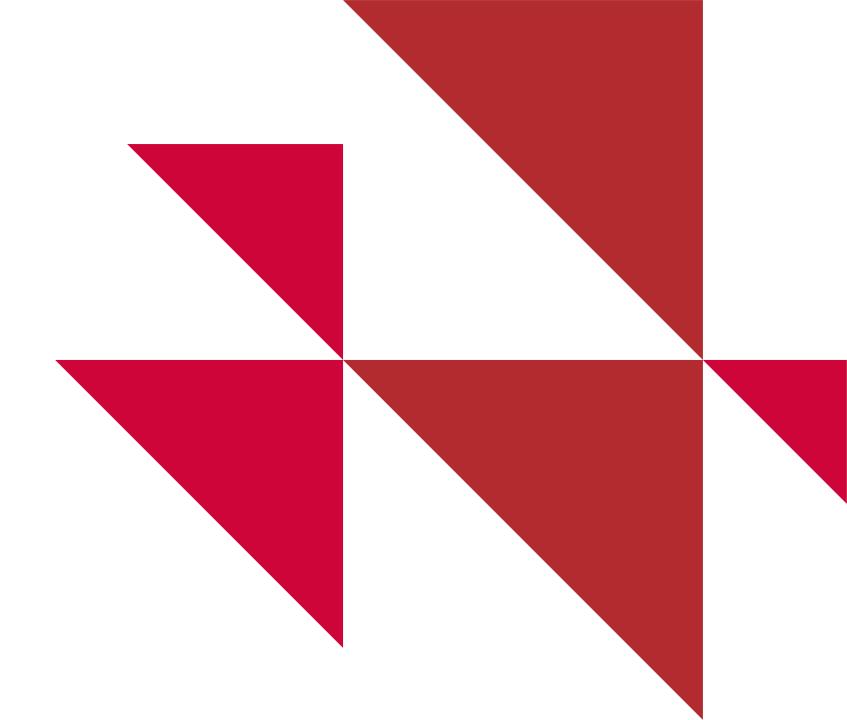
# Paul Simpson CEO

Forum on Decarbonising the **Economy** 

Wednesday 28th November







## **IPCC SPECIAL REPORT ON 1.5°C**

## DISCLOSURE INSIGHT ACTION

#### Key takeaways

Takeaway 1: Half a degree of warming makes a big difference

Selected impacts	1.5°C	2.0°C	2°C impacts
Global population exposed to severe heat at least once very 5 years	14%	37%	<u>2.6x</u> worse
Number of ice-free artic summers	At least one every 100 years	At least one every 10 years	10x worse
Reduction in maize harvest in tropics	3%	7%	<u>2.3x</u> worse
Further decline in coral reefs	70-90%	99%	Up to <u>29%</u> worse
Decline in marine fisheries	1.5 M tonnes	3 M tonnes	2x worse

Source: Levin, K. (2018, Oct 7). 8 Things You Need to Know About the IPCC 1.5°C Report. Retrieved from <a href="https://www.wri.org/blog/2018/10/8-things-you-need-know-about-ipcc-15-c-report">https://www.wri.org/blog/2018/10/8-things-you-need-know-about-ipcc-15-c-report</a>

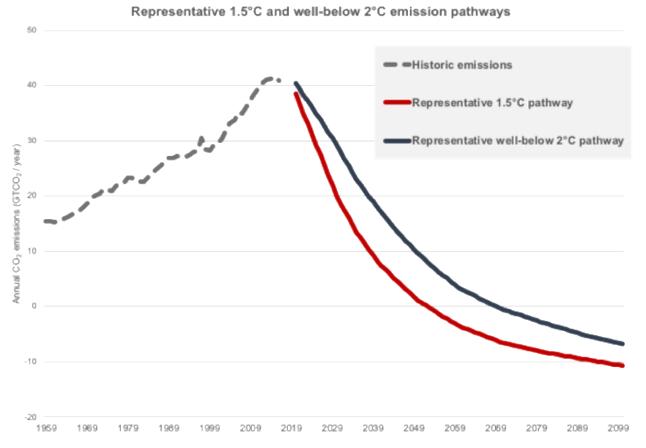
#### **IPCC SPECIAL REPORT ON 1.5°C**

Key takeaways



**Takeaway 2:** We need to transition towards a <u>net-zero</u> economy in the next 3 to 5 decades to keep warming below 1.5°C and well-below 2°C, respectively:

- Net-zero operations;
- Net-zero supply chains;
- Net-zero products & services;
- Net-zero investments;



Sources: based on data from IAMC 1.5°C Scenario Explorer and Data hosted by IIASA and Global Carbon Project. (2017). Supplemental data of Global Carbon Budget 2017 (Version 1.0



## **OUR VISION & MISSION**

We want to see a thriving economy that works for people and planet in the long term.



We focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring and understanding their environmental impact.



#### **HOW WE WORK**



#### In 2018:



650+ investors with US\$87 trillion in assets



110+ supply chain members with over US\$3 trillion in purchasing power



7,000+ companies responded through CDP



620+ cities disclosed environmental information

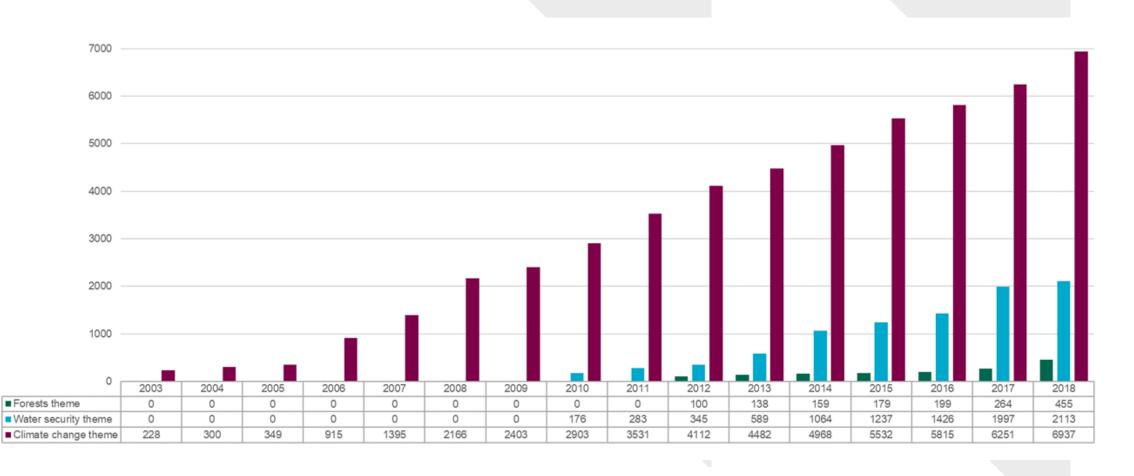


**120+** states and regions measured their environmental impacts

## WHO DISCLOSES TO CDP

#### In 2018:





#### **CDP IN 2018 AND BEYOND**





Moving to sector-based disclosure;



Requesting more forward-looking metrics to assess how companies are planning for the transition to a sustainable economy;



Integrating the Task Force on Climate-related Financial Disclosure recommendations into the disclosure platform;



Greater alignment across climate change, water security and deforestation;



A new robust reporting platform for companies and cities disclosure.







## **TCFD**



Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate- related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

## Gathering momentum of the TCFD recommendations

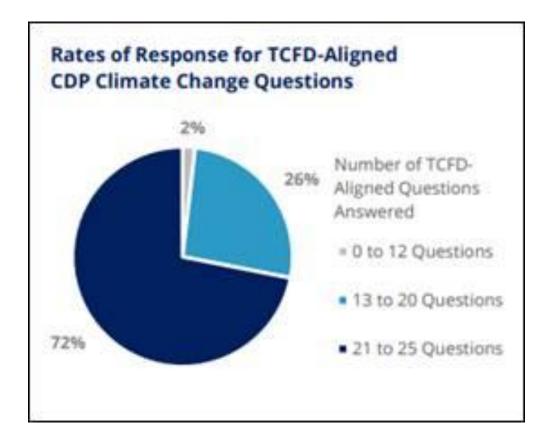


- ▼100+ CEOs publicly supported the TCFD recommendations on launch
- ▼500+ global companies have now supported the TCFD's recommendations
- ■20 companies have committed to implementing the TCFD's recommendations in the next three years through CDSB's commitment; and
- 130 investors (with over \$13 Trillion AUM) have written to the G20 to encourage the group to consider the TCFD's recommendations as input to their national disclosure rules.

#### **TCFD**



■ The report makes special mention of CDP's climate change questionnaire alignment with TCFD noting that over 70% of responding companies answered 21 or more of the 25 TCFD aligned questions



#### CDP AND TCFD



## 2017/18

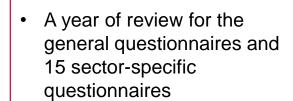


## 2018/19



## 2019/20

- 15 of 22 TCFD Sectors with sector-specific questionnaires
- Updated core questionnaires to align with TCFD (Climate Change, Water, Forests)
- Aligning the structure of CDP questionnaires with the four TCFD themes
- Two technical notes on TCFD and scenario analysis



- 22 of 22 TCFD Sectors with sector-specific questionnaires
   Release of final three nonfinancial sector-specific
  - The four Financial Sectors receiving sector-specific questionnaires

questionnaires

- Over 3000 companies are already working on their TCFD aligned
  - disclosures through CDP, with more to come as we peak to submission at

## **EU Corporate Reporting Review**





- Launch 29 November in Brussels
- ▼ CDSB-CDP report assembles evidence of reporting practices on environmental matters in the first year of reporting under the EU Non-Financial Reporting Directive
- Reviews opportunities for incorporating the TCFD recommendations into the Directive and its non-binding guidelines
- Some companies have taken first steps to implement the TCFD
- Mandatory disclosure enhances the uptake and quality of disclosures





### THE SCIENCE BASED TARGETS INITIATIVE









Companies have formally joined the SBTi

Call to Action of which 64Japanese







151

Companies have approved targets of

which 32 Japanese companies





#### SCIENCE BASED TARGETS INITIATIVE

## CDP DISCLOSURE INSIGHT ACTION

#### Overview

Some of he world's highest-emitting companies are taking steps to drastically reduce their emissions and transform their businesses by setting science-based targets. They include:

- Cement: Some of the world's largest cement companies a sector responsible for 6% of global CO2 emissions including include Irish cement manufacturer CRH and India's Dalmia Cement and Ambuja Cement
- Transport: Major automotive companies including Daimler, Honda, Nissan, PSA Peugeot Citroen, Renault, Toyota and Yamaha, the road transport sector accounting for 17% of global CO2 emissions

#### SCIENCE BASED TARGETS INITIATIVE

## DISCLOSURE INSIGHT ACTION

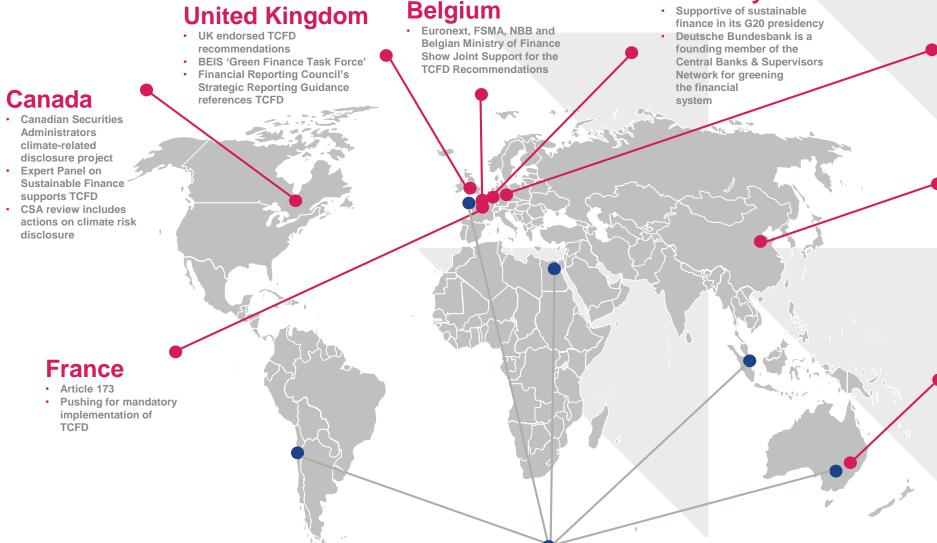
#### Overview

- Chemicals: Some of the largest chemicals companies including AkzoNobel (Netherlands) and Japanese chemicals companies Sekisui Chemical, Sumitomo Chemical and Zeon Corporation. The chemicals sector is responsible for an eighth of global industrial CO2 emissions
- Power generation: Major electric utilities including Enel, NRG Energy, EDP -Energias de Portugal and SSE. The electric utilities industry is responsible for a quarter of global emissions
- ▼Food and agriculture: Several of the world's largest food companies including Kellogg, Danone, Diageo, Nestle, McDonald's and Mars



## REGULATORY CHANGES AND DISCLOSURE INITIATIVES Germany





## **European** Union

- EU High Level Expert Group (HLEG) on Sustainable Finance
- EU Non-Financial Reporting Directive Review

#### China

- CSRC & People's Bank of China released climate disclosure roadmap to 2020
- CSRC piloting TCFD recommendations
- Government announced mandatory ESG disclosure policy

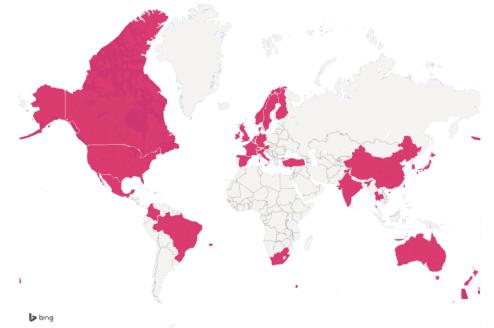
#### **Australia**

- Australia Prudential Regulatory Authority called for TCFD implementation
- Council of Financial
   Regulators set up a Climate
   Change Working Group
- Australian Senate Economics Committee recommended adoption of TCFD

#### ~500 CDSB FRAMEWORK USERS



- 32 countries worldwide
- **▼US\$ 4.2 trillion market capitalisation**
- 10 sectors





### **G20**



- To ensure a sustainable financial system that maximises the opportunities from zero-carbon markets and adequately addresses climate risk in investment decisions, our request to the G20 leaders is to:
  - Publicly support the implementation of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations through regulation
  - Set strong carbon pricing signals consistent with the Carbon Pricing Leadership Coalition's High Level Commission on Carbon Prices, and the 2018 Carbon Pricing Corridors analysis
  - Phase out fossil fuel subsidies as soon as possible

### **G20**



Business is looking to G20 countries to step up their climate ambition, by putting in place long-term strategies for their transition to a zero-carbon future and strengthening policy targets and measures in their 2020 NDC communications. Bold targets and clear timelines from governments give businesses the clarity and confidence they need to put forward even more ambitious commitments of their own, which in turn will help governments to further strengthen and enhance national climate policies.

## Companies taking ambitious action

#### WE MEAN BUSINESS

economic opportunity through bold climate action

1,353 Commitments to bold action

830 Companies leading the way

\$16.9 Trillion market cap



Adopt a science-based emissions reduction target



Grow the market for the world's most sustainable fuels



Put a price on carbon



Commit to 100% renewable power



Reduce short-lived climate pollutant emissions



Remove commodity-driven deforestation from all supply chains by 2020



Commit to double energy productivity



Commit to responsible corporate engagement in climate policy



Improve water security



Commit to electric vehicles and charging infrastructure



Commit to implement the recommendation of the Task Force on Climate-related Financial Disclosures

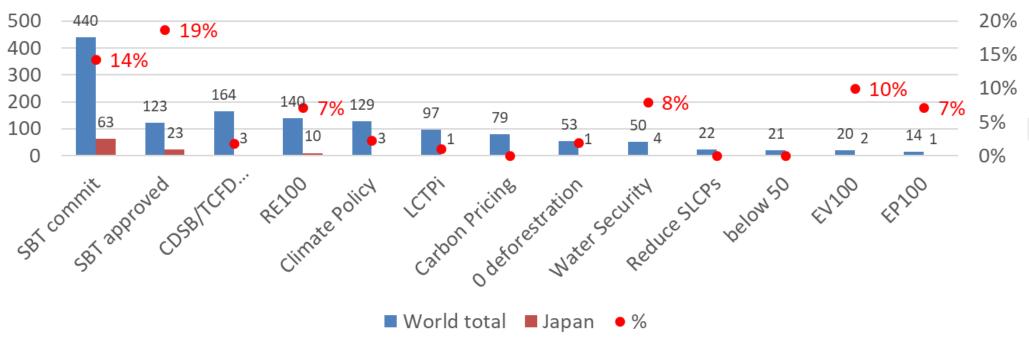


Join the low carbon technology partnerships initiative

#### JAPANESE COMPANIES IN WMB COMMITMENTS



#### WMB commitments and Japanese companies (# of companies)



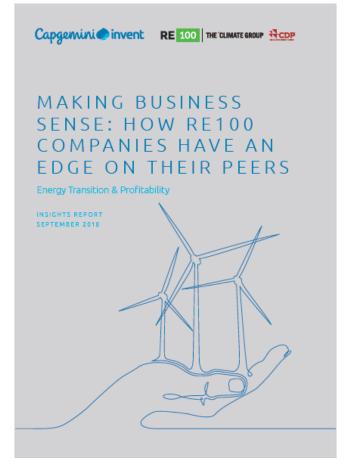
\*compiled by CDP Japan (2018.7.31)



#### **RE100**

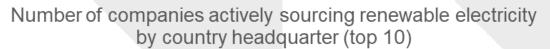


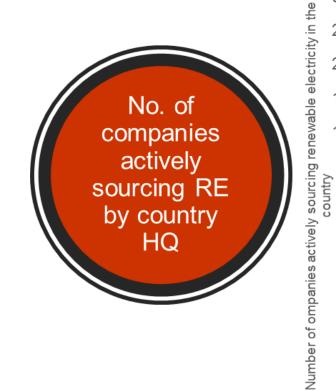
- In the first six months of 2018 alone, companies contracted 7.2GW of renewable electricity through power purchase agreements, already surpassing 2017's record of 5.4GW for the entire yearSub-bullet (22)
- Nore than 150 companies are committed to 100% renewable electricity across their global operations and are creating demand for 184.6 TWh of renewable energy per year − more than enough to power a medium sized country like Poland

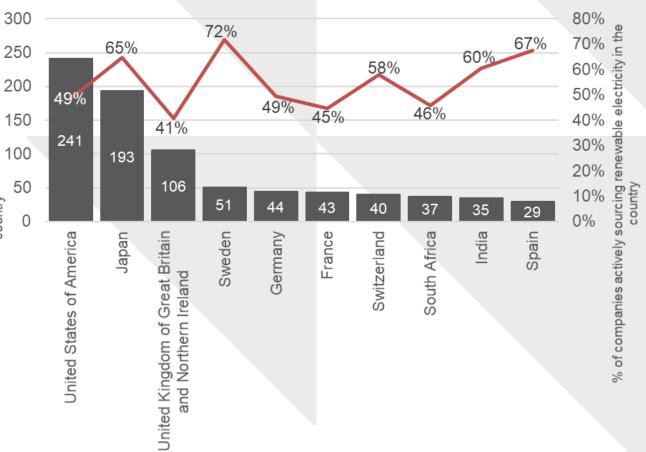


## **RE100**









## **RE100 Progress to date**



- Unlocking corporate markets
- ▼ Peer-to-peer learning and support
- Celebrating leadership
- Informing through reports
  and webinars → expert guidance







155 Companies with RE100 targets

Japan: 13 Companies







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