



CARING FOR CLIMATE

PROGRESS REPORT 2015

Caring for Climate



Deloitte.

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Executive Summary

The 2015 progress report launches in conjunction with the Caring for Climate Business Forum, which provides a platform for the private sector to join with the public sector to discuss climate change solutions as part of the annual UN Climate Change Conference (COP/CMP). Formed in 2007, the Caring for Climate (C4C) initiative is the largest coalition of businesses that are taking climate action. The C4C initiative consistently challenges businesses to go further in transforming their business models, adopting policies that reduce their emissions and being transparent about their efforts.

To date, the C4C initiative has brought almost 450 companies together to call for a robust international agreement, recognizing that this is essential for providing predictability, unlocking capital and advancing the power of sustainable business. Never before has there been this level of engagement from the private sector and it is clear that the momentum will continue. It is no longer a question of “if” we transition to a low carbon economy; rather, it is a question of “how”. Now, more than ever, there is an opportunity for companies to analyse the corresponding risks and opportunities that climate change will have on their organisations and leverage these opportunities to drive innovation and long-term investments in a low-carbon economy.

C4C signatories agree to be business leaders through their commitment to set goals, develop and expand strategies, engage stakeholders and disclose emissions. Results from this year’s signatory analysis show improvement in achieving organisational growth while reducing emissions. For the 139 large companies (i.e., those with > 250 employees) who were included in the emissions analysis, their revenues increased by 1% between 2013 and 2014 while their carbon footprints decreased by 12%. The 25 signatories out of the sample group that had the largest percentage decrease in emissions and also met all five commitments had combined emissions reductions of 85 million metric tonnes of carbon dioxide equivalent (MtCO₂e)¹ in 2014. This is equivalent to 91 billion pounds of coal burned and/or the carbon sequestered by 70 million acres of US forests in a given year.²

As in previous years, signs of progress can be seen when normalizing emissions data by revenue. Further analysis revealed that emissions intensity per revenue (MtCO₂e per US\$) for the sample group of 139 signatories decreased by 13%. At an organisational level, just under two-thirds (64%) of the sample reduced their emissions intensity on a revenue basis.

THE FIVE COMMITMENTS OF THE CARING FOR CLIMATE STATEMENT

All C4C signatories must endorse the C4C Statement, which includes five commitments to action. The basic elements of the C4C commitments are as follows:

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

At the crux of the C4C initiative are five commitments outlined in the C4C Leadership Statement (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 the 393 signatories that communicated on 2014 progress revealed that 32% of them met all five (5) commitments outlined by the Statement. As seen in Figure 1, almost two-thirds of the 393 signatories met three (3) or more commitments.

Based on 2015 responses to CDP, the 140 C4C signatories with publicly available information reported 324 targets to reduce their carbon emissions. If the signatories meet their Scope 1 and 2 targets, they will reduce their absolute emissions by an estimated 93.6 million metric tons of CO₂e from

1. As defined by the Organisation for Economic co-operation and Development (OECD) “Carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.”

<https://stats.oecd.org/glossary/detail.asp?ID=285>

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

3. Company targets have a variety of base years and end dates, so there is no single target date for achieving these savings.

their base years³; this is equivalent to the emissions associated with the annual energy use of 8.5 million homes and/or 20 million passenger vehicles driven for one year. Further, this group of signatories reported that 749 discreet projects had been implemented in their operations in the previous year to reduce carbon emissions. These projects are estimated to have a combined annual savings of just over 160 million metric tonnes of CO₂e; this is equivalent to the consumption of 372 million barrels of oil per the US EPA.

Since the last full review was conducted in 2013, the percentage of signatories meeting zero commitments or with unknown commitments has increased by 5%; however, the total number of signatories in the sample has risen by 17% since the previous review and is thus a likely rationale for the commitment-related increase. But there is still work to be done, especially among Small and Medium Enterprises (SME). Forty-nine percent of SMEs are still meeting zero / unknown commitments.

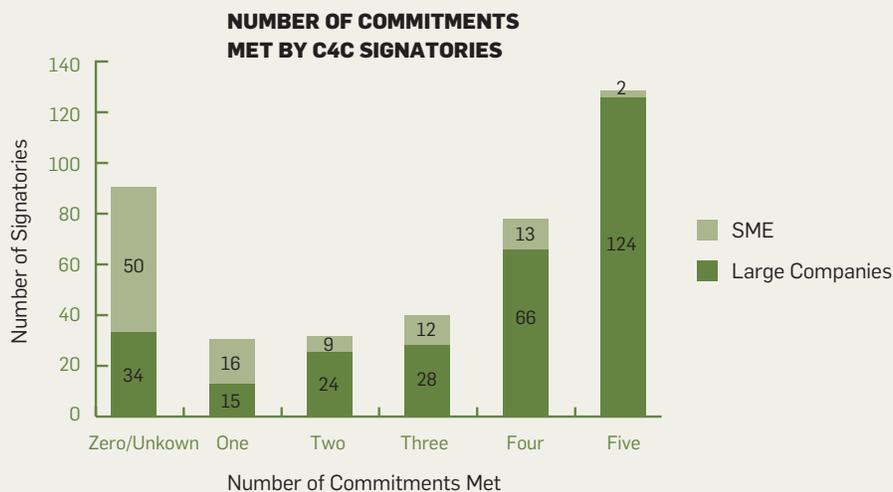


Figure 1. Number of Commitments met by the 393 C4C Signatories with a 2014 Communication on Progress; Sources: UN Global Compact COP – Climate, CDP data and other publicly available information

While making progress on their 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 remind initiative signatories of their progress, as well as the work they will need to continue to do to help mitigate the potentially devastating effects of global climate change.

Introduction and Signatory Analysis

Caring for Climate Initiative

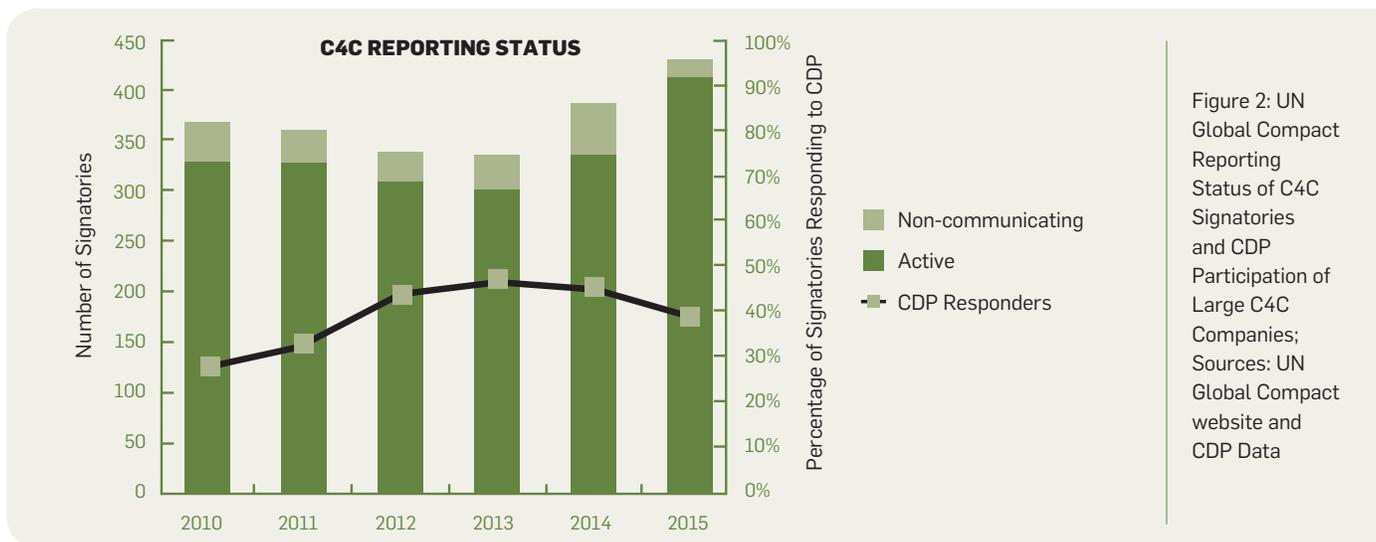
Launched by the UN Secretary-General in 2007, Caring for Climate (C4C) is a joint initiative between the United Nations Global Compact (UN Global Compact), United Nations Environment Programme (UNEP) and secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at advancing the role of business in climate change. To encourage greater climate action, C4C has engaged almost 450 Large Companies and Small- and Medium-Sized Enterprises (SMEs)⁴ that are headquartered in at least 64 countries and with more than 16 million employees to uphold the five commitments to action outlined in the C4C Leadership Statement⁵:

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, C4C conducts research and analysis using climate change data from CDP (formerly Carbon Disclosure Project), 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 C4C initiative has increased by 20% since 2010, from 370 signatories to almost 450 as of December 2015; the last year alone saw a participation increase of 16%. Over this same period, the number of non-communicating (15) and/or delisted (2) companies that have not met C4C reporting requirements has decreased from 42 to 17%. The percentage of C4C signatories that respond to the CDP Carbon Investor questionnaire has decreased slightly from 2014, from 46% to 39%. Among the 140 C4C signatories reporting to the CDP investor survey, only two were SMEs (i.e., less than 250 employees).



4. 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.

5. http://caringforclimate.org/wp-content/uploads/C4C_Statement.pdf

6. 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 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

7. See https://www.unglobalcompact.org/docs/issues_doc/Environment/climate/C4C-ProgReport2014.pdf for last year's report.

Similar to 2014, the majority of C4C signatories are located in Europe (51%), Asia (21%) and the Americas (22%)⁷.

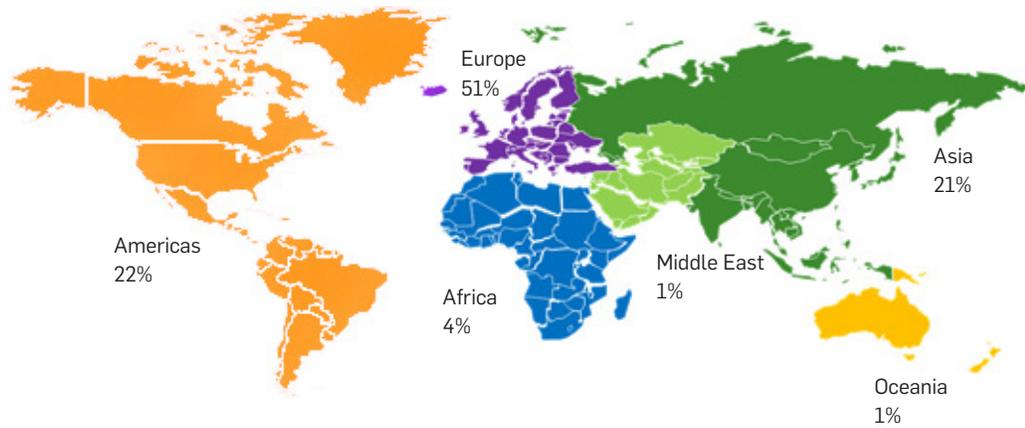


Figure 3: Regional Breakdown by Percentage of C4C Signatories; Sources: UN Global Compact website

Companies in the Industrials (57), Energy / Infrastructure (52) and Technology (41) sectors comprise over 50% of all C4C signatories, as depicted in Figure 4 below.

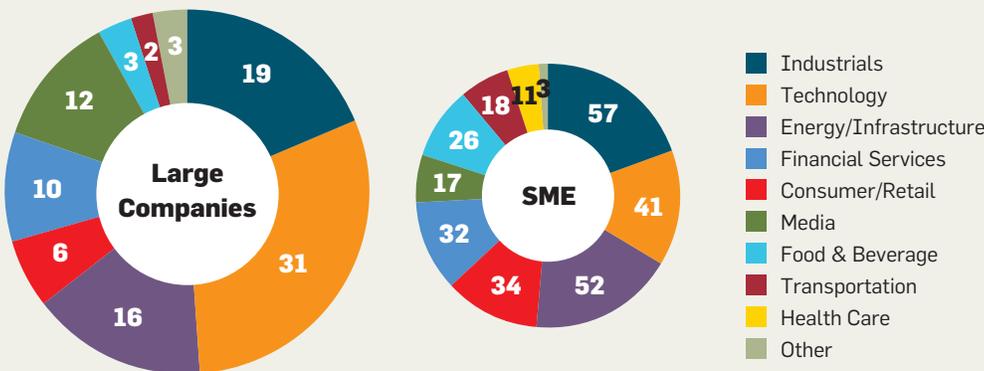


Figure 4: Sector breakdown of C4C Signatories; Sources: UN Global Compact Database

Recognizing Caring for Climate Signatory Leadership

C4C would like to recognize the signatories listed below for their climate leadership. These companies report to CDP and have been recognized in CDP's Climate Performance Leadership Index (CPLI) and / or their Climate Disclosure Leadership Index (CDLI) for the 2014 reporting year. Of those recognized, 54 of 192 companies in the CPLI and 65 of 349 companies in the CDLI are C4C signatories. Additionally, 19 C4C signatories are among the more than 50 companies that have aligned with the *Business Leadership Criteria on Carbon Pricing*. These criteria have been developed by the UN Global Compact, together with UNEP, the UNFCCC secretariat, and with the support of C4C strategic partners to call on companies to demonstrate leadership in pricing the cost of carbon emissions as a necessary and effective measure to tackle climate change.

Company	CDLI	CPLI	BLC
AB Electrolux	✓		
Abengoa	✓	✓	✓
Acciona	✓	✓	✓
AIRBUS GROUP	✓		
Akzo Nobel N.V.	✓		
Alcatel-Lucent	✓		
Allianz SE	✓	✓	
Anglo American plc	✓	✓	
Autodesk, Inc.	✓	✓	
AVIVA plc		✓	
AXA	✓	✓	

Company	CDLI	CPLI	BLC
Banco do Brasil S.A.		✓	
BASF SE	✓	✓	
Bayer AG	✓	✓	
BBVA, S.A.	✓	✓	
bpost NV	✓	✓	
Braskem S.A.	✓		✓
BT Group plc	✓	✓	✓
Centrica plc	✓	✓	
China Ocean Shipping Group - COSCO		✓	
Cisco Systems	✓	✓	
City Developments Limited		✓	
Coca-Cola Enterprises Inc.		✓	
Coca-Cola Hellenic	✓		
Coway Co., Ltd.	✓		
Deutsche Post DHL	✓		
Deutsche Telekom AG	✓		
DGB Financial Group		✓	
Diageo Plc	✓	✓	
EDF	✓		✓
Endesa, S.A.		✓	
Enel			✓
Engie	✓		✓
Eskom			✓
Fortum Corporation	✓		✓
Gas Natural Fenosa	✓		
GlaxoSmithKline	✓		
H & M, Hennes & Mauritz AB		✓	
Hitachi, Ltd.		✓	
Holmen AB		✓	
Iberdrola S.A.	✓	✓	
Industrial Bank of Korea		✓	
Infosys Ltd	✓		
Johnson Controls Inc.		✓	
KDB Daewoo Securities Co., Ltd.		✓	
LG Electronics, Inc.	✓	✓	
L'Oreal	✓	✓	
Metso Corporation	✓		
Munich Re Group:		✓	
Nedbank Group	✓	✓	
Nestlé	✓		✓

Company	CDLI	CPLI	BLC
Nippon Yusen Kabushiki Kaisha (NYK Line)	✓		
Nokia Corporation	✓	✓	
Novartis International AG	✓		
Novo Nordisk AS	✓		
Novozymes	✓	✓	✓
Olympus Corporation		✓	
Orange	✓	✓	
Piraeus Bank		✓	
PSA Peugeot Citroen	✓		
RELX Group	✓	✓	
RICOH Company Ltd	✓		
Royal DSM	✓	✓	✓
RWE AG	✓	✓	
Saint-Gobain	✓		✓
SAP SE	✓	✓	
Schneider Electric SE	✓	✓	✓
Shinhan Bank	✓	✓	
Shiseido Co., Ltd.		✓	
Siemens AG	✓	✓	
SK Telecom	✓		
Skanska AB	✓		
Solvay S.A.	✓		✓
Sompo Japan Nipponkoa Holdings, Inc.		✓	
Statoil			✓
Storebrand ASA		✓	
Suez Environnement	✓		✓
Tata Chemicals	✓		
Tata Steel	✓		
Telefonica S.A.	✓	✓	
Thales		✓	
The Linde Group	✓		
TNT Express	✓		
Total			✓
Turkiye Garanti Bankasi A.S.	✓		
Unilever	✓	✓	✓
UPM-Kymmene Corporation	✓	✓	
Vale	✓		
Veolia			✓
Westpac Banking Corporation	✓	✓	
Woori Bank		✓	

CLIMATE PERFORMANCE LEADERSHIP INDEX (CPLI)

Companies that meet the following criteria are included in the Climate Performance Leadership Index:

- Make their responses public and submit via CDP's Online Response System
- Attain a performance score greater than 85
- Score maximum performance points on absolute emissions performance for absolute greenhouse gas reductions due to emission reduction actions over the past year (4% or above in 2014)
- Disclose gross global scope 1 and scope 2 figures
- Score maximum performance points for verification of scope 1 and scope 2 emissions

CLIMATE DISCLOSURE LEADERSHIP INDEX (CDLI)

To be included in the Climate Disclosure Leadership Index, a company's responses are normalized on a 100-point scale and covers issues such as:

- The extent to which a company measures its carbon emissions
- The comprehensiveness of the information that it provides on climate-related actions
- The depth of information given on the issues climate change presents to the business
- Whether a company uses a third party for external verification of its data in order to promote greater confidence and usage of the data

BUSINESS LEADERSHIP CRITERIA ON CARBON PRICING (BLC)

Consistent with limiting the increase in global mean temperature to 2° C above pre-industrial levels, companies are invited to indicate alignment with the following criteria:

- Set an internal carbon price high enough to materially affect investment decisions to drive down greenhouse gas emissions
- Publicly advocate the importance of carbon pricing through policy mechanisms that take into account country specific economies and policy contexts
- Communicate on progress over time on the two criteria above in public corporate reports

Emissions Analysis

To maintain consistency, the same methodology from previous progress reports was used to define the sample population for emissions analysis. C4C analysed large companies with high quality carbon and revenue data for reporting years 2013 and 2014 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 139 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 high quality emissions and revenue data for 2013 and 2014, as well as more than 250 employees. In 2014, the sampled signatories released approximately 1.57 million metric tonnes carbon dioxide equivalent (MtCO₂e) of Scope 1 and 2 emissions into the atmosphere⁸. Emissions decreased by 12% (215 MtCO₂e) from 2013 to 2014, compared to a 0.3% increase in the 2013 Progress Report (which looked at 2010 and 2011 data). The total emissions decrease of 215 MtCO₂e is equivalent to installing 59,000 wind turbines⁹.

This year's sample group of 139 signatories showed absolute reductions in every industry except Consumer / Retail. However, this sector's absolute emissions comprised only 2.4% of emissions reported to the C4C initiative in 2014. 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 emissions¹⁰. 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.

Of the 139 sampled C4C signatories, 61% achieved reductions over the 2014 reporting period – a 4% improvement from 2012. The 25 signatories out of the sample group that had the largest percentage decrease in emissions and met all five commitments lowered their combined emissions by 79 MtCO₂e in 2014, as compared to 37.4 MtCO₂e in 2011¹¹. According to a US Environmental Protection Agency (EPA) calculator¹², these savings are equivalent to taking 21 coal-fired power plants offline for one year. The 25 greatest reducers (on a percentage basis) that met all five commitments had reductions ranging between 7% and 76%.

10. World Energy Special Report: Redrawing the Energy-Climate Map, June 2013

11. 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.

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

ABSOLUTE EMISSIONS FOR 2013 AND 2014 (MtCO₂e)

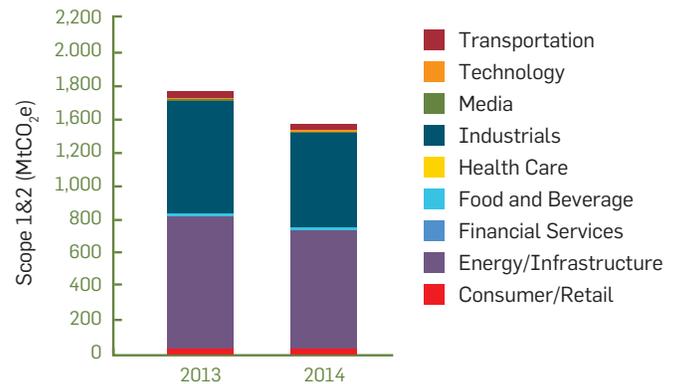


Figure 5: Absolute Emission Trends of the C4C Signatory Sample of 139 Companies, by Sector; Sources: UN Global Compact website, CDP data, and other publicly available information

The carbon footprint of the sample when normalized by revenue (MtCO₂e / US\$) shows an average decrease in intensity of 13% between 2013 and 2014. Each sector demonstrated a decrease in emissions intensity on a revenue basis. To evaluate progress while also considering financial health, C4C initiative analysed the signatories to identify the top 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 19.4% between 2013 and 2014.

ANNUAL ABSOLUTE AND INTENSITY-BASED EMISSIONS CHANGES (2013-2014)

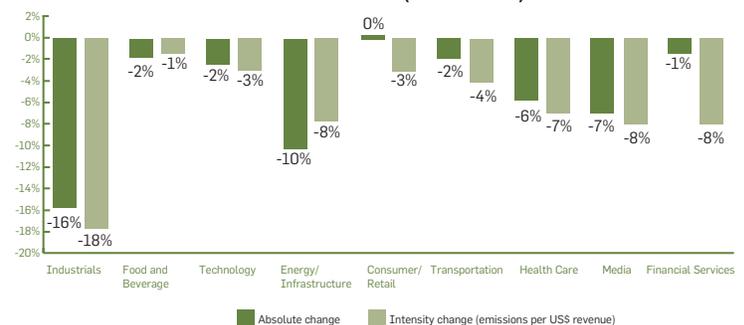


Figure 6: Signatory Absolute and Emissions Intensity per US\$ Revenue Changes by Sector between 2013 and 2014 for the Sample of 139 Large Companies; Source: UN Global Compact website, CDP data, and other publicly available information

The C4C initiative reviewed the 2015 CDP responses of the 140 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.

COMPANY PROGRESS

Looking at a sub-sample of 33 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 4.6% when compared to 2010 levels and emissions are at their lowest level since 2007. The criteria for the sample included large companies (>250 employees) with high quality emissions data dating from 2010 through 2015.

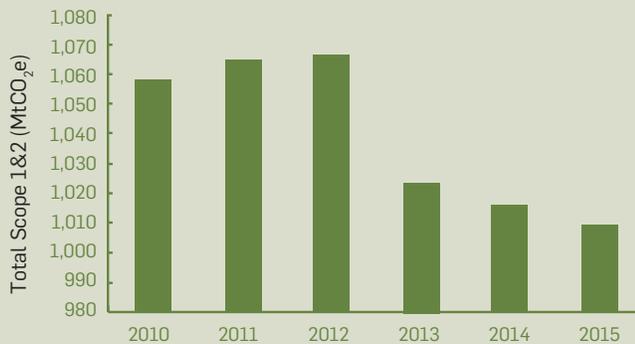


Figure 7: Absolute Emissions Trends of the C4C Signatory Sub-sample of 33 Companies; Sources: UN Global Compact website, CDP data, UN Global Compact report "A Greener Tomorrow: How Caring for Climate Signatories are Leading the Way to a Low-Carbon Economy" and other publicly available information.

In their 2015 response to CDP, these 140 C4C signatories reported 324 targets to reduce their carbon emissions. Setting targets signals a signatory's commitment to reducing its carbon emissions footprint and is part of meeting the first commitment of being a C4C signatory. 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., emissions per employee or revenue – by 15% by 2030.

13. Company targets have a variety of base years and end dates, so there is no single target date for achieving these savings.

14. <http://www.wri.org/resources/data-sets/cait-country-greenhouse-gas-emissions-data>

Of the 324 targets that the signatories reporting to CDP have set, 237, or 73%, are focused directly on Scope 1 and/or 2 emissions. If the signatories meet their Scope 1 and 2 targets, they will reduce their absolute emissions by an estimated 93.6 million metric tons of CO₂e from their base years¹³; according to the WRI this is in line with Peru's total annual emissions (MtCO₂e), excluding land-use change and forestry¹⁴.

ESTIMATED YEARLY EMISSIONS SAVINGS

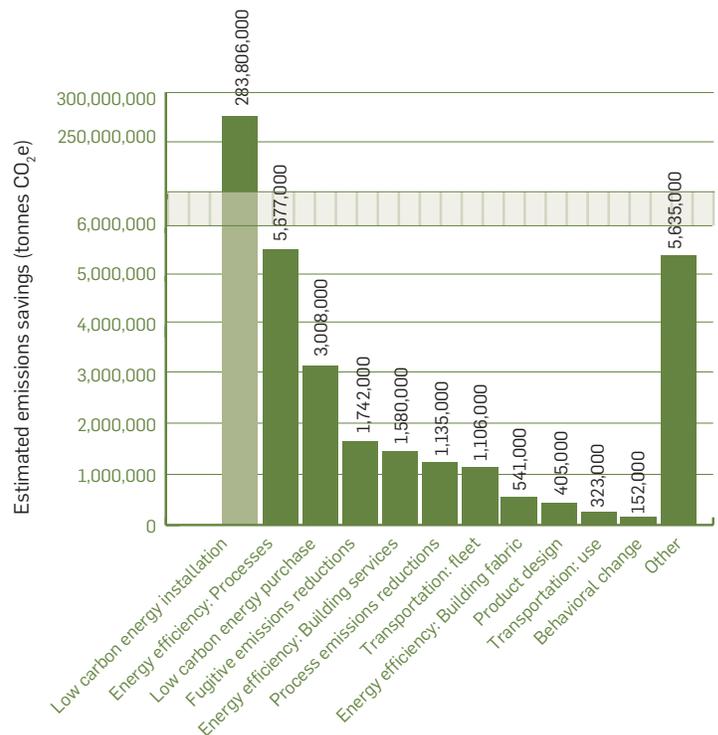


Figure 8: Analysing estimated project emissions reductions of the 140 CDP respondents based on project type; Sources: CDP data

Of the projects submitted by the 140 CDP respondents reviewed, more than half have a payback period of less than three (3) years, meaning that the cost savings associated with the projects make the projects economically viable before considering the carbon impacts. These projects represent 20% of the emissions savings identified across all the projects, up from 6% last year. The 2014 Progress Report showed that more than 80% of the emissions savings were in projects with an estimated payback period over 15 years; this was a direct result of one submission by a utilities company related to building a wind power facility (estimated annual emissions savings noted as 250 MtCO₂e). In the most recent CDP submission, the project with the largest emissions savings was related to gas feedstock for power generation, whereby emissions reductions were noted as 55 MtCO₂e as a result of global sales of the energy mix by the oil & gas provider.

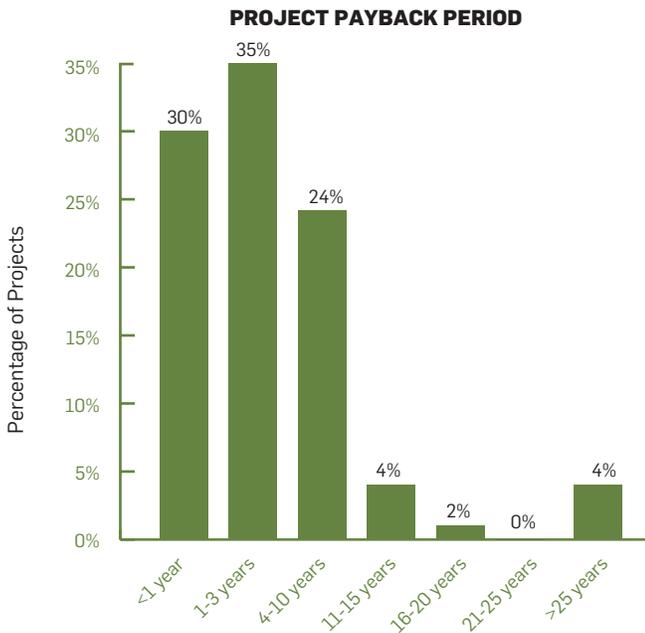


Figure 9: Analysing estimated project payback period for the 140 CDP respondents; Source: CDP data

Commitment Analysis

Progress by signatories in meeting the five commitments outlined in the Statement was researched and analysed using information submitted through CDP, COP-Climate and other publicly available sources. The same quantitative criteria and methodology as used in previous years was applied to evaluate progress towards meeting each commitment for this year's report.¹⁵ 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 2014 emissions data public.

The 2015 review of the 393 C4C signatories with up to date communications on progress as of November 2015 found that 48% met all aspects of this commitment. This commitment was especially difficult for SMEs, with only 5% meeting all three requirements. In analysing the criteria to meet Commitment 1 in more detail, C4C found that 80% of C4C signatories pursued emission reduction activities to help reduce their carbon footprint; 52% set emission reductions targets; and, 59% publicly reported their 2014 emissions. However, only 9% of SMEs disclosed emissions for the reporting year.

CASE EXAMPLES: EMISSIONS REDUCTION ACTIVITIES¹⁶

Carbon neutrality

Siemens has committed to cut its global emissions in half by 2020 by targeting facilities, vehicles and fuel; over the next three years, it plans to invest more than \$110 million to improve energy efficiency at various offices and factories. By 2030 the goal is make global operations carbon neutral and the company plans to accomplish this by eliminating its own emissions, where possible, while also supporting clean power projects that reduce emissions outside of Siemens via carbon offsets.

Energy and resource efficiency

With food loss and waste as a major emitter of GHG emissions, **Nestlé** is striving for zero waste by using energy and resources efficiently – including switching to cleaner fuels such as spent coffee grounds in 22 factories and wood boilers in several factories; investing in renewable energy sources; optimizing distribution networks that include switching from long-distance road transportation to rail or short-sea shipping in Europe; and helping to adapt agricultural and production systems to the changing climate.

15. In 2015, for signatories that report in a language other than English, Spanish, Portuguese or French, analysis of their commitments other than whether they report emissions data was considered to be "unknown."

16. Case studies highlight activities that C4C's signatories are participating in to become climate champions. For more information on these cases reference the following [Report](#).

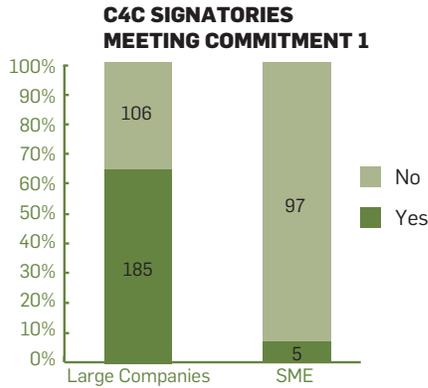


Figure 10: C4C Commitment Analysis: Has the Signatory Met Commitment 1?; Sources: UN Global Compact website, CDP data, and other publicly available information

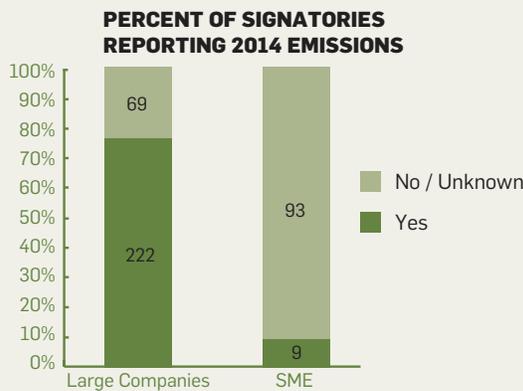


Figure 11: C4C Signatories Reporting 2014 Greenhouse Gas Emissions; Sources: UN Global Compact website, CDP data, and other publicly available information

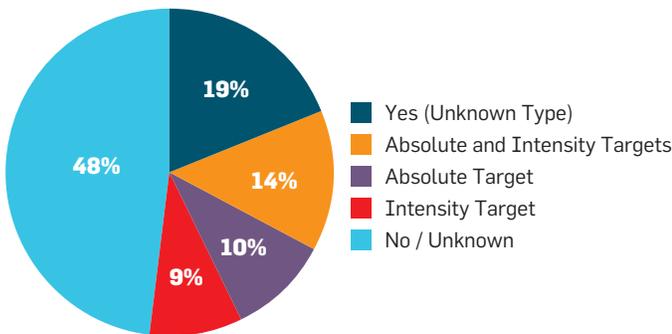


Figure 12: Emission Reduction Targets of Large Company C4C Signatories; Sources: UN Global Compact website, CDP data, and other publicly available information

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 2014, C4C found that 72% of the 393 C4C signatories with up to date communications on progress met the second commitment.

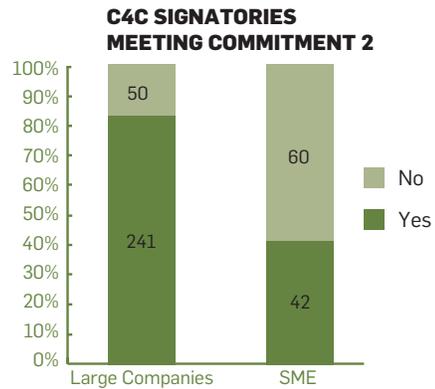


Figure 13: C4C Commitment Analysis: Has the Signatory Met Commitment 2?; Sources: UN Global Compact website, CDP data and other publicly available data

CASE EXAMPLES: CLIMATE STRATEGIES

In 2009, **InterCement** set out a “*Climate Agenda*,” which comprised nine commitments for mitigating and adapting to climate change. Its current long-term strategy, “*Vision 2023*” further incorporates the carbon variable and defines commitments to be achieved by 2023, including:

- Increase its substitution of alternative energy sources for fossil fuels, from 15% to 43.4%; and
- Invest in approximately \$80 million in R&D projects, achieving a low-carbon portfolio that has the potential for reducing carbon emissions by up to 40%.

Eskom, the South African public electricity utility, has established an “*Integrated Risk and Resilience Management Process for Adaptation to Climate Change Procedure*”. This internal framework helps each of the company’s divisions identify their facilities and operations most vulnerable to extreme weather events, assess other climate change re-

lated risks and subsequently develop a strategy to anticipate and adapt to the impacts of climate change.

The Tata Group, a global enterprise with more than 100 companies operating across multiple industries, including the power, automotive and steel sectors, stepped ahead of regulation in 2009 with its group-wide climate policy. Tata Group began by cutting its own emissions, and soon realized that low-carbon initiatives also made good business sense. **Tata Steel**, for example, has implemented its climate change strategy by adopting lean carbon and energy-efficient processes and technologies for steelmaking at Jamshedpur Steel Works, which have resulted in estimated savings of \$22 million per year over the last six years.

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 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.

Almost half (46%) of the 393 C4C signatories with up to date communications on progress met commitment three – a 15% decrease from the previous review. Quite similar to 2012, the sample signatories active in policy engagement represent a total of 96% of CO₂e emissions in 2014. This is important because it indicates that companies most responsible for carbon emissions participate in a dialogue with public policy makers over climate change.

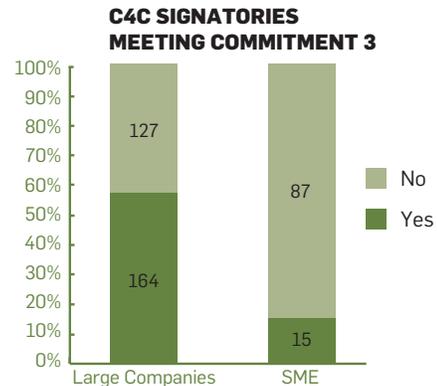


Figure 14: C4C Commitment Analysis: Has the Signatory Met Commitment 3?; Sources: UN Global Compact website, CDP data and other publicly available data

CASE EXAMPLE: POLICY ENGAGEMENT

On 29 May, 2015, **Statoil**, together with five other leading oil and gas companies, including **BG Group and Total**, announced their call to governments around the world and to the United Nations Framework Convention on Climate Change (UNFCCC) to introduce carbon pricing systems where they do not yet exist at the national or regional levels and for the UNFCCC to provide a framework that allows the use and linking of various carbon pricing schemes. Statoil, BG Group and Total have aligned with the Business Leadership Criteria (BLC) on Carbon Pricing. Further, Statoil makes active advisory contributions to the European Union, national governments and international organizations advocating the development of an expedient regulatory and commercial framework regarding a viable price on carbon.

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 3¹⁷ emissions for supplier operations and purchased goods/services; instances of supplier engagement in business partnerships; participation in creating industry standards; and engagement with NGOs.

Approximately 60% of the 393 C4C signatories with up-to-date communications on progress met this commitment. Additionally, 26% of signatories reported relevant Scope 3 emissions – up from 18% since the previous review.

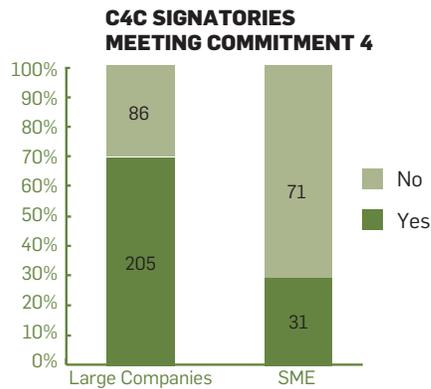


Figure 15: C4C Commitment Analysis: Has the Signatory Met Commitment 4?; Sources: UN Global Compact website, CDP data and other publicly available data

CASE EXAMPLES: ENTERPRISE ENGAGEMENT

BASF has teamed up with other chemical companies in a Low Carbon Technology Partnership initiative; jointly they are analyzing the potential of various game-changing innovations for carbon emission reductions in chemical production. Further, recognizing that technological improvements have physical limits, **BASF** also looks for disruptive innovations for its production processes – and where cross-sector cooperation plays an important role. Together with ThyssenKrupp and Linde, for example, BASF is working on a new process for the production of hydrogen (a basic material for the chemical industry) that is much more carbon efficient than the conventional process and at the same time delivers metallurgical carbon for use in the steel industry.

Ricoh believes that international and domestic collaboration will be critical to more broadly commit the private sector to climate solutions; the company proactively engages in collaborative networks and calls upon peers to take a leadership position on climate change. For example, as a member company of the Japan Climate Leaders' Partnership (JapanCLP), it seeks to drive private sector activity for the creation of a low-carbon society and participates in forums to foster dialogue among policymakers, the private sector, and the citizenry. Through this network, it also urges other Japanese companies to get more involved in issues around climate change.

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

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.

Approximately 70% of the 393 C4C signatories with up-to-date communications on progress met this commitment. Companies are generally able to better champion climate change with employees and customers than their supply chain. Additionally, 35% of signatories reported relevant Scope 3 emissions including employee commuting and use of sold products.

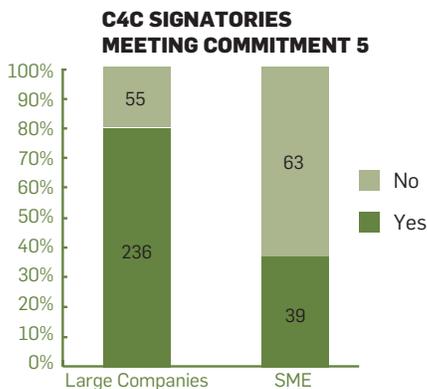


Figure 16: C4C Commitment Analysis: Has the Signatory Met Commitment 5?; Sources: UN Global Compact website, CDP data and other publicly available data

CASE EXAMPLE: ENGAGING WITH STAKEHOLDERS

BT Group is seeking to help its customers reduce their carbon emissions by at least three times its own end-to-end carbon impact by 2020. To inspire climate action, it launched "100% Sport" in September 2015 – a global movement to inspire millions of sports fans worldwide to switch to renewable energy. It also aims to encourage the clubs, organizations and players to do the same.

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 C4C 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 importance of reporting is an important initiative for the upcoming year to make sure that those who become signatories take their commitment to being (or becoming) a business champion seriously.

Signatories' participation in the C4C 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 economy.

25 Greatest Reductions – Absolute and Intensity

Criteria considered in 25 largest absolute emissions reducers

Large companies that meet all five C4C commitments and achieved the greatest percentage of absolute emissions reductions over the 2013 to 2014 reporting period:

SIGNATORY	SECTOR	COUNTRY
Acciona	Energy/Infrastructure	Spain
Alcatel-Lucent	Technology	France
Allianz SE	Financial Services	Germany
AVIVA plc	Financial Services	United Kingdom
Centrica plc	Energy/Infrastructure	United Kingdom
City Developments Limited	Financial Services	Singapore
DGB Financial Group	Financial Services	Korea, Republic of
DNB ASA	Financial Services	Norway
E.ON SE	Energy/Infrastructure	Germany
EDF	Energy/Infrastructure	France
Endesa, S.A.	Energy/Infrastructure	Spain
Engie	Energy/Infrastructure	France
ENI	Energy/Infrastructure	Italy
Korea East-West Power Co., Ltd.	Energy/Infrastructure	Korea, Republic of
LM Ericsson	Media	Sweden
Rio Tinto plc	Industrials	United Kingdom
Storebrand ASA	Financial Services	Sweden
Tata Chemicals	Industrials	India
Telecom Italia	Media	Italy
Telefonica S.A.	Media	Spain
The Coca-cola Company	Food and Beverage	United States of America
Vattenfall AB	Energy/Infrastructure	Sweden
Veolia	Energy/Infrastructure	France
Vestas Wind Systems A/S	Energy/Infrastructure	Denmark
Yara International ASA	Industrials	Belgium

Criteria considered in 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 2013 to 2014 reporting period:

SIGNATORY	SECTOR	COUNTRY
Acciona	Energy/Infrastructure	Spain
AIRBUS GROUP	Technology	France
Allergan	Health Care	United States of America
AVIVA plc	Financial Services	United Kingdom
Centrica plc	Energy/Infrastructure	United Kingdom
City Developments Limited	Financial Services	Singapore
DGB Financial Group	Financial Services	Korea, Republic of
DNB ASA	Financial Services	Norway
EDF	Energy/Infrastructure	France
H & M, Hennes & Mauritz AB	Consumer/retail	Sweden
Korea East-West Power Co., Ltd.	Energy/Infrastructure	Korea, Republic of
LG Electronics, Inc.	Technology	Korea, Republic of
LM Ericsson	Media	Sweden
PTT Global Chemical Public Company Limited	Industrials	Thailand
RELX Group plc	Media	United Kingdom
Shinhan Bank	Financial Services	Korea, Republic of
Storebrand ASA	Financial Services	Sweden
Tata Chemicals	Industrials	India
Telecom Italia	Media	Italy
The Coca-cola Company	Food and Beverage	United States of America
The Dow Chemical Company	Industrials	United States of America
Veolia	Energy/Infrastructure	France
Vestas Wind Systems A/S	Energy/Infrastructure	Denmark
Yara International ASA	Industrials	Belgium
Yuhan-Kimberly	Consumer/retail	Korea, Republic of

Caring for Climate Workstreams and 2015 Events

C4C 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 climate change global policy agenda in order to contribute to progress in the intergovernmental climate change framework.

In order to achieve these overarching strategic goals, in 2015 the initiative conducted activities with respect to the four primary workstreams described below.

Business Leadership on Carbon Pricing

The UN Global Compact, together with UNEP, the UNFCCC secretariat, and with the support of C4C 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. To inspire companies to reach the next level of climate performance, and to give recognition to businesses that are at the forefront of advocating for a price on carbon, the Business Leadership Criteria on Carbon Pricing were launched in 2014.

The Business Leadership Criteria 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 above pre-industrial levels.

As of December 2015, there are 65 Carbon Pricing Champions, including leading companies from Brazil, China, Europe, India, South Africa, and North America. They are formally recognized by initiatives like Caring for Climate, Carbon Pricing Leadership Coalition, We Mean Business, and CDP (click [here](#) to see the list of companies). Additionally, C4C launched “Executive Guide to Carbon Pricing Leadership – A Caring for Climate Report,” with the objective of helping companies better understand the current landscape of corporate action on carbon pricing and challenging all of them to take the following actions: align with the Business Leadership Criteria on Carbon Pricing and join the Carbon Pricing Leadership Coalition; this report was developed as a collaborative process with C4C signatories, incorporating inputs throughout.

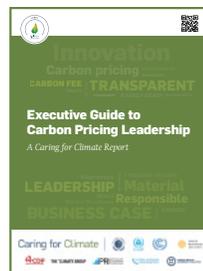
UN PARTNERS



C4C STRATEGIC PARTNERS



THE CLIMATE GROUP



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Science-Based Targets

Smart companies know that setting ambitious targets is not an act of altruism, but in their own self-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 2014, however most of them are not sufficient to meet the threat posed by climate change and keep warming below 2° Celsius.

The Science Based Targets initiative is a partnership between CDP, UN Global Compact, WRI and WWF, which aims to lift corporate ambition and help businesses pursue bolder solutions to climate change. The initiative supports companies to set emission reduction targets in line with what the sci-



ence says is necessary to keep global warming below 2 degrees above pre-industrial levels. This sends 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.

So far more than 90 companies from different sectors around the world have committed to setting science-based targets and more are joining every day. The Science Based Targets initiative has produced a manual to provide guidance for companies on setting a science-based target and choosing between different methods.

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Responsible Policy Engagement

The Guide for Responsible Corporate Engagement in Climate Policy issued by C4C in partnership with WRI, CDP, WWF, Ceres and The Climate Group in November 2013 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.

Two years after the launch of the Guide for Responsible Corporate Engagement in Climate Policy at COP19, over 100 companies from more than 20 countries have made a notable commitment to implement actions on responsible policy engagement in their company. These companies have agreed, by making a public commitment through We

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COMMIT TO CLIMATE ACTION THROUGH THE UN-BUSINESS ACTION HUB

Leading up to the UN Climate Conference in December 2015 in Paris (COP21/ CMP11), Caring for Climate has been inviting companies to demonstrate leadership in advancing climate goals by making collaborative or individual commitments to climate action through the online platform business.un.org. Learn more about how to make a climate commitment [here](#).

Mean Business, CDP and the UN Global Compact, to implement the actions in Section 3 of the Guide to “Identify—Align—Report”: setting up processes to internally audit all activities that a company takes part in that influences climate policy; working to ensure that all of this activity is consistent; and communicating on progress.

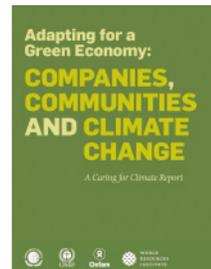
Companies are continuing to sign up to this commitment.

Climate Change Adaptation

Anticipating and adapting to the impacts of climate change brings multiple benefits to companies, such as improving operations and competitiveness; protecting the value chain; leveraging new business opportunities; and building corporate brand. Not only can the private sector’s adaptive response to climate change strengthen the resilience of their operations, but also of the communities in which they operate.

C4C aims to raise awareness about the benefits of implementing climate risk assessments, inform about subsequent adaptation activities that can be taken to mitigate those risks and inspire companies to implement private adaptation strategies and activities that also contribute to increasing societal resilience and meeting the Sustainable Development Goals (SDGs). Building on its work on the issue, in December 2015 C4C published the report “*The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience*,” which includes the latest findings and leading practices on responsible corporate adaptation. It has also continued organizing climate adaptation webinars with Global Compact Local Networks.

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Caring for Climate Events in 2015

C4C supported the organisation of several key events in 2015 in order to:

- 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;
- 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
- mobilize partnerships among business, investors, Government and civil society.

CARING FOR CLIMATE BUSINESS FORUM AT COP21/CMP11 (7-8 DECEMBER, PARIS)

The C4C Business Forum on December 8th is the official platform for business at COP21/CMP11. This annual Forum provides a platform for the private sector to join with the public sector to discuss climate change solutions as part of the annual UN Climate Change Conference (COP/CMP). The 2015 Forum was organized with the aim of bringing greater scale to business innovation on climate change, encouraging Governments to raise ambition on climate policies and fostering collaboration among business, investors, Government, civil society and the UN.

Other events supported by Caring for Climate during 2015:

- **Second session of the “Governments-Business Dialogue” (26 September, New York):**
With the support of the UN Global Compact, this event was hosted by the French government and was organised around key topics of carbon pricing and other market signals – and their implications for the business environment – in preparation for COP21/CMP11. It further highlighted initiatives and commitments businesses are already taking, particularly regarding the issue of carbon pricing.
- **China Summit on Caring for Climate (22 July, Beijing):**
The third China Summit on Caring for Climate, organised by the Global Compact Network China with support of Caring for Climate, was held to elevate the role of business action in addressing climate change in China.
- **Caring for Climate Session on Carbon Pricing (24 June, New York):**
Hosted with the Permanent Mission of France to the United Nations, this session highlighted the case for business leadership on carbon pricing and took stock of recent developments among stakeholders to advance this agenda in the lead up to COP21/CMP11.
- **Business and Climate Summit (20-21 May, Paris):**
This event, organised by the Global Compact Network France, among other partners, served to produce recommendations to feed the UNFCCC process in the lead up to COP21/CMP11.

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

About the United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to voluntarily 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. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries. 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, 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 196 Parties, the United Nations Framework Convention on Climate Change (UNFCCC) has near universal membership and is the parent treaty of the 1997 Kyoto Protocol. The Kyoto Protocol has been ratified by 192 of the UNFCCC Parties. For the first commitment period of the Kyoto Protocol, 37 States, consisting of highly industrialized countries and countries undergoing the process of transition to a market economy, have legally binding emission limitation and reduction commitments. In Doha in 2012, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopted an amendment to the Kyoto Protocol, which establishes the second commitment period under the Protocol. The ultimate objective of both treaties is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system. <http://www.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, UN Environment Programme and United Nations Framework Convention on Climate Change'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 nearly 450 companies from 65 countries. <http://www.caringforclimate.org>

Caring for Climate



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Caring for Climate wishes to thank the following signatories for their valuable contributions:

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Engie
Government of Denmark
Itaipu Binacional
Natural Capital Partners
PepsiCo
RELX Group
Schneider Electric
Siemens
SkyPower Global
State Grid Corporation of China
Statoil
Suez Environnement
Unilever
Vestas Wind Systems

The Ten Principles of the United Nations Global Compact

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

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

