



Presentation SODALITAS

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# Mission and what we do

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## CDP's mission

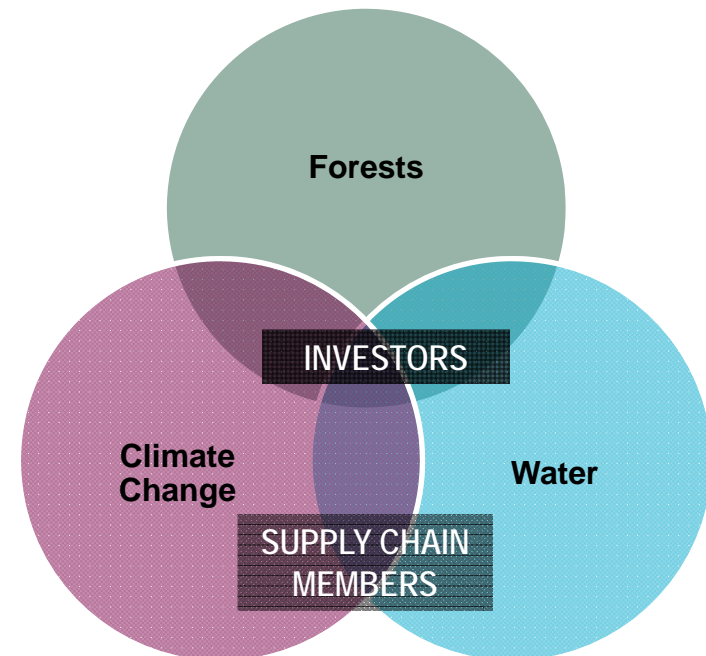
- ▼ To transform the global economic system to prevent dangerous climate change and value our natural resources by putting relevant information at the heart of business, investment and policy decisions

## CDP collects information on:

- ▼ Climate Change
- ▼ Water
- ▼ Forests

## From:

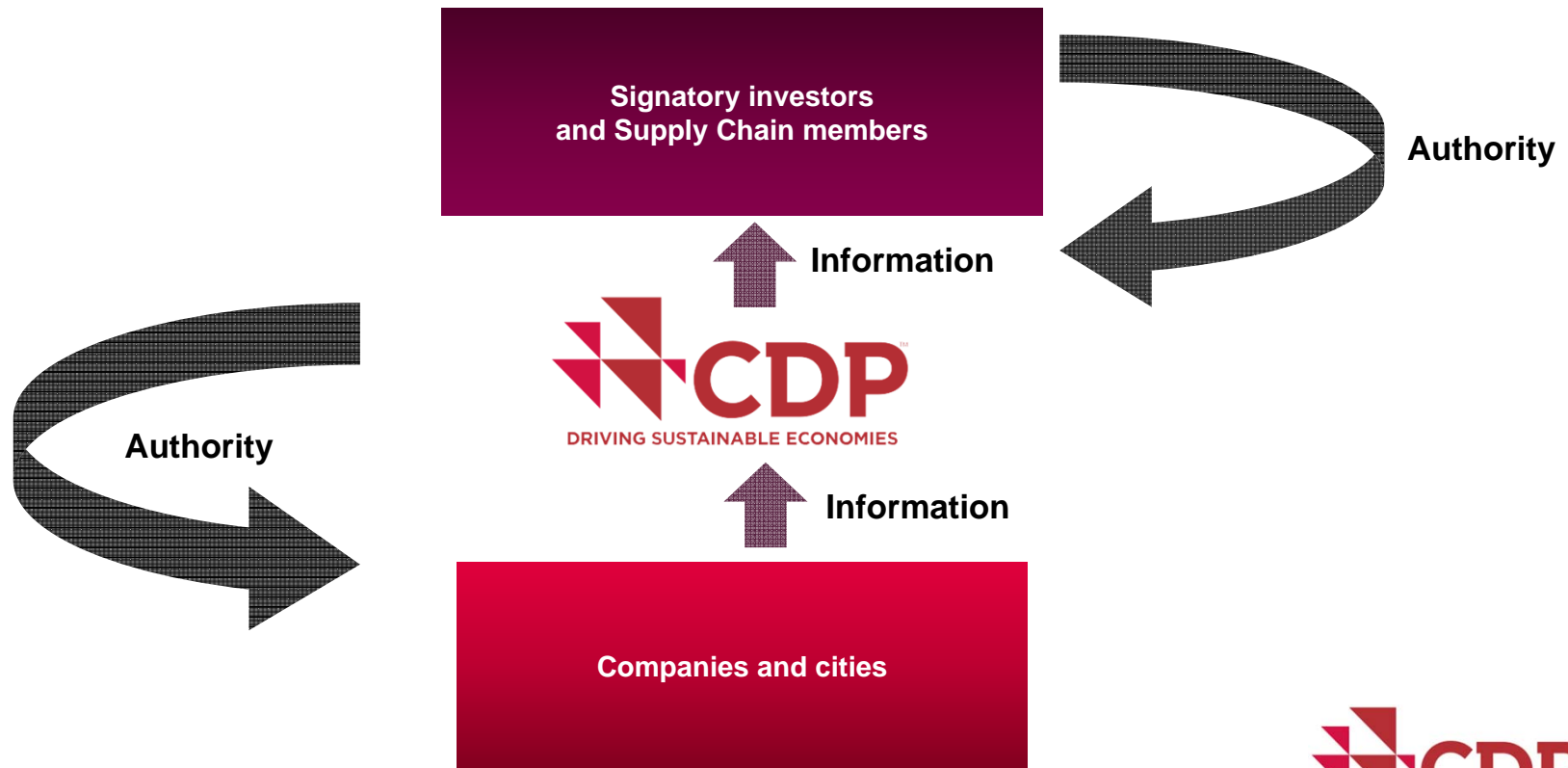
- ▼ Publicly listed companies
- ▼ Their suppliers
- ▼ World's largest cities



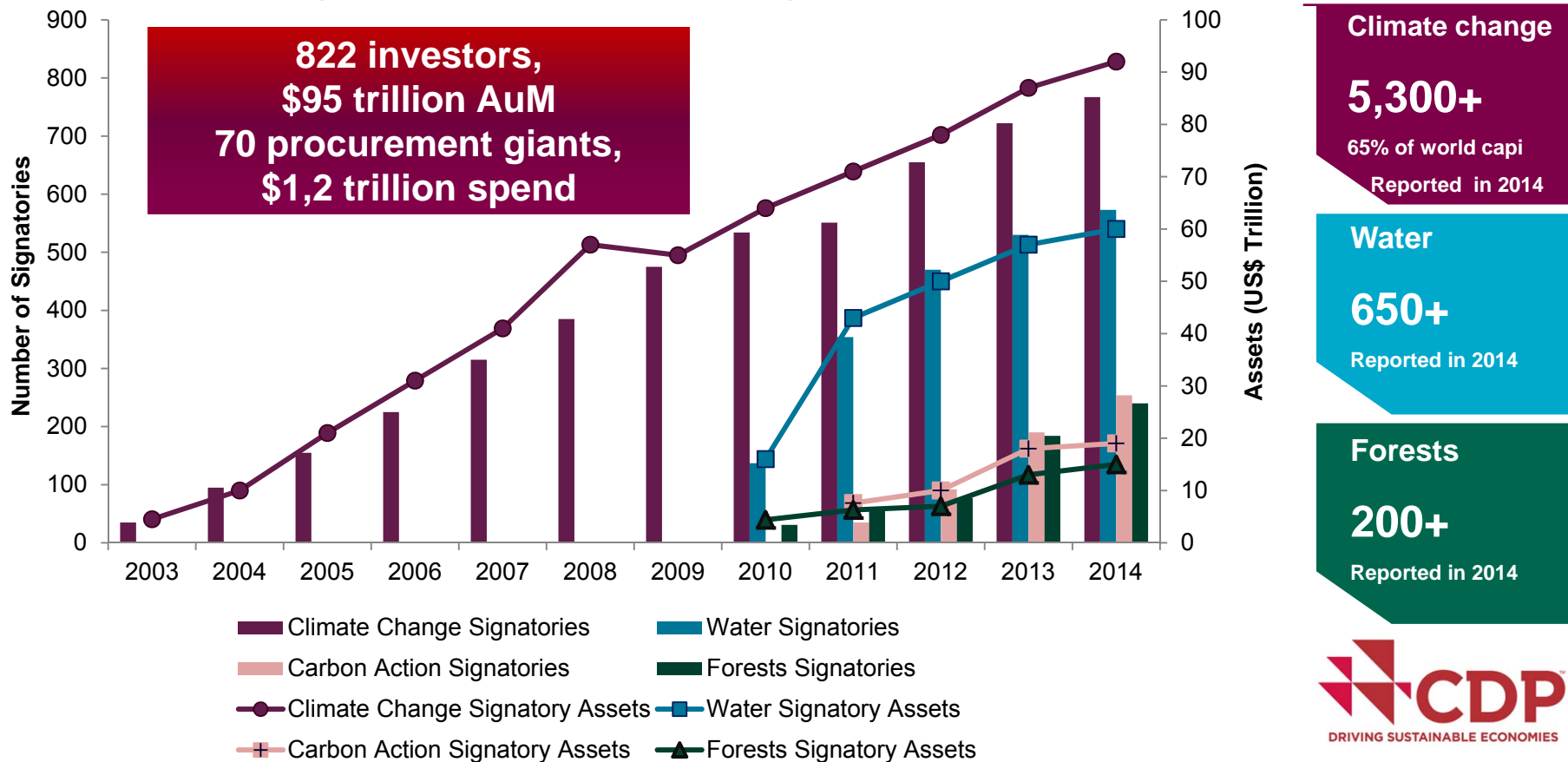
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## CDP seeks disclosure on behalf of investors and large corporations

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# Increasing number of signatories, their assets under management as well as disclosing companies for all programmes



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# CDP has expanded its work internationally

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## CDP in Italy, since 2009

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- ▼ Requesting information from **100 largest companies** by market cap. Disclosure rate > 80% market cap in Italy
- ▼ Italian signatory investors:

Assicurazioni Generali	Fondazione Cariplo	Gruppo Monte Paschi	Symphonia
Credito Valtellinese	Fondo Cometa	Mediobanca	UBI Banca
Etica SGR	Fondo Pegaso	Pioneer Investments	UniCredit
Eurizon Capital	Fondo Pensione Gruppo Intesa Sanpaolo FAPA	Società Reale Mutua di Assicurazioni	Unipol

CDP collaborates with other to ensure **harmonisation**, efficient data usage and **reduced reporting work** for companies

Methodology/Standards:  
Consistency, alignment



World Business Council for Sustainable Development



GREENHOUSE GAS PROTOCOL



Reporting frameworks:  
Link natural capital data with financial reports



INTEGRATED REPORTING <IR>



Climate Bonds INITIATIVE

Other initiatives:  
Alignment, cooperation



United Nations Global Compact



The CEO Water Mandate

Caring for Climate



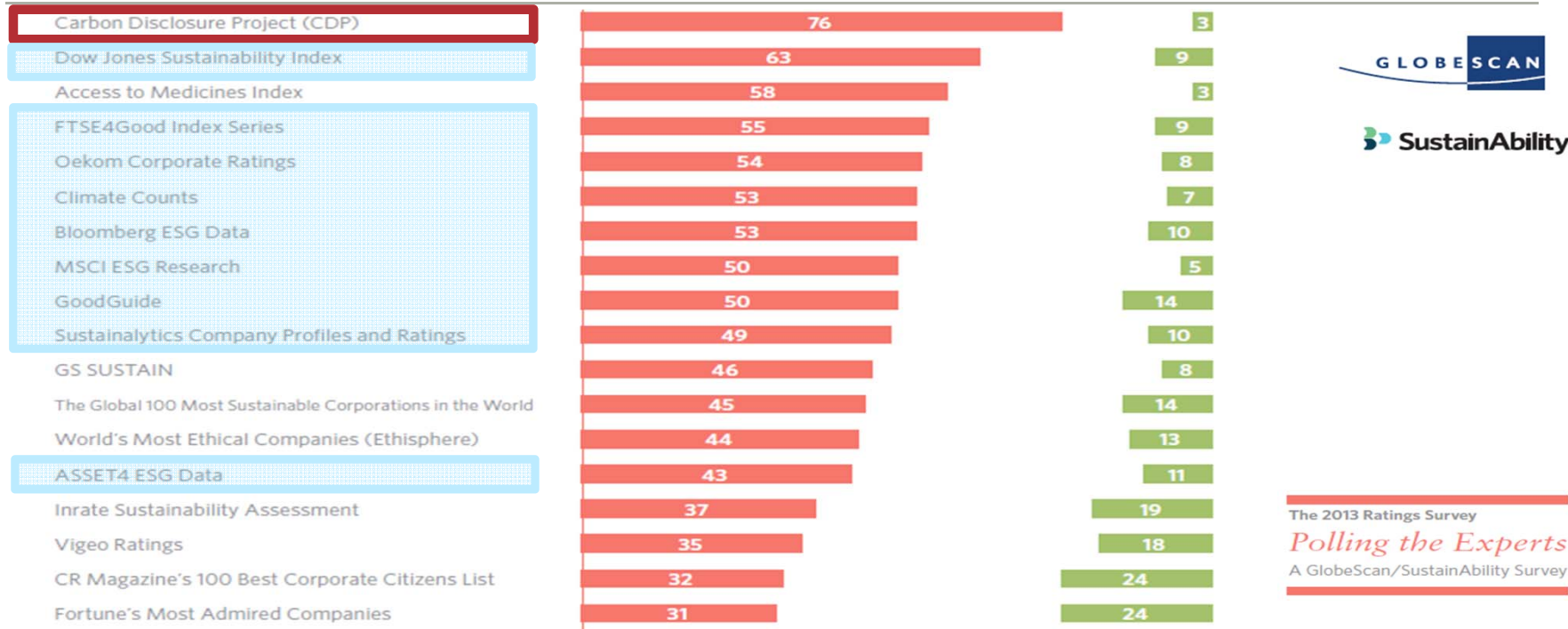
UNEP



MINISTERO DELL'AMBIENTE E DELLA TUTELA DEL TERRITORIO E DEL MARE

Dow Jones Sustainability Indexes  
In Collaboration With RobecoSAM

# Rate the Raters 2013 – CDP the most credible rating



The 2013 Ratings Survey  
*Polling the Experts*  
 A GlobeScan/SustainAbility Survey

■ Credible (4+5) ■ Not credible (1+2)

BLUE: Ratings using  CDP data  
DRIVING SUSTAINABLE ECONOMIES





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# Call to action for companies

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**CDP is part of a large coalition called We Mean Business whose objective is to speak with one voice instead of diluting key messages. This coalition launched a Call to Action for companies to endorse at least one of the 6 following initiatives:**

- ▼ Commit to put an Internal Price on Carbon (52 companies)
- ▼ Commit to remove commodity-driven deforestation from all supply chains by 2020 (26companies)
- ▼ Commit to procure 100% of electricity from renewable sources (40 companies)
- ▼ Commit to adopt a science-based emissions reduction target to be in line with the scientific scenario of 2°C by 2050 (63 companies). Investing in GHG emission reduction is very profitable (IRR of 30% per year!)
- ▼ Commit to report climate change information in mainstream reports as a fiduciary duty (86 companies)
- ▼ Commit to responsible corporate engagement in climate policy (56 companies)

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# What makes a Climate Change leader?

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## A couple of common attributes:

- ▼ Investing in GHG emission reductions is very profitable. Based on its unrivalled database, CDP estimates the average IRR of such investments to be around 33% and for performance leaders even higher to 55%! CFO should start considering these investments as positive for cash flows...
- ▼ Investment in R&D to innovate in low carbon products, source of competitive advantages
- ▼ Setting of long term GHG emission targets in line with the 2°C scenario
- ▼ Readiness for regulation about carbon pricing
- ▼ Better profitability on stock markets
- ▼ In 2014, 187 leaders out of 2200 companies i.e 8.5%

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# Investors are moving quickly behind the scene

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- ▼ International organizations estimate that only 40% of the risks companies are facing appear in the financial statements (Balance sheets, P&L, Free Cash Flow models...)
- ▼ ESG risks do not appear which means that 60% of the total risks are not taken into consideration. This is a great contradiction with the willingness of investors to have minimum risk exposure for maximum returns
- ▼ Risks = Financial risks (40%) + Non Financial risks (60%) => move toward integrated reporting (IR)
- ▼ This leads to growing SRI volume worldwide. For example, in France, SRI reached 223 billions Euros in 2014 representing a 31 % increase from 2013
- ▼ New carbon metrics (H2020 project) with forward looking indicators are being developed
- ▼ New DCF model are about to emerge:  
$$\frac{\sum CFi \text{ (including carbon price)}}{(1+ WACC \text{ (with environmental risk premium)})}$$
- ▼ Green labels are emerging (Novethic, Climpax etc...) to guide individual investors
- ▼ 20 Low carbon indices (MSCI, FTSE, Euronext...)  
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# Investors are moving quickly behind the scene

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- ▼ Article 173 of the French Transition Law which obliges French investors to make a carbon footprint of their portfolios and explain what they do to align their portfolios with the 2°C scenario. What gets measured gets managed! Sweden is evaluating a similar law at the moment....Italy should!
- ▼ Montreal Pledge launched by the Principles of Responsible Investment (PRI)
- ▼ The Portfolio Decarbonization Coalition, PDC, co-launched by CDP and UNEP-FI which aims at gathering investors (Amundi, Mirova, AP4, ERAFP, FRR, Church of Sweden...) to decarbonize 100 billions USD by COP 21 and maintain this pace up to 2020. Unfortunately, there isn't any Italian fund committed so far.....
- ▼ Divestment strategies from Coal & Mining (NBIM, Church of Sweden, AXA, Credit Agricole, CCLA...) which will lead to an increase of the cost of capital of those companies => redirecting financial flows from brown assets to renewable assets
- ▼ Carbon Bubble linked to Stranded assets in Oil & Gas and Water. Schizophrenic behavior of Board of directors.
- ▼ Engagement with board of companies as active shareholders (resolution against BP and Shell led by CCLA in the UK, Aiming for A)

## Socially Responsible Investment (SRI) is profitable....Climate change resilience and stock performance: leaders in climate sustainability show a better performance than the average stock indices

**Figure 9 :** Performance financière du CPLI 2010-2014

Index au 1er octobre 2010 = 1 000. Prix calculés en US\$



Source : données en US\$ du 01/10/2010 au 22/09/2014, source ECPI basée sur les données de Thomson Reuters Datastream et Bloomberg.

Analysis of stock evolution of the Climate Leadership Performance Index (CPLI), which gathers all the CDP performance leaders over the period 2010-2014, shows an outperformance by 3,29% over the Bloomberg World Index (34,24%) and by 6,15% over the Dow Jones Sustainability World Index (31,38%).



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## CDP Italy Climate Leadership Award Conferenza & Premiazione 2015

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*12 Novembre 2015 Borsa Italiana, Palazzo  
Mezzanotte, Milano 9.30 – 13.00*

***“L’Italia pre-COP21: Le azioni contro il  
cambiamento climatico degli attori Italiani non  
governativi, le aspettative sui risultati della COP e  
il finanziamento della Green Economy in Italia”***

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*In collaborazione con:*



*Communications Partner:*



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# Thank you!

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