Perspectives and Roles of the Private Sector regarding Sustainability and Climate Change

Mr. Eric DUGELAY, WBCSD, Switzerland
6th International SIA Conference “Sustainable Industrial Areas – Be Part of the Climate Solution”, Rabat, Morocco, 14 March 2017

Perspectives and roles of the private sector regarding sustainability and climate change
Eric Dugelay, WBCSD
Content

- Low Carbon Technology Partnerships initiative (LCTPi)
- Task Force on Climate related Financial Disclosures (TCFD)
- Low Emissions Solutions Conference (LESC), COP23 in Bonn
9 Billion People Living well within the limits of the planet
Low Carbon Technology Partnerships initiative

Agreeing on Ambition  Identifying Barriers  Proposing solutions  Agreeing on Action Plans  Reporting progress

Commitment to a Science based approach

2017: 2 Global Roundtables (Brussels, Bonn), Regional Dialogues and Global Stocktake (COP23)
LCTPi Engagement

- **96 companies** have now made **103 public endorsements** of LCTPi and are moving to implementation

- **Over 50 partners** are working with companies across the **eight active LCTPi working groups**

- Since inception, **more than 165 companies** have been part of the LCTPi program

- **Over 1500 business representatives and policy makers** have contributed to shaping the solutions
Following EEB lab, the European Bank of Construction and Redevelopment made available €200m financing for EEB.

EEB Houston helped establish a $100m investment pipeline for Clean Energy.

Two major Chinese companies have joined the LCTPi Cement following COP 21.

EEB platforms were launched in Jakarta, Shanghai and Jaipur.

CSA will roll out programs across north America, Brazil, India, Ghana and the ASEAN region.

2016 LCTPi results
Task Force on Climate-related Financial Disclosures

Overview of Report and Implementation Guidance

December 2016
The Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) on December 4, 2015 to develop recommendations for more efficient and effective climate-related disclosures that:

- could “promote more informed investment, credit, and insurance underwriting decisions” and,

- in turn, “would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.”

**Background**

The Task Force’s 32 international members, led by Michael Bloomberg, include providers of capital, insurers, large non-financial companies, accounting and consulting firms, and credit rating agencies.
KEY INNOVATIONS

The Task Force’s recommendations and guidance:

- Can apply to **any company in the world** and can be scaled to any level of sophistication
- Should be addressed in **financial filings**
- Are designed to solicit **decision-useful information** for investors and others
- Encourage forward-looking information through **scenario analysis**
- Provide **additional guidance** to sectors and industries most impacted by climate change
- Apply to organizations across the financial sector to address the full **investment chain**
- Place greater emphasis on risks and opportunities related to the **transition** to a lower-carbon economy
- Represent **consensus** of Task Force members, who come from the financial sector and various non-financial sectors
## Climate-Related Risks and Opportunities

<table>
<thead>
<tr>
<th>Type</th>
<th>Climate-Related Risks</th>
<th>Type</th>
<th>Climate-Related Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Policy and Legal</strong></td>
<td><strong>Resource</strong></td>
<td><strong>Efficiency</strong></td>
</tr>
<tr>
<td>Transition</td>
<td>- Increased pricing of GHG emissions</td>
<td><strong>Energy</strong></td>
<td><strong>Source</strong></td>
</tr>
<tr>
<td>Risks</td>
<td>- Enhanced emissions-reporting obligations</td>
<td><strong>Products and</strong></td>
<td><strong>Services</strong></td>
</tr>
<tr>
<td></td>
<td>- Mandates on and regulation of existing products and services</td>
<td><strong>Markets</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Exposure to litigation</td>
<td><strong>Resilience</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Technology</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Substitution of existing products and services with lower emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Unsuccessful investment in new technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Upfront costs to transition to lower emissions technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Markets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Changing customer behavior</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Uncertainty in market signals</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Increased cost of raw materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Reputation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Shift in consumer preferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Stigmatization of sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Increased stakeholder concern or negative stakeholder feedback</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Physical</strong></td>
<td><strong>Acute</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risks</strong></td>
<td>- Increased severity of extreme weather events such as cyclones and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Chronic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Changes in precipitation patterns and extreme weather variability</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Rising mean temperatures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Rising sea levels</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
EVALUATING FINANCIAL IMPACT

Climate-related risks and opportunities can impact organizations’ financial performance.
The Task Force developed four widely-adoptable recommendations on climate-related financial disclosures that are applicable to organizations across sectors and jurisdictions.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate:

- **Governance**
  The organization’s governance around climate-related risks and opportunities

- **Strategy**
  The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning

- **Risk Management**
  The processes used by the organization to identify, assess, and manage climate-related risks

- **Metrics and Targets**
  The metrics and targets used to assess and manage relevant climate-related risks and opportunities
The four recommendations are supported by specific recommended disclosures organizations can include in financial filings to provide decision-useful information about their climate-related risks and opportunities.

<table>
<thead>
<tr>
<th>Governance</th>
<th>Strategy</th>
<th>Risk Management</th>
<th>Metrics and Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclose the organization’s governance around climate-related risks and opportunities.</td>
<td>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</td>
<td>Disclose how the organization identifies, assesses, and manages climate-related risks.</td>
<td>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.</td>
</tr>
</tbody>
</table>

**Recommended Disclosures**

- **a)** Describe the board’s oversight of climate-related risks and opportunities.
- **b)** Describe management’s role in assessing and managing climate-related risks and opportunities.
- **c)** Describe the potential impact of different scenarios, including a 2°C scenario, on the organization’s businesses, strategy, and financial planning.

**Recommended Disclosures**

- **a)** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- **b)** Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.
- **c)** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

- **a)** Describe the organization’s processes for identifying and assessing climate-related risks.
- **b)** Describe the organization’s processes for managing climate-related risks.
- **c)** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

- **a)** Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- **b)** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- **c)** Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
OUTREACH AND ENGAGEMENT

The Task Force engaged a broad range of external stakeholders through interviews, webinars, and other forums.
<table>
<thead>
<tr>
<th>Fourth Quarter 2016</th>
<th>First Quarter 2017</th>
<th>Second Quarter 2017</th>
<th>Third Quarter 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 14: Issuance of report for public consultation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public consultation period</strong></td>
<td><strong>Update report per public consultation feedback</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Late Feb/Early Mar: Update and provide high level summary of public consultation comments to FSB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar 17-18: Meeting of G20 Ministers and Governors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jul 7-8: FSB report presentation at G20 Summit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Task Force Members

### Chair and Vice-Chairs

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Bloomberg</td>
<td>Chairman, Founder and President Bloomberg L.P.</td>
</tr>
<tr>
<td>Yeo Lian Sim</td>
<td>Vice-Chair, Special Adviser, Singapore Exchange</td>
</tr>
<tr>
<td>Graeme Pitkethly</td>
<td>Vice-Chair, Chief Financial Officer, Unilever</td>
</tr>
</tbody>
</table>

### Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jane Ambachtsheer</td>
<td>Partner, Chair – Investment, Mercer</td>
</tr>
<tr>
<td>Wim Bartels</td>
<td>Global Head, Reporting and KPMG</td>
</tr>
<tr>
<td>David Blood</td>
<td>Senior Partner, Generation Investment Management</td>
</tr>
<tr>
<td>Denise Pavarina</td>
<td>Vice-Chair, Managing Officer, Banco Bradesco</td>
</tr>
<tr>
<td>Christian Thimann</td>
<td>Vice-Chair, Group Head of Strategy, Sustainability and Public AXA</td>
</tr>
<tr>
<td>Liliana Franco</td>
<td>Director, Accounting Organization and Air Liquide Group</td>
</tr>
<tr>
<td>Neil Hawkins</td>
<td>Corporate Vice Chief Sustainability, The Dow Chemical</td>
</tr>
<tr>
<td>Diane Larsen</td>
<td>Audit Partner, Global Professional Practice EY</td>
</tr>
<tr>
<td>Mark Lewis</td>
<td>Managing Director, European Utilities Research, Barclays</td>
</tr>
<tr>
<td>Ruixia Liu</td>
<td>General Manager, Risk Department, Industrial and Bank of China</td>
</tr>
<tr>
<td>Stephanie Leaist</td>
<td>Managing Director, Head of Sustainable Investing, Canada Pension Plan Board</td>
</tr>
<tr>
<td>Eloy Lindeijer</td>
<td>Chief, Investment Management, PGGM</td>
</tr>
<tr>
<td>Masaaki Nagamura</td>
<td>Head, Corporate Social, Tokio Marine Holdings</td>
</tr>
</tbody>
</table>

### Special Adviser

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell Picot</td>
<td>Chair, Audit and Risk Committee, LifeSight, Former Group Chief Accounting Officer, HSBC</td>
</tr>
</tbody>
</table>

---

### Executive Committee Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koushik Chatterjee</td>
<td>Group Executive Finance and Corporate Tata Group</td>
</tr>
<tr>
<td>Eric Dugelay</td>
<td>Global Leader, Sustainability, Deloitte</td>
</tr>
<tr>
<td>Udo Hartmann</td>
<td>Senior Manager, Group Protection &amp; Energy, Daimler</td>
</tr>
<tr>
<td>Thomas Kusterer</td>
<td>Chief Financial Officer, EnBW</td>
</tr>
<tr>
<td>Giuseppe Ricci</td>
<td>Health, Safety, Environment Executive Vice President, ENI</td>
</tr>
<tr>
<td>Martin Skancke</td>
<td>Chair, Risk Committee, Storebrand</td>
</tr>
<tr>
<td>Andreas Spiegel</td>
<td>Head Group Sustainability Risk, Swiss Re</td>
</tr>
<tr>
<td>Steve Waygood</td>
<td>Chief Responsible Officer, Aviva Investors</td>
</tr>
<tr>
<td>Deborah Winsel</td>
<td>Managing Director, Global Head Impact Investing, BlackRock</td>
</tr>
<tr>
<td>Fiona Wild</td>
<td>Vice President, Climate Change, BHP Billiton</td>
</tr>
<tr>
<td>Michael Wilkins</td>
<td>Managing Director, Finance, S&amp;P Global Ratings</td>
</tr>
<tr>
<td>Jon Williams</td>
<td>Partner, Sustainability and Climate Change, PwC</td>
</tr>
</tbody>
</table>

---

**Task Force** is a working group of the World Business Council for Sustainable Development (WBCSD) that was established to provide strategic direction and advice for the implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by WBCSD members. The Task Force is charged with identifying key areas of opportunity for consideration by companies, and to provide feedback to the TCFD recommendations.
Low Emissions Solutions Conference
12-14 November
COP23
1st LESC: a unique dialogue on solutions between business, cities and negotiators

Putting innovative solutions at the heart of the UNFCCC global climate action agenda.

Bringing together over 700 people, 100 speakers during 3 days at COP22

The LESC embodied and reinforced the multi-stakeholder collaboration as a key factor of success to boost the implementation of the Paris Agreement.
A conference endorsed by the UNFCCC climate champions & hosted by Minister Hakima El-Haité

The LESC partners also co-organized 2 High-level Ministerial Roundtables:
- Mission Innovation
- Clean Energy Ministerial
Companies engaged during LESC

ABB
Acciona
AECOM
ASEF
ASU LightWorks
BCSD Argentina (CEADS)
BMW
BP International
British Telecommunications plc
Cambridge University
Canadian Wood Council
CDP
Center for Strategic Studies and Management (CGEE)
CGIAR
Climate Disclosure Standards Board (CDSB)
CLP Power Hong Kong Limited
CO2 Sciences, Inc.
Deloitte
DNV GL
DSM N.V.
E.P.F.L (Ecole polytechnique fédérale de Lausanne)
Eaton
Ecolibrium Energy
Econsense
EDF Group
EDP - Energias de Portugal S.A.
Emerging AG
Energy Unlocked
ENGIE
Eni
Equota Energy
Evonik Industries AG
EY
GCSP
Iberdrola
Ibottoms
International Energy Agency (IEA)
International Transport Forum
Italcementi Group
ITF - OECD
Jain Irrigation Systems Ltd
Joule Unlimited
Keidanren Nippon (Japan Business Federation)
Kellogg Company
KMPG
LanzaTech
Monsanto Company
Novozymes
Olam
Pirelli Tyre S.p.A.
PWC
Relxel
Route Monkey
Royal Dutch Shell
S&P Global Ratings
Sasol Limited
Saudi Basic Industries Corp. (SABIC)
Schneider Electric
Schneider Electric Maroc
Shell International
Siemens AG
Solvay
Sompo Japan Nipponkoa Insurance Inc.
Sasol Limited
Smaragta International AG
Terra Watt Initiative
The Climate Mobilization Fund
The Coca-Cola Company
The Dow Chemical Company
The Gold Standard Foundation
ThyssenKrupp
Toshiba Corporation
Toyota Motor Corporation
Transloc
UNESA
UNFCCC
Unilever
United Technologies
We Mean Business
WRI
Yara International ASA

Total: 84
WBCSD full members: 44 (Bold)
WBCSD Global Network: 3 (Purple)
Others: 33
Planning for the 2nd edition of the Low Emissions Solutions Conference
UNFCCC COP23, 12-14 November 2017 in Bonn (Germany)

Will bring together leaders and innovators from business, government, academia, cities and civil society to:

1. Cross-fertilize ideas
2. Set common goals and trajectories for a decarbonized economy
3. Develop roadmaps to define the transformations necessary in each sector for meeting the Paris Agreement.

Building upon the achievements and lessons learned from the 1st LESC at COP22 to further nurture the *spirit of global collaboration and shared leadership* which had brought the Paris Agreement into being.

Preparing for the 2018 Facilitative Dialogue / global stock take.
Eric Dugelay,
(part time) Director, WBCSD,
Member of the TCFD,
Global Leader for Sustainability Services, Deloitte