





# How to make a quality pledge under the European Climate Pact

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The challenge to protect climate and nature is more pressing than ever, and the decade ahead of us will define the transformation of our society towards nature positivity and climate neutrality. Decisions and actions made today will determine the path to a regenerative future.

The <u>European Climate Pact</u>, launched in 2020, aims to support such efforts and to contribute to the implementation of the <u>European Green Deal and even to allow for higher ambition, in</u> the way to a carbon neutral Europe by 2050.

One of the ways to participate in the Climate Pact is to commit to certain targets and actions – as a company, city, school or other type of organisation – by making a Climate Pact pledge. Making and fulfilling pledges is an important aspect of climate and environmental leadership, but in order to have impact it needs to be done in the right way. The following guidance will explain what makes a good pledge and what pitfalls to look out for when developing one.

Pledges should bring a valuable contribution to the fight against climate change and degradation of the environment. A quality pledge includes concrete targets, is scientifically sound and includes a description how targets are going to be achieved. It should be backed up data that's publicly available and should avoid greenwashing or similar practices.

#### A Climate Pact Pledge should be scientifically sound

While many organisations are already demonstrating that they have the intention to address climate and environmental issues within their operations and activities, they need robust and clear targets to ensure that the action they plan and take is best aligned with current climate science.

Science-based target setting is a useful framework in this context. Corporations and local authorities are integrating science-based targets (SBTs) into their strategies.

The science-based target approach has become a widely accepted practice in the business world and a growing practice in the realm of cities.

For a commitment to be scientifically sound, it should aim to support greenhouse gas emissions reductions in line with limiting global temperature increase to 1.5°C and long-term decarbonization of 90-95% across all scopes¹ before 2050. That means SBTs should look at all of an organisation's value chain, including its internal processes, the energy and power it purchases as well as potential end-users and suppliers.

<sup>&</sup>lt;sup>1</sup> The three scopes of greenhouse gas emissions:

Scope 1 covers direct emissions from owned or controlled sources of an organisation

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting entity

<sup>•</sup> Scope 3 includes all other indirect emissions that occur in a company's value chain.



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# A Climate Pact Pledge should be based on a roadmap, combining long-term goals with near and medium term targets

Long-term objectives are important to set a direction. However, the pathway to get there is crucial for the long term goal to be met and therefore to be credible: specific short- and medium-term targets with clear metrics (by when and against which base year) are necessary to allow for the gradual progress towards the long term objective.

At a minimum, parameters and indicators should show explicitly how a pledge intends to directly reduce the organisation's impact on the environment. Committed actions should be described in detail. They should state measurable targets and respective timelines or directly support the achievement of such targets.

#### Some examples:

- Company X has a company-wide target to consume 80% of electricity from renewable sources by 2030 from a baseline of 0% renewable electricity consumption in 2015.
- City X has a city-wide target for the Waste sector to reduce GHG emissions by 49.0% by 2030 from a base year of 2017.

# A Climate Pact Pledge should be regularly monitored in a robust and transparent manner

Pledges submitted under the European Climate Pact should provide indications on where and how their environmental data is reported, with clear parameters and indicators that are used by the organisation and by the European Climate Pact secretariat to effectively measure progress against the targets committed under the pledge.

Pledges should be underpinned with sound data and information. A good starting point is to know where the organisation is today by assessing its own climate performance. When assessing an organisation's greenhouse gas emissions and impact on the environment, it is important to account for emissions which result from the entire value chain. Using methodologies like the <u>Organizational Environmental Footprint</u>, <u>Product Environmental Footprint</u>, the <u>Greenhouse Gas Protocol</u> or others is recommended, and structured data collection tools can help with the assessment.

In other words pledgers shall duly monitor its performance and carbon footprint so as to be able to report on a regular basis (ideally once per year) about their GHG emissions and measure progress against its respective targets. Recognised methodologies should be used, with the final data ideally checked by a third party verificatory. These yearly reports should be made publicly available.



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The organisation must be transparent about the way it measures its progress in order to build trust and confidence in the integrity and effectiveness of the commitment.

Disclosing up-to-date climate-related and environmental information on a regular basis builds credibility and is increasingly sought after by investors, customers, and consumers.

Equally as important, the organisation should explain how the targets will be achieved, which steps are planned and what the necessary conditions for success are. An implementation plan / roadmap shows that an organisation is backing up its target with meaningful action.

## A Climate Pact Pledge should use high quality offsetting only for truly unavoidable emissions

There can be some areas where cutting greenhouse gas emissions will be very difficult for now or physically challenging.

Carbon offsets can be a tool for organisations to compensate for these unavoidable emissions, but only after every reasonable means of cutting them has failed. They must be used cautiously and sensibly, and only when primary emissions cannot be reduced. For this reason, when making a pledge involving any form of offsets, organizations shall clearly justify the rationale behind the use of offsets and link it to ambitious efforts to direct decarbonization of their operations.

In addition, the choice of offsets is crucial in terms of integrity. High-quality carbon offsetting with solid governance and features in terms, for instance, of baseline, additionality, transparency or permanence, should be preferred. Assurance on the need to avoid of double counting should also be guaranteed.

#### A Climate Pact Pledge should inspire others

While many organisations are aware that building a climate-compatible world is the responsibility of every stakeholder, others are not yet. Showcasing solutions, collaborating, and learning from each other can motivate others to participate and to contribute to the redesign of entire systems, helping our collective progress.

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