



Australian
National
University

Submission: Shaping the future of Climate Active

ANU Institute for Climate, Energy & Disaster Solutions

Lead author:

Thomas Rasmussen

Contributing authors (alphabetical by last name):

Caitlyn Baljak, Clare de Castella, Dominique Haywood, Mark Howden, Andrew Macintosh,

The Australian National University

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12 December 2023

Re: Climate Active Program Direction Consultation

Dear Climate Active,

Please find enclosed a submission by the ANU Institute for Climate, Energy and Disaster Solutions (ICEDS) on Shaping the Future of Climate Active. The views and opinions expressed in this submission reflect the collated perspective of individual researchers and practitioners that work at The Australian National University.

ICEDS connects industry, governments and communities with climate, energy & disaster-risk research from the Australian National University. Our goal is to advance innovative solutions to address climate change, energy system transitions and disasters. We facilitate integrated research, teaching and policy engagement across disciplines. Our network of ANU researchers will gladly offer further consultation. ICEDS works alongside experts who are currently involved in the spectrum of climate action opportunities identified in this submission.

Sincerely,



Professor Mark Howden

Director, Institute for Climate, Energy and Disaster Solutions

Executive Summary

The Australian National University (ANU) Institute of Climate, Energy and Disaster Solutions (ICEDS) expresses its support for the reform of Climate Active certification. ICEDS believes that reform of the scheme is a crucial step towards promoting effective voluntary climate action in Australia. Although the University has set ambitious climate goals, ANU has made the decision not to certify with Climate Active in its existing form. We look forward to reconsidering the prospect of organisational certification following the outcome of the consultation.

For the proposals that Climate Active has requested feedback on, ANU concludes the following (by proposal):

1. ICEDS **supports** (Proposal 1.1) the requirement for certified businesses and organisations to set near-term and long-term gross emissions reduction targets and conditionally **rejects** (Proposal 1.2) a minimum reduction alignment with Australia's NDC. ICEDS rejects Proposal 1.2 because Australia's national ambition is not aligned with an emissions pathway that is consistent with limiting global warming to 1.5°C; Australia's commitment under the Paris Agreement is to keep temperatures between 1.5 and 2°C. ICEDS **recommends** that emissions reduction targets be differentiated based on emissions scope and aspire to differentiate based on greenhouse gas (GHG) emission type.
2. ICEDS **supports** (Proposal 2.1) limiting certification to businesses and organisations that have demonstrated they are on track to meet their near-term emissions reduction targets and **recommends** that emissions reduction forecasting be mandatory to maintain certification.
3. ICEDS **supports** the department developing additional guidance on emissions boundaries derived from existing standards—namely the GHG Protocol—(Proposal 3.1) and the mandating of specific scope 3 emissions sources for all certification types (Proposals 3.2 and 3.3).
4. ICEDS **supports** (Proposal 4.1) a 5-year rolling vintage requirement on all international carbon offsets and **recommends** this be extended to domestic offsets.
5. ICEDS **supports** (Proposal 5.1) introducing a minimum percentage of renewable electricity for certified businesses and organisations. ICEDS **recommends** (for Proposal 5.2) that certified businesses and organisations should source 100% of their electricity from renewable sources by 2030. ICEDS **recommends** (for Proposal 5.3) that businesses and organisations are required to calculate and report their scope 2 emissions using both the market-and location-based methodology, and that scope 2 emissions **liability**—i.e., the emissions that are counted towards an organisation's GHG inventory—should be determined by a market-based methodology.
6. ICEDS **rejects** (Proposal 6) that ACCUs used under Climate Active could be counted toward meeting Australia's emissions reduction target.
7. ICEDS **supports** (Proposal 7.1) the discontinuing of 'carbon neutral' to describe a business or organisation's certified claim. ICEDS **recommends** (for Proposal 7.2) that certification should align itself with forthcoming net zero and carbon neutral standards, such that Australian reporting is consistent with international climate reporting.
8. ICEDS **recommends** that certification tools are publicly available for all organisations and businesses, regardless of whether they have committed themselves to

certification. Furthermore, ICEDS recommends that achievement of certification is based on meeting interim reduction targets, rather than matching emissions with offsets.

Beyond the specific proposals requested for feedback, ICEDS further recommends:

- **Guidance on the treatment of inseting:** Climate Active finalises the draft guidelines, *Accounting for carbon sequestration from tree plantings*.¹
- **Mandating the disclosure of scope 3 emissions data and calculation method:** Certified organisations should disclose their data type (primary or financial) and calculation method for each scope 3 emissions source.
- **Phase-out of avoidance offsets:** Avoidance-type offsets – those that assume a counter-factual baseline scenario where greenhouse gases (GHGs) will be emitted – are phased out of certification claims.
- **Public advocacy principle:** Certified organisations should not advocate for policies misaligned with ambitious climate regulation.
- **Future emissions reduction forecasting:** Certified organisations should explicitly detail the rate of future reductions, and the actions they will take to reach such reductions.
- **Beyond net zero certification:** Certification should also be able to recognise organisations that are not only balancing residual emissions but are neutralising more emissions than they produce. For example, “beyond net zero”, as specified by ISO *IWA 42:2022*.²

ICEDS views the proposed updates to the Climate Active standard as an opportunity to guide Australian businesses in their climate disclosures and align Australia with rapidly consolidating international best practice.

¹ Climate Active, *Guideline: Accounting for Carbon Sequestration From Tree Plantings* (2022): <https://www.climateactive.org.au/sites/default/files/2022-09/Draft%20Guideline%20-%20Accounting%20for%20Carbon%20Sequestration%20from%20Tree%20Planting....pdf>.

² International Organization for Standardization (ISO), *IWA 42:2022(E): Net Zero Guidelines: Accelerating the transition to net zero*, ISO Geneva (2022): <https://www.iso.org/obp/ui/#iso:std:iso:iwa:42:ed-1:v1:en>, 25.

Submission

Headline Question

- ***What value is provided to businesses and organisations, consumers and the climate by the Australian Government operating a program to certify voluntary climate action?***

Businesses, organisations, and consumers are increasingly seeking ways to reduce their contribution to the climate crisis. Genuine climate action can be complex and understanding what targets to set as well as how to achieve these targets can be challenging. By providing businesses, organisations, and consumers with a certification guideline for voluntary climate action, the Australian Government can reduce the informational burden for those who want to take positive climate action and increase both the number of organisations taking climate action and the quality of those action-takers.

For businesses and organisations, voluntary certification can provide a clear roadmap for genuine climate action against a backdrop of overwhelming and disparate information. For consumers, voluntary certification can provide a clear signal of which businesses and organisations are minimising their climate impact. For the climate, voluntary certification can support genuine emissions reductions.

A well-designed certification scheme can provide a complimentary and additional value add against the backdrop of forthcoming mandatory climate-related disclosures to be established by the Australian Accounting Standards Board in 2024. The scheme can prevent greenwashing, allowing businesses and organisations to demonstrate genuine climate action; helping consumers recognise climate-friendly businesses; achieving positive climate outcomes.

Certification can also play an important role for international trade. If Australian organisations can showcase credible climate action, they will gain greater international competitiveness. This is particularly important against the backdrop of the increasing prevalence of Carbon Border Adjustment Mechanisms (CBAMS), which will make climate inaction more costly.

These benefits can only be realised if the certification scheme is credible. To ensure the integrity of the scheme, the Australian Government must bring Climate Active guidelines in line with rapidly converging best-practice and the most up-to-date scientific literature. Certification should be reserved for entities whose business practices are aligned with the goals of the Paris Agreement. Businesses, organisations, and consumers must trust that the scheme represents genuine climate action, otherwise the program's value is significantly diminished.

Proposal 1: Mandating emissions reduction targets

- ***1.1 Do you support a requirement for participants to set near-term and long-term gross emissions reduction targets? Why / why not?***
- ***1.2 Do you agree with aligning the near-term gross emissions reduction target with Australia's NDC at a minimum? Why/why not?***

ICEDS **supports** (Proposal 1.1) the requirement for certified businesses and organisations to set near-term and long-term gross emissions reduction targets and conditionally **rejects** (Proposal 1.2) a minimum reduction alignment with Australia's NDC. ICEDS rejects Proposal 1.2 because Australia's national ambition is not aligned with an emissions pathway that is consistent with limiting warming to 1.5°C.

ICEDS **recommends** that emissions reduction targets be differentiated based on emissions scope and that organisations should aspire to distinguish targets by GHG emissions type, e.g. set different targets for carbon dioxide (CO₂) emissions than for methane (CH₄) emissions. Scope 1 & 2 emissions should have annual reduction rates that align with a 57% reduction target by 2030 (below 2005 levels).

Reducing gross emissions should be the number one priority for organisational decarbonisation. Setting near-term and long-term targets allows businesses and organisations to distinguish between climate ambition in the short-and long-term, which is necessary given the differences in the type and rate of climate action that must be taken.

ICEDS recommends Climate Active take a target-setting approach similar to the Science-Based Targets Initiative (SBTi) that suggests emission reduction targets should be set according to best available science and differentiated based on emissions scope.³ Near-term targets should cover a minimum of 5 years and a maximum of 10 years from the date the target is set. For example, if a target is set in 2025, a business or organisation would have to reach its target between 2030 and 2035. Any target that is set to be achieved beyond 10 years should be considered long-term.

Australia's NDC targets are not consistent with limiting global temperatures to 1.5°C,⁴ and thus ICEDS **recommends** a near-term emissions reduction target of **at least** 57% by 2030 (below 2005 levels).

Long-term targets should also be aligned with emission reduction pathways consistent with limiting global warming to 1.5°C – namely net zero no later than 2050, which includes a 90% gross reduction in emissions.⁵ Moreover, ICEDS **recommends** a sector-based approach to near term targets; that is, gross emission targets should be industry specific, recognising unique challenges and opportunities.

Proposal 2: Emissions reduction achievements

- **2.1 Do you support limiting certification to businesses and organisations that have demonstrated they are on track to meet their near-term emissions reduction targets? Why/why not?**

ICEDS **supports** (Proposal 2.1) limiting certification to businesses and organisations that have demonstrated they are on track to meet their near-term emissions reduction targets and **recommends** that emissions reduction forecasting be mandatory to maintain certification.

³ Science Based Targets, *SBTi Corporate Net Zero Standard*, Version 1.1 (2023): <https://sciencebasedtargets.org/net-zero>.

⁴Climate Action Tracker, *Australia: Summary*, (2023): <https://climateactiontracker.org/countries/australia/>.

⁵ Science Based Targets, *SBTi Corporate Net Zero Standard*, 25.

Climate action is only credible if there is demonstrated planning and action towards meeting interim targets well in advance of a “final” net zero claim. This is a chronic issue for Australian organisational climate action. Of 177 companies listed on the ASX200, less than one-third had interim emissions reduction targets for the scope 1 and scope 2 emissions, and only 5% were reviewed to have interim emissions reduction targets that cover all applicable scope 3 emission sources.⁶

Without setting interim targets, businesses and organisations can greenwash their way into favour with consumers and shareholders. It is imperative that certified entities can demonstrate they are on track to meet reduction targets against their planned emissions reduction pathway.

Proposal 3: Emissions boundary and mandatory inclusions

- **3.1 Do you support the department developing additional guidance on emissions boundaries? Why/why not?**
- **3.2 Do you support mandating specific indirect (scope 3) emission sources for all certification types? Why/why not?**
- **3.3 If so, which scope 3 emission sources should be considered mandatory?**

ICEDS **supports** the department developing additional guidance on scope 3 emissions boundary determination as derived from existing standards, namely the GHG Protocol – (Proposal 3.1) and the mandating of specific scope 3 emissions sources for all certification types (Proposal 3.2 and 3.3).

ICEDS further **recommends** that businesses and organisations disclose how they quantify their scope 3 emissions – whether they use primary data or financial data conversions.

For effective and equitable climate action, reduction targets need to include emission sources beyond those which businesses and organisations have direct control over. To account for the interconnectedness of today’s business operations, scope 3 emissions need to be included in reduction targets. For businesses and organisations, understanding which scope 3 emission sources are applicable and is rarely clear and best practice for their calculation is rapidly emerging. Existing guidance for scope 3 emissions reporting and target setting has produced inconsistency between the reporting and target setting of Australian organisations and businesses. Of the 177 companies analysed by Climate Works, 31% fully disclose their scope 3 emissions sources and 21% report on some but not all.⁷

Providing clear guidance on how organisations should set their scope 3 emissions boundaries would help in resolving such inconsistency, which will be important to keep Australian organisational climate action aligned with international best practice. Consistent scope 3 reporting across organisations also allows for a complete comparison of organisations’ climate impact. Scope 3 measuring, reporting and target setting is transitioning from optional to a mandatory aspect of credible climate action. This can be seen in:

⁶ Climateworks Centre, *1.5°C climate goal: How does the ASX200 stack up in 2022?*, Highlights Report (2022): 7, <https://www.climateworkscentre.org/resource/1-5c-climate-goal-how-does-the-asx200-stack-up-in-2022/>.

⁷ Climateworks Centre, *1.5°C climate goal: How does the ASX200 stack up in 2022?*, 15.

- Australian Accounting Standards Board’s Exposure Draft **Australian Sustainability Reporting Standards–Disclosure of Climate-related Financial Information** (derived from International Sustainability Standards Board/International Financial Reporting Standards).⁸
- The International Organization for Standardization’s (ISO) Net Zero Guideline states, **“Scope 1, Scope 2 and Scope 3 emissions (direct and indirect emissions) should be included in net zero targets and cover the full boundary that has been established for the organization”**.⁹
- Science-based Targets Initiative (SBTi) criteria and recommendations for near-term targets states, **“If a company’s relevant scope 3 emissions are 40% or more of total scope 1, 2, and 3 emissions, they must be included in near-term science-based targets”**. Accordingly, more than three-quarters of ASX200 companies would have to include scope 3 emissions in their targets and reporting (given that more than 40% of their emissions are scope 3 derived).¹⁰

ICEDS recommends that a scope 3 calculation tool is developed for all Australian businesses and organisations. This tool should provide guidance as to:

1. Identifying all scope 3 emission sources
2. Quantifying scope 3 emissions sources

Furthermore, ICEDS **supports** Proposal 3.3 and recommends mandatory reporting for the following scope 3 emission source (by the GHG protocol sources). In order of importance:

Emissions source	Justification
Use emissions	Numerically significant for many Australian businesses and organisations that are resource-based.
Purchased goods and services	Makes up large proportions of emissions, and accounts for carbon outsourcing, where entities reduce their scope 1 and scope 2 emissions by relinquishing control over assets used to make a part of their product–reporting entities displacing their scope 1 and 2 emissions.
Waste	Nationally significant emissions. ¹¹
Business travel	For many businesses travel emissions represent a significant share of total emissions. It is important for climate reporting to

⁸ Australian Government, **Australian Accounting Standards Board, Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information (2023)**: https://www.aasb.gov.au/admin/file/content105/c9/AASBED_SR1_10-23.pdf

⁹ ISO, **IWA 42:2022(E)**, 11.

¹⁰ “This analysis determined scope 3 emissions are applicable to 177 of the 187 ASX-listed companies included in the 2022 Net Zero Momentum Tracker. For the purpose of this analysis, scope 3 is deemed to be ‘applicable’ when a company’s reported scope 3 emissions represent at least 40% of their total emissions.” (Climateworks Centre, **1.5°C climate goal: How does the ASX200 stack up in 2022?**, 15).

¹¹ Australian Government, Department of Climate Change, Energy, the Environment, and Water. **Projecting greenhouse gas emissions** (2023): <https://www.dcccew.gov.au/climate-change/emissions-reporting/projecting-emissions>.

Employee commuting	reflect this. Furthermore, travel emissions are relatively easy to calculate, given the abundance of conversion resources for distance travelled.
Downstream transportation and distribution of products	There is likely a significant availability of data for this category, given transportation and distribution contractors have their own emissions inventory. Therefore, calculating this emissions source should not be burdensome, and consumers will be able to see the full array of indirect emissions that a business or organisation is responsible for.
End-of-life treatment of sold products	Consumers should be able to see the full lifecycle emissions associated with the products they purchase.

Further recommendation: disclosure of scope 3 data

The use of financial data for scope 3 emission quantification is common, but not necessarily best practice for many businesses and organisations.¹² While ICEDS recognises that not all organisations will have access to complete scope 3 emissions data and that over time data completeness will improve; in the present, ICEDS recommends that businesses and organisations disclose whether their scope 3 emissions data are primary or estimated from financial conversions using industry averages.

The data sources that businesses and organisations use to quantify their scope 3 emissions have a direct impact on the quality of scope 3 emissions reporting. For example, if reporting entities are allowed to choose industry averages to report their scope 3 emissions, they have the ability and incentive to choose low industry averages. This reduces a businesses and organisations scope 3 emissions, despite no real emissions reduction actions being taken.

While it can be burdensome for business and organisations to conduct lifecycle assessments for their business practices, if scope 3 emissions are reported by secondary data estimates, it should be best practice for organisations to disclose they are doing so.

Proposal 4: Carbon offsets

- **4.1 Do you support the introduction of a 5-year rolling vintage rule for eligible international carbon offsets used under the program? Why/why not?**

ICEDS **supports** (Proposal 4.1) a 5-year rolling vintage requirement on all international carbon offsets and **recommends** this be extended to domestic offsets.

ICEDS also **recommends** that avoidance offsets be phased-out of program certification, allowing only for removal offsets to count towards climate action claims. ICEDS defines avoidance offset projects as those for which credits are awarded for a reduction in GHG emissions compared with a counterfactual baseline. Removal offset projects are defined as

¹² Maximilian Hettler and Lorenz Graf-Vlachy, “Corporate scope 3 carbon emission reporting as an enabler of supply chain decarbonization: A systematic review and comprehensive research agenda,” *Business Strategy & The Environment* (2023): 9, <https://doi.org/10.1002/bse.3486>.

those for which credits are generated “*from withdrawal [and storage] of a [GHG] from the atmosphere as a result of deliberate human activities*”¹³.

Climate Active certification currently requires businesses and organisations to report the vintage year of the carbon offsets they retire but does not set specific vintage requirements. Setting vintage limits on carbon offsets would likely improve the efficacy of carbon offsets retired as part of the scheme. Offsets with more recent vintage years have likely been issued from more up-to-date measurement, reporting, and verification requirements, leading to higher-quality offsets.

Offsets with very old vintage years (legacy credits) have questionable additionality: if a carbon offset has been generated far in the past, and a project developer has not received financial payment for their “additional” action, it is unlikely that the project developer required the financial gain from developing their offsets in the first instance. In other words, the emissions avoidance or removal was going to happen anyway. Mandating a 5-year vintage requirement would likely improve the quality of international offsets and should be applied to all offsets used in the scheme, including ACCUs.

ICEDS also recommends that emissions avoidance offsets are phased out of the scheme. Economy-wide net zero cannot be achieved if organisations are farming out emissions reductions to other parts of the economy. Net zero can only be achieved if residual emissions are balanced with removals.

Proposal 5: Electricity Emissions

- **5.1 Do you support introducing a requirement for businesses and organisations to source a minimum percentage of renewable electricity under the market-based method? Why/why not?**
- **5.2 What minimum percentage of renewable electricity should be required (i.e. percent by year)?**
- **5.3 Should all businesses and organisations be required to use the market-based method to calculate their electricity emissions liability? Why/why not?**

ICEDS **supports** (Proposal 5.1) introducing a minimum percentage of renewable electricity for certified businesses and organisations. ICEDS **recommends** (for Proposal 5.2) that certified businesses and organisations should source 100% of the electricity from renewable sources by 2030. ICEDS **recommends** (for Proposal 5.3) that businesses and organisations are required to calculate and report their scope 2 emissions using both the market-and location-based methodology, and that scope 2 emissions **liability**—i.e., the GHG emissions that are attributed to an organisation’s inventory—should be determined by a market-based methodology.

Of Australia’s 527 MtCO₂e of GHGs emitted in 2022, approximately 30% were sourced from electricity.¹⁴ Given how relatively cost-effective reducing electricity-derived emissions are

¹³ ISO (International Organisation for Standardisation), *ISO 14068-1 Climate change management Transition to net zero Part 1: Carbon neutrality*, (2022): 6 <https://www.iso.org/standard/43279.html>.

¹⁴ Australian Government, Department of Climate Change, Energy, the Environment, and Water, *Projecting greenhouse gas emissions* (2023): <https://www.dcceew.gov.au/climate-change/emissions-reporting/projecting-emissions>.

compared to other sources,¹⁵ it is vital that climate targets incentivise the rapid uptake of renewable electricity generation by requiring a minimum percentage of renewable electricity generation.

For instance, the International Energy Agency (IEA) states:

“In the near term, almost all emissions reductions are delivered by technologies and measures that are available, scalable, and cost effective today.

First among these is the rapid deployment of solar and wind, which together account for 4 Gt of CO₂ of emissions reductions by 2030... The next largest driver of emissions reductions is electrification. As the electricity sector is increasingly decarbonised, it delivers emissions reductions through the expanding deployment of technologies like [electric vehicles] and heat pumps in buildings and light industries.”¹⁶

Ultimately, the rapid uptake of renewable energy and electrification are the two most important factors to reducing emissions in the near-term. ICEDS therefore, recommends certification requires businesses and organisations to at minimum include the following targets:

Table 1. Renewable Electricity Procurement recommendations. Adapted from SBT-i (2023, pg. 42) target-setting guidelines.¹⁷

Metric measured	2025	2026	2027	2028	2029	2030
Renewable electricity procurement share (% of total scope 2 electricity that is renewable)	80%	84%	88%	92%	96%	100%

Scope 2 emissions reporting is currently inconsistent. If businesses and organisations are allowed to report and assign liability for only their location-based or only market-based scope 2 emissions, they will likely opt for the lower of the two to reduce their scope 2 emissions liability. Reductions due to differences in reporting do not represent genuine GHG emission reductions.

Consistent scope 2 reporting and liability between organisations would combat this issue as all organisations and businesses would be reporting the same information. Accordingly, ICEDS recommend the mandatory reporting of both location-based and market-based scope 2 emissions, and that scope 2 emissions liability is determined from a market-based methodology.

Proposal 6: Voluntary action and Australia’s national emissions reduction target

- **6.1 Do you support this proposal? Why/why not?**

¹⁵ International Energy Agency (IEA), **Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach 2023 Update**, IEA Pairs (2023): <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>.

¹⁶ IEA, **Net Zero Roadmap**, 66.

¹⁷ Adapted from Science Based Targets, **Target Validation Protocol for Near-term targets TWG-PRO-002 / Version 3.1** (2023): 42, <https://sciencebasedtargets.org/resources/files/Target-Validation-Protocol.pdf>.

ICEDS does **not support** (Proposal 6) that ACCUs claimed under Climate Active counting toward meeting Australia’s emissions reduction target. Allowing voluntary climate action to count toward national ambition may promote free-riding, whereby government inaction can be compensated by organisational climate action.

Proposal 7: Certification claims

- **7.1 Do you support discontinuing ‘carbon neutral’ to describe the certified claim? Why/why not?**
- **7.2 If so, what claim should members be able to make once they have achieved certification?**
- **7.3 If not, why do you think that the term ‘carbon neutral’ should be retained?**

ICEDS **supports** (Proposal 7.1) the discontinuing of ‘carbon neutral’ to describe a business or organisations certified claim. ICEDS **recommends** (for Proposal 7.2) that certification should align itself with forthcoming net zero and carbon neutral standards, such that Australian reporting is consistent with international climate reporting.¹⁸

The climate reporting landscape is changing rapidly. The EU has banned instantiated “carbon neutral”, “ecofriendly”, “net zero” claims, and the US is updating its Environmentally Friendly Products guide.¹⁹ The aggregate trend for reporting practices is that businesses and organisations cannot make climate claims without evidenced action. Australia should align itself with this trend and disallow businesses and organisations to make instantiated climate action claims.

ICEDS also recommends that certification claims are restricted to organisations that can have a genuine social licence to operate in the context of meaningful climate action. For example, allowing fossil fuel companies and products to be climate certified alongside non-fossil fuel organisations and products diminishes the overall trust consumers have in the program. ICEDS welcomes any positive climate action taken by organisations; however, fossil fuel companies and their products should not be permitted to be certified.

Proposal 8: Introduce a certification pathway

- **8.1 Do you support the proposed certification pathway? Why/why not?**
- **8.2 What name should be given to the ‘Pending’ stage?**
- **8.3 Are the requirements to meet the ‘Pending’ stage appropriate?**
- **8.4 What claims, if any, should participants in the ‘Pending’ stage be able to make?**
- **8.5 Is 3 years an appropriate maximum timeframe for participation in the pending stage?**

¹⁸For example the ISO Carbon Neutral Standard (see ISO, *ISO 14068-1 Climate change management Transition to net zero Part 1: Carbon neutrality* (2022): <https://www.iso.org/standard/43279.html>.)

¹⁹Financial Times, “EU to ban ‘carbon neutral’ claims by 2026”, (2023): <https://www.ft.com/content/53f84f03-1f1c-4240-977f-9de0e4893377>; NEWS European Parliament, *EU to ban greenwashing and improve consumer information on product durability*, (2023): <https://www.europarl.europa.eu/news/en/press-room/20230918IPR05412/eu-to-ban-greenwashing-and-improve-consumer-information-on-product-durability>).

- **8.6 Should a longer timeframe be considered for hard to abate sectors to demonstrate they are on track to meet their target (i.e. longer than 3 years)? Why/why not?**
- **8.7 To transition from ‘Pending’ to ‘Certified’ stages, what should the minimum amount of time be to demonstrate progress towards meeting their reduction targets? E.g. 1 or 3 years of reductions against their base year.**

Positive climate action should not be closed off to organisations that can afford to pay for certification services. ICEDS recommends that all Climate Active certification tools are publicly available for all organisations and businesses, regardless of whether they have committed themselves to certification.

ICEDS recognises that the suggested “starting out” and “pending” stages of certification will become less relevant as mandatory climate disclosures come into effect. Accordingly, certification should provide organisations with a means to display their climate action that is above and beyond what is regularly required.

Certification should represent climate action aligned with best-science net zero pathways. ICEDS recommends that achievement of certification is therefore fixed to organisations meeting their **emissions reductions targets**, rather than matching emissions with potentially inefficient offsets. For example, organisations are given certification if they genuinely demonstrate that they have met each annual reduction target (as percentages) and their short-term target. In other words, certification should showcase that organisations are on a genuine **pathway** to net zero emissions, which requires reductions in the near-term and offsets only for residual emissions.

Furthermore, ICEDS recommends that further certification is added to the program for organisations that match reduced gross emissions with a greater number of removals. Organisations that are “below” net zero are given further certification.

Further Recommendations

- ***The disallowance of negative public advocacy***

ICEDS recommends certification includes a principle or requirement that disallows organisations and businesses which lobby and publicly advocate against progressive climate action from certification. For example, the Voluntary Carbon Markets Integrity Initiative has a foundational criterion which states:

“Demonstrate that the company’s public policy advocacy supports the goals of the Paris Agreement and does not represent a barrier to ambitious climate regulation.”²⁰

ICEDS recommends such a proposal be introduced for Climate Active certification; that certified entities cannot negatively influence climate policy. Climate action cannot be limited to the organisational reduction of net emissions, considering the detrimental effects that lobbying has had on progressive climate policy.

²⁰ Voluntary Carbon Market Integrity Initiative, *Claims Code of Practice Building integrity in voluntary carbon markets*, (2023): 6, <https://vcmintegrity.org/wp-content/uploads/2023/06/VCMI-Claims-Code-of-Practice.pdf>.

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- . **ISO 14068-1 Climate change management Transition to net zero Part 1: Carbon neutrality**. (Under Development): <https://www.iso.org/standard/43279.html>.
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