

# DISCLOSING THROUGH CDP

## THE BUSINESS BENEFITS

[WWW.CDP.NET](http://WWW.CDP.NET)

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# CDP IS THE WORLD'S ENVIRONMENTAL REPORTING SYSTEM

## 9,600+

companies worth 50% of global market cap use CDP.

## 590+

investors worth over US\$110+ trillion support our request for data.

## \$5.5

trillion in purchasing power represented by our 200+ supply chain members.

## 95%

of companies use environmental metrics, including CDP data in procurement processes, or plan to within two years.

CDP is a non-profit which runs the global environmental disclosure system. We support companies in making their environmental impact transparent to stakeholders, better understanding how they can reduce their impact, and acting to become environmental leaders. CDP has the world's largest, most comprehensive set of companies' environmental data, and is utilized by investors and purchasing organizations to make informed decisions, reward high-performing companies, and drive action.

INVESTORS AND PURCHASERS



Request environmental data through CDP



COMPANIES



Measure and disclose their impacts, risks, opportunities and action



Companies take action to tackle climate change, prevent deforestation and safeguard water.



# WHY DISCLOSE ENVIRONMENTAL DATA?



To build momentum for COP26 and drive a resilient Green Recovery from COVID-19 - now is the time for all companies to demonstrate their leadership and disclose – across water and forests as well as climate.

## 74%

of companies say reporting improves their corporate reputation.

## 58%

say reporting makes them more competitive.

## 1 in 3

1 in 3 companies say disclosure helps them save money.

**Disclosure is increasingly demanded by capital markets and customers and is now an expected business norm. Reporting through CDP brings tangible business benefits, from brand value to risk management and getting ahead of regulation.**

### PROTECT YOUR REPUTATION

- Investors, purchasers and consumers are increasingly demanding environmental transparency and action.
- Demonstrate your commitment to measuring and tackling your environmental impacts.
- Built trust through transparency: 2019 audience research shows disclosure helps businesses position their brands as environmentally conscious among key stakeholders.

### GET AHEAD OF REGULATION

- As governments and regulators worldwide increasingly take steps to tackling environmental challenges, more legislation is likely on the horizon.
- A growing number of countries (France, Netherlands, Denmark, UK, Sweden) and the European Union have some level of requirements for certain companies to report environmental data, with China signalling its intent to make it mandatory.
- CDP disclosure is fully TCFD-aligned.** Companies that disclose through CDP are a step ahead, ready for mandatory TCFD-aligned reporting regulations. For example, the UK government announced it will make TCFD-aligned disclosure mandatory by 2025.

### BOOST COMPETITIVE ADVANTAGE

- Environmental transparency correlates with financial success, with CDP climate change 'A List' companies outperforming a reference index by 5.3% per year.<sup>1</sup>
- Over half of companies said disclosing helps them save money in 2020.
- 95% of buyers responding to a CDP survey say they are using environmental metrics, including CDP data, within their procurement process – or plan to within two years

### IDENTIFY RISKS AND OPPORTUNITIES

- Companies face material risks to their business from climate change, deforestation and water insecurity, from physical to regulatory to reputational risks.
- A group of the world's biggest companies by market cap valued climate risks to their businesses at almost US\$1 trillion.
- Measuring and reporting data each year improves awareness and ensures strategy is informed by relevant data.

### TRACK AND BENCHMARK

- The CDP disclosure and scoring process helps companies set ambitious targets, measure and demonstrate progress for key stakeholders.
- CDP scores companies annually based on reported data, taking them on a journey through disclosure to awareness, management and finally leadership.
- 200+ major companies with US\$5.5 trillion in buying power use CDP to track their suppliers' environmental performance.

<sup>1</sup> Source: The STOXX Global Climate Change Leaders index – based on CDP's climate change 'A List'. Date range: December 2011 to December 2019.

# AIM FOR A POSITION ON CDP'S A LIST OF ENVIRONMENTAL LEADERS

## 300+

companies recognized as environmental leaders

## 3.9%

per annum outperformance over since 2011



CDP's annual A Lists names the world's businesses leading on environmental transparency and action. In 2020, we recognize more than 300 global corporations as pioneers on climate change, deforestation and water security. CDP scores are the gold standard for environmental performance - and the leading companies outperform the market.

### Stoxx® Global Climate Change Leaders index.

From 19/12/2011 to 31/12/2020, the Stoxx® Global Climate Change Leaders index outperformed the Stoxx® Global 1800 index by 3.9% per annum



CDP provides not only a disclosure platform but also a well-established rating mechanism. Being able to say we are on the A List is well-recognised. It shows we have a complete and well performing sustainability program, so we use our CDP score in external communications and investor presentations.

Signify

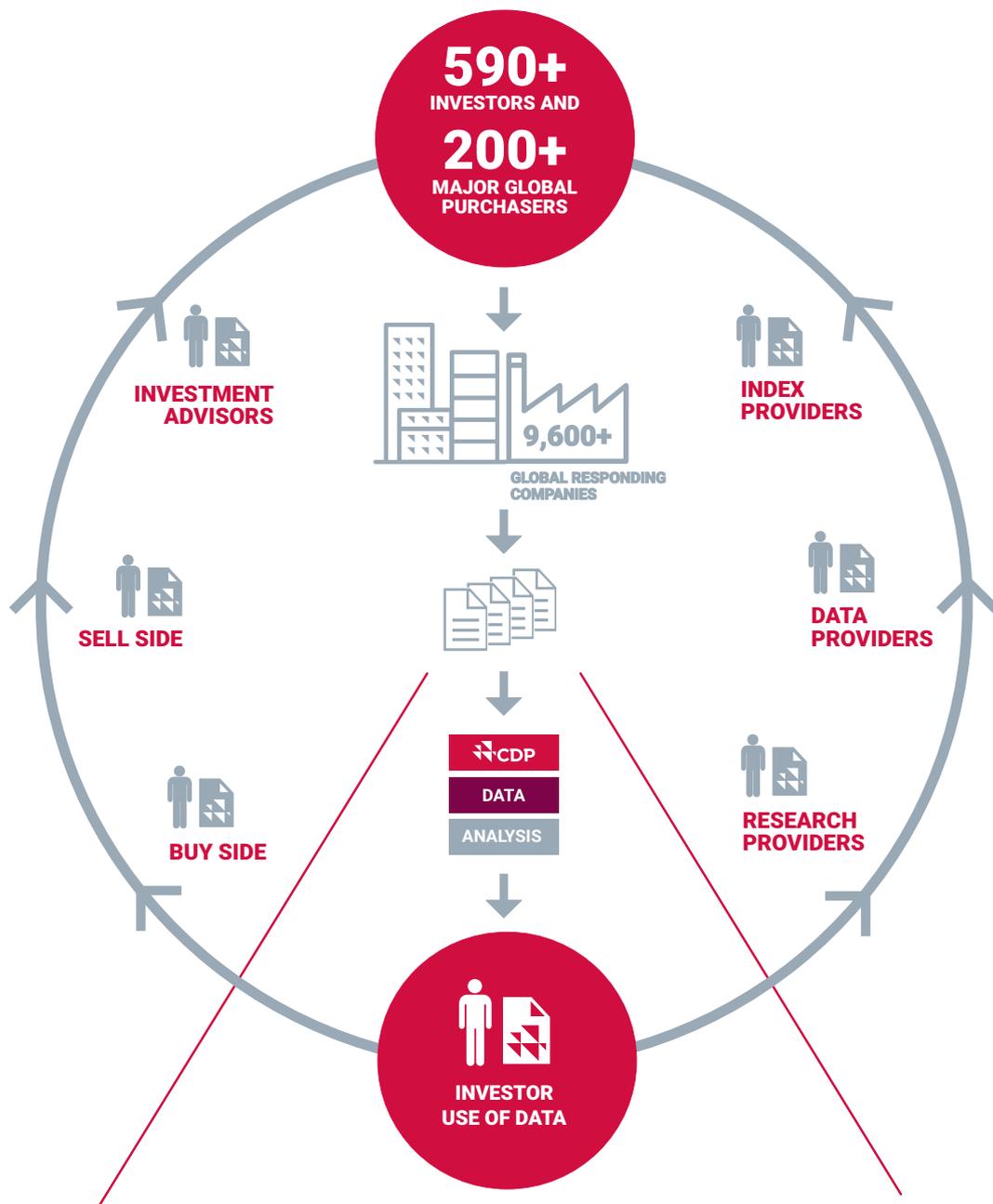


Participating in CDP helps drive performance for Diageo...it enables us to accelerate the speed with which strategic change can be implemented.

Diageo



# HOW DO FINANCIAL MARKETS USE CDP DATA?



## CDP DATA USERS INCLUDE:

- ▼ Bloomberg Terminal
- ▼ STOXX
- ▼ Trucost
- ▼ FTSE/Russell
- ▼ MSCI ESG
- ▼ ISS ISG
- ▼ Goldman Sachs
- ▼ Amundi

## WE POWER NEW FINANCIAL PRODUCTS, DATA TOOLS AND RESEARCH, INCLUDING:

- ▼ STOXX Low Carbon Indices
- ▼ CPR Invest Climate Action fund
- ▼ Climetrics, the climate rating for funds
- ▼ Three Euronext CDP Environment indices using climate, forest and water scores for the first time.
- ▼ CDP's award-winning sector research for investors

## WE HELP DRIVE TRANSFORMATIONAL INITIATIVES, INCLUDING:

- ▼ Climate Action 100+
- ▼ The Investor Agenda
- ▼ Science Based Targets initiative
- ▼ Carbon pricing toolkits
- ▼ RE100 initiative
- ▼ ACT initiative

# 215

215 of the world's biggest companies identified potential financial impacts of climate risks totalling up to almost US\$1 trillion.

# US\$2.1

 trillion

225 companies identified potential climate-related opportunities totalling over US\$2.1 trillion.



By disclosing your targets publicly through CDP, you can ensure they will be showcased on the UNFCCC's Global Climate Action Portal, where they can influence policymakers to take bold climate action.



CDP disclosure is fully aligned with the TCFD Framework and will assist in your consistency with TCFD recommendations.

## CLIMATE CHANGE

### DRIVE CLIMATE ACTION THROUGH DISCLOSURE

Improving corporate awareness through measurement and disclosure is essential to the effective management of GHG emissions and climate change risk. Disclosing climate data through CDP brings a range of benefits:

- ▼ CDP's climate questionnaire is fully aligned with the TCFD recommendations. Companies that disclose through CDP are a step ahead, ready for mandatory TCFD-aligned reporting regulations.
- ▼ Increase transparency to stakeholders ranging from investors, customers, policy makers, regulators to the general public
- ▼ Enhanced ability to identify potential financial impacts, associated costs, financial savings and new opportunities
- ▼ Standardized framework facilitates consistency and comparability for investors, and also allows corporates to gauge performance against peers
- ▼ Better preparedness for the transition to the net-zero economy including emerging mandatory regulatory regimes worldwide

### Sample questions

Have you identified climate-related risks and opportunities substantial to your business?

What are your emission reduction targets and progress made against those?

CDP helps companies **publicly commit** to take **meaningful action** and set ambitious targets to tackle climate change and transition to the low-carbon economy through renewable energy use, science-based targets, carbon pricing and more.



The Science Based Targets initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Commit to adopt a science-based emissions reduction target to generate the innovations needed to transition to a low-carbon, sustainable economy.

**RE 100**

RE100 is led by The Climate Group in partnership with CDP. Commit to using 100% renewable power.

**TCFD**

CDP's climate change questionnaire is aligned with the TCFD's recommendations, encouraging companies to report climate-related financial disclosures in line with the TCFD

[cdp.net/climate](https://cdp.net/climate)

# FORESTS

## DEMONSTRATING FOREST STEWARDSHIP

**Deforestation accounts for approximately 15% of the world's greenhouse gas emissions, equivalent to those of the entire transport sector. Protecting and restoring forests and other natural ecosystems could provide up to 30% of the climate change mitigation needed to limit global warming to 1.5-2 degrees Celsius.**

- ▼ CDP's work on forests helps companies and their investors address their exposure to deforestation risk and seize opportunities from proactively tackling deforestation.
- ▼ Reporting through CDP's annual forests questionnaire is a simple way for companies to demonstrate transparency and share progress with their stakeholders through comprehensive, comparable and credible reporting.
- ▼ Companies can report on seven forest-risk commodities: palm oil, timber products, cattle products, soy, rubber, cocoa, and coffee. The first four are scored. Since 2019, metals & mining and coal companies can also report biodiversity information through CDP.
- ▼ CDP's forests questionnaire is aligned with the Accountability Framework.

### Sample questions

Did you have any active timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodities?

For your disclosed commodities, do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?



Soy



Palm oil



Timber



Beef



Rubber



Cocoa



Coffee

# WATER SECURITY

## REDUCING WATER RISK

**With increasing water stress, pressure is growing for companies to build long-term resilience to water challenges into their businesses. CDP's work to tackle issues of water security is centered on a request for companies to disclose business-critical, water-related information to inform their decision-making processes and drive effective action.**

- ▼ Disclosure through CDP increases the transparency of water security and water pollution to shareholders and customers.
- ▼ By completing CDP's annual water questionnaire, companies can better understand water risks and opportunities, facilitating informed decision-making and improving long-term resilience.
- ▼ Disclosure helps accelerate the development of standard water metrics and performance benchmarks.

### Sample questions

Describe your company's water policy, strategy or management plan.

Has your organization experienced any detrimental water-related impacts?

# 50m

**The world has lost 50 million hectares of forest cover since 2015 - over 70 million soccer fields.**

[cdp.net/forests](https://cdp.net/forests)

# ↓56%

**56% deficit in water supply relative to demand expected by 2030 according to WRI**

[cdp.net/water](https://cdp.net/water)



## SELECTED AWARDS

CDP Investor Research won **Best ESG/SRI Research** at the Investment Week Awards in 2016 and 2017.

CDP has won **Best Climate Change Research** in the Extel-IRRI survey three years running (2016–2018).

CDP was ranked as the **highest external sustainability rater** by SustainAbility in their 2019 *Rate the Raters* report.

The impact of CDP on accelerating action on climate change was recognized in 2012 with first prize in the NGO & SME category of the **Zayed Future Energy Prize**.



## MEDIA

CDP's work is regularly featured in global top-tier publications such as:

- ▼ The Financial Times
- ▼ Economist
- ▼ Washington Post
- ▼ Wall Street Journal
- ▼ New York Times
- ▼ Bloomberg
- ▼ Reuters



## LANDMARK RECENT REPORTS

**Global Forests Report 2020:** The collective effort to end deforestation - a pathway for companies to raise their ambition

**Global Water Report 2020:** A wave of change: The role of companies in building a water-secure world

**Supply Chain Report 2020:** Transparency to Transformation

**Hungry for Change:** Are companies driving a sustainable food system?

## ABOUT CDP

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 590 investors with over \$110 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. Over 10,000 organizations around the world disclosed data through CDP in 2020, including more than 9,600 companies worth over 50% of global market capitalization, and over 940 cities, states and regions, representing a combined population of over 2.6 billion. 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.

Visit [cdp.net](http://cdp.net) or follow us @CDP to find out more.

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