

Disclosing through CDP

The business benefits

2022



CDP IS THE WORLD'S ENVIRONMENTAL REPORTING SYSTEM

18,700+

companies representing half of global market capitalization disclose through CDP.

680+

financial institutions worth US\$130+ trillion in assets support our requests for data.

US\$6.4 trillion

in purchasing power represented by our 280+ 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 that runs the global environmental disclosure system. We support organizations 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 environmental data, and is utilized by capital markets and purchasing organizations to make informed decisions, reward high-performing companies, and drive action.

CAPITAL MARKETS 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?



Disclosure is increasingly becoming an expected business norm, demanded by capital markets and consumers alike. Reporting through CDP brings wide-reaching business benefits, from brand value to risk management and getting ahead of regulation.

86%

of companies responding to a 2021 CDP post-disclosure survey agreed that “protecting and improving the reputation of my organization” is an important benefit of disclosing through CDP.

In August 2021, the IPCC issued a “code red for humanity”, warning that disastrous tipping points are nearing. The science is clear: two years into the decade of action, urgent, system-wide action is needed to halve global emissions, halt deforestation and tackle the water crisis by 2030. Now is the time for companies to disclose their environmental data on climate change, deforestation, and water security if we are to be in with any chance of limiting global warming to 1.5°C and averting climate catastrophe.

Doing so brings tangible business benefits:

IMPROVE YOUR REPUTATION

- ▼ Capital markets, purchasers and end consumers increasingly expect companies to be transparent and take responsibility for their environmental impacts. 86% of companies responding to a 2021 CDP post-disclosure survey agreed that “protecting and improving the reputation of my organization” is a key benefit of disclosure.
- ▼ The public is increasingly concerned about environmental issues and expects businesses to manage their environmental impacts and be transparent. In October 2021, according to an ONS survey, three-quarters (75%) of adults in the United Kingdom said they were worried about the impact of climate change.
- ▼ Young jobseekers searching for careers that help tackle environmental issues are being advised to look at CDP disclosures to establish which companies are “serious about responding to climate change”.¹

GET AHEAD OF REGULATION

- ▼ As governments and regulators take steps to respond to climate change and related environmental challenges such as deforestation and water insecurity, environmental legislation is increasingly on the horizon in jurisdictions around the world.
- ▼ A growing number of countries (France, Netherlands, Denmark, UK, Sweden) and the European Union have requirements for certain companies to report environmental data. The U.S. Securities and Exchange Commission also recently proposed mandatory climate disclosure for US-listed companies, and China has signaled its intent to introduce reporting rules in the near future.
- ▼ 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.

¹ ft.com (2022). Jobs that will help save the planet.

WHY DISCLOSE ENVIRONMENTAL DATA?

76%

of organizations said disclosing through CDP helps "boost their competitive advantage".

BOOST COMPETITIVE ADVANTAGE

- Environmental transparency correlates with financial success, with CDP Climate Change A List companies outperforming a reference index by 5.8% per year.²
- 76% of organizations said disclosing through CDP helps "boost their competitive advantage".
- 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 capitalization valued climate risks to their businesses at almost US\$1 trillion.

Meanwhile, the reported climate-related opportunities were even higher, totaling over US\$2.1 trillion.

- Measuring and reporting data each year improves awareness and ensures strategy is informed by relevant data.

TRACK AND BENCHMARK

- The disclosure and scoring process helps companies to set ambitious goals and measure their progress towards them, while also providing accountability and trust for stakeholders to track company progress.
- CDP's disclosure system allows companies to benchmark their environmental performance against their industry peers and receive feedback on their progress each year.
- 280+ major companies with US\$6.4 trillion in buying power use CDP to track their suppliers' environmental performance, which contributes to their own Scope 3 emissions across the supply chain.



² Source: The STOXX Global Climate Change Leaders index – based on CDP's climate change 'A List'. Date range: December 2011 to December 2021.

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

270+

companies recognized as environmental leaders.

5.8%

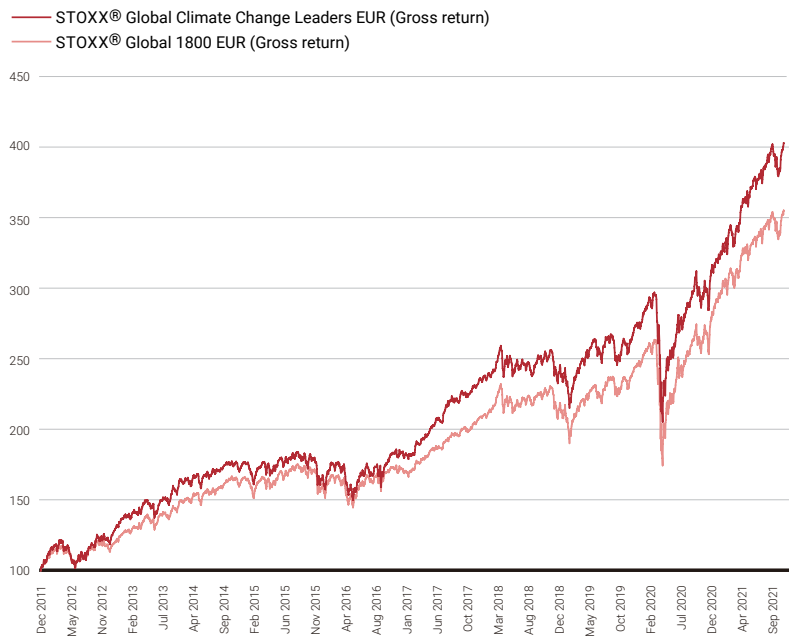
per annum outperformance over since 2011.



CDP's annual A List names the world's businesses leading on environmental transparency and action. In 2021, we recognized over 270 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 December 19, 2011 to December 31, 2021, the STOXX® Global Climate Change Leaders index outperformed the STOXX® Global 1800 index by 5.8% 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-recognized. It shows we have a complete and well performing sustainability program, so we use our CDP score in external communications and investor presentations, and we get recognition for that.

Signify

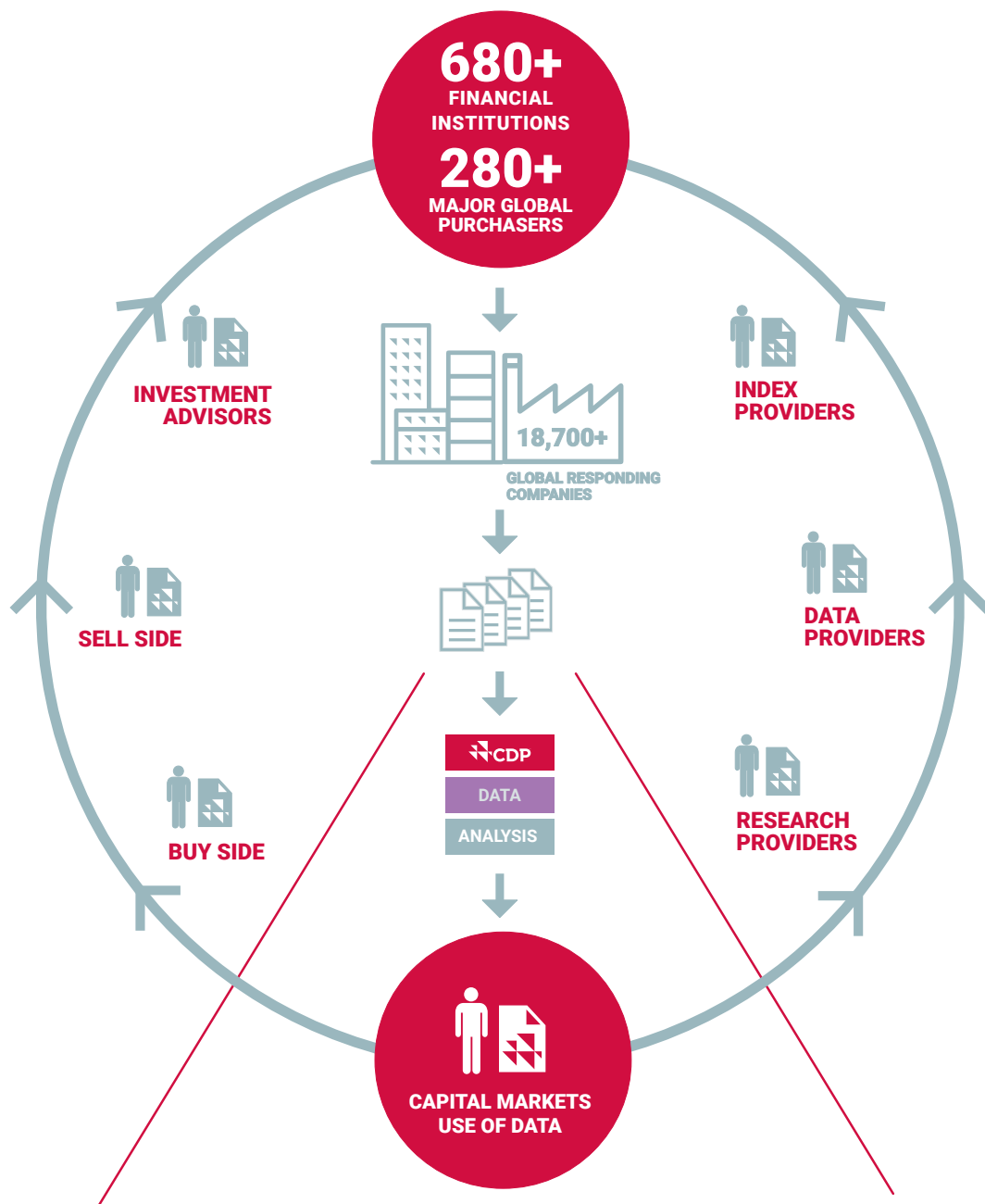


Environmental leadership begins with a robust disclosure and transparency plan. CDP has become the de facto standard for corporate reporting, which is one of the many reasons why Ecolab is proud to have been disclosing carbon and water inventories through CDP for over a decade.

Ecolab



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

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

US\$2.1

 trillion

in potential climate-related opportunities identified by 225 companies.



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. Corporate disclosure on climate change is an established business norm with over 18,000+ companies disclosing on climate change in 2022. Disclosing climate data through CDP brings a range of benefits:

- ▶ CDP's Climate Change 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 including investors, customers, policymakers, regulators and 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 organizations 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.

RE100

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

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°C.

CDP holds the world's largest and most comprehensive dataset on corporate deforestation data. 1,042 companies disclosed on forest impact in 2022, representing a 20% increase from the previous year.

- ▼ The financial impact of risks from deforestation alone is estimated to be US\$53.1 billion. 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.

- ▼ Companies reported potential financial impacts of US\$301 billion from water risks through CDP in 2021. Companies need to disclose on all relevant environmental themes to be competitive and resilient in the changing market.
- ▼ Disclosure through CDP increases the transparency of water security and pollution reduction measures to shareholders and customers.
- ▼ By completing CDP's annual Water Security 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 impact 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

hectares of forest cover lost since 2015 - over 70 million soccer fields.

cdp.net/forests

↓56%

deficit in the global water supply relative to demand by 2030 according to WRI.

cdp.net/water



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 Supply Chain Report 2021:

Engaging the chain: driving speed and scale

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

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 680 financial institutions with over \$130 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 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. 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 or follow us @CDP to find out more.

CONTACT

Visit the [CDP Help Center](#) to get support from CDP.

Find answers in our [Knowledge Base](#) or sign in to your account to contact our support team.

CDP
4th Floor,
60 Great Tower Street,
London EC3R 5AZ

cdp.net

