

Environmental risk reporting in annual reports

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Project Officer, Climate Disclosure Standards Board

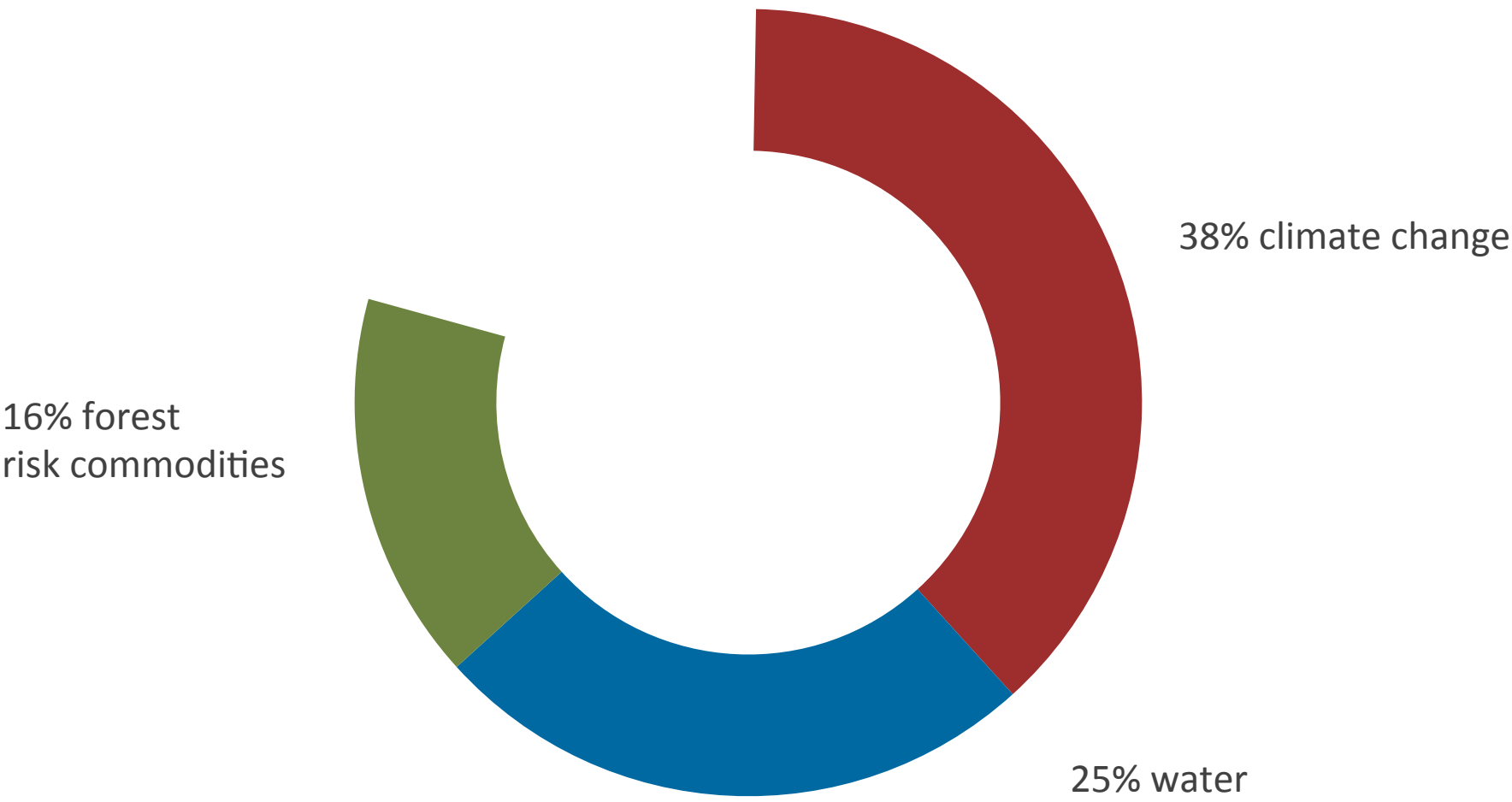
- + Introduction
- + About the Climate Disclosure Standards Board
- + Emerging external reporting drivers
- + CDSB Framework
- + Concluding remarks

“It is increasingly understood that financial statements capture less than 20% of corporate risks and value creation potential”

– Matt Christensen, Executive Director
European Sustainable Investment Forum

- + Financial statements capture less than 20% of corporate risks (Eurosif, IIRC)
- + Increasing **impact** of climate change on decisions and actions by management, investors & other stakeholders
- + Increasing ESG **reporting** requirements – UK, France, EU, South Africa, US?
- + Increasing requirement to **integrate** ESG information with financial reporting

Aiming for natural capital reporting



February 2, 2014 6:08 am

Coke bottles go unfilled in central India

By Amy Kazmin in New Delhi



Coca-Cola has been forced to mothball a bottling line in India for the second time, a warning of challenges the US-based soft drinks company faces in its \$5bn expansion plan in a country it has dubbed a “focus market.”

The company applied to India's Central Ground Water Authority in June for permission to begin running a new \$24m bottling line at an already operating plant in Medhiganj. Local farmers have already protested against the plant and blame Coke for causing water shortages.





May 4, 2014

Biplane crashes at Northern California air show



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Climate Change Could Mean No Guac For You — At Least At Chipotle

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BUSINESS FOOD & DRINK

Climate Change Could Mean No Guac For You — At Least At Chipotle

David Winograd @davidwinograd | March 4, 2014



The Denver-based global food chain famous for its burritos and burrito bowls is warning investors (and customers) that environmental changes could mean guacamole would be too expensive to continue offering at its restaurants

Bad news for burrito lovers: Chipotle warned in its latest [annual report](#) that climate



Who we are

- + CDSB is a consortium of business and environmental organizations formed at the 2007 World Economic Forum's annual Davos meeting



THE CLIMATE GROUP



WORLD
RESOURCES
INSTITUTE

- + CDP has provided secretariat support since inception and coordinates day-to-day activities

About the Climate Disclosure Standards Board

Who we are

- + Supported by leading industrial & financial services companies, NGO representatives, the major accounting firms, professional bodies, academics and other specialist collaborators



What we do

- + Committed to the integration of climate change related information into **mainstream corporate reporting**
- + Working with others



What we do

- + Engaging with Governments, regulators and stock exchanges to develop best practice in non financial reporting



Mandatory reporting

- + Australia ASX corporate governance guidelines
- + Danish Financial Statements Act
- + EU Accounting Directives
- + French Grenelle II
- + South African King Code
- + UK Companies Act
- + US SEC Regulation S-K

Emerging sustainability reporting requirements

Changes to EU accounting directives

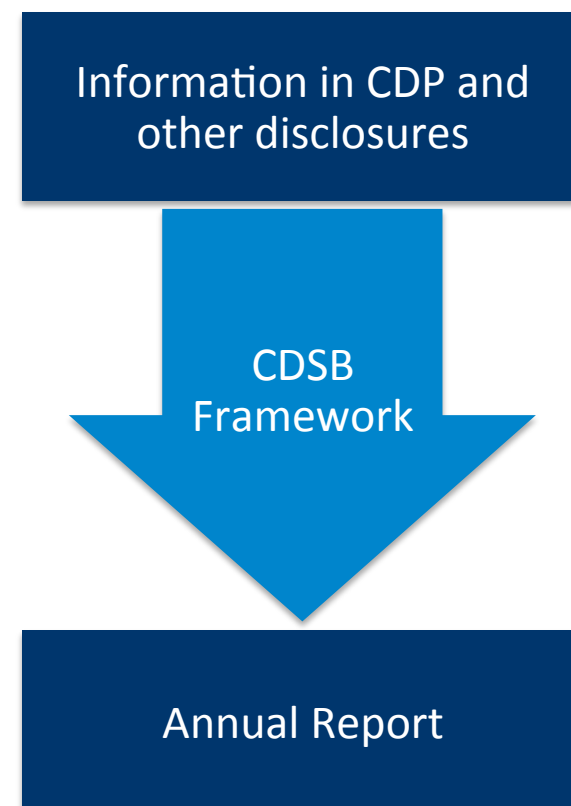


Changes to EU accounting directives

- + 6,000 companies
- + Location of non financial statement
- + Content:
 - + Policies, results, risks, due diligence
 - + Environmental (plus social, employee, human rights, anti-corruption, bribery)
 - + The use of renewable and non-renewable energy, greenhouse gas emissions, water use and air pollution
- + Confirmation of specific disclosure requirements to follow

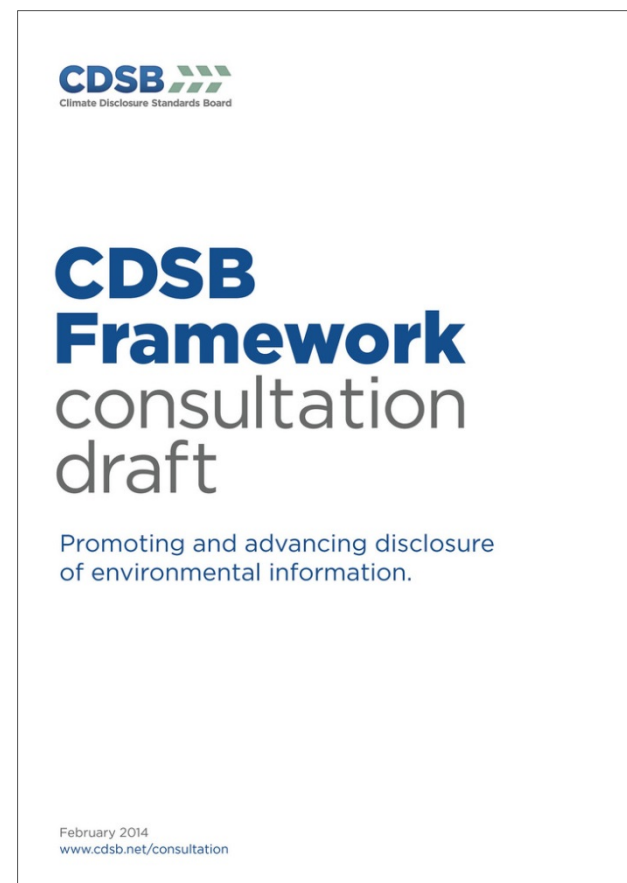
CDSB Framework focuses on identifying environmental risk in mainstream reports

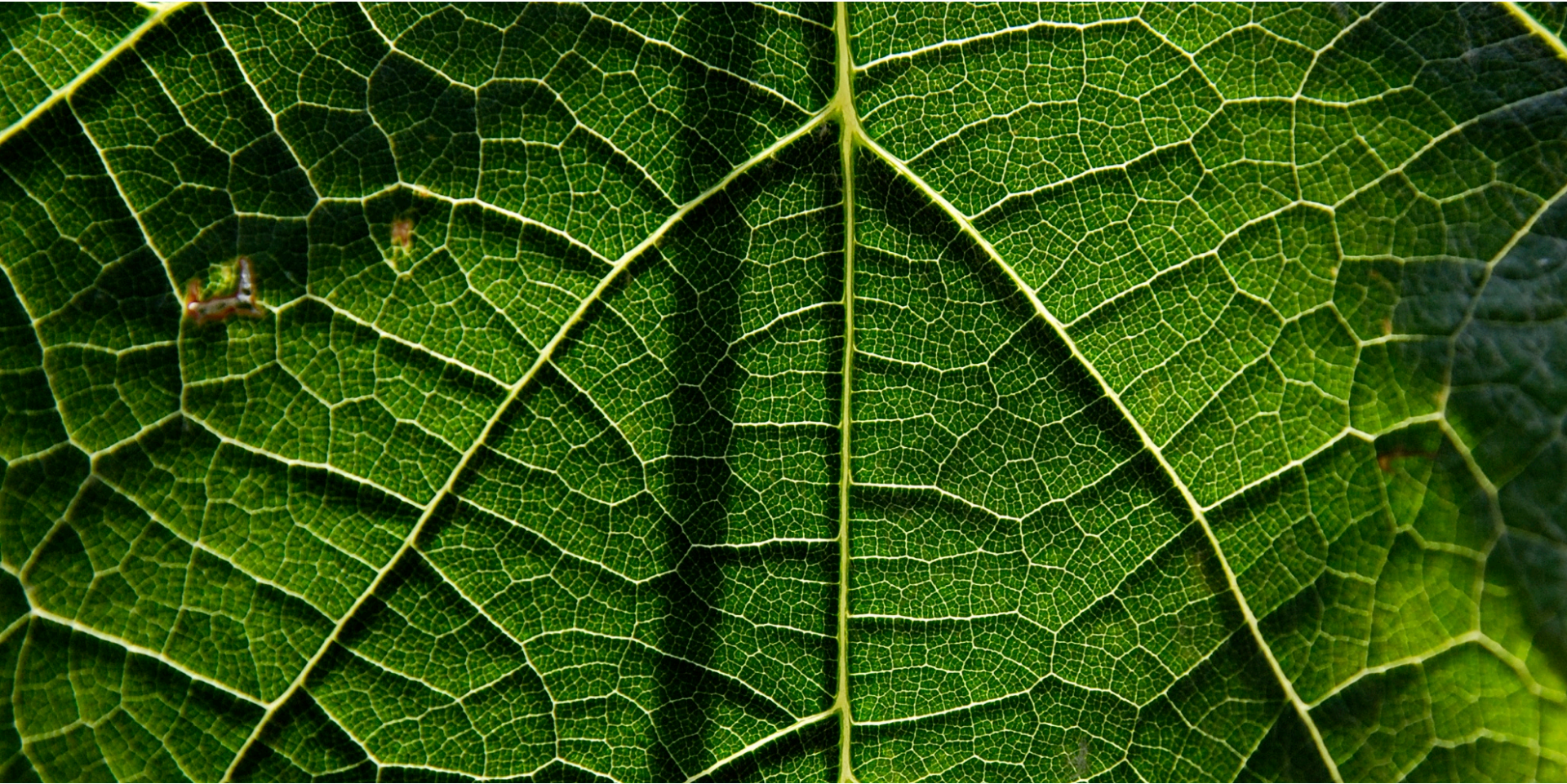
- + Prepare & present environmental performance & risk information in mainstream financial reports
- + Designed to allow investors to assess the relationship between environmental performance & risks and the organisation's strategy & prospects
- + Cross referencing other reporting requirements (CDP CC4)



Aiming for natural capital reporting

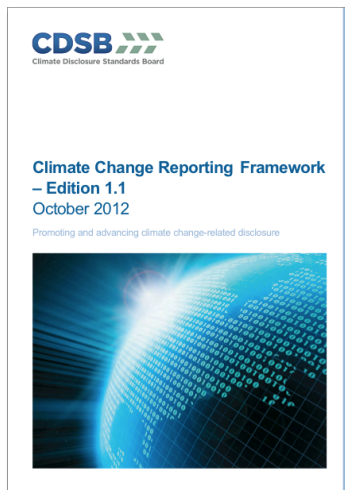
- + Focus of previous CDSB Framework on climate change risks & opportunities affecting an organisation's strategy and financial performance
- + Scope has now expanded into forest commodity risks and water
- + The expansion of the CDSB Framework will now cover 79% of natural capital



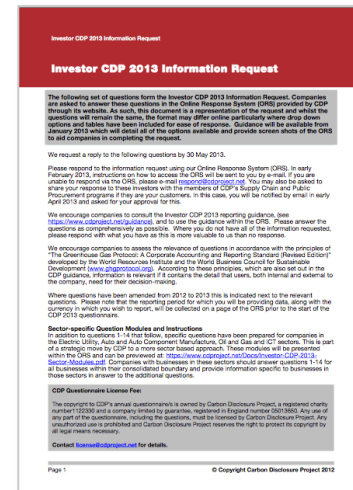


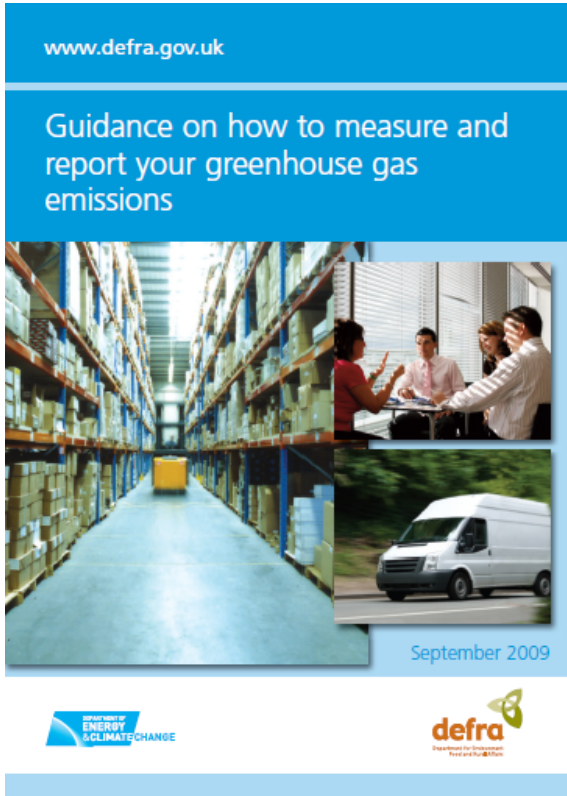


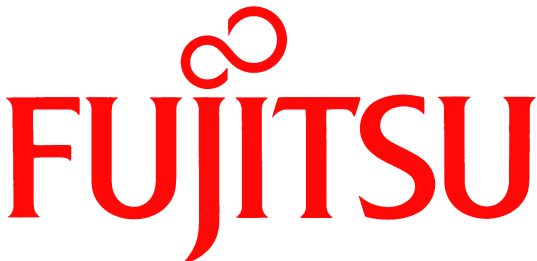
Climate Change Reporting Framework (HOW to report)



CDP information request (WHAT to disclose)





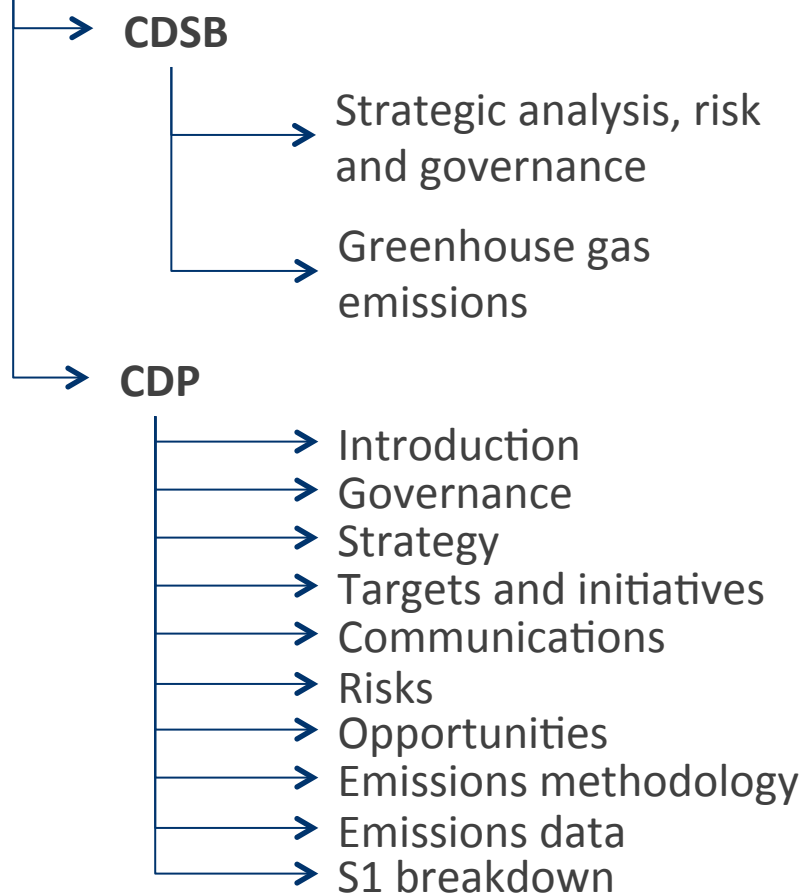


The Climate Registry



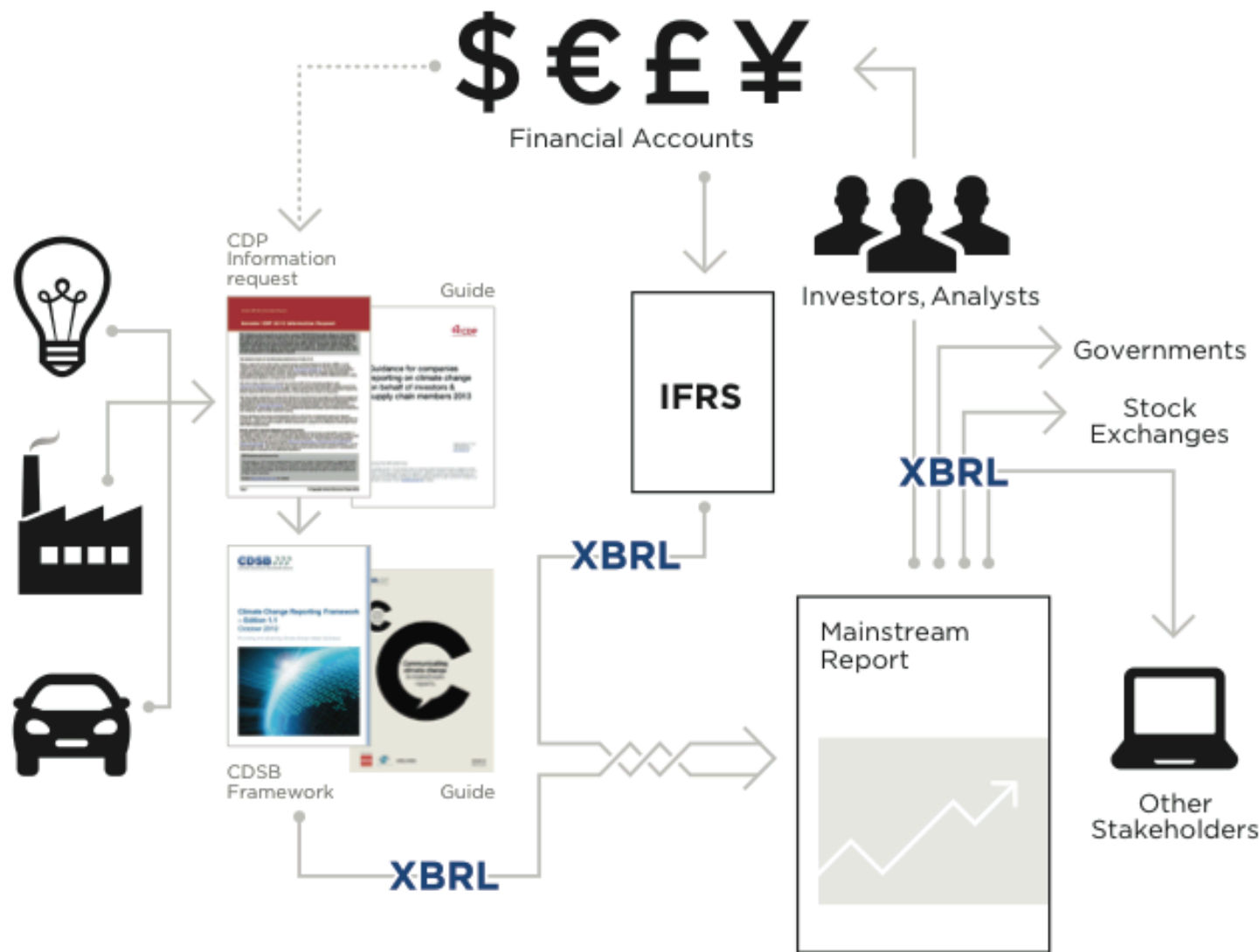
Basic architecture

Climate Change Reporting Taxonomy



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Strategic analysis, risks and governance		
CCRT – CDP entry point	Climate Change Reporting Framework	CDP information request
[02000000] Disclosure of strategy	1. Strategic analysis (4.6 to 4.8)	2. Strategy
[05000000] Disclosure of climate change risks	2. Risks (4.9) 3. Decision-useful information on risks & opportunities (4.11)	5. Climate change risks
[05000000] Disclosure of climate change opportunities	3. Opportunities (4.10) 3. Decision-useful information on risks & opportunities (4.11)	6. Climate change opportunities
[01000000] Governance	6. Governance (4.16 & 4.17)	1. Governance
[03000000] Disclosure of active targets and initiatives [04000000] Disclosure of communications [13000000] Disclosure of emissions performance	4. Management actions (4.12&4.13)	3. Targets & Initiatives 4. Communications 13. Emissions performance
[02000000] Disclosure of strategy	5. Future outlook	-



Thank you

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Climate Disclosure Standards Board



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