

Q&A FROM 2022 CDP EUROPE WORKSHOP

27 April 2022

Plenary

- 1. To Cellnex: How do you specifically use CDP to get suppliers engaged? Do you ask them for a specific score? And how do you get the CO2 data from CDP? Is this done separately?**

Generally, this is done with different approaches. In the first instance we set up communication with suppliers to explain the benefits of disclosure and set clear expectations of that this means in their relationship to their client. Secondly, Supply Chain members, such as Cellnex, are provided full visibility of the data disclosed by their suppliers and are able to provide targeted feedback. On that basis and having previously communicated their KPIs to them, they share their view on the areas where they are hoping to see improvement. As Yolanda explained, this goes as far as having contractual requirements and mandatory reduction plans for key suppliers.

Supply chain members get access to their suppliers reported scope 1, 2 and 3 emissions in their membership data outputs. One of the datasets that Cellnex gets at the end of the year is a scope 3 report including allocated emissions from each supplier, to facilitate and inform their calculation of scope 3 category 1 (purchased goods and services). To learn more about the supply chain programme you can contact us following this link: [Supply chain - CDP](#)

SC report snapshot

- 1. Can one Company see another's scores and information behind these? e.g L'Oréal, can it see its supplier's information?**

Supply Chain members, such as L'Oréal, are able to see the score of their responding suppliers, as well as the data that they provide. Companies can choose to disclose their response publicly or non-publicly. For more information on how CDP uses scores, [please check our FAQ page.](#)

2. How much of double counting do you expect to be included in the reported scope 3 emissions (theoretically all these must have been reported by somebody within their scopes 1 and 2)?

Hello Winfried, thank you for your question. Double accounting is an inherent characteristic of scope 3 calculations, especially as it refers to purchased products and services, this is something that is also expected and covered in the GHG Corporate Value Chain (Scope 3) Standard. One way our questionnaires help to address the issue of double counting is by asking our suppliers to allocate emissions to their customers, so supply chain members know what proportion of their suppliers' emissions is due to the products and services those suppliers provide to them.

3. It would be very helpful given that a deadline has been set for disclosure of 27.07.2022 when we as a reporting company actually had the opportunity to start to submit our information. To do this we need the invitations from our customers. The CDP help desk is of little help in correcting this issue.

We appreciate your patience while we work through the queries being sent through to our help desk. Our team will come back to you as soon as possible.

4. How can we improve a score that was good last year but dropped this year? Maybe we do not understand the questionnaire and the options of the responses? or how the algorithm behind the questionnaire? Is there any help provided by CDP for young companies?

Hi Cheryl, as Hugo mentioned, please refer to the scoring methodology ([Guidance for companies - CDP](#)) and the reporting guidance to see a thorough explanation to each of the questions ([Guidance for companies - CDP](#)).

5. Are suppliers reluctant to provide data/answer requests for info for fear of losing their competitive advantage?

On the contrary, companies are using their CDP disclosure to gain competitive advantage by demonstrating accountability, transparency and that they are taking action to address climate, water and forest-related issues. In particular, Supply Chain requests coming from paying customers, are looking to see that their suppliers are engaging with them to address environmental issues. Even if a company is just beginning their sustainability journey, a partial response to CDP with the data they have is preferred to no response at all. Transparency and accountability can help support your business and customer relationships.

6. Can their sector initiatives be launched to support shared suppliers in their decarbonization?

Yes, there are a number of sector initiatives that CDP is part of. For example, we work with [ACT](#) who looks at sector-specific initiatives as a pathway towards low-carbon transitions. In the Supply Chain programme, we also have sector-specific working groups among our Supply chain members who collaborate on topics specific to their sector with many overlapping suppliers.

7. What will be the service offered in the platform that will be available at the end of the year? Will a supplier have the possibility to draft a Life Cycle analysis for free and with which datasets? (Ecoinvent, PEF, GaBi?...). How will be validated? externally verified?

CO2 AI by BCG and CDP are pleased to announce their strategic partnership to co-develop the CO2 AI Product Ecosystem platform that enables companies to collaborate on—and accelerate—their emissions optimization journeys by sharing product-level sustainability data in a secure, auditable, and action-oriented manner. The platform's key benefits include the enablement of transparency at scale and accurate measurement of scope 3 emissions (external emissions that occur in the value chain of the reporting company).

The BCG CDP CO2 AI Product Ecosystem platform, which will be made available for free to all reporting companies, will support organizations in measuring and sharing their primary sustainability data more comprehensively by allowing all members of their ecosystems to exchange data in an easy and transparent way. The platform will be enabled by best-in-class technology to ensure a secure and high-quality data exchange, including the use of artificial intelligence (AI).

CDP's Supply Chain program is currently the go-to reference for sustainability data at the company level. The partnership will complement and expand on CDP's existing work on scope 3 data disclosure and expand its product-level data with access to important technological and infrastructure capabilities.

EU Taxonomy

1. Is the prospect of having also brown taxonomy increasing or decreasing?

This is a good question. One can say that it is still likely to happen, considering the publication a few weeks ago of a report by the platform on sustainable finance on an "extended environmental taxonomy" [Platform on Sustainable Finance's report on environmental transition taxonomy \(europa.eu\)](#) It is now up to

the European Commission to look at these recommendations and take them forward.

2. What is the scope of CSRD? Since you said EU Taxonomy will cover same companies?

This is still subject to final agreement by EU co-legislators (currently under negotiations). The Commission has suggested to cover all large and all listed companies (including SMEs). SME inclusion has been highly debated, with either inclusion because being from high-risk sectors or with the option to not including them at all. There are also discussing to include non-EU companies if they are listed on an EU stock market or if they have significant presence in the EU.

2.1 Would the latter fall under the border adjustment?

This question refers to the Carbon Border Adjustment Mechanism. This is a different topic from the EU Taxonomy.

3. My understanding is that revenue should be the default Taxonomy alignment metric disclosed by investors (unless capex/opex is more representative). Is this the case?

The letter of the Regulation requires to disclose the three required KPIs, considering that revenues are less forward looking in nature than Capex. In practice, one can assume that the revenue KPI will be for some companies fairly low at first, but they can in the meantime disclose a higher proportion of Capex aligned with the EU Taxonomy, provided it meets the different criteria specified in the Regulation.

Transition planning – no questions

Biodiversity

1. Could you please share/name the source for the costs for loss of ecosystem services?

Here is the source: <https://www.unep-wcmc.org/en/news/ecosystem-and-species-restoration-to-benefit-people-and-the-planet>

- 2. Could you please provide the name of the international organization for biodiversity which was established past year? I did not catch the name. Thank you.**

The International Union for the Conservation of Nature (IUCN) last year has published guidelines for planning and monitoring biodiversity performance: <https://portals.iucn.org/library/node/49301>

- 3. What are the KPIs for successful biodiversity management? Companies set targets for coverages of biodiversity management - but how do we know if this management is successful? Which KPIs can we set? Non-interferences in protected areas is clearcut. But beyond that: Number of (rare) species?**

The International Union for the Conservation of Nature (IUCN) last year has published guidelines for planning and monitoring biodiversity performance: <https://portals.iucn.org/library/node/49301>

In this publication, the IUCN suggests a four-stage approach. The third stage (pp. 38ff) is about developing a framework of indicators. Stage four is, inter alia, about evaluating against KPIs and reviewing a company's priorities or metrics. This publication provides a good first step for companies to tackle biodiversity loss. A best-practice example is Nespresso's publication on their biodiversity performance: https://nestle-nespresso.com/sites/site.prod.nestle-nespresso.com/files/Nespresso%20and%20Biodiversity_2021_1.pdf

- 4. Could you give us an insight about the TNFD?**

We would recommend you checking out the respective website for most relevant and up to date information about the TNFD: <https://tnfd.global/>

- 5. What are KBA (Nespresso)? Could you give some examples for good biodiversity indicators?**

KBA= key biodiversity area. The International Union for the Conservation of Nature (IUCN) last year has published guidelines for planning and monitoring biodiversity performance: <https://portals.iucn.org/library/node/49301>

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Deforestation policy – no questions

Net zero target setting

1. Is there an update foreseen in the near future of the net zero standards?

The SBTi is planning minor updates to the Standard in July. Next steps on Beyond Value Chain Mitigation will also be shared shortly by the Net-Zero team.

Freshwater SBT – no questions

European Climate Pact – no answer needed

1. Regarding SBTi: do you have any information if this issue has been somehow resolved? Science Based Targets initiative accused of providing a 'platform for greenwashing' (climatechangenews.com)

Thanks for your inquiry. The Science Based Targets initiative has issued an official statement in response to the report cited in the news article. You can access it under the following link: <https://sciencebasedtargets.org/blog/the-sbti-welcomes-stronger-scrutiny-on-corporate-climate-targets>

EU environmental policy

1. Do non-listed companies need to report to the Taxonomy even before the CSRD?

Many thanks for your question. Pending the final scope of the CSRD, we can indeed expect non listed companies (considered as large companies) to comply with the taxonomy requirements before the CSRD requirements (bearing in mind that the current NFRD still applies with a higher threshold and a different set of companies in scope).

2. Does "start collecting data for reporting in 2024" mean that disclosure in 2024 will refer to 2023 data?

This means that companies will do their first report in 2025 based on 2024 data.

3. How EU ensures products are deforestation-free?

Companies must collect information about the products they place on the EU market that were produced from January 2021 onwards to confirm they are not linked to deforestation.

4. How aligned with GRI or SASB will be the CSRD framework?

Many thanks for your question. The European Sustainability Standards mandated in the CSRD are aimed to reflect on existing standards such as GRI and SASB. There is a public consultation coming to express your views on that.

