

CDP Municipal Disclosure Campaign: Introduction & FAQ

Municipalities and other public sector entities need capital to finance critical sustainability projects and transition towards a climate resilient future for the communities they serve. The climate crisis also presents significant financial and physical risk to local and state governments.

At the same time, there is growing momentum among municipal investors to properly assess risks and opportunities from climate change. Disclosure to CDP plays a critical role in bridging this gap by providing comparable and standardized environmental data as municipalities and public entities measure and manage their climate action with CDP.

For more than ten years, CDP has worked with local and regional governments in measuring and managing climate and environmental impact. There are now over 1,100 public entities that participate in CDP disclosure. Voluntary disclosure not only underpins transparency best practices, but also has the potential to demonstrate climate leadership to credit rating agencies and potential lenders. Disclosure is a means to facilitate greater access to capital, increase the flow of sustainable finance into participating communities and help to mitigate the financial risks to local governments posed by climate change.

For more than 20 years, CDP has brought investors together to request environmental disclosure from companies; there are currently 740+ investor signatories who see CDP as the trusted source for environmental data. In 2022, 685 North American cities, counties, states, and provinces received a CDP investor request to participate in annual disclosure to CDP. Twenty prominent investor signatories supported greater disclosure from local governments, including a much greater number of counties, states, provinces, and public authorities across the United States and Canada.

The outcome of this effort is to support local governments with a critical preparedness tool to manage and mitigate environmental risks and navigate uncertainty while driving ambition to limit warming to 1.5 °C and building resilient communities.

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Why are investors interested in my CDP disclosure?

CDP [has been requesting disclosure from companies](#) on behalf of [institutional investors](#) since 2001 and in recent years, demand to connect our investor signatory network with our disclosing cities, counties, states, provinces, and other public sector actors has grown exponentially.

The request for disclosure participation from investors demonstrates the importance of municipal investments to the financial community and supports the transparent communication of environmental risks and opportunities more effectively to global investors and civil society.

Municipal bond investors use [data](#) submitted to CDP to assess how climate-related risk might translate into the overall creditworthiness of municipal issuers, and for further insight into ongoing “use of proceeds” reporting around funds lent. This is based on identified risks and opportunities, and the provision of proof that appropriate and adequate climate governance standards are in place to reduce and eventually eliminate risks tied to environmental performance and management.

Broadly, investors are assessing the environmental exposure of their portfolios to respond to demands from their clients and seek returns in a future economy where carbon emissions and environmental risks are efficiently priced into financial instruments, not externalized.

Most importantly, as investors look to put capital behind sustainable initiatives, the municipal market into which cities and states issue debt is a critical component. Building a global economy that works for both people and planet requires a massive investment in sustainable infrastructure, and as investors seek and invest in ways to rebuild from COVID-19, the municipal market and green projects are in high demand. Furthermore, investors are increasingly mobilizing around sustainable investment through CDP investor campaigns, as well as initiatives like [the Investor Agenda](#).

Some CDP Investor Signatories have been using publicly available disclosure data from cities, states, provinces, and public authorities for years. Through this Municipal Disclosure Campaign, we can better link and communicate the climate action of cities, states, and regions to our signatories in a centralized, standardized manner.

What additional information is needed from me?

No additional information is needed from you besides responding to CDP’s existing Cities or Public Authorities or States & Regions questionnaires. Local governments will continue disclosing to CDP through the Cities questionnaire, and states/provinces through the States & Regions questionnaire. Public authorities are invited to participate through the [CDP Public Authorities](#) questionnaire. We kindly ask that you let us know whom the best contact for CDP disclosure participation is, if you haven’t already.

My local government has never disclosed to CDP before. Why should we now?

The significant capital-intensive needs of public sector entities can greatly benefit from being aligned with demand from financial organizations for sustainable investments, particularly investments in infrastructure. Through environmental disclosure and transparency, government entities have the potential to obtain a lower cost of capital, improve compliance with leadership goals, exhibit best practice, hedge against potential regulatory risk, and experience reputational benefits.

CDP disclosure fully meets the requirements of the [Task Force on Climate-related Financial Disclosures](#) (TCFD) recommendations, meaning your CDP disclosure also constitutes TCFD-aligned disclosure.

The benefits of disclosure include:

- ▼ Demonstration of responsiveness to capital markets expectations, showing sustainability leadership to potential investors. High quality disclosure can help lead to a lower cost of capital when borrowing.
- ▼ Attraction of new global investors seeking international investment opportunities for sustainable infrastructure projects that can show alignment with Environmental, Social, and Governance (ESG) investment themes.
- ▼ Increased awareness and preparedness that can reduce costs and potential damage to support more resilient communities.
- ▼ Enhancing community support through data transparency in line with global best practices.
- ▼ Improved cross-departmental collaboration on sustainability disclosure, leading to enhanced support to environmental goals across the capital planning and allocation process.

Which investors are interested in my disclosure?

CDP has received increasing interest and demand from [our investor signatory network](#) of 740+ firms to leverage their fixed income investments to encourage more environmental disclosure. The Municipal Disclosure Campaign is an opportunity for our investor signatories to collectively engage with municipal bond issuers. Investors that signed on to the 2022 campaign included:

- ▼ 1919 Investment Counsel, LLC
- ▼ AllianceBernstein L.P.
- ▼ Breckinridge Capital Advisors
- ▼ Brown Advisory
- ▼ Calvert Research and Management
- ▼ Dana Investment Advisors
- ▼ Domini Impact Investments LLC

- ▼ DWS Group
- ▼ HIP Investor
- ▼ Insight Investment
- ▼ Lazard Asset Management
- ▼ Legal & General Investment Management (LGIM)
- ▼ Loomis, Sayles & Company, L.P.
- ▼ MFS Investment Management
- ▼ Neuberger Berman LLC
- ▼ Nuveen, a TIAA company
- ▼ Old Orchard Capital Management
- ▼ Payden & Rygel
- ▼ Rize ETF Limited
- ▼ Vert Asset Management

How will my disclosure be treated?

Most responses submitted by Cities, States and Provinces become publicly available on the [CDP Open Data Portal](#). City responses may be given a score, as they have been previously, and those scoring an A will be announced publicly. Additionally, public responses to all questionnaires will be available to CDP's signatory investors.

What happens if we still choose not to disclose?

There are no penalties for not participating. Unlike with our corporate program, public sector actors who choose not to disclose will **not** receive an "F" score – you will simply be left off the list of participants and lose the benefits of participation.

Will the investor request come again in 2024?

Yes. If your city, state, province, or public authority does not participate in CDP disclosure in 2023, you will be requested again to respond in the following year. If you do respond, you will have the opportunity to learn from your disclosure and update your response in the next year's reporting cycle.

What do I do if I have more questions?

Please do not hesitate to reach out if you have any further questions. We recognize that local governments and other government actors are leading the way towards building a sustainable economy. Our team welcomes the opportunity to work with you in the journey from disclosure and insight to leadership and action.

For queries related to your state or province, please email statesandregionsna@cdp.net.

For queries related to your local government, please email citiesna@cdp.net.

For queries related to your public authority, please email publicauthorities@cdp.net