

GGX Finance Summit 2024 Industrial Decarbonization Session

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BRIDGESTONE



HITACHI
Inspire the Next

HONDA

dentsu FUJITSU

KaO

KOMATSU

NRI

Nomura Research Institute



Mitsubishi Corporation



NYK LINE
NIPPON YUSEN KAISHA

Panasonic



SOMPO
HOLDINGS

SUMITOMO CHEMICAL



SUMITOMO FORESTRY



SUMITOMO
RUBBER INDUSTRIES



YOKOHAMA



TOYOTA

TOYO TIRES
driven to perform

YOKOGAWA ◆

Warm welcome to
our newest members:



KaO



Center for Decarbonization Demand Acceleration

In partnership with:



- draws on WBCSD's global community of leading businesses working together for value chain transformation.
- recognizes no single company can move critical, new clean technologies to commercialization alone.
- action-oriented, results-driven platform

Define "near/net zero" products by using specific harmonized metrics, standards, methodologies and certification schemes.

Identify the different types of contracting vehicles and how each provides different de-risking benefits and increases bankability.

Tackle the challenges in leveraging current policy enablers.

Map current aggregated demand activities in light and heavy industries with advice on how to engage.

Prioritize demand acceleration to spur demand for materials, regions, technologies or sectors

At NYCW, 26 companies launched WBCSD's *Centre for Decarbonization Demand Acceleration (CDDA)*



Areas of focus:

1. Building an ecosystem map of demand activities
2. Progressing standards and certification schemes and market recognition
3. Furthering incentives and addressing disincentives
4. Empowering member procurement function and access to buyers' alliances
5. Leverage WBCSD's radical value chain collaboration model

In partnership with

- *Centre for Green Market Activation (GMA)*
- *Sustainable Procurement Pledge (SPP)*
- *Industrial Transition Accelerator (ITA)*

Greenhouse Gas Protocol (GHG P)



GHG Protocol standards and guidance enable companies, cities and countries to:

- measure, manage and report greenhouse gas emissions from their operations and value chains
- track progress toward their emissions targets

Greenhouse Gas Protocol provides the world's most widely used greenhouse gas accounting standards for companies.

- >10,000 companies report to CDP
- More than 90% of Fortune 500 companies reporting to CDP use GHG Protocol

Greenhouse gas accounting and reporting standards developed through inclusive global multi-stakeholder development processes



PACT's **mission** is to develop the **global standard** for calculating and exchanging **product-level Scope 3 data** across value chains, empowering corporates to make smart, **carbon-informed decisions** to future-proof their business and reach net zero



Lead companies and institutions engaged in Japan

Green x Digital
Consortium

HONDA

dentsu

FUJITSU

HITACHI

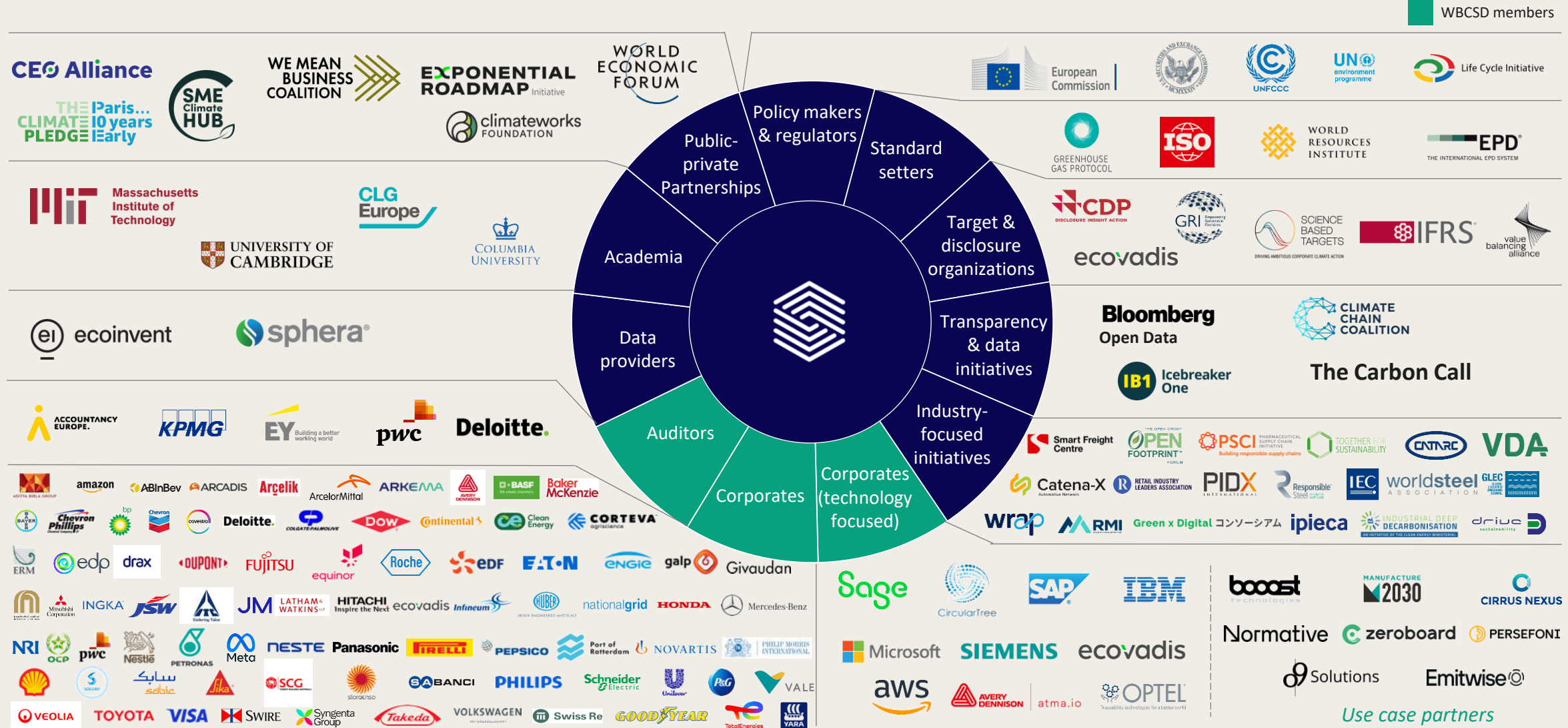
Panasonic

Takeda

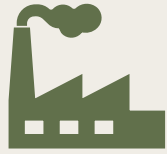

TOYOTA


MITSUBISHI
MOTORS

A wide range of impactful partners already engaged and linked into the ecosystem are calling for emissions transparency



Avoided emissions - Companies' contribution to global net zero should not be limited to reducing their own value chain emissions



Companies as sources of emissions

*Decarbonize own operations
and direct value chain*

“Reduced emissions”
*(within scopes 1, 2 and 3;
inventory perspective)*



***Balanced
approach but
no
compensation***



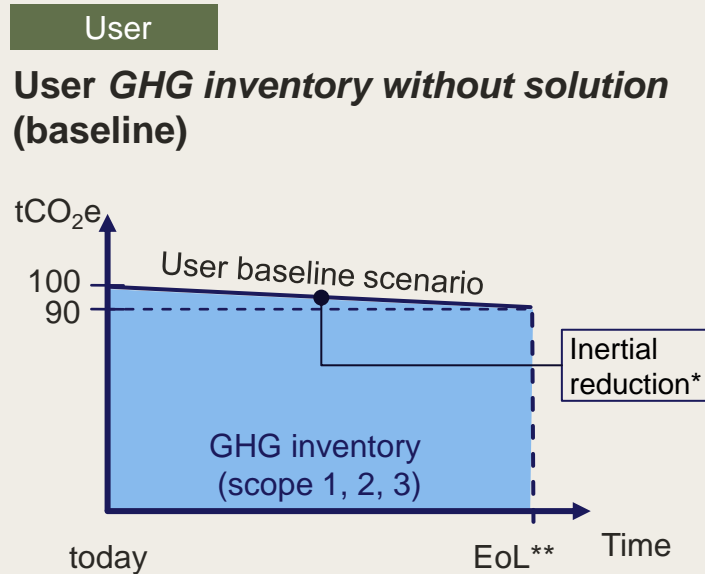
Companies as solution providers

*Develop and scale solutions to
decarbonize society and transform
systems*

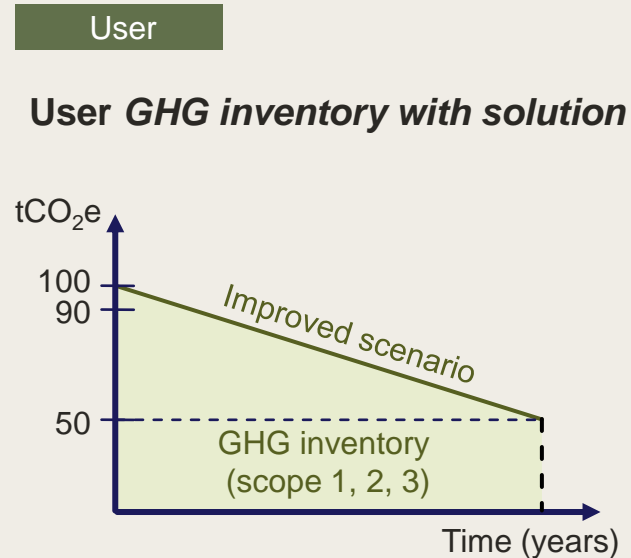
“Avoided emissions”
*(outside scopes 1, 2, and 3;
intervention perspective)*

Avoided emissions measure the impact of a low-carbon solution compared to a baseline scenario in which such solutions are not in place

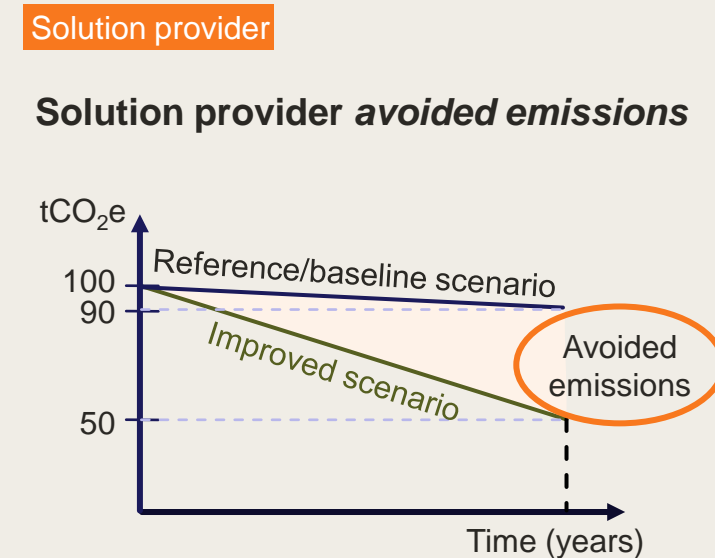
Baseline scenario: No deployment of low-carbon solutions (*no AE*)



Solution scenario: deployment of low-carbon solution impacts both the user and the solution provider company



For the emitter, the low-carbon solution is decreasing current GHG Inventory



For the solution provider, the low-carbon solution is increasing its AE contribution

*Assuming that user emissions/business-as-usual would reduce over time inertially (mainly due to decarbonization of grid mix); ** End of life estimated by the solution provider

The G7 meetings in Sapporo (2023) and Italy (2024) recognized avoided emissions as a key concept for decarbonization



III. Climate & Energy - Transforming overarching systems to realize emission reduction and economic growth

“ **A shared, international standard for measuring avoided emissions is recommended to enable a common understanding and reduce the risk of inappropriate use of avoided emissions.**

In this context, we note the World Business Council For Sustainable Development's first version of the guidance on avoided emissions in March as a private sector contribution to the discussion on avoided emissions claims, which includes the eligibility gates (climate action credibility, the latest climate science alignment and contribution legitimacy) that companies must abide by to be able to claim avoided emissions. [...]

[...], noting that a trusted mechanism for avoided emissions may mobilize financial resources to accelerate the deployment of solutions.

”



G7 Climate, Energy and Environment Ministers' Communiqué

Sapporo, April 16, 2023

We stress the importance and recognize as priority continuous efforts by various entities in immediate, rapid and sustained GHG emissions reductions for themselves and throughout the value chains to keep a limit of 1.5 °C temperature rise within reach. In order to encourage more positive climate action, including in the private sector, and encourage entities to commit for themselves and throughout the value chains on their path to GHG net-zero emissions, **there is also value in acknowledging the contribution of a certain entity to emission reductions of other entities by providing decarbonisation solutions in a given system, in other words "avoided emissions"**.

The discussion of avoided emissions is already arising in the private sector, as a potential mechanism to facilitating innovation and scale-up investment in clean goods and services, which are key for realizing the necessary emissions reductions and achieving our climate goals, but until now there has been no widely recognized standardized method of calculation or reporting such as the GHG Protocol for the measuring of SCOPE1-3 emissions.

A shared, international standard for measuring avoided emissions is recommended to enable a common understanding and reduce the risk of inappropriate use of avoided emissions.

In this context, we note the World Business Council For Sustainable Development's first version of the guidance on avoided emissions in March as a private sector contribution to the discussion on avoided emissions claims, which includes the eligibility gates (climate action credibility, the latest climate science alignment and contribution legitimacy) that companies must abide by to be able to claim avoided emissions.

We stress that claims on the environmental performance of various entities should be reliable, comparable, and verifiable to empower consumers, companies, and investors to accelerate efficient emission reductions and reduce the risk of inappropriate use.

We underline the value of recognizing the following in sharing the importance of diffusing clean technologies, noting that a trusted mechanism for avoided emissions may mobilize financial resources to accelerate the deployment of solutions.

Evolving AE ecosystem – need for alignment and directionality

Status quo 2023 – further engagement ongoing

Not yet engaged



Thank *You*

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Geneva | Amsterdam | London | New York City | Singapore