

[ CONCISE GUIDES  
to the UNITED NATIONS  
SUSTAINABLE DEVELOPMENT GOALS ]

SDG13

# Climate Action

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Combating Climate  
Change and its  
Impacts

FEDERICA DONI, ANDREA GASPERINI,  
*and* JOÃO TORRES SOARES

# SDG13 – CLIMATE ACTION

# CONCISE GUIDES TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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# SDG13 – CLIMATE ACTION

Combating Climate  
Change and its Impacts

BY

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Reporting Advisory Group (EFRAG). His professional commitments concern all matters related to sustainability, particularly the risks and opportunities connected to a transitioning to a low-carbon economy resilient to climate change<sup>1</sup>. His other expertise includes financial analysis of the methodology to identify and communicate the intangible assets and liabilities, the environmental, social and governance factors the GRI Sustainability Report and the Integrated Report according to the IIRC framework of the German Council Sustainability Code and the Sustainable Development Goals Agenda 2030 UN. He is the author and co-author of many books and a lot of essays, published in several management and economic journals about sustainable finance and intangible assets. He has been a keynote speaker at the university and conferences planned on these fields by national and international organisations.

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## EXECUTIVE SUMMARY<sup>2</sup>

This book aims to explain the Sustainable Development Goals' (SDGs) approach for sustainable development by analysing in depth one of the most important sustainable goals, that is, SDG 13 'Combating climate change. Take urgent action to combat climate change and its consequences'. This goal constitutes one of the most effective actions to protect and preserve our planet from the consequences of climate change. The concept of 'sustainable development' that was defined by the World Commission on Environment and Development (UNWCED, 1987) should ensure prosperity and environmental protection without compromising the ability of future generations to meet their needs. It therefore combines economic development with social inclusion and environmental sustainability. The SDGs targets enable governments, companies and investors to monitor their own progress in achieving these goals, which include ending poverty, eliminating hunger, addressing gender equality and combating the effects of climate change. According to UN statistics, the change in global weather conditions is the major threat to sustainable development, such that 12 out of 17 SDGs require action on climate change to address the main subject of the goal, and Goal 13 is specifically dedicated to climate actions directed at reducing emissions and building climate resilience. The achievement of the objectives can be affected by the possibility of obtaining data from new sources that allow for more detailed and 'granular' information. To doing this, an interesting

index, that is, an SDG ('unofficial SDG index') indicator was described and calculated at 'country' level. After a brief analysis on the SDGs approach, the main focus is on SDG 13 and climate change. To address climate change, countries adopted the Paris Agreement at the COP21 (December 2015) and are committed to achieve five targets and eight indicators related to the SDG 13. SDG 13 requires urgent action on climate change that is central to delivering sustainable development (UNDP, 2017). Tackling climate change through adaptation and mitigation can represent a great tool to drive sustainable development outcomes in the key areas of Agenda 2030. It is worth noting that climate change is 'a cross-cutting issue' to be addressed in order to achieve a successful implementation of all 17 SDGs. Regarding the specific actions it is important to adopt climate measures in three key action areas: that is, *climate change adaptation*, *zero-carbon development* and *scaled-up climate finance*. The agreement on climate change (COP21) by 196 states invited all countries to accelerate and intensify the actions and investments necessary for a sustainable future, low-carbon economy resilient to climate change.

Actions to achieve the SDG 13 targets have to take into account the interactions between SDG 13 and other SDGs through an overall consideration of synergies and potential connections among different sustainable goals. An important step is to consider and evaluate some practical tools and mechanisms for SDG 13 implementation, especially focussing on setting the local agenda emphasising the role played by governments and public sector. An interesting analysis has been carried out by the Climate Action Tracker and Climate Transparency on both the content of intended nationally determined contribution (*what governments propose to do*) and current policies (*what governments are actually doing*) on climate mitigation in G20 countries. From this perspective, it is becoming crucial to strengthen the accountability system

in order to measure progress on sustainable development to complement gross domestic product. Another important factor is represented by some public management tools such as budgeting practices and procedures to foster greater civic participation and more inclusive societies. To stimulate awareness raising, it is not enough to inform citizens about the existence of the SDGs; it is also important to act on empowering them to participate in the achievement of the SDGs in their daily lives by adopting an open participatory approach. Public sector and governments can play a crucial role to the achievement of SDG 13 but also private organisations and companies can support countries in the transition to a low-carbon economy. Companies have to communicate – to investors, credit and sustainability rating agencies, insurance companies, credit institutions and other stakeholders – further standardised information on their exposure to climatic risks. For implementing the SDG 13, companies and private sector have to adopt a climate risks assessment, as a growing number of investors are aware that climate change may affect their financial performance, if they are not able to evaluate correctly the risks. To better identify the information required by investors, asset managers, financial analysts, lenders and insurance underwriters, and to adequately assess climate risks and opportunities, the Financial Stability Board (<http://www.fsb.org/>) has set up a working group called Task Force on Climate-related Financial Disclosures whose task is to promote voluntary and coherent financial communication about climate change (FSB, 2015a, 2015b). This initiative supported the *Financing Sustainable Growth Action Plan* adopted by the European Parliament and the European Council in March 2018. It represents a roadmap with specific measures and related deadlines with the aim of (i) redirecting capital flows towards sustainable investments in order to achieve sustainable and inclusive growth, (ii) managing financial risks arising from

climate change, resource depletion, environmental degradation and social issues and (iii) promoting transparency and long-term vision of economic and financial activities (DB Climate Change Advisors, 2012).

This roadmap is part of a wider European initiative on sustainable development that placed environmental, social and governance (ESG) issues at the heart of the financial system to support the transformation of the European economy into a greener, more resilient and circular system. Clear indicators of ESG topics has therefore begun to be requested by institutional investors who increasingly take into account the integration of ESG metrics to jointly evaluate the value creation of companies and sustainability (Cotter & Naja, 2011). For interpreting sustainable finance, different tools can be considered such as *Exclusionary Screening*, *Best in Class Selection*, *Engagement and active ownership*, *Thematic Investing*, *Impact Investing and ESG Integration*. Not only financial industry but also business leaders should identify essential resources and related threats that have impact on running their businesses, while looking at and accounting for the environmental and social impacts of corporate activities. These practices are increasingly considered as strategic tools that allow CEOs and a company's management to learn about risks related to the external and internal environment, and to design tailor-made strategies for adapting to those potential threats and turn them into opportunities. Corporate reporting may represent an important tool to effectively communicate SDGs to external stakeholders by adopting different frameworks, such as Global Reporting Initiative standards and SDGs Compass Guide through some specific SDG 13 indicators. Another important challenge in corporate reporting and SDGs disclosure can be supported by integrated reporting (Gasperini & Doni, 2017c; IIRC, 2013). Finally, measures and actions to prevent and combat climate

change represent an important challenge for all countries, at a global and national level.

## NOTES

1. Appendix provides an overview of definitions of climate change (pp. 89–96).
2. This book is the result of collaborative analysis: Chapter 1 and Appendix are written by João Torres Soares; Section 2.1, Section 4.1, Sections 5.4–5.8 and Sections 6.1–6.3 are written by Andrea Gasperini; and Sections 2.1–2.3, Chapter 3, Section 4.2, Sections 5.1–5.3, Section 6.4 and Chapter 7 are written by Federica Doni.