

4th Floor
60 Great Tower Street
London, EC3R 5AZ
+44 (0) 20 3818 3900

info@cdp.net
www.cdp.net

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The First Global Stocktake

Call for inputs from Parties and observer States, UN Agencies and other international organizations and non-Party Stakeholders and observer Organizations, to the first global stocktake

Submission by CDP

Executive Summary

CDP is pleased to make its final submission to the first Global Stocktake (GST). CDP supports an inclusive, evidence-based, and purposeful GST process¹, providing the latest insights and evidence-based recommendations with respect to non-Party stakeholders (NPS) accountability and action.

CDP welcomes the recent report by the High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities (HLEG), which serves as the operating system going forward and underscores the critical importance of informed ambitious action being fully, comprehensively, and consistently reported in the transition and decarbonization towards a 1.5°C, net zero future.² Therefore, in light of this report, CDP's final submission to the GST expands on the accountability of non-Party stakeholders. The report puts forward ten recommendations; CDP sees the recommendation on increasing transparency and accountability as an overarching one that includes elements of other recommendations. In this submission, CDP expands on recommendations 1. Announcing a Net Zero Pledge, 2. Setting Net Zero Targets, 4. Creating a Transition Plan, and 8. Increasing Transparency and Accountability.³

¹ P. Bertazzi, I. Stevens, C. Everett, *The Paris Agreement's Global Stocktake: Integrating Non-Party Stakeholders into an Inclusive Stocktake*, CDP, 2022, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/006/100/original/CDP_Global_Stocktake_Brief_FINAL.pdf.

² N. Bartlett, 'CDP response to UN High Level Expert Group on Net-Zero Emissions Commitments of Non-State Entities recommendations', *cdp.net*, 2022, <https://www.cdp.net/en/articles/media/cdp-response-to-un-high-level-expert-group-on-net-zero-emissions-commitments-of-non-state-entities-recommendations>, (accessed March 2, 2023).

³ C. McKenna et al., *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions*, United Nations, 2022, <https://www.un.org/sites/un2.un.org/files/high-level-expert-group-update7.pdf>.

We recommend that all companies, financial institutions, cities, states, regions and public authorities:

- ▼ Set **science-based targets** aligned with 1.5°C.
- ▼ Create **climate transition plans** following the latest guidance on what constitutes a credible plan, with clear timelines and indicators explaining the 'when' and 'how' they will reach net-zero emissions.
- ▼ **Disclose** comparable and consistent environmental information that feeds into the Global Stocktake and is captured in Parties' Biennial Transparency Reports in 2024.

This submission also offers insights into two regional case studies from Europe and Latin America, Italy and Minas Gerais, on how NPS are feeding into the processes and emerging best practices.

CDP remains available to the Secretariat to provide further evidence and insights following this submission.



Pietro Bertazzi
Global Director, Policy Engagement and
External Affairs



Amir Sokolowski
Global Director, Climate Change

1. Introduction

CDP's⁴ final submission to the GST is centred on the accountability of NPS climate action and intends to inform the last part of the 3rd technical dialogue during the coming meeting in June at SB58. In our previous submission⁵, we highlighted the central role of disclosure and transition plans. In this submission, we expand on the accountability of NPS in light of the recent report by the UN HLEG, and provide updated insights based on our 2022 disclosure cycle.⁶

2. Accountability and Credibility of Non-Party Stakeholder Action

At COP 27, the UN HLEG released their report, [Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions](#). This report, mandated by the UN Secretary General, underscores the political relevance and high-level of attention given to addressing the credibility crisis of NPS' net-zero pledges. It also demonstrates the importance of reliable and transparent data to take stock of climate action, including in the GST.

The recommendations set out by the High-Level Expert group should serve as the operating system going forward. They underline the importance of informed ambitious action by non-Party stakeholders being fully, comprehensively, and consistently reported, and outline the true scope of what a pathway to decarbonization must include.

The report puts forward ten recommendations. In this submission, CDP expands on recommendations 1. Announcing a Net Zero Pledge, 2. Setting Net Zero Targets, 4. Creating a Transition Plan, and 8. Increasing Transparency and Accountability.⁷

2.1. Announcing a Net Zero Pledge and Setting Science-Based Targets

Robust, science-based targets for every government and non-Party stakeholder are critical to driving the net-zero transition. Disclosure drives transparency, however, **setting credible, science-based targets guides the orientation towards a 1.5°C trajectory**. All governments, companies, cities, states, regions and public authorities should set ambitious targets that cover both climate and nature and take bold, transformative action to achieve them.

⁴ CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 680 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Nearly 20,000 organizations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

⁵ See CDP's second submission to the GST here:

<https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208081119---Update%20submission%20of%20CDP%20related%20to%20GST.pdf>

⁶ CDP, 'Nearly 20,000 organizations disclose environmental data in record year as world prepares for mandatory disclosure', *cdp.net*, 2022, <https://www.cdp.net/en/articles/media/nearly-20-000-organizations-disclose-environmental-data-in-record-year-as-world-prepares-for-mandatory-disclosure>, (accessed March 2, 2023).

⁷ C. McKenna et al., *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions*, United Nations, 2022, <https://www.un.org/sites/un2.un.org/files/high-level-expert-group-update7.pdf>.

The HLEG report highlights the Science Based Targets initiative (SBTi) as a gold standard for target setting.⁸ As one of the founding partners of the SBTi, CDP plays a pivotal role in accelerating and institutionalizing science-based targets setting as global best practice, and it is positive to see the SBTi recommended. As of March 2023, more than **4,600 companies have set or are committed to setting a science-based target** through SBTi.⁹ In addition, over 1,100 cities are committed to setting science-based net zero targets through the Cities Race to Zero.¹⁰

The number of, and evolution of, commitments to science-based targets through SBTi, disaggregated by sectors, is a key indicator to inform the GST. The Global Climate Action Portal (GCAP) already provides an easy and interactive tool to track and compare progress in this matter.¹¹ Enabling conditions set by national governments, such as measures to ensure participation in SBTi and its disclosure should be recognised as best practice in the GST.

2.2. Creating a Transition Plan

After setting a science-based target, every company, financial institution, city, state and region must develop and publish a transition plan, with clear timelines and indicators explaining the 'when' and 'how' they will reach net-zero emissions. As stated in our previous submission to the GST¹², and in CDP's most recent [Climate Transition Plans: Discussion Paper](#), plans need to:

- ▼ centre accountability;
- ▼ be internally coherent;
- ▼ be forward-looking;
- ▼ be time-bound and quantitative with short, medium, and long-term goals;
- ▼ be flexible and responsive; and
- ▼ be complete.

In February 2023, CDP released its second assessment of climate transition plan disclosure '[Are Companies Developing Credible Climate Transition Plans?](#)' This report assesses response data from over **18,600 companies, across 13 industries and 135 countries**, from the 2022 climate change questionnaire disclosure, and is based on **8 key elements and 21 concrete indicators** that constitute a credible climate transition plan.¹³

Key findings from the report include:

⁸ C. McKenna et al., *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions*, United Nations, 2022, <https://www.un.org/sites/un2.un.org/files/high-level-expert-group-update7.pdf>.

⁹ SBTi, 'Companies Taking Action', [sciencebasedtargets.org](https://sciencebasedtargets.org/companies-taking-action#anchor-link-test), 2022, <https://sciencebasedtargets.org/companies-taking-action#anchor-link-test>, (accessed March 2, 2023).

¹⁰ C40, 'Cities Race to Zero', [c40knowledgehub.org](https://www.c40knowledgehub.org/s/cities-race-to-zero?language=en_US), https://www.c40knowledgehub.org/s/cities-race-to-zero?language=en_US, (accessed March 2, 2023).

¹¹ GCAP can be accessed here: <https://climateaction.unfccc.int/Actors>, actors with science-based targets through SBTi can be viewed under 'Initiative Participation'.

¹² See CDP's second submission to the GST here: <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208081119---Update%20submission%20of%20CDP%20related%20to%20GST.pdf>

¹³ A. Sokolowski et al., *Are Companies Developing Credible Climate Transition Plans?*, CDP, 2023, https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/785/original/Climate_transition_plan_report_2022_%2810%29.pdf?1676456406.

- ▼ 4,100 of 18,600+ companies disclosing through CDP's Climate Change Questionnaire stated that they had already developed a 1.5°C-aligned climate transition plan. Of these 4,100 organizations, **81 (0.4% of the entire 2022 disclosure sample) of them reported sufficient detail to all 21 key indicators in the climate change questionnaire that align with a credible climate transition plan.**
- ▼ **6,520 organizations reported that they plan on developing a climate transition plan within two years.**
- ▼ Across the 13 industries assessed, **power generation** and **infrastructure** were the front runners with **2.2%** and **1.7% of all organizations** in each of these industries disclosing against all 21 key indicators of a credible climate transition plan. **The apparel, fossil fuels, and hospitality industries had the poorest levels of disclosure** with only one organization in each of these industries disclosing against all the 21 key indicators of a credible climate transition plan.
- ▼ Whilst no geography had an outstanding record, **Japan leads the regional assessment** with 16 Japanese organizations disclosing to all 21 key indicators of a credible climate transition plan. Worryingly, no organizations from countries in the G20 other than Portugal, had a disclosure rate higher than 2% when assessed for disclosure to all 21 key indicators. Several organizations from countries such as Canada and China had no disclosures meet the criteria on all key indicators.

CDP recognizes that climate transition plans are a vital mechanism for transition to a 1.5°C-aligned world. This is why we have developed guidance for companies on how they can develop and disclose climate transition plans, built upon pre-existing guidance and research in this space.¹⁴ CDP's disclosure platform and disclosure guidance seeks to incentivize the disclosure of credible climate transition plans as they catalyze ambition from disclosure and oversight to action plan across the value chain. CDP recommends the disclosure of credible climate transition plans with robust and transparent criteria and expects national governments to promote disclosure at the domestic level, through enabling frameworks and incentives.

Of the disclosing organizations in 2022, almost a quarter of all disclosers claim to have a transition plan, and almost 35% announce that they will have one by 2025. This demonstrates encouraging signs that a substantial number of organizations are on the journey to improve their transition-relevant disclosure. Further, with a rapidly evolving regulatory landscape seen across the UK, the EU and the US, forthcoming legislation on transition plans will be a key driver of increased (and improved) climate transition plan disclosure and further accelerant to the ambition loop between Parties and NPS.

CDP recognizes that climate is only a facet of a wider, environmental challenge and there is critical need for organizations to include nature in their thinking and broader transition planning. CDP therefore advises NPS to set and update their transition plan in line with the latest guidance, once established.

2.3. Increasing Transparency and Accountability

Disclosure of comparable and consistent environmental information is the foundation for transformative action. As stated by the UN Secretary General, an increasing number of NPS are making climate pledges, but without clear criteria and disclosure these pledges can be

¹⁴ CDP, 'Climate Transition Plans', *cdp.net*, 2023, <https://www.cdp.net/en/guidance/guidance-for-companies/climate-transition-plans>, (accessed March 2, 2023)

misleading.¹⁵ Disclosure is therefore essential to ensuring that governments and NPS actually deliver on their net-zero commitments and can also help accurately account for both risks and impacts of economic activities, and in so doing, support the green transition. Such information helps stakeholders including investors, large buyers, policy actors, civil society and consumers make smarter decisions and increase their expectations of companies with respect to their environmental performance. This in turn compels NPS

2.3.1 CDP Disclosure

CDP's disclosure system supports transformative environmental action to secure a 1.5°C and nature positive world. 2022 was a record year for CDP, as **nearly 20,000 organizations disclosed** – a 38% increase since 2021, and a **233% increase since the Paris Agreement was signed in 2015**. Key insights include:

- ▼ 18,700+ companies representing half of global market capitalization and more than 1,100 cities, states, regions and public authorities disclosed data through CDP on climate change, deforestation and water security.
- ▼ More than **18,600 companies disclosed climate change data** through CDP in 2022 - a 42% increase on 2021, the highest annual increase in almost a decade.
- ▼ With mandatory disclosure regulation set to take effect within the next three years in many major economies, more than 29,500 companies worth at least US\$24.5 trillion still fail to respond to the disclosure request.

In line with the 2021 – 2025 Strategy¹⁶, CDP will widen the scope of its disclosure system to cover more environmental issues (e.g., plastics pollution) towards the planetary boundaries, with a broader spectrum of stakeholders and authorities. CDP's Climate Change questionnaire covers a range of topics including the use of carbon credits, scaling up renewable energy, introducing new biodiversity questions in 2022, with emerging insights on NPS' action.¹⁷

2.3.2. Standards and Regulation

More than 20 years ago, CDP pioneered environmental disclosure. Over the past few years, there has been exponential momentum in disclosure and disclosure regulation, paralleling the emergence of global reporting standards. CDP outlined in its previous submission to the GST five key recommendations of what constitutes high-quality mandatory disclosure, building on financial and risk-based data towards impacts on people and planet.¹⁸ CDP continues to drive ambition and action, including through:

¹⁵ A. Guterres, 'Secretary-General's remarks at the World Economic Forum', *un.org*, 2023, <https://www.un.org/sq/en/content/sq/statement/2023-01-18/secretary-generals-remarks-the-world-economic-forum>, (accessed March 2, 2023).

¹⁶ CDP, *Accelerating the Rate of Change: CDP Strategy 2021-2025*, CDP, 2021, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/094/original/CDP_STRATEGY_2021-2025.pdf.

¹⁷ CDP, 'New data shows companies recognising biodiversity risks but majority not turning commitments into action', *cdp.net*, 2022, <https://www.cdp.net/en/articles/media/new-data-shows-companies-recognising-biodiversity-risks-but-majority-not-turning-commitments-into-action>, (accessed March 1, 2023).

¹⁸ P. Bertazzi, D. Cerrato, A. Heckwolf, *Shaping High-Quality Mandatory Disclosure*, CDP, 2021, https://cdn.cdp.net/cdp-production/cms/policy_briefings/documents/000/005/863/original/TCFD_disclosure_report_2021_FINAL.pdf?1631608521.

- ▼ Supporting governments and regulators in mandating and enforcing the highest possible standards of disclosure with data, expertise, and leveraging capital markets and policy
- ▼ Mapping CDP's questionnaire to emerging regulatory developments (I.e., "G20+")¹⁹, standards, and recommendations (I.e., UN HLEG); and
- ▼ Integrating standards into its disclosure platform to boost corporate action and accountability and provide financial markets, governments, and regulators with clear, comparable data to inform decision-making.²⁰

2.3.3 Integration into the Global Stocktake and Enhanced Transparency Framework

As stated in our previous submission to the GST²¹, NPS climate action should not only be disclosed, but also be captured in the GST through a clear process, to provide an accurate stocktake of global action and enable the enhancement of ambition. This process must be communicated effectively with NPS by national governments and the UNFCCC, providing capacity support where needed.

CDP seeks a way to incentivize both submissions to the GST at the global level and through Parties' Biennial Transparency Reports (BTRs) under the Enhanced Transparency Framework (ETF) at the national level. In CDP's briefing [The Paris Agreement's Global Stocktake: Integrating Non-Party Stakeholders into an Inclusive Stocktake](#), two pathways for this are outlined.

Pathway 1: Through Biennial Transparency Reports

The integration of NPS climate action under the implementation plans of NDCs and thus included in BTRs could aid in the improved transparent reporting of a range of actors with wider geographical representation.²² Such a process would further enable a closer link between Parties and their NPS and greater sharing of information between actors. Ambition loops have demonstrated that this is vital, as non-Party action has the ability to catalyze wider change by providing evidence to governments that businesses, cities, states and regions are in support of ambitious climate policies.

This was also referenced in the We Mean Business submission to the GST, available here:

[https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208051648---WBCSD%20and%20WMB%20Coalition%20-%20Feedback%20to%20GST%20\(August%202022%20Update%20Final\).pdf](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208051648---WBCSD%20and%20WMB%20Coalition%20-%20Feedback%20to%20GST%20(August%202022%20Update%20Final).pdf)

¹⁹ C. Lamb, V. Paccagnan, D. Zehra, *Setting the high-water mark for mandatory disclosure*, CDP, 2022,

https://cdn.cdp.net/cdp-production/cms/policy_briefings/documents/000/006/409/original/Setting_the_high_water_mark_for_mandatory_disclosure.pdf?1660576398.

²⁰ CDP, 'CDP to incorporate ISSB climate-related disclosure standard into global environmental disclosure platform' *cdp.net*, 2022, <https://www.cdp.net/en/articles/companies/cdp-to-incorporate-issb-climate-related-disclosure-standard>, (accessed March 2, 2023).

²¹ See CDP's second submission to the GST here:

<https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208081119---Update%20submission%20of%20CDP%20related%20to%20GST.pdf>.

This was also referenced in the We Mean Business submission to the GST, available here:

[https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208051648---WBCSD%20and%20WMB%20Coalition%20-%20Feedback%20to%20GST%20\(August%202022%20Update%20Final\).pdf](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208051648---WBCSD%20and%20WMB%20Coalition%20-%20Feedback%20to%20GST%20(August%202022%20Update%20Final).pdf)

²² This has also been highlighted by other submission, including WBA's, available here:

https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202302161434---First%20GST_Consideraton%20of%20outputs_Climate%20Chance_WBA_Submission.pdf

The suggested outline of BTRs is provided in Annex IV, Decision 5/CMA.3 on guidance for operationalizing Article 13 of the Paris Agreement and provides opportunities for the integration of non-Party stakeholders in sections including:

- ▼ Section II C on information necessary to track progress of implementing and achieving NDCs;
- ▼ Section III H on cooperation, good practices and lessons learned; and
- ▼ Section IX on any other information considered relevant in the achievement of Paris Agreement goals.²³

Pathway 2: Direct Submissions to the Global Stocktake

To adequately capture the progress of NPS, a clear, streamlined reporting process for companies, cities, states and regions to feed into the GST is needed, that makes effective use of existing initiatives including the [Global Climate Action Portal \(GCAP\)](#). The HLEG report highlighted GCAP as a key tool, stating that “non-state actors must report in a standardised, open format and via public platforms that feed into the UNFCCC Global Climate Action Portal to address data gaps, inconsistencies and inaccessibility that slow climate action.”²⁴ This has also been highlighted in previous submissions to the GST.²⁵

CDP has a long-standing partnership with the UNFCCC as a primary data provider to the Global Climate Action Portal (GCAP) and sees it as a key input into the GST, capturing robust, transparent non-Party data and a method to incentivize and harmonize NPS data input. CDP’s datasets and tools can support Parties and the UNFCCC to assess the contribution and impact of NPS to national and global climate action and targets. CDP will continue its partnership with the UNFCCC to further develop the GCAP, refine progress tracking metrics, and improve usability of data for Parties and other key stakeholders.

3. Key Regional Messages

In line with the request from the co-facilitators of the technical dialogues for key regional messages, we provide here key insights to demonstrate how NPS can and are feeding into processes at a regional and national level and to share best practices.

3.1. Europe – Italy

The Italian Ministry of Environment and Energy Security and CDP Europe had a longstanding collaboration to drive voluntary climate and environmental action among companies, cities and regions in Italy. Since 2017, the Ministry and CDP have been driving transparency on a national level and on the international stage, aligning the Italian government’s contributions to

²³ UNFCCC, ‘Guidance operationalizing the modalities, procedures and guidelines for the enhanced transparency framework referred to in Article 13 of the Paris Agreement’, *unfccc.int*, 2021, https://unfccc.int/sites/default/files/resource/cma2021_10a2_adv_0.pdf, (accessed May 11, 2022).

²⁴ C. McKenna et al., *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions*, United Nations, 2022, <https://www.un.org/sites/un2.un.org/files/high-level-expert-group-update7.pdf>.

²⁵ See the GST Cross-Constituency submission here:

https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202302181021---Cross-Constituency%20GST%20Submission_February%202023.pdf, WBA’s submission here:

<https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202302161434--->

[First%20GST_Consideraton%20of%20outputs_Climate%20Chance_WBA_Submission.pdf](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208081119---Update%20submission%20of%20CDP%20related%20to%20GST.pdf), and CDP’s second submission to the GST here: <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208081119---Update%20submission%20of%20CDP%20related%20to%20GST.pdf>.

implement the Paris Agreement, its commitments under the EU's Nationally Determined Contributions (NDCs), and its contributions to the Sustainable Development Goals (SDGs).

The collaboration shows recognition that voluntary activities by NPS play a crucial role in global efforts to reduce emissions and protect natural resources. Italian companies, cities and regions are key to the low carbon transition both at the national and European levels. The number of cities, regions and companies that have disclosed data on climate change, water and/or forests has doubled since 2017 which demonstrates Italy's commitment towards a greener economy.²⁶

In December 2020, the Ministry and CDP extended the collaboration from a NPS engagement focus, towards data insights supporting the efforts under the GST. In the project, CDP was scoping for the development of a CDP data toolkit to assess the ambition level of corporate, city and regional climate and environmental ambition and progress, to support the contributions of Italy under to the Global Stocktake.

This development of a NPS stocktake toolkit for Italy is based on CDP data, reported by companies, cities and regions in Italy. As a first phase, CDP looked at the ambition level of Italian companies, by using the CDP temperature rating. The temperature methodology applied to the Italian disclosure in 2020 allows to better understand the state of climate action and identify opportunities to seize through key data-based insights. Based on 2020 data:^{27,28}

- ▼ Italian companies are falling far short of aligning with the 1.5°C Paris goal. They are currently projected on a 2.8°C temperature pathway based on their emissions reduction targets (covering scope 1, 2 and 3).
- ▼ Only a few companies (approx. 10%) have detailed mid-term targets in place to be included in the analysis of temperature alignment.
- ▼ Over the last five years, Italian companies reduced their scope 1 and 2 emissions by 22%.
- ▼ Under linear BAU assumptions, Italian companies are projected to reduce emissions by 3.3% annually from 2019 until 2030, which is below the needed 4.2% annual linear reduction for a 1.5°C compatible pathway.
- ▼ The share of total GHG emissions in the sample is 46% aligned with a 1.5°C pathway and 56% aligned with 2°C or below 2°C.

3.2. Latin America - Brazil

In 2022, CDP Latin America was responsible for coordinating a joint effort between the state of Minas Gerais, ICLEI South America, and the Federal University of Rio de Janeiro (UFRJ), to develop a decarbonization plan for Minas Gerais. This plan included a national approach, in which a decarbonisation plan was first made for Brazil, and subsequently downscaled for

²⁶ M. Freundt, M. Vescovi, M. Breckner, *Ready, Set, Act: Seizing Opportunities Through Environmental Action in Italy*, CDP, 2022, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/006/127/original/CDP_Italy_Report_June2022.pdf.

²⁷ M. Freundt, M. Vescovi, M. Breckner, *Ready, Set, Act: Seizing Opportunities Through Environmental Action in Italy*, CDP, 2022, https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/006/127/original/CDP_Italy_Report_June2022.pdf.

²⁸ M. Freundt, M. Breckner, *It's Getting Hot in Here – The Green Recovery at Risk*, CDP, 2021, <https://www.cdp.net/en/reports/downloads/5890>.

Minas Gerais, ensuring that the subnational government was contributing to Brazil's national target.^{29,30}

CDP Latin America has therefore identified the urgent need for Brazilian states to develop decarbonization plans that can be connected to national targets and communications to the UNFCCC. We consider these instruments, alongside inventories and targets, to be extremely important in the formulation and implementation of climate actions that drive changes at the subnational level.

The most significant barrier for this type of plan to be developed for every Brazilian state is financial and human resource capacities within the states. Therefore, recognizing the importance of these instruments and the unique role states and regions play in meeting the targets of the Paris Agreement, we urge the co-facilitators of the Global Stocktake to include this financing need in the findings of the Technical Dialogues. From inventories to the effective implementation of climate actions, there is a growing need for financial support throughout Brazil and Latin America.

Alongside these insights, we also present the main data points from CDP's 2022 disclosure cycle in Latin America³¹:

- ▼ Climate:
 - ▼ 2,026 Latin American companies answered the Climate Change Questionnaire in 2022, representing 65% of Latin America market capitalization;
 - ▼ 58% of them have high-level employees supervising climate change issues;
 - ▼ Only 13% have a transition plan aligned with a 1.5°C future;
 - ▼ 52% of Latin American companies have internal processes for evaluating and responding to climate change related issues;
 - ▼ Only 22% of companies have a GHG reduction emission target.
- ▼ Forests:
 - ▼ 147 Latin American companies answered the Forest Questionnaire in 2022;
 - ▼ 82% of them have high level employees supervising forest issues;
 - ▼ 55% of the companies have a forest policy related to a target of consumption and production of commodities;
 - ▼ Only 36% of them publicly assumed a target to zero deforestation and forest degradation from its direct and indirect operations.

²⁹ T. Cruz et al., *Plano de descarbonização para o Estado de Minas Gerais dentro de um Brasil clima neutro em 2050: Relatório síntese da modelagem integrada para o Brasil*, CDP Latin America, 2022, https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/313/original/Brasil_1.5_v.final.pdf?1657717374.

³⁰ M. Garcia et al., *How to unlock the potential of a Brazil neutral in GHG by 2050? Paths of decarbonization for the Brazilian economy*, CDP Latin America, 2022, https://bit.ly/Brasil_Clima_Neutro_EN.

³¹ CDP Latin America, *Factsheet mudanças climáticas – LATAM*, CDP Latin America, 2022, https://cdn.cdp.net/cdp-production/cms/reports/documents/000/006/864/original/Factsheet_Mudanc%CC%A7as_Clima%CC%81ticas_Resultados_Regionais.pdf?1677245196.