Climate Action (CA)

Body of Knowledge (BoK) for the CA Impact Topic

Intent

The Climate Action Impact Topic requires companies to:

- measure their emissions
- set targets to reduce their emissions
- implement climate transition plans and contribute to the global goal of net zero emissions by 2050.

Recent years have been the warmest on record. According to the latest scientific data, global warming will go beyond 1.5°C to exceed 2°C during the 21st century — unless emissions of carbon dioxide (CO_2) and other greenhouse gasses are deeply reduced in the coming decades (IPCC Sixth Assessment Report [EN]).

To limit global warming to 1.5°C above pre-industrial levels, nations, companies, and individuals must cut their global emissions by 45% by 2030 (compared to 2010 levels), and achieve net zero CO_2 emissions by 2050 (UN SDGs [AR] [EN [ES] [FR] [RU] [ZH]). The scope and scale of current efforts are not enough, and the window of opportunity to limit global warming is closing. Communities and nature are already experiencing widespread adverse impacts from climate change, extreme weather events, and sea level rise, and vulnerable communities are disproportionately affected. The planet cannot afford delays and greenwashing. Climate action efforts must accelerate.

Outcome

Companies take action to combat the climate crisis and its impacts.

Requirements Summary

CA1 The company has a process to measure its greenhouse gas emissions annually.

CA2 The company is committed to contribute to help keep global warming below 1.5 °C.

CA3 The company implements and makes progress on its climate action plan.

Scope

Individuals, communities, organisms, and aspects of the environment affected by the company's own operations and value chain.

Terms and Definitions

Absolute emissions-reduction target

The company's goal for reducing its total emissions over time(e.g. by 2025, reduce CO2 emissions by 25% below 2015 levels). The focus is on cutting the actual volume of emissions, as opposed to relative emission reductions that only reduce emissions per unit of output (e.g., per product or per dollar of revenue).

(Adapted from GHG Protocol).

Adaptation

Adjustments in ecological, social, or economic systems that respond to actual or expected effects and impacts of climate change.

(Adapted from Net Zero Guidelines, ISO)

Advocacy

The same as lobbying, which includes the following, by or on behalf of an organized group:

- Communicating directly or indirectly with public officials, political decision-makers, or representatives to influence public decision-making.
- Attempting directly or indirectly to influence public opinion (beyond normal advertising and marketing) with the aim of impacting public decision-making.

  (Adapted from Corporate Political Engagement Index, 2018, Transparency International)

Agriculture

A company that either:

- earns over 10% of its revenue from products grown on its farm or agro-processing facility, from managing land to grow and harvest crops, or from raising and managing livestock
- sources the majority of its raw materials directly from growers or livestock producers.

Companies in the agriculture sector include, for example:

- vegetable farms
- coffee plantations or roasters
- tree planting companies
- livestock farms or ranches.

Assurance

Evidence that specified requirements relating to a product, process, system, person, or entity are fulfilled.

(Adapted from Codes of Good Practice for Sustainability Systems, ISEAL)

Baseline year

A historic starting point (either a specific year or an average over multiple years) against which the company tracks its emissions over time.

(Adapted from GHG Protocol)

Beyond value chain mitigation

All the company's actions and investments that go beyond its science-based target to mitigate emissions outside its value chain.

(Adapted from Science Based Targets initiative)

Carbon credit

A tradeable certificate representing the mitigation of a specific amount of greenhouse gas emissions.

Carbon credits do not contribute to the company's progress against its science-based targets. However, they may serve as a type of mitigation mechanism beyond the company's value chain.

(Adapted from Net Zero Guidelines, ISO)

Civil Society Organization (CSO)

Non-State, not-for-profit, voluntary entities formed by people in the social sphere that are separate from the State and the market. CSOs represent a wide range of interests and ties. They can include community-based organizations as well as non-governmental organizations (NGOs).

(UNGP Reporting Framework)

Climate action

Urgent action to combat climate change and its impacts, as called for in Goal 13 of the United Nations Sustainable Development Goals.

Climate action that companies can take includes, for example:

- reducing their carbon footprint
- investing in climate-friendly solutions
- improving their energy efficiency.

Climate change mitigation

A human intervention to reduce greenhouse gas emissions or enhance greenhouse gas sinks (such as forests and soils). Climate change mitigation also includes carbon dioxide removal options.

(Adapted from IPCC)

Climate Justice

A concept recognizing that those who are the least responsible for climate change are more likely to suffer its most devastating effects, now and in the future.

Enacting climate justice means prioritizing the needs, voices, and leadership of those who are most impacted by climate change.

(Adapted from Climate Justice Toolkit, B Lab US & Canada)

Climate transition plan

An action plan in which the company describes its strategy to transition all its processes, operations, and business models to meet its climate commitments within a certain timeframe.

(Adapted from US Environmental Protection Agency)

Collective Action

A collaborative, sustained process of cooperation between stakeholders to bring about systemic change. Collective action increases the impact and credibility of individual actions. Examples include multi-stakeholder collaboration, public policy advocacy, mentoring, and thought leadership. Mentoring and thought leadership contribute to systemic change by enhancing the skills, knowledge, or capacity of other stakeholders.

Company

A legal entity (or group of related legal entities) formed to engage in and operate a business (meaning a commercial or industrial enterprise). A company may be organized in various ways depending on the corporate law in its jurisdiction.

Company without workers

A company owned and run by one person. A company without workers may also be known as a sole proprietor, sole trader, individual entrepreneur, or individual proprietor.

Employee

Person who has a direct employment relationship with the company. This includes permanent, temporary, full-time, part-time, seasonal, and casual employees. This includes when, for administrative reasons, there is a different employer on record, but practically the person works as an employee and the company is responsible for their recruitment, performance evaluation, and disciplinary management.

Working owners may also count as employees, depending on certain conditions (see working owner).

Executive team

People with delegated authority from the highest governing body to implement strategies and policies that fulfill the company's purpose.

(Adapted from PAS 808 — Purpose-driven organizations, British Standards Institution)

Frontline community

People who are experiencing or will experience the consequences of climate change "first and worst", in ways that will cause:

- significant damage
- upheaval
- loss of life.

  Frontline communities experience outsized impacts of climate change due to overlapping inequalities. They often also experience harmful corporate and industry activity that jeopardizes their health and well-being and their local environment.

  (Adapted from Climate Reality Project)

GHG mitigation

See climate change mitigation.

Greenhouse gas emissions (GHG)

Natural and human-made gases in the atmosphere that absorb and emit radiation that cause the greenhouse effect.

(Adapted from UNFCC)

Gross

Total emissions, when describing greenhouse gas (GHG) emissions, not including any:

- GHG removals
- purchased, sold, or transferred carbon credits or GHG allowances.

  (Adapted from European Sustainability Reporting Standards E1, 2023)

High-integrity carbon credits and offsets

Carbon credits and offsets that:

- use quality standards that independent third parties can verify
- make requirements and project reports publicly available.

  At minimum, high-integrity carbon credits and offsets also:

- ensure additionality and permanence
- avoid double-counting
- provide rules for calculating, monitoring, and verifying the project's greenhouse gas emissions and removals.

  (Adapted from European Sustainability Reporting Standards, 2023)

Highest governing body

The person or group of people who have ultimate accountability for the whole company. Every organizational entity has one highest governing body, even if it is not explicitly established.

A highest governing body can be explicitly established in a number of formats, such as:

- a board of directors
- a supervisory board
- a sole director
- joint and several directors
- trustees.

For larger companies, a board subcommittee may be considered the highest governing body — as long as the full board is regularly updated on progress and performance.

(Adapted from Governance of organizations — Guidance, ISO Standard)

Impact

An effect the company has, or could have, on:

- the economy
- the environment
- people, including on their human rights.

Impacts can be actual or potential, negative or positive.

(Adapted from GRI 3, 2021, Global Reporting Initiative)

Independent third party

A person or organization not connected to the company.

Indicator

In the context of Human Rights, Climate Action, and Environmental Stewardship and Circularity: measurable aspects of the company's progress and results. Indicators identify what to measure to create a clear picture of the company's current status.

Indicators can be qualitative or quantitative. Quantitative indicators can be precise, and enable comparison between measures. Qualitative information is often needed to:

- put quantitative information in context
- enable it to be interpreted and understood
- determine which comparisons and conclusions are most valid.

Indigenous Peoples

Groups of people who meet one of the following definitions.

- Tribal peoples in independent countries whose social, cultural, and economic conditions are different from other sections of the national community. Their tribal status is regulated wholly or partially by either their own customs or traditions, or special laws or regulations.
- Peoples in independent countries who descend from the people who lived in the country, or a region of it, during its conquest or colonization, or the establishment of modern state boundaries. Regardless of their legal status, they retain some or all of their own social, economic, cultural, and political institutions.

  (Adapted from Indigenous and Tribal Peoples Convention, 1989, International Labour Organization)

Indigenous Peoples’ local knowledge

The understandings, skills, and philosophies developed by societies with long histories with their natural surroundings.

For many Indigenous Peoples, Indigenous knowledge informs decision-making about fundamental aspects of life — from day-to-day activities to longer-term actions. Their knowledge is integral to cultural complexes, which also encompass:

- language
- systems of classification
- resource use practices
- social interactions
- values, rituals, and spirituality.

  Indigenous Peoples' distinctive ways of knowing are important facets of the world's cultural diversity.

  (Adapted from IPCC)

Investment

Any of four types of investment.

- Equity investments
- Debt investments
- Project finance
- Managed investments and client services

  This definition applies for investors (i.e. companies who aim to profit from their investment) and companies that provide financial services.

  (Adapted from GHG Protocol)

Just Transition

Efforts to create greener, more resilient, and climate-neutral economies and societies in ways that:

- are fair and inclusive to everyone concerned
- create decent work opportunities

- leave no one behind.

  Companies should take their fair share into account when making decisions that contribute to a just transition.

  (Adapted from International Labour Organization and Net Zero Guidelines, ISO)

Location-based method

One of two methods for quantifying scope 2 greenhouse gas emissions (see also market-based method).

The location-based method uses average emissions from energy generation in a defined geographic area. The defined area may be based on local, subnational, or national boundaries.

(Adapted from GHG Protocol Scope 2 Guidance)

Market-based method

One of two methods for quantifying scope 2 greenhouse gas emissions (see also location-based method).

The market-based method refers to calculating a company's electricity emissions based on the specific energy sources it has chosen through contracts or instruments, such as renewable energy certificates (RECs) or power purchase agreements (PPAs).

(Adapted from GHG Protocol Scope 2 Guidance)

Manufacturing

A company that earns over 10% of its revenue from products it makes, either for direct sale or for sale by another company or brand.

Manufacturing involves transforming input materials into a new product. The manufactured product may not be the final product.

Companies in the manufacturing sector include, for example:

- food and beverage producers

- assembly lines
- apparel manufacturers.

Nature-based solution

Solutions that use the power of nature and healthy ecosystems to:

- protect people
- optimize infrastructure
- safeguard a stable, biodiverse future.

(Adapted from International Union for Conservation of Nature)

Net Zero emissions

The emissions status achieved when the amount of greenhouse gas emissions emitted by human activities is balanced globally with an equivalent amount of greenhouse gas emissions removed over a specified period.

(Adapted from IPCC)

Net zero target

A greenhouse gas mitigation target aligned with meeting societal climate goals by both:

- reducing the company's value chain emissions on a scale consistent with global net-zero 1.5°C pathways latest by 2050
- permanently removing an amount of CO_2 equivalent to the company's residual emissions.

(Adapted from SBTi Glossary, Science Based Targets initiative)

Offset

A representation, usually in the form of a retired or canceled credit, of a reduction or removal of emissions outside the company's boundaries. Offset credits are tracked, managed, and traded in a registry.

The company can:

- invest in offsets as a beyond value chain mitigation action (while also making direct GHG reductions)
- use them to counterbalance their residual emissions.

The company can only counterbalance its residual emissions and achieve net zero emissions using offsets that are removals.

(Adapted from Net Zero Guidelines, ISO)

Outcome

A change resulting from the company's activities and outputs. An outcome has a direct link between the activities and outputs, and their impact on people and the environment.

Output

The direct result of an activity. Outputs may include, for example:

- training materials
- policies
- reports
- impact-related programs or projects.

Paris Agreement

The first ever universal, legally binding global climate change agreement, adopted by 196 Parties at the Paris climate conference (COP21) in December 2015.

(Adapted from UNFCCC)

Removals

Withdrawals of a greenhouse gas through deliberate human activities.

Different types of removals include, for example:

- afforestation (planting trees)
- building with biomass (using plant-based material in construction)
- direct air carbon capture and storage
- habitat restoration
- soil carbon capture
- enhanced weathering (mixing soil with crushed rock)
- bioenergy with carbon capture and storage.

(Adapted from Net Zero Guidelines, ISO)

Renewable energy

Energy from renewable non-fossil sources, including:

- wind
- solar (thermal and photovoltaic) and geothermal energy
- ambient energy
- tide, wave, and other ocean energy
- hydropower
- biomass

- landfill gas, sewage treatment plant gas, and biogas.

  (Adapted from European Sustainability Reporting Standards E1, 2023)

Residual emissions

Greenhouse gas emissions that remain after the company has reduced its emissions using all technically and scientifically feasible actions.

Residual emissions are estimated for each year from the net zero target date (e.g. 2050) — not for interim target dates — using a science-based pathway aligned to the global 1.5°C target.

(Adapted from Net Zero Guidelines, ISO)

Scenario analysis

A process for identifying and assessing a range of possible outcomes in uncertain future conditions.

(Adapted from European Sustainability Reporting Standards E1, 2023)

Science-based target

A greenhouse gas emissions reduction target:

- set using scientific evidence
- aligned with an independent, science-based pathway to achieve global net zero greenhouse gas emissions and limit global warming to 1.5 °C.

  "Scientific evidence" means evidence that has been confirmed through peer review.

  (Adapted from Net Zero Guidelines, ISO)

Scope 1 emissions

Direct emissions from sources the company owns or controls.

Scope 1 emissions include the combustion of fuels (such as natural gas, diesel fuel, and gasoline) in:

- factories
- fleets
- office buildings.

(Adapted from GHG Protocol Corporate Standard)

Scope 2 emissions

Indirect emissions from the generation of energy the company purchases (including electricity, heat, and steam).

(Adapted from GHG Protocol Corporate Standard)

Scope 3 emissions

All indirect emissions (except those in scope 2) that occur in the company's value chain, both upstream and downstream.

Fifteen types of scope 3 emissions are detailed in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

These include, among others:

- the extraction and production of materials and fuels the company purchases
- transport-related activities in vehicles the company does not own or control (including distribution and employee travel)
- outsourced activities
- waste disposal
- downstream use of the company's products by its customers.

(Adapted from GHG Protocol Corporate Standard)

Services with minor footprint

A company that earns 90% or more of its revenue from services without selling physical products or requiring a physical location for delivery. These companies do not operate retail, wholesale, or manufacturing facilities.

Services with minor footprints include, for example:

- law firms
- marketing and communications agencies
- software companies.

This was previously named "Services with Minor Environmental footprint". The definition and its application remain the same.

Services with significant footprint

A company that earns 90% or more of its revenue from services that involve significant machinery or equipment, or require a specific operational location (often key to delivering the service).

Services with significant footprint include, for example:

- hotels
- restaurants
- landscaping companies
- universities.

This was previously named "Services with Significant Environmental footprint". The definition and its application remain the same.

Stakeholder

A person, group, or entity who may, positively or negatively:

- affect the company
- be affected by the company's activities
- have an interest that is affected by the company's activities.

Relevant stakeholders may include, for example:

- business partners
- civil society organizations
- consumers
- customers
- employees and other workers
- governments
- local communities
- non-governmental organizations
- shareholders and other investors
- suppliers
- trade unions
- vulnerable groups (including future generations)
- the environment (including species).

(Adapted from GRI 3: Material Topics, 2021.)

Supply chain

The range of activities by companies and organizations "upstream" from the company, which provide products, raw materials, and services that the company uses in its own products or services.

(GRI 3, 2021, Global Reporting Initiative)

Value chain

The full range of activities by the company, and by upstream and downstream entities, to bring its products or services from conception to end use. The value chain includes the company's supply chain.

Entities upstream from the company (e.g. suppliers) provide products or services used to develop the company's own products or services.

Entities downstream from the company (e.g. distributors and customers) receive products or services from the company.

(Adapted from G1 Foundation, 2021, Global Reporting Initiative)

Wholesale/Retail

A company that earns over 10% of its revenue from selling physical products, but does not own or operate the manufacturing processes or facilities that produce them. This includes companies that design products but outsource their production.

Wholesale/retail companies include, for example:

- grocery stores
- e-commerce retailers
- consumer goods companies that do not manufacture their own products
- wholesalers of physical goods.

Worker

A person who works for the company as any of the following.

- An employee
- An independent contractor, if they work more than 20 hours per week indefinitely or for more than six months.

- An agency worker, if they work more than 20 hours per week indefinitely or for more than six months.

Interns and apprentices, as defined in the B Lab Standard, do not count as workers.

Notes

- None

CA1 The company has a process to measure its greenhouse gas emissions annually.

CA1.1 The company has a documented process to measure its scope 1, 2 and 3 greenhouse gas emissions annually and discloses the results publicly.

Track factors*:

Size	Sector	Industry
XX Large	All	All
X Large	All	All
Large	All	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA1.1	Year 0 / Year 3 / Year 5	None	The company has a documented process to measure its scope 1, 2 and 3 greenhouse gas emissions annually and discloses the results publicly.

Compliance Criteria:

1.1.1 The company's greenhouse gas (GHG) emissions inventory is publicly available:

a) in the fiscal year before Year 0

b) in each subsequent year.

1.1.2 The company's process includes the measurement of GHG the following.

a) Gross scope 1 GHGs (in metric tonnes of CO_2 equivalent)

b) Gross location-based scope 2 GHGs (in metric tonnes of CO_2 equivalent)

c) Gross market-based scope 2 GHGs (in metric tonnes of CO_2 equivalent)

d) Gross scope 3 GHGs (in metric tonnes of CO_2 equivalent) from all relevant scope 3 categories

e) GHG emissions in each relevant scope 3 category

f) Total GHG emissions (in metric tonnes of CO_2 equivalent), including both:

i) the total GHG emissions calculated using a location-based method for scope 2 GHGs

ii) the total GHG emissions calculated using a market-based method for scope 2 GHGs.

1.1.3 The company records a list of Scope 3 GHG emissions categories included in and excluded from the GHG inventory with a justification for excluded Scope 3 categories.

1.1.4 The company details the use of accounting principles and tools that it follows to measure its emissions and any associated assumptions.

a) The company uses accounting principles and tools that follow GHG Protocol requirements to measure emissions.

b) Equity investors and investment advisors follow the methodology of the Global GHG Accounting and Reporting Standard for the Financial Industry (Partnership for Carbon Accounting Financials).

1.1.5 The company calculates its GHG emissions using either:

a) a publicly or commercially available tool,

b) an in-house tool that uses emission factors from nationally or internationally recognized databases.

Intent:

For companies to take the first step towards managing the GHG emissions of their operations and value chain by measuring them. This foundation helps the company set science-based targets and identify the most meaningful opportunities to reduce its emissions. The goal is to make a good start and improve over time — not to get everything right from the beginning.

Clarifying the Compliance Criteria:

[1.1.1] The company makes its greenhouse gas emissions inventory publicly available in one of the following.

- Its annual report
- An annual sustainability report
- An integrated annual report and sustainability report
- Another public report available on its webpage

[1.1.2 b] The company's "location-based" scope 2 emissions mean its indirect emissions from the energy it purchases, calculated using the average emissions intensity of the energy grid in its location.

[1.1.2 b; 1.1.2 c; 1.1.2 f] The company records its total GHG emissions in both the following ways.

- Location-based — the sum of its gross scope 1, location-based gross scope 2, and gross scope 3 emissions.
- Market-based — the sum of its gross scope 1, market-based gross scope 2, and gross scope 3 emissions.

[1.1.2 b; 1.1.2 c; 1.1.2 f] The company records its total GHG emissions in both the following ways.

- Location-based — the sum of its gross scope 1, location-based gross scope 2, and gross scope 3 emissions.
- Market-based — the sum of its gross scope 1, market-based gross scope 2, and gross scope 3 emissions.

[1.1.2 c] A "market-based" method identifies emissions from the specific energy generators the company uses bundled with contractual instruments, rather than an average for the company's location.

[1.1.2 d; 1.1.2 e] Scope 3 categories include activities "upstream" and "downstream" from the company:

- Upstream categories:
  - Category 1 - Purchased goods and services
  - Category 2 - Capital goods
  - Category 3 - Energy

- Category 4 - Upstream transport
- Category 5 - Waste
- Category 6 - Business travel
- Category 7 - Employee commuting
- Category 8 - Upstream land assets

- Downstream categories
  - Category 9 - Downstream transport
  - Category 10 - Processing of sold products
  - Category 11 - Use of sold products
  - Category 12 - End-of-life of sold products
  - Category 13 - Downstream leased assets
  - Category 14 - Franchises
  - Category 15 - Investments

[1.1.2 d; 1.1.2 e] The GHG Protocol's "Technical Guidance for Calculating Scope 3 Emissions" provides four ways to estimate a company's GHG emissions for Category 1 - Purchased goods and services and Category 2 - Capital goods [EN]. The four methods, in order from most to least robust, are below.

- Supplier-specific method — the company collects cradle-to-gate GHG inventory data from goods or services suppliers at the level of the individual product. "Cradle-to-gate" emissions include all emissions throughout the lifecycle of purchased products, up until the company receives them (excluding emissions from sources the company owns or controls).
- Hybrid method — the company uses supplier-specific activity data (where available) and fills the gaps with secondary data. This method involves:
  - collecting data directly from suppliers on their scope 1 and scope 2 emissions allocated to the company
  - calculating upstream emissions from suppliers' activity data
  - using secondary data to estimate upstream emissions wherever supplier-specific data is unavailable.

- Average-data method — the company identifies its average emissions per unit of goods or services by multiplying the mass (or another relevant metric) of its purchased goods and services by the relevant secondary emission factors (such as industry averages).
- Spend-based method — the company identifies its average emissions per monetary value of goods by multiplying the economic value of its purchased goods and services by relevant secondary emission factors (such as industry averages).

[1.1.2 d; 1.1.2 e] The company may choose to use spend-based calculations for certain scope 3 categories. For others, an average-data or distance-based method is needed at minimum. To check which calculation methods are allowed for each scope 3 category, refer to Annex D of the GHG Protocol Scope 3 Calculation Guidance [EN].

[1.1.2 d; 1.1.2 e] The company includes all relevant scope 3 categories in its scope 3 inventory at minimum, and may include other categories over time. When identifying its relevant scope 3 emissions, the company may:

- use the estimated size of its GHG emissions
- consider other criteria, such as the following from the GHG Protocol Accounting and Reporting Standard (see Implementation Resources):
  - the company's ability to influence emissions reductions from scope 3 categories
  - stakeholder expectations around which scope 3 emission categories are critical
  - which scope 3 categories contribute to the company's risk exposure (e.g. its financial, regulatory, supply chain, product and customer, legal, and reputational risks related to climate change)
  - the significance of scope 3 categories, per sector-specific guidance (see Implementation Resources)
  - which scope 3 categories are linked to a high level of spending, or generate a high level of revenue
  - which scope 3 categories are linked to outsourced activities that the company previously performed in-house, or that others in the company's sector typically perform in-house
  - any other criteria for determining relevance developed by the company or industry sector
- exclude, if it records an explanation:
  - scope 3 categories that do not apply to the company
  - scope 3 categories or activities the company expects to be insignificant in size (compared to its other GHG emissions).

[1.1.2 d; 1.1.2 e] Scope 3 categories include activities "upstream" and "downstream" from the company:

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  - Category 4 - Upstream transport
  - Category 5 - Waste
  - Category 6 - Business travel
  - Category 7 - Employee commuting
  - Category 8 - Upstream land assets
- Downstream categories
  - Category 9 - Downstream transport
  - Category 10 - Processing of sold products
  - Category 11 - Use of sold products
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  - the significance of scope 3 categories, per sector-specific guidance (see Implementation Resources)
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  - any other criteria for determining relevance developed by the company or industry sector

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- Location-based — the sum of its gross scope 1, location-based gross scope 2, and gross scope 3 emissions.
- Market-based — the sum of its gross scope 1, market-based gross scope 2, and gross scope 3 emissions.

[1.1.5; 1.1.5 a] The company can choose which GHG measurement tool to use for scope 1, scope 2, and scope 3 emissions, as long as its methodology follows the GHG Protocol.

- Measurement standards or methodologies are acceptable if they are derived from the GHG Protocol. In these cases, the company uses a standard or methodology from a body that has confirmed its alignment with the GHG Protocol.
- Companies additionally record any main differences between the GHG Protocol and the methodology or standard under consideration.

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[1.2.6 b] “Nationally recognized databases” are released by governments. “Internationally recognized databases” are released by multi-stakeholder organizations with climate expertise.

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
  - the data and mechanism for measuring its own operations ;
  - how data is consolidated in the out-of-scope parent’s reporting.

Further Guidance:

- Examples of GHG measurement tools are listed under the Implementation Resources.

Recommendations:

Implementation Resources:

Resources on standards for greenhouse gas accounting

- Corporate Standard (GHG Protocol) [EN] [ES] [FR] [JP] [PT] [ZH]
- Corporate Value Chain (Scope 3) Standard [EN]
- The Global GHG Accounting and Reporting Standard for the Financial Industry (Partnership for Carbon Accounting Financials) [EN]
- ISO 14064-1:2018 - Greenhouse gasses Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (note, this resource is not free of charge) [EN]

Resources on Life Cycle Databases / Emission Factor Databases

- International emissions factor databases
  - GHG Protocol Emission Factors [EN]
  - GHG Protocol Life Cycle Databases [EN]
  - OpenLCA [EN]
- National emissions factor databases
  - United States Environmental Protection Agency [EN]
  - The UK Government Conversion Factors for greenhouse gasses [EN]
  - Australian Government's National Greenhouse Accounts Factors: 2023 [EN]

Examples of Carbon calculator tools:

- The SME Climate Hub [AR] [EN] [ES]
- GHG Protocol - GHG Emissions Calculation Tools - Various [EN]
- For agriculture: Cool Farm Tool [Various languages, including DE, EN, ES, IT, FR, PT]
- The Carbon Sink [ES]
- GZA Scope 3 calculator [EN] - Applicable mainly for the US companies

Resources on global warming potential values

- International Panel on Climate change [EN]
- GHG Protocol [EN]

Resources on sector-specific guidance for climate action

- Corporate Net-Zero Standard, March 2024 (Science Based Targets initiative) - Chapter 6: Sector-specific requirements [EN]
- CDP Technical Note: Relevance of Scope 3 Categories by Sector [EN]

Interoperability:

- Conceptual Alignment Data Point:
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions 51.
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions - GHG Intensity based on net revenue 53.
  - GRI 305: Emissions 2016 - 305-4 GHG emissions intensity (a)
  - GRI 305: Emissions 2016 - 305-1 Direct (Scope 1) GHG emissions (g)
  - GRI 305: Emissions 2016 - 305-2 Energy indirect (Scope 2) GHG emissions (g)
  - GRI 305: Emissions 2016 - 305-3 Other indirect (Scope 3) GHG emissions (g)
  - Sustainable Development Performance Indicators (United Nations Research Institute for Social Development) 2022 II.A1 GHG emissions (Scope 1 and 2)

- Sustainable Development Performance Indicators (United Nations Research Institute for Social Development) 2022 II.A2 GHG emissions (Scope 3)

- Equivalency Data Point:
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions 44. a, b, c, d
  - IFRS S2 Climate-related disclosures 2023 - Climate-related metrics 29 a, (i), (ii), (iii), (vi)
  - GRI 305: Emissions 2016 - 305-1 Direct (Scope 1) GHG emissions (a)
  - GRI 305: Emissions 2016 - 305-2 Energy indirect (Scope 2) GHG emissions (a)
  - GRI 305: Emissions 2016 - 305-3 305-3 Other indirect (Scope 3) GHG emissions (a)
  - Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), 2017: Recommended Disclosure Metrics & Targets b)
  - CDP 2024 Questionnaire - 7.6
  - CDP 2024 Questionnaire - 7.7
  - CDP 2024 Questionnaire - 7.8

*Note the marked equivalencies are not a full equivalency with the entire sub-requirement, but with the respective metrics.

CA1.2 The company gets an independent third party to verify its annual greenhouse gas emissions inventory.

Track factors*:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA1.2	Year 0 / Year 3 / Year 5	None	The company gets an independent third party to verify its annual greenhouse gas emissions inventory.

Compliance Criteria:

1.2.1 The company's annual greenhouse gas (GHG) emissions inventory is verified by an accredited and independent third party:

a) in the fiscal year before Year 0

b) in each subsequent year.

1.2.2. The independent third party verifies that the company's GHG emissions inventory:

a) covers scope 1 and 2 emissions and all relevant categories of scope 3 emissions

b) is complete and accurate

c) meets GHG Protocol requirements.

Intent:

To ensure the company:

- builds stakeholder trust and confidence in its measurement of GHG emissions
- takes climate action informed by reliable data.

Clarifying the Compliance Criteria:

[1.2.1; 1.2.2] "Verification" is defined as confirmation of a claim, through the provision of objective evidence, that specified requirements have been fulfilled. Verification is considered to be a process for evaluating a claim based on historical data and information to determine whether the claim is materially correct and conforms with specified requirements. Verification is applied to claims regarding events that have already occurred or results that have already been obtained (confirmation of truthfulness) (Net Zero Guidelines, ISO) [EN].

[1.2.1] The third party is independent of:

- the organization that has gathered or provided the data
- any organizations that will use the data
- the recognized standard it is using for third-party verification.

[1.2.1] The independent third party is an accredited certification body under a valid verification standard. It is a member of an International Accreditation Forum or European Union Emissions Trading Scheme, such as UKAS, DAkkS, COFRAC, ENAC, or RvA. Valid certification standards include, for example:

- ISO 14064-3:2019
- ISAE 3410
- ISO 14065:2020
- ISO/IEC 17029:2019
- ISO 14067:2018.

[1.2.1; 1.2.2] "Verification" is defined as confirmation of a claim, through the provision of objective evidence, that specified requirements have been fulfilled. Verification is considered to be a process for evaluating a claim based on historical data and information to determine whether the claim is materially correct and conforms with specified requirements. Verification is applied to claims regarding events that have already occurred or results that have already been obtained (confirmation of truthfulness) (Net Zero Guidelines, ISO) [EN].

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
  - the data and mechanism for measuring its own operations
  - how data is consolidated in the out-of-scope parent's reporting.

Further Guidance:

Recommendations:

Implementation Resources:

Interoperability:

- Conceptual Alignment Data Point:
  - CDP 2024 Questionnaire - 7.9
  - CDP 2024 Questionnaire - 7.9.1
  - CDP 2024 Questionnaire - 7.9.2
  - CDP 2024 Questionnaire - 7.9.3

CA2 The company is committed to contribute to help keep global warming below 1.5 °C.

CA2.1 The company has a publicly available climate action plan.

Track factors*:

Size	Sector	Industry
XX Large	None	None
X Large	None	None
Large	None	None
Medium	All	All
Small	All	All
Micro	All	All
Company without workers	All	All

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA2.1	Year 0 / Year 3 / Year 5	None	The company has a publicly available climate action plan.

Compliance Criteria:

2.1.1 The company publishes its climate action plan on its webpage or has another way for stakeholders to easily access it.

2.1.2 The company's action plan:

a) commits to supporting the global ambition to limit global warming to 1.5°C

b) includes specific, measurable, achievable, relevant, and time-bound (SMART) targets for performance and impact

c) specifies how the company will allocate human, technical, and material resources for implementation

d) outlines how the company will engage and work with stakeholders

e) is approved by the highest governing body.

2.1.3 The company updates its action plan every three years.

Intent:

For the company to identify the actions it will take to address its GHG emissions and to contribute to global ambition to limit global warming to 1.5°C.

Clarifying the Compliance Criteria:

[2.1.1] The company's climate action plan is publicly available in one of the following.

- Its annual report
- An annual sustainability report
- An integrated annual report and sustainability report
- Another public report available on its webpage

[2.1.1] If the company has no website, it may make its plan publicly available in other forms, as long as it is accessible to stakeholders. For example, it may:

- use digital or printed brochures
- make information sheets available at physical locations
- share the update through its local partner organizations.

[2.1.2 b] Targets refer to non-emissions targets. The company's targets may be qualitative or quantitative, and its actions may impact different areas of its business, operations, or value chain. The company chooses actions and targets that allow it to collect and analyse performance data and measure progress. The company is not expected to set specific GHG reduction targets in its climate action plan.

[2.1.2 d] Actions in the company's climate transition plan:

- involve stakeholders
- reflect stakeholder input where necessary.

Applying the Criteria to Independently Certifying Subsidiaries:

- The climate action plan is embedded, at minimum, at the highest level within the company. If the company references a climate action plan belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the climate action plan.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that approval by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the highest governing body within its scope of certification.

Further Guidance:

- Potential actions include the following examples (for a more extensive list, see pages 110–111 of the GHG protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard [EN] or the ISO Net Zero Guidelines [EN] [ES] [FR] [JP] [RU]).
  - Energy
    - Reduce energy consumption
    - Replace high-GHG-emitting raw materials and capital goods with low-GHG-emitting ones
    - Change to lower-emitting fuels or energy sources
    - Generate energy on-site using renewable sources
    - Minimize waste and reduce consumption of raw materials and energy
  - Suppliers
    - Source materials locally if doing so reduces net GHG emissions
    - Choose suppliers, including service providers, that have a climate strategy and are transparent about their emissions

- Transport and operations
  - Optimize the efficiency of transportation and distribution
  - Implement recycling measures with net GHG reductions
  - Reduce the quantity of waste generated in the company's operations
  - Replace higher-emitting modes of transport (e.g. planes) with lower-emitting modes (e.g. cargo ships)
- Ways of working
  - Reduce commuting distance (e.g. locate offices and facilities near urban centers and public transit)
  - Incentivise workers to use public transit, bicycling, carpooling, etc.
  - Implement remote working programs
  - Reduce the company's business travel (e.g. use video conferencing and online meetings instead of traveling to meet in person) and encourage lower-emitting modes of travel (e.g. rail instead of plane)
  - Reduce the number of days worked per week (e.g. use a schedule of four ten-hour days per week, instead of five eight-hour days)
- Business models
  - Develop new low- or zero-emitting products
  - Decrease the use-phase GHG intensity (emissions once a product is in a customer's hands) of the reporting company's entire product portfolio
  - Invest in lower-emitting investments, technologies, and projects
- Products
  - Develop products and services that contribute to the emergence of alternative value chains (e.g. increase quality and decrease cost of plant-based protein)
  - Redesigning and develop products and services to reduce their life cycle emissions
  - Promote, support and facilitate the circular economy (e.g. reuse, repair, refurbishment, repurposing, recycling)
- Finance

  - Ensure financial investments, including assets and pension funds, are aligned with climate action plan
  - Invest in GHG emissions reduction and removals projects
- The company's stakeholders include, for example:
  - stakeholders in the value chain (e.g. suppliers, distributors, and customers)
  - peers
  - industry alliances
  - governments
  - local communities
  - trade associations
  - Civil Society Organizations (CSOs).

Recommendations:

- Outline the company's plan to measure its scope 1, 2, and 3 emissions.
- Set a science-based target to reduce the company's GHG emissions. Suggested target-setting tools are included under the Implementation Resources.
- Acknowledge in the climate action plan that focusing exclusively on carbon can have harmful unintended impacts on nature. For example, electric vehicle batteries require raw materials that can be extracted from high-conservation-value forest ecosystems in Central Africa. This can also have negative knock-on effects for communities if the environment is not safeguarded. (For more information, see Nature in transition plans: Why and how? from the World Wildlife Fund [EN]).
- Take a holistic view of how the climate action plan may also impact:
  - biodiversity, the integrity of ecosystems, and related critical services (e.g. food and water)
  - Indigenous Peoples, local communities, and minority and vulnerable groups (e.g. women, children, elderly people, and people with disabilities), as well as other stakeholders.

- Whenever relevant and possible, incorporate local and traditional knowledge from local communities and Indigenous Peoples into the climate action plan, building on their existing environmental stewardship and nature-based solutions.
- Compensate Indigenous Peoples appropriately when integrating their views or knowledge, and acknowledge their time and efforts.
- Reflect on whether the company's business model supports its climate targets. For example, the company may ask the following questions as part of its planning.
    - If a company without workers' business model depends on a lot of air travel (e.g. to participate in conferences or visit clients), how can it shift to a more sustainable model? Could the company participate in events only remotely, make onsite visits only for local clients, or move to a different type of client or industry?
    - If the company's current business model depends on putting more and more products on the market, is that approach aligned with reducing its GHG emissions? Could the company take on a more novel circular business model by providing its products as a service instead?
    - If the company's products use ingredients from all over the world, how can it lower the impact of transporting those raw materials? Could the company source more ingredients locally, or diversify to other products or revenue streams?
- Consider including the following climate change mitigation actions as part of the company's climate transition plan.
    - Support GHG emission removals within or outside the company's value chain.
    - Support other climate change mitigation projects outside of the company's value chain.
    - Purchase high-integrity carbon credits. These mechanisms can provide financial support to help decarbonize economies in the Global South (see also "Beyond value chain mitigation" in the Implementation Resources). Note, carbon credits and offsets are not substitutes for reducing the company's GHG emissions, but they may be used to remove its residual emissions.
    - Pay special attention to respecting Indigenous Peoples' rights as part of any climate change mitigation projects.
    - Fund CSOs and grassroots organizations working on climate change mitigations, and support research and development of new carbon removal methods.
- Engage in climate advocacy, and review the company's membership with trade associations to stay engaged in climate advocacy that aligns with the goals of the Paris Agreement [Link to GACA2].
- Conduct a scenario analysis under a high-emissions scenario to ensure the company's climate action plan accounts for its climate-related risks and opportunities. Conducting a scenario analysis helps the company understand the cascading impacts of climate change on its business, its stakeholders, and society. It helps companies plan effective actions to prevent or mitigate potential negative impacts on the economy, environment, and people.

Implementation Resources:

Resources on action plans

- SME Climate Hub - various tools and a free training course [AR] [EN] [ES]
- Climate Transition Action Plans, 2022 - Guidance (We Mean Business Coalition) [EN]
- Assessing low carbon transition - Methodologies for various industries (ACT) [EN] [FR]
- Climate Transition Action Plans, 2022 (Transform to Net Zero) [EN]
- Nature in transition plans: Why and how?, 2023 (WWF) [EN]
- Climate Tools Base (B Corp Climate Collective) [EN]
- Disclosure Framework (Transition Plan Taskforce) [EN]

Resources on supplier engagement

- Engaging Supply Chains on the Decarbonization Journey, 2023 (Science Based Targets initiative) [EN]
- Supplier Engagement Guide (Exponential Roadmap initiative) [EN]
- 1.5°C Business Playbook, 2023 (Exponential Roadmap Initiative) [EN]
- Supplier Transformation Framework, 2023 (Transform to Net Zero) [EN]
- Net-Zero Ambition Assessment Tool (Sustainability Advantage) [EN]
- Net Zero Procurement Toolkit (Sustainability Advantage) [EN]

Examples of resources to set targets and take collective action (not exhaustive):

- SME Climate Hub - focuses on companies with less than 500 workers [AR] [EN] [ES]
- Science Based Targets initiative - includes SME track and large enterprise track [EN]
  - Science Based Targets initiative - Corporate Net-Zero tool [EN]
- United Nations Race to Zero Campaign (includes several initiatives/platforms companies can join) [EN]

Resources on contributing to the global ambition of 1.5°C (Net Zero)

- Net Zero Guidelines, 2022 (ISO) [EN] [ES] [FR] [JP] [RU]
- Integrity matters: Net zero commitments by business, financial institutions, cities and regions, 2022 (United Nations High-level expert group on the net zero emissions commitments of non-state entities) [EN]
- Fairly contributing to global net zero - Initial framework for organizational climate mitigation strategies, 2023 (Gold Standard) [EN]
- 10 principles for an ambitious corporate climate strategy, 2022 (Net Zero Initiative) [EN]

Resources for financial institutions

- Glasgow Financial Alliance for Net Zero [EN]
- UN-convened Net Zero Asset Owner Alliance [EN]

Resources on climate education

- Climate Fresk [ES] [FR] [PT] [FR-CH] [DE-CH]

Resources on local action groups

- Alliances for Climate Action [Various languages, including AR, EN, ES FR, IT, PT, RU, ZH]
- United States: America is all in [EN]
- Alianza para la Acción Climática Argentina (ACAA) [ES]
- Better Futures Australia [EN]
- Alianza para la Acción Climática Chile (ACA-Chile) [ES]
- Japan Climate Initiative (JCI)] [EN] [JP]

Resources on GHG mitigation for home office

- Homeworking emissions Whitepaper, 2020 (Ecoact) [EN]

Resources on energy-related measures

- Better Business Guide to Energy Saving (Carbon Trust) [EN]

- Climate Group RE100 [EN]

Resources on sustainable banks

- Bank.green [EN]
- Global Alliance for Banking on Values [EN]
- European Federation of Ethical and Alternative Banks and Financiers [EN]

Resources on scenario analysis

- The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities (Task Force on Climate-related Financial Disclosures, 2017) [EN]
- Climate Scenario Analysis tool (World Business Council For Sustainable Development) [EN]
- Climate Scenarios (Business for Social Responsibility) [EN]

Resources on lobbying & advocacy

- AAA Framework for Climate Policy Leadership (Environmental Defense Fund) [EN]
- The 4 A's of Climate Leadership - Policy (We Mean Business Coalition) [EN]
- Influence Map - Reports on Climate Policy Engagement [EN]
- Climate Policy Engagement Guide (Transform to Net Zero) [EN]

Resources on high-integrity carbon credits and offsets

- The Core Carbon Principles (ICVCM) [EN] [ES] [FR] [PT] [ZH]

Resources on beyond value chain mitigation

- Above and Beyond: An SBTi report on the design and implementation of beyond value chain mitigation (Science Based Targets initiative) [EN]
- Raising the Bar: An SBTi report on accelerating corporate adoption of BVCM (Science Based Targets initiative) [EN]

Interoperability:

CA2.2 The company has science-based targets, validated by the Science Based Targets initiative or verified by an independent third party, to make a just contribution to the global goal of net zero greenhouse gas emissions by 2050.

Track factors*:

Size	Sector	Industry
XX Large	All	All
X Large	All	All
Large	All	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA2.2	Year 3 / Year 5	None	The company has science-based targets, validated by the Science Based Targets initiative or verified by an independent third party, to make a just contribution to the global goal of net zero greenhouse gas emissions by 2050.

Compliance Criteria:

2.2.1 The company's science-based targets are either:

a) validated by the Science-Based Targets initiative

b) verified by an independent and accredited third party.

2.2.2 The science-based targets include:

a) net zero targets for scope 1, scope 2, and scope 3 greenhouse gas (GHG) emissions aligned with the 1.5°C trajectory, as recommended by the Paris Agreement

b) near-term targets for scope 1, scope 2, and scope 3 GHG emissions.

2.2.3 The company records its:

a) baseline year

b) gross scope 1 GHGs in the baseline year (in metric tonnes of CO_2 equivalent)

c) gross scope 2 GHGs in the baseline year (in metric tonnes of CO_2 equivalent)

d) gross scope 3 GHGs in the baseline year (in metric tonnes of CO_2 equivalent) from relevant categories.

Intent:

- For companies to set climate targets based on scientific evidence. Setting targets lets companies see how much they must decarbonize to align with the goals of the Paris Agreement, and how quickly.

Clarifying the Compliance Criteria:

[2.2.1] The third party is independent of:

- the organization that has gathered or provided the data
- any organizations that will use the data
- the recognized standard it is using for third-party verification.

[2.2.1] The independent third party is an accredited certification body under a valid verification standard. It is a member of an International Accreditation Forum or European Union Emissions Trading Scheme, such as UKAS, DAkkS, COFRAC, ENAC, or RvA. Valid certification standards include, for example:

- ISO 14064-3:2019
- ISAE 3410
- ISO 14065:2020

- ISO/IEC 17029:2019
- ISO 14067:2018.

[2.2.1, 2.2.2] For most companies, reaching their net zero target means a radical reduction in their scope 1, scope 2, and scope 3 emissions, according to the Net Zero Standard of the Science Based Target initiative (Version 1.2, March 2024) [EN]. The company ensures the permanent high-quality removal of any residual emissions. The timeline and level of emissions reduction required may vary depending on the company's sector.

[2.2.2] "Near-term" and "net zero" targets are defined as follows, adapted from the Science Based Targets initiative (SBTi) [EN].

- Near-term science-based targets are 5–10-year GHG mitigation targets aligning with the Paris Agreement's 1.5°C trajectory. They serve as milestones on the company's path to their net zero science-based target. Setting near-term targets galvanizes the company to take the immediate action necessary.
- Net zero science-based targets set how much the company must reduce its emissions by to support the global goal of reaching net-zero by 2050 (or sooner). They drive long-term planning and enable the economy-wide alignment needed to make global emissions reductions.

[2.2.1, 2.2.2] For most companies, reaching their net zero target means a radical reduction in their scope 1, scope 2, and scope 3 emissions, according to the Net Zero Standard of the Science Based Target initiative (Version 1.2, March 2024) [EN]. The company ensures the permanent high-quality removal of any residual emissions. The timeline and level of emissions reduction required may vary depending on the company's sector.

[2.2.2] The company sets all its emission reduction targets in absolute emissions (metric tonnes of CO2 equivalent) — unless it uses an approved sector-specific physical intensity pathway, in accordance with the Science Based Targets initiative.

[2.2.2] The company sets a net zero target of 2050 or sooner, unless it is in the power or maritime transport sector. Companies in these high-emitting sectors target net zero by 2040 instead. These targets are from the Net Zero Standard of the Science Based Target initiative (Version 1.2, March 2024) [EN].

[2.2.2] Carbon credits and offsets do not count toward the company's emissions reductions but high-integrity carbon credits and offsets may be used to remove its residual emissions. Suggested resources to evaluate the credibility of carbon credits and offsets are included under the Implementation Resources.

Applying the Criteria to Independently Certifying Subsidiaries:

- The target is embedded, at minimum, at the highest level within the company. If the company references a target belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the target.

Further Guidance:

- The requirement to make a “just contribution” reflects the reality that not all companies have the same size or ability to contribute to global emissions reductions. Smaller companies, or those that are located in certain parts of the world may face greater hurdles to reducing their emissions.
- The company measures progress against its GHG reduction targets under CA3.7.

Recommendations:

- Set more ambitious near-term or net zero targets. For example, set a net zero target for 2040, ahead of 2050. Companies whose sector, size, or location cause significant GHG emissions should aim to decarbonize faster. To better understand a company or sector’s historical emissions, use methods such as the Context-based carbon metric (for businesses) [EN].
- Invest in emissions reductions beyond the company’s value chain to accelerate global progress towards net zero, and help others achieve their targets as quickly as possible (see Beyond Value Chain Mitigation under the Implementation Resources).
- Ensure the company's communications around progressing and achieving its net zero target align with the responsible marketing and communication policy sub-requirement [Link to PSG4.2]. This means centering communications on transparently contributing — at a fair scale — to global net zero efforts, rather than making inward-focused claims, such as carbon neutrality or a company-level net zero. This framing better reflects how companies become positive contributors to global efforts. The reality today is that global emissions are exceeding sustainable planetary thresholds by a large amount. Communications that suggest the company has no negative impact once it achieves net zero would be ignoring this reality.

Implementation Resources:

Examples of resources to set targets and take collective action (not exhaustive):

- Science Based Targets initiative - includes SME track and large enterprise track [EN]
- Science Based Targets initiative - Corporate Net-Zero tool [EN]
- SME Climate Hub - focuses on companies with less than 500 workers [AR] [EN] [ES]
- United Nations Race to Zero Campaign (includes several initiatives/platforms companies can join) [EN]

Resources for financial institutions:

- Glasgow Financial Alliance for Net Zero [EN]
- UN-convened Net Zero Asset Owner Alliance [EN]
- Resources for Financial Institutions (Science Based Targets initiative) [EN]

Resources on guidance for target-setting:

- Corporate Net-Zero Standard, March 2024 (Science Based Targets initiative) [EN]
- Net Zero Guidelines, 2022 (ISO) [EN] [ES] [FR] [JP] [RU]
- Integrity matters: Net zero commitments by business, financial institutions, cities and regions, 2022 (United Nations High-level expert group on the net zero emissions commitments of non-state entities) [EN]
- Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors (Energy Transitions Commission) [DE] [EN] [FR] [ZH]

Resources on climate education

- Climate Fresk [ES] [FR] [PT] [FR-CH] [DE-CH]

Resources on beyond value chain mitigation

- Above and Beyond: An SBTi report on the design and implementation of beyond value chain mitigation (Science Based Targets initiative) [EN]
- Raising the Bar: An SBTi report on accelerating corporate adoption of BVCM (Science Based Targets initiative) [EN]

Resources on high-integrity carbon credits and offsets

- The Core Carbon Principles (ICVCM) [EN] [ES] [FR] [PT] [ZH]
- ICVCM's Carbon Credit Program and Category Assessment [EN]
- Carbon Credit Quality Initiative's Scoring Tool [EN]

Interoperability:

- Conceptual Alignment Data Point:

- European Sustainability Reporting Standards E1 2023 - Metrics and targets - Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation 30, 34
- IFRS S2 Climate-related disclosures 2023 - Climate-related targets 33, 34, 36
- GRI 305: Emissions 2016 - 305-1 Direct (Scope 1) GHG emissions (d) (contingent on third-party assurance)
- GRI 305: Emissions 2016 - 305-2 Energy indirect (Scope 2) GHG emissions (d) (contingent on third-party assurance)
- GRI 305: Emissions 2016 - 305-3 305-3 Other indirect (Scope 3) GHG emissions (e) (contingent on third-party assurance)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), 2017: Recommended Disclosure Metrics & Targets c)
- The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Atmosphere - B06 Greenhouse gas emissions - b, d
- CDP 2024 Questionnaire - 7.53
- CDP 2024 Questionnaire - 7.53.1
- CDP 2024 Questionnaire - 7.54.3

* Equivalency Data Point:
  - Near-term and Net Zero commitment made and target validated via the Science Based Targets initiative

CA2.3 The company has a climate transition plan to make a just contribution to the global goal of net zero emissions by 2050.

Track factors*:

Size	Sector	Industry
XX Large	All	All
X Large	All	All
Large	All	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA2.3	Year 3 / Year 5	None	The company has a climate transition plan to make a just contribution to the global goal of net zero emissions by 2050.

Compliance Criteria:

2.3.1 The company's climate transition plan:

a) includes GHG mitigation actions to reach its net-zero and near-term science-based targets set under CA2.2

b) clearly defines roles and responsibilities

c) outlines how the company will engage and work with relevant stakeholders

d) includes a viable resourcing plan to achieve the company's targets

e) includes the investment allocated to implementing the transition plan in the last fiscal year, as both:

i) the total amount

ii) a percentage of the total investment in the fiscal year

f) details how the company's current or future business model supports achieving its net zero target

g) is approved by the highest governing body.

2.3.2 If the company has already reached its net zero target, it records:

a) evidence that it used credible removals of its residual emissions

b) the amount of GHG emissions removals or storage in its operations or value chain (in metric tonnes of CO2 equivalent)

Intent:

For the company to identify the actions it will take to address its GHG emissions. By doing so, the company makes its near-term and net zero targets meaningful and practical.

Clarifying the Compliance Criteria:

[2.3.1 a] If infrastructure challenges (e.g. lack of renewable energy) pose a risk to the company reaching its target, the company includes stakeholder engagement or collective action in its climate transition plan [Link to GACA2].

[2.3.1 a] The climate transition plan may have more detail about reaching the company's near-term targets. The company updates its transition plan when it sets a new near-term target (every five years at minimum).

[2.3.1 c] Actions in the company's climate transition plan:

- involve stakeholders
- reflect stakeholder input where necessary.

[2.3.1 d] Having a "viable resourcing plan" means the company does not allocate more resources than it is actually capable of generating and allocating. The company may use estimates when deciding how it will resource the plan over the longer term.

[2.3.1 e] The company may record "the investment allocated to the transition plan, using metrics such as capital expenditure (CapEx), operational expenditure (OpEx), or other relevant indicators.

Applying the Criteria to Independently Certifying Subsidiaries:

- The climate transition plan is embedded, at minimum, at the highest level within the company. If the company references a climate transition plan belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the climate transition plan.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that approval by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the highest governing body within its scope of certification.

Further Guidance:

- The company's relevant stakeholders include, for example:
  - stakeholders in the value chain (e.g. suppliers, distributors, and customers)
  - peers
  - industry alliances
  - governments
  - local communities
  - trade associations
  - civil Society Organizations (CSOs)
- The climate transition plan describes how the company's business model supports its climate targets. For example, the company may ask the following questions as part of its planning.
  - If the company''s business model depends on a lot of air travel (e.g.to participate in conferences or visit clients), how can it shift to a more sustainable model? Could the company participate in events only remotely, make onsite visits only for local clients, or move to a different type of client or industry?
  - If the company's current business model depends on putting more and more products on the market, is that approach aligned with reducing its GHG emissions? Could the company take on a more novel circular business model by providing its products as a service instead?

- o If the company's products use ingredients from all over the world, how can it lower the impact of transporting those raw materials? Could the company source more ingredients locally, or diversify to other products or revenue streams?

- Purchasing high-integrity carbon credits is one example of acceptable GHG emissions removal or storage.
- The next sub-requirement (CA2.4) has additional criteria and guidance to ensure a just transition in the company's climate transition plan [Link to CA2.4].

Recommendations:

- Acknowledge in the climate transition plan that focusing exclusively on carbon can have harmful unintended impacts on nature. For example, electric vehicle batteries require raw materials that can be extracted from high-conservation-value forest ecosystems in Central Africa. This can also have negative knock-on effects for communities if the environment is not safeguarded. (For more information, see Nature in transition plans: Why and how? from the World Wildlife Fund [EN]).
- Take a holistic view of how the climate transition plan may also impact:
  - o biodiversity, the integrity of ecosystems, and related critical services (e.g. food and water)
  - o Indigenous Peoples, local communities, and minority and vulnerable groups (e.g. women, children, elderly people, and people with disabilities), as well as other stakeholders.
- Whenever possible, incorporate local and traditional knowledge from local communities and Indigenous Peoples into the climate transition plan, building on their existing environmental stewardship and nature-based solutions.
- Compensate Indigenous Peoples appropriately when integrating their views or knowledge, and acknowledge their time and efforts.
- Consider including the following climate change mitigation actions as part of the company's climate transition plan.
  - o Support GHG emission removals within or outside the company's value chain.
  - o Support other climate change mitigation projects outside of the company's value chain.
  - o Purchase high-integrity carbon credits. These mechanisms can provide financial support to help decarbonize economies in the Global South (see also "Beyond value chain mitigation" in the Implementation Resources). Note, carbon credits and offsets are not substitutes for reducing the company's GHG emissions, but they may be used to remove its residual emissions.
  - o Pay special attention to respecting Indigenous Peoples' rights as part of any climate change mitigation projects.

- o Fund CSOs and grassroots organizations working on climate change mitigations, and support research and development of new carbon removal methods.

- Engage in climate advocacy, and review the company's membership with trade associations to stay engaged in climate advocacy that aligns with the goals of the Paris Agreement [Link to GACA2].
- Conduct a scenario analysis under a high-emissions scenario to ensure the company's climate transition plan accounts for its climate-related risks and opportunities. Conducting a scenario analysis helps the company understand the cascading impacts of climate change on its business, its stakeholders, and society. It helps companies plan effective actions to prevent or mitigate potential negative impacts on the economy, environment, and people.

Implementation Resources:

Resources on transition plan

- SME Climate Hub - various tools and a free training course [AR] [EN] [ES]
- Climate Transition Action Plans, 2022 - Guidance (We Mean Business Coalition) [EN]
- Assessing low carbon transition - Methodologies for various industries (ACT) [EN] [FR]
- Climate Transition Action Plans, 2022 (Transform to Net Zero) [EN]
- Nature in transition plans: Why and how?, 2023 (WWF) [EN]
- Climate Tools Base (B Corp Climate Collective) [EN]
- Disclosure Framework (Transition Plan Taskforce) [EN]

Resources on supplier engagement

- Engaging Supply Chains on the Decarbonization Journey, 2023 (Science Based Targets initiative) [EN]
- Supplier Engagement Guide (Exponential Roadmap initiative) [EN]
- 1.5°C Business Playbook, 2023 (Exponential Roadmap Initiative) [EN]
- Supplier Transformation Framework, 2023 (Transform to Net Zero) [EN]
- Net-Zero Ambition Assessment Tool (Sustainability Advantage) [EN]

- Net Zero Procurement Toolkit (Sustainability Advantage) [EN]

Resources on Net Zero guidance

- Net Zero Guidelines, 2022 (ISO) [EN] [ES] [FR] [JP] [RU]
- Integrity matters: Net zero commitments by business, financial institutions, cities and regions, 2022 (United Nations High-level expert group on the net zero emissions commitments of non-state entities) [EN]
- Fairly contributing to global net zero - Initial framework for organisational climate mitigation strategies, 2023 (Gold Standard) [EN]
- 10 principles for an ambitious corporate climate strategy, 2022 (Net Zero Initiative) [EN]

Resources for financial institutions

- Glasgow Financial Alliance for Net Zero [EN]
- UN-convened Net Zero Asset Owner Alliance [EN]

Resources on climate education

- Climate Fresk [ES] [FR] [PT] [FR-CH] [DE-CH]

Resources on local action groups

- Alliances for Climate Action [Various languages, including AR, EN, ES FR, IT, PT, RU, ZH]
- United States: America is all in [EN]
- Alianza para la Acción Climática Argentina (ACAA) [ES]
- Better Futures Australia [EN]
- Alianza para la Acción Climática Chile (ACA-Chile) [ES]
- Japan Climate Initiative (JCI)] [EN] [JP]

Resources on GHG mitigation for home office

- Homeworking emissions Whitepaper, 2020 (Ecoact) [EN]

Resources on energy-related measures

- Better Business Guide to Energy Saving (Carbon Trust) [EN]
- Climate Group RE100 [EN]

Resources on sustainable banks:

- Bank.green [EN]
- Global Alliance for Banking on Values [EN]
- European Federation of Ethical and Alternative Banks and Financiers [EN]

Resources on scenario analysis

- The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities (Task Force on Climate-related Financial Disclosures, 2017) [EN]
- Climate Scenario Analysis tool (World Business Council For Sustainable Development) [EN]
- Climate Scenarios (Business for Social Responsibility) [EN]

Resources on lobbying & advocacy

- AAA Framework for Climate Policy Leadership (Environmental Defense Fund) [EN]
- The 4 A's of Climate Leadership - Policy (We Mean Business Coalition) [EN]
- Influence Map - Reports on Climate Policy Engagement [EN]
- Climate Policy Engagement Guide (Transform to Net Zero) [EN]

Resources on high-integrity carbon credits and offsets

- The Core Carbon Principles (ICVCM) [EN] [ES] [FR] [PT] [ZH]

Resources on beyond value chain mitigation

- Above and Beyond: An SBTi report on the design and implementation of beyond value chain mitigation (Science Based Targets initiative) [EN]
- Raising the Bar: An SBTi report on accelerating corporate adoption of BVCM (Science Based Targets initiative) [EN]

Interoperability:

- Conceptual Alignment Data Point:
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-1 – Transition plan for climate change mitigation 14, 16 a, b, i
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies 26
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits 56 a
  - IFRS S2 Climate-related disclosures 2023 - Governance 6 i, v.
  - IFRS S2 Climate-related disclosures 2023 - Strategy and decision making 14.
  - GRI 305: Emissions 2016 - 305-5 Reduction of GHG emissions (a)
  - Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), 2017: Recommended Disclosure Governance b)
  - CDP 2024 Questionnaire - 7.55.3

CA2.4 The company consults workers and stakeholders to ensure a just transition in its climate transition plan.

Track factors*:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA2.4	Year 3 / Year 5	None	The company consults workers and stakeholders to ensure a just transition in its climate transition plan.

Compliance Criteria:

2.4.1 The company reviews its climate transition plan to identify which stakeholders

a) it may affect, and to what extent the stakeholders could be positively or negatively affected.

b) are most vulnerable to the effects of climate change.

2.4.2 The company engages with stakeholders in its value chain on its climate transition plan (including its suppliers or supply chain stakeholders at minimum).

2.4.3 The company engages with its workers on its climate transition plan.

2.4.4 To engage workers and stakeholders on its climate transition plan, the company:

a) informs them about the climate transition plan

b) gives them the opportunity to provide feedback on the climate transition plan

c) outlines how it will work with them to implement the plan.

2.4.5 The company integrates feedback and adds any just transition actions that emerge from engagement with its workers and stakeholders into its climate action plan.

2.4.6 The company's climate transition plan includes dedicated resources (financial and staff time) and defined targets for its just transition actions.

Intent:

To ensure the company's climate transition plan is holistic and just. This means the company both:

- embraces opportunities its plan may provide for stakeholders (including those who are affected by the company's transition plan)

- carefully evaluates any unintended consequences of its climate change mitigation actions.

Clarifying the Compliance Criteria:

[2.4.1, 2.4.2] A just transition is a continuous process. As the company reviews and updates its climate transition plan, it may need to consider new and emerging impacts on stakeholders. The company integrates new insights and the results of its consultation with affected stakeholders into its climate transition plan [link to CA2.3].

[2.4.2] When engaging with stakeholders in its value chain, the company prioritizes either (or both) the groups who:

- face the highest risks of negative transition impacts
- are most vulnerable to the effects of climate change.

[2.4.1, 2.4.2] A just transition is a continuous process. As the company reviews and updates its climate transition plan, it may need to consider new and emerging impacts on stakeholders. The company integrates new insights and the results of its consultation with affected stakeholders into its climate transition plan [link to CA2.3].

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
    - roll out, enforcement, and accountability mechanisms
    - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- As well as suppliers and supply chain stakeholders, stakeholders in the company's value chain may include:
    - customers and clients
    - local communities - i.e. where offices or facilities of the company, its subsidiaries, its suppliers, or its investments are located.
- Ensuring a just transition is a continuous process [Link to CA3.5]. The company reflects this continuous effort in the reviews and updates of its climate transition plan [Link to CA3.4].

Recommendations:

- Consider additional just transition indicators, as described in the GRI Climate Standard. These include:
  - the total number of jobs created as a result of the company's transition plan, and actions it takes to ensure they are paid enough
  - the total number of jobs lost as a result of the company's transition plan
  - the ratio of jobs that have been redeployed to jobs lost as a result of the company's transition plan
  - the number of employees who received training to implement the transition plan
  - the locations where the company's transition plan impacts local communities and Indigenous Peoples, and the percentage of locations where the company has reached an agreement with local communities and Indigenous Peoples to safeguard their interests.
- Make efforts to further advance climate justice. "Climate justice" overlaps with the concept of just transition, but there are some differences. While a "just transition" is about ensuring the move to a low-emissions economy is fair and inclusive, climate justice focuses on frontline communities who experience disproportionate impacts of the climate crisis. To advance climate justice, the company may support or take action with frontline communities in its value chain (workers, customers, suppliers, community) or other stakeholders who are being severely impacted by climate change.
- Identify and work with a wide range of different stakeholders to advance climate justice, such as:
  - workers and their families
  - policymakers
  - climate justice activists
  - suppliers and supply chain stakeholders
  - aligned businesses
  - local communities
  - customers and clients
  - colleges and universities.
- When engaging with workers on the company's climate transition plan, find out how workers are impacted by climate change issues in their personal and professional lives. This information may also help to inform the climate transition plan.

- Consider creating formal or informal partnerships with stakeholders to advance climate justice. These partnerships might range from one-off engagements to longer-term projects.
- Read B Lab's Climate Justice Playbook on page 20 and 21 for suggestions on how to get started [EN].
- Undertake additional climate justice actions, such as:
  - supporting the resilience of workers in locations most impacted by climate change
  - engaging workers, customers, and stakeholders in climate education and awareness campaigns
  - investing in renewable energy and climate-friendly technologies in locations lacking infrastructure
  - supporting suppliers who are affected by climate change (i.e. funding climate justice projects in farming and agricultural communities, or providing training and building capacity)
  - investing in climate change mitigation, adaptation, and resiliency measures for frontline communities
  - making basic products and social services more accessible for people and communities most impacted by climate change.

Implementation Resources:

Resources on just transition

- Just Transition Resource Platform (We Mean Business Coalition) [EN]
- Climate Transition Action Plans, 2022 - Guidance (We Mean Business Coalition) [EN]
- Just transition: A Business Guide (The B team) [EN]
- A Framework for Just Transitions (Just Transition Initiative) - The framework illustrates how achieving just transition ambitions will require actions across two critical dimensions: social inclusion and distributional impacts. [EN]
- Introduction to a Just Transition – A business brief, 2022 (United Nations Global Compact Think Lab) [EN]
- Just Transition and Just Resilience: How the UN Guiding Principles can help companies to respect human rights when taking climate action, 2023 (Shift Project) [EN]
- Assessing a just transition: measuring the decarbonisation and energy transformation that leaves no one behind, 2021 (World Benchmarking Alliance) [EN]

- Net Zero Guidelines, ISO [EN]

Resources on climate Justice

- The Climate Justice Playbook for Business, 2021 (B Lab) [EN]
- Climate Justice Toolkit, 2023 (B Lab US & Canada) [EN]
- Business and Climate Justice, 2022 (Business Fights Poverty) [EN]

Interoperability:

CA3 The company implements and makes progress on its climate action plan.

CA3.1 If the company has an existing incentive remuneration scheme for the executive team, it integrates climate targets.

Track factors*:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None

Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA3.1	Year 3 / Year 5	Large / X Large / XX Large	If the company has an existing incentive remuneration scheme for the executive team, it integrates climate targets.

Compliance Criteria:

3.1.1 The incentive scheme is determined either by an annual performance evaluation or during the company's annual fiscal review.

3.1.2 The company records annual data on the value of monetary rewards it pays for climate-related performance targets for the executive team (or part of it) as a percentage of the executive's salary.

Intent:

To ensure the company's overall commitment to climate action filters into its executive team's incentives and actions.

Clarifying the Compliance Criteria:

[3.1.1; 3.1.2] In some companies, the executive team is the highest governing body; in others, the executive team implements the strategy set by the highest governing body. The two groups may or may not overlap. This sub-requirement applies to the executive team if the company does not have a separate highest governing body.

[3.1.1] Either of the following incentive schemes is acceptable:

- a scheme that rewards different members of the executive team for achieving individual targets
- a group or company objective with one scheme applied to all executives.

[3.1.1] Incentives are monetary.

[3.1.1; 3.1.2] In some companies, the executive team is the highest governing body; in others, the executive team implements the strategy set by the highest governing body. The two groups may or may not overlap. This sub-requirement applies to the executive team if the company does not have a separate highest governing body.

[3.1.2] "Climate-related performance targets" in incentive schemes refers to:

- scope 1, scope 2, and scope 3 greenhouse gas (GHG) emissions reduction targets
- related energy efficiency targets.

[3.1.2] Climate-related performance targets may be integrated in short-term or long-term incentive schemes, or both.

Applying the Criteria to Independently Certifying Subsidiaries:

- References to the executive team are within the scope of certification of the certifying company. This means the company may refer to an incentive scheme belonging to an out-of-scope parent or create its own incentive scheme, as long as it applies to the executive team within the scope of certification.
- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Examples of monetary incentives include:
  - bonuses (as a set figure or percentage of salary)
  - promotion
  - salary increase
  - shares
  - profit sharing
  - retirement plan.

- This sub-requirement intersects with PSG5.4. Fulfilling this sub-requirement can partially meet the “environmental performance targets” aspect of PSG5.4.

Recommendations:

Implementation Resources:

Interoperability:

- Conceptual Alignment Data Point:
  - European Sustainability Reporting Standards E1 2023 - Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes 13.
  - IFRS S2 Climate-related disclosures 2023 - Climate-related metrics 29 g
  - Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), 2017: Recommended Disclosure Metrics and Targets a)
  - CDP 2024 Questionnaire - 4.5
  - CDP 2024 Questionnaire - 4.5.1

CA3.2 The company uses advocacy to support the global goal of net zero emissions by 2050.

Track factors*:

Size	Sector	Industry
XX Large	All	All
X Large	None	None
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA3.2	Year 3 / Year 5	None	The company uses advocacy to support the global goal of net zero emissions by 2050.

Compliance Criteria:

3.2.1 The company makes a demonstrable contribution to climate advocacy to support the global goal of net zero emissions by 2050, through either or both:

a) public policy engagement

b) its trade associations, alliances, or coalitions.

3.2.2 The company has engaged in advocacy at least once between Year 0 and Year 3, and at least once between Year 3 and Year 5.

3.2.3 The company's advocacy work promotes science-based climate policies that align with the global goal of net zero emissions by 2050.

3.2.4 The company identifies the specific outcomes it aims to achieve through its climate advocacy.

3.2.5 The company allocates resources (financial or staff time) to its climate advocacy work.

Intent:

To ensure the company uses its influence beyond its own operations and value chain. Climate advocacy is critical to supporting and accelerating climate transition plans, and to achieving the global goal of net zero by 2050.

Clarifying the Compliance Criteria:

[3.2.1; 3.2.2; 3.2.3; 3.2.4; 3.2.5] The company's actions under this sub-requirement do not count toward the Government Affairs and Collective Action Impact Topic [link to GACA2.3c and GACA2.3d].

[3.2.1] Advocacy may involve either:

- publicly advocating for science-based climate policies aligned with the global net zero target
- actively working to align the company's trade associations, alliances, and coalitions with the goal of net zero by 2050.

[3.2.1] Although the company's advocacy may not necessarily lead to a positive outcome, it makes a clear contribution.

[3.2.1] When engaging in advocacy at the industry level the company follows any applicable local and national antitrust laws.

[3.2.1; 4.2.2; 3.2.3; 3.2.4; 3.2.5] The company's actions under this sub-requirement do not count toward the Government Affairs and Collective Action Impact Topic [link to GACA2.3c and GACA2.3d].

[3.2.1; 3.2.2; 3.2.3; 3.2.4; 3.2.5] The company's actions under this sub-requirement do not count toward the Government Affairs and Collective Action Impact Topic [link to GACA2.3c and GACA2.3d].

[3.2.1; 3.2.2; 3.2.3; 3.2.4; 3.2.5] The company's actions under this sub-requirement do not count toward the Government Affairs and Collective Action Impact Topic [link to GACA2.3c and GACA2.3d].

[3.2.1; 3.2.2; 3.2.3; 3.2.4; 3.2.5] The company's actions under this sub-requirement do not count toward the Government Affairs and Collective Action Impact Topic [link to GACA2.3c and GACA2.3d].

[3.2.5] The company may contribute the following kinds of resources to support its advocacy.

- Financial contributions

- In-kind contribution
- Active staff time

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- The company discloses any financial or in-kind political contributions it makes under GACA1.2.
- The company's advocacy efforts for a positive outcome may involve, among other actions:
  - supporting or endorsing a public policy advocacy or lobby campaign to enable effective climate action
  - raising awareness of a petition using the company's communication channels or other stakeholder engagement (simply signing a petition does not meet the sub-requirement)
  - taking a visible and public stand, led by a member of the executive team, to influence public policy lobbying and strengthen climate action
  - contributing to a government consultation on science-based climate policies
  - participating in a government working group or collaboration to enhance climate action (e.g. by testifying, making recommendations, or providing expertise)
  - engaging an industry or professional association to advocate for bold climate policies or industry-wide climate action, or to align their position with the goal of net zero by 2050
  - advocating for appropriate regulation and supporting measures that help achieve net zero across all organizations by 2050, and halve global GHG emissions by 2030
  - contributing to national and international events that demonstrate practical ways to apply climate solutions on a large scale
  - advocating for industry bodies to take clearer and stronger positions on climate policy.

- The company may consider advocating for:
  - setting targets to reduce emissions and disclose emissions transparently, aligned with the goal of net zero emissions by 2050
  - enabling the transition to renewable energy
  - eliminating deforestation in supply chains and commodities
  - protecting biodiversity and ecosystem services
  - introducing circular economy practices that reduce overall emissions.

Recommendations:

Implementation Resources:

Resources on lobbying & advocacy

- AAA Framework for Climate Policy Leadership (Environmental Defense Fund) [EN]
- The 4 A's of Climate Leadership - Policy (We Mean Business Coalition) [EN]
- Influence Map - Reports on Climate Policy Engagement [EN]
- Climate Policy Engagement Guide (Transform to Net Zero) [EN]
- Responsible Lobbying Framework [EN]
- Towards Responsible Lobbying (United Nations Global Compact) [EN]

Interoperability:

CA3.3 The company makes progress on its climate action plan and evaluates its effectiveness.

Track factors*:

Size	Sector	Industry
XX Large	None	None
X Large	None	None
Large	None	None
Medium	All	All
Small	All	All
Micro	All	All
Company without workers	All	All

ID*:	Year*	Eligible for equity mecha-nisms?	Sub-requirement text*:
CA3.3	Year 3 / Year 5	Micro / Company without workers / Small / Medium	The company makes progress on its climate action plan and evaluates its effective-ness.

Compliance Criteria:

3.3.1 The company records its progress against its climate action plan.

3.3.2 The company:

a) takes actions aligned with the latest version of its climate action plan

b) reviews and updates its targets where necessary.

3.3.3 Where the climate action plan was ineffective, the company evaluates the plan and records:

a) what lessons it has learned

b) what it plans to do differently

c) how it has updated its action plan.

Intent:

For the company to make progress on its climate action plan, and ensure its actions lead to the intended results. The intent of the plan is for the company to evaluate, learn, and continuously improve.

Clarifying the Compliance Criteria:

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

Recommendations:

- Ensure the company's communications around progressing on its climate action plan aligns with the responsible marketing and communication policy sub-requirement [link to PSG4.1 & 4.2].
- When evaluating the effectiveness of the strategy, the company also considers other sources of information, such as emerging guidance and expert advice.

Implementation Resources:

Resources on action plans

- SME Climate Hub - various tools and a free training course [AR] [EN] [ES]

- Climate Transition Action Plans, 2022 - Guidance (We Mean Business Coalition) [EN]
- Assessing low carbon transition - Methodologies for various industries (ACT) [EN] [FR]
- Climate Transition Action Plans, 2022 (Transform to Net Zero) [EN]
- Nature in transition plans: Why and how?, 2023 (WWF) [EN]
- Climate Tools Base (B Corp Climate Collective) [EN]
- Disclosure Framework (Transition Plan Taskforce) [EN]

Resources on supplier engagement

- Engaging Supply Chains on the Decarbonization Journey, 2023 (Science Based Targets initiative) [EN]
- Supplier Engagement Guide (Exponential Roadmap initiative) [EN]
- 1.5°C Business Playbook, 2023 (Exponential Roadmap Initiative) [EN]
- Supplier Transformation Framework, 2023 (Transform to Net Zero) [EN]
- Net-Zero Ambition Assessment Tool (Sustainability Advantage) [EN]
- Net Zero Procurement Toolkit (Sustainability Advantage) [EN]

Examples of resources to set targets and take collective action (not exhaustive):

- SME Climate Hub - focuses on companies with less than 500 workers [AR] [EN] [ES]
- Science Based Targets initiative - includes SME track and large enterprise track [EN]
- Science Based Targets initiative - Corporate Net-Zero tool [EN]
- United Nations Race to Zero Campaign (includes several initiatives/platforms companies can join) [EN]

Resources on contributing to the global ambition of 1.5°C (Net Zero)

- Net Zero Guidelines, 2022 (ISO) [EN] [ES] [FR] [JP] [RU]
- Integrity matters: Net zero commitments by business, financial institutions, cities and regions, 2022 (United Nations High-level expert group on the net zero emissions commitments of non-state entities) [EN]

- Fairly contributing to global net zero - Initial framework for organizational climate mitigation strategies, 2023 (Gold Standard) [EN]
- 10 principles for an ambitious corporate climate strategy, 2022 (Net Zero Initiative) [EN]

Resources for financial institutions

- Glasgow Financial Alliance for Net Zero [EN]
- UN-convened Net Zero Asset Owner Alliance [EN]

Resources on climate education

- Climate Fresk [ES] [FR] [PT] [Brazil PT] [FR-CH] [DE-CH]

Resources on local action groups

- Alliances for Climate Action [Various languages, including AR, EN, ES FR, IT, PT, RU, ZH]
- United States: America is all in [EN]
- Alianza para la Acción Climática Argentina (ACAA) [ES]
- Better Futures Australia [EN]
- Alianza para la Acción Climática Chile (ACA-Chile) [ES]
- Japan Climate Initiative (JCI)] [EN] [JP]

Resources on GHG mitigation for home office

- Homeworking emissions Whitepaper, 2020 (Ecoact) [EN]

Resources on energy-related measures

- Better Business Guide to Energy Saving (Carbon Trust) [EN]
- Climate Group RE100 [EN]

Resources on sustainable banks

- Bank.green [EN]
- Global Alliance for Banking on Values [EN]

- European Federation of Ethical and Alternative Banks and Financiers [EN]

Resources on scenario analysis

- The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities (Task Force on Climate-related Financial Disclosures, 2017) [EN]
- Climate Scenario Analysis tool (World Business Council For Sustainable Development) [EN]
- Climate Scenarios (Business for Social Responsibility) [EN]

Resources on lobbying & advocacy

- AAA Framework for Climate Policy Leadership (Environmental Defense Fund) [EN]
- The 4 A's of Climate Leadership - Policy (We Mean Business Coalition) [EN]
- Influence Map - Reports on Climate Policy Engagement [EN]
- Climate Policy Engagement Guide (Transform to Net Zero) [EN]

Resources on high-integrity carbon credits and offsets

- The Core Carbon Principles (ICVCM) [EN] [ES] [FR] [PT] [ZH]

Resources on beyond value chain mitigation

- Above and Beyond: An SBTi report on the design and implementation of beyond value chain mitigation (Science Based Targets initiative) [EN]
- Raising the Bar: An SBTi report on accelerating corporate adoption of BVCM (Science Based Targets initiative) [EN]

Interoperability:

CA3.4 The company makes progress on its climate transition plan and evaluates its effectiveness.

Track factors*:

Size	Sector	Industry
XX Large	All	All
X Large	All	All
Large	All	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA3.4	Year 5	None	The company makes progress on its climate transition plan and evaluates its effectiveness.

Compliance Criteria:

3.4.1 The company records its progress toward its near-term and net zero targets, both:

a) in metric tonnes of CO_2 equivalent

b) as a percentage of the emissions in its baseline year.

3.4.2 The company:

a) takes actions aligned with the latest version of its climate action plan

b) continues to set near-term targets every five years.

3.4.3 Where the climate transition plan was ineffective, the company evaluates the plan and records:

a) what lessons it has learned

b) what it plans to do differently

c) how it has updated the transition plan.

3.4.4 If the company has reached its net zero target, it:

a) ensures permanent removals of any residual emissions

b) maintains the removals and emissions reductions it has achieved

c) records the amount of greenhouse gas (GHG) emissions removals or storage in its operations or value chain (in metric tonnes of CO_2 equivalent).

Intent:

For the company to make progress on its climate action plan, and ensure its actions lead to the intended results.

Clarifying the Compliance Criteria:

[3.4.1] When recording its progress in metric tons of CO_2 equivalent, the company identifies the change in emissions by subtracting its baseline year emissions from the emissions in the reporting year.

[3.4.1] When recording its progress as a percentage of the emissions in its baseline year, the company applies the following formula.

- Progress (%) = (change in emissions / baseline year emissions) X 100.

[3.4.1] Evaluating the effectiveness of the company's climate transition plan goes beyond assessing its targets and key indicators.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
  - o roll out, enforcement, and accountability mechanisms
  - o how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Purchasing high-integrity carbon credits is one example of acceptable GHG emissions removal or storage.
- When evaluating the effectiveness of the strategy, the company also considers other sources of information, such as emerging guidance and expert advice (e.g. from the Intergovernmental Panel on Climate Change or Science Based Targets initiative).

Recommendations:

- Ensure the company's communications around progressing and achieving its net zero target align with the responsible marketing and communication policy sub-requirement [link to PSG4.1 & 4.2]. This means centering communications on transparently contributing — at a fair scale — to global net zero efforts, rather than making inward-focused claims, such as carbon neutrality or a company-level net zero. This framing better reflects how companies become positive contributors to global efforts. The reality today is that global emissions are exceeding sustainable planetary thresholds by a large amount. Communications that suggest the company has no negative impact once it achieves net zero would be ignoring this reality.

Implementation Resources:

Resources on transition plans

- SME Climate Hub - various tools and a free training course [AR] [EN] [ES]
- Climate Transition Action Plans, 2022 - Guidance (We Mean Business Coalition) [EN]
- Assessing low carbon transition - Methodologies for various industries (ACT) [EN] [FR]
- Climate Transition Action Plans, 2022 (Transform to Net Zero) [EN]
- Nature in transition plans: Why and how?, 2023 (WWF) [EN]
- Climate Tools Base (B Corp Climate Collective) [EN]
- Disclosure Framework (Transition Plan Taskforce) [EN]

Resources on supplier engagement

- Engaging Supply Chains on the Decarbonization Journey, 2023 (Science Based Targets initiative) [EN]

- Supplier Engagement Guide (Exponential Roadmap initiative) [EN]
- 1.5°C Business Playbook, 2023 (Exponential Roadmap Initiative) [EN]
- Supplier Transformation Framework, 2023 (Transform to Net Zero) [EN]
- Net Zero Procurement Toolkit (Sustainability Advantage) [EN]

Resources on Net Zero guidance

- Net Zero Guidelines, 2022 (ISO) [EN] [ES] [FR] [JP] [RU]
- Integrity matters: Net zero commitments by business, financial institutions, cities and regions, 2022 (United Nations High-level expert group on the net zero emissions commitments of non-state entities) [EN]
- Fairly contributing to global net zero - Initial framework for organizational climate mitigation strategies, 2023 (Gold Standard) [EN]
- 10 principles for an ambitious corporate climate strategy, 2022 (Net Zero Initiative) [EN]

Resources for financial institutions

- Glasgow Financial Alliance for Net Zero [EN]
- UN-convened Net Zero Asset Owner Alliance [EN]

Resources on climate education

- Climate Fresk [ES] [FR] [PT] [Brazil PT] [FR-CH] [DE-CH]

Resources on local action groups

- Alliances for Climate Action [Various languages, including AR, EN, ES FR, IT, PT, RU, ZH]
- United States: America is all in [EN]
- Alianza para la Acción Climática Argentina (ACAA) [ES]
- Better Futures Australia [EN]
- Alianza para la Acción Climática Chile (ACA-Chile) [ES]
- Japan Climate Initiative (JCI)] [EN] [JP]

Resources on GHG mitigation for home office

- Homeworking emissions Whitepaper, 2020 (Ecoact) [EN]

Resources on energy-related measures

- Better Business Guide to Energy Saving (Carbon Trust) [EN]
- Climate Group RE100 [EN]

Resources on sustainable banks

- Bank.green [EN]
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- European Federation of Ethical and Alternative Banks and Financiers [EN]

Resources on scenario analysis

- The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities (Task Force on Climate-related Financial Disclosures, 2017) [EN]
- Climate Scenario Analysis tool (World Business Council For Sustainable Development) [EN]
- Climate Scenarios (Business for Social Responsibility) [EN]

Resources on lobbying & advocacy

- AAA Framework for Climate Policy Leadership (Environmental Defense Fund) [EN]
- The 4 A's of Climate Leadership - Policy (We Mean Business Coalition) [EN]
- Influence Map - Reports on Climate Policy Engagement [EN]
- Climate Policy Engagement Guide (Transform to Net Zero) [EN]

Resources on high-integrity carbon credits and offsets

- The Core Carbon Principles (ICVCM) [EN] [ES] [FR] [PT] [ZH]

Resources on beyond value chain mitigation

- Above and Beyond: An SBTi report on the design and implementation of beyond value chain mitigation (Science Based Targets initiative) [EN]
- Raising the Bar: An SBTi report on accelerating corporate adoption of BVCM (Science Based Targets initiative) [EN]

Interoperability:

- Conceptual Alignment Data Point:
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-1 – Transition plan for climate change mitigation 16 j
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies 26
  - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits 56 a
  - IFRS S2 Climate-related disclosures 2023 - Strategy and decision making 14.
  - IFRS S2 Climate-related disclosures 2023 - Climate-related targets 35.
  - GRI 305: Emissions 2016 - 305-5 Reduction of GHG emissions (a)
  - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Atmosphere - B06 Greenhouse gas emissions - c
  - CDP 2024 Questionnaire - 7.53.1
  - CDP 2024 Questionnaire - 7.55.2
  - Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 4.2.6

CA3.5 The company takes action for a just transition.

Track factors*:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA3.5	Year 5	None	The company takes action for a just transition.

Compliance Criteria:

3.5.1 Following consultation with workers and stakeholders on its climate transition plan (in CA2.4), the company records its actions to support a just transition).

Intent:

For the company to take action toward a just transition, and monitor its progress to ensure its efforts have been effective.

Clarifying the Compliance Criteria:

[3.5.1] A just transition is a continuous process. As the company engages with stakeholders on its climate transition plan, it ensures the outcomes of these discussions lead to practical steps, and tracks progress toward them. [link to CA2.4].

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

Recommendations:

Implementation Resources:

Resources on just transition

- Just Transition Resource Platform (We Mean Business Coalition) [EN]
- Climate Transition Action Plans, 2022 - Guidance (We Mean Business Coalition) [EN]
- Just transition: A Business Guide (The B team) [EN]
- A Framework for Just Transitions (Just Transition Initiative) - The framework illustrates how achieving just transition ambitions will require actions across two critical dimensions: social inclusion and distributional impacts. [EN]
- Introduction to a Just Transition – A business brief, 2022 (United Nations Global Compact Think Lab) [EN]
- Just Transition and Just Resilience: How the UN Guiding Principles can help companies to respect human rights when taking climate action, 2023 (Shift Project) [EN]
- Assessing a just transition: measuring the decarbonisation and energy transformation that leaves no one behind, 2021 (World Benchmarking Alliance) [EN]
- Net Zero Guidelines, ISO [EN]

Resources on climate Justice

- The Climate Justice Playbook for Business, 2021 (B Lab) [EN]
- Climate Justice Toolkit, 2023 (B Lab US & Canada) [EN]
- Business and Climate Justice, 2022 (Business Fights Poverty) [EN]

Interoperability:

CA3.6 The company publicly discloses its progress on its climate action plan.

Track factors*:

Size	Sector	Industry
XX Large	None	None
X Large	None	None
Large	None	None
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All
Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	Wholesale/Retail	All
Micro	Service with Significant Environmental Footprint	All
Micro	Manufacturing	All
Micro	Agriculture/Growers	All
Company without workers	Wholesale/Retail	All

Company without workers	Service with Significant Environmental Footprint	All
Company without workers	Manufacturing	All
Company without workers	Agriculture/Growers	All

ID*:	Year*	Eligible for equity mechanisms?	Sub-requirement text*:
CA3.6	Year 3 / Year 5	Company without workers / Micro / Small / Medium	The company publicly discloses its progress on its climate action plan.

Compliance Criteria:

3.6.1 The company reports progress against its climate action plan on its webpage or has another way for stakeholders to easily access it.

3.6.2 In its reporting, the company discloses:

a) its performance

b) actions implemented to achieve its targets.

Intent:

To ensure the company transparently reports its climate performance to its stakeholders, and is accountable for its commitments and plans. Communicating the company's climate successes and failures honestly helps foster trust with its stakeholders.

Clarifying the Compliance Criteria:

[3.6.1] The company makes its progress publicly available in one of the following.

- Its annual report
- An annual sustainability report
- An integrated annual report and sustainability report
- Another public report available on its webpage

[3.6.1] If the company has no website, it may make its plan publicly available in other forms, as long as it is accessible to stakeholders. For example, it may:

- use digital or printed brochures
- make information sheets available at physical locations
- share the update through its local partner organizations.

Applying the Criteria to Independently Certifying Subsidiaries:

- The reporting scope covers the company. If the company references a corporate group report that includes out-of-scope entities, either:
  - the performance of the company is clearly identifiable within the group report
  - the company publicly shares its own report on its webpage.

Further Guidance:

Recommendations:

- Ensure the company's communications around progressing on its climate action plan aligns with the responsible marketing and communication policy sub-requirement [link to PSG4.2].
- The company follows a credible third-party standard in its disclosure reporting framework. This includes, for example:
  - Global Reporting Initiative (GRI)
  - Carbon Disclosure Project (CDP)
  - European Sustainability Reporting Standards — E1.

Implementation Resources:

Interoperability:

CA3.7 The company publicly discloses its progress on its climate transition plan annually.

Track factors*:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID*:	Year*	Eligible for equity mecha-nisms?	Sub-requirement text*:
CA3.7	Year 5	Large / X Large / XX Large	The company publicly discloses its progress on its climate transition plan annually.

Compliance Criteria:

3.7.1 The company's progress against its climate transition plan is publicly available, including its:

a) GHG inventory including the following.

i) Gross scope 1 GHGs (in metric tonnes of CO2 equivalent)

ii) Gross location-based scope 2 GHGs (in metric tonnes of CO2 equivalent)

iii) Gross market-based scope 2 GHGs (in metric tonnes of CO2 equivalent)

iv) Gross scope 3 GHGs (in metric tonnes of CO2 equivalent)

v) GHG emissions in each relevant scope 3 category

vi) Total GHG emissions (in metric tonnes of CO2 equivalent) calculated using a location-based method for scope 2 GHGs

vii) Total GHG emissions (in metric tonnes of CO2 equivalent) calculated using a market-based method for scope 2 GHGs.

b) near-term and net zero targets for scope 1, scope 2 and scope 3 emissions reduction

c) its progress toward its near-term and net zero targets, both:

i) in metric tonnes of CO2 equivalent

ii) as a percentage of the emissions in its baseline year.

d) actions implemented to achieve its targets.

Intent:

To ensure the company transparently reports its climate performance to its stakeholders, and is accountable for its commitments and plans. Communicating the company's climate successes and failures honestly helps foster trust with its stakeholders.

Clarifying the Compliance Criteria:

[3.7.1] The company makes its progress publicly available as part of one of the following.

- Its annual report
- An annual sustainability report
- An integrated annual report and sustainability report
- Another public report available on its webpage

Applying the Criteria to Independently Certifying Subsidiaries:

- The reporting scope covers the company. If the company references a corporate group report that includes out-of-scope entities, either:
  - the performance of the company is clearly identifiable within the group report
  - the company publicly shares its own report on its webpage.

Further Guidance:

Recommendations:

- Ensure the company's communications around progressing and achieving its net zero target align with the responsible marketing and communication policy sub-requirement [link to PSG4.2]. This means centering communications on transparently contributing — at a fair scale — to global net zero efforts, rather than making inward-focused claims, such as carbon neutrality or a company-level net zero. This framing better reflects how companies become positive contributors to global efforts. The reality today is that global emissions are exceeding sustainable planetary thresholds by a large amount. Communications that suggest the company has no negative impact once it achieves net zero would be ignoring this reality.
- The company follows a credible third-party standard in its disclosure reporting framework. This includes, for example:
  - Global Reporting Initiative (GRI)
  - Carbon Disclosure Project (CDP)

- European Sustainability Reporting Standards — E1.

Implementation Resources:

Interoperability:

- Conceptual Alignment Data Point:
  - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Atmosphere - B06 Greenhouse gas emissions - c