

## CARING FOR CLIMATE Progress Report 2016—Executive Snapshot

### A Decade of Mobilizing Business for Global Climate Action

Caring for Climate is a joint initiative of the UN Global Compact, the UN Environment Programme (UNEP), and the Secretariat of the UN Framework Convention on Climate Change (UNFCCC) aimed at advancing the role of business in addressing climate change. Launched by the UN Secretary-General in 2007, the initiative has become the world’s largest coalition of businesses that are taking climate action, supported by over 450 chief executives from 65 countries. Adherence to the Caring for Climate commitments that follow are monitored, and since inception the initiative has delisted over 50 companies for failing to report on progress.

**All Caring for Climate signatories endorse a statement committing to the following five areas:**

1. Reduce emissions, set targets, and report annual performance
2. Devise a business strategy to approach climate risks and opportunities
3. Engage with policymakers to encourage scaled up climate action
4. Work collaboratively with other enterprises to tackle climate change
5. Become a climate-friendly business champion with stakeholders

Over the past decade, Caring for Climate provided a forum for businesses large and small to address key systemic issues that hinder progress on climate change. Through its four workstreams—carbon pricing, science-based targets, responsible policy engagement, and climate adaptation—Caring for Climate has played a role in defining leadership frameworks and setting the ambition high for businesses at large. In the lead up to COP21, more than 450 companies called for a robust international agreement, recognizing that this is essential for providing predictability, unlocking capital and advancing the power of sustainable business.

Caring for Climate continues to provide a framework for companies to mainstream key advocacy priorities into concrete climate action—and does so in ways that support the Global Climate Action Agenda. Most recently, Caring for Climate challenged companies to set an internal price of \$100 USD per metric tonne of carbon dioxide equivalent (MtCO<sub>2</sub>e) minimum to meet the below-2-degree Celsius pathway.

### Snapshot of progress made by Caring for Climate participants in 2016

Caring for Climate signatories agree to be business leaders through their climate action-related commitment to set goals, develop and expand strategies, engage stakeholders and disclose emissions. For the 159 large companies (i.e., those with > 250 employees) who were included in the emissions analysis as a result of having both 2015 emissions and revenue data, their carbon footprints decreased by 1.2% or 19.5 million MtCO<sub>2</sub>e; this is equivalent to installing 5,000 wind turbines.<sup>1</sup> Of this group, almost half reduced absolute emissions between 2014 and 2015, and a quarter of them reduced their emissions intensity on a revenue basis.

Looking at the group of signatories who met all five commitments, the top 25 with largest percentage decrease in emissions over the year had combined emissions reductions of 72 million MtCO<sub>2</sub>e in 2015. This is equivalent to over 10.6 million homes’ electricity use for one year and/or the carbon sequestered by almost 2 billion tree seedlings grown for 10 years.<sup>2</sup>

At the crux of the Caring for Climate initiative are five commitments outlined in the Statement that are aimed at guiding the creation of long-term strategies to combat climate change. A comprehensive review of CDP (formerly Carbon Disclosure Project), Communication on Progress—Climate (COP-Climate) and other publicly available data for those signatories that communicated on 2015 progress related to adherence to the commitments revealed that 35% of them met all five commitments outlined by the Statement (up from 32% last year). As seen in Figure 1, 60% of the 450 signatories met three or more commitments. There is still work to be done with those signatories meeting limited or no commitments—in particular with Small and Medium Enterprises (SME)—and Caring for Climate strives to provide the right support to drive improvement.

1. <http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator>  
2. <http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Based on 2016 responses to CDP, the 157 Caring for Climate signatories with information reported 419 targets to reduce their carbon emissions. If the signatories meet their Scope 1 and 2 targets, they will reduce their absolute emissions by at least 274.4 million metric tons of CO<sub>2</sub>e from their base years.<sup>3</sup> This is equivalent to the emissions associated with the annual energy use of 29 million homes and/or 58 million passenger vehicles driven for one year.<sup>4</sup> Further, this group of signatories reported that 570 discreet projects are either being considered, under implementation, or implemented in the previous year to reduce carbon emissions. These projects are estimated to have a combined annual savings of just over 347 million metric tonnes of CO<sub>2</sub>e; according to the World Resources Institute (WRI), This is comparable to Pakistan’s total annual emissions (MtCO<sub>2</sub>e), including emissions associated with turning forest(s) into agricultural land.<sup>5</sup>

The full **Caring for Climate Progress Report 2016**, including signatory and emissions analysis powered by CDP data, will be available in December 2016.

**Caring for Climate strategic partners**



3. Company targets have a variety of base years and end dates, so there is no single target date for achieving these savings.  
4. <http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator>  
5. <http://www.wri.org/resources/data-sets/cait-country-greenhouse-gas-emissions-data>

**Number of Commitments Met by Caring for Climate Signatories**

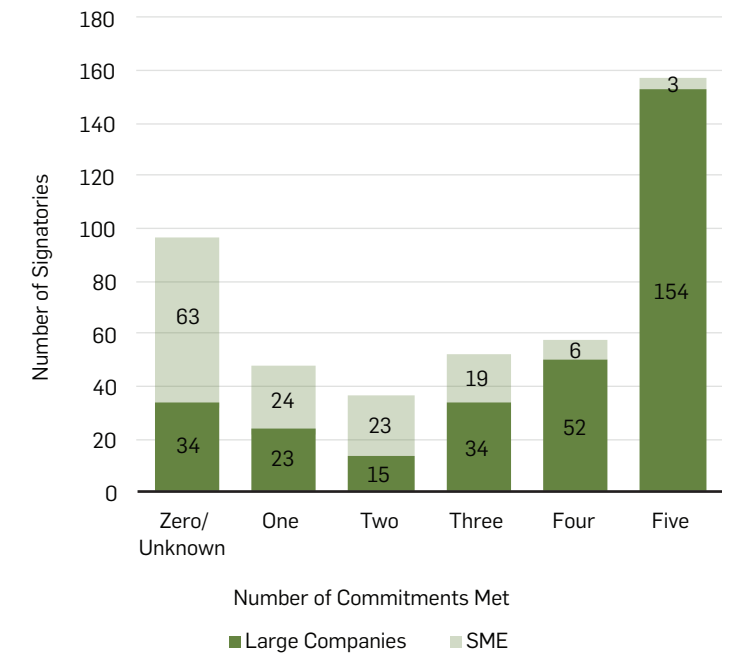


Figure 1. Number of the five Caring for Climate Commitments met by the 450 Caring for Climate Signatories with a 2015 Communication on Progress; Sources: UN Global Compact COP—Climate, CDP data and other publicly available information

## CARING FOR CLIMATE WORKSTREAMS

Caring for Climate aims to mobilise businesses on a global scale to take a stand for a low-carbon and climate resilient economy through their processes, products, services, in their supply-chains and in shaping consumer and public attitudes. With a global reach, the initiative is focused on mobilising business to address key systemic issues on climate change through its four workstreams:

### Business Leadership on Carbon Pricing

Since 2014, Caring for Climate together with its strategic partners—CDP, The Climate Group, UN Foundation and the Principles for Responsible Investment—have been calling on companies to demonstrate leadership in pricing the cost of carbon emissions as a necessary and effective measure to tackle climate change.

The Business Leadership Criteria (BLC) on Carbon Pricing are comprised of three distinct but overlapping dimensions:

- Integrating carbon pricing into long-term strategies and investment decisions;
- Responsible policy advocacy; and
- Communication on progress.

All three dimensions of the criteria are aligned with limiting the increase in global mean temperature to 2° Celsius or less as compared to pre-industrial levels. The Caring for Climate initiative encourages companies who do not have an internal price on carbon when pledging to the BLC, to set a price level within one year of joining the initiative.

In 2016, in consulting with UN partners, the UN Global Compact has called on companies to aspire to setting an internal carbon price of \$100 (USD) per tonne of carbon equivalent by 2020 to accelerate progress toward global climate action. The broader goal of this call is to mobilize more businesses around the world to align with the leadership criteria and to set an ambitious internal price commensurate with the scale and urgency of meeting the well below 2-degree pathway.

As of November 2016, 70 companies with a total market capitalization of over USD 2.5 trillion across 25 sectors from 27 countries have committed to integrate carbon pricing into corporate long-term strategies and investment decisions. They are formally recognised by initiatives like Caring for Climate, Carbon Pricing Leadership Coalition, We Mean Business, and CDP (click [here](#) to see the list of companies).

Today, more than 140 companies have reported to CDP that they have an internal carbon price in place. Learn more [here](#).

#### RESOURCES

[Report: Business Leadership Criteria—Carbon Pricing](#)

[Executive Guide: Carbon Pricing Leadership](#)

### Science-Based Targets

Smart companies know that setting ambitious targets is not an act of altruism, but in their own interest. Science-based emissions reduction goals can help drive innovation and secure long-term competitive advantage. Setting emissions reduction targets is now common practice for business: 80% of the world's 500 largest companies reported targets to CDP in 2015—however, most of them are not sufficient to meet the risks posed by climate change and keep warming below 2° Celsius. Corporations influence up to 70% of global GHG emissions. If a significant number of these companies adopt and implement GHG emission reduction targets in accordance with the goals adopted in the Paris Agreement, they could substantially contribute to closing the emissions gap left by country commitments alone.

**Science Based Targets** is a joint initiative by CDP, the UN Global Compact, the WRI and WWF intended to increase corporate ambition on climate action by mobilising companies to set greenhouse gas emission reduction targets consistent with the level of decarbonisation required by science to limit warming to less than 2°C (and ideally less than 1.5°C) above pre-industrial temperatures. The initiative contributes to sending a clear signal to policymakers that industry is committed to playing its part in decarbonizing the economy, and will inspire other companies to move to ensure their future resilience. The initiative has come a long way since its January 2014 launch, with 200 companies from different sectors around the world having committed to setting SBTs to date—and more are joining every day.

Looking ahead, science-based GHG emission reduction target setting is increasingly becoming standard business practice and corporations will be contributing to closing the emissions gap. By 2020, the goal is that at least 300 high-impact companies will have science-based emission reduction targets in place; and, similarly, that by 2018 at least 300 high-impact companies will have committed to adopt science-based GHG emission reduction targets, and more than 100 companies will have approved SBTs.<sup>7</sup> The key deliverables for 2020 include: 1) Remove technical barriers for the adoption of science-based emission reduction targets in key sectors by launching new guidance, tools and methodologies, 2) Create a critical mass of companies employing science-based targets, and 3) Institutionalise the adoption of SBTs (through supporting mechanisms, such as CDP scoring).

Beyond contributing to closing the emissions gap, a critical mass of companies with science-based emission reduction targets in key countries and in crucial sectors could facilitate the transition towards a low-carbon economy by acting as leaders and role models, and by demonstrating proof of concept, to the less engaged companies in their respective country or sector. Companies with SBTs in place will be more likely to support the low-carbon transformation in major sectors of the economy, as well as contribute toward creating a business environment that supports the attainment of global sustainability objectives. Learn more [here](#).

#### RESOURCES

[Report: Are You Aligning Your Emission Reduction Targets with Climate Science?](#)

[Methodology: Sectoral Decarbonization Approach](#)

### Responsible Policy Engagement

The Guide for Responsible Corporate Engagement in Climate Policy issued by Caring for Climate in partnership with WRI, CDP, WWF, Ceres, and The Climate Group in November 2013 at COP19 established a set of core principles and actions for companies to engage constructively in climate change policy debates. Business leaders are in a unique position to inform and advance effective responses to climate change. The Guide sets guidelines for why and how companies can provide constructive influences on public policy in support of an effective global climate change agreement.

Three years after the launch of the Guide for Responsible Corporate Engagement in Climate Policy, nearly 130 companies from more than 20 countries have made notable commitments to implement actions on responsible policy engagement in their company. These companies have agreed, by making a public commitment through We Mean Business, CDP and the UN Global Compact, to implement the actions in Section 3 of the Guide to “Identify—Align—Report”:

1. Setting up processes to internally audit all activities that a company takes part in that influences climate policy;
2. Working to ensure that all of this activity is consistent; and
3. Communicating on progress.

When corporate leaders collaborate with decision makers and trade associations to effect incentives, mechanisms and policies, this engagement needs to be aligned with their sustainable business goals and with the ultimate objective of transitioning towards a low-carbon society. Through the core elements of legitimacy, opportunity, consistency, accountability and transparency, businesses can form links between their sustainability commitments and their corporate policy positions. With corporate input and endorsement, decision makers can deliver bold and meaningful climate policies that are consistent with climate-oriented strategies of the business sector. With a Paris Agreement in place business will have a crucial role in contributing to the implementation of the National Determined Contributions (NDCs) and related climate and Sustainable Development Goal (SDG) national plans, and in helping ensure their climate policies are aligned with the trade associations to which they hold a membership. Learn more [here](#).

#### RESOURCES

[Executive Brief: Are You Engaging Responsibly in Climate Policy?](#)

[Report: The Guide for Responsible Corporate Engagement in Climate Policy](#)

### Responsible Corporate Adaptation

Reducing greenhouse gas emissions as well as implementing measures to anticipate and adapt to climate impacts are both core components of an effective strategy to cope with climate change. Failing to adapt to climate change poses a significant risk for companies today. In contrast, adaptation offers many benefits to the private sector, such as improving operations and competitiveness; leveraging new business opportunities; building corporate reputation; and protecting value chains.

The importance of strengthening the climate resilience and adaptive capacity of societies is prominently recognised in the 2030 Agenda on Sustainable Development, the Paris Agreement, and the Sendai Framework for Disaster Risk Reduction. Companies can play a key role in advancing these UN agreements in ways that help meet their corporate goals and benefit the communities where they operate (i.e., ‘responsible corporate adaptation’).

Company disclosures on climate risk and opportunities also show that climate change is increasingly recognised as being relevant to business activities. In 2015, 406 Global 500 companies disclosed a total of 1,016 physical risks to CDP such as changes in temperature or precipitation extremes. Further, forty percent of companies that report to CDP recognise the impacts of climate change already in the short-term (i.e., next three years); while at the same time, half of the respondents anticipated that business opportunities related to climate change—such as increased demand for products or services—would materialise within three years.

To set the bar high for business to comprehensively build resilience in support of both climate and development priorities, the UN Global Compact together with UNEP, the UNFCCC secretariat, UNEP-DTU Partnership, the CEO Water Mandate, the Global Adaptation Initiative at the University of Notre Dame, Oxfam America, and the World Resources Institute developed the commitment to responsible corporate adaptation. The UN Global Compact and partners are calling companies to:

- Implement a comprehensive climate risk assessment to identify how climate change will impact the company through its entire value chain;
- Integrate into core business strategies and operations corporate adaptation goals that also address community risks;
- Engage with policymakers and relevant stakeholders to support national or local adaptation planning and implementation, particularly in the areas where the company or its suppliers operate; and
- Disclose climate risk information considered material by the company and communicate annually on the three elements above in public corporate reports.

Learn more [here](#).

#### RESOURCES

[Report: The Business Case for Responsible Corporate Adaptation](#)

[Report: Adapting For a Green Economy](#)

[Report: Business and Climate Adaptation](#)

## JOIN CARING FOR CLIMATE!

Become a leader and join Caring for Climate by endorsing the [Caring for Climate Statement](#). Learn more [here](#).

7. High-impact companies meaning that their emissions reductions necessary to meet the 2 degree pathway will be substantive in helping meet the goal globally

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