BRICS Climate Leadership Agenda

BRICS Principles for Fair, Inclusive and Transparent Carbon Accounting in Product and Facility Footprints

Reaffirming article 3.5 of the UNFCCC, according to which countries should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all countries, particularly developing countries, thus enabling them better to address the problems of climate change, and that measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade;

Recalling the first preamble paragraph of the Marrakesh Agreement establishing the WTO and that relations in the field of trade and economic endeavor should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with Members´ respective needs and concerns at different levels of economic development;

Reaffirming that environmental standards, management objectives and priorities should reflect the environmental and developmental context to which they apply; and that unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided;

Heeding the call of BRICS Leaders in paragraph 70 of the XV BRICS Summit for the adoption of "common, effective, clear, fair and transparent standards and rules for assessment of emissions, elaboration of compatible taxonomies of sustainable projects as well as accounting of carbon units";

Recalling that policies and measures to protect the climate system against human-induced change should be appropriate for the specific conditions of each Party and should be integrated with national development programmes and in line with different national circumstances;

Reaffirming the principles and provisions of the UNFCCC, in particular its Article 3.1 on the principles of equity and common but differentiated responsibilities and respective capabilities and its Article 3.5, which stipulates that measures taken to tackle climate change must not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade and must not create unnecessary obstacles to international trade, and considering that such measures include trade measures adopted under stated climate objectives;

Acknowledging the concerns of BRICS members regarding carbon border adjustment mechanisms and other unilateral trade and investment measures with stated climate goals, which are potentially inconsistent with the principles and institutional arrangements of both climate and trade multilateral regimes, and could have spillover consequences such as disrupting global supply and production chains, distorting competition, increasing the costs of global climate action and placing unfair burdens on developing countries;

Stressing the determination of BRICS members to address such measures in a cooperative and constructive manner, in accordance with the goals, principles and provisions of the UNFCCC and its Paris Agreement, as well as other relevant multilateral instruments;

Recognizing the ongoing development of diverse frameworks employing carbon accounting, including cooperative approaches under Article 6 of the Paris Agreement, and affirming the need for coherence;

Bearing in mind the provisions of the Memorandum of Understanding on the BRICS Carbon Markets Partnership and its value for promoting cooperation in areas related to carbon accounting, with a specific focus on capacity-building and exchange of experiences;

The BRICS Contact Group on Climate Change and Sustainable Development has identified the following voluntary, non-binding, non-prejudicial and non-exhaustive principles to guide the design of carbon accounting-based systems, standards and methodologies. These principles are voluntary in nature and oriented toward product and facility-level carbon accounting, in line with the UNFCCC and its Paris Agreement.

1. Fairness

Fairness is the fundamental principle upon which all others rest. Fairness demands that carbon accounting standards put on an equal footing multiple pathways to low emissions production, taking into account the UNFCCC and its Paris Agreement. Climate integrity and science should be the primary compass to inform unbiased, context-aware requirements aimed at encouraging low-emissions transitions in the most equitable and efficient manner for each setting. Carbon accounting should be set to compare producers to peers operating under similar conditions. Performance benchmarks and baselines, for instance, should be tiered to reflect what is achievable by a producer in a given sector and geographical region, whereas default values should be based on adequate proxies, and not on global worse-case assumptions. Technological neutrality is intrinsic to fairness: standards or system boundaries should not be used as a means to curb technological pathways for climate mitigation and should be devised to incorporate different realities and disparities in technological availability and accessibility, taking into account, for instance, the availability of a clean energy mix. In many instances, increasing the granularity of the pathways is essential to ensure that default values accurately and fairly reflect the various pathways to a low-carbon emissions economy, taking into account national circumstances, needs and priorities.

2. Inclusivity

Carbon accounting standards and systems should be designed so that all producers can participate on a level playing field and free from undue cost and complexity. This calls for careful consideration of infrastructure, economic, technology, capacity and data gaps faced by developing countries and small and medium-sized enterprises (SMEs). Difficulties might also arise in countries with economies in transition. Measurement, reporting and verification (MRV) should be kept accessible and affordable, consistent with the sovereign prerogatives of countries: streamlined options, supplemented by fair proxy values and reasonable tolerance ranges, should be offered to those who lack resources for granular and comprehensive data gathering. Similarly, low-cost verification and certification approaches, such as open digital tools, should be made available whenever possible. Systems should be mindful of how they intersect. Coherence and interoperability are essential to prevent market fragmentation and ensure inclusive participation, recognizing that multiple, incompatible methodologies and requirements could exclude producers unable to undertake resource-intensive reconfigurations of their MRV routines for each new trade partner.

3. Transparency

Transparency ensures that carbon accounting metrics uphold climate integrity, reflect the best available science and are applied equitably. A transparent standard or system should open its methodological criteria to scrutiny and provide sound proof of their pertinence, fairness and climate effectiveness. Procedural assumptions should be presented upfront and credibly justified. To the extent possible and taking into account varying national circumstances, relevant methodological information should be made accessible, enabling auditing of reported emissions where appropriate and based on applicable processes. Internal consistency should be maintained: metrics and requirements should be applied coherently to similar situations, while allowing for proportionality and flexibility to reflect differences in circumstances, pathways and approaches. Transparency also requires systems to remain dynamic, updating to reflect stakeholder review and advancements in climate science, data methodologies and industry best practices.

4. Equity

While fairness seeks unbiased and context-sensitive comparisons among similar conditions, equity emphasizes the need for recognition of varying national circumstances, capabilities and responsibilities. Carbon accounting standards should align with existing arrangements of respective national frameworks on carbon accounting and with international frameworks such as transparency arrangements under UNFCCC and IPCC guidelines, as appropriate, while enabling sustained carbon intensity reductions across multiple national and regional contexts, reflecting the principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC). To accomplish that, developing country producers should not be penalized for structural constraints and resource gaps by being excluded from trade and losing access to revenue streams needed to advance towards low-emissions production. Lower historical emissions, a clean energy mix, removals by sinks of greenhouse gases and limited economic capacities should be positively recognized, taking into account the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC). Depending on the specific circumstances, that may take the form of flexibility provisions, such as grace periods, phased implementation schedules, transitional or permanent allowances, broader tolerance ranges and simplified reporting and verification schemes. Tiered scoring should also be considered as a design element of carbon intensity benchmarks, to reward the greater economic effort required of developing countries to achieve low-carbon footprints. Moreover, carbon accounting standards wherever feasible should incorporate sustainability criteria to reflect additional social, environmental or economic benefits that a product yields to local communities, aiming for a holistic and equitable approach to climate change mitigation and sustainable development.

5. Collaboration

Dialogue and collaboration, particularly based on multistakeholder partnerships, are critical for achieving fair, inclusive and transparent carbon accounting. Applying these principles in practice depends on wide and effective engagement: receiving and integrating inputs from stakeholders without bias. International organizations dealing with carbon accounting standards and methodologies should also include adequate representation of diverse national circumstances and interests. Measures related to carbon accounting should be deployed within a robust framework of international cooperation, based on the provision of finance, technology and capacity building, to prevent market fragmentation and structural disparities from becoming de-facto barriers to trade and to sustainable development. Support and capacity-building are critical to equip companies and entities within BRICS members, where appropriate, for carbon accounting. To ensure the dissemination of best practices across sectors, engagement on funding or co-delivering capacity building programs, particularly for SMEs and suppliers within their value chains, is strongly encouraged. Cooperation may also include the establishment of arrangements providing for the mutual recognition of MRV routines, as appropriate. The effectiveness of carbon accounting in addressing climate change hinges on the ability of all producers—not just a subset of producers in certain countries—to transition through low-carbon pathways in production through participation in interoperable systems generating comparable outcomes. Otherwise, the outcome might be fragmented supply chains and a lopsided, unjust transition that will not deliver on the goals of the UNFCCC and its Paris Agreement. Lastly, this approach should recognize the importance of collaboration and responsibility-sharing between those who produce and those who consume, ensuring that producers alone are not disproportionately burdened while overlooking consumption patterns and choices that drive demand.

In keeping with the aim of fostering dialogue and cooperation, the BRICS Contact Group on Climate Change and Sustainable Development presents these principles as a contribution to a meaningful international debate on promoting cooperation on carbon accounting. The BRICS Contact Group underscores the value of identifying knowledge gaps that could be addressed, such as the contextualization of these principles within specific sectors and for all greenhouse gases and their potential for supporting policy frameworks involving carbon accounting, including through further discussion and partnerships with universities and international think tanks, as appropriate, to promote capacity building and technical exchanges.