

## CDP data and insight to support European policy measures towards the Green Recovery from the Covid-19 crises

The Covid-19 crisis is presenting an unprecedented challenge to the European economy. Immediate governmental support and concrete ideas for future financial aid have been put forward by EU officials and national government representatives. The European economy needs to recover from this crisis, yet it also needs to build resilience against future crises. Rebuilding the economy in a way that can deliver on the EU's climate neutrality target is the key towards long-term sustainable market stability.

### Requirements for financial support from public money

The European economy will receive significant sums in public financing to fight the economic impact of the Covid-19 crisis. While all companies and sectors need to be supported to mitigate the impact of a loss of jobs and the shock to the competitiveness of the European economy, companies' receipt of public money should be bound to meeting requirements that support governments' climate and environmental commitments in the years following the immediate crisis. This can be done by acting according to the following considerations:

- ▼ **Public money should serve the long-term public good:** Public money must not be used for executive compensation and/or dividends. Companies receiving public money as a result of the Covid-19 crisis should be required to invest an amount equal to that received into low carbon investments or measures supportive of the goals of the European Green Deal, the Paris Agreement, and the UN Sustainable Development Goals. This expenditure and commitment to green recovery investment needs to be clearly tracked, accounted for, and applicable under any new corporate management structure that occurs.
- ▼ **Driving innovation and competitiveness:** Instead of making untargeted recovery payments across the economy, measures could be put in place to specifically support companies, technologies and industries that need to be massively promoted by public funds if the EU's climate-neutrality target is to be achieved, e.g. in energy efficiency, carbon capture and storage (CCUS), hydrogen and chemicals<sup>1</sup>.
- ▼ **Resilience of the European economy:** Governments must assess how to improve the capacities of infrastructure and companies to cope with crises, and how to interact with the private sector to ensure the resilience and flexibility of supply chains and to produce in a more sustainable way.
- ▼ **Public investment to unlock private funds:** Lower carbon investments urgently need to become more attractive and private funds must be leveraged for green and transition projects. Public spending should spur demand and encourage more private finance

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<sup>1</sup> CDP Europe Report "[Doubling down](#)" reveals concrete investment opportunities and gaps towards a zero-carbon European economy.

both across Europe and towards the people and regions most impacted by this crisis and the transition to a zero-carbon, resource-neutral European economy and society.

- ✓ ***European policymakers and financial institutions should monitor and measure private spending during and after the crisis, ensuring that companies do not use the public money received for distribution to their shareholders. Companies should implement measures in line with, or investments in technologies that will help deliver on, the European Green Deal, Paris Agreement and SDGs. Recipients of these funds should have to clearly account for which areas they were, are and will be allocated to.***

### **Data and insight to monitor public money deployment by companies and local governments**

- For 20 years, CDP has measured and tracked private sector and local government measures towards a zero-carbon, resource efficient economy.
  - The data [from corporates](#) and [subnational governments](#) covers areas like emissions targets and reduction activities, low carbon research and development, climate governance, and entities' long-term adaptation plans.
  - We are the largest global disclosure system and database and work under a charitable mission. This means that our data are public and used for the public good.
  - CDP Europe has been a grateful recipient of European Commission funding since 2012 and we seek to put the data and insight at the service of EU, national and sub-national policymaking.
  - In the absence of and in addition to EU Taxonomy related disclosures, CDP data are available and ready to serve governments.
- ✓ ***We can give access to the CDP database, including guidance for analysis, and provide tailored data sets according to the needs of the European Commission, national Ministries, governmental agencies, supervisors and local governments.***
  - ✓ ***We can also support with and advise on concrete criteria that policymakers could attach to public funds:***

### **Counterparty demands for companies receiving public money**

- Publicly disclose to their investors and government of the country of headquarters. Companies who do not yet disclose ([scored "F" by CDP](#)) should report data to CDP at least to the minimum questionnaire in the 2020 disclosure cycle and to the full questionnaire no later than by 2021.
- Build and publicly commit to a net-zero 2050 strategy. To do so, companies can join the [Business Ambition for 1.5 C](#) initiative, the UN-backed campaign.

- ▼ Align corporate pension plans with the Paris Agreement's well below 2-degree goal. [Climetrics](#) can help evaluate how well those pension plans are aligned with a low carbon economy.
  - ▼ Commit to setting a science-based target for reducing their emissions (an SBT) through the Science Based Targets initiative by 2021, which then needs to be approved by 2023.
  - ▼ Use 100% renewable electricity or publicly commit to this target by 2021, for which the [RE100](#) initiative provides a framework.
  - ▼ Disclose data through CDP to their investors on water security, if requested by CDP, and put in place a target to reduce their overall water withdrawals.
  - ▼ Disclose data through CDP to their investors on forests, if requested by CDP.
  - ▼ Improvement of [a company's CDP](#) score to at least a B within two years to show the company's management of climate-related impacts and risks.
  - ▼ In cases where public funds could be tied to pushing decarbonization strategies and minimum volumes of capital in future investment, firms' should disclose their investments in low carbon technology (% of CAPEX / low carbon R&D) through CDP, in order for EU policymakers to have a comparable view across high impact sectors.
- ✓ ***CDP is the available and only mechanism for collecting, tracking and measuring this data and commitments, and we already engage over 2200 companies in Europe annually.***

#### Counterparty demands for financial institutions receiving public money

- ▼ Publicly disclose to investors TCFD compliant environmental data (including Scope 3 emissions) by responding to CDP Financial Institution questionnaire by the 2021 cycle at the latest.
  - ▼ Support environmental disclosure by becoming a signatory of the [CDP investor initiative](#) and [The Investor Agenda](#).
  - ▼ Invite their clients to respond to CDP environmental questionnaires if appropriate.
  - ▼ Publish publicly the temperature of their investment portfolio.
  - ▼ Use Climetrics to score their investment fund.
  - ▼ Commit to setting a science-based target by 2021.
  - ▼ Benchmark the performance of their funds to low carbon indices.
  - ▼ Support the implementation of a significant carbon and water price.
- ✓ ***CDP is the available and only mechanism for collecting, tracking and measuring this data and commitments, and we have started engaging over 250 financial institutions in the 2020 disclosure cycle.***

## Counterparty demands for subnational governments receiving public money

- ▼ Publicly disclose their environmental data to CDP by the 2021 disclosure cycle at the latest.
  - ▼ For the purpose of this disclosure, quantify and report at a minimum all Scope 1 and Scope 2 emissions, which are GHG emissions from sources located within the city boundary (scope 1) and GHG emissions occurring as a consequence of the use of grid-supplied electricity, heat, steam and/or cooling within the city boundary (scope 2). Where possible, cities should be encouraged to include figures for the sectors of industrial processes and product use (IPPU), agriculture forestry and other land use (AFOLU); indirect emissions (Scope 3); and/or any work on consumption-based inventories.
  - ▼ By 2021, commit to setting a science-based target for emissions reductions, which is in line with the Science Based Targets Network (SBTn).
  - ▼ By 2021, commit to setting 100% city-wide renewable energy targets by 2050 at the latest.
  - ▼ Conduct and disclose vulnerability assessments to provide estimation of the risks, hazards or vulnerability associated to climate change in their jurisdiction.
  - ▼ By 2021, develop city-wide climate action plans that consider both mitigation and adaptation. Where possible, these plans should address water security, waste and circular economy, food and deforestation with a view at cattle production, and green public procurement.
- ✓ ***CDP is the available mechanism for collecting, tracking and measuring this data and commitments, and we already engage 840 cities and regions in Europe annually.***

**Please get in touch** with us to discuss how we can put CDP public data and insight at your service to support the European Green Recovery.

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## CDP Europe and the CDP global network

CDP Worldwide (Europe) gGmbH - 'CDP Europe' - is a wholly owned subsidiary of CDP Europe AISBL, a charity based in Brussels, Belgium. CDP Worldwide (Europe) gGmbH has been registered on the EU Transparency Register since 2012. CDP Europe staff members are also based in Belgium (Brussels), Sweden (Stockholm), and Switzerland (Geneva). It has been a grateful recipient of EU LIFE funding since 2012.

CDP Europe is part of the global CDP system that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with institutional investors with assets of US\$106 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Globally, over 8.400 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2019, including more than 2.100 European companies representing approximately 76% of European market capitalization. This is in addition to the over 950 cities, states and regions globally who disclosed – including more than 215 in Europe – making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP, formerly Carbon Disclosure Project, is a founding member of the We Mean Business Coalition.

## CDP Europe in European and international media

- ▼ Les Echos (France): [European companies need to do more to reduce their carbon footprint](#)
- ▼ The Financial Times (UK): [Jupiter and La Banque Postale rank among best climate performers](#)
- ▼ Der Spiegel (Germany): [Study shows gigantic CO2 savings potential through suppliers](#)
- ▼ Euractiv (Belgium): [Europe's top firms must double low-carbon investment – study](#)
- ▼ Politico (Belgium): [5 people greening finance](#)
- ▼ The Guardian (UK): [UK lags behind in €124bn European low-carbon investment table](#)
- ▼ Süddeutsche Zeitung (Germany): [Climate protection as a business model](#)
- ▼ Publico (Portugal): [Five Portuguese cities among those that use renewable energy](#)

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