

CDP Europe input to Working Document of the Commission for Economic Policy “Public procurement package” (ECON-VI/030)

To meet the challenges of climate change, environmental degradation, resource depletion and social sustainability, disclosure throughout the entire supply chain of businesses is key. It enables purchasing private companies and public entities to engage their suppliers to identify risks, find opportunities to lower costs and make tangible progress on reducing greenhouse gas emissions, on driving water stewardship and on mitigating deforestation.

- ▼ With public procurement and the purchasing of goods and services covering about 14 % of European gross domestic product¹, governments can use supply chain disclosures to align their procurement decisions with the Paris Agreement and the SDGs.
- ▼ National, regional and local government agencies should leverage the power of public procurement to drive positive action on climate change and natural resources by encouraging their suppliers to manage climate change, deforestation and water-related risks. This would bring governments accompanying benefits such as increased value chain transparency and enabling active pursuit of the objectives of the Circular Economy.

Our input is based on analysis of the 2017 voluntary disclosure of:

- ▼ 573 European² publicly listed companies, representing 82% of the total European market capitalization in CDP’s high impact sample³, plus 1195 of their suppliers for Climate Change, 392 for Water, and 21 for Forests;
- ▼ Their disclosure via the CDP platform is driven by institutional investors with assets of US\$ 87 trillion and companies and government bodies with over US\$ 3 trillion in spending power;
- ▼ 118 European cities and 49 European regions.

¹ http://ec.europa.eu/growth/single-market/public-procurement/strategy_en

² EU 27, plus Norway, Switzerland, Iceland and Lichtenstein, excluding UK.

³ CDP’s high impact sample includes 1,323 companies with a primary listing in continental Europe, selected by their market capitalization, out of 1800+ companies globally representing 47% of global market cap. For more information, [see our 2017 European Natural Capital report](#).

Risk management and the issue of insurance schemes for public procurement:

Risks related to climate change, deforestation and water security directly impact the private and public sector by reducing agricultural productivity, disrupting logistics and supply chains, and causing damage to buildings and infrastructure. Organisations need affordable and reliable supplies of energy and natural resources. In addition to these direct consequences, they also face indirect risks such as shifts in consumer behaviour and an increasing demand from stakeholders on efficiency, transparency and risk management in the supply chain.

By engaging with their supply chains through the CDP Supply Chain Program, procurers can drive disclosure throughout entire supply chains and help to reduce the risks they face from climate change, deforestation and water security as well as mitigating the impact on climate and environment of their supplying companies.

Joint procurement can boost more efficient allocation of the Structural Funds:

The need is urgent to align the “billions to trillions” infrastructure agenda with the Paris Agreement and the Sustainable Development Goals and to ensure that private capital invested in public infrastructure and private businesses is exclusively directed towards responsible and sustainable projects and companies.

Access to infrastructure investments should be given after an ex-ante assessment. A critical part of the assessment should be cities disclosure about the environmental impact. This helps investors to understand a city’s impact and allows cities to access infrastructure investment. More than 500 cities globally disclose and measure environmental data each year through CDP. They manage emissions, build resilience, protect themselves from climate impacts and create better places for people to live and work. These cities are disclosing over 8.000 urban sustainability actions, demonstrating their commitment to building a sustainable economy and tackling climate change.

Matchmaker

The project *Matchmaker* provides its subscribers with information on climate resilient infrastructure projects worldwide through a specialized project dashboard derived from the unique CDP Cities disclosure platform and partners.

Often climate related activities in cities are isolated from economic development outreach, creating communication and information barriers between cities and potential investors. Matchmaker bridges this divide by working with cities to highlight projects in flood control, waste management, sustainable transportation, renewable energy, water management, and energy efficiency. Matchmaker serves as a clearinghouse for cities to showcase planned

projects to the finance sector and better position them to mitigate against and adapt to climate change.

Matchmaker is a joint initiative between CDP and Climate-KIC's Low Carbon City Lab, which is a Climate-KIC Flagship programme addressing the current and future gap in access to finance for municipal authorities.

Alignment with the EU's normative framework regarding mitigation of and adaptation to climate change:

Green Public Procurement has a significant impact and plays a key role to build a resource-efficient economy. Although we have seen initiatives on EU and member state level, more action needs to be taken. Green Public Procurement should be mainstreamed into more binding norms to support the delivery of the Sustainable Development Goals and the Paris Agreement. The EU sustainability taxonomy which will be developed for climate mitigation and adaptation and other environmental activities in 2019 should be guiding the holistic integration of Green Public Procurement norms.

Further reading

[CDP Europe position](#) on the Action Plan 'Financing Sustainable Growth'
[CDP Supply Chain program](#)

For further information

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