

## Business strategy for a 2 degree C future

**How business can deliver a 2 degree C future through  
setting science-based targets at a business level and  
implementing other corporate climate initiatives**

*James Day, Director Australia & New Zealand, CDP*





# How business can help deliver a 2 degree future

**James Day**

Director – Australia & NZ

E: [james.day@cdp.net](mailto:james.day@cdp.net) | T: +61 434 194 705

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# Overview

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- ▼ Introduction to CDP
- ▼ Why business should help deliver a 2 degree future
- ▼ How business can help deliver a 2 degree future

# CDP: the global environmental disclosure platform

**5,533**

Companies in more than 91 countries reported through CDP in 2015: over half the world's market capitalisation

**822**

Institutional investors requesting information – a third of the world's investable capital

**89**

Global supply chains – US\$2 trillion in annual procurement – including Walmart, Unilever, US Gov't's General Services Administration, US Navy and State of California

**533**

Cities sharing best practices representing 621 million people

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# Why business should help deliver a 2°C future

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**The business case for action on climate change and sustainability is strong.**

- ▼ It reduces operating costs and increases profit margins
- ▼ It lowers the cost of capital
- ▼ It helps companies achieve higher valuations
- ▼ It drives innovation



The low carbon transition is the first predictable industrial revolution.

- **Alan Brown**, Former Group Chief Investment Officer,  
Schroder Investment Management



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# Sustainability helps firms achieve a lower cost of capital

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**Companies with high sustainability and corporate social responsibility ratings have a lower cost of capital in terms of debt and equity.**

▼ The market appears to be recognising that “these companies are lower risk than other companies and rewards them accordingly”.

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# Sustainability helps companies achieve higher valuations

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**A study by Harvard Business School and meta-studies by the University of Oxford and Deutsche Bank have shown that the stock price performance of companies is positively influenced by good sustainability practices.**

▼ Climate change has shown some of the strongest linkages to valuation outperformance.



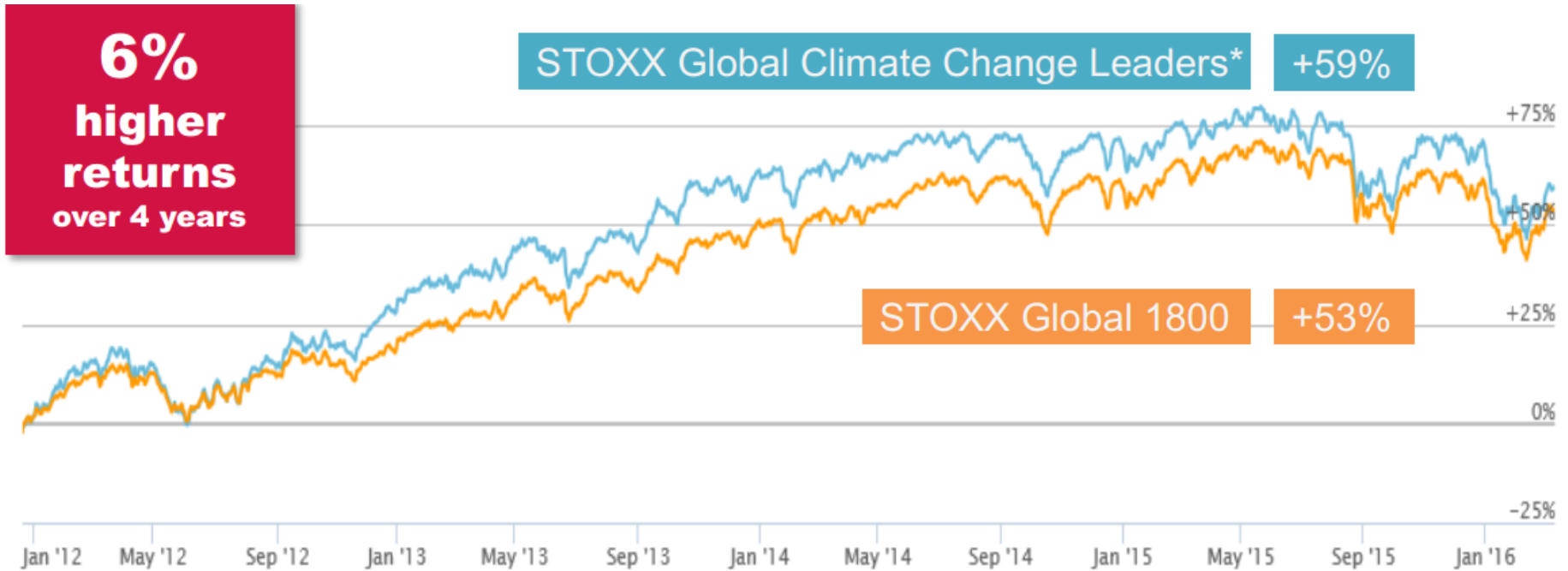


The evidence suggests that investors value increased transparency regarding corporate climate change risks, in particular when such increases in transparency concern large firms, or firms operating in carbon intensive sectors.

- **Philipp Krüger**, Universit´e de Gen`eve



# CDP climate change leaders outperform the market




*The STOXX Global Climate Change Leaders Index tracks CDPs Climate A List.*



# Sustainability drives innovation

Sustainability leaders are more than 400% more likely to be considered innovation leaders. Sustainability can provide a different “lens” for thinking: it helps companies to approach situations differently.



- Daniel Aronson, Director, Deloitte Consulting

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# How business can help deliver a 2°C future

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60% of NDCs

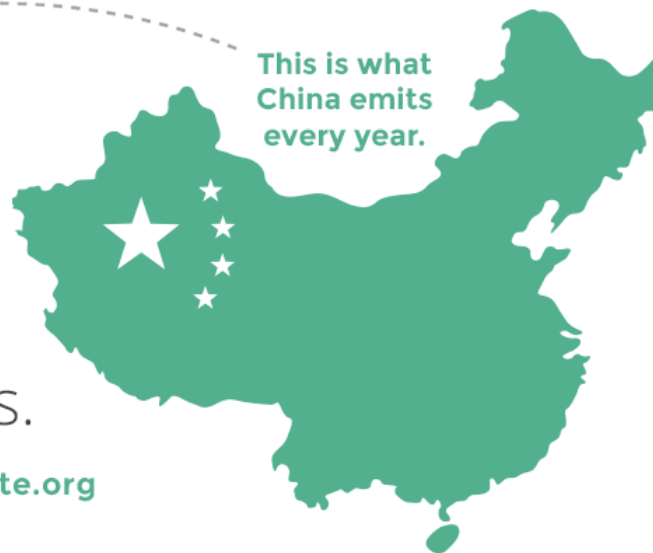
Businesses could help meet over 60% of the emissions cuts pledged by governments in Paris.

Find out how at [BusinessEndofClimate.org](https://www.BusinessEndofClimate.org)

# How business can help deliver a 2°C future

Business can cut 10 billion metric tonnes of CO<sub>2</sub>, if companies commit to 5 initiatives.

Find out how at [BusinessEndofClimate.org](https://www.BusinessEndofClimate.org)



This is what  
China emits  
every year.

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## Many of NZ's major customers have made climate commitments

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**Over 450 companies have made 1,000+ climate commitments through**

**We Mean Business**, including some of NZ's major customers:

- ▼ Nestlé
- ▼ Tesco
- ▼ Sainsburys
- ▼ Marks & Spencer Group
- ▼ The Coca Cola Company
- ▼ Unilever

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# Case study: climate commitments made by Nestlé

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Nestlé has made 7 of the We Mean Business climate commitments, including 4 of the 5 initiatives highlighted in the Business End of Climate report:

- ▼ **Adopt a science-based emissions reduction target**
- ▼ **RE100** - Commit to 100% renewable power
- ▼ Put a price on carbon
- ▼ Responsible corporate engagement in climate policy
- ▼ Report climate change information in mainstream reports as a fiduciary duty
- ▼ **Remove commodity-driven deforestation from all supply chains by 2020**
- ▼ Join the **Low Carbon Technology Partnerships Initiative**

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# Case study: climate commitments made by Nestlé

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- ▼ Between 2005-2014, Nestlé cut its carbon emissions intensity by 40% and achieved an overall reduction of 13.5% while production grew over 60%.
- ▼ By 2020, Nestlé has committed to reduce carbon emissions (scope 1 and 2) per tonne of product in every product category to achieve an overall reduction of 35% in its manufacturing operations versus 2010.
- ▼ Nestlé also links the annual bonuses paid to its board, Chief Operating Officer, its Management Group and Business Unit Manager to the degree of achievement of a number of annual objectives, including the reduction of carbon emissions.



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## We Mean Business invites NZ companies to make climate commitments

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### **New Zealand has significant advantages in the low carbon transition.**

- ▼ NZ has one of the lowest carbon electricity grids in the world which could power the industries of the future such as zero carbon food processing, data centres, etc
- ▼ NZ is geographically compact and well-suited to electric vehicles & transportation
- ▼ There is already a US\$5.5 trillion global market in low carbon technologies & products
- ▼ NZ business is well-placed to succeed if it seizes the low carbon transition as a significant business opportunity
- ▼ **We invite NZ companies to make climate commitments through We Mean Business**

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# More information

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**For further information, please visit:**

- ▼ [www.wemeanbusinesscoalition.org](http://www.wemeanbusinesscoalition.org)
- ▼ [www.cdp.net](http://www.cdp.net)
- ▼ [www.businessendofclimate.org](http://www.businessendofclimate.org)

or contact:

- ▼ James Day: Director – Australia & NZ, CDP, E: [james.day@cdp.net](mailto:james.day@cdp.net)
- ▼ Gareth Johnston, Senior Climate Change Engagement Officer – Asia-Pacific, CDP, E: [gareth.johnston@cdp.net](mailto:gareth.johnston@cdp.net)