

CDP's guidance for first-time users

For corporate disclosure on climate change,
water, forests and supply chain

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Important information for first-time users

This document has been produced to give users responding to CDP for the first time an overview of how the disclosure process works.

Introduction to CDP

CDP is the only independent, global system through which thousands of companies measure, disclose, manage and share vital environmental information. Since our launch in 2000, we have assembled the largest database of primary corporate natural capital information in the world. Our mission is to catalyse a global economic system that operates within sustainable environmental boundaries and prevents dangerous climate change, improves water security and avoids deforestation in line with a [below-two-degree](#) pathway. The insights offered by the data CDP collects enables investors, companies and governments to make informed decisions to mitigate the risks of environmental issues whilst capitalizing on the opportunities that a responsible approach presents.

What are the CDP requests for information?

Through CDP's investor initiative, the corporate disclosure of climate change, water, and deforestation risk management information is requested from the largest and most impactful companies. This data is then shared with Investor Signatories and members to each theme.

Through our supply chain program, multinational organizations ask their suppliers to respond to CDP and focus on the disclosure of climate change, water and, for the first time in 2017, deforestation information.

Information is requested in the form of questionnaires which are completed through CDP's Online Response System (ORS).

The **Supply Chain – Forests** program is in [pilot stage](#) this year and, as such, operates differently to other CDP programs. If you have been requested to respond to Supply Chain - Forests, please refer to the program specific guidance document for suppliers that will be available on the website shortly.

Why is my organization being asked for this information?

The impacts of dangerous climate change, water insecurity and deforestation are critical business issues. 803 signatory investors collectively managing USD\$100trillion are concerned about how these risks will affect their investments. They have asked your organization to examine the role environmental issues play within your business operations and/or your supply chain by using the framework of CDP's questionnaires, which are globally recognized by number of public platforms. By responding, your organization is demonstrating to your investors, customers and key stakeholders that you are taking steps towards managing your environmental impacts, minimising risks and maximising business opportunities.

What are the benefits of responding to CDP?

Just as financial reporting is standard business practice, the risks and opportunities that environmental issues pose and a company's environmental impacts are just as much the inputs and outputs of a business as financial parameters. Last year, over 5,800 of the world's largest companies took advantage of CDP's global disclosure platform and standardized reporting format to demonstrate their accountability, transparency and management of environmental issues to their key stakeholders.

By joining the thousands of companies around the world, responding to CDP allows your organization to:

- ▼ **Discover opportunity:** Identify areas within your business and/or supply chain where there are opportunities to increase efficiency, reduce impacts and ultimately reduce costs.
- ▼ **Manage risk:** Identify physical, regulatory and reputational risks arising from environmental issues such as climate change, water scarcity, and deforestation, and learn how to manage them. Learn to improve the resilience of your supply chain.
- ▼ **Benchmark:** Understand your progress and benchmark your performance against your industry peers in an anonymous fashion using CDP's transparent scoring methodologies and unique score feedback charts.
- ▼ **Engage:** Build trust and engage with hundreds of key shareholders, stakeholders, clients and the public through just one disclosure. Increase your transparency and join a focal point for collaboration and information exchange.
- ▼ **Save time:** Provide vital information in a globally recognized, standardized and centralized format to a number of audiences, reducing your reporting burden.
- ▼ **Lead the way:** Get ahead of your competitors and mandatory reporting by having your reporting processes already in place and reaping the benefits of reporting to CDP. Keep up to date with global environmental challenges and demonstrate your proactive approach towards addressing environmental risk.

When do I need to respond to this information request by?

Information requests on behalf of investors must be completed and submitted to CDP by:

- ▼ Climate change: June 29 2017
- ▼ Water: June 29 2017
- ▼ Forests: June 29 2017

Information requests on behalf of customers must be completed and submitted to CDP by:

- ▼ Supply chain: July 31 2017

What does a CDP information request consist of?

The questions you will be asked to respond to depend on which of the programs your company has been invited to participate in. The questions are divided into modules and the relevant ones will appear when you log in to CDP's Online Response System (ORS).

Some of the modules are only applicable to companies in certain sectors/geographies. It is possible that you have been invited to participate in more than one program, or have been invited by more than one investor/customer. In this case you can respond to all requests within the ORS, answering the same questions only once.

Request from:	Requesting information on:	Questionnaire Modules								
		Climate Change	Water	Forests	Supply Chain Module	Oil & Gas module	Electric Utilities module	Auto* module	ICT** module	FBT*** Module
Investors	Climate Change									
	Water									
	Forests									
Supply Chain Member(s)	Climate Change									
	Water									

*Auto & Auto Component Manufacturing

** Information Technology and Telecommunication Services

*** Food, Beverage and Tobacco

Key:

Core modules

Additional modules

Where do I start?

CDP understands that reporting is a journey and you are unlikely to be starting off with all the information or the right systems in place. However, the very act of starting will begin the conversation for you and your team about taking the next steps in approaching these kinds of questions and implementing a plan to improve year on year.

As soon as possible, we would encourage you to visit our corporate [guidance page](#) and begin to familiarise yourself with the questionnaire(s) that you have been requested to respond to. The questionnaires require information from different parts of your organization; aiming to spark an internal dialogue regarding the strategic importance of environmental issues within the business.

We recognize that it might not be possible to respond to all of the questions in your first disclosure, and encourage first time responders to take a simple approach, focusing on providing a complete response to a smaller set of questions. This will form the backbone of your response, which you can improve through each reporting cycle. Starting your journey by engaging with CDP indicates to requesting stakeholders that you are taking environmental issues seriously.

The questionnaire framework is designed to develop best practice whilst sending a positive message of transparency to investors and/or customers, which is what we envisage all companies should work towards. It includes both qualitative and quantitative questions, however when responding for the first time, you may not have the data to answer some of the quantitative questions. This is something you can develop in future years, and in the meantime you can still provide qualitative descriptions on what you are doing or planning to put into place.

How do I respond to CDP?

Responding to CDP is facilitated through our disclosure platform. We will provide you with a personal activation link to register on our website and access your response dashboard. Once activated, your dashboard will show which of the four programs your company has been invited to participate in. If you would like to respond to an additional program, click 'Volunteer' on your dashboard to email respond@cdp.net with your request.

After starting your questionnaire(s), they are accessible for editing through the disclosure platform until you have submitted the questionnaire, or the disclosure period ends. Our guidance to '[Using CDP's Online Response System \(ORS\)](#)' provides step-by-step instructions on how to access and use the disclosure platform, including details on registering and activating, navigating the questionnaire, attaching files, printing and exporting, and submitting your response.

How do we measure our reporting progress?

To help companies keep track of their improvement, CDP has developed detailed, program-specific scoring methodologies to measure responses at question-level. They indicate the number of points available for each question and what information you need to provide to be awarded these points. Our '[Scoring Introduction](#)' guidance document provides a more general overview on how these methodologies work. We highly recommend that these documents are used whilst compiling a response.

All program-specific scoring methodologies score responses across four consecutive levels:

- ▼ **Disclosure:** the level of detail and comprehensiveness of a response;
- ▼ **Awareness:** knowledge of how environmental issues impact your business;
- ▼ **Management:** evidence of actions and management methods to address these impacts; and
- ▼ **Leadership:** implementation of best practices in the field of environmental management.

These levels represent the steps you will move through as you progress towards environmental stewardship. Each level is translated into a single letter which represents your overall score, so you know at what stage your company is currently operating at along your journey towards better environmental stewardship.

Will all responses be scored?

If you have been requested to respond to CDP by investors, or if you have not received an investor request but are responding voluntarily, your response is eligible to be scored by CDP's accredited scoring partners for free provided you submit by the June 29 2017 deadline. Similarly, if you have been requested to respond by your customers and you submit your response by July 31 2017, your response is also eligible to be scored.

Responses submitted after these deadlines are still eligible to be scored, however this is done through our on-demand scoring process for a fee. All scores are returned to companies through personalised feedback charts, which identify sections in the questionnaire for which you may have scored higher or lower, and benchmark you against your industry peers and average CDP scores.

By scoring responses, CDP aims to:

- ▼ Drive positive **behaviour change** to improve performance on environmental issues;
- ▼ Increase the reliability and **quality of the data** disclosed;
- ▼ Provide **benchmarking** for both responders and data users;
- ▼ Recognise improved corporate **environmental stewardship**; and

- ▼ Educate companies where they can **take action** to improve.

What is the difference between a public and a private response?

Public responses

Companies agree that public responses to information requests will be used by CDP in furtherance of its charitable mission and that responses may be:

- ▼ Made available to CDP Investor Signatories/ your requesting customers (Supply Chain Members), appointed report writers, scoring partners, [accredited solution providers](#), selected rating agencies and any other parties that CDP deem appropriate, as soon as they are received;
- ▼ Made publicly available [on our website](#) and stored and preserved on CDP's servers indefinitely thereafter;
- ▼ Used individually or as part of aggregate results in CDP's reports and in any other research conducted or commissioned by CDP;
- ▼ Used as a best practice example in CDP literature and research;
- ▼ Amalgamated with information about the responding company from other public sources including rating agencies and financial information distributors; and
- ▼ Used in any other way that accords with CDP's charitable mission.

Please note: CDP understands the confidentiality of the customer-supplier relationships that underpin our **supply chain** program. Therefore, whilst the above points also apply to supply chain, any questions where you are asked to select a customer from a drop down menu will not appear in public responses – only your customers will be able to view the data relevant to them. Furthermore, the scores of even public responses will only be shared with the relevant requesting customers, and are never published or made available to any other external parties.

Non-public responses

Companies agree that non-public responses to information requests may be:

- ▼ Made available as soon as they are received to CDP Investor Signatories/ your requesting customers (Supply Chain Members), appointed report writers, scoring partners, selected accredited solution providers, but not to any other parties;
- ▼ Used anonymously as part of aggregate results in CDP's reports; and
- ▼ Scored, and scores may be published (excluding supply chain). Please contact respond@cdp.net if you want to find out if your response will be scored.

Where can I get help?

When you are ready to construct your response, we encourage you to visit the corporate [guidance page](#) on our website, where you will find a number of core resources that will assist you in providing a comprehensive disclosure, including:

- ▼ **Information requests** for CDP's investor-led programs ([climate change](#), [water](#), and [forests](#)), and CDP's customer-led supply chain program ([climate change](#), [water](#) and [SME](#)). This type of document lists all possible questions you could be asked and their question paths, without any associated guidance. You won't necessarily answer every question however, as your answers to

certain questions will determine the questions that follow (the full reporting guidance details these question pathways).

- ▼ Full **reporting guidance** for CDP's investor-led programs ([climate change](#), [water](#), and [forests](#)), and CDP's customer-led supply chain program ([climate change](#), [water](#), and [supply chain module](#)). Reporting guidance includes detailed explanations of each question, the required answer format (including character limits), worked examples, and where to find additional tools.
- ▼ A [step-by-step guide](#) on how to activate and submit if you are responding to multiple requests on behalf of both of investors and customers. In these instances, such requests will need to be activated, completed and submitted to CDP in a certain order.
- ▼ CDP's '[Scoring introduction](#)' document and program-specific **scoring methodologies** ([climate change](#), [water](#), and [forests](#)). The scoring methodologies give question-level information on how many points are available and what is required to be awarded such points, whilst the scoring introduction document gives a general overview on how the scoring methodologies work.

You can also find all of CDP's corporate guidance documents and recorded webinars on your response dashboard when you [sign in](#) to our website, and within our 'guidance tool', in which you can filter documents by category or program. Additional guidance documents accessible after signing in include:

- ▼ CDP's '[Using CDP's Online Response System \(ORS\)](#)', which provides all you need to know to get started with reporting; such as creating your login credentials, activating your questionnaire, navigating the ORS and submitting your completed response.
- ▼ Information on [how to pay the administrative fee](#) via the ORS. CDP is a not-for-profit organization and the administrative fee is a small contribution to cover the costs of maintaining our disclosure system at the necessary global scale. Please see [our website](#) for more information on the administrative fee and whether you will be required to pay.
- ▼ **Drafting documents** for CDP's investor-led programs ([climate change](#), [water](#), and [forests](#)), and CDP's customer-led supply chain program ([climate change](#), [water](#), and [SME](#)). These documents are only for drafting your response, and are useful if you're sharing the reporting with a number of colleagues. Please note that data must still be entered into the ORS and submitted to CDP.
- ▼ Information requests, reporting guidance and drafting documents for the **sector modules** of CDP's climate change questionnaire (automotive, electric utilities, FBT, ICT and oil & gas). Please see the climate change reporting guidance for more information on whether you will need to complete a sector module.
- ▼ **Technical notes and worksheets** to help you answer some of the more specialized questions in our climate change questionnaire. These include information on setting [Science-Based Targets \(SBTs\)](#), [calculating your emissions](#), and [understanding the terminology](#).
- ▼ **Reporting roadmaps** for CDP's investor-led programs ([climate change](#), [water](#), and [forests](#)), and CDP's customer-led supply chain program ([climate change](#) and [SME](#)). These documents pinpoint the questions and actions needed to move from a basic response towards a comprehensive and complete disclosure.
- ▼ **Changes documents**, outlining what has changed since last year for CDP's investor-led programs ([climate change](#), [water](#), and [forests](#)).

- ▼ A suite of specialist, informative **recorded webinars** to visually assist you in responding to CDP, such as constructing your response, setting accounting boundaries, assessing your risks and opportunities, and understanding the scoring methodologies.

The guidance documents listed above should provide you with all the information required, however please contact CDP's [Disclosure Team](#) with any queries that might arise.

If you require further support, CDP offers a fee-based [Reporter Services](#) membership providing your organization with tailored support, enhanced access to data, and thought leadership on reporting and managing climate and water risk and capitalising on opportunities. CDP is now also running a pilot Reporter Services membership for our forests program in 2017. Please contact CDP's [Reporter Services Team](#) for more information or if you'd like to become a member.

CDP's climate change program

The climate change questionnaire requests you to examine the risks and opportunities climate change poses to your business, disclose how this is incorporated within your management and strategy and measure your direct and indirect greenhouse gas emissions.

Climate change core modules

- ▼ The climate change questionnaire comprises **five** core modules:
- ▼ The **Introduction** module asks you to enter the basic information about your company and specify the parameters of your response (e.g. reporting year, country, currency, sector).
- ▼ The **Management** module asks questions around governance, business strategy, targets and initiatives. The information requested in this module is largely qualitative.
- ▼ The **Risks and opportunities** module asks you to list and assess the risks/opportunities climate change poses to your business and detail the management methods you are applying.
- ▼ The **Emissions** module is the greenhouse gas accounting section of the questionnaire. It is largely quantitative and requests information on direct and indirect emissions, energy and trading activities.
- ▼ The **Sign off** module asks you to identify the person that has signed off (approved) the CDP climate change response.

Additional sector modules

As part of the investor request for climate change information, companies in the following sectors should complete supplementary questions in addition to the core modules:

- ▼ Auto & auto component manufacturing
- ▼ Electric utilities (or companies with electric utility activities or assets)
- ▼ Food, beverage & tobacco (FBT)
- ▼ Information & communications technology (ICT)
- ▼ Oil & gas

These modules are only for companies with business activities in these sectors. They should not be answered solely on the basis you use automobiles, electricity, FBT, ICT, oil, or gas, hardware/services/products in your work. However, you can choose to respond to a sector module in the introduction if it has not already been allocated to you by CDP.

CDP's water program

The water questionnaire provides a clear framework for you to effectively identify and manage water related risks and opportunities. Responding demonstrates accountability and transparency to key stakeholders, and that your business is taking positive steps to manage your impact on water resources. The questionnaire should be used as a tool to guide your journey towards improved water stewardship.

Water core modules

The water questionnaire comprises **eight** core modules:

- ▶ The **Introduction** module asks you to enter the basic information about your company and specify the parameters of your response (e.g. reporting year, reporting boundaries).
- ▶ The **Current state** module asks you to explain the context surrounding your organization's water use, your company-wide water accounting and supplier reporting, and the impacts of your organization's water use.
- ▶ The **Risk assessment** module asks what procedures and requirements you incorporate into water-related risk assessment, and if you have evaluated how water risks could impact your company's growth strategy.
- ▶ The **Implications** module asks you to identify any water-related risks that could impact the company's direct operations and/or supply chain. It also asks you to examine if water presents strategic, operational or market opportunities for your organization.
- ▶ The **Facility level water accounting** module requests you to report your withdrawal, discharge and consumption values for any facilities exposed to water-related risk, and the proportion of this data that has been externally verified.
- ▶ The **Response** module asks questions around governance and strategy, compliance, targets and initiatives.
- ▶ The **Linkages and trade-off's** module asks you to identify any linkages or trade-offs between water and other environmental issues.
- ▶ The **Sign off** module asks you to identify the person that has signed off (approved) the CDP water response.

CDP's forests program

CDP provides the only platform where companies can disclose on the four commodities most responsible for deforestation globally: timber products, palm oil, cattle products and soy. The forests questionnaire asks for information on risks, traceability, governance, commitments, standards, targets and engagement along the supply chain. By identifying your exposure to risk and encouraging implementation of sustainable production and sourcing along your supply chain, it can act as a guide to your management of deforestation risk.

Forests core modules

The forests questionnaire comprises eight modules:

- ▼ The **Introduction** module asks you to enter some basic information about your company, select the stages of the value chain pertaining to forest risk commodities, identify any exclusions, confirm the forest risk commodities you will be disclosing on, and define your reporting boundaries.
- ▼ The **Current state** module asks you to disclose how you use your selected forest risk commodities and if you have experienced any impacts related to these commodities.
- ▼ The **Risk assessment** module asks you to identify the procedures and requirements you incorporate into deforestation related risk assessments with regard to forest risk commodities.
- ▼ The **Implications** module asks you to identify your business risks and opportunities associated with the production, marketing or sourcing of these commodities.
- ▼ The **Measuring and monitoring** module asks you to report on your total production and/or consumption volumes of forest risk commodities, the systems in place to track and monitor the origin of these raw materials and their level of traceability.
- ▼ The **Response** module asks you questions relating to the governance, strategy, standards, targets and engagement in relation to risks associated with their forest risk commodities.
- ▼ The **Barriers and challenges** module asks you to outline the challenges you face to progress toward the sustainable production or sourcing of commodities and what measures could improve your ability to manage deforestation risk.
- ▼ The **Sign off** module asks you to identify the person that has signed off (approved) the CDP forests response.

CDP's supply chain program

The supply chain questionnaire consists of the core climate change and/or core water modules (listed above), as well as the additional climate change and/or water supply chain module.

Supply chain module

The supply chain module is only presented to those who have been requested to provide this information by their customer(s).

The supply chain **climate module** asks you to:

- ▼ Allocate your Scope 1, 2, or 3 emissions to your customers, according to the goods and/or services that were sold to them, and identify the challenges and capabilities of this;
- ▼ Establish and communicate any collaborative opportunities to develop GHG emission reducing projects or products between you and your customers;
- ▼ Provide product (goods and services) level data, including emissions over the lifecycle of these products and whether emission reduction initiatives have been completed or planned; and
- ▼ Disclose whether you would like to enrol in the CDP Action Exchange initiative or if you are already participating, and which members motivated you to take part.

The supply chain **water module** asks you to:

- ▼ Identify if any facilities that are exposed to water-related risks could impact upon your customers;
- ▼ Communicate any collaborative opportunities to reduce risk for facilities exposed to water risk and if such proposals have been communicated between you and your customers; and
- ▼ Report your product or service water intensity values across your operations.

The **Supply Chain – Forests** program is in pilot stage this year and, as such, operates differently to other CDP programs. If you have been requested to respond to Supply Chain - Forests, please refer to the program specific guidance document for suppliers that will be available on the website shortly