THE CLIMATE BOARD
CORPORATE SUSTAINABILITY MADE REAL.

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Two conferences, two continents: the lessons of New York's Climate Week offer a preview for COP28 this month

The 28th meeting of the United Nations Climate Change Conference (COP28) will be held in the United Arab Emirates from November 30 to December 12. (The agenda for this event can be accessed here.)

As preparations gather pace and the media's attention turns towards Dubai, our thoughts turn to our experience at the sector's other key conference of 2023: NYC Climate Week, where the TCB team gathered in September.

At meetings and presentations in New York, we repeatedly encountered four major themes: the pressure for increased **urgency**, the need for multilateral **coordination**, an increased discussion of assessing an organization's **nature-related risks,** and opportunities (and some big questions) around voluntary **carbon markets**.

Panelists in New York were also very focused on the perceived **backlash to ESG** in finance. This theme has continued Stateside in the weeks since: Congress elected vocal climate-change skeptic Mike Johnson as Speaker, while Securities and Exchange Commission Chair Gary Gensler faces pressure from both sides of the political aisle as his agency's long-awaited final climate disclosure rules for publicly traded companies are repeatedly delayed.

Some of the context will be very different at COP28, of course. Attendees will be visiting an oil-focused region where geopolitical instability has starkly worsened in only a month. The crisis in the Middle East has escalated humanitarian issues in a region already susceptible to water and food shortages. Governments will be distracted. International cooperation is potentially threatened amid disagreements between western nations and the Global South.

With the discussions in the UAE just weeks away, the following is a summary of our key takeaways from Climate Week NYC. We hope it provides our readers with a road map.

- **Urgency -** "Forward Faster" was the tagline[i] of the UN Global Compact's daylong flagship event for its sustainability pact, which focuses on responsible business practices as they pertain to human rights, labor, environment and anti-corruption efforts. It has been signed by more than 940 corporates across 160 countries. With a nod to multiple environmental crises, including water level issues in the Panama Canal (which still have not been resolved at the time of writing, causing serious disruption to global trade), there was a resounding call for government and corporate policy makers to redouble their focus. The event kicked off with a keynote address from actor Matt Damon, a co-founder of Water.org.

Among many notable panel discussions, Christian Stracke, PIMCO's head of credit research, moderated 'Embracing Systemic Changes in Corporate Finance.' This focused on governance, transparency and the role of executive leadership (and particularly CFOs) in addressing customer demand for SDG alignment to corporate capital structure.

- **Coordination** – Multiple discussions were concerned with the international implications of regulation and disclosure, reinforcing the importance of multilateral coordination. They reflected a widely positive view of the efforts of the International Sustainability Standards Board (ISSB) and the implementation of the standards set by the Task Force on Climate-related Financial Disclosures (TCFD). US Treasury Secretary Janet Yellen (perhaps with an eye to the lack of coordination among the array of U.S. banking regulators) reinforced her oft-stated concern about climate-related financial risks. She also outlined a new set of principles for financial companies to spur investment and combat greenwashing. (Since then, Yellen has also called for more coordination on climate between the IMF and World Bank.) The coalition of institutions known as the Glasgow Financial Alliance for Net Zero (GFANZ) launched a consultation document on strategies for financial institutions.

- **Nature-Related Risks** – The recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) were referenced multiple times, though it was clear that (in contrast to climate) many corporates are only just starting to develop their understanding of risks and opportunities related to biodiversity, ecosystems, water risks and other nature-related issues.

- **Carbon Markets** – Multiple panel events focused on the potential impact of greater participation in voluntary carbon markets (VCMs) – as well as concerns about more controversial aspects of this space. Again and again, we heard that the world needs a greater supply of carbon credits – but that more coordination and better regulation was even more important after scandals tarnished the reputation of major players in the offset space.

  We were particularly struck by the insights from one event (*Engaging with VCMs: How are New Standards Defining End-to-End Integrity in the Market),* which involved participants from the ICVCM (Integrity Council for Voluntary Carbon Markets) and VCMI (Voluntary Carbon Markets Integrity Initiative).

  ICVCM has launched its Core Carbon Principles to set standards for high-quality carbon credits. The need for this was pressing: the voluntary carbon market has been under increased scrutiny and requires more public confidence to retain its status as a critical – and successful – tool for climate progress. To bolster such confidence and scale the VCM, the market needs easy-to-understand, end-to-end integrity guidelines.

  Panelists at this event agreed that the priority for corporates should be emissions reduction, and that the VCM supports and complements this. ICVCM and VCMI's work aims to create and bolster confidence in the VCM on both the supply and demand side.

At TCB, these themes are top of mind as we evaluate the real-world complexities that corporations face in achieving their near-term emissions reduction strategies and sustainability resiliency plans more broadly.

For more details on other events and individual panelists, we invite you to peruse the appendix. Please reach out to **research@theclimateboard** with any questions or to be added to our distribution list.

Appendix: a deeper dive into Climate Week events

(Recordings of Climate Week events in New York can be found here.)

- **Corporate Decarbonization: How Can Carbon Markets Be Leveraged as a Complementary Tool on a Pathway to Net Zero?** (Hosted by Nasdaq)
  Speakers: Thomas Thyblad – Head of ESG Solutions, European Markets, Nasdaq; Genevieve Soh – Head of Platforms & Ecosystems, CIX; Stephane R. Audran – Co-head, Global Strategic Indices, JPMorgan; Edda Grythberg – Head of Sustainability, Spotify
  Key Takeaways:
  - There is increasing corporate demand for carbon credits and carbon dioxide removal credits (CDRs) to meet climate commitments.
  - Developments in standards and labels could improve confidence in carbon markets.
  - Government policies spurring CDR supply growth are needed to reduce prices and enable further demand.
  - Voluntary carbon markets, especially for high quality credits, have significant growth potential

- **Engaging with VCMs: How are New Standards Defining End-to-End Integrity in the Market** (Hosted by the International Emissions Trading Association – IETA)
  Speakers: Andrea Abrahams – Managing Director, VCM, IETA; Nat Keohane – President, C2ES & Executive Secretariat, ICVCM; Ana Carolina Szklo – Technical Director, Markets & Standards, VCMI; William McDonell – COO, ICVCM; Gabriel Labbate – Chair of Expert Panel, ICVCM; Alice Carr – Executive Director of Public Policy & JETPs, GFANZ

- **Driving Your Sustainability Program to Success with the Right Tools** (hosted by Nasdaq)
  Speakers: Erwan Jameron - Chief Revenue Officer, Nasdaq; Mike Mattera – Director of Corporate Sustainability & ESG Officer, Akamai; Matthew Rusk – Head of GRI North America Engagement & Public Affairs, GRI; David Metcalfe – CEO, Verdantix
  Key Takeaways:
  - Rising ESG disclosure requirements are driving adoption of software to efficiently consolidate, report on, and leverage sustainability data across organizations.
  - The market offers many solutions, but care is needed to choose stable providers that can handle emerging regulations and use cases.

- **Return on Investment: How to Maximize Historic U.S. Climate Legislation** (Hosted by Ceres)
  Speakers: Anne Kelly – Vice President of Government Relations, Ceres; Barbara Humpton – President & CEO, Siemens; Mark Kreose – General Manager for Sustainability Solutions, Microsoft; Susan Nickey – EVP & Chief Client Officer, HASI; Toufic Tabbara – CEO, Holcim
  Key Takeaways:
  - The Inflation Reduction Act has catalyzed demand for climate solutions and has helped boost the supply of carbon removal credits.
  - Climate expertise within the federal government can only go so far. Since the passage of the IRA, the Biden Administration has been receptive to feedback on policy from companies leading the way in climate investment such as Microsoft.

    - Above all, commitments that are measurable and auditable are best.

- **From Targets to Action: Accelerating the Just Energy Transition** (Concordia Annual Summit / Zayed Sustainability Prize)
  Panelists included Stephanie Diaz, Bloomberg New Energy Finance; Nicole Iseppi, Bezos Earth Fund; Danielle Decatur, Microsoft; Roy Torbert, Third Derivative
  Key Takeaways:
    - Climate change's effects are already disrupting supply chains: "You can't presume a stable state—you have to worry about the disruption that is already around us" - Torbert
    - The IRA is powerful policy, and energy regulators are already responding.
    - Per Decatur, "There are many local barriers in the interconnection process in the U.S." preventing ownership of renewable infrastructure.

- **Filling the Global ESG Gap Before It's Too Late** (Hosted by CFA Society)
  Speakers included executives from large US and Canadian pension funds, international organizations, asset managers and banks
  Key takeaways:
    - The pushback against ESG investing in the US will be resolved as we collect better data - Tony Berkley, FII institute
    - Not one US or Canadian bank we have engaged with has a significant plan for how they will wind down oil investments – Brad Lander, Comptroller, New York City (responsible for a $250 billion pension fund)
    - 90% of utility companies in portfolio have made a Paris commitment, but just 11% of these utilities have science-based targets: Lander
    - Per Ladner, investment managers "are not politicians who signed up to being in a culture war;" US capital markets are built on the freedom to invest and undermining that ability to assess risks is risky.
    - Challenges remain for assessing private-equity investments, given funds' shorter horizons: "what is the 2050 plan for a PE fund that hasn't bought the companies yet and only owns them for 7 years?"

- **Sustainable Construction Talks** (Hosted by Saint-Gobain)
  Speakers: Benoit Bazin, CEO of Saint-Gobain; Emmanuel Normant, VP at Saint-Gobain and vice chair of the World Green Building Council's Corporate Advisory Board; Ommid Saberi, green-building specialist at IFC (an arm of the World Bank); Lena Hok, Skanska AB's head of sustainability; Billie Faircloth, partner, Kieran Timberlake; Jorn Verbeeck, KPMG; Elizabeth Hauser, Build Change
  Key takeaways:
    - Per Bazin, the construction and building-materials industries are not ahead of the curve, but late – and face headwinds.
    - Per Normant, though players make public expressions that sustainable construction is a priority, it's so far rarely required in contracts.
    - Per HOK, "quite heavy" regulations are coming to the EU as part of the taxonomy and certification is well understood by builders.
    - Progress involves getting the supply chain on board; the benefits of electrically powered excavators both for emissions and on operators' health are noted: Hok

- Given the inevitability of carbon footprints for building materials, and vulnerability of "green timber" construction to fire in, e.g., Colorado, repurposing and retrofitting concrete buildings (especially in the developing world) may often be a better solution given "embodied carbon": Hausler

- **Fashion Climate Advocates: The Era of Collective Action** (hosted by the Sustainable Apparel Coalition)
  Speakers: Michelle Tuveson – Chairman & Executive Director, Cambridge Center for Risk Studies; Amina Razvi – CEO, Sustainable Apparel Coalition; Andrea Kennedy – Lead of Fashion Department, Berkeley College; James Schaffer – Chief Strategy Officer, Worldly
  Key Takeaways:
  - The fashion industry currently produces about 10% of global carbon emissions, but that number is projected to reach 50% by 2030.
  - The fashion industry's supply chain is very long, and companies need to understand it better. Firms can't understand their impact if they are not measuring it.

- **The Beauty of ESG: How to Integrate ESG Into Beauty and Personal Care** (hosted by Amika & Eva NYC)
  Speakers: Jennifer Sullivan – Co-Host & Co-Founder, Fat Mascara Podcast; Jamie Richards – Director of ESG, Amika & Eva NYC
  Key Takeaways:
  - There are not a lot of ESG precedents in the beauty industry.
  - Packaging is a huge issue; ecological lifecycle analyses for packaging supply chains can help address this problem.
  - Retailers play a key role in influencing industry change.

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[i] https://forwardfaster.unglobalcompact.org/https://forwardfaster.unglobalcompact.org/