

# **Input to the UNFCCC Non-Party Recognition and Accountability Framework**

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NewClimate Institute’s input on the UNFCCC Non-Party Recognition and Accountability Framework (RAF) submission process particularly concerns corporate actors. Some of the recommendations for corporate actors, however, might also be relevant for other non-Party stakeholders covered by the RAF.

NewClimate has extensively scrutinised corporate climate strategies of more than 60 companies in its annual publication of the **Corporate Climate Responsibility Monitor** in 2022 and 2023 and other related analyses using the monitor’s assessment framework (Day *et al.*, 2022, 2023; Hans, Mooldijk and Day, 2022; Mooldijk *et al.*, 2022; Odawara and Hirata, 2023).

The obtained findings and related insights into the current state of corporate climate accountability form the basis of the publication on **the corporate climate accountability loop** in September 2023 (Hans *et al.*, 2023). The concept introduces seven key conceptual functions of an accountability system for corporates in the real economy and illustrates how activities under these functions feed into and reinforce each other (see Figure 1 below). The paper’s second part provides selected observations on the corporate accountability system’s status quo, and recommendations how to improve it through initial adjustments and future changes.

# THE CORPORATE CLIMATE ACCOUNTABILITY LOOP

## Key conceptual functions of an accountability system

- **Core functions**  
Necessity to perform functions in an **independent, enforceable and mandatory** manner to ensure high integrity corporate climate action.
- **Supportive functions**  
Cross-cutting functions essential to support and control on proper functionality of core functions.



Figure 1: The corporate climate accountability loop. Source: Hans *et al.* (2023)

The **following four recommendations** represent key take-aways from the corporate climate accountability loop concept for the UNFCCC Secretariat’s RAF and the draft implementation plan released for public consultation in June 2023 (UNFCCC, 2023b, 2023a). The four recommendations have also been included in the original publication (see Box 1 in Hans *et al.*, 2023, pp. 23–24).

We encourage the UNFCCC Secretariat to use these recommendations for the forthcoming process towards discussing and finalising the RAF and the implementation plan.

**1. As a general principle, the RAF could encourage the institutional separation and independence of key accountability functions as part of the wider framework and its implementation plan.**

The process initiated by the UNFCCC Secretariat around the Recognition and Accountability Framework (RAF) — including the proposed changes to the review of the UNFCCC’s Race to Zero’s Partner Initiatives (Race to Zero, 2023) — provides an opportunity to assess the corporate accountability system’s status quo and work towards addressing existing shortcomings and limitations.

Today’s corporate accountability system lacks institutional separation and independence between functions (see schematic overview in Figure 2). Single initiatives or actors perform multiple functions at once, namely (a) developing voluntary standards, guidance, and decarbonisation benchmarks for corporate climate strategies, (b) mobilising companies to set climate strategies according to these, and (c) validating them in a subsequent step. Companies also directly influence activities under specific accountability functions, despite them being the entities to be held accountable. At the same time, the current system de facto does not perform the important accountability function of ex-post verifications.

In this context, the introduced concept can help to understand the necessary institutional separation and independence between core functions to avoid conflicts of interest and to enable better execution of vital supporting functions. The UNFCCC Secretariat can use these guiding principles to inform and steer its discussions going forward.

## A SPOTLIGHT ON THE STATUS QUO

Multiple functions are performed by same initiatives without institutional separation and independence

- A** Functions are performed by same initiatives without any effective institutional separation and independence.
- B** Ex-post verification de facto **not performed** in current system.

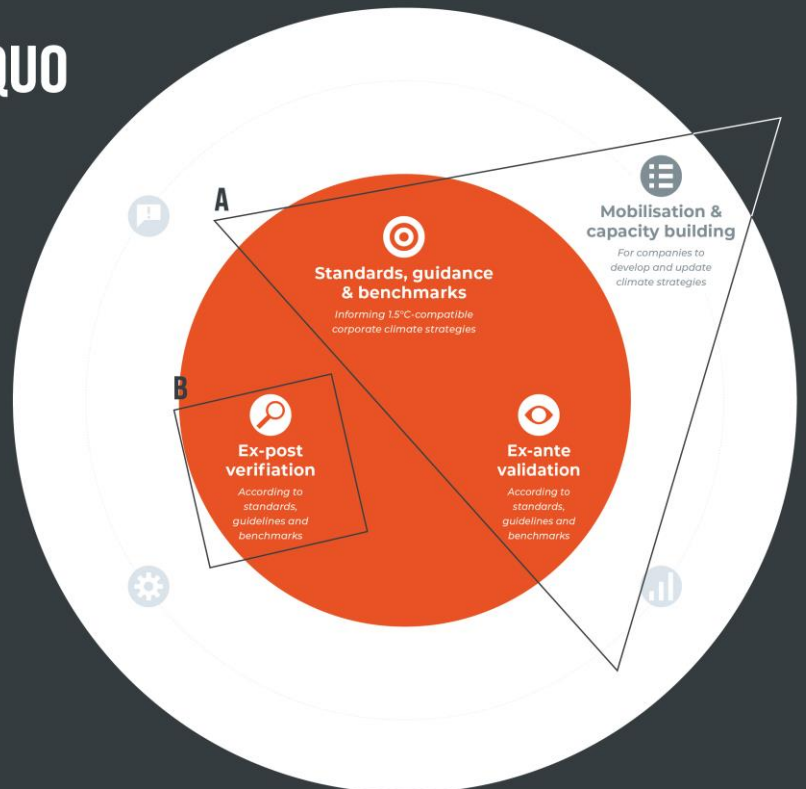


Figure 2: A spotlight on the status quo of the corporate accountability system. Source: Hans et al. (2023)

## 2. The UNFCCC Secretariat could clearly define the role, scope, and functionality of the enhanced UNFCCC's Global Climate Action Portal (GCAP) to address existing shortcomings and limitations.

The proposed changes to the GCAP as outlined in Part A of the UNFCCC Secretariat's draft implementation plan fall under the key accountability function that we classify as 'data collection and repository'. Currently, activities under this function face several limitations. Most importantly, public access to collected information by voluntary initiatives often remains restricted with limited (or even none) third-party review. The private nature of current data collection processes leads to a high level of inconsistency on tracking of commitments and progress against them. This results in a lack of transparency on critically important information on corporate climate action.

The GCAP could improve existing shortcomings and limitations by (1) pooling data collection efforts, starting from existing processes or initiatives to avoid duplication and system redundancies; and (2) support the introduction of publicly accessible and transparent grievance and whistleblowing mechanisms to allow for effective public scrutiny within existing voluntary initiatives and actors (see also the *fourth* recommendation on the latter for further explanation).

At the same time, the UNFCCC Secretariat should communicate which activities around data collection and repository it intends *not* to cover as part of the enhanced GCAP. This upfront transparency would allow other voluntary initiatives and actors to align their activities accordingly.

## 3. The UNFCCC could exert its influence to work towards *science-aligned* approaches to the development of standards, guidance, and decarbonisation benchmarks.

Part B of the draft implementation plan outlines the UNFCCC Secretariat's proposals to ensure corporate pledges (§23), transition plans (§24), and progress reports including annual emission disclosures (§24) are of high integrity (UNFCCC, 2023a). For each of those elements, the RAF could consider the need for *science-aligned* rather than *consensus-aligned* processes going forward. Several voluntary initiatives currently still allow companies to exert direct influence on the development of standards, guidance, and decarbonisation benchmarks through *consensus-aligned* processes to seek a (partial) compromise with corporate interests and scientific findings.

A change to *science-aligned* processes becomes particularly important if the UNFCCC Secretariat itself will convene working groups to define robust methodologies as suggested in the draft implementation plan. Such methodologies should also fully align with the criteria outlined in the United Nation's High-Level Expert Group (HLEG) 'Integrity Matters' report on net-zero pledges (UN HLEG, 2022).

To increase accessibility to already *existing* standards, guidance, and decarbonisation benchmarks, the UNFCCC Secretariat can establish an independent repository across voluntary initiatives and literature. As for sector-specific decarbonisation benchmarks to evaluate the ambition of corporate emission reduction targets, for example, the repository can transparently present underlying assumptions on emission scenarios used, the coverage of emission scopes, the development approach chosen, and other related aspects. The proposed repository can thus provide transparency on latest available literature and facilitate the independent assessment of corporate climate action. It can further directly inform the "robust methodology consistent with limiting warming to 1.5°C with no or limited overshoot" for corporate pledges as proposed in the implementation plan (UNFCCC, 2023a, §23).

**4. The UNFCCC Secretariat could encourage the introduction of complaint, grievance, and whistleblowing mechanisms by voluntary initiatives to enable effective public scrutiny.**

Such mechanisms can either be established at the GCAP itself or be introduced as a requirement for voluntary initiatives and actors whose data, validations and verifications are featured at the portal. For example, a group of scientists proposed the introduction of such a mechanism for the SBTi to “to flag reporting failures and inaccuracies” (Carton et al., 2022).

As a potential first immediate step, the Secretariat’s GCAP portal could transparently display whether voluntary initiatives and other actors that issue validations and verifications have publicly-accessible complaint, grievance, or whistleblower mechanisms — or even introduced independent oversight bodies that can remove them in case of non-compliance. Such mechanisms enable civil society to flag misreported data or inconsistencies in companies’ disclosure and the evaluations thereof, for example as done by several NGOs to CDP on the data disclosure of Brazilian meat producer JBS and CDP’s rating of it in an open letter in the absence of a more formal mechanism (MightyEarth, 2023).

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