UK Climate-tech Innovation
- Technology and the UNFCCC
- Tech Monitor: 'The tech industry's progress on carbon emissions has been mixed'
- Vodafone: Helping societies to decarbonise
- Net Zero and the Need for New Leadership in Corporate Climate Advocacy

### NATURE

- Climate Champions, Nature Breakthroughs
- Influence Map, Industry Associations Biodiversity Policy
- Tropical Forest Alliance, Investors Policy Dialogue on Deforestation

### OCEANS

- UNFCCC, Marrakech Partnership Climate Action Pathways
- Climate Champions, The Ocean for Climate Declaration

# FIAME?

### **FOOD**

- WWF, UNEP, EAT and Climate Focus, From Global Commitments to National Action (FOLU & FELD Action Tracker); Enhancing NDCs for Food Systems
- TAPP Coalition: True prices for animal proteins for a positive future
- World Bank & International Food Policy Research Institute, Repurposing current policies could deliver multiple benefits for Farmers, Security and Climate
- FAO, Food-based dietary guidelines
- WHO, Healthy food procurement and service policies
- Champions 12.3, SDG Target 12.3 on Food Loss and Waste: 2022 Progress Report

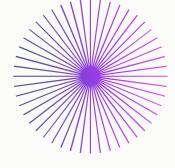
### TRANSPORT

### LAND

- WRI, Systems Change Lab. State of Climate Action 2022. (2022).
- SLOCAT Transport and Climate Change Global Status Report: Tracking Trends in a Time of Change: The Need for Radical Action Towards Sustainable Transport Decarbonisation.
- International Transport Forum. ITF Transport Outlook 2021. (2021).
- IPCC, 2022: Summary for Policymakers, 2022.
- UNFCCC, Global Climate Action % Marrakech Partnership. Climate Action Pathway: Transport, 2021.

### MARITIME

- Science Based Targets Initiative, Maritime Sector
- Getting to Zero Coalition, Getting to Zero Coalition Insight brief-Decarbonising shipping while ensuring an equitable transition
- World Bank, Carbon Revenues From International Shipping: Enabling an Effective and Equitable Energy Transition. (April, 2022)
- Getting to Zero Coalition, Getting to Zero Coalition Report -Closing the Gap



APPENDIX & FURTHER RESOURCES APPENDIX AND FURTHER RESOURCES

### S F F F F F

### NET ZERO ENGAGEMENT

### TRADE ASSOCIATIONS

- Climate Action for Associations
- Influence Map
- OECD, Lobbying In the 21st Century: Transparency, Integrity, and Access, 2021
- CA100+, Corporate Climate Policy Footprint
- LSE, What is Climate Change Lobbying

### **EMPLOYEES**

• Giki

### **EVERUTS**

- Positive Impact Events
- Conference News, Business events industry worth £27.6bn by 2026, finds report
- BVEP launches report focused on 70bn events industry
- UK Sport, The Value of Events

### **CIVIL SOCIETY**

• Alliances for Climate Action

# VISIT RACE TO ZERO'S WEBSITE TO FIND OUT MORE ABOUT THE 5TH P.

