CARING FOR CLIMATE

PROGRESS REPORT 2016

Caring for Climate

Deloitte.

A Caring for Climate Report

Powered by CDP data.

Email: caring4climate@un.org
www.caringforclimate.org

Published by the UN Global Compact Office
Contact: unglobalcompact@un.org
December 2016

Table of contents

Executive Summary

A Decade of Mobilizing Business for Global Climate Action

Caring for Climate (C4C) is a joint initiative of the United Nations (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. Since 2007, the initiative, launched by the UN Secretary-General, has brought more than 450 companies from 65 countries together to advance the power of sustainable business. Signatory companies communicate on progress annually regarding the commitments of Caring for Climate. The initiative has delisted over 50 companies for failing to report on progress since inception.

THE FIVE COMMITMENTS OF THE CARING FOR CLIMATE STATEMENT

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 has 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 helping to define leadership frameworks and setting the ambition high for companies at large. Leading up to COP 21, more than 450 companies called for a robust international climate 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 links its work to the broader Global Climate Action Agenda stemming from the Paris Agreement. Most recently, Caring for Climate challenged companies to set a minimum internal price of $100 USD per metric tonne of carbon dioxide equivalent (MtCO2e) to meet the below-2-degree Celsius pathway.

Snapshot of progress made by Caring for Climate participants in 2016[1]

Caring for Climate signatories commit to set goals, develop and expand climate change 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 published both 2015 emissions and revenue data, their carbon footprints decreased by 1.2% or 19.5 million MtCO2e; this is equivalent to installing close to 5,000 wind turbines.[2] 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 absolute decrease in emissions over the year had combined emissions reductions of 72 million MtCO2e 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.[3]

At the crux of the Caring for Climate initiative are five commitments in its Statement aimed at guiding the creation of long-term strategies to combat climate change. From a comprehensive review of CDP, UN Global Compact Communication on Progress—Climate (COP-Climate) and other publicly available information for those signatories that reported on 2015 progress related to these commitments revealed that 35% of them met all five elements of the Statement (up from 32% last year). As seen in Figure 1, around 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-Sized Enterprises (SMEs)—and Caring for Climate strives to provide the right support to drive improvement.

1. Commitment-related information within this report may be understated as a result of some organizations not having disclosed enough information on publicly available sources as of 1 November, 2016.
2. Calculated using the US EPA's Greenhouse Gas Equivalences Calculator: http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator
3. ibid

Based on 2016 responses to CDP, the 157 C4C signatories with public 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 CO2e from their base years.[4] 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.[5] Further, this group of signatories reported that 570 discrete 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 CO2e. This is comparable to Pakistan's total annual emissions (MtCO2e).[6]

Of note as it relates to the data in this progress report, signatories do not all disclose the same level of detail as it relates to the Caring for Climate commitments. While making progress on these commitments, companies need to make a concerted effort to standardize the type of information disclosed, as well as report on their emissions reductions activities. This report serves to highlight signatory progress, but also serves as a reminder of the work needed to continue to help mitigate the potentially devastating effects of global climate change.

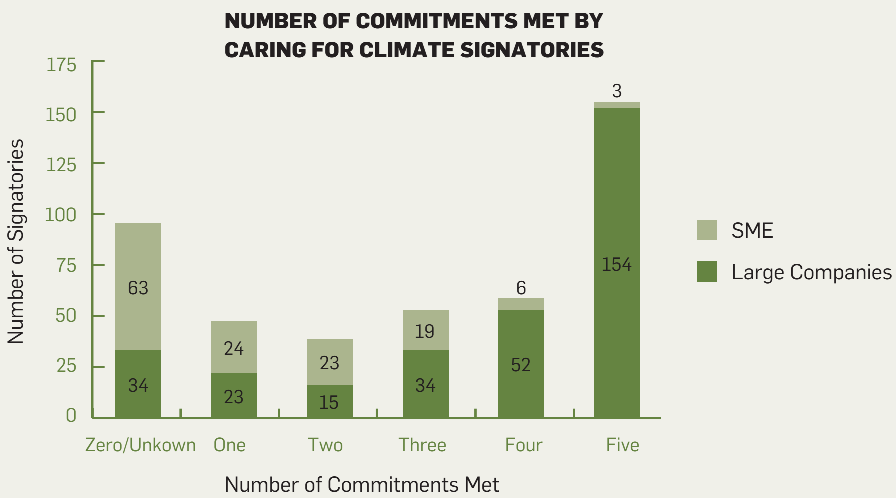


Figure 1. Number of the five C4C Commitments met by the 450 C4C Signatories with a 2015 Communication on Progress; Sources: UN Global Compact COP—Climate, CDP data and other publicly available information

4. Company targets have a variety of base years and end dates, so there is no single target date for achieving these savings.
5. Calculated using the US EPA's Greenhouse Gas Equivalences Calculator: http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator
6. Including emissions associated with turning forest(s) into agricultural land. http://www.wri.org/resources/data-sets/cait-country-greenhouse-gas-emissions-data

Introduction and Signatory Analysis

Caring for Climate Initiative

Caring for Climate (C4C) is a joint initiative between the United Nations Global Compact (UN Global Compact), United Nations Environment Programme (UNEP) and secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at advancing the role of business in climate change. Launched by the UN Secretary-General in 2007 to encourage greater climate action, Caring for Climate has engaged over 450 Large Companies and Small and Medium-Sized Enterprises (SMEs)[7] that are headquartered in more than 65 countries and with almost 17 million employees to uphold the five commitments to action outlined in its Statement[8]:

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

On an annual basis, Caring for Climate conducts research and analysis using climate change data from CDP, UN Global Compact Communication on Progress—Climate (COP-Climate) and other publicly available data to understand the efforts that signatories have made in their work toward these five commitments.

Signatory Analysis

As illustrated in Figure 2, participation in the Caring for Climate initiative has increased by 22% since 2010, from 370 signatories to 450 as of November 2016. The last year alone saw over 20 new signatories join, and where the number of non-communicating and/or delisted companies that have not met the initiative's reporting requirements are 33 and 3 respectively.[9] These 2016 figures are actually an increase from last year, which only saw combined total of 17 delisted and non-communicating companies. 50 companies have been delisted since the initiative launched.

The percentage of C4C signatories that responded to the CDP Carbon Investor questionnaire has decreased, from 46% in 2015 to 39% this year. However, the total number of CDP respondents increased by 18 this year, from 139 to 157. Among the 157 C4C signatories reporting to the CDP with publicly available data, all were large companies (i.e., 250 or more employees).

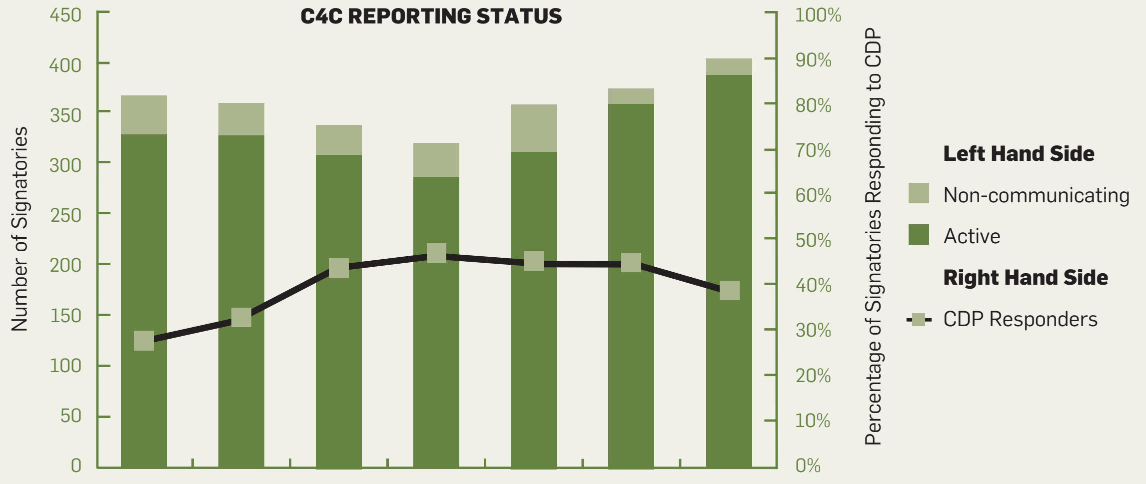


Figure 2: UN Global Compact Reporting Status of C4C Signatories and CDP Participation of Large C4C Companies; Sources: UN Global Compact and CDP Data

7. Within the UN Global Compact and the Caring for Climate initiative in particular, SMEs are defined as having 10-249 employees and Large Companies as having 250 or more employees.
8. http://caringforclimate.org/wp-content/uploads/C4C_Statement.pdf
9. Caring for Climate signatories are required to communicate on an annual basis on progress made in implementing the five areas of commitments as outlined in the Caring for Climate Statement. Companies reporting through their annual "Communication on Progress" (COP) to the UN Global Compact are listed as "active." Should a company fail to meet a COP submission deadline, it will be marked as "non-communicating". Companies that have been non-communicating for longer than 12 months are expelled/delisted from the UN Global Compact and Caring for Climate. Learn more about the UN Global Compact reporting procedures here: https://www.unglobalcompact.org/COP/index.html and see the Caring for Climate reporting guidance here: http://caringforclimate.org/wp-content/uploads/C4C_Reporting_Guidance_March2014.pdf

The majority of C4C signatories are located in Europe (51%), Asia (19%) and the Americas (23%).[10]

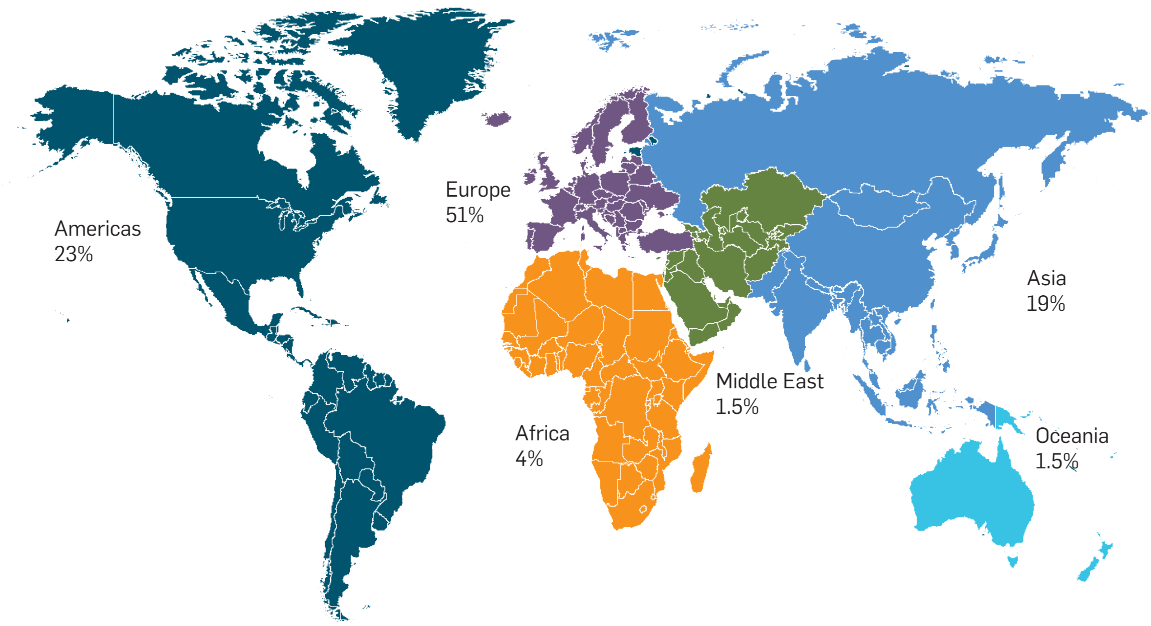


Figure 3: Regional Breakdown by Percentage of C4C Signatories; Source: UN Global Compact

Companies in the Industrials (78), Technology (78), and Energy/Infrastructure (71) sectors comprise over 55% of all C4C signatories, as depicted in Figure 4 below.

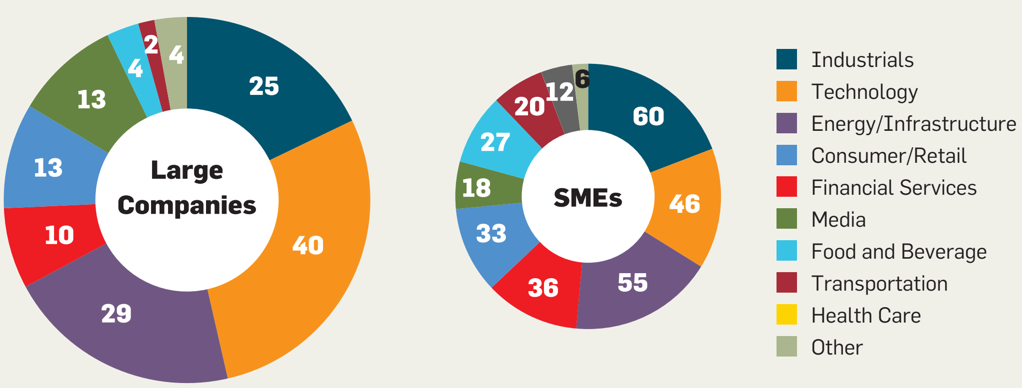


Figure 4: Sector breakdown of C4C Signatories; Source: UN Global Compact

10. See https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/C4CReport2015.pdf for last year's report.

Recognizing Caring for Climate Signatory Leadership

In addition to committing to the five areas of Caring for Climate, signatory companies have taken further steps to align their corporate strategies, goals, and public policy efforts with the initaitive's four workstream areas on mitigation and adaptation. The following companies have committed to align with at least three of the four workstreams of the initaitive:

Company	BUSINESS LEADERSHIP ON CARBON PRICING	SCIENCE-BASED TARGETS	RESPONSIBLE ADAPTATION	RESPONSIBLE ENGAGEMENT
Acciona	✔	✔		✔
Autodesk	✔	✔		✔
BT Group plc	✔	✔		✔
Coca-Cola Enterprises	✔	✔		✔
Coway Co	✔	✔		✔
Garanti Bank	✔	✔	✔	
Gas Natural Fenosa	✔	✔		✔
Infigen Energy	✔	✔		✔
Natura Cosmeticos S/A	✔	✔		✔
Nestle	✔	✔		✔
Suez	✔	✔		✔
Unilever	✔	✔		✔

Emissions Analysis

To maintain consistency, the same methodology from previous progress reports was used to define the sample population for emissions analysis. Caring for Climate analysed large companies with high quality carbon and revenue data for reporting years 2014 and 2015 for the emissions analysis. After reviewing corporate disclosures to CDP, COP-Climate submissions and other publicly available sustainability reports and data, a sample population of 159 large companies was used to assess the emissions performance of the signatories as a whole; the criteria to be included in the sample was that signatories had to have both emissions and revenue information for 2014 and 2015, as well as more than 250 employees. In 2015, the sampled signatories released approximately 1.58 million metric tonnes carbon dioxide equivalent (MtCO2e) of Scope 1 and 2 emissions into the atmosphere.[11] While the number of signatories included in the sample this year increased by 20, emissions for this group decreased by 1.2% (19.5 million MtCO2e) from 2014 to 2015; the total emissions decrease of 19.5 million MtCO2e is equivalent to installing close to 5,000 wind turbines.[12]

This year, three sectors saw decreases in emissions: energy/infrastructure (-3.5%), food & beverage (-6.4%), and technology (-1.0%)—with the energy/infrastructure sector having the greatest absolute decrease at 30.7 million MtCO2e. The greatest absolute increase was industrials with 6.1 million MtCO2e; and the media sector had the greatest percentage increase (45.7%; 4.1 million MtCO2e). The energy/infrastructure sector continues to be the largest emitter of greenhouse gases, representing just over 50% of the emissions from the sample and, more generally, accounting for roughly two-thirds of global emissions.[13] Therefore, signatories of the energy/infrastructure sector have an important role to play in both developing new technologies and leading the charge against climate change.

ABSOLUTE EMISSIONS FOR 2014 AND 2015 (millions of tCO2e)

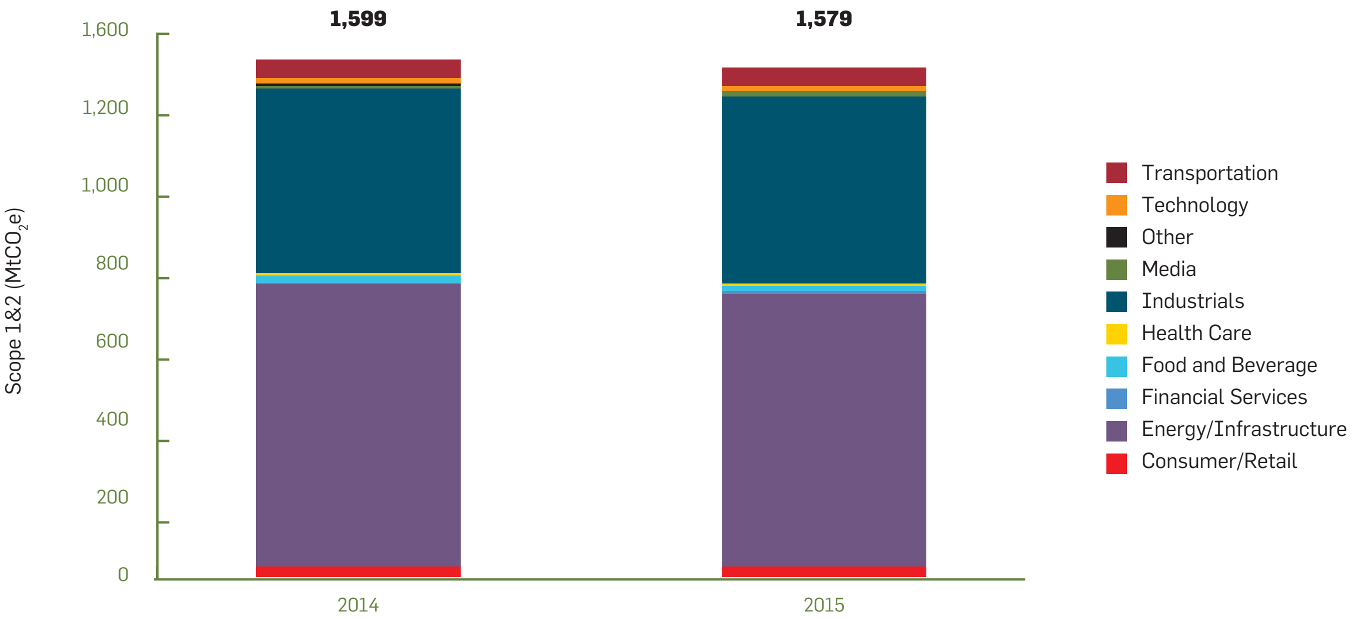


Figure 5: Absolute Emission Trends of the C4C Signatory Sample of 159 Large Companies by Sector; Sources: UN Global Compact, CDP data and other publicly available information.

11. As per the Greenhouse Gas Protocol, Scope 1 emissions are direct emissions that are owned or controlled by the reporting entity. Scope 2 emissions are indirect emissions from consumption of purchased electricity, heat or steam..
12. Calculated using the US EPA's Greenhouse Gas Equivalences Calculator: http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator
13. World Energy Outlook 2016, November 2016 https://www.iea.org/publications/freepublications/publication/WorldEnergyOutlook2016ExecutiveSummaryEnglish.pdf

Of the 159 sampled C4C signatories, 47% achieved reductions over the 2014 reporting period. The 25 signatories out of the sample group that had the largest absolute decrease in emissions and met all five commitments lowered their combined emissions by 72 million MtCO2e in 2015, as compared to 79 million MtCO2e in 2014.[14] This is equivalent to the electricity used by approximately 10.6 million homes annually or the carbon sequestered by almost 2 billion tree seedlings grown for 10 years.

The carbon footprint of the 159 sampled signatories when normalized by revenue (MtCO2e/US$) shows an overall increase in emissions intensity on a revenue basis of 19% between 2014 and 2015; while most sectors demonstrated an increase in intensity, the following three remained fairly stable: food & beverage, technology and financial services. To evaluate progress, C4C initiative analysed the 25 C4C signatories who achieved the greatest percentage drop in emissions per US Dollar of revenue while still meeting all five commitments. This sub-sample reduced emissions intensity by an average of 12% between 2014 and 2015.

ANNUAL ABSOLUTE AND INTENSITY-BASED EMISSIONS CHANGES (2014–2015)

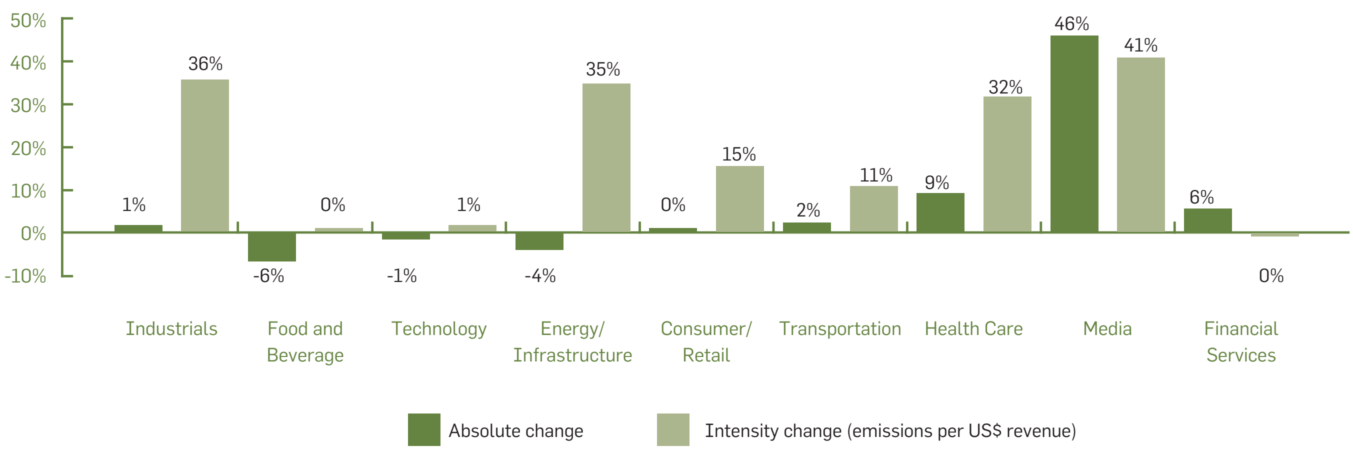


Figure 6: Signatory Absolute and Emissions Intensity per US$ Revenue Changes by Sector between 2014 and 2015 for the Sample of 159 Large Companies; Source: UN Global Compact, CDP data and other publicly available information

14. The 25 signatories with the largest absolute carbon emissions reductions are defined as those large companies meeting all five commitments and achieving the greatest absolute emissions reductions in percentage terms over the reporting period.
15. Calculated using the US EPA's Greenhouse Gas Equivalences Calculator: http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator

COMPANY PROGRESS

Looking at a sub-sample of 22 C4C signatories, including their CDP responses, previous C4C Progress Reports and the UN Global Compact report "A Greener Tomorrow" shows that there has been a decrease in emissions of approximately 12.4% when compared to 2010 levels and emissions are at their lowest level since the initiative began.

N.B.—The criteria for the sample included large companies (>250 employees) with high quality emissions data dating from 2010 through 2016.

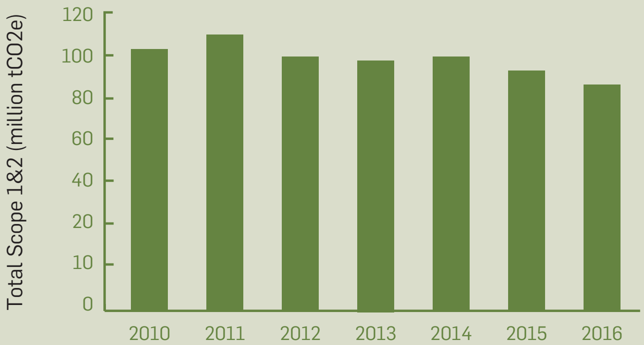


Figure 7: Absolute Emissions Trends of the C4C Signatory Sub-sample of 22 Companies; Sources: UN Global Compact, CDP data, UN Global Compact report "A Greener Tomorrow: How Caring for Climate Signatories are Leading the Way to a Low-Carbon Economy" and other publicly available information.

The Caring for Climate initiative reviewed the 2016 CDP responses of the 157 C4C signatories that reported publicly to CDP to understand the efforts that C4C companies are making to reduce their carbon emissions and the targets that they are setting. These signatories reported 419 short and longer term targets that have been set to reduce their carbon emissions. Setting targets signals a signatory's commitment to reducing its carbon footprint, and is part of meeting the first commitment of being a signatory to the initiative. Targets can take on of two forms, an absolute reduction target or an intensity based target. For instance, a company may set a target to reduce its total, or absolute, Scope 1 and 2 emissions from 2007 levels by 40% by 2020; whereas another may opt to reduce emissions intensity—e.g., reduce emissions per employee or dollar revenue by 15% by 2030.

Of the 419 targets that the signatories reporting to CDP have set, 306, or 73%, are focused directly on Scope 1 and/or 2 emissions. If the signatories meet their absolute Scope 1 and 2 targets, they will reduce their emissions by an estimated 274.4 million tCO2e from their base years.[16] 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.[17]

Activities to reduce carbon emissions

Based on the most recent CDP submissions, signatories reported 570 discrete projects had been implemented in their operations in the previous year to reduce carbon emissions. Figure 7 shows the types of projects the companies reported and the estimated carbon emissions reductions associated with each. These projects are estimated to have a combined annual savings of just over 347 million tCO2e, with the largest savings coming from low carbon energy installations. According to the World Resources Institute (WRI), this is comparable to Pakistan's total annual emissions (MtCO2e).[18]

ESTIMATED YEARLY EMISSIONS SAVINGS (million tCO2e)

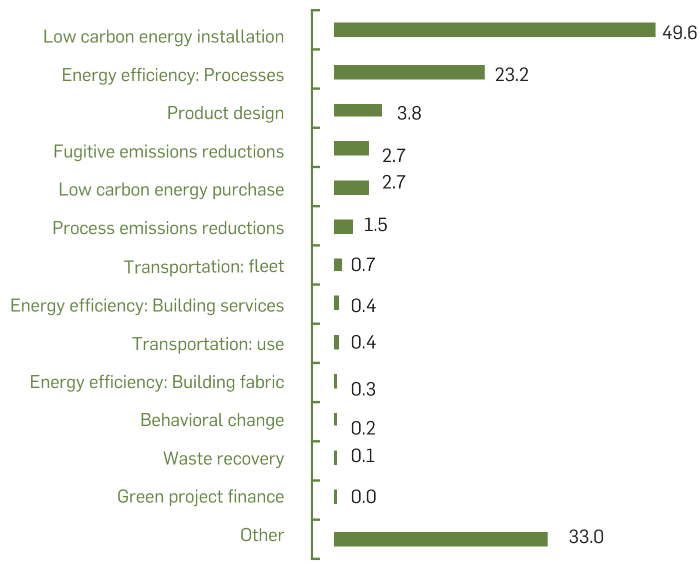


Figure 8: Analysing estimated project emissions reductions of the 157 CDP respondents based on project type; Sources: CDP data

16. Company targets have a variety of base years and end dates, so there is no single target date for achieving these savings.
17. Calculated using the US EPA's Greenhouse Gas Equivalences Calculator: http://www2.epa.gov/energy/greenhouse-gas-equivalencies-calculator
18. Including emissions associated with turning forest(s) into agricultural land. http://www.wri.org/resources/data-sets/cait-country-greenhouse-gas-emissions-data

Of the projects submitted by the 157 CDP respondents reviewed, almost one quarter have a payback period of five years or less. These projects represent 32% of the emissions savings identified across all the projects, up from 20% last year.

In the most recent CDP submission, the individual project with the largest emissions savings was related to a multi-year initiative to improve technical operations — e.g., energy, fuel and chemicals consumption reductions, as well as equipment optimization — which enabled major reductions across all business units equivalent to 15.6 million tCO2e in 2015 alone.

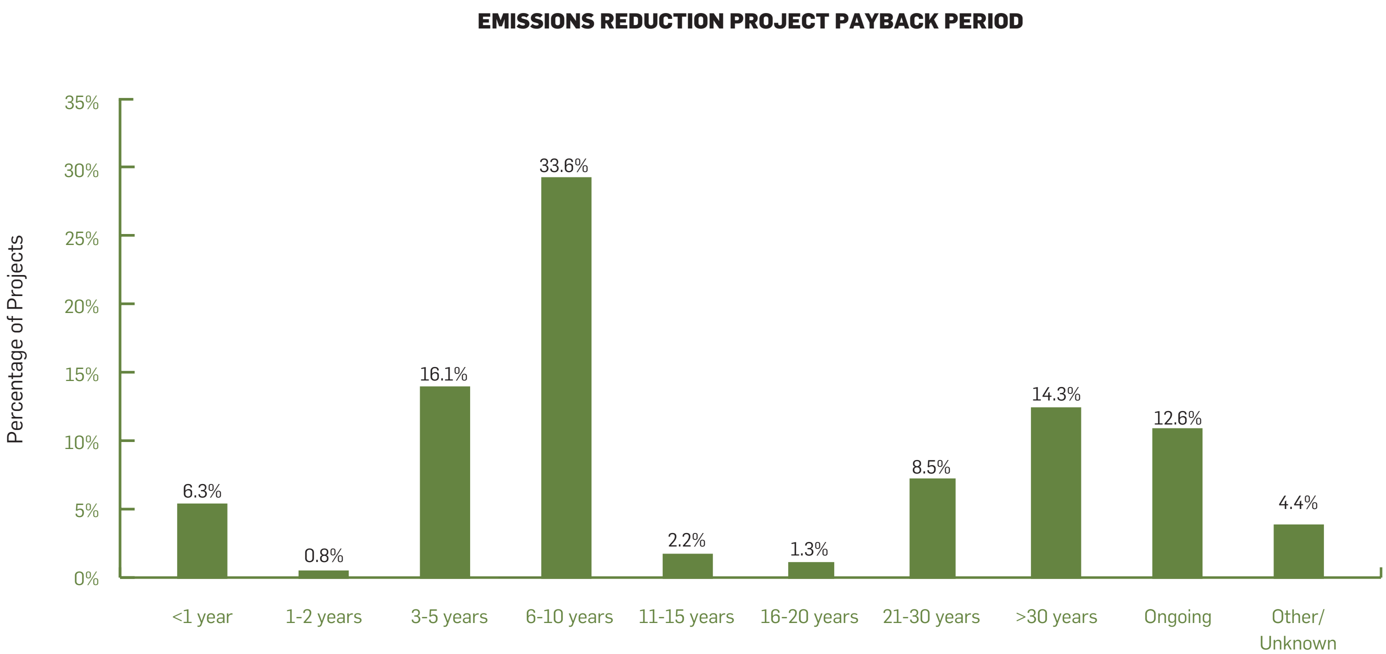


Figure 9: Analysing estimated project payback period for the 157 CDP respondents; Source: CDP data

Commitment Analysis

Progress by signatories in meeting the five commitments outlined in the Caring for Climate Statement was researched and analysed using information submitted through CDP, COP-Climate and other publicly available sources. The same quantitative criteria and methodology used in previous years was applied to evaluate progress towards meeting each commitment for this year's report.[19] This section contains the description of each commitment, the criteria used to analyse whether a signatory is meeting the commitment, and a high-level overview of signatory progress towards meeting the commitment.

Commitment 1:

Taking further practical actions to improve continuously the efficiency of energy usage and to reduce the carbon footprint of our products, services and processes, to set voluntary targets for doing so, and to report publicly and annually on the achievement of those targets in our Communication on Progress-Climate.

The following criteria have been defined by C4C to determine whether signatories are meeting the first commitment: 1) signatory has pursued emission reduction activities; 2) signatory has set emission reduction targets; and, 3) signatory has made its 2015 emissions data public and readily available.

This year's review of the 450 C4C signatories found that 45% met all aspects of this commitment. This commitment was especially difficult for SMEs, with just over 5% meeting all three requirements. In analysing the criteria to meet Commitment 1 in more detail, C4C found that 78% of C4C signatories pursued emission reduction activities to help reduce their carbon footprint; and 53% set emission reductions targets and publicly reported their 2015 emissions. However, only 10% of SMEs disclosed emissions for the reporting year.

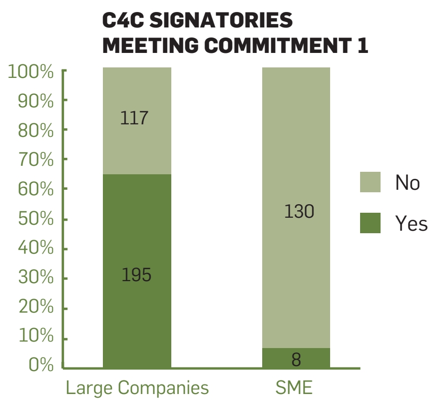


Figure 10: C4C Commitment Analysis: Has the Signatory Met Commitment 1?; Sources: UN Global Compact, CDP data, and other publicly available information

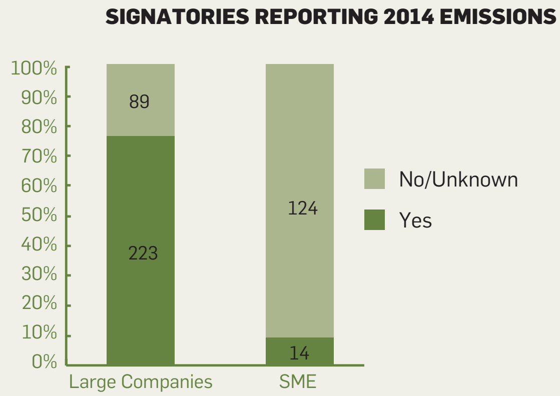


Figure 11: C4C Signatories Reporting 2015 Greenhouse Gas Emissions; Sources: UN Global Compact, CDP data and other publicly available information

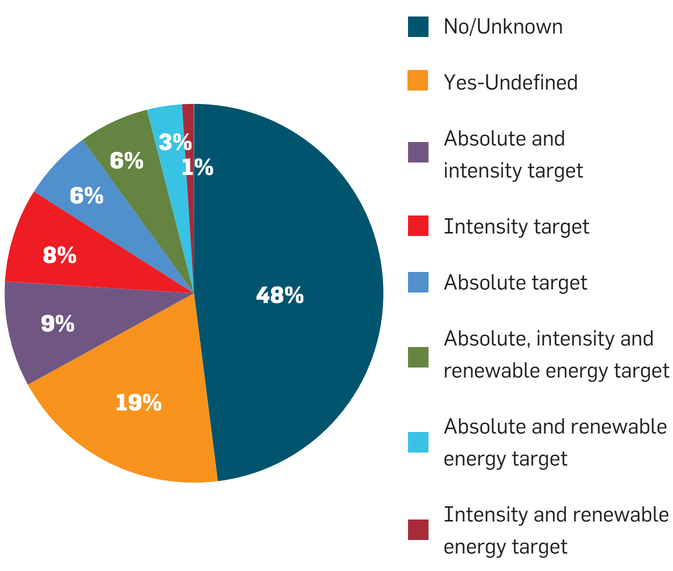


Figure 12: Emission Reduction Targets of Large Company C4C Signatories; Sources: UN Global Compact, CDP data and other publicly available information

19. In 2015, for signatories that report (and other publicly available information) in a language other than English, Spanish, Portuguese, Swedish, Chinese, German or French, analysis of their commitments other than whether they report emissions data was considered to be "unknown."

Commitment 2:

Building significant capacity within our organisations to understand fully the implications of climate change for our business and to develop a coherent business strategy for minimizing risks and identifying opportunities.

To meet the second commitment, C4C signatories must have an "easily identifiable" climate strategy in place. For 2015, C4C found that 69% of the 450 C4C signatories with up-to-date communications on progress met the second commitment.

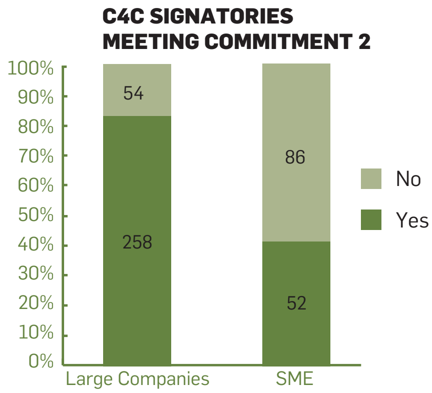


Figure 13: C4C Commitment Analysis: Has the Signatory Met Commitment 2?; Sources: UN Global Compact, CDP data and other publicly available data

Commitment 3:

Engaging more actively with our own national governments, inter-governmental organisations and civil society to develop policies and measures to provide an enabling framework for business to contribute effectively to building a low-carbon and climate-resilient economy.

To meet the third commitment, signatories must illustrate examples of participation in policy engagement on the issue of climate change, other than becoming a signatory of the UN Global Compact and C4C initiative. For purposes of this report, to receive credit for this commitment, signatories need to pursue direct interaction with policy makers to encourage increased climate action and report on these activities in public documentation. In 2013, Caring for Climate together with other partners launched "The Guide for Responsible Corporate Engagement in Climate Policy" to help companies engage in climate policy in a transparent and accountable way that is consistent with their sustainability commitments.

Just under half (49%) of the 450 C4C signatories met commitment three—a 7% increase from the previous review. Similar to previous years, the sample signatories active in policy engagement represent a total of 92% of CO2e emissions in 2015. This is important because it indicates that companies most responsible for carbon emissions participate in a dialogue with public policy makers over climate change.

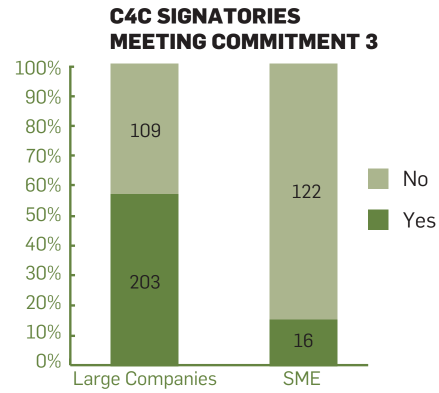


Figure 14: C4C Commitment Analysis: Has the Signatory Met Commitment 3?; Sources: UN Global Compact, CDP data and other publicly available data

Commitment 4:

Continuing to work collaboratively with other enterprises both nationally and sectorally, and along our value-chains, to set standards and take joint initiatives aimed at reducing climate risks, assisting with adaptation to climate change and enhancing climate-related opportunities.

To meet the fourth commitment, signatories must illustrate examples of working collaboratively with other organisations to address climate change. Examples taken into consideration include: reporting Scope 3[20] emissions for supplier operations and purchased goods/services; instances of supplier engagement in business partnerships; participation in creating industry standards; and engagement with NGOs. As seen in the graph, 60% of the 450 C4C signatories met this commitment. Additionally, 30% of signatories reported relevant Scope 3 emissions—up from 26% in last year's review.

20. Scope 3 emissions include indirect GHG emissions from sources not owned or directly controlled by the entity but related to the entity's activities.

C4C SIGNATORIES MEETING COMMITMENT 4

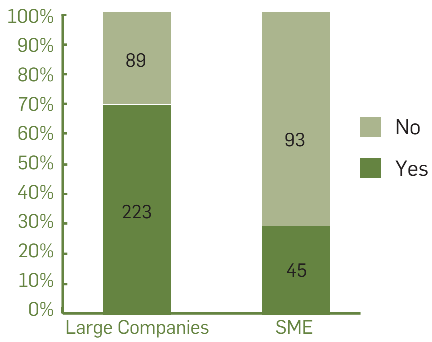


Figure 15: C4C Commitment Analysis: Has the Signatory Met Commitment 4?; Sources: UN Global Compact, CDP data and other publicly available information

Commitment 5:

Becoming an active business champion for rapid and extensive climate action, working with our peers, employees, customers, investors and the broader public.

To meet the fifth commitment, signatories illustrate examples of how they champion climate change across a broad stakeholder group—including employees and customers. Examples include relevant Scope 3 emissions categories and other publicly disclosed information on stakeholder engagement.

The review found that 66% the 450 C4C signatories met this commitment. Companies are generally able to better champion climate change with employees and customers than their supply chain. Additionally, 42% of signatories reported relevant Scope 3 emissions including employee commuting and use of sold products (up from 35% last year).

C4C SIGNATORIES MEETING COMMITMENT 5

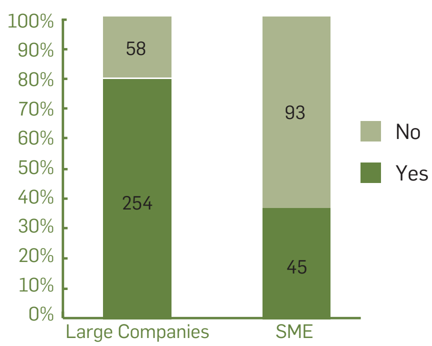


Figure 16: C4C Commitment Analysis: Has the Signatory Met Commitment 5?; Sources: UN Global Compact, CDP data and other publicly available data

Conclusion

Active engagement and leadership by C4C signatories on issues surrounding climate change is paramount for the continued success of the initiative. This progress report serves as a summary of the health of the programme—highlighting the actions signatories have taken to build a low-carbon economy as well as illustrating where future actions should be targeted.

This report indicates that signatories have made progress in fulfilling the five commitments of the Caring for Climate initiative; however, there are still opportunities for organisations to build out their climate strategy while increasing the accuracy and detail of their reporting. Educating signatories, especially SMEs, about the value and importance of reporting is crucial to ensure that their performance against the commitments are taken seriously and to improve considerably over time.

Signatories' participation in the initiative illustrates their commitment to climate-related issues, as well as the importance of businesses to take a leadership position in the development of a low-carbon and resilient economy. The important contribution of leading initiatives like Caring for Climate to the UN climate agenda and the Sustainable Development Goals (SDGs) has been further assessed by the initiative and partners in the 2016 Status Report on the Business Contribution to Global Climate Action (see also page 20).

25 Greatest Emissions Reductions—Absolute and Intensity

Criteria considered in the 25 largest absolute emissions reductions:
Large companies that meet all five C4C commitments and achieved the greatest percentage of absolute emissions reductions over the 2014 to 2015 reporting period:

SIGNATORY	SECTOR	COUNTRY
Abengoa	Energy/Infrastructure	Spain
Braskem S.A.	Industrials	Brazil
Centrica plc	Energy/Infrastructure	United Kingdom
CPFL Energia S.A.	Energy/Infrastructure	Brazil
DuPont	Industrials	United States of America
E.ON SE	Energy/Infrastructure	Germany
EDF	Energy/Infrastructure	France
Endesa, S.A.	Energy/Infrastructure	Spain
ENI	Energy/Infrastructure	Italy
Fortum Corporation	Energy/Infrastructure	Finland
Korea East-West Power Co.,Ltd.	Energy/Infrastructure	Korea, Republic of
LM Ericsson	Media	Sweden
OMV Aktiengesell-schaft	Energy/Infrastructure	Austria
PepsiCo, Inc.	Food and Beverage	United States of America
PTT Global Chemi-cal Public Company Limited	Industrials	Thailand
Red Eléctrica de España S.A.U.	Energy/Infrastructure	Spain
Rio Tinto plc	Industrials	United Kingdom
Royal Bafokeng Plati-num Limited	Other	South Africa
Royal DSM	Industrials	Netherlands
Saint-Gobain	Industrials	France
Sasol Ltd.	Industrials	South Africa
Siemens AG	Technology	Germany
Tata Steel	Industrials	India
The Coca-cola Com-pany	Food and Beverage	United States of America
The Dow Chemical Company	Industrials	United States of America

Criteria considered in the 25 largest emissions intensity reductions:
Large companies that meet all five C4C commitments and achieved the greatest percentage emissions intensity reductions per revenue over the 2014 to 2015 reporting period:

SIGNATORY	SECTOR	COUNTRY
Abengoa	Energy/Infrastructure	Spain
Auchan France	Consumer/retail	France
Banco de Crédito Social Cooperativo	Financial Services	Spain
Banco do Brasil S.A.	Financial Services	Brazil
Centrica plc	Energy/Infrastructure	United Kingdom
City Developments Limited	Financial Services	Singapore
Coway Co., Ltd.	Consumer/retail	Korea, Republic of
CPFL Energia S.A.	Energy/Infrastructure	Brazil
DGB Financial Group	Financial Services	Korea, Republic of
DNB ASA	Financial Services	Norway
DuPont	Industrials	United States of America
E.ON SE	Energy/Infrastructure	Germany
Endesa, S.A.	Energy/Infrastructure	Spain
LM Ericsson	Media	Sweden
Metso Corporation	Technology	Finland
PepsiCo, Inc.	Food and Beverage	United States of America
Piraeus Bank	Financial Services	Greece
PTT Global Chemi-cal Public Company Limited	Industrials	Thailand
Red Eléctrica de España S.A.U.	Energy/Infrastructure	Spain
Royal Bafokeng Plati-num Limited	Other	South Africa
Royal DSM	Industrials	Netherlands
Saint-Gobain	Industrials	France
Shinhan Bank	Financial Services	Korea, Republic of
Storebrand ASA	Financial Services	Sweden
Turkiye Garanti Bankasi A.S.	Financial Services	Turkey

Caring for Climate workstreams and 2016 events

Caring for Climate aims to mobilize 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. Through presenting examples of successful practices, the initiative seeks to inform the global climate policy agenda. Together with strategic partners, the initiative has developed the four primary workstreams described below to facilitate business leadership on key systemic issues on climate change.

Business Leadership on Carbon Pricing

Caring for Climate together with partners—CDP, The Climate Group, UN Foundation, the Principles for Responsible Investment, and World Resources Institute—are 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:

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

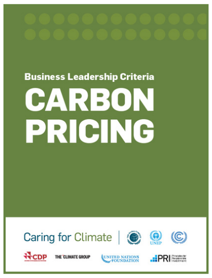
All three dimensions of the criteria are aligned with limiting the increase in global mean temperature to 2° Celsius or less as compared to pre-industrial levels. The Caring for Climate initiative encourages companies who do not have an internal price on carbon when pledging to the BLC to set a price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

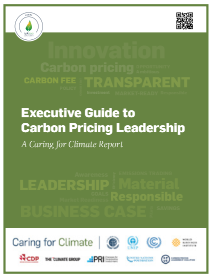
In 2016, in consulting with UN partners, the UN Global Compact has called on companies to aspire to setting a minimum internal carbon price of $100 USD per tonne of carbon equivalent by 2020 to accelerate progress toward global climate action. The broader goal of this call is to mobilize more businesses 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. According to publicly available information, all 70 have set an internal price of carbon—the average of which (for those who disclosed) was found to be approximately $30 USD. The Business Leadership Criteria on Carbon Pricing form a cooperative initiative of the Global Climate Action Agenda and is promoted and supported by 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. According to CDP, more than 430 companies have an internal carbon price in place and more than 500 additional companies plan to implement a price by 2017. To learn more about CDP, click here.

LEARN MORE





Science-Based Targets

More and more companies are recognising that science-based target setting makes business sense and are leading the way towards standard business practice. 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 World Resources Institute (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:

1. **COP20:** In Lima, a science-based targets panel was held and companies were asked to engage in science-based target setting.
2. **COP21:** In May 2015, at the Business and Climate Summit in Paris the Call to Action campaign was launched, where companies were asked to commit to adopting a science-based target with the ultimate aim of creating a movement for science-based targets (SBTs) to become common practice for corporate climate target setting.
3. **COP22:** To date, 200 companies from 40 different sectors[21] spanning over 30 countries around the world have committed to setting SBTs and more are joining every day; 66 of these joined the initiative after COP21. Of these, 27 companies have had their science based target approved by the initiative.[22]

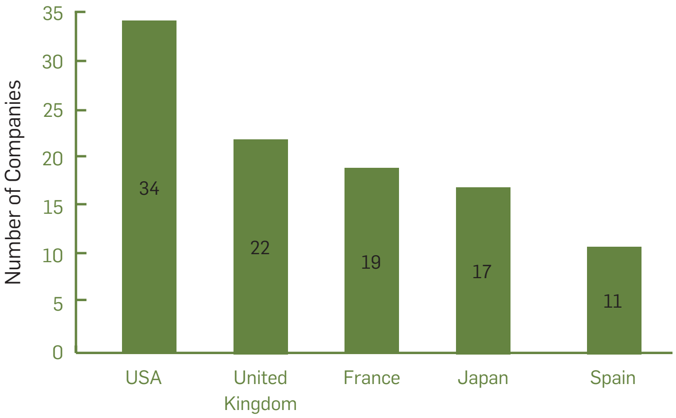
Looking ahead, science-based GHG emission reduction target setting is increasingly becoming standard business practice and corporations will be contributing to closing the emissions gap. By 2020, the goal is that at least 300 high-impact companies will have science-based emission reduction targets in place and to have 40% of corporate emissions covered by companies using SBTs. Similarly, by 2018 the goal is that 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.[23] 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). The initiative hopes that by 2030 SBTs will become the new norm with thousands of committed companies covering the majority of corporate emissions, and that by 2050 the low carbon, sustainable economy will become a reality.

Corporations influence up to 70% of the global GHG emissions. The top ~1,850 high-impact companies by emissions and market capitalization have aggregated Scope 1 and Scope 2 emissions of approximately 14 gigatonnes of carbon equivalent—and where 80% of these emissions are generated by only 270 large corporate emitters. 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 close the emissions gap left by country commitments. For instance, the adoption of science-based emission reduction targets by the largest ~270 corporate emitters could contribute one-third of the required global reduction by 2030.

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.

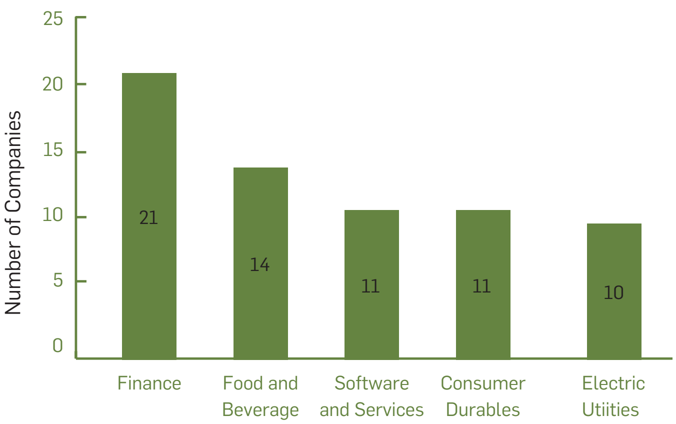
21. As considered using the Global Reporting Initiative sector classification
22. http://sciencebasedtargets.org/companies-taking-action/
23. High-impact companies meaning that their emissions reductions necessary to meet the 2 degree pathway will be substantive in helping meet the goal globally

TOP FIVE COUNTRIES WHERE COMPANIES SETTING SCIENCE-BASED TARGETS ARE HEADQUARTERED



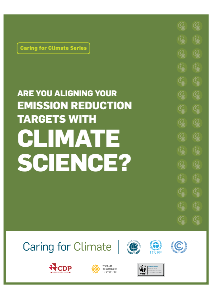
Based on companies that have committed to setting science-based targets to date (as of November 2016)

TOP FIVE INDUSTRIES SETTING SCIENCE-BASED TARGETS



Based on companies that have committed to setting science-based targets to date (as of November 2016)

LEARN MORE



Responsible Policy Engagement

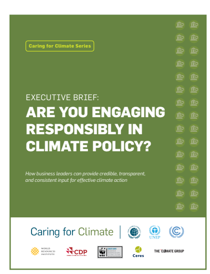
The Guide for Responsible Corporate Engagement in Climate Policy issued by Caring for Climate in partnership with WRI, CDP, WWF, Ceres and The Climate Group in November 2013 at COP 19 established a set of core principles and actions for companies to engage constructively in climate change policy debates. Business leaders are in a unique position to inform and advance effective responses to climate change. The publication 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 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 the 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



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.

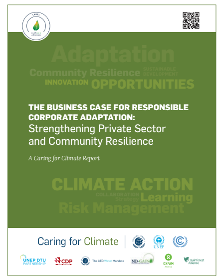
The importance of strengthening the climate resilience and adaptive capacity of societies is prominently recognised in the 2030 Agenda for Sustainable Development, the Paris Agreement and the Sendai Framework for Disaster Risk Reduction. Companies can play a key role in advancing these UN agreements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

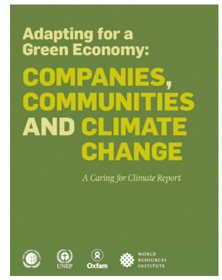
Company disclosures on climate risk and opportunities also show that climate change is increasingly recognised as being relevant to business activities. In 2015, 406 Global 500 companies disclosed a total of 1,016 physical risks to CDP such as changes in temperature or precipitation extremes. Further, 40% 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 WRI, developed the commitment to responsible corporate adaptation. The UN Global Compact and partners are calling on 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





Cross-cutting activities and deliverables

Assessing Business Contribution to Global Climate Action

Caring for Climate together with other partners released the 2016 Status Report on the Business Contribution to Global Climate Action, an assessment of the impact of business initiatives on achieving the goals of the Paris Agreement and the SDGs. The report found that there are now 30 business-led cooperative initiatives in total registered on the UN-backed NAZCA[24] climate portal, including more than 3,300 companies and organizations. Since COP 21, the number of businesses participating in these cooperatives has increased by 17%, and where 27% of these business participants have their headquarters in developing or transition economies.

24. Non-state Action Zone for Climate Action

Action platform on low-carbon and resilient development launched

Building on a decade of successfully engaging business on the international climate agenda, the UN Global Compact announced a new action platform Pathways to Low-Carbon & Resilient Development to mobilize the private sector to catalyse country-level action to meet the ambitions of the Paris Agreement and the SDGs. The platform will help companies scale up climate action that contributes to the Nationally Determined Contributions (NDCs) and national SDG plans. The Pathways to Low-Carbon & Resilient Development platform aims to set a new global standard of business leadership on climate while providing a space for companies to review, realign and recalibrate their corporate climate goals

Key Caring for Climate events in 2016

C4C supported the organisation of several key events in 2016 in order to:

1. intensify corporate climate action by showcasing promising solutions and practices as well as reinforcing the case for business and investors to strategically address climate change;
2. encourage policymakers to develop frameworks and incentives that can contribute to scaling-up private sector efforts and commitments in support of UN climate goals; and
3. mobilize partnerships among business, investors, Government and civil society.

HIGH-LEVEL MEETING ON CLIMATE CHANGE AT COP 22/CMP 12 (16 NOVEMBER, MARRAKESH)

More than 100 high-level business leaders and investors met with leaders from Government, civil society and the United Nations in a show of resounding support and commitment to taking action on the Paris Climate Agreement at the COP 22/CMP 12 High-Level Meeting on Climate Change on 16 November. Over the course of the meeting, participants mapped out how they plan to accelerate climate action and increase low-carbon investments at the country level. Business representatives shared proposals on how the private sector can support and reinforce national climate priorities on mitigation and adaptation and highlighted the inextricable link between addressing climate change and achieving the Sustainable Development Goals (SDGs).

Signature Ceremony of the Paris Climate Agreement: High-Level Luncheon (22 April, New York)

On 22 April 2016, 175 world leaders signed the Paris Climate Agreement—the most to ever sign a treaty on a single day. To commemorate the event, UN Secretary-General Ban Ki-moon hosted a High-Level Luncheon that brought together governments, businesses, investors, civil society and the UN to demonstrate support from all parts of society for putting the agreement into action. Organized with the support of the UN Global Compact, the Luncheon focused on the scale and pace of the market transformation required to achieve a safer, healthier and more prosperous future for all. On this same date, UN Global Compact Executive Director Lise Kingo called on the private sector to set an internal carbon price at a minimum of $100 per metric ton over time, as this is viewed as the minimum price needed to spur innovation, unlock investment and shift market signals in line with the 1.5 to 2 degree Celsius pathway.

The UN Global Compact Leaders Summit 2016 (22-23 June 2016, New York)

The Leaders Summit in June provided a dynamic stage to jump-start business action everywhere on the Sustainable Development Goals (SDGs). The Summit brought the private sector together to outline the journey ahead to turn global goals into local business. Leaders jointly identified opportunities for action and innovation around the SDGs, including goal 13 on climate action.

Business and Industry Day at COP 22/CMP 12 (9 November 2016, Marrakech)

During the first week of the COP, non-state actors showcased their significant contributions to the Global Action Agenda. Private sector engagement on climate action has grown notably since COP 21, for example: 77 companies are now committed to the UN Global Compact Business Leadership Criteria on Carbon Pricing; 200 companies representing USD $4.8 trillion in market value and responsible for 627 metric tonnes of CO2 equivalent emissions per year have committed to set targets aligned with climate science; and companies have started to align with the UN Global Compact's Commitment to Responsible Corporate Adaptation.

JOIN CARING FOR CLIMATE!

Become a leader and join Caring for Climate by endorsing the Caring for Climate Statement. Learn more here.

A REPORT BY CARING FOR CLIMATE WITH SUPPORT FROM DELOITTE

About the United Nations Global Compact
The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 9,000 companies and 3,000 non-business signatories based in over 160 countries, and more than 70 Local Networks. www.unglobalcompact.org

About the United Nations Environment Programme
The United Nations Environment Programme (UNEP) is the voice for the environment in the United Nations system. It is an advocate, educator, catalyst and facilitator, promoting the wise use of the planet's natural assets for sustainable development. The mission of UNEP is to provide leadership and encourage partnership in caring for the environment by inspiring, informing and enabling nations and peoples to improve their quality of life without compromising that of future generations. The Division of Technology, Industry and Economics (DTIE) is the division within UNEP responsible for working with business and industry. With its longstanding activities in the areas of green economy, climate change, resource efficiency, harmful substances and hazardous waste, finance and corporate responsibility, it provides solutions to policy makers and helps change the business environment by offering platforms for dialogue and co-operation, innovative policy options, pilot projects and creative market mechanisms. http://www.unep.org/

About the United Nations Framework Convention on Climate Change
With 197 Parties, the United Nations Framework Convention on Climate Change (UNFCCC) has near universal membership and is the parent treaty of the 2015 Paris Climate Change Agreement. The main aim of the Paris Agreement is to keep a global average temperature rise this century well below 2 degrees Celsius and to drive efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels. The UNFCCC is also the parent treaty of the 1997 Kyoto Protocol. The ultimate objective of all agreements under the UNFCCC is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development. http://unfccc.int

About Caring for Climate
Launched by the UN Secretary-General Ban Ki-moon in 2007, "Caring for Climate" is the UN Global Compact and UN Environment Programme's initiative aimed at advancing the role of business in addressing climate change. It provides a framework for business leaders to advance practical solutions and help shape public policy as well as public attitudes. Chief executive officers who support the statement are prepared to set goals, develop and expand strategies and practices, and to publicly disclose emissions as part of their existing disclosure commitment within the UN Global Compact framework, that is, the Communication on Progress—Climate. Caring for Climate is endorsed by more than 450 companies from 65 countries.
http://www.caringforclimate.org

Caring for Climate | UN GLOBAL COMPACT UNEP

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

Deloitte Contacts

Chip Cottrell
Chief Sustainability Officer
Deloitte Touche Tohmatsu Limited
jhcottrell@deloitte.com
www.deloitte.com

Joe Solly
Partner, Sustainability & Climate Change
Deloitte Canada
jsolly@deloitte.ca
www.deloitte.ca

Acknowledgement

Caring for Climate wishes to especially thank CDP for providing data for this report. Caring for Climate would also like to especially thank the following people for their role in the publication of this report: Bernhard Frey and Lila Karbassi from the UN Global Compact Office; Kathryn Alsegaf from Deloitte Global; Shannon Mullins on behalf of Deloitte Canada and Edward Thomas and Guy-Anthony Gagliano from Deloitte Canada, along with its Sustainability & Climate Change team members.

Disclaimer

This publication is intended strictly for learning purposes. The inclusion of company names and/or examples does not constitute an endorsement of the individual companies by the United Nations Global Compact Office. The views expressed in this publication are not necessarily those of the United Nations.

The information contained herein is based on data collected by Deloitte Canada as well as information provided by CDP in the course of the analysis. Data provided by CDP was submitted to CDP in 2016 in response to the questions in CDP's investor requests on climate change (and water) by all companies that have agreed to their data being made publicly available, and that are held on the CDP database. While Caring for Climate and Deloitte Canada have taken due care in compiling, analysing, and using the information, neither entity assumes any liability, express or implied, with respect to the statements made herein.

The UN Global Compact and Caring for Climate would like to thank the following stakeholders for their valuable financial and in-kind support in 2016:

Acciona
Danone
Deloitte Touche Tohmatsu Limited
Iberdrola
Mars
State Grid Corporation of China
Suez Environnement
Volvo Car Corporation

Deloitte.

CDP
DRIVING SUSTAINABLE ECONOMIES

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

1.
Businesses should support and respect the protection of internationally proclaimed human rights; and

2.
make sure that they are not complicit in human rights abuses.

LABOUR

3.
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

4.
the elimination of all forms of forced and compulsory labour;

5.
the effective abolition of child labour; and

6.
the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7.
Businesses should support a precautionary approach to environmental challenges;

8.
undertake initiatives to promote greater environmental responsibility; and

9.
encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10.
Businesses should work against corruption in all its forms, including extortion and bribery.

The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.