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Are you CDP ready?



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The 2019 CDP questionnaires are soon to be released which means it's time to start preparing for your company's submission. As investor pressure and interest in ESG is becoming ever more prominent the benefits of having a good CDP score are becoming a necessity to stay ahead of the curve.

CDP, formerly the Carbon Disclosure Project, enables companies, cities, states and regions to disclose data about their environmental impacts, allowing them to manage and measure their effects whilst delivering transparency to stakeholders and customers.

Through CDP, investors request companies to submit data around climate change and carbon emissions, water security, and deforestation, providing opportunity to identify risk, demonstrate improvement and enable stakeholders to align profitability through sustainability.

Why comply?

Although companies are not legally obligated to submit under CDP, more and more companies each year are submitting their data. In 2018, 7,000 companies submitted, now representing 50% of the global market capitalisation (CDP, 2019¹). Companies are

under increasing pressure to demonstrate how they benchmark against their peers to secure continued investment, and achieving an A class score is becoming ever more competitive. CDP enables companies to respond to regulatory and policy changes, whilst delivering long term sustainability and profitability. It has been proven that businesses on the A list are significantly outperforming competitors in terms of growth and profit.

How it works

CDP collects data across four questionnaires; Climate change, Water, Forests and Supply Chain. Climate change, water and forests allows companies to disclose relevant data to investors, whilst Supply Chain provides disclosure to customers.



Climate Change

Companies have the ability to drive change quickly, through innovation and finding new ways to reduce the impact of climate change. The climate change questionnaire has contributed to companies identifying \$53bn of savings (CDP, 2019²) through transparency of carbon risks and reducing carbon contribution.

This is the largest questionnaire in terms of submissions and requires detailed information on climate-related risks and opportunities, greenhouse gas emissions, mitigation and adaptation activities, energy use, stakeholder engagement, targets and TCFD³ indicators.

¹<https://www.cdp.net/en/scores>

² <https://www.cdp.net/en/companies-discloser>

³ <http://www.itpenergised.com/why-tcfid-matters/>

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Water

Water management is increasingly becoming an area of scrutiny for corporate boards, making it a key area of focus for companies. CDP has seen an 80% increase in the number of companies demonstrating action in their supply chain to manage and mitigate risks related to water and now over 4,900 companies complete this survey (CDP, 2019⁴).

This questionnaire collects details of water strategy, future and existing water risk and water use, including water reduction targets.

Forests

75% of companies acknowledge that deforestation is a risk to their company in terms of affecting supply chain operations and revenue (CDP, 2019⁵). Information is collected relating to the major commodities contributing to deforestation including, timber, palm oil, cattle and soy as well as deforestation activities.

Supply Chain

Over the course of one year, 3.5M metric tonnes of carbon emissions were cut by program members and their suppliers (CDP, 2019⁶). Now, more than 11,500 suppliers fill out this survey (CDP, 2019⁷).

Customers that are part of supply chains can use this questionnaire to identify and deal with risks related to climate change, water security and deforestation.

Changes to 2019 process

In 2019 there are no major changes from 2018 to the survey's which provides respondents the opportunity to build on what they submitted last year to consolidate data and improve results. As with 2018, there is a significant focus on TCFD^{8 9} and the reporting of financial information.

Key elements to be aware of:

- There is one new question in the Water questionnaire around water-related risks in mainstream financial reporting.
- Similarly, this new question has also been applied to the Forests questionnaire.
- The Forest questionnaire now contains Coal, Metals & Mining sectors. These have been introduced as a pilot to add in more disclosures, therefore questions will be unscored in 2019.
- The Financial Services sector has been postponed until 2020. This will include banking, insurance, asset owners and asset management.



⁴ <https://www.cdp.net/en/companies-discloser>

⁵ <https://www.cdp.net/en/forests>

⁶ <https://www.cdp.net/pt/companies-discloser>

⁷ <https://www.cdp.net/en/supply-chain>

⁸ *The Financial Standards Board (FSB) Taskforce on Climate-Related Financial Disclosure (TCFD) recommendations provide a common international framework for companies and investors to mainstream information about climate change into business and investment practice.*

⁹ <http://www.itpenergised.com/why-tcfid-matters/>

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Timeline of dates and deadlines:

- **March:** Final version of reporting guidance and scoring methodologies published by CDP
- **April:** official disclosure requests sent to companies. Online response system (ORS) opens.
- **July:** 31st July is the deadline for **all companies** to submit their response using the ORS to be automatically eligible for scoring and inclusion in reports.
- **November:** Scores and public responses released.



How we can help

Our team have over 50 years of corporate experience, technical expertise, a strong commercial understanding and a passion for helping businesses and their assets achieve increased environmental, social and economic performance.

We have experience delivering a number of energy and sustainability services which allows us to offer a service in line with top global consulting firms, but with a more flexible and tailored delivery approach.

Specific to CDP we can deliver:-

- Analysis of current score and opportunity for improvement
- Drafting and aligning responses to the scoring criteria
- Risks and opportunities enhancement and workshops
- Scope 1, 2 and 3 emissions reporting
- Aligning your response to the requirements of the TCFD ¹⁰ questions
- Setting targets and Science Based Targets

¹⁰ <http://www.itpenergised.com/why-tcfd-matters/>