

CDP 2017 Supplier Engagement Rating methodology

Introduction

By establishing a system to evaluate supplier engagement practices and recognize best practice, CDP aims to increase buyer engagement to accelerate action on emissions in global supply chains.

Essential reading

This document should be used in conjunction with the CDP climate change questionnaire guidance document 2017, the CDP scoring methodology and the "Introduction to CDP scoring 2017" document. It is strongly recommended to familiarize yourself with the contents of these documents before reading this supplier engagement rating methodology.

All of these documents can be accessed from the "reporting to CDP" section of the CDP website:

<https://www.cdp.net/en-US/Pages/guidance.aspx>

Links to the relevant section of the guidance are also available in the Online Response System.

The highest achievable score for companies who do not indicate they are engaging with their suppliers in question CC14.4 is a D.

Status of this document

This document is intended to provide guidance to companies on how their response will be scored. In common with other scoring processes of this type, we expect to make future adjustments in light of the application of the methodology to the responses received. If you wish to provide feedback on this document, please use the form linked from the "Consultations and Feedback" page of the CDP website here: <https://www.cdp.net/en-US/Pages/consultation.aspx>

Governance

Number Question Num Denom Supplier Engagement Rating criteria

CC1.2 "Yes" route

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|---|---|-----|----------|--|
| CC1.2 | Do you provide incentives for the management of climate change issues, including the attainment of targets? | | | Question not scored for Supplier Engagement Rating |
| CC1.2a | Please provide further details on the incentives provided for the management of climate change issues | | | <p>6 Points to be awarded:</p> <ul style="list-style-type: none"> i) 'Buyers/purchasers' OR 'All employees' selected in 'Who is entitled to benefit from these incentives' AND 'Monetary reward' in 'The type of incentive' - 2 points ii) 'Buyers/purchasers' OR 'All employees' selected in 'Who is entitled to benefit from these incentives' AND 'Recognition (non-monetary)' or 'Other non-monetary reward' in 'The type of incentive' - 1 points iii) 'Chief Purchasing Officer (CPO)' or 'Chief Financial Officer (CFO)' selected in 'Who is entitled to benefit from these incentives' AND 'Monetary reward' in 'The type of incentive' - 2 points iv) 'Chief Purchasing Officer (CPO)' or 'Chief Financial Officer (CFO)' selected in 'Who is entitled to benefit from these incentives' AND 'Recognition (non-monetary)' or 'Other non-monetary reward' in 'The type of incentive' - 1 points v) 'Environmental criteria included in purchases' or 'Supply chain engagement' selected in 'Incentivized performance indicator' AND 'Monetary reward' in 'The type of incentive' - 2 points vi) 'Environmental criteria included in purchases' or 'Supply chain engagement' selected in 'Incentivized performance indicator' AND 'Recognition (non-monetary)' or 'Other non-monetary reward' in 'The type of incentive' - 1 points |
| Total denominator for this route | | | 6 | |

Governance

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|--------|----------|-----|-------|-------------------------------------|
|--------|----------|-----|-------|-------------------------------------|

CC1.2 "No" route

| Number | Question | Num | Denom | Disclosure scoring criteria |
|---|---|----------|----------|--|
| CC1.2 | Do you provide incentives for the management of climate change issues, including the attainment of targets? | | | Question not scored for Supplier Engagement Rating |
| CC1.2a | Please provide further details on the incentives provided for the management of climate change issues | 0 | 6 | No route - 0 points |
| Total denominator for this route | | 0 | 6 | |

CC1.2 "Questions not answered" route

| Number | Question | Num | Denom | Disclosure scoring criteria |
|---|---|----------|----------|--|
| CC1.2 | Do you provide incentives for the management of climate change issues, including the attainment of targets? | | | Question not scored for Supplier Engagement Rating |
| CC1.2a | Please provide further details on the incentives provided for the management of climate change issues | 0 | 6 | No selection made - 0 points |
| Total denominator for this route | | 0 | 6 | |

CC2.2 "Questions answered" route

| Number | Question | Num | Denom | Disclosure scoring criteria |
|---|---|----------|----------|---|
| CC2.2 | Is climate change integrated into your business strategy? | | 2 | Yes - 2 points ; No - 0 points . |
| Total denominator for this route | | 0 | 2 | |

CC2.2 "Questions not answered" route

| Number | Question | Num | Denom | Disclosure scoring criteria |
|---|---|----------|----------|---|
| CC2.2 | Is climate change integrated into your business strategy? | 0 | 2 | Question not answered - 0 points . |
| Total denominator for this route | | 0 | 6 | |

Targets

Number

Question

Num

Denom

Supplier Engagement Rating criteria

CC3.1 "Absolute and Intensity targets" route

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|--------|---|-----|-------|--|
| CC3.1 | Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year? | | | Question not scored for Supplier Engagement Rating |

CC3.1 "Absolute targets" route

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|---|---|-----|----------|--|
| CC3.1 | Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year? | | | Question not scored for Supplier Engagement Rating |
| CC3.1a | Please provide details of your absolute target | | 2 | The following columns must all be completed to be eligible for points: i) scope; ii) target year; If 'Scope' is 'Scope 3: Purchased goods and services' or entails Scope III upstream (i.e. Scope 1 + 2 (market or location based) + 3 (upstream)) - 2 points ; If 'Scope' is any upstream category (including 'Capital goods', 'Fuel- and energy-related activities (not included in Scopes 1 or 2)', 'Upstream transportation & distribution', 'Waste generated in operations', 'Business travel', 'Employee commuting' OR 'Upstream leased assets') - 1 point . |
| CC3.1b | Please provide details of your intensity target | 0 | 0 | |
| Total denominator for this route | | | 2 | |

Targets

Number

Question

Num

Denom

Supplier Engagement Rating criteria

CC3.1 "Intensity Targets" route

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|---|---|-----|----------|--|
| CC3.1 | Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year? | | | Question not scored for Supplier Engagement Rating |
| CC3.1a | Please provide details of your absolute target | 0 | 0 | |
| CC3.1b | Please provide details of your intensity target | | 2 | The following columns must all be completed to be eligible for points: i) scope; ii) target year; If 'Scope' is 'Scope 3: Purchased goods and services' or entails Scope III upstream (i.e. Scope 1 + 2 (market or location based) + 3 (upstream)) - 2 points ; If 'Scope' is any upstream category (including 'Capital goods', 'Fuel- and energy-related activities (not included in Scopes 1 or 2)', 'Upstream transportation & distribution', 'Waste generated in operations', 'Business travel', 'Employee commuting' OR 'Upstream leased assets') - 1 point . |
| Total denominator for this route | | | 2 | |

CC3.1 "No targets" or Question not answered route

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|---|---|-----|----------|--|
| CC3.1 | Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year? | | | Question not scored for Supplier Engagement Rating |
| CC3.1a | Please provide details of your absolute target | 0 | 2 | No targets - 0 points |
| CC3.1b | Please provide details of your intensity target | 0 | 0 | |
| Total denominator for this route | | | 0 | 2 |

Scope 3 emissions

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|---|--|-----|----------|--|
| CC14.1 | Please provide data on sources of Scope 3 emissions that are relevant to your organization | | 4 | <p>The final score for this question is the sum of the individual scores for the first 8 'upstream' rows. Please note the rows " Other (upstream)" and "Other (downstream)" are optional - please see page 170 of the guidance document for further information.</p> <p>i) <u>row 1 'Purchased goods and services':</u></p> <p>A) Where "Evaluation status" is -"Relevant, Calculated" AND both "Metric tonnes CO2e" and "Methodology" contain data - 0.5 points B) Otherwise, - 0 points</p> <p>ii) <u>rows 2 - 8:</u></p> <p>A) Where "Evaluation status" is -"Relevant, Calculated" AND both "Metric tonnes CO2e" and "Methodology" contain data; - "Not relevant, Calculated" AND both "Metric tonnes CO2e" and "Methodology" contain data; - "Not relevant, explanation provided" AND "Explanation" contains data - 0.5 points B) Where "Evaluation status" is: - "Relevant, not yet calculated"; OR "Not evaluated" - 0.1 points C) Otherwise, - 0 points</p> |
| Total denominator for this route | | | 4 | |

Supplier Engagement

Number

Question

Num

Denom

Supplier Engagement Rating criteria

CC14.4 "Yes, our suppliers" route

Number

Question

Num

Denom

Supplier Engagement Rating criteria

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies?

1

1

Tick box selection:

a) Yes, our suppliers - **1 point**.

Please note, a company has to indicate it engages with its suppliers in CC14.4 in order to obtain a score higher than D.

If a company selects multiple options including 'no', please score **0 points** for this question.

Supplier Engagement

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|---------|---|-----|-----------|--|
| CC14.4b | Please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent | | 9 | <p>If:</p> <ul style="list-style-type: none"> i) column "Number of suppliers" is complete - 0.25 points; ii) column "% of total spend" is complete - 0.25 points; iii) column "type of engagement" is complete - 0.25 points; iv) column "please explain" is complete - 0.25 points. <p>AND</p> <p>If:</p> <ul style="list-style-type: none"> v) 'Compliance' has been selected in 'Type of engagement' column AND <ul style="list-style-type: none"> a) '0' has been entered in '% of total spend (direct and indirect)' column - 0 points; OR b) a number higher than 0 has been entered in the '% of total spend (direct and indirect)' column - 2 point; OR c) a number higher than 39 has been entered in the '%total spend (direct and indirect)' column - 4 points; OR vi) 'Active engagement has been selected in 'Type of engagement' column AND <ul style="list-style-type: none"> a) '0' has been entered in '% of total spend (direct and indirect)' column - 0 points; OR b) a number higher than 0 has been entered in the '% of total spend (direct and indirect)' column - 4 points; OR c) a number higher than 39 has been entered in the '%total spend (direct and indirect)' column - 8 points; OR vii) 'Collaboration/innovation' OR 'Emissions reduction incentives' has been selected in 'Type of engagement' column AND <ul style="list-style-type: none"> a) '0' has been entered in '% of total spend (direct and indirect)' column - 0 points; OR b) a number higher than 0 has been entered in the '% of total spend (direct and indirect)' column - 6 points; OR c) a number higher than 39 has been entered in the '%total spend (direct and indirect)' column - 8 points; <p>Please note that in order to score points for criteria v), vi) and vii), full points for criteria i), ii), iii) and iv) has to be achieved.</p> |
| | Total denominator for | | 10 | |

Supplier Engagement

Number

Question

Num

Denom

Supplier Engagement Rating criteria

CC14.4 "No", Question not answered, or no engagement with suppliers route

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|------------------------------|--|----------|-----------|--|
| CC14.4 | Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? | 0 | 1 | Tick box selection: No engagement with suppliers - 0 points Please note, a company has to indicate it engages with its suppliers in CC14.4 in order to obtain a score higher than D. |
| CC14.4b | Please give the number of suppliers with whom you are engaging and the proportion of your total | 0 | 9 | No engagement with suppliers - 0 points |
| Total denominator for | | 0 | 10 | |

Climate Change score

| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
|--------|----------|-----|-------|-------------------------------------|
|--------|----------|-----|-------|-------------------------------------|

| CDP Climate Change score | | | | |
|--------------------------|---|-----|-------|--|
| Number | Question | Num | Denom | Supplier Engagement Rating criteria |
| CC1-CC15 | Points will be received based on the companies' 2016 CDP climate change score | | 10 | If the company received A - 10 points ; A- - 9 points ; B - 6 points ; B- - 5 points ; C - 4 points ; C- 3 points ; D - 2 points ; D- - 1 point ; F - 0 points . |

| New version No. | Date | Owner | Change |
|------------------------|-------------|--------------|--|
| V1.0 | 28/4/2017 | L Hermans | First version of SER 2017 |
| V1.1 | 4/5/2017 | L Hermans | Amended scoring for CC14.4c to reflect the questionnaire |
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