

Effective Long-term Strategies: Business Opportunities of Decarbonization

Global Trend of Companies and Investors

January 17, 2019

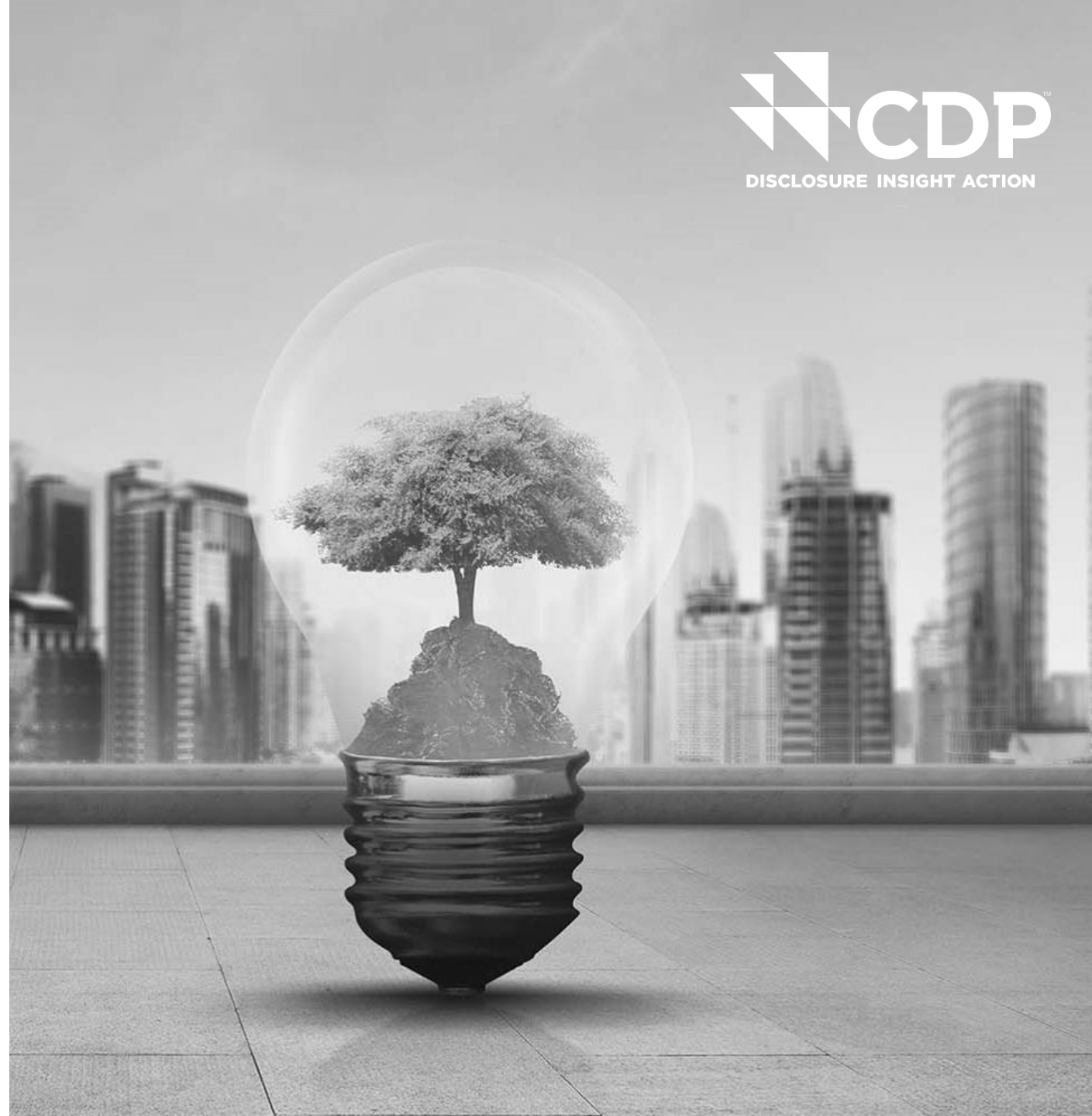
About CDP

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: The Stakeholders

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



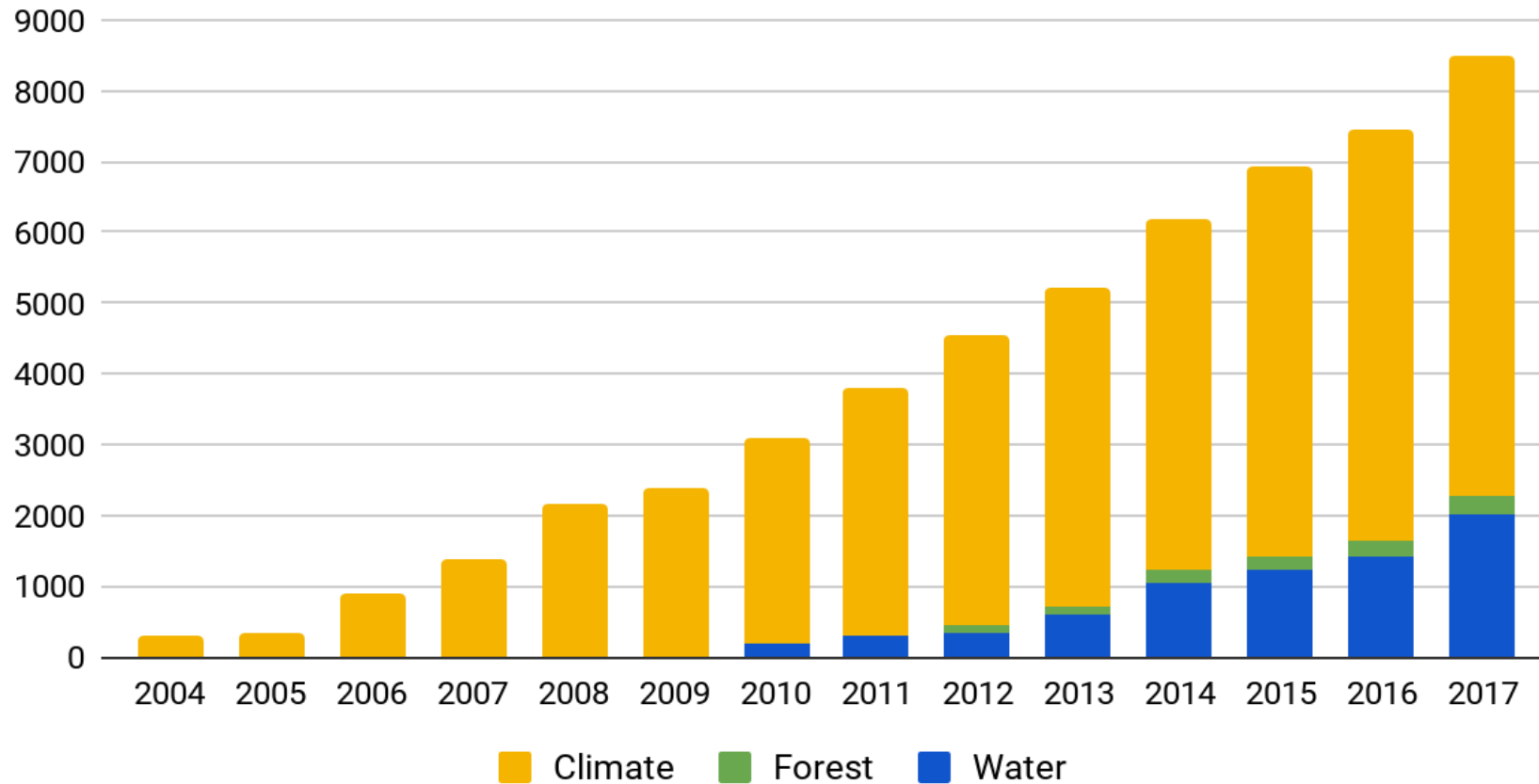
620+ cities disclosed environmental information



120+ states and regions measured their environmental impacts

Who discloses to CDP

Annual CDP Disclosure Rates



- ▼ Signatories from more than 650 institutional investors.
- ▼ Responses from more than 90 countries.
- ▼ Covering more than 50% of the total value of global listed equity markets.

CDP Data are used by many data provider

CDP provides the critical primary data that underpins environmental research, data products, indices and ratings and rankings



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;

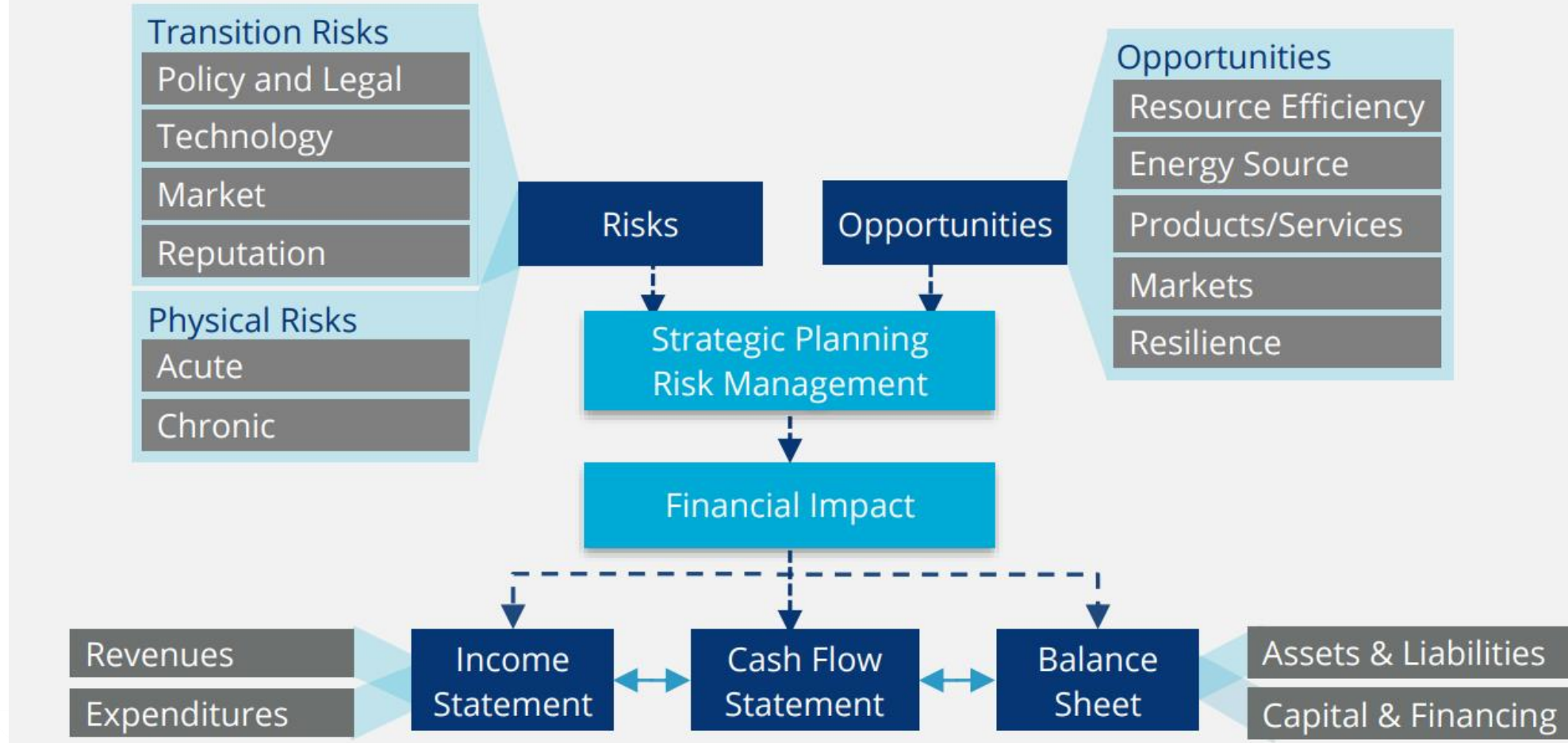


A new robust reporting platform for companies and cities disclosure.

CDP and the TCFD

The TCFD Framework

Climate-Related Risks, Opportunities, and Financial Impact



Key Takeaways from TCFD Disclosure

Highlights from September 2018 TCFD Status Report

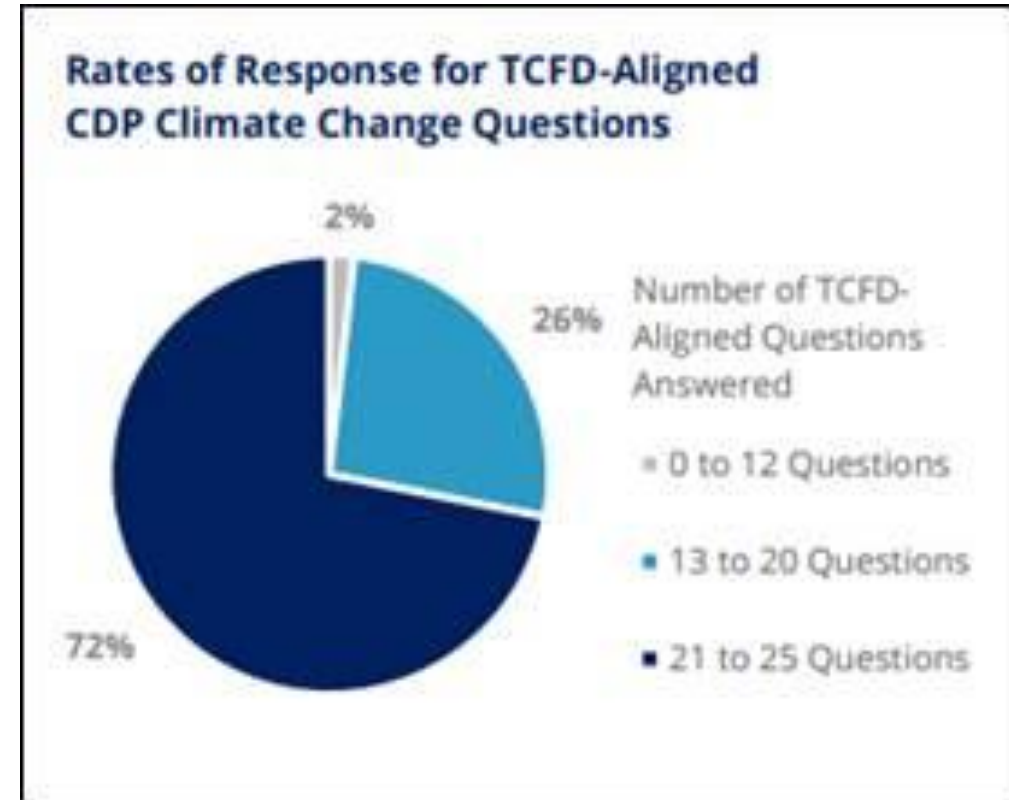


- ▼ The majority disclose some climate-related information
- ▼ Information on strategy resilience under climate-related scenarios is limited
- ▼ Disclosures are often made in multiple reports
- ▼ Financial implications are not disclosed
- ▼ Disclosures vary across industries and regions



CDP aligned with 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



HOW WE WORK: The Questionnaire



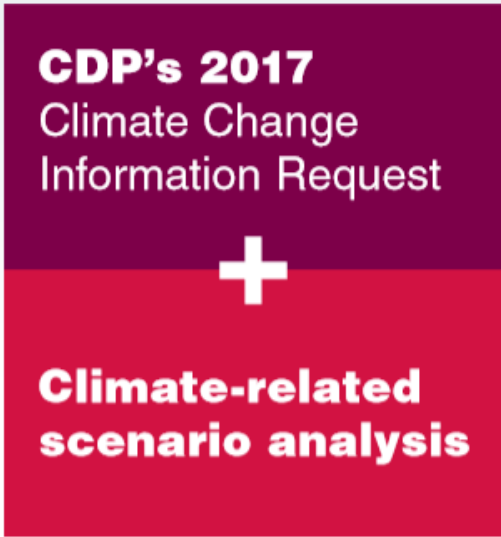
Cross-theme alignment



Sector-specific



Alignment with TCFD



TCFD

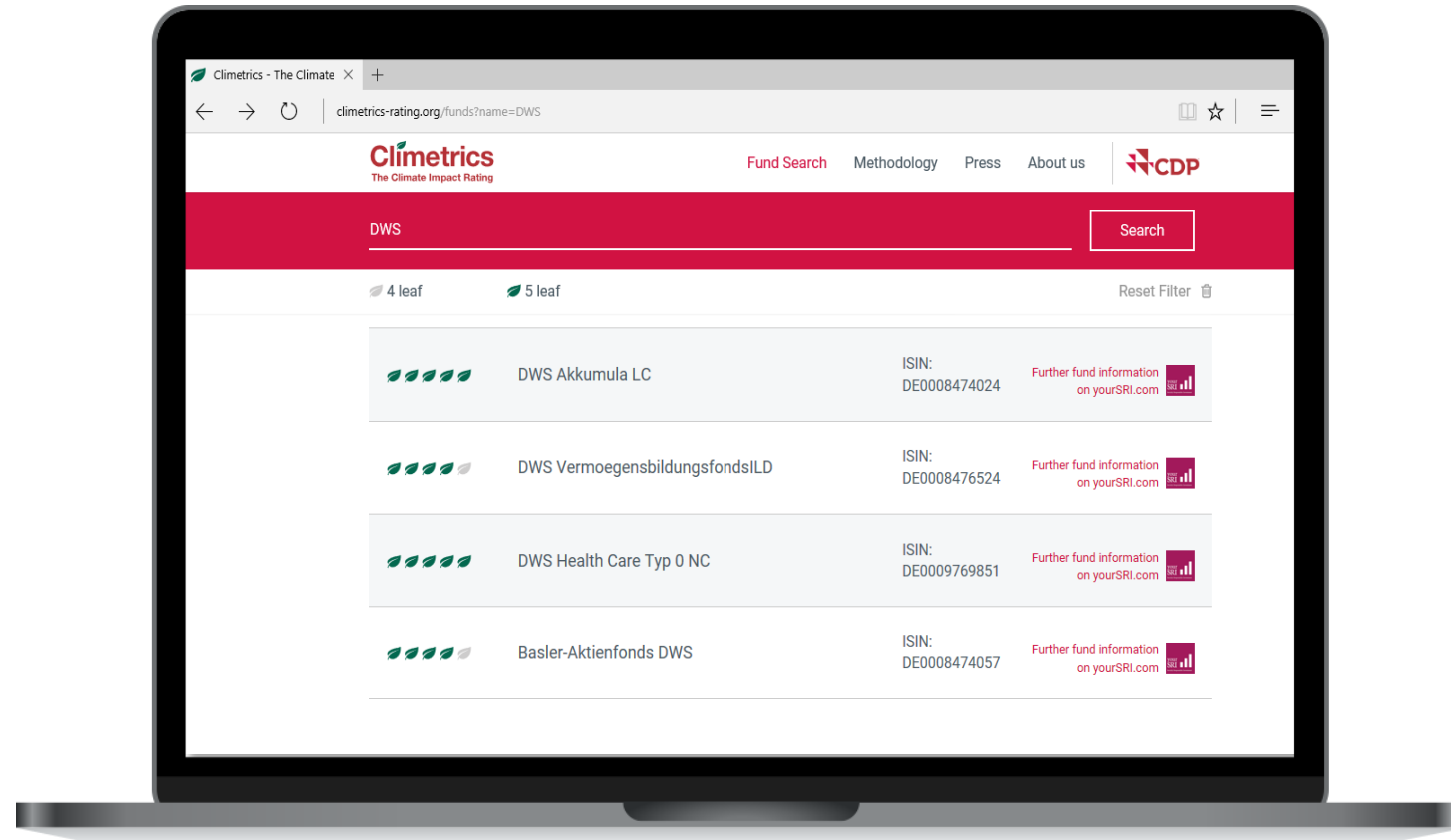


Climetrics

CLIMETRICS: The Product Rating for Funds

- ▼ Climetrics is a fund rating which continuously ranks more than **4,500 funds** for their climate-related risks
- ▼ Symbolized by its green leaf, the rating enables investors to easily compare funds on climate-related factors
- ▼ Ratings and the full rating methodology are publicly available at:

www.climetrics-rating.org




























CLIMETRICS: The Rating Methodology



- ▶ Climetrics ratings are assigned relative to the entire fund universe*
- ▶ Funds are distributed into one of five groups represented by a 1 to 5-leaf rating.
- ▶ Hard threshold criteria apply for top-rated funds.
- ▶ Climetrics ratings are updated on an ongoing basis.

Percent of funds in category

Leaf Rating	Percentage Distribution
    	Lowest 10%
    	Next 22.5%
    	Next 35%
    	Highest 32.5%
    	Threshold criteria apply

Funds assigned four leaves are eligible for a fifth leaf if the following threshold criteria are met:

1. Most recent portfolio holdings score ≥ 70
2. Asset Manager score ≥ 60

* Funds selected by CSSP AG based on fund size and full holdings availability.

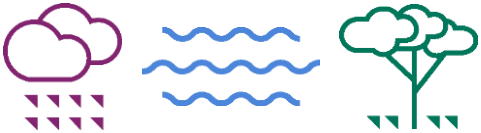
Supply Chain Engagement

HOW WE WORK: The Supply Chain Request



Companies use CDP disclosure and data from suppliers to make informed decisions around operations, investments and strategy

CORPORATE

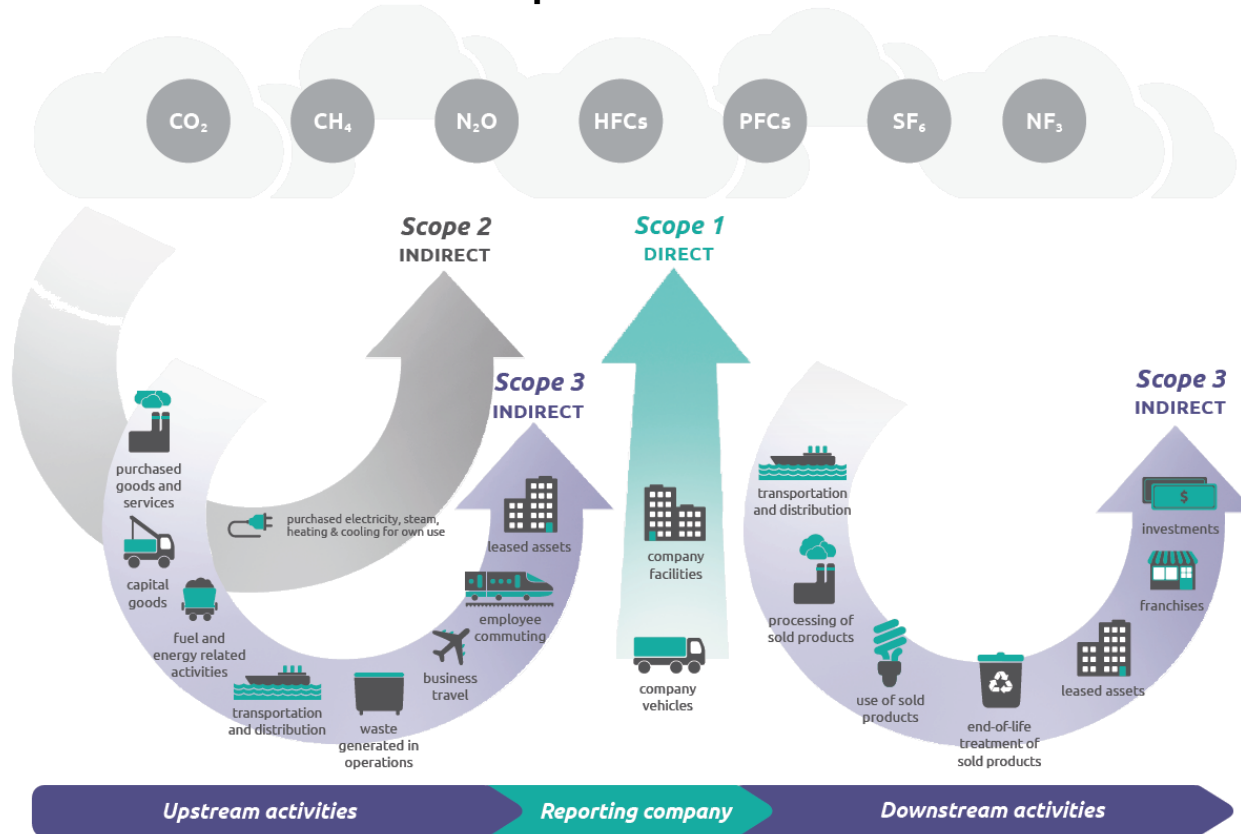


CDP provides disclosure, data and insights back to company about supply chain

Suppliers provide data on environmental impacts around TCFD (risks, opportunities, investments and strategies).

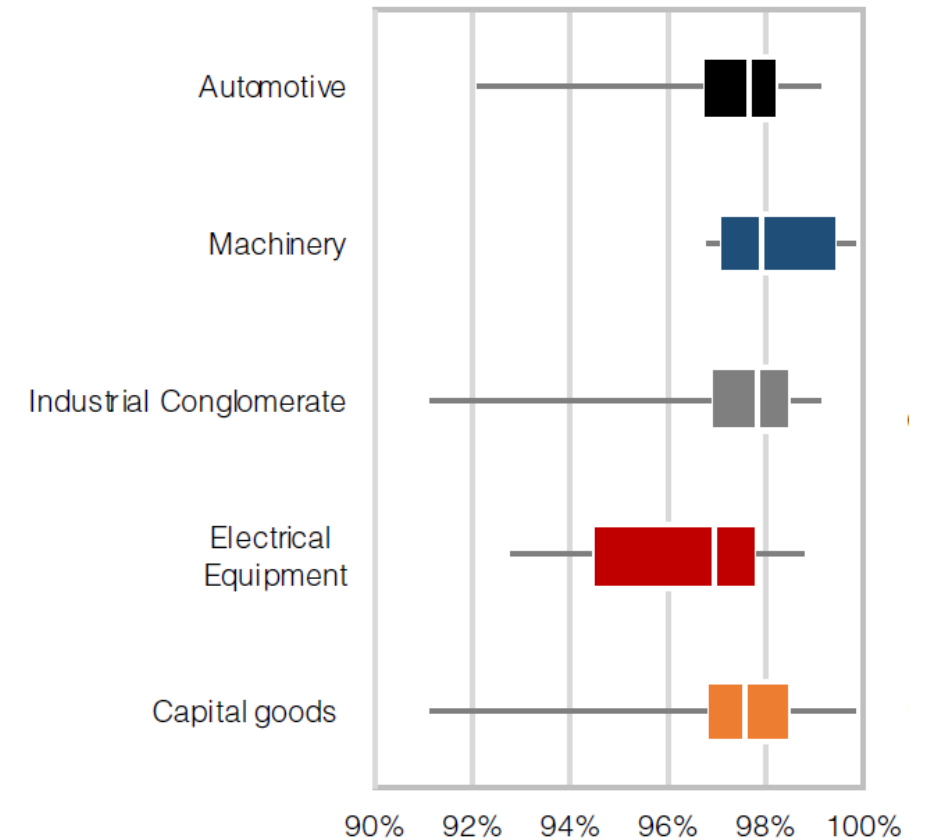
Supply Chain is the Key

Overview of GHG Protocol scopes and emissions across the value chain



Source: GHG Protocol Technical Guidance Scope 3 Emissions

Scope 3 share of total company emissions (%)



Long-Term Strategies

- ▼ 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

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.



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