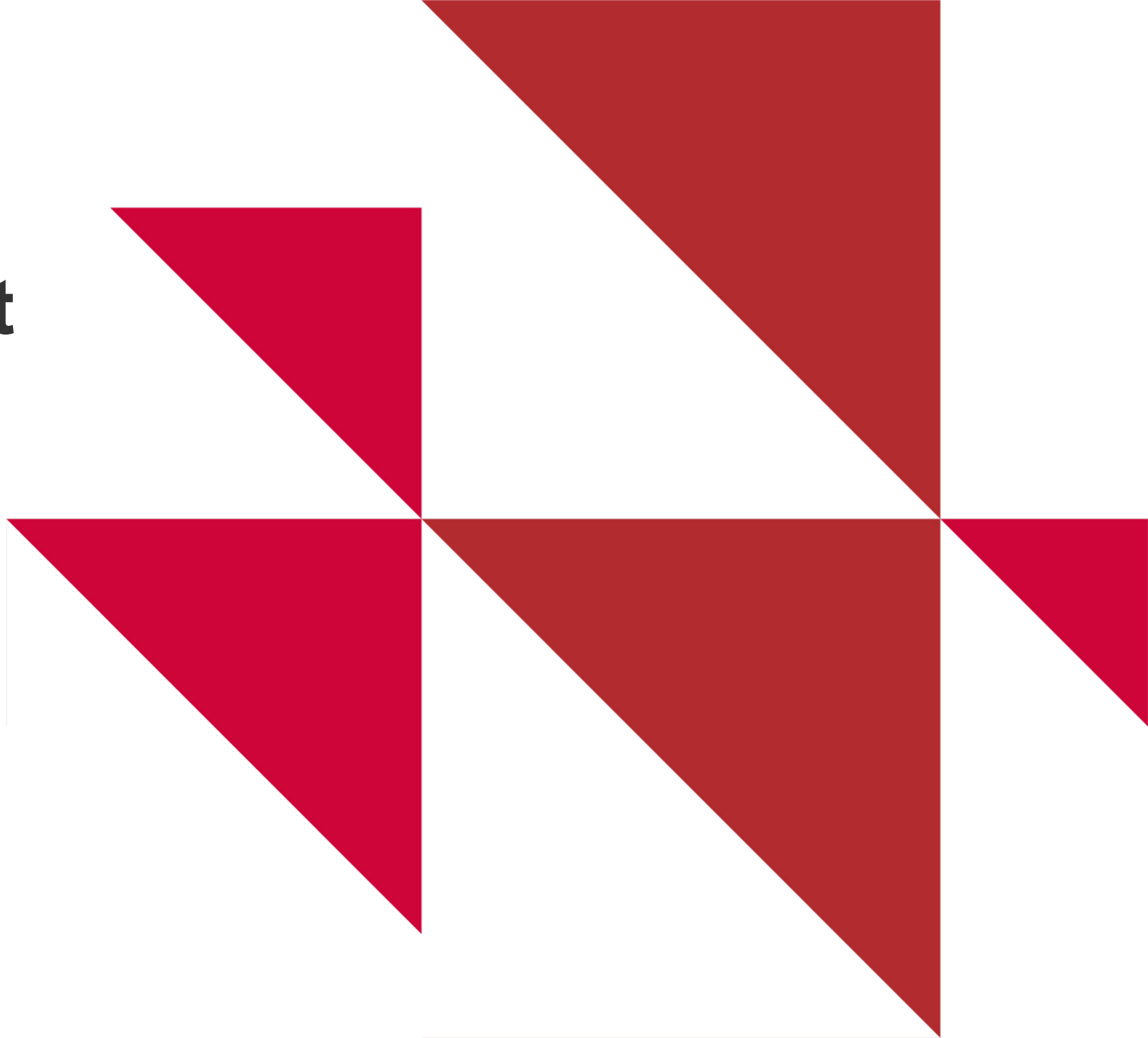


What is net zero and how do we get there

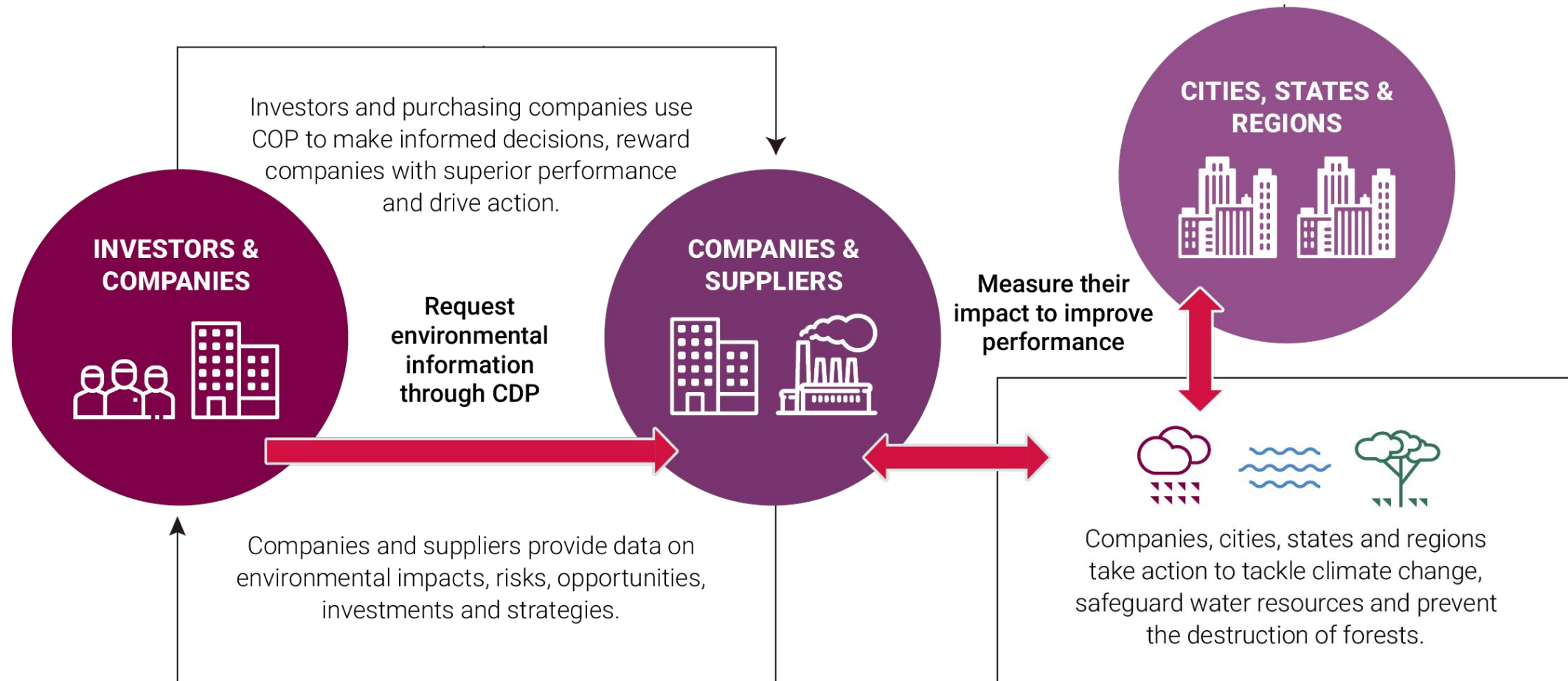
Maxfield Weiss
Executive director
CDP Europe

18 October 2022



CDP: driving the transition to a net-zero, nature positive economy

The CDP system: linking finance and business to transition



DISCLOSURE: THE BUSINESS CASE



Why disclose?



- ▼ CDP disclosure informs investors
- ▼ CDP disclosure informs purchasers
- ▼ CDP disclosure helps companies prepare for regulations
- ▼ CDP disclosure helps boost competitive advantage
- ▼ CDP disclosure helps track & benchmark progress
- ▼ CDP disclosure helps manage risks & identify opportunities

Disclosure to CDP reaches the whole ESG system



CDP has mainstreamed environmental transparency

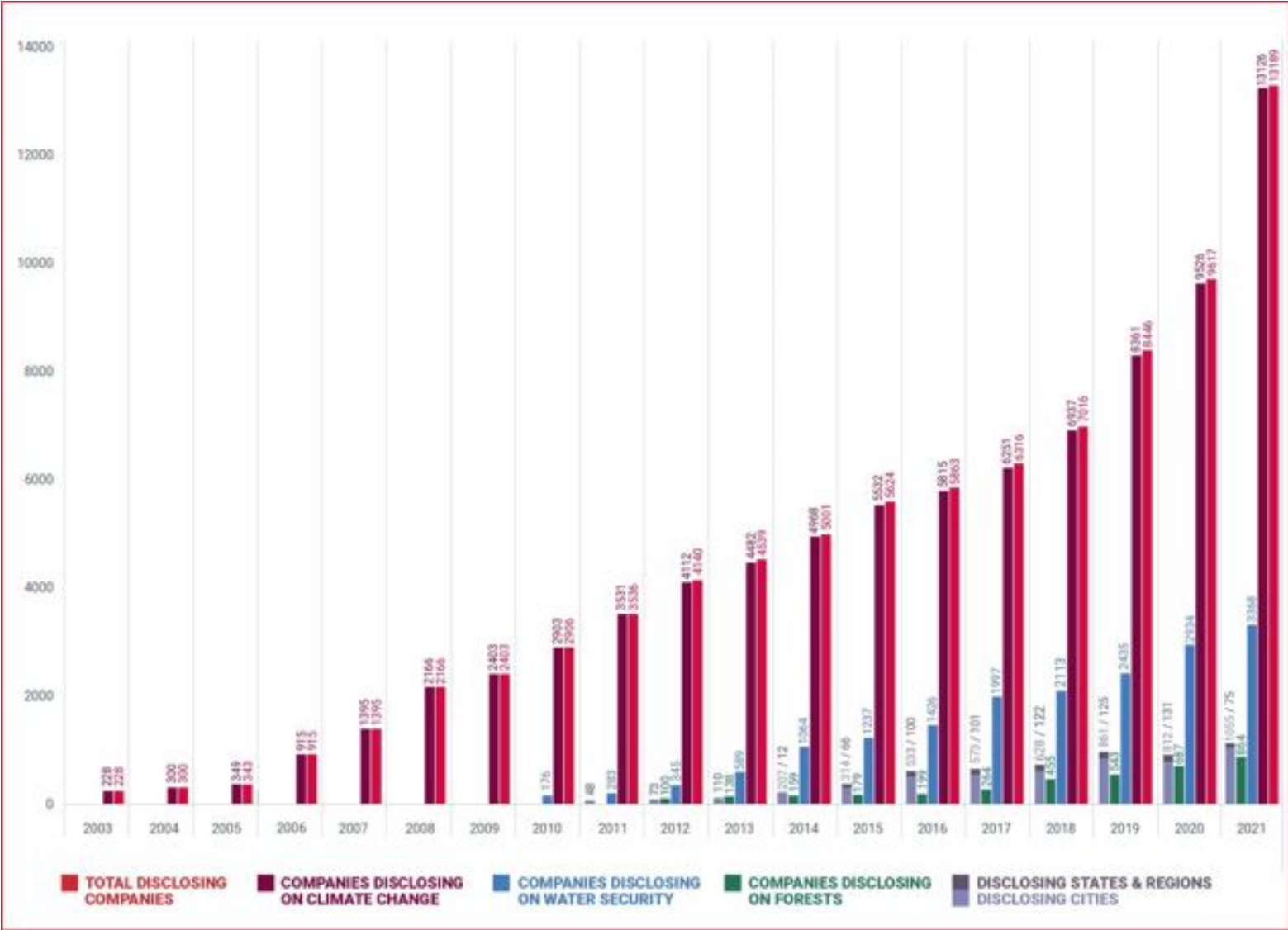


78%

of European companies
by market capitalization
use CDP

13,000+

organisations reporting
to investors and
customers through CDP



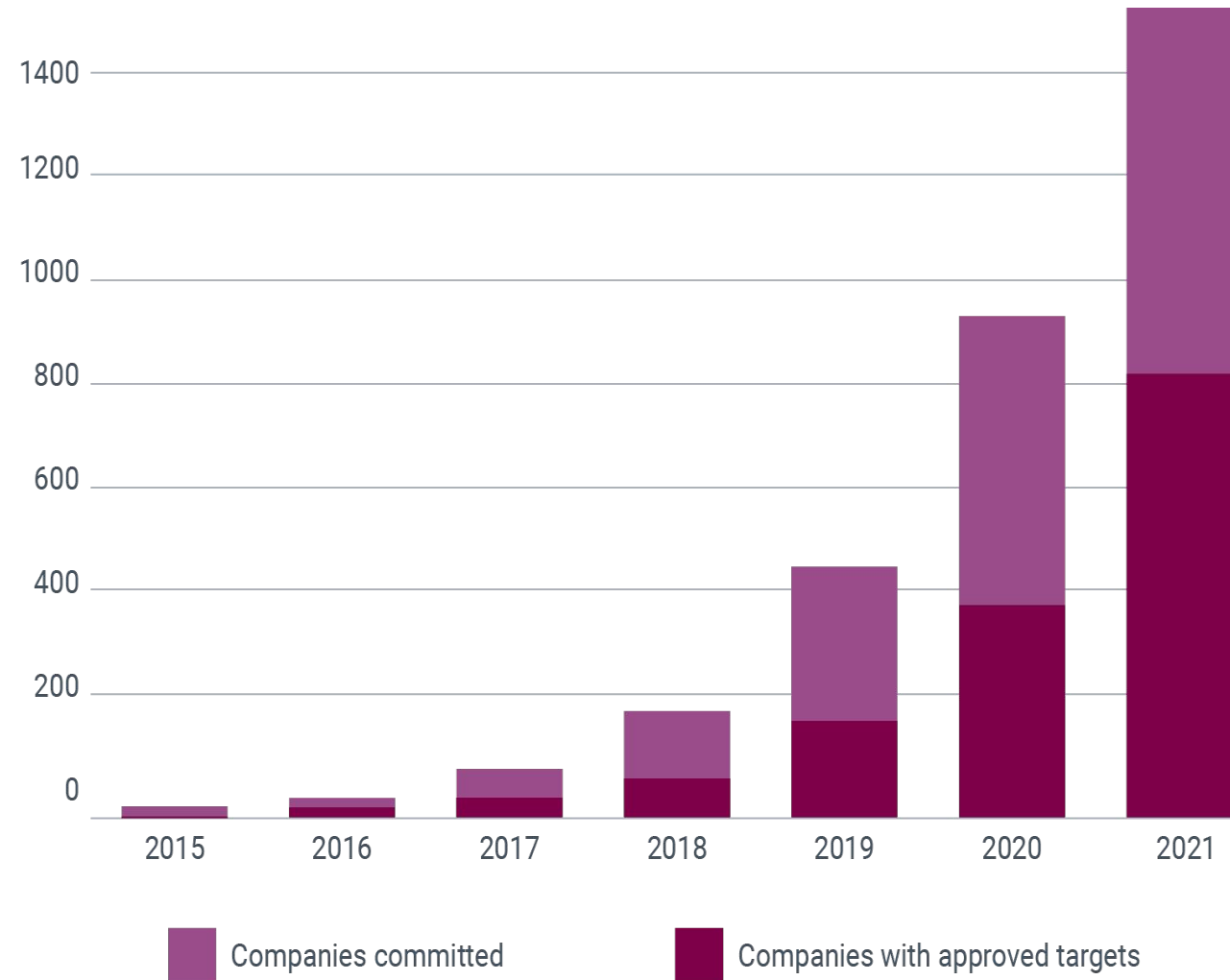
And action: companies linking strategy to Paris climate agreement

3700+

companies taking action to reduce emissions in line with Paris Agreement

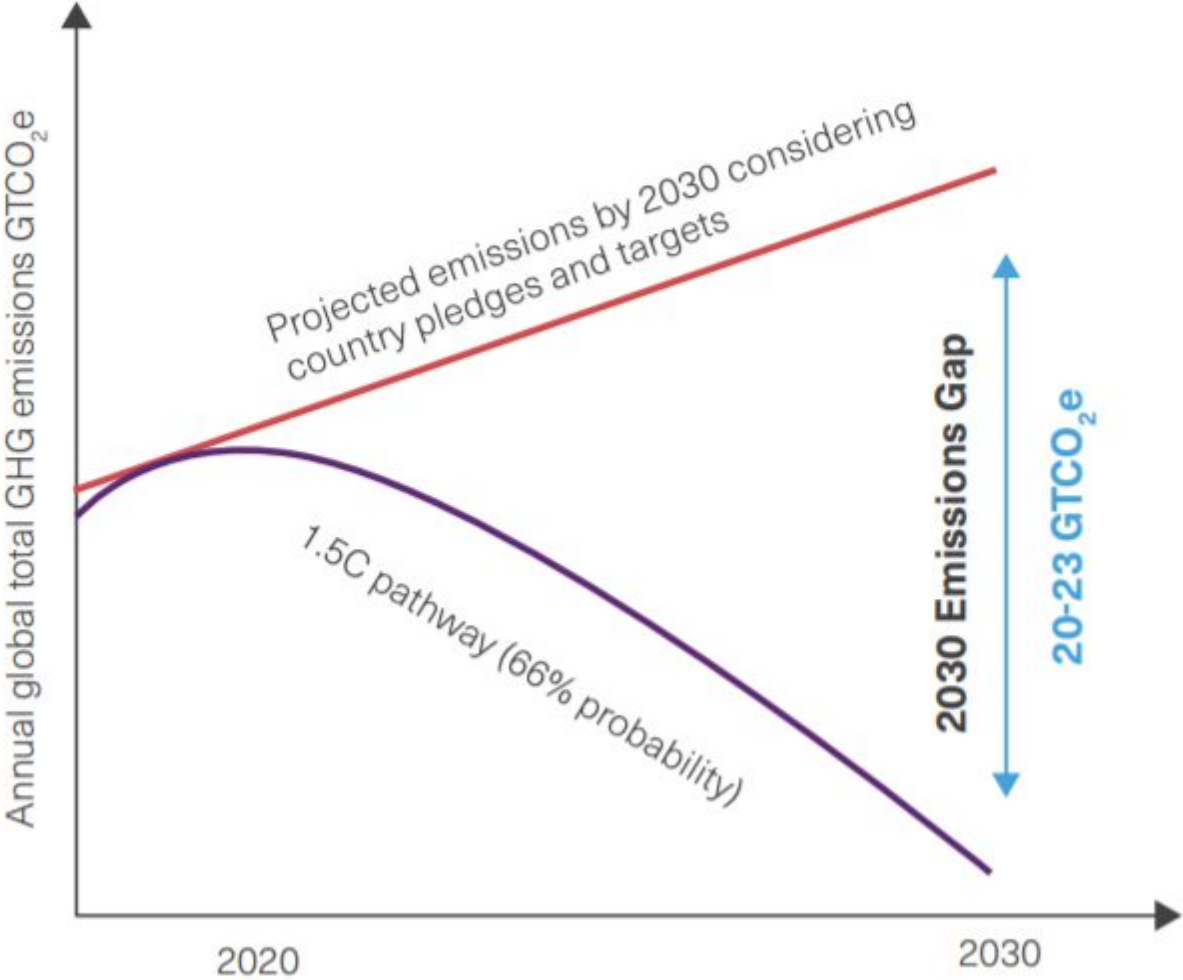
1800

companies with officially approved science-based targets for reducing emissions



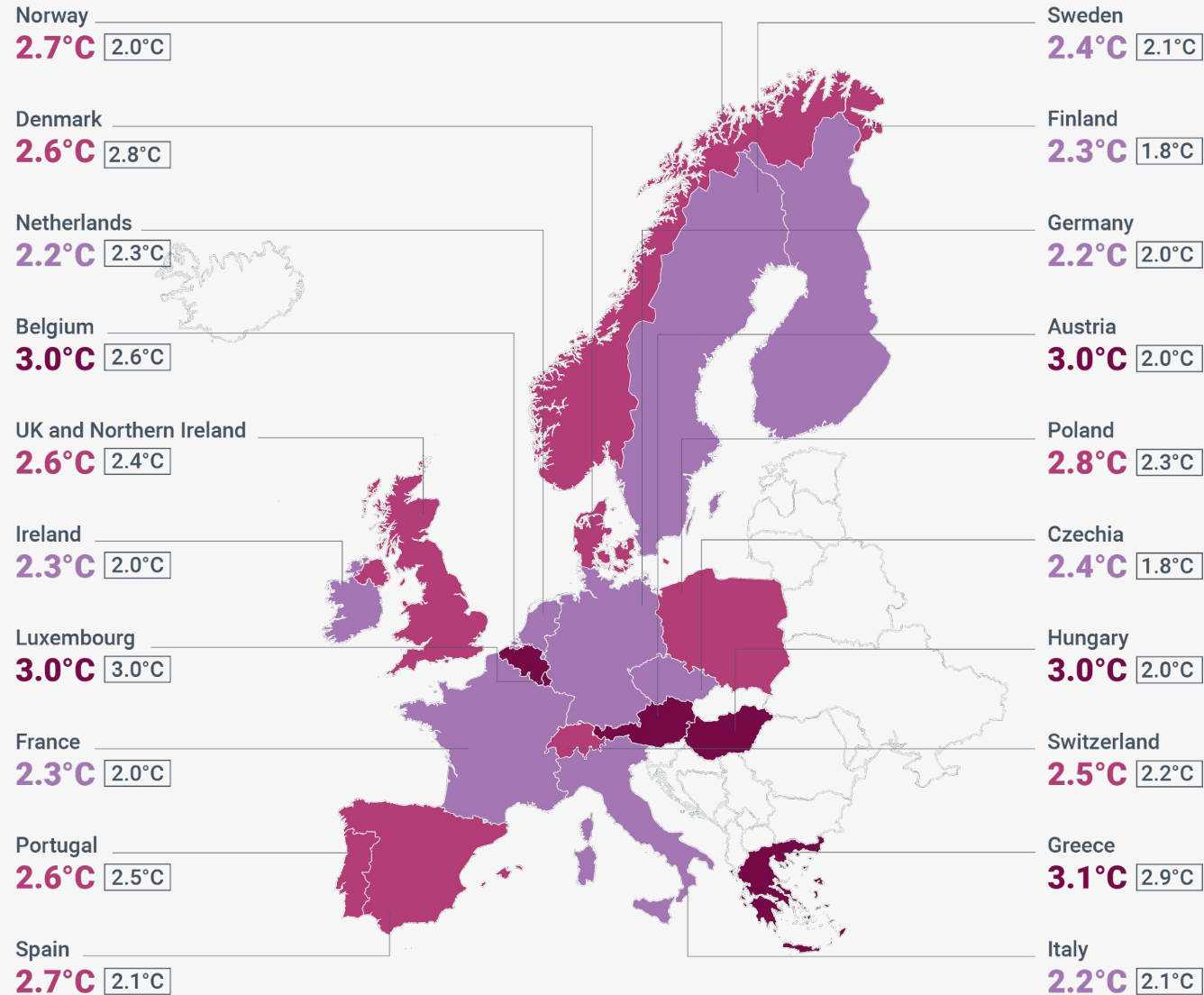
**We need a
transformation in
industry and capital
markets**

No more business as usual



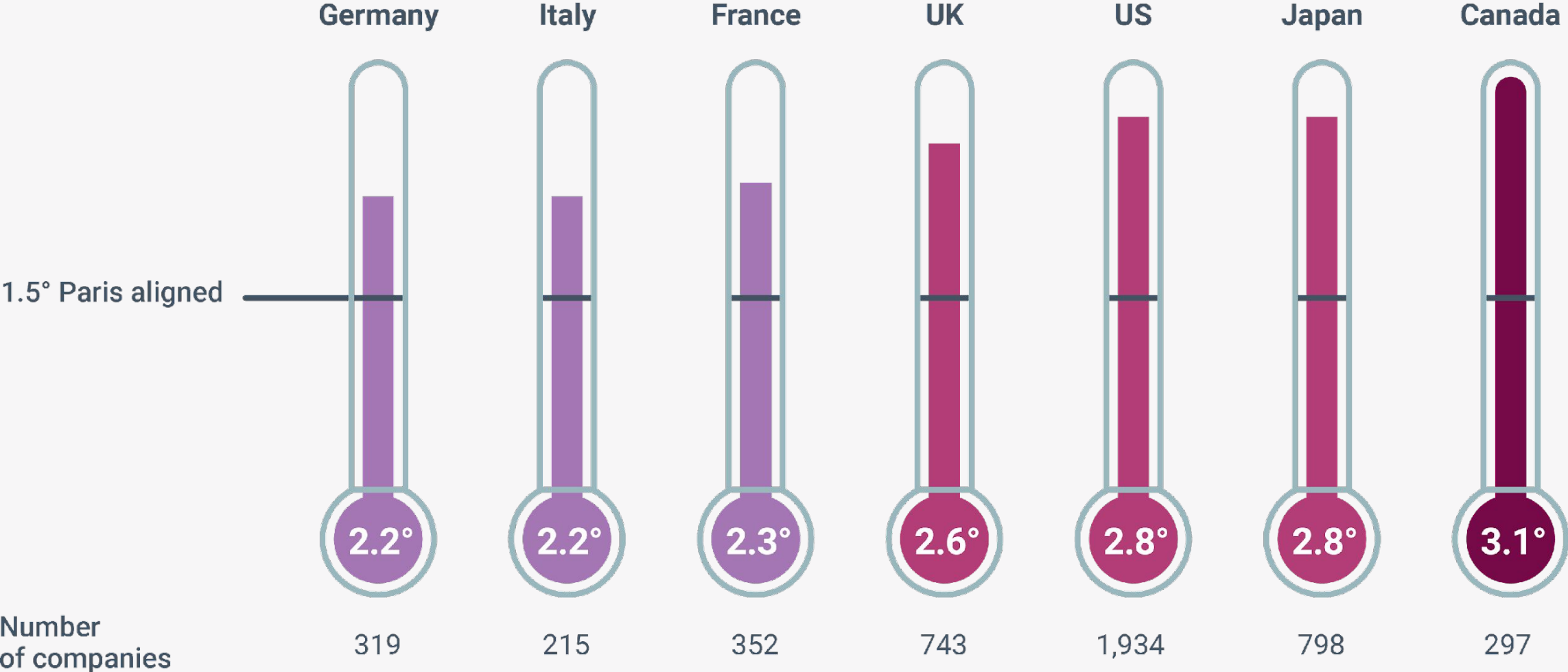
Taking the temperature: Europe and beyond

Companies are still far from the Paris target



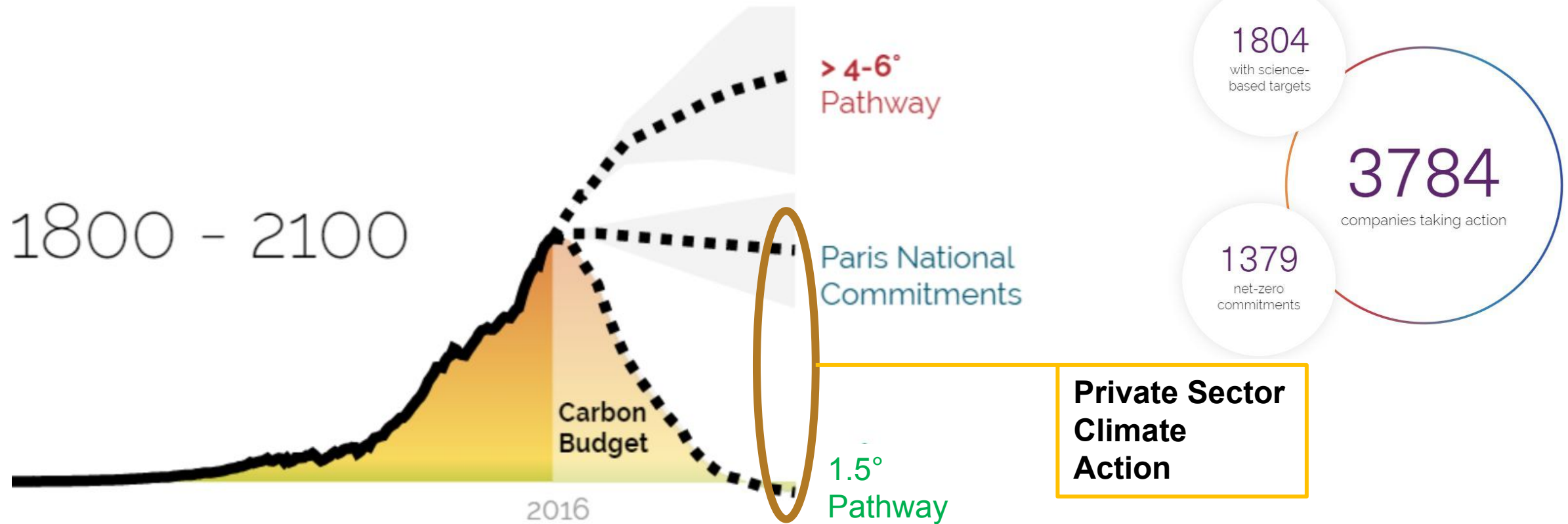
All Scopes: 1.5°–1.9° 2.0°–2.4° 2.5°–2.9° 3.0° and up Scope 1 and 2

G7 countries – not leading by example



Business driving action

Closing the gap



CDP supply chain multinationals – working together with SMEs to reach net-zero



US\$1.26 tn

Total financial impact reported by suppliers due to environmental risks (climate change, deforestation and water insecurity) expected in the next five years.



619 million

In aggregate, suppliers undertook activities reducing GHG emissions by **619 million** metric tons and saved **US\$33.7 billion** in the process.

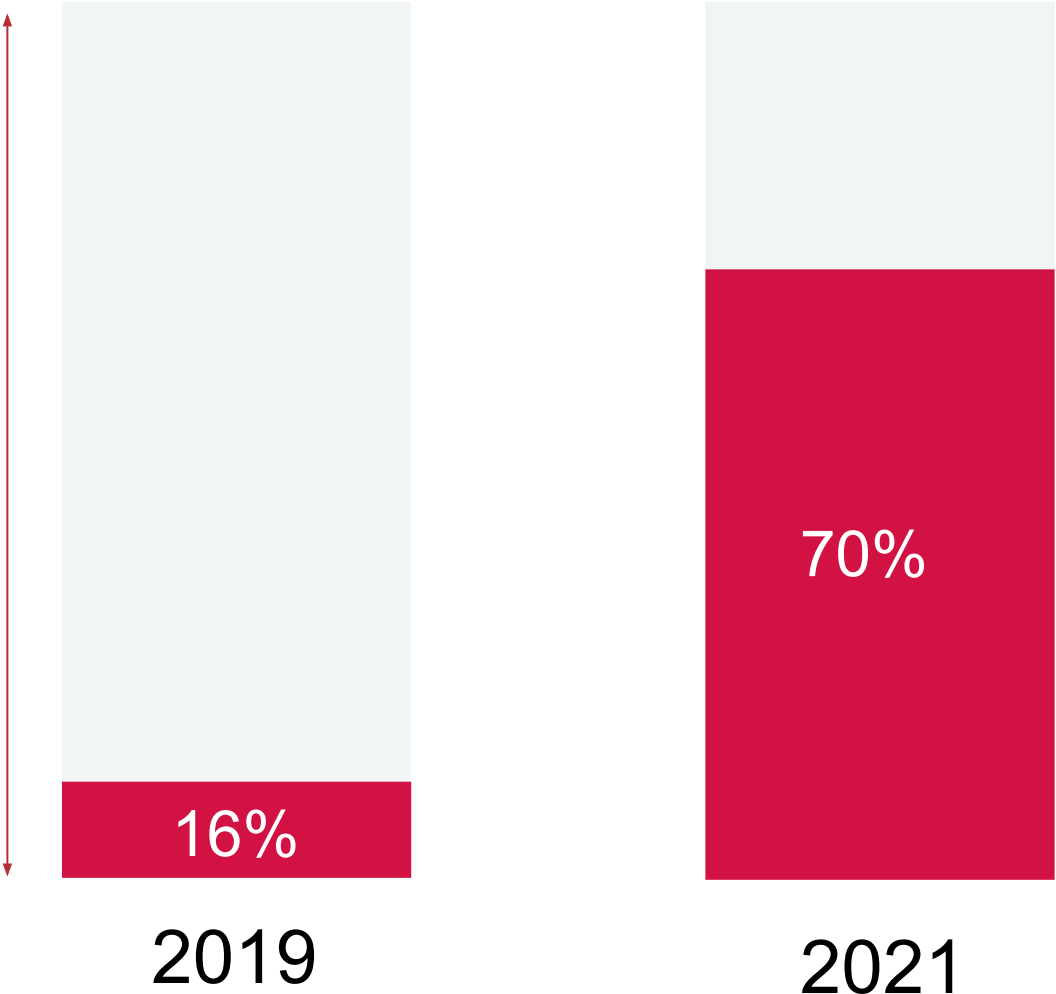
Now for net-zero



Net zero commitments have grown rapidly



Global economy



The SBTi net zero standard



1

Rapid, deep emissions cuts

2

Near and long-term targets

3

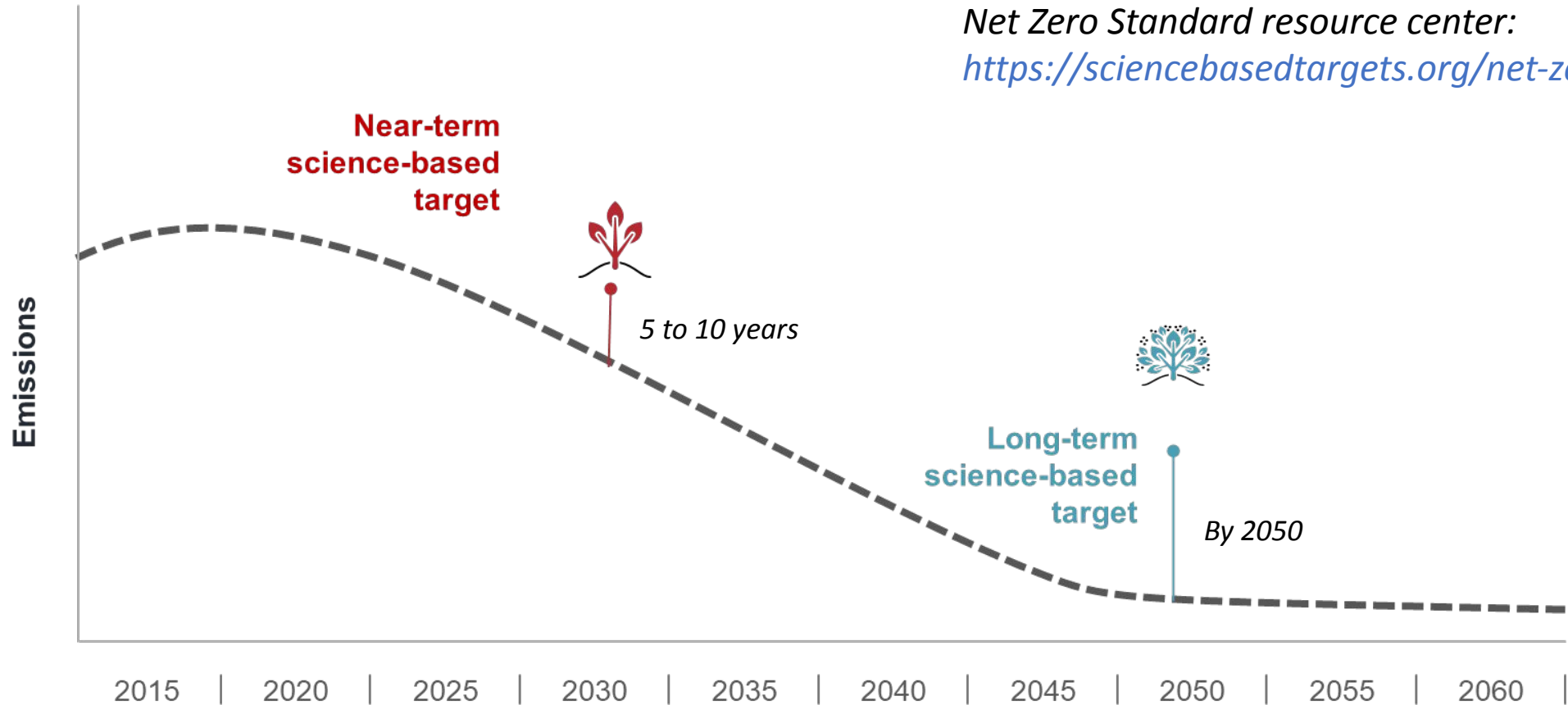
At least 90-95% in emission cuts to reach net-zero

4

Go beyond the value chain – in addition to emissions cuts

Near-term and long-term SBTs

For further information, visit the SBTi's
Net Zero Standard resource center:
<https://sciencebasedtargets.org/net-zero>



A part of the company's journey



The transition roadmap and elements

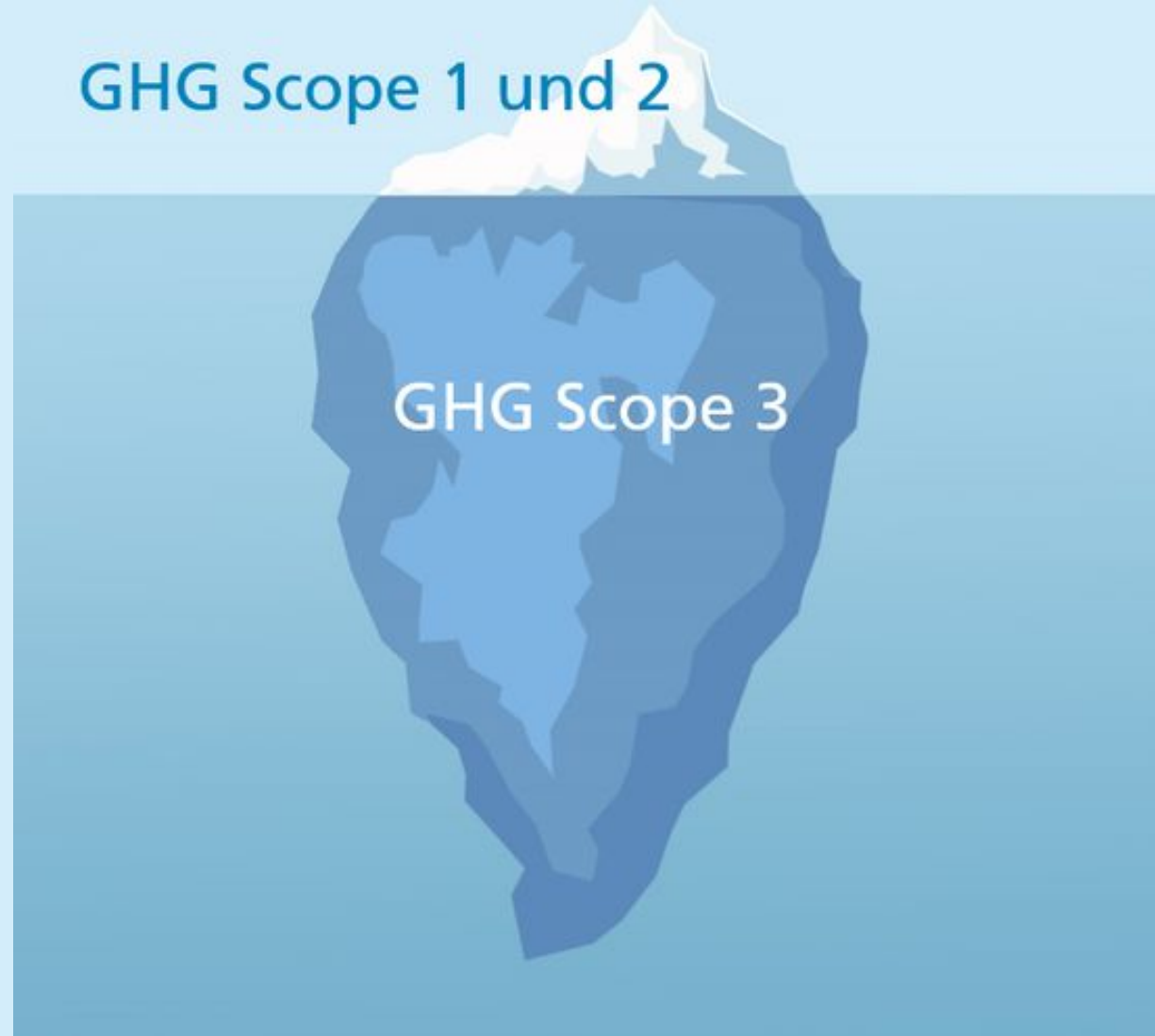


CDP's system will move the emphasis of our work up this spectrum for climate and then move the journey forward for nature.

Scope 3: The emissions that matter

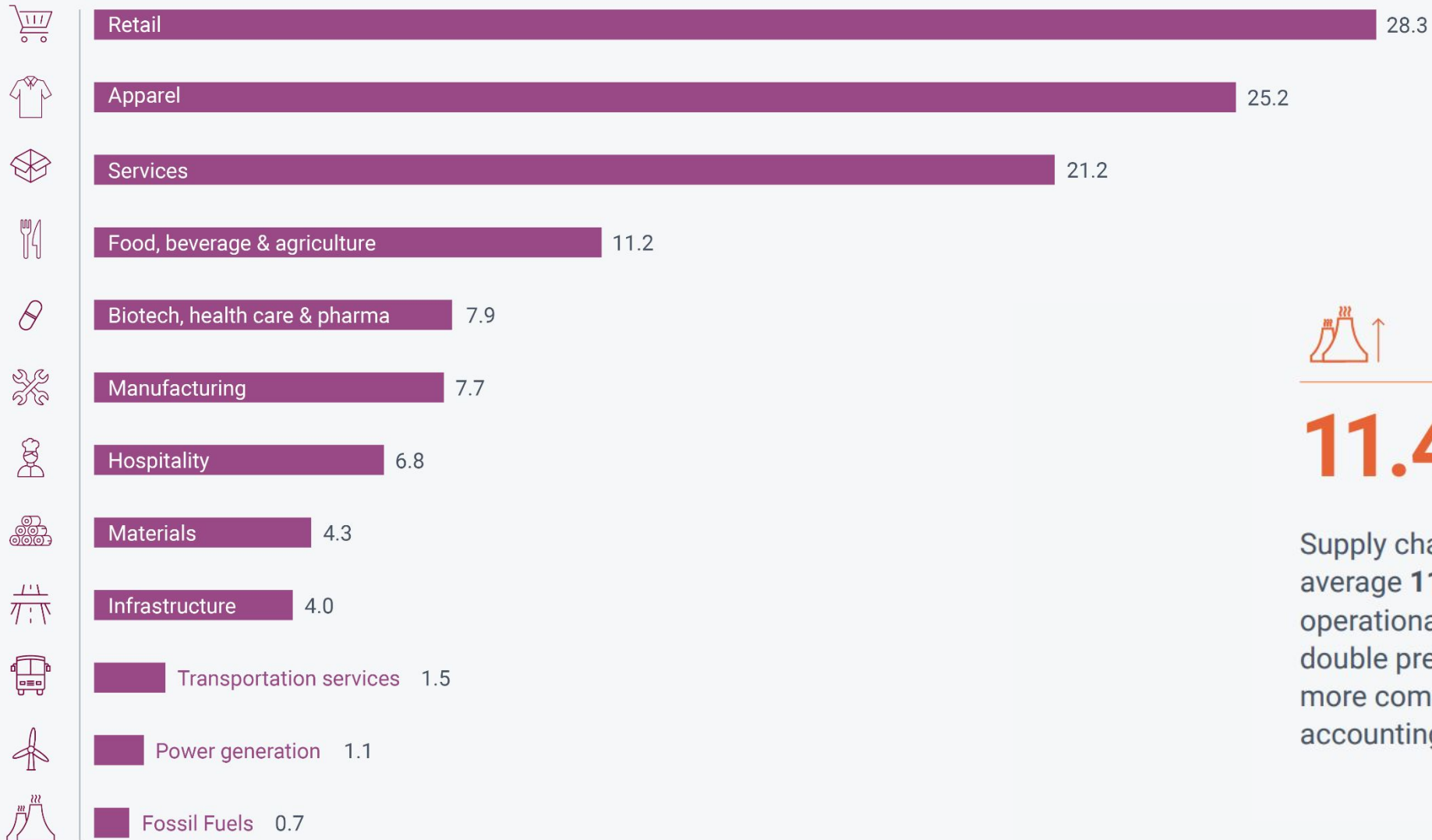


Scope 3 the key



Supply chain: 11x more climate impact







Ratio of supply chain emissions vs. Scope 1 + 2



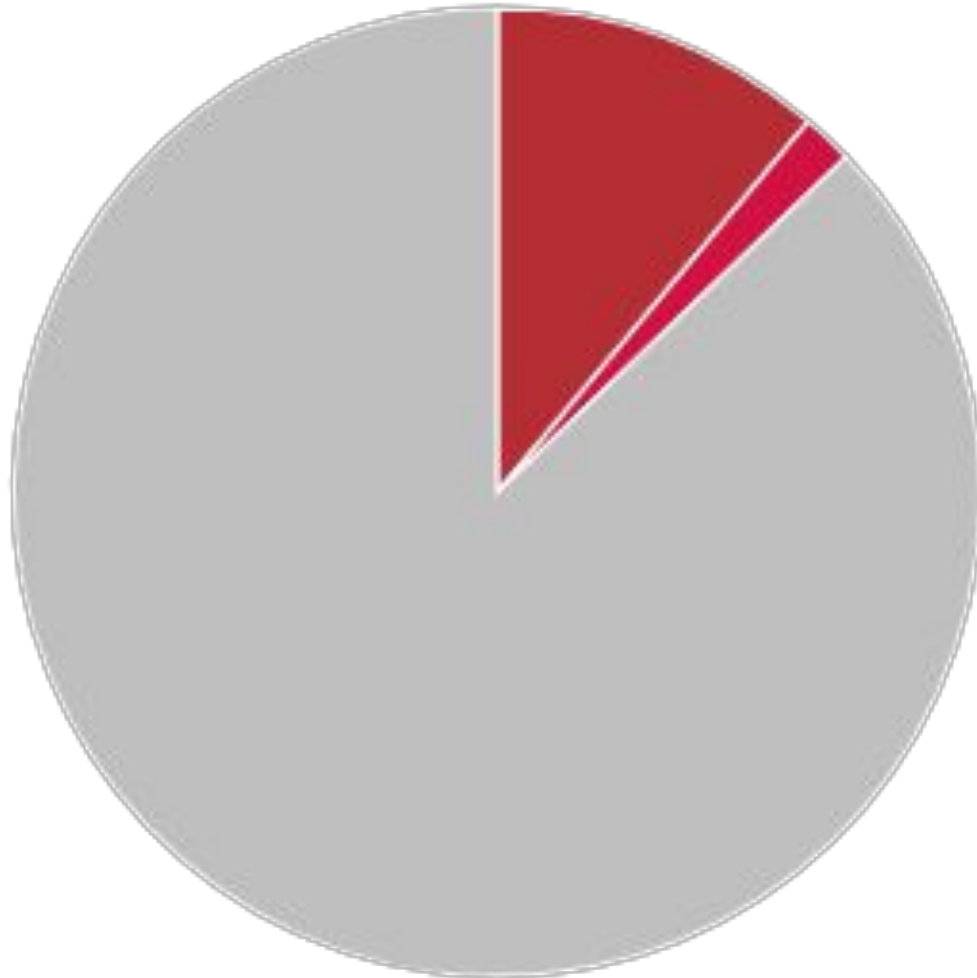
11.4x higher

Supply chain emissions are on average **11.4** times higher than operational emissions, more than double previous estimate, due to more comprehensive emissions accounting.

In most industries, scope 3 are vast majority of emissions.

| | | Scope 1: direct | Scope 2: bought energy | Scope 3: Other indirect |
|---|-------------------------------------|-----------------|------------------------|-------------------------|
|  MATERIALS | Cement | 72% | 5% | 22% |
| | Chemicals | 15% | 8% | 77% |
| | Metals & mining | 9% | 67% | 24% |
| | Steel | 61% | 6% | 33% |
|  ENERGY | Electric utilities | 37% | 2% | 61% |
| | Oil & gas | 9% | 1% | 91% |
|  TRANSPORT | Transport OEMs | 1% | 1% | 98% |
| | Transport Services | 62% | 2% | 36% |
|  AGRICULTURE | Agricultural commodities | 4% | 2% | 93% |
| | Food, beverage & tobacco | 5% | 3% | 92% |
| | Paper & forestry | 23% | 13% | 64% |
|  REAL ESTATE & CONSTRUCTION | Real estate | 8% | 19% | 74% |
| | Construction | 7% | 1% | 92% |
|  FINANCIAL SERVICES | Financial services | 3% | 4% | 93% |

Eastern Europe: a vital part of global supply chains



Companies in central and eastern Europe – requested to disclose to CDP

- Requested by Investors
- Requested by Investors & Supply Chain
- Members
- Requested by Supply Chain Members



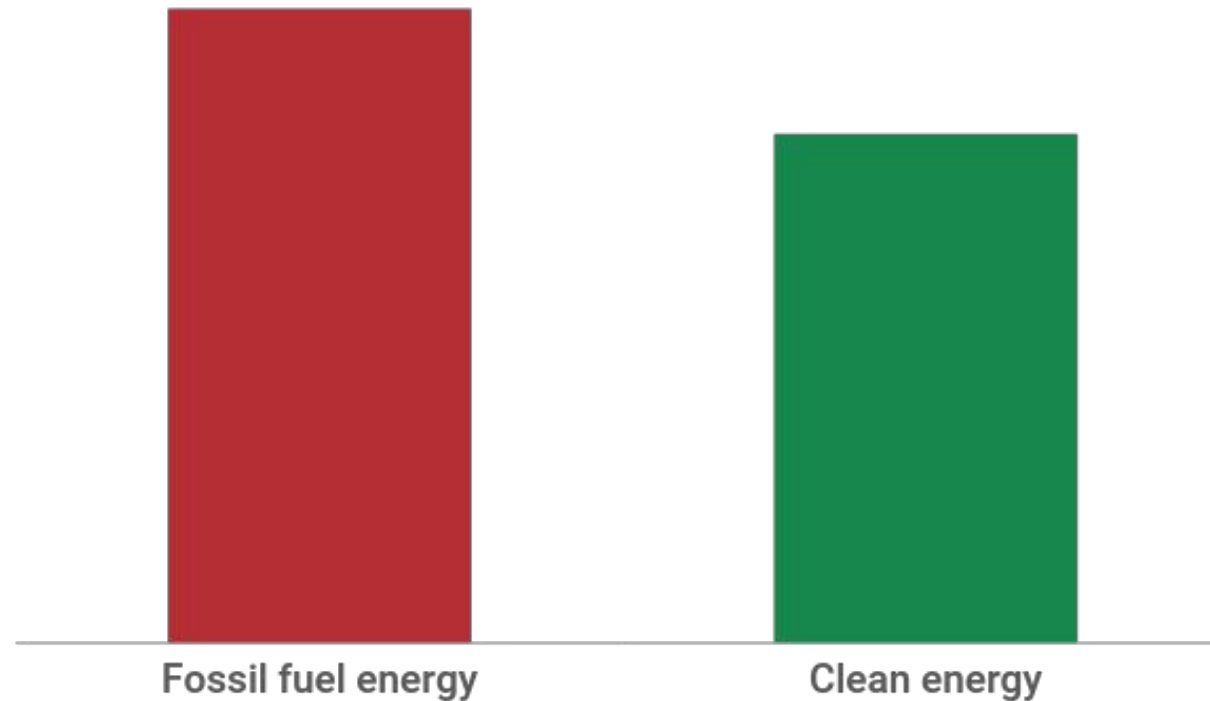
The EIB [will] consider not just the climate impact of the projects it finances, but also the wider activity of borrowers.... both projects financed by the EIB are Paris aligned, and that the counterparty is taking steps towards decarbonizing business activity and strengthening resilience to climate change.



We will not reach net-zero without prioritizing clean energy



Since the pandemic, **G20 countries** have committed more on fossil fuel energy than a green energy recovery.



Thank you

