

**Implementing the Recommendations of the HLEG Report "Integrity Matters"**  
**Credibility and Accountability of Net-Zero Emissions Commitments of Non-State Entities**

**FOR BUSINESSES**

Sep-23

ACTION	RECOMMENDATION (HLEG)	CHECKLIST CRITERIA	Can inclusion of the point be validated?	Can the ambition level of the planned action be validated as ambitious enough?	Comments
<b>1. PLEDGE: Components of a Net Zero Pledge</b>					
<b>Announce a Net Zero Pledge</b>	Pledge must be made public, by the leadership	Yes	Yes	This will likely take the form of statements from the CEO in the sustainability report. Suggest validation based on CEO involvement.	
	Interim targets: 2025, 2030, 2035	Yes	Yes		
	Science: 1.5°C with no or limited overshoot - IPCC or IEA	Yes	Unclear	Oversight from organizations like SBTi would be relevant but not all companies will use these frameworks. In situations where they are not used, it could be unclear if pledges/plans are 1.5°C aligned, since translating global goals to entity-level targets is non-linear.	
	Net zero: 50% reduction by 2030, net zero by 2050 the latest or accelerated sooner, sustained thereafter	Yes	Yes	Validation of ambition level possible as long as there's clear guidance on the level of emissions considered "residual".	
	Coverage: Scopes 1-3, all operations along its value-chain, in all jurisdictions	Yes	Yes	Needs clarity about inclusion of all scope 3 emissions, according to particular standards (GHGP etc).	
	Progress: publicly disclose and report	Yes	Yes	Should take the form of progress updates, "In 2023, compared to baseline 2015 we have reduced our emissions intensity by 47% which has us in line with our 75% emissions intensity target of 2030."	
	Methodology: use of robust method	Unclear	Unclear	It should be possible to see whether a plan includes a method for determining 1.5 aligned pathways but "robust" is a difficult requirement to consistently validate.	
	<b>Phase Out of Fossil Fuels and Scale Up of Renewable Energy</b>	Pledge includes specific targets aimed at ending the use and/or support for fossil fuels - aligned with IPCC or IEA 1.5°C limited or no overshoot	Yes	Yes	What is meant by no or limited overshoot? Is setting a net zero target or slightly above sufficiently ambitious? How does this question differ from 'have a target to reach net zero by 2050'?

**2. PREPARE: Get ready for the mandatory components of a transition plan**

**Set Net Zero Targets**

Short, medium and long-term absolute (and, if relevant, relative) emissions reduction targets	Yes	Yes	Duplicates point above.
Aligned with latest IPCC or IEA - limited or no overshoot	Yes	Unclear	Challenges in translating global goals to entity level. SBTi has frameworks but other thinking is also needed.
Set target within a year of pledge	Yes	Yes	
First target set for 2025	Yes	Yes	Target of 2025 is quickly becoming out of date
Include all GHG emissions and separate targets for non-CO2 GHG emissions	Yes	Unclear	It's hard to see omissions. If a company simply doesn't report any non-CO2 ghg emissions, does it mean they don't have any, or that they are ignoring them?
Include all Scopes (1-3)	Yes	Yes	Clarity needed that all categories of emissions in scope 3 should be included, in accordance with specified standards. Here again, it's hard to see omissions.
Embedded emissions (land-use sequestration)	No	No	"Embedded emissions" isn't generally used in relation to land-use (more often used in relation to buildings). What if a company simply doesn't state that it has embedded emissions? A reader can't be sure about possible omissions.
Embedded emissions (fossil fuel reserves)	No	No	Is embedded specific to only a handful of companies?
Datasets for Scope 3	Yes	No	Does this dataset need to be publicly available? Also it's difficult to quickly assess the quality of a dataset.
Methane emissions from the energy sector— coal, oil and gas production —should be reduced by at least 63% by 2030 from 2020 levels to be consistent with global modelled pathways that limit warming to 1.5°C with no or limited overshoot as assessed by the IPCC's 6th Assessment Report	Yes	Yes	Presumably this question is primarily for energy producers. Methane covered for all companies in points about reporting and having targets for non-CO2 GHG emissions.

**Restrict Use of Voluntary Carbon Credits**

Must not be used to meet the net zero target, and is only permitted for beyond value-chain mitigation	Yes	Yes	
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**Phase Out of Fossil Fuels and Scale Up of Renewable Energy**

On coal for power generation, end: (i) expansion of coal reserves, (ii) development and exploration of new coal mines, (iii) extension of existing coal mines, and (iv) coal plants by 2030 in OECD countries and 2040 in the rest of the world	Unclear	Yes	It seems many companies may not engage with the question of coal use in energy grids upstream and downstream, beyond citing their ghg emissions. Needs clarity on whether this is deemed relevant for all companies, or just energy producers.
On oil and gas, end: (i) exploration for new oil and gas fields, (ii) expansion of oil and gas reserves, and (iii) oil and gas production	Unclear	Yes	Same story as above, this is important but not relevant for every organization. Most are not doing exploration, but may be concerned with fossil emissions in their value chains.
Renewable energy procurement targets should be included as part of net zero transition plans	Yes	Yes	

**Align Lobbying and Advocacy**

Encourage associations to advocate for positive climate action and have an escalation strategy, including the option of leaving the association if changes are not made	Yes	Yes	
Contribute to investor, supplier, consumer and employee engagement and work with peers	Yes	No	Clarity is needed on assessing and measuring ambition levels for advocacy.

**Include People and Nature in the Just Transition**

If material land-use emissions: achieve and maintain operations and supply-chains that eliminates deforestation and peatland loss by 2025 the latest, and other remaining natural ecosystems by 2030	No	Unclear	What if a company simply ignores, or hasn't even identified it's land-use emissions? How far up and down the value chain should the commitment go?
Anticipate the final guidance of the Taskforce on Nature-related Financial Disclosures by factoring in nature risk and dependency to all elements of their transition plans	Unclear	No	Not clear what "anticipate" would look like in a transition plan.
Invest in the protection and restoration of ecosystems beyond emissions reductions	Yes	No	How to measure ambition levels for companies of different sizes and impacts?

**3. PLAN: Components of a Credible Net Zero Transition Plan**

**Create a Transition Plan**

Publicly disclose transition plan	Yes	Yes	This point isn't needed in the checklist, because if there is a public plan that is being reviewed, this will always be yes.
Update transition plan every five years	Yes	Yes	
Report on progress annually	Yes	Yes	
Include short-, medium- and long-term absolute emission reduction targets (and, if relevant, relative emissions reduction targets) and demonstrate actions to meet the targets	Yes	Yes	
Include all Scopes (1-3) and include separate targets for non-CO2 GHG emissions	Yes	Yes	
Detail the third-party verification approach and audited accuracy	Yes	Yes	
Detail the alignment with latest IPCC and IEA - limited or no overshoot	Yes	Unclear	
Explain emission reductions and carbon removals (as needed)	Yes	Yes	
Disclose how capital expenditure plans, research and development plans and investments are aligned with all targets (e.g. capex-alignment with regional or national taxonomy) and split between new and legacy or stranded assets	Yes	Unclear	Very challenging to assess whether company's financial plans will enable their climate goals to be met.
Outline actions to address data limitations	Yes	Yes	
Detail value-chain engagement	Yes	Yes	
Explain governance structure for transition and verification, describe linking of near- and long-term targets with executive compensation	Yes	Yes	
Outline specific policies and regulations, including carbon pricing, needed to facilitate transition plans	Yes	Unclear	

**Phase Out of Fossil Fuels and Scale Up Renewable Energy**

Present the full implementation of the phasing-out of fossil fuels as presented in part 2	Yes	Yes	
Explain how the transition away from fossil fuels will be just for affected communities, workers and all consumers to ensure access to energy and avoid transfer of fossil fuel assets to new owners	Yes	Unclear	If not a manufacturing company, should we assume fossil inputs or other unsustainable inputs, or is it only fossil fuels for energy? Eg would 'organic fertilizer' instead of regular from hydrogen be considered removal of fossil fuels?
Explain how the transition away from fossil fuels will be matched by a fully funded transition toward renewable energy	Unclear	Unclear	Is "fully funded transition" achieved by buying renewable energy certificates, or only by building new renewable capacity?

**Align Lobbying and Advocacy**

Publicly disclose trade association affiliations	Yes	Yes	Multinationals may be members of hundreds of trade associations (eg in each territory they operate in). As with other points, it's very difficult to validate when omissions may be relevant.
Accounting, legal, PR and consultancies: Publicly disclose how customer engagement contributes to net zero and how greenwashing is tackled	No	Unclear	Frameworks for assessing impact of clients' work is not standardized.
In transition plans and annual disclosure: outline policies and regulations, including on carbon pricing, to specify the emissions reductions possible if the listed policies and regulations were in place	Yes	Yes	Only truly massive companies will have the resources within their sustainability teams to tackle this kind of analysis in a robust way. Would likely need expert teams of economists and sustainability scientists to effectively answer this question.
Disclose lobbying and policy engagement policies and activities to demonstrate consistency with the transition plan	Yes	Yes	

**Include People and Nature in the Just Transition**

Explain contribution to protection of natural ecosystems (e.g. eliminating deforestation, wetland and peatland loss)	Yes	No	How much is enough?
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**Invest in a Just Transition**

Demonstrate how the transition plan contributes to economic development and how just transition elements, resilience, inequality, gender and energy access are integrated	Yes	Yes	
Explain contribution to a just transition	Yes	Yes	

**4. GET VERIFIED: Increase Transparency and Accountability**

**Increase Transparency and Accountability**

Annual disclosure of GHG data, net zero targets and transition plans and progress towards meeting these	Yes	Yes	
Report in a standardised, open format feeding into the UNFCCC Global Climate Action Portal	Yes	Yes	
Verified reported emissions reductions by an independent third-party	Yes	Yes	
When applicable: build sufficient capacity in developing countries to verify emission reductions	Yes	No	How to assess how much capacity development is sufficient?
Seek independent evaluation of annual progress reporting and disclosures, metrics and targets and conduct internal controls on evaluation and verification of GHG reporting	Yes	Yes	Presumably the ask would be "state in transition plans how and when independent evaluations will be used."
Design a template for members to report pledges and annual reports*	N/A	N/A	
Verify that all relevant information is provided*	N/A	N/A	
Encourage independent evaluation of disclosures and set a timeline for mandatory independent evaluations*	N/A	N/A	
Report annually to the UNFCCC Global Climate Action Portal on progress, updates and performance of members*	N/A	N/A	
Compliance mechanism: ensure transparent process for delisting members that ensuring an engagement process*	N/A	N/A	
Establish a process to research members noncompliance*	N/A	N/A	
Standardised reporting: work with policymakers and standard-setters to align and implement standardisation of reporting and to enable transparency*	N/A	N/A	
Complaint mechanism: ensure a process to receive and review public complaints*	N/A	N/A	
Governance: ensure avoiding conflict of interest and ensure geographic and institutional diversity*	N/A	N/A	

\*For the net-zero voluntary initiatives and collective climate action groups