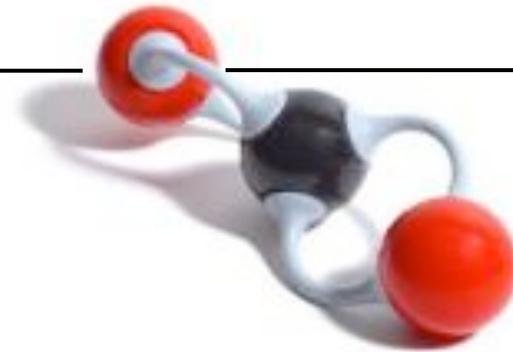CARBON DISCLOSURE PROJECT

accenture

High performance. Delivered.

*The Transparency Imperative in GhG Reporting:*
*The Role of Technology in Streamlining and Enhancing Reporting*

29 September 2010

**Key content of our presentation**

- Regulations are driving carbon emissions disclosure

- The Carbon Disclosure Ecosystem

- Accenture's Carbon Performance Management Framework

- Carbon Reporting Challenges

- Technology in the New Carbon Age

- CDP Case Study: The CDP Global Climate Change Reporting Platform

# The complexity of carbon registries become will increase over time, as will the technology that supports carbon disclosure

*Registry solutions can be segmented by the number and type of external linkages, the robustness of the solution and the requirement to process transactions. Accenture has identified three segments of registry functionality and sophistication.*

**1st Generation Solution** → **2nd Generation Solution** → **3rd Generation Solution**

**Description**
- Simple registries with limited functionality
- Accenture could partner or initially investment into a first client opportunity to build up knowledge

**Description**
- Sophisticated registry systems with compliance, trading, reporting and capabilities to link with other registries

**Description**
- Advanced asset and liabilities registries, allowing users to meet multiple reporting ,compliance and trading requirements

| 1st Generation | |
|---|---|
| **Reporting** | *Basic* |
| **Linking** | *None* |
| **Legislation** | *Optional requirement* |
| **Scale** | *Limited sophistication* |
| **Size** | *Limited coverage* |

| 2nd Generation | |
|---|---|
| **Reporting** | *Generate reports for multiple registries* |
| **Linking** | *Linking capability* |
| **Legislation** | *Linking to compliant registries* |
| **Scale** | *Sophisticated* |
| **Size** | *Multi registry coverage* |

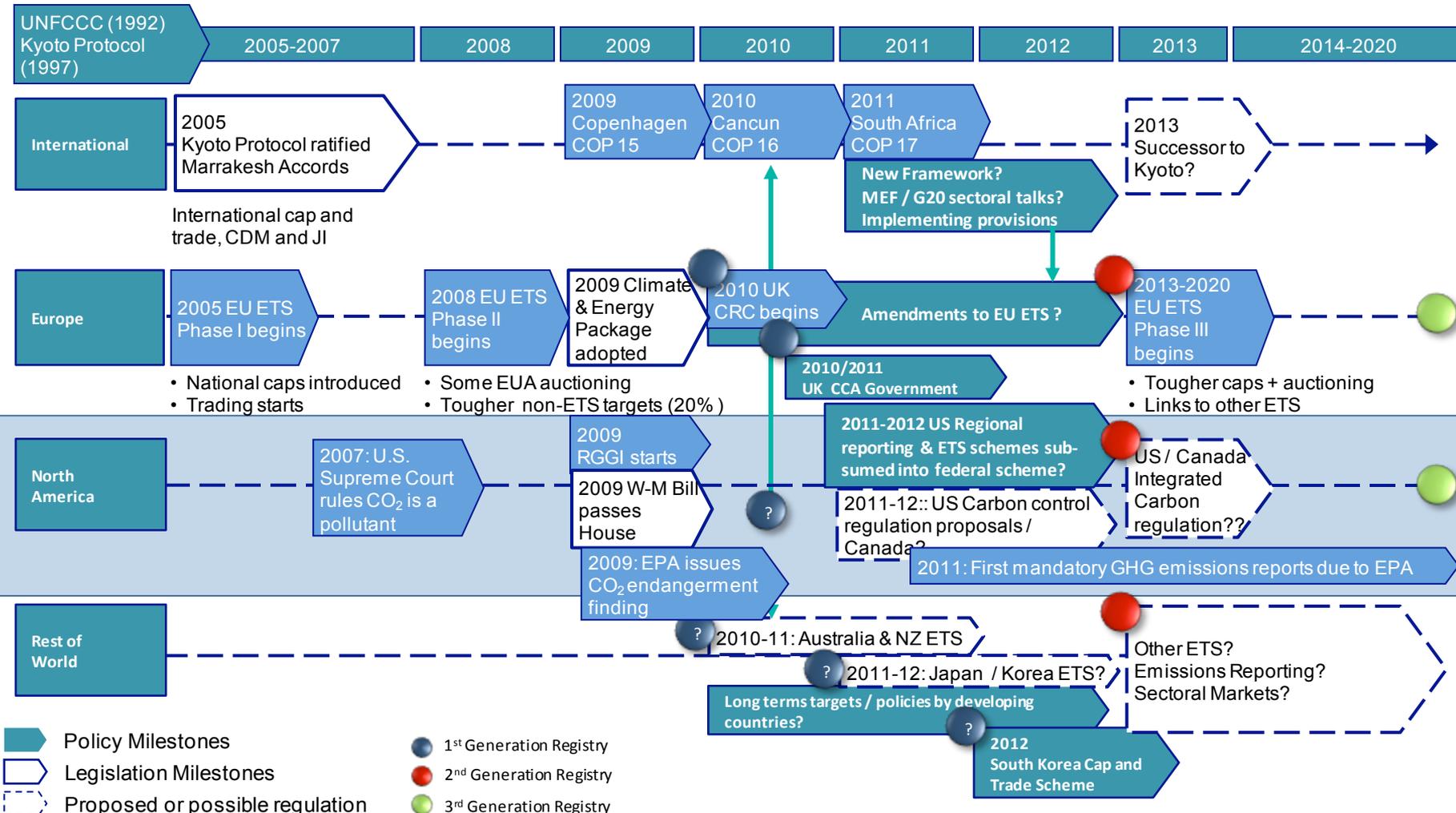| 3rd Generation | |
|---|---|
| **Reporting** | *Advanced with custom components* |
| **Linking** | *Fully linked as per regulations* |
| **Legislation** | *Mandatory compliance* |
| **Scale** | *Very sophisticated* |
| **Size** | *Historic data, multi sector, wide coverage* |

# The evolving global climate change policy debate highlights the growing emphasis on carbon registries of increasing sophistication

*To support upcoming global legislation carbon registries will be required and several geographies lead the way in potential registry development or enhancements.*

| UNFCCC (1992) Kyoto Protocol (1997) | 2005-2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-2020 |
|---|---|---|---|---|---|---|---|---|

**International**

2005 Kyoto Protocol ratified Marrakesh Accords

International cap and trade, CDM and JI

2009 Copenhagen COP 15

2010 Cancun COP 16

2011 South Africa COP 17

New Framework? MEF / G20 sectoral talks? Implementing provisions

2013 Successor to Kyoto?

**Europe**

2005 EU ETS Phase I begins
- National caps introduced
- Trading starts

2008 EU ETS Phase II begins
- Some EUA auctioning
- Tougher non-ETS targets (20% )

2009 Climate & Energy Package adopted

2010 UK CRC begins

2010/2011 UK CCA Government

Amendments to EU ETS ?

2013-2020 EU ETS Phase III begins
- Tougher caps + auctioning
- Links to other ETS

**North America**

2007: U.S. Supreme Court rules $CO_2$ is a pollutant

2009 RGGI starts

2009 W-M Bill passes House

2009: EPA issues $CO_2$ endangerment finding

2011-2012 US Regional reporting & ETS schemes subsumed into federal scheme?

2011-12:: US Carbon control regulation proposals / Canada?

2011: First mandatory GHG emissions reports due to EPA

US / Canada Integrated Carbon regulation??

**Rest of World**

2010-11: Australia & NZ ETS

2011-12: Japan / Korea ETS?

Long terms targets / policies by developing countries?

2012 South Korea Cap and Trade Scheme

Other ETS? Emissions Reporting? Sectoral Markets?

**Key:**
- Policy Milestones
- Legislation Milestones
- Proposed or possible regulation
- 1st Generation Registry
- 2nd Generation Registry
- 3rd Generation Registry

# The EPA continues to take small but certain steps to cut carbon emissions: these actions will likely add up over time.
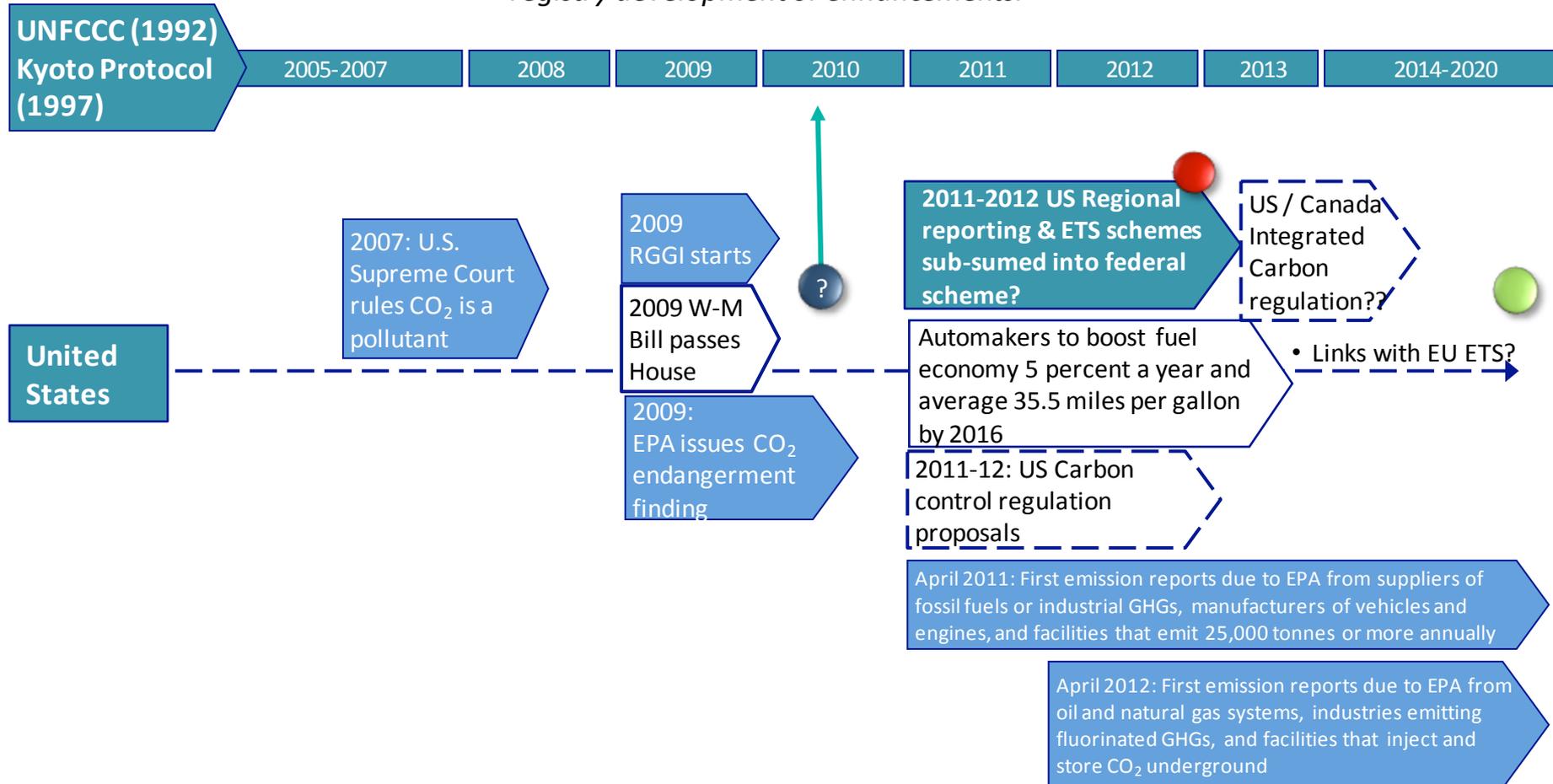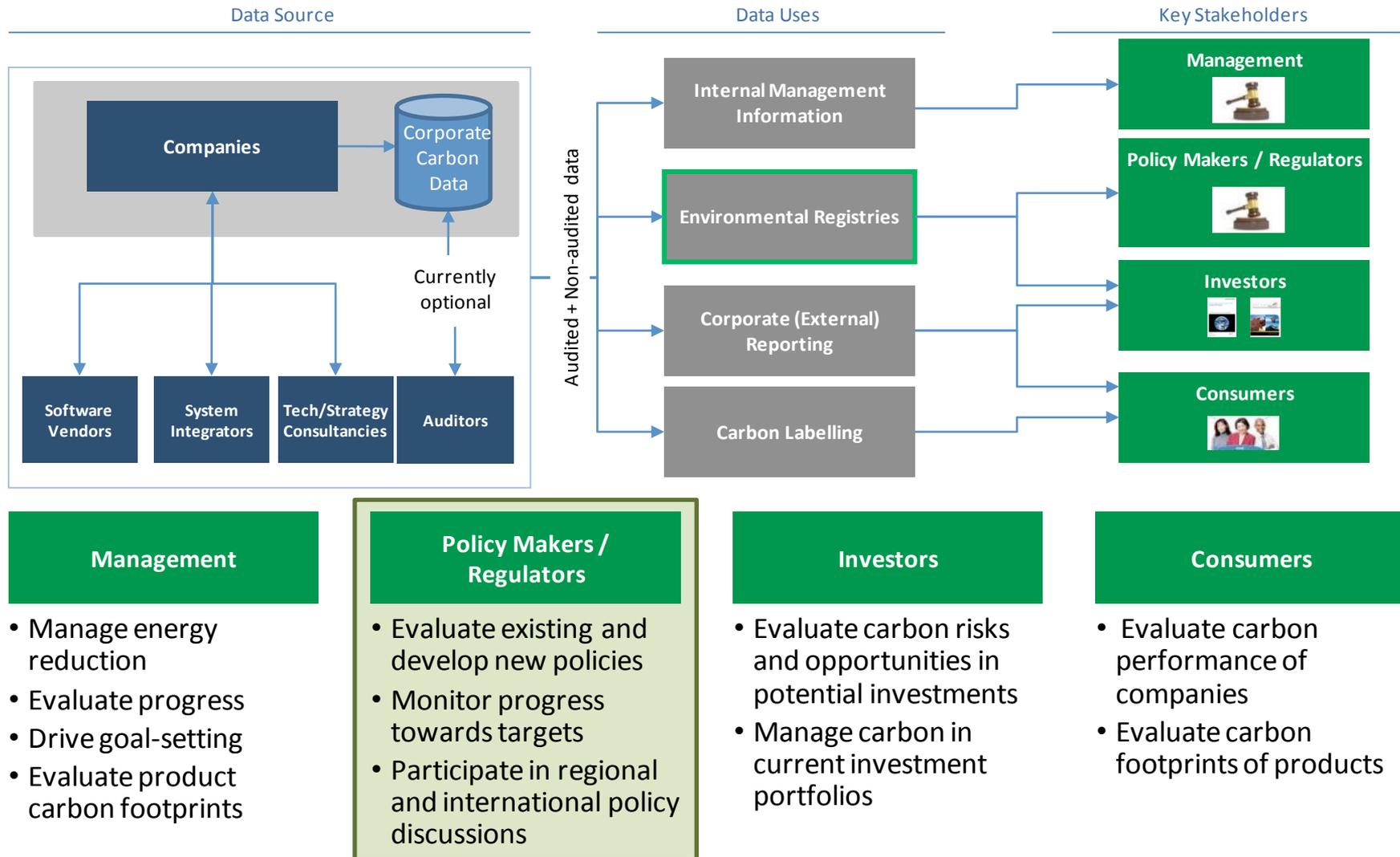
*To support upcoming global legislation carbon registries will be required and several geographies lead the way in potential registry development or enhancements.*

**UNFCCC (1992) Kyoto Protocol (1997)** | 2005-2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-2020

**United States**

2007: U.S. Supreme Court rules $CO_2$ is a pollutant

2009 RGGI starts

2009 W-M Bill passes House

2009: EPA issues $CO_2$ endangerment finding

?

**2011-2012 US Regional reporting & ETS schemes sub-sumed into federal scheme?**

US / Canada Integrated Carbon regulation??

Automakers to boost fuel economy 5 percent a year and average 35.5 miles per gallon by 2016

2011-12: US Carbon control regulation proposals

• Links with EU ETS?

April 2011: First emission reports due to EPA from suppliers of fossil fuels or industrial GHGs, manufacturers of vehicles and engines, and facilities that emit 25,000 tonnes or more annually

April 2012: First emission reports due to EPA from oil and natural gas systems, industries emitting fluorinated GHGs, and facilities that inject and store $CO_2$ underground

**Key:**
Policy Milestones
Legislation Milestones
Proposed or possible regulation
1st Generation Registry
2nd Generation Registry
3rd Generation Registry

# Carbon Disclosure Ecosystem: A diverse network of stakeholders, each with an interest in corporate GhG data and requiring increased complexity of carbon data systems
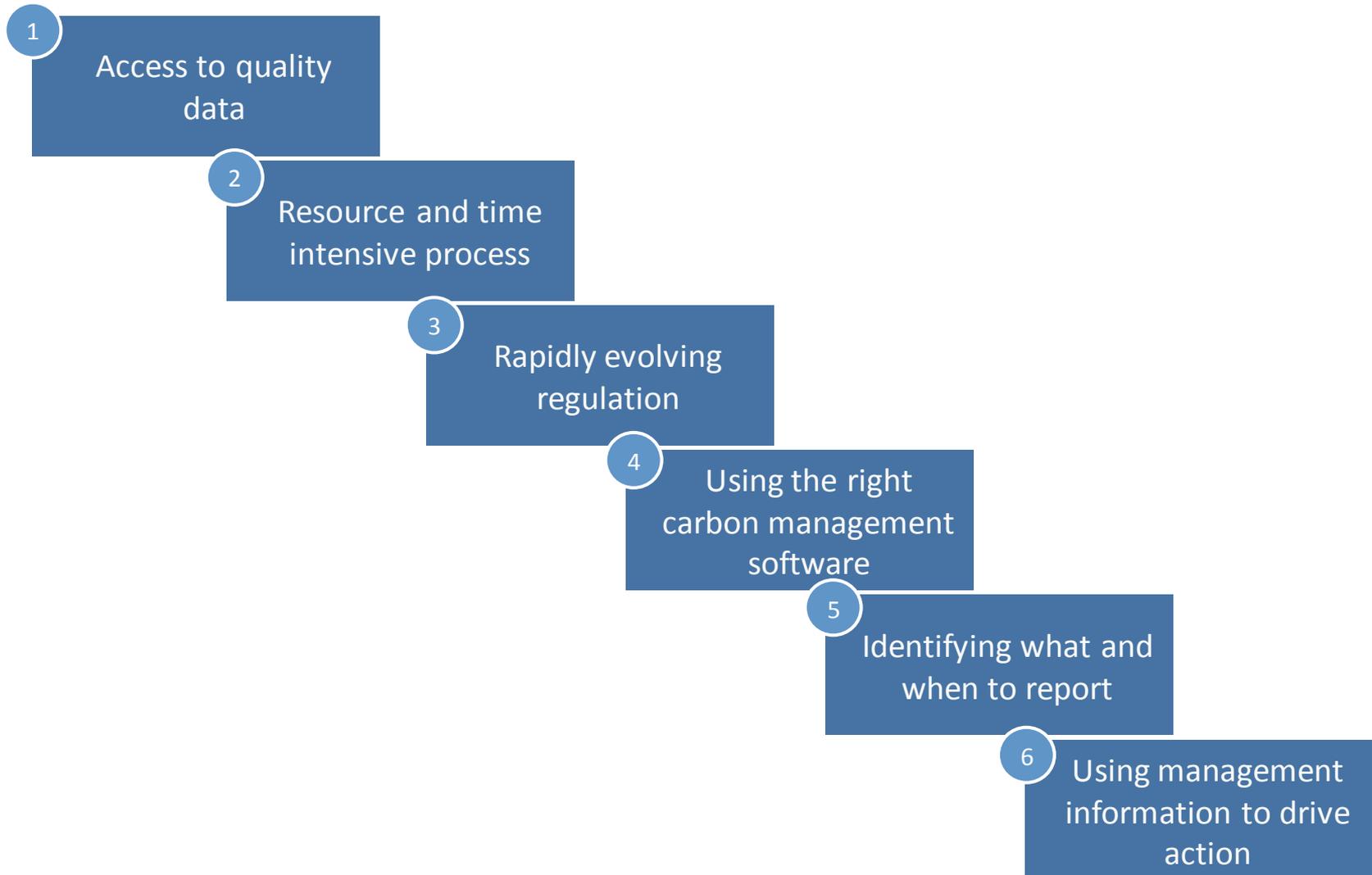
**Data Source**

**Companies**

Corporate Carbon Data

Currently optional

Software Vendors

System Integrators

Tech/Strategy Consultancies

Auditors

Audited + Non-audited data

**Data Uses**

Internal Management Information

Environmental Registries

Corporate (External) Reporting

Carbon Labelling

**Key Stakeholders**

**Management**

**Policy Makers / Regulators**

**Investors**

**Consumers**

| Management | Policy Makers / Regulators | Investors | Consumers |
|---|---|---|---|
| • Manage energy reduction<br>• Evaluate progress<br>• Drive goal-setting<br>• Evaluate product carbon footprints | • Evaluate existing and develop new policies<br>• Monitor progress towards targets<br>• Participate in regional and international policy discussions | • Evaluate carbon risks and opportunities in potential investments<br>• Manage carbon in current investment portfolios | • Evaluate carbon performance of companies<br>• Evaluate carbon footprints of products |

# Accenture has worked with leading organizations to implement its Carbon Performance Management Framework and has applied this knowledge to its Carbon Registry designs

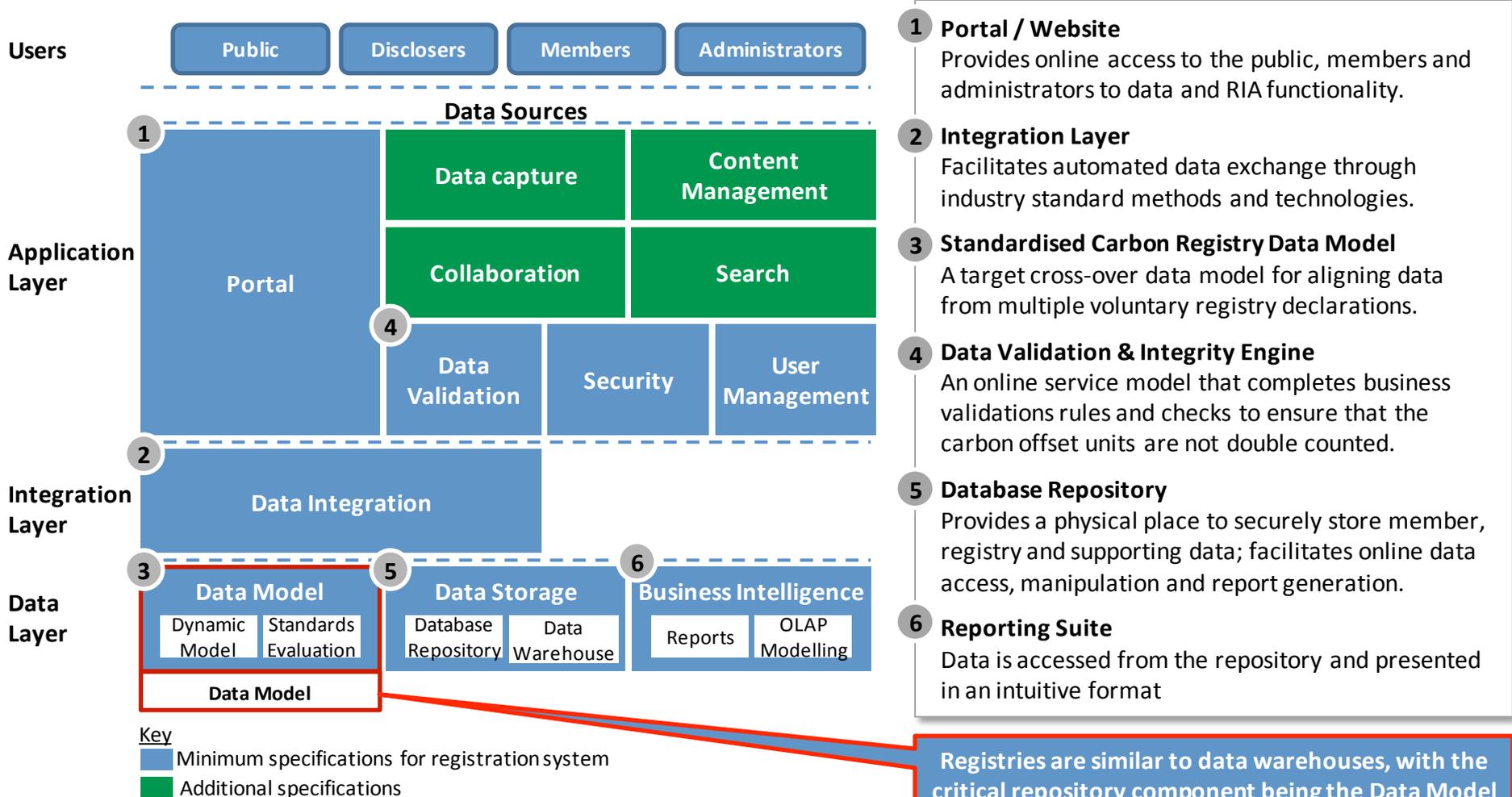**Accenture's Carbon Performance Management Framework**
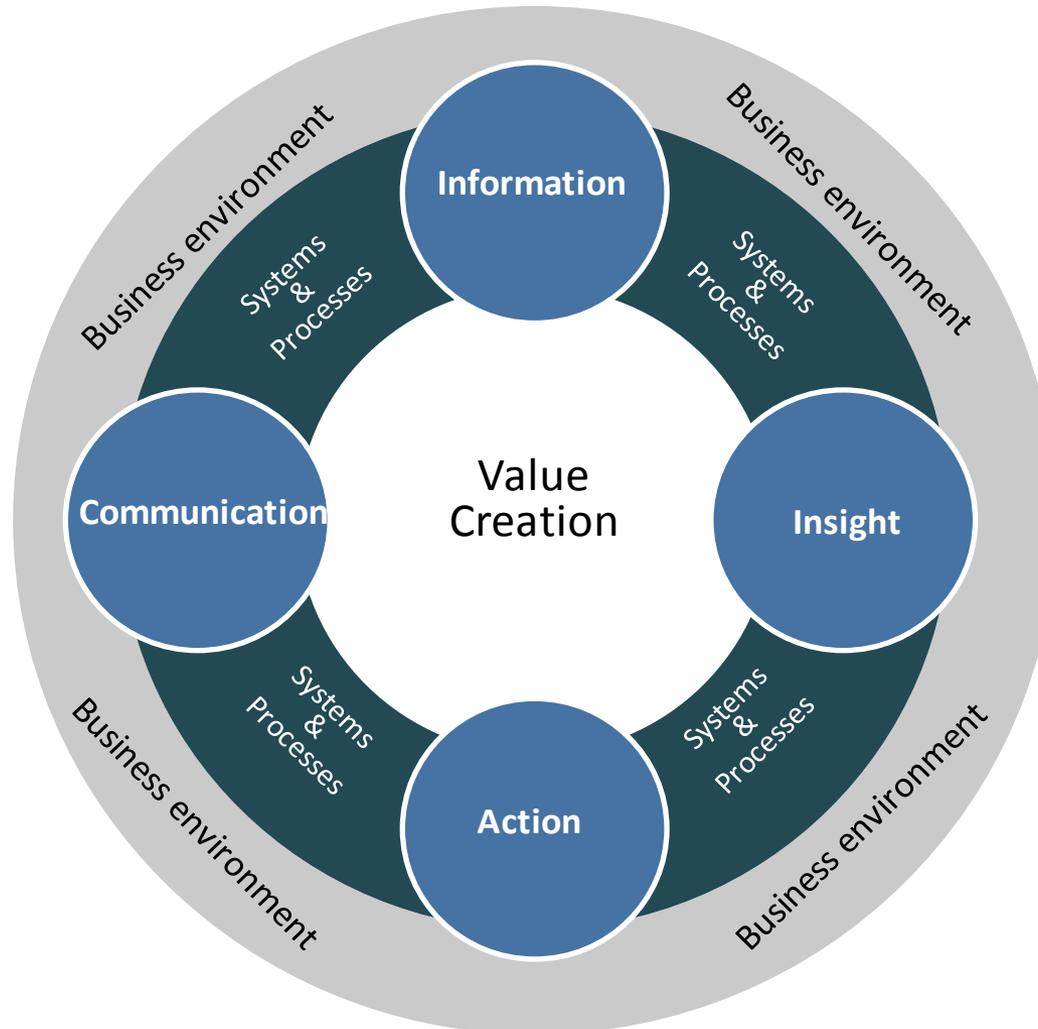
# Accenture has identified the biggest challenges organizations face in optimizing their carbon performance

**1** Access to quality data

**2** Resource and time intensive process

**3** Rapidly evolving regulation

**4** Using the right carbon management software

**5** Identifying what and when to report

**6** Using management information to drive action

# There are six features of a registry that streamline and enhance organizational carbon performance reporting

*The key component of an Environmental Registration System is the data model. The rules and processes governing the data model provide layers of complexity.*

**Users**

| Public | Disclosers | Members | Administrators |

**Data Sources**

**Application Layer**

1. Portal
   - Data capture
   - Content Management
   - Collaboration
   - Search
4. Data Validation
   - Security
   - User Management

**Integration Layer**

2. Data Integration

**Data Layer**

3. Data Model
   - Dynamic Model
   - Standards Evaluation
5. Data Storage
   - Database Repository
   - Data Warehouse
6. Business Intelligence
   - Reports
   - OLAP Modelling

**Data Model**

**Key**
- Minimum specifications for registration system
- Additional specifications

**1 Portal / Website**
Provides online access to the public, members and administrators to data and RIA functionality.

**2 Integration Layer**
Facilitates automated data exchange through industry standard methods and technologies.

**3 Standardised Carbon Registry Data Model**
A target cross-over data model for aligning data from multiple voluntary registry declarations.

**4 Data Validation & Integrity Engine**
An online service model that completes business validations rules and checks to ensure that the carbon offset units are not double counted.

**5 Database Repository**
Provides a physical place to securely store member, registry and supporting data; facilitates online data access, manipulation and report generation.

**6 Reporting Suite**
Data is accessed from the repository and presented in an intuitive format

**Registries are similar to data warehouses, with the critical repository component being the Data Model**

# The Carbon Disclosure Project (CDP) is the global leader in providing corporate GhG performance information

In February 2010, the CDP launched a new, integrated reporting platform that transforms the collection, management and dissemination of regulatory and carbon emissions data for investment and regulatory purposes. The new platform will…



- Allow for the submission and analysis of more granular, comparable data to support decision making

- Provide advanced integration and reporting capabilities to enable easier sharing of data

- Facilitate growth of corporate carbon data management and focus on actions required to reduce emissions

# CDP 2.0 Integrated Systems Overview

**WEBSITE**

- The worlds window into carbon disclosure
- Entry point into the Carbon Disclosure Project
- Tightly integrated into all aspects and components of the CDP 2.0 Integrated Systems Project

- Includes:
  o A refreshed visual design and complete CMS solution
  o Advanced search capabilities for site content, reports, responses and companies
  o A new member portal to provide self-service capabilities for users via integration to CRM and Repository
- New features such as multi-language capabilities, RSS feeds and Search Engine Optimisation
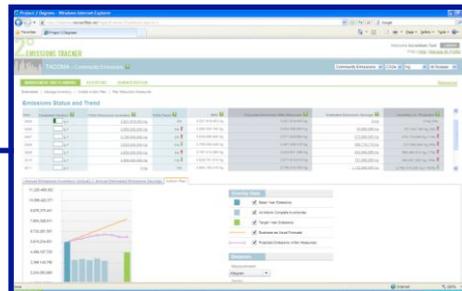
**REPOSITORY**

- Modular questionnaire for tailored disclosure
- Integrated with CRM to allow tightly coupled end-to-end disclosure processes
- GHG emissions calculator (post-February delivery)
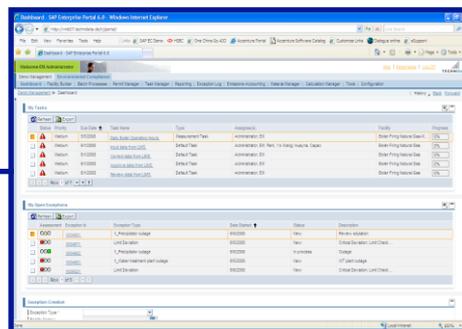
**REPORTING**

- Data is accessed from the repository and presented in an intuitive format with flexible analysis capabilities
- Delivered by SAP Business Objects
- Reporting across all CDP disclosure data, including emissions scopes, sectors and geos, as well as pre-defined question-driven reports
- Reports accessible from CDP portal for subscribers
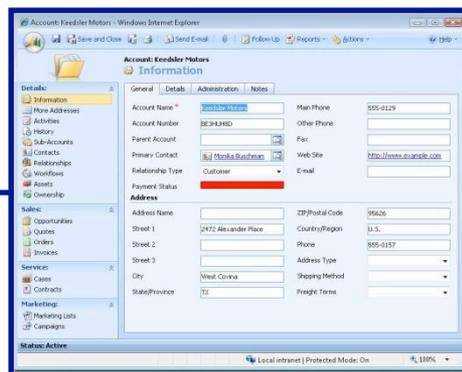
**CUSTOMER RELATIONSHIP MANAGEMENT**

- Centralised CRM system to support CDP customer and project management activities
- Includes advanced workflow capabilities to support business processes
- Out of the box Sale, Service and Marketing capabilities customised to CDP needs
- Integrated with Repository and Website to allow tightly coupled end-to-end disclosure processes

# Questions?

# For Follow-up Questions

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