

# **COP28 Net-Zero Transition Charter:**

## **Accountability Mobilization for the Private Sector**

### **Frequently Asked Questions (FAQs)**

#### **Purpose**

**1. Why has the COP28 Presidency launched the COP28 Net-Zero Transition Charter: Accountability mobilization for the private sector?**

The COP28 Presidency has openly advocated for the inclusion of the private sector in the design and delivery of solutions for the course-correction of global climate action efforts. In particular, the COP28 Presidency looks to the private sector as a key enabler of the change that the world needs. With the launch of this Charter, the COP28 Presidency is signaling the necessity to move from pledges and commitments to tangible, ambitious climate action efforts, paired with accountability credentials.

**2. What is the purpose of the Charter?**

The purpose of the “COP28 Net-Zero Transition Charter: Accountability mobilization for the private sector” is to encourage the private sector to endorse the principles and practices that reinforce the credibility, transparency and integrity of their climate action efforts and commitments, whilst also encouraging them to report on their progress.

#### **Pledges**

**3. Does my company need to be a member of a specific Net-Zero initiative to sign-up for this Charter?**

The Charter is eligible for organization who are committed or willing to commit either through a net-zero aligned national pledge or an internationally recognized net-zero initiative that holds members to account for their net-zero pledges, or individually following a commensurate scope and level of ambition with public, third-party validation of their pledge through a generally accepted science-based review process. Those who have already made pledges as outlined above do not need to re-commit.

#### **Eligibility**

**4. What size companies are eligible to sign up?**

All companies that can meet the criteria are eligible to sign up, but small and medium-sized enterprises are exempt from commitments around independent third-party verifications. (See question 5 for more information)

## **Exemptions**

### **5. Why are SMEs exempt from independent third-party verifications for emissions, data and reduction pathways related to Net-Zero targets?**

Exempting SMEs from the burden of independent third-party verifications for emissions, data, and reduction pathways is a pragmatic approach that acknowledges their limited resources, simplifies reporting processes, and fosters their active participation in achieving net-zero targets. By implementing transparent self-assessment mechanisms and periodic audits, we can strike a balance between encouraging SMEs' sustainability efforts and maintaining accountability in our collective fight against climate change. *"The OECD and the IMF define a SME as an enterprise employing up to 249 persons [Link](#)".*

### **6. Are there certain special requirements for specific industries?**

Sign up is open to private sector organizations irrespective of their sectoral background, if they can meet the science aligned net-zero requirements set out in the charter.

### **7. Can private sector organizations attend COP28 Presidency events without signing the charter?**

Yes. Signing up for this Charter is not a bar to entry for participation in COP28 Presidency events or activities

### **8. Can subnational actors also sign up to the Charter?**

No. This Charter is only open for private sector organizations.

## **Timeline**

### **9. Will there be recognition or incentives for enterprises that sign the charter, or achieve their targets ahead of plan?**

There are no other incentive schemes or access benefits to the COP28 Blue Zone for Charter signatories. However, the Presidency will recognize organizations who sign up to the charter before November 15th, 2023, on the official COP28 website (<https://cop28.com/en/>).

### **10. What is the signup deadline for prospect signatories?**

Companies are invited to sign up following the official announcement of the Charter up to October 25<sup>th</sup>, 2024. Companies that comply with the commitments post COP28 will be mentioned in the

“COP28 Net-Zero Transition Charter: Accountability mobilization for the private sector “progress report.

**11. Will the conformity of a company with charter standards be reviewed after the initial signup?**

Companies, except for those designated as an SME, must meet the third-party assurance requirement (emissions data and reduction pathways, that are assessed by an independent third party) within a period of one year, latest by October 25<sup>th</sup>, 2024. Any companies that sign the charter pre-COP28 and fail to undergo third party assurance by October 25<sup>th</sup>, 2024, will not be recognized in the “COP28 Net-Zero Transition Charter: Accountability mobilization for the private sector” report that will be published by the COP28 presidency.

### **Transition Planning**

**12. Is transition plan submission necessary upon sign up?**

Prior to COP28, to ensure net-zero commitments are underpinned by robust planning, signatories of this charter must disclose the status of their transition plans and their intention to complete a plan, if not already completed, within one year (October 25<sup>th</sup>, 2024). We are encouraging organizations to report their transition plan status to the UNFCCC GCAP portal.

**13. Are there transition plan frameworks that can serve of guidance for signatories of this Charter?**

Yes, transition plans that follow the guideline set out by but not limited to; CTAP1 and TPT2 are considered as guiding frameworks for the signatories of the Charter.

### **Disclosures**

**14. Are there disclosure frameworks that can serve of guidance for signatories of this Charter?**

Yes, reports following standards such as but not limited to TCFD/ISSB[1] (in the lead up to the adoption of IFRS S2), CSRD[2], IAASB[3] (ISSA 5000, under consultation), SEC (US)[4] and CDP[5] are considered as guiding disclosure frameworks by the Charter.

**15. How is the Organization data handled, stored, and protected? What are the granted access rights to this data? How long is the data retained for?**

Organization data (client/engagement meta data, questionnaire) is stored in Azure SQL DB database in a Global location (US). The Assessment response data itself is stored in Azure SQL

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<sup>1</sup> <https://www.wemeanbusinesscoalition.org/wp-content/uploads/2022/10/WMBC-Climate-Transition-ActionPlans.pdf>

<sup>2</sup> <https://transitiontaskforce.net/wp-content/uploads/2022/11/TPT-Disclosure-Framework.pdf>

DB regional databases (US, Germany, Australia). Data at rest is secured by native SQL DB Transparent Data Encryption (TDE) method while data in transit is secured using secure http (SSL).

From an administration point of view, only users with a valid Microsoft Principal accounts and part of database administration group will be able to access and update. From users' point of view, data access privileges are granted or revoked based on role-based business access, so that data is accessible only for those who need to see. EY Assess has seven different personas to map various EY engagement team and client personnel. All users are granted access to EY Assess based on their roles within and their access are controlled accordingly, based on the assigned personal.

Records and Information related to client engagements may include engagement workpapers and documentation, engagement deliverables provided to the client or client information or data. The quantity, type, and content of engagement documentation will vary according to the type of services performed and the nature of the engagement and client. All the information stored in the EY Assess platform will be stored and retained for three years.

## **Assurance**

### **16. Is independent third-party verification necessary upon sign up?**

To ensure accountability and transparency towards net-zero targets, signatories of this charter commit to have their emissions' data been assessed by an independent third party within a period of one year, by October 25<sup>th</sup>, 2024.

### **17. Why does the COP28 Presidency accept self-attestation of climate efforts from the signatories?**

COP28 presidency is providing guidance on what exists today in the eco-system and self-attestation is the acceptable practice currently by private sector organizations globally. However, we realize that this is not the most optimal approach, and an audit-mechanism, including independent third-party verification should be developed and promoted to strengthen this area.

## **Broader Accountability Ecosystem**

### **18. How does the Charter relate to the UNFCCC's Recognition and Accountability Framework?**

The Charter is a steppingstone towards the development and delivery of the Recognition and Accountability Framework, and the UNFCCC Secretariat may oversee the processes to maintain its objectivity under the "Recognition and Accountability Framework for non-Party Stakeholders" regarding the recognition of credible pledges, plans, and progress reports. The COP28 Presidency and the UNFCCC are mutually supportive of the development of these initiatives, albeit separate ones.

Part of the Charter requirements is for organizations to report their annual progress on their Net-Zero commitment and transition plan status, through platforms that feed into the [UNFCCC Global Climate Action Portal](#).

**19. Is it permissible for a company to commit to a gradual reduction of emissions instead of achieving net zero?**

Please refer to the net-zero interim targets section in the charter annex-key definitions.

### **Cancelling commitments**

**20. Is it possible for a company to revoke or cancel its commitment after initial sign-up?**

Signatories are free to end their commitment at any time. The intention to withdraw should be communicated in writing by an authorized representative of the company specifying the reasons for ending the commitment.

As a result of the request to withdraw, the company would be de-listed from the COP28 website and removed from the progress report.

### **Legal Requirements**

**21. Will there be any legal implication if a company fails to meet its net-zero targets? Are there any other potential repercussions?**

No. Signing up is purely voluntary to companies and is designed to advocate for accountability and promote transparency in climate action for the private sector.

**22. What are the specific legal requirements for signing up to this Charter?**

Entities signing up to the Charter need to be properly constituted (under prevailing national law).

**23. Does signing up to this charter serve as legal evidence for regulatory authorities regarding compliance with carbon reduction regulations?**

No. This Charter only complements regulatory approaches and accountability progress reports. However, these approaches and reports may not be considered legal evidence.

**24. What data and/or documentation is required for an enterprise to sign up?**

Data and documentation required for sign up to be uploaded to the digital signing tool.

- Company registration details.
- Net-zero and interim targets commitment.
- The status of companies' net-zero aligned transition plans and their intention to complete a plan, if not already completed, within one year.
- Self-attestation, independent third-party verification if readily available, or within one year by 25th October 2024.

## **Contacts**

**25. To whom should signatories direct any inquiries during the signup process and subsequently?**

Signatories can direct inquiries [charter@cop28.com](mailto:charter@cop28.com)