

## Context

The World benchmarking Alliance (WBA) applauds the UNFCCC for launching a consultation phase and request for inputs as part of its [Recognition and Accountability Framework](#). WBA is also keen to see how UNFCCC further works on non-state actor (NSA) accountability in the coming years and would be delighted to be part of the UNFCCC working group of NSA pledge verification entities. The topic of NSA accountability is gaining momentum as witnessed by the launch of the HLEG report at COP27, and the subsequent release of the HLEG net-zero criteria. The [latest 2023 Global Stocktake \(GST\) synthesis report](#) also puts the accent on NSA accountability. It shows that “while pledges for mitigation actions and relevant international cooperation by non-Party stakeholders have accelerated significantly in response to the Paris Agreement, efforts are still far from being pledged or implemented at the level needed.” The 2023 Climate Ambition Summit also revealed that while this momentum is growing, much remains to be done for NSA’s to align with the HLEG criteria.

The UNFCCC has a window of opportunity with the RAF to become the facilitator of both state and NSA climate action, despite NSA not being covered by UNFCCC per se, but through Parties. In this submission WBA proposes two main ways for the UNFCCC to enact this vision. Firstly, this includes improving the usefulness and interoperability of GCAP, building on existing tools, methodologies and third party accountability mechanisms to evaluate the credibility of company low-carbon and just transition plans.<sup>1</sup> The same idea can be adapted to other NSA such as local authorities, but this submission will focus on companies as WBA’s target audience. Secondly, in order to be effective, the RAF should not only focus on disclosure or the quality of data being reported but also use the insights from its work to improve NSA practices. This second point requires a better connection between the results of RAF and country level NDCs, climate policies and regulations that can improve NSA accountability. Indeed, transition plan disclosure shouldn’t be seen as another reporting exercise but as a tool to connect NDCs and companies’ climate actions in order to accelerate the decarbonization of the real economy.

NSA and more specifically corporate accountability are at the core of what WBA does.<sup>2</sup> Through its benchmarks on how the world’s most influential<sup>3</sup> companies are meeting the SDGs, WBA is able to show both the big picture overview and granular insights into how these companies are meeting the SDGs. More specifically, through its climate and energy benchmarks and just transition assessments,

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<sup>1</sup> As per the ILO, a just transition promotes environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and by leaving no one behind. A just transition involves maximising the social and economic opportunities of climate action, while minimising and carefully managing any challenges. It should be based on effective social dialogue, respect for fundamental principles and rights at work, and be in accordance with international labour standards. Stakeholder engagement is also important. See [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_885375.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_885375.pdf)

<sup>2</sup> WBA released at the UN General Assembly a corporate accountability whitepaper which looks at how different stakeholders view corporate accountability and the ways in which companies can be held accountable. For further insights see <https://www.worldbenchmarkingalliance.org/research/white-paper-corporate-accountability/>

<sup>3</sup> WBA uses the term “keystone” to evaluate which companies fit within its benchmarks based on their revenues, assets under management and wider socio-economic impacts.

WBA is able to delve deeper into NSA accountability. WBA can show through its ACT<sup>4</sup> and just transition<sup>5</sup> methodologies the credibility of company low-carbon and just transition plans and how they are aligning or not with a 1.5C pathway. WBA's submission to UNFCCC and RAF builds on the following **five key recommendations**:

1. The RAF's governance structure should be inclusive and build on existing initiatives and already recognized assessment frameworks and methods, going beyond compliance checking to credibility and feasibility assessments
2. The revamping of GCAP with a higher level of granularity and quality in the data being reported is essential to ensure the relevance of the RAF
3. The UNFCCC should evaluate NSA not only on their low-carbon transition plans but also on how they support a just transition
4. Beyond disclosure, GCAP should pave the way for the implementation of more credible low-carbon and just transition plans
5. The RAF should strive to overcome the existing roadblocks in raising NSA ambition including in the Global South

## Key recommendations

- 1. The RAF's governance structure should be inclusive and build on existing initiatives and already recognized assessment frameworks and methods, going beyond compliance checking to credibility and feasibility assessments**
  - The RAF's decision-making structure should be as inclusive as possible and reflect a wide range of stakeholder views including from the Global South which are currently under-represented in GCAP and Race to Zero, and Parties representatives.
  - The role of the RAF independent review group, how it reaches consensus and the outcomes such decisions have on GCAP and the operationalisation of the HLEG criteria should be clarified.
  - There are multiple initiatives that seek to raise NSA accountability. These range from ACT initiative, tools developed by CAMDA, the publications of the New Climate Institute, the Net Zero Tracker, CA100+, SBTi, reports of Climate Chance and the Transition Pathway Initiative to name only a few. In order to ensure the relevance of the RAF it is important that it builds on these initiatives and not reinvent the wheel. As an example, WBA is convening end of 2023

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<sup>4</sup> Formally launched at COP21, ACT Initiative provides a corporate climate accountability framework with sectoral methodologies to assess companies' decarbonisation strategies and transition plans with Paris Agreement goals. Since October 2023 ACT Initiative also propose a method ACT Adaptation to assess companies' adaptation strategies and plans. ACT is part of the MPGCA Portal:

<https://climateaction.unfccc.int/Initiatives?id=133> See also <https://actinitiative.org>.

<sup>5</sup> WBA's just transition methodology was launched in 2021 and co-developed with various experts in the field including the ILO. Its builds on six key areas of assessments which include just transition planning, social dialogue, decent green job creation, re and upskilling, social protection and advocacy for a just transition. For further insights into the methodology and findings see: <https://www.worldbenchmarkingalliance.org/just-transition/>

and 2024 two working groups respectively on [assessing companies' transition plans](#)<sup>6</sup> (ATP-Col) and on [tracking just transition progress](#). Amongst other purposes, these working groups are convening various experts in these respective fields to harmonise existing methodologies and to increase the usability of such tools. The UNFCCC through its RAF can build on the outcomes and guidance documents such working groups are expected to produce in 2024.

## 2. The revamping of GCAP with a higher level of granularity and quality in the data being reported is essential to ensure the relevance of the RAF

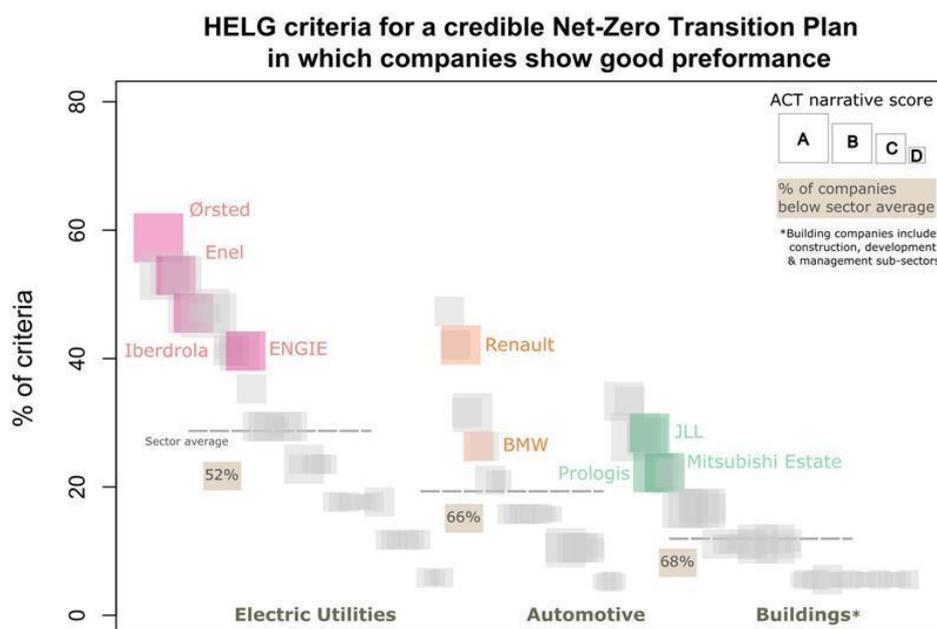
- It is becoming clearer that [NZDPU and CDP data](#) will serve as a basis for the revamping of GCAP. However, further efforts are needed to clarify how this will support users in mapping the credibility of low-carbon and just transition plans for companies. As an example, it is currently unclear how GCAP will make the link between the transition plans of companies and the HLEG net-zero criteria. While as of now very few NSA are meeting the HLEG criteria (see figure 1), having a more detailed understanding of which NSA are transitioning will be particularly important. In order to do so, GCAP can build on methodologies such as ACT. WBA recently used the ACT indicators to conduct an assessment of how many of the ACT indicators could directly be linked to the HLEG criteria. It was found that about 65% of the ACT indicators could directly be linked to the HLEG criteria (others being more detailed or precise than HLEG criteria). Using a high minimum threshold to determine for each ACT indicator at which point companies were meeting or not the HLEG criteria, WBA was able to assess how well companies are meeting the criteria. For an overview in the electric utilities, buildings and automotive sectors see figure 1 below.<sup>7</sup> Figure 1 shows that electric utilities have the highest level of alignment with the HLEG criteria. **A similar analysis using the ACT methodologies could be conducted for companies in other sectors that are listed in GCAP and Race to Zero.** This type of analysis would be particularly useful as it would help not only identify the level of compatibility but also potentially build first mover coalitions with NSA in transition and more aligned with the HLEG criteria than others.

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<sup>6</sup> ATP-Col – Assessing companies Transition Plans Collective – is an ad-hoc working group of individual experts – about 90 individuals from about 40 organizations – convened by the World Benchmarking Alliance, joined in October by Columbia Center on Sustainable Investment as co-convenor. Experts contribute as *intuit personae*, not engaging their organizations' point of view. See details and ATP-Col members here: <https://www.worldbenchmarkingalliance.org/news/assessing-companies-transition-plans-collective-atp-col/>

<sup>7</sup> This figure is reflected in WBA-CAN's report "Strengthening climate accountability: an analysis of companies and climate initiatives". See: [https://reseauactionclimat.org/wp-content/uploads/2023/10/coalition\\_23\\_10\\_09\\_en.pdf](https://reseauactionclimat.org/wp-content/uploads/2023/10/coalition_23_10_09_en.pdf)

Figure 1



- GCAP should not only focus on disclosing better aggregate emissions data (scope 1-3) and showing how companies are meeting their overall climate pledges (interim, long term etc) they set themselves. To be effective the platform should have a focus (data/visualisation, highlights, overview in annual reports) on particular gaps companies face in strengthening their transition plans. From WBA’s climate and energy benchmarks, a number of such gaps were identified. These include disclosing and increasing companies share of low-carbon capex, having an overview of to what extent companies are exceeding or not their carbon budgets based on a 1.5C sectoral pathway relevant to where companies operates their activities and the overall consistency of company’s transition plans. While WBA finds that few companies align with the HLEG criteria (figure 1), there are still best practices that can be shared.
- With NZDPU and previous tools such as the Race to Zero data explorer the focus for the RAF and UNFCCC seems to be mostly on companies. While it is crucial to assess companies, it is also important to evaluate climate initiatives listed in GCAP of which companies are part of. [WBA and CAN released a report in September 2023](#) which shows how a small sample of such initiatives are faring in supporting the decarbonisation of their members. The overall findings from the report show that the average score for initiatives that were assessed was slightly below 50%, with only three of the nine initiatives scoring above 50%.<sup>8</sup> This low score means

<sup>8</sup> For an overview of the underlying methodology behind this score, see WBA-CAN’s report listed in this submission.

that currently, apart from some exceptions, climate initiatives do not have the right structures, governance processes and mechanisms in place to truly drive NSA accountability. Very few initiatives also have as a mandate to increase the robustness of company transition plans. As

the RAF focuses more on the credibility of transition plans in the future, it is important that it clarifies the role climate initiatives play and what is their link to transition plans.

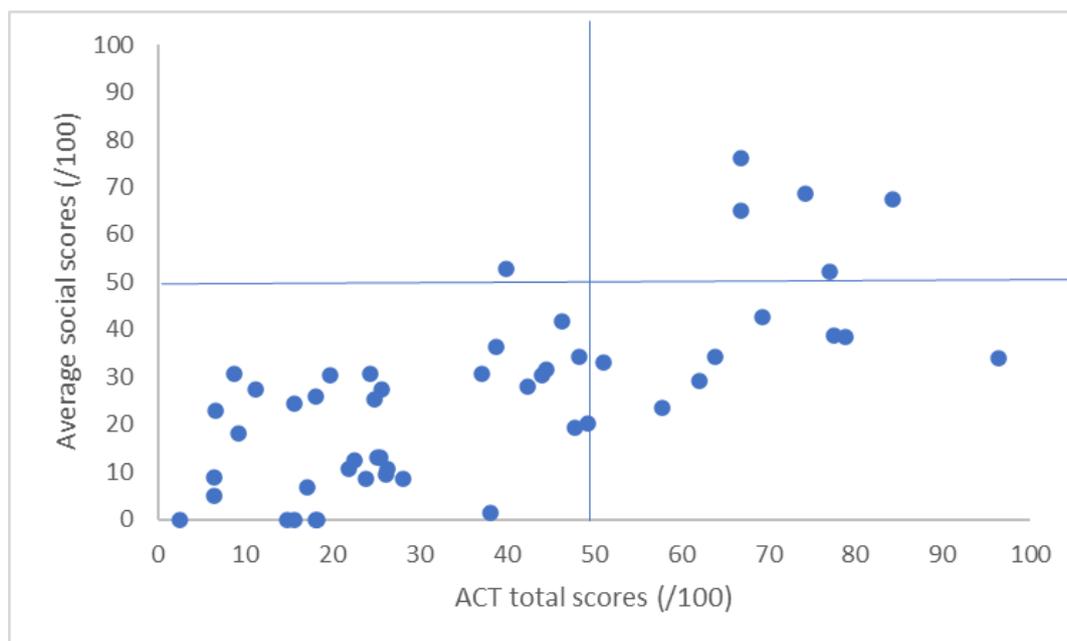
### **3. The UNFCCC should evaluate NSA not only on their low-carbon transition plans but also on how they support a just transition**

- Currently the RAF does not mention just transition in its list of priorities. While it is clear the focus of RAF is more on harmonising data disclosure frameworks through GCAP with a focus on low-carbon transition plans, we recommend that the UNFCCC also addresses the topic of just transition. This is also important as the HLEG net-zero criteria include criteria to evaluate how companies and other NSA are investing in a just transition.
- In order to do so, similarly to how it plans on evaluating company transition plans, UNFCCC can use existing third party accountability mechanisms to evaluate company just transition plans. These include methodologies such as those of WBA but also others inspired from WBA such as those of the Council for Inclusive Capitalism and CA100+. WBA's just transition assessments show that there are a number of weak spots on how companies are addressing just transition, in particular planning for a just transition, social protection and advocacy for policies and regulation support a just transition. The full integration of the latter three aspects remains below 1% for all 320 companies assessed by WBA as part of its climate and energy benchmarks.
- UNFCCC should distinguish more clearly which climate initiatives in GCAP and Race to Zero seek to address a just transition for their members. Currently there seems to be only one such initiative active (the Just Transition and Decent Jobs Pledge from the Private Sector). This is concerning as the topic of just transition should be more wide spread, including across multiple sectors. WBA's analysis finds that there is no guarantee that companies leading on climate will also be performing well on a just transition (see figure 2 below). This finding reinforces the need for platforms such as GCAP to better integrate just transition in the assessment of NSA in the future.

Figure 2: Mapping of climate and social scores for electric utilities<sup>9</sup>

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<sup>9</sup> WBA's electric utility benchmark will be updated in November 2023. Average social scores represent the average between core social indicators and just transition scores from WBA.



#### 4. Beyond disclosure, the RAF should pave the way for the implementation of more credible low-carbon and just transition plans

- The RAF should not only focus on improving data quality and reporting but ensure the revamping of GCAP can lead to a change in NSA practices. This means in the annual progress reports and findings from GCAP, this information should inform the updating of country NDCs and future Global Stocktakes (GST). An alignment between country NDCs, sectoral pathways and company transition plans is essential to ensure NSA accountability is better implemented at a country level.
- Beyond a better linkage between company transition plans, country NDCs and the GST there should also be a clearer connection between the findings from RAF and GCAP and actions needed from governments. Findings from the update of GCAP can inform more tailored incentives and regulations for different types of NSA both on climate and just transition. These can be sectoral focused or more wide ranging including mandatory climate disclosures, conditionalities linked to public procurement and green fiscal policy to name only a few. For a better overview of the types of incentives and regulations that can support NSA climate action see WBA and Climate Chance's [joint submission to the Global Stocktake](#).
- Similarly, the RAF through its linkages with NZDPU, the Climate Data Advisory Panel and the CDSC should work with standard bodies at the national/international level. This is key to ensure the data from GCAP is relevant and inter-operable with (upcoming) mandatory climate disclosure requirements occurring in different jurisdictions. In doing so, RAF should also build direct connections with governments and avoid the use of intermediary third party data providers.

## 5. The RAF should strive to overcome the existing roadblocks in raising NSA ambition including in the Global South

- Currently GCAP has fewer climate initiatives and NSA from the Global South which also presents a roadblock in building more consensus in Global South countries on the relevance of RAF's work. Improving the geographical coverage of NSA in GCAP through capacity building workshops on the topics of transition plans and just transition and the specific challenges faced in different contexts would be important.
- There is no unique vision or way to operationalise NSA accountability. Exploring how NSA based in different contexts, including in the Global South, approach the topic would be an important way to build more consensus and a shared understanding on the importance of NSA accountability.
- RAF should also work to identify and overcome structural barriers that prevent NSA in the Global South from contributing to GCAP. These include financial, data collection and digital infrastructure constraints.

## About the World Benchmarking Alliance



The World Benchmarking Alliance (WBA) was launched in 2018 because we believed that there needs to be real change in the way that business impact is measured to boost motivation and stimulate action for a sustainable future for everyone.

WBA identified [seven transformations](#) that need to take place to put society and the worldwide economy on a more sustainable path to achieve the SDGs. To turn these transformations into action, WBA develops in close collaboration with the Alliance a series of benchmarks assessing 2,000 of the world's most influential companies, ranking and measuring them on their contributions to the SDGs.

### About WBA's Climate and Energy Benchmarks

WBA's [climate and energy benchmarks](#), ([automotive](#), [electric utilities](#), [oil and gas](#), [transport](#)), (building benchmark forthcoming) use the Assessing low Carbon Transition (ACT) initiative's methodologies that assess how companies' emission reduction commitments, targets, and transition plans align with a 1.5C scenario. WBA further assesses these companies on their human rights, decent work, and [just transition commitments](#).