

Introduction to CDP and zero-carbon transition

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OVERVIEW



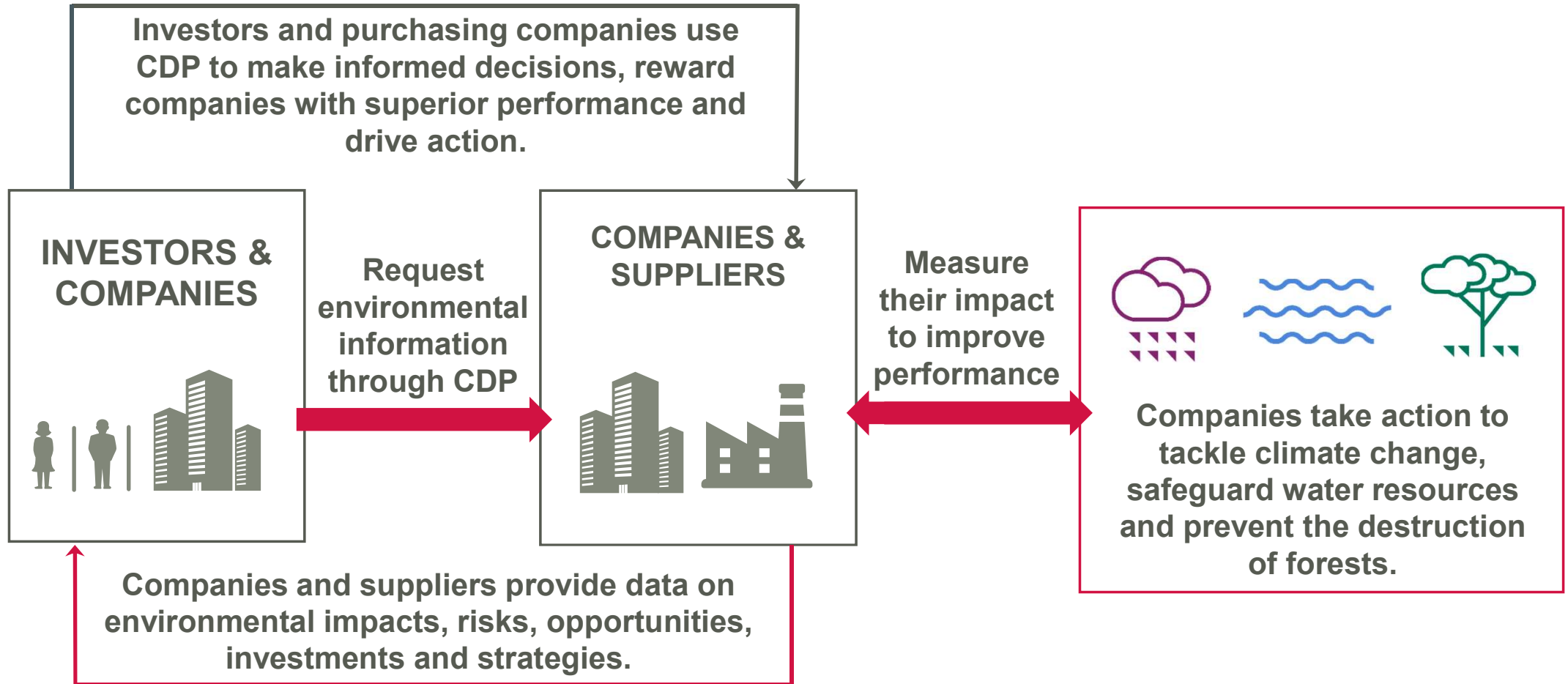
- About CDP
- Company journey: from measurement to leadership and the enabling role of disclosure;
- Low-carbon transition: the leadership challenge;

ABOUT CDP

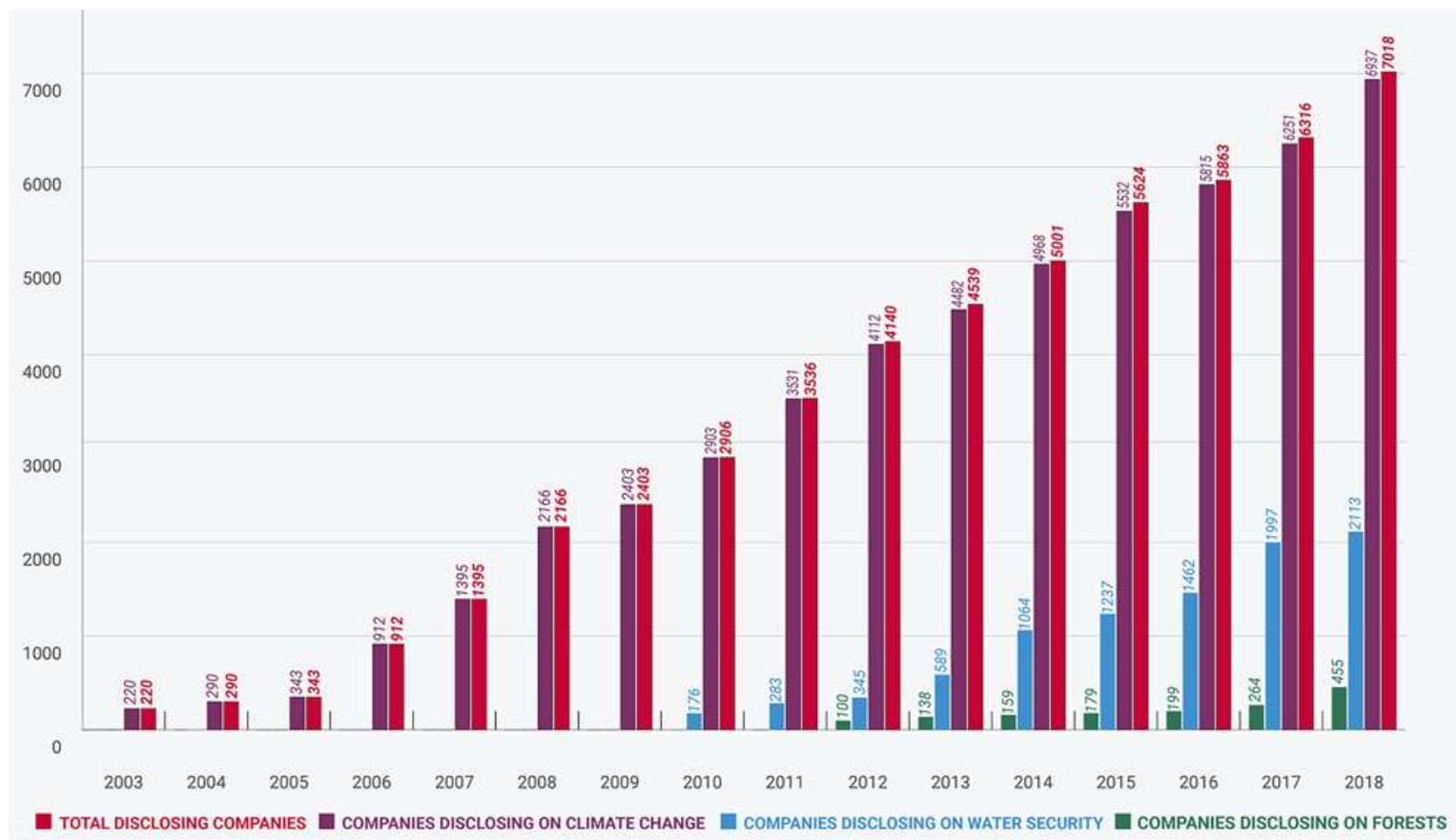


- ▼ CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.
- ▼ We have built the most comprehensive collection of self-reported environmental data in the world.
- ▼ Our network of investors and purchasers and policymakers around the globe, use our data and insights to make better-informed decisions.
- ▼ Through our offices and partners in 50 countries we have driven unprecedented levels of environmental disclosure.

HOW WE WORK



THE GROWTH OF DISCLOSURE



Reporting companies now represent over 50% of global market capitalization

MORE DISCLOSING THAN EVER BEFORE



525+ investors with US\$96 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

CDP UNDERPINS DATA USED BY THE MARKET

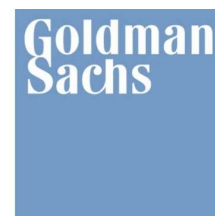
Across the financial markets, policy initiatives and civil society



European Bank
for Reconstruction and Development



Climate-KIC



Dow Jones
Sustainability Indexes



BNP PARIBAS
ASSET MANAGEMENT



From measurement to leadership



Name| @Twitter

Progression ladder

MEASUREMENT

Measurement is the first step to reducing environmental impacts, on the basis that 'what gets measured gets managed'. A complete inventory of GHG emissions helps organizations understand their emissions profile and identify opportunities for emissions reduction.

REPORTING

Transparent reporting consistent with climate standards is essential to achieving a low-carbon economy. Stakeholders can hold transparent organizations accountable for their performance, and sharing information brings opportunities to collaborate along the value chain. Both effectively reduce climate impact.

COMMITMENT

Public commitments provide a clear sense of direction to an organization and its stakeholders. Setting science-based targets and defining the appropriate means to achieve them lays out the pathway to meaningful climate action.

ACCOUNTABILITY

Accountability is needed to ensure the commitments of companies deliver the low carbon economy. **ACT** assessments use climate scenarios to define the specific level of ambition required for each sector. The **ACT** assessment process checks the organization against this science-based benchmark to produce the **ACT** rating.

Journey (start of)



2003

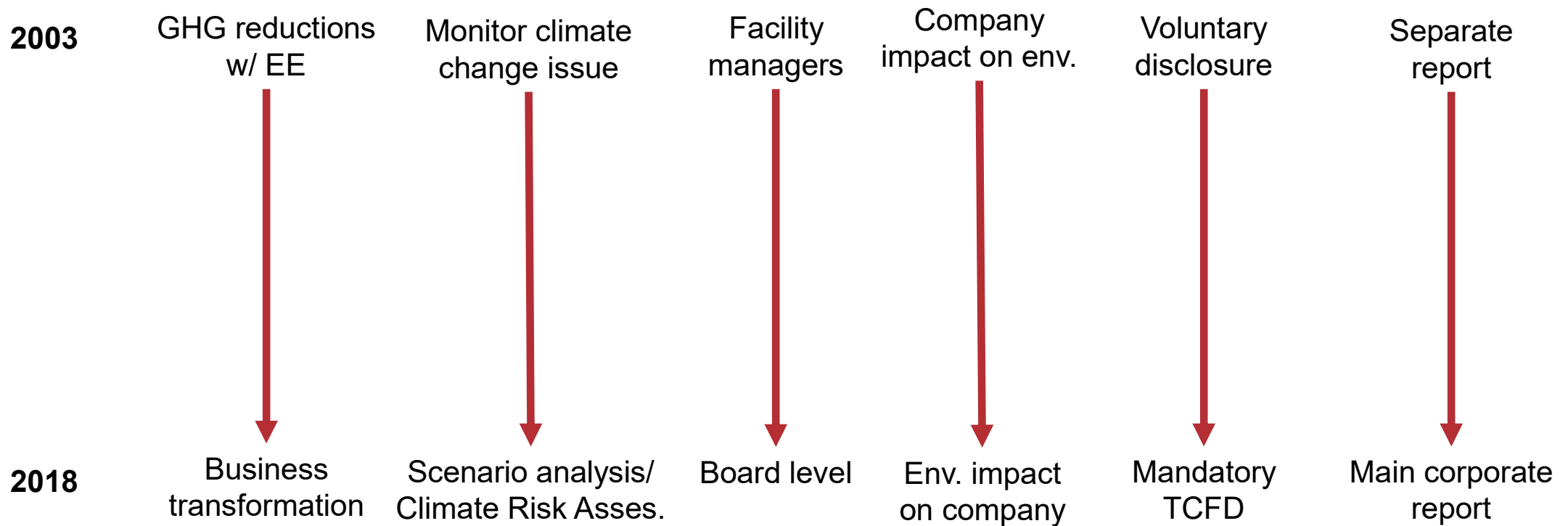
[Does] climate change represent commercial risks and/or opportunities for your company?

As a responsible corporation, X believes that significantly improving its energy efficiency is the best way we can contribute to finding meaningful solutions to reduce greenhouse gas emissions. X has had energy efficiency improvement programs for more than 15 years, and we will continue to strive toward world-class energy use benchmarks for each of our manufacturing processes. X also plans on addressing climate change through the development of a global carbon emission reduction objective based on potential energy efficiency improvements under our Corporate Environmental Objectives program. As a Corporation, we plan to continue to monitor development of the climate change issue and to ensure that X plays a positive role in helping to reduce greenhouse gas emissions.

Do you allocate responsibility for managing climate change related issues?

Ultimate responsibility for compliance with governmental and Corporate climate change requirements will rest with business and facility managers. Our Corporate Environment and Energy Department is in charge of managing climate change related issues.

Journey (where we are)

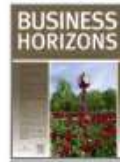


MEASURE AND MANAGE CARBON EMISSIONS





Business Horizons

Volume 60, Issue 5, September–October 2017, Pages 635–646



An inside perspective on carbon disclosure

Christian Blanco ^a , Felipe Caro ^b , Charles J. Corbett ^b 

 Show more

<https://doi.org/10.1016/j.bushor.2017.05.007>

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Drawing on interviews with 38 firms in 7 countries that disclosed to CDP, we find that the benefits firms experience from the measurement and disclosure process are more diverse in nature than expected. They can be both operational and strategic, and internal as well as external.

Companies disclose just once via CDP to reach multiple decision-makers.



“Our CDP report and score makes it easier for investors and customers to understand our environmental performance.”
Thyssenkrupp AG



REACHING
99
TOP GLOBAL BUYERS

CDP data is shared across multiple platforms from Bloomberg to Dow Jones Sustainability Indexes and with 99 of the world's top buyers.

Organisations with US\$3 trillion in spend build sustainable supply chains.

Walmart works with suppliers to reduce emissions by 1 Gigaton by 2030, equivalent to taking more than 211 million passenger vehicles off US roads for a year.



Asking our suppliers to disclose helps identify hotspots and opportunities to collectively build sustainability and increase resilience against climate change and water risks.
Diageo

INCREASED
RESILIENCE &
SUSTAINABILITY

Companies measure and manage environmental risk to deliver bottom line benefits.

 **87%**

87% of companies report opportunities associated with sustainable forest-risk commodities, such as new market or product opportunities and increased shareholder value.

“Through CDP we are actively mobilizing our supply chain partners to scale up the sustainable management of raw materials. We are seeing future business growth opportunities as a result of using products derived from sustainable sources.”
Firmenich



Companies disclose financial information that investors want.



“We can’t model out of thin air. We need the information and it is CDP’s data that underpins all our analysis.” CalPERS



+6%

Companies on CDP’s A-List outperformed the market by 6% over four years.

IMPACT ON ACCESS TO CAPITAL

The Role of CDP Disclosure to Improve Access to Capital



<https://www.millani.ca/news-and-publications>

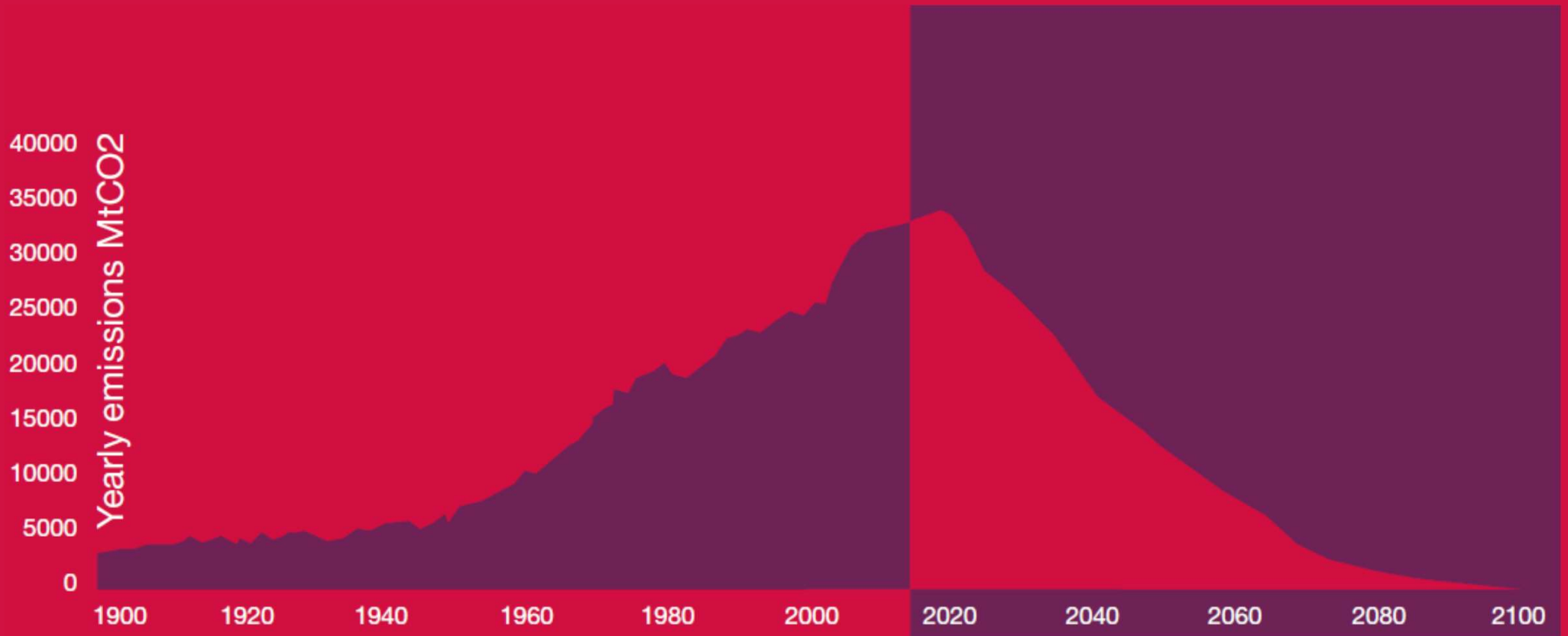
1

Firms that disclosed through the CDP ranked 19 percentiles better than the average firm in their ability to access capital,

2

Investors favoured CDP because comprehensive voluntary disclosure: i) enhances awareness of material threats and opportunities of climate change; and ii) enables dialogue between firms and investors. As a result, investors are more likely to provide capital to firms that disclose through the CDP.

COMMITMENT TO THE TRANSITION TO A ZERO CARBON ECONOMY



BUSINESS IMPACTS – CLIMATE CHANGE

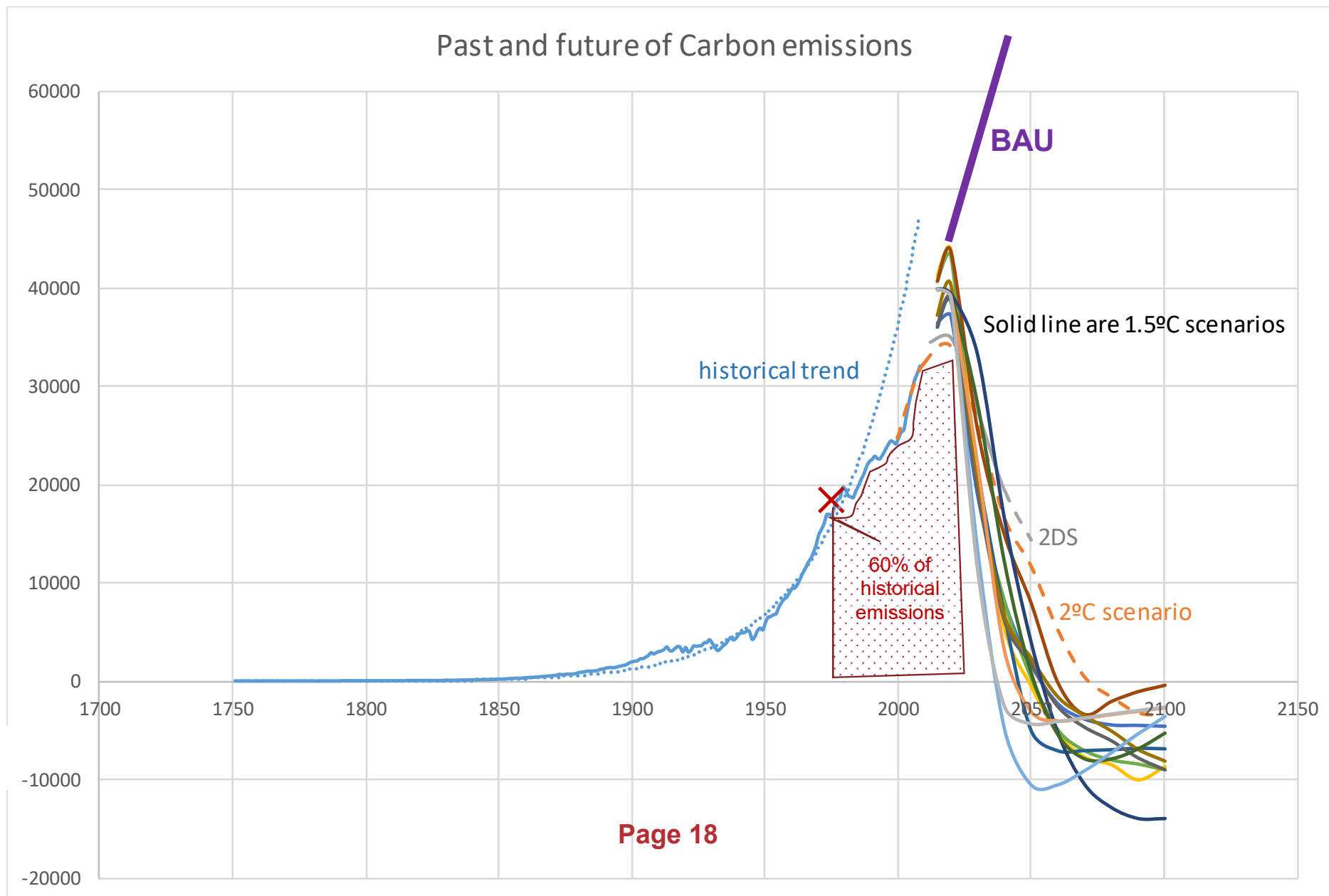
- Recent report from the IPCC showed that the next decade is crucial in our shift to a sustainable economy
- Emissions need to halve by 2030, but after being flat for three years, they have recently been on the rise.



BUSINESS RESPONSE – CLIMATE CHANGE COMMITMENTS

- ▼ 40% surge in companies setting emissions reduction targets in line with Paris Agreement
- ▼ Some 672 companies now with SBTs
- ▼ RE100 initiative has led to 204 companies committing to 100% renewable energy





Offshore oil and gas industry adapts, but risks remain 10 years after Katrina

Jennifer Larino, NOLA.com | The Times-Picayune AUG 19, 2015 - 8:28 PM 7 min to read



Versabar Inc.'s "Bottom Feeder" vessel removes part of a toppled platform from the Gulf of Mexico in July 2009. The company designed the Bottom Feeder after Hurricane Katrina in order to recover platforms from the ocean floor in a single piece. Recovering offshore structures damaged by hurricanes is still a large portion of Versabar's work 10 years after Katrina. (Versabar Inc.)

climate change is expected to bring about conditions that make storms like Michael, Harvey, and Katrina more frequent and severe. The industry is well aware of the risks: U.S. energy groups expect annual economic losses in the Gulf due to climate change to climb as high as \$23 billion by 2030. At some point, the industry will no longer be able to weather the storm.

Source: <https://psmag.com/news/how-will-hurricane-michael-affect-oil-operations-in-the-gulf>

The Gulf Coast is vulnerable to growing environmental risks today with >\$350 billion of cumulative expected losses by 2030

- **Economic losses will increase by 50-65 percent in the 2030 timeframe driven by economic growth and subsidence, as well as the impacts of climate change:** Wind and storm surge damage from hurricanes drives significant losses in the Gulf Coast today. While the actual losses from extreme storms are uncertain in any given year, on average, the Gulf Coast faces annual losses of ~\$14 billion today

https://www.energy.com/userfiles/content/our_community/environment/GulfCoastAdaptation/Building_a_Resilient_Gulf_Coast.pdf

Source: https://www.nola.com/news/article_c0d0ad61-b859-51c6-b4e2-5b78752bca44.html

Entergy New Orleans files for bankruptcy

Power and gas company says long-term solutions require government intervention.

September 23, 2005: 4:29 PM EDT

Source: https://money.cnn.com/2005/09/23/news/fortune500/katrina_entergy/

PG&E: California utility firm files for bankruptcy after deadly 2018 wildfires

Company is facing hundreds of lawsuits from victims of recent fires and tens of billions of dollars in potential liabilities

Source: The Guardian, January 2019

Changing weather could put insurance firms out of business

Climate issue: The cost of comprehensive cover could become exorbitant, even as it is needed more than ever

Source: The Economist, September 2019

2°C: AN ALTERNATIVE FUTURE THAT YOU SHOULD NOT UNDERESTIMATE

RWE shares fall 13% as it scraps its 2015 dividend

Move highlights crisis in conventional power generation in Germany

BP admits it has repeatedly underestimated renewables

“At RWE, we underestimated the energy transition at first”

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Climate-Changed



Woke Up to Threat of Rising Electric Car Demand

Expect the Unexpected

The Disruptive Power of Low-carbon Technology

AS 10211 W

going to hit the car market
er than BNEF predicted a
track to accelerate to 54%
040. Tumbling battery
will have lower lifetime
eaper to buy, than internal
(ICE) cars in most countries

2030
nit-up

etrol

diesel

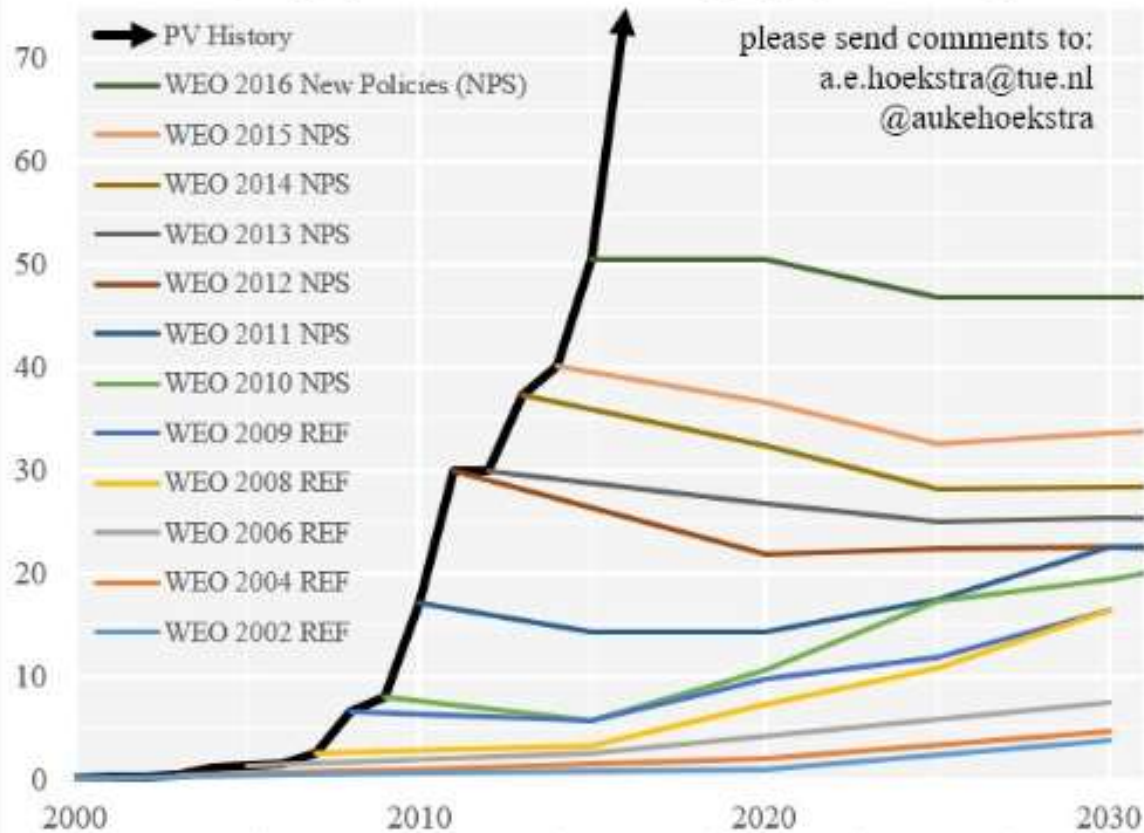


Staunch, an existing Gresham House-owned UK battery storage project. Image: Hazel Capital.

FORECASTS VS. SCENARIOS

Annual PV additions: historic data vs IEA WEO prediction[!]

In GW of added capacity per year - source International Energy Agency - World Energy Outlook



... danger of modelling the future using the assumptions of the past.

OPPORTUNITIES: TRANSFERABLE SKILLS

- ▼ Manage complex supply-chains around the globe with global engineering teams to deploy projects in remote places;
 - ▼ Excellent knowledge of how to built stable platforms at sea, dealing with corrosion, sea forces, etc;
 - ▼ Knowledge of compression, cooling of gases, critical for their transport (H₂, CO₂);
 - ▼ Technical issues related with interaction of gases and steel/materials;
-
- ▼ (...)



**KEEP
CALM
AND
GET READY FOR
CHANGE**

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IPLOCA workshop, Geneva
22 October 2019

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