



Summary Report

Race to Zero criteria consultations

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Executive Summary

Race to Zero (R2Z) is the flagship global campaign, led by the High-level Climate Champions (hereafter, Champions), to mobilize cities, businesses, states and regions, investors and other actors to reach zero emissions by 2050. Every year R2Z consults with its partners and stakeholders to ensure the criteria for entry to the campaign are keeping pace with science and best practice, and to help the entire climate action community converge around robust approaches.

The Champions asked the University of Oxford to facilitate the 2021 criteria update process. A total of eight online consultation sessions encompassing 30 presentations from academic institutions, organizations, and coalitions were held between January and March 2021. Participants included experts from the networks and initiatives that form R2Z, but also a larger set of individuals with expertise in non-state and subnational climate action. In total 204 individuals followed the consultations, from this 146 were individual registrations from experts representing organizations across regions and subjects of expertise, and 58 were part of the Race to Zero partners network.

The consultation offered an opportunity to strengthen a common understanding of the state of climate action and the role of the Race to Zero within it, and to suggest and discuss potential changes to the Race to Zero entry criteria.

This document has been prepared by the University of Oxford facilitation team. It presents an overview of the key ideas and debates shared in the consultation process, both in the live sessions and asynchronously through written comments and questionnaires. The document presents the facilitators' interpretation of the discussions, and not necessarily the views of the participants involved or R2Z.

About the Race to Zero and its criteria

The Race to Zero describes itself as ‘the largest global campaign to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero carbon recovery that prevents future threats, creates decent jobs and unlocks inclusive, sustainable growth.’¹ All members are committed to the same overarching goal: to halve emissions globally by 2030 and achieve zero emissions as soon as possible—but by 2050 at the very latest. The objective is to build momentum and strengthen credibility around the shift to a decarbonized economy ahead of COP26. The campaign aims to send governments a signal that businesses, cities, regions and investors are united in meeting the Paris goals and creating a more inclusive and resilient economy.

R2Z was launched by the Champions in June 2020, following an initial set of consultations also hosted by the University of Oxford.² R2Z is an ‘umbrella’ campaign, meaning that entities join R2Z via official Partners, who are in turn vetted against the campaign’s criteria by an independent Expert Peer Review Group (EPRG).

The R2Z criteria are delineated in two categories:

- ‘Starting line’ criteria lay out common procedural steps for all members
- ‘Leadership practices’ define the substantive areas of best practice that members must meet, and highlight how leaders can push the frontier of best practice further.

While these criteria apply to all members, they are operationalized by the individual Partner networks and initiatives to match the needs of different groups of actors. The EPRG regularly reviews these Partners to ensure the criteria are applied in a consistent fashion.³ In addition to ensuring credibility, the R2Z criteria promote learning and ‘upward convergence’ across the community of actors setting net zero targets. The criteria help catalyze actors to come up to the frontier of best practices, to identify common challenges and questions, and to help advance that frontier going forward.

As a result of the most recent cycle of criteria revision consultations and discussions in the EPRG, the Race to Zero produced the following documents:

- [Starting Line and Leadership Practices 2.0](#)
 - [Summary of Changes](#)
- [Expert Peer Review Group Interpretation Guide](#)
- [Race to Zero Lexicon](#)

¹ UN Race to Zero Campaign. <https://racetozero.unfccc.int/>

² University of Oxford. 2020. [Mapping the current practices around net zero targets.](#)

³ For more information on the EPRG see <https://unfccc.int/climate-action/race-to-zero-campaign#eq-5>

The first year of Race to Zero

Participants in the consultations took stock of a momentous year of climate action that saw unprecedented challenges around the COVID-19 pandemic and its associated public health and economic impacts. COP26, originally scheduled for 2020, was postponed to 2021. The global economy saw a pandemic-induced temporary drop in CO2 emissions, with different projections on the expected rebound during 2021. According to the latest UNFCCC Secretariat Synthesis Report from February 2021, updated Nationally Determined Contributions (NDCs) remain far from putting the world on track to meet the goals of the Paris Agreement.⁴

However, during this year of challenge, the Race to Zero grew considerably, up to a current total of 3,392 members. The number of companies has more than doubled since June 2020, and the rate of growth has continued to accelerate. Within this, SME Climate Hub has grown by over 645% since the Climate Ambition Summit when it was launched (from 113 to 845). The number of investors has more than tripled since the launch event, growing by almost 50% in the last month itself. Overall, the campaign has grown by 72% in ten months, and by 20% in the last month alone.

Through the Race to Zero and beyond, state and non-state actors are making net zero commitments at a historic pace. A fall 2019 report by the Data Driven Envirolab & New Climate Institute identified 1,565 companies that represent 12.5 trillion USD in revenue, and 1,397 companies in Race to Zero with 9.8 trillion USD in revenue.⁵ Several estimates now show that around 70 percent of the world economy (in PPP terms) has a net zero target of some kind. However, as a recent study by the University of Oxford and the Energy and Climate Intelligence Unit shows, there are important geographical imbalances in these targets, as well as real concerns about their robustness.⁶

The rapid spread of 'net zero' as an organizing principle for climate action has led to a proliferation of targets, some more robust than others.⁷ Activists have increasingly questioned such targets, arguing that long-term pledges without short-term action, and a weak operationalization of the 'net' component, will remove focus on the immediate emissions reductions needed to achieve the Paris goals.⁸ At the same time, experts have called for clearer standards for net zero targets, arguing the scientific concept, enshrined in the Paris Agreement as a 'balance between sources and sinks,' must be protected from weak operationalization.⁹ 'Net zero' may still be in its infancy, but already the debates around it have become increasingly sharp.

⁴ UNFCCC. 2021. NDC Synthesis Report. <https://unfccc.int/documents/268571>

⁵ DDE-NCI. 2020. Accelerating net zero. <https://newclimate.org/2020/09/21/accelerating-net-zero-exploring-cities-regions-and-companies-pledges-to-decarbonise/>

⁶ ECIU-Net Zero Oxford. 2021. Taking Stock: A Global Assessment of Net Zero Targets. https://ca1-eci.edcdn.com/reports/ECIU-Oxford_Taking_Stock.pdf?mtime=20210323005817&focal=none

⁷ https://ca1-eci.edcdn.com/reports/ECIU-Oxford_Taking_Stock.pdf?mtime=20210323005817&focal=none

⁸ <https://www.foei.org/resources/publications/chasing-carbon-unicorns-carbon-markets-net-zero-report>

⁹ <https://www.nature.com/articles/d41586-021-00662-3>

COP25 Climate Champion Gonzalo Muñoz summarizes the implications of these concerns for the Race to Zero campaign in saying:

In a very short period of time we managed to set a net zero standard for all non-state actors around the world—and net zero targets are now increasing faster and stronger than we expected. Now we need to ensure we preserve the credibility of the concept. This is why Race to Zero has created a very robust and transparent set of criteria, and will reject any greenwashing.

In this context, the R2Z criteria consultations were able to draw on a growing number of reports and academic publications that offer perspectives on how to define and operationalize net zero (see box). The Race to Zero Lexicon, developed through the consultation process, seeks to add to these debates and offer a tool for mutual understanding in the net zero conversation.

Box: Examples of publications referred to in the Race to Zero criteria consultations

The Oxford Principles for Net Zero Aligned Carbon Offsetting

The Oxford Offsetting Principles, published in September 2020, outline necessary approaches to offsetting to ensure net zero is achieved. These actions include to (1) cut emissions, use high quality offsets, and regularly revise offsetting strategy as best practice evolves; (2) shift to carbon removal offsetting; (3) shift to long-lived storage and; (4) support the development of net zero aligned offsetting.¹⁰

Science Based Targets Initiative (SBTi) Net Zero Criteria

The SBTi Criteria present a standard for companies to set a robust and credible net zero target in line with a 1.5°C future. SBTi will validate whether a target fulfills this standard. SBTi held consultations until February 26, 2021 and expects to finalize the criteria in late 2021.¹¹

“Navigating the nuances of net-zero targets” by New Climate Institute & Data Driven Envirolab

This report collected data on net zero target setting until October 2020. To develop their analysis, the team proposed a typology of the possible components of net zero targets specifications within three subject areas: emissions reductions, carbon dioxide removals and offsetting. Furthermore, they proposed ten criteria on transparency, such as clarifying target goals, developing decarbonization pathways, describing procedure in target setting, and characterizing offsetting practices.¹²

Working paper “Designing and Communicating Net-Zero Targets” by from the World Resources Institute

The paper focuses on country level net-zero target setting. They argue for the need to include all GHG, define a timeframe, consider differentiated capabilities, differentiate between reductions and removals, and work on transparency and cooperation. The team developed a comparative table of 20 countries' net zero targets.¹³

¹⁰ <https://www.smithschool.ox.ac.uk/publications/reports/Oxford-Offsetting-Principles-2020.pdf>

¹¹ <https://sciencebasedtargets.org/resources/files/Net-Zero-Criteria-Draft-for-Public-Consultation-v1-0.pdf>

¹² <https://newclimate.org/2020/10/22/navigating-the-nuances-of-net-zero-targets/>

¹³ <https://www.wri.org/research/designing-and-communicating-net-zero-targets>

“Net Zero Initiative: A Framework for Collective Carbon Neutrality” by Carbone 4

Carbone 4 published this position paper in April 2020. The team, with lead author César Dugast, develops a framework with three pillars emissions reductions within the company and value chain, supporting reducing others emissions outside the company scope, and increasing carbon sinks. Carbone 4 position to clear differentiation between types of actions rather than netting them.¹⁴

“Chasing Carbon Unicorns: The deception of carbon markets and ‘net zero’” by Friends of the Earth International

This position paper from February 2021 provides a critique to the landscape of net zero targets. The authors point to a critical conclusion: net zero targets that heavily rely on offsetting or set targets too far into the future do not contribute to reaching global net zero by mid-century. They also point to the system challenges that communities in the global south would face given the implied size of offsetting activities, especially coming from offsetting claims from the oil and gas industry. The report is also available in French, Spanish and Portuguese.¹⁵

“Destination net zero: setting and delivering ambitious, credible targets” by the COP26 Universities Network

The succinct document is a concrete summary of net zero target discussion. The briefing, authored by faculty at various UK universities in March 2021, provides a summary of the rationale for setting net zero targets, the critical components of a target, the procedural and differences between types of actors, and the opportunity to bring more actors together to develop and put forward their own targets.¹⁶

Taskforce on Scaling Voluntary Carbon Markets (TSVCM) Final Report

The TSVCM, a private sector-led initiative to examine the role of voluntary carbon credits to compensate or neutralize emissions, published their final report in January 2021. The report presents a theory of change based on the need for standards to ensure carbon credit integrity and a taxonomy of attributes that serves for contracts that can be utilized by the intermediaries that create large scale markets, in addition to a number of features that underscore the integrity of an assets market.¹⁷

“Net-zero emissions targets are vague: three ways to fix” by Joeri Rogelj, Oliver Geden, Annette Cowie and Andy Reisinger, *Nature*, March 2021.

This comment piece in the journal *Nature* calls on target-setting entities to clarify key aspects of their net zero targets. The first, related to scope, is to clarify targeting of net zero carbon versus GHG emissions. The second is to explain how a target is determined to be fair and adequate, regarding both GHG reduction and carbon removals. The third point is to provide clarity by way of long-term, concrete road maps with a vision including and beyond net zero.¹⁸

¹⁴ <http://www.carbone4.com/wp-content/uploads/2020/04/Carbone-4-NZI-Guidelines-april-2020-1.pdf>

¹⁵ <https://www.foei.org/resources/publications/chasing-carbon-unicorns-carbon-markets-net-zero-report>

¹⁶ https://www.gla.ac.uk/media/Media_781321_smx.pdf

¹⁷ <https://www.iif.com/tsvcm>

¹⁸ <https://www.nature.com/articles/d41586-021-00662-3>

Revisions to the Criteria

Pledge

<i>Original text</i>	<i>Revised text</i>
<p><i>Pledge at the head-of-organization level to reach (net)-zero in the 2040s or sooner, or by midcentury at the latest, in line with global efforts to limit warming to 1.5C.</i></p>	<p><i>Pledge at the head-of-organization level to reach (net) zero GHGs as soon as possible, and by midcentury at the latest, in line with global efforts to limit warming to 1.5C. Set an interim target to achieve in the next decade, which reflects maximum effort toward or beyond a fair share of the 50% global reduction in CO2 by 2030 identified in the IPCC Special Report on Global Warming of 1.5C</i></p>

There was unanimous support to keep the reference to 1.5C. However, there were a number of suggestions to better reflect the urgency of action and importance of halving emissions by 2030. Two examples of proposals were:

Pledge at the head-of-organization level to reach (net)-zero in the 2040s or sooner, or by midcentury at the latest, and to halve absolute GHG emissions by latest 2030 in line with global efforts to limit global heating warming to 1.5C.

‘In the 2040s or sooner, or by midcentury at the latest’ is a little vague, or could just be shortened to ‘by sooner than 2050’—the earlier the better.

Amongst such suggestions, participants emphasised the need to work on the definition of (net) zero, for example, to separate decarbonization targets from residual emissions and compensations, or to distinguish between climate neutrality, net zero, and absolute zero. The Lexicon seeks to address these issues.

In general there was a recognition that net zero refers to both the world and for footprints of individual entities. For specific initiatives this may entail that all actors must be literally net zero, or alternatively, that all actors must have a target that is compatible with a net zero world. In practice, we see both types of approaches in the climate action community. Organizations should clarify this in their application with the support of the EPRG Interpretation Guide. There are differences in both types of actors whose emissions are defined by geography, and from businesses whose emissions are defined by scopes.

One particular case of significance is the financial sector. For this case, a participant shared the need for specific approaches that account for the roles actors play in society, including areas like policy advocacy:

For the corporate and finance sectors, the 'Pledge' criterion should be interpreted to encompass not only company-specific practices to reduce emissions, but also alignment of direct and indirect public policy advocacy with the CEO pledge. Otherwise, there is a real risk of greenwashing by companies and institutions that cancel out their pledges by working behind the scenes to thwart policy efforts to limit warming to 1.5C.

Participants shared the view that the ultimate goal is to reduce global GHG emissions to (net) zero. Individual targets are a means to that goal, but not necessarily the goal in themselves. Participants also recognized there are other things actors can do to contribute to the overall goal of a net zero world.

Finally, participants regarded the question of 'fair share' to be important, in particular in relation to the 2030 efforts. While there was no unique applicable criteria for fair share, there was a common agreement on the need to refer to it in the criteria and ask initiatives and actors to address this. Examples of viewpoints included:

A 'fair share' requires that wealthy actors; companies, organizations and cities set a target to reduce absolute CO2 emissions 50% by 2030 at the latest and strive to move significantly faster.

The rule 'halving every decade as a minimum' should be applied for all sectors since this is technically possible by applying a combination of climate solutions, disruptive innovation, improved efficiency and substitution to other services—or reduction of supply. In order to not exclude companies providing climate solutions the following optional addition might be considered: reducing at least 50% of GHG emissions compared to business as usual solutions. Expanding companies which provide climate solutions avoiding or removing emissions as their core business (<90% of revenue) do not have to commit to halving their absolute emissions, but should halve their GHG emission intensity as a minimum and show that their growth is 1.5C compatible.

Participants believed the interpretation guide should clarify how to approach 'a fair share of 50%' and outline examples of frameworks currently used by different initiatives. This is already a practice amongst initiatives, see for example:

For example, for cities, C40's Deadline 2020 program determines a 'fair share' budget for cities by taking into account accountability, capacity, and responsibility. This budget is calculated by assuming cities' per capita emissions (and those of the rest of the world) converge linearly to a common value, then everyone declines to zero at a common rate depending on the remaining budget.

Plan

<i>Original text</i>	<i>Revised text</i>
<p><i>In advance of COP26, explain what steps will be taken toward achieving net zero, especially in the short- to medium-term. Set an interim target to achieve in the next decade, which reflects a fair share of the 50% global reduction in CO2 by 2030 identified in the IPCC Special Report on Global Warming of 1.5C</i></p>	<p><i>Within 12 months of joining, explain what actions will be taken toward achieving both interim and longer-term pledges, especially in the short- to medium-term.</i></p>

Participants converged on the idea that setting an interim target by 2030 was part of the Pledge criteria. This change was important because, as stated by one participant *“it is not always clear if ‘plan’ means a) set an interim target or b) set an interim target and create a climate action plan.”*

One particular suggestion to strengthen the focus on impact was to substitute the word ‘steps’ for ‘actions,’ to make clear that a proactive, results-oriented approach is preferred. An additional important point of agreement was that the plan should lay out short- and medium-term actions that clearly build toward both the interim and final targets.

There was a variety of opinions about how long will actors have to fulfill this criteria, whether in advance of COP26 or a specific period of time, 6, 12 or more months after pledging and joining Race to Zero. A concrete suggestion stated, *“ahead of COP26, explain the roadmap to achieve net zero, especially through your interim (or we can say short to medium term) targets (2025-2030).”*

Initiatives have a key role to play in fulfilling this criteria. For example, they often have specific requirements for members to present ‘pathways’ consistent with core principles and rules.¹⁹ In this way they structure how their members incorporate the leadership practices as part of their plans. These can take time, as one participant noted:

Setting an interim target can be a very long process, particularly where political approval is needed e.g. cities and states. This means it is feasible and desirable for actors to start this process by COP26 but many are likely not to have the interim target in place until afterwards. This is preferable to them setting a less meaningful target more quickly.

Some concrete dimensions or categories proposed during the consultations include baseline measurement, trajectories and targets, workforce engagement, communications, governance mechanisms, review mechanisms and concrete actions in years one, three, five, ten, etc.

¹⁹ Reference from Under2Coalition toolkit of nine-steps <https://www.theclimategroup.org/pathways-framework>

Participants in the consultations also converged on the importance of using the Planning criteria for entities to clarify the balance between preventive and compensatory actions. This relates to discussion on compensation and offsetting (see below), but there is a common understanding that planning should provide clarity about this subject to avoid compensation to be prioritised, rather than emission reductions.

Proceed

<i>Original text</i>	<i>Revised text</i>
<i>Take immediate action toward achieving net zero, consistent with delivering interim targets specified.</i>	<i>Take immediate action toward achieving (net) zero, consistent with delivering interim targets specified.</i>

All participants saw enormous value in making clear that action toward intermediate and long-term goals must start immediately. Participants further agreed that it was important to explain *how* the immediate steps being taken are consistent with achieving interim targets, both this year and in the immediate years that follow. This link promotes transparency, helping show how actions connect to reductions, removals, or other contributions entities are making, important for accountability:

Linking the need for action to a clear published statement of planned actions (not just the published intention to reach net zero) to enable stakeholders to better hold the organisation to account on whether it actually is taking effective action.

This criterion could be more specific to help actors and journalists/civil society understand what we mean by 'immediate' and 'consistent'.

Participants also recognized that there are immediate steps with significant impact that might not necessarily be well reflected in long-term (net) zero targets. These include nature-based solutions and actions over mitigation of short-lived climate pollutants. These can also be noted as part of how entities are making immediate contributions toward global net zero. In addition, some participants stressed that the proceed criteria should address the equity dimension (see below under Leadership Practice), in at least two dimensions: firstly, by demonstrating maximum effort according to capacity and historical responsibility, and secondly, that actors must avoid actions that exacerbate social and environmental inequities.

Participants further thought that the Race to Zero could help share and distribute examples of immediate actions that can be taken on proceed. Such examples may especially help those who are relatively new to the race. This ‘demonstration effect’ can help catalyze further action, but is also important to showcase variation amongst different sectors, types of actors, and parts of the world.

Participants also noted how certain frameworks like the Race to Zero Breakthroughs or the 1.5°C Business Playbook²⁰ can provide concrete guidance on ‘proceed.’

Other ideas raised in the consultations referred to specific expectations. For example:

Move towards 100% renewable energy, fossil-free thermal/ ventilation/ logistics/ materials and services, low-carbon building space, zero-carbon vehicles. Provide products with extended usage and life, ensure their usage is highly efficient and avoid causing GHG emissions, and ensure that all material can be recirculated.

For the corporate and finance sectors the ‘proceed’ criterion should be interpreted to encompass not only internal business policies and practices, but also alignment of direct and indirect public policy advocacy with the CEO pledge. Ensuring that direct and indirect lobbying aligns with stated positions on climate policy includes publicly disavowing positions and actions taken by affiliated third parties that are inconsistent with company positions and breaking ties with trade and industry groups whose advocacy is not aligned with net zero.

Publish

Original text	Revised text
<i>Commit to report progress at least annually, including via, to the extent possible, platforms that feed into the UNFCCC Global Climate Action Portal (GCAP).</i>	<i>Commit to report publicly both progress against interim and long-term targets, as well as the actions being taken, at least annually. To the extent possible, report via platforms that feed into the UNFCCC Global Climate Action Portal.</i>

Participants identified a number of aspects to clarify the extent of the Publish criteria. First, saw a need to make clear that reporting should document progress against the interim and long-term targets, and clearly outline the actions being taken to reach those targets.

Some participants noted the importance of reporting on subjects that are critical for the Race but that are not always clarified in current practice, such as information about remaining emissions and political advocacy. To put it in participants words:

Information on their remaining emissions and emission sources that they do not currently see solutions for. The main challenge for reaching global net-zero is to collectively find solutions to the hardest to abate emissions sources, and this is why a transparent dialogue is such an important part of the Paris Agreement’s ambition raising mechanism.

²⁰ www.exponentialbusiness.org

For the corporate and finance sectors the ‘Publish’ criterion should include reporting on alignment of direct and indirect political spending, payments to trade associations and industry groups active on climate issues, and climate-related lobbying with the CEO pledge.

The consultations also discussed the format and means of publishing, with participants suggesting the need for reporting to be public, and recognising that some sectors and initiatives do not have public reporting platforms. Some suggested deleting references to the UNFCCC Global Climate Action Portal (GCAP). However, it was clear in the opinions that the common goal was for transparent public reporting, available to all the pertinent stakeholders, with recognition that for some this will happen through GCAP.

Finally, participants recognised the importance of making action visible by suggesting the publication of case studies and lessons learnt as well as quantitative reporting.

Scope

<i>Original text</i>	<i>Revised text</i>
<i>Cover all emissions, including Scope 3 for businesses and investors where they are material to total emissions and where data availability allows them to be reliably measured, and all territorial emissions for cities and regions.</i>	<p><i>Targets must cover all greenhouse gas emissions:</i></p> <ol style="list-style-type: none"> <i>1. Including Scope 3 for businesses and investors where they are material to total emissions and where data availability allows them to be measured sufficiently.</i> <i>2. Including all territorial emissions for cities and regions</i> <p><i>Leading targets may also include:</i></p> <ol style="list-style-type: none"> <i>1. Cumulative emissions (for all actors)</i> <i>2. Consumption emissions (for cities, states, and regions)</i>

The inclusion of this Leadership Practice was considered critical to ensure the broadest level of coverage and influence possible. Participants underscored the need for greater data availability and new attribution methodologies in various sectors (e.g. finance) in order to ensure that entities are able to capture all their emissions.

For clarification, participants called for explicit mention of greenhouse gases in targets to make sure targets are not limited to CO2 emissions. A second clarification recommendation was to refer to sufficiency rather than reliability, regarding available data for Scope 3 emissions, to ensure that data quality issues are not a barrier to stronger action.

Participants also raised ideas for how scope could be expanded further, pushing the frontier of best practice ahead. Specifically, cumulative emissions and consumption emissions were flagged as areas for further work. In the case of cities, for example, a participant referred to an example: ‘the Thriving Cities pilot works with cities and stakeholders together to go deep into why people consume and how do we reduce that process.’

Some participants proposed more specific criteria for scope, for example, ‘strive to include all significant emissions categories so that maximum 5% of overall emissions are omitted.’ However, there was also agreement on the opportunity for these considerations to be made through the Interpretation Guide, given how it is likely to vary across different actors and sectors.

Sinks and credits (formerly ‘offsetting’)

<i>Original text</i>	<i>Revised text</i>
<p><i>Alongside immediate abatement measures, potentially including external opportunities, transition to limiting offsets to neutralize ‘residual’ emissions. Offsets portfolios should transition to permanent removals by the time net zero is achieved. Ensure that all offsets meet robust standards for additionality, permanence, accounting, etc.</i></p>	<ol style="list-style-type: none"> <i>1. In the transition to (net) zero, prioritize reducing emissions, limiting any residual emissions to those that are not feasible to eliminate.</i> <i>2. Clearly specify what sinks or credits are used to make what, if any, neutralization claims, clarifying how sinks and credits are used both on the path to (net) zero, and after (net) zero is obtained. Any neutralization of residual emissions must transition to permanent removals by the time (net) zero status is achieved.</i> <i>3. Encourage immediate contributions to the preservation and restoration of natural sinks, not necessarily linked to neutralization claims.</i> <i>4. Ensure that any credits achieve robust outcomes for additionality, permanence, and accounting, and do not undermine social justice or harm biodiversity.</i>

This Leadership Practice produced significant debate. On the one hand, participants reflected major concerns about displacing attention from rapid decarbonization, for example:

This is contentious and we would suggest that we should focus primarily on decarbonization, whilst considering how to ensure residuals are as small as possible over time by investing in relevant practices, research and innovation now. Key principles are useful here and transparency is key.

At the same time many participants were genuinely concerned about the significance of land ecosystems preservations as carbon sinks, noting that these will be essential for creating a net zero world. As expressed by one particular answer to the questionnaire:

I don't think we are saying enough to encourage rainforest preservation in the short term, when all scenarios of maintaining 1.5C require a halt of deforestation worldwide. Forest preservation is the lowest cost, fastest effect, largest scale offset we can encourage; if it is done in line with the science and the Paris Agreement.

While participants disagreed on various aspects of how to operationalize these issues, they also showed areas of agreement on basic principles. Some participants took the position that no offsets should be allowed. Others suggested they be limited to clearly defined residual emissions when there is evidence that zero-carbon alternatives cannot be developed by mid-century, and there are also limited options to avoid these emissions through behaviour changes. There is a general consensus that the ultimate end-state will be absolute zero emissions in the majority of sectors (power, road transport, buildings, most industries), which should not require offsets. However, the pathway between here and there still involves uncertainty and disagreement.

Another emergent area of consensus was that immediate investments preserving and restoring climate sinks should be seen as positive contributions and strongly encouraged. For some, investments in climate sinks should be incentivized, including by allowing companies to climate carbon neutrality. But even in these cases, participants proposed text that describes the importance for this to be complementary to, rather than a substitute for, emissions reductions within entities own operations and value chains.

These debates underscored the importance of adding further specificity through statements regarding the priority of emissions reduction over compensation, the conditions that make offsets necessary, and the quality of offsets. Participants also saw value in having entities clarify what kinds of offsets are being used, and what 'netting' claims are being made. There were multiple suggestions that could be integrated into the Interpretation guide in particular regarding what counts as residual emissions based on the best existing science.

This topic remains an important area for further discussion and work, including around defining science-based pathways for the use and conditions on sinks and credits in the transition to net zero, not just once the end-state has been achieved.

New starting line criteria or leadership practices

<i>New text</i>
<p><i>Empowerment and Equity</i></p> <p><i>Seek to enable all actors to contribute to the global transition toward (net) zero through engagement, information sharing, access to finance, and capacity building. Develop pledges, plans, and actions in consideration of equity, drawing on, inter alia, the Sustainable Development Goals and Articles 2 and 4 of the Paris Agreement.</i></p>

The discussion over additional leadership criteria included the importance of enabling roles, biodiversity, research and innovation, data transparency, public policy alignment, and equity, including acting upon historical cumulative emissions. Participants stressed the linkages between these subjects, for example:

Introducing Cumulative [emissions] as a Leadership Practice already has real-world precedent (e.g. Microsoft, Google); contributes to fairness and equity between the developed private sector of the global north and developing countries in the global south. It assumes and allocates appropriate responsibility for the carbon budget but also puts rational boundaries around that additional responsibility.

The two subjects that gathered the most attention were embedding principles of equity in pledges, plans and actions, and the related concept of empowering the actions of others to mobilise action towards (net) zero.

Participants discussed the importance of ensuring a new equity leadership practice would not simply be a box-ticking exercise, but rather a tool to encourage campaign participants to grapple with the topic in a meaningful way. The term equity was understood by the participants to be concerned with concepts of justice and fair share. This understanding is distinct from equality, which is more concerned with equal distribution.

Given the cross-cutting nature of equity, participants saw a need to operationalize it through other criteria and leadership practices. For example, considering equity in pledging could include formulating a target that takes into account an entity’s geography, sector, historic emissions, or other characteristic that influences relative responsibility and capacity. Considering equity in planning may look like including a diverse set of stakeholders in the planning process, addressing structural inequalities that lead to some having a louder voice than others. It may also include charting a path towards a future world that is explicitly more socially and economically just and equal on global and local scales. Proceeding may include integrating just transition best practices at the sectoral, regional, and local levels for action today, as well as in the long-term.

Intergenerational equity and gender equity were highlighted by participants as key aspects of operationalizing equity in net zero pledges. Participants expressed the hope that explicitly flagging these topics would nudge target-setting entities forward to explicitly discuss and address uncertainties around equity in net zero and hasten meaningful and holistic operationalization of equity.

It was noted in the discussions that equity is referred to in various UN texts, including the Sustainable Development Goals and Paris Agreement in Preamble, Article 2 and Article 4. These texts can offer a useful starting point to understand equity in the net zero context, participants argued.

Finally, participants strongly emphasized the object of empowering all actors to join and sprint ahead in the Race to Zero. To support the goals of the campaign, including furthering equity and justice, participants emphasized the importance of collaboration, information sharing, finance, and capacity building. The networks and initiatives from Race to Zero have a particularly important role to play in expanding the knowledge and capacity of their members to act on net zero in a meaningful and effective way.

Two key contributions from participants on this new criteria included:

It would be great to craft a leadership practice for operationalizing near-term targets on a path to net-zero that takes account of equity considerations—i.e. that explicitly incentivizes actors who set ambitions for ~2030 reductions that take account of issues of relative capacity and responsibility. The consultations haven't sought to address this explicitly, so this may be premature to craft. But perhaps there is a way to acknowledge this more explicitly and lay the groundwork for a deeper dive in the next iteration.

Ideally an additional leadership practice might read something like 'ensure equitability of measures and actions planned, so that they also take due consideration of social issues and people's wellbeing, and global biodiversity, so biodiversity impact can be addressed in tandem.'

Other potential improvements to the Race to Zero credibility architecture

In addition to discussing the specific criteria, participants in the consultations discussed other ways in which the Race to Zero's approach for ensuring credibility and promoting learning and convergence in the community can be enhanced.

First, the discussion noted it would be helpful to more clearly differentiate the 'starting line' criteria versus 'leadership practices.' The former should outline common procedural criteria for all actors and entities, while the latter should be operationalized as appropriate for different kinds of actors, with EPRG responsible for ensuring that these operationalizations are consistent with best practices. Leadership practices can also highlight where entities can go above and beyond the criteria. Participants also noted that entities' plans should address their approach to the leadership practices clearly.

Second, participants noted the difficulty of applying general principles in a consistent way across the wide range of actors setting net zero targets. They therefore emphasized the value of EPRG publishing more information on its deliberations and 'rules of thumb,' to create greater transparency and clarity about what exactly is expected. EPRG has therefore prepared an Interpretation Guide. Participants also noted that sector- or actor-specific criteria in some areas would be helpful. Indeed, the Champions, in partnership with COP26 Presidency and the Private Finance Hub have created a Financial Sector Expert Group to discuss further how the R2Z criteria should be operationalized in the finance realm.²¹

Third, some participants suggested that Race to Zero create an 'ombudsman' function. This entity would be an independent individual or committee that could review complaints that R2Z members were not meeting the criteria, investigate the issues, and then issue a factual report that could inform the thinking of both the Champions and the entity in question. Participants believed such a mechanism would enhance credibility in a 'light touch' fashion, to reduce the burden on EPRG and networks and initiatives to go through regular reporting and reviewing.

Finally, participants raised a number of points regarding the future of R2Z. There was a strong view that the campaign should continue and strengthen after COP26 in order to continue advancing its goals. Participants highlighted how ongoing accountability would be critical to ensure the goals were in fact met, especially after the salience of a 'big COP' receded. In this vein, participants stressed the value of annual consultations on further refinement to the R2Z criteria, and also highlighted the importance of annual checks on, and support for, participating networks and initiatives. In light of COP27 being hosted by an African country, participants stressed the need for continuing to broaden R2Z and the consultation process around it in future iterations.

²¹<https://unfccc.int/sites/default/files/resource/Finance%20Sector%20Expert%20Group%20for%20RtZ%20and%20RtR%20-%20Terms%20of%20Reference%20-%2001.01.2021.pdf>