

WE MEAN BUSINESS COALITION

Response to the UNFCCC draft Recognition and Accountability Framework (October 2023)

Introduction

The We Mean Business Coalition works with the world’s most influential businesses to take action on climate change. The Coalition is a group of seven non-profit organizations (BSR, CDP, Ceres, CLG Europe, Climate Group, The B Team and WBCSD) and 50+ network partners working together to catalyze business and policy action to halve global emissions by 2030 and accelerate an inclusive transition to a net-zero economy.

The We Mean Business Coalition has been at the forefront of driving corporate climate ambition since the Paris Agreement. We have consistently advocated for business climate leadership at the highest level of ambition, and together with our partners have launched and hosted key climate initiatives that have led to groundbreaking progress, including the Science Based Targets Initiative, the SME Climate Hub, the Fossil to Clean campaign, the RE100, EV100 and EP100 campaigns, and many others.

The climate emergency demands results. Clear, consistent and comparable disclosure of plans, progress, impacts, dependencies, risks and opportunities builds trust among stakeholders, directs capital, and informs strategy. It shows resilience and readiness for the net zero world.

Several years ago, our Coalition recognized the need to update our understanding of what true leadership from business looks like in the emerging climate landscape. The Coalition and all our partners agreed on the [4As of Climate Leadership](#), which for the first time embedded “**Accountability**” as a key pillar of business leadership on climate, alongside **Ambition, Action and Advocacy**. (*See Annex below*).

In this context, we welcome this opportunity to participate in the consultation on the UNFCCC Recognition and Accountability Framework (RAF).

Feedback to the RAF Consultation process

The We Mean Business Coalition believes that climate action by Non-State Actors (NSAs) – including companies, financial institutions, cities, states and regions – will play a critical role to achieve the Paris Agreement objectives, and greater recognition and accountability for such action must be ensured through a more standardized, transparent, and coherent approach.

For business, there are clear opportunities to be harnessed through a carefully managed, global transition to net-zero. Thousands of businesses within our Coalition network recognize the benefits of and support ambitious climate action. Their leadership helps to encourage policymakers to make the right policy decisions that further drive investments and spur business decisions in favour of climate solutions, greater equality and accelerated business-government collaboration on climate change. This is what we call the [Ambition Loop](#).

We therefore welcome the initiative by the UNFCCC to enhance the recognition and accountability of NSA climate commitments, provided that the framework and process meet a number of criteria that we lay out in this submission. If well designed and implemented the framework can contribute to

greater clarity and transparency in terms of defining the accountability of NSA commitments and actions, and tracking progress over time, including in the next round of NDCs.

We Mean Business Coalition partner CDP defines accountability as “the assumption of responsibility for the consequences of an organization’s actions against set expectations or commitments”, which is imperative to allow effective progress against all global environmental goals. Implementing a robust system for disclosure of NSA commitments and action is essential to increase transparency of NSA commitments, and to inform financial markets with the information needed to facilitate the shift of finance in line with the 1.5°C goal of the Paris Agreement. Tracking progress in a comparable, consistent, and credible way is critical to continue to mainstream environmental disclosure and drive environmental action - in the near, medium, and long-term.

We need to ensure that this Framework serves its purpose of improving accountability for corporate targets, plans and progress towards them, but that it is:

- **Acting to encourage business engagement in a race to the top, rather than being seen as adding unhelpful reporting and administrative burden.** We need to bring along the entire business community more firmly on this journey. We agree there is a need to enhance recognition and disclosure measures, tackle greenwashing and hold companies to account for their actions. But we must also ensure that those already taking action are not discouraged. And, just as importantly, we cannot lose sight of the many, many more companies and investors – as well as subnational non-state actors who have not even started on the journey. We must identify ways to encourage those who are yet to start taking action.

This acknowledges that companies are in different stages of climate action: those who are not doing anything, those who are interested, those who have started in some way (including through Coalition partner-led initiatives such as RE100, EV100), those who are on their way (e.g. through SBTi/SMECH/CDP), and the leading companies in terms of commitments and action with ambitious Climate Transition Action Plans (CTAP). We strongly urge the RAF process to consider the best way to get more interested companies on the road to taking commitments and implementing action.

- **Complementing, and not duplicating, existing voluntary initiatives in what is already quite a complex and mostly functional voluntary landscape.** The new framework must build on the well-established existing accountability and disclosure initiatives, notably for business.

We must be careful not to reinvent the wheel, or indeed create a “spare wheel” that is seen as duplicative and may create confusion in the NSA Community. Instead, we invite this process to focus on identifying positives and negatives in the existing system, opportunities for improvement, areas where significant change is needed, and to develop recommendations with various degrees of prioritization and timelines for implementation, including in developing the Global Climate Action Portal.

We recommend providing a clear vision to Parties, non-Party stakeholders and the business community of how the various elements of the landscape fit together, including UN initiatives (this RAF process, the GCAP portal, the HLEG recommendations), as well as voluntary initiatives ranging from the Race To Zero, to SBTi, to CDP, and emerging international standards (e.g. ISSB).

- **Made to be compatible with and complementing emerging regulation** in different regions relating to corporate accounting and disclosure of climate data and targets. At the same time, as **companies have mostly been joining initiatives on a voluntary basis not on a mandatory / regulatory basis**, this must be respected in the design of the framework, so that ultimately it serves to drive more companies towards climate action.

One way of doing this would be to ensure that future developments of GCAP include data points mapping against UN HLEG recommendations and global standards. For example, CDP has produced a mapping of its questionnaires against the UN HLEG recommendations. Please refer to CDP’s submission for more detail.

- **Delivering the highest level of transparency in governance processes**, providing important input from Non-State Actors into the Enhanced Transparency Framework (ETF) towards enhancing ambition and accountability, without however creating additional burden to such Non-State actors. A revamped and further developed GCAP could potentially play a key role in this process.
- **Clear on what is meant by *Recognition* of NSA action in the context of this framework** and its aim to drive greater ambition by Parties and Non-State actors. We need to be clear about how we recognize existing and diverse initiatives, and types of commitments by NSAs, often having different geographical and sectoral contexts and sometimes different purposes. We need to create a structure that has enough rigor to give clarity on what should be recognized as an appropriate system, without falling into the “one-size-fits-all” trap.
- **Open to the use of additional flexible approaches to accelerate investment and action by companies on their journeys towards net zero.** This can include carbon market mechanisms and other forms of within and beyond value chain flexibility, allowing for a balanced approach between the need to ensure transparency and rigour for companies who are taking action, while at the same time building in mechanisms that will encourage companies onto the journey, and to go further faster.

Lastly, the draft framework proposes a **central role for the existing UN Global Climate Action Portal (GCAP) as a channel for all NSA initiatives to submit information.** For this to be a viable option, however, significant reform and development will be required to improve functionality and capacity, both of the portal itself and the staff required to manage such a potentially enormous data flow. In the development of the GCAP it will be essential to take a user perspective on how it can be utilized. In addition, and in line with our Coalition partner CDP’s submission to this consultation, we stress the need to emphasize the **importance of harmonization and comparability of information**, by:

- building consistency and alignment with UN HLEG recommendations,
- integrating the most relevant points across global standards,
- ensuring the integrity and ambition of data, and
- improving data visualization.

Annex – Accountability in the 4 As of Business Climate Leadership

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How to enhance Accountability?

1. SHARE YOUR PLAN: Disclose your climate transition action plan for leadership and resilience in the net-zero transition.

Climate leaders back up their claims and commitments with transparent information. They listen to critical voices. They learn from scrutiny of their ambition, the consistency of their activities, and feasibility of their action plans. With a clear understanding of risks and opportunities, they show stakeholders they're ready to thrive — not just survive — in a net-zero world.

2. REPORT ON PROGRESS: Track and publicly disclose your emissions, clearly, consistently and transparently.

Companies must deliver on their targets and demonstrate rapid, sustained emissions reductions. Annual emissions disclosure is vital to tracking progress. The process of carbon accounting and reporting helps uncover risks and opportunities, to guide strategy. Transparency also highlights barriers that companies in certain markets or sectors are facing, which can spur policy, incentives and tools to help close the gap between corporate ambition and action.

3. DISCLOSE YOUR ADVOCACY: Climate leaders are fully transparent about their direct and indirect advocacy and lobbying.

Companies must disclose how their memberships, financial contributions and direct engagement on climate policy support their own climate ambition and action, while reporting misalignments and plans to address them. Investors expect corporate lobbying to be aligned with the three disclosure asks of the Global Standard on Responsible Corporate Climate Lobbying. To support companies, WMBC has developed a suite of tools and best practice to help companies do this in the Responsible Policy Engagement framework.

4. TRANSPARENT GOVERNANCE: Disclose how your C-Suite and board are accountable for the company's climate performance.

To fulfil their duties to shareholders, corporate climate leaders demonstrate how their most senior leaders and board members are taking responsibility for the company's climate action, through strong and robust oversight.