

The Paris Agreement's Enhanced Transparency Framework

The critical role of non-Party stakeholder data
to effectively track progress

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Foreword



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We are now in the most critical decade for climate action. The IPCC Sixth Assessment Synthesis Report, released earlier this year, made clear that the window to keep global temperature rises to 1.5°C is rapidly closing.

We have less than seven years to cut global greenhouse gas (GHG) emissions in half, while also completely halting and reversing nature and biodiversity loss. In parallel, the first Global Stocktake (GST) – the mechanism under the UNFCCC to track progress and the most extensive assessment of global action on climate change – has clearly demonstrated that the world is not on track to achieving the goals of the Paris Agreement.

In this context, demonstrating climate action and commitment to achieving targets have become vital. The Paris Agreement sets out a cycle of ambition, with Parties communicating Nationally Determined Contributions (NDCs) at least every five years, demonstrating national-level climate action by submitting Biennial Transparency Reports (BTRs) every two years, and assessing collective progress in the GST every five years, which in turn informs the next round of NDCs. With the first GST concluding at COP28, the BTRs are now the next step on the journey towards increased transparency and ambition.

As well as demonstrating that the world is behind on climate action, the first GST has shown that non-Party stakeholders (NPS) play a central role in scaling up our efforts. The transparency of NPS climate action, including that of companies, financial institutions, cities, states and regions, is foundational in enhancing accountability, and vital both to track progress against targets and to provide information to decision-makers. In this, high-quality environmental disclosure is essential. The release of the UN High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities (UN HLEG)

Last year, CDP released our Government Dashboard as a free public good to support policymakers and financial market regulators to develop and implement evidence-based policy.

'Integrity Matters' report, and the subsequent UNFCCC Recognition and Accountability Framework, have drawn attention to the need to scale up these efforts, in which CDP plays a vital part. This will be further outlined in this paper.

The GST process has shown the momentum and willingness of NPS in working with Parties to participate in the UNFCCC processes and in helping to achieve the goals of the Paris Agreement. At CDP we have engaged with the process, proposing that to be effective, the GST should be purpose-driven, inclusive and evidence-based. The Enhanced Transparency Framework (ETF) process should build on the engagement of NPS to ensure that their actions are reflected in the achievement of NDCs. This in turn has the potential to catalyze wider change by providing evidence of action and allowing all actors to identify and respond to the gaps and challenges that remain.

The window to reaching 1.5°C is closing, but the way forward is through a collaborative, whole-of-society approach. With over 20 years of experience in environmental disclosure, and the largest repository of corporate environmental data, last year CDP released our Government Dashboard as a free public good to support policymakers and financial market regulators to develop and implement evidence-based policy. We welcome governments to join France, Singapore and Brazil, among others, in joining our Government Partnerships Program. CDP stands ready to support all actors in reaching a truly net-zero, nature positive, and resilient future, for people and planet.



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The Enhanced Transparency Framework: an overview

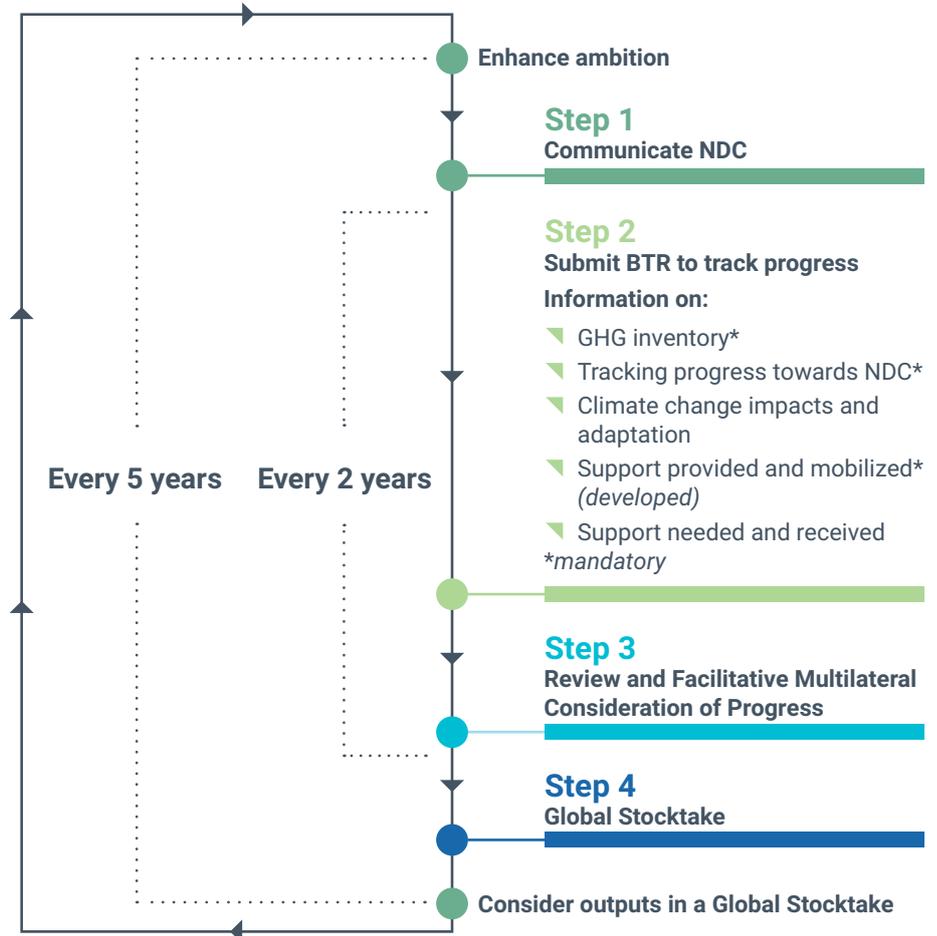


The ETF aims to build trust by making climate change-related reporting more transparent and comparable.

The Enhanced Transparency Framework (ETF) is a central component of the Paris Agreement that specifies how Parties to the Agreement – governments – should report their progress in mitigating and adapting to climate change.

It provides the process by which Parties gather relevant data, measure success, and keep track of progress towards meeting the goals of the Paris Agreement, Nationally Determined Contributions (NDCs) and domestic priorities, as well as the support provided and received by Parties. It aims to build trust by making climate change-related reporting more transparent and comparable. The ETF also contributes to the ‘ratchet mechanism’ of the Paris Agreement for countries to increase ambition, as information gathered through the ETF will feed into subsequent Global Stocktakes¹.

Figure 1: The transparency and accountability mechanisms of the Paris Agreement²



¹ UNFCCC, 'Reporting and Review under the Paris Agreement', *unfccc.int*, <<https://unfccc.int/process-and-meetings/transparency-and-reporting/reporting-and-review-under-the-paris-agreement>>, (accessed August 1, 2023).

² UNFCCC, *Reference Manual for the Enhanced Transparency Framework under the Paris Agreement*, 2022, p. 14.

The ETF builds upon and enhances existing reporting rules – the measurement, reporting and verification (MRV) requirements – and replaces various existing transparency frameworks. However, unlike the MRV arrangements under the United Nations Framework Convention on Climate Change (UNFCCC), which had different requirements for developed and developing country Parties, the ETF will set out a common set of guidelines for all Parties, with some inbuilt flexibility for developing country Parties that need it, considering their capacities. Under the ETF, Parties will report on their progress every two years in Biennial Transparency Reports (BTRs)³.

In their BTRs, the following requirements apply:

- ▼ All Parties shall provide information on GHG sources and sinks.
- ▼ All Parties shall provide information on NDC progress.
- ▼ All Parties should provide information on impacts and adaptation.
- ▼ Developed country Parties and other Parties that provide support shall provide information on finance, technology transfer and support provided.
- ▼ Developing country Parties should provide information on finance, technology transfer and support needed and received⁴.

The BTRs submitted by Parties to the UNFCCC undergo a technical expert review, and each Party participates in a facilitative, multilateral consideration of progress of its respective implementation and achievement of its NDC. The technical expert review will consider the implementation and achievement of Parties' NDCs, identify areas of improvement, and include a review of the consistency of the information with the modalities, procedures and guidelines⁵.

³ UNFCCC, *Reference Manual for the Enhanced Transparency Framework under the Paris Agreement*, 2022, p. 6-8.

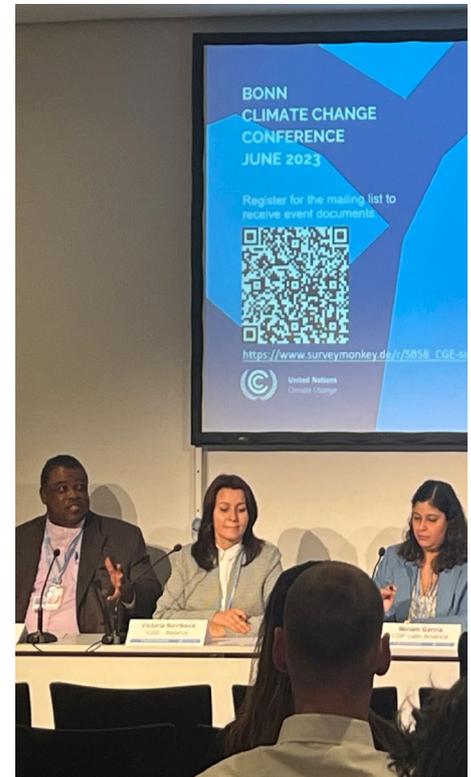
⁴ *Ibid.*, p.33.

⁵ *Ibid.*, p.15.

The critical importance of non-Party stakeholder data and evidence

The UNFCCC process recognizes the importance of non-Party stakeholders (NPS), including companies, financial institutions, cities, states and regions, by appointing High-Level Champions⁶, establishing the Marrakech Partnership for Global Climate Action⁷ and including NPS in the Global Stocktake to assess collective progress. Only with the participation of all actors across society will reaching the goals of the Paris Agreement be possible.

In our policy brief, 'The Paris Agreement's Global Stocktake: Integrating Non-Party Stakeholders into an Inclusive Stocktake', CDP introduced the rationale for including NPS data in BTRs. Including NPS in the transparency provisions of the Paris Agreement is important, both to ensure the provision of accurate information that can guide decision-making, for example, in implementing decarbonization policies in line with NDCs; and to accurately track progress towards achieving NDCs. In addition, the inclusion of NPS data under the ETF has the potential to further enable a closer link between Parties and NPS, and greater sharing of comparable, consistent, and credible information between all actors. This catalyzes wider change by providing evidence to governments that NPS are undertaking climate action, so that Parties can account for this in policymaking, as well as enabling NPS to help deliver national commitments, and allowing all actors to identify and respond to the gaps and challenges that remain⁸. Using NPS data in BTRs should be complemented by robust stakeholder engagement with these NPS when updating NDCs and long-term strategies.



- 6 The High-Level Champions were established at COP21, to connect the work of companies, financial institutions, cities, states and regions to the UNFCCC process and the commitments of governments and drive increased ambition and action. CDP works with the High-Level Champions team, including by providing data to the [Race to Zero Data Explorer](#).
- 7 The Marrakech Partnership for Global Climate Action was first published at COP22 by the High-Level Champions and has grown to include several campaigns, pathways and agendas to strengthen collaboration and ensure non-Party stakeholders act to meet the goals of the Paris Agreement.
- 8 P. Bertazzi, I. Stevens, C. Everett, A. Sokolowski, *The Paris Agreement's Global Stocktake: Integrating Non-Party Stakeholders into an Inclusive Stocktake*, CDP, London, 2022, p.8.

#Together4Transparency

The [#Together4Transparency](#) initiative was launched by the UNFCCC at COP27, aiming to bring together Parties, the business community, subnational actors, non-governmental organizations and other stakeholders to promote the benefits of transparency in climate data and information. The initiative recognizes that the transparency of NPS, especially companies, is important to ensure the private sector can reduce emissions, identify risks, align financial flows and track progress against targets, to reach the goals of the Paris Agreement and support Parties in implementing the ETF.

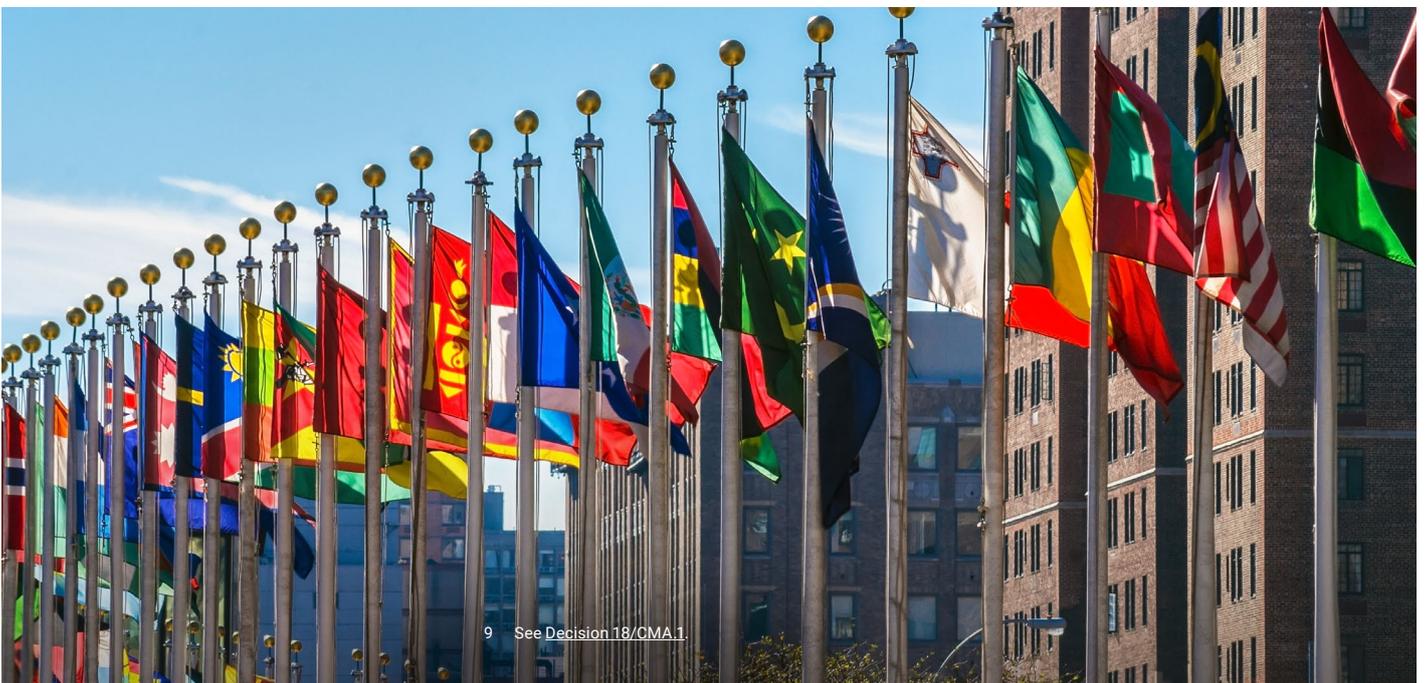
CDP has supported [#Together4Transparency](#) by organizing events at COP27 in 2022 and the Bonn Intersessionals (SB58) in 2023 to highlight the importance of NPS data and its uses, including a workshop for Parties titled 'Supporting National Reporting under the Paris Agreement with Non-Party Environmental Disclosure'.

Including non-Party stakeholder data in Biennial Transparency Reports

Given the significance of NPS information to achieving the goals of the Paris Agreement, it is important Parties take this information into account when reporting on the climate actions undertaken in their countries.

The information required to include in BTRs is provided in Decision 18/CMA.1. Based on this, information on NPS climate action can be most clearly included in the following chapters of BTRs:

- ▼ Chapter II. National inventory report of anthropogenic emissions by sources and removals by sinks of GHG.
- ▼ Chapter III. Information necessary to track progress made in implementing and achieving NDCs under Article 4 of the Paris Agreement.
- ▼ Chapter IV. Information related to climate change impacts and adaptation under Article 7 of the Paris Agreement.
- ▼ Chapter V. Information on financial, technology development and transfer and capacity-building support provided and mobilized under Articles 9-11 of the Paris Agreement⁹.



⁹ See Decision 18/CMA.1.



In 2023,

23,000+

companies worth

66%

of global market
capitalization, and over

1,100

cities around the
world, disclosed
environmental data
through CDP.

CDP disclosure and data

CDP has the most comprehensive collection of self-reported environmental data by NPS in the world. In 2023, more than 23,000 companies worth 66% of global market capitalization, and over 1,100 cities around the world disclosed environmental data through CDP.

CDP has several questionnaires for companies, financial institutions, cities, states and regions to report their climate and environmental information. CDP's climate change questionnaire collects climate-related data from the world's largest companies on behalf of over 680 institutional investor signatories with a combined US\$130 trillion in assets and 280+ major purchasers with over US\$6.4 trillion in procurement spend. Since its launch in 2002, the questionnaire has helped thousands of companies to measure their impacts, set ambitious targets and demonstrate progress for key stakeholders. The questionnaire is fully aligned with the Taskforce on Climate-Related Financial Disclosures (TCFD), and from 2024, CDP will align with the International Financial Reporting Standard S2 Climate-related Disclosures (IFRS S2). Furthermore, CDP has announced the intention to align with the framework released by the Taskforce on Nature-related Financial Disclosures (TNFD). The [CDP-ICLEI Track](#) is the world's leading climate reporting platform and progress accountability mechanism for cities. It provides an avenue for measuring and tracking risks, hazards, emissions, sector data, and finance. Reporting helps a city, state or region demonstrate how it is acting on climate change and provides insights.

CDP's disclosure system offers organization-specific, comparable data that can be easily accessed, tracked and monitored over time. CDP's data and insights are a unique source of information that can both inform the design and evaluation of evidence-based policies as well as be used to track progress against national and international goals and commitments.



In 2022,

13,000+

**companies disclosed
Scope 1 GHG
emissions, a 36%
increase from 2021.**

Greenhouse gas emissions reporting

Greenhouse gas (GHG) emissions data forms the bedrock of reporting on climate change, with all Parties required to report a national inventory of GHG emissions and provide information on GHG emissions to track progress in achieving NDCs. Through CDP's questionnaire, companies report their Scope 1, 2 and 3 emissions, with Scope 1 emissions broken down into the seven gases required by the IPCC¹⁰. In 2022 more than 13,000 companies disclosed their Scope 1 GHG emissions, a 36% increase from 2021. 29% of the companies that disclosed break down their Scope 1 emissions by GHG type, and about the same proportion (28.5%) have a third-party verification or assurance system for emissions in place. CDP has established partnerships with several governments to provide this data, enabling governments to have a clear overview of private sector emissions.

Case Study: Brazil's greenhouse gas emissions inventory

Since Brazil joined the UNFCCC, the coordination of national communications has been under the responsibility of the Ministry of Science, Technology, and Innovation (MCTI). The most recent communication submitted to the UNFCCC in 2020 counted on the direct involvement of over 400 experts from around 100 institutions. The contents underwent public consultations, and the final report was validated by an Interministerial Committee.



MCTI has also developed and maintains the National Emissions Record System (SIRENE) with the purpose of integrating a transparency system for climate action in Brazil. The platform is the official instrument for making GHG emissions publicly available, such as all the results of the national inventories of emissions and removals and inventories disaggregated by states.

Launched at COP27, the SIRENE Organizational module - focused on the private sector - will allow companies to voluntarily report their GHG emissions. The organizational module uses public data disclosed to CDP on emissions by national and international companies with operations in the territory of Brazil. CDP's partnership with MCTI aims to enhance the integration of NPS data into public policies thus fostering a virtuous cycle of transparency in climate action.

¹⁰ Each Party is required to report seven gases, CO₂, methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).



Thailand's NDC contains a commitment to reduce GHG emissions by

30%

compared to the projected business-as-usual level by 2030.

Information to track progress made in achieving NDCs

Non-state actors play a significant role in implementing NDCs and achieving the goals of the Paris Agreement. In addition to GHG emissions, CDP's questionnaire collects information on companies' emissions reduction targets, progress against these targets, and companies with transition plans in their business strategy that align with 1.5°C. Through the CDP-ICLEI Track and CDP's states and regions questionnaire, cities, states and regions submit their mitigation targets, plans and actions. Targets, plans and actions are a critical aspect of BTRs, and in 2022, 51% of cities disclosed that they had a climate action plan that addresses climate mitigation. The inclusion of this information allows governments to plan according to, and to report on, economy-wide activities being undertaken, with the overall aims of achieving NDCs and the temperature goal of the Paris Agreement.

Case Study: Emissions reductions in Thailand

Thailand's NDC contains a commitment to reduce GHG emissions by 30% compared to the projected business-as-usual level by 2030, as well as a long-term goal to reach carbon neutrality by 2050 and net-zero GHG emissions by 2065.

In 2022, 57 companies in Thailand reported implementing 127 emissions reduction initiatives in their disclosure to CDP. These are initiatives undertaken by companies that are committing to reduce emissions beyond a business-as-usual scenario and beyond standard maintenance or replacement activities. Together these initiatives led to a total reduction of 26.2 million tonnes of CO₂ equivalent.

In addition, 332 companies globally disclosed that they generated emissions in Thailand and were setting emissions reduction targets. These companies disclosed on the progress of 451 emissions targets. Of these, 243 targets are on track for completion, and 175 are off track to be completed in the timeline they specified. 33 targets were either new, or insufficient information was provided to assess their progress. Furthermore, 27% of companies reported that their strategy includes a 1.5°C-aligned transition plan.





In 2022,

22%

of companies reported that they have a transition plan that aligns with a 1.5°C world, and of these companies, almost half (4,000 companies) use scenario analysis to inform their strategy.

Information on adaptation

In Article 7 of the Paris Agreement, Parties established the Global Goal on Adaptation, of “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring an adequate adaptation response¹¹”. In reporting under the ETF, Parties should report on information related to Article 7, including stakeholder involvement in adaptation, which also entails “subnational, community-level and private sector plans, priorities, actions and programmes¹².”

NPS adaptation action starts with identifying the physical risks presented by climate change, their potential impacts, how risks are managed, implementing a strategy and examining its resilience against potential future scenarios¹³. CDP’s questionnaire is fully aligned with the TCFD recommendations, and from 2024, CDP will incorporate IFRS S2 into its disclosure system¹⁴. Furthermore, CDP has announced the intention to align with the framework released by the TNFD. CDP holds a wealth of data that can be used with regard to private sector adaptation, including the physical risks identified by companies, how their strategy and business planning has been informed by this, and the scenario analysis that companies have undertaken, although more data is needed on the impact of companies’ actions on their capacity and need to adapt. In 2022, 22% of companies reported that they have a transition plan that aligns with a 1.5°C world, and of these companies, almost half (4,000 companies) use scenario analysis to inform their strategy. In addition, CDP-ICLEI Track collects TCFD-aligned information from cities on climate risk and vulnerability assessments, adaptation goals, planning and adaptation actions. 643 cities set adaptation goals in 2022, with 43% of these having implemented actions on adaptation.

¹¹ See [Paris Agreement, Article 7](#).

¹² See [Decision 18/CMA.1](#).

¹³ United Nations Global Compact, ‘Climate adaptation’, <https://unglobalcompact.org/take-action/action/commit-to-responsible-corporate-adaptation#:~:text=As%20companies%20engage%20in%20adaptation,for%20companies%20to%20access%20capital->>, (accessed August 1, 2023); T.W. Dale, J. Gao, V.K. Avashia, S. Konrad, and A. Garg, *Private sector adaptation reporting as a source of input to the Global Stocktake*, UNEP DTU Partnership and Indian Institute of Management Ahmedabad, 2021, p. 20-21.

¹⁴ CDP, ‘CDP to incorporate ISSB climate-related disclosure standard into global environmental disclosure platform’, [cdp.net, 2022, <https://www.cdp.net/en/articles/companies/cdp-to-incorporate-issb-climate-related-disclosure-standard>](https://www.cdp.net/en/articles/companies/cdp-to-incorporate-issb-climate-related-disclosure-standard), (accessed July 27, 2023).

643 

cities set adaptation goals in 2022, with 43% of these having implemented actions on adaptation.

Case Study: Private sector adaptation in Belgium

In 2022, 71 companies in Belgium (70% of respondents) identified climate-related risks that have the potential to have a substantive financial or strategic impact on their business.



52 companies reported on the area of their business where their strategies have been influenced by risks and opportunities. 49 companies identified that these risks and opportunities influenced their operations and their products and services; 45 companies identified that their supply and/or value chain has been influenced, and 43 companies identified that their investment in research and development has been impacted. Seven companies reported they had not evaluated whether their strategy has been influenced by climate risks in at least one of these business areas.

42 companies (40% of respondents) reported that their strategy includes a 1.5°C-aligned transition plan, and of these, 29 companies reported using scenario analysis to inform their strategy. All of the above represent ways of companies adapting to changes associated with climate change.

In BTRs, developed country Parties are required to report on “efforts to encourage private sector activities related to technology development and transfer and how such efforts support developing country Parties”.

Information on technology development

Under Article 10 of the Paris Agreement, Parties recognize the important role of technology development and transfer to realize the goals of the agreement¹⁵. In BTRs, developed country Parties are required to report on “efforts to encourage private sector activities related to technology development and transfer and how such efforts support developing country Parties¹⁶”. CDP’s questionnaire can support this reporting through the collection of information on companies partnering with governments on technology development to drive investment in emissions reduction activities, companies using low carbon technology and companies with a dedicated budget for low-carbon product research and development investment, to drive investment in emission reduction activities. In 2022, around 10% of companies with an active emissions reduction initiative disclosing to CDP had set up a dedicated budget for low-carbon product research and development. This data could also be used to incentivize companies to go further by aligning their investments nationally or sectorally, or by providing proof of scaling such efforts where technology exists. This is the case for technology development as well as technology provision and needs.

Developing country Parties are encouraged to report on the technology transfer required by them. CDP can also support this identification through the data collected on technology risks that companies identify, including those that have the potential to have a financial or strategic impact, and the cost of response to technology risks.

¹⁵ See [Paris Agreement, Article 10](#).

¹⁶ See [Decision 18/CMA.1](#).

Tools supporting NPS data collection for BTRs

With the release of the UNFCCC Recognition and Accountability Framework, the topic of NPS transparency and data has gained greater prominence. CDP, through its disclosure platform, plays a critical role of enhancing transparency.

To help achieve this, since 2014, CDP has been providing data to the [UNFCCC Global Climate Action Portal](#), which provides an overview of NPS commitments and progress, and with which the Net Zero Data Public Utility (NZDPU) is ultimately intended to be integrated. To further enable governments to access all the information needed to include NPS data in BTRs, CDP has further developed several tools designed specifically for use by national governments.

CDP Government Partnerships program

CDP's [Government Partnerships program](#) enables governments to collaborate with CDP to actively drive the availability and quality of climate and environmental data in their jurisdiction. Governments can partner with CDP through government collaboration, government endorsement or bespoke projects. **Government collaborations** allow access to CDP insights from the environmental information disclosed by companies, cities, states and regions that would enable this information to be included in a government BTR. **Government endorsements** aim to go a step further, to increase the availability of environmental data and promote accountability to enable the achievement of NDCs and Paris Agreement goals through a formal agreement of support by governmental bodies and agencies for CDP's disclosure invitation. Benefits of this include promoting industrial-scale transparency with regular insights into disclosure status and resulting data. There is also capacity building and support provided in delivering high ambition initiatives to promote NPS climate action, which has previously included elements such as support for TCFD-aligned reporting by companies in Thailand and the use and interpretation of CDP data by policymakers. **Bespoke projects** are co-designed with governments to fit diverse local contexts, aiming to produce insights, tools and tailored information.

NDC Partnership – Climate Toolbox

With over 200 members, the NDC Partnership brings together Parties and institutions to support governments in creating and implementing ambitious NDCs, offering expertise, capacity building, collaboration and funding. CDP’s tools, including CDP-ICLEI Track, Government Dashboard and Government Partnerships program can be found in the NDC Partnership’s Climate Toolbox, a searchable database bringing together a variety of instruments to help Parties develop and implement their NDCs.

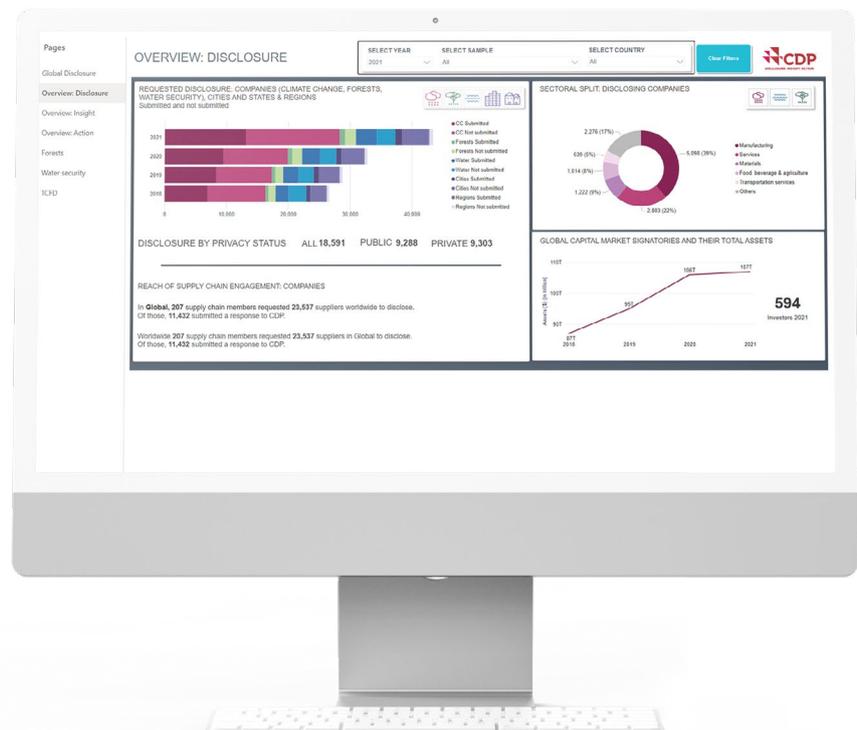
An example of this is our project with Singapore, through which CDP supports the Monetary Authority of Singapore with capacity building, sharing insights on best practices in environmental disclosure, and the provision of data for their ESG Disclosure Platform.

CDP Government Dashboard

In 2022, CDP launched the [CDP Government Dashboard](#), our first online analytics tool for policymakers, to empower national governments and regulators with the data and insights they need to make effective policy decisions on climate and nature - and accelerate action to limit warming to 1.5°C. The dashboard is part of CDP’s Government Partnerships program and enables our partners to explore critical data on corporate and subnational action at a national level.

Data available in the Government Dashboard is broken down by jurisdiction and includes overall emissions data, the number of companies, cities, states and regions disclosing, the number of companies with targets, transition plans, and using scenario analysis, and the number of cities with targets, mitigation and adaptation plans.

Figure 2: The CDP Government Dashboard and Government Partnerships Program



CDP Cities, States and Regions Open Data Portal

For dedicated subnational data, governments can visit the [CDP Cities, States and Regions Open Data Portal](#). The portal is one of the largest sources of self-reported environmental and climate performance data from cities, states and regions worldwide. Datasets containing publicly reported data from 2011 onwards are available to access and download for free. The portal contains data reported by cities through CDP-ICLEI Track and by states and regions, broken down by several topics, including emissions reduction targets and actions, adaptation goals and plans and stakeholder collaboration.

Next Steps

The actions of NPS, including companies, cities, states and regions are vital in reaching the goals of the Paris Agreement. Including this data in the transparency provisions of the Paris Agreement is therefore crucial to enable an accurate assessment of progress and to help drive further accountability and action. Information on GHG emissions, private sector and subnational mitigation and adaptation, and technology development can all be included in BTRs.

CDP has the Government Partnership program, Government Dashboard and Open Data Portal to aid Parties in accessing this data to be able to report on activities being undertaken by NPS to reach the goals of the Paris Agreement. We stand ready to support Parties in enhancing the transparency of climate action. To begin this journey, get in touch with CDP at governmentpartnerships@cdp.net.

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