

Best Practice for CDP Disclosure

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May 22nd, 2023



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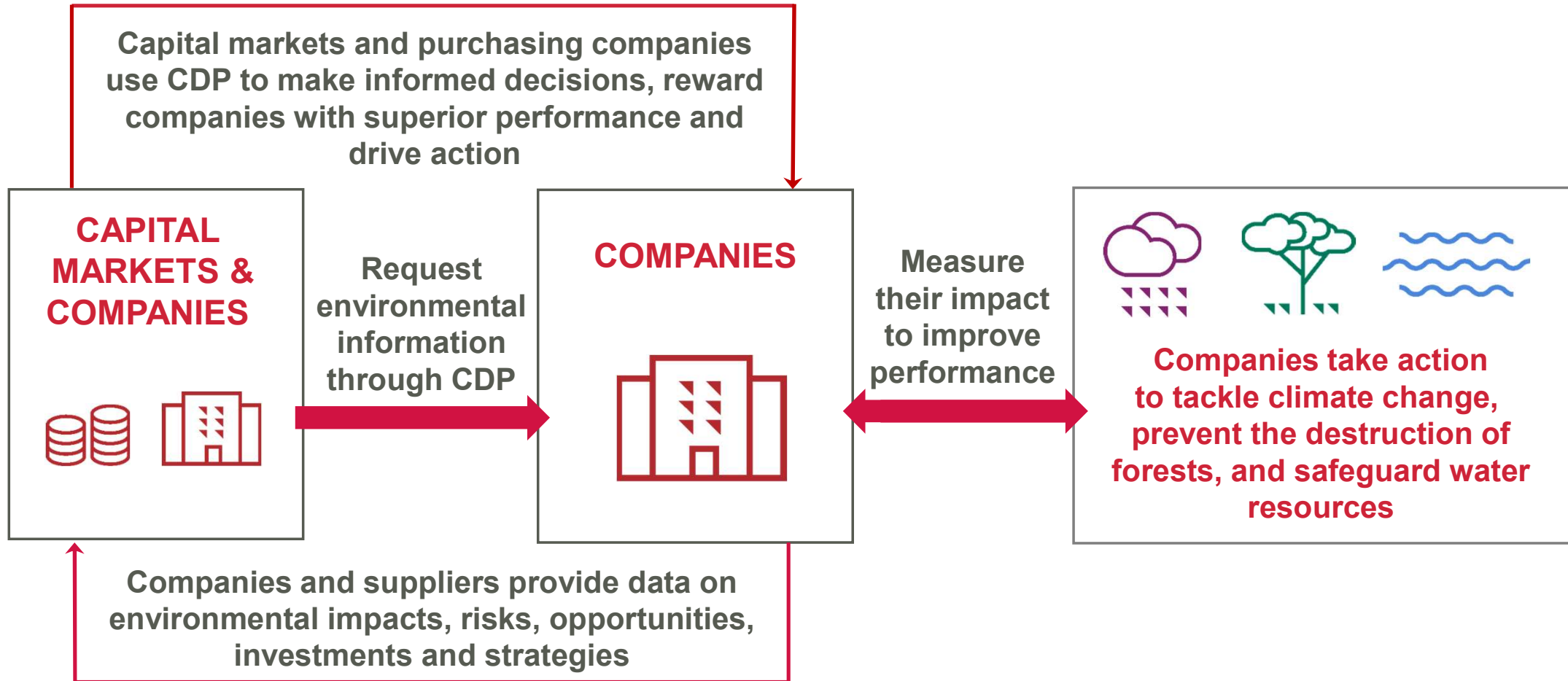


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ABOUT CDP



HOW CDP WORKS



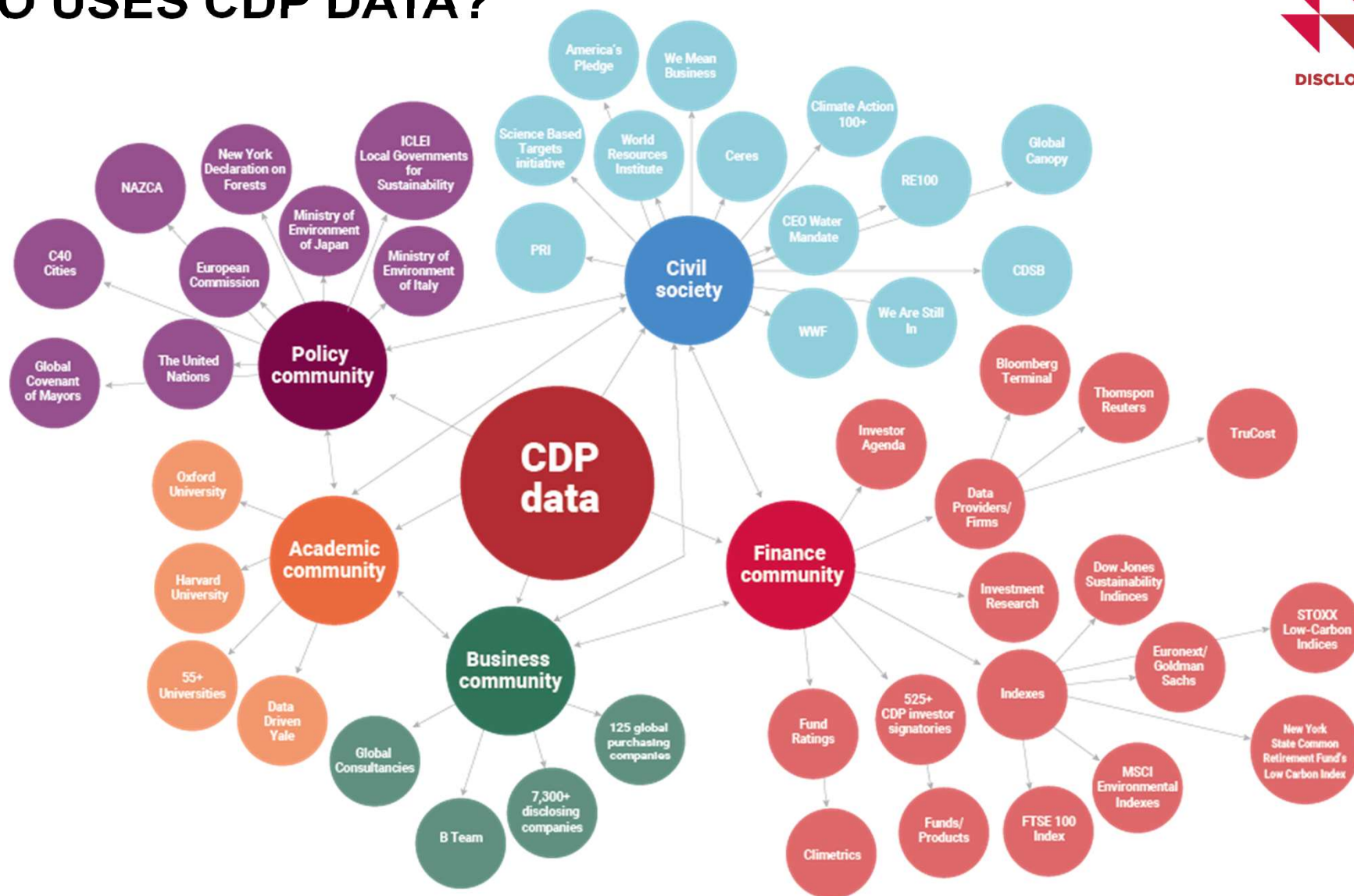
WHO USES CDP DATA?



Bloomberg



WHO USES CDP DATA?



BENEFITS OF REPORTING THROUGH CDP



**Investor &
Stakeholder
Communication**



**Protect & Improve
your Company's
Reputation**



Benchmarking



**Manage Risks &
Uncover
Opportunities**



**Boost your
Competitive
Advantage**



**Get Ahead of
Regulation**



CDP QUESTIONNAIRES AS A GUIDE TOWARDS ENVIRONMENTAL EXCELLENCE



CDP QUESTIONNAIRES



Climate change

C1 Governance

C2 Risks and opportunities

C3 Business strategy

C4 Targets and performance

C5 Emissions methodology

C6 Emissions data

C7 Emissions breakdown

C8 Energy

C9 Additional metrics

C10 Verification

C11 Carbon Pricing

C12 Engagement

9 **C15 Biodiversity**



Water

W1 Current state

W2 Business impacts

W3 Procedures

W4 Risks and opportunities

W5 Facility-level accounting

W6 Governance

W7 Business strategy

W8 Targets

W9 Verification

W10 Plastics



Forest

F1 Current state

F2 Procedures

F3 Risks and opportunities

F4 Governance

F5 Business strategy

F6 Implementation

F7 Verification

F8 Barriers and challenges



CDP QUESTIONNAIRE ALIGNMENT



Climate change

Task Force on Climate-related Financial Disclosures (TCFD)

RobeccoSAM Corporate Sustainability

Sustainable Development Goals (SDG)

Net Zero Asset Managers initiative (NZAM)

RE100



Water

Sustainability Development Goals (SDG)

The CEO Water Mandate

The World Resources Institute

WWF

World Business Council for Sustainable Development

The Global Reporting Initiative (GRI)

The Alliance for Water Stewardship (AWS)

Ceres

Sustainability Accounting Standards Board



Forest

New York Declaration on Forest

Accountability Framework Initiative (Afi)

IFC Performance Standards

Cross- Sector Biodiversity Initiative (CSBI)

Sustainable Development Goals (SDG)

JOURNEY TOWARDS ENVIRONMENTAL EXCELLENCE

GUIDE FOR ENVIRONMENTAL ACTION



STAGE 1: Early

Organisations disclose to CDP, but tend to do so in an incomplete or unverified manner

Example Question:

CC Module 2 > C2.1

Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

STAGE 2: Developing

Organisations are taking first steps towards action such as target-setting and environmental-risk identification.

Example Question:

CC Module 4 > C4.1

Did you have an emissions target that was active in the reporting year?

- Absolute target
- Intensity target
- Portfolio target (FS only)

STAGE 3: Mature

Environmental data is fully integrated into businesses' strategies with specific and detailed plans of action, and demonstrable progress.

Example Question:

CC Module 3 > C3.2a

Provide details of your organization's use of climate-related scenario analysis

STAGE 4: Best practice

Companies are environmental leaders with board-level oversight, science-based targets for emissions reductions and leading environmental stewardship at every level.

Example Question:

CC Module 3 > C4.2c

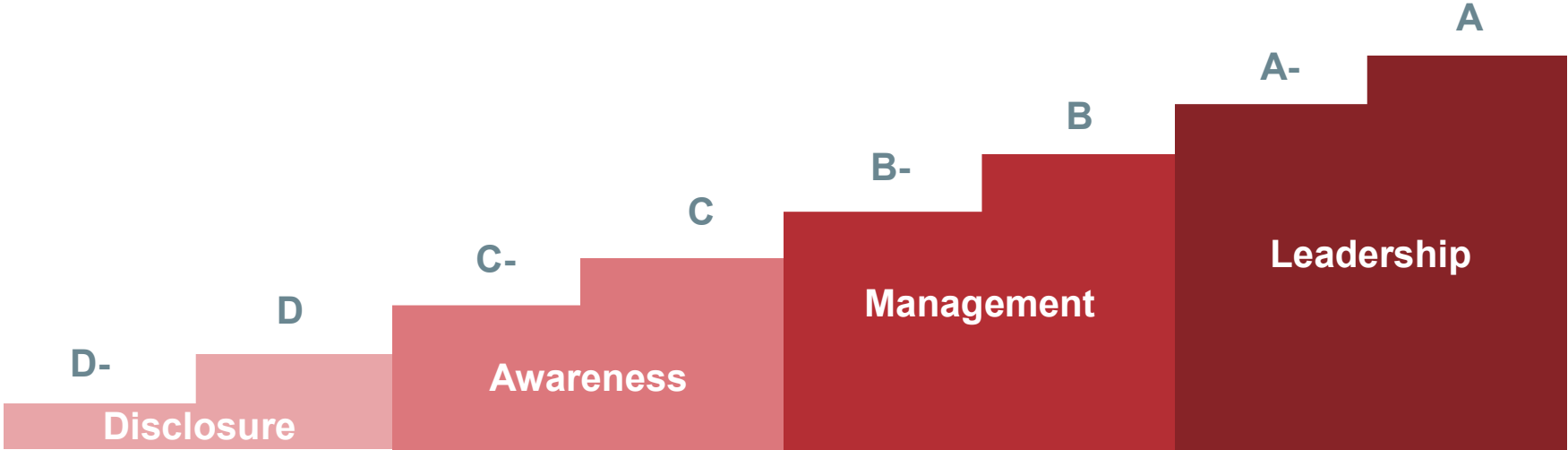
Provide details of your net-zero target(s). Is this a science-based target? With drop-down option:

- Yes, and this target has been approved by the Science Based Targets initiative

CDP SCORING OVERVIEW



SCORING BANDS – UNDERSTANDING YOUR SCORE



NB: CDP reserves the right to amend these thresholds. These are published in the scoring introduction document

D-: 0% - 44% of total disclosure points

D: 45% - 79% of total disclosure points

Move to the Awareness level with 80% of disclosure points and above

C-: 0% - 44% of total awareness points

C: 45% - 79% of total awareness points

Move to the Management level with 80% of awareness points and above

B-: 0% - 44% of total management points

B: 45% - 79% of total management points

Move to the Leadership level with 80% of Management points and above

A-: 0% - 79% of total leadership points

A: 80% - 100% of total leadership points

APPROACHING SCORING FROM THE QUESTION LEVEL



C12.2a - Scoring criteria Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Disclosure scoring criteria

TRANSPARENCY

Points will be awarded per completed cell in proportion to the number of rows disclosed. Partially completed rows will not receive full points

A maximum of 6 points is available for this question

Awareness scoring criteria

SELECTION MADE

Full Disclosure points must be awarded to be eligible for Awareness points

i) Any option selected excluding 'No mechanism for monitoring compliance' in column 'Mechanisms for monitoring compliance with this climate-related requirement' - 1 point

ii) Any option selected excluding 'No response' in column 'Response to supplier non-compliance with this climate-related requirement' - 1 point

One row scored

Management scoring criteria

ACTIONS TAKEN

Full Awareness points must be awarded to be eligible for Management points

Figure of 100 provided in column '% suppliers by procurement spend that have to comply with this climate-related requirement' - 1 point

One row scored

Leadership scoring criteria

BEST PRACTICE

Full Management points must be awarded to be eligible for Leadership points

'Setting a science-based emissions reduction target' selected in column 'Climate-related requirement' - 1 point

One row scored

BEST PRACTICE FOR ENVIRONMENTAL REPORTING



TIPS FOR BEST PRACTICE REPORTING

Common pitfalls in scoring levels



CDP performance bands

Disclosure	Awareness	Management	Leadership
Points reflect level of completion of the questionnaire	Measures comprehensiveness of evaluation of how environmental issues impact business	Answers provide evidence of actions associated with good environmental management	Answers represent best practice

Common pitfalls at each performance band



Leaving columns/rows blank	Not understanding environmental impacts	Not demonstrating implementation of management practices	Not representing best practice
	Leaving columns/rows blank	Responding with generic language	Responding with generic language
		Neglecting to include criteria from scoring methodology	Neglecting to include criteria from scoring methodology
			Including data inconsistent with other responses in questionnaire

GENERAL RECOMMENDATIONS



- ▼ **Case studies must follow the STAR structure (Situation, Task, Action, Result)**
- ▼ **Company-specific: descriptions, examples and case studies** – gives data users confidence that issues have been thoroughly considered in the context of your organization’s unique business, governance structure, and priorities.
- ▼ **Timeline of Implementation:** Give data users a timeframe for transition strategies being implemented.
- ▼ **Avoid blank cells:** non-disclosed information cannot be evaluated, parts of the questionnaire are not auto filled from your previous year's response – see [**Copy Forward exclusions list.**](#)
- ▼ **Ensure consistency:** question dependencies are in place to ensure high quality disclosure.

CASE STUDY EXAMPLE



(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

[SITUATION] In 2019, our site in New Zealand was using butane/propane boilers using highly emissive fuels, and our sites in Poland were using coal boilers. **[TASK]** By tracking and adopting new, more efficient and more sustainable power generation and distribution technologies, we are able to build a more energy-efficient business and deliver on its ambitious energy-cost reduction targets.

[ACTION] In July 2019, we announced that we were investing in the installation of a state-of-the-art biomass boiler in New Zealand, to switch to a less emissive fuel type (sustainable wood fuels). Moreover, it was decided to phase out from coal in Poland, that were the last sites using coal among our plants.

[TIMELINE] For the biomass boiler in New Zealand, first steam from this innovative new equipment is planned in Q3 2022 (delayed due to Covid-19). For Poland, switch to natural gas was achieved in 2020 and 2021 respectively.

[RESULTS] In our New Zealand site, a reduction of around 15,000-20,000 tons CO2 equivalent per year is expected. In Poland, the switch to natural gas delivered around 10,000-12,000 tons CO2 equivalent reduction per year.

COMPANY SPECIFIC RESPONSE



(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

The trend of customers placing increasing importance on environmentally responsible purchasing places a reputational risk to our Company. We currently face this risk, as our customers are more informed and aware of climate change, and sustainable sourcing concerns were described in our last **stakeholder consultation held in December 2022, which included customers who altogether make up 10% of our annual revenue.** As our customers demand for more sustainable solutions and low carbon products and services, our reputation is affected and we are therefore committed to develop and sell products and services with a lower carbon footprint. This commitment **requires revisiting specific product lines, which are relevant to our most engaged customers, such as [products and services] and covers 60% of our operational output.** The Company is increasing engagement with its suppliers and R&D initiatives to mitigate this risk.

SUPPLY CHAIN ENGAGEMENT



(C12.1a) Provide details of your climate-related supplier engagement strategy **Column: Impact of Engagement, Including Measurement of Success.**

We engage with suppliers to help them set Science-Based Targets and conduct CO2 reduction projects such as sourcing renewable energy and energy efficiency measures. We have a dedicated procurement programme where we educate suppliers in the implementation of renewable energy and energy efficiency measures through best practice sharing and energy screenings/site visits. Through our transparent procurement policy, suppliers are encouraged to set targets for energy efficiency, renewable energy use, as well as near-term and long-term Science Based Targets. In 2022 we engaged directly with over 400 suppliers in the auto parts sector globally to educate them about how to reduce CO2 emissions from their operations and how to set science-based targets. So far, **we have engaged with suppliers corresponding to approximately 90% of our tier 1 supplier emissions in 2021 and this has resulted in 70 suppliers having set Science Based Targets.** We plan to engage our top 100 suppliers into setting SBTs in 2022, whilst also working on reducing a substantial part of our scope 3 emissions via use of renewable power. **[Measurement of Success] Our current measure of success is having suppliers who represent over 90% of our Scope 3 emissions committed to the Science Based Targets initiative until 2030. Currently, our new procurement policy has led to a reduction of 30% of our supplier-related Scope 3 emissions in Europe, 20% in North America, 20% in Asia and 18% in Latin America. Globally, our supplier-related Scope 3 emissions fell by 23% in 2021, we have commitment to reduce our supplier-related Scope 3 emissions by 50% in 2030, according to 2020 levels.**

ADDITIONAL TIPS

Be mindful of these!



- ▼ **Website links:** provide information from external links directly in your response (links will not be considered while scoring the response)
- ▼ **Referencing other questions:** Note that questions are scored according to data provided in the response boxes of each question individually.
- ▼ **Consistent information:** In tabulated questions, a text response which contradicts the drop-down selection made in another column will not be allotted points. Information provided in the wrong field of the table will also not receive points.
- ▼ **‘One Row Scored’:** Best row will be scored
- ▼ **Prerequisites for getting an ‘A’:** For a company to achieve A List status, companies must ensure several items are included within their response, as well as pass several checks carried out by CDP after the submission of the response.

CDP RESOURCES

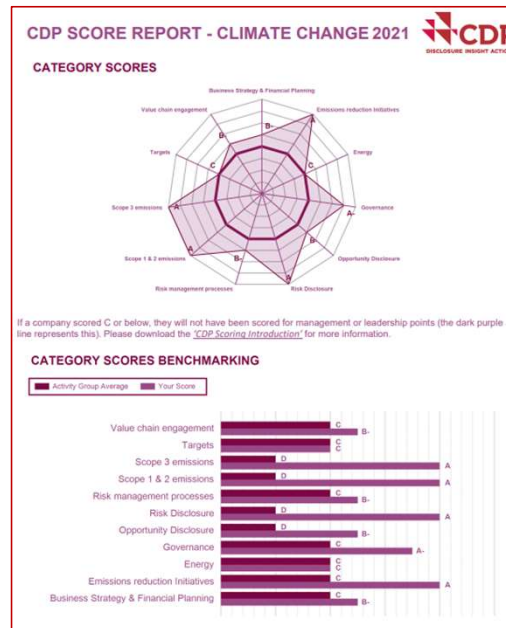
Guidance for Companies



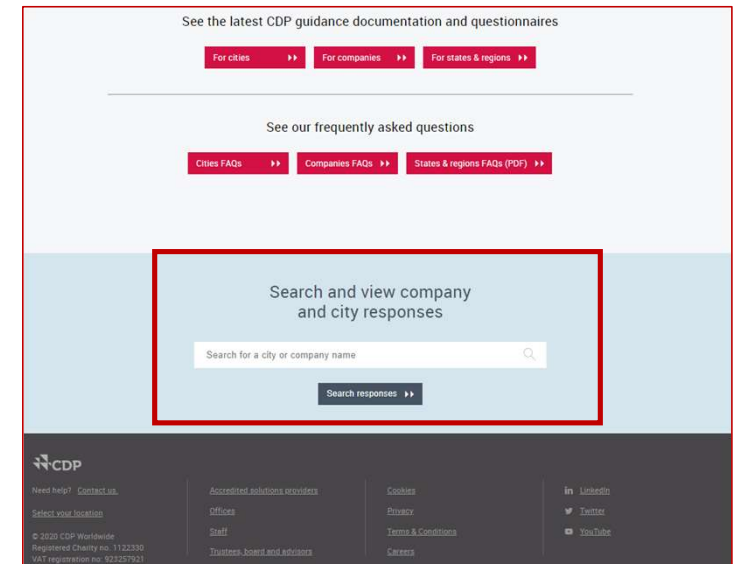
▼ **Improve quality of response** by leveraging public guidance documents



▼ **Determine where to focus efforts** using your Score Report



▼ **Compare response to peers** with public response search function



KEY TAKEAWAYS TO SUPPORT YOU AHEAD OF 2023



Scoring Introduction 2023

An introduction to 2023 scoring



- ▼ To move to the next scoring level, assess the criteria at the score level you've been awarded in 2022
- ▼ Utilize all the available materials at your fingertips, especially the reporting guidance, scoring methodology & scoring introduction documents
- ▼ Build In enough time for review
- ▼ **DON'T LEAVE ANY BLANKS!**

Q&A





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