
2024 CDP Supplier Engagement Assessment Introduction

CDP Climate Change 2024



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Introduction to the CDP Supply Chain Program's Supplier Engagement Assessment

Purchasing organizations have potential to incentivize significant environmental changes in their supply chain. However, in 2023, just 41% of organizations responding to the CDP Full corporate questionnaire - Climate change reported that they engage with their own suppliers on GHG emissions and climate change strategies.

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. The Supplier Engagement Assessment (formerly the Supplier Engagement Rating) seeks to achieve this in two ways:

Clarifying best practice expectations on supplier engagement through assessment criteria. The sheer scale of reviewing purchasing processes and creating a strategy to integrate environmental information into purchasing can be daunting, and many organizations have trouble identifying best practice upon which to base their actions. Following the guidance of the Supplier Engagement Assessment methodology can steer companies towards best practice.

Recognizing and celebrating leaders in supplier engagement. CDP's experience shows that organizations will improve their performance when presented with an opportunity to gain recognition for their actions. CDP will recognize and award credit for achievements of excellence to support company action and lasting improvements in management practices, such as through the Supplier Engagement Leaderboard published annually.

Organizations included in the Supplier Engagement Assessment

Organizations that respond to the 2024 Full Corporate Questionnaire - Climate change are included for assessment. Responses must be submitted by the deadline communicated by CDP for inclusion. Companies that disclose to the Small and Medium Enterprise questionnaire in 2024 will **not** be eligible to receive a Supplier Engagement Assessment.

Supplier Engagement Assessment criteria

Organizations will be evaluated on their supplier engagement through their responses to questions in five key areas of the CDP Full corporate questionnaire - Climate change related to governance and business strategy, targets, emissions reporting (Scope 3), risks management processes and supplier engagement. These specific questions offer the opportunity for a company to provide details on supplier engagement in the Governance, Business strategy, Targets, Dependencies, Impacts, Risks and Opportunities Processes, Scope 3 Emissions, and Scope 3 Emissions (Supplier Engagement) sections of the questionnaire. Information provided through the Forests and/or Water Security questionnaire or the additional Supply Chain Module (Climate Change/Forests/Water) are not evaluated.

To achieve a score above D, companies must report engagement with their suppliers (see *Scope 3 Emissions: Supplier Engagement* for more details).

The final SEA score will be determined by the overall percentage of points awarded throughout the questionnaire, with each questionnaire section weighted as part of the overall score as follows:

Scoring Category	Weighting in the Supplier engagement assessment
Risk Management Processes	15%
Governance and Business Strategy	15%
Supplier Engagement	35%
Scope 3 Emissions (incl. Verification)	20%
Targets	15%

The value of this final percentage score will be equated to a final SEA using the following thresholds.

Final SEA Score	Threshold
A	76% - 100%
A-	66% - 75%
B	56% - 65%
B-	41% - 55%
C	26% - 40%
C-	16% - 25%
D	9% - 15%
D-	1% - 8%
F	0%

To achieve SEA Leaderboard status an organization must respond publicly to a request from their customer(s) and/or capital markets.

The scoring methodology is outlined by scoring category in further detail below, including a list of the relevant CDP questions and the rationale and summary methodology for each section. *Please refer to the CDP 2024 Supplier Engagement Assessment Methodology document on the [CDP guidance page](#) for a detailed breakdown of the scoring methodology, including point values for each question.*

In 2024 the SEA methodology has been updated to expand the scoring to include scoring criteria in additional questions in DIRO processes, Governance and Supply chain engagement. As a result of changes to the structure of CDP corporate questionnaire in 2024 (see below), existing areas of SEA scoring have been adapted to reflect changes to existing questions.

Unanswered questions will be scored zero out of the maximum available points for that question or set of questions. In the instance of certain key data points, an unanswered question will be scored zero out of a denominator that is greater than the maximum available points for that question. These key data points will be highlighted in specific scoring routes in the methodology (labelled 'Non-disclosure routes').

Assessing an integrated questionnaire

In 2024, the CDP corporate questionnaires on climate change, forests and water security have been integrated into one corporate questionnaire. Through this questionnaire, organizations can provide data on multiple environmental issues in a single disclosure, encouraging more holistic and balanced reporting.

Although organizations can now provide data on multiple environmental issues within a single disclosure, only the climate change issue area will be scored in 2024 for the SEA. The approach to disclosing and scoring data in questions that request data on multiple environmental issues differs depending on the structure of each question and the requested data.

Many questions within integrated modules require organizations to disclose data for each environmental issue area in separate rows. For the SEA in 2024, only data provided in the 'Climate change' row will be assessed for scoring.

In some questions, organizations must specify which rows of data are relevant to each environmental issue area by selecting the relevant environmental issues in a defined column. Here, only rows with 'Climate change' selected as relevant in the defined column will be scored. If organizations fail to select 'Climate change' in the column for any rows, their response may not be considered in SEA scoring, and they may receive a penalty for non-disclosure in the question.

In other questions within integrated modules, all the data provided is assessed for all environmental issue areas that are being disclosed on. These are questions where an organization's response is likely to be consistent for all environmental issue areas, and therefore reduces the reporting burden from reporting to multiple issue areas simultaneously. In these questions, all content provided will be scored for the SEA, as part of the 'Climate change' environmental issue area.

Risks Management Processes

Question(s): 1.24, 2.2, 2.2.1, 2.2.2

- ▼ 1.24 Has your organization mapped its value chain?
- ▼ 2.2 Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?
- ▼ 2.2.1 Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?
- ▼ 2.2.2 Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Rationale:

A key element of supplier engagement is mapping of the organizations value chain as well as having a process in place identifying, assessing and managing environmental risks. Coverage of upstream value chain in this process is also important for managing climate change in their supply chain.

Summary of scoring methodology:

Value Chain mapping

Full points are awarded for organisations who have already mapped their value chain or are in the process of doing so. Partial points are available for planning to in the next two year. If there is no plan to do so there are no points available.

Process for dependencies and impacts

If an organization already has a process in place for identifying, assessing and managing environmental dependencies and/or impacts then full points are awarded. Partial points are awarded for planning to develop a process in the next two years. If there is no plan to then no points are available.

Process for risks

If an organization has a process in place for identifying, assessing and managing both risks and opportunities or just risks full points are available. If it is only opportunities, partial points are available, similarly if there is a plan to assess these in the next two years there are partial points available. There is also incentivisation here to complete the information in these questions. The process for identifying, assessing and managing risks scoring incentivises disclosing as completely as possible on the process in place in addition to covering the upstream value chain.

Governance and Business Strategy

Question(s): 4.5, 4.5.1, 5.2

- ▼ 4.5 Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?
- ▼ 4.5.1 Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).
- ▼ 5.2 Does your organization's strategy include a climate transition plan?

Rationale:

Whether an organization provides staff monetary incentives for supplier engagement is a simple indicator of the internal importance placed on company's approach to managing climate change in their supply chain.

Summary of the scoring methodology:

Incentives

Question 4.5.1 has been updated to solely focus on monetary incentives. Points are awarded for reporting details on the monetary incentives related to supplier engagement on climate change. Full points are awarded for reporting that monetary are related to the following:

- ▼ Buyers/purchasers are entitled to receive benefits for the management of climate change issues;
- ▼ Chief Purchasing Officer, Chief Financial Officer or Procurement manager are entitled to receive benefits for the management of climate change issues;
- ▼ Incentivized performance indicators for environmental criteria included in supply chain engagement and/or supplier compliance with environmental requirements.

Transition plans

Full points are awarded for already having a publicly available transition plan that aligns with a 1.5°C world and a well-defined feedback mechanism in place, to track progress or a plan to introduce one if applicable to the organization. Transition plans that meet all of the 2024 CDP Full Corporate Management scoring criteria will be awarded full points.

Supplier Engagement

Question(s) : 5.11, 5.11.1, 5.11.2, 5.11.5, 5.11.6, 5.11.7

- ▼ 5.11 Do you engage with your value chain on environmental issues?
- ▼ 5.11.1 Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?
- ▼ 5.11.2 Does your organization prioritize which suppliers to engage with on environmental issues?
- ▼ 5.11.5 Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?
- ▼ 5.11.6 Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.
- ▼ 5.11.7 Provide further details of your organization's supplier engagement on environmental issues.

Rationale:

Through these questions, organizations are able to demonstrate the comprehensiveness and impact of their supplier engagement strategy in deeper context.

Summary of the scoring methodology:

Value chain engagement

To achieve a score above a D companies must indicate they engage with suppliers in 5.11. Points will be awarded for engaging with suppliers on climate change.

Supplier assessment and classification

Points are awarded for assessing the impacts and/or dependencies of suppliers on the environment where the criteria for assessment is based on contribution to the supplier-related scope 3 emissions.

Additional to this, responders need to have assessed the percentage of tier one suppliers that meet their thresholds for having a substantive impact and/or dependency on the environment.

Prioritization of engagement

- ▼ If there is a prioritization structure in place organizations are encouraged to do so in line with criteria classifying supplies as having substantive dependencies and /or impacts relating to climate change.
- ▼ If there is no prioritization structure in place it is encouraged in the scoring that this should be the case only if the organization is already engaging with all suppliers.

Environmental requirements for suppliers

- ▼ For Climate-related requirements full points are awarded for indicating that climate-related requirements are included in supplier contracts. Partial points are available if suppliers have to meet climate-related requirements but these are not included in supplier contracts or if there are plans to introduce them within the next two years. Points will not be awarded if there are no plans to introduce these within the next two years. Additional points are available if as an organization there is a policy in place for addressing non-compliance of suppliers.
- ▼ Further points are available if setting a science-based emissions reduction target is part of the climate-related requirement. Partial points are available for other relevant environmental requirements. Additional points are available for having a mechanism for monitoring compliance with the disclosed environmental requirement as well as having a response to supplier non-compliance with the environmental requirement.

Details on supplier engagement

- ▼ Points are awarded for reporting the number of suppliers that your company engages with and for reporting the proportion of your total spend or Scope 3 emissions that the suppliers represent.
- ▼ The SEA awards points based on the type of engagement reported, and its associated percentage of spend or percentage of Scope 3 emissions covered. The type of engagement is judged on a maturity spectrum where points will be limited in relation to spend:

Spend or Scope 3 emissions	Capacity building	Financial incentives	Information collection	Innovation & collaboration
None OR Unknown	0/2	0/2	0/3	0/2
Less than 1% OR 1-25% OR 26-50%	1/2	1/2	1/3	1/2
51-75% OR 76-99% OR 100%	2/2	2/2	2/3	2/2

Scope 3 Emissions

Question(s): 7.8 and 7.9

- ▼ 7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

- ▼ 7.9 Indicate the verification/assurance status that applies to your reported emissions.

Rationale:

Reporting upstream Scope 3 emissions demonstrates an organization's ability to measure the climate change-related impact of their supply chain.

Third party verification of Scope 3 data indicates that an organization has reported accurate scope 3 emissions data. Providing confidence in an organization's ability to measure the climate change-related impact of their supply chain.

Summary of the scoring methodology:

Scope 3 Emissions

Points are awarded for each category of evaluated and reported Scope 3 emissions (upstream). The scoring criteria for this question is similar to the Scope 3 scoring criteria in the 2024 Full Corporate Questionnaire - Climate change, with one important differentiation – a company can only achieve full points for 'Purchased Goods and Services' if the category is reported as 'Relevant, calculated' and both columns 'Emissions in reporting year (metric tons CO2e)' and 'Emissions calculation methodology' are completed.

Scope 3 Emissions verification

Points are awarded if for Scope 3 emissions there is third-party verification, or an assurance process is in place. No points are awarded if there is no third-party verification or assurance process in place or if there is no emissions data provided.

Points are awarded for verification of Scope 3 emissions that meet CDP Full Corporate Leadership scoring criteria.

Targets

Question(s): 7.53; 7.53.1; 7.53.2; 7.54; 7.54.2

- ▼ 7.53 Did you have an emissions target that was active in the reporting year?
- ▼ 7.53.1 Provide details of your absolute emissions targets and progress made against those targets.
- ▼ 7.53.2 Provide details of your emissions intensity targets and progress made against those targets.
- ▼ 7.54 Did you have any other climate-related targets that were active in the reporting year?
- ▼ 7.54.2 Provide details of any other climate-related targets, including methane reduction targets.

Rationale:

Companies that establish an upstream Scope 3 emissions reduction target along with a supplier engagement target demonstrate awareness of emissions in their supply chain.

Summary of the scoring methodology:

Companies that do not report an emissions target will not be eligible for points in the associated section. Points are awarded based on the details reported for absolute or intensity targets as follows:

- ▼ Both absolute and intensity targets that have been approved by the Science Based Targets Initiative will be awarded points. Alternatively, absolute targets that meet CDP Full Corporate Leadership scoring criteria will be awarded points.

- ▼ Points are also awarded for reporting absolute or intensity targets regarding “Scope 3: Purchased goods & Services”.
- ▼ Partial points are awarded for reporting absolute or intensity targets in any other upstream category.

Companies who do not have any emissions target or other climate-related targets will not be eligible for points in this section.

- ▼ Points are awarded for reporting an additional climate related target of the type ‘Engaging with suppliers’.

Questions on this methodology

If you would like information about receiving feedback on your score, make suggestions about CDPs methodology, or ask a general question, please contact the CDP [Help Center](#).

Frequently Asked Questions (FAQs)

Does CDP publish SEA scores?

SEA scores are private and will not be published on CDP's website or in any reports, unless a company receives an A. SEAs based on responses submitted in 2024, will not be shared with requesting capital markets, but will be shared with requesting customers if submitted to them.

Do companies need to complete a separate questionnaire/answer additional questions to be assessed for the SEA?

No. CDP uses a company's existing response to the CDP Full corporate questionnaire - Climate change to assess selected questions governance, business strategy, targets, dependencies, impacts, risks and opportunities processes, scope 3 emissions, and scope 3 emissions (supplier engagement). The SEA methodology is available on CDP's guidance page.

Who receives a SEA score?

CDP provides a Supplier Engagement Assessment (SEA) to all companies who respond to the full version of CDP's Climate Change questionnaire, in addition to the Climate Change score. To be eligible companies must respond by the deadline. Companies who respond to the SME version of the questionnaire are not eligible.

Does the SEA affect my CDP Climate Change score?

Yes. Scoring criteria in questions 7.53.1 and 7.53.2 refer to the final score awarded for Climate change in 2024. Please refer to the 2024 SEA Scoring methodology for more details.

Why can companies get a different score for their value chain engagement category in the CDP Climate Change scoring methodology to the SEA?

The CDP Climate Change score - and its categories – are not comparable to the SEA. The value chain engagement section within the CDP climate change score focuses on the answers to questions in module 5 – on both upstream and downstream value chain engagement. The SEA focuses on upstream only using answers not just on module 5, but also on other areas such as governance and the overall CDP score.

The reason for this difference is because of the purposes and aims of each score. The value chain engagement section category score concentrates on a company's upstream and downstream value chain strategy as part of the wider CDP Climate Change methodology – it is one part of wider indicators used to inform stakeholders, and assess benchmark companies on their overall approach to managing climate change. However, the SEA is developed to highlight supplier engagement leaders and help companies benchmark their impact on cascading action to their supply chain and necessarily must include an element of a company's wider approach to climate change, in order to cascade this action effectively.

The SEA was created partly because the CDP Climate Change score doesn't provide companies with a communicable score about their supplier engagement achievements, and therefore does not enable recognition of the work companies are specifically doing to tackle supply chain emissions, which are on average 26 times more than those from direct operations. Many companies are still not taking the action needed beyond their direct operations and so the methodology to identify SEA leaders is much simpler, though like the other CDP methodologies we plan to modify and tighten the SEA methodology over time to meet the needs of its user and drive the appropriate corporate behaviours.

How does the SEA relate to Financial Institutions?

The SEA focuses on key areas of a company's response in relation to their engagement with their suppliers. All organizations responding to the full version of the CDP Climate Change request will

be evaluated including Financial Institutions. Whilst supplier engagement is a key area for all disclosing companies, it is important to note that the most critical engagements of financial institutions are through their portfolios, with their investees and clients, which are not captured by the supplier-focused SEA methodology.