IHS Markit®

ESG Integration Series

8 June 2021
Issuer Solutions

Author
Christine Chow, PhD
Executive Director
Global Head of Strategic Governance & ESG Integration
Christine.chow1@ihsmarkit.com
Telephone +44 (0)207 758 5166

North Dakota Carbon Neutral by 2030 – A Just Transition

Summary:

It gives me great pleasure to share with you that we are working with the State of North Dakota on low carbon transformation of the economy and just transition for its community of businesses and small-scale farmers. Commissioner James Leiman will be speaking at our first cross-IHS Markit group webinar on Climate readiness and the Journey to Net Zero 2050 next Wednesday 16 June for our North American and EMEA audience.

Claudia Chapman, Head of Stewardship of the FRC, UK will be making opening remarks for the EMEA / APCE webinar on the 17 June. Register here.

We will discuss impacts and practical considerations in key sectors: Agribusiness, Automotive and Energy. With each sector, we'll highlight:

- Industry Sectoral Emissions: Scope 1,2 & 3; Sources and Relative Importance
- Developing a Net Zero Roadmap: Industry View
- Scenario Selection: Why It Matters, Commonly Adopted Scenarios, and Implications
- Metrics and Target Setting: Absolute vs Intensity; Implications; Short to Mid-Term Targets and Target-Setting
- Investors' Expectations from Issuers

Here is a thought leadership piece by @Nick Lowes on Paris Alignment Methodologies, Challenges and Alternative Approaches to provide some context to our upcoming discussion.

Low carbon and a Just transition in ND

In May, Governor @Doug Burgum of North Dakota (ND), the nation's second largest oil-producing state, announced that he will strive to become carbon-neutral by 2030. He has been taking proactive actions to fulfil this commitment. For example, Project Tundra aims to build one of the largest CCUS facility. Research is underway at the University of North Dakota's Energy and Environmental Research Center (EERC). The ND state is working on reducing carbon dioxide (CO_2) emissions, water recycling in oilfields, plastics manufacturing using excess and flared natural gas. Last

week, ND state announced partnership with Bakken energy and Mitsubishi power to create a blue hydrogen hub, composed of facilities that produce, store, transport and consume clean hydrogen. It will be connected by pipeline to other clean hydrogen hubs being developed throughout North America.

Besides energy, agriculture is another dominant sector in the state's economy, composed of 30,000 farmers and ranchers producing commodities such as corn, wheat and cattle (Figure 1)

Figure 1: North Dakota Agribusiness Products

North Dakota Market Value of Ag Products Sold, 2017

Item	Farms	Sales ($1,000)	Percent of Total Sales
Soybeans	8,395	2,113,612	25.7
Corn	6,103	1,409,445	17.1
Wheat	8,197	1,348,366	16.4
Cattle and Calves	8,335	1,295,654	15.7
Other Crops and Hay	6,218	356,019	4.3
Vegetables, Melons, and Potatoes	255	240,415	2.9
Barley	1,468	124,484	1.5
Hogs and Pigs	182	79,242	1.0

Soybeans had the highest market value of agricultural products sold with nearly 26 percent of the total sales in 2017. All crops combined accounted for 81 percent of the total.

Source: USDA

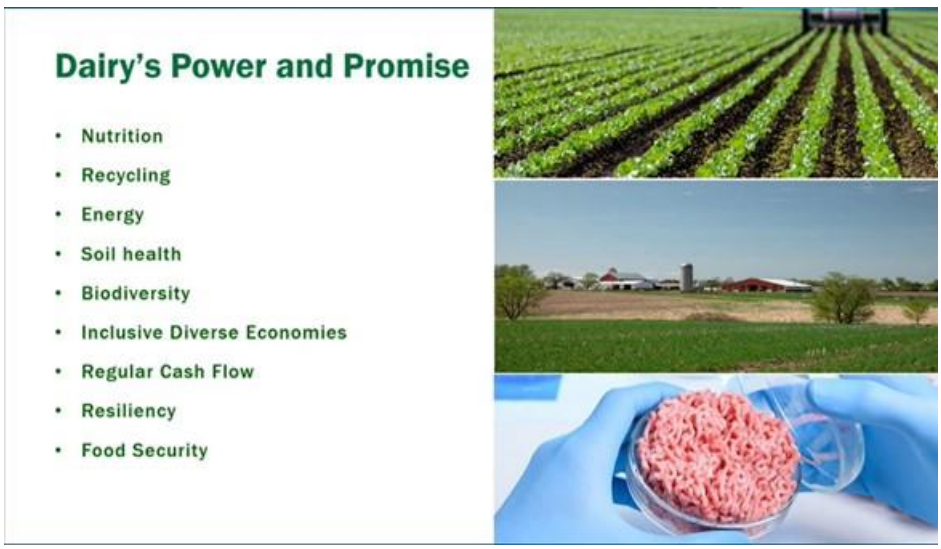
To support low carbon transition and to attract sustainable capital for businesses in the state requires consideration of the upstream and downstream industries, supplier financing opportunities, improving disclosure of ESG metrics and technologies of connected industries.

Themes such as sustainable farming technologies, carbon neutral fertilizers (green ammonia), soil rehabilitation technologies and responsible diary will attract capital from investors.

On the other hand, investors will need education on natural capital net impact of the diary business, based on insights from The Economist Sustainability Week: Emissions and the Race to NetZero (Figure 2 and 3)

Figure 2: US Diary's Environmental Stewardship Goals

Figure 3: dairy's Power and Promised



We are proud to be awarded a mandate to support North Dakota state in its journey to carbon neutral by 2030. It was a collaborative effort across different industry expert groups covering energy, agribusiness, sustainable finance, issuer solutions, economics and country risk (ECR) teams. Expertise comes together contributing diverse perspectives and skill sets to a just and fair transition, focusing on creating sustainable jobs, a healthy society and a robust economy that is future-fit.

Note: The views expressed in this article are personal and do not represent those of people, institutions, or organisations that the author may be associated with in professional or personal capacity, unless explicitly stated. The opinions and references expressed in this article are not intended to be investment advice and should not be considered as investment recommendation.

IHS Markit Customer Care
CustomerCare@ihsmarkit.com
Japan +81 3 6262 1887
APAC +604 291 3600
EMEA +44(0) 134 432 8300
AMER +1 800 447-2273

IHS Markit®