

Corporate Responses to Climate Change

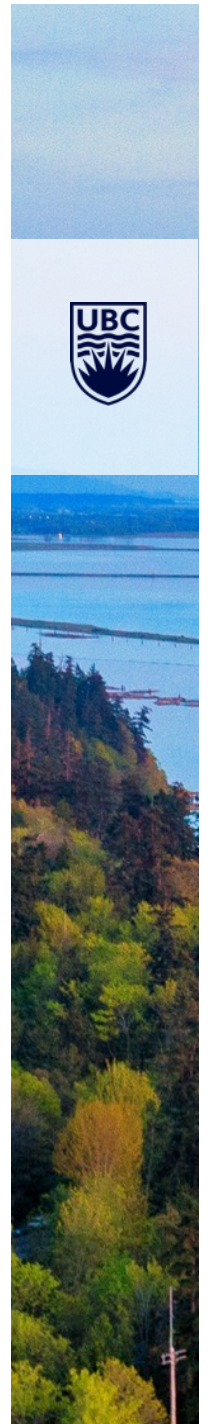


Prof. Hamish van der Ven
Department of Wood Science, Faculty of Forestry



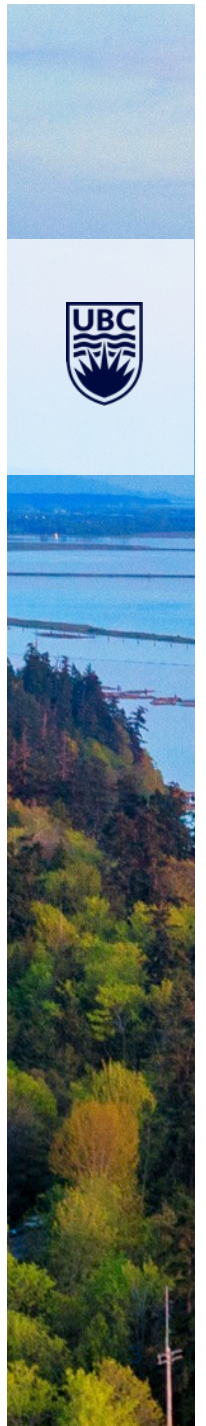
Introduction

- Work at CCSR on the Climate Change Guide (2007)
- DSF: Doing Business in a New Climate (2010)
- Climate Neutral Advisory Board (2022)



Agenda

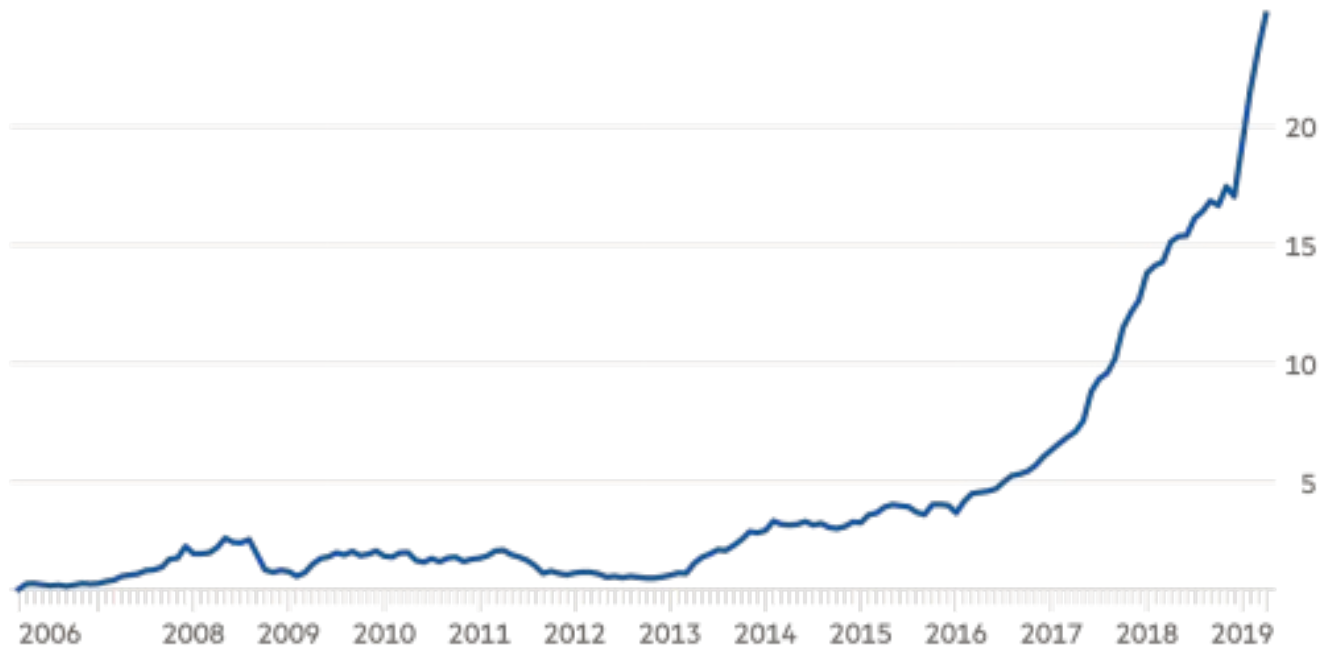
- Why businesses care about climate change
- A brief history of carbon markets
- Why business action on climate change is necessary
- What are businesses doing for the climate?
- What challenges exist in the corporate climate commitment landscape?



Why Businesses Care

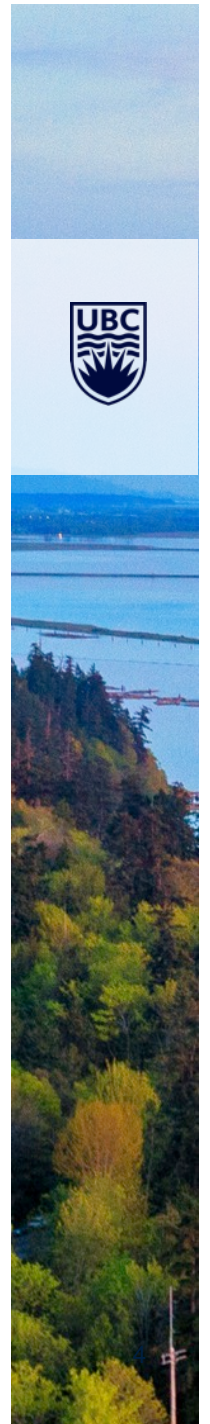
Assets in ESG funds surge

Total assets in environmental, social and governance and socially responsible ETFs (\$bn)



Source: EPFR Global
© FT

<https://www.ft.com/content/fe1a4fc-8354-11e9-b592-5fe435b57a3b>



Why Businesses Care

BlackRock, world's largest asset manager, changing its focus to climate change



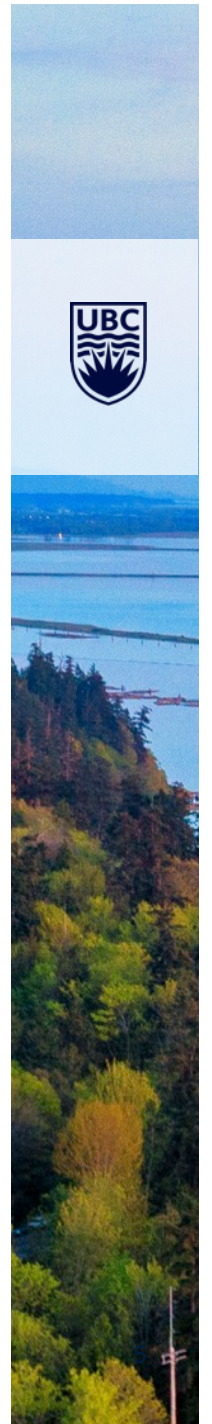
'In the near future ... there will be a significant reallocation of capital,' CEO says

The Associated Press · Posted: Jan 14, 2020 1:26 PM ET | Last Updated: January 14



BlackRock Chairman and CEO Laurence Fink said the world's largest asset manager is making climate change central to its investment decisions going forward. (Mark Lennihan, File/The Associated Press)

<https://www.cbc.ca/news/business/blackrock-investment-climate-change-1.5426465>



What Can Businesses Do?



RACE TO ZERO

1,391 Businesses **454** Cities **74** Investors **23** Regions **569** Universities

BUSINESS AMBITION FOR 1.5°C
SCIENCE BASED TARGETS | WE MEAN BUSINESS | UN GLOBAL COMPACT

CITIES RACE TO ZERO

I.C.L.E.I
Local Governments for Sustainability

UNDER 2°

JAPAN CLIMATE INITIATIVE

IIGCC
Institutional Investors Group on Climate Change

THE CLIMATE PLEDGE

Business Declares

EXPONENTIAL ROADMAP Initiative

SME Climate HUB

FINANCE UNEP INITIATIVE

Certified B Corporation

PLEDGE TO NET ZERO

future Net Zero® STANDARD with **CBN EXPERT**

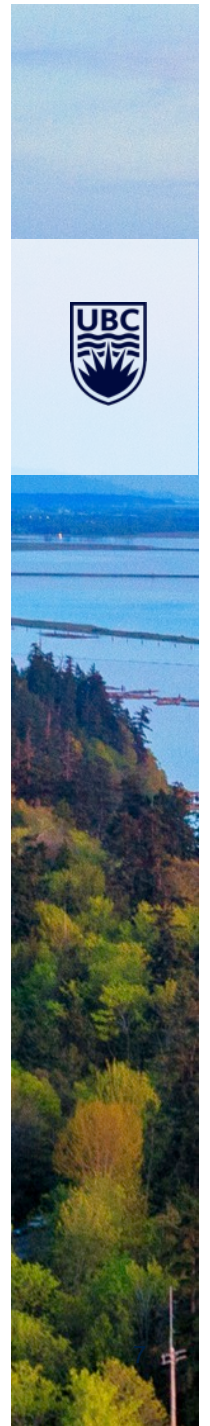
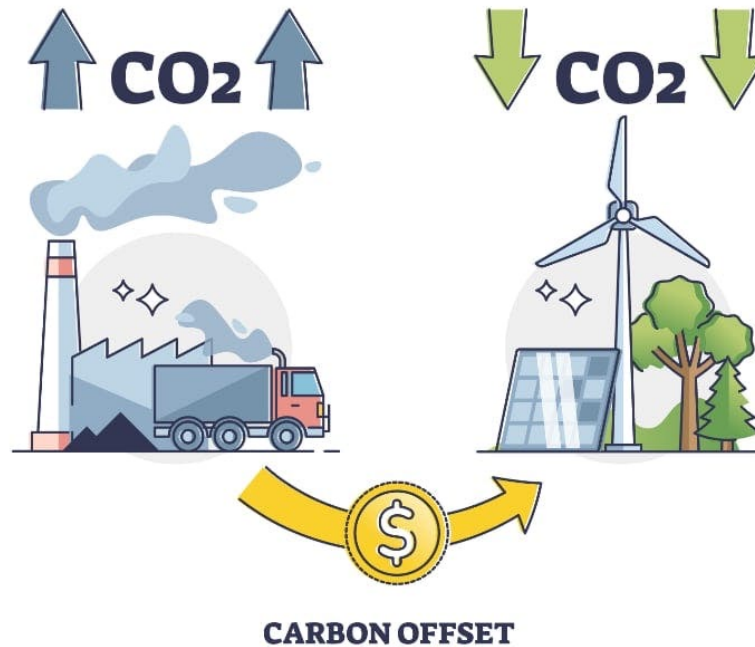
NET ZERO ASSET MANAGERS INITIATIVE

eauc **UN environment programme** **Second Nature**

Water UK **Health Care Without Harm** **INTERNATIONAL WINERIES FOR CLIMATE ACTION**

Class Quiz

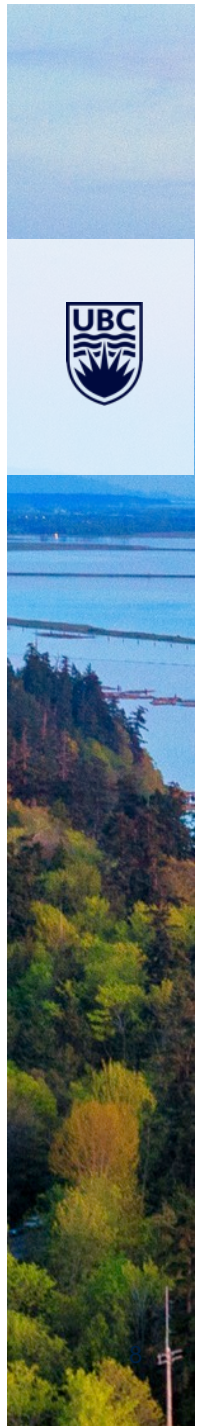
Who can explain what an offset is?



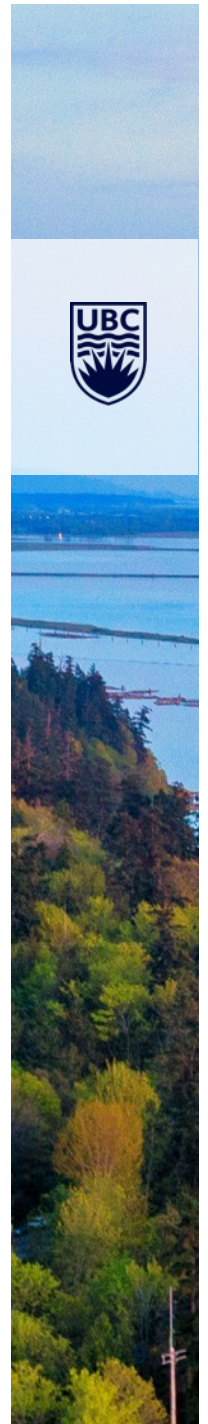
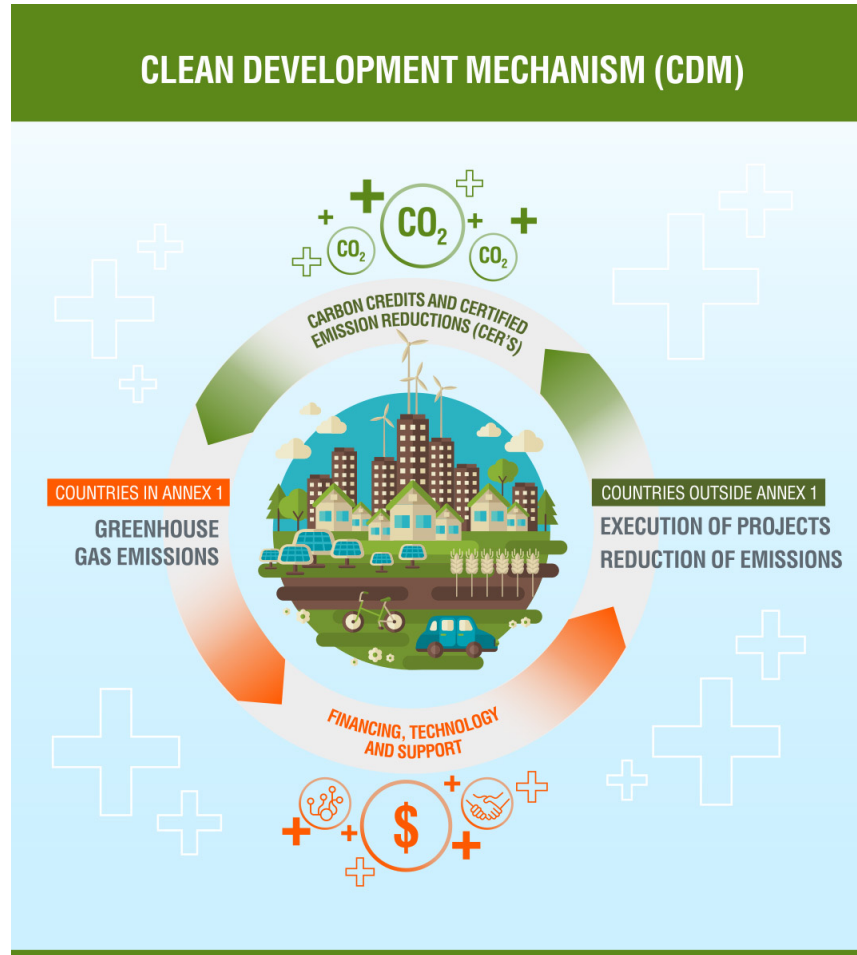
Origins of Carbon Markets

UNFCCC

- 1992 Rio Earth Summit (creates UNFCCC)
- 1997 Kyoto Protocol (binding GHG reduction targets)
 - Includes industrialized countries ONLY. Sets up carbon markets.
 - USA advocates for flexibility to meet its GHG reduction targets



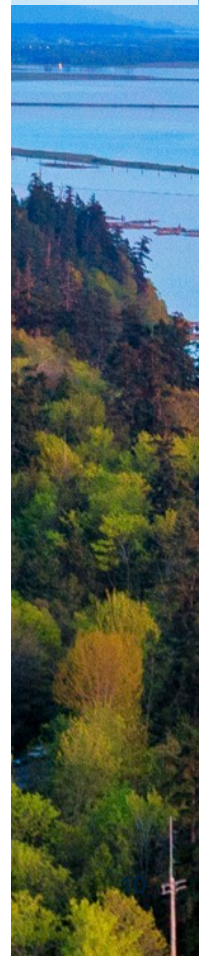
Clean Development Mechanism (CDM)



The Collapse of Mandatory Carbon Markets

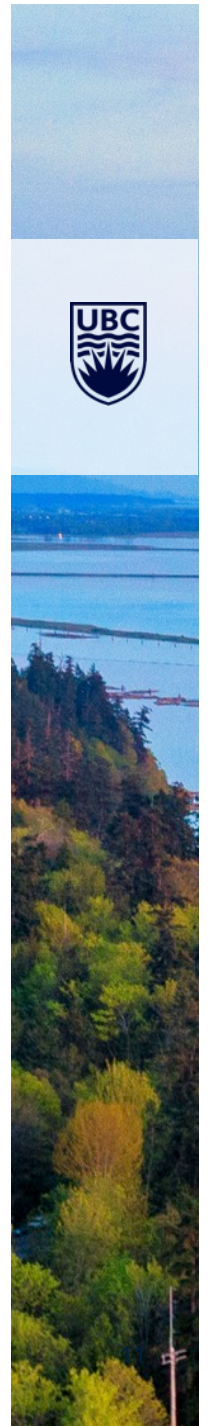
Russian 'hot air' threatens UN climate deal

📅 Oct 22, 2009 (updated: 📅 Dec 14, 2012)

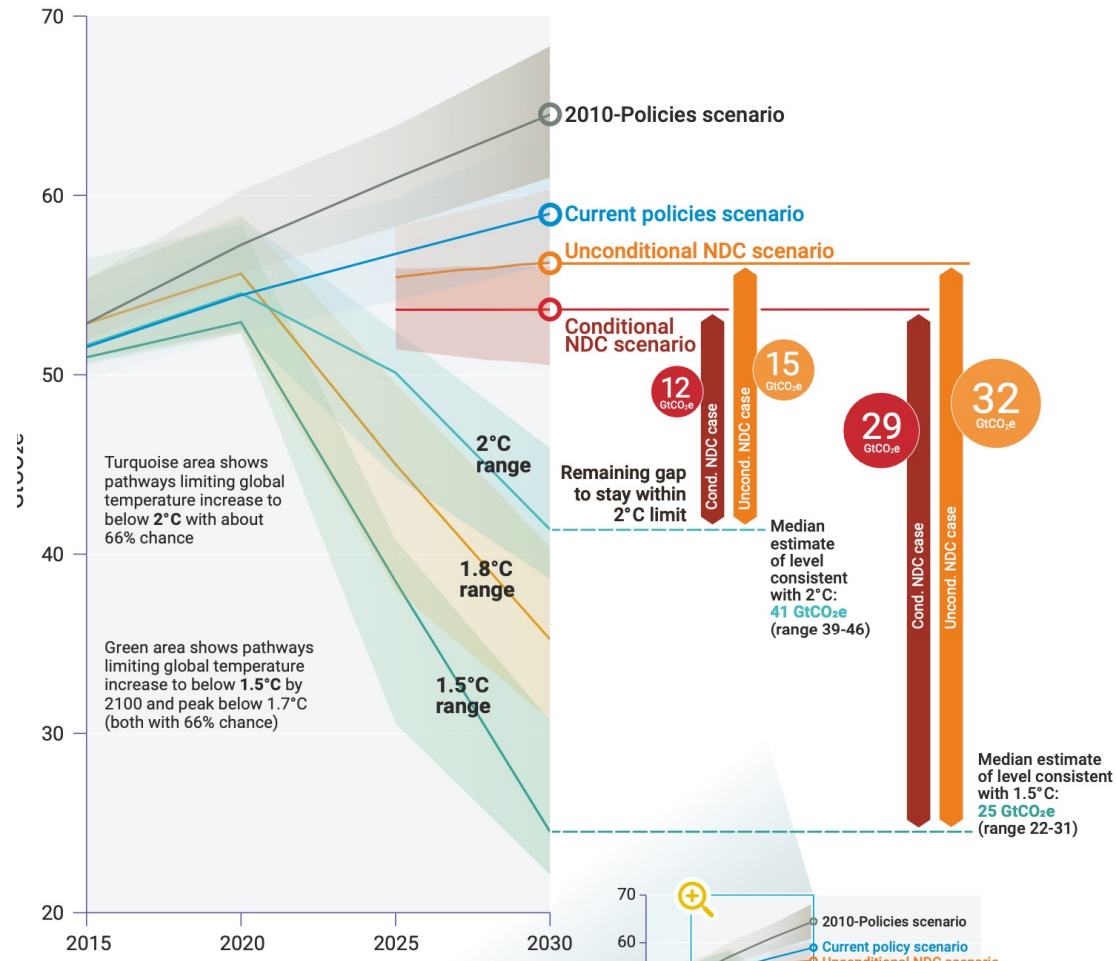


2015 Paris Climate Agreement

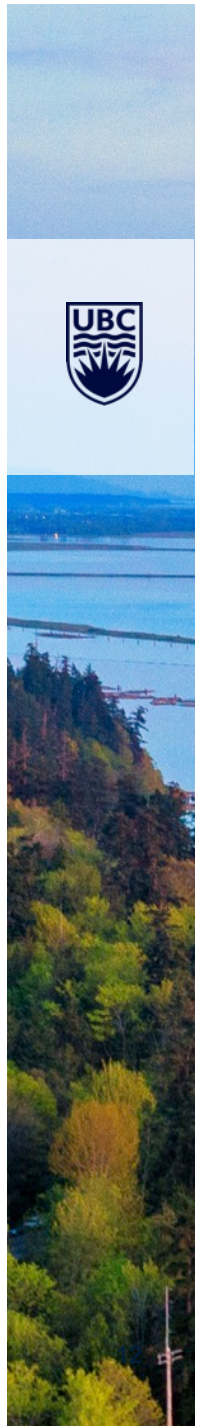
- Limits global temperature increase to 2 degrees Celsius (avg) this century. Aspirational goal of 1.5 degrees Celsius.
- Omits binding global emissions targets, only Nationally Determined Contributions (NDCs)
- Creates the Non-State Actor Zone for Climate Action platform



The Emissions Gap



Even under the best case scenario where all states meet their NDCs, The Paris Climate Agreement will not actually keep us below 2 degrees. We're headed towards a 3 degree increase. Source: UNEP Emissions Gap Report 2020.



The NAZCA Portal

Global Climate Action NAZCA

Actor tracking Cooperative Initiative tracking Register your actions Event tracking About

COP27 Announcements
The Global Climate Action Portal is tracking the announcements from COP27, visit our [COP27 event page](#) for more information

Towards more open climate action data
The [Climate Data Steering Committee](#), created by French President Emmanuel Macron and UN Special Envoy for Climate Ambition and Solutions Michael R. Bloomberg, recommends an open climate data utility that should built to be part of the Global Climate

Cooperative Initiative Tracking
The portal features 150 registered cooperative initiatives, including 67 who have provided updates and progress information. Explore them [here](#)

Actor Tracking
Explore [here](#) how over 30,000 companies, investors, organizations, regions and cities are engaging in global climate action and making progress toward their commitments

Progress tracking in GCAP
The Global Climate Action Portal was relaunched at COP26 in Glasgow to track the progress of non-state actors and initiatives. Read more about our data cycle updates [here](#)

Actors

- 13,909 Companies
- 1,562 Investors
- 3,451 Organizations
- 286 Regions
- 11,361 Cities
- 194 Countries

Locations and Regions

Locations
Select

World regions
Select

Cooperative initiatives

Initiative participants
Select

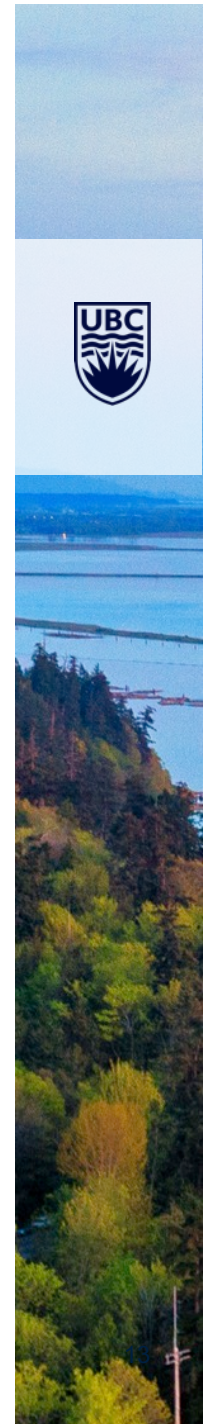
For more filter options
[Go to Actor tracking page](#)

30,763 actors engaging in climate actions

No filters applied

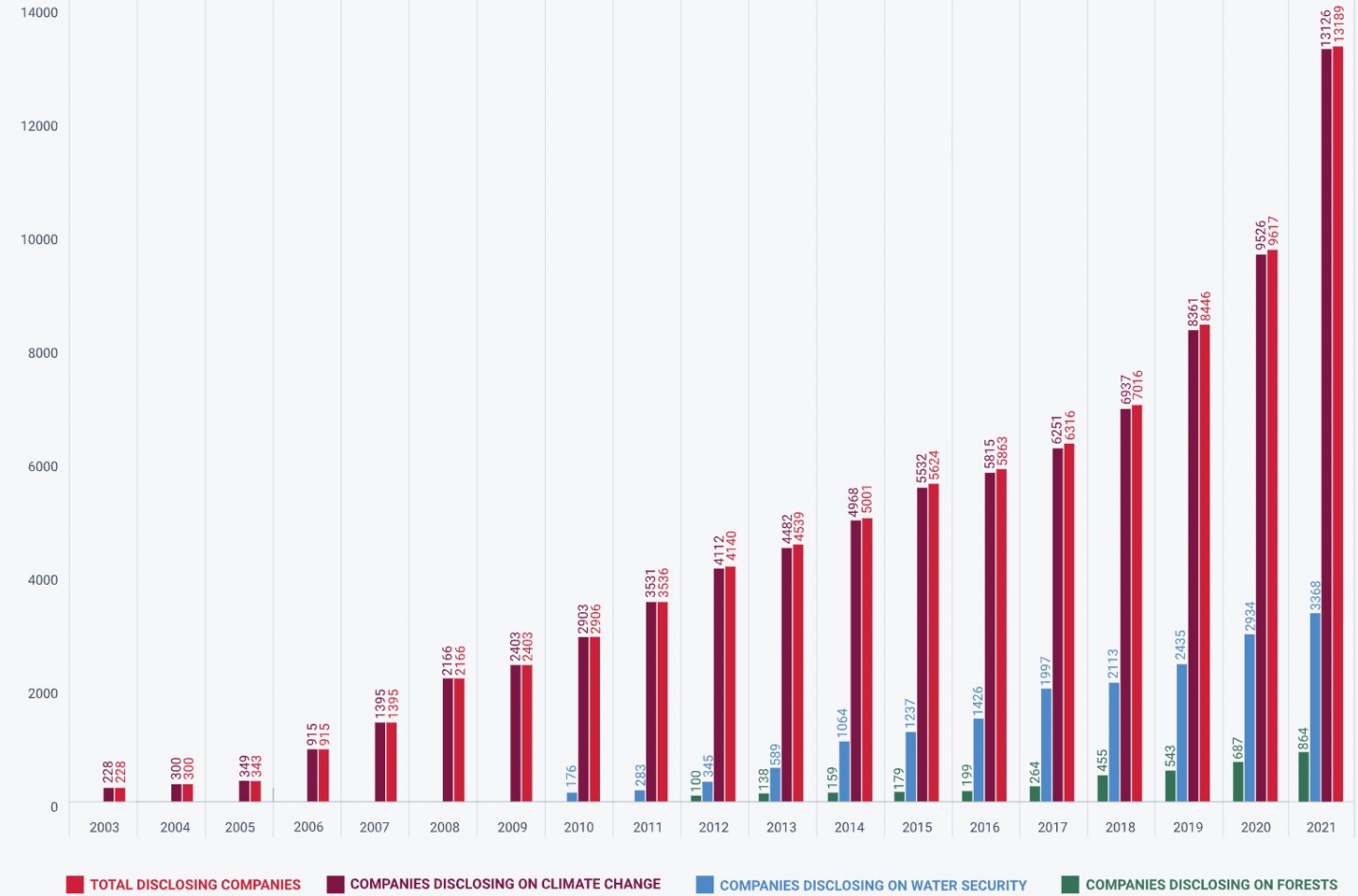
World map showing actor engagement by region. The map is color-coded by continent: North America (brown), South America (orange), Europe (green), Africa (red), Asia (light green), and Australia (dark green). Numerous blue circular markers with white numbers are placed across the map, indicating the number of actors in each region. A button at the bottom of the map reads "Show totals, news and more".

<https://climateaction.unfccc.int/>





Growth in disclosing companies since 2003



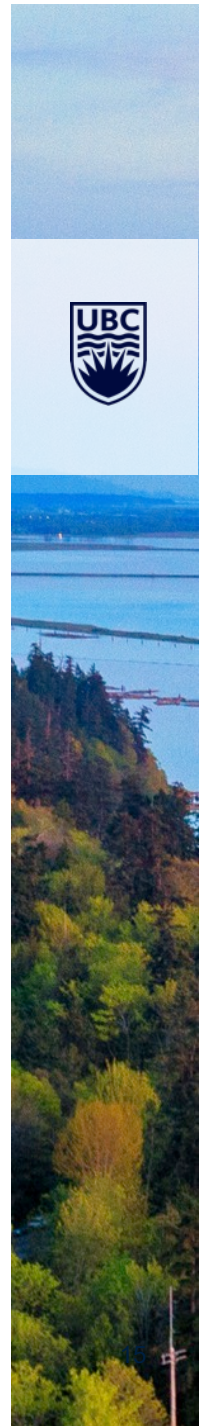
<https://www.cdp.net/>



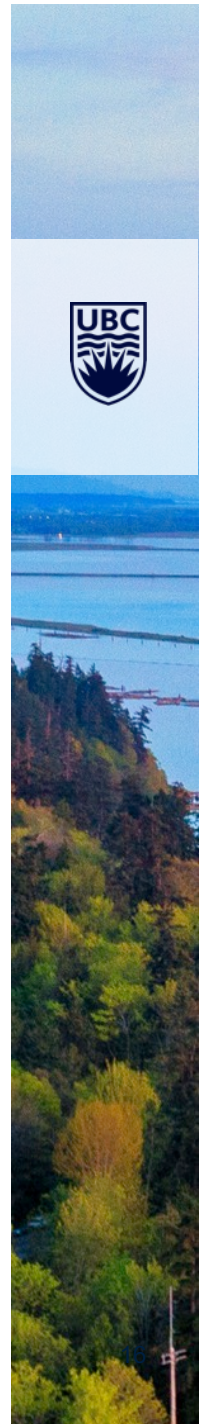
From ‘Carbon Neutral’ to ‘Net Zero’

“Put simply, net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.”

<https://www.un.org/en/climatechange/net-zero-coalition>

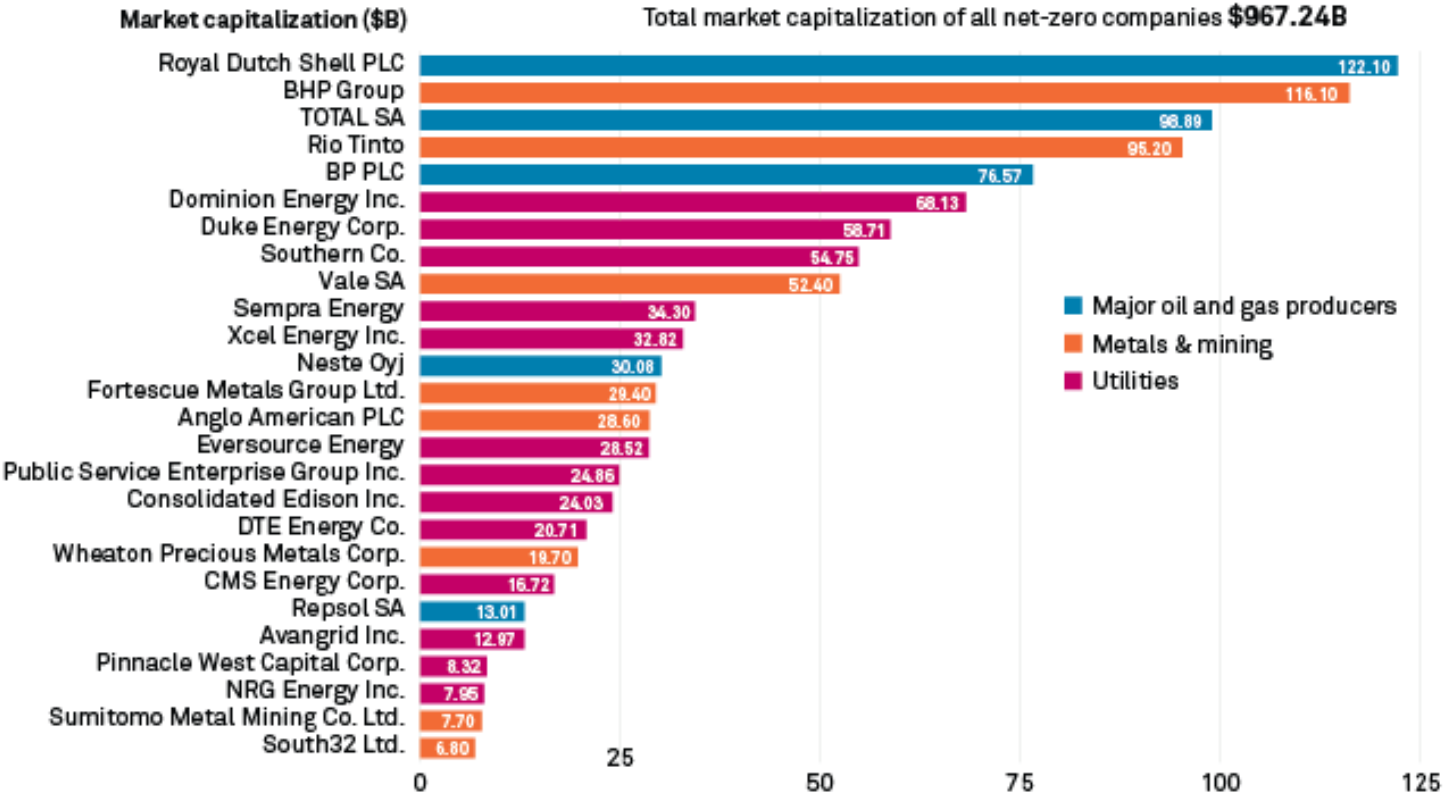


The Path to Net Zero



Net Zero Goes Mainstream

Energy, metals and mining companies with net-zero emissions targets

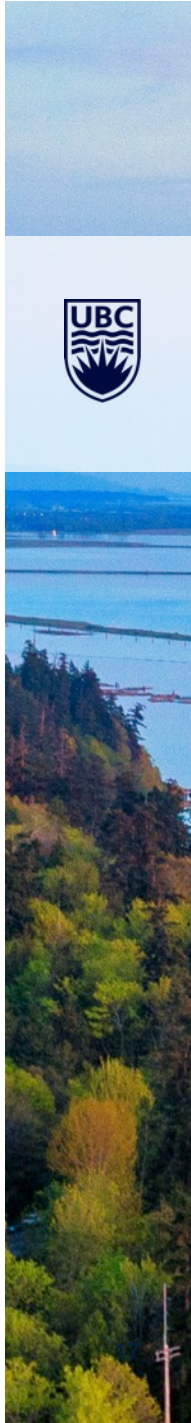


Data compiled July 16, 2020.

Some utilities marked as having a net-zero goal may have pledged a more aggressive target of going carbon-free by a certain date or may have set a 100% clean electricity goal.

The net-zero target list is of the 30 largest companies per sector among U.S. electric and gas utilities, global oil and gas companies and global metals and mining companies in terms of market capitalization as of June 10, 2020.

Sources: S&P Global Market Intelligence; S&P Global Platts



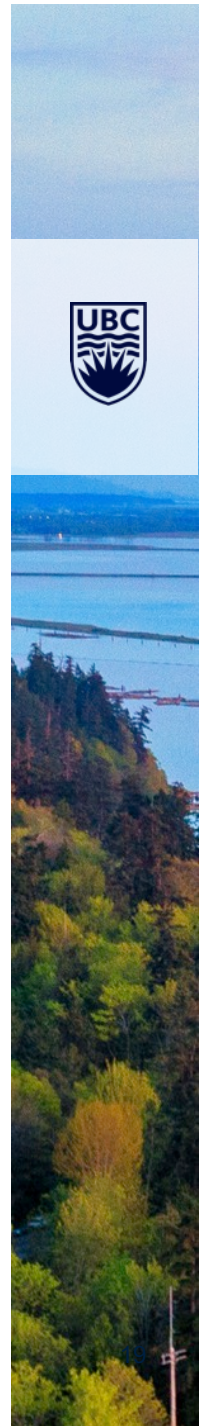
Carbon Neutral Certifications



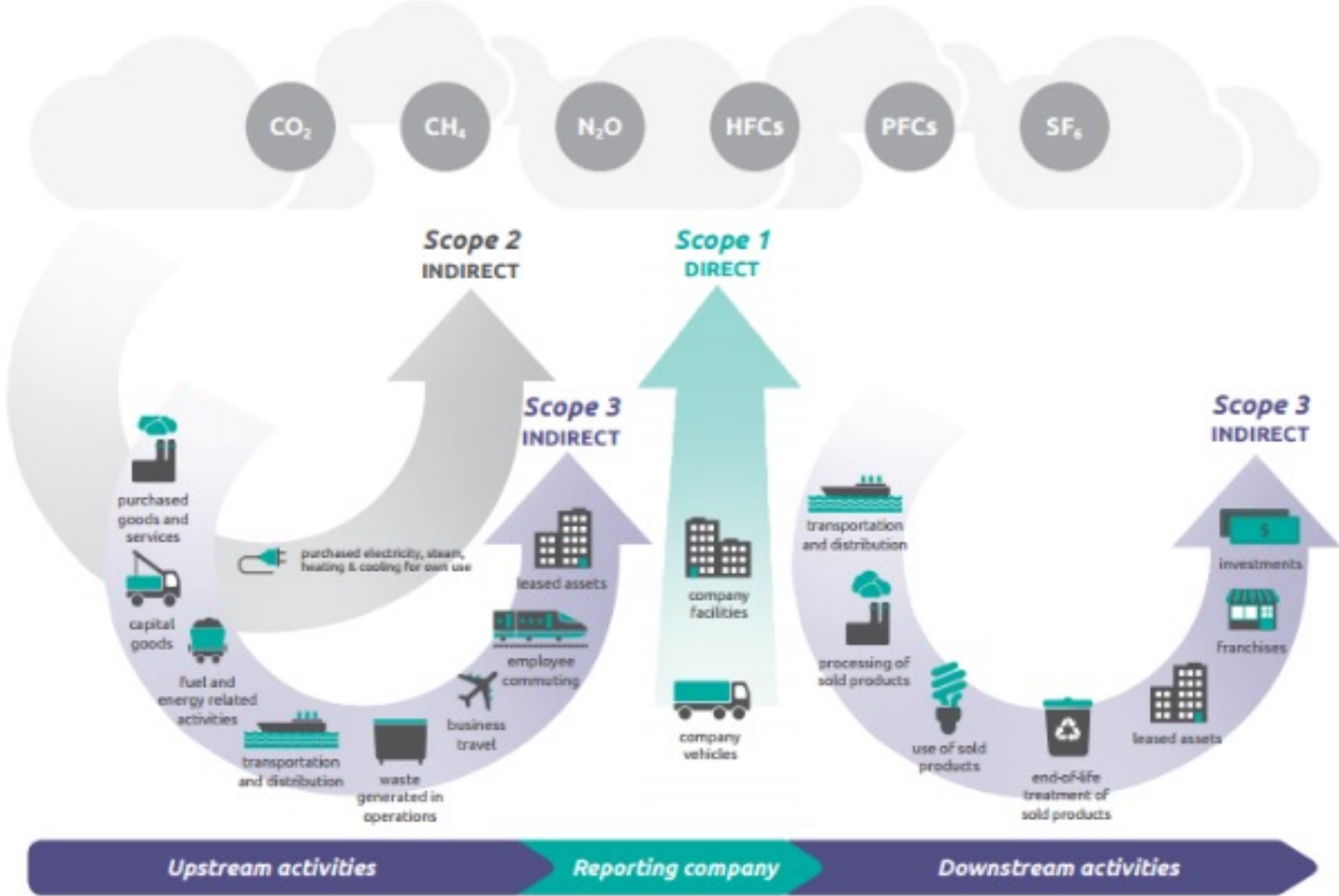
Reporting Protocols and Methodologies



GREENHOUSE
GAS PROTOCOL



Scope



The Absence of Scope 3 in Net Zero

ESG IMPACT

Climate experts are worried about the toughest carbon emissions for companies to capture

PUBLISHED WED, AUG 18 2021-10:07 AM EDT | UPDATED WED, AUG 18 2021-6:19 PM EDT



Eric Rosenbaum
@ERPROSE

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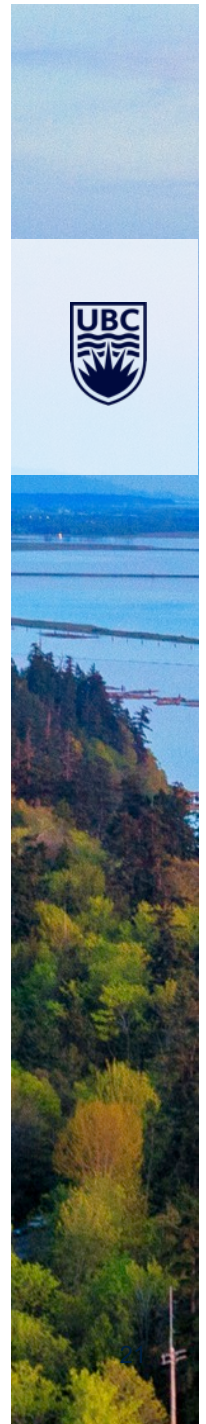
KEY POINTS

- Scope 3 carbon emissions, or those not part of operations or under direct control, represent the majority of the carbon footprint for most companies, in some cases as high as 85% to 95%.
- As companies lay out ambitious carbon reduction targets and net-zero pledges for the decades ahead, slow progress on tracking Scope 3 emissions has climate experts worried.
- “They are not ready for this,” said one environmental data expert who worked on the GHG Protocol.

RELATED



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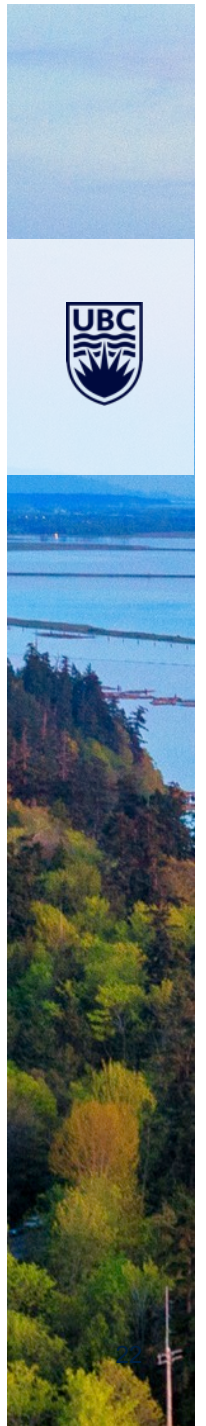
Insetting

INSETTING

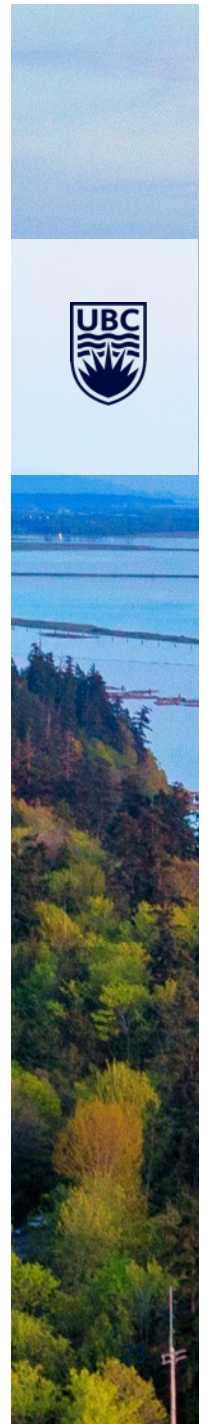
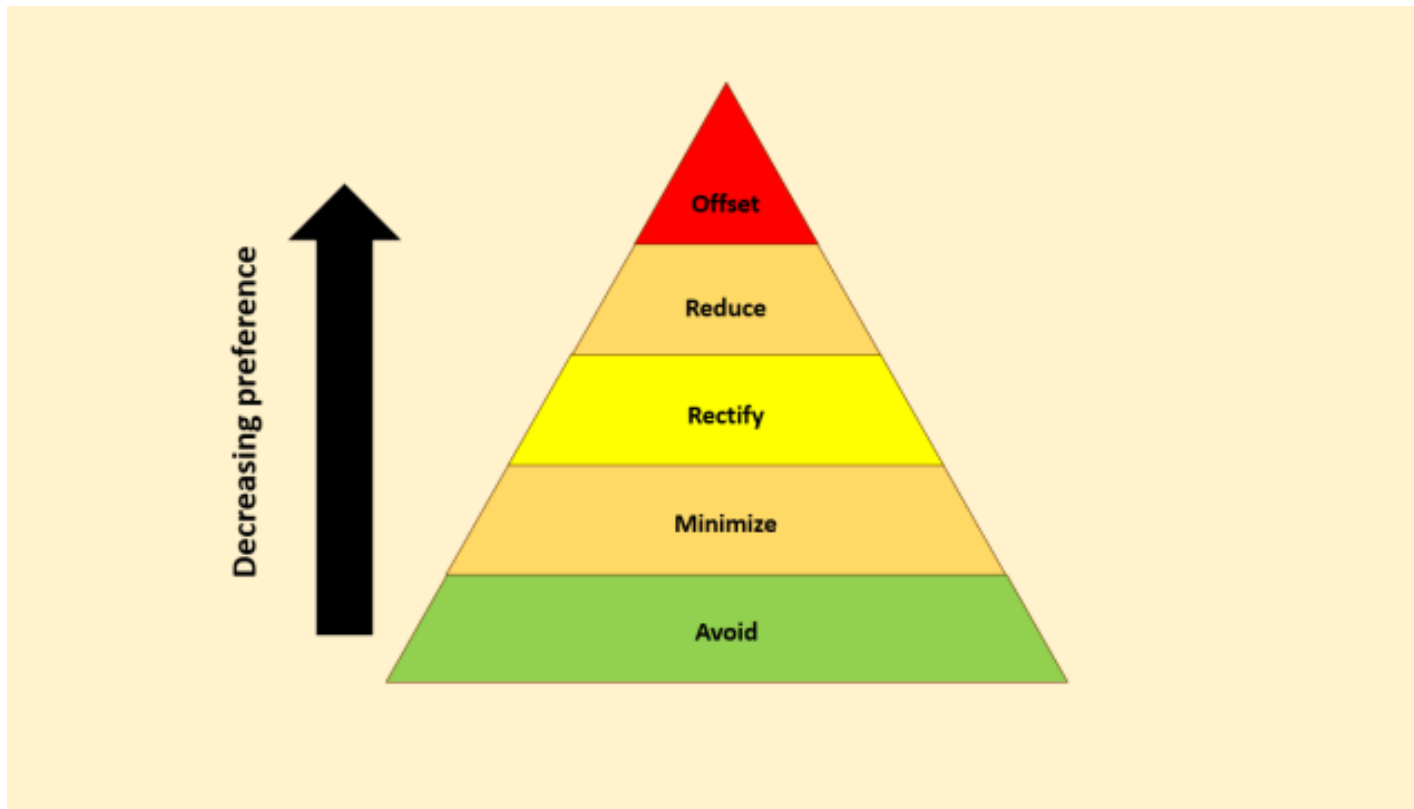
Reducing CO₂ emissions internally



OFFSETTING



In-House Mitigation Requirements



Actual vs. Modelled Data

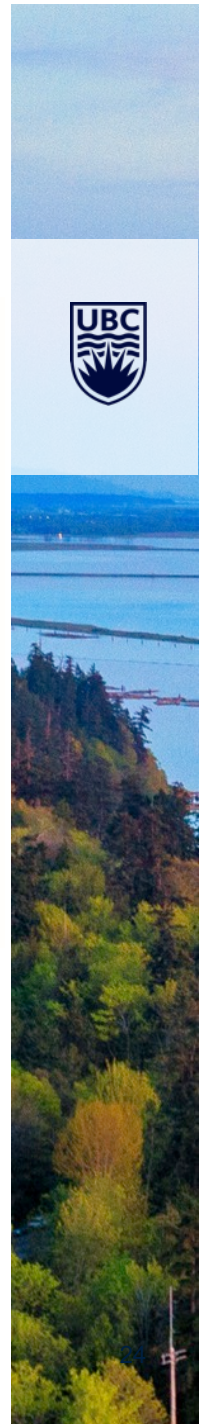
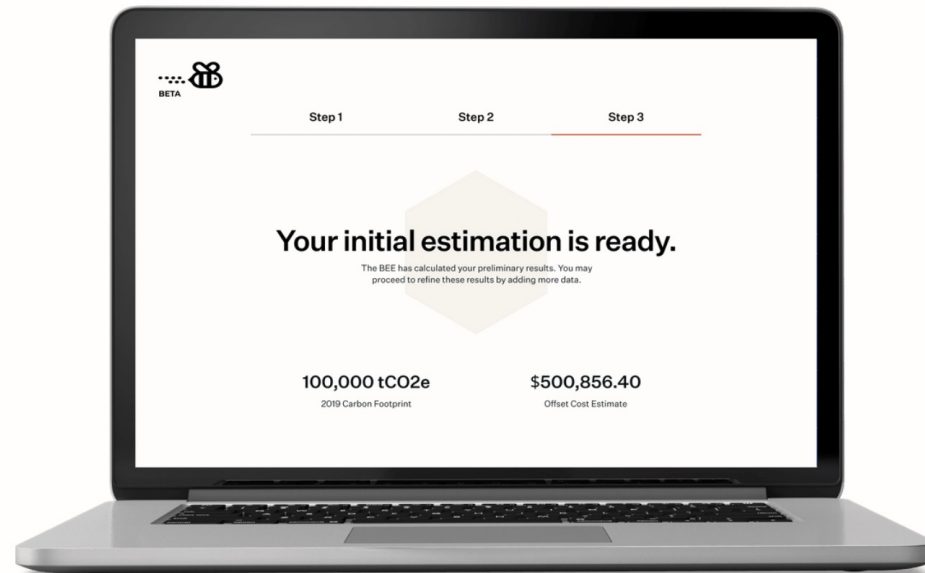
01 Measure

Time to Complete

Small Brands: 1-2 hours

Large Brands: 1-3 months
(including data aggregation)

[Access the BEE](#)



Assurance

Limited vs. reasonable



THOMSON REUTERS

TAX & ACCOUNTING

Our solutions 

US SECURITIES AND EXCHANGE COMMISSION

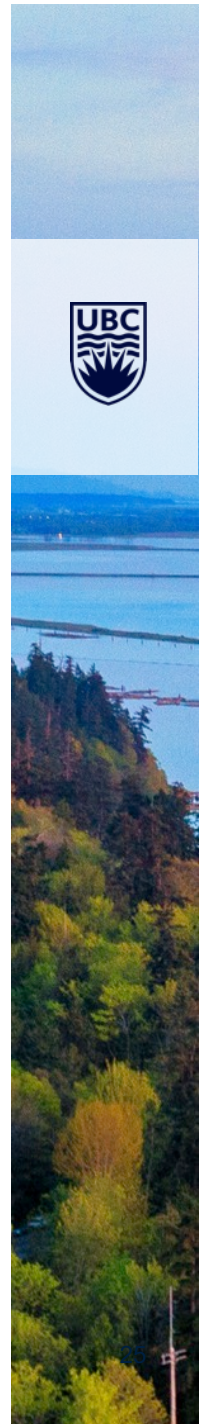
SEC Getting Lots of Questions on Assurance Part of Climate Proposal, Senior Official Says

Soyoung Ho Senior Editor, Accounting and Compliance Alert

April 29, 2022



<https://tax.thomsonreuters.com/news/sec-getting-lots-of-questions-on-assurance-part-of-climate-proposal-senior-official-says/>



Avoided Deforestation

This Timber Company Sold Millions of Dollars of Useless Carbon Offsets

Now Lyme Timber CEO Jim Hourdequin wants to fix a broken system to create a market that actually helps slow climate change.



Hourdequin near the Lyme Timber office in L'Anse, Mich. *Photographer: Brian Lesteberg for Bloomberg Green*

<https://www.bloomberg.com/news/articles/2022-03-17/timber-ceo-wants-to-reform-flawed-carbon-offset-market?leadSource=uverify%20wall>

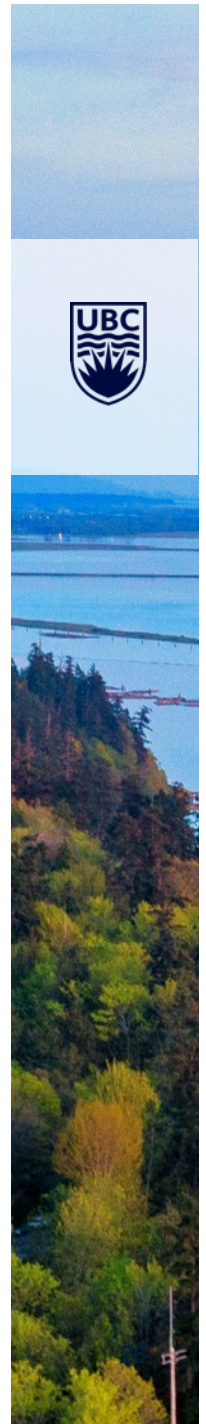
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Afforestation

Why Ambitious Tree Planting and Carbon Offset Projects Are Failing

“A complete disaster;” “a giant ponzi scheme;” “essentially no regulatory requirements.”

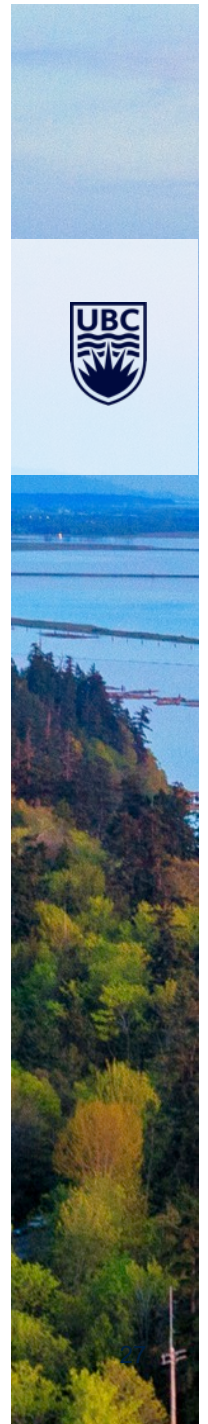
FRED PEARCE

Bio



More than 9,000 people in Leh, India, planted more than 50,000 tree saplings in under an hour on October 10, 2010. **Drukpa Publications via Wikipedia**

<https://www.motherjones.com/politics/2022/10/why-ambitious-tree-planting-and-carbon-offset-projects-are-failing/>



Nature-Based Solutions (NBS)



CONTENT ▾ SECTIONS ▾ PURCHASE ALERTS SUBMIT INFO FOR ▾



2022

ARTICLE CASE | FEBRUARY 02 2022

How Much New Forest Land Would it Take to Offset a Coal Plant's Greenhouse Gas Emissions? *An Engineering Case Study of Georgia's Plant Scherer* 🛒

Katrina Reinhart, Emily Grubert ✉

Email: gruberte@gatech.edu

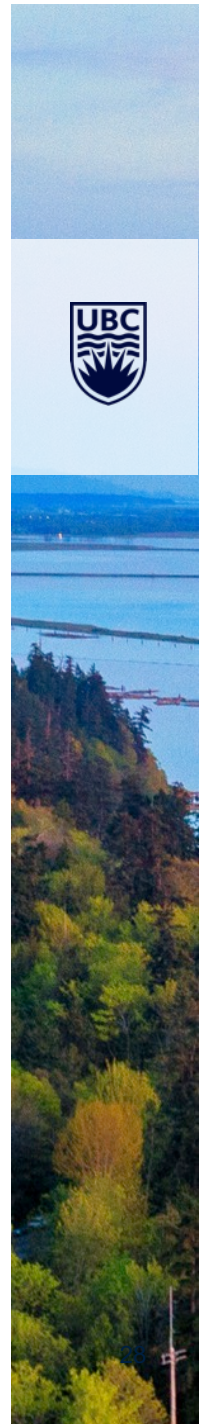
Case Studies in the Environment (2022) 6 (1): 1552208.

<https://doi.org/10.1525/cse.2022.1552208>

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Climate change is largely caused by continued use of fossil fuels to provide energy

<https://online.ucpress.edu/cse/article-abstract/6/1/1552208/119768/How-Much-New-Forest-Land-Would-it-Take-to-Offset-a?redirectedFrom=fulltext>

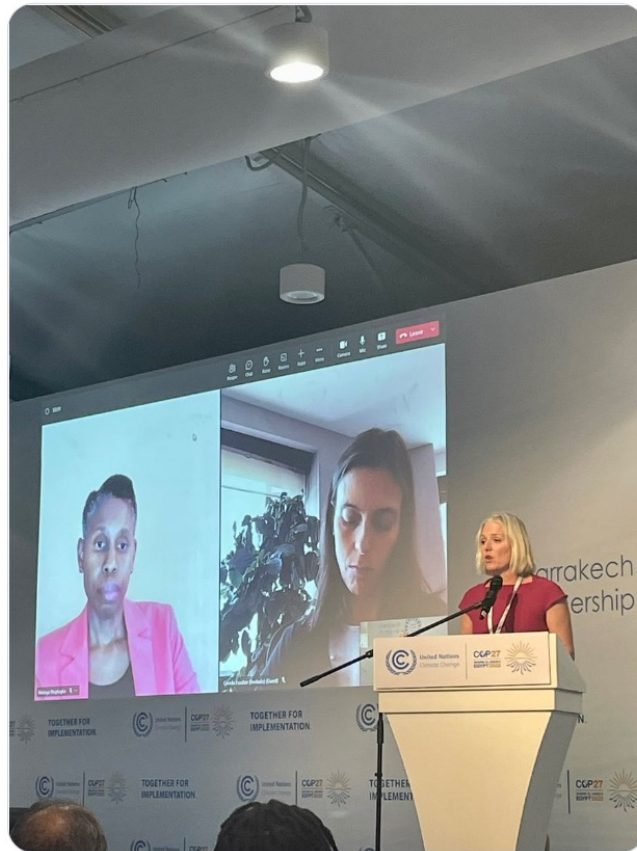


Late Developments from COP 27



Catherine Abreu @catabreu_ · 3h

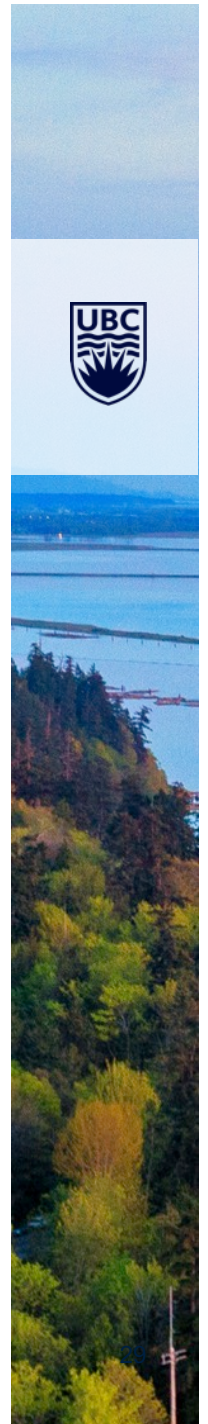
BREAKING: at #COP27, the UN Secretary General's high-level expert group is releasing a new standard to turn empty net-zero commitments into meaningful climate action. Stick with me for details - it's very good news



13

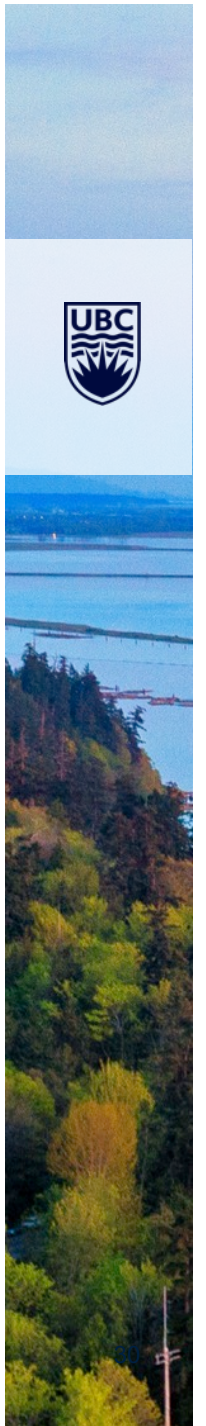
136

378



Conclusions

- Business can & should take a role in addressing climate change
- However, there are serious flaws in the current net-zero regime related to measurement, management, and offsetting



Questions?

hamish.vandervan@ubc.ca

