

NET ZERO INTELLIGENCE UNIT

# A comparison of Net Zero guidance from COP27

## 10 essential criteria for Net Zero targets that emerged from COP27

UN High-Level Expert Group: Criteria for Net Zero	ISO Net Zero Guidelines	SBTi Net Zero Standard
<p><b>1. Announcement of a Net Zero pledge:</b></p> <p>Should be made publicly by leadership of organisation.</p> <p>Announcement should contain interim targets (50% emissions reduction by 2030) and be 1.5°C aligned (IEA/IPCC) to reach Net Zero by 2050.</p> <p>Targets and pathways should be verified by a credible third party verifier, such as ISO or SBTi.</p>	<p><b>Aligned.</b></p> <p>Organisations must publicly commit to achieve targets as soon as possible through communication by the highest level of leadership.</p>	<p><b>Aligned.</b></p> <p>Companies shall publicly set a target, ideally at the parent company or group level.</p> <p>This should clearly and transparently communicate the target year (no later than 2050), and the magnitude of emissions reductions for near and long-term targets.</p>
<p><b>2. Setting of Net Zero targets:</b></p> <p>Initial targets should be set within a year of making a pledge, with the first target set for 2025 and every five years after that.</p> <p>Short, medium and long-term absolute emissions reductions targets must cover the full value chain (scopes 1, 2 and 3) and be consistent with IPCC 1.5°C scenarios</p>	<p><b>Broadly aligned.</b></p> <p>No guidelines on setting initial targets within a year but clear that targets should be set every 2-5 years, covering full value chain and consistent with 1.5°C scenarios.</p>	<p><b>Broadly aligned.</b></p> <p>After registering a commitment to set science-based targets, companies must submit targets to SBTi within 24 months.</p> <p>Targets should be reviewed and if necessary, recalculated at least every 5 years, covering full value chain emissions and consistent with 1.5°C scenarios.</p>
<p><b>3. Use of voluntary credits:</b></p> <p>Urgent and deep reductions of emissions should be prioritised, and carbon credits cannot be counted towards a non-state actor's interim emissions reduction targets (unless the credits facilitate removals).</p> <p>Carbon credits can be used to facilitate much-needed financial support towards decarbonising developing country economies, but this is additional to reductions across the non-state actor's value chain.</p>	<p><b>Aligned.</b></p> <p>If the organisation offsets emissions, only those counterbalancing residual emissions (i.e. facilitating carbon removals) should count towards its Net Zero target. The organisation should not use offsets towards achievement of interim targets.</p>	<p><b>Aligned.</b></p> <p>Carbon credits cannot be counted as emissions reductions towards meeting science-based targets.</p> <p>Carbon credits can be used to neutralise (i.e. counterbalance/remove) residual emissions or to finance additional climate mitigation beyond an organisation's value chain reduction targets.</p>

<p><b>4. Creation of a transition plan:</b></p> <p>Non-state actors must publicly disclose comprehensive and actionable Net Zero transition plans which indicate actions that will be undertaken to meet all targets. Plans should be updated every five years.</p>	<p><b>Aligned.</b></p> <p>The organisation's plans for transition to Net Zero should include how the organisation will meet interim and long-term targets.</p>	<p><b>Broadly aligned.</b></p> <p>After setting science-based targets, a company should develop an implementation plan to achieve them.</p>
<p><b>5. Phasing out fossil fuels and scaling up renewable energy:</b></p> <p>All Net Zero pledges should include specific targets aimed at ending the use of and/or support for fossil fuels in line with IPCC and IEA pathways. The transition away from fossil fuels must be just and matched by a fully funded transition toward renewable energy.</p>	<p><b>Broadly aligned.</b></p> <p>Actions to reduce scope 1 and 2 emissions could include transitioning away from dependence on the use of fossil fuels (including phasing out the use of coal) and establishing, applying and disclosing financing policies to phase out fossil fuels.</p>	<p><b>Broadly aligned.</b></p> <p>Targets to actively source renewable electricity at a rate that is consistent with 1.5°C scenarios (80% renewable energy by 2025 and 100% by 2030) are an acceptable alternative to scope 2 emission reduction targets.</p> <p>Recommends that companies decommission fossil fuel assets, as this reflects the need to phase out fossil fuels.</p>
<p><b>6. Alignment of lobbying and advocacy:</b></p> <p>Non-state actors should advocate for positive climate action rather than against it, and publicly disclose their trade association affiliations.</p>	<p><b>Aligned.</b></p> <p>The organisation should lobby for policy to enable effective climate action.</p>	<p><b>Broadly aligned.</b></p> <p>The SBTi's Net Zero standard does not address lobbying, but in its general communication guidelines for member companies, the SBTi calls on companies to lobby for more positive climate policies.</p>
<p><b>7. Protection of people and nature in the just transition:</b></p> <p>Non-state actors must achieve and maintain operations and supply chains that avoid damage to remaining natural ecosystems, eliminating deforestation and peatland loss by 2025.</p>	<p><b>Broadly aligned.</b></p> <p>The organisation should consider how its Net Zero strategy impacts biodiversity, the integrity of ecosystems and related critical services.</p>	<p><b>Broadly aligned.</b></p> <p>A company's investment to mitigate emissions outside of their value chains may include annual support to projects with quantifiable benefits to the climate, especially those generating additional co-benefits for people and nature.</p>

<p><b>8. Improved transparency and accountability:</b></p> <p>Non-state actors must annually disclose greenhouse gas data and progress towards meeting Net Zero targets, in a standardised open format, with emissions reductions verified by independent third parties.</p>	<p><b>Aligned.</b></p> <p>Relevant information relating to progress towards achievement of Net Zero targets by or before 2050 is disclosed to the public regularly.</p>	<p><b>Aligned.</b></p> <p>Companies should disclose target progress annually. Disclosure through standardised, comparable data platforms like CDP is advised.</p> <p>Companies should also disclose the accounting approach taken.</p>
<p><b>9. Investment in just transitions:</b></p> <p>All businesses with operations in developing countries should demonstrate how their Net Zero transition plans contribute to the economic development of regions where they operate including just transition elements.</p>	<p><b>Aligned.</b></p> <p>If an organisation is operating in a territory with comparatively less resource (e.g. emerging economies), it should consider the need to balance actions towards Net Zero with the need to protect communities, society and the economy. To support a just transition, organisations with greater resource and greater historical responsibility should collaborate with those organisations with less capability to act.</p>	<p><b>No guidance.</b></p>
<p><b>10. Acceleration of road to regulation:</b></p> <p>Regulators should develop regulation and standards for Net Zero to ensure rigour, consistency and competitiveness.</p>	<p><b>Broadly aligned.</b></p> <p>ISO Guidelines illustrate role of improved regulation. Recommends that organisations advocate for appropriate regulation and facilitate measures to enable alignment to achieving Net Zero across all organisations and halving global GHG emissions by 2030.</p>	<p><b>No guidance.</b></p> <p>SBTi's audience is solely corporates.</p>