

CDP EUROPE ANNUAL REPORT

2019-20



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The world woke up to the climate and environmental crisis in 2019 before it was shocked by the catastrophic covid-19 pandemic. Yet with the EU's climate neutrality target and European Green Deal in place, the science and our direction of travel is still clear. Our economy must cut emissions by half by 2030 - nearly 8% per year - to keep within 1.5°C of warming. Covid has reaffirmed our collective commitment to the science: Europe's recovery must green and catalyze an industrial transformation to meet this goal. CDP's theory of change is that disclosing quality environmental data leads helps capital markets, companies, local governments and policymakers make smarter decisions and take the action needed to get on track. As the European Union sets out an ambitious agenda, spearheading efforts to harmonize and improve corporate reporting standards and prioritising the green economy, CDP will continue to support it with disclosure, insight and action. And those working with CDP will play a huge role in building a new, resilient and environmentally-secure economy.

Maxfield Weiss
Executive Director
CDP Europe





I am glad to see that the investor community is gearing up. We need you. We need you to invest more and invest differently, with climate neutrality and sustainability at the heart of your plans and calculations. This is what the CDP community is doing. I commend you for that, and I join you in celebrating the leadership you are taking in natural capital business.

Ursula von der Leyen
President of the European Commission



From a video address to the CDP Europe Awards, held at the Ministry of Europe and Foreign Affairs, Paris, February 2020.

CDP'S VISION AND MISSION

We want to see a thriving economy that works for people and planet in the long term. The process of disclosing to CDP and the resulting data-driven insights focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring and managing their environmental impact.

Since pioneering the global environmental disclosure system, CDP has driven corporates and cities around the world to understand and act on the business case for reducing their impact. Central to CDP's mission is communicating the progress made in addressing environmental issues and highlighting where risks may be unmanaged. To this end, we score disclosers on the information they provide, assessing not only tangible impacts such as emission reduction activities, but also how climate change, water risk and deforestation issues are integrated into governance, strategy and risk assessment processes. We produce our annual climate change, forests and water security A Lists to show the market how leading companies are performing.

To increase transparency and drive sustainable investments, CDP provides a critical source of global data that delivers evidence and insights to a wide audience, including investors, companies, policymakers and their advisors, public sector organizations, government bodies, academics and the general public. CDP data enables our network to link environmental integrity, fiduciary duty and public interest to make better-informed decisions on climate action.

About CDP Europe

CDP Europe is a charitable organization registered in Brussels and Berlin and on the EU Transparency Register since 2012. It is part of the CDP Global System, a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with over 590 investors with \$110 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 10,000 organizations around the world disclosed data through CDP in 2020, including more than 9,600 companies worth over 50% of global market capitalization, and over 940 cities, states and regions, representing a combined population of over 2.6 billion. 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.

CDP EUROPE IN NUMBERS

CDP Europe is expanding its reach and driving environmental disclosure, insight and action at a significant scale.

60+
employees

4
locations
Berlin, Brussels,
Stockholm and Geneva

180
signatory
investors in
Europe with \$34.5 trillion
in assets

2.400
disclosing
companies in
Europe worth 78% of
market capitalization

220+
disclosing
cities, states
and regions in
Europe

38
supply chain
members with over
5200 global suppliers

2
government
partnerships with
Italy and France

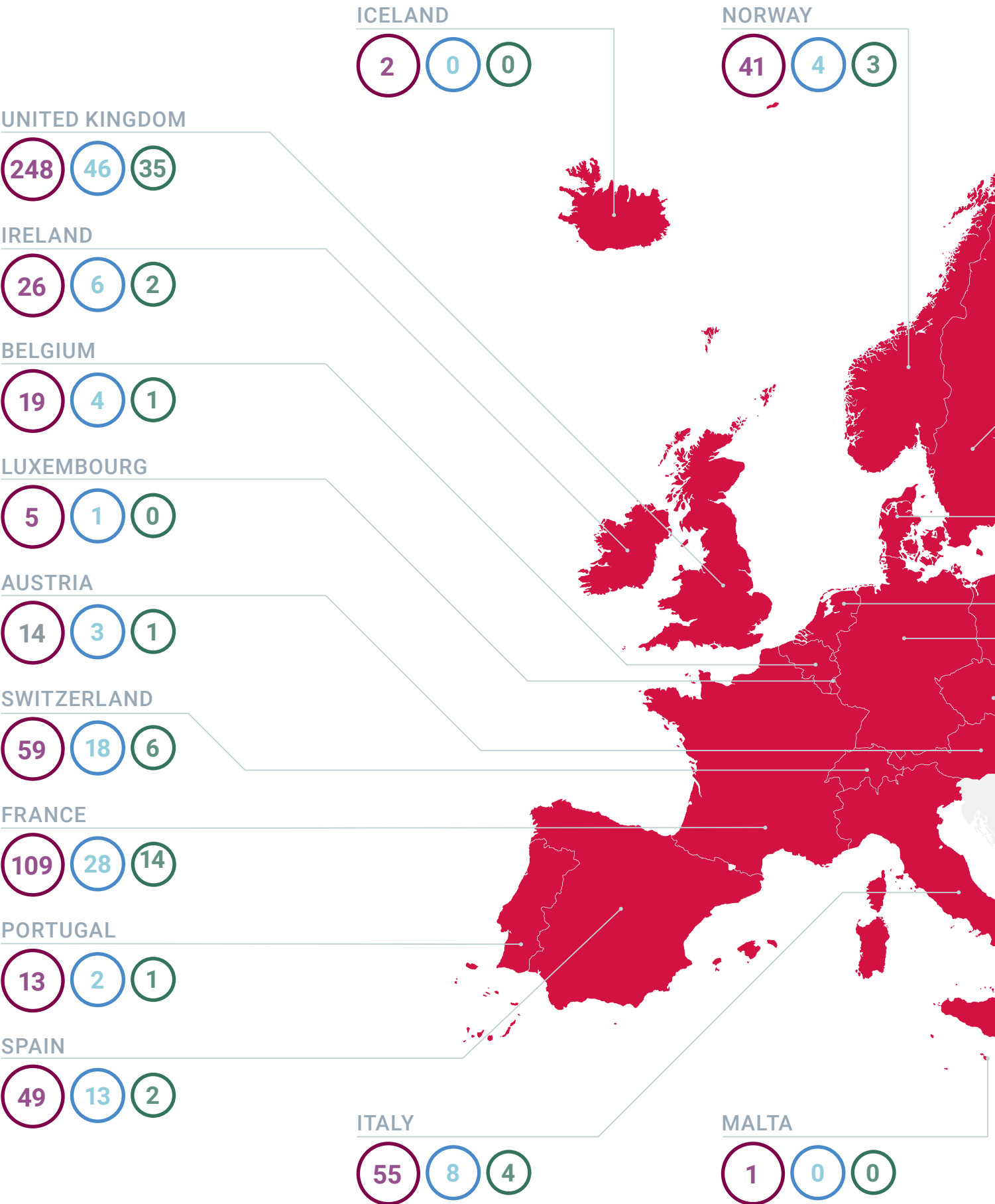
7
memberships of
expert advisory
working groups in
the EU



COMPANIES DISCLOSING TO CDP EUROPE

2019 DISCLOSURE CYCLE

Please note that the financial year 2019-20 includes the 2019 CDP disclosure cycle, which ended in July 2019. The 2020 disclosure cycle ended in August 2020 and will be reported in the CDP Europe Annual Report FY2020-21.

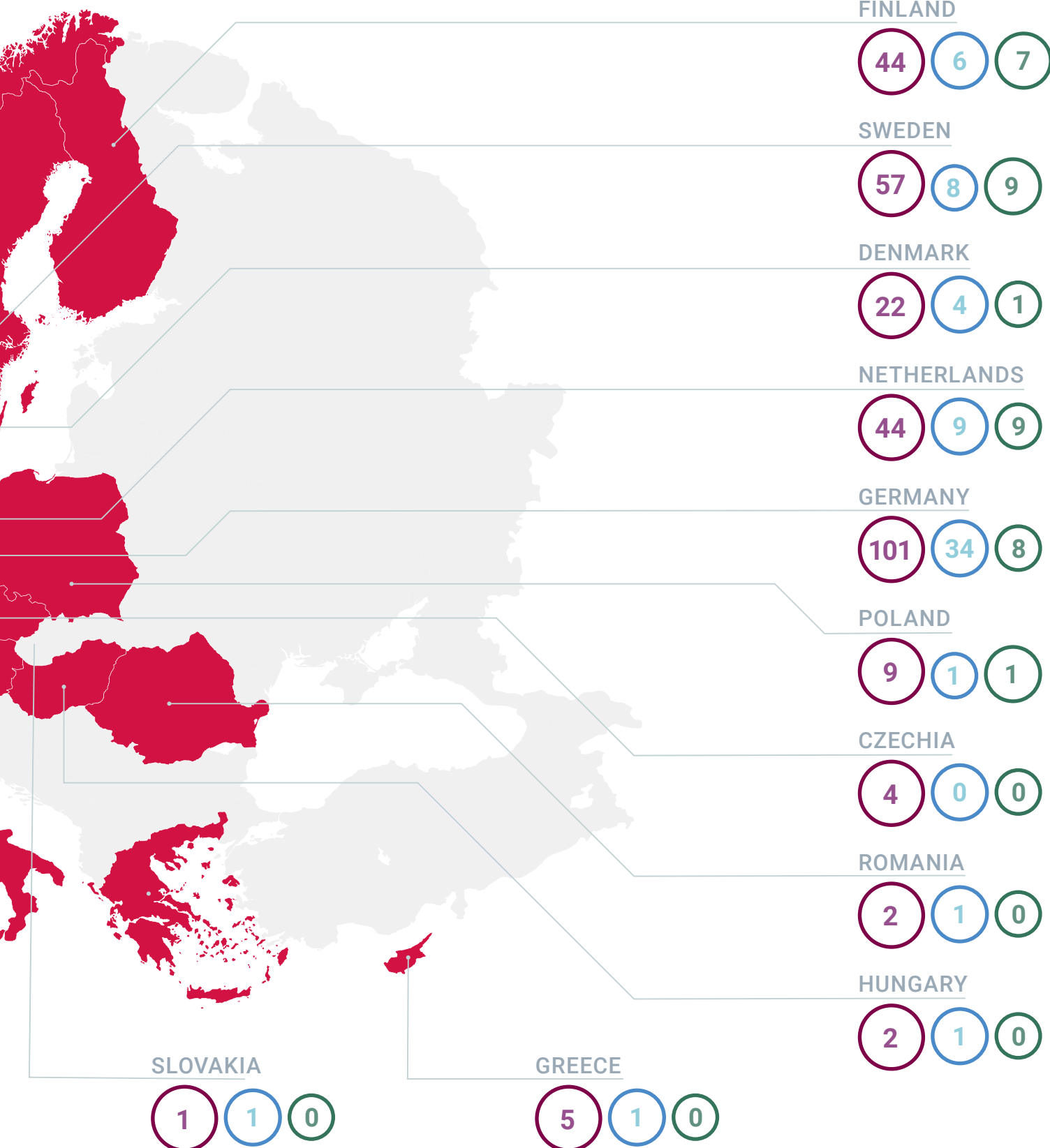


- Climate change disclosers
- Water security respondents
- Forest disclosers

937
total climate
change
disclosers

199
total water
security
disclosers

103
total forests
respondents



Map displays the number of 2019 responses from all companies responding to investors in the respective country, including companies reporting through their parent companies and some private companies.

OUR NEW GOVERNANCE AND LEGAL STRUCTURE

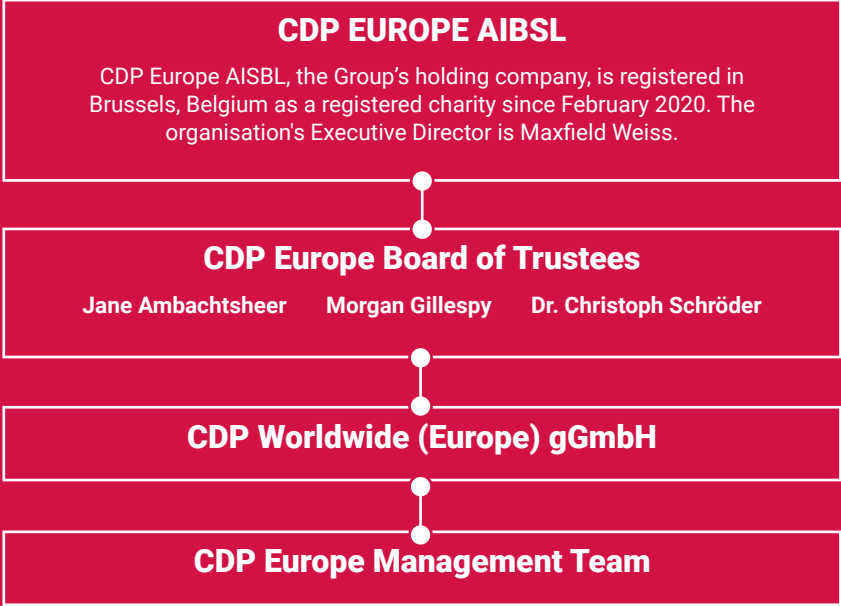
The CDP Global System ('CDP Global') is a non-profit organisation which includes three separate legal entities: CDP Europe AISBL (Belgium), the CDP Worldwide Group (United Kingdom) and CDP North America, Inc. (United States of America).

During the 2019-20 financial year, CDP Europe changed its legal governance structure.

Until February 2020, CDP Europe was a wholly owned subsidiary of CDP Worldwide, a holding company registered in England and Wales and a charity registered with the Charity Commission for England and Wales since January 15, 2008.

As of February 2020, CDP Worldwide (Europe) gGmbH is a charitable limited liability company headquartered in Berlin, Germany, registered on the EU Transparency Register since 2012. It is a wholly owned subsidiary of CDP Europe AISBL, a charity based in Brussels, Belgium (together: "CDP Europe"). CDP Europe is part of the non-profit CDP Global System ("CDP"), which refers to three legally separate organizations: CDP Europe (BE), the CDP Worldwide Group (UK), and CDP North America, Inc. (US): a charity based in Brussels, Belgium. The entity is directed by a 3-member board of trustees.

CDP Europe has an operating subsidiary, CDP Europe – Services GmbH, which operates service-based activities to support the charity's activities.



MAXFIELD WEISS
Executive Director



MIRJAM WOLFRUM
Director Policy Engagement



LAURENT BABIKIAN
Director Capital Markets



ANNA RYCHLEWSKA
Director Finance & Administration

To read more about CDP's global governance structures, visit www.cdp.net/en/info/governance

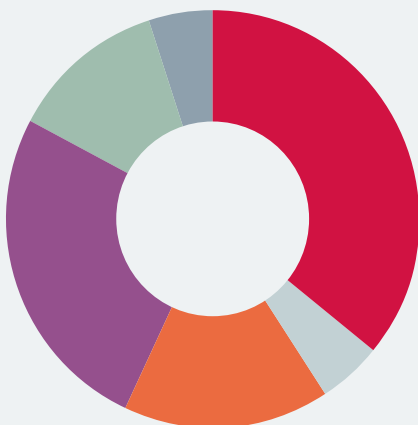


INCOME AND EXPENDITURE

As a non-profit charity, CDP Europe receives funding support from a range of organizations. CDP Worldwide (Europe) gGmbH's income in the year ending 31 March 2020 (2019/20) was €3,14m and came from the following sources:

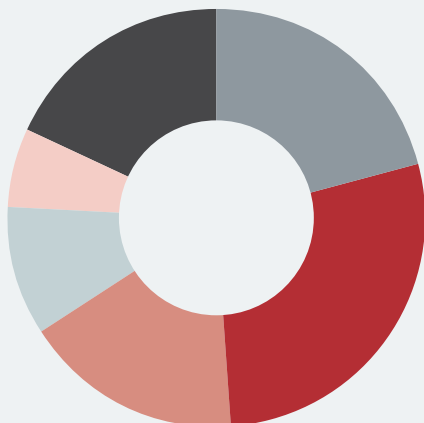
Income

- ▶ **36%** EU public grants (LIFE, EIT Climate KIC)
- ▶ **5%** Public grants from governments
- ▶ **16%** Private grants from philanthropic foundations
- ▶ **26%** Corporate fees
- ▶ **12%** Investor fees
- ▶ **5%** Other income



Expense type

- ▶ **21%** Management & administration
- ▶ **28%** Corporate engagement
- ▶ **17%** Investor engagement
- ▶ **10%** Policy engagement
- ▶ **6%** Cities, states and regions engagement
- ▶ **18%** Other - (SBT, RE100, CDSB)



EU public grants:



Public grants from governments:



Private grants from philanthropic organizations:



CDP Europe sponsor:



Gold partners:



CSR Performance:

Emissions: 273t CO2e

Offset projects: Diaobingshan Wind Power Project; Fronteira and Novicel Ceramics Fuel Switching Project; and Malana (Kullu India Hydro).

Certificate: Certificate of Verified Carbon Unit (VCU) Retirement

Offset partner: EcoAct



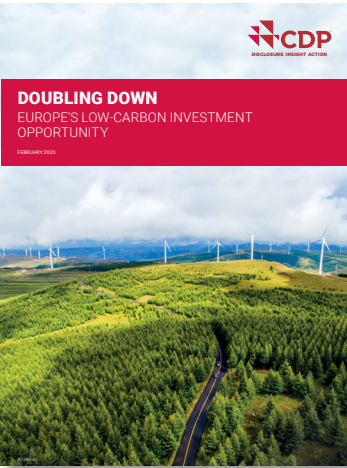
More information on our funding here
www.cdp.net/en/info/finance/europe



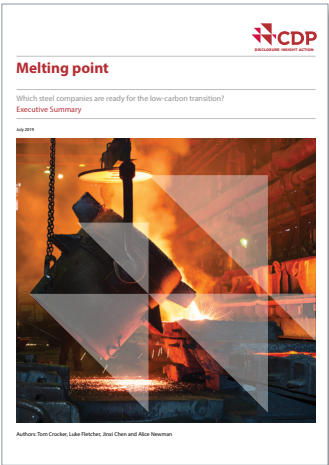
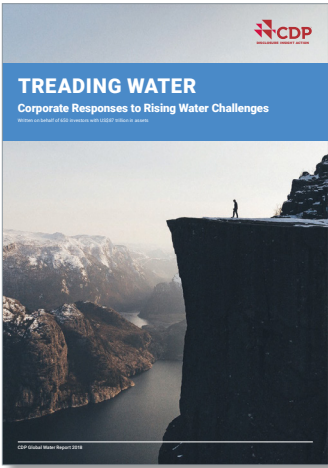
CDP REPORTS 2019-20

CDP's regularly published data analyses deliver key insights about corporate and regional governments' progress to address dangerous climate change, deforestation and water insecurity.

Reports published by CDP Europe



Global CDP reports distributed by CDP Europe



DOUBLING DOWN - THE CDP EUROPE REPORT

For the EU to meet its climate neutrality target by 2050, the economy must rapidly decarbonize. The investment decisions taken by European companies will make or break this commitment. Our 2019 Europe report, written in collaboration with leading global management consultancy firm Oliver Wyman, revealed that though European companies are taking bold action, current levels of low-carbon capital investment must double. To close the investment gap, action is required on all fronts – and the business case is clear.



In 2019, 882 European companies responsible for over 2.3 GtCO₂e of emissions reported €124 billion of new low-carbon investments to CDP.

Low-carbon investment was driven by companies in the high-emitting materials, energy and transport sectors, accounting for 5%, 38% and 50% respectively.

Capital investments made up €59 billion of the total, driven by electric utility investments of €45 billion in renewables, infrastructure and enabling technologies such as demand-side response programmes and digitalization. Research and development (R&D) investments amounted to €65 billion, of which €43 billion was reported by transport original equipment manufacturers (OEMs), primarily for investments in electrification and autonomous vehicle technologies. Overall transport sector R&D accounted for 46 percent of all low-carbon investment reported to CDP in 2019.

Transformation of the power system and the electrification of road transport dominated low-carbon investment, comprising over 70 percent of total investment between them.

But low-carbon capital investment must double to place the European corporate sector on track for net-zero emissions by 2050.

The current level of low-carbon investment represents bold ambition from some companies. But our report showed there is still a long way to go. More investment is needed in transformational breakthrough technologies – particularly in the materials sector, which accounts for only 5% of new low-carbon investment despite being the source of 35% of reported scope 1 and 2 emissions.

The rate of low-carbon investment reported to CDP is only half of what is needed to put the European corporate sector on track for net-zero by 2050. Overall, the share of low-carbon capital expenditure needs to increase from 12 to 25%. While significant, this remains a modest share of overall capital expenditure – and the costs of inaction are far greater.

The business case for low-carbon investment is clear: companies expect to avoid 2.4 GtCO₂e while contributing over €40 billion to their bottom line.

For companies undertaking emissions reduction initiatives, the economic benefits are clear. The investments reported to CDP in Europe last year were expected to add €40 billion to companies' bottom lines. From new green infrastructure projects to electric vehicle fleets and renewable power, this report found that companies are identifying new business opportunities in developing low carbon products and services that amount to over €1.2 trillion. Not only that, but the cost to realize these opportunities is six times less than the opportunity size. Companies are leading the way to net-zero by using the tools available for sound corporate disclosure practices through CDP, which inform smart strategies, for companies, policy and governments.

OUR MEDIA IMPACT

During 2019-2020, CDP Europe continued to grow its strong media profile, becoming a go-to resource for European journalists on climate, environmental, and sustainable finance topics. Over the year, CDP Europe spokespeople were interviewed over 60 times by top-tier media outlets, and CDP was featured, quoted or mentioned in more than 700 articles in European top-tier and leading environmental news outlets.

700+ HIGH TIER MEDIA ARTICLES INCLUDING CDP EUROPE IN 2019-20

**The
Guardian**

UK lags behind in
124 billion carbon
investment table

Les Echos

Green finance: French
asset managers at the
party

DER SPIEGEL

Study shows gigantic
CO2 savings potential
through suppliers

FT
FINANCIAL
TIMES

Jupiter and La Banque
Postale rank among top
climate performers

Die Presse

Billions in green
investments is not
enough

SvD

Ikea is accused of lack
of transparency around
forestry

DIE ZEIT

Corporations in Europe
invest billions in CO2
reduction

Handelsblatt

Expensive transition:
climate neutrality will
cost companies many
billions

CDP EUROPE COMMUNICATION PARTNERS

ITALY



**PORTER
NOVELLI**

FLEISHMANHILLARD

OmnicomPublicRelationsGroup

SPAIN



DENMARK

Rostra
Kommunikation

BENELUX



stampa

GERMANY

HOTWIRE
THE GLOBAL COMMUNICATIONS AGENCY

SWEDEN

strandBerghaage
EST. 2006

AUSTRIA

GRAYLING

EVENTS

CDP Europe Awards, February 2020

CDP's annual conference brought together 300 business and investor decision-makers to debate the action needed to achieve the EU's climate and environmental targets. Across an afternoon of networking, CDP A List and Climetrics Fund Awards - the global gold standard for environmental performance - were awarded to European business, investor, and city leaders. The event was held under the High Patronage of Mr. Emmanuel Macron, and hosted by the French Ministry of Europe and Foreign Affairs.

Speakers in 2020

Dr. Youba Sokona
vice-chair, IPCC

Emmanuelle Morey
CEO, La Banque Postale Asset Management

Cécile Cabanis
CFO, Danone

Valérie Baudson
CEO, CPR Asset Management, Member of
Amundi Group Executive Committee

Dagur Bergþóruson Eggertsson
Mayor of the City of Reykjavik

Gilbert Ghostine
CEO, Firmenich

Jean-Baptiste Lemoyne
Secretary of State to the Minister for Europe
and Foreign Affairs

François Villeroy de Galhau
Governor, Banque de France

Jan Erik Saugestad
CEO, Storebrand Asset Management

Patrick de Cambourg
President, Autorité des normes comptables

Pierre-André de Chalendar
Chairman and CEO, Saint-Gobain

Antoine de Saint-Affrique
CEO, Barry Callebaut

Tiphaine Hecketsweiler
Group Chief Engagement & Communications
Officer, SUEZ

Rob Bailey
Director, Climate Resilience, Oliver Wyman

www.cdp.net/europeawards

CDP workshops

CDP workshops hosted multi-stakeholders panels, showcasing the cascade effect of CDP's work and the interconnectivity of its stakeholders. In 8 European Capitals, 700 participants including sustainability directors and CSR managers opportunity to companies and all our stakeholders to get updates on environmental trends, CDP's works and activities.

www.cdp.net/en/events



PUTTING CDP DATA AT THE HEART OF INVESTMENT DECISIONS IN EUROPE

Through 2019-20, CDP Europe grew our work with the capital markets to put our corporate data at the heart of investment decisions. CDP's climate rating for funds, Climetrics, introduced a new methodology to cover all environmental themes and give fund investors a clearer view on funds' material risks. Meanwhile, our base of European investor signatories and members and supporting grew to its highest ever number. CDP continues to provide the most comprehensive, comparable set of environmental data available, and sits at the heart of the capital market response to climate change.

Euronext Environment indices expand globally

CDP's Euronext® CDP Environment indices are a range of equity indices created, calculated and published by Euronext for the exclusive use of Goldman Sachs for environmental structured products. First launched in September 2018, they are the first equity indices to use the three CDP thematic corporate scores of climate change, water security and forests.

An effect of these indices is to incentivise companies to disclose environmental information and to improve their overall performance across the three themes. Euronext uses CDP scores to calculate an environmental score based on a company's average across the three themes. If a company has not been asked to participate in one or more of the themes, the average will be calculated on the remaining themes.

The Euronext® CDP Environment France EW is composed of the 40 best environment grades amongst the 100 largest companies in France, measured in market capitalization. The Euronext® CDP Environment World EW selects the highest-ranked 20 North American and 20 European stocks, from a universe of the largest 400 Euronext 500 stocks.

The Euronext® CDP Environment Eurozone selects the top 50 European stocks from the Eurozone 300. The composition of the indices is reviewed annually with CDP scores, and the weighting of the constituents reviewed quarterly. The index is available for institutional and retail investors through structured products called Autocall created by Goldman Sachs.



Since 2012, Raiffeisen Capital Management has proudly supported CDP's request for corporate environmental disclosure. Offering the most comprehensive set of disclosures made by companies, CDP data is increasingly important to investors; we need standardised, comparable information to judge companies' exposure to environmental risks, inform our investment decisions, and offer our customers better sustainable investment products.

Rainer Schnabl, CEO, Raiffeisen Capital Management



Growth of CPR Invest - Climate Action fund

In December 2018, CPR AM, subsidiary of the largest European asset manager Amundi, launched CPR Invest – Climate Action in collaboration with CDP. The fund invests in global equities with a core strategy based entirely on climate action. Nearly one third of the fund's investee companies have science-based targets for reducing emissions. 98% of the companies have an A or a B CDP score.

As of December 2019, the carbon footprint of the fund is 22% lower than the MSCI AC World reference, meaning that the fund contributes to the transition to a low carbon economy. The fund had 400 million EUR assets under management after 14 months. All companies in all sectors and in all countries are considered in the starting universe of companies.

Growth of European investor signatories

The number of investor signatories to CDP's global investor request increased to 515 investors with assets of \$106 trillion in 2019. By the end of the 2019-20 financial year, CDP's continually-growing group of European investor signatories reached 180, with assets of \$34.5 trillion. The most up to date investor signatory figures are published on **CDP's website**.

Development of CDP temperature ratings

CDP Europe led the development of CDP temperature ratings during financial year 2019-20. The new dataset, **launched in July 2020**, helps investors to benchmark, communicate and reduce the temperature of their portfolios and products, by giving a temperature pathway for over 2850 global companies. The ratings are the first to be based on corporate emission reduction targets covering all relevant emissions in a company's value chain. The temperature ratings reflect the long-term global warming potential if global GHG emissions would reduce at the same pace as the company.

As a result, CDP temperature ratings give investors a clear, science-based and uniform standard for taking and measuring action towards a sustainable economy.



Expanding CDP disclosure into the capital markets

In 2019, CDP expanded its traditional investor request for the first time from publicly traded companies into broader segments of the capital markets. This cross-asset class expansion enables banks, private equity firms and fixed-income teams to request CDP disclosure throughout their portfolios.

INVESTOR REQUEST

For investors, the traditional investor request has offered a disclosure mechanism for publicly listed companies since 2002.

BANK MEMBERSHIP New in 2019

For banks, a new membership offering will bring CDP data into the commercial side of the banking business, expanding past the asset management side.

515 INVESTORS WITH \$106 TRILLION IN ASSETS

CORPORATE FIXED-INCOME REQUEST New in 2019

For fixed-income teams, the corporate offering supports a disclosure request from private companies that issue debt, expanding CDP's investor request into the US\$100 trillion corporate debt market.

MUNICIPAL FIXED-INCOME REQUEST New in 2019

For fixed-income teams, the municipal offering supports a disclosure request from the US\$4 trillion municipal bond market outside of cities, counties and states. These public enterprises, authorities and districts comprise 70% of the municipal bond market.

New methodology, bigger fund universe and Climetrics Fund Awards

For the 2019 Climetrics Fund Awards, funds in the global, European and emerging markets equity asset classes were recognized as the top climate performers. The funds stand out as generally investing in companies which are better at disclosing and managing material climate, water and deforestation issues. The ranking is based on an updated underlying methodology, which includes water security and forests data from CDP in addition to climate change. Climetrics measures the performance of a fund's holdings, its asset manager's governance of climate issues, and its investment policy, to help investors find funds well-positioned in the transition to a low carbon economy.

The methodology now uses a new materiality factor to calculate scores at a portfolio level. This gives higher scores to stocks which have highly material climate, water or forests risks but disclose and manage them well, for example by setting science-based targets to reduce emissions in line with the level needed to limit global warming to 1.5°C.

Having expanded its ratings globally, Climetrics now independently rates around 17,000 global funds representing €15.9 trillion – or 31 percent of the global mutual fund market. It issues ratings on a scale of '1-leaf' to '5-leaf' using a best-in-universe approach.

Climetrics
The Climate Rating for Funds

Climetrics Fund Award 2019

The top global, European and emerging markets equity funds

Fund	Asset manager	Class
 Epargne Ethique Actions	Ecofi Investissements	Global
 LBPAM ISR Actions Euro	La Banque Postale AM	Global
 LBPAM Responsable Actions Europe	La Banque Postale AM	Global
 LBPAM ISR Actions Environnement	La Banque Postale AM	Global
 Mirova Europe Sustainable Equity	Mirova	Global
 Ecofi Enjeux Futurs	Ecofi Investissements	European
 Jupiter Global Ecology Growth	Jupiter Asset Management	European
 MAM Transition Durable Actions	Meerschaert Asset Management	European
 Storebrand Global Solutions	Storebrand Asset Management	European
 Swedbank Robur Transition Global	Swedbank Robur	European
 Comgest Growth Emerging Markets	Comgest	Emerging
 Emerging Markets Sustainability Fund	First State Investments	Emerging
 Raiffeisen-Nachhaltigkeit-EM-Aktien	Raiffeisen Kapitalanlage	Emerging
 RBC Funds (Lux) Emerging Markets	RBC Global Asset Management	Emerging
 SPP Emerging Markets Plus	SPP Fonder	Emerging

All Climetrics fund ratings are available for free online here: cdp.net/en/investor/climetrics



OUR WORK WITH COMPANIES IS DRIVING ENVIRONMENTAL ACTION THROUGHOUT SUPPLY CHAINS

CDP Europe works with over 2100 disclosing companies representing approximately 76% of European market capitalization and a combined revenue of €6.7 trillion. Direct emissions equivalent to 50% of the annual EU total are reported through CDP. We guide companies as they advance along their sustainability journey, helping companies to disclose key data in one place, measure their environmental impact and risks, and put in place strategies to address them. **From disclosure, to insight, to action.**

Insights from 2019's corporate disclosure

CLIMATE CHANGE

Among the 882 (mostly listed) European companies responding to investors on climate change in 2019, key progress indicators include that;

- ▶ **100 (+61%)** European companies are committed to sourcing 100% of electricity from renewables;
- ▶ **417** companies have set or are committed to setting science-based targets;
- ▶ €124 billion in new low carbon investments were reported
- ▶ Companies expect to cut 2.4GtCO₂e from low-carbon initiatives, with a net €40 billion bottom line benefit
- ▶ Companies see €1.22 trillion in potential new revenue opportunities from low-carbon goods and services – more than six times the cost to realize

WATER SECURITY

190 listed companies responded to investors on water security in 2019, with 32% CDP A List companies on water being based in Europe. Other key results were that;

- ▶ Water-related risks for European companies have been estimated between €12 billion and €29 billion
- ▶ The total reported financial impact from water-related issues for European companies lies at €1.2 billion
- ▶ Out of this, the top 3 highest financial impacts stem from pollution incidents (€663 million), drought (€348 million) and severe weather events (€ 241 million).
- ▶ Financial impact for European companies from droughts/flooding in 2018 is around €4 billion

FORESTS

126 (mostly) listed companies responded to investors and/or customers on forests last year, looking at key forest-risk commodities (timber, cattle, palm oil, soy, rubber). 75% of CDP's A List companies for forests were based in Europe. Key results include;

- ▶ 81% of European companies have a procedure to assess deforestation risks;
- ▶ 73% of European companies have board-level oversight of forest-related issues, risks and opportunities;
- ▶ 59% of European companies have made public commitments on deforestation;
- ▶ 67% of respondents have quantitative targets for increasing the sustainable production or consumption of specific forest commodities.



+91

European companies disclosing to their investors for the first time in 2019

More analyzed data and a country breakdown of responders can be found in the **CDP Europe Report**.



European companies leading CDP's global A List

In 2019, 93 European companies were on CDP's A List. Between them, 114 A scores were awarded: 85 As for climate change, 23 for water security, and 6 for forests. Companies in Europe represent 44% of all As globally, and nearly half (47%) of the total global CDP climate change A List of 180.

5 out of the 6 companies globally to receive a triple A are based in Europe, reflecting Europe's leading position for the highest levels of transparency and action across the three key interrelated environmental themes. This year, Danone, Unilever and UPM-Kymmene Corporate joined L'Oréal and FIRMENICH SA, who also achieved three A scores in 2018. For forests, companies from Europe dominate the global forests A List, with 6 out of 8 of the best-performing companies. On water security, the 24 European companies represent one third (32 percent) of the total awarded globally.

Companies on the CDP climate change A List outperform their peers on the stock market by

5.3% PER ANNUM

according to STOXX, showing the link between environmental and financial performance.




From 19/12/2011 to 31/12/2019, the Stoxx® Global Climate Change Leaders index outperformed the Stoxx® Global 1800 index by 5.3% per annum.

— STOXX® Global Climate Change Leaders EUR (Gross return)
— STOXX® Global 1800 EUR (Gross return)

Driving industry-leading corporate environmental commitments

As a core member of the We Mean Business Coalition, CDP Europe worked with more than 300 European high-impact companies in 2019-20. Engaging and supporting them to join the leadership initiatives on the We Mean Business Coalition's Take Action platform, this forms a core part of our mission to accelerate the low carbon transition by driving the highest levels of corporate climate ambition.

In 2019-20, 114 commitments were made by European businesses, including Ahold Delhaize, Allianz, EDP, E.ON, Ferrovial, LafargeHolcim, Maersk, Peugeot, Royal DSM and Vodafone Group. Globally, a total of more than 900 companies with more than USD 19 trillion in market cap have now made over 1400 commitments to bold climate action, such as science-based targets setting (SBTs), working towards 100% renewable electricity (RE100), transitioning corporate fleets to electric vehicles (EV100) and using energy more effectively (EP100).

BUSINESS AMBITION FOR 1.5°C 

We're calling on companies to commit to ambitious emissions reduction targets through the Science Based Targets initiative (SBTi).

By setting a science-based target in line with a 1.5°C future, businesses can make their critical and necessary contribution to limiting the worst impacts of climate change.

So far, 258 companies, representing over \$3.8 trillion in market cap, have responded to the open letter and signed the Business Ambition for 1.5°C commitment.

+33% YEAR ON YEAR

commitments to ambitious sustainability initiatives from European corporates.

See <https://sciencebasedtargets.org/companies-taking-action/> for latest figures.

Europe's corporate buyers managing their supply chain impacts through CDP

In 2019, 37 CDP supply chain members in the EU and Switzerland requested climate change data from more than 2,700 global suppliers, including almost 1,000 suppliers in China. 7 new members joined for the 2020 disclosure cycle including Bayer, Electrolux and Zurich Insurance. 20 of these 37 have approved science-based targets, with many using their membership to track and engage suppliers to reduce emissions in line with the latest climate science. 10 members are also part of the RE100 initiative, committed to accelerate a global shift to clean energy by going '100% renewable'. Through their request for environmental information and purchasing power, our members are helping to track emissions across global markets, to move suppliers beyond disclosure and drive positive action and concrete emission reduction initiatives.

Companies also use CDP to manage water and forest risks in their supply chains. Last year, almost 900 suppliers were engaged on their water management by EU-based and Swiss supply chain members. They reported more than €5 billion of revenue associated with water security risks, mainly physical and regulatory. About 70 suppliers were requested to provide consumption and traceability information of forest-risk commodities, such as beef, soy, cattle and timber, including in Brazil and Indonesia. The suppliers engaged reported more than €33 billion of revenue associated with identified forest commodity-related risks, with the largest figure attributed to reputational risks.

SUPPORTING EUROPEAN POLICY PROGRESS ON SUSTAINABLE FINANCE AND CORPORATE AND CITIES' DISCLOSURE

CDP Europe's policy team supports EU and European Member States' policymakers to develop, implement and track the impact of policies on corporate reporting and governance, sustainable finance, deforestation-free sourcing, climate and energy, and water security.

OUR MEANS OF ENGAGEMENT

EXPERTISE

Advising EU and national legislators

Publication: CDP AND THE EU ACTION PLAN ON SUSTAINABLE FINANCE

CDP Europe published a comprehensive mapping document to inform CDP stakeholder groups about how they can use CDP's disclosure system and the data analysis, tools, metrics and initiatives offered by CDP to implement, and go beyond, EU regulatory requirements. The document gives information to CDP stakeholders on policies under the Actions of the Action Plan, describing the purpose, scope, disclosure requirements and place of reporting, among other information, in a consistent structure that can allow disclosing entities to interconnect their disclosure requirements and develop synergies in reporting under several policies.

Download it [here](#).

ANALYSES

Tracking the implementation and impact of regulation

Publication: CDP Italy Report 2019. Climate Insights among Italian Businesses and local Governments

Since 2017, CDP and the Italian government have worked together through a Memorandum of Understanding to drive transparency and action by Italian companies, cities and regions. CDP presented its second Italy Report report to the Ministry and the public at a high level event, held with the Italian government at COP25, Madrid and hosted by Minister Sergio Costa. The report found that Italian companies have identified over €44 billion in climate-related risks and €67 billion in potential opportunities. But action to address risks is insufficient: though 60% of Italian companies have absolute emissions targets, only 18% have a target that covers 70% of Scope 1 and 2, and only 2 companies (4%) have an approved science-based target.

Download the report [here](#).



Sustainable Finance

German government Sustainable Finance Committee



European Commission Technical Expert Group on Sustainable Finance (TEG) E03588



MINISTERO DELL'AMBIENTE
E DELLA TUTELA DEL TERRITORIO E DEL MARE



CAPACITY BUILDING

Translating market best practice into policymaking

CDP provides expertise and data-based evidence from its corporate and investor engagement to policy advisory groups.



European Commission Technical Expert Group on Sustainable Finance (TEG) E03588



Publications: Policy briefings, webinars, consultation responses and public comments

In the past year, CDP Europe released a number of public comments and distributed policy briefings to a targeted audience, to aid the development of different EU corporate reporting and sustainable finance initiatives:



CDP Europe's comment on the draft technical advice on minimum requirements for the EU climate-transition benchmarks and the EU Paris-aligned benchmarks and benchmarks' ESG disclosures - July 2019



CDP Europe's comment on EFRAG's European Lab consultation on future projects - July 2019



CDP Europe's webinar for European companies and investors on the EU policy developments - October 2019



CDP Europe's comment on the European Commission's Roadmap on the European Climate Law - February 2020



CDSB and CDP Reporting Handbook - What does environmental reporting look like in line with the EU Non-Financial Reporting Directive? - February 2020



Mirjam Wolfrum, Director Policy Engagement at CDP Europe, in an interview for Water Europe - March 2020

Renewal of our Memorandum of Understanding with the Ministry for the Environment, Land and Sea of Italy

In 2018 CDP Europe signed its second Programme of Work, which aims to engage Italian companies and local governments to disclose key environmental data, improve the quality and quantity of forward-looking disclosures, and catalyze action within the framework of the Marrakech Partnership of Global Climate Action and beyond. By the end of the second program of work, ending 31 March 2020, the number of Italian cities, regions and companies reporting to CDP had increased by 30% from 2017. CDP's second Italy Report was published to showcase corporate and regional climate action in Italy.

Receive regular updates from CDP Europe's policy team:
[Join newsletter mailing list here.](#)



I am glad to see that the investor community is gearing up. We need you. We need you to invest more and invest differently. With climate neutrality and sustainability at the heart of your plans and calculations. This is what the CDP community is doing. I commend you for that. And I join you in celebrating the leadership you are taking in natural capital business.

Ursula von der Leyen
Head of the European Commission

Speaking CDP Europe Awards, Feb. 2020



ENABLING CITIES, STATES AND REGIONS IN EUROPE TO INCREASE THEIR AMBITION



This data presented on cities was collected in partnership through the CDP-ICLEI Unified Reporting System.

Cities are the source of 70% of the world's energy-related carbon emissions. Over three quarters of cities worldwide will experience a dramatic change in climate conditions over the next 30 years. That's why it's crucial that they play a leading role in mitigating and adapting to the effects of climate change. Cities will be where the battle for climate change is won or lost. Last year, the number of European cities disclosing data to the CDP-ICLEI unified reporting system grew to 177. To inspire faster progress and more ambitious action, CDP scored these disclosures for the second time, releasing a global Cities A List that featured 34 cities in Europe.

177 European disclosers last year; 34 on Cities A List

25% of cities disclosing to CDP last year were European. With a combined 119, the Baltic area, Italy, Portugal and the United Kingdom all had a significant number of cities disclosing. This results from the support given to CDP by the Italian Ministry of the Environment, Land and Sea, as well as our partnerships with the Union of Baltic Cities, the National Association of Italian Municipalities (ANCI) and the Portuguese network adapt.local. 34 European cities - 20% of all reporting cities - were named on the CDP Cities A List, including Athens, Barcelona, Berlin, Lisbon, Paris, Sofia, and Torino, reflecting high European performance against global peers. An A means a city demonstrates strong climate adaptation and mitigation strategies, and consistently tracks its emissions. The full list of A List cities is [here](#). In total, 1,075 European cities were invited by CDP to disclose last year.

European cities' climate mitigation actions

Among 177 disclosing cities, 83 disclosed an emissions inventory to CDP. The most common methodologies are the Global Protocol for Community Greenhouse Gas Emissions Inventories (GPC) and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Stationary energy remains the highest emitting sector in cities, followed by private transport. 131 have an emissions reduction target, including cities like Amsterdam, Berlin, Paris, Helsinki, Oslo, Stockholm, Milan, Nice and Zürich with a reduction target of 75-100%. 67 cities reported a year-on-year decrease in city-wide emissions. 22 cities target 100% renewable energy consumed city-wide, including Stockholm, Oslo, Riga, Malmö, Turku, & Uppsala.

European cities' climate adaptation actions

105 cities in Europe anticipate an increasing intensity of climate hazards, for example from floods and sea level rise, extreme precipitation, heat waves, storm and wind, or water scarcity. To adapt, engagement or education measures towards communities are one of the most frequent actions, along with crisis management measures including warning and evacuation systems. Out of the 112 European cities reporting flood and sea level rise risks, or the 97 anticipating extreme precipitation, only 56 municipalities reported completing a flood mapping, and just 26 reported concrete flood defence actions. Most of these cities are located along the Atlantic Coast, in the North Sea and Baltic Sea, from Portugal to Finland. 23 cities have worked on hazard resistant infrastructure design and construction, and 22 on heat mapping and thermal imaging. Just 15 declared projects and policies targeted at those most vulnerable. A year before the Covid-19 crisis, fewer than 8% anticipated biological hazards and only 7 had concrete actions against air-borne or vector-borne diseases.

CITIES: DISCLOSURE AND ACTION

In 2019, a record-breaking number of 177 European cities disclosed via the CDP-ICLEI unified reporting system.

139 European cities reported a climate action plan (+48)

67 European cities reported decreased emissions (+25), and 131 have an emissions reduction target (+20)

91 Cities have a renewable energy or electricity target (+25)

634 Cities' emissions reduction activities were declared. Two thirds of them are actions either in the buildings, transport, energy, or waste sectors

117 European cities reported a climate adaptation plan and 91 have completed a vulnerability assessment.

453 Cities' climate adaptation activities were disclosed.

CDP also works with state and regional governments as they are often the main implementing bodies for global agreements on climate change policies. While the range of their individual authority varies significantly, many have particular responsibility in crucial areas such as building standards, transport, water and waste policy, as well as climate adaptation. Ultimately, the power of disclosure increases awareness and empowers those actors to identify the risks and opportunities posed by climate change to make better informed decisions. Last year, the number of European states and regions disclosing data to CDP stayed at 49, among 125 globally.

STATES AND REGIONS: DISCLOSURE AND ACTION

In 2019, 49 European states and regions disclosed via the CDP-ICLEI unified reporting system - 16 more than in 2018.

30 European states and regions have an emissions reduction target

21 European states and regions have a renewable energy or electricity target

1369 Climate and mitigation activities were disclosed by states and regions

27 European states and regions reported a climate adaptation plan and 24 have completed a vulnerability assessment

128 Climate adaptation activities were disclosed by states and regions

49 European states and regions disclosed last year

40% of states and regions disclosing to CDP in 2019 were European. Federal states were slightly overrepresented, with the participation of many German states (Hesse, Bavaria, Thuringia, North Rhine-Westphalia, Rhineland-Palatinate, Baden Wurttemberg, Schleswig-Holstein, Lower Saxony) and Spanish autonomous communities (Galicia, Cantabria, Navarra, Andalusia, Catalonia, Basque Country). 6 regions from Italy (Basilicata, Sardinia, Piedmont, Lombardy, Emilia-Romagna, Abruzzo) and 6 from Portugal (Madeira, Azores and 4 intercommunalities) also disclosed. CDP's engagement towards states and regions could benefit this year again from the support of two partnerships agreed at global level: The Climate Group and Regions⁴. More than 230 European states and regions were invited by CDP to disclose.

States and regions' mitigation actions

Among the 49 European states and regions, 38 have disclosed their emissions inventory to CDP. Most use the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. 31 have an emissions reduction target. Basque Country, Lombardy, Madeira, North Rhine-Westphalia, Scotland, Wales and Sardinia target a 80% reduction in emissions by 2050, while Hesse, Thuringia and Wallonia have set a 90 or 95% target, and Catalonia 100% by 2050. 8 states and regions have set 100% renewable energy or 100% carbon-free electricity targets: Catalonia, Hesse, Lower Saxony and North Denmark in 2050, Thuringia in 2040, Jamtland in 2030. Lower Austria and Scotland declared achieving this objective already this year. The difference between renewable energy/electricity consumption vs production targets should be recognized: Lower Austria, Thuringia and North Denmark are the only three regions with a 100% renewable energy/electricity production target, whereas all the other focus on consumption. The 49 European reporting states and regions have disclosed 1369 climate mitigation actions; an average of 28 per region, equivalent to the average worldwide. Most actions (950) are in the energy, buildings and lighting, transport and waste sectors.

States and regions' adaptation actions

More hot days and more intense rainfall are the most commonly reported type of climate impacts European states and regions were facing in 2019. With regards to temperature, several regions reported already facing many changes: hotter summers, more frequent heat waves, more frequent droughts, warmer water temperatures. A rise of sea level has been reported by 15 states and regions. To face these hazards, 128 climate adaptation actions were reported by European states and regions. 63 of these actions related to temperature hazards, 46 to the increasing intensity or frequency of rainfalls or storms, and 13 to sea level rise or coastal erosion. When asked about socio-economic risks of climate change, European states and regions mostly reported increased health risks, risks relating to infrastructure (incl. buildings, energy, transport), increased demand for public services and increased risks to already vulnerable populations.

Notes: The term "city" is a broader term that refers equally to local government areas that may be referred to as cities, municipalities, metropolitan areas, intercommunalities, counties etc. The term "states and regions" refers to any subnational government authority which is not a city. The data featured for European cities, states and regions covers all EU and EFTA countries, but also the United Kingdom, Russia, European Western Balkans countries, countries of the European Eastern Partnership, and the European microstates.

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