CLIMATE LEADERS COALITION

ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

Statement of Ambition
Information for Sustainability Practitioners

June 2022

Foreword from the Coalition's CEO Convenor

As the Climate Leaders Coalition's incoming CEO Convenor, I am proud to be leading the Coalition as we transition signatories to our new Statement of Ambition.

Just as domestic and international climate science and policy has advanced significantly since we established the 2017 and 2019 Statements, so must our level of ambition.

We know the window to make meaningful action to prevent the worst impacts of climate change is closing fast. Therefore, to remain credible climate leaders, we must ensure we are doing everything we can to unite businesses and accelerate our transition towards a zero-carbon and climate resilient future, where Aotearoa, and all New Zealanders, can thrive.

The new Statement builds on the 2017 and 2019 Statements in several key areas.

- On mitigation, it aligns short-and-long-term targets with a 1.5 degrees of warming pathway for all three scopes of emissions.
- On adaptation, it requires signatories to disclose their business' climate risks and opportunities.
- On transition and influence, it broadens the group of stakeholders signatories are required to proactively support to reduce their emissions and climate risks to include board members and customers.
- And finally, to drive signatory progress it introduces climate action plans that incorporate te ao Māori perspectives to embed climate action within our businesses and ensure the transition to a low carbon economy is fair, inclusive and equitable.

The new Statement also pushes signatories to prepare for the next frontier of climate action, including considering the assessment of nature-based risks and long-term climate positive targets.

I would like to acknowledge the members of the CLC CEO Steering Group and Focus Group[1], for their help in developing the new Statement and this supporting guidance for signatories. I would also like to acknowledge the feedback from signatories who helped to raise the bar on what business leadership on climate action should look like through this new Statement.

As a Coalition, we look forward to working with signatories to help them achieve the new Statement over the coming years.

Jolie Hodson

Climate Leaders Coalition Convenor and CEO of Spark

[1] Laurette Siemonek, Megan Gallagher, Kate Ferguson – Climate Leaders Coalition; Claire Waghorn – Christchurch Airport; Tom Newitt – Spark; Jessica Rodger - IAG; Tina Frew – Meridian Energy; Dawn Baggaley – New Zealand Post; Rosie Mercer and Charlotte Koostra – Ports of Auckland; Katharina Bauch – thinkstep-anz.

Contents

***Bold text indicates the minimum requirements required to sign up to the new Statement. Existing signatories have up to 12 months to meet the minimum requirements.** All requirements of the new Statement must be met within two years of sign up or September 2025 (whichever is soonest).

CLIMATE LEADERS COALITION

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Statement of Ambition

As signatories to the Climate Leaders Coalition, we are committed to working together to accelerate our transition towards a zero-carbon and climate resilient future where Aotearoa, and all New Zealanders, can thrive.

We honour the principles of Te Tiriti o Waitangi, and play our part in supporting Aotearoa's domestic and international climate commitments by:

- Reducing our own emissions and leading the way on climate adaptation and a just transition;
- Creating momentum that influences all businesses to act on climate change, and providing peer-to-peer support that enables this; and
- Promoting cross-party support for effective policy that provides the certainty that businesses and communities need to invest and transform.

As a Signatory to the Coalition, our businesses are holding each other accountable for:

- **Measuring our emissions**, having them independently verified, **and reporting them publicly**;
- **Adopting short-and**-long-term **gross absolute science-aligned targets for scope 1, 2**, and 3 **emissions to support the delivery of substantial reductions needed to limit future warming to 1.5 degrees Celsius**;
- **Assessing climate change risks** and opportunities (including in the value chain), setting objectives and/or target(s) to reduce these risks and maximise opportunities, **and publicly disclosing them**;
- **Proactively enabling our employees**, board members, customers, **and suppliers to reduce their emissions** and climate change risks;
- Embedding plans within our businesses to accelerate climate action across mitigation, adaptation, and transition, and incorporate te ao Māori perspectives;
- Preparing for the next frontier of climate action, including considering the assessment of nature-based risks and long-term climate positive targets.

Further detail of the CLC Statement of Ambition requirements are included in the table below.

Key Areas	Statement requirements detail
Mitigation	**Emissions must be measured**, independently verified, and **reported publicly in an easily located place on your website and/or in your annual report.** **Adopt short and** long-term **gross absolute science-aligned targets that align with 1.5 degrees of warming for scope 1, 2** & 3 and consider how your business can be climate positive by 2050. Signatories are required to annually report to CLC demonstrated progress towards achievement of their targets as part of the annual mandatory survey.
Adaptation	**Assess climate change risks** and opportunities (including your value chain) and consider assessing your business' nature-based risks and opportunities. These risks and opportunities must be annually **disclosed in an easily located place on your website and/or in your annual report**. Set adaptation opportunity and risk reduction objectives and/or target(s).
Transition and Influence	**Provide evidence of how your business is enabling** stakeholders, including your **employees** (and board members), **suppliers** and customers **to reduce their emissions** and identify adaptation opportunities and/or reduce their climate change risks. Have a climate action plan(s) that addresses mitigation, adaptation, and transition, and incorporates te ao Māori perspectives. Signatories must publicly disclose this plan in an easily located place on your website and report demonstrated progress against the plan to CLC each year as part of the CLC annual mandatory survey. The mitigation part of the plan must describe how your targets are embedded within planning cycles across your business and demonstrate how reductions will be aligned or ahead of your science-aligned emissions reduction targets. This plan must also detail how your business is partnering with other businesses to find solutions and reduce emissions. The adaptation part of the plan must describe how climate change risks and opportunities, and risk and opportunity objectives and targets will be monitored, managed, and/or achieved, and what practical steps your company is taking to adapt to a changing climate. The transition part of the plan must state what your contribution is to Aotearoa's decarbonisation, adaptation journey and the restoration of nature and provide an outline of how your business is providing for a fair, equitable, and inclusive transition.

Notes on using this guidance

The new Statement reflects the three pillars of climate leadership: mitigation, adaptation, and transition and influence. The guidance features a section on each pillar, with an additional section on how to develop a climate action plan to pull the three pillars together.

Our aim has been to reflect the commonly used standards, products, and services used by signatories, and to provide a directory of signatory services that could offer further support. The directory can be found **here**.

This guidance document aims to support signatories to achieve the new Statement requirements, and access ideas and resources to inform their own approach to developing their organisation's climate action plan.

We will review and update this guidance with more detailed examples of best practice as these emerge.

Signatories will also be supported to achieve the new Statement through the Coalition's monthly Masterclass Series, Business-to-Business Mentoring Programme, and the sharing of case studies on best practice. Case studies can be found on the Coalition's **website** and in this **document** which details how signatories are meeting specific aspects of the Statement requirements.

Key to using this guidance

Requirements are presented in green text boxes. There are two components to the requirement. Minimum requirements which must be met to sign up to the new Statement are **bolded**. The other requirements need to be met within two years of signing up to the Statement or by 1 September 2025 (whichever is soonest).

Mitigation

Measuring emissions

REQUIREMENT 1:
Emissions must be measured, independently verified, **and reported publicly** in an easily located place on your website and/or in your annual report.

Signatories should measure their business' annual direct and indirect emissions to the fullest extent possible. Signatories can choose which of the two globally recognised standards they use: **ISO 14064**[1] or the **Greenhouse Gas Protocol**[2]. These standards include guidance on setting their organisation boundary and emissions scopes (GHG Protocol scope definitions shown in Figure 1).

Note: ISO and GHG protocol differ in their emissions source classifications, with ISO using category naming and GHG Protocol using scope naming (you can find further information **here** and **here**). However, ultimately the required coverage remains the same whereby signatories need to measure their emissions, including their full supply chain to the fullest extent possible. This may require a hybrid approach using multiple methods, such as measured emissions plus screening estimates. The focus should then be on enhancing the supply chain measurement over time as more data becomes available and supplier engagement delivers more relevant data for your organisation.

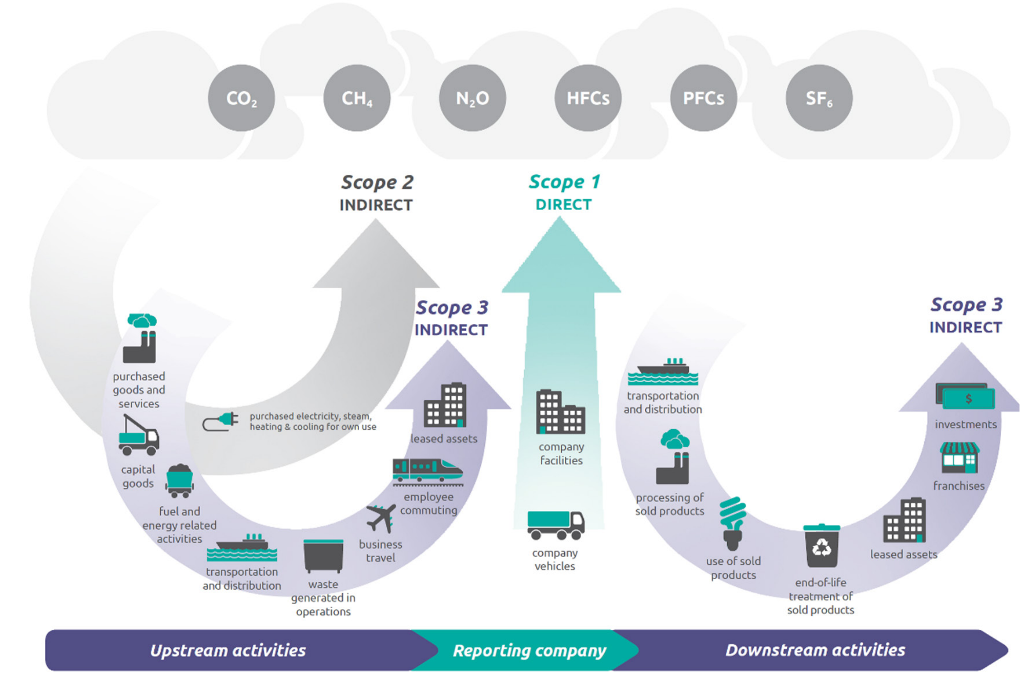

Figure 1. GHG Protocol definition of scopes[3].

Independent verification of emissions

Signatories must disclose credible emissions data, independently verified by a third party. Verification is required within two years of signing up to the Statement. The Coalition has compiled a list of verification providers **here.** Ensuring that emissions measurement and targets maintain their relevance is important. The Coalition recommends verification happens annually, however, smaller signatories may undertake this less frequently (every 18-24 months), unless material changes to emissions occur.

Should your business provide professional verification services, your business can undertake this verification in house providing the verification is completed by someone who is independent of your business' emissions measurement processes.

Public reporting of emissions

Signatories' emissions profiles should be published in an easily locatable place on your website. This means it should be able to be easily searched for via your website search bar and/or within three clicks of your home page.

[1] ISO14064-1:2018 – The International Standard for Greenhouse Gases Part 1
[2] Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard
[3] **Link: https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance**

Short and long-term gross absolute targets

REQUIREMENT 2:

Adopt short and long-term **gross absolute science-aligned targets that align with 1.5 degrees of warming for scope 1, 2** & 3 emissions and consider how your business can be climate positive by 2050.

Signatories are required to annually report to CLC demonstrated progress towards achieving their targets as part of the annual mandatory membership survey.

Reducing signatories' gross emissions remains a priority for the Coalition, which is why we require signatories to set and disclose their targets based on their gross absolute emissions reductions rather than net emissions reductions (which allows the use of offsets to meet the targets).

Signatories are required to set short and long-term targets for their scope 1, 2, and 3 emissions. Signatories are encouraged to set 2030 and 2050 targets, however, there is flexibility to account for signatories' individual target timings. For the short-term target, a target set between 2025 and 2035 will be accepted. For the long-term target, a target set between 2040 and 2050 will be accepted.

Absolute gross emissions reduction targets should be prioritised. However, gross intensity targets are permitted if they will deliver absolute emissions reductions. Signatories using gross intensity targets should disclose them to the Coalition, along with projected emissions reductions that will result from the intensity target, who will then seek approval from the Coalition's CEO Steering Group.

Targets aligned with science and limiting warming to 1.5 degrees (Scope 1 & 2)

To meet this requirement, signatories are required to advise the Coalition of their gross absolute science-aligned emissions reduction targets for 2030 that align with 1.5 degrees. This needs to be provided at the time of sign up for scope 1 & 2 emissions and annually as part of the mandatory signatory survey.

A science-aligned target is a target that is based on what the latest climate science has deemed necessary to limit warming to a specified threshold (for CLC signatories this is 1.5 degrees). Having science-aligned targets enables organisations to see how much and how quickly they need to reduce their emissions to prevent the worst effects of climate change. There are several methodologies that provide for science-aligned targets. The Coalition recommends using the Science Based Target initiative (**SBTi**)'s methodology for developing emissions reduction targets.

CLC signatories are not required to undertake official SBTi target verification. However, CLC does require signatories to be measuring their emissions and have a target for their direct and indirect emissions that aligns with the most recent science for limiting warming to 1.5 degrees.

SBTi have developed a free online **target setting tool** that can be used by signatories to model targets in line with SBTi approved criteria and methods. There is also sector specific guidance and tools available which highlight the sectoral target options. The Ministry for the Environment have also developed a free **tool** that supports the development of emissions reduction targets.

Targets aligned with science and limiting warming to 1.5 degrees (Scope 3)

Signatories will set a scope 3 emissions reduction target(s) aligned with 1.5 degrees and/or supplier or customer engagement target(s) (with the outcome focused on gross emission reductions) that collectively covers or influences at least two-thirds (67%) of measured scope 3 emissions within two years of signing up to the Statement or by September 2025 (whichever is soonest).

If signatories choose to set a supplier or customer engagement target(s), instead of an emissions reduction target, they are required to advise when they intend to set a scope 3 emissions reduction target(s) based on measured and reported emissions and advise how they are tracking towards setting one as part of the CLC annual mandatory signatory survey.

CLC acknowledges that emissions measurement and accessibility of scope 3 emissions data continues to evolve. Therefore, if there is a material change in your emissions, signatories should update their targets to include the newly measured emissions within one year of reporting the material change in your emissions.

Signatories have their own unique value chain and are best placed to determine where to focus their scope 3 emissions reduction efforts to have the biggest impact.

Small and medium enterprise signatories are not required to set such detailed targets for their scope 3 emissions. Instead, SMEs must commit to measure and reduce their scope 3 emissions (this is consistent with SBTi guidance).

If Signatories have signed up to other 1.5 degree-aligned industry best practice commitments, such as the Net Zero Banking Alliance, they should provide information to the

[4] SMEs are defined by SBTi as a non-subsidiary, independent company with fewer than 500 employees. Note that this does not include financial institutions.

Suggested approach on influencing and engaging with the value chain to reduce scope 3 emissions

You may want to consider the following information when considering how to focus your two thirds emissions reduction efforts.

1) Areas of high value

Identifying the areas of the value chain where a lot of money is spent – for example, purchasing materials and fuel. You are likely to have close relationships with these areas of your value chain and you can influence activity using your purchasing power and/or procurement practices.

2) Areas of high risk

Similarly, the areas of the value chain that are crucial to business activity are usually able to be leveraged to create common objectives around emissions reduction.

3) Materiality

A business' material issues and/or strategic partnerships usually provide connections into the value chain through some of the initiatives and/or partnerships already in place. These could be strengthened from an emissions reduction perspective.

Some sectors have developed their own standards identifying ways to approach the key focus areas to tackle emissions reduction, such as the Net Zero Banking Alliance[5]. The Coalition encourages signatories to align with industry standards and best practice where these are relevant and available.

4) Areas of high impact

Once the measurement of value chain emissions is underway, high emission areas will become apparent. This enables signatories to consider their role to support these businesses with their emission reduction efforts.

Toitū Envirocare's **supplier engagement explainer** is a great document to support signatories with reducing emissions within their supply chain.

SBTi have also developed a guidance document called **Value in the Value Chain: Best practices in scope 3 Greenhouse Gas Management**, which signatories may also find a useful resource when considering how to best address their scope 3 emissions.

CLC on progress made against these industry best practice commitments, setting 1.5 degree aligned targets, where data allows. A comply or explain approach should be taken with scope 3, financed emissions.

Disclosing actual performance against targets

As part of the Coalition's annual signatory survey, signatories will be asked to demonstrate how they are tracking towards achieving their targets). Signatories are also required to include supporting commentary of whether this was expected and if not, explain why not.

Consider being climate positive by 2050

As leading business ambition on climate change continues to evolve, the next frontier is to explore how quickly your business could become climate positive. This means that activity goes beyond reducing and offsetting unavoidable emissions to create environmental and social benefits. The approach involves working to reduce emissions as much as possible, engaging with your value chain to accelerate decarbonisation, purchasing a greater number of forestry offsets (or other form of emissions removal-based mitigation as they evolve) than required to reach neutrality, and contributing to broader social and environmental outcomes.

While it is not a requirement of CLC signatories to become climate positive within a specified timeframe, we are using this revision of the Statement to encourage signatories to understand what this would require for their business and if possible, adjust their business models to provide for this, as this is the next frontier in business climate action.

[5] https://www.unepfi.org/net-zero-banking/

Approach for signatories whose emissions reductions would be detrimental to Aotearoa's overall emissions reduction and signatories whose industry does not yet have a SBTi pathway or their pathway is being modified for Aotearoa's context

Any existing signatory with a target that differs from the requirements of the CLC Statement should approach the Coalition directly and will be considered on a case-by-case basis by the Coalition's CEO Steering Group. CLC anticipates this would apply to businesses where emissions reductions would be detrimental to Aotearoa's overall emissions reduction (e.g. KiwiRail's emissions will increase if we moved more freight to rail, but overall freight sector emissions would decrease).

For signatories without an SBTi sector pathway, CLC recommends utilising the free **SBTi's online tool** to model targets in line with SBTi approved criteria and methods.

In both cases outlined above, CLC would seek a commitment to, and demonstration of, activity that strengthens their climate action work in relation to other requirements of the Statement. This would be shared with the Coalition's CEO Steering Group for their consideration.

Navigating targets and organisational growth

Decoupling emissions from business growth, especially in low-production years following the COVID-19 pandemic, will be a key challenge to leading and growing businesses alike. A business' transition plan will not always follow a smooth or linear downwards trajectory. It could require projected or actual increases in emissions, for example, in years when low-emissions infrastructure is being built in order to reduce emissions in following years. **SBTi** provides guidance on approaching acquisition or investment within an organisation (R12 p. 12).

Approach to Carbon Offsetting

The Statement prioritises gross emissions reductions. However, offsets with high environmental integrity may be used as a last resort in the event of target shortfall residual emissions (avoidance offsets).

Signatories are not required to provide evidence to the Coalition on their approach to carbon offsetting unless avoidance offsets are used.

Carbon offsetting is used for corporate or individual carbon footprints where the purchase of carbon credits from projects that remove greenhouse gas emissions compensates for the remaining emissions the organisation or individual failed to remove. The **International Carbon Reduction and Offsetting Alliance** defines and promotes best practice in the financing of high-quality emissions reductions and use of carbon credits.

The **Ministry for the Environment'**s interim guidance for voluntary climate change mitigation outlines the principles for a best practice approach, including offsetting emissions. There are three worked examples of robust voluntary carbon disclosure on pages 14-16.

Josh Young, Unsplash

Adaptation

Assessing and disclosing climate change risks and opportunities

REQUIREMENT 3:
Assess climate change risks and opportunities (including your value chain) and consider assessing your business' nature-based risks and opportunities. **These risks** and opportunities **must be annually disclosed in an easily located place** on your website and/or in your annual report.

To meet this requirement, signatories must undertake an assessment of their climate change risks and opportunities. CLC does not prescribe what this assessment involves.

For mandated Climate-Related Financial Disclosure signatories: We acknowledge that listed signatories will be mandated to provide Climate-Related Financial Disclosure (CRFD) reporting for completion in 2024. At that time, mandated signatories will be able to provide CLC with links to their CRFD reporting to meet this requirement. Prior to that, mandated signatories will be required to demonstrate that they have assessed their climate change risks and opportunities. In the interim, you may like to use the simplified framework page 17 of the **TCFD Overview**.

For non-mandated CRFD signatories: You are still required to share your assessment of climate change risks and opportunities. You may like to use the simplified framework on page 17 of the **TCFD Overview**.

The framework provided by TCFD requires risks and opportunities to be disclosed in relation to business governance, strategy, risk management and metrics and targets.

Consider assessing nature-based risks and opportunities

Signatories who consider climate change and nature as inter-related issues will have stronger strategies, and greater resilience. An understanding of nature and climate-based risk will enable a stronger adaptation plan, and nature-based climate solutions offer co-benefits through greater sequestration of carbon and more resilient ecosystems.

For signatories to meet this element of the requirement, they will need to share an overview of what consideration their organisation has made for assessing nature-based risks and opportunities. The information below outlines some best practice frameworks signatories may find useful:

- The **Science Based Targets for Nature Network** have developed guidance including a 5-step process for setting Science Based Targets for Nature.
- As signatories' maturity around nature-based risks and opportunities grows, using the TNFD's framework for assessing nature-based risks and opportunities is encouraged. The framework is currently being piloted by businesses seeking to understand nature-based risks. You can see a draft of the TNFD **here**.
- Completing a scoping study of your business' nature-based risks and opportunities could be a good first step for signatories. This study could use the proposed TNFD framework as a prompt to capture some narrative and perform a preliminary assessment.

How to approach developing an understanding of climate risks

To enable signatories to better understand your climate risks, the following climate change scenario sources may be useful:

- **Ministry for the Environment Projections**
- **Ministry for the Environment Risk Assessment**
- **Ministry for the Environment Guide to Local Climate Change Risk Assessments**
- NIWA's national climate database which includes climate data, mapping and dedicated services to support adaptation: **https://niwa.co.nz/our-science/climate** and **https://niwa.co.nz/services/adaptation**
- Local government websites typically provide access to regional assessments of climate change scenarios and risk
- **NZ Sea Rise Maps**

REQUIREMENT 4:

Set adaptation opportunity and risk reduction objectives and/or target(s).

**Required to be achieved within 2 years of signing up to the Statement or by 1 September 2025 (whichever comes first).*

This requirement builds upon requirement three by asking signatories to show how they are taking the risks and opportunities identified through their assessment and disclosure, and describe how signatories are maximising, managing, or mitigating them. To meet this requirement, signatories will have completed the self-assessment of climate risks (or TCFD or other framework) and set opportunity and risk reduction objectives and targets to reduce these risks and maximise opportunities.

An example is IAG's target set in their **Climate and Disaster Resilience Action Plan** that '1 million Australians and New Zealanders have taken action to reduce their risk from natural hazards by 2025'. The actions to meet this target will be through a mix of awareness raising, education, and working with resilience partners to encourage individuals to take action.

Transition and Influence

REQUIREMENT 5:
Provide evidence of how your business is enabling stakeholders, including your **employees** (and board members), **suppliers** and customers **to reduce their emissions** and identify adaptation opportunities and/or reduce their climate change risks.

Influencing stakeholders is a critical component of climate leadership. Signatories are required to provide CLC with a description of how they are engaging their stakeholders to support their organisation's climate action plan. This will be unique to each signatory as they balance the most impactful engagement opportunities with their stakeholders.

Below are suggestions about how signatories might approach engaging with employees, board members, suppliers and customers. An overview of the engagement and any relevant links will be sufficient for meeting this requirement.

Using Te Ao Māori and seven generations thinking to frame past, current, and future business purpose, materiality, and value creation is a useful consideration when approaching engagement with employees, Boards, suppliers, and customers.

Examples of engaging employees

- Using platforms/apps to measure personal carbon footprints and plans to reduce them. Examples include **Future Fit** and **HomeFit**.
- Delivering awareness campaigns around sustainable travel, eating choices, energy efficiency, and general consumption habits. Examples include **Gen Less** and **Sustainable Rewards**.
- Measuring employee commuting and supporting behaviour change to lower emission modes of transport.

Examples of engaging a Board

- Inviting key clients to share their own climate action journeys and objectives to strengthen relationships and opportunities to work more closely.
- Inviting thought leaders, such as SBC and CLC, to provide an overview of leading business' approaches on specific aspects of climate action.
- Establishing a climate advisory board (or subgroup of the Board) to advise the Board.
- Leveraging the training and resources offered by the Institute of Directors and/or sector groups to connect Board members into climate-related forums.
- Linking sustainability and climate KPIs with remuneration.

Examples of engaging suppliers

- Having a supplier engagement target (example, 70 per cent of suppliers have targets aligned with SBTi by 2025).
- Ensuring supplier contracts include stated emissions reduction/adaptation targets and outlines how the businesses will work together to deliver them. Evidence would include sharing procurement policies, your supplier code of conduct and/or procurement processes.

Examples of engaging customers

- Linking climate action back to your business purpose and brand.
- Developing targeted messaging to drive behaviour change.
- Promoting the work that you are doing through multiple channels.

Climate Action Plans

REQUIREMENT 6:
Have a climate action plan(s) that addresses mitigation, adaptation and transition, and incorporates te ao Māori perspectives. Signatories must publicly disclose this plan in an easily located place on your website and report demonstrated progress against the plan to CLC each year as part of the CLC annual mandatory survey.

The **mitigation** part of the plan must describe how your targets are embedded within planning cycles across your business and demonstrate how reductions will be aligned or ahead of your science-aligned emissions reduction targets. This plan must also detail how your business is partnering with other businesses to find solutions and reduce emissions.

The **adaptation** part of the plan must describe how climate change risks and opportunities, and risk and opportunity objectives and targets will be monitored, managed and/or achieved, and what practical steps your organisation is taking to adapt to a changing climate.

The **transition** part of the plan must state what your contribution is to Aotearoa's decarbonisation, adaptation journey and the restoration of nature and provide an outline of how your business is providing for a fair, equitable and inclusive transition.

**Climate action plans must be completed within 2 years of signing up to the Statement or by 1 September 2025 (whichever is soonest).*

The purpose of this section is to ensure signatories have plans in place to enable and support their transition to a zero carbon and climate resilient business. CLC does not prescribe the way that signatories should develop their plans. The Coalition is wanting to see what action is being taken, will be taken, and any evidence that you are able to provide to support that. The below information is supplied as a starting point to support the development of your climate action plan.

Mitigation Climate Action Plan

To meet the mitigation part of the plan, signatories should provide links to the plan and/or a written summary which includes the following information:

- How your targets are embedded within planning cycles across your business.
- Insight into how reductions will be aligned or ahead of your science-aligned emissions reduction targets **(provided in mitigation section requirement 2)**
- How your business is partnering with other businesses to find solutions and reduce emissions.

There are a number of resources available to support signatories with the development of the mitigation part of the plan.

- DETA have developed a **document** to support organisations in developing a carbon reduction roadmap to 2050. It includes guidance on how to set a target, develop a plan, make a business case, implement changes and continuously improve your emissions management approach.
- An example of partnering with other businesses can be found in SBC's Low Carbon Freight work. You can learn more about that **here**.
- Examples of net zero roadmaps: ANZ's EG Investor Pack – targets to net zero 2050 **roadmap** and Nestle's net zero roadmap **here**.

Adaptation Climate Action Plan

To meet the adaptation part of the plan, signatories should provide links to the plan and/or a written summary which includes the following information:

- Climate change risks and opportunity objectives and/or targets that your business will commit to.
- Describe how these objectives and/or targets will be monitored, managed, and/or achieved.
- Outline what practical steps your company is taking or will take to adapt to a changing climate, including timeframes.

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There are a number of resources available to support businesses with the development of Adaptation part of the plan.

- The Pew Center developed a resource on **Adapting to Climate Change: A Business Approach**. Page 8 provides a list of potential climate risks by industry and page 10 provides examples of business action to address physical effects of climate change.
- IAG have developed a climate disaster resilience action plan which can be viewed **here**. This plan deals with both mitigation and adaptation, through the lenses of Rethinking Risk, Transforming the System and Driving to Zero.

Transition and Influence Climate Action Plan

The transition and influence part of the plan has three key elements outlined below. To meet this requirement, signatories should provide links to or a written summary of:

1. Contribution to Aotearoa's decarbonisation and adaptation journey:

Potential evidence could include:

- Training your employees to support the decarbonisation of business operations which require different processes and technologies;
- Programmes which support vulnerable people and ensure communities are represented and protected from climate change impacts in an equitable way;
- Collaborating on community-specific adaptation plans where business delivers its fair share to support local government, and the insurance and financial sectors to develop models and mechanisms for affected households; and
- Engaging and advocating with Government to support outcomes that aid Aotearoa's decarbonisation and adaptation journey.

2. Restoration of nature

Potential evidence could include:

- Nature positive or biodiversity programmes.
- Proactively seeking out opportunities to invest in innovation which protects and restores nature.
- Consideration and weighting given to the impact on nature being included within procurement practices.
- Community partnerships focused on supporting the restoration of ecosystems.

3. Outline of how your business is providing for a fair, equitable and inclusive transition.

To meet this part of the requirement, signatories should outline how they are taking an enterprise-wide approach to transitioning a low-emissions and climate resilient business, maximising the social and economic opportunities of climate action while minimising and carefully managing any negative impacts to ensure no-one is left behind during the transition. CLC acknowledges that each signatory will have a tailored approach to a fair, equitable and inclusive transition that builds upon existing socially responsible business practices.

If your organisation is new in developing an approach to a just transition, we recommend looking at The B Team's business **guide** to a Just Transition which provides a robust overview of what a just transition is, how to build a business case for it and a three stage process to implement it. Policy Quarterly's Just Transition **special** provides an overview of elements of a just transition at a project level (page 41) and an organisational decision-making framework (page 42). Signatories can also utilise the evidence provided in their support of employees, suppliers and customers (**requirement 5**).

Examples of what others are doing to provide for a fair equitable and inclusive transition

- Christchurch Airport: **Building the Future Airport Now: Christchurch Airport's Green Transition** (page 18).
- In 2020 SSE (UK energy company) became the first company in the world to publish a Just Transitions Strategy. A framework of 20 principles is outlined in the Strategy, helping to guide decision-making and greater fairness for those impacted by the transition. View that strategy **here**.

Glossary of Terms:

A gross emissions reduction target infers absolute emissions reductions to the atmosphere. Gross zero emissions is not realistically attainable across all sectors of our lives and industry, because even with best efforts to reduce them, there will still be some hard-to-abate emissions.

A net emissions reduction target allows for the removal of any unavoidable emissions through suitable removal activities which may include afforestation, new technology (such as carbon capture and storage) or changing industrial processes.

Category 1 emissions and removals: Direct GHG emissions and removals occur from GHG sources or sinks inside organisational boundaries and that are owned or controlled by the organisation. Examples include combustion of petrol in a company owned vehicle fleet, combustion of LPG in company owned equipment, and fugitive emissions from a company owned refrigeration system (Toitū Envirocare).

Category 2 emissions: Indirect emissions from [production of] energy – electricity, heat, steam, cooling, compressed air (Toitū Envirocare).

Category 3-6 emissions: All indirect emissions (with the exception of Category 2) in the value chain of the organisation. Includes, but not limited to transportation services, other products and services used by the organisation, use of products sold by the organisation (Toitū Envirocare).

Climate Positive: Having a positive impact on the climate through the combination of reducing emissions on the way to zero, engaging with the value chain to accelerate decarbonisation, compensating remaining annual emissions above neutrality, and contributing to broader social and environmental outcomes (Toitū Envirocare).

Downstream emissions: Indirect GHG emissions from sold goods and services. Downstream emissions also include emissions from products that are distributed but not sold (i.e., without receiving payment) (GHG Protocol). Downstream transportation and distribution (Scope 3 category 9), processing of sold products (Scope 3 category 10), use of sold products (Scope 3 category 11), disposal of sold products (Scope 3 category 12) leased assets (Scope 3 category 13), franchises (Scope 3 category 14) and investments (Scope 3 category 15).

Fair, equitable and inclusive transition (Just Transition): For companies, a just transition is an enterprise-wide process to plan and implement companies' emissions reductions efforts, based on social dialogue between workers and their unions, and employers. This includes a company's supply chains. The goal is to reduce emissions and increase resource productivity in a way that retains and improves employment, maximises positive effects for workers and local communities, and allows the company to grasp the commercial opportunities of the low-carbon transition (The B Team/Just Transition Centre).

Greenhouse gas (GHG): Means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, nitrogen trifluoride (NF3) and sulphur hexafluoride (Toitū Envirocare).

Intensity targets specify emissions reductions relative to productivity or economic output (e.g. tonnes CO2e/$million).

Mitigation: In the context of climate change, a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings, and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere (UNFCC).

Scope 1 Emissions: Emissions from operations that are owned or controlled by the reporting company (GHG Protocol).

Scope 2 Emissions: Emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company (GHG Protocol).

Scope 3 Emissions: All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (GHG Protocol).

Supply chain: A network of organisations (e.g., manufacturers, wholesalers, distributors and retailers) involved in the production, delivery, and sale of a product to the consumer (GHG Protocol).

The Paris Agreement: Stated by the UNFCCC, the Paris Agreement is a "legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels" (SBTI).

Upstream emissions: Indirect GHG emissions from purchased or acquired goods and services (GHG Protocol). Purchased services and goods (Scope 3 category 1), capital goods (Scope 3 category 2), fuel and energy (Scope 3 category 3), upstream transportation and distribution (Scope 3 category 4), waste from business operations (Scope 3 category 5), business travel (Scope 3 category 6), employee commuting (Scope 3 category 7), leased assets (Scope 3 category 8).