CDP Disclosure for First-Time Responders

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AGENDA

- About CDP
- How CDP Works
- Why disclose to CDP
- Organizational guide for environmental action
- Who is requested to disclose to CDP
- Response Dashboard
- Online Response System (ORS)
- CDP Scoring overview
- Key resources
- Q&A

INTRODUCTION TO CDP

ABOUT CDP TODAY

CDP is a global environmental impact non-profit working to secure a thriving economy that works for people and planet.

CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.

With the world's most comprehensive collection of self reported data, the world's economy looks to CDP as the gold standard of environmental reporting.

Its network of investors, purchasers and policymakers around the globe, use our data and insights to make better-informed decisions.
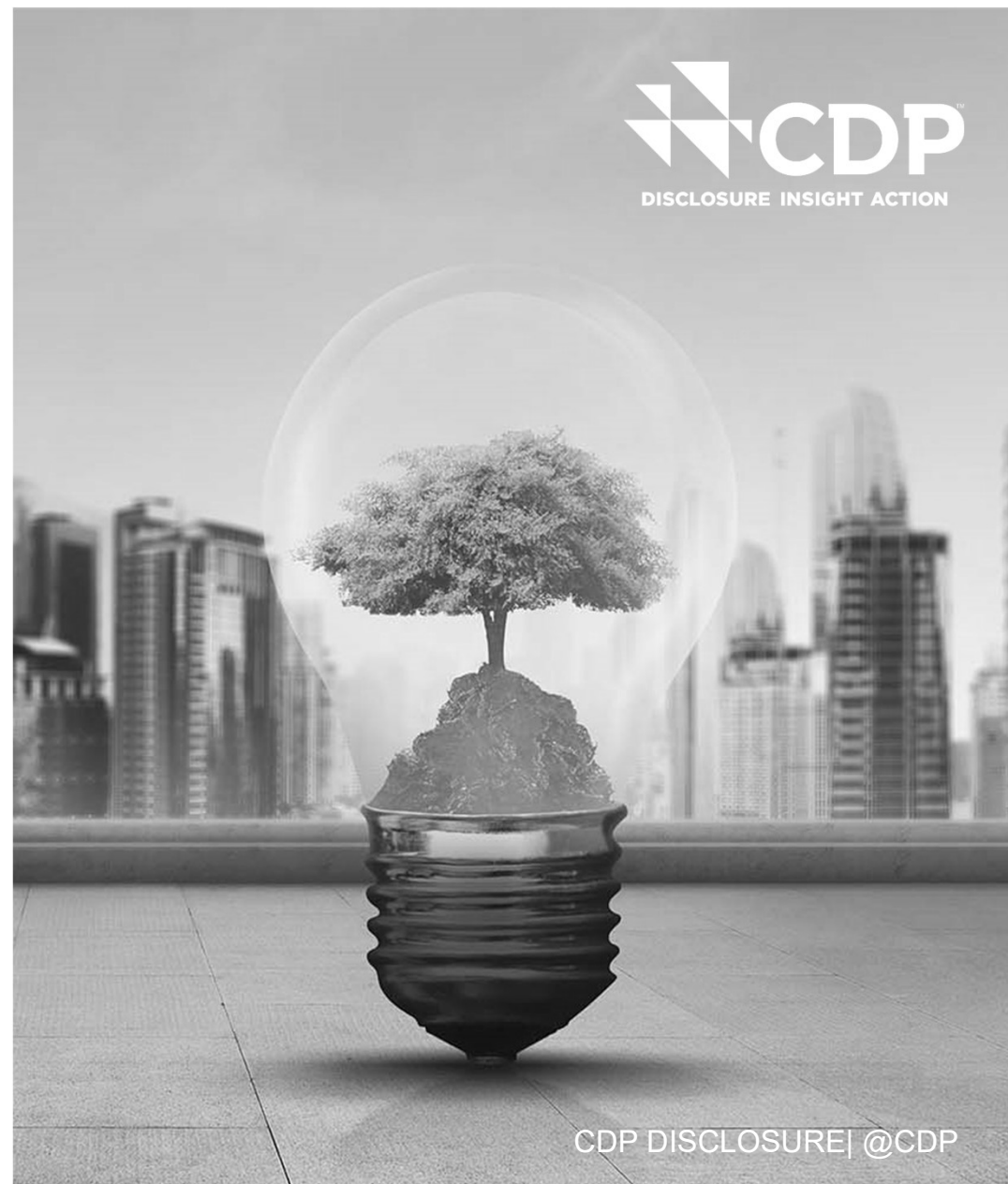
CDP'S VISION & MISSION

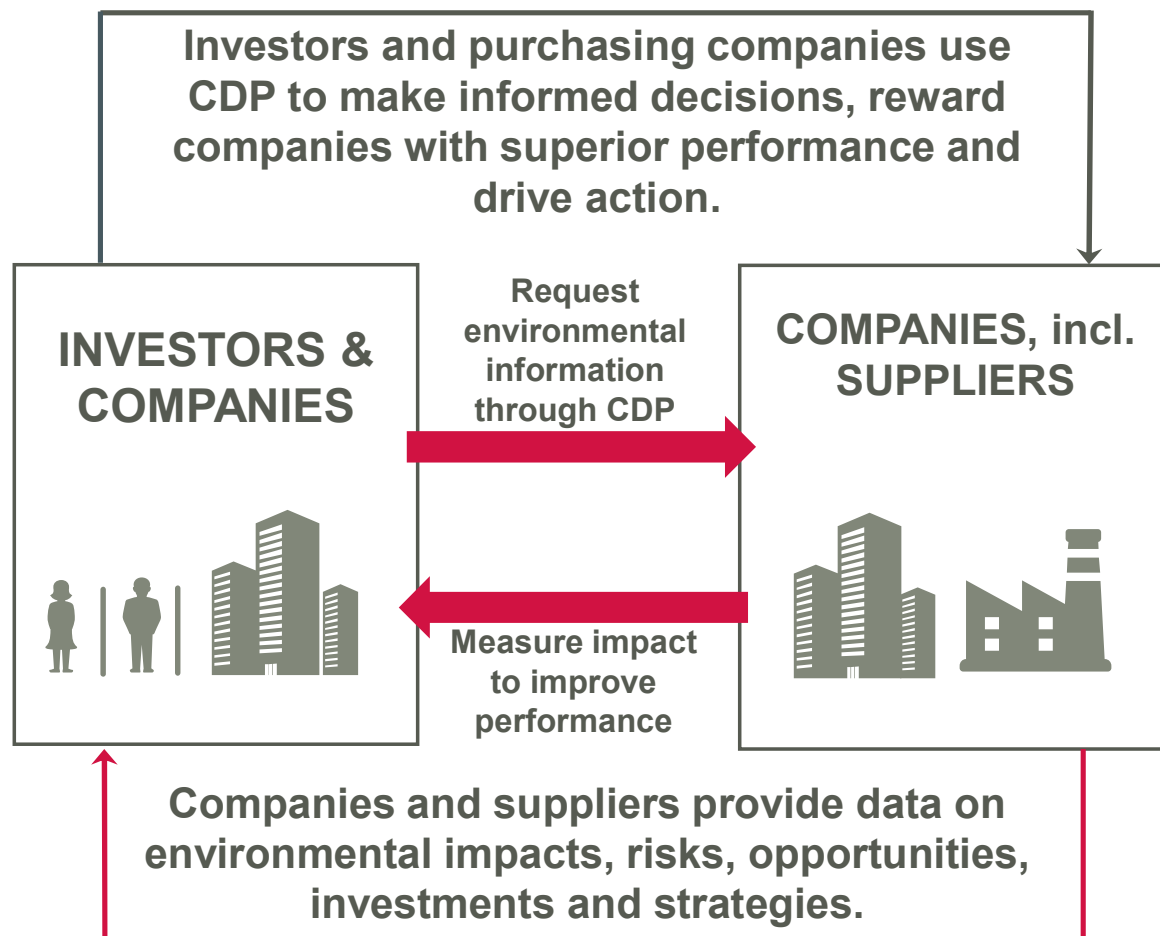**To see a thriving economy that works for people and planet in the long term.**

To focus investors, companies, cities and governments on building a sustainable economy by measuring and acting on their environmental impact.

CDP DISCLOSURE| @CDP

HOW CDP WORKS

HOW WE WORK

Investors and purchasing companies use CDP to make informed decisions, reward companies with superior performance and drive action.

INVESTORS & COMPANIES

Request environmental information through CDP

COMPANIES, incl. SUPPLIERS

Measure impact to improve performance

Companies and suppliers provide data on environmental impacts, risks, opportunities, investments and strategies.

Companies take action to tackle climate change, safeguard water resources and prevent the destruction of forests.

HOW WE WORK: CDP QUESTIONNAIRES

Climate Change

- Climate-related risks and opportunities
- Emissions and energy data
- TCFD alignment: governance, strategy, risk management, metrics & targets

Forests

- Focus on 4 commodities driving deforestation: cattle, palm oil, soy, timber
- Plans to remove deforestation from direct operations and supply chains
- 3 unscored commodities: rubber, cocoa, coffee

Water Security

- Assessment of water-related risks and opportunities
- Facility-level water accounting
- Metrics and targets

Certain questions in these questionnaires are only presented to one of our high-impact sectors, as determined by our CDP Classification System

CDP ACTIVITY CLASSIFICATION SYSTEM (CDP-ACS)

CDP Industry	CDP Activity Group	CDP Activity	Questionnaire Allocation
Food, beverage & agriculture	Food & beverage processing	Alcoholic beverages	Food beverage & tobacco
		Animal processing	
		Baked goods & cereals	
		Chocolate confection	
		Coffee	
		Dairy & egg products	
		Fruit, nut & vegetable processing	
		Grain & corn milling	
		Non-alcoholic beverages	
		Non-chocolate confection	
		Oilseed processing	
		Other food processing	
		Palm oil processing	
		Seafood processing	
		Soybean processing	
		Sugar	Agricultural commodities
		Tea	
	Logging & rubber tapping	Logging	Paper & forestry
		Rubber farming	
	Tobacco	Tobacco products	Food beverage & tobacco
Fossil Fuels	Coal mining	Coal extraction & processing	Coal
	Oil & gas extraction & production	Natural gas extraction	Oil & Gas
		Oil & gas extraction	
	Oil & gas processing	Oil & gas refining	
	Oil & gas retailing	Oil & gas marketing & retailing	General
	Oil & gas storage & transportation	Oil & gas pipelines & storage	Oil & Gas
Hospitality	Bars, hotels & restaurants	Fast food	General
		Food & beverage amenities	
		Hotels & lodging	Real estate

Industry

↓

Activity Group

↓

Activity
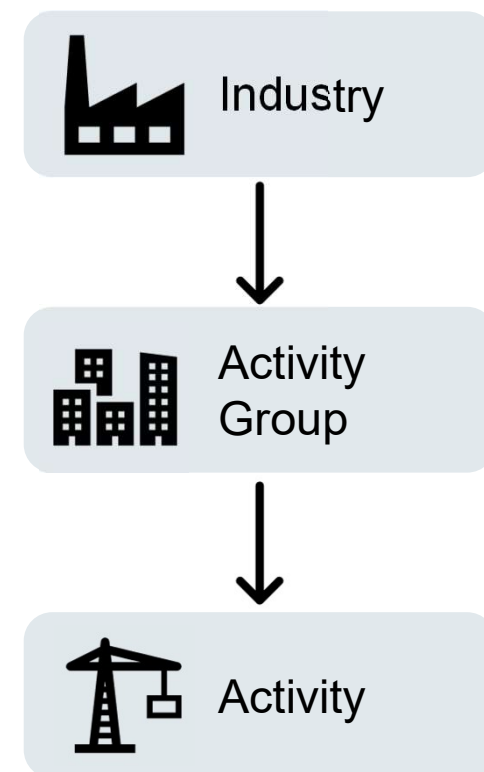
HOW WE WORK: THE STAKEHOLDERS

680+ financial institutions with US$130 trillion in assets
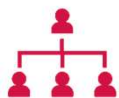
250+ supply chain members with combined purchasing power of US$5.5 trillion
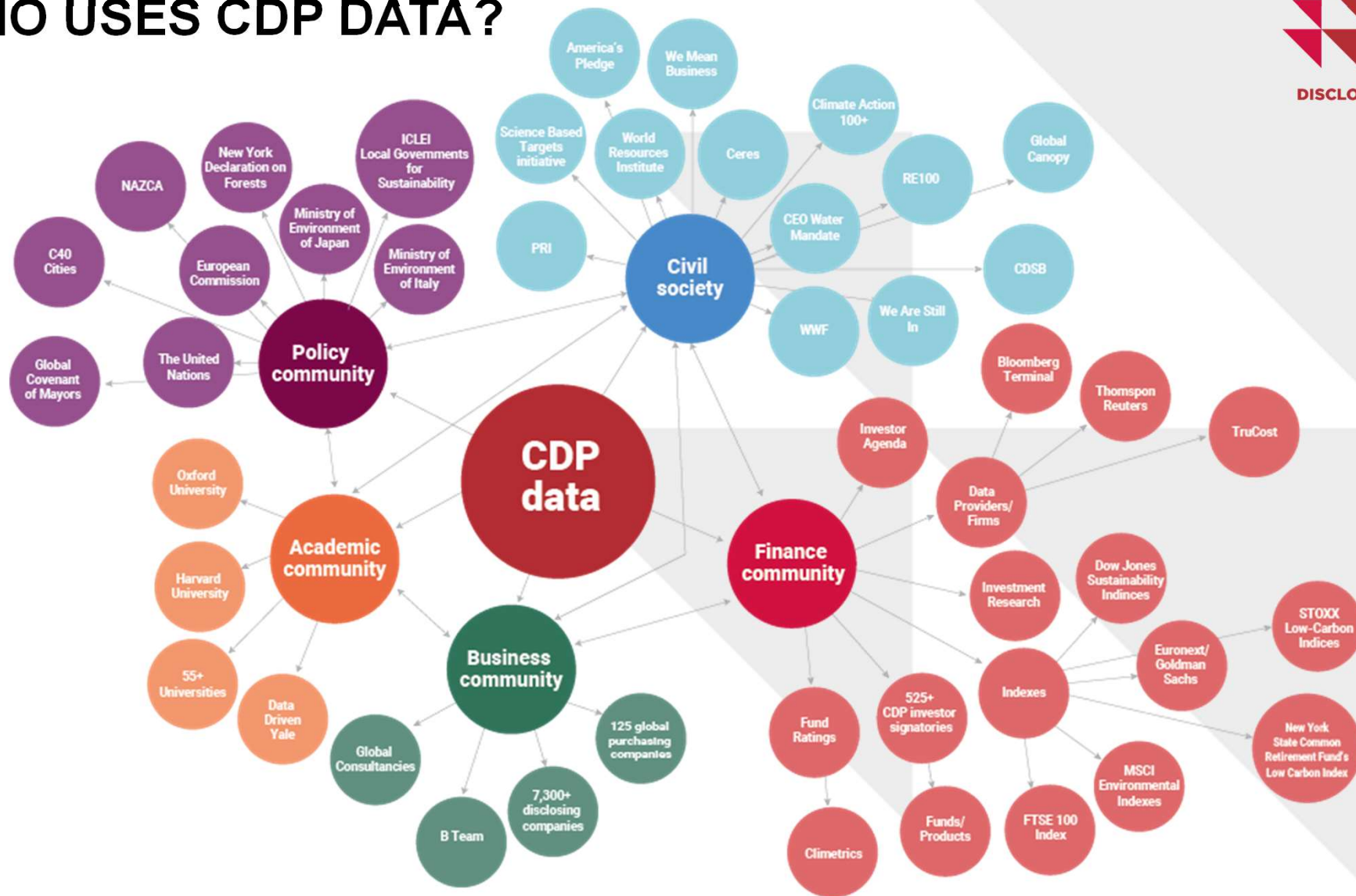
14,000+ organizations responded through CDP

1,100+ of cities, states and regions disclosed environmental information

WHO USES CDP DATA?

WHY DISCLOSE TO CDP?

BENEFITS OF REPORTING

Investor communication
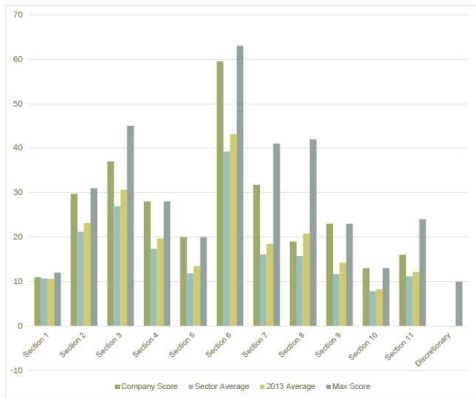Demonstrate to investors your proactive approach towards addressing water risk

Stakeholder communication
Increase your transparency and effectively communicate to your stakeholders

Internal risk management
Improve the resilience of your operations and supply chain

Benchmarking
Compare your performance to industry peers and progress

Opportunities
Seize the opportunities associated with improved water stewardship

Improve performance
Lay groundwork for internal goals and benchmarks and enhance existing water management efforts

Reduce reporting burden
Report to multiple investors and customers through a standardised, central system

YOU CAN'T MANAGE WHAT YOU DON'T MEASURE

Companies reported potential financial impacts of **US$301 billion** from water risks and up to **US$79.3 billion** from deforestation risks through CDP in 2021.

US$1.26 trillion of financial impacts from environmental risks in the next five years reported by suppliers.
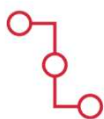
Supply chain emissions are, on average, **11.4x** greater than operational emissions. Yet just **38%** (Climate Change), **47%** (Forests), and **16%** (Water Security) of companies engage with their suppliers.

225 companies identified potential climate-related opportunities totalling over **US$2.1 trillion**.

STAY AHEAD OF THE REGULATORY LANDSCAPE
CORPORATE REPORTING ALIGNMENT

◤ CDP is driving greater coherence between corporate reporting frameworks and standards (e.g. TCFD, GRI, SASB, Corporate Reporting Dialogue) to **reduce the reporting burden**.

◤ At COP26, the IFRS Foundation announced its plan to set up the **International Sustainable Standards Board (ISSB)**, by consolidating the CDSB (an initiative of CDP) and the VRF (which houses the Integrated Reporting Framework and the SASB Standards) by June 2022.

◤ The ISSB will oversee and manage the development of sustainability-related financial standards.

ORGANIZATIONAL GUIDE FOR ENVIRONMENTAL ACTION

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CDP'S QUESTIONNAIRES AS A GUIDE FOR BEST PRACTICE IN ENVIRONMENTAL MANAGEMENT

The following CDP Roadmap provides a snapshot of actions companies are taking at each stage of this journey towards environmental excellence.

Some key determinants of an organization's progress through best practices in environmental action are:

- Whether the organization is **disclosing in a verifiable manner**, to **what level of detail** and whether progress is becoming apparent

- The **completeness of emissions** and resource use accounting, as well as **progress reducing emissions** and impacts year / year

- Whether and **how environmental risk is built into the company's governance** / responsibility model

- How it identifies and **manages any environmental risks and opportunities** for its business

- The ambition of a company's **targets** and

- How it **engages its value chain**

ORGANIZATIONAL GUIDE TO ENVIRONMENTAL ACTION

Stage 1

Early
Organizations disclose to CDP but tend to do so in an incomplete or unverified manner.

Example Question:
CC Module 2 > C2.1
Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Stage 2

Developing
Organizations are taking first steps towards action such as target-setting and environmental-risk identification.

Example Question:
CC Module 4 > C4.1
Did you have an emissions target that was active in the reporting year?
- *Absolute target*
- *Intensity target*
- *Portfolio target (FS only)*

Stage 3

Mature
Environmental data is fully integrated into businesses' strategies with specific and detailed plans of action, and demonstrable progress.

Example Question:
CC Module 3 > C3.2a
Provide details of your organization's use of climate-related scenario analysis

Stage 4

Best practice
Companies are environmental leaders with board-level oversight, science-based targets for emissions reductions and leading environmental stewardship at every level.
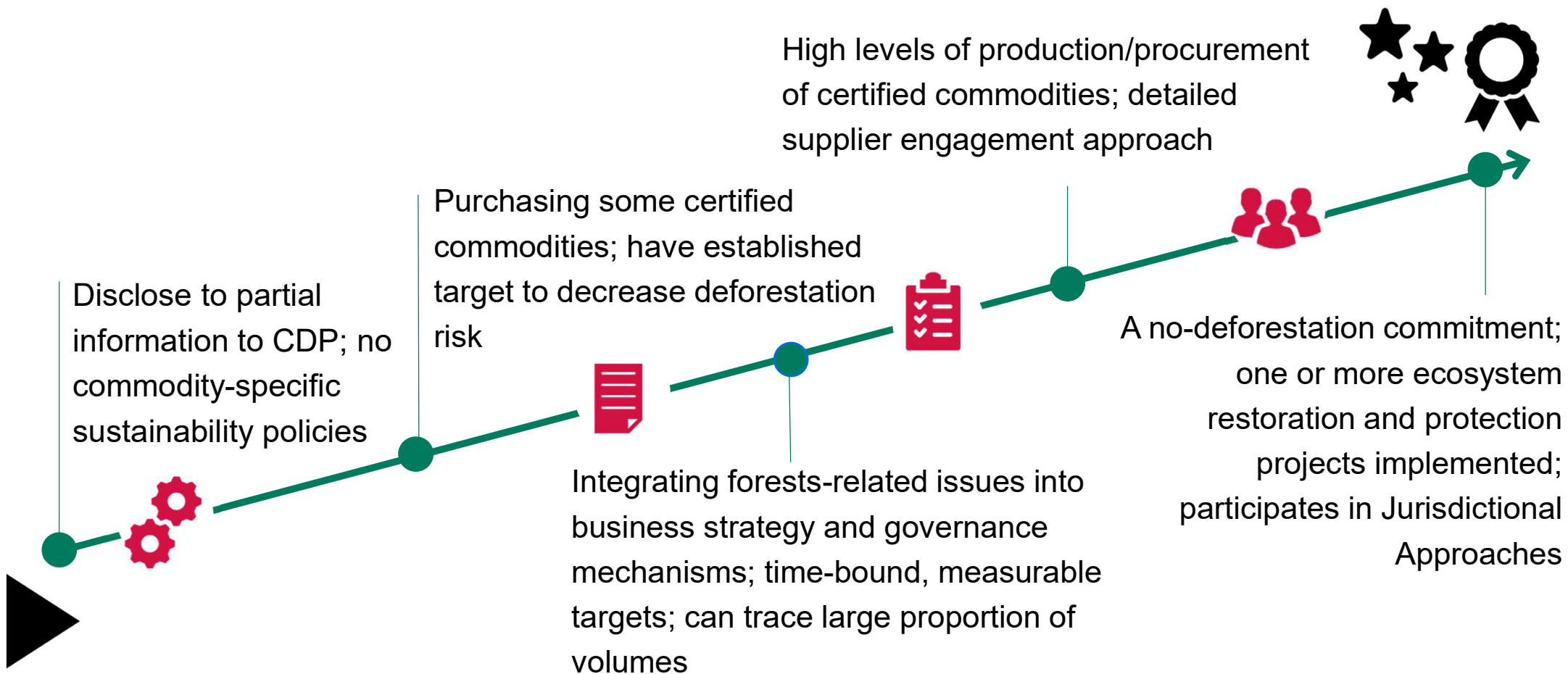
Example Question:
CC Module 3 > C4.2c
*Provide details of your net-zero target(s). Is this a science-based target? With drop-down option:
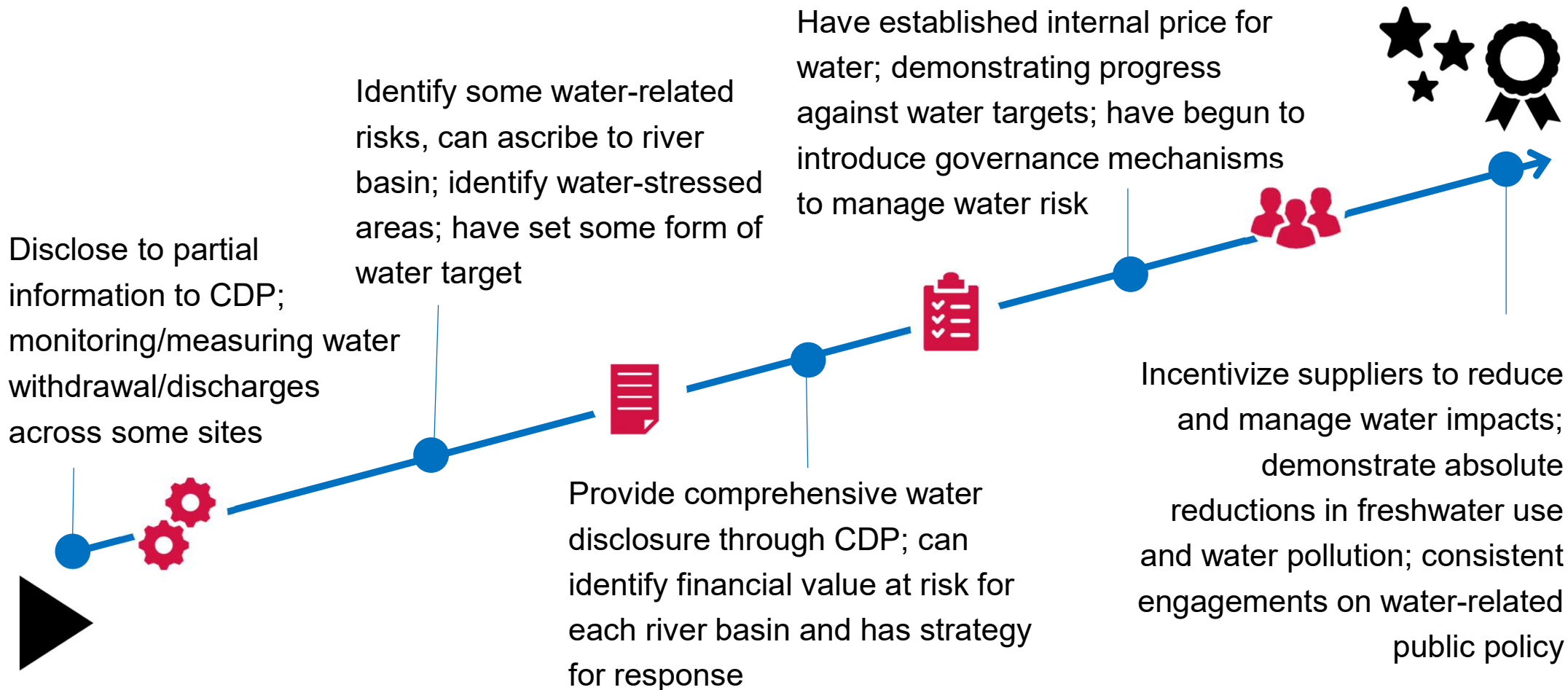- Yes, and this target has been approved by the Science Based Targets initiative*

JOURNEY TOWARDS BEST PRACTICE – CLIMATE

Account for climate impacts of direct operations; have set targets; limited engagement with value chain

Climate change issues integrated in core strategies and progress on targets.

Disclose to partial information to CDP; in process of identifying climate-related risks

Actions taken to reduce impact including target-setting and risk identification; evaluate all Scope 3 emissions categories

Board-level oversight of climate issues; validated science-based targets and leading environmental stewardship practices across every level

https://www.cdp.net/en/guidance/guidance-for-companies/organizational-guide-for-environmental-action

JOURNEY TOWARDS BEST PRACTICE – FORESTS

High levels of production/procurement of certified commodities; detailed supplier engagement approach

Purchasing some certified commodities; have established target to decrease deforestation risk

Disclose to partial information to CDP; no commodity-specific sustainability policies

A no-deforestation commitment; one or more ecosystem restoration and protection projects implemented; participates in Jurisdictional Approaches

Integrating forests-related issues into business strategy and governance mechanisms; time-bound, measurable targets; can trace large proportion of volumes

https://www.cdp.net/en/guidance/guidance-for-companies/organizational-guide-for-environmental-action

JOURNEY TOWARDS BEST PRACTICE – WATER

Disclose to partial information to CDP; monitoring/measuring water withdrawal/discharges across some sites

Identify some water-related risks, can ascribe to river basin; identify water-stressed areas; have set some form of water target

Provide comprehensive water disclosure through CDP; can identify financial value at risk for each river basin and has strategy for response

Have established internal price for water; demonstrating progress against water targets; have begun to introduce governance mechanisms to manage water risk

Incentivize suppliers to reduce and manage water impacts; demonstrate absolute reductions in freshwater use and water pollution; consistent engagements on water-related public policy

https://www.cdp.net/en/guidance/guidance-for-companies/organizational-guide-for-environmental-action

WHO IS REQUESTED TO DISCLOSE TO CDP?

CDP-ACS (ACTIVITY CLASSIFICATION SYSTEM) IMPACT METHODOLOGY

Each company activity is assessed on **three** elements:

- **Impact assessment:** does any aspect of the value chain associated with a CDP activity have the potential to detrimentally impact upon and/or be impacted by climate change/deforestation/water security?

- **Impact rating**: how significant are the impacts associated with the activity?

- **Revenue threshold**: what level of company revenue must be associated with this activity for the company to be included in the sample? (20%)

To ensure **continuity** and comparability of the data, the sample also includes companies that were requested and responded to investors in the previous year on climate change/forests/water

TIMELINE FOR 2022 DISCLOSURE

CDP
DISCLOSURE INSIGHT ACTION

Scoring methodologies published in early **March**

Questionnaires and guidance available **from w/c January 10**

Online Response System (ORS) opens **on April 11 - 15**

Virtual Workshops in **May - June**

Submission deadline to receive a score is **July 27**

January	February	March	April	May	June	July

Official investor request letters sent to companies

Disclosure webinar series in **April - May**

RESPONSE DASHBOARD & ONLINE RESPONSE SYSTEM

RESPONSE DASHBOARD

Historic scores and responses and 2022 requests can be found on the response dashboard

1. Help Center
2. Language and location
3. Initials icon and account menu
4. Jump to… menu
5. CDP theme tiles
6. Users block
7. Payment block
8. Theme blocks
9. Scores and responses

Disclosure Platform Guide

USERS BLOCK

GUIDANCE TOOL

ONLINE RESPONSE SYSTEM (ORS)

1. Exit ORS

2. Links to return to your dashboard
3. Save, share, and submit
4. Import/ Export
5. Audit Log
6. Floating blue progress bar
7. Navigation menu
8. Previous, Next and skip buttons
9. Questionnaire version

Disclosure Platform Guide

# BEFORE YOU CAN SUBMIT: CDP ADMINISTRATIVE FEES

Fee only applies to RE100, NZAM, and investor-requested companies

|	Report through CDP, receive score	Use CDP reporting frameworks and guidance	Free entry/priority registration to CDP event	CDP Supporter badge	Recognition at CDP events and by CDP director for use in sustainability communications	Access to 100 company responses of your choice	Detailed CDP Benchmarking Report	1-Hour Consultation with CDP Accredited Solutions Providers	Screening of top 50 suppliers to understand environmental action in your supply chain	Quote from CDP Director for use in sustainability communications
Enhanced (£5,000)	✔	✔	✔	✔	✔	✔ ✔	✔	✔	✔	✔
Standard (£1,975)	✔	✔	✔							
Subsidized (£848)	✔	✔								

Admin Fee FAQ

NEW FOR 2022: HELP CENTER

Once you click on the Help Center link, you will be taken to the Help Center site:
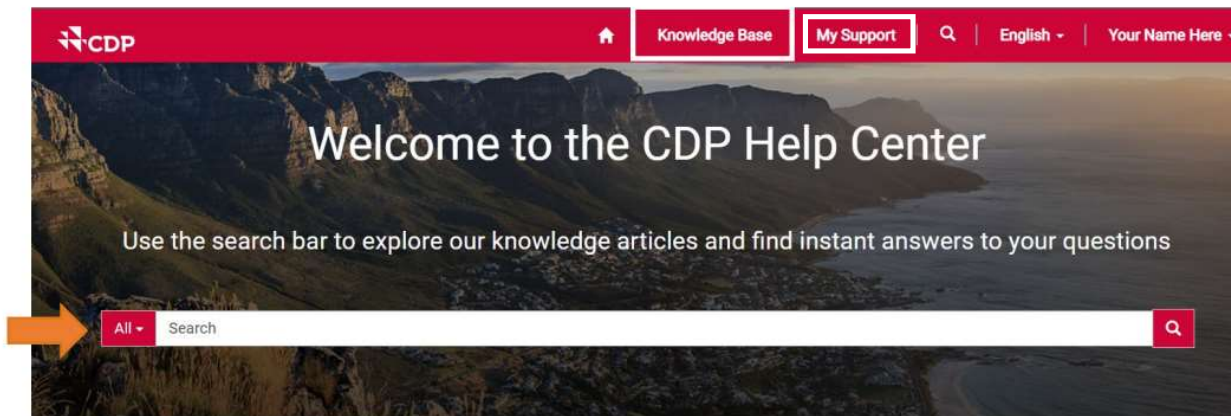
◤ Search articles

◤ Access CDP's Knowledge Base

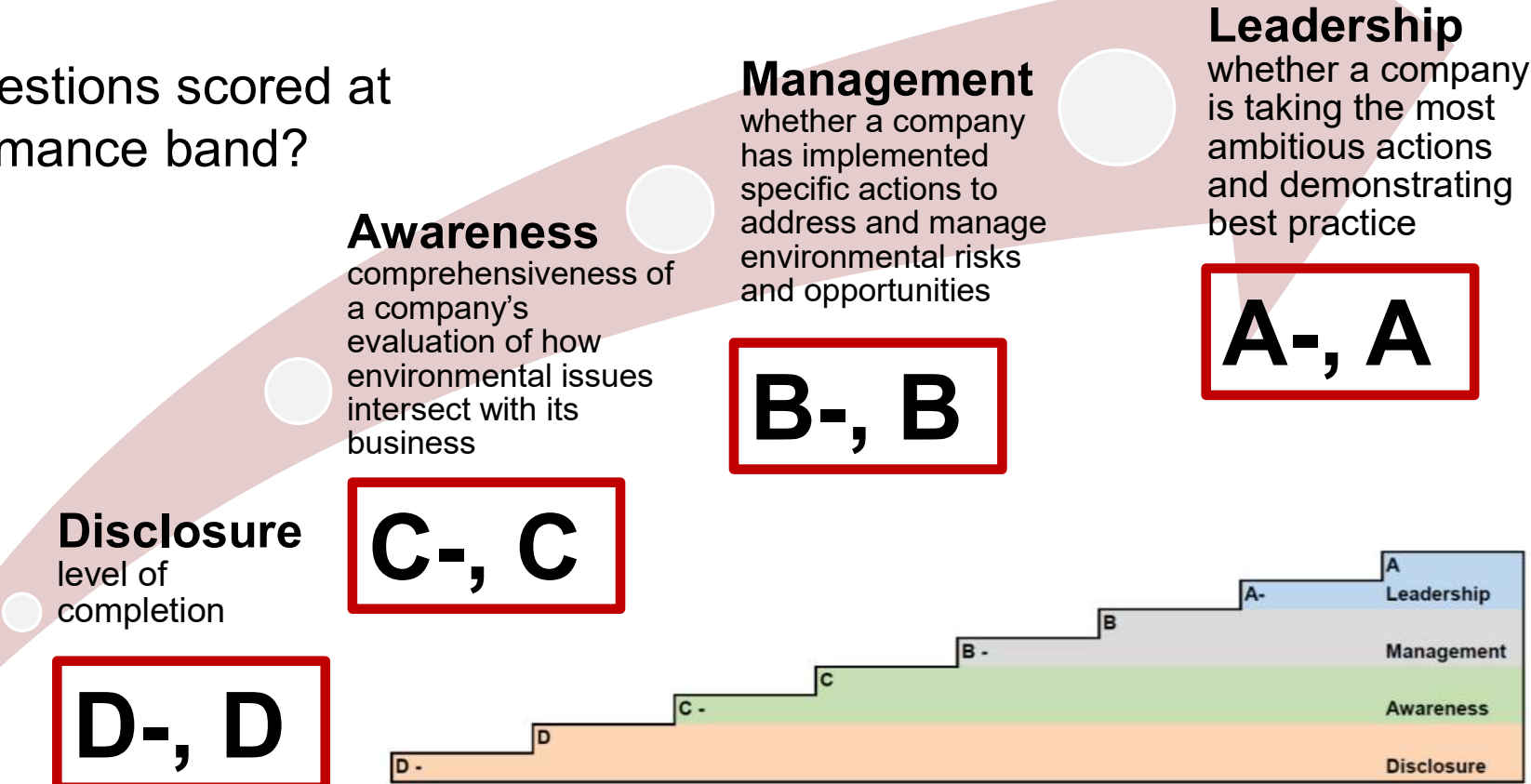◤ Contact support team through My Support on Help Center home page
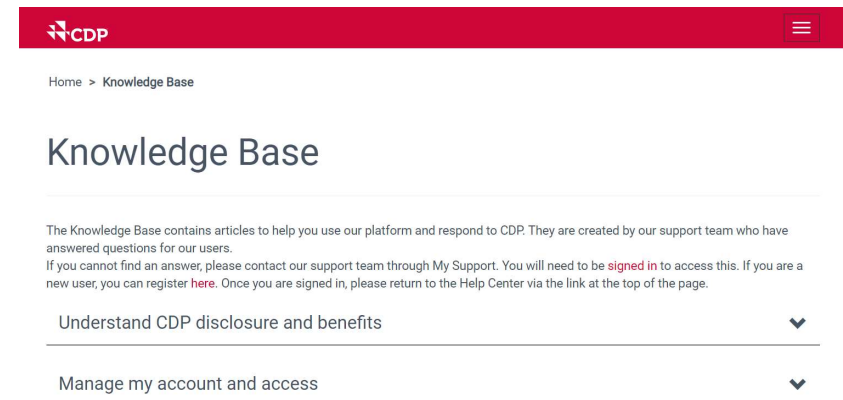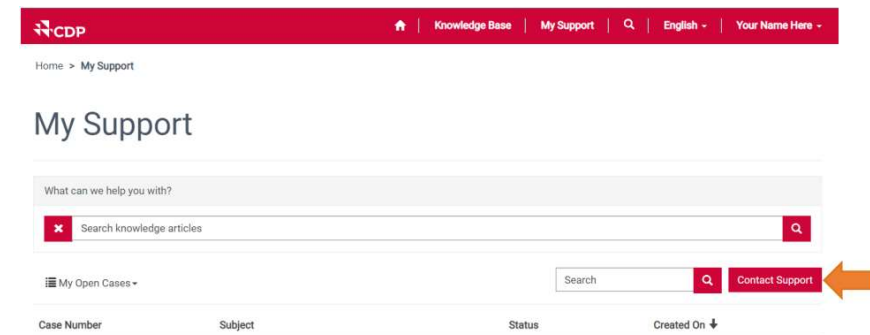
SCORING OVERVIEW & RESOURCES

PROGRESS TOWARDS ENVIRONMENTAL STEWARDSHIP

How are questions scored at each performance band?

Leadership
whether a company is taking the most ambitious actions and demonstrating best practice

A-, A

Management
whether a company has implemented specific actions to address and manage environmental risks and opportunities

B-, B

Awareness
comprehensiveness of a company's evaluation of how environmental issues intersect with its business

C-, C

Disclosure
level of completion

D-, D

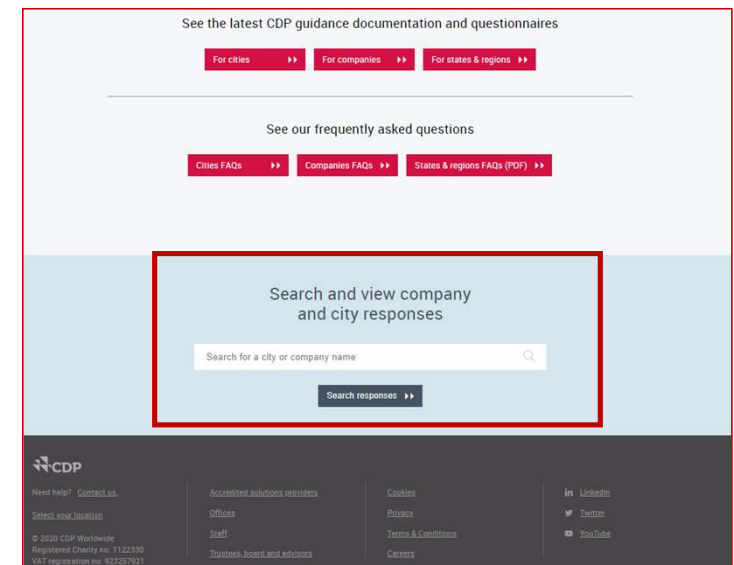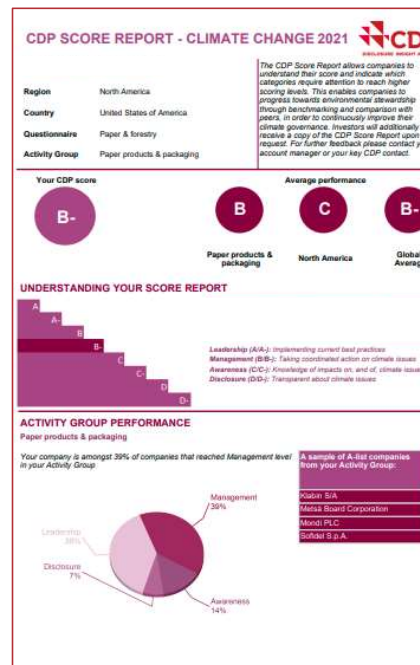No blanks | Company-specific | Consistency across questions | Utilize resources

CDP SCORES BENCHMARK AND GUIDE COMPANY ACTION

Improve quality of response by leveraging public guidance documents

Determine where to focus efforts with annual Score Report

Compare response to peers with public response search function

Guidance Page

NEXT STEPS AFTER THIS WORKSHOP

◤ Activate questionnaire

◤ Raise an invoice or pay admin fee (if applicable)

◤ Review CDP's dedicated resources for guidance

◤ Begin working on your questionnaire(s)

◤ Reach out to your CDP UK account manager, if needed

◤ Submit by the **July 27th** deadline

◤ Take the next steps in your environmental journey!

QUESTIONS?

THANK YOU

@ Feel free to reach out through the Help
Center, your CDP Point of Contact or
cdpuk@cdp.net