





North Star Pledge Criteria

Organisation and Group Pledging

This document provides an overview of what North Star pledges are, the criteria that they need to fulfil to be recognized within the European Climate Pact, and guidance on how to make one.

Is your organisation is interested in making a North Star pledge and needs more information? <u>Get in touch</u> with our team.

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What are North Star Pledges?

North Star pledges represent a promise made at the highest level of ambition, committing organisations to lead the transition to a net-zero future through deep and rapid emissions reductions.

North Star pledges are informed by the most recent climate and environmental science. These pledges are in line with what is necessary to limit global warming to 1.5°C, supporting the goals of the Paris Agreement.

Defining North Star pledge criteria

To ensure ambition and avoid greenwashing, North Star pledges must meet and be validated against specific criteria in order to be recognized. These can be thought of as verifiable and quantifiable key performance indicators (KPIs), which can be used to measure the progress of the organisations pledge and can be reported regularly.

North Star pledges are commitments that cover the entire organisational boundaries with no exclusions, e.g. emissions reduction is a result of a company's direct decarbonization strategy.

The required data and criteria that underpin the North Star pledges (e.g., time frame, scope/boundary, implementation activities/measures, yearly reporting against progress, etc.) largely depend on the type of pledge made. These requirements are based on criteria laid out by existing reputable frameworks and guidelines of third-party initiatives in a specific climate and environmental action area (e.g., Science Based Target initiative, Science Based Targets network, RE100).

For example, the criteria of emissions reduction targets include: the time frame for which it is valid (target year), the scopes of emissions included, the coverage of the target (companywide), the target reduction (%) from a defined base year.

The role of offsets in emission reduction targets

The European Climate Pact follows <u>guidance from the Science-Based Target Initiative</u> (SBTi), which requires that companies set targets based on emission reductions through direct action within their own boundaries or their value chains. The use of offsets or carbon credits must not be counted as emission reductions toward the progress of companies' near-term or long-term science-based targets. Offsets or carbon credits are only considered to be an option for neutralizing residual emissions or for companies wanting to finance additional emission reductions beyond their science-based target (SBT) or net-zero target.

Table 1 below summarises the different initiatives and frameworks that exist for committing to and setting targets that qualify for North Star pledges. This list is non exhaustive and will be added to as the list of qualifying North Star pledges is updated.

Table 1: Summary of existing framework initiatives for GHG emissions reduction and Renewable energy target related pledge types and for which type of organisation they are applicable. This list is non exhaustive.

	Initiative and web link	Real economy company	Financial Company	City	State or Region
GHG Emissions Reduction targets	Science Based Targets initiative (SBTi)	<u>√</u>	<u> </u>		
	NetZero Banking Alliance		✓		
	NetZero Asset Owner Alliance		✓		
	NetZero Asset Managers Initiative		✓		
	Race to Zero campaign	\checkmark	✓	\checkmark	
	Alliances for Climate Action (ACA)	✓	✓	✓	✓
	Science Based Targets Network (SBTn)			√	✓
	C40 Cities			✓	
	WWF One Planet City Challenge (OPCC)			✓	
	Under2 Coalition				✓
Renewable energy targets	RE100	√			

Making a North Star Pledge

Organisations are encouraged to select from a list of pre-defined North Star pledges. A full list of pledges can be found here.

Public Reporting

Once a North Star pledge is selected, the organisation then needs to share the data that demonstrates they fulfil the criteria of the pledge. It is required they do this by publicly disclosing their environmental data on an annual basis; either directly to the initiative behind those pledges (e.g. Science Based Targets initiative) or publicly via a recognised third-party reporting platform. Reporting platforms are where organisations publicly disclose the data. A reporting platform supports an organisation in guiding their reporting, such as how to report their emissions inventory in line with the relevant third-party initiatives and frameworks (see Table 1 for a non-exhaustive list of examples).

Table 2 summarises the different reporting platforms currently onboarded under the EU Climate Pact. By choosing one of the existing partner reporting platforms, the organisations reported data can be checked and pledges can be verified by the EU Climate pact. While companies may choose other reporting platforms to publicly disclose their data, verification that they meet the criteria of the North Star pledges is not currently possible. Organisations self-reporting their environmental data or reporting to platforms not yet onboarded by the EU Climate pact must share the required datapoints with the EU Climate Pact or provide a URL weblink to where it can be found publicly.

More detailed information of the required data and the specific criteria needed to validate these pledges is found in the MRV guidance document available on this <u>page</u>.

Table 2: Non-exhaustive list of existing reporting platforms. Includes reporting platforms currently onboarded by the EU Climate Pact.

Reporting platforms currently onboarded under the EU Climate Pact	Real economy company	Financial Company	City	State or Region				
CDP-ICLEI Track			✓	✓				
CDP	✓	✓						
myCovenant (Covenant of Mayors)			✓					
Other reporting platforms								

If your organization has already joined one or more of the initiatives fitting the North Star criteria, we encourage you to include these in your European Climate Pact journey. If you have not yet made a North Star pledge, but are considering making one, please refer to the resources above to find the one that best suits your operations and get in touch (contact@euclimatepact.eu) if you need any support.

In particular, organisations are asked to share details around the activities and measures undertaken to achieve the pledge to showcase the pledging milestones, solutions and journey. This could include building retrofitting, supply chain changes. Also all additional

measures undertaken or planned around making climate neutrality an inherent part of the organisations identity – like employee engagement schemes or engaging customers, etc. can be described and even turned into a 'Pathway Pledge'

Examples of a validated North Star Pledge

Below are examples of the pre-defined North Star pledges, explaining why they are North Star pledges as well as how they might be formulated by an organisation.

A full list of North Star pledges already made by organisations can be found on the climate pact website <u>here</u>.

Example North Star Pledges for Businesses:

Have an officially validated science-based emissions reduction targets aligned with a 1.5°C scenario (scope 1+2) in line with the SBTi Criteria and Recommendations

Why is this a North Star pledge?

Setting science-based emissions reduction targets following the methodology developed by the SBTi, ensures that targets are consistent and in line with what is required to limit warming to under 1.5°C. An officially evaluated science-based emission reduction target approved by the SBTi indicates that best practices are followed in science-based target setting and all the information needed to assess the target has been given.

Example core information given by a company

"Company X commits to reducing absolute scope 1 and 2 GHG emissions 45% by 2030 and 55% by 2040 from a 2019 base year. Company X also commits to reducing our absolute scope 3 GHG emissions from purchased goods and services and use of sold products of 29% from a 2019 base year."

Have a target for 100% renewable electricity consumption by no later than 2050, in line with the RE100 technical criteria

Why is this a North Star pledge?

Net zero emissions cannot be reached by 2050 without the near-complete decarbonization of electricity. RE100 is a global leadership initiative to accelerate the decarbonization of electricity by committing companies to set targets to source 100% of their electricity renewably. RE100 maintains technical criteria for credible sourcing of renewable electricity and claims to its use. The criteria are largely based on the GHG Protocol Corporate Standard. By following their criteria companies ensure targets are robust and adhere to a consistent set of standards.

Example core information given by a company

"In 2015 we joined the RE100 initiative and set a company-wide target to achieve 100% renewable electricity consumption within 10 years, from a base year of 30% renewable electricity consumption. By the reporting year, we had achieved 70% renewable electricity consumption, thus achieved 57% of our targeted increase in renewable electricity compared

with the base year. The target is still underway. This target is part of our absolute Scope 2 emissions reduction target."

Example North Star Pledges for Cities:

Have a GHG emissions city-wide reduction target of 100% by 2050 or earlier

Why is this a North Star pledge?

In order to reduce GHG emissions at a rate required to limit warming to under 1.5°C, society needs to reach a goal of net zero emissions by mid-century. One hundred and ninety-six (196) countries agreed to set long-term goals to reduce national emissions in signing the Paris Agreement in 2015. While these Nationally Determined Contributions (NDCs) are national plans, cities play a vital role in achieving these outcomes. This pledge sets a target in line with that goal and will require cities to develop a pathway to achieve the reductions necessary. The pledge asks for a 'city-wide' reduction target, meaning that the boundary of the target covers the entire area of the city. Targets should also be made relative to a base year, i.e. the target reduction is made from the reported emissions of a given year.

Example core information given by a city

"The city of X commits to reducing city-wide absolute GHG emissions by 100% by 2050 from a base year of 2014."