
UNCTAD-ISAR Workshop on the Future Direction of the Corporate Reporting Model

Monday, 13th October 2014
Room XXVI, Palais des Nations, Geneva

Workshop material:

***The role of business and corporate reporting in addressing
major challenges of global development agenda***

Presented by

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UNEP **Finance Initiative**

*ISAR Workshop on the Future Direction
of Corporate Reporting Models*

**The role of financial sector reporting in
addressing major challenges of the global
development agenda**

Yuki Yasui, Deputy Head, UNEP Finance Initiative

13 October 2014, Geneva

The role of financial sector reporting in addressing major challenges of the global development agenda

GHG emissions are among the most important global risk-drivers for the financial sector. Drivers:

1. Climate impacts are intensifying
2. Steady, bottom-up build-up of public policy
3. Regulatory shift to mandatory reporting - for companies and financial intermediaries
4. Growing expectations of investor transparency



Need for financial sector to manage carbon risk exposure



Pressure on all companies to reduce carbon emissions

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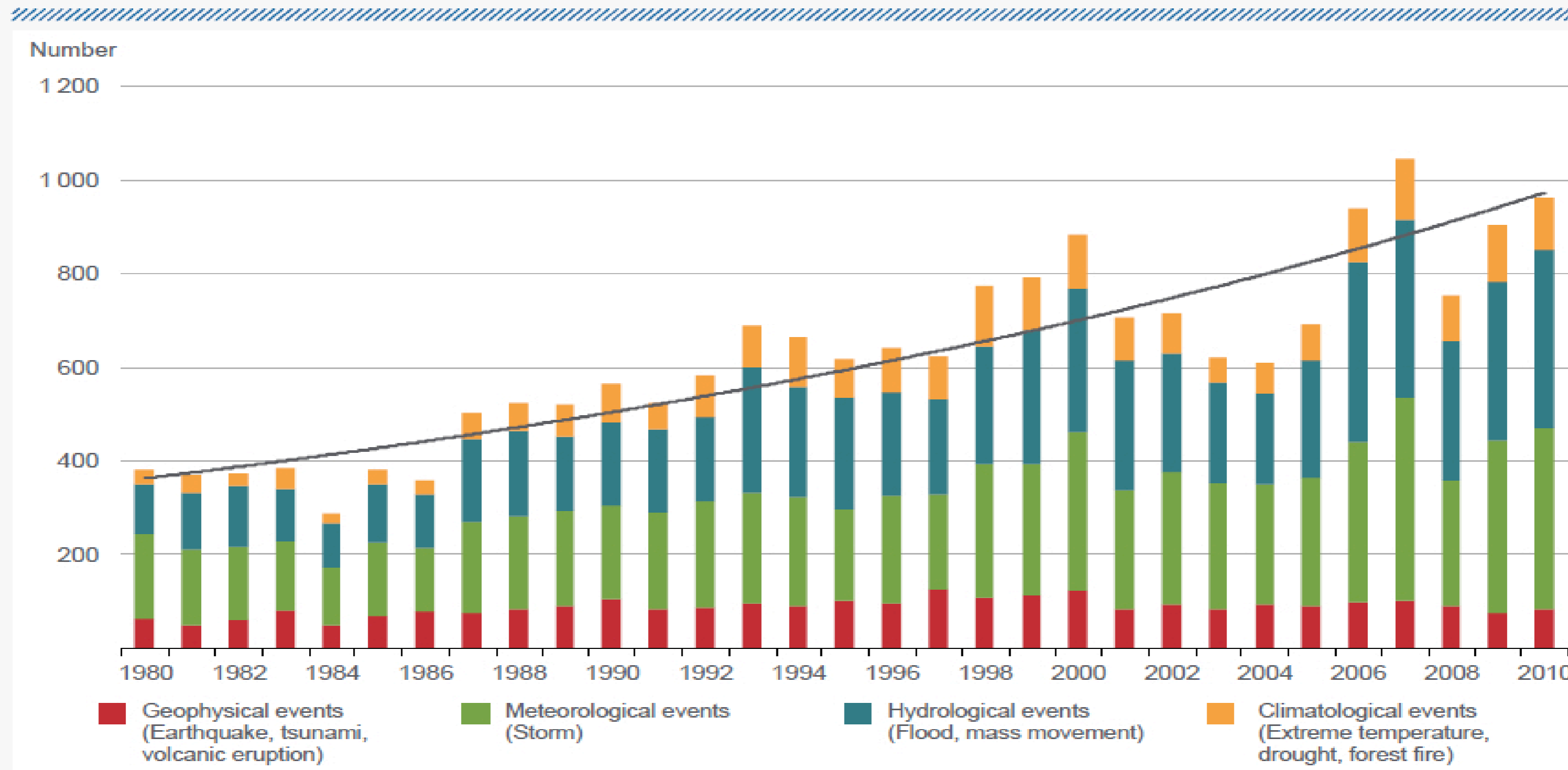
1. Climate impacts are intensifying

Global Natural Catastrophe Update

Natural Catastrophes Worldwide, 1980 – 2010

Number of events with trend

Munich RE 



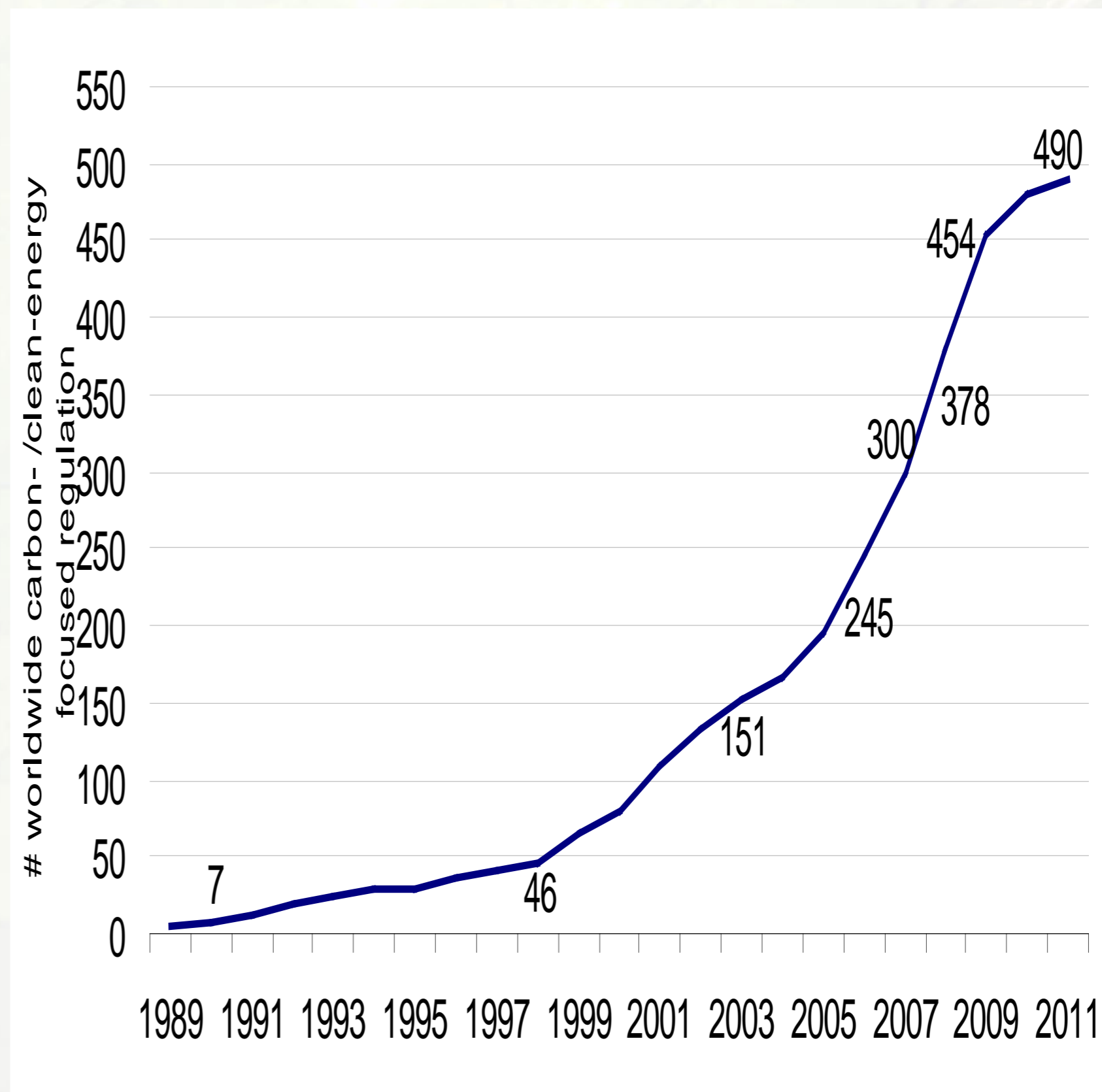
Source: Geo Risks Research, NatCatSERVICE

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31

2. Steady, bottom-up build-up of public policy

- Steady, bottom-up build-up of public policy at regional & local levels
- Public perceptions and prioritisation of climate change is changing, including in the USA and China
- Governments targeting Paris COP 2015 for next global agreement



Source: UNEP FI; data from IEA

3. Regulatory shift to mandatory reporting - for companies and investors

For companies:

Increasing **mandatory GHG** disclosure requirements:

- Existing examples: South Africa (integrated reporting), United Kingdom (GHG emissions)
- Interests in non-financial reporting: 10 countries in the Group of Friends of Paragraph 47, China (mandatory from 2015)

For the financial sector:

Nascent regulatory efforts to target investors and financial intermediaries

- France, Grenelle II – disclosure on integration of ESG criteria in decision-making
- European Commission – considering disclosure on ESG approach of retail funds.

4. Growing expectations of investor transparency

- Corporate disclosure is now well-established, including on Scope 3 emissions:
4,000+ companies around the world disclose information under CDP
- Recent momentum among institutional investors
 - **Montreal Pledge** – Launched Sep 2014 by PRI. Aim to gather commitment of \$3 trillion of investment portfolio to annually disclose its carbon footprint by COP 21 (Paris, Dec 2015)
 - **Portfolio Decarbonisation Coalition** - Launched at UN Climate Summit Sept 2014 by UNEP FI, AP4, Amundi & CDP. Aims to gather a coalition of institutional investors committed to decarbonizing \$100bn of investment by COP 21.

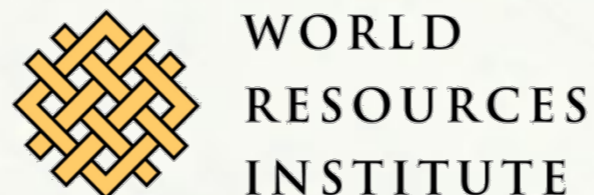
Need for financial sector to manage carbon risk exposure

1. Understand and **measure** carbon risk exposure
2. **Carbon footprint analysis** at the company and portfolio level
3. **Reporting** of 'financed emissions' to address stakeholder, regulatory disclosure pressures and show environmental stewardship as well as 'progress over time'
4. Managing risk exposure by **reducing the carbon footprint** of individual investments, lending positions and entire portfolios

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UNEP FI developing tools for financial actors to reporting on GHG emissions and climate impacts

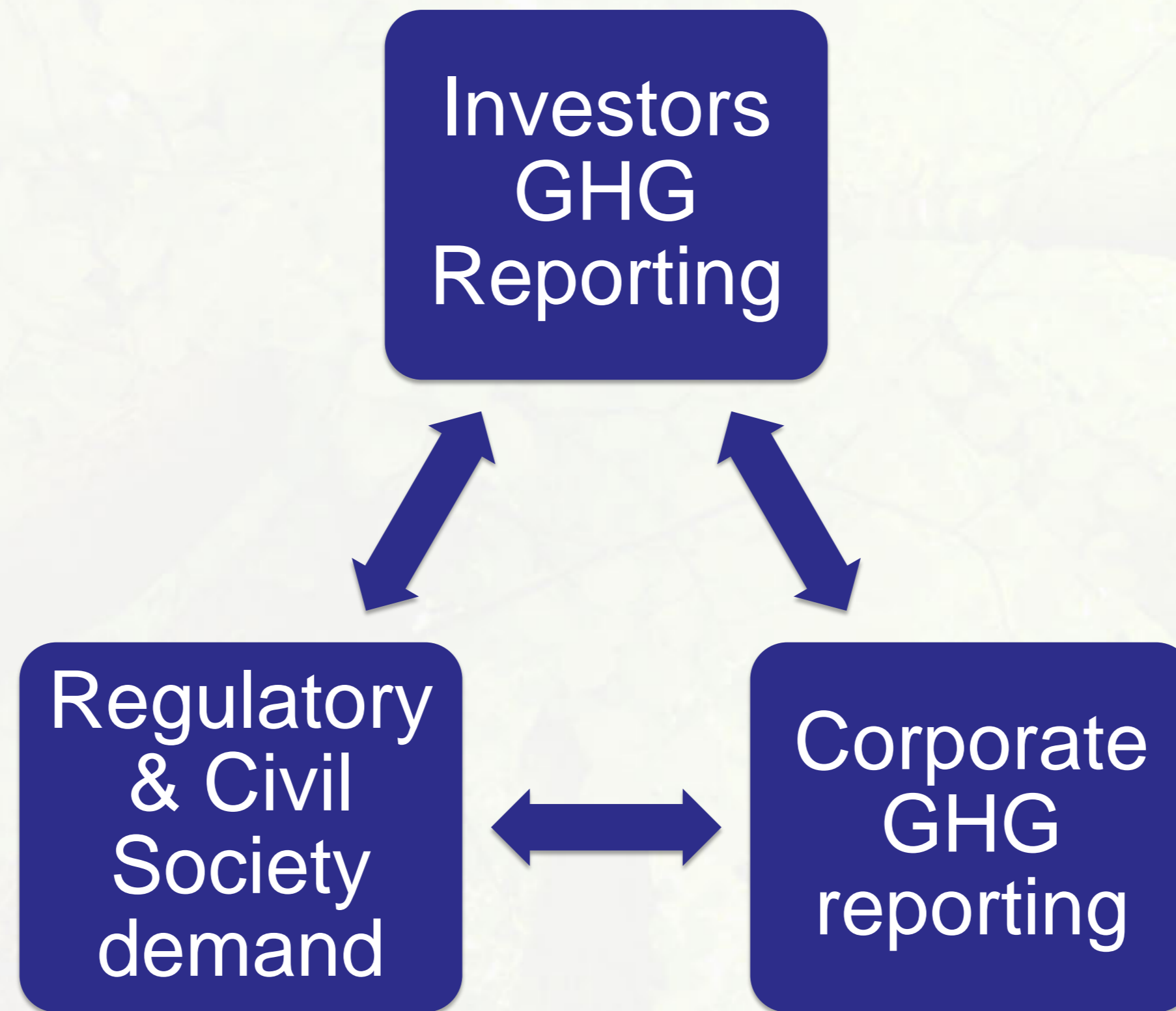
UNEP FI has partnered with the GHG Protocol, led by WRI and WBCSD



Developing accounting and reporting standards for GHG emissions that address the **heterogeneity** of financial actors and asset classes within the finance sector



Pressure on all companies to reduce carbon emissions through reporting



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Thank you for your attention!
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