

The Paris Agreement's Global Stocktake

Integrating Non-Party Stakeholders
into an Inclusive Stocktake

June 2022



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Foreword



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CDP was founded more than two decades ago with the ambition to transform capital markets by making climate change reporting and risk management a business norm; the theory being what gets measured gets managed.

Non-Party stakeholders – capital markets, financial institutions, companies, cities, states and regions – around the world are demonstrating action towards the goals of the Paris Agreement. Over 13,000 companies disclosed environmental data through CDP in 2021, accounting for over 64% of global market capitalization. Taking into account a further 1,100 cities, states and regions, the total number of disclosing entities reached over 14,000 for the first time¹. Additionally, more than 10,000 businesses, cities, investors, regions and organizations have joined the UN's Race to Zero, pledging to reach net-zero by 2050 at the latest and publicly report progress against targets².

Over 3,000 companies have set, or are committed to setting, a science-based target to reduce greenhouse gas (GHG) emissions³. At COP26 the Glasgow Climate Pact recognized the leadership and ambition of non-Party stakeholders, and its importance in achieving the goals of the Paris Agreement⁴.

While it has long been easy to calculate market capitalization and who is responsible for what percentage, it is telling that the same cannot be said for global emissions and their drivers. The lack of harmonization between the private and public sectors significantly limits action and overlooks proven ambition-raisers. A global stocktake (GST) that does not reflect all sectors, at best misses out on potential drivers of ambition and inspiring stories of success, and at worst provides cover for lack of action and fails to reflect the true urgency of the situation.

In order to address this challenge, in '[The Paris Agreement's Global Stocktake: Recommendations for Including Non-Party Climate Action](#)', CDP defined a successful GST as one that is:

- ▶ **Inclusive:** The GST should be inclusive, fostering participation and engagement from all Parties as well as non-Party stakeholders.
- ▶ **Evidence-focused:** High-quality data should be front and center of the GST process.
- ▶ **Purpose-driven:** The GST should be driven by the need to accelerate global ambition⁵.

¹ CDP, 'Accelerating The Rate of Change: CDP Strategy 2021 –2025', *cdp.net*, 2021, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/094/original/CDP_STRATEGY_2021-2025.pdf, (accessed April 21, 2022).

² UNFCCC, 'Race to Zero', *racetozero.unfccc.int*, 2022, <https://racetozero.unfccc.int/join-the-race/>, (accessed May 10, 2022).

³ Science Based Targets initiative, *sciencebasedtargets.org*, 2022, <https://sciencebasedtargets.org/>, (accessed May 10, 2022).

⁴ UNFCCC, 'Glasgow Climate Pact', *unfccc.int*, 2021, https://unfccc.int/sites/default/files/resource/cop26_auv_2f_cover_decision.pdf, (accessed April 21, 2022).

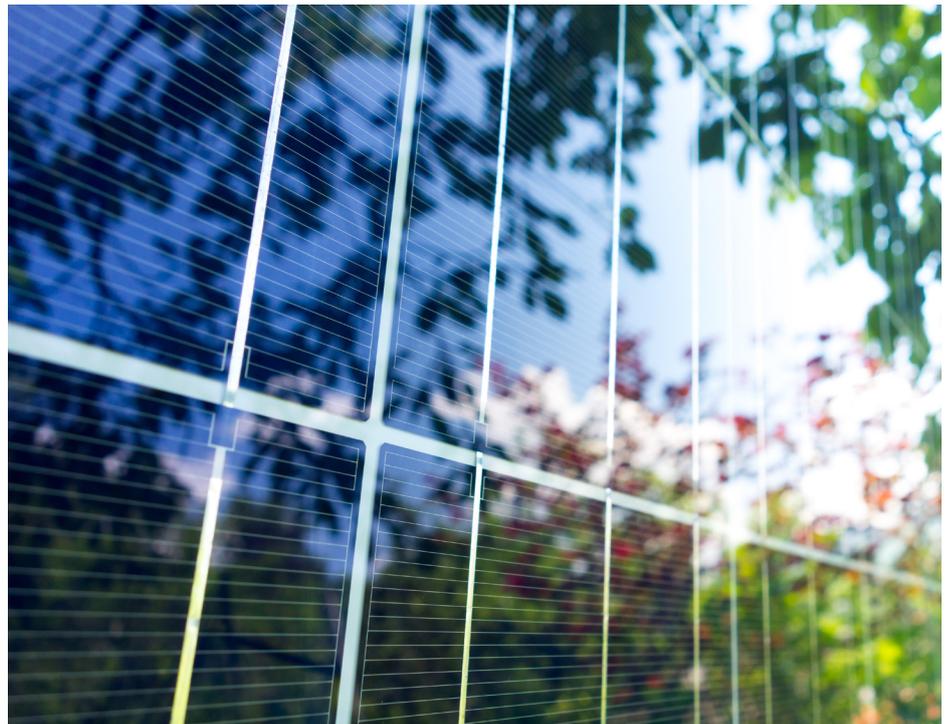
⁵ CDP, 'The Paris Agreement's Global Stocktake', *cdp.net*, 2021, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/565/original/GST_Brief.pdf, (accessed April 21, 2022).

Foreword

1.5°C

To collect accurate findings on global ambition to achieve the 1.5°C pathway, the inclusion of non-Party climate action is vital.

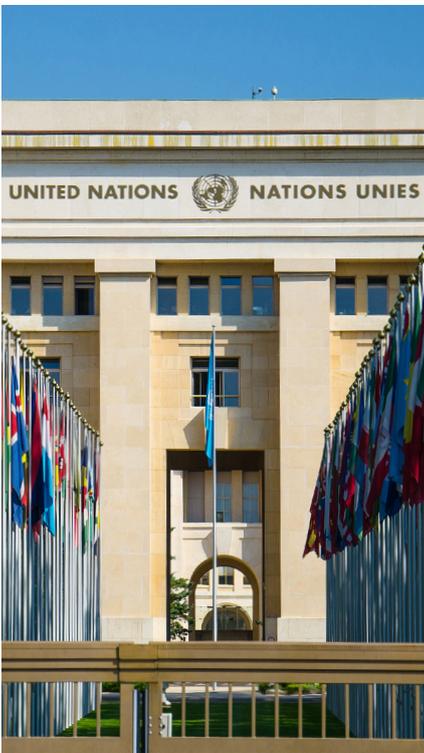
To collect accurate findings on global ambition to achieve the 1.5°C pathway, the inclusion of non-Party climate action is vital. To ensure that non-Party stakeholder action and data are adequately fed into the GST, there needs to be clear processes for all non-Party stakeholders, including businesses, cities, states, and regions, as well as think tanks and NGOs, to showcase evidence and data. This process should also align with national reporting under the Enhanced Transparency Framework, ensuring the inclusion of non-Party stakeholders. As has always been the role of CDP, such processes will be reflected and, where appropriate, incentivized to allow not only for the best alignment, but for the highest level of accuracy, comparability and ultimately, ambitious driven action.



The Global Stocktake



Parties will engage in the GST every five years, assessing their collective progress towards targets and using the results to inform the next round of NDCs



Within the Paris Agreement, the Global Stocktake (GST) is the central mechanism to track progress towards the long-term goals of the Agreement. Parties will engage in the GST every five years, assessing their collective progress towards targets and using the results to inform the next round of Nationally Determined Contributions (NDCs), identifying where the gaps are and increasing their level of ambition.

A well-designed GST will therefore be key to ensuring that Parties' actions match their levels of ambition and are in line with what is needed to reach the goals of the Paris Agreement.⁶

The first GST will be conducted over three phases:

- ▼ Information collection and preparation (November 2021–June 2023);
- ▼ Technical assessment of information (mid-2022–mid-2023); and
- ▼ Consideration of outputs (COP28, 2023).

The first GST began at COP26 in 2021 and will run until COP28 in 2023, with the results informing the 2025 NDCs⁷.

⁶ UNFCCC, 'Global Stocktake', *unfccc.int*, 2022, <https://unfccc.int/topics/global-stocktake>, (accessed May 10, 2022).

⁷ UNFCCC, 'Preparing for the First Global Stocktake', *unfccc.int*, 2021, https://unfccc.int/sites/default/files/resource/REV_Non-paper_on_Preparing_for_GST1_forSBs_15Sept.pdf, (accessed April 21, 2022).

How should non-Party stakeholders be integrated into the Global Stocktake?

14,000

companies, cities, states and regions disclosed through CDP in 2021.

3,000+

companies have set, or are committed to setting, a science-based target



To facilitate inclusive participation of non-Party stakeholders, a clear pathway of integration is needed.



As demonstrated by the 14,000 companies, cities, states and regions disclosing through CDP in 2021, non-Party stakeholders are already taking action towards the goals of the Paris Agreement⁸.

This has been further showcased by the 10,000 businesses, cities, investors, regions and organizations that have joined the UN's Race to Zero, and over 3,000 companies that have set, or are committed to setting, a science-based target^{9,10}.

While considerable progress has been made, there has emerged a need for accountability in ensuring commitments are aligned to the Paris Agreement and are fulfilled. This has been highlighted through several recent initiatives, including the establishment of the UN Secretary General's High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities, and the High-Level Champions' 2022 Work Program, which places "building credibility and trust in non-Party stakeholders' action" as a priority^{11,12}.

The GST holds a central role in helping to address these issues with regards to non-Party stakeholders and so better assess where progress is required. However, CDP has found that many companies, cities, states and regions are unaware of how to engage with the GST, how their progress can be accounted for in the process, and how their actions contribute to achieving NDCs. Moreover, this lack of clarity is reflected in global accounting practices, which are unable to determine which non-Party commitments have already been accounted for at a national level, which demonstrate leadership, and which require improvement.

To facilitate inclusive participation of non-Party stakeholders, a clear pathway of integration is needed that can capture the progress made by actors, to promote both transparency and accountability. As well as providing clarity, this pathway should form a minimum baseline for non-Party stakeholder action. It should be inclusive, fostering participation from all types of non-Party stakeholders, from all geographic regions.

8 CDP, 'Accelerating The Rate of Change: CDP Strategy 2021 –2025', *cdp.net*, 2021, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/094/original/CDP_STRATEGY_2021-2025.pdf, (accessed April 21, 2022).

9 UNFCCC, 'Race to Zero', *racetozero.unfccc.int*, 2022, <https://racetozero.unfccc.int/join-the-race/>, (accessed May 10, 2022).

10 Science Based Targets initiative, *sciencebasedtargets.org*, 2022, <https://sciencebasedtargets.org/>, (accessed May 10, 2022).

11 UN, 'High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities', *un.org*, 2022 <https://www.un.org/en/climatechange/high-level-expert-group>, (accessed May 10, 2022).

12 Climate Champions, 'Climate Champions launch 2022 Work Programme', *climatechampions.unfccc.int*, 2022, <https://climatechampions.unfccc.int/climate-champions-launch-2022-work-programme/>, (accessed April 21, 2022).

Pathways of Integration

CDP has identified two essential pathways to take stock of non-Party stakeholder climate action:



- ▼ **Nationally, through the NDC process and the Biennial Transparency Reports:** non-Party stakeholder action is accounted for in Parties' reporting under the ETF.



- ▼ **Direct submissions to the Global Stocktake:** following the approach of the first GST, non-Party stakeholders can provide submissions directly into the GST process through the UNFCCC.

Pathway

1



Through Nationally Determined Contributions and Biennial Transparency Reports

The Enhanced Transparency Framework (ETF) specifies how countries should report on their progress in mitigating and adapting to climate change, the progress made towards their NDCs, as well as the support provided and received by other Parties. Unlike previous systems, the ETF sets out a common set of guidelines for all countries, with some inbuilt flexibility for developing countries, through the submission of Biennial Transparency Reports (BTR). All Parties must submit the first BTR by the end of 2024, which will form inputs into the GST from the second GST onwards.

The suggested outline of BTRs is provided in Annex IV, Decision 5/CMA.3 on guidance for operationalizing Article 13 of the Paris Agreement and provides opportunities for the integration of non-Party stakeholders in sections including:

- ▼ Section II C on information necessary to track progress of implementing and achieving NDCs;
- ▼ Section III H on cooperation, good practices and lessons learned; and
- ▼ Section IX on any other information considered relevant in the achievement of Paris Agreement goals¹³.

13 UNFCCC, 'Guidance operationalizing the modalities, procedures and guidelines for the enhanced transparency framework referred to in Article 13 of the Paris Agreement', *unfccc.int*, 2021, https://unfccc.int/sites/default/files/resource/cma2021_10a2_adv_0.pdf, (accessed May 11, 2022).

This integration of non-Party stakeholders fully into the GST through inclusion under the targets and plans of NDCs and thus BTRs could aid in the representation of a wider range of actors with better geographical representation. As recognized in the Paris Agreement, the contexts and capacities of Parties differ, however in cases where it would be possible, such a process would further enable a closer link to Parties and greater sharing of information between actors. Ambition loops have demonstrated that this is vital, as non-Party action has the ability to catalyze wider change by providing evidence to governments that businesses are in support of ambitious climate policies¹⁴. This aligns with recommendations put forward by the COP26 Presidency, which state that “governments and capacity-building providers should support whole-of-society participation in the transparency process. This includes ... non-governmental actors, sub-national governments, and the private sector – all of whom can contribute to and enrich data gathering for climate reporting¹⁵.”



Non-Party action has the ability to catalyze wider change by providing evidence to governments that businesses are in support of ambitious climate policies.

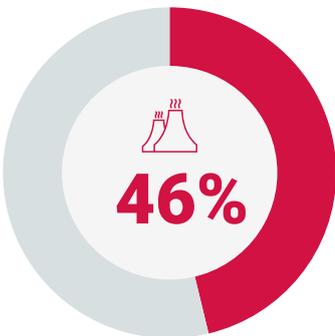


¹⁴ United Nations Global Compact, We Mean Business, World Resources Institute, 'The Ambition Loop', *ambitionloop.org*, 2018, <https://static1.squarespace.com/static/5bbe243651f4d40801af46d5/t/5c00266c0e2e728a28cee091/1543513751309/The-Ambition-Loop.pdf>, (accessed April 21, 2022).

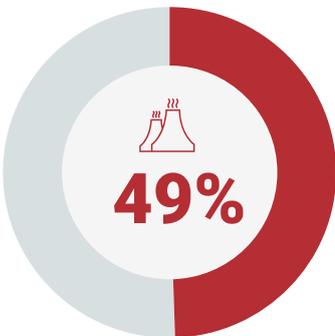
¹⁵ Wilton Park, 'Action Recommendations on Capacity Building for Transparency and Reporting', *wiltonpark.org.uk*, 2021, <https://www.wiltonpark.org.uk/wp-content/uploads/2021/11/Wilton-Park-COP26-Transparency-and-Reporting-FINAL-1.pdf>, (accessed April 21, 2022).

194

Italian companies' mitigation ambition analyzed.



Scope 1 and 2 emissions were aligned with 1.5°C



Scope 1 and 2 emissions were aligned with the EU NDC

CDP data

CDP holds the world's largest database on corporate environmental action, gathered across climate, water and forests questionnaires, including emissions data, energy, governance and strategy, and targets and performance against these. Using this data, CDP has also developed methodologies to assess action against NDCs and the Paris Agreement temperature goals.

CDP contribution: taking stock of non-Party stakeholders at a national level

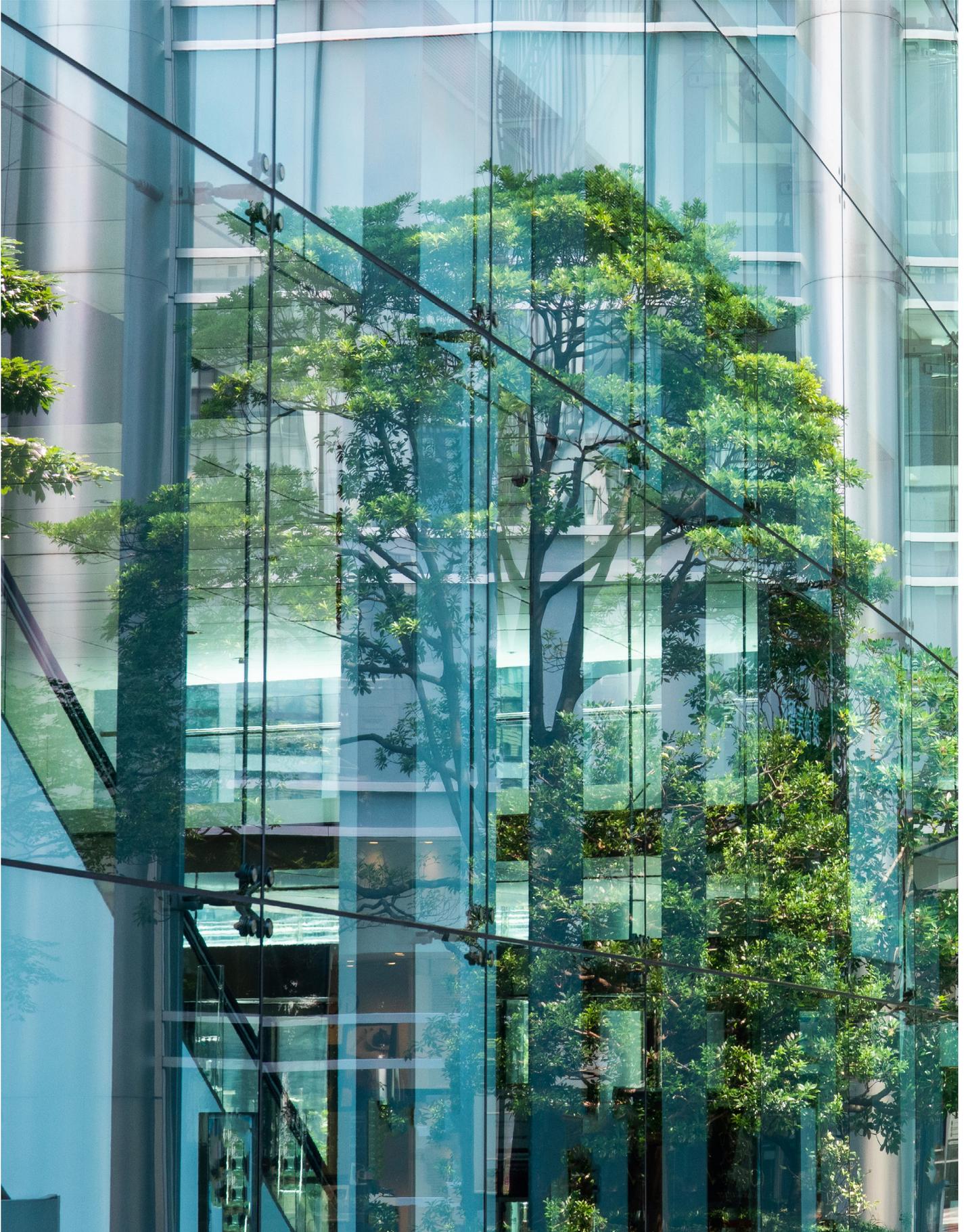
As part of a program of work with the Ministry of Ecological Transition of the Republic of Italy, CDP started to develop a methodology to take stock of Italian non-Party stakeholders' contributions to achieve the 1.5°C target.

Initial findings indicate that for the 194 Italian companies' mitigation ambition analyzed, 46% of emissions (Scope 1 and 2) were aligned with 1.5°C, and 49% (Scope 1 and 2) were aligned with the EU NDC, based on the annual emissions reductions rates entailed in those companies' targets^{16,17}. This non-Party Stakeholder assessment takes a bottom-up national perspective, while delivering a globally applicable framework.

Over the coming years, CDP will further the methodology to look beyond mitigation ambition, with the aim to complement the present findings through a more holistic stocktaking assessment. This includes a consideration of nature metrics, while also considering de facto achievements and progress made beyond mere ambition. Future analyses will also aim at incorporating cities and regions' mitigation and adaptation ambitions, and progress thereof.

¹⁶ CDP, 'Ready, Set, Act: Seizing Opportunities Through Environmental Action in Italy', *cdp.net*, 2022, https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/122/original/CDP_Italy_Report_2021.pdf?1646121418, (accessed April 21, 2022)

¹⁷ It is noteworthy that total emissions are dominated by a few very large companies in the sample. For instance, the three companies Enel SpA, Eni SpA and Cementir Holding make up 80% of emissions in the sample of disclosing companies, while all others make up 20% together.



Pathway **Direct submissions to the Global Stocktake**

2



The first GST is accepting submissions from non-Party stakeholders through the UNFCCC Submissions Portal, up to three months prior to each Technical Dialogue. This gives the opportunity for all actors to submit, regardless of whether they are admitted observer organizations to the UNFCCC. To aid transparency, all submissions are available online through the Global Stocktake Information Portal¹⁹.

Providing an open portal for inputs is vital for transparency and the ability for all actors to contribute to the process, aligning well with the approach of the GST to examine progress at a collective level. The first call for submissions to the first GST received 74 non-Party submissions available through the Global Stocktake Information Portal, with the majority of submissions made by inter-governmental, non-governmental organizations and academic institutions²⁰.

To adequately capture the progress of non-Party stakeholders, a clear, streamlined reporting process for companies, cities, states and regions to feed into the GST is needed, that makes use of existing initiatives including the Global Climate Action Portal, as well as the Race to Zero and Race to Resilience. Alongside this clear pathway for contributions, capacity building will be necessary as part of this process, to both increase the capacity of stakeholders to report on progress, and to provide information on the GST and the value of engaging with the process. This is necessary in the Global South, where data gaps for non-Party stakeholders are more prevalent²¹, as well as the Global North, where larger emitters do not always choose to partake in the relevant processes.

¹⁹ UNFCCC, 'Global Stocktake', *unfccc.int*, 2022, <https://unfccc.int/topics/global-stocktake>, (accessed May 10, 2022).

²⁰ As of 26 April 2022.

²¹ UNFCCC, 'UNFCCC Global Climate Action Portal Synthesis Report', *unfccc.int*, 2022, https://unfccc.int/sites/default/files/resource/GCAP%20Synthesis%20Report_Info%20as%20at%2028%20Feb%202022.pdf, (accessed May 4, 2022).

CDP data

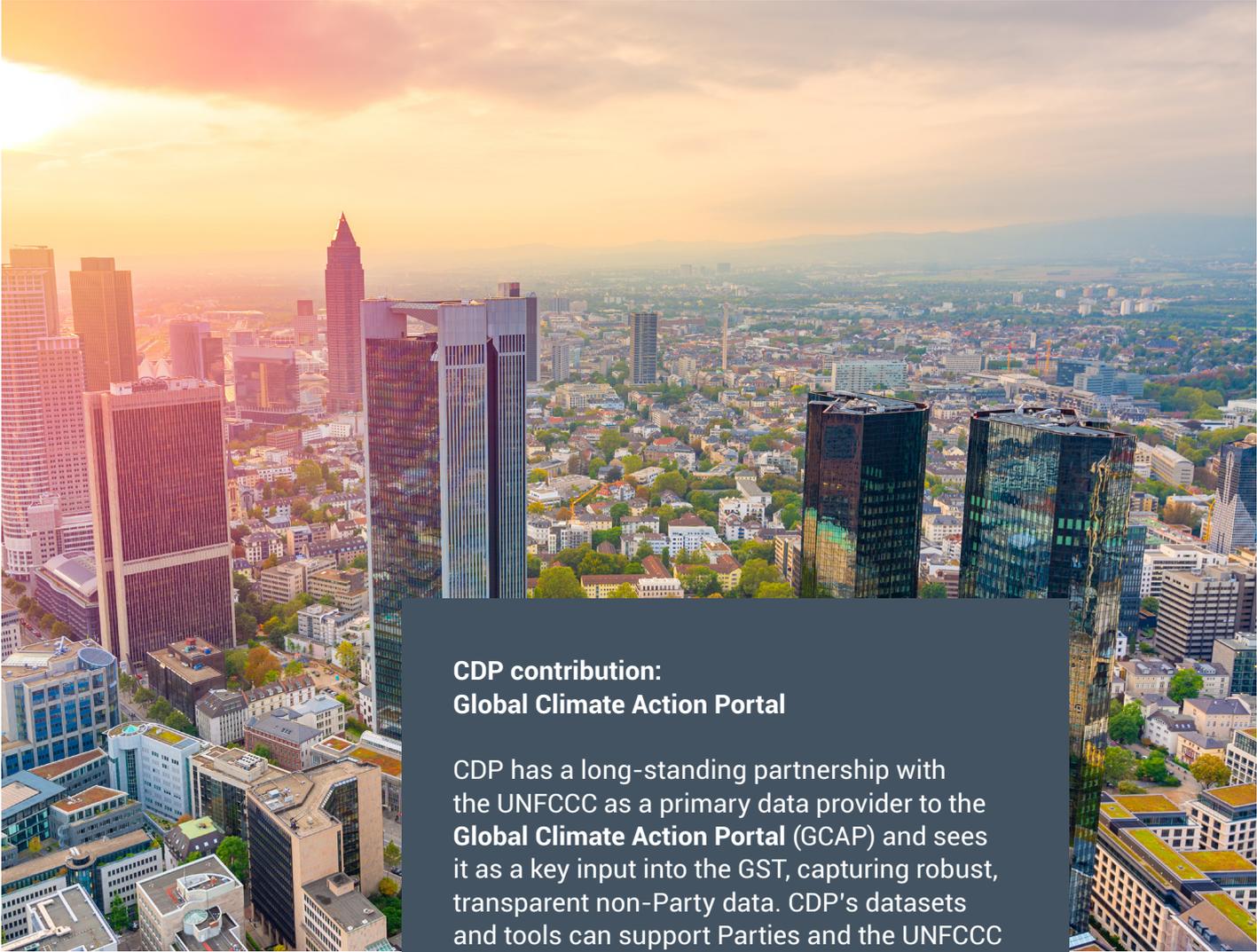
CDP data feeds into a variety of initiatives: it is a primary data provider to the **Global Climate Action Portal** and the **CDP-ICLEI Track**, the official reporting platform for cities and regions to report against all the requirements of the Race to Zero and Race to Resilience.

CDP contribution: capacity building in Brazil

CDP carries out capacity building activities in Brazil on the GST, designed to raise awareness of the process among non-Party Stakeholders and highlight how subnational government mitigation and adaptation activities can benefit from understandings of the GST.

The project, supported by Climate and Society Institute, focuses on how subnational governments can contribute to achieving Brazilian climate neutrality goals. It engages all CDP stakeholders to disclose and monitor their climate actions to enhance transparency and accountability of non-Party stakeholders' climate action. Alongside this, the project aims to communicate the GST process to Brazilian stakeholders through reports, webinars and workshops to ensure a Brazilian voice in the GST through the submission of contributions and engagement with the official process.





**CDP contribution:
Global Climate Action Portal**

CDP has a long-standing partnership with the UNFCCC as a primary data provider to the **Global Climate Action Portal (GCAP)** and sees it as a key input into the GST, capturing robust, transparent non-Party data. CDP's datasets and tools can support Parties and the UNFCCC to assess the contribution and impact of non-Party stakeholders to national and global climate action and targets.

CDP will continue its partnership with the UNFCCC to further develop the GCAP, refine progress tracking metrics, and improve usability of data for Parties and other key stakeholders, including the Camda community.

Recommendations



Recognition of the vital role that non-state actors play, and the progress made, will ensure accounting for non-Party Stakeholder progress in achieving the goals of the Paris Agreement.



1 Non-Party Stakeholder action should be integrated into the GST through Biennial Transparency Reports, alongside direct submissions to the GST.

Communication between Parties and non-Party stakeholders is vital for the ambition loop. Non-Party Stakeholder climate action should not be taken stock of through any parallel processes but should be integrated into the Paris Agreement.

The Paris Agreement recognizes the different capacities of developed and developing country Parties and the approach taken to include non-Party stakeholders should remain flexible to ensure as many are included as possible. Recognition of the vital role that non-state actors play, and the progress made, will ensure accounting for non-Party Stakeholder progress in achieving the goals of the Paris Agreement.

2 The GST must be a collective endeavor, undertaken by a diverse range of non-Party Stakeholders

This includes diversity in types of non-Party Stakeholders as well as geographical diversity. To achieve this, the UNFCCC should use training and capacity building activities on the Enhanced Transparency Framework and Biennial Transparency Reports to encourage Parties to engage non-Party stakeholders in these processes. Capacity building for non-Party Stakeholders is also needed to ensure actors understand the process and the value of engaging.

There is no time for delaying climate action. The GST should provide a common roadmap to both Parties and non-Party stakeholders for enhancing the implementation of climate actions.

3 The GST must also feed into local processes for more ambitious climate action

The scientific messages are clear. There is no time for delaying climate action. The GST should provide a common roadmap to both Parties and non-Party stakeholders for enhancing the implementation of climate actions. The link between the GST and the NDCs' ambition progression should be clearly emphasized throughout the GST cycle. The Consideration of Outputs component should specifically highlight non-Party Stakeholders to ensure outputs are directly applicable, allowing them to update commitments in line with findings, raising the ambition of all actors.



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ABOUT CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 680 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

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