

UNDER2 COALITION HIGHLIGHTS 2017

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FOREWORD FROM THE SECRETARIAT DIRECTOR



Today the Under2 Coalition is a major force in international climate affairs. Through 2017 we have been at the forefront of ambitious climate action. The Coalition now encompasses 205 governments worldwide, united in our aim to support the delivery of the Paris Agreement's goal to keep global warming well below 2 degrees Celsius.

In 2018, the Under2 Coalition is positioned to both contribute to direct emissions reductions and to support and inspire more ambitious climate goals from national governments. It is a fundamental tenet of the Under2 Coalition that while national governments negotiated the Paris Agreement, state and regional leaders are central to delivering the goal of limiting global temperature increase to less than 2 degrees Celsius. We also know that if we are to close the 'emissions gap', the level of ambition must step up in the next year.

The Global Climate Action Summit to be held in San Francisco, California from 12-14 September this year is a key catalyst for accelerating that ambition. The Summit will bring together leaders from around the world to push for greater emissions reduction targets at the United Nations Framework Convention on Climate Change's 24th Conference of the Parties (COP24) in December 2018. We hope you can join us for this critical moment in global climate action.

From 24-30 September 2018 The Climate Group will host the 10th annual Climate Week NYC in New York City. Climate Week NYC is the leading global climate platform bringing together thousands of government representatives, corporate leaders and financiers to showcase real climate actions from around the world. As we celebrate the event's 10th anniversary, Climate Week NYC 2018 will also be a key milestone on the road to 2020 and the deadlines of the Paris Agreement. Join the many governments and businesses attending this year to highlight their climate actions and encourage local, regional and national governments to step-up their commitments to tackling climate change.

In this highlights report, we reflect on some of our collective achievements from last year - and we look forward to working with you in 2018 to continue building a world of under 2°C of global warming and greater prosperity for all, without delay.

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Tim Ash Vie Director, Under2 Coalition Secretariat The Climate Group

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KEY HIGHLIGHTS FROM 2017

States and regions committed to transparency

- Our third Annual Disclosure Report was published, with over 100 state and regional governments disclosing their emissions data and climate goals.
- States and Regions Climate Tracker and Sub-National Climate Analytics Navigator tools were launched with CDP, putting transparency at the center of real climate action.

Empowering emerging economies

- Future Fund Progress Report was released, showcasing projects and partnerships funded in its first year to empower sub-national governments in emerging economies to accelerate the shift towards a prosperous 'net-zero' future.

Strengthen the voice of state and regional governments

- The Under2 Coalition General Meeting and States and Regions Alliance Steering Group Meeting were hosted by The Climate Group.
- New governance and leadership structure was agreed for a stronger voice and greater impact, bringing together the pioneering States and Regions Alliance and the diverse membership of the Under2 Coalition.

Globally recognized leaders of climate action

- Under2 members were highly visible throughout COP23, earning significant international media coverage.
- Christiana Figueres was appointed as a Global Ambassador for Under2 Coalition.
- COP23 President Fiji appointed Under2 Coalition Co-chair Governor Brown of California the first ever Special Advisor for States and Regions.

Under2 Coalition surpasses 200 members in two years

- In just two years, the Under2 Coalition has grown to 205 members, representing more than 1.3 billion people and US\$30 trillion, which is nearly 40% of the global economy.

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THE UNDER2 COALITION NOW HAS 205 JURISDICTIONS THAT COLLECTIVELY ACCOUNT FOR **1.3 BILLION PEOPLE AND** ALMOST 40% OF GLOBAL GDP.

GLOBAL LEADERSHIP: DRIVING IMPLEMENTATION OF THE PARIS AGREEMENT

The Coalition's strong growth is a testament to the leadership of our members, who continue to reaffirm that sub-national climate action plays a vital role in delivery of the Paris Agreement. All signatories are at the heart of our success.

Stronger together: a more efficient governance structure

A new governance and leadership structure was agreed in 2017, to enables a stronger voice for states and regions in the global climate agenda, better recognition for subnational climate leadership, greater impact across different levels of government and increased support and resources to member governments. Incumbent Steering Group members and Co-chairs of the States & Regions Alliance will steer the work of the Under2 Coalition for the coming year until new elections in 2018.

Co-chairs:

Winfried Kretschmann, Minister-President of Baden-Württemberg Edmund G. Brown Jr., Governor of California Aristóteles Sandoval, Governor of Jalisco Willies Mchunu, Premier of KwaZulu-Natal Philippe Couillard, Premier of Québec Jay Weatherill, Premier of South Australia

Steering Group members for 2018:

Australian Capital Territory, Baden-Württemberg, Basque Country, Brittany, California, Catalonia¹, Jalisco, KwaZulu-Natal, Lombardy, North Rhine-Westphalia, Ontario, Québec, São Paulo, South Australia, Vermont and Wales,

The new structure enables clear messaging and branding to profile our global initiatives and collaborative work for sub-national governments. We also announced Christiana Figueres, Former Executive Secretary of the UNFCCC and Convenor of Mission 2020 as a Global Ambassador for the Under2 Coalition.

Further details on the Terms of Reference of the Governance structure can be accessed at TheClimateGroup.org/Under2terms.



President of the Government of Catalonia was the elected Co-chair for Europe and due to the current political situation in Catalonia, the Minister-President of Baden-Württemberg is proposed by the Steering Group to take on the European Co-chair role on an interim basis.

Future Fund: empowering developing regions

The Future Fund was created with founding contributions from the governments of Alberta, Ontario, Québec, Scotland, South Australia and Wales to support enhanced participation and new initiatives in developing and emerging economy jurisdictions. Partnerships between developed and developing country jurisdictions are crucial to developing the Coalition as they drive ambition, build trust and foster innovation.

In 2017, we released the first Future Fund progress report, showcasing the impact of the funded initiatives. Through Future Fund contributions, the Government of West Bengal, India, revised its climate change strategy and Yucatán, Mexico produced a new State Carbon Management Plan MRV System. A peer-learning secondment of staff from Gujarat, India (to South Australia) was completed during this guarter and from Western Cape, South Africa (to California) is scheduled. And finally, thanks to the fund, five representatives from developing and emerging economy regions from Cross River State (Nigeria), West Bengal (India), São Paulo (Brazil), Yucatán (Mexico) and Chhattisgarh (India) participated in our activities at COP23.

If you would like to contribute or know more about the Future Fund, contact Subaskar Sitsabeshan, Head of Global Government Relations, The Climate Group ssitsabeshan@theclimategroup.org.

TRANSPARENCY

The Under2 Coalition's Transparency workstream supports signatories to strengthen their greenhouse gas (GHG) emissions accounting capacity, increase transparent disclosure of their climate change mitigation progress, and solve the most challenging sectoral accounting challenges. Knowing what others have done reinforces the case for action, with visible progress being made against headline commitments and targets.

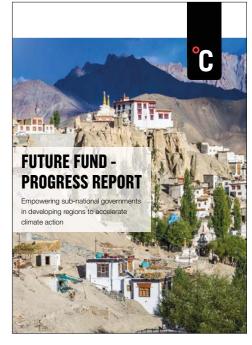
As this year's Annual Disclosure Report shows, the number of state and regional governments committed to transparency continues to grow year-on-year, with 110 governments disclosing their climate data and actions in 2017 - a 60% increase since 2016. Together these governments represent US\$13.4 trillion in GDP, which is equivalent to 18% of the global economy and 658 million citizens.

The 2017 report also shows that disclosing states and regions are in general more ambitious than their national counterparts, and their short-term ambition is also compatible with an under 2 degree world.

As part of our work on transparency, together with the support of Climate-KIC Low Carbon City Lab and CDP, The Climate Group developed two of the world's first analytics tools dedicated to the work of states and regions.

- The States and Regions Climate Tracker supports decision-making and improved emissions management for sub-national governments. It features data from over 100 state and regional governments, including their emission reduction, renewable energy and energy efficiency targets, and other climate actions. Users can explore visualizations showing emissions pathways, targets and actions.







TRANSPARENCY COUPLED WITH COMMUNICATION ACCELERATES CLIMATE ACTION.





UNDER2 JURISDICTIONS ARE Developing World-Leading Climate Policies.



 The Sub-National Climate Analytics Navigator allows disclosing governments to access data from over 100 states and regions to support their inventory development, target setting and GHG reduction. This pioneering tool will enable governments to benchmark climate data across their peers.

The Climate Group also supported the Initiative for Climate Action Transparency, and contributed to the Non-State and Subnational Action Guidance. The Guidance will help assess the impacts of non-state and sub-national action (states and regions, cities, businesses and sectors) on national GHG projections and mitigation assessments.

HIGH-IMPACT POLICIES

Under2 member governments' climate policies and actions are helping them meet their GHG reduction goals across areas including clean energy, energy efficiency, transportation, land use and short-lived climate pollutants.

Through our Policy Action workstream, the Under2 Coalition connects jurisdictions to policy experts and government peers around the world.

Advancing the clean energy shift in industrialized regions

The Energy Transition Platform is the lead initiative of our energy transition workstream and supports highly industrialized state and regional governments to develop and implement innovative clean energy policies. A key milestone of the Energy Transition Platform was the Innovation Lab workshop, hosted by the Basque Government in Bilbao in June 2017. The workshop brought together regional government experts and research partners to share policy challenges and solutions around three key themes: community renewables, energy efficiency in buildings and engaging with energy-intensive industries. The interactive workshop generated tangible solutions tailored to each government's policy priorities.

After the workshop, <u>three Innovation Lab policy briefings</u> were developed in partnership with the Grantham Institute – Climate Change and the Environment (Imperial College London), the knowledge partner for the Energy Transition Platform. The briefings include regional profiles and policy case studies from the governments for each theme, as well as lessons learned and high-level recommendations – which were also disseminated through relevant policy channels to maximize impact.

Proven solutions

In 2017, The Climate Group, as Under2 Coalition Secretariat, produced case studies on topics across community renewables, electric vehicles, industry engagement, energy storage and energy efficiency in buildings. These included the California's energy storage market legislation, Vermont's public-private partnership to promote electric vehicles, and North Rhine Westphalia's platform for discussion on common and conflicting interests around climate protection.

The Secretariat is currently developing an interactive Under2 solutions map that will highlight proven policy solutions adopted by Under2 jurisdictions.

Global peer learning

State, regional and local governments around the world face similar challenges and opportunities in developing climate policy. The Under2 Coalition provides a platform for signatories to learn from one another through webinars, raising awareness of what has and hasn't worked in different parts of the world.

In 2017, webinars were convened on topics including:

- Corporate sourcing of renewable energy
- LEDs opportunities for carbon savings
- Climate Solutions in the healthcare sector
- Strengthening GHG accounting capacity at the state level.

The webinar on growing corporate demand of renewable electricity explored how corporate sourcing of renewables can help governments to meet their climate targets, and in turn, how governments can support this by improving the policy and market environment for committed businesses. With the right policies in place in different markets, more and more businesses can achieve their goals of sourcing 100% renewable power and in turn support Under2 governments to meet their regional renewables targets.

The Climate Group's campaigns on RE100 (renewable electricity), EP100 (energy productivity) and EV100 (electric vehicles), delivered as part of the We Mean Business coalition, bring together companies taking bold climate action because it makes business sense. Together, they send a strong market signal to policy makers that the demand is there, so investment in these areas is low-risk and should be accelerated.

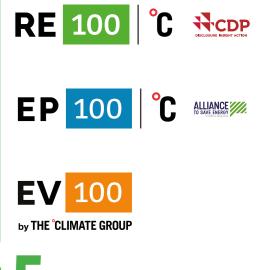
2050 PLANNING: NET ZERO EMISSIONS

The Coalition provides direct technical support and resources to help governments complete '2050 Pathways' analyses.

The 2050 Pathways process starts with a government's long-term GHG reduction goal, and then works backwards to identify the technologies, infrastructure and investments that will be required to achieve it, as well as the costs, risks and trade-offs associated with different policy approaches. When conducted alongside government agencies, the process provides practical value to policymakers, such as identifying intermediate targets that must be achieved, potential "forks in the road" (mutually exclusive technology options), and emissions "dead ends" (short-term solutions that make it impossible to achieve long-term goals).

In 2017, the Under2 Coalition provided resources for signatories, including an 'Introduction to 2050 Pathways' webinar series which shared the experiences of Under2 jurisdictions that have completed a 2050 Pathways analysis, and a 2050 Pathways Registry and Resources webpage are under development for 2018

We thank all the governments that have supported this process. The Secretariat is actively seeking funding to provide direct technical support for pathways planning to other interested governments in 2018.



THE UNDER2 COALITION HELPS SIGNATORIES CHART A VIABLE PATH TOWARDS NET ZERO EMISSIONS.



GLOBAL PROFILE

IN 2017 THE CLIMATE GROUP **PLAYED A MAJOR ROLE IN CHAMPIONING STATE AND REGIONAL GOVERNMENTS AS IMPORTANT CLIMATE ACTORS.**



Announcements and successes of members were celebrated and promoted throughout the year at our events. News stories were also published and promoted across our digital and social media channels, Climate TV, Global Network Briefings, insight briefings, newsletters and member publications.

COP23, Bonn (November 2017)

Throughout COP23, the Under2 Coalition's positive story of climate leadership was profiled at many high-level events and meetings. From the Climate Summit of Local and Regional Leaders to prominent panels in the Talanoa Space, the Under2 Coalition was well represented as an important mechanism to support delivery of the Paris Agreement. The Climate Group Director of Strategy and Impact Tim Ash Vie's blog reflected on COP23, and the important role states and regions play in driving ambitious climate action. We hosted and attended several key meetings in Bonn, which all demonstrated real momentum for climate action at the sub-national level.

- The Climate Group convened the Under2 Coalition General Meeting 2017, where 45 government members of the Coalition discussed the priorities for 2018 and goals up to 2020. The meeting was also an important networking opportunity to strengthen connections between members.
- The States & Regions Alliance Steering Group members approved the new governance structure, reviewed resource gaps and agreed resource priority areas at the States & Regions Alliance Steering Group Meeting, formally bringing together the States and Regions Alliance and the Under2 Coalition.
- The Government of North Rhine-Westphalia and The Climate Group hosted a high-level meeting with the partner regions of the Energy Transition Platform, where government representatives discussed the desirability of a future project to scale up policy exchange on energy transition challenges within the Under2 Coalition.
- The Climate Group facilitated speaking opportunities for state and regional government leaders throughout COP23, including the official side event "Leadership for 2050: sub-national action with a long-term vision", a panel session at the COP23 Energy Day (a Marrakech Partnership of the UNFCCC event) and supported the "Taking full advantage of mitigation opportunities by improving measurement and transparency" event hosted at the German Pavilion by Baden-Wurttemberg.
- The Under2 Coalition was also profiled in the first Yearbook of Global Climate Action 2017 of the UNFCCC Secretariat and Marrakech Partnership, which praised the progress of climate action by state and regional governments.

From left to right: Joan Mac Naughton, Chair of the Board of The Climate Group, Tim Ash Vie, Under2 Coalition Director, Sandy Pitcher, Government of South Australia and Isabelle Melançon, Government of Québec during the General Meeting at COP23.





Signing ceremony during the event hosted at the German Pavilion by Baden-Wurttemberg at COP23.

Climate Week NYC, New York City (September 2017)

The Climate Group hosted the ninth annual Climate Week NYC, bringing together global leaders from business and government to showcase the unstoppable force for action on climate change. Over 140 official affiliate events were hosted throughout the week in a powerful show of support for the Paris Agreement and the UN Sustainable Development Goals. The summit also saw the launch of a landmark new report from The Climate Group and NewClimate Institute - 'States, cities and businesses leading the way: a first look at decentralized climate commitments in the US' showing that the US can already meet half of its Paris Agreement climate commitments by 2025, if the 342 commitments included in the analysis are implemented.

Under2 Clean Energy Forum, Beijing (June 2017)

The Climate Group convened the Under2 Clean Energy Forum, a side event of the eighth Clean Energy Ministerial, where regions and business leaders from China and around the world explored how sub-national governments and businesses can work together to deliver the Paris Agreement.

The Energy Transition is going local, Brussels (March 2017)

At the event, EU government leaders emphasized the key role that sub-national governments are playing in driving the clean energy transition, with a focus on North Rhine-Westphalia, the Basque Country and Silesia.

PRIORITIES AND CHALLENGES FOR 2018

We encourage our members to continue participating in the Under2 Coalition activities, events and programmatic work that we have planned for 2018.

In 2018, we will work across all workstreams towards the delivery of four 2020 goals that the Secretariat presented at the Under2 Coalition Annual General Meeting in Bonn:

- 1. Global engagement: By 2020 the Under2 Coalition will include the most significant governments from all parts of the world - and every government will actively participate in the work of the Under2 coalition and benefit from being part of this global community.
- 2. 2050 pathway plans: By 2020 at least 50% of Under2 signatories will have begun or completed a '2050 Pathways' analysis.
- 3. Policy peer learning: By 2020 all Under2 signatories will have access to tools to connect with like-minded governments (and businesses) and develop and transmit best-practice policies across the Coalition.
- 4. Climate transparency and disclosure: By 2020, 90% of states and regions in the Under2 Coalition will be disclosing their climate targets and actions annually - and 15 developing and newly industrialized regions of the Under2 Coalition will benefit from measurement, reporting and verification, and capacitybuilding support.





Helen Clarkson, CEO of The Climate Group, Edmund G. Brown Jr., Governor of California, Christiana Figueres and Maroš Šefčovič, VP of the European Commission at CEM8 side event.





AT THE HEART OF OUR GROWTH AND SUCCESS IS REGULAR ENGAGEMENT FROM GOVERNMENTS, BUT MUCH REMAINS TO BE DONE.

This year we will hold our Annual General Meeting alongside the Global Climate Action Summit in California, which takes place on September 12-14 in San Francisco. All Under2 Coalition members are invited to attend the Summit and to bring new announcements on how they are delivering against their Under2 commitment.

We also expect to deliver a range of new projects in 2018. The Climate Group has submitted several funding proposals to provide direct technical support to signatories who would like to complete a 2050 Pathways analysis. We will also launch a project to provide on-the-ground capacity building support in up to seven jurisdictions, to improve monitoring, reporting and verification systems aimed at more effective mitigation action with support from IKI, the German International Climate Initiative.

On transparency, a key activity through 2018 will be supporting jurisdictions with the fourth annual disclosure process and to deliver a Disclosure Report Update at COP24 in Katowice. All states and regions of the Under2 Coalition are encouraged to disclose their climate data and actions in 2018.

The Under2 Coalition will continue to support signatories to develop high-impact climate policies by connecting them to policy experts and government peers in different parts of the world. Connections between Under2 signatories on policies of common interest will be made directly ('Ask a Peer') and in groups (Peer Forums) through regular webinars, meetings, and calls.

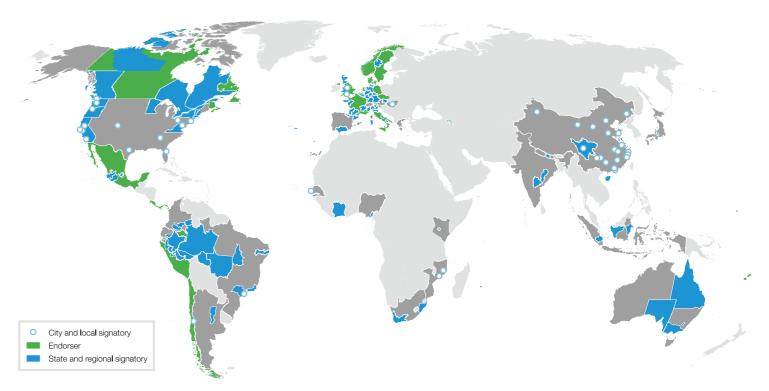
The inspiring achievements and successes of 2017 are thanks to the ongoing commitment of Under2 Coalition members, allowing the global reach and impact of our collective work to grow. We look forward to working with states and regions around the world in 2018 ahead of the Global Action Summit in California, to build a more active global Under2 Coalition of climate leaders - and a world of under 2°C of global warming and greater prosperity for all, without delay.



WHO WE ARE

Tackling climate change is a global problem that requires a global solution

By the end of 2017, 205 states, provinces, regions, cities, and nations have signed or endorsed the Under2 MOU – spanning six continents and 43 countries. Collectively they represent more than 1.3 billion people and \$30 trillion in GDP - equivalent to 17% of the global population and nearly 40% of the global economy.



NORTH AMERICA - CANADA: British Columbia, Northwest Territories, Ontario, Québec, Vancouver City. UNITED STATES: Atlanta City, Austin City, Boulder City, California, Connecticut, Los Angeles City, Massachusetts, Minnesota, Montgomery County, New Hampshire, New York City, New York State, Oakland City, Oregon, Orlando City, Pittsburgh City, Portland City, Rhode Island, Sacramento City, San Francisco City, Seattle City, Vermont, Virginia, Washington.

LATIN AMERICA - ARGENTINA: Santa Fe. BRAZIL: Acre, Amazonas, Mato Grosso, Pernambuco, Rio di Janeiro State, Rondônia, São Paulo City, São Paulo State, Tocantins. CHILE: Santiago City. COLOMBIA: Caquetá, Guainía, Guaviare. ECUADOR, Azuay, Pastaza. MEXICO: Aguascalientes, Baja California, Chiapas, Colima, Hidalgo, Jalisco, Mexico City, Mexico State, Michoacán, Querétaro, Quintana Roo, Tabasco, Yucatán. PERU: Amazonas, Azuay, Huánuco, Loreto, San Martín, Ucayali.

EUROPE - AUSTRIA: Lower Austria. BELGIUM: Wallonia. FRANCE: Alsace, Aquitaine, Auvergne-Rhône-Alpes, Bas-Rhin, Brittany, La Reunion, Midi-Pyrénées, Pays de la Loire. GERMANY: Baden-Württemberg, Bavaria, Hesse, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Schleswig-Holstein, Thuringia. GREECE: Attica. HUNGARY: Budapest City. ITALY: Abruzzo, Basilicata, Emilia-Romagna, Lombardy, Piedmont, Sardinia, Veneto. THE NETHERLANDS: Drenthe, North Brabant, North Holland, South Holland. PORTUGAL: Azores, Madeira. SPAIN: Andalusia, Basque Country, Catalonia, Navarra. SWEDEN: Jämtland Härjedalen. SWITZERLAND: Basel-Landschaft, Basel-Stadt. UNITED KINGDOM: Bristol City, Greater Manchester City, Scotland, Wales.

AFRICA - IVORY COAST: Assemblée des Régions et Districts de Côte d'Ivoire (ARDCI). KENYA: Laikipia County. MOZAMBIQUE: Nampula City, Quelimane City. NIGERIA: Cross River State. SENEGAL: Guédiawaye City, SOUTH AFRICA: KwaZulu-Natal, Western Cape.

ASIA - ARMENIA: Ararat, Kotayk, Shirak. CHINA: Alliance of Peaking Pioneer Cities, Beijing, Jiangsu Province, Sichuan, Zhenjiang City. INDIA: Chhattisgarh, Telangana. INDONESIA: East Kalimantan, South Sumatra, West Kalimantan, JAPAN: Gifu, NEPAL: Kathmandu Valley,

OCEANIA - AUSTRALIA: Australian Capital Territory, Queensland, South Australia, Victoria.

NATIONAL ENDORSEMENTS - Armenia, Canada, Chile, Costa Rica, Czech Republic, Denmark, Fiji, France, Germany, Italy, Luxembourg, The Netherlands, Norway, Marshall Islands, Mexico, Sweden, Panama, Peru, United Kingdom.



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THE CLIMATE GROUP

In addition to financial contributions from government members, the Secretariat has benefited from financial support from the following philanthropies and government funding partners:

Climate-KIC

ClimateWorks

Energy Foundation

IKEA Foundation

Initiative for Climate Action Transparency

International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)

Rockfeller Brothers Fund

Stiftung Mercator

Swedish International Development Agency

About the Under2 Coalition

Under2 is a leading coalition of ambitious sub-national governments committed to supporting delivery of the Paris Agreement and keeping global temperature rises to below 2 degrees Celsius.

Led by states and regions internationally, the Coalition brings together signatories and endorsers of the Under2 MOU, a commitment to limit greenhouse gas (GHG) emissions by 80-95% on 1990 levels, or to two metric tons of carbon dioxide-equivalent per capita annually, by 2050.

The Climate Group is Secretariat to the Under2 Coalition and works with signatories to accelerate the pace of climate action. The Under2 Coalition includes more than 200 jurisdictions, representing over 1.3 billion people and a third of the global economy.

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