

HLEG alignment

Statement on the degree of alignment of the recommendations of the High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities (HLEG).

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This document provides an overview of ERI’s alignment with each HLEG recommendation. For every recommendation, it outlines the degree of alignment, classified as fully aligned, partially aligned, or not aligned, and explains how the Initiative’s net zero criteria correspond to the recommendation. Where alignment is partial or absent, the document also discusses the key challenges and identifies opportunities for further alignment.

ERI defines net zero for organizations as: reduction of GHG emissions (all 3 scopes) to residual level¹ and counterbalancing these emissions annually with removals and storage.

Table 1: ERI alignment with HLEG recommendations for credible, accountable net-zero pledges.

HLEG Recommendation	HLEG Checklist Criteria	Alignment	Statement on alignment
1. Announcing a Net Zero Pledge. Non-State actors should publish a pledge including targets for 2025, 2030 and 2035 and plans to reach net zero by 2050.	Pledge must be made public, by the leadership	Aligned	For Level 1 ERI will assess companies’ net zero pledges and their climate targets. The assessments will largely be aligned with HLEG recommendation 1, with the following exceptions: a) ERI will require near-term targets, 5 years from baseline or 5 years from the last interim target, and net zero targets,
	Interim targets: 2025, 2030, 2035	Partially aligned	
	Science: 1.5 C with no or limited overshoot - IPCC or IEA	Aligned	

¹ *Residual emissions* are defined as “GHG emissions remaining after implementation of all technically and economically feasible activities to reduce greenhouse gas emissions within an organization’s operations and value chain.” See section on Level 5 for more information about how the residual level is justified.

	Net zero: 50% reduction by 2030, net zero by 2050 the latest or accelerated sooner, sustained thereafter	Partially aligned	<p>but not a series of interim targets. We prioritise near-term planning and action over detailed medium-term planning.</p> <p>b) ERI will permit companies to take into account fair share, equity and justice, and to use 1,5C aligned pathways for their regions and sectors, which may not require 50% reduction of all GHGs by 2030 or net zero by 2050.</p> <p>Companies' plans for meeting those targets will be assessed for Level II of the NZRF.</p>
	Coverage: Scopes 1-3, all operations along its value-chain, in all jurisdictions	Aligned	
	Progress: publicly disclose and report	Aligned	
	Methodology: use of robust method	Aligned	
<p>2. Setting Net Zero Targets.</p> <p>Non-State actors should set short-, medium- and long-term absolute reduction targets, and relative emission reduction targets in their value chain, where appropriate.</p>	Short, medium and long-term absolute (and, if relevant, relative) emissions reduction targets	Partially aligned	In assessing companies' GHG emission reduction targets, ERI will require short-term (next 5 years) and long-term targets.
	Aligned with latest IPCC or IEA - limited or no overshoot	Aligned	<p>In most cases, absolute emissions targets are necessary for ensuring real-world reductions. However, ERI will allow intensity-based metrics (eg tCO₂e per kg product) in some instances, when absolute growth is needed to drive decarbonization (e.g. renewable energy, near zero emissions steel, plant-based foods). Those intensity-based targets shall be based on credible sector-based intensity pathways.</p>
	Set target within a year of pledge	Aligned	
	First target set for 2025	N/A	
	Include all GHG emissions and separate targets for non-CO ₂ GHG emissions	Partially aligned	
	Include all Scopes (1-3)	Aligned	

	Embedded emissions (fossil fuel reserves, land-use, sequestration)	Aligned	
	Datasets for Scope 3	Aligned	
<p>3. Using Voluntary Credits.</p> <p>High-integrity carbon credits in voluntary markets should be used for mitigation beyond the value chain, but cannot be counted towards non-State actors' interim emissions reductions.</p>	Must not be used to meet the net zero target, and is only permitted for beyond value-chain mitigation	Aligned	ERI's assessments will be fully aligned with this recommendation. Companies fulfilment of this recommendation will be assessed at all Levels.
<p>4. Creating a Transition Plan.</p> <p>Non-State actors must publicly disclose transition plans indicating the actions taken to achieve all objectives. They should update them every five years and report on progress annually.</p>	Publicly disclose transition plan	Aligned	ERI will assess companies' transition plans against the HLEG recommendations. We recognise that companies may wish to keep some information about financial plans and business strategy confidential but we expect high level information to be disclosed.
	Update transition plan every five years	Aligned	
	Report on progress annually	Aligned	
	Include short-, medium- and long-term absolute emission reduction targets (and, if relevant, relative emissions reduction targets) and demonstrate actions to meet the targets	Aligned	
	Include all Scopes (1-3) and include separate targets for non-CO2 GHG emissions	Aligned	

	Detail the third-party verification approach and audited accuracy	Aligned	
	Detail the alignment with latest IPCC and IEA - limited or no overshoot	Aligned	
	Explain emission reductions and carbon removals (as needed)	Aligned	
	Disclose how capital expenditure plans, research and development plans and investments are aligned with all targets (e.g. capex-alignment with regional or national taxonomy) and split between new and legacy or stranded assets	Partially aligned	
	Outline actions to address data limitations	Aligned	
	Detail value-chain engagement	Aligned	
	Explain governance structure for transition and verification, describe linking of near- and long-term targets with executive compensation	Aligned	
	Outline specific policies and regulations, including carbon pricing, needed to facilitate transition plans	Partially aligned	

	Disclose lobbying and policy engagement policies and activities to demonstrate consistency with the transition plan	Aligned	
	Explain contribution to protection of natural ecosystems (e.g. eliminating deforestation, wetland and peatland loss)	Aligned	
	Explain contribution to a just transition	Aligned	
<p>5. Phasing Out of Fossil Fuels and Scaling Up Renewable Energy.</p> <p>Net-zero pledges should include specific targets for ending the use and/or support of fossil fuels, accompanied by a fully funded transition to renewable energies.</p>	Pledge includes specific targets aimed at ending the use and/or support for fossil fuels - aligned with IPCC or IEA 1.5 C limited or no overshoot	Partially aligned	<p>ERI will expect companies to demonstrate commitment and progress on transitioning away from all development, financing, facilitation and use of fossil fuels (whether as fuel, for energy, in chemicals, plastics or textiles). This will be assessed at Levels I and II. Materiality will guide ERIs assessment of the level and depth of information and action required by companies in different sectors.</p>
	Methane emissions from the energy sector— coal, oil and gas production —should be reduced by at least 63% by 2030 from 2020 levels to be consistent with global modelled pathways that limit warming to 1.5°C with no or limited overshoot as assessed by the IPCC’s 6th Assessment Report	Aligned	
	On coal for power generation, end: (i) expansion of coal reserves, (ii) development and exploration of new coal mines, (iii) extension of existing coal mines,	Aligned	

	and (iv) coal plants by 2030 in OECD countries and 2040 in the rest of the world		ERI will accept low-carbon (rather than just renewable) electricity targets. Also, if an organization is already covering all (100%) its electricity purchases with high quality market instruments, and commits to continuing to do so, we will not require additional renewable energy procurement targets.
	On oil and gas, end: (i) exploration for new oil and gas fields, (ii) expansion of oil and gas reserves, and (iii) oil and gas production	Aligned	
	Renewable energy procurement targets should be included as part of net zero transition plans	Partially aligned	
	Explain how the transition away from fossil fuels will be just for affected communities, workers and all consumers to ensure access to energy and avoid transfer of fossil fuels assets to new owners	Partially aligned	
	Explain how the transition away from fossil fuels will be matched by a fully funded transition toward renewable energy	Partially aligned	
6. Aligning Lobbying and Advocacy. Non-State actors need to align	Encourage associations to advocate for positive climate action and have an escalation strategy, including the option of leaving the association if	Partially aligned	Organisations' trade association affiliations, lobbying and policy engagement activities shall be publicly disclosed from Level I onwards. At Level II companies will be expected to describe

their external policy and engagement efforts with emission reduction targets.	changes are not made		dependencies, including on technology and policy, but ERI recognises that it may not be possible, for commercial reasons, to make full disclosures of the emissions reductions possible in future scenarios. For Level III (Progress) onwards ERI will assess whether trade association affiliations, lobbying and policy engagement activities are consistent with the company's transition plan (HLEG 4).
	Contribute to investor, supplier, consumer and employee engagement and work with peers	Partially aligned	
	Publicly disclose trade association affiliations	Aligned	
	Accounting, legal, PR and consultancies: Publicly disclose how customer engagement contribute to net zero and greenwashing is tackled	Aligned	
	In transition plans and annual disclosure: outline policies and regulations, including on carbon pricing, to specify the emissions reductions possible if the listed policies and regulations were in place	Partially aligned	
7. People and Nature in the Just Transition. Non-State actors with high land-use emissions should avoid converting remaining natural ecosystems. Financial institutions should avoid financing companies linked to	If material land-use emissions: achieve and maintain operations and supply-chains that eliminates deforestation and peatland loss by 2025 the latest, and other remaining natural ecosystems by 2030	Partially aligned	ERI will align with this recommendation by expecting companies that have material land-use emissions in their value chains to commit at Level I to halting deforestation and other ecosystem conversion detrimental to climate and nature. This will also be assessed at the higher levels, in terms of plans and action.
	Anticipate the final guidance of the Taskforce on Nature-related Financial	Not aligned	

deforestation.	Disclosures by factoring in nature risk and dependency to all elements of their transition plans		
	Invest in the protection and restoration of ecosystems beyond emissions reductions	Partially aligned	
8. Increasing Transparency and Accountability. Non-State actors must annually disclose their greenhouse gas data, net-zero targets, plans and progress, and have their reported emissions cuts verified by independent third parties.	Annual disclosure of GHG data, net zero targets and transition plans and progress towards meeting these	Aligned	ERI will expect companies to include information in their transition plans (Level II) on how their plans are aligned with human rights, and contribute to equity, justice and economic development in the global transition to net zero. ERI will consider “limited assurance” of a sustainability report as sufficient verification.
	Report in a standardised, open format feeding into the UNFCCC Global Climate Action Portal	N/A	
	Verified reported emissions reductions by an independent third-party	Partially aligned	
	When applicable: build sufficient capacity in developing countries to verify emission reductions	Partially aligned	
	Seek independent evaluation of annual progress reporting and disclosures, metrics and targets and conduct internal controls on evaluation and verification of GHG reporting	Partially aligned	
9. Investing in Just Transitions. There needs to be a new deal	Demonstrate how the transition plan contributes to economic development and how just transition elements,	Aligned	ERI will expect companies to include information in their transition plans (Level II) on how their plans are aligned with human rights, and

for development including financial institutions and multinational corporations, governments, Multilateral Development Banks and Development Finance Institutions.	resilience, inequality, gender and energy access are integrated		contribute to equity, justice and economic development in the global transition to net zero.
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Source: <https://www.un.org/en/climatechange/high-level-expert-group>

HLEG Recommendation 10: 'Accelerating the Road to Regulation', is focused on regulators, and has therefore not been included in this document. ERI will, however, support the up-take of relevant and rigorous standards for GHG quantification and reporting, for target-setting and claims.